



Pie Funds

Slice of Pie

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

ISSUE 184 • DECEMBER 2023



A turning point in interest rates

A MESSAGE FROM MIKE

Welcome to Pie KiwiSaver Scheme members



**“We exist to make
money for clients, so
performance matters
more than growing our
customer base.”**

Mike Taylor
Founder & CIO



A MESSAGE FROM MIKE

A turning point in interest rates

Welcome to our KiwiSaver members and your first newsletter under the Pie banner. I'm pleased to report that November was the best month for our members since the scheme was launched in 2018, with the Growth Fund up 6.6%!

I hope you enjoy this quick summary of markets. All feedback is welcome, so please let me know what you like or what we can improve.

In November, global markets posted a strong recovery, which is a welcome change to the tone for most of the year, and follows on the back of a difficult September/October period. The main reason for the rally was a fall in long-term interest rates. What a relief! For the past two years, interest rates have been climbing faster than Alex Honnold up El Capitan! So hopefully, November marked a turning point. It has certainly felt relentless especially for mortgage holders. I need to refix a portion of my mortgage and the rates now have a 7 handle, 2% feels like a lifetime ago.

The turning point for interest rates was marked by positive signs around the world that inflation is now under control. Eurozone inflation for example is back to 2.4% having been as high as 10.1% in November last year. The rapid fall in inflation has led investors to believe that rate hikes are done, and we may even have rate cuts by the middle of next year. This despite Central Banks, and our own Reserve Bank, continuing to tell the market the fight with inflation still has more rounds to go.



In my opinion, the fall in inflation has little to do with interest rate rises and everything to do with COVID-19. Supply chains were so disrupted during the pandemic, that the price of goods and services had to go up. Demand exceeded supply. Economics 101. People were desperate for goods and willing to pay a premium for anything from Gib to e-bikes. That caused inflation. Now retailers are discounting again. As a small economy, and because our lockdowns lasted until 2022, that means its taking a little longer to work the inflation out of the system here in Aotearoa.

As a reminder, this global market sell off, which began in 2021, has been caused by rapidly rising interest rates, which are a tool Central Banks use to bring down inflation. The logic is as follows: They raise interest rates, which reduces the money we have available to spend, that slows demand, which in turn slows spending, causing prices to fall. But this time around, demand hasn't fallen that much, it's more about supply coming back.

So what now? Well at Pie, I've been banging the drum that what the market needed was lower rates to instil confidence and rally. I also said that the rally from a change in interest rate policy can happen very quickly and long before central banks start to cut rates.

At our Investor Roadshow in early November I showed two examples (1982 and 2018) where stocks rallied >20% in a couple of months, as fears of higher and

higher interest rates subsided. I believe we are now in a similar situation.

What are we doing about it? We have reduced cash levels across all the funds and are looking for value in areas of the market that have been oversold in 2022 and 2023. We believe Magnificent 7 (Apple, Amazon, Google, Meta, Microsoft, NVIDIA and Tesla) are fairly priced, but there are significant opportunities in small caps and sectors that have been hammered by higher interest rates. We have positioned for this.

Finally, investors are prepared for a “soft economic landing”, but in an unpredictable world, we have also given thought to what a “hard or no landing” scenario might look like and how we might need to pivot in either case.

In the words of the late Charlie Munger "We have the same problem as everyone else: It's very hard to predict the future." I had the privilege of attending the Berkshire Hathaway AGM, or the Warren & Charlie show four times in my career. Charlie was very understated, but he had an extremely sharp wit and a great investing brain. Often at the events, it would appear that he was asleep, only to perk up, rattle off a memorable quote, before promptly nodding off again. RIP Charlie Munger 99.

Welcome to Pie KiwiSaver Scheme members and our two new funds.

This month, as well as combining JUNO and Pie under one brand, we are launching two new funds. Pie Property & Infrastructure and Pie Fixed Income. They are the first new products in five years and we believe the timing is right to launch both of these funds. For long-term investors, there is no better time to buy an asset than when the price has fallen, which it has done for Property, Infrastructure and Fixed Income over the last two years.

Moving forward to access your fact sheets you can find them [here](#), or click through direct from the performance table on page www.piefunds.co.nz/Performance-and-Unit-Prices.

