

Listed Property Fund

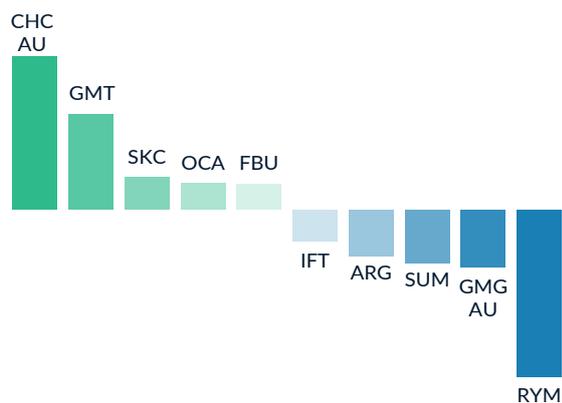
Investor Factsheet for the quarter ended 31 December 2025

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since Sep 2019*
Gross Fund Return**	-2.39%	13.47%	5.95%	0.22%	6.97%	1.36%
S&P/NZX 50 All Real Estate Gross with Imputation***	-3.80%	13.40%	5.48%	-1.03%	7.01%	-0.11%
Out/under performance	1.41%	0.07%	0.46%	1.25%	-0.04%	1.46%
Tracking error	n/a	1.27%	1.62%	1.75%	3.90%	1.96%
Information ratio	n/a	0.05	0.29	0.72	-0.01	0.75
Sharpe ratio	n/a	0.82	0.09	-0.26	0.35	-0.10

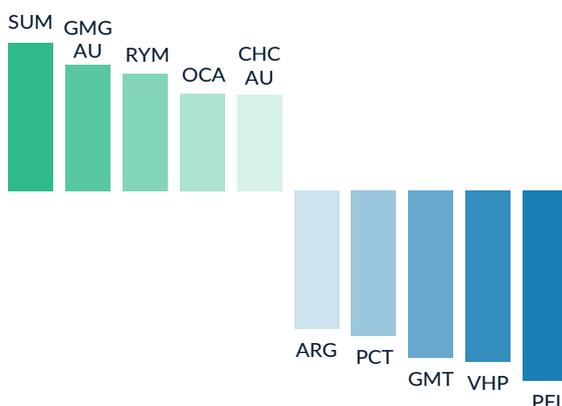
Key Fund Facts as at 31 December 2025

Fund Name	Listed Property Fund	Risk Indicator	1 2 3 4 5 6 7
Inception Date	26/06/2008	Market Index	S&P/NZX All Real Estate Gross with Imputation
Fund Value (NZD)	\$87,491,794	Unit Price	2.4878

ATTRIBUTION (ROLLING 4QS TO 31 DECEMBER 2025)



PORTFOLIO CONVICTION (AS AT 31 DECEMBER 2025)



The fund in its macro context

After an exceptionally strong quarter to the end of September the New Zealand listed property sector suffered a pullback in the December quarter on the back of capital raising activity and a rates rally (bond sell-off) with the New Zealand 10-year government bond yield increasing from 4.2% to 4.5% during the quarter. In the final meeting of the year the Reserve Bank of New Zealand (RBNZ) signalled a “hawkish hold” (lowering interest rates but indicating it didn’t see much room for further cuts). Markets pushed up wholesale interest rates and the New Zealand dollar, reflecting traders pricing in fewer rate reductions and a greater chance that the easing cycle had finished. Swap rates and short-term government bond yields climbed as markets recalibrated expectations, and many economists observed that markets were “paring back” bets on future OCR cuts, with some even contemplating the possibility of a rate rise before the end of 2026. Higher interest rates are a headwind for the interest-rate sensitive property sector and the index acted accordingly.

The weakness was compounded by two capital raises during the quarter with Precinct Properties (PCT) raising \$310mn mid-October, followed by Vital Healthcare announcing its own \$220mn capital raise to fund the internalisation of its management contract. These proved to be a significant call on capital for the sector to digest.

* Annualised

** Gross Fund Returns are calculated before deduction of taxes and fund charges but after deduction of trading expenses and including imputation credits where applicable. For periods prior to April 2018 the Gross Funds Returns do not include imputation credits.

***For periods prior to April 2018, the market index/benchmark return used is the S&P/NZX All Real Estate Gross Index without Imputation. Market index returns do not have any deductions for fund charges, trading expenses or tax.

Portfolio attribution

For the quarter ended 31 December, the Listed Property Fund delivered a gross return of -2.39%, fractionally outperforming the fund's benchmark return of -3.80%.

On a rolling four quarters to 31 December, the Fund delivered a gross return of 13.47%, in-line with the fund's benchmark return of 13.40%.

