Octagon Investment Funds

New Zealand Fixed Interest 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/new-zealand-fixed-interest-fund/.

Return comparison	1 month	3 months	1 year	3 years*	Since inception*
Net Fund Return ^	-1.12%	-2.18%	-0.29%	5.43%	4.23%
Gross Fund Return	-1.06%	-2.03%	0.43%	6.22%	5.06%
Bloomberg NZBond Composite 0+ Yr Index**	-1.02%	-2.02%	0.11%	5.67%	4.24%

** Annualised*

Major investments

New Zealand Government 1.5% 15/05/2031	6.96%
New Zealand Government 3.5% 14/04/2033	5.96%
New Zealand Government 4.25% 15/05/2036	5.90%
New Zealand Government 4.5% 15/05/2035	5.29%
NZ Government Green Bond 4.25% 15/05/2034	4.83%
New Zealand Government 2.00% 15/05/2032	4.33%
SkyCity Entertainment Group Ltd 21/05/2027 3.02%	3.66%
New Zealand Government 4.50% 15/05/2030	3.51%
New Zealand Government 1.75% 15/05/2041	3.49%
New Zealand Government 3% 20/04/2029	3.47%
Major holdings as % of total portfolio	**47.40%**

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 three years
- Market Index: Bloomberg NZBond Composite 0+YR Index
- Currency: New Zealand dollars

Risk indicator***

LOWER RISK HIGHER RISK

1 2 **3** 4 5 6 7

POTENTIALLY LOWER RETURNS — POTENTIALLY HIGHER RETURNS

View the **Product Disclosure Statement** for detailed information about this Fund and Octagon Investment Funds.

Manager's comments

How did your portfolio perform?

The New Zealand Fixed Interest Fund (Fund) delivered a gross return of -1.06% for September, slightly underperforming the Fund's benchmark return of –1.02%.

For the 12 months to the end of September, the Fund delivered a gross return of +0.43%, outperforming the Fund's market index return of +0.11% by +0.32%.

What happened in the markets you invest in?

September's returns were disappointing for investors in the Fund and for fixed interest investors more generally.

New Zealand bond yields moved higher during September as investors reassessed the outlook for inflation, economic growth and ongoing uncertainty associated with the Middle East conflict; similar moves were observed across most global bond markets. The resulting increase in yields generated capital losses for investors in the Fund.

And for the record - (1) the Reserve Bank of New Zealand raised its Official Cash Rate (OCR) by +0.25% to 2.75% at its September Monetary Policy Statement, while maintaining a projected OCR track broadly unchanged from its May announcement; and, (2) New Zealand's Treasury published its pre-election economic and fiscal update (PREFU), revealing a $4 billion reduction in planned bond issuance for the current year and a cumulative $15 billion reduction through to June 2030.

Octagon

What are we thinking about the future?

Many of the themes that shaped markets during September, including persistent inflation pressures, elevated energy prices and signs of economic resilience, are likely to remain important influences on bond markets over the near term, in our view.

We are sceptical of the logic of a bond rout, viewing the recent price action as consistent with a well-functioning market. In our assessment, the move higher in yields reflects dynamic price discovery and a re-calibration of term premia. A clinical response to sticky inflation, elevated governmental fiscal borrowing requirements (especially in the US, UK and now France) and the increased competition for long-term capital associated with global infrastructure investment; primarily artificial intelligence-related capital expenditure and hyperscale data centre development.

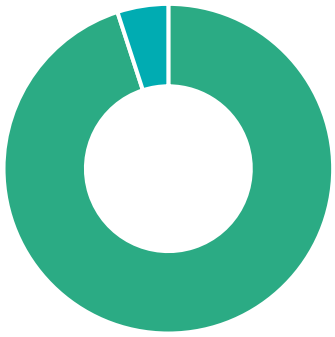
Importantly, market liquidity and price discovery have remained robust, in our opinion.

Accordingly, we have used the increase in yields to selectively add duration to the portfolio. At month end, the portfolio duration was approximately 5.10 years, compared with the benchmark duration of 4.64 years.

In addition, we believe the Fund's gross yield to maturity of 5.15%, calculated as the weighted average gross yield of all securities held in the portfolio, provides an attractive income base and is likely to be an important contributor to returns as we move towards calendar year-end.

Portfolio liquidity is ample and the weighted average portfolio credit quality AA-. Where a security does not have an external credit rating, we assign an internal credit assessment based on our own analysis. For New Zealand Government bonds, we use the lowest available external rating, currently Fitch's AA+ rating.

Tactical Asset Allocation



- New Zealand fixed interest (95.00%)
- Cash and cash equivalents (5.00%)

Fees

Annual fund charges are currently 0.75% 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.



Craig Alexander,
Head of Fixed Interest & ESG

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%).

** Proxy index performance is used for periods when the Bloomberg NZBond Composite 0+Yr Index did not exist before 2009.

*** 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.