

Listed Property Fund

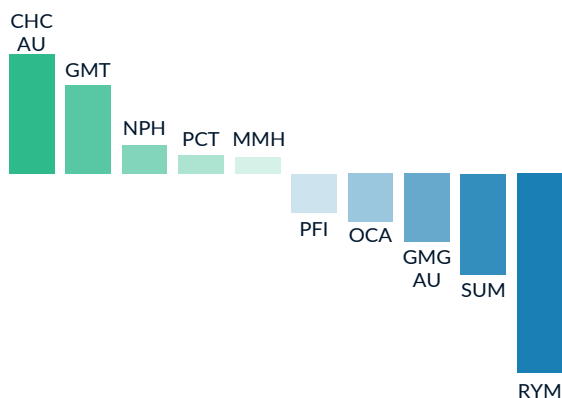
Investor Factsheet for the quarter ended 30 September 2025

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since Sep 2019*
Gross Fund Return**	14.31%	14.43%	6.01%	2.69%	7.22%	1.82%
S&P/NZX 50 All Real Estate Gross with Imputation***	14.80%	15.80%	5.61%	1.42%	7.35%	0.54%
Out/under performance	-0.49%	-1.37%	0.40%	1.27%	-0.13%	1.29%
Tracking error	n/a	0.83%	1.65%	2.00%	3.93%	1.98%
Information ratio	n/a	-1.65	0.24	0.64	-0.03	0.65
Sharpe ratio	n/a	0.85	0.09	-0.05	0.37	-0.07

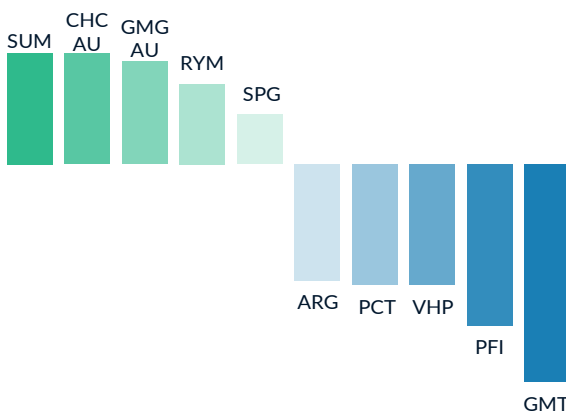
Key Fund Facts as at 30 September 2025

Fund Name	Listed Property Fund	Risk Indicator	1 2 3 4 5 6 7
Inception Date	26/06/2008	Market Index	S&P/NZX All Real Estate Gross with Imputation
Fund Value (NZD)	\$80,462,941	Unit Price	2.5600

ATTRIBUTION (ROLLING 4QS TO 30 SEPTEMBER 2025)



PORTFOLIO CONVICTION (AS AT 30 SEPTEMBER 2025)



The fund in its macro context

The September quarter was exceptionally strong for the New Zealand listed property sector with the New Zealand 10-year government bond yield falling from 4.5% to 4.2% during the quarter. New Zealand's June quarter GDP result, recording a significant -0.90% drop in GDP, quickly recalibrated market expectations for more Official Cash Rate (OCR) cuts before year end (with -0.50% rate cut duly delivered in early October). The market is now forecasting a terminal rate around 2.00% to 2.25% by early next year. Falling rates are a strong tailwind for the interest-rate sensitive property sector due to a lower cost of debt at the Company level (decreasing interest expense once hedging rolls off); a likely increase to NTA (on tighter cap rate assumptions) alleviating any gearing concerns; and finally a relatively more attractive yield (versus term deposits, for example) from property companies.

Portfolio attribution

For the quarter ended 30 September, the Listed Property Fund delivered a gross return of 14.31%, underperforming the fund's benchmark return of 14.80%.

On a rolling four quarters basis to 30 September, the Fund delivered a gross return of 14.43%, underperforming the fund's benchmark return of 15.80%.

Our largest contributor to relative performance over the past four quarters was our out of index investment in Australian listed Charter Hall Group (CHC). CHC has enjoyed a strong 12-month run after upgrading guidance last year. This was a function of disciplined cost management during the down cycle and recovering

* Annualised

** Gross Fund Returns are calculated before deduction of taxes and fund charges but after deduction of trading expenses and including imputation credits where applicable. For periods prior to April 2018 the Gross Funds Returns do not include imputation credits.

***For periods prior to April 2018, the market index/benchmark return used is the S&P/NZX All Real Estate Gross Index without Imputation. Market index returns do not have any deductions for fund charges, trading expenses or tax.

activity levels from the 2023 trough. Given its funds management focus, the company's earnings are heavily leveraged to any upswing in asset values, real estate activity levels and capital markets demand. We are seeing improving sentiment in the Australian commercial property market, initially aided by rate cut expectations (which have now dampened) and a fading 'Work from Home' thematic.

