

New Zealand Fixed Interest Fund

Octagon Investment Funds Fund Update as at 30 September 2022

This fund update was first made publicly available on 27 October 2022.

What is the purpose of this update?

This document tells you how the New Zealand Fixed Interest Fund¹ has performed and what fees were charged. The document will help you to compare the fund with other funds. Forsyth Barr Investment Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The New Zealand Fixed Interest Fund aims to achieve positive long-term returns by investing in selected New Zealand fixed interest assets which will typically have low to moderate levels of movement up and down in value.

| Total value of the fund | \$176,317,818 | | |
|---------------------------|---------------|--|--|
| The date the fund started | 26 June 2008 | | |

What are the risks of investing?

Risk indicator for New Zealand Fixed Interest Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2022. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 0.62% | -5.20% |
| Annual return (after deductions for charges but before tax) | 0.86% | -7.16% |
| Market index annual return (reflects no deduction for charges and tax) | 1.34% | -6.58% |

The market index return is based on the S&P/NZX Investment Grade Corporate Bond Index. Additional information about the market index is available on the Octagon Investment Funds' entry on the offer register at www.business.govt.nz/disclose.



Annual return graph



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 September 2022.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the New Zealand Fixed Interest Fund are charged fund charges. In the year to 31 March 2022 these were:

| % of net asset value ² |
|-----------------------------------|
| 0.76% |
| |
| 0.76% |
| 0.76% |
| 0.00% |
| 0.00% |
| Dollar amount per investor |
| \$0.00 |
| |

Investors are not currently charged any other fees. See the PDS for more information about fees. Small differences in fees and charges can have a big impact on your investment over the long term.

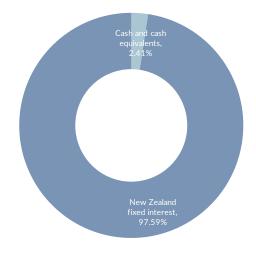
Example of how this applies to an investor

Jane had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Jane incurred a loss after fund charges were deducted but before tax of \$716 (that is -7.16% of her initial \$10,000). This gives Jane a total loss after tax of \$520 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.

Actual investment mix



Target investment mix

| Cash and cash equivalents | 5.00% |
|------------------------------|--------|
| New Zealand fixed interest | 95.00% |
| International fixed interest | 0.00% |
| Australasian equities | 0.00% |
| International equities | 0.00% |
| Listed property | 0.00% |
| Unlisted property | 0.00% |
| Commodities | 0.00% |
| Other | 0.00% |

Top 10 investments

| | Name | Percentage of fund net assets | Туре | Country | Credit rating (if applicable) |
|----|---|----------------------------------|----------------------------|-------------|-------------------------------|
| 1 | New Zealand Local Government Funding Agency Ltd 14/04/2033 3.50% | 6.75% | New Zealand fixed interest | New Zealand | AA+ |
| 2 | NZ Govt Inflation Ind Bond 20/09/25 | 6.27% | New Zealand fixed interest | New Zealand | AA+ |
| 3 | New Zealand Local Government Funding Agency Ltd 15/04/2027 4.50% | 5.21% | New Zealand fixed interest | New Zealand | AA+ |
| 4 | Westpac New Zealand 1.439% 24/02/2026 | 5.02% | New Zealand fixed interest | New Zealand | AA- |
| 5 | Housing New Zealand 3.36% 12/06/2025 | 3.79% | New Zealand fixed interest | New Zealand | AA+ |
| 6 | Housing New Zealand 3.42% 18/10/2028 | 2.94% | New Zealand fixed interest | New Zealand | AA+ |
| 7 | New Zealand Local Government Funding Agency Ltd 15/04/2025 2.75% | 2.72% | New Zealand fixed interest | New Zealand | AA+ |
| 8 | Dunedin City Treasury 16/11/2026 0.676% | 2.50% | New Zealand fixed interest | New Zealand | AA |
| 9 | ANZ transactional bank account | 2.41% | Cash and cash equivalents | New Zealand | AA- |
| 10 | Bank of New Zealand 08/06/2026 1.884% | 2.40% | New Zealand fixed interest | New Zealand | AA- |

The top 10 investments make up 40.01% of the fund.

Key personnel

| Name | Current position | Time in current position | Previous or other current position | previous or other current position |
|---------------------|---|---------------------------------------|---|--|
| Christine Smith-Han | Equity and Strategy Analyst Octagon Asset Management Limited | 0 years and 10 months ³ | Portfolio Analyst Forsyth Barr Limited | 4 years and 10 months |
| Paul Robertshawe | Chief Investment Officer Octagon Asset Management Limited | 0 years and 10 months³ | Portfolio Manager, Forsyth Barr Limited | 0 years and 8 months |
| Craig Alexander | Head of Fixed Interest and ESG Octagon Asset Management Limited | 0 years and 10 months ³ | Co-Head of Funds Management, Forsyth Barr Limited | 8 years and 5 months |
| Jason Lindsay | Head of Equities Octagon Asset Management Limited | 0 years and 10 months ³ | Co-Head of Funds Management, Forsyth Barr Limited | 2 years and 2 months |
| Neil Paviour-Smith | Director Forsyth Barr Investment Management Limited | 14 years and 7 months | Managing Director, Forsyth Barr Limited (current) | 21 years and 9 months |

Time in

Further information

You can also obtain this information, the PDS for the Octagon Investment Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

On 11 December 2020 the fund name changed from the Forsyth Barr Premium Yield Fund to the Forsyth Barr New Zealand Fixed Interest Fund. On 26 January 2021 the Forsyth Barr NZ Fixed Interest Fund was merged with the Forsyth Barr New Zealand Fixed Interest Fund. On the 30 November 2021 the Forsyth Barr New Zealand Fixed Interest Fund was renamed the New Zealand Fixed Interest Fund.

² Including GST.

 $^{^{\}rm 3}~$ Octagon Asset Management Limited is responsible for the day-to-day investment decisions for the fund.