Octagon Investment Funds

Australian Equities 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/australian-equities-fund/.

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	1.13%	0.53%	9.58%	11.36%	4.44%
Gross Fund Return	1.24%	0.83%	10.84%	12.65%	5.76%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	2.00%	-0.36%	12.66%	13.14%	7.11%

*Annualised

Major investments

BHP Group Limited	8.59%
Commonwealth Bank of Australia Limited	6.39%
Westpac Banking Corporation	4.78%
CSL Limited	4.26%
Australia and New Zealand Banking Group Limited	3.95%
National Australia Bank Limited	3.50%
Macquarie Group Limited	2.66%
Rio Tinto Limited	2.62%
Goodman Group	2.61%
Telstra Group	2.23%
Major holdings as % of total portfolio	**41.59%**

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**

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 Australian Equities Fund delivered a gross return of 1.24% during December, underperforming the fund's benchmark return of 2.00% by -0.76%.

For the 12 months to date, the Octagon Australian Equities Fund delivered a gross return of 10.84%, underperforming the fund's benchmark return of 12.66% by -1.82%.

Key positive contributors to performance in December were our overweight position in travel agency Flight Centre and our underweight position in healthcare technology company Pro Medicus.

Flight Centre rose strongly after announcing the acquisition of UK-based online cruise agency Iglu. This was well received from a strategic point of view and supports the company's growth aspirations in the higher margin cruise segment. Shares in Pro Medicus fell sharply in December as investors rotated out of the market's most expensive names in healthcare and technology. However, Pro Medicus still trades at an eyewatering valuation of 120x forward earnings.

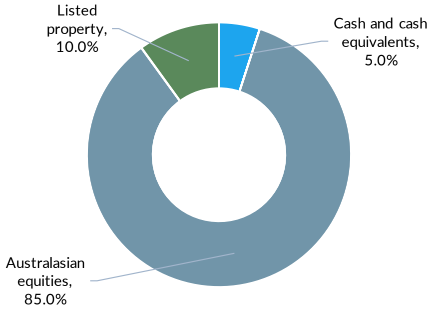
Key detractors from performance in December were our underweight position in Commonwealth Bank (CBA) and a selection of overweight positions in the healthcare sector.

CBA recovered in December after it's weakness in November. Recent share price underperformance in the second half of 2025 has seen its valuation premium to other major banks narrow, prompting renewed interest in the name. We now see better value in CBA.

The broader healthcare sector was weak during the month, with our overweight positions in Resmed, CSL and Telix all detracting from portfolio performance as the market shifted away from healthcare in favour of cyclicals.

We actively manage the fund's foreign currency exposures associated with Australian equities. During the month the New Zealand dollar fell -1.49% against the Australian dollar.

Target Asset Allocation



Currency Hedging

As at 31 December 2025

Percentage of the fund exposed to FX risk	98.64%
Value of the fund unhedged (after hedging)	46.32%

What happened in the markets that you invest in?

The Australian equity market rose 1.30% in December, led higher by index heavyweights in the Materials and Financial sectors; only one other sector (Real Estate) delivered a positive return. Economic data was mixed, September quarter GDP came in at 0.4% for the quarter and 2.1% YoY. Unemployment remains low at 4.3% and weak productivity means the economy cannot grow much without generating inflation, the CPI has remained above the Reserve Banks of Australia's (RBA) target for some time now.

What are we thinking about the future?

Last month we added to our holdings in Australian banks, which proved timely as the sector rebounded strongly in December following weakness during the November reporting season. Resilient household incomes, rising house prices and stronger-than-expected credit growth are lifting earnings expectations in the banking sector, which benefits when the economy runs hot. Many economists now expect the first RBA rate hikes in 2026 with inflation still above target. That would likely cool the housing market, household spending and business investment. We remain constructive for now, but took the opportunity this month to increase our exposure to the more defensive technology and healthcare sectors given their weakness over the quarter.

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 December 2025. See more information about the risks of investing in the Product Disclosure Statement.