

Octagon Investment Funds

Australian Equities 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/australian-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-1.53%	0.61%	24.02%	9.06%	4.16%
Gross Fund Return	-1.43%	0.91%	25.45%	10.32%	5.48%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	-0.82%	2.25%	26.23%	9.42%	6.80%

*Annualised

Major investments

BHP Group Limited	8.2%
CSL Limited	7.2%
Commonwealth Bank of Australia Limited	6.1%
Westpac Banking Corporation	4.7%
National Australia Bank Limited	4.0%
Australia and New Zealand Banking Group Limited	3.3%
Macquarie Group Limited	3.3%
Rio Tinto Limited	2.6%
Santos Limited	2.5%
Telstra Group	2.5%
Major holdings as % of total portfolio	44.39%

Manager's comments

What happened in the markets that you invest in?

In local currency, terms the Australian equity market fell -1.31% in October, dragged lower by Consumer Staples and Utilities which declined -6.99% and -7.23% respectively. Local economic data was limited in October, but we did note the modest 0.1% sequential lift in retail sales for September. When combined with the lift in bank deposit balances over recent months it appears government tax cuts have been mostly saved rather than spent providing consumers with firepower to increase spending in the future.

How did your portfolio perform?

The Australian Equities Fund delivered a gross return of -1.43% during October, underperforming the fund's market index return of -0.82% by -0.61%.

12 months to date the Octagon Australian Equities fund delivered a gross return of 25.45%, modestly underperforming the fund's market index return of 26.23% by -0.78%

Key positive contributors to performance were our underweight positions in logistics software provider, Wisetech Global, and mining services company, Mineral Resources. Both stocks fell sharply on founder/CEO related issues. Wisetech's founder resigned as CEO in November after being accused of historical, HR-related issues. The Mineral Resources founder and CEO also announced he would step down as evidence mounts of dubious related party transactions with entities under his control. Key negative contributors to performance were

Risk indicator for the Australian Equities Fund*



our underweight position in Commonwealth Bank (CBA) and our overweight position in travel agency, Flightcentre. CBA, and more broadly the banking sector, outperformed as Chinese stimulus disappointed expectations. Flightcentre sold off after its trading update earlier in the month. The company noted weaker than expected margins, prompting downgrades to analysts' medium term forecasts.

We actively manage your fund's foreign currency exposures. As at 31 October 2024, these exposures represented around 100% of the value of the fund. After allowing for foreign currency hedges in place, approximately 57% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

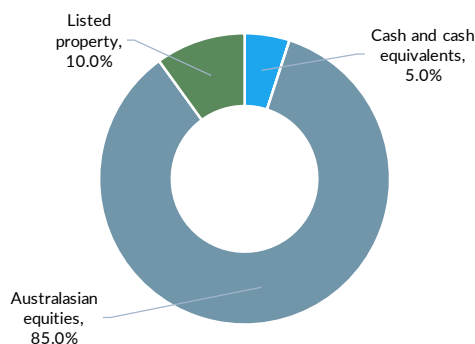
The high frequency data on retail spending and deposit balances imply that consumers have been saving tax cuts delivered to date. This will be welcomed by the RBA who are hoping that mildly restrictive policy (cash rate of 4.35%) will contain inflation. We are mindful these increased savings could boost spending by Australian consumers in the future, with discretionary retail a likely beneficiary. Stronger household balance sheets also support credit quality, this bodes well for bank earnings, which have already benefitted from lower default rates.

We are cognisant of the risks and opportunities from the recent US election and president-elect Trump. His policies are expected to boost profitability across domestic cyclicals with the economy running hotter than previously thought with deregulation, tax cuts and higher fiscal deficits likely. Bond yields have risen meaningfully in response. Tariffs are a material risk for Australian exporters to the US and we are especially cautious on those with material exposure to China in their supply chains.



Jason Lindsay, CA
Head of Equities

Target Asset Allocation



Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: S&P/ASX 200 Accumulation Index, 50% hedged to the NZD
- 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 1.15% 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.

For more information please visit octagonasset.co.nz, email info@octagonasset.co.nz, or call 0800 628 246

[^] 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/disclosureinformation, by contacting your Investment Adviser, or by calling 0800 628 246.