

# Income Fund

## Octagon Investment Funds

### Fund Update as at 31 December 2023

This fund update was first made publicly available on 13 February 2024.

#### What is the purpose of this update?

This document tells you how the Income Fund<sup>1</sup> 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.

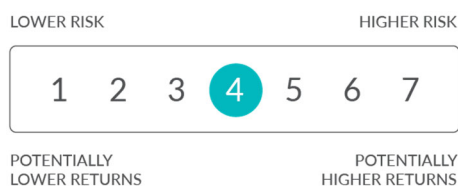
#### Description of this fund

The fund aims to pay distributions, while maintaining the fund's capital value over the long-term by selecting a mix of cash, fixed interest, equity and property investments. Investors can expect moderate to high levels of movement up and down in value and to receive longer-term returns that are generally higher than term deposit rates of domestic major banks (but with more risk) and are lower than those of the Growth Fund (but with less risk).

|                           |                  |
|---------------------------|------------------|
| Total value of the fund   | \$10,835,763     |
| The date the fund started | 11 December 2020 |

#### What are the risks of investing?

Risk indicator<sup>2</sup> for the Income 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-profiler](http://www.sorted.org.nz/tools/investor-profiler).

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 2023. 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.

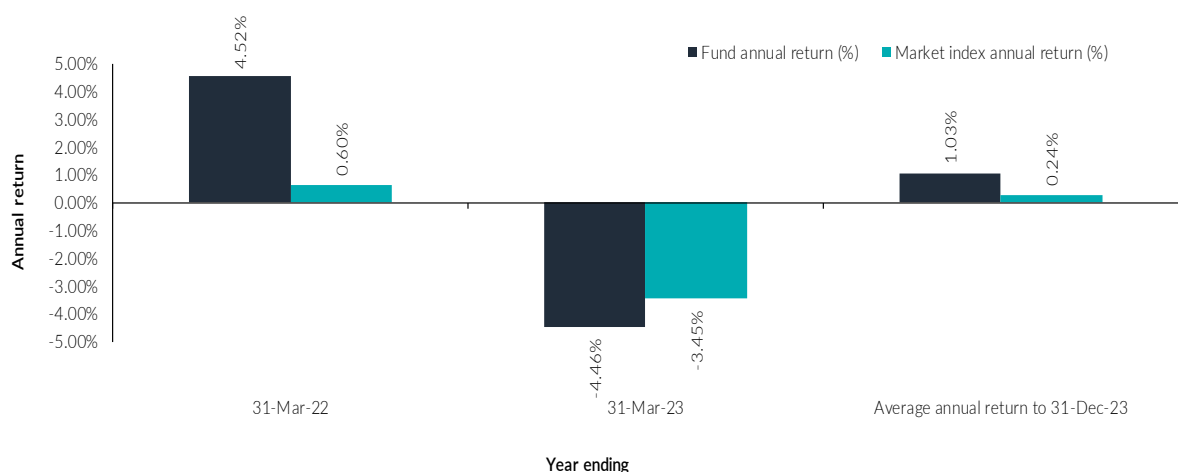
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

#### How has the fund performed?

|  | Past year |
|--|-----------|
| Annual return (after deductions for charges and tax)                   | 5.09%     |
| Annual return (after deductions for charges but before tax)            | 6.61%     |
| Market index annual return (reflects no deduction for charges and tax) | 7.28%     |

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. The index used to measure the performance of the New Zealand Fixed Interest asset class has changed since the last fund update due to a decision by the investment manager that the new index was more appropriate in terms of assessing movements in the market in relation to the returns from the assets in that sector. Additional information about the market index is available on the Octagon Investment Funds' entry on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 December 2023.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Income Fund are charged fund charges. In the year to 31 March 2023 these were:

|  | % of net asset value <sup>3</sup> |
|--|-----------------------------------|
| Total fund charges   | 0.76%                             |
| <i>Which are made up of:</i>                                 |                                   |
| <b>Total management and administration charges including</b> | <b>0.76%</b>                      |
| Manager's basic fee  | 0.67%                             |
| Other management and administration charges                  | 0.09%                             |
| <b>Total performance-based fees</b>                          | <b>0.00%</b>                      |
|  | <b>Dollar amount per investor</b> |
| <b>Other charges</b>   | <b>\$0.00</b>                     |

