



## Balanced 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/balanced-fund/](http://www.octagonasset.co.nz/our-funds/balanced-fund/).

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return <sup>^</sup>	0.23%	1.55%	8.55%	9.37%	4.40%
Gross Fund Return	0.34%	1.85%	9.77%	10.62%	5.61%
Composite Index	0.35%	1.22%	9.93%	10.41%	5.51%

\*Annualised

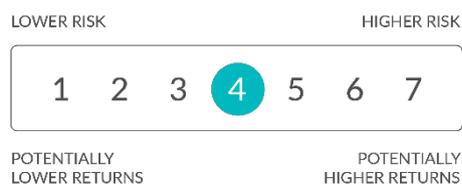
### Major investments

Hunter Global Fixed interest Fund	18.85%
Vanguard ESG US Stock ETF	5.52%
Vanguard ESG International Stock ETF	2.79%
ANZ transactional bank account	1.89%
Fisher & Paykel Healthcare Corporation Limited	1.82%
Precinct Properties New Zealand Limited	1.53%
Goodman Property Trust	1.46%
New Zealand Government 1.5% 15/05/2031	1.39%
New Zealand Government 14/04/2033 3.5%	1.31%
Kiwi Property Group Limited	1.26%
<b>Major holdings as % of total portfolio</b>	<b>37.81%</b>

### 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 0.34% for the month of December, in-line with the fund's benchmark return of 0.35%.

For the 12 months to the end of December, the Balanced Fund delivered a gross return of 9.77%, fractionally underperforming the fund's benchmark return of 9.93% by -0.16%.

Equities markets posted modest gains, whilst listed property and fixed interest markets posted modest losses in the final month of 2025. Five of our portfolio managers beat their asset class benchmarks, whilst two underperformed. 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 0.17% against the US dollar and fell -1.49% against the Australian dollar.

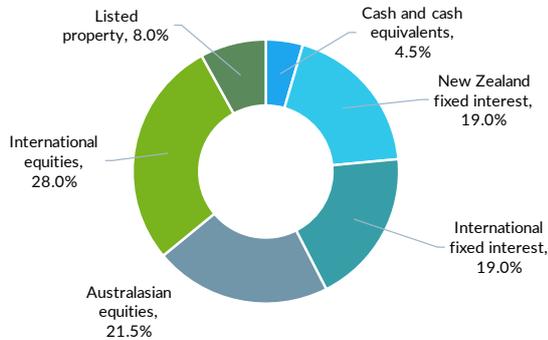
#### What happened in the markets that you invest in?

Longer term interest rates continued to drift higher over the month, despite central banks in most countries not looking to raise short term rates in the near term. As economic growth remains solid, or recovers in lagging markets like NZ, falling inflation become less likely and the scope to cut rates reduces. The US still has high short-term rates, but they also have one of the strongest economies.

Listed property has attractive fundamentals (occupancy and rental growth) and strong valuation support, but higher interest rates can dent performance. Once interest rates stabilise, we would expect the attractive fundamentals to translate into better returns.

Company specific news flow is generally light in December and this year was no exception, with markets weighing up decent economic growth, generally higher than average valuations and a modest headwind from higher medium-term interest rates.

## Tactical Asset Allocation



## Currency Hedging

As at 31 December 2025

Percentage of the fund exposed to FX risk	36.36%
Value of the fund unhedged (after hedging)	13.85%

## What are we thinking about the future?

No doubt there will be more geopolitical tension and unexpected developments in 2026. Markets will assess these as they arise to determine their impacts on asset prices. Absent these unforecastable events, some of which might be positive i.e. a Ukraine / Russia peace treaty, Octagon has a generally constructive view of economic growth and investment market returns.

The Octagon Investment Committee increased the allocation to New Zealand Equities, funded by lowering the allocation to global fixed interest in early January. With solid global growth and the full impact of tariffs and tax cuts in the US yet to be felt in inflation, the Committee sees the probability of strong returns from global fixed interest as low.

In contrast, the long-awaited economic recovery in New Zealand appears to be underway, supported by lower interest rates, increased infrastructure spending and the stimulation likely from an election year budget. Unemployment is the missing piece of the puzzle, but we expect that to peak in the first half of the year and then fall as the economic recovery takes hold.

We remain modestly underweight global equities, viewing the high valuations of US large cap stocks exposed to the AI theme as being a drag on future performance.



**Paul Robertshaw, 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](http://octagonasset.co.nz), email [info@octagonasset.co.nz](mailto:info@octagonasset.co.nz), or call 0800 628 246

<sup>^</sup> 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.

<sup>\*\*</sup> 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](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.