



Enhanced Cash Fund

Monthly Performance Update as at 31 December 2025

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/enhanced-cash-fund/.

Return comparison	1 Month	3 Months	1 Year	3 Years	Since inception*
Net Fund Return^	0.23%	0.71%	3.78%	n/a	5.13%
Gross Fund Return	0.26%	0.80%	4.16%	n/a	5.49%
S&P/NZX Bank Bills 90-Day Index	0.20%	0.69%	3.55%	n/a	4.83%

*Annualised

Major investments

Bank of China Call Account	5.14%
Kiwibank FRN 13/06/2028	4.64%
WATERC CP 14/01/2026	4.27%
Fonterra Co-op Group CP 22/01/2026	4.26%
Tax Management NZ Tributum Trust CP 28/01/2026	4.26%
New Zealand Government 15/05/2028	3.99%
0.25%	
Meridian Energy Limited CP 13/01/2026	3.16%
ANZ transactional bank account	2.91%
Investore Property Limited 2.40%	2.70%
31/08/2027	
Argosy Property Limited Green Bonds 27/03/2026	2.67%
4.00%	
Major holdings as % of total portfolio	38.00%

Manager's comments

How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.26% for the month of December, fractionally outperforming the fund's benchmark return of 0.20% by 0.06%.

For the 12 months to the end of December the Enhanced Cash Fund delivered a gross return of 4.16%, significantly outperforming the fund's benchmark return of 3.55% by 0.60%.

Yields on short-dated New Zealand fixed interest securities generally moved higher over the month, leading to small capital losses on the fund's bond positions. Pleasingly, the performance of the fund's other investments meant overall returns for the month were positive.

What happened in the markets that you invest in?

New Zealand short-term interest rates moved higher over the month, with the two-year swap rate up around 0.07%, to close out the year at 2.90%.

This move was a continuation of the reaction to the Reserve Bank of New Zealand's (RBNZ) November Monetary Policy Statement (MPS) which strongly signalled the end of the current monetary easing cycle. In mid-December the new RBNZ governor elected to make what we assess as a series of corrective media comments, addressing market pricing post the release of the November MPS. The governor's market-soothing comments served to stop the sell-off in short term rates and saw rates move lower into the end of the year.

Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 7 June 2023
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: Less than 12 months
- Market Index: S&P/NZX Bank Bills 90-Day Index
- Currency: New Zealand dollars

Risk indicator**

LOWER RISK

HIGHER RISK



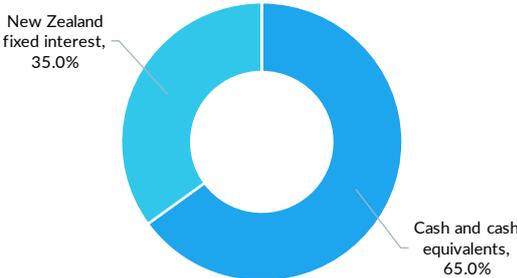
POTENTIALLY LOWER RETURNS

POTENTIALLY HIGHER RETURNS

View the [Product Disclosure Statement](#) for detailed information about this Fund and Octagon Investment Funds Scheme.

Economic data released during the month was mixed. New Zealand GDP grew at 1.1% for the September quarter which was slightly stronger than expected and a significant improvement on the negative 1.0% contraction seen in the June quarter. The Performance of Manufacturing Index was in expansion, while the Performance of Services Index indicated economic contraction. The ANZ Business Outlook survey put business confidence at a 30-year high, indicating a materially better outlook for the economy ahead. However, we would point out that this same survey failed to predict last year's extremely weak June GDP result.

Target Asset Allocation



What are we thinking about the future?

Our view is that market participants will be nimble, as they lack conviction in any single view, and will generally over-react to each key data release. Typically, this a tougher trading environment for money managers.

At the end of December, the fund's gross yield to maturity was around 2.90%, a material premium over the current OCR of 2.25%. The fund's modified duration was around 0.25 years. We did add slightly to duration as short-term rates sold-off at the beginning of December, but we are wary increasing further, given our assessment that the multi-year easing in domestic monetary policy has ended.

Market pricing for the future OCR (via the Overnight Index Swap market) is now significantly higher than signaled by the RBNZ at its November MPS. We think this move has been technical in nature, largely driven by market positioning.

In summary, we see it as too early to have confidence that the OCR will rise anytime soon. We take opportunities like this to conservatively trade duration within strict limits. Regardless of the future direction of interest rates, we believe there are still opportunities in quality short-term fixed interest and other debt securities to earn yields substantially above the current OCR of 2.25%.



Craig Alexander
Head of Fixed Interest and ESG



Liam Donnelly
Associate Portfolio Manager, Fixed Interest Analyst

Fees

Annual fund charges are currently 0.35% 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 December 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.