

New Zealand Equities Fund

Monthly Performance Update as at 31 August 2026

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/new-zealand-equities-fund/.



Return comparison	1 month	3 months	1 year	3 years*	Since inception*
Net Fund Return ^	2.53%	6.49%	10.56%	6.69%	9.97%
Gross Fund Return	2.63%	6.80%	11.85%	7.94%	10.71%
S&P/NZX 50 Gross with Imputation Index	1.67%	5.25%	8.40%	7.23%	8.63%

* Annualised

Major investments

Fisher & Paykel Healthcare Corp. Limited	16.59%
Infratil Limited	9.09%
Auckland International Airport Limited	8.26%
Mainfreight Limited	4.66%
Contact Energy Limited	4.51%
Ebos Group Limited	4.41%
Spark New Zealand Limited	4.27%
Meridian Energy Limited	3.84%
The a2 Milk Company Limited	2.91%
Mercury NZ Limited	2.70%
Major holdings as % of total portfolio	61.24%

Manager's comments

How did your portfolio perform?

The New Zealand Equities Fund delivered a gross return of 2.63% during August, comfortably outperforming the Fund's benchmark return of 1.67% by 0.96%.

For the 12 months to the end of August, the Fund delivered a gross return of 11.85%, significantly outperforming the Fund's benchmark return of 8.40% by 3.45%.

The main positive contributors to performance in August were our overweight in Sky Television (SKT) and underweight in Chorus. SKT delivered a positive dividend surprise and strong forward guidance for dividends over the next three years. Chorus delivered an in-line result but earnings, dividends and capex guidance slightly disappointed market expectations.

Stocks that were a relative drag on performance were our underweight in F&P Healthcare (FPH), and overweight in Tourism Holdings (THL). FPH provided an update around their Annual Shareholders Meeting which confirmed strong ongoing demand for their latest product releases.

Despite having two parties doing due diligence for a potential takeover at materially higher prices, THL drifted lower as its result indicated a longer time frame to restore profit margins.

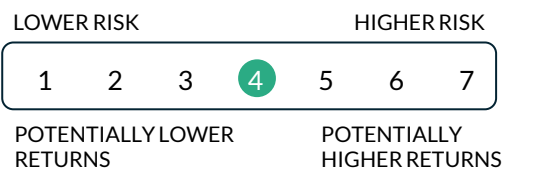
What happened in the markets you invest in?

Reporting season dominated news flow and drove market movements during August. In aggregate, companies largely met market expectations and forward guidance, where provided, ended with a slightly positive skew.

Things to note

- Manager: Salt Investment Funds Limited
- 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/NZX 50 Gross with Imputation Index
- Currency: New Zealand dollars

Risk indicator**



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

Tactical Asset Allocation



- Australiasian equities (85.0%)
- Listed property (10.0%)
- Cash and cash equivalents (5.0%)

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.

Whilst outlook statements reflected continued caution, perhaps the best indicator of improved confidence was a lift in the dividend payout ratio. Companies should not lift payments to shareholders if they don't have confidence that dividends will be sustainable into the future and backed by earnings growth.

The Australian economy is clearly slowing (outside of mining) and this will create a headwind for the large number of NZ stocks that have operations there. Retailers and stocks exposed to Australia’s residential housing market are perhaps most exposed. However, stock-specific impacts can vary, and both Hallenstein Glasson's and Freightways reported strong results from their Australian divisions.

What are we thinking about the future?

There is a gentle positive tone to the general backdrop in our view, notwithstanding continued caution in company outlook statements. Resolution in the Middle East, a centre party dominated NZ election outcome and some evidence that inflation is beginning to fall would likely move that gentle positive tone to solidly positive.

Many companies are still reporting profit margins well below historic norms – the opposite to what we are seeing in stronger economies such as the US. If anything, defensive stocks slightly disappointed in their profit updates this time around, yet they continue to trade at full valuations even with bond yields at cyclical highs. As such, we continue to see better valuation support in many smaller and economically exposed stocks, along with those where management are taking decisive action to address current areas of operating weakness. Heartland Bank and Michael Hill fit into that latter camp.



Paul Robertshawe, CA
Director, Chief Investment Officer

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. Prior to October 2022 Net Fund Returns were calculated after deduction of fund charges, trading expenses and accrued tax for a New Zealand resident paying individual tax at the highest Prescribed Investor Rate (28%).

** 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 August 2026. See more information about the risks of investing in the Product Disclosure Statement.

This publication does not contain financial advice. We recommend you review your investments and seek specialist advice on any taxation aspects. Past performance is not a reliable guide to future performance. Salt Investment Funds 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, or by calling 0800 628 246.