

## New Zealand Equities Fund

### Monthly Performance Update as at 31 March 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-equities-fund/](http://www.octagonasset.co.nz/our-funds/new-zealand-equities-fund/).



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-6.38%	-6.00%	6.25%	2.78%	9.66%
Gross Fund Return	-6.29%	-5.73%	7.49%	3.98%	10.95%
S&P/NZX 50 Gross with Imputation Index	-5.76%	-4.49%	5.95%	3.59%	9.17%

\*Annualised

### Major investments

Fisher & Paykel Healthcare Corporation Limited	14.68%
Auckland International Airport Limited	7.72%
Infratil Limited	7.03%
Contact Energy Limited	5.59%
Ebos Group Limited	4.97%
Spark New Zealand Limited	4.34%
Meridian Energy Limited	4.32%
Mainfreight Limited	4.00%
The a2 Milk Company Limited	3.82%
Mercury NZ Limited	2.74%
<b>Major holdings as % of total portfolio</b>	<b>59.20%</b>

### Things to note

- Manager: Forsyth Barr Investment Management Ltd
- 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/NZX50 Gross with Imputation Index
- Currency: New Zealand dollars

### Risk indicator\*\*



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

### Manager's comments

#### How did your portfolio perform?

The New Zealand Equities Fund delivered a gross return of -6.29% during March, underperforming the fund's benchmark return of -5.76% by -0.53%.

For the 12 months to the end of March, the New Zealand Equities Fund delivered a gross return of 7.49%, considerably outperforming the fund's benchmark return of 5.95% by 1.55%.

Key positive contributors to performance in March came from overweight's in Tower and underweights in Auckland Airport and Freightways. Tower saw a new broker analyst initiate coverage with a target price >30% above the market price. Auckland Airport and Freightways have significant negative exposure to oil prices, which they will eventually look to pass on to end customers.

Key detractors from performance in March were concentrated in domestic cyclical and tourism stocks, Sky City Entertainment and Tourism Holdings. Less discretionary spending due to higher fuel prices and higher interest rates will hurt future revenues for these companies.

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

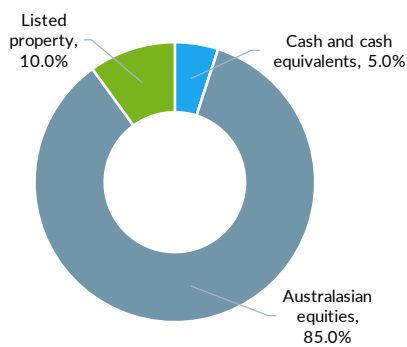
The fragile recovery appearing in the NZ economy has been put on hold by the hostilities in Iran. Immediate effects in fuel, freight and interest rates are quickly being followed by prices rises in oil derivatives (such as plastic plumbing pipes) and interest rates as the inflationary outlook worsens.

Kathmandu is an example of how quickly conditions can change for those companies carrying significant debt. Despite a strong sales result and a reasonable outlook pre the Iran war, their bankers grew impatient with the rate of debt pay down and risks from the conflict. The bankers forced an equity raise at an inopportune time. Whilst a rights issue keeps most shareholders whole from a dilution of ownership

perspective, raising equity at an implied cost above 15% (due to the low issue price) to pay back debt with an interest cost of 6% is not a way to create value for shareholders.

Stocks with defensive earnings performed strongly, led by Fonterra, Infratil, Channel, Vector, A2 Milk and Chorus.

## Target Asset Allocation



## What are we thinking about the future?

Some of the negative effects to earnings over the next six months are locked in. Even if the conflict ends in the next month, neither oil prices nor interest rates will likely fall quickly to the levels that applied in February. A quick resolution will however allow equity markets to look through these impacts, and a reasonable rebound in the NZ equity market could be expected.

If the war drags on with significant disruptions to fuel supplies however, then NZ growth will turn down materially at a time when inflation is high and the government has limited funds to offset pressures on consumers.

Whilst all our stock positions in the domestic cyclical sectors across retail, media, housing and gaming are supported by attractive valuations, negative earnings revisions will affect short term share price performance. With the risk of material earnings falls and an already strong exposure to an economic rebound in the portfolio, we will control risk and look to add to only those companies with strong balance sheets and the least impacted near-term earnings until we have greater clarity.



**Paul Robertshawe, CA**  
Director, Chief Investment Officer

## 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.

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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

^ 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.

\*\* 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 31 March 2026. 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/disclosure-information](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.