

Global Equities Fund

Investor Factsheet for the quarter ended 30 June 2024

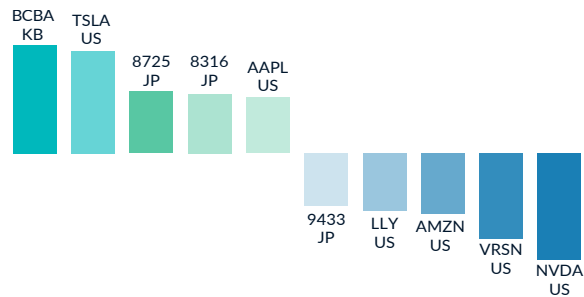
	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since June 2022*
Gross Fund Return**	0.95%	18.79%	2.43%	8.20%	5.00%	18.47%
MSCI ACWI Net TR Index (50% Hedged)***	2.27%	20.90%	9.27%	12.71%	8.57%	19.42%
Out/under performance	-1.31%	-2.11%	-6.84%	-4.52%	-3.57%	-0.95%
Tracking error	n/a	3.82%	5.06%	5.22%	6.26%	4.08%
Information ratio	n/a	-0.55	-1.35	-0.87	-0.57	-0.23
Sharpe ratio	n/a	1.21	-0.09	0.46	0.17	1.60

Key Fund Facts as at 30 June 2024

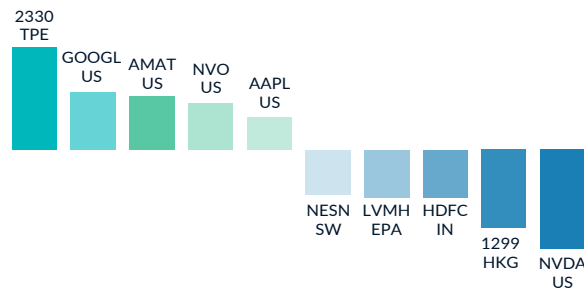
Fund Name	Global Equities Fund	Risk Indicator	1 2 3 4 5 6 7
Inception Date	26/06/2008	Market Index	MSCI ACWI Net TR Index (50% hedged)
Fund Value (NZD)	\$162,907,854	Unit Price	\$1.7940
		Annual Fund Charge (ex-GST)	1.35%

ATTRIBUTION (ROLLING 4QS TO 30 JUNE 2024)

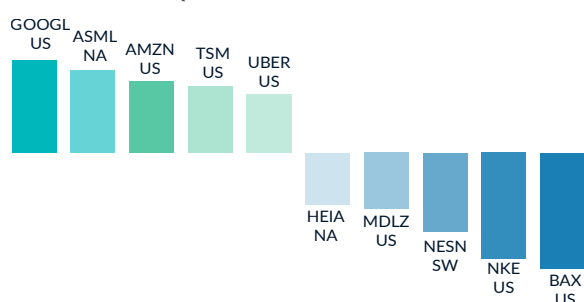
TE AHUMAIRANGI



INTERMEDE INVESTMENT PARTNERS



WMR GLOBAL EQUITIES MODEL PORTFOLIO



The fund in its macro context

The rally in global equity markets has continued into the second quarter. The US, UK, Asian and emerging markets have done well whilst European markets have lagged. Some developed market central banks have started easing monetary policy as inflation has waned in their domestic economies. Politics was also firmly on the agenda in the quarter, with elections in the UK and Europe and the US election campaign underway.

Share market returns have been driven by enthusiasm for anything related to artificial intelligence (AI) in the last few quarters. Growth stocks have performed better than value stocks and returns have become increasingly concentrated into the top-performing, exceptionally large companies. Nvidia, Apple, Alphabet, Microsoft and Taiwan Semi-Conductor Manufacturers have delivered most of the gains in the MSCI All Country World Index (ACWI) while the many thousands of other companies combined have provided a flat return.

Corporate earnings in the US (which makes up around 60% of ACWI and nine out of the top 10 stocks in the index) have done better than expected in the first quarter reporting season. Forward earnings for 2025 are still on the rise, with the 12-month forward multiple continuing to increase, however there are concerns that earnings may be overly optimistic given slowing economic growth.

