

# Octagon Investment Funds

## Enhanced Cash Fund

### Monthly Performance Update as at 31 October 2024

To review the fund's investment objective and strategy, fees information and risk indicator please see the funds' product disclosure statement and most recent fund update at [www.octagonasset.co.nz/our-funds/enhanced-cash-fund/](http://www.octagonasset.co.nz/our-funds/enhanced-cash-fund/).



### Return comparison

	1 Month	3 Months	1 Year	3 Years	Since inception*
Net Fund Return <sup>^</sup>	0.46%	1.53%	6.21%	n/a	6.08%
Gross Fund Return	0.50%	1.62%	6.58%	n/a	6.43%
S&P/NZX Bank Bills 90-Day Index	0.45%	1.39%	5.76%	n/a	5.76%

\*Annualised

### Major investments

NZ Govt Inflation Ind Bond 20/09/25	6.9%
Precinct Properties New Zealand Ltd 4.42% 27/11/2024	6.8%
Powerco Ltd 4.67% 15/11/2024	5.9%
Transpower New Zealand CP 07/11/2024	5.2%
0%	
Meridian Energy Limited CP 20/11/2024	5.2%
SBS CP 0% 04/04/2025	5.1%
Property for Industry Limited 4.59% 28/11/2024	4.9%
Rabobank FRN 16/06/2025	3.9%
CBA FRN% 18/10/2027	3.9%
Fonterra Co-op Group CP 14/11/2024	3.9%
<b>Major holdings as % of total portfolio</b>	<b>51.58%</b>

### Manager's comments

#### What happened in the markets that you invest in?

October saw somewhat of a reversal in recent interest rate themes; rates generally rose over the month as investors grappled with the size and pace of future cash rate cuts.

The Reserve Bank of New Zealand continued to ease monetary policy with a 50bps cut to the Official Cash Rate (OCR), an outcome largely expected by market participants. A crucial piece of data during the month was the release of the Q3 Consumer Price Index which showed that inflation was 2.2% over the year, a result that was largely expected and safely within the RBNZ's target range of 1-3%.

#### How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.50% for the month of October, marginally outperforming the fund's market index return of 0.45%.

For the 12 months to the end of October the fund delivered a gross return of 6.58% significantly outperforming the fund's market index return of 5.76% by 0.83%.

Excess returns were provided by the fund's diversified investment strategy of investing in a mixture of commercial paper, which provides a return above the relevant bank-bills rate, and short-dated bonds, which provide a mixture of higher-than-cash yields and capital gains.

### Risk indicator for the Enhanced Cash Fund\*



## What are we thinking about the future?

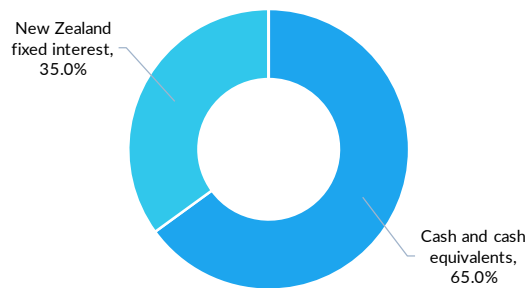
At the end of October, the New Zealand Overnight Index Swap (OIS) market was pricing the OCR to be below 4% early next year, and close to 3% by the end of 2025. With that degree of easing priced-in our focus is on achieving an attractive yield premium to the cash-rate via high quality corporate and non-corporate exposures with both fixed and floating coupon rates.

The fund's duration was a relatively short 0.26 years at the end of the month and the fund's gross yield to maturity was 5.01%. We may look to lengthen duration around sell-offs in interest rates but for now are happy to collect a premium over the rapidly falling OCR.



**Craig Alexander**  
Head of Fixed Interest and ESG

## Target Asset Allocation



## Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 7 June 2023
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: Less than 12 months
- Market Index: S&P/NZX Bank Bills 90-Day Index
- Currency: New Zealand dollars

View the [Product Disclosure Statement](#) for detailed information about this Fund and Octagon Investment Funds Scheme.

## Fees

Annual fund charges are currently 0.35% p.a. of the value of your investment. We pay management and administration charges along with the Supervisor fee out of this. All fees and charges are quoted exclusive of GST.

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For more information please visit [octagonasset.co.nz](http://octagonasset.co.nz), email [info@octagonasset.co.nz](mailto:info@octagonasset.co.nz), or call 0800 628 246

<sup>^</sup> Net Fund Returns are calculated before the deduction of taxes and after deduction of fund charges and trading expenses and including imputation credits where available. Gross Fund Returns are calculated before deduction of taxes and fund charges but after deduction of trading expenses and including imputation credits where applicable. Market index returns do not have any deductions for fund charges, trading expenses or tax.

\* The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the relevant fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way. The risk indicator is based on the returns data for the five years to 31 October 2024. See more information about the risks of investing in the Product Disclosure Statement.

This publication does not contain financial advice - for financial advice, please speak to your Investment Adviser. We recommend you review your investments and seek specialist advice on any taxation aspects. Past performance is not a reliable guide to future performance. Forsyth Barr Investment Management Limited is the issuer, and Octagon Asset Management Limited the investment manager, of the Octagon Investment Funds. A copy of the Product Disclosure Statement for the Funds is available from [www.octagonasset.co.nz/disclosure-information](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.