



Pie Fixed Income Fund

Monthly Update as at 29 February 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 -1.1% in February, bringing it to a return since inception of 1.2%.

February was a 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 expectations for rate cuts further (lifting rates higher/bond prices lower).

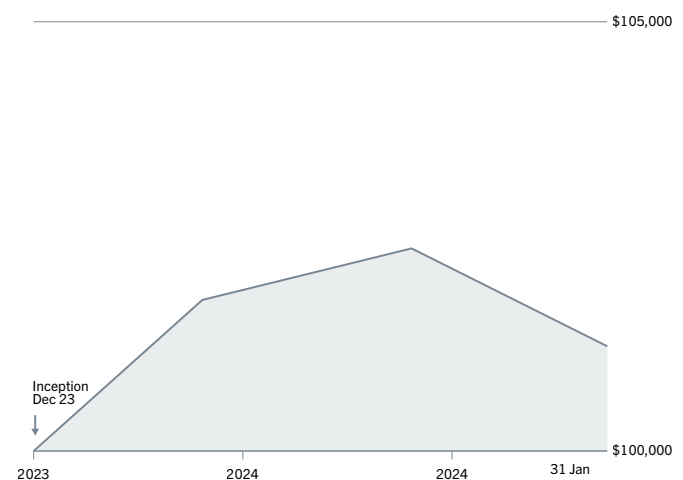
The weakness in bonds was broad-based but most pronounced in the US and Europe. Locally, there was some relief for bond markets at month's end when the Reserve Bank of New Zealand (RBNZ) indicated they were not considering more rate hikes, noting, among other things, broad progress on inflation and weakness 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.

CUMULATIVE FUND PERFORMANCE

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



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

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.)	7 yrs (p.a.)	Since inception
Fixed Income Fund	-1.1%					1.2%
MARKET INDEX¹	-0.8%					2.0%

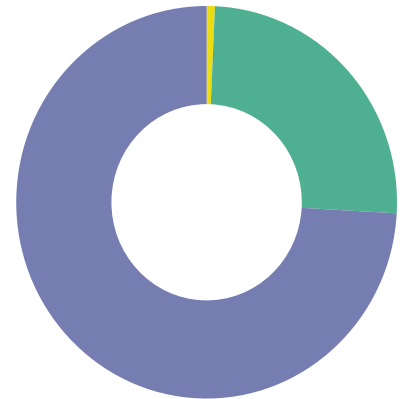
Returns after fees but before individual PIR tax applied

* 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/other (including short and long derivatives)	0.7%
New Zealand fixed income	25.2%
Global fixed income	74.1%

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
JPM 5.336% 23/01/2035
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

\$1.01

RETURN SINCE INCEPTION

1.2%

after fees and before tax



Pie Funds

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