Thank you again for your support. If you have any questions, please don't hesitate to email me on mike@piefunds.co.nz



Mike Taylor
Founder and Chief
Investment Officer

Find out More

Fixed Income Fund

Property & Infrastructure Fund

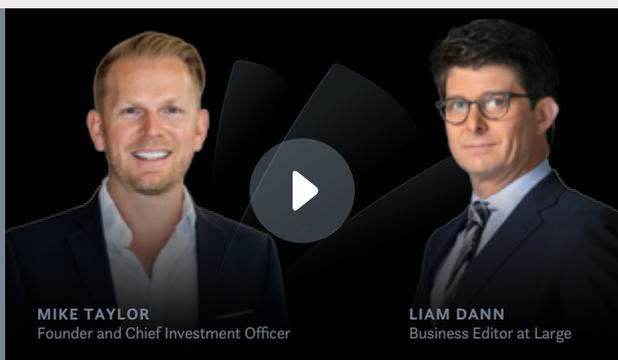
Pie KiwiSaver Scheme

Information is current as at 30 November 2023. Pie Funds Management Limited is the manager of the funds in the Pie Funds Management Scheme and Pie KiwiSaver Scheme. Any advice is given by Pie Funds Management Limited and is general only. Our advice relates only to the specific financial products mentioned and does not account for personal circumstances or financial goals. Please see a financial adviser for tailored advice. You may have to pay product or other fees, like brokerage, if you act on any advice. As manager of the Pie Funds Management Scheme investment funds, we receive fees determined by your balance and we benefit financially if you invest in our products. We manage this conflict of interest via an internal compliance framework designed to help us meet our duties to you. For information about how we can help you, our duties and complaint process and how disputes can be resolved, or to see our product disclosure statement, please visit www.piefunds.co.nz. Please let us know if you would like a hard copy of this disclosure information. Past performance is not a guarantee of future returns. Returns can be negative as well as positive and returns over different periods may vary.

Market Watch

TESLA, NVIDIA, THE STARS LEADING WALL STREET'S RECOVERY, AND WHY NZ IS LAGGING.

Founder & Chief Investment Officer Mike Taylor and the NZ Herald's Liam Dann discuss the latest in markets.



MIKE TAYLOR
Founder and Chief Investment Officer

LIAM DANN
Business Editor at Large



Monthly Updates

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

 Pie Funds

 Pie KiwiSaver Scheme



Funds Snapshot

Monthly Update as at 30 November 2023

AUSTRALASIAN GROWTH		GLOBAL GROWTH		DIVERSIFIED		KIWISAVER	
FUND DETAILS							
	Fund Status	Inception Date	Unit Price	Standard Withdrawal Period	Lead Portfolio Manager(s)	Co-Portfolio Manager	
	Australasian Growth	OPEN	Dec-07	\$6.61	15 working days	Michael Goltsman	Mike Ross
	Australasian Emerging	CLOSED	Apr-13	\$5.66	15 working days	Kent Williams	Michelle Lopez
	Australasian Growth 2	OPEN	Aug-15	\$2.17	10 working days	Michelle Lopez	Kent Williams
	Australasian Dividend Growth	OPEN	Sep-11	\$3.98	10 working days	Mike Ross	Michael Goltsman
	Global Growth	OPEN	Sep-13	\$2.30	10 working days	Guy Thornewill*, Toby Woods* & Mike Taylor	
	Global Growth 2	OPEN	May-18	\$1.20	5 working days	Guy Thornewill*, Toby Woods* & Mike Taylor	
	Growth UK & Europe	OPEN	Nov-16	\$1.62	10 working days	Guy Thornewill*, Toby Woods* & Mike Taylor	
	Conservative	OPEN	Apr-15	\$1.16	5 working days	Mike Taylor & Travis Murdoch	
	Chairman's**	OPEN	Sep-14	\$2.19	5 working days	Mike Taylor	Michelle Lopez
	Pie KiwiSaver Conservative		Aug-18	\$1.14		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Balanced		Aug-18	\$1.24		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Growth		Aug-18	\$1.41		Mike Taylor, Travis Murdoch	

*Guy Thornewill and Toby Woods are responsible for research and analysis,
 **Minimum investment is \$500,000

