

Balanced 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/balanced-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-1.83%	-1.00%	3.83%	3.97%	2.96%
Gross Fund Return	-1.74%	-0.74%	5.01%	5.16%	4.15%
Composite Index	-2.25%	-1.40%	5.52%	4.56%	3.84%

*Annualised

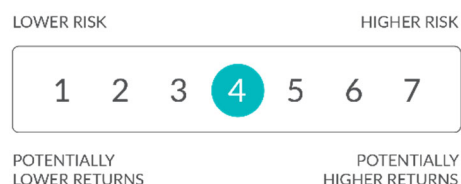
Major investments

Hunter Global Fixed interest Fund	19.20%
Intermede Global Equity Fund	8.84%
ANZ transactional bank account	1.81%
Fisher & Paykel Healthcare Corporation Limited	1.79%
Precinct Properties New Zealand Limited	1.55%
New Zealand Government 1.5% 15/05/2031	1.54%
New Zealand Government 4.50% 15/05/2030	1.48%
Goodman Property Trust	1.45%
New Zealand Government 14/04/2033 3.5%	1.18%
Kiwi Property Group Limited	1.16%
Major holdings as % of total portfolio	39.99%

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 Balanced Fund delivered a gross return of -1.74% for the month of March, comfortably outperforming the fund's benchmark return of -2.25% by 0.51%.

For the 12 months to the end of March, the Balanced Fund delivered a gross return of 5.01%, underperforming the fund's benchmark return of 5.52% by -0.51%.

Equities markets were generally lower in March as investors rotated into the relative safe havens of cash and fixed interest securities. All of the portfolios we use in the Balance Fund outperformed their benchmarks on a gross returns basis, apart from the Listed Property Fund.

We actively manage the fund's foreign currency exposures associated with Global, Australasian and listed property equities and hedge the international fixed interest segment of the fund. The New Zealand dollar fell 1.07% against the United States dollar and rose 0.87% against the Australian dollar during the month.

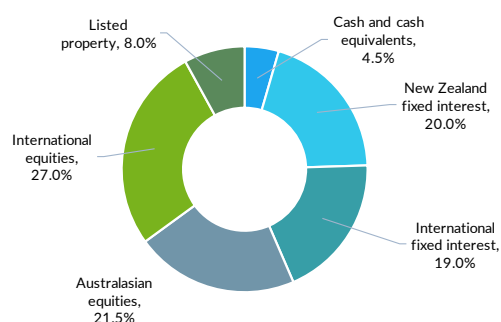
What happened in the markets that you invest in?

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.

Tactical Asset Allocation



Currency Hedging

As at 31 March 2025

Percentage of the fund exposed to FX risk	35.82%
Value of the fund unhedged (after hedging)	15.11%

What are we thinking about the future?

Recent U.S. tariff announcements were significantly higher than expected, prompting a swift and sharp decline in global equity markets. This reaction has increased the likelihood of a global economic slowdown. We believe that if clear signs of economic weakness emerge, policy settings will likely be eased over the next 18 months—particularly as recessions often lead to political changes.

The Octagon Investment Committee meets regularly and monitors markets on a daily basis, holding additional meetings when market conditions warrant. On 7th April, the Committee met to assess recent developments and evaluate whether the sharp decline in equity markets had made them fundamentally more attractive. The Committee also considered whether it should revisit its long-standing underweight position in global equities, choosing to maintain its current position.

The Committee acknowledges that the U.S. led trade war is driving down global equity market values. However, there remains a significant risk of further escalation. China has already responded with retaliatory tariffs, and similar action from Europe is expected. In the Committee's view, these developments are likely to have a negative impact on global economic growth and corporate earnings. As a result, despite recent declines in share prices, equity markets may not offer as much underlying value as they might initially seem to.



Paul Robertshawe, CA
Director, Chief Investment Officer



Christine Smith-Han
Strategy Analyst

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.

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.