



# Conservative Fund

Monthly Update as at 29 February 2024

## PORTFOLIO MANAGER(S)



### MIKE TAYLOR

Founder and Chief Investment Officer



### TRAVIS MURDOCH

Head of Fixed Income and Portfolio Manager

## FUND COMMENTARY

The Conservative Fund returned -0.3% in February, bringing it to a 12-month return of 6.6%.

February was a strong month for equities but another tough month for fixed-income markets as resilient economic growth and signs of stickiness in the last mile of inflation caused bond markets to push out further expectations for rate cuts (pushing rates higher/bond prices lower).

The weakness in bonds was broad-based but most pronounced in the US and Europe. Locally, there was some relief for bond markets at month's end when the Reserve Bank of New Zealand ("RBNZ") indicated they were not considering more rate hikes, noting, among other things, broad progress on inflation and weakness in the economy. However, the RBNZ's current forecast implies that the first-rate cuts will come in the second half of 2025. Nonetheless, we expect the RBNZ to start cutting rates in late 2024 as the full impact of higher mortgage rates is felt and inflation falls within the RBNZ's 1-3% target range.

It was a heavy month for new bond issuance in offshore markets. The Fund used the opportunity to buy bonds at attractive entry prices from companies such as Unilever in Euros, JP Morgan in USD, and Telstra in AUD.

After a rough start to the year, we can look forward as bond valuations are looking much improved. Nonetheless, with economic growth resilient and the last mile of inflation progress less certain, we expect bonds to remain volatile. In the interim, bonds continue to provide healthy yields with potential for capital gains when rates fall.

In terms of equities, we have a diversified portfolio ranging from infrastructure holdings to healthcare, US tech, and Aussie miners. Currently, the fund's equity allocation is below the target range, and we are looking for a pullback in markets to lift this.

## CUMULATIVE FUND PERFORMANCE

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



● Conservative 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 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	<p>Potentially Lower Returns   Potentially Higher Returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower Risk   Higher Risk</p>



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## PERFORMANCE

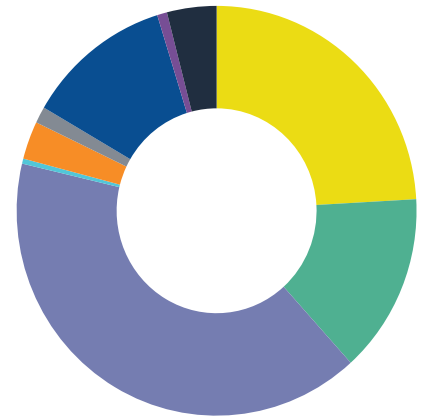
	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	Annualised since inception
<b>Conservative Fund</b>	-0.3%	6.6%	2.2%	3.1%	3.5%	3.7%
<b>MARKET INDEX<sup>1</sup></b>	0.7%	8.8%	3.1%	3.8%	4.3%	4.3%

Returns after fees but before individual PIR tax applied

1. 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 All Ordinaries Total Return Index (75% hedged to NZD), 19% S&P Global Broad Market (BMI) Total Return Index (75% hedged to NZD)).

## INVESTMENT MIX

Cash (including Derivatives)	24.1%
New Zealand Fixed Income	14.2%
Global Fixed Income	40.4%
Emerging Market Equities	0.4%
European Equities	3.0%
UK Equities	1.3%
US and Canadian Equities	11.8%
New Zealand Equities	0.8%
Australian Equities	4.0%



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

## TOP FIVE HOLDINGS (EXCLUDING CASH)

JPM 5.336% 23/01/2035

Morrison & Co High Conviction Infrastructure Fund

NZ Gov 4.25% 15/05/2034

Pfizer 4.65% 19/05/2030

Siemens AG 3.125% 22/05/2032

Holdings are listed in alphabetical order and exclude cash.

### UNIT PRICE

**\$1.18**

### ANNUALISED RETURN SINCE INCEPTION

**3.7% p.a.**

after fees and before tax

### FUND STATUS

CLOSED

OPEN



**Pie Funds**

Information is current as at 29 February 2024. 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](http://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.