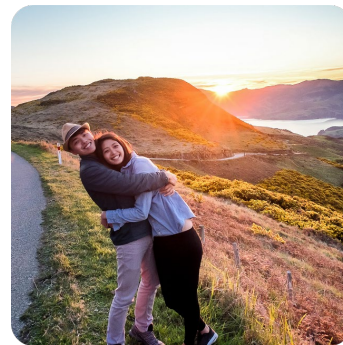


## New Zealand Fixed Interest Fund

### Monthly Performance Update as at 31 October 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/new-zealand-fixed-interest-fund/](http://www.octagonasset.co.nz/our-funds/new-zealand-fixed-interest-fund/).



| Return comparison                             | 1 Month | 3 Months | 1 Year | 3 Years* | Since inception* |
|-----------------------------------------------|---------|----------|--------|----------|------------------|
| Net Fund Return <sup>^</sup>                  | 0.81%   | 3.28%    | 7.09%  | 6.40%    | 4.53%            |
| Gross Fund Return                             | 0.88%   | 3.49%    | 7.90%  | 7.21%    | 5.43%            |
| Bloomberg NZBond Composite 0+ Yr Index        | 0.82%   | 3.32%    | 7.32%  | 5.84%    | n/a              |
| S&P/NZX Investment Grade Corporate Bond Index | 0.55%   | 2.82%    | 7.41%  | 6.95%    | 5.17%            |

<sup>^</sup>Annualised

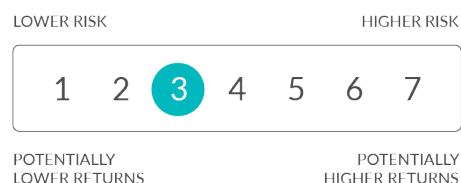
### Major investments

|                                               |               |
|-----------------------------------------------|---------------|
| New Zealand Government 1.5% 15/05/2031        | 8.89%         |
| New Zealand Government 4.5% 15/05/2035        | 6.08%         |
| New Zealand Government 14/04/2033 3.5%        | 5.91%         |
| New Zealand Government 15/05/2028 0.25%       | 5.48%         |
| New Zealand Government 3% 20/04/2029          | 4.90%         |
| New Zealand Government 15/05/2032 2.00%       | 4.71%         |
| NZ Government 4.25% 15/05/2034 Green Bond     | 4.30%         |
| New Zealand Government 4.50% 15/05/2030       | 4.24%         |
| New Zealand Government 4.50% 15/04/2027       | 3.54%         |
| KiwiBank Subordinated Bonds 2.36% 11/12/2030  | 3.52%         |
| <b>Major holdings as % of total portfolio</b> | <b>51.58%</b> |

### 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 three years
- Market Index: Bloomberg NZBond Composite 0+ Yr 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 New Zealand Fixed Interest Fund delivered a gross return of 0.88% for the month of October, fractionally outperforming the fund's market index return of 0.82%.

For the 12 months to the end of October, the New Zealand Fixed Interest Fund delivered a gross return of 7.90% comfortably outperforming the fund's market index return of 7.32% by 0.59%

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

October was another positive month for investors in the New Zealand Fixed Interest Fund, with returns a combination of the fund's gross yield-to-maturity and capital gains.

#### What are we thinking about the future?

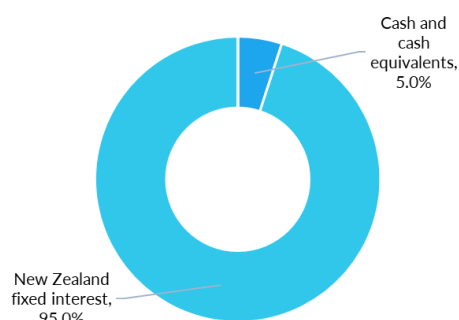
With the RBNZ nosediving monetary policy to an overtly stimulatory setting, we're likely to take a more cautious approach to portfolio management.

We are thinking carefully about the next leg in the economic cycle, which we expect to be mildly inflationary. To be clear, we do not anticipate inflation to surprise to the upside as it did a few years ago, it's more around our expectation of domestic inflation settling above 2.50%, rather than around the 2.00% official target; especially now that the regulator is priming the economy with cycle-low interest rates.

We trimmed nominal bond portfolio duration (portfolio interest rate sensitivity, excluding inflation-linked bonds) back to around 4.50 years.

Furthermore, we've purchased some extra New Zealand Government inflation-linked bonds, given our view on the likelihood of sticky inflation.

## Target Asset Allocation



The fund's gross yield to maturity, calculated as the weighted-average gross yield of all securities in the portfolio, was 3.70% and the weighted-average portfolio credit quality was AA- (where a security does not have an external credit rating, we assign an internal credit rating based on our assessment). We use the lowest available credit rating for New Zealand Government bonds, Fitch's AA+.

Along with adding New Zealand Government inflation linked bonds to the portfolio we'll also be selecting non-Government or credit securities that offer a return that we assess to be in excess of our expected uptick in inflation. An example is the recent addition of AAA-rated (Fitch Ratings) asset-backed securities issued by MTF Magnum Trust and Turners Marquee Trust.

Over the next few months, we anticipate the larger share of investor returns will come from the portfolio's gross yield-to-maturity, rather than the continuation of outsized capital gains, as more recently enjoyed by the fund's investors.



**Craig Alexander**  
Head of Fixed Interest and ESG

## Fees

Annual fund charges are currently 0.75% 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.

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For more information please visit [octagonasset.co.nz](https://octagonasset.co.nz), email [info@octagonasset.co.nz](mailto: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 October 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](https://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.