Global Equities Fund

Investor Factsheet for the quarter ended 31 March 2025

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*	Since June 2022*
Gross Fund Return**	1.02%	9.17%	9.40%	9.33%	5.26%	16.38%
MSCI ACWI Net TR Index (50% Hedged)***	-2.28%	10.60%	11.73%	16.38%	8.68%	17.06%
Out/under performance	**3.30%**	**-1.44%**	**-2.33%**	**-7.05%**	**-3.42%**	**-0.68%**
Tracking error	n/a	4.00%	4.34%	4.79%	6.18%	4.01%
Information ratio	n/a	-0.36	-0.54	-1.47	-0.55	-0.17
Sharpe ratio	n/a	0.56	0.40	0.54	0.19	1.09

Key Fund Facts as at 31 March 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)	$168,035,569	**Unit Price**	$1.9170

ATTRIBUTION (ROLLING 4QS TO 31 MARCH 2025)

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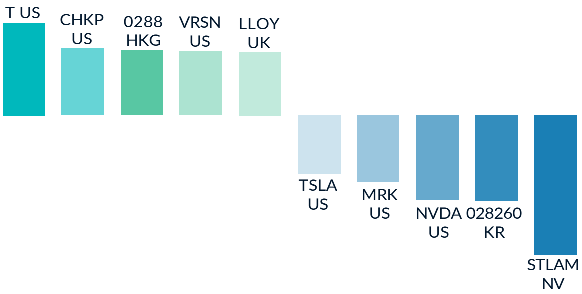
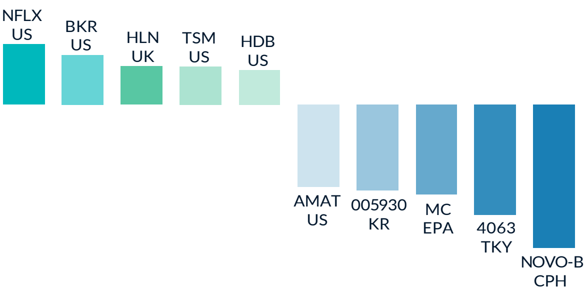
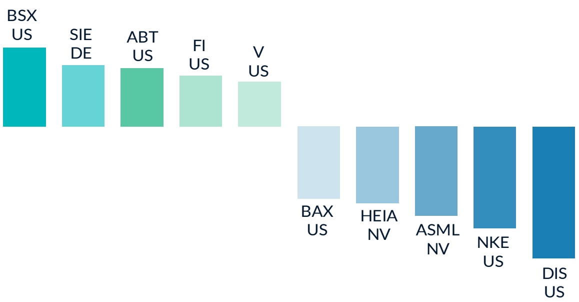


INTERMEDE INVESTMENT PARTNERS



WMR GLOBAL EQUITIES MODEL PORTFOLIO



The fund in its macro context

Global equity markets were the weakest performing asset class in first quarter this year.

The uncertain nature of the foreign trade policies in the US — marked by frequent unofficial tweets and continual revisions to tariff policy— has driven volatility in global equity markets. These tariffs, finally confirmed on 'Liberation Day' April 2nd were much broader than markets had expected, both in their size and the number of countries targeted.

Stocks sold off materially in March in anticipation of the US tariff announcements and have continued falling in early April. Most economists continue to believe that higher tariffs will slow growth and raise inflation, which is a clear negative for equities and blunts the support lower interest rates can bring as central banks need to be wary of inflation. The US Federal Reserve kept key interest rates unchanged at their March meeting.

European policy makers have prioritised an increase in government spending, with an emphasis on defense spending and infrastructure, yet European central bankers are still poised to lower interest rates. Whilst likely an enduring theme, there are only a few stocks that are direct beneficiaries of defence spending, and some struggle to pass widely held ESG filters. Non-US stocks traded lower over March given the pending introduction of tariffs, but the European region closed the quarter as the strongest performer.

Chinese equities benefitted from additional government stimulus and as investors reallocated funds away from the US market. However, there are daily announcements around tariffs and all equity markets currently have above-average volatility.

* 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.

The direct and indirect impacts of the US-led trade war are not yet known, but we are already starting to see earnings downgrades across most markets as analysts build in higher costs and slower growth.

Portfolio attribution

For the quarter to 31 March, the Global Equities Fund delivered a gross return of 1.02%, outperforming the fund's market index return of -2.28%.

