

Octagon Investment Funds

Balanced 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/balanced-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-0.21%	1.26%	15.67%	3.01%	3.19%
Gross Fund Return	-0.11%	1.56%	17.01%	4.20%	4.39%
Composite Index	0.36%	1.89%	17.66%	3.72%	4.07%

*Annualised

Major investments

Hunter Global Fixed interest Fund	20.0%
Intermede Global Equity Fund	9.2%
ANZ transactional bank account	1.7%
New Zealand Government 4.50% 15/05/2030	1.6%
Fisher & Paykel Healthcare Corporation Limited	1.6%
Precinct Properties New Zealand Limited	1.4%
Goodman Property Trust	1.4%
New Zealand Government 1.5% 15/05/2031	1.3%
Infratil Limited	1.1%
New Zealand Government 3% 20/04/2029	1.0%
Major holdings as % of total portfolio	40.27%

Manager's comments

What happened in the markets that you invest in?

Global equity markets (ex-Japan) fell in local (home) currency terms over October. The large fall in the New Zealand dollar saw global equity market returns become positive in New Zealand dollar terms. A weaker than expected profit reporting season in the US, low economic growth in Europe and limited follow through from Chinese announcements around economic stimulus weighed on equity market returns.

The New Zealand equity market fared somewhat better as it looks forward to an economic recovery on the back of lower short-term interest rates.

Fixed interest returns were generally negative. US longer term interest rates moved materially higher as the potential of a Republican win in the US election (subsequently confirmed) saw the market begin to price the potential for higher growth, higher inflation and a higher government debt issuance outlook.

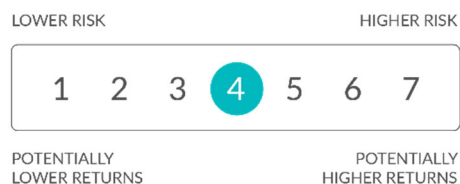
How did your portfolio perform?

The Balanced Fund delivered a gross return of -0.11% for October, underperforming the fund's market index return of 0.36% by -0.48%.

For the 12 months to the end October, the Balanced fund delivered a gross return of 17.01% underperforming the fund's market index return of 17.66% by -0.65%.

October saw in-line or better than market index returns by all our asset class managers except Australian and Global equities. The global equity portfolio drove the overall underperformance of the Balanced fund, relative to its market index.

Risk indicator for the Balanced Fund*



For further commentary on each of the single asset classes in the Balanced Fund, refer to the commentary of the relevant single-asset class fund.

The New Zealand dollar, relevant for the portion of our portfolios with unhedged foreign currency exposures, fell a dramatic 6.46%, against the US dollar, as the likelihood of a Republican win in the US election saw American interest rates move materially higher. The New Zealand dollar fell 0.93% against the Australian dollar.

We actively manage the fund's foreign currency exposures associated with global and Australian equities, and listed property, and hedge foreign currency exposures associated with global bonds. As of 31 October 2024, these exposures represented around 36% of the value of the fund. After allowing for foreign currency hedges in place, approximately 17% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

The Octagon Investment Committee met ahead of the US election. We chose to make no changes to our tactical asset allocations at that time. We are broadly neutral between the growth and income asset classes, but favour New Zealand equity and property markets over Australia.

Recent moves higher in interest rates have been material, potentially improving the outlook for returns from New Zealand fixed interest assets where we believe New Zealand inflation will continue to fall, and significant cuts to the Official Cash Rate are likely. US Equities have recovered strongly post-election, making new highs for the year. Whilst the growth outlook for the US is stronger in the short term, higher interest rates and high starting valuations are an offset, in our view.

The Investment Committee will meet again in November and consider all new information at that meeting. We will inform you of any changes post that meeting.

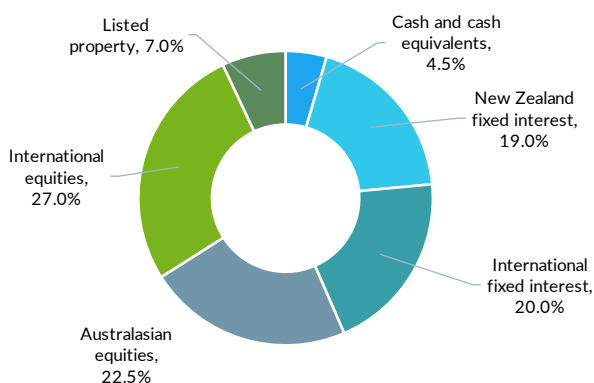


Paul Robertshaw, CA
Director, Chief Investment Officer



Christine Smith-Han
Strategy Analyst

Tactical Asset Allocation



Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: A composite benchmark relating to the fund's target investment mix
- 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% 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.