



Balanced 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/balanced-fund/.

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	-4.00%	-2.84%	6.53%	6.96%	3.62%
Gross Fund Return	-3.90%	-2.57%	7.74%	8.18%	4.82%
Composite Index	-3.46%	-1.84%	9.44%	8.38%	4.87%

*Annualised

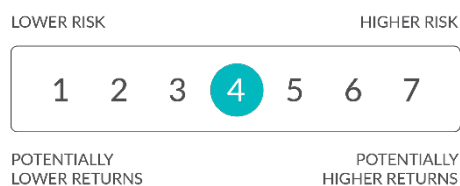
Major investments

Hunter Global Fixed interest Fund	18.14%
Vanguard ESG US Stock ETF	1.90%
Fisher & Paykel Healthcare Corporation Limited	1.87%
New Zealand Government 1.5% 15/05/2031	1.79%
New Zealand Government 14/04/2033 3.5%	1.38%
Precinct Properties New Zealand Limited	1.34%
Goodman Property Trust	1.32%
Microsoft Corporation	1.07%
Kiwi Property Group Limited	1.06%
New Zealand Government 15/05/2032 2.00%	1.00%
Major holdings as % of total portfolio	30.86%

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 -3.90% for the month of March, underperforming the fund's benchmark return of -3.46% by -0.44%.

For the 12 months to the end of March, the Balanced Fund delivered a gross return of 7.74%, underperforming the fund's benchmark return of 9.44% by -1.70%.

In local currency terms, unhedged global equities delivered returns of -7.18%, AU equities delivered -7.15%, NZ Equities -5.76% and listed property-4.68%. Cash delivered positive returns, whilst both domestic and global fixed interest markets delivered negative returns as the outlook for inflation pushed interest rates higher (causing capital losses on existing bond holdings).

For details on the Balanced Fund's single asset class funds, see the relevant commentary.

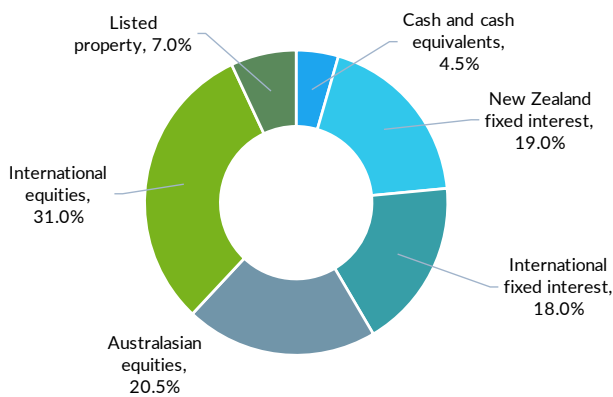
We actively manage the fund's foreign currency exposures and hedge the international fixed interest segment of the fund. The New Zealand dollar fell 4.93% against the US dollar and 1.08% against the Australian dollar.

What happened in the markets that you invest in?

Returns in March were dominated by the US / Israel actions against Iran, and its retaliation – particularly the effective ceasing of energy flows using the Persian Gulf. A chunk of that has already been captured in equity and bond market returns over the March month.

Equity and bond markets performed poorly – due to lower growth and higher inflation expectations, respectively. Against that, earnings expectations in Australia have remained very robust. NZ has fared less well, largely due to a weaker economic starting position and heavy reliance on Middle Eastern Energy. At least some of these negative impacts have been captured in equity and bond market returns over the March month.

Tactical Asset Allocation



Currency Hedging

As at 31 March 2026

Percentage of the fund exposed to FX risk	38.12%
Value of the fund unhedged (after hedging)	13.61%

What are we thinking about the future?

The first order effects of the conflict are higher fuel prices taking more of the weekly budget. That quickly flows into freight prices for absolutely everything and higher direct costs for a wide range of products from fertilisers to plastic pipes. A short-term spike in inflation is unavoidable, in Octagons view.

The second order affects are more dramatic. Higher essentials prices and higher interest rates to fight inflation means less money for everything else. In a prolonged conflict scenario, global and local economic growth could fall meaningfully, raising the risk of recession. Recession means lower employment, lower profits and lower equity prices. For income assets classes, Interest rates are up now hurting prices, but if a recession were to play out, they would have to come back down.

We remain hopeful that the US uses its amassed troops to leverage a ceasefire or a complete end to hostilities in the near term, but all outcomes are still on the table, with the most negative reliant on a long and drawn-out period of hostilities or escalation.

Market prices have already adjusted somewhat, a quick end to hostilities would see at least a partial rebound in short order and the US economy in particular was in very solid shape heading into this conflict. As long-term investors, we are balancing more attractive valuations than we had two months ago, against a highly uncertain outcome that could see a decent economic slowdown. High uncertainty means we should not be deviating greatly from our Strategic Asset Allocation.



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