



Pie Fixed Income Fund

Monthly Update as at 30 November 2024

PORTFOLIO MANAGER(S)



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Founder and Chief
Investment Officer

FUND COMMENTARY

The Fixed Income Fund returned 0.8% in November, taking the return since inception in December 2023 to 8.0%.

November was all about the US election. Fixed-income markets continued their rough ride in the lead-up to the election as economic data in the US remained firm and bond markets worried about higher government deficits under either presidential candidate. However, post-election, government bond markets regained composure, and yields closed out the month lower than where they started.

The big outperformer in the month were German government bonds, whose yields closed notably lower (bond prices higher). Bond markets are now anticipating fast rate cuts by the European Central Bank as the German economy remains weak and inflation continues to fall to more acceptable levels.

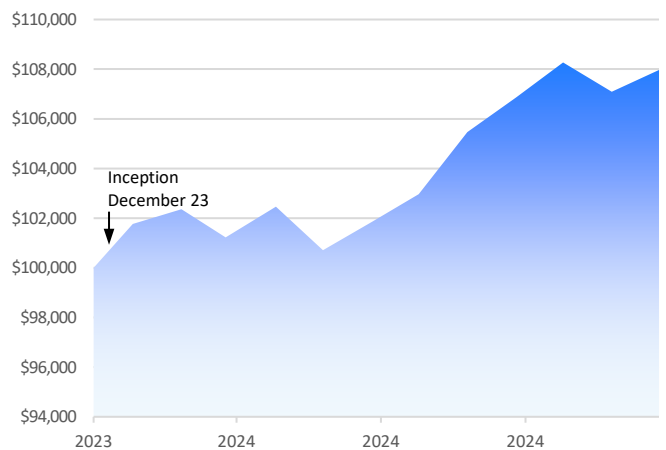
New Zealand yields only managed to end the month marginally lower despite a 0.5% rate cut from the RBNZ. This is partly because market pricing already anticipated the cut and also due to the RBNZ's updated forecasts, which appeared to show a slower rate decrease throughout 2025 than many expected.

We think the RBNZ is behind the curve and needs to be faster to start cutting rates. With the economy in recession and inflation in the middle of the target band, the OCR is still at levels that unduly restrict the economy, as acknowledged by the RBNZ. The RBNZ also acknowledged that their forecast is for rates to remain at restrictive levels until the end of 2025. We disagree with this approach and think they should have cut by 0.75% to reduce restrictions on the economy faster, especially given the next RBNZ announcement is almost 3 months away.

Looking forward, the environment for fixed income is favourable after the repricing of higher yields in recent months. Bonds continue to provide attractive yields and 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.



FUND DETAILS

Recommended minimum investment period: 3 years

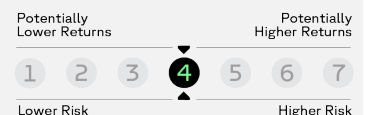
Objective: Capital preservation (with some growth) which outperforms the market index over a period exceeding three years.

Description: Invests predominantly in New Zealand and international fixed interest securities, and may also invest in cash.

Inception date: December 2023

Standard withdrawal period: Up to 5 working days

Risk indicator





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PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	Since inception
Fixed Income Fund	0.8%				8.0%
MARKET INDEX ¹	1.1%				8.4%

Returns after fees but before individual PIR tax applied

1. 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)	5.9%
 New Zealand Fixed Interest	30.1%
 International Fixed Interest	64.0%

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



TOP FIVE HOLDINGS (EXCLUDING CASH)

ASB Bank Ltd 5.24% 18/10/2027
Bank of New Zealand 4.889% 19/11/2029
International Business Machine 3.625% 06/02/2031
Scentre Group 6.721% 10/09/2054
Transpower New Zealand Ltd 4.977% 29/11/2028

Holdings are listed in alphabetical order.

UNIT PRICE

\$1.08

RETURN SINCE INCEPTION

8.0%

after fees and before tax

FUND STATUS

CLOSED

OPEN



Information is current as at 30 November 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.