

Octagon Investment Funds

Listed Property Fund

Monthly Performance Update as at 31 August 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/listed-property-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	6.34%	9.72%	6.38%	-5.32%	6.17%
Gross Fund Return	6.44%	10.04%	7.61%	-4.20%	7.44%
S&P/NZX All Real Estate Gross Index	7.22%	9.80%	7.21%	-5.31%	7.71%

*Annualised

Major investments

Goodman Property Trust	17.7%
Precinct Properties New Zealand Limited	17.5%
Kiwi Property Group Limited	12.4%
Vital Healthcare Property Trust	9.7%
Argosy Property Limited	9.2%
Stride Property Group	8.4%
Property For Industry Limited	5.7%
Investore Property Limited	3.4%
New Zealand Rural Land Company	3.0%
Asset Plus Limited	1.1%
Major holdings as % of total portfolio	88.16%

Manager's comments

What happened in the markets that you invest in?

The Reserve Bank of New Zealand (RBNZ) followed through on its July rhetoric by reducing the OCR by 0.25% in August with more to come. The NZ 10yr Government bond yield ended August at ~4.30%, from ~4.35% in July. The NZ REIT Index was up 7.3% over the month as the market responded to the prospect of lower interest rates coming sooner. Argosy Property, Stride Property, and PCT all recorded double-digit gains, while GMT, PFI, and Investore lagged the sector.

How did your portfolio perform?

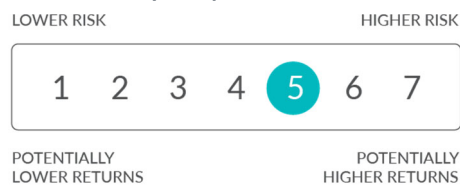
The Listed Property Fund delivered a gross return of 6.44% for August, marginally underperforming the funds benchmark return of 7.22% by -0.78%.

For the 12 months to the end of August, the Fund delivered a gross return of 7.61% fractionally outperforming the fund's market index return of 7.21% by 0.40%.

Positive performance came from the funds underweight positions in Goodman Property Trust (GMT) and Property for Industry (PFI). There are some signs that the economic backdrop is starting to weigh on industrial demand with CBRE (a commercial real estate company) highlighting softening Auckland rents as significant new supply is built and push back on rental increases. An out of index position in Charter Hall Group (CHC) added to performance as the Company surprised the market with stronger-than-expected FY25 guidance at its August result.

One of our favoured names in the portfolio New Zealand Rural Landco (NZL) reported its results in August and pleasingly a return to paying dividends. Encouragingly NZL

Risk indicator for the Listed Property Fund*



has successfully pushed through significant rent reviews with the first cohort's rents increasing on average 18.6%.

A key detractor to performance was an underweight position in Precinct Properties (PCT). We have added materially to this holding in recent months however remain underweight. With the exception of CHC as indicated above, our holdings in Australia and our small exposure to aged-care names cost performance as these sectors underperformed a rocketing NZ REIT sector.

We actively manage the fund's foreign currency exposures. As at 31 August 2024, these exposures represented 5% of the value of the fund. After allowing for foreign currency hedges in place, around 3% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

If sustained, the change in direction of interest rates should lead to continued outperformance from the NZ REIT Index, in particular for the more 'beaten up' second tier names. This is despite fundamentals deteriorating and a challenging domestic macro backdrop for the listed property stocks to navigate. We will likely see pockets of increased vacancy and downward pressure on rents within the sector.

Industrial property yields remain low on expectations of continued distribution (dividend) growth; however it is doubtful the level of growth will be sufficient to justify the current premiums. We continue to see more attractive opportunities outside of the Industrial property space.

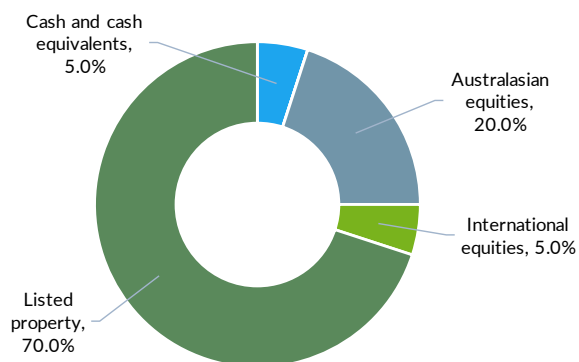


Jason Lindsay, CA
Head of Equities



Tobias Newton
Equity Analyst

Target Asset Allocation



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
- S&P/NZX All Real Estate Gross with Imputation Index
- 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 1.15% 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, 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 August 2024. 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.