

Enhanced Cash Fund

Monthly Performance Update as at 30 June 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^	0.35%	0.97%	5.23%	n/a	5.55%
Gross Fund Return	0.38%	1.06%	5.60%	n/a	5.90%
S&P/NZX Bank Bills 90-Day Index	0.28%	0.91%	4.71%	n/a	5.26%

*Annualised

Major investments

Bank of China Call Account	5.81%
NZ Government Treasury Bill 02/07/2025	4.35%
ANZ transactional bank account	4.26%
CBA FRN 18/10/2027	4.21%
Tax Management NZ Tributum Trust CP 28/08/2025	3.60%
Kiwibank FRN 13/06/2028	3.49%
Kiwi Property Group Limited 11/12/2025	3.35%
Summerset Group Holdings Limited 4.20% 24/09/2025	3.33%
Property for Industry Limited 4.25% 01/10/2025	3.30%
New Zealand Local Government Funding Agency Ltd 15/04/2027 4.50%	3.20%
Major holdings as % of total portfolio	38.90%

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**



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 Enhanced Cash Fund delivered a gross return of 0.38% for the month of June, modestly outperforming the fund's benchmark return of 0.28% by 0.10%.

For the 12 months to the end of June the Enhanced Cash Fund delivered a gross return of 5.60% significantly outperforming the Fund's benchmark return of 4.71% by 0.89%.

Falling interest rates provided some capital returns to the funds short-dated bond exposures. Credit spreads on the fund's commercial paper holdings moved tighter over the month, which all else equal would have supported fund outperformance.

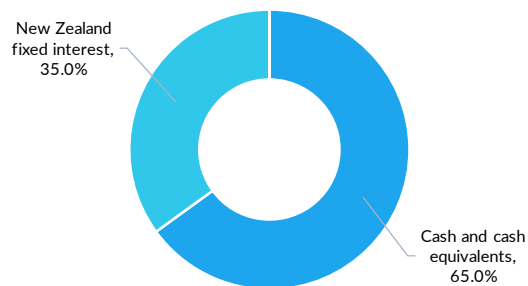
What happened in the markets that you invest in?

New Zealand short-term interest rates moved lower over the month, with the 2-year swap rate down -0.09% as market participants reassessed expectations for the cycle low-point in the Official Cash Rate (OCR).

Economic data was mixed: on one-hand Gross Domestic Product (GDP) growth for Q12025 was much stronger than most market participants and the Reserve Bank of New Zealand (RBNZ) had originally anticipated. On the other-hand, more recent indicators of economic growth, like the *BNZ - Business NZ Performance of Manufacturing and Performance of Services* indices (for the month of May and released in June), showed New Zealand in contraction territory.

There was no RBNZ meeting in June, and market pricing (as indicated by the Overnight Index Swap market) for the OCR didn't move much over the month, pricing a low in the OCR of around 2.95% at the start of the month and moving down to 2.87% by 30 June.

Target Asset Allocation



What are we thinking about the future?

At the end of June, the fund's gross yield to maturity was 3.8%, which represented a premium over the current OCR of 3.25%. With the small rally in short-term interest rates, we took the opportunity to decrease the fund's duration to 0.39 years (from 0.43 years at the end of May). We did this through reducing our exposure to 2027 maturity Local Government Funding Agency and New Zealand Government bonds.

Our current thinking is that with inflation still within target and the New Zealand economic recovery struggling to materialise, the OCR may need to be reduced below current market pricing. Regardless of the future direction of interest rates, we believe there are still opportunities in quality corporate bonds to earn yields substantially above the current OCR of 3.25%.



Craig Alexander
Head of Fixed Interest and ESG

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 30 June 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.