



Pie Fixed Income Fund

Monthly Update as at 31 August 2024

PORTFOLIO MANAGER(S)



TRAVIS MURDOCH

Head of Fixed Income and Portfolio Manager



MIKE TAYLOR

Founder and Chief Investment Officer

FUND COMMENTARY

The Fixed Income Fund returned 1.3% during the month, bringing the return since its inception in December 2023 to 6.9%.

August was a wild ride for most asset classes. Pleasingly, bonds served as a useful hedge during the equity market turmoil at the start of the month and held onto solid gains as equities recovered.

There were several causes of the market turmoil at the start of the month, including an unwinding of the Yen carry trade. However, the fundamental catalyst was a weaker-than-expected Non-Farm Payrolls report which caused markets to question the underlying strength of the US economy. As markets priced in higher recession risk, equities sold off and bonds rose sharply in anticipation of steeper interest rate cuts.

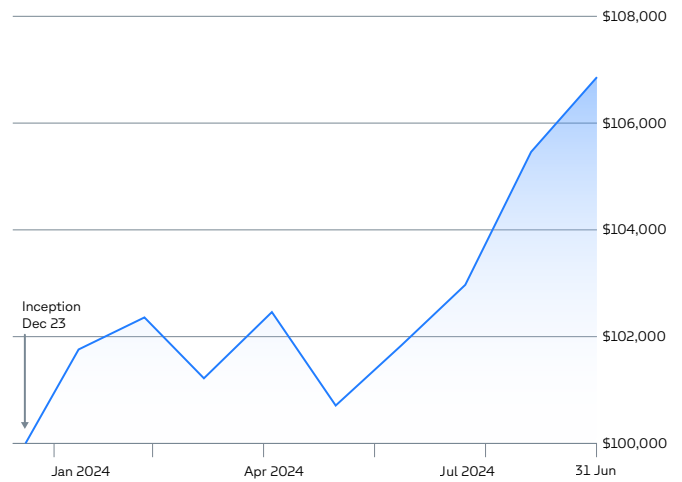
The growth scare ultimately proved short-lived, as subsequent economic data provided reassurance the US economy remains resilient. Nonetheless, bonds maintained solid gains aided by a speech from Federal Reserve Chair Powell at Jackson Hole where he laid the table for the Fed to commence rate cuts in September.

At home, the RBNZ cut the overnight cash rate by 0.25%, bringing it down to 5.25%. We had argued for the RBNZ to cut as soon as possible given inflation is approaching their target band and the NZ economy is very weak. We think the OCR is still excessively restrictive and the OCR needs to move materially lower with haste. Given only two RBNZ meetings remain in 2024, and the next meeting is not until February 2025, we think the RBNZ should be cutting 0.5% at each of its next two meetings.

Looking forward, bond yields remain attractive and we continue to think bonds should provide hedging protection against lower share prices if downside risks to growth were to increase.

CUMULATIVE FUND PERFORMANCE

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



● Fixed Income Fund

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 New Zealand and international fixed interest securities, and may also invest in cash.
Inception date	5 December 2023
Standard withdrawal period	Up to 5 working days
Risk indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Potentially Lower Returns Potentially Higher Returns </div> <div style="display: flex; justify-content: center; align-items: center; margin: 5px 0;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; width: 100%;"> Lower Risk Higher Risk </div>

For more information on our funds, please visit www.piefunds.co.nz/Investor-Documents



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PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	Since inception
Fixed Income Fund	1.3%				6.9%
MARKET INDEX ¹	1.5%				7.1%

Returns after fees but before individual PIR tax applied

* The market index is a composite index (70% Bloomberg Global Aggregate Corporate Total Return Index (100% Hedged to NZD), 5% Bloomberg Global High Yield Index (100% Hedged to NZD), 25% Bloomberg NZBond Credit 0+ Yr Index (NZD))

INVESTMENT MIX

Cash (including Derivatives)	9.3%
New Zealand Fixed Interest	23.6%
International Fixed Interest	67.1%

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



TOP FIVE HOLDINGS (EXCLUDING CASH)

IBM 3.625% 06/02/2031
JPMorgan Chase & Co 5.336% 23/01/2035
LVMH 3.5% 07/09/2033
New Zealand Local Government F 1.5% 20/04/2029
Transpower NZ Ltd 4.977% 29/11/2028

Holdings are listed in alphabetical order and exclude cash.

UNIT PRICE

\$1.07

RETURN SINCE INCEPTION

6.9%

after fees and before tax

FUND STATUS

CLOSED

OPEN



Information is current as at 31 August 2024. Pie Funds Management Limited is the manager and issuer of the funds in the Pie Funds Management Scheme. Any advice given by Pie Funds Management Limited 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.