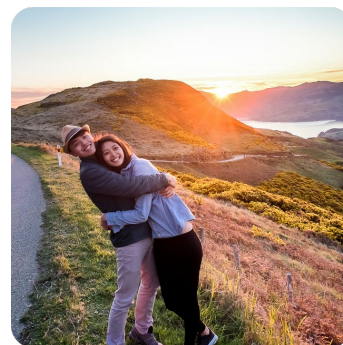


# New Zealand Fixed Interest Fund

## 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-fixed-interest-fund/](http://www.octagonasset.co.nz/our-funds/new-zealand-fixed-interest-fund/).



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return <sup>^</sup>	-1.71%	-0.55%	3.55%	4.90%	4.33%
Gross Fund Return	-1.65%	-0.37%	4.34%	5.70%	5.23%
Bloomberg NZBond Composite 0+ Yr Index	-1.67%	-0.45%	3.85%	4.65%	n/a
S&P/NZX Investment Grade Corporate Bond Index	-1.41%	-0.50%	3.98%	5.65%	4.99%

<sup>^</sup>Annualised

### Major investments

New Zealand Government 1.5% 15/05/2031	9.36%
New Zealand Government 14/04/2033 3.5%	7.22%
New Zealand Government 15/05/2032 2.00%	5.20%
NZ Government 4.25% 15/05/2034 Green Bond	5.00%
New Zealand Government 4.5% 15/05/2035	4.98%
New Zealand Government 4.25% 15/05/2036	4.62%
New Zealand Government 4.50% 15/05/2030	4.24%
New Zealand Government 3% 20/04/2029	4.16%
ANZ Bank New Zealand Limited 17/09/2031	3.68%
	2.99%
New Zealand Government 15/05/2028 0.25%	3.58%
<b>Major holdings as % of total portfolio</b>	<b>52.05%</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 three years
- Market Index: Bloomberg NZBond Composite 0+ Yr 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 Fixed Interest Fund delivered a gross loss of -1.65% for March, in-line with the fund's benchmark loss of -1.67%.

For the 12 months to the end of March, the New Zealand Fixed Interest Fund delivered a gross return of 4.34%, comfortably outperforming the fund's market index return of 3.85% by 0.49%

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

March was a very difficult month for fixed interest investors, in general.

Market participants, concerned about the inflationary effects of the conflict in the Middle East, shunted international term interest rates and global bond yields materially higher, delivering significant losses to fixed interest investors, in general

The New Zealand Fixed Interest Fund was caught up in the global backwash; the fund's February gross return of 1.59% was completely overwhelmed by this month's gross loss of -1.67%

While we have acknowledged in earlier commentaries that we expect the fund's returns to be volatile (and ultimately, positive) over the shorter-term, even we have been surprised by the ferocity of the abrupt move higher in term interest rates and bond yields

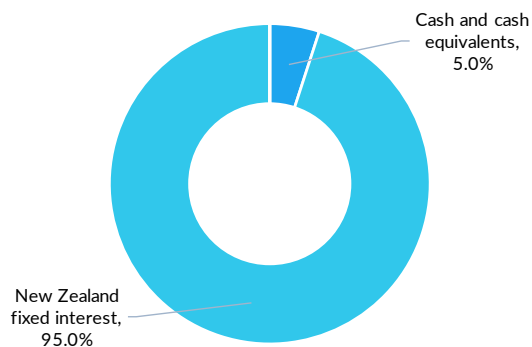
#### What are we thinking about the future?

Consensus around some sort of resolution to the Middle East is fluid and fast-moving; positive and negative sentiment dominoing into financial asset prices as a direct reaction to the continual flow of media announcements

With fuel and fuel-related expenditure likely to push domestic inflation close to 4.0% later this year, in our view, we fully understand why fixed interest investors are pushing bond yields higher to gain additional return premiums to offset the anticipated effects of higher inflation

However, at some stage we believe the narrative will turn from inflation to growth.

## Target Asset Allocation



Indeed, with New Zealand labour productivity generally subdued, we doubt that local wage and salary earners will receive remuneration increases to offset the impact of fuel inflation. Moreover, with the annual movement in residual property prices basically flat, we believe we'll see increasing rhetoric around the negative wealth effect associated with household asset price performance. Ultimately, we see declining real incomes and weakening consumer balances sheets curtailing discretionary retail consumption.

As for timing, we'll be watching business and consumer sentiment surveys, along with the Reserve Bank of New Zealand's GDP Nowcast, which gives a real-time estimate of domestic economic performance

The fund's gross yield to maturity, calculated as the weighted-average gross yield of all securities in the portfolio, was 4.37%. The fund's weighted-average credit quality was AA-. Where a security does not have an external credit rating, we assign an internal credit rating based on our assessment. We use the lowest available credit rating for New Zealand Government bonds, Fitch's AA+.

The fund's duration was 4.90 years, exceeding the benchmark duration of 4.52 years. Our current target duration positioning range is +/- 0.5 years around the benchmark, which we will use if we assess interest rate moves as directionally and temporarily overstretched.



**Craig Alexander**  
Head of Fixed Interest and ESG

## 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.

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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.