

## Global Equities Fund

Investor Factsheet for the quarter ended 30 June 2025

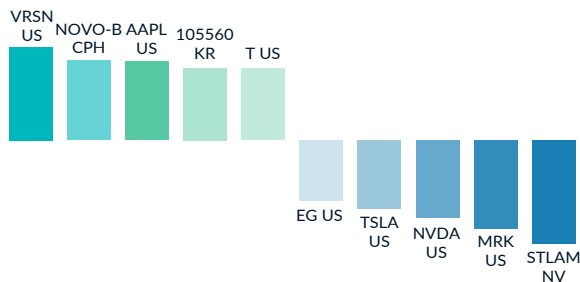
	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since June 2022*
Gross Fund Return**	3.85%	12.30%	16.37%	7.48%	5.41%	16.37%
MSCI ACWI Net TR Index (50% Hedged)***	6.60%	15.29%	18.02%	14.82%	8.95%	18.02%
Out/under performance	-2.75%	-2.99%	-1.65%	-7.34%	-3.54%	-1.65%
Tracking error	n/a	4.44%	4.15%	4.81%	6.16%	4.15%
Information ratio	n/a	-0.67	-0.40	-1.53	-0.57	-0.40
Sharpe ratio	n/a	1.10	1.13	0.39	0.20	1.13

### Key Fund Facts as at 30 June 2025

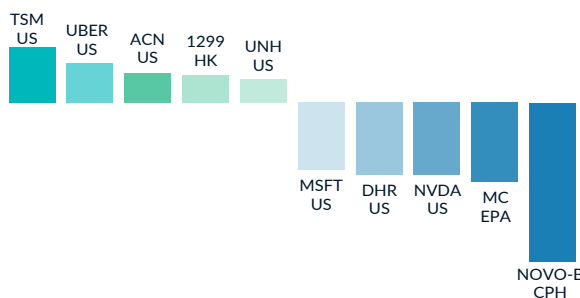
Fund Name	Global Equities Fund	Risk Indicator	① ② ③ ④ ⑤ ⑥ ⑦
Inception Date	26/06/2008	Market Index	MSCI ACWI Net TR Index (50% hedged)
Fund Value (NZD)	\$170,593,378	Unit Price	\$1.9823

### ATTRIBUTION (ROLLING 4QS TO 30 JUNE 2025)

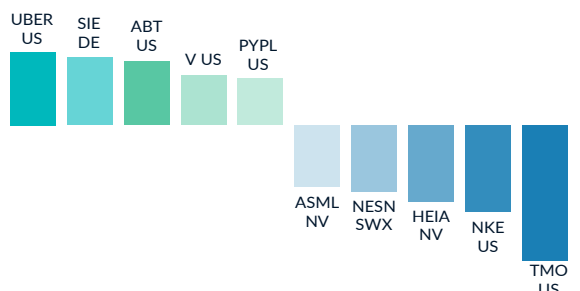
#### TE AHUMAIRANGI



#### INTERMEDE INVESTMENT PARTNERS



#### WMR GLOBAL EQUITIES MODEL PORTFOLIO



### The fund in its macro context

Global equity markets came roaring back over the June quarter, more than just recovering their losses from the previous (March) quarter. Several drivers pushed equity markets higher. The most important was the deferral of the US trade tariffs, allowing time for negotiation between countries, but also for the affected companies to work on their supply chain strategies and reduce the worst effects of US tariffs.

Our view remains that punitive tariffs that force the world into recession cannot be sustained, but growth would likely slow. As of early July, only a few trade deals have been signed, and it will take more time and further negotiation to get a firmer view on where the end positions will sit. Earnings downgrades in the US have been around 4%, and not much more globally – reflecting a less rosy outlook, but certainly not an impending recession.

Another key driver was better than expected inflation numbers – implying companies are absorbing some of the tariff costs and protecting consumers – and global employment has held up better than might have been expected. Companies are taking a wait and see approach, rather than firing now in anticipation of lower demand in the future.

The apparent randomness of some US announcements has also seen some investors reallocate their global equity allocations, with Europe being a key beneficiary. More of the world has been contributing to total returns, rather than an undue reliance on the US market.

\* Annualised for periods greater than 1 year

\*\* 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.

\*\*\*For periods prior to April 2018, the market index/benchmark return used is an unhedged variant of the MSCI ACWI Net Total Return Index in New Zealand dollars.

## Portfolio attribution

For the quarter ended 30 June the Global Equities Fund delivered a gross return of 3.85%, underperforming the fund's benchmark return of 6.60% by -2.75%

On a rolling four quarters to 30 June, the Fund delivered a gross return of 12.30%, underperforming its market index return of 15.29%.

For the June quarter, our managers' underweight in large global tech and consumer staples sectors were key drivers of underperformance. Nvidia rallied 43% in USD terms. All our managers hold a 0% or large underweight position in Nvidia (now the world's largest company), and this also dragged on performance. Key fund positions in Cooper Cos (contact lenses), Verizon (telecoms) and Nestle failed to keep up with the broader market rally.