Our largest contributor to relative performance over the past four quarters was our out of index position in ASX-listed Charter Hall Group (CHC). CHC has enjoyed a strong 12-month run after upgrading guidance a number of times over the last 15 months. The upgrades were a function of disciplined cost management during the down cycle and recovering activity levels from the 2023 trough. Given its funds management focus, the company's earnings are heavily leveraged to any upswing in asset values, real estate activity levels and capital markets demand. We are seeing improving sentiment in the Australian commercial property market, initially aided by rate cut expectations (which have now dampened) and a fading 'Work from Home' thematic.

Our underweight position in Goodman Property Trust (GMT) also contributed positively to performance. GMT is a quality company that has traded at a premium to the sector for a long period of time. As the outlook for the industrial sector becomes more muted, a repeat of the very strong industrial rent increases we have seen in recent years seems unlikely. Furthermore, as the thematic to the listed sector in general has improved, quality, expensively-priced stocks have underperformed the more "bombed-out" recovery plays. As GMT's share price has underperformed, we have closed our underweight position, somewhat attracted to the longer-term growth expected from the recently launched asset management strategy.

Our out of index exposure to the aged care sector has been the biggest detractor to performance. Ryman Healthcare (RYM) raised capital for the second time in as many years to repair their balance sheet at seriously depressed prices. This, followed by a very weak trading update after the disappointing FY25 result, saw the stock hit fresh 5-year lows around the middle of 2025. We do not think the business model is broken and remain confident that the new (and very well regarded) CEO can deliver a meaningful turnaround over time.

Goodman Group's underperformance in 2025 was less about weak fundamentals and more about market re-pricing of expectations, shifting sentiment around data centre growth, and investor reaction to the A\$4bn capital raise earlier in the year to support its data centre expansion.

Portfolio conviction

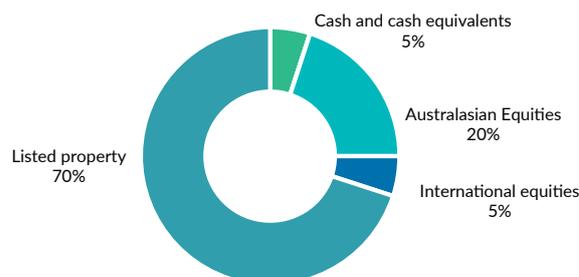
Our investment focus remains firmly on companies where we see meaningful growth that is not yet fully recognised by the market, and where there is strong potential for a re-rating in valuation. Within this framework, we continue to hold a constructive view on the aged care sector whilst acknowledging we did build this position too early.

With the New Zealand property index up ~21.3% to 31 December, off the sector lows seen on 30 April 2025, (suppressed on that day partially due to an asset allocation move away from the sector by a large New Zealand fund manager), anything held outside the core NZ REIT index has cost performance. As a reminder, this fund is permitted to invest up to 45% outside the core NZ REIT index in Australian property or New Zealand/Australian "property-like" or "real" assets. For risk management purposes we tend to flex this between 5% and 15%. Back in April we were at the lower end of this range believing the New Zealand sector to be stand-out cheap. But as the sector has rapidly appreciated, we have been adding to out of index names and currently sit around ~9.0%.

TOP 10 FUND HOLDINGS AT QUARTER END

Security	Weight
Precinct Properties New Zealand Limited	18.8%
Goodman Property Trust	17.0%
Kiwi Property Group Limited	14.7%
Property For Industry Limited	8.8%
Vital Healthcare Property Trust	8.3%
Argosy Property Limited	8.3%
Stride Property Group	7.3%
Investore Property Limited	2.3%
New Zealand Rural Land Company	1.8%
ANZ transactional bank account	1.8%
Major holdings as % of total portfolio	89.1%

TARGET ASSET ALLOCATION



Conclusion

A combination of capital raises and a sharp rise in the 10-year bond rate saw performance drop off in the final quarter of 2025. The sector is now trading on a -14% discount to net tangible assets (NTA), and a gross yield of 7.5% or +300bp spread to long bond rates. While the likelihood of further interest rate cuts has diminished, the current relatively low-rate environment should continue to support the sector. This support comes through improved earnings as companies benefit from lower debt costs once hedges roll off; a probable uplift in NTA driven by tighter cap rate assumptions, which should ease gearing concerns; and, lastly, the comparatively attractive yields offered by property companies relative to alternatives such as term deposits.

Investment Philosophy and Thesis

Octagon is an active investment manager. Our investment philosophy focuses on developing a repeatable process that systematically looks for short-to-medium term inefficiencies in market pricing of securities with a solid economic basis and a good management team to deliver long term, measurable alpha.

The most common and persistent market inefficiencies we find are:

- excessive focus on near-term earnings
- market dislocations and liquidity events
- temporary governance failures
- irrational investor behaviour

For Octagon, “value” means not overpaying for the promise of future growth by developing a fundamental understanding of a business, its financial metrics, return on invested capital and then scenario testing the investment model under different macro conditions.

Portfolio Manager



Jason Lindsay, CA
Head of Equities



Tobias Newton
Associate Portfolio Manager

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