

Income Fund

Monthly Performance Update as at 31 March 2025

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/income-fund/.



| Return comparison | 1 Month | 3 Months | 1 Year | 3 Years* | Since inception* |
|-------------------|---------|----------|--------|----------|------------------|
| Net Fund Return^ | -1.07% | -1.25% | 0.51% | 0.88% | 1.66% |
| Gross Fund Return | -1.10% | -1.16% | 1.03% | 1.38% | 2.20% |
| Composite Index | -1.70% | -1.92% | 2.64% | 1.75% | 1.23% |

*Annualised

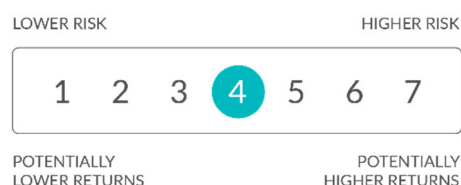
Major investments

| | |
|---|---------------|
| Hunter Global Fixed interest Fund | 20.47% |
| Precinct Properties New Zealand Limited | 2.63% |
| Goodman Property Trust | 2.52% |
| Vital Healthcare Property Trust | 2.46% |
| Spark New Zealand Limited | 2.17% |
| Genesis Energy Limited | 2.00% |
| Kiwi Property Group Limited | 2.00% |
| ANZ transactional bank account | 1.95% |
| Amcor Limited | 1.86% |
| New Zealand Government 1.5% 15/05/2031 | 1.83% |
| Major holdings as % of total portfolio | 39.89% |

Things to note

- Manager: Forsyth Barr Investment Management Ltd
- 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 Scheme.

Manager's comments

How did your portfolio perform?

The Income Fund delivered a gross return of -1.10% for the month of March, comfortably outperforming the fund's benchmark return of -1.70% by 0.60%.

For the 12 months to the end of March, the Income Fund delivered a gross return of 1.03%, underperforming the fund's benchmark return of 2.64% by -1.61%.

For the March month, the gross returns all funds utilised within the Income Fund, except for the Listed Property Fund. For details on the Income Fund's investments into the Octagon single asset class funds, see the relevant fund commentary.

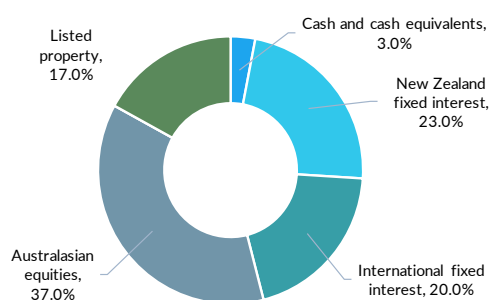
Of the funds utilised within the Income Fund all funds, except for the Listed Property Fund, outperformed their respective benchmarks. For details on the Income Fund's single asset class funds, see the relevant fund commentary.

Almost 40% of the fund is invested in directly held Australasian equities. Holdings in Vulcan Steel, APA Group, and New Zealand Rural Land Co. added to performance, while holdings in Macquarie Group, Bluescope Steel, and Vital Healthcare detracted.

We actively manage the fund's currency exposures associated with Australian and listed property equities, and we hedge the international fixed interest segment of the fund to the New Zealand dollar (NZD). During the month the NZD rose 0.87% against the Australian dollar (AUD).

We calculated the running yield of the securities held within the fund at the end of March as 4.65%.

Tactical Asset Allocation



Currency Hedging

As at 31 March 2025

| | |
|--|--------|
| Percentage of the fund exposed to FX risk | 15.45% |
| Value of the fund unhedged (after hedging) | 6.66% |

What happened in the markets that you invest in?

While your fund does not invest in equity markets outside Australasia, global equities' sentiment sets the tone for our regional markets. The new US government's trade policy drove equity markets in March with investors moving money from equity markets into the defensive asset classes of cash and fixed interest ahead of the April "Liberation Day" announcement. While many in markets still see the US tariffs as a negotiating tool for other political concessions, in our view the impacts on inflation and growth will be real for as long as the tariffs remain in place.

Most economists predict that the tariffs will lower growth outside of the US more than it will inside. This is based on how reliant a country is on exports versus internally generated economic activity. The US has a very large domestic economy but surprisingly its share market has performed poorly - perhaps reflecting it is starting from what we consider to be an expensive valuation.

New Zealand (NZ) and Australia have relatively low direct exposure to US tariffs, but both will still see growth slow, especially unhelpful in NZ as we slowly emerge from a recession.

What are we thinking about the future?

US tariff announcements were materially higher than we and most others anticipated. Global equity market reactions were swift and dramatic, increasing the odds of a global economic slowdown. We continue to think that policies will be moderated over the next 18 months if economic weakness is confirmed, as recessions often see incumbent political parties ousted.

The Octagon Investment Committee meets regularly and monitors markets daily, convening out of cycle meetings if markets dictate. The Committee met on 7th April to digest current news flow and consider whether the recent falls in equity markets had made them fundamentally more attractive; whether our long-held underweight in global equity markets should be reconsidered.

At that meeting, the Investment Committee chose to maintain its current position. While the committee recognises the US incited trade war is lowering the value of global equity markets, the risk of further escalation cannot be ruled out. China has already responded in-kind with retaliatory tariffs, and Europe is expected to follow. The flow-on impacts on global growth, and therefore company earnings, are also likely to be negative in the view of the committee. That would likely mean that despite the share price falls, equity markets are not offering as much value as might initially appear.



Jason Lindsay, CA
Head of Equities



Craig Alexander
Head of Fixed Interest

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.

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.

** 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 2025. 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, by contacting your Investment Adviser, or by calling 0800 628 246.