AUSTRALASIAN GROWTH		GLOBAL GROWTH		DIVERSIFIED		KIWISAVER	
PERFORMANCE							
	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)	Annualised since inception
	Australasian Growth	5.7%	12.5%	-4.1%	6.1%	4.4%	12.7%
	Australasian Emerging	6.6%	9.3%	1.2%	11.7%	9.7%	17.7%
	Australasian Growth 2	5.0%	-2.3%	-5.6%	7.0%	7.5%	9.9%
	Australasian Dividend Growth	3.7%	7.0%	10.1%	10.6%	11.3%	15.2%
	Global Growth	6.8%	0.3%	3.6%	8.7%	9.1%	8.6%
	Global Growth 2	8.6%	7.8%	1.7%	5.7%		3.5%
	Growth UK & Europe	7.6%	-2.0%	3.0%	6.1%	6.8%	7.1%
	Conservative	2.6%	5.9%	1.2%	2.7%	3.2%	3.6%
	Chairman's	6.3%	3.6%	1.9%	8.2%	7.9%	8.9%
	Pie KiwiSaver Growth	6.6%	9.0%	-2.0%	7.9%		6.9%
	Pie KiwiSaver Balanced	5.4%	7.8%	-1.3%	4.9%		4.3%
	Pie KiwiSaver Conservative	3.0%	5.7%	-0.4%	2.7%		2.5%

Figures are after fees and before any individual tax except for the KiwiSaver returns which are before fees and any individual tax

Funds Snapshot

Monthly Update as at 30 November 2023

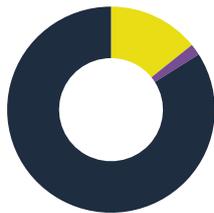
TOTAL FUNDS UNDER MANAGEMENT: \$2.1b¹

INVESTMENT MIX

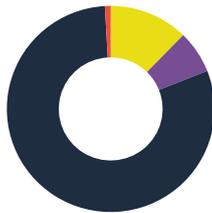
AUSTRALASIAN GROWTH



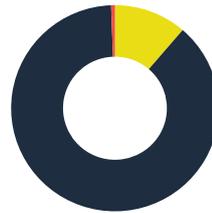
AUSTRALASIAN EMERGING



AUSTRALASIAN GROWTH 2



AUSTRALASIAN DIVIDEND GROWTH



GLOBAL GROWTH



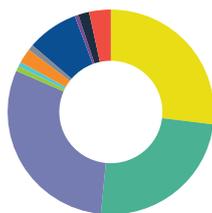
GLOBAL GROWTH 2



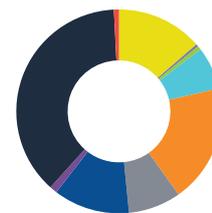
GROWTH UK & EUROPE



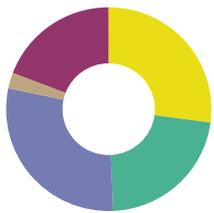
CONSERVATIVE



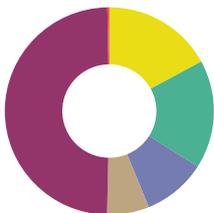
CHAIRMAN'S



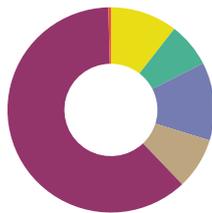
PIE KIWISAVER CONSERVATIVE



PIE KIWISAVER BALANCED



PIE KIWISAVER GROWTH



1. Total funds under management includes \$276.6m of interfund investments ie Chairman's Fund investing into other funds.

Information is current as at 30 November 2023. Pie Funds Management Limited is the manager of the funds in the Pie Funds Management Scheme. Any advice is given by Pie Funds Management Limited and is general only. Our advice relates only to the specific financial products mentioned and does not account for personal circumstances or financial goals. Please see a financial adviser for tailored advice. You may have to pay product or other fees, like brokerage, if you act on any advice. As manager of the Pie Funds Management Scheme investment funds, we receive fees determined by your balance and we benefit financially if you invest in our products. We manage this conflict of interest via an internal compliance framework designed to help us meet our duties to you. For information about how we can help you, our duties and complaint process and how disputes can be resolved, or to see our product disclosure statement, please visit www.piefunds.co.nz. Please let us know if you would like a hard copy of this disclosure information. Past performance is not a reliable indicator of future returns. Returns can be negative as well as positive and returns over different periods may vary.



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