



Balanced Fund

Octagon Investment Funds

Fund Update as at 31 December 2021

This fund update was first made publicly available on 14 February 2022.

What is the purpose of this update?

This document tells you how the Balanced Fund¹ has performed and what fees were charged. The document will help you to compare the fund with other funds. Forsyth Barr Investment Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The fund aims to achieve positive long-term returns by selecting exposure across asset classes. Investors can expect moderate to high levels of movement up and down in value and to receive longer term returns that are lower than those of the Growth Fund.

Total value of the fund	\$29,819,738
The date the fund started	11 December 2020

What are the risks of investing?

Risk indicator² for the Balanced Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 31 December 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	4.34%
Annual return (after deductions for charges but before tax)	4.47%
Market index annual return (reflects no deduction for charges and tax)	6.05%

The market index return is based on a composite index made up of the indices used to measure the performance of each asset class invested in as displayed under the target investment mix. Additional information about the market index is available on the Octagon Investment Funds' entry on the offer register at www.business.govt.nz/disclose.

What fees are investors charged?

Investors in the Balanced Fund are charged fund charges. Estimates of these are:

	% of net asset value ³
Total fund charges (estimated)	1.15%
<i>Which are made up of:</i>	
Total management and administration charges (estimated) including⁴	1.15%
Manager's basic fee	1.15%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
	Dollar amount per investor
Other charges	\$0.00

Investors are not currently charged any other fees. See the PDS for more information about fees. Small differences in fees and charges can have a big impact on your investment over the long term.

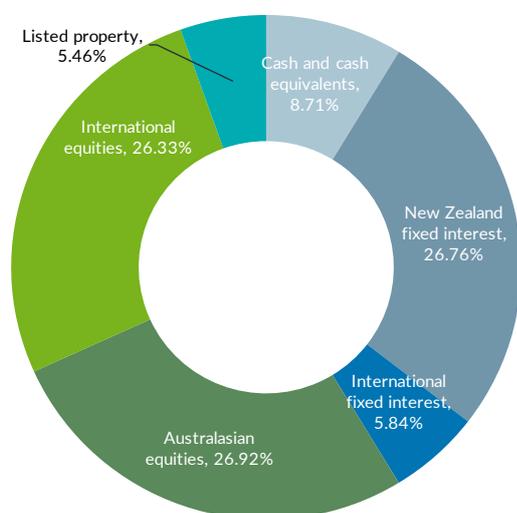
Example of how this applies to an investor

Jane had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Jane received a return after fund charges were deducted but before tax of \$447 (that is 4.47% of her initial \$10,000). This gives Jane a total return after tax of \$434 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.

Actual investment mix



Target investment mix

Cash and cash equivalents	10.00%
New Zealand fixed interest	22.00%
International fixed interest	11.00%
Australasian equities	30.00%
International equities	20.00%
Listed property	7.00%
Unlisted property	0.00%
Commodities	0.00%
Other	0.00%

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit rating (if applicable)
1	Vanguard ESG US Stock ETF	12.33%	International equities	United States	
2	ANZ transactional bank account	8.28%	Cash and cash equivalents	New Zealand	AA-
3	Vanguard ESG International Stock ETF	6.73%	International equities	United States	
4	Housing New Zealand 3.36% 12/06/2025	1.68%	New Zealand fixed interest	New Zealand	AA+
5	New Zealand Local Government Funding Agency Ltd 14/04/2033 3.50%	1.61%	New Zealand fixed interest	New Zealand	AA+
6	Fisher & Paykel Healthcare Corporation Limited	1.51%	Australasian equities	New Zealand	
7	CSL Limited	1.27%	Australasian equities	Australia	
8	New Zealand Local Government Funding Agency Ltd 15/04/2027 4.50%	1.14%	New Zealand fixed interest	New Zealand	AA+
9	Housing New Zealand 2.97% 12/06/2023	1.08%	New Zealand fixed interest	New Zealand	AA+
10	Westpac New Zealand 1.439% 24/02/2026	1.07%	New Zealand fixed interest	New Zealand	AA-

The top 10 investments make up 36.70% of the fund.

Foreign currency exposures associated with international fixed interest are hedged to the New Zealand dollar. We actively manage the fund's foreign currency exposures associated with international and Australian equities, and listed property. As at 31 December 2021, these exposures represented 42.20% of the value of the fund. After allowing for foreign currency hedges in place, 26.43% of the value of the fund was unhedged and exposed to foreign currency risk.

Key personnel

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
Christine Smith-Han	Equity and Strategy Analyst Octagon Asset Management Limited	0 years and 1 month ^{5,6}	Portfolio Analyst Forsyth Barr Limited	4 years and 10 months
Paul Robertshawe	Chief Investment Officer Octagon Asset Management Limited	0 years and 1 month ⁶	Portfolio Manager, Forsyth Barr Limited	0 years and 8 months
Craig Alexander	Head of Fixed Interest and ESG Octagon Asset Management Limited	0 years and 1 month ⁶	Co-Head of Funds Management, Forsyth Barr Limited	8 years and 5 months
Jason Lindsay	Head of Equities Octagon Asset Management Limited	0 years and 1 month ⁶	Co-Head of Funds Management, Forsyth Barr Limited	2 years and 2 months
Neil Paviour-Smith	Director Forsyth Barr Investment Management Limited	13 years and 10 months	Managing Director, Forsyth Barr Limited (current)	21 years and 0 months

Further information

You can also obtain this information, the PDS for the Octagon Investment Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

- ¹ On the 30 November 2021 the Forsyth Barr Balanced Fund was renamed the Balanced Fund.
- ² This fund came into existence on 11 December 2020. We've calculated the risk indicator using market index returns data for periods before that date, and actual fund returns data afterwards. Using market index returns data may make the risk indicator a less reliable indicator of how much fund values might go up and down in future.
- ³ Excluding GST. Total fund charges have been estimated for the year starting 31 December 2021. The fund has not been in existence for a full scheme year, and so these charges are our best estimates based on the charges that we expect will be charged to the fund. See the PDS and the 'Other Material information' document on the offer register for the scheme at www.business.govt.nz/disclose for more information.
- ⁴ The fund has not been in existence for a full scheme year. Fees are based on our best estimate using reasonable assumptions of the total fund charges that will be paid by a unit holder in a year.
- ⁵ A key personnel who has not been named in a previous update for the fund.
- ⁶ Octagon Asset Management Limited is responsible for the day-to-day investment decisions for the fund.