

Listed Property Fund

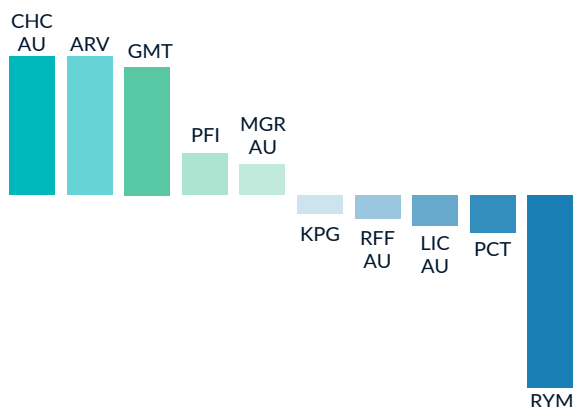
Investor Factsheet for the quarter ended 30 June 2025

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since Sep 2019*
Gross Fund Return**	6.79%	9.37%	0.95%	2.48%	6.49%	-0.44%
S&P/NZX 50 All Real Estate Gross with Imputation***	7.25%	9.37%	0.27%	1.17%	6.60%	-1.83%
Out/under performance	-0.46%	0.00%	0.68%	1.31%	-0.11%	1.39%
Tracking error	n/a	1.57%	1.67%	2.01%	3.95%	2.01%
Information ratio	n/a	0.00	0.41	0.65	-0.03	0.69
Sharpe ratio	n/a	0.34	-0.31	-0.05	0.31	-0.22

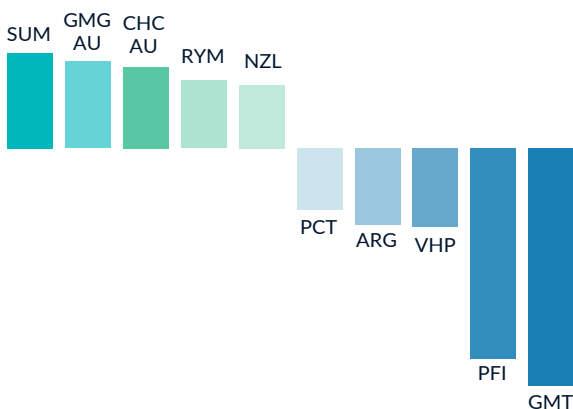
Key Fund Facts as at 30 June 2025

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)	\$63,354,533	Unit Price	\$2.2496

ATTRIBUTION (ROLLING 4QS TO 30 JUNE 2025)



PORTFOLIO CONVICTION (AS AT 30 JUNE 2025)



The fund in its macro context

The June quarter was a strong quarter for the New Zealand listed property sector with the New Zealand 10-year government bond yield broadly steady. Despite this, and following a very weak six-month prior period, the sector finally showed some signs of life. We attribute this to a bottoming out (and in some cases firming) in asset values; the wall of property selling coming to an end in April; a 'decent enough' May reporting season including solid fundamentals at the asset level; and finally, positive tax changes in the Government's 2025 Budget.

Portfolio attribution

For the quarter ended 30 June, the Listed Property Fund delivered a gross return of 6.79%, marginally underperforming the fund's market index return of 7.25% by 0.46%.

On a rolling four quarters to 30 June, the Fund delivered a gross return of 9.37%, exactly in line with its market index return of 9.37%.

Our largest contributor to performance was our decent sized, out of index position in Charter Hall Group (CHC). CHC has performed well, ahead of expected rate cuts over the next 12 months. The market is pricing in further rate cuts from the Reserve Bank of Australia (RBA) through to the middle of next year. This has boosted investor risk appetite in the real estate sector. Another out of index position in Arvida (ARV) also contributed positively to performance as a knockout, ~65% premium to last close, takeover bid was completed.

* 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.

Goodman Property Trust (GMT), where we have maintained a material underweight, was a strong positive contributor over the past year. Industrial sector valuations and rents have flattened out, with rents potentially moving negative after a period of strong growth. GMT remains the most expensive REIT on the market, with the joint-tightest gap to NTA and lowest dividend yield. With the industrial market potentially moving into a position of excess supply and material gaps between contract and market rents we remain underweight for now.

Ryman Healthcare (RYM) was our biggest detractor to relative performance for the quarter. RYM suffered from a capital raise to repair their balance sheet at seriously depressed prices, followed by a very weak trading update after the disappointing FY25 result which saw the stock hit fresh 5-year lows. We do not think the business model is broken, which is arguably priced into the stock, and remain confident that the new (and very well regarded) CEO can deliver a meaningful turnaround over time. Notably RYM was a positive contributor to relative performance for June.

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 valuations. Within this framework, we continue to hold a constructive view on the aged care sector.

While some of the Australian stocks outside the main index have underperformed recently, we retain confidence in the half-dozen companies your fund holds in this category. These names currently make up approximately 5% of the portfolio and are well positioned to benefit from an anticipated decline in interest rates over the coming year.

New Zealand Rural Land Co. (NZL) remains a top five holding in the fund. Its CPI-linked leases delivered an 18.6% increase across a substantial portion of its pastoral portfolio last July. A second tranche of lease adjustments is expected imminently, further underpinning the company's ability to grow dividends.

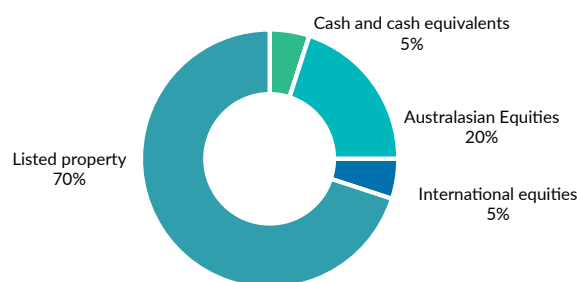
In addition, NZL's improving balance sheet and the sustained strength of dairy payouts have helped lift investor sentiment. However, we remain mindful of the company's stated ambition to expand through acquisitions and future capital raises.

We remain materially underweight industrial landlords including GMT and Property for Industry (PFI). While fundamentals have been solid to date, we believe the risk-reward is skewed to the downside given historically tight cap rates, slowing rent growth and expanding industrial supply.

TOP 10 FUND HOLDINGS AT QUARTER END

Security	Weight
Precinct Properties New Zealand Limited	18.8%
Goodman Property Trust	17.3%
Kiwi Property Group Limited	14.5%
Argosy Property Limited	8.4%
Vital Healthcare Property Trust	8.4%
Property For Industry Limited	8.3%
Stride Property Group	7.3%
Investore Property Limited	2.8%
New Zealand Rural Land Company	2.3%
Summerset Group Holdings Limited	1.5%
Major holdings as % of total portfolio	89.6%

TARGET ASSET ALLOCATION



Conclusion

The May reporting season revealed a sector in good condition on a fundamental basis, with limited movement in portfolio vacancy. The new government policy 'Investment Boost' announced at the last budget has also presented a cashflow boost to in-flight projects with valuations stabilising, and in some cases rising.

Company balance sheets are through the worst, with dividends now supported by interest rate declines and cost-out efforts. The scene is set for the sector's robust performance to continue. We have been closing our underweight in Kiwi Property with increased confidence in its operating performance. Our aged care positions remain underwater to date. We think substantial upside exists over the next 12-18 months as transformation efforts gather pace and improving housing market liquidity provides a meaningful cash flow boost.

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



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Associate Portfolio Manager

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