Octagon Investment Funds

Australian Equities Fund

Monthly Performance Update as at 31 July 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^	2.52%	4.68%	8.67%	9.90%	4.56%
Gross Fund Return	2.62%	4.97%	9.90%	11.17%	5.82%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	1.19%	2.79%	10.26%	12.20%	7.20%

*Annualised

Major investments

BHP Group Limited	10.27%
Commonwealth Bank of Australia Limited	7.29%
Australia and New Zealand Banking Group Limited	4.25%
Westpac Banking Corporation	3.97%
National Australia Bank Limited	3.36%
BNZ Transactional Account NZD	2.91%
Macquarie Group Limited	2.77%
CSL Limited	2.60%
Rio Tinto Limited	2.35%
Goodman Group	2.10%
Major holdings as % of total portfolio	**41.87%**

Things to note

- Manager: Salt Investment Funds Limited
- 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**

LOWER RISK | HIGHER RISK

1 2 3 4 **5** 6 7

POTENTIALLY LOWER RETURNS | POTENTIALLY HIGHER RETURNS

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 2.62% during July, significantly outperforming the fund's benchmark return of 1.19% by 1.43%.

For the 12 months to the end of July, the Australian Equities Fund delivered a gross return of 9.90%, marginally underperforming the fund's benchmark return of 10.26% by -0.36%.

Key positive contributors were our overweight positions in Viva Energy (VEA), South32 and AMP.

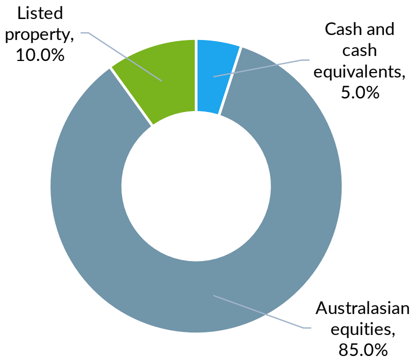
Viva Energy (VEA) outperformed following a strong second-quarter trading update, with EBITDA guidance approximately 10% above market expectations. The upgrade was driven by favourable hedging and supply arrangements within its Commercial & Industrial segment, alongside stronger refining margins. Sentiment was further supported by the Australian Government's announcement of measures aimed at enhancing fuel security by strengthening the domestic refining industry.

South32 announced the sale of its aluminium business (excluding Mozal) to Alcoa for US$5.6 billion. The market responded positively, viewing the transaction as a strategic step towards increasing the company's exposure to base metals, where it sees favourable long-term demand fundamentals. The sale also provides an opportunity to recycle capital into growth initiatives while reducing its operating footprint and cost base.

AMP released first-half FY26 guidance ahead of market expectations, driven by a stronger-than-anticipated contribution from its China partnerships.

The key detractors from performance were our overweight position in NextDC and our underweight positions in Commonwealth Bank of Australia (CBA) and Woodside Energy (WDS).

Target Asset Allocation



Currency Hedging

As at 31 July 2026	
Percentage of the fund exposed to FX risk	97.18%
Value of the fund unhedged (after hedging)	20.99%

NextDC underperformed through July amid a sharp, AI-capex-driven sell-off, as investors once again questioned the returns on the large sums of cash being spent. Two key events stoked these fears: first, Meta's announcement that it planned to rent out surplus compute capacity; and second, Nvidia's partial guarantee of financing for OpenAI's 10GW data centre.

CBA had a strong month alongside the broader financials sector, benefiting from the inverse of this market reaction as investors rotated into the liquid, defensive banks listed on the ASX — this was despite rising concerns about the slowing Australian housing market and broader economic cycle. Woodside rallied in-line with the change in the oil price.

We actively manage the fund's foreign currency exposure associated with Australian equities. During the month, the NZ dollar rallied 1.89% against the Australian dollar.

What happened in the markets that you invest in?

The Australian equity market rose in July, despite an escalation of the conflict in the Middle East and rising investor uncertainty regarding the massive AI-related capital expenditure cycle. Five out of eleven sectors finished higher in July, unsurprisingly led by Energy (up 12.3%) after a widening of tensions in the Middle East. Financials and Healthcare also had a strong month, as investors rotated into more defensive sectors.

What are we thinking about the future?

Australian CPI for the June quarter came in at 3.8% year-on-year, down from 4.0% and below both market and Reserve Bank of Australia (RBA) expectations, while the trimmed mean (the RBA's preferred inflation measure) held steady at 3.6%.

The softer-than-expected inflation print reduced the near-term risk of a further RBA hike. The RBA's commentary continues to cite upside risks to inflation, particularly given the volatility in oil prices tied to the unresolved conflict in the Middle East and the pass-through of these higher input costs.

The labour market also remains resilient, with Australian employment rising by 76,300 in June and unemployment steady at 4.4%, giving the RBA little reason to ease policy despite the inflation undershoot. This, combined with the recent ruling from the Fair Work Commission, is likely to place upward pressure on wage growth in the short term.

We continue to watch the housing market closely. The downturn in dwelling values is now broadening beyond the two largest cities, with national values falling 0.7% in July. This comes at a time when the capital gains tax and negative gearing reforms from the Federal budget are removing support for investor demand.

Paul Robertshawe
Chief Investment Officer

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.

^ 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. Prior to October 2022 Net Fund Returns were calculated after deduction of fund charges, trading expenses and accrued tax for a New Zealand resident paying individual tax at the highest Prescribed Investor Rate (28%).

** 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 2026. See more information about the risks of investing in the Product Disclosure Statement.