

Balanced 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/balanced-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-0.20%	-0.04%	6.84%	7.97%	4.29%
Gross Fund Return	-0.10%	0.24%	8.03%	9.20%	5.49%
Composite Index	-0.09%	-0.38%	8.34%	9.05%	5.39%

*Annualised

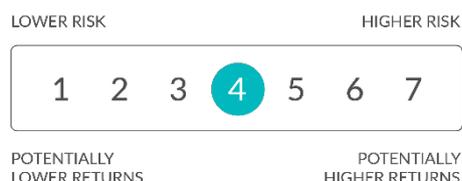
Major investments

Hunter Global Fixed interest Fund	18.08%
Fisher & Paykel Healthcare Corporation Limited	1.98%
Vanguard ESG US Stock ETF	1.79%
Precinct Properties New Zealand Limited	1.50%
Goodman Property Trust	1.39%
New Zealand Government 1.5% 15/05/2031	1.35%
New Zealand Government 14/04/2033 3.5%	1.27%
Kiwi Property Group Limited	1.18%
Auckland International Airport Limited	1.10%
New Zealand Government 15/05/2032 2.00%	1.04%
Major holdings as % of total portfolio	30.68%

Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: A composite benchmark relating to the fund's target investment mix
- 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 Balanced Fund delivered a gross return of -0.10% for the month of January, in-line with the fund's benchmark return of -0.09%.

For the 12 months to the end of January, the Balanced Fund delivered a gross return of 8.03%, fractionally underperforming the fund's benchmark return of 8.34% by -0.31%.

In local currency terms global equities posted a solid monthly gain, but a rally in the NZ dollar saw returns reduced in NZ dollar terms. New Zealand and listed property equity markets posted modest losses while the Australian benchmark posted a solid gain. The NZ Fixed interest market also posted modestly negative returns, as medium-term interest rates rose over the month.

Six of our seven portfolio managers performed in-line or delivered a small beat over their asset class benchmarks in January. For details on the Balanced Fund's single asset class funds, see the relevant commentary.

We actively manage the fund's foreign currency exposures and hedge the international fixed interest segment of the fund. The New Zealand dollar gained 5.18% against the US dollar and 0.13% against the Australian dollar.

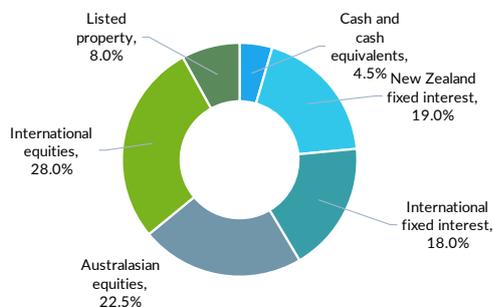
What happened in the markets that you invest in?

January was characterised by significant volatility across several global market subsectors. Gold, silver, and a range of industrial materials rallied strongly. The typical explanation for such movements is that stronger economic growth leads to higher inflation that drives higher interest rates which, in turn, prompt renewed scrutiny of the sustainability of elevated US government debt.

We believe the rally in precious metals and materials appears stretched and the sharp sell-off on the final trading day of January may indicate that momentum has already begun to reverse. We expect prices to unwind further.

The other major move was a dramatic fall in large parts of the tech sector exposed to AI disruption, along with huge increases in capex spending by the major players in AI model developers and data centres. Such investment ultimately requires meaningful revenue growth to justify it and during January the market appeared to assume that some of this revenue would be captured from established software providers such as Salesforce and Xero. No doubt technology will make it easier to disrupt some incumbents, but they will fight hard, including using AI themselves, to defend their market position.

Tactical Asset Allocation



Currency Hedging

As at 31 January 2026

Percentage of the fund exposed to FX risk	36.20%
Value of the fund unhedged (after hedging)	13.67%

What are we thinking about the future?

Current economic data points to modest global GDP growth. However, inflation remains elevated in key markets, including New Zealand, Australia, and the United States. Without a meaningful decline in either growth or inflation, it will be difficult for interest rates to fall and provide additional support to economic activity.

The US equity market continues to appear both expensive and narrow. While the January reporting season is likely to deliver double-digit earnings growth overall, earnings outside the 'Mag. Seven' are not keeping pace with GDP growth, and consumer confidence remains subdued. The lower ~60% of US households are experiencing declining real (inflation adjusted) incomes, and it is still too early to see AI delivering meaningful productivity gains.

Listed property has underperformed for the past four months, worse than underlying fundamentals suggest. In our view, the sector is now offering attractive risk-adjusted returns, particularly relative to fixed income. Earnings in the New Zealand equity market have significant leverage to an emerging economic recovery. We consider such a recovery to be the most likely scenario and therefore maintain an overweight position in domestic equities.



Paul Robertshawe, CA
Director, Chief Investment Officer



Christine Smith-Han
Strategy Analyst

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/disclosure-information, by contacting your Investment Adviser, or by calling 0800 628 246.