* Annualised for periods greater than 1 year

** 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.

***For periods prior to April 2018, the market index/benchmark return used is an unhedged variant of the MSCI ACWI Net Total Return Index in New Zealand dollars.

TOP 10 FUND HOLDINGS AT QUARTER END*

Security	Weight
Microsoft Corp.	3.9%
Amazon.com Inc.	3.2%
Alphabet Inc. Class A	2.4%
Nestle SA	2.4%
US Dollar Cash Deposit	1.7%
Visa Inc. Class A	1.7%
Apple Inc.	1.7%
The Walt Disney Company	1.4%
Uber Technologies Inc	1.4%
Alphabet Inc. Class C	1.4%
Major holdings as % of total portfolio	21.2%

*Provided on a look-thru basis into the underlying investment manager portfolios

SECURITIES BY GEOGRAPHY (PRIMARY LISTING)



- North America, 59.20%
- Europe excl. UK and Ireland, 15.33%
- Japan, 8.14%
- UK and Ireland, 5.77%
- Asia Pacific excl. Japan, 6.97%
- ROW, 4.59%

SECURITIES BY INDUSTRY CLASSIFICATION (GICS)



- Information Technology, 17.25%
- Financials, 15.31%
- Health Care, 13.79%
- Communication Services, 11.85%
- Consumer staples, 10.91%
- Consumer Discretionary, 9.54%
- Industrials, 8.47%
- Other, 12.88%

Portfolio Attribution

For the quarter to 30 June, the Global Equities Fund delivered a gross return of 0.95% compared to the fund's market index return of 2.27%.

On a rolling four-quarter basis to 30 June, the Fund delivered a gross return of 18.79%, lagging the fund's market index return of 20.90%.

The last 12 months have seen market performance dominated by the 'Magnificent Seven' (Mag-7) stocks. Returns for our fund have lagged the market as our managers see most of these stocks as over-priced and have been underweight them in aggregate.

The Wealth Management Research portfolio has performed well over the prior four quarters, holding Nvidia until recently. The portfolio has now exited the stock after the June quarter rally.

Intermede Investment Partners focus on growth stocks at a reasonable price, yet it too found the narrow group of leaders as too expensive to hold. Whilst confident in their portfolio holdings, their stock picks have struggled to keep up with the index over the past year.

Te Ahumairangi has underperformed, however, given the overall market sentiment towards growth stocks, their performance is as expected. When there is a move away from growth stocks or a switch to a risk-off sentiment they should significantly outperform the other two managers and provide the diversification we are looking for.

Portfolio positioning and conviction

With the Mag-7 stocks dominating market performance from an index of thousands, forming views on the fair price to pay for these market leaders will continue to drive performance and volatility. Although global equity markets continue to deliver attractive returns, our managers see risks around the valuation of these market leaders. All three managers continue to identify attractive companies to invest in with strong expectations for future returns outside of the Mag-7.

Conclusion

Octagon selects our managers to take a view on fundamental valuations of stocks. They may include factor styles like momentum to control risk in portfolio construction, we have hired them to follow their process for finding attractive investments.

We are constantly in touch with our global managers and make sure they stay true to their philosophy, but also explicitly consider the risk inherent in not owning the high-performing, momentum stocks in the Mag-7. We are comfortable with their rationale and continue to believe each manager provides complimentary exposures to global stocks producing a well-diversified portfolio for our investors.

Investment Philosophy and Thesis

Octagon is an active investment manager. Our investment philosophy focuses on developing a repeatable process that systematically looks for short-to-medium term inefficiencies in market pricing of securities with a solid economic basis and a good management team to deliver long term, measurable alpha.

The most common and persistent market inefficiencies we find are:

- excessive focus on near term earnings
- market dislocations and liquidity events
- temporary governance failures
- irrational investor behaviour

In the global equities space, we hire external managers who have proven track records, robust processes and exploit specific investment styles, whilst maintaining diversification in and between the funds.

Portfolio Manager



Christine Smith-Han
Strategy Analyst