Octagon ASSET MANAGERS a graviton partner

30 June 2025 — Octagon Global Balanced

Fund Details

Currency	GBP(£)
Risk profile	Moderate
Investment period	5 years
Launch date	01 August 2013

Fund Objectives

The investment objective of the Fund is to provide long-term capital growth through a moderate exposure to equity markets over a market cycle. This Fund is suitable for investors who require average capital growth over a 5-year or longer timeframe. Total equity exposure limited to 75%.

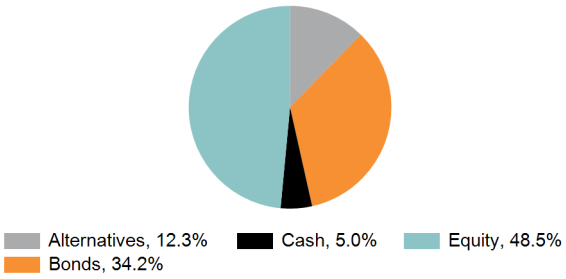
Holdings as at Month End	%
Cash	
Ninety One GSF Sterling Money I Acc GBP	5.00
European Funds	
Allianz Continental European	1.50
Man GLG Continental European Growth	1.50
Polar Capital European Ex UK	2.50
Corporate Bond Funds	
Allianz Strategic Bond I Acc	5.50
Hermes Global High Yield Credit	2.50
Jupiter Strategic Bond	4.40
Ninety One Global Total Return Credit K GBP Acc	3.50
The Colchester Global Bond	3.50
Vontobel - TwentyFour Absolute Return Credit	7.30
Global Emerging Markets Funds	
Aubrey Global Emerging Markets Opportunities	1.80
Fidelity Fast Emerging Markets	1.80
Pacific North of South EM All Cap Equity	2.30
Japanese Funds	
Baillie Gifford Japanese	2.80
North American Funds	
Brown Advisory Beutel Goodman U.S. Value	4.00
Brown Advisory US Mid Cap Growth B GBP Acc	3.00
Dodge & Cox Worldwide - U.S Stock	4.00
Fidelity Funds - American Special Situations Fund	1.40
FTGF ClearBridge US Equity Sustainability Leaders	2.50
Granahan US Focused Growth	1.10
Loomis Sayles U.S. Growth Equity	4.50
M&G North American Dividend	3.10
Polen Capital Focus US Growth	4.50
UK Equity Funds	
Franklin UK Managers Focus	0.50
Invesco UK Opportunities	0.50
Schroder Recovery	1.10
Govt Bond Fund	
iShares GiltTrak Index	11.00
Alternative Funds	
Sanlam Multi Strategy Fund	8.80
Global Equity Fund	
Sanlam Real Assets	2.70
Developed Asia ex Japan Funds	
Schroder ISF Asian Total Return	1.40

Key Information

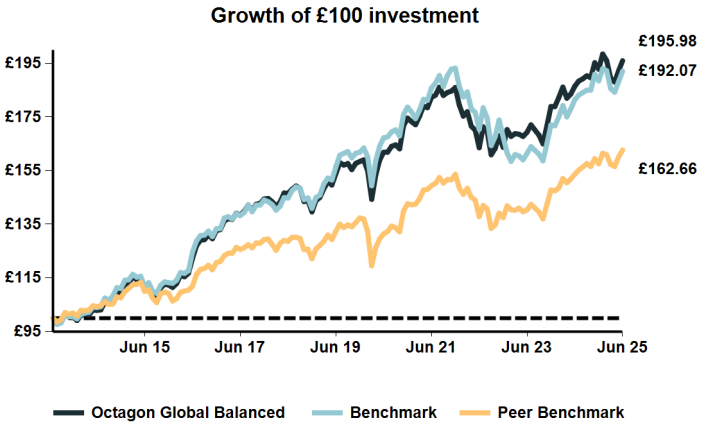
Benchmark	%
MSCI AC World	50.00
Barclays Global Aggregate UK Government Bond Index	22.50
Barclays Global Aggregate Corporate Bond Index GBP Hedged	22.50
GBP Cash	5.00

Fees (incl. VAT)	
Annual Wrap fee	0.46
Underlying Manager TER's	0.63

Global Asset Allocation



Cumulative performance since launch*



Performance (%)	Fund*	Benchmark	Peer Benchmark
1 Month	1.97	2.09	1.59
3 Months	3.47	3.52	3.41
6 Months	1.65	1.93	3.26
YTD	1.65	1.93	3.26
1 Year	5.10	5.85	5.87
2 Years (annualised)	7.60	9.09	7.67
3 Years (annualised)	6.22	4.08	5.68
5 Years (annualised)	3.90	2.81	4.36
10 Years (annualised)	5.87	5.58	3.99
Since Launch (annualised)	5.81	5.63	4.17

