

Listed Property Fund

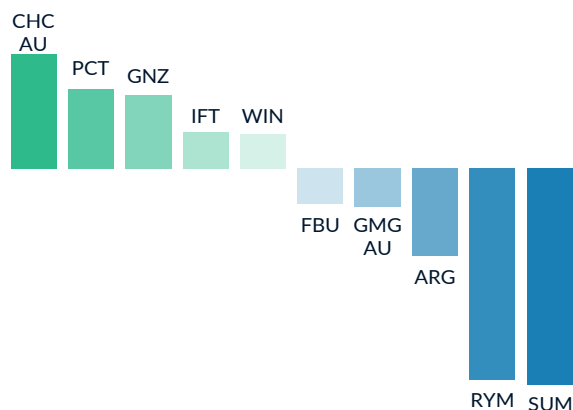
Investor Factsheet for the quarter ended 31 March 2026

	Quarter Performance	1 year	3 years*	5 years*	Since Inception*
Gross Fund Return**	-10.33%	6.84%	1.76%	-1.37%	6.21%
S&P/NZX 50 All Real Estate Gross with Imputation***	-9.23%	7.51%	1.48%	-2.12%	6.33%
Out/under performance	-1.11%	-0.67%	0.28%	0.74%	-0.11%
Tracking error	n/a	1.49%	1.37%	1.72%	3.88%
Information ratio	n/a	-0.45	0.21	0.43	-0.03
Sharpe ratio	n/a	0.28	-0.22	-0.39	0.28

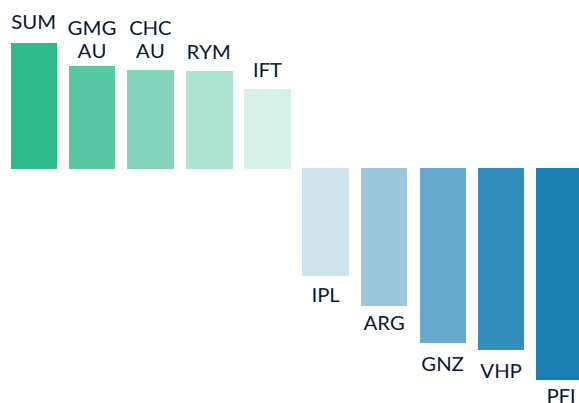
Key Fund Facts as at 31 March 2026

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)	\$81,110,510	Unit Price	2.2209

ATTRIBUTION (ROLLING 4QS TO 31 MARCH 2026)



PORTFOLIO CONVICTION (AS AT 31 MARCH 2026)



The fund in its macro context

March was an exceptionally weak quarter for the property sector. Escalating hostilities in the Middle East pushed interest rates higher in the final month of the quarter, accelerating declines in an already soft sector. The New Zealand 10-year government bond yield rose sharply to around 4.75% in March, up from approximately 4.35% in February and ~4.5% in December. Higher interest rates affect both valuations and earnings in the property sector, contributing to the whipsaw in property sector prices.

Over the past six months, the sector has swung from delivering the third-strongest six-month return in 30 years to recording the fifth-largest decline. A ~13% fall in the property index over this period cannot be explained by relatively modest long term interest rate movements alone. In our view, the damage was largely done following two significant capital calls in the December quarter (Precinct Properties and Vital Healthcare), with investor confidence yet to fully recover.

Portfolio attribution

For the quarter ended 31 March, the Listed Property Fund delivered a gross return of -10.33%, underperforming the fund's benchmark return of -9.23% by -1.10%.

On a rolling four quarters to 31 March, the Fund delivered a gross return of 6.84%, underperforming the fund's benchmark return of 7.51% by -0.67%.

Our largest positive contributors to relative performance were our out of index position in Charter Hall Group (CHC) and our underweight position in Precinct Properties (PCT).

* 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.

CHC delivered strong performance over the first three quarters, supported by multiple guidance upgrades driven by disciplined cost control and a recovery in activity from the 2023 trough. Its funds management focus leaves earnings highly leveraged to improvements in asset values, real estate activity, and capital markets demand. This outperformance unwound somewhat in the March quarter with CHC joining the rate-driven pullback in the sector.

PCT underperformed the sector over the past 12 months, reflecting a \$310m capital raising in October 2025, a softer 1H result in February 2026 (largely due to acquisition timing), and concerns around its large development pipeline. The company has performed well in building its funds management arm, and the core portfolio remains sound. We have added materially to the position, moving from a significant underweight a few years ago to broadly neutral relative to the sector, as the market appears to be largely discounting the prospect of future dividend growth.

Our out of index exposure to the aged care sector has been the biggest detractor to performance over the last 12 months with positions in Ryman Healthcare and Summerset accounting for the entire underperformance. Rising medium-term rates pressure operating free cash flows and development returns. The sector is highly rate-sensitive given its reliance on home prices, housing market transaction volumes and deferred management fees to generate profits. Accordingly, a softening in housing market sentiment weighed on performance during the quarter.

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 PCT and Goodman NZ. We have moved PCT to be broadly neutral after recent underperformance.

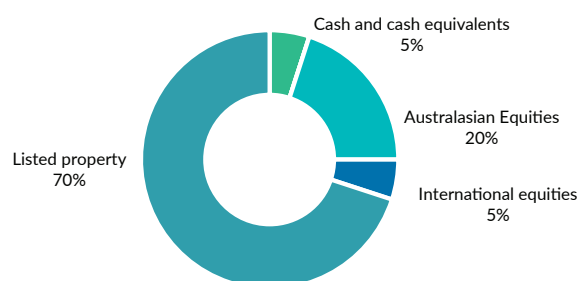
We have reduced our exposure to aged care stocks, as our earlier thesis of improving fundamentals – supported by a strengthening economy, a firmer labour market, and rising house prices – has been undermined by escalating hostilities in the Middle East and renewed expectations of higher interest rates.

We have taken advantage of weakness in Infratil (IFT) to add to holdings through the quarter. 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 centres, making approved projects like the ones IFT has more valuable.

TOP 10 FUND HOLDINGS AT QUARTER END

Security	Weight
Precinct Properties New Zealand Limited	19.3%
Goodman Property Trust	18.4%
Kiwi Property Group Limited	14.8%
Property For Industry Limited	9.2%
Vital Healthcare Property Trust	8.7%
Argosy Property Limited	8.6%
Stride Property Group	6.6%
Investore Property Limited	2.1%
New Zealand Rural Land Company	2.1%
Summerset Group Holdings Limited	1.3%
Major holdings as % of total portfolio	91.0%

TARGET ASSET ALLOCATION



Outlook

With none of the larger cap stocks reporting preliminary revaluations to date, we are likely to see property valuations remain broadly stable. We do not expect dividends will need to be cut, but we are expecting outlook statements to remain on the conservative side given the macro outlook continues to be challenging, and will no doubt be weighing on occupier demand.

The sector is currently trading at a 24% discount to NTA and a gross yield of 8.6%, an almost 400bp spread to long bond rates. The longer oil supply remains restricted, the larger the second-order impacts on tenant demand, market rents, and supply of new stock become. However, this would also likely coincide with a shift in the market’s focus from inflation to recession risks. We continue to view property sector earnings as defensive given long leases to high-quality tenants, fixed annual rental increases, and under-renting. Replacement cost and economic rents are rising and will continue to limit new supply.

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



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