Our underweight position in Goodman Property Trust (GMT) also contributed positively to performance. GMT is a quality company that has traded at a premium to the sector for a long period of time. As the outlook for the industrial sector becomes more muted, a repeat of the very strong industrial rent increases we have seen in recent years seems unlikely. Furthermore, as the thematic to the listed sector in general has improved, quality, expensively-priced stocks have underperformed the more "bombed-out" recovery plays. As GMT's share price has underperformed, we have closed our underweight position, somewhat attracted to the longer-term growth expected from the recently launched asset management strategy.

Our out of index exposure to the aged care sector has been the biggest detractor to performance. Ryman Healthcare (RYM) raised capital for the second time in as many years to repair their balance sheet at seriously depressed prices. This, followed by a very weak trading update after the disappointing FY25 result, saw the stock hit fresh 5-year lows around the middle of the year. We do not think the business model is broken and remain confident that the new (and very well regarded) CEO can deliver a meaningful turnaround over time. We have been impressed with Summerset (SUM) resilience, and the sector leading sales and development outcomes they have achieved through a very tough housing cycle. SUM is a best-in-class operator, and the Company has a clear competitive advantage in terms of capital velocity in their development business suggesting they have a longer growth runway than peers. Despite this, the Company has suffered from poor sentiment towards residential housing.

Portfolio conviction

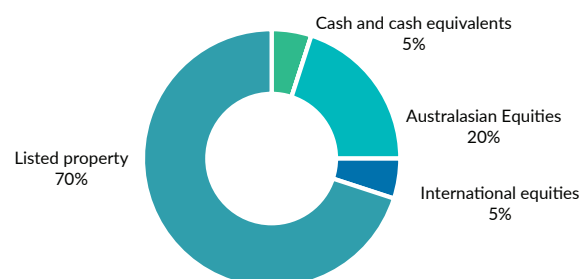
Our investment focus remains firmly on companies where we see meaningful growth that is not yet fully recognised by the market, and where there is strong potential for a re-rating in valuation. Within this framework, we continue to hold a constructive view on the aged care sector whilst acknowledging we did build this position too early.

With the New Zealand property index up ~26% in the five months since the sector hit lows on 30 April 2025 (supressed on that day partially due to an asset allocation move away from the sector by a large New Zealand fund manager) anything held outside the core NZ REIT index has cost performance. As a reminder, this fund is permitted to invest up to 45% outside the core NZ REIT index in Australian property or NZ/Aus "property-like" or "real" assets. For risk management purposes we tend to flex this between 5% and 15%. Back in April we were at the lower end of this range believing the New Zealand sector to be stand-out cheap. But as the sector has rapidly appreciated we have been adding to out of index name and currently sit around 9%.

TOP 10 FUND HOLDINGS AT QUARTER END

Security	Weight
Precinct Properties New Zealand Limited	17.5%
Goodman Property Trust	17.4%
Kiwi Property Group Limited	15.3%
Property For Industry Limited	9.2%
Vital Healthcare Property Trust	8.3%
Argosy Property Limited	8.3%
Stride Property Group	7.7%
Investore Property Limited	2.8%
New Zealand Rural Land Company	1.7%
Summerset Group Holdings Limited	1.5%
Major holdings as % of total portfolio	89.7%

TARGET ASSET ALLOCATION



Conclusion

The August reporting season revealed a sector in good condition on a fundamental basis, with limited movement in portfolio vacancy. Valuations are stabilising, and in some cases rising. Company balance sheets are through the worst, with dividends now supported by interest rate declines and cost-out efforts.

Falling short-term interest rates have swung sentiment in the listed property sector's favour. The sector continues to trade up with the second leg of the re-rate being driven by the perceived "lower quality" property companies (ex GMT, PCT, PFI) that until recently have been out of favour primarily due to NTA/gearing concerns. This has seen the upside gap to our 12-month target prices reduce, but acknowledge low term deposit rates on rollover could still spur further buying in the sector, recognising the real relationship should be with longer term rates.

We continue to add to our out of index names, in particular Australian fund manager and New Zealand aged care companies, the latter we expect to benefit from sharply reduced interest rate expectations eventually driving a residential property recovery.

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

For Octagon, “value” means not overpaying for the promise of future growth by developing a fundamental understanding of a business, its financial metrics, return on invested capital and then scenario testing the investment model under different macro conditions.

Portfolio Manager



Jason Lindsay, CA
Head of Equities



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Associate Portfolio Manager

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