



Pie Funds

Slice of Pie

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

ISSUE 185 • JANUARY 2024



Our predictions for 2024

A MESSAGE FROM MIKE

What do we think at Pie?



**“We exist to make
money for clients, so
performance matters
more than growing our
customer base.”**

Mike Taylor
Founder & CIO



A MESSAGE FROM MIKE



Our predictions for 2024

Despite some dire predictions 12 months ago, 2023 turned out stronger in the end for most investors, despite several scares, including the collapse of several US Regional Banks, higher interest rates, a war in the Middle East and of course, ongoing inflation. On that last point, by November 2023, we had some encouraging signs that inflation will be back below 2% in most developed countries this year. And that set the market alight with a strong rally to finish the year.

Some notable callouts for our funds performance in 2023 were the **Pie KiwiSaver Growth Fund up +17.1%** pre fees. The **Pie Australasian Growth Fund up +25.2%**, and the **Pie Conservative Fund up +8.8%**, which had a record year, being the highest return of the fund (both after fees).

At the end of 2022, investors thought a recession was definite. The year before (2021), they thought big tech would be immune to rate increases. And a year before that (2020), they were convinced that paying high prices for stocks popular during COVID would make them rich. These were the consensus calls and they all failed.

So where is consensus now?

To start 2024 investors believe, again with absolute conviction, that the economy is heading for a soft landing with lower interest rates finally on the horizon. Maybe this time they will be right. In theory, this environment should be positive for markets, although it's no surprise that after a multi-year bear market, nobody is that bullish or willing to stick their neck out. The average forecast gain for 2024 by Wall Street strategists was essentially zero (the usual average is around 8-10%).

What do we think at Pie?

Here goes with the crystal ball.....

- **Healthcare** – has underperformed due to the GLP-1 (weight loss drug) movement which we believe will fade. It's also a defensive sector, so handy to own if economic growth slows down more than expected.
- **Small Caps** – the herd is only just moving back into small caps, so we believe this trend has a long way to go.

- **Real Estate** – despite a year end bounce, many listed property trusts are still trading at a steep discount to their Net Assets.
- **Rates** - we expect all major Central Banks, including the RBNZ to cut rates this year. The question is just by how much. With a soft economic landing, it should be around 1%, but if there is a recession, rates could be cut by 2.5-3%. Either way, rates are coming down.
- **Faster trends** – stocks, themes, sectors, regions are all coming in and going out of favour very quickly. That means explosive moves and things will get overvalued and undervalued quite quickly. Don't expect the trend to last forever, let alone a long time. Get in early, make your money, then get out.

Risks to watch out for?

- Oil price spike from Middle East war expanding.
- Disruption/tension around the US election and the results.
- Weather events such as droughts impact food prices and growth.
- Cyber attacks.

And on that note. Happy New Year everyone! A new lap begins.... Good luck ahead.

Thank you again for your support. If you have any questions, please don't hesitate to email me on mike@piefunds.co.nz



Mike Taylor
Founder and Chief
Investment Officer

Find out More

Fixed Income Fund

Property & Infrastructure Fund

Pie KiwiSaver Scheme

Information is current as at 31 December 2023. Pie Funds Management Limited is the manager of the funds in the Pie Funds Management Scheme and Pie KiwiSaver Scheme (the Schemes). 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 Schemes 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. Please let us know if you would like a hard copy of this disclosure information. Past performance is not a guarantee of future returns. Returns can be negative as well as positive and returns over different periods may vary.

Market Watch

WHAT TO EXPECT IN 2024 AND WHAT WE PICKED RIGHT AND WRONG IN 2023.

Founder & Chief Investment Officer Mike Taylor and the NZ Herald's Liam Dann discuss the latest in markets.



