

Global Equities Fund

Monthly Performance Update as at 31 May 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/global-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	1.46%	1.34%	15.81%	15.20%	4.81%
Gross Fund Return	1.57%	1.69%	17.40%	16.78%	5.99%
MSCI ACWI Net TR Index (50% hedged to the NZD)	4.34%	7.89%	29.85%	22.34%	10.87%

[^]Annualised

Major investments

Microsoft Corp	3.72%
Alphabet Inc-CI A	3.05%
Vanguard ESG US Stock ETF	3.00%
Apple Inc	2.40%
Nvidia Corp	2.00%
Mastercard Inc.	1.61%
Vanguard ESG International Stock ETF	1.47%
Amazon.Com Inc	1.41%
Uber Technologies Inc	1.25%
Taiwan Semiconductor Manufacturing Co. Ltd (ADR)	1.20%
Major holdings as % of total portfolio	21.09%

Manager's comments

How did your portfolio perform?

The Global Equities Fund delivered a gross return of 1.57% during May, underperforming the fund's benchmark return of 4.34% by -2.76%.

For the 12 months to the end of May, the Global Equities Fund delivered a gross return of 17.40%, underperforming its benchmark return of 29.85% by -12.45%.

Global markets continued their rally into May on the back of a strong US earnings season and easing energy prices. The rally was driven by rotation back into AI-linked semiconductor and hardware stocks. Emerging markets also led gains as Asian memory chip manufacturers reported earnings beats. Growth factors returned 7.0% against just 2.3% for value stocks, reflecting continued risk-on appetite for AI capex-linked stocks.

All three managers underperformed due to defensive positioning and lower exposure to growth and momentum stocks. The key detractor was the absence of Micron, AMD, and Palo Alto Networks – which rose 84.6%, 43.2%, and 54.5% respectively during the month – materially detracting from relative performance.

We actively manage the Fund's foreign currency exposures. During the month, the New Zealand dollar strengthened against the US dollar, the Euro and the Japanese yen. Active hedging added value to the overall portfolio performance for the month.

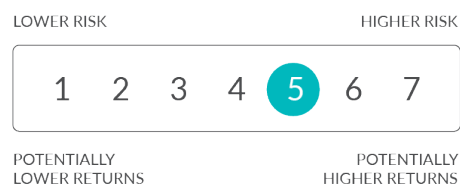
What happened in the markets that you invest in?

Global equities recorded another positive month, with the US, Europe and the UK all posting gains. The developed markets index closed the month up 4.6%. Emerging markets also outperformed, led by extraordinary returns from Korea and Taiwan.

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: MSCI ACWI Net Total Return Index, 50% hedged to the NZD
- Currency: New Zealand dollars

Risk indicator**

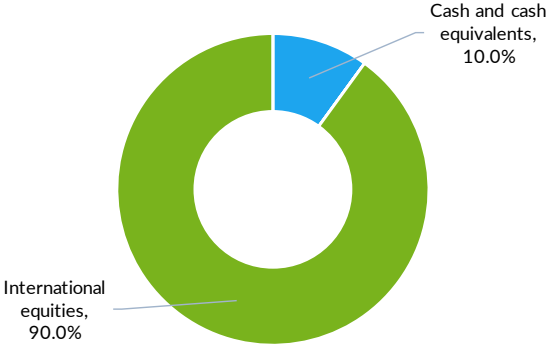


View the [Product Disclosure Statement](#) for detailed information about this Fund and Octagon Investment Funds Scheme.

Oil prices fell sharply to \$95 per barrel as investors continued to price in a de-escalation of the US/Israel-Iran conflict. Towards the end of May, a credible agreement was beginning to take shape, with a peace deal largely negotiated and expected to be announced shortly. Macro data pointed to continued resilience in the global economy, with the energy shock appearing broadly contained. The Fed held rates unchanged at its April FOMC meeting, though bond markets have priced in higher rates for longer as inflation ticked higher.

Strong equity markets have been supported by positive earnings surprises and upward revisions to corporate earnings in the US, Asia and Europe. The S&P 500 earnings rose 21% on 12% revenue growth, roughly double the pace of the economy. AI and technology companies remain the engines of compounding growth that have fuelled most of this year's return.

Tactical Asset Allocation



What are we thinking about the future?

The widely held S&P500 index is approaching euphoria-level highs, last seen in the post-Covid bounce back. This may signal the early stages of a stock market bubble - characterised by an unsustainable rise in share prices relative to earnings. However, the market's forward P/E (price to earnings) has declined to 20.4x from peak level of ~23x last year, driven by delivered profits and stronger earnings growth rather than multiple expansion. AI remains the key engine behind reducing costs ratios and improving profit margins.

That said, the real vulnerability lies with AI demand and growth assumptions. If these prove more aggressive than earnings can justify, today's valuations could unwind quickly. We remain defensively positioned and diversified across our three managers.

Last month we began a tactical rebalance - reducing the WMP from 25% to 20% and Te Ahumiarangi from 45% to 40%, with the difference added to the Global Factor Portfolio. We're targeting final allocations of 40% to the Global Factor Portfolio, 40% to Te Ahumiarangi and 20% to the WMP, with the final tranche completing in June.



Christine Smith-Han
Strategy Analyst

Currency Hedging

As at 31 May 2026

Percentage of the fund exposed to FX risk	99.22%
Value of the fund unhedged (after hedging)	38.58%

Fees

Annual fund charges are currently 1.35% 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 May 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.