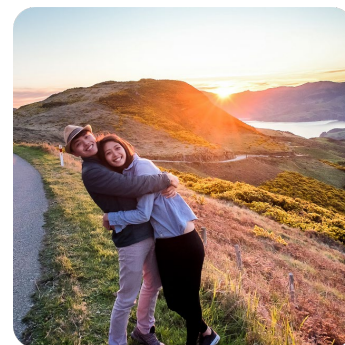


## New Zealand Fixed Interest Fund

### 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-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>	1.19%	2.43%	5.06%	5.03%	4.45%
Gross Fund Return	1.25%	2.62%	5.85%	5.83%	5.35%
Bloomberg NZBond Composite 0+ Yr Index	1.20%	2.42%	5.24%	4.80%	n/a
S&P/NZX Investment Grade Corporate Bond Index	1.17%	2.62%	6.40%	5.84%	5.12%

<sup>^</sup>Annualised

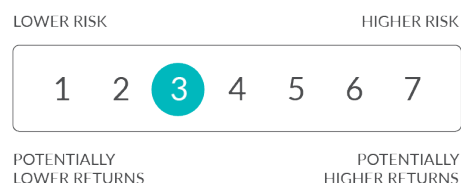
#### Major investments

New Zealand Government 1.5% 15/05/2031	10.66%
New Zealand Government 4.50% 15/05/2030	7.43%
New Zealand Government 15/05/2032 2.00%	6.79%
New Zealand Government 14/04/2033 3.5%	6.50%
New Zealand Government 15/05/2028 0.25%	6.00%
New Zealand Government 3% 20/04/2029	5.43%
NZ Government 4.25% 15/05/2034 Green Bond	4.64%
New Zealand Government 4.50% 15/04/2027	3.97%
New Zealand Government 4.5% 15/05/2035	3.13%
Kiwibank Subordinated Bonds 2.36% 11/12/2030	2.96%
<b>Major holdings as % of total portfolio</b>	<b>57.51%</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 1.25% for the month of August, fractionally outperforming the fund's market index return of 1.20% by 0.05%.

For the 12 months to the end of August, the New Zealand Fixed Interest Fund delivered a gross return of 5.85% comfortably outperforming the fund's market index return of 5.24% by 0.61%.

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

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

The Reserve Bank of New Zealand's (RBNZ) August Monetary Policy Statement delivered a further 0.25% cut to the Official Cash Rate (OCR) and an unexpected lowering of the terminal OCR to 2.50%; resultant market activity was to push term interest rates and bond yields to cycle lows.

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

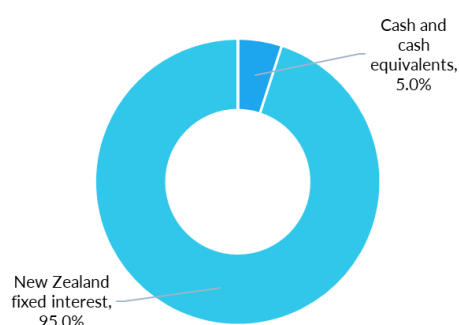
There is no change to our current thinking. We continue to believe that it is too simplistic a thesis that lower interest rates will mechanically result in a material lift in New Zealand's economic performance. Unfortunately, it has proven to be the case.

We believe that economic uncertainty remains in many domestic households and that wary consumers will save (or prioritise debt reduction by keeping mortgage payments constant) rather than spend interest rate and income tax windfalls: we call this a liquidity trap. Furthermore, add in global economic and political uncertainty from the US and in the Middle East and Ukraine and we can see why households and businesses would prefer to watch, worry, and wait.

The fund's gross yield to maturity, calculated as the weighted-average gross yield of all securities in the portfolio, was 4.00% 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+.

We intend to remain fully invested by targeting a portfolio duration greater than 5.0 years, compared the fund's current index duration of around 4.8 years.

## Target Asset Allocation



Our strategy is to accumulate New Zealand Government bonds while maintaining some targeted exposure to short-dated and preferred non-Government securities. Corporate bond spreads remain tight, near long-term averages, despite the obvious current economic risks, in our opinion. We favour 'hard duration' Government bonds and proxies for better protection against the potential for market dysfunction. This approach should continue delivering capital gains complementing the fund's gross yield-to-maturity.



**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](http://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 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](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.