

Australian Equities Fund

Monthly Performance Update as at 31 January 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 [^]	1.41%	1.45%	7.16%	9.42%	4.50%
Gross Fund Return	1.51%	1.74%	8.40%	10.68%	5.82%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	1.65%	0.85%	9.62%	11.17%	7.17%

*Annualised

Major investments

BHP Group Limited	9.41%
Commonwealth Bank of Australia Limited	6.19%
Westpac Banking Corporation	4.53%
CSL Limited	4.32%
Australia and New Zealand Banking Group Limited	3.85%
National Australia Bank Limited	3.46%
Macquarie Group Limited	2.67%
Rio Tinto Limited	2.61%
Goodman Group	2.50%
Telstra Group	2.16%
Major holdings as % of total portfolio	41.69%

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 five years
- Market Index: S&P/ASX 200 Accumulation Index, 50% hedged to the NZD
- 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 Australian Equities Fund delivered a gross return of 1.50% during January, fractionally underperforming the fund's benchmark return of 1.65% by -0.15%.

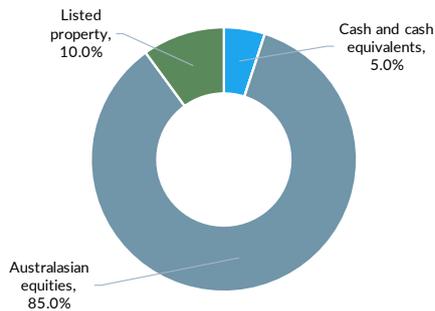
For the 12 months to the end of January, the Octagon Australian Equities Fund delivered a gross return of 8.40%, underperforming the fund's benchmark return of 9.62% by -1.22%.

Key positive contributors to performance in January were our underweight position in Commonwealth Bank (CBA) and our overweight position in diversified mining company, South 32. CBA underperformed despite what looks like an increasingly positive macroeconomic backdrop for the lender. The company has experienced a valuation de-rating from lofty heights with this and other financials being used as a funding source to buy resources as commodities rally. South32 has benefited strongly from the rally across industrial metals.

Key detractors from performance in January were our overweight position in fuel retailer, Viva Energy (VEA) and our underweight position in gold miner, Evolution Mining. VEA sold off late in the month after providing an underwhelming quarterly update. This showed a material slowdown in their convenience sales (tobacco sales in particular have been negatively impacted by the illicit trade) and slightly softer retail fuel volumes. Evolution Mining continued a stellar run through January driven by a continued strength in the gold price, albeit the appointment of Kevin Warsh as governor of the US Federal Reserve did drive a selloff in the precious metal.

We actively manage the fund's foreign currency exposures associated with Australian equities. During the month the NZD increased 0.13% against the Australian dollar (AUD).

Target Asset Allocation



Currency Hedging

As at 31 January 2026

Percentage of the fund exposed to FX risk	99.67%
Value of the fund unhedged (after hedging)	34.88%

What happened in the markets that you invest in?

The Australian equity market rose 1.78% in January, led higher by the Energy and Materials sectors with Real Estate the weakest sector during the month. Economic data showed the economy continued to run hot in January. The December monthly CPI accelerated to 3.8% y/y up from 3.4%, led by housing related costs. Labour market data remains robust, with the unemployment rate sitting at 4.1% and labour costs rising 3.4% y/y, ahead of the Reserve Bank of Australia's CPI target.

What are we thinking about the future?

The technology sector has had a horror run over recent quarters and January saw a continuation of this weakness. A further sell-off was triggered across the sector as investors contemplate the risk of AI disruption to the software as a service (SaaS) based business model. Their key concern is whether the seat-based licensing model can survive in a world where agentic AI changes the size and scope of the white-collar workforce.

Your fund has been adding to holdings in this space as the SaaS sell-off has been indiscriminate. We capitalised on this weakness, adding selected exposures where we expect revenue streams are stickier and more durable than the market is giving credit for. Furthermore, many of these companies have scope to benefit internally from AI induced productivity and related cost savings which will support operating margins.



Jason Lindsay, CA
Head of Equities

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