

# Octagon Investment Funds

## Enhanced Cash Fund

### Monthly Performance Update as at 31 March 2024

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/enhanced-cash-fund/](http://www.octagonasset.co.nz/our-funds/enhanced-cash-fund/).



#### Return comparison

	1 Month	3 Months	1 Year	3 Years	Since inception*
Net Fund Return <sup>^</sup>	0.49%	1.37%	n/a	n/a	4.81%
Gross Fund Return	0.52%	1.47%	n/a	n/a	5.11%
S&P/NZX Bank Bills 90-Day Index	0.48%	1.40%	n/a	n/a	4.70%

<sup>^</sup>Actual

#### Major investments

ANZ transactional bank account	8.9%
New Zealand Local Government Funding Agency Ltd 15/04/2026 1.50%	7.2%
Kiwibank Limited 20/09/2024 2.155%	4.4%
Auckland City Council 0% 18/04/2024	4.2%
Genesis Energy Limited 5.0% 03/04/2025	4.2%
Fonterra Co-op Group RCD 06/06/2024	4.2%
Christchurch International Airport Limited 24/05/2024 4.13%	4.2%
SBS RCD 05/04/2024	4.0%
Spark Finance Limited RCD 24/04/2024	3.9%
Mercury NZ Ltd 0% 13/06/2024	3.9%
<b>Major holdings as % of total portfolio</b>	<b>49.14%</b>

#### Manager's comments

##### What happened in the markets that you invest in?

March was a positive end to the quarter for bond and short-duration investors in New Zealand. After interest rates rose through January and February, March saw interest rates fall, with the New Zealand two-year and 10-year swap rates both down by 19 basis points (0.19%). Interest rates moves were much more muted in overseas markets in March, with the United States' two- and 10-year government bond rates falling 0.03% and 0.06% respectively.

Economic data releases were mixed. In New Zealand, Q4 GDP figures were released which indicated a slightly weaker economy than was expected, while inflation in selected price indexes (which make up almost half of the Consumer Price Index) was generally in-line with expectations.

##### How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.52% in March, fractionally outperforming the fund's market index return of 0.48%.

For the six months to the end of March, the fund returned 3.25%, comfortably outperforming the market index return of 2.86% by 0.39%.

##### What are we thinking about the future?

As at the end of March, the fund had a portfolio duration of 0.4 years<sup>1</sup>, and a portfolio yield to maturity of approximately 6.0%<sup>2</sup>. We expect the Reserve Bank of New Zealand (RBNZ) to hold the Official Cash Rate (OCR) steady at 5.50% for some time. The market (as described

#### Risk indicator for the Enhanced Cash Fund\*



by the Overnight Index Swap) expects that the first full OCR cut will occur by August this year. We will look to any sell-off in short-term rates to enable us to add further to duration.

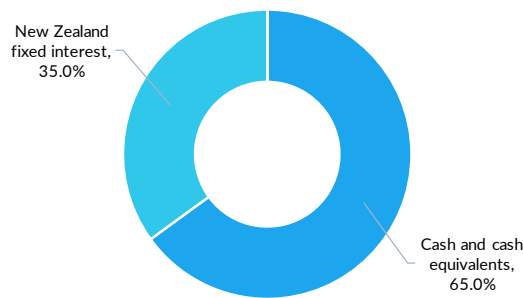
<sup>1</sup> Duration is the weighted-average portfolio sensitivity to changes in value resulting from changes in the level of New Zealand wholesale interest rates

<sup>2</sup> Gross yield to maturity is calculated as the weighted-average gross yield of all securities in the portfolio as at 31 March 2024, assuming that all amounts owed by the issuer will be received by the Fund and is based on our assessment of the calculation methodology made available by the manager of the fund's market index; and does not include the deduction of any taxes, fund charges, trading expenses or fees



**Craig Alexander**  
Head of Fixed Interest and ESG

## Target Asset Allocation



## Things to note

- Manager: Forsyth Barr Investment Management Limited
- Investment manager: Octagon Asset Management Limited
- Date the fund started: 7 June 2023
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: Less than 12 months
- Benchmark: None
- Currency: New Zealand dollars

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

## Fees

Annual fund charges are currently 0.35% 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.

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For more information please visit [octagonasset.co.nz](http://octagonasset.co.nz), email [info@octagonasset.co.nz](mailto:info@octagonasset.co.nz), or call 0800 628 246

<sup>^</sup> 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.

<sup>\*</sup> 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 2022. See more information about the risks of investing in the Product Disclosure Statement.

This publication does not contain financial advice - for financial advice, please speak to your Investment Adviser. We recommend you review your investments and seek specialist advice on any taxation aspects. Past performance is not a reliable guide to future performance. Forsyth Barr Investment Management 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/disclosureinformation](http://www.octagonasset.co.nz/disclosureinformation), by contacting your Investment Adviser, or by calling 0800 628 246.