Over the past four quarters, the Fund delivered a gross return of 9.17%, underperforming its market index return of 10.60%.

The funds' underweight positions in the "Magnificent 7" large-cap US domiciled stocks were the biggest contributors to outperformance over the quarter, and underperformance over the twelve-month period.

Over the four quarters to 31 March, our growth managers performed best, but as expected over the most recent March quarter our low-volatility manager significantly outperformed the benchmark. Our multi-manager approach is designed to always have exposure to complementary investment styles, and this has served us well during recent market volatility. AT&T Inc, Check Point and WH Group, three defensive holdings in the portfolio, performed well. Our growth managers had a tough March quarter as both technology and consumer exposed stocks bore the brunt of equity repricing ahead of a wider, global trade war.

Continued US dollar strength detracted from over-allocation to the NZ dollar in our hedging strategy.

Portfolio conviction

Uncertainty around tariffs remains elevated, with the April 2nd Liberation Day announcement delivering broader and more severe tariffs than markets had anticipated. While the announcement provided more detail on trade policy, it also introduced new risks and reinforced investor concerns. The flow-through effects of these tariffs on inflation, economic growth, and company profits are still unfolding. Markets are forward-looking and have quickly priced in a more challenging outlook, even though macroeconomic data has yet to fully reflect any anticipated weakness.

Tariffs reduce global productivity and lead to slower growth and higher inflation. In our opinion, how tariffs are introduced and then phased out matters. Large and sudden policy announcements followed by retaliatory and counter announcements give economies and business little time to adjust and cause businesses to pause and reposition, rather than focus on growth. Over time tariffs will force innovation and new business models, but that road can be long and uncertain.

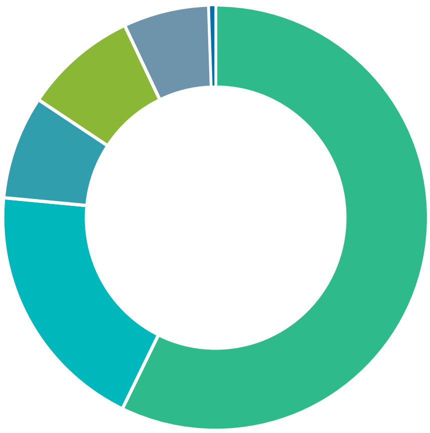
The Global Equities Fund is underweight US equities, where high valuations leave little room for earnings disappointments. Other markets offer better value but would also be impacted by widespread tariffs that slow economic growth. If current trends persist, our managers will reassess portfolio positioning as the relative attractiveness of different regional markets and stocks change.

TOP 10 FUND HOLDINGS AT QUARTER END*

Security	Weight
Apple Inc.	3.5%
Alphabet Inc.	3.2%
Amazon.com Inc.	2.9%
Microsoft Corp.	2.3%
Uber Technologies Inc.	2.2%
Salesforce Inc.	2.1%
Siemens AG	1.7%
Nestle SA	1.6%
Heineken NV	1.5%
Visa Inc.	1.5%
Major holdings as % of total portfolio	**22.4%**

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

SECURITIES BY GEOGRAPHY (PRIMARY LISTING)



North America, 57.2%
Europe excl. UK and Ireland, 19.3%
Japan, 7.9%
Asia Pacific excl. Japan, 8.6%
UK and Ireland, 6.5%
ROW, 0.5%

SECURITIES BY INDUSTRY CLASSIFICATION (GICS)

Information Technolology, 17.2%
Financials, 15.9%
Health Care, 15.5%
Industrials, 11.5%
Communication Services, 9.7%
Consumer Discretionary, 9.7%
Consumer Staples, 9.2%
Utilities, 4.3%
Materials, 4.2%
Energy, 1.7%
Real Estate, 1.1%

Conclusion

We continue to expect any global trade war to calm down as deals are done between nations and exemptions increased to try and limit damage to economic growth. A global recession would be bad for equity market returns and the prospects of re-election for many politicians.

The portfolio remains exposed to a combination of fundamental growth, shifting long term thematics and underlying value / low volatility investment styles. The current macro backdrop supports our low volatility manager for the first time in two years and we remain confident that all our managers will continue to find attractive opportunities and limit their exposure to the weakest parts of the market.

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

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