Listed Property Fund

Please note that Salt Investment Funds Limited replaced Forsyth Barr Investment Management Limited as the manager and issuer of the Octagon Investment Funds on 31 July 2026. This Factsheet relates to a period prior to the change in manager and has been prepared by Forsyth Barr Investment Management Limited.

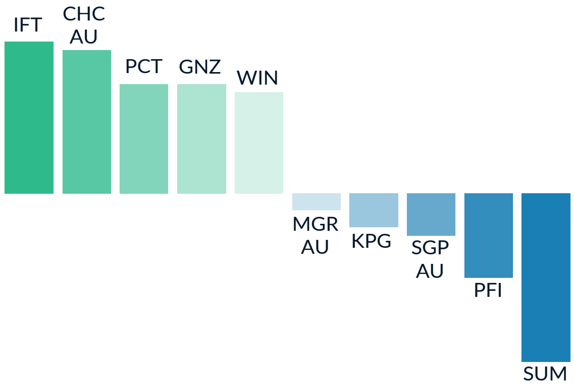
Investor Factsheet for the quarter ended 30 June 2026

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*
Gross Fund Return**	5.35%	5.40%	2.40%	-0.99%	6.43%
S&P/NZX 50 All Real Estate Gross with Imputation***	4.73%	4.99%	2.01%	-1.67%	6.51%
Out/under performance	**0.62%**	**0.41%**	**0.40%**	**0.68%**	**-0.08%**
Tracking error	n/a	1.39%	1.31%	1.70%	3.85%
Information ratio	n/a	0.30	0.30	0.40	-0.02
Sharpe ratio	n/a	0.22	-0.15	-0.37	0.30

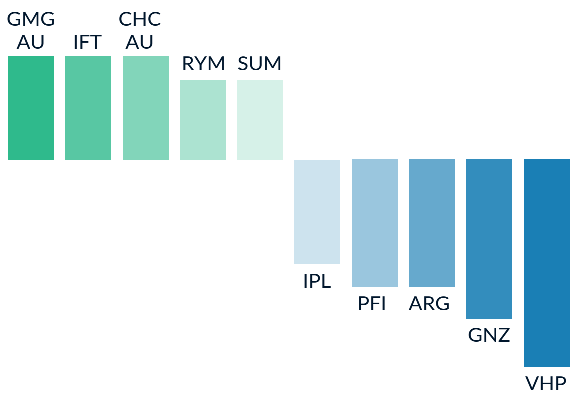
Key Fund Facts as at 30 June 2026

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)	$91,930,253	**Unit Price**	2.3303

ATTRIBUTION (ROLLING 4QS TO 30 JUNE 2026)



PORTFOLIO CONVICTION (AS AT 30 JUNE 2026)



The fund in its macro context

The June quarter saw a recovery of sorts in the property sector as hostilities in the Middle East de-escalated. The New Zealand 10-year government bond yield fell to around 4.40% in June, down from approximately 4.75% in March. Lower interest rates affect both valuations and earnings in the property sector, contributing to the whipsaw in property sector prices.

The sector has delivered negative benchmark returns over the last 5 years withrising post-COVID interest rates proving to be a significant tailwind. Two significant capital calls in the December quarter (Precinct Properties and Vital Healthcare), have also negatively impacted performance with investor confidence yet to fully recover.

Portfolio attribution

For the quarter ended 30 June, the Listed Property Fund delivered a gross return of 5.35%, outperforming the fund's benchmark return of 4.73% by 0.62%.

On a rolling four quarters to 30 June, the Fund delivered a gross return of 5.40%, modestly outperforming the fund's benchmark return of 4.99%.

Our largest positive contributors to relative performance during the quarter were our out of index positions in Infratil (IFT), Goodman Group (GMG), and Charter Hall Group (CHC).

In early May, IFT's largest investment (data centre provider CDC) announced a 555 megawatt data centre contract win with a large US investment-grade customer. The deal was described as the largest data centre contract in Australian history and pushed CDC's contracted capacity

* 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.

above 1 gigawatt for the first time. GMG outperformed in the quarter largely because investors rotated back into AI and data-centre infrastructure themes, and GMG is increasingly viewed as a data-centre developer rather than a traditional industrial REIT. In late May CHC announced yet another earnings upgrade with FY26 operating earnings per security now expected to be over 25% higher than FY25. CHC continues to benefit from increased funds under management and investment activity.

