

Balanced 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/balanced-fund/.



Return comparison	1 month	3 months	1 year	3 years*	Since inception*
Net Fund Return ^	-0.94%	0.78%	3.84%	8.61%	4.22%
Gross Fund Return	-0.85%	1.05%	5.01%	9.84%	5.42%
Composite Index**	-0.24%	-0.23%	5.92%	10.71%	5.80%

* Annualised

Major investments

Hunter Global Fixed Interest Fund	16.40%
Fisher & Paykel Healthcare Corporation Limited	2.18%
BNZ Transactional Account NZD	2.09%
New Zealand Government 1.5% 15/05/2031	1.46%
Nvidia Corp	1.26%
New Zealand Government 3.5% 14/04/2033	1.25%
New Zealand Government 4.25% 15/05/2036	1.24%
Apple Inc	1.21%
Infratil Limited	1.18%
Goodman NZ Ltd & Goodman Property Services Ltd	1.17%
Major holdings as % of total portfolio	29.44%

Manager's comments

How did your portfolio perform?

The Balanced Fund (Fund) delivered a gross return of -0.85% for the month of September, behind the Fund's benchmark return of -0.24%.

For the 12 months to the end of September, the Fund delivered a gross return of +5.01%, underperforming the Fund's benchmark return of +5.92% by -0.91%.

A rapid increase in interest rates created headwinds for most investment markets over the month, with listed property and fixed interest faring the worst. These two markets are now trading at their most attractive valuation levels since before the pandemic.

For details of the Fund's underlying single asset class funds, see the relevant commentary.

We actively manage the Fund's foreign currency exposures associated with equities and listed property and hedge the international fixed interest segment of the Fund. The New Zealand dollar fell -4.52% against the US dollar and fell -1.67% against the Australian dollar.

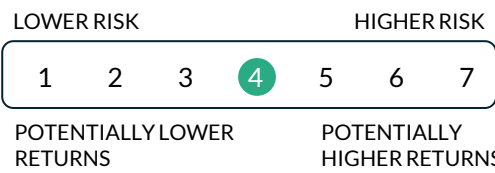
What happened in the markets you invest in?

This month's rapid increase in longer-term interest rates flowed from the US market and was primarily attributed to investors demanding higher yields to continue financing both the Artificial Intelligence build-out and to fund rising US government deficits. Economic growth also remained strong, and the escalation in the Middle East could bring forward demand as businesses try to build inventories ahead of a potential supply disruption.

Things to note

- Manager: Salt Investment Funds Limited
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: A composite benchmark relating to the fund's target investment mix
- Currency: New Zealand dollars

Risk indicator***



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

The New Zealand government debt position is materially different to that of the US, and in fact its funding requirement was recently revised down, yet we still need to compete for bond investors on the global stage. Property investors require a premium over fixed interest rates to compensate them for taking the added risks, and hence their share prices must adjust downward to restore that relativity.

Higher interest rates are particularly difficult for companies with low pricing power or those priced for high long-term growth. The first set of companies face a profit squeeze, while for the second group, the market requires a higher return (i.e. a lower price today) to take on the risk that distant earnings will be delivered.

What are we thinking about the future?

The Octagon Investment Committee determined to lower the Fund's exposure to Australian equities in favour of New Zealand fixed interest during the month. Rising interest rates, a rapidly slowing housing market and an expensive banking sector are headwinds for equity market earnings growth in Australia, in our opinion. Conversely, the Committee considered that the New Zealand fixed interest market appears to have priced in a very aggressive rate hike cycle despite only a very gradual economic recovery, a much stronger government debt position than many peers and an unemployment rate that should provide room for economic growth without stoking inflation.

We remain neutral on global equities as earnings trends remain solidly positive, offset by higher interest rates and the narrow and concentrated reliance on the Artificial Intelligence build-out.

Another US aircraft carrier being sent to the Middle East raises the possibility of an escalation in that conflict, at a time when oil inventories and prices are already stressed. Equity markets continue to take a very benign view of geopolitical risks currently, acknowledging that views can change rapidly.

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.

Tactical Asset Allocation



- International equities (35.00%)
- Australasian equities (17.00%)
- New Zealand Fixed Interest (21.00%)
- International fixed interest (16.50%)
- Listed property (6.00%)
- Cash and cash equivalents (4.50%)

Currency hedging

As at 30 September 2026

% of fund exposed to FX risk	38.72%
Value of fund unhedged (after hedging)	14.96%

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



Christine Smith-Han, Equity and Strategy Analyst

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%).

** Current composite index: 7% S&P/NZX Bank Bills 90-Day Index, 19% Bloomberg NZBond Composite 0+Yr Index as NZ Fixed Interest, 19% Bloomberg Global Aggregate Total Return Index (100% hedged to the NZD), 10.5% S&P/NZX50 Gross with Imputation Index, 6.5% S&P/ASX 200 Accumulation Index (50% hedged to NZD), 35% MSCI ACWI Net Total Return Index (50% hedged to the NZD), and 3% S&P/NZX All Real Estate Gross with Imputation Index. Historical composite index performances were used when there were changes to the target assets allocation or indices of each asset class.

*** 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.