

New Zealand Fixed Interest 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-fixed-interest-fund/.



Return comparison	1 month	3 months	1 year	3 years*Since inception*	
Net Fund Return ^	0.08%	0.11%	2.11%	5.39%	4.32%
Gross Fund Return	0.15%	0.30%	2.89%	6.19%	5.15%
Bloomberg NZBond Composite 0+ Yr Index	0.09%	0.13%	2.42%	5.53%	n/a
S&P/NZX Investment Grade Corporate Bond Index	0.29%	0.64%	2.79%	6.03%	4.99%

* Annualised

Major investments

New Zealand Government 1.5% 15/05/2031	7.18%
New Zealand Government 3.5% 14/04/2033	6.17%
New Zealand Government 4.5% 15/05/2035	5.50%
NZ Government Green Bond 4.25% 15/05/2034	5.01%
New Zealand Government 4.25% 15/05/2036	4.91%
New Zealand Government 2.00% 15/05/2032	4.48%
New Zealand Government 4.50% 15/05/2030	3.61%
New Zealand Government 3% 20/04/2029	3.56%
SkyCity Entertainment Group Ltd 21/05/2027 3.02%	3.50%
New Zealand Government 2.75% 15/05/2051	3.29%
Major holdings as % of total portfolio	47.21%

Manager's comments

How did your portfolio perform?

The New Zealand Fixed Interest Fund delivered a gross return of 0.15% for August, slightly exceeding the Fund's benchmark return of 0.09%.

For the 12 months to the end of August, the Fund delivered a gross return of 2.89%, comfortably outperforming the Fund's benchmark return of 2.42% by 0.47%.

What happened in the markets you invest in?

August's returns were unremarkable for investors in the Fund, as were fixed interest returns more generally.

With no new investment themes emerging over the month, it was the Fund's gross yield-to-maturity that delivered returns to the Fund's investors.

What are we thinking about the future?

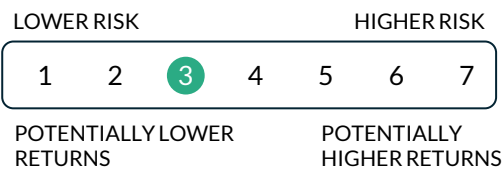
A quiet hiatus from the recent global and domestic ructions, looks to be the most likely short-term outcome for financial markets, in our view.

Indeed, a well followed measure of US bond market volatility (the up and downs in returns) looks to have settled comfortably just under the middle of its range for the year. This gels with our thinking as well, given that the current set of "known – unknowns" is well published and documented.

Things to note

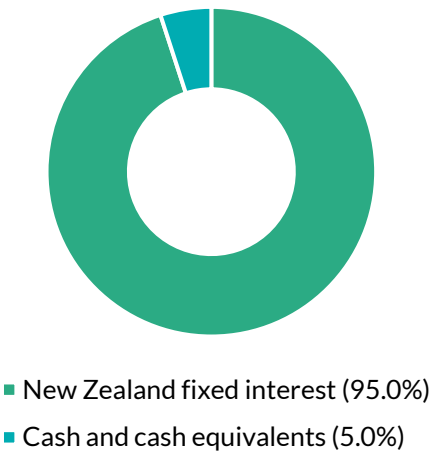
- Manager: Salt Investment Funds Limited
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least three years
- Market Index: Bloomberg NZBond Composite 0+YR Index
- Currency: New Zealand dollars

Risk indicator**



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

Tactical Asset Allocation



Recent public discussion on a possible bond market rout looks completely overblown in our opinion.

We assess the recent moves higher in longer-dated bond yields as consistent with historic mean reversion and a logical response to (1) sticky inflation outcomes and expectations, and (2) a technical recalibration of buyer return expectations; a pragmatic and mechanical reaction to the plethora of sovereign bond issuance as well as the current bout of debt raising activities from companies associated the AI boom.

Determining market function – liquidity and price discovery – as high, we've taken the opportunity of attractive higher yields and term interest rates, in our assessment, to extend portfolio duration to over 5.0 years, compared to an index duration around 4.70 years

In addition, we predict that the Fund’s gross yield to maturity of 4.70%, calculated as the weighted-average gross yield of all securities in the portfolio, as a likely key contributor to the Fund's performance as we move into calendar year-end.

The portfolio's weighted-average credit quality was AA-. Where a security does not have an external credit rating, we assign an internal credit rating based on our assessment. We use the lowest available credit rating for New Zealand Government bonds, Fitch's AA+.



Craig Alexander,
Head of Fixed Interest & ESG

Fees

Annual fund charges are currently 0.75% 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. 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.