



# Conservative Fund

Monthly Update as at 31 March 2025

## PORTFOLIO MANAGER(S)



**MIKE TAYLOR**  
Founder and Chief  
Investment Officer



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Head of Fixed Income and  
Portfolio Manager

## FUND COMMENTARY

The Conservative Fund delivered a return of -1.7% during the month, bringing its 12-month performance to 4.0%.

Global equity markets experienced heightened volatility in March, with sentiment weighed down by escalating trade tensions. The U.S. administration's announcement of sweeping new tariffs—most notably a 25% levy on imported vehicles—sparked fears of a global trade war. As a result, U.S. equities ended the quarter under pressure, with the S&P 500 down 4.6% and the Nasdaq sliding 10.5%, marking their worst quarters since 2022.

Tariffs have contributed to rising inflation, with U.S. CPI estimated at 3.5% year-on-year. At the same time, GDP growth forecasts for 2025 have been revised down to 1.5%, reinforcing a stagflationary backdrop. This leaves the Federal Reserve in a tough position—balancing inflation control with the rising risk of recession. Goldman Sachs raised its recession probability to 35%, citing weaker corporate margins and reduced consumer demand.

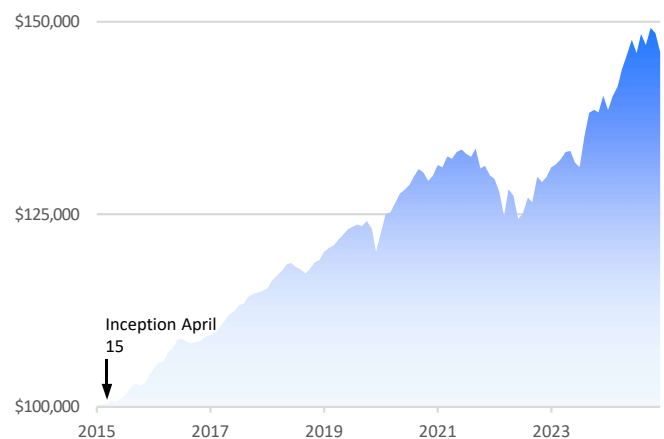
Despite the broader weakness, the Fund benefited from several bright spots. Gold rallied above \$3,100/oz as investors sought safety. UnitedHealth Group gained 12% in March on strong fundamentals and robust earnings expectations. Spanish energy company Iberdrola also outperformed, offering a stable 4% dividend yield and defensive sector exposure.

Fixed income was a relative safe haven. Bonds delivered a solid first quarter, offering diversification amid equity stress. Markets continued to grapple with how to price interest rates, weighing inflation risks from tariffs against potential global growth slowdowns. In New Zealand, the RBNZ is expected to cut the OCR by 25bps to 3.5% in April. We believe a larger 50bps cut would be more appropriate, given domestic challenges and still-restrictive policy settings.

Looking ahead, markets remain highly sensitive to trade policy and central bank signals. While a softening of tariff rhetoric or dovish policy shifts could stabilize sentiment, volatility is likely to persist. We remain focused on quality, diversification, and long-term fundamentals, and raised cash levels during the month from 19.4% to 25.7%.

## 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 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





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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	-1.7%	4.0%	3.8%	3.9%	3.4%	3.9%
MARKET INDEX <sup>1</sup>	-1.1%	6.0%	5.0%	4.8%	4.6%	4.6%

Returns after fees but before individual PIR tax applied

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 and cash equivalents	25.7%
New Zealand Fixed Interest	14.6%
International Fixed Interest	34.4%
Australasian Equities	5.2%
International Equities	20.1%

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



## TOP FIVE HOLDINGS (EXCLUDING CASH)

Bank of New Zealand 4.889% 19/11/2029
International Business Machine 3.625% 06/02/2031
Johnson & Johnson 3.35% 26/02/2037
JPMorgan Chase & Co 5.336% 23/01/2035
McDonald's Corp 4.6% 15/05/2030

Holdings are listed in alphabetical order.

## UNIT PRICE

**\$1.21**

## ANNUALISED RETURN SINCE INCEPTION

**3.9% p.a.**

after fees and before tax

## FUND STATUS

CLOSED

OPEN



Information is current as at 31 March 2025. Pie Funds Management Limited ("Pie Funds") is the issuer and manager of the funds in the Pie Funds Management Scheme and the Pie KiwiSaver Scheme ("Schemes"), the product disclosure statements of which can be found at [www.piefunds.co.nz](http://www.piefunds.co.nz). Past performance is not an indicator of future returns. This information is general only. Please see a financial adviser for tailored advice.