Investors may also be charged individual action fees for specific actions or decisions (for example for withdrawing from or switching funds), although these are not currently charged. See the "Other Material Information" document at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

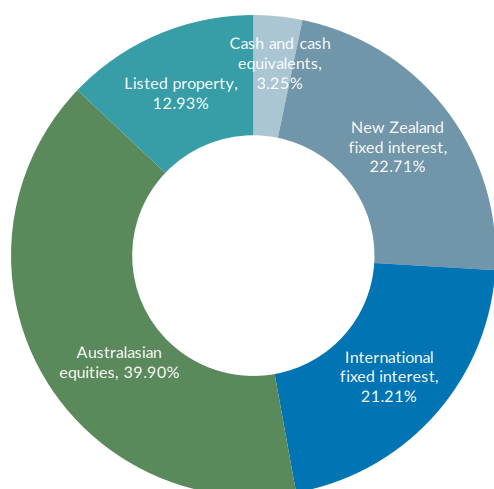
### Example of how this applies to an investor

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 \$661 (that is 6.61% of her initial \$10,000). This gives Jane a total return after tax of \$509 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    | 5.00%  |
| New Zealand fixed interest   | 20.00% |
| International fixed interest | 20.00% |
| Australasian equities        | 40.00% |
| International equities       | 0.00%  |
| Listed property              | 15.00% |
| 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  | Hunter Global Fixed interest Fund       | 21.21%                        | International fixed interest | New Zealand |                               |
| 2  | ANZ transactional bank account          | 2.77%                         | Cash and cash equivalents    | New Zealand | AA-                           |
| 3  | Vital Healthcare Property Trust         | 2.55%                         | Listed property              | New Zealand |                               |
| 4  | Goodman Property Trust                  | 2.17%                         | Listed property              | New Zealand |                               |
| 5  | Genesis Energy Limited                  | 1.83%                         | Australasian equities        | New Zealand |                               |
| 6  | Infratil Limited                        | 1.83%                         | Australasian equities        | New Zealand |                               |
| 7  | Santos Limited                          | 1.80%                         | Australasian equities        | Australia   |                               |
| 8  | Ramsay Health Care Limited              | 1.73%                         | Australasian equities        | Australia   |                               |
| 9  | Tourism Holdings Limited                | 1.63%                         | Australasian equities        | New Zealand |                               |
| 10 | Precinct Properties New Zealand Limited | 1.54%                         | Listed property              | New Zealand |                               |

The top 10 investments make up 39.07% 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 2023, these exposures represented 20.33% of the value of the fund. After allowing for foreign currency hedges in place, 12.39% 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<br>Octagon Asset Management Limited <sup>4</sup>    | 2 years and 1 month      | Portfolio Analyst<br>Forsyth Barr Limited               | 4 years and 10 months                      |
| Paul Robertshawe    | Chief Investment Officer<br>Octagon Asset Management Limited <sup>4</sup>       | 2 years and 1 month      | Portfolio Manager,<br>Forsyth Barr Limited              | 0 years and 8 months                       |
| Craig Alexander     | Head of Fixed Interest and ESG<br>Octagon Asset Management Limited <sup>4</sup> | 2 years and 1 month      | Co-Head of Funds<br>Management,<br>Forsyth Barr Limited | 8 years and 5 months                       |
| Jason Lindsay       | Head of Equities<br>Octagon Asset Management Limited <sup>4</sup>               | 2 years and 1 month      | Co-Head of Funds<br>Management,<br>Forsyth Barr Limited | 2 years and 2 months                       |
| Neil Paviour-Smith  | Director<br>Forsyth Barr Investment<br>Management Limited                       | 15 years and 10 months   | Managing Director,<br>Forsyth Barr Limited<br>(current) | 23 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.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## Notes

<sup>1</sup> On the 30 November 2021 the Forsyth Barr Income Fund was renamed the Income Fund.

<sup>2</sup> 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.

<sup>3</sup> Including GST.

<sup>4</sup> Octagon Asset Management Limited is responsible for the day-to-day investment decisions for the fund.