Our underweight position in Goodman NZ (GNZ) and out of index positions in Sky City (SKC) and Summerset Group (SUM) were the biggest detractors to performance over the last quarter.

GNZ reported an inline result in May with cash earnings up 6% and continued to point to ~5% earnings growth which is above the NZ sector average. This in turn helped lift the share price up from recent lows. Industrial portfolios, which have long been the sector's standout performer, are facing a more challenging backdrop - while at an absolute level vacancy rates for Industrial remain low, this has been ticking up across the sector and sits above the average for the last eight years. Spec developments and a lack of occupier confidence have put a lid on market rental growth and are also impacting lease-up timeframes.

Continued weakness in the aged care sector (including SUM) is less of a reflection of what is going on operationally and more about softening sentiment towards the housing market. Risks to housing continue to build as the Iran war drives inflation and interest rates higher. We have down weighted our exposure to aged care stocks with our earlier thesis of fundamentals improving on the back of a strengthening economy, improving labour market, and stronger house prices unlikely to play out in the near term given the hostilities in the Middle East are causing higher interest rate expectations.

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. 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%. As the New Zealand sector has rapidly de-rated, we have been adding to names in the sector including Precinct Properties (PCT) and GNZ. We have moved PCT to be broadly neutral after recent underperformance.

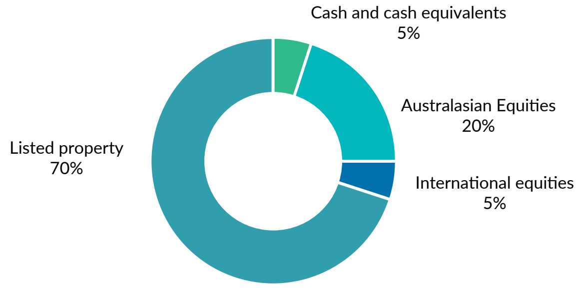
We have reduced our exposure to aged care stocks, as our earlier thesis of improving fundamental –supported by a strengthening economy, a firmer labour market, and rising house prices – has been undermined by escalating hostilities in the Middle East and renewed expectations of higher interest rates.

We took advantage of weakness in IFT to add to holdings earlier in the year. Over half of IFT's assets are exposed to the global data centre roll-out. Grid connection and component bottlenecks could elongate the delivery of new data centres, making approved projects like the ones IFT has announced more valuable.

TOP 10 FUND HOLDINGS AT QUARTER END

Security	Weight
Precinct Properties NZ Ltd	19.1%
Goodman NZ Ltd & Goodman Property Services Ltd	18.8%
Kiwi Property Group Ltd	15.5%
Property for Industry Ltd	10.4%
Vital Healthcare Property Trust	8.3%
Argosy Property Ltd	7.4%
Stride Property Group Ltd	6.1%
New Zealand Rural Land Company	1.9%
Investore Property Ltd	1.9%
Goodman Group	1.3%
Major holdings as % of total portfolio	**90.7%**

TARGET ASSET ALLOCATION



Outlook

We expect the sector to remain quiet as we head towards the August reporting season for full-year results from Property for Industry, Vital Healthcare and PCT. Key ahead of these results will be any preliminary valuation updates, and we expect the sector will likely continue to trade in line with interest rate sentiment and general occupier sentiment.

Sector fundamentals remain robust, and recent headwinds (Middle East uncertainty and potentially higher interest rates) are abating. We continue to see solid demand from both tenants and investors in direct real estate.

The property sector continues to screen attractively despite recent volatility; it is now trading at a -21% discount to NTA and a gross yield of 8.2% for a 33% taxpayer, which is +360bp above the 10-year bond rate with its five-year average ~320bp. Finally, the sector trades at a PE of ~16x, more than eight turns below the broader NZ market. Current share prices are implying a further -14% reduction in asset values, but NTA has already been marked down and recent transactions have been nearer a -5% discount to book value.

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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