Octagon Investment Funds

New Zealand Fixed Interest 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/new-zealand-fixed-interest-fund/.

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-1.15%	1.22%	3.24%	5.38%	4.33%
Gross Fund Return	-1.09%	1.40%	4.02%	6.18%	5.17%
Bloomberg NZBond Composite 0+ Yr Index	-1.10%	1.30%	3.56%	5.42%	n/a
S&P/NZX Investment Grade Corporate Bond Index	-0.70%	1.30%	3.69%	6.01%	5.00%

*Annualised

Major investments

New Zealand Government 1.5% 15/05/2031	7.60%
New Zealand Government 14/04/2033 3.5%	6.53%
New Zealand Government 15/05/2032 2.00%	4.74%
NZ Government 4.25% 15/05/2034 Green Bond	4.51%
New Zealand Government 4.5% 15/05/2035	4.49%
ANZ Bank New Zealand Limited 17/09/2031 2.99%	4.25%
New Zealand Government 4.25% 15/05/2036	4.17%
New Zealand Government 4.50% 15/05/2030	3.81%
New Zealand Government 3% 20/04/2029	3.76%
New Zealand Government 2.75% 15/05/2051	3.52%
Major holdings as % of total portfolio	**47.38%**

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 three years
- Market Index: Bloomberg NZBond Composite 0+ Yr Index
- 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 New Zealand Fixed Interest Fund delivered a gross return of -1.09% for July, in-line with the fund's benchmark return of -1.10%.

For the 12 months to the end of July, the New Zealand Fixed Interest Fund delivered a gross return of 4.02% comfortably outperforming the fund's market index return of 3.56% by 0.46%.

What happened in the markets that you invest in?

July's returns were negative for investors in the fund, as were fixed interest returns more generally.

At the beginning of July, the Reserve Bank of New Zealand (RBNZ) delivered its first hike in its long-awaited tightening cycle: a 0.25% lift, taking the Official Cash Rate (OCR) to 2.50%.

While widely anticipated, this, along with concerns over weakening commitments to resolve the war in the Middle East, were the fuel to propel term interest rates and bond yields materially higher, delivering significant capital losses to investors over July.

What are we thinking about the future?

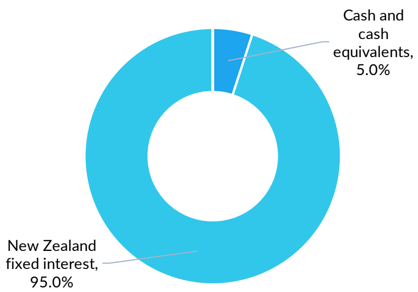
Locally, most forecasters agree that the RBNZ will incrementally hike the OCR, ultimately settling somewhere between 3.50% and 4.00% by the end of next year.

In our view, the speed of the tightening cycle will be data dependent, along with announcements and counter-announcements in relation to the spillover effects of the conflict in the Middle East.

Notwithstanding annual inflation hitting 4.10% over the June quarter, we assess the RBNZ's commitment to delivering price stability as strong. The market also agrees, as evidenced by long-term inflation bonds implying an inflation rate just above 2%, well withing the RBNZ's price stability band of 1% to 3%.

Octagon

Target Asset Allocation



Against this backdrop we expect more ups and downs in returns but ultimately see constructive performance for the fund over the remainder of the calendar year.

Indeed, we assess the fund's gross yield to maturity of 4.55%, calculated as the weighted-average gross yield of all securities in the portfolio, as a favourable starting position.

The portfolio'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 4.78 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.

^ 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.