Some high conviction positions in our 'Growth at a Reasonable Price' and 'Quality Growth' managers' portfolios hurt performance over the four quarters to June. Novo Nordisk (a key supplier of weight loss drugs), Thermo Fisher (scientific instruments and consumables) and LVMH (luxury goods) all struggled over the year.

With the USD weaker against most global currencies, our over allocation to the NZD added value throughout the quarter and year-to-date.

## Portfolio conviction

We actively reviewed our manager positioning throughout the quarter, given the unusually active market. Most of the announcements were geopolitical rather than normal business cycle evolution – making it harder to form firm views around the impact on company earnings and valuation.

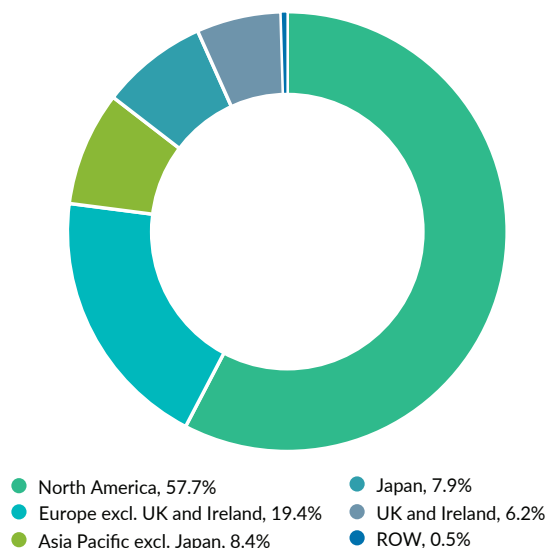
We have three independent equity managers with complimentary investment philosophies, with Octagon controlling the share of the overall portfolio each one is managing. When we combine the three portfolios, we see an underweight to the US and emerging markets, and an overweight to Japan and Europe as the largest regional allocations. Emerging markets tend to rely on exports for their growth (India perhaps the exception) and the reduction in free trade and uncertainty of market access creates headwinds for those economies. Japan continues to normalize after 30 years of stagnation, with domestic demand and income growth offsetting the risks to their large export base. The US underweight is primarily valuation driven, with all three managers having an aggregate underweight in the mega cap tech stocks like Nvidia and adjacent sectors that dominate the index.

## TOP 10 FUND HOLDINGS AT QUARTER END\*

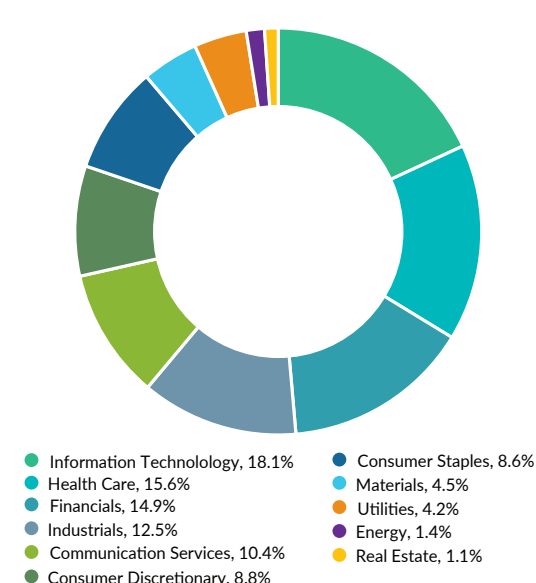
Security	Weight
Alphabet Inc.	3.9%
Apple Inc.	3.0%
Amazon.com Inc.	2.9%
Microsoft Corp.	2.9%
Uber Technologies Inc.	2.7%
Salesforce Inc.	2.4%
Siemens AG	1.7%
Meta Platforms Inc.	1.6%
Thermo Fisher Scientific Inc.	1.4%
Verizon Communications Inc.	1.4%
<b>Major holdings as % of total portfolio</b>	<b>24.0%</b>

\*Provided on a look-thru basis into the underlying investment manager portfolios

## SECURITIES BY GEOGRAPHY (PRIMARY LISTING)



## SECURITIES BY INDUSTRY CLASSIFICATION (GICS)



## Conclusion

We forecast back in April that the global trade war would de-escalate quickly, which it did, but we did not expect equity markets to race back to new highs quite so quickly. We still think world economic growth will slow, but thankfully avoid a recession, and this slowdown is not reflected in current equity market pricing. Fixed interest and currency markets are taking a much more balanced view of the risks facing the global economy in our view.

Given modest earnings downgrades and new market highs, the US market in particular is more expensive than ever, even as the number of potential risks has grown. The July/August reporting season, specifically company outlook statements, will be critical for us in evaluating the potential for another market set back.

We have reflected our valuation concern by having a higher weighting to our low volatility / value manager relative to our growth managers than we would have if we viewed overall market valuation as “fair”.

## 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

In the global equities space, we hire external managers who have proven track records, robust processes and exploit specific investment styles, whilst maintaining diversification in and between the funds.

## Portfolio Manager



**Christine Smith-Han**  
Strategy Analyst