

New Zealand Equities Fund

Monthly Performance Update as at 31 August 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-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-0.24%	4.30%	3.65%	3.30%	9.94%
Gross Fund Return	-0.15%	4.60%	4.86%	4.51%	11.23%
S&P/NZX 50 Gross with Imputation Index	0.87%	4.25%	4.62%	4.54%	9.46%

*Annualised

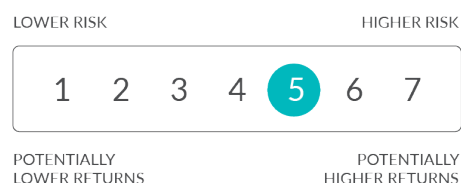
Major investments

Fisher & Paykel Healthcare Corporation Limited	14.09%
Auckland International Airport Limited	7.44%
Infratil Limited	7.34%
Contact Energy Limited	5.30%
Spark New Zealand Limited	5.11%
Meridian Energy Limited	4.84%
Mainfreight Limited	4.30%
Ebos Group Limited	4.12%
The a2 Milk Company Limited	3.27%
SKYCITY Entertainment Group Limited	3.26%
Major holdings as % of total portfolio	59.07%

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: S&P/NZX50 Gross with Imputation 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 Equities Fund delivered a gross return of -0.15% during August, underperforming the fund's benchmark return of 0.87% by -1.02%.

For the 12 months to the end of August, the New Zealand Equities Fund delivered a gross return of 4.86%, outperforming the fund's benchmark return of 4.62% by 0.24%.

The driver of underperformance in August was our high conviction position in Sky City Entertainment (SKC). Whilst the 2025 profit result was in line with prior guidance, the outlook for 2026 was weak (including one-off project costs) and more importantly a deeply discounted equity raise was announced. We have noted previously that this was possible and that we would support it, but we also thought there was a solid pathway to avoiding an equity raising. We are engaging with the SKC Board around the governance actions taken that have led us here.

The other major drag on performance was a 21% rally in the A2 Milk (ATM) share price on the back of an in-line result, the purchase of another factory and 2026 guidance that was in-line with market expectations. The positive share price reaction to already known factors surprised us.

On the positive side, a downgrade to 2026 earnings for our underweight position in Ebos, in-line results for Tourism Holdings and Heartland Group, along with a takeover offer for our small holding in Convita contributed positively to relative fund performance.

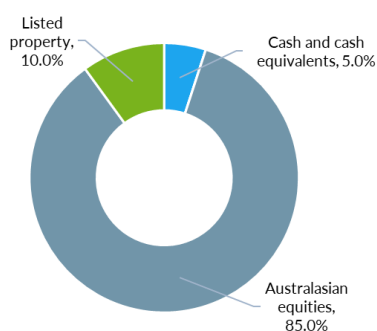
What happened in the markets that you invest in?

August is always a busy month due to reporting season. We focus on what management says about the future rather than the detail of the reported results. We expected further earnings downgrades given a very weak economy in the June quarter, and on average that is what occurred.

We queried multiple management teams as to the robustness of their guidance ranges, urging them to ensure it is based on current activity levels rather than hoping for a bounce in the economy.

We want companies to have the flexibility to respond to demand growth when it arrives, but to plan for current conditions where employment is soft, house prices stagnant and consumer confidence has not yet turned into spending. We continue to think that there are strong supports for the economy coming, not least of which are lower inflation and lower interest rates.

Target Asset Allocation



What are we thinking about the future?

Stability and bankable growth were in favour over August, with valuation taking a back seat. Companies that missed expectations were treated harshly.

This reopened the valuation gap between stocks with predictable earnings and those leveraged to a recovery in discretionary demand. Current demand conditions in many industries are worse than during the Global Financial Crisis. Our fundamental approach looks to sustainable earnings, which will be well above current bottom of cycle levels for many of these companies. We continued to add to cheaply priced companies with strong earnings leverage to an eventual recovery.

We supported the Sky City equity raise, seeing valuation upside from our analysis of sustainable earnings and asset backing.



Paul Robertshaw, CA
Director, Chief Investment Officer

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 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.