MIKE TAYLOR
Founder and Chief Investment Officer

LIAM DANN
Business Editor at Large



Monthly Updates

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

 Pie Funds

 Pie KiwiSaver Scheme



Funds Snapshot

Monthly Update as at 31 December 2023

AUSTRALASIAN GROWTH		GLOBAL GROWTH		DIVERSIFIED		KIWISAVER	
FUND DETAILS							
	Fund Status	Inception Date	Unit Price	Standard Withdrawal Period	Lead Portfolio Manager(s)	Co-Portfolio Manager	
	Australasian Growth	OPEN	Dec-07	\$6.97	15 working days	Michael Goltsman	Mike Ross
	Australasian Emerging	CLOSED	Apr-13	\$6.05	15 working days	Kent Williams	Michelle Lopez
	Australasian Growth 2	OPEN	Aug-15	\$2.33	10 working days	Michelle Lopez	Kent Williams
	Australasian Dividend Growth	OPEN	Sep-11	\$4.10	10 working days	Mike Ross	Michael Goltsman
	Global Growth	OPEN	Sep-13	\$2.48	10 working days	Guy Thornewill, Toby Woods* & Mike Taylor	
	Global Growth 2	OPEN	May-18	\$1.25	5 working days	Guy Thornewill, Toby Woods* & Mike Taylor	
	Growth UK & Europe	OPEN	Nov-16	\$1.75	10 working days	Guy Thornewill, Toby Woods* & Mike Taylor	
	Conservative	OPEN	Apr-15	\$1.18	5 working days	Mike Taylor, Travis Murdoch	
	Fixed Income	OPEN	Dec-23	\$1.02	5 Working days	Travis Murdoch, Mike Taylor	
	Property & Infrastructure	OPEN	Dec-23	\$1.03	5 Working days	Mike Taylor, Toby Woods & Matt Young**	
	Chairman's***	OPEN	Sep-14	\$2.32	5 working days	Mike Taylor	Michelle Lopez
	Pie KiwiSaver Conservative		Aug-18	\$1.16		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Balanced		Aug-18	\$1.29		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Growth		Aug-18	\$1.47		Mike Taylor, Travis Murdoch	

*Guy Thornewill and Toby Woods are responsible for research and analysis

**Toby Woods and Matt Young are responsible for research and analysis

***Minimum investment is \$500,000

AUSTRALASIAN GROWTH		GLOBAL GROWTH		DIVERSIFIED		KIWISAVER		
PERFORMANCE								
		1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	10 yrs (p.a.)	Annualised since inception
	Australasian Growth	5.4%	25.2%	-3.6%	7.6%	5.6%	8.0%	13.0%
	Australasian Emerging	6.9%	18.1%	2.2%	13.7%	10.9%	14.2%	18.3%
	Australasian Growth 2	7.4%	6.9%	-5.5%	10.1%	8.9%		10.7%
	Australasian Dividend Growth	4.3%	15.2%	9.1%	12.5%	12.3%	12.3%	15.5%
	Global Growth	7.7%	10.4%	3.8%	10.7%	10.0%	9.3%	9.3%
	Global Growth 2	3.8%	16.7%	2.0%	7.3%			4.1%
	Growth UK & Europe	8.2%	10.1%	1.7%	8.1%	7.9%		8.2%
	Conservative	2.3%	8.8%	1.8%	3.3%	3.5%		3.8%
	Fixed Income**							
	Property & Infrastructure*							
	Chairman's	6.3%	13.4%	1.9%	10.2%	9.0%		9.6%
	Pie KiwiSaver Growth	4.0%	17.1%	-2.2%	9.5%			7.6%
	Pie KiwiSaver Balanced	3.5%	14.5%	-1.2%	6.0%			4.9%
	Pie KiwiSaver Conservative	2.5%	9.6%	0.0%	3.3%			2.9%

Figures are after fees and before any individual tax except for the KiwiSaver returns which are before fees and any individual tax.

*The Pie Property & Infrastructure Fund and the Pie Fixed Income Fund opened for investment on 5 December 2023, therefore past performance information is not currently available.



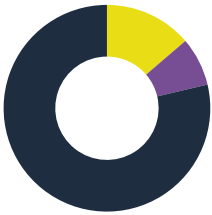
Funds Snapshot

Monthly Update as at 31 December 2023

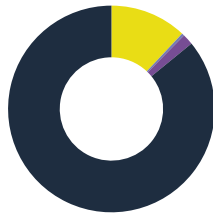