



Conservative Fund

Monthly Update as at 31 May 2025

PORTFOLIO MANAGER(S)



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FUND COMMENTARY

The Conservative Fund delivered a return of 1.6% during the month, bringing its 12-month performance to 6.0%.

The resilience and corresponding strength of global markets surprised investors (positively for a change) during the month of May, with all major indices posting solid gains. Notably, a host of positive earnings announcements from the tech sector and a quietening down of the global tariff war were the main catalysts. And whilst volatility was still high, it was much lower and generally calmer than the chaos of April 2025.

It was a challenging month in fixed income markets. Rates generally moved higher (pushing bond prices lower), led by the US, as markets remain cautious about the volume of treasury bonds that the US government will need to issue to finance the fiscal deficit.

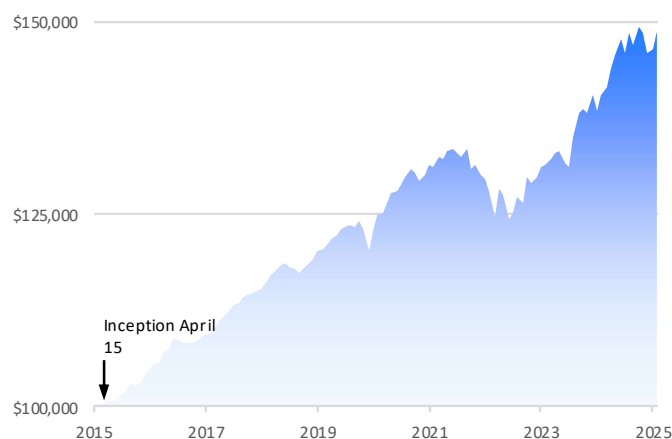
This narrative was compounded by credit rating agency Moody's downgrading the US government from Aaa, noting the tax bill making its way through Congress suggests excessively high deficits are likely to persist.

Back home, the RBNZ cut the OCR by 0.25% to 3.25%. However, the tone of the meeting was notably hawkish. One committee member voted against cutting and acting governor Hawkesby noted they are not biased towards further cuts at their next meeting. Nonetheless, we continue to think the underlying economy remains weak in most regions of New Zealand, which will keep inflation pressures at bay and ultimately lead to more rate cuts.

Meanwhile, despite the cut to the OCR in New Zealand, global long term interest rates crept higher - meaning investors can't completely relax just yet. However, we remain optimistically cautious that, with the US administration now focusing on growth and meaningful "deals," the worst of the tariff volatility could be in the rearview mirror.

CUMULATIVE FUND PERFORMANCE

If you had invested \$100,000 at inception, the graph below shows what it would be worth today, before tax.



FUND DETAILS

Recommended minimum investment period

3 years

Objective

Capital preservation (with some growth) which outperforms the market index over a period exceeding three years.

Description

Invests predominantly in fixed-interest securities and some cash, with an allocation to equities (directly or through other products issued by Pie Funds). It may also invest in other products such as term deposits and bonds.

Inception date

April 2015

Standard withdrawal period

5 working days

Risk indicator





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PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)	Annualised since inception
Conservative Fund	1.6%	6.0%	5.1%	3.5%	3.6%	4.0%	4.0%
MARKET INDEX ¹	1.5%	7.8%	6.1%	4.3%	4.6%	4.6%	4.7%

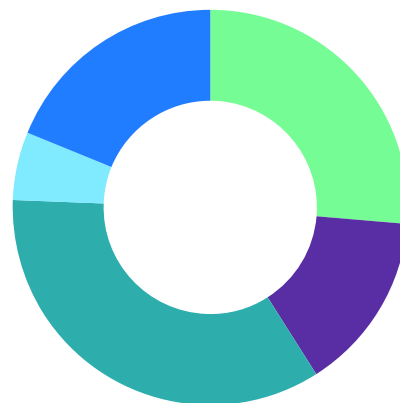
Returns after fees but before individual PIR tax applied

The market index is a composite index (25% NZBond Bank Bill Index (NZD), 15% Bloomberg NZBond Credit 0+ Yr Index (NZD), 35% Bloomberg Global Aggregate Corporate Total Return Index (100% hedged to NZD), 6% S&P/ASX Small Ordinaries* Total Return Index (75% hedged to NZD), 19% S&P Global Broad Market (BMI) Total Return Index (75% hedged to NZD)). *Prior to 1 May 2025 this was ASX All Ordinaries.

INVESTMENT MIX

Cash and cash equivalents	26.3%
New Zealand Fixed Interest	14.7%
International Fixed Interest	34.6%
Australasian Equities	5.6%
International Equities	18.8%

Asset allocation is rounded to the nearest tenth of a percent; therefore, the aggregate may not equal 100%



TOP FIVE HOLDINGS (EXCLUDING CASH)

Bank of New Zealand 4.889% 19/11/2029
International Business Machine 3.625% 06/02/2031
Johnson & Johnson 3.35% 26/02/2037
McDonald's Corp 4.6% 15/05/2030
Visa Inc 3.125% 15/05/2033

Holdings are listed in alphabetical order.

UNIT PRICE

\$1.23

ANNUALISED RETURN SINCE INCEPTION

4.0% p.a.

after fees and before tax

FUND STATUS

CLOSED

OPEN



Information is current as at 31 May 2025. Pie Funds Management Limited ("Pie Funds") is the issuer and manager of the funds in the Pie Funds Management Scheme and the Pie KiwiSaver Scheme ("Schemes"), the product disclosure statements of which can be found at www.piefunds.co.nz. Past performance is not an indicator of future returns. This information is general only. Please see a financial adviser for tailored advice.