Risk statistics (since launch)	Fund*	Benchmark
Returns (annualised)	5.81%	5.63%
Standard deviation (annualised)	7.09%	7.34%
% Positive months	62.24%	61.54%
Maximum drawdown	-13.54%	-17.97%
Sharpe ratio	0.48	0.44

* The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and does not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. The information contained in this document has been recorded and arrived at by Octagon Asset Managers (Pty) Ltd (FSP) Licence No. 45236 in good faith and from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to the accuracy, completeness or correctness. Performance figures are calculated using net returns (after-fee) of underlying managers but are quoted gross of wrap fund fee. Performance figures for periods greater than 12 months are annualised. All data shown is at the month end. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may go down as well as up and are not guaranteed. You may not get back the amount you invest.

Ground Floor, 31 West Street, Houghton, Johannesburg. Tel: +27 (11) 440-6750, Fax: +27 (11) 440-7333.
www.octagonfinancial.co.za
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Commentary

Market Review

June saw the US and China, the world's two largest economies, meet in London to advance trade discussions. They aimed to build mutual understanding, strengthen co-operation, and reduce miscommunication. The US and China finalised a trade understanding reached in Geneva, US Commerce Secretary Howard Lutnick claimed. The China deal, which Lutnick claimed had been signed, sets out the terms laid out in trade talks between Beijing and Washington, including a commitment from China to deliver rare earths, according to the report. Reuters reported that President Trump said the US had signed a deal with China, without providing additional details. According to the OECD's June 2025 economic outlook, global growth is projected to slow from 3.3% year-on-year (y/y) in 2024 to 2.9% y/y in both 2025 and 2026. The deceleration is expected to be most pronounced in the US, Canada, Mexico and China, with more modest slowdowns in other regions. Inflationary pressures have re-emerged in some economies, driven partly by increased trade costs in countries implementing new tariffs.

US non-farm payrolls increased slightly in May, with job gains continuing but at a slower pace than in April. The Bureau of Labor Statistics reported a slowdown in hiring in the US in May compared with April, as businesses and consumers responded cautiously to tariffs and concerns about a weakening economy. Non-farm payrolls increased by 139 000, exceeding the Dow Jones forecast of 125 000 but below April's revised total of 147 000. The Bank of England (BoE) decided to keep rates at 4.25%, as inflation remained at its highest level for more than a year and above the bank's target rate. BoE Governor Andrew Bailey said interest rates remained on a gradual downward path but warned that the world was highly unpredictable. The US Federal Reserve (Fed) kept interest rates steady in a range between 4.25% to 4.5%, where it has been since December 2024. This is after expectations of higher inflation and lower economic growth ahead.

Developed market (DM) equities maintained their positive momentum into June, when the MSCI World Index ended at 2.66% month-on-month (m/m) in pound sterling. Equity markets had a brief pullback mid-month as conflict between Israel and Iran escalated, and the US got involved. Ultimately, the conflict de-escalated, and equities resumed their gains into month-end. Emerging market (EM) stocks also had a strong run in June, when the MSCI EM Index posted the biggest gains at 4.33% m/m in pound sterling. The S&P 500 followed suit, ending up 3.41% m/m in pound sterling. Global property posted a loss of 0.56% m/m for June, and global bonds posted gains of 0.27% m/m over the same period, both in pound sterling. The FTSE 100 Index saw a marginal gain of 0.05% m/m in pound sterling, as well as the Euro Stoxx 50 Index up 0.62% m/m in pound sterling. The Dow Jones Index was also positive for the month. Japan's benchmark Nikkei Index continued May's gains into June, ending the month up 5.01% m/m in pound sterling.

Positioning and Outlook

Consensus on MSCI World earnings growth is about 4.5% for the next 12 months and 11.5% the following year, while emerging market earnings are expected to grow by 12.5% this year and 12.5% the following year as well. However, despite this positive trajectory for global corporate earnings and strong price momentum over the quarter, geopolitical risks remain elevated and can impact investor sentiment negatively. As such, profit-taking on overweight positions to equities seem warranted currently, and a more neutral stance on risk assets is proposed for the remainder of this year. The current business cycle can hardly be described as normal due to the uncertainty about Trump's policies. A neutral weighting is retained in global bonds as a hedge against a bad economic outcome/recession later in the year. In the case of inflation-linked bonds, an underweight position is held as inflation seems to be tempered in the short term due to slower economic growth.

Chinese consumption and growth remain a key concern for global growth. The quantum of stimulus packages in the near term, along with the extent to which China can weather the impact of a trade war with the US, will be key. In the euro area, activity has improved in the short term, but generally soft economic data remains a concern. Emerging economies continue to show resilience, and with the potential for easier monetary policy, growth could accelerate pending global trade speedbumps.