



# Conservative Fund

Monthly Update as at 31 May 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 1.4% during the month, bringing it to a 12-month return of 6.3%.

Equity markets rebounded in May with major indices in the US and Europe making new all-time highs. The Federal Reserve got the month off to a positive start as they pushed back against the prospect of further rate hikes, which led to an easing in bond yields. A weaker US jobs report and lower-than-expected inflation numbers further allayed fears of overheating, though the market rally stalled mid-month as data outside the US showed further evidence of sticky inflation.

Equities were underpinned by a strong first quarter reporting season, with strong rises in spending on artificial intelligence fuelling optimism for future earnings growth. The Fund's best performer was once again Nvidia, which reported another very strong set of figures. Spending on AI chips and infrastructure has not started slowing down yet. Duolingo was the worst performer, falling 15% despite reporting good numbers and raising guidance, as there are market concerns that AI developments could impact its online language learning business.

In fixed income, there was notable geographic divergence, with US government bond yields moving notably lower (bond prices higher). Closer to home, New Zealand bond yields moved lower but underperformed the US as the RBNZ looked through weak economic data and emphasised their concern that domestic inflation is proving sticky and that they had considered raising rates. Meanwhile, in Europe, rates actually moved higher on signs of growth accelerating and stickiness in their inflation data, which was a drag on Fund performance.

Going forward, the runway for a soft-landing remains open and an environment of moderate economic growth and inflation should remain supportive for equity markets. Nonetheless, with global economies diverging and the US election looming, we expect there to be bouts of volatility in the coming months, which will create opportunities for active management.

## CUMULATIVE FUND PERFORMANCE

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



## 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                        | <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 style="border: 2px solid black; border-radius: 50%; padding: 2px;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; width: 100%;"> <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

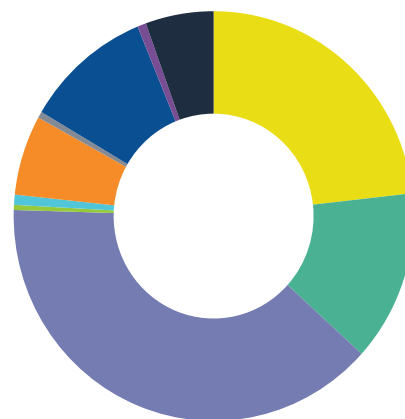
|                           | 1 month | 1 yr | 3 yrs (p.a.) | 5 yrs (p.a.) | 7 yrs (p.a.) | Annualised since inception |
|---------------------------|---------|------|--------------|--------------|--------------|----------------------------|
| Conservative Fund         | 1.4%    | 6.3% | 2.2%         | 3.1%         | 3.6%         | 3.8%                       |
| MARKET INDEX <sup>1</sup> | 1.3%    | 8.2% | 2.9%         | 3.7%         | 4.2%         | 4.4%                       |

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) | 23.2% |
| New Zealand Fixed Interest   | 13.5% |
| International Fixed Interest | 38.7% |
| Asian Equities               | 0.4%  |
| Emerging Market Equities     | 0.8%  |
| European Equities            | 6.3%  |
| UK Equities                  | 0.5%  |
| US and Canadian Equities     | 10.3% |
| New Zealand Equities         | 0.7%  |
| Australian Equities          | 5.5%  |



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

## TOP FIVE HOLDINGS (EXCLUDING CASH)

Contact Energy Ltd 6.398% 21/11/2030

JPMorgan Chase & Co 5.336% 23/01/2035

Mercury NZ Ltd 5.64% 19/06/2028

Morrison & Co High Conviction Infra Aus Feeder NZH

Pfizer Inc 4.65% 19/05/2030

Holdings are listed in alphabetical order and exclude cash.

## UNIT PRICE

# \$1.19

## ANNUALISED RETURN SINCE INCEPTION

# 3.8% p.a.

after fees and before tax

## FUND STATUS

CLOSED

OPEN



Information is current as at 31 May 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.