



New Zealand Fixed Interest Fund

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^	-0.86%	1.19%	5.57%	5.68%	4.45%
Gross Fund Return	-0.80%	1.39%	6.38%	6.49%	5.36%
Bloomberg NZBond Composite 0+ Yr Index	-0.83%	1.24%	5.81%	5.30%	n/a
S&P/NZX Investment Grade Corporate Bond Index	-0.60%	1.02%	6.31%	6.32%	5.11%

*Annualised

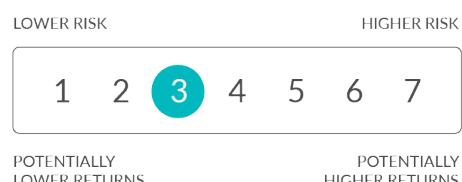
<div Major investments

Major holdings as % of total portfolio	Value
New Zealand Government 1.5% 15/05/2031	7.74%
New Zealand Government 14/04/2033 3.5%	7.31%
New Zealand Government 4.5% 15/05/2035	5.72%
New Zealand Government 15/05/2028 0.25%	5.30%
New Zealand Government 3% 20/04/2029	4.73%
New Zealand Government 4.25% 15/05/2036	4.65%
New Zealand Government 15/05/2032 2.00%	4.47%
NZ Government 4.25% 15/05/2034 Green Bond	4.05%
New Zealand Government 4.50% 15/05/2030	4.00%
New Zealand Government 4.50% 15/04/2027	3.44%

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 -0.80% for the month of November, approximating the fund's benchmark return of -0.83%.

For the 12 months to the end of November, the New Zealand Fixed Interest Fund delivered a gross return of 6.38% comfortably outperforming the fund's market index return of 5.81% by 0.56%

What happened in the markets that you invest in?

November was a negative month for investors in the New Zealand Fixed Interest Fund.

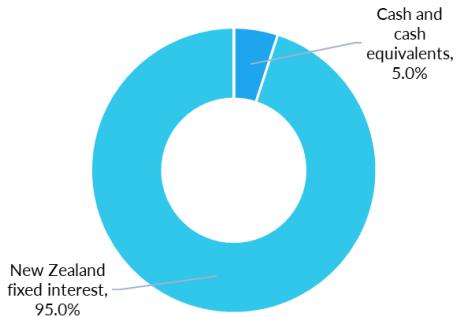
The tone of the Reserve Bank of New Zealand's (RBNZ) November Monetary Policy Statement – for the record, a 0.25% cut taking the Official Cash Rate (OCR) to 2.25% - and subsequent media comments from officials were taken by market participants as signalling an end to the multi-year easing of monetary policy. Not surprisingly, term interest rates and bond yields moved abruptly higher post the statement, delivering capital losses to investors in the fund.

What are we thinking about the future?

We sympathise with the RBNZ, as in our view, it's always a tough job to make the correct call as to when to end a monetary policy easing cycle. To judge exactly when the broader economy has enough of a tail-wind to stimulate aggregate demand without igniting inflation.

However, we're not quite sure if the economy has had the time to fully participate in the benefit of lower interest rates. Indeed, the regulator cut the OCR by 0.50% in early October and followed up with another 0.25% cut in late November. But over that time, the key two-year wholesale interest rate has moved higher by approximately 0.30%, from 2.53% to close November at 2.85%.

Target Asset Allocation



We're also acutely aware that the RBNZ has limited wiggle room with current inflation measures hitting the top of the 3% inflation target band; September's annual result was 3.0%. With Australia's inflation running hot and a new RBNZ Governor, we're expecting that there will be limited tolerance for a reignition in domestic inflation.

While waiting for data to validate, or otherwise, the RBNZ's current stance on monetary policy we intend to be agile in positioning.

We increased nominal bond portfolio duration (portfolio interest rate sensitivity, excluding inflation-linked bonds) from 4.50 years to 4.85 years, over November.

In addition, our intention is to lift the fund's New Zealand Government inflation-linked bonds exposure, given our view on the likelihood of sticky inflation.

The fund's gross yield to maturity, calculated as the weighted-average gross yield of all securities in the portfolio, was 3.90% 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). We use the lowest available credit rating for New Zealand Government bonds, Fitch's AA+.

Along with adding New Zealand Government inflation linked bonds to the portfolio we'll also be hunting out selected non-Government or credit securities that offer a return that we assess to be significantly in-excess of inflation. An example is the recent addition of AAA-rated (Fitch Ratings) asset-backed securities issued by MTF Magnum Trust and Turners Marque Trust.

Over the next few months, we expect the fund's returns to be positive and higher than shorter term market expectations for the OCR and inflation. However, investors should be prepared for more volatile returns when compared to the fund's performance earlier this year



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 30 November 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.