

Octagon Investment Funds

Global 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/global-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	0.00%	1.48%	26.88%	2.82%	4.00%
Gross Fund Return	0.12%	1.83%	28.66%	4.25%	5.16%
MSCI ACWI Net TR Index (50% hedged to the NZD)	1.72%	2.58%	31.50%	10.07%	9.82%

[^]Annualised

Major investments

Alphabet Inc.	4.02%
Microsoft Corp.	3.94%
Amazon.com Inc.	3.15%
Nestle SA	2.49%
Salesforce Inc.	2.18%
Visa Inc.	1.84%
Uber Technologies Inc.	1.69%
Apple Inc.	1.67%
Meta Platforms Inc.	1.43%
Taiwan Semiconductor	1.43%
Major holdings as % of total portfolio	23.83%

Manager's comments

What happened in the markets that you invest in?

Developed market equities posted negative returns over the month, with most major regions reporting losses. Japanese equities were the notable outlier.

Uncertainty increased into the US election, as investors traded the different potential impacts of either a Trump or Harris administration. Trump is seen as more inflationary and requiring more debt issuance, meaning post-election markets saw a strong rise in interest rates that cascaded into global interest rate markets. The Chinese equity market is at a crossroads as the positive impacts of government policy to stimulate growth are unlikely to show up in economic data for some time, in our view.

How did your portfolio perform?

The Global Equities Fund delivered a gross return of 0.12% during October, underperforming the fund's market index return of 1.72% by -1.60%.

For the 12 months to the end of October, the Fund delivered a gross return of 28.66%, underperforming the fund's market index return of 31.50% by -2.83%.

October was a tough month for the fund. The value investment style was uniformly weak across the globe; indeed, it was the worst month for relative performance for the fund's value manager since the launch of the multi-manager strategy in 2022. Growth stocks outperformed their value counterparts, but still fell 1.8% over the month. The US earnings season began in October and forward guidance from those companies reporting was mixed. Whilst positive earnings surprises were above average,

Risk indicator for the Global Equities Fund*



they were lower than in the most recent quarters, indicating a decline in earnings momentum.

Key positive contributions came from Alphabet (Google), Salesforce, and General Motors. Alphabet's share price rose as third-quarter sales and earnings estimates beat market estimates, driven by increasing demand for enterprise AI tools. Salesforce also continued its positive share price momentum from the previous month, thanks to strong earnings guidance for 2025 announced in September. Notably, the absence of Nvidia in our portfolio was the largest detractor from relative performance, as Nvidia's share price surged 16.9% (basis New Zealand dollars) for the month.

Only one of our three managers outperformed the market index during the month. Our active currency hedging modestly detracted value as the New Zealand dollar weakened against the US dollar.

We actively manage the fund's foreign currency exposures. As at 31 October 2024, these exposures represented about 99% of the value of the fund. After allowing for foreign currency hedges in place, around 42% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

With the Republicans performing well in betting markets, as opposed to opinion polls, and odds-on to secure the presidency, senate and congress, global markets are trying to decide how the election promises will be enacted and likely effects on the global economy and financial markets.

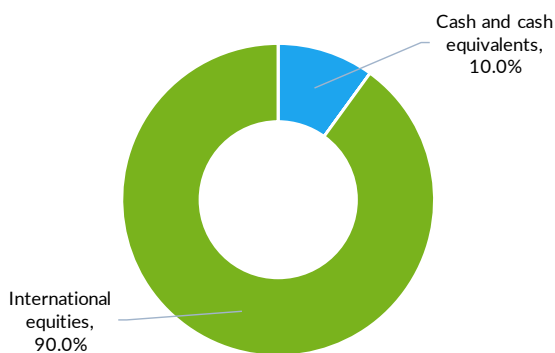
There are several offsetting factors. On the positive side for markets are tax cuts, improving profitability and spending power. Against that, the US government will need to borrow more, whilst trade tariffs are usually inflationary (forcing interest rates higher) and tend to lower economic growth. It is still early days, and the full impacts will not become clear for some time.

Long term history suggests that elections rarely create a financial markets narrative on their own. Our base views remain unchanged. Global monetary policy should see a continued lowering of short-term interest rates. US growth rates are still solid whilst China and emerging markets generally have some tougher issues to deal with. Valuations across markets are mixed, but we still see the large US market as modestly expensive, even with a short-term boost to growth from the Republican win.



Christine Smith-Han
Strategy Analyst

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: MSCI ACWI Net Total Return 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 1.35% 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.

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/disclosure-information, by contacting your Investment Adviser, or by calling 0800 628 246.