

Australian 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/australian-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	-6.76%	-2.20%	11.53%	9.30%	4.25%
Gross Fund Return	-6.66%	-1.92%	12.83%	10.57%	5.56%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	-6.71%	-0.06%	16.13%	11.82%	7.00%

*Annualised

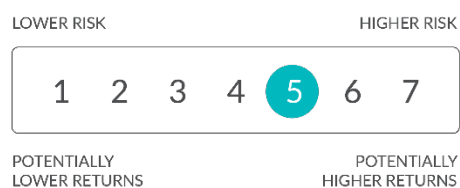
Major investments

BHP Group Limited	9.82%
Commonwealth Bank of Australia Limited	7.20%
Westpac Banking Corporation	4.74%
Australia and New Zealand Banking Group Limited	4.11%
CSL Limited	3.57%
National Australia Bank Limited	3.39%
Rio Tinto Limited	2.76%
Macquarie Group Limited	2.61%
Telstra Group	2.38%
Goodman Group	2.27%
Major holdings as % of total portfolio	42.85%

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/ASX 200 Accumulation Index, 50% hedged to the NZD
- 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 Australian Equities Fund delivered a gross return of -6.66% during March, broadly in line with the funds benchmark return of -6.71%.

For the 12 months to date, the Octagon Australian Equities Fund delivered a gross return of 12.83%, underperforming the funds benchmark return of 16.13% by 3.30%.

Our key positive contributors in March were overweight positions in Viva Energy and Santos.

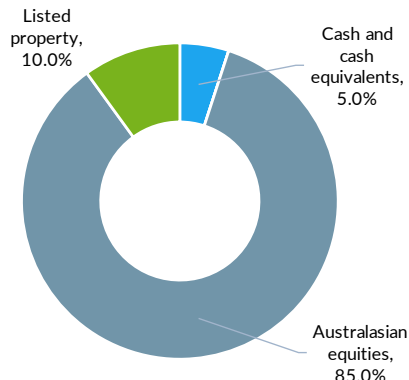
Viva's share price surged as the market began to appreciate the implications of the Iran conflict. With the Straits of Hormuz closed, the supply of both oil and refined fuel products tightened considerably, driving prices materially higher over the month. For Viva, which owns one of Australia's two surviving oil refineries, the impact has been sharply higher margins between crude oil as a cost input and the refined fuel prices they can realise. The company is currently generating close to \$200m of incremental refining profits per month, rapidly deleveraging its balance sheet. Santos also benefited from its positive leverage to higher oil and gas prices.

The key detractors from performance were our underweight positions in Commonwealth Bank and Woodside.

Commonwealth Bank has continued to outperform following its strong result in February. Nominal economic growth and lending volumes are likely to remain elevated, while market expectations for two further rate hikes are supportive of net interest margins. Woodside also rallied on tightening oil supply, although we largely offset this underweight through long positions in our preferred energy exposures, including Santos, Karoon and Beach.

We actively manage the fund's foreign currency exposures associated with Australian equities. During the month, the NZD fell 1.08% against the Australian dollar (AUD).

Target Asset Allocation



Currency Hedging

As at 31 March 2026

Percentage of the fund exposed to FX risk	99.89%
Value of the fund unhedged (after hedging)	27.43%

What happened in the markets that you invest in?

The Australian equity market fell -7.15% (local currency) in March, led lower by weakness in the Technology and Materials sectors, both of which declined by more than -12% over the month. Economic data released through March continued to point to an economy running near its productive limits. Inflation was little changed at 3.7% for the 12 months to the end of February, while unemployment edged up to 4.3% despite positive employment growth, as workforce participation increased slightly.

What are we thinking about the future?

The RBA increased the cash rate target by 0.25% to 4.10% in March, before the full extent of the Iran war had become clear to markets. The war, and specifically the closure of the Straits of Hormuz, has delivered a stagflationary shock to the global economy, with Australia meaningfully exposed.

Forecasts now suggest CPI could peak above 5% in Australia this year. A large share of the crude processed and consumed across the Asia-Pacific region comes from the Middle East, and supply chains have been heavily disrupted. Material increases in the prices of fuel, plastics, fertiliser and other inputs are now feeding through global supply chains, raising the risk of more entrenched inflation in an already overheating Australian economy.

In our view, the RBA's ability to look through this shock appears limited, making further rate hikes likely. We see downside earnings risk for housing, real estate and construction-exposed stocks, where margin pressure is likely to intensify. By contrast, energy stocks such as Santos and Karoon, utilities including Telstra and Superloop, and high-quality banks leveraged to higher nominal growth and interest rates are most insulated from the economic fallout.



Jason Lindsay, CA
Head of Equities

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 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/disclosureinformation, by contacting your Investment Adviser, or by calling 0800 628 246.