



# Australasian Dividend Growth Fund

Monthly Update as at 31 July 2024

## PORTFOLIO MANAGER(S)



**MIKE ROSS**  
Lead Portfolio Manager



**MICHAEL GOLTSMAN**  
Co-Portfolio Manager



## FUND COMMENTARY

The Dividend Growth Fund returned 3.4% in July, bringing its 12-month return to 23.0%.

July was a strong month for Australian equities, with the Small Ordinaries index rising by 3.4%. The only two sectors that posted negative returns were Materials and Energy, while Industrials saw an aggregate increase of 5%. The Australian economy continued to show resilience: June retail sales were up by 0.5%, and inflation trended in the right direction, with headline monthly CPI falling from 4% to 3.8%, although it remains well above the Reserve Bank's 2-3% target range.

Zip Co's share price increased by 31% in July. The company announced a strong quarterly update in conjunction with a \$217m placement, which the fund participated in. Raising equity to retire debt is not generally attractive, but the punitive terms attached to Zip's corporate debt facility made sense of the timing. Zip's balance sheet has been reset, its US business is growing rapidly (~45% in the fourth quarter), and net transaction margins have expanded, driving strong growth in cash earnings. Going forward, we will be closely watching bad debts and customer trends in Australia and the US.

Aussie Broadband dropped by 8% in July after providing guidance for FY24 and FY25. The latter disappointed the market, as Aussie guided to \$125-135m EBITDA, well below expectations. The primary reasons for the downgrade included a higher than anticipated impact from the loss of the Origin white-label contract announced in March and costs associated with Buddy, the company's new value brand. We had reduced our position size ahead of this update on concerns around stranded costs associated with servicing Origin, but the guidance range was still below our forecasts. Despite the disappointment, Aussie is now trading at an attractive valuation with several growth opportunities ahead.

## CUMULATIVE FUND PERFORMANCE

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



● Australasian Dividend Growth Fund

## FUND DETAILS

Recommended minimum investment period	5 years
Objective	Generate income and capital growth over a period exceeding 5 years.
Description	Invests predominantly in listed Australasian smaller and medium growth companies paying dividends or that will produce cash-flow for future distributions.
Inception date	September 2011
Standard withdrawal period	10 working days
Risk indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Potentially Lower Returns</span> <span>Potentially Higher Returns</span> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span>2</span> <span>3</span> <span>4</span> <span>5</span> <span style="border: 2px solid green; border-radius: 50%; padding: 2px 5px;">6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; align-items: center;"> <span>Lower Risk</span> <span>Higher Risk</span> </div>

For more information on our funds, please visit [www.piefunds.co.nz/Investor-Documents](http://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.)	10 yrs (p.a.)	Annualised since inception
<b>Australasian Dividend Growth Fund</b>	3.4%	23.0%	7.0%	13.2%	13.7%	13.1%	16.1%
<b>MARKET INDEX<sup>1</sup></b>	3.9%	9.9%	0.4%	4.3%	6.9%	6.2%	3.7%

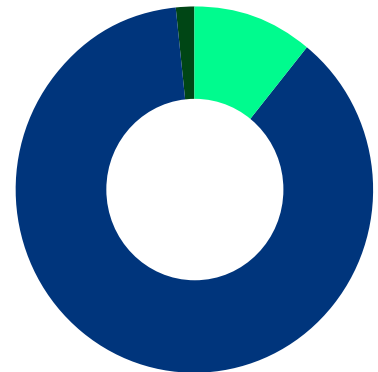
Returns after fees but before individual PIR tax applied

1. S&P/ASX Small Ordinaries Total Return Index (75% hedged to NZD).

## INVESTMENT MIX

<span style="color: green;">●</span> Cash (including Derivatives)	11.0%
<span style="color: blue;">●</span> Australian equities	87.6%
<span style="color: green;">●</span> Listed Property	1.4%

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



## TOP FIVE EQUITY HOLDINGS

AUB Group Limited
Flight Centre Travel Group Ltd
GQG Partners Inc
Johns Lyng Group LTD
Karoon Gas Australia Ltd

Holdings are listed in alphabetical order.

### UNIT PRICE

# \$4.71

### ANNUALISED RETURN SINCE INCEPTION

# 16.1% p.a.

after fees and before tax

### FUND STATUS

CLOSED

OPEN



Information is current as at 31 July 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](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.