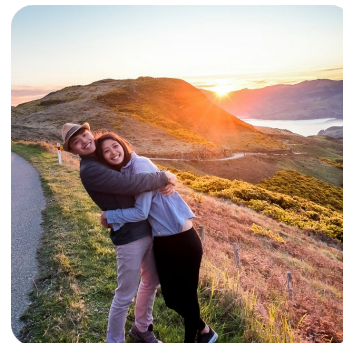


New Zealand Fixed Interest Fund

Monthly Performance Update as at 31 July 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/new-zealand-fixed-interest-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	0.50%	0.76%	4.60%	3.96%	4.40%
Gross Fund Return	0.56%	0.95%	5.40%	4.75%	5.31%
Bloomberg NZBond Composite 0+ Yr Index	0.50%	0.82%	4.94%	3.55%	n/a
S&P/NZX Investment Grade Corporate Bond Index	0.65%	1.14%	6.04%	4.82%	5.07%

[^]Annualised

Major investments

New Zealand Government 1.5% 15/05/2031	10.95%
New Zealand Government 4.50% 15/05/2030	7.65%
New Zealand Government 14/04/2033 3.5%	6.67%
New Zealand Government 15/05/2032 2.00%	6.27%
New Zealand Government 15/05/2028 0.25%	6.19%
New Zealand Government 3% 20/04/2029	5.59%
NZ Government 4.25% 15/05/2034 Green Bond	4.76%
New Zealand Government 4.50% 15/04/2027	4.11%
New Zealand Government 4.5% 15/05/2035	3.21%
Kiwibank Subordinated Bonds 2.36% 11/12/2030	2.97%
Major holdings as % of total portfolio	58.37%

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 return of 0.50% for the month of July, fractionally outperforming the fund's market index return of 0.56% by 0.06%.

For the 12 months to the end of July, the New Zealand Fixed Interest Fund delivered a gross return of 5.40% comfortably outperforming the fund's market index return of 4.94% by 0.46%.

What happened in the markets that you invest in?

July was another positive month for investors in the New Zealand Fixed Interest Fund, with returns a function of the fund's yield-to-maturity and capital gains, which were generated as term interest rates and bond yields fell over the month.

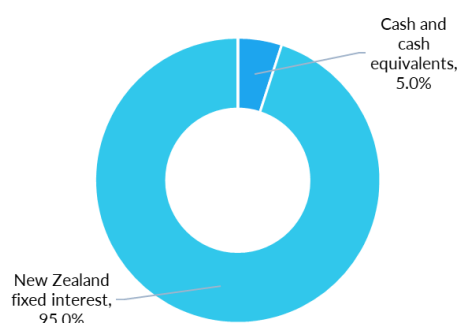
What are we thinking about the future?

There is no change to our current thinking; we continue to believe that it is too simplistic a thesis that lower interest rates will mechanically result in a material lift in New Zealand's economic performance. Unfortunately, it has proven to be the case.

We believe that economic uncertainty remains in many domestic households and that wary consumers will save (or prioritise debt reduction by keeping mortgage payments constant) rather than spend interest rate and income tax windfalls. Furthermore, add in global economic and political uncertainty from the US and in the Middle East and Ukraine and we can see why consumers would prefer to watch, worry, and wait.

The fund's gross yield to maturity, calculated as the weighted-average gross yield of all securities in the portfolio, was 4.25% and the weighted-average portfolio credit quality was AA- (where a security does not have an external credit rating, we assign an internal credit rating based on our assessment).

Target Asset Allocation



We use the lowest available credit rating for New Zealand Government bonds, Fitch's AA+.

We intend to remain fully invested by targeting a portfolio duration approximating 5.25 years. The fund's actual duration at the end of July, a measure of how sensitive the portfolio is to a given change in New Zealand wholesale interest rates, was around 5.0 years, greater than the fund's benchmark of closer to 4.80 years.

Our strategy is to accumulate New Zealand Government bonds while maintaining some targeted exposure to short-dated and preferred non-Government securities. Corporate bond spreads remain tight, near long-term averages, despite the obvious current economic risks, in our opinion. We favour 'hard duration' Government bonds and proxies for better protection against the potential for market dysfunction. This approach should continue delivering capital gains complementing the fund's gross yield-to-maturity.



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.

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 July 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.