

Australian Equities Fund

Monthly Performance Update as at 30 September 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/australian-equities-fund/.



Return comparison	1 month	3 months	1 year	3 years*	Since inception*
Net Fund Return ^	-2.45%	2.29%	4.99%	11.31%	4.50%
Gross Fund Return	-2.36%	2.52%	6.14%	12.58%	5.76%
S&P/ASX 200 Accumulation Index (50% Hedged to the NZD)**	-1.65%	1.66%	5.89%	13.85%	6.66%

* Annualised

Major investments

BHP Group Limited	10.80%
Commonwealth Bank of Australia Limited	6.54%
Australia and New Zealand Banking Group Limited	4.65%
Westpac Banking Corporation	4.01%
CSL Limited	3.77%
National Australia Bank Limited	3.57%
Macquarie Group Limited	2.97%
Rio Tinto Limited	2.83%
Goodman Group	2.34%
Santos Limited	2.08%
Major holdings as % of total portfolio	43.55%

Manager's comments

How did your portfolio perform?

The Australian Equities Fund (Fund) delivered a gross return of -2.36% during September, underperforming the Fund's benchmark return of -1.65% by -0.71%.

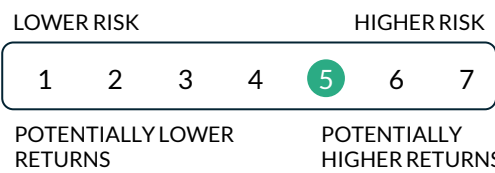
For the 12 months to the end of September, the Fund delivered a gross return of +6.14%, marginally outperforming the Fund's benchmark return of +5.89% by +0.25%.

The main positive contributors in September were our underweight position in Commonwealth Bank of Australia, and overweight positions in Santos and Viva Energy.

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 five years
- Market Index: S&P/ASX 200 Accumulation Index, 50% hedged to NZD
- Currency: New Zealand dollars

Risk indicator***



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

CBA remained under pressure for the same reasons discussed in our recent monthly commentaries. The outlook for housing credit has weakened, with higher interest rates and May's tax changes continuing to weigh on home prices, and investor housing credit growth slowing materially.

Santos and Viva Energy benefited from sharply higher oil and refined-product prices following disruption to the global energy supply. Santos also benefited from reduced regulatory uncertainty after the proposed east-coast gas reservation scheme requirements were softened and its implementation delayed.

The main detractors were the Fund's overweight positions in Regis Healthcare and NextDC.

Regis Healthcare fell sharply after the government announced a +2.6% increase in aged-care funding from October, well below the increase in wages and other operating costs.

The funding shortfall led to material earnings downgrades and renewed concerns about the predictability of government funding, despite Regis retaining several offsets through cost reductions, higher room prices and changes to its resident mix.

NextDC was affected by the announcement of an A\$1.1 billion convertible-note raising, which renewed concerns around funding requirements and equity holder dilution associated with its large data-centre development pipeline. Rising interest rates have also had an impact on the valuation of its long-dated cash flows.

We actively manage the Fund's foreign currency exposure associated with Australian equities and listed property. During the month, the New Zealand dollar fell -1.67% against the Australian Dollar.

What happened in the markets you invest in?

The Australian equity market weakened during September as higher oil prices renewed inflation concerns and pushed bond yields sharply higher. The Reserve Bank of Australia raised the cash rate by +0.25% to 4.60%, while Australian long-term bond yields reached their highest levels in more than a decade, driven by strong global growth, demand for credit and growing fiscal deficits.

Energy companies benefited from higher oil and refined-product prices. Healthcare also had a robust September, following on from the strong financial results posted in August. By contrast, higher discount rates created a more difficult environment for highly valued, long-duration companies. Resources also gave back part of their strong August gains as the market rotated towards lower-volatility exposures.

Economic conditions remained mixed. Higher energy and borrowing costs increased pressure on households, while Australian home values fell -1.1% during September, the sixth consecutive monthly decline. National values were -5.2% below their March peak, while weaker auction clearance rates, falling sales volumes and longer selling periods pointed to continued pressure. Industrial activity remained comparatively resilient, supported by investment in infrastructure, mining, defence and data centres.

What are we thinking about the future?

To us, the September market moves reinforced the risk that persistent inflation and elevated energy prices will keep interest rates higher for longer. This creates a difficult environment for highly valued, long-duration companies and businesses dependent on housing activity or discretionary household spending.

In this environment, the Australian domestic outlook remains challenging, in our opinion. Higher mortgage rates, falling house prices and softer employment conditions are likely to weigh on household demand. By contrast, we think investment linked to infrastructure, mining and data centres remains relatively resilient. Energy should also remain supported while oil markets are tight, although geopolitical developments are likely to keep volatility elevated.

We therefore continue to favour businesses with company-specific earnings drivers and limited reliance on a broad consumer recovery. These include infrastructure-activity-exposed, healthcare and telecommunications businesses, although we are conscious of the impact of rising bond rates on valuations.

Tactical Asset Allocation



- Australasian equities (85.00%)
- Listed property (10.00%)
- Cash and cash equivalents (5.00%)

Currency hedging

As at 30 September 2026

% of fund exposed to FX risk	100.40%
Value of fund unhedged	26.36%

Fees

Annual fund charges are currently 1.15% 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.



Paul Robertshawe, CA
Director,
Chief Investment
Officer

Please note that Salt Investment Funds Limited replaced Forsyth Barr Investment Management Limited as the manager and issuer of the Octagon Investment Funds on 31 July 2026.

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%).

** Please refer to the [SIPO](#) for benchmark history and the hedging calculation method, if applicable.

*** 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 30 September 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.
