

Octagon Investment Funds

Growth Fund

Monthly Performance Update as at 29 February 2024

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/growth-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	0.67%	6.45%	10.44%	3.68%	3.03%
Gross Fund Return	0.77%	6.78%	11.83%	5.00%	4.31%
Composite Index	1.03%	6.46%	10.12%	4.54%	4.04%

*Annualised

Major investments

Intermede Global Equity Fund	11.1%
Hunter Global Fixed interest Fund	7.4%
ANZ transactional bank account	2.5%
BHP Group Limited	1.8%
Fisher & Paykel Healthcare Corporation Limited	1.6%
CSL Limited	1.5%
Auckland International Airport Limited	1.3%
Spark New Zealand Limited	1.3%
Contact Energy Limited	1.2%
Infratil Limited	1.2%
Major holdings as % of total portfolio	30.78%

Manager's comments

What happened in the markets that you invest in?

Equity markets continued their positive run in February in the face of a modest uptick in ten-year interest rates. The New Zealand equity market was a notable outlier, delivering negative returns during an eventful reporting season. Other equity markets performed well, ahead of anticipated interest rate cuts and slightly better company profit trends.

Fixed interest markets delivered modestly negative returns as Central Banks continue to warn against expecting early interest rate cuts. Their message is clear; inflation is trending in the right direction, but it is not beaten yet. Market interest rates and Central Bank forecasts are now more aligned, which we view as positive and continue to find attractive opportunities in both domestic and global fixed interest.

The NZ dollar, relevant for our portfolios with unhedged foreign currency exposures, fell 1.02% against the US dollar, and rose 0.48% against the Australian dollar.

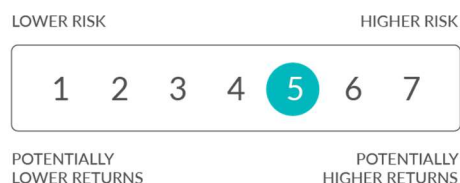
For further commentary on each asset class in the Growth Fund, please refer to the relevant single-asset class funds.

How did your portfolio perform?

The Growth Fund delivered a gross return of 0.77% for February, modestly under-performing the fund's market index return of 1.03% by -0.26%.

For the 12 months to the end of February, the Growth Fund delivered a gross return of 11.83%, comfortably outperforming the fund's market index return of 10.20% by 1.63%.

Risk indicator for the Growth Fund*



Compared to their market indices, all the funds that make up the Growth fund, except global equities, outperformed. The global equities fund is underweight the “magnificent 6” (see below) which strongly outperformed other US stocks over February.

We actively manage the fund’s foreign currency exposures. As of 29 February 2024, these exposures represented 52.42% of the value of the fund. After allowing for foreign currency hedges in place, approximately 28.41% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

Market views on global inflation, and therefore interest rates, have started to swing back towards a “higher for longer” setting. Data on inflation has been mixed and Central Banks have warned repeatedly against expecting interest rate cuts any time soon.

The February reporting season was mixed by geography. New Zealand delivered the weakest year on year earnings growth since the GFC. Australia, Europe and Japan were mixed whilst the US showed huge internal variance. The “magnificent 6” (recently downgraded from the “magnificent 7” after the removal of Tesla due to relatively poor share performance) delivered share price growth above 50% compared to a very weak quarter a year ago. The other 494 stocks in the S&P500 delivered share price growth of around -10% on average.

We made no changes to the tactical asset allocation of the Growth Fund during February, continuing to favour income over growth investments. The closer we get to interest rate cuts and a bottoming in world growth, the more attractive equity markets will become.

Robust growth in the US economy is still the exception, with the NZ, UK and European economies barely growing whilst China, Japan and Australia are somewhere in-between. Equity markets are forward looking however, and we continue to watch for opportunities to add equities when valuations and earnings outlooks are more balanced.



Paul Robertshawe, CA
Director, Chief Investment Officer



Jason Lindsay, CA
Head of Equities

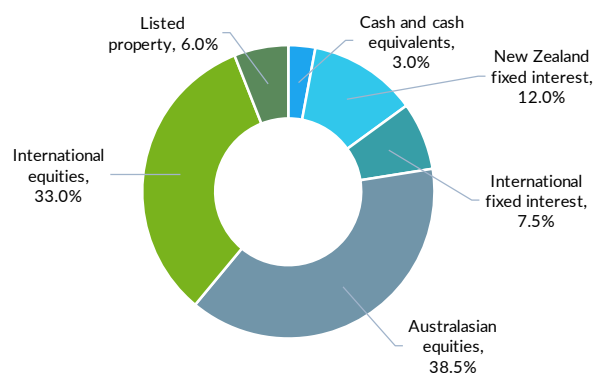


Craig Alexander
Head of Fixed Interest and ESG



Christine Smith-Han
Equity and Strategy Analyst

Tactical Asset Allocation



Things to note

- Manager: Forsyth Barr Investment Management Limited
- Investment manager: Octagon Asset Management Limited
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Benchmark: None
- Currency: New Zealand dollars

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

Fees

Annual fund charges are currently 1.25% 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 September 2022. 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/disclosureinformation, by contacting your Investment Adviser, or by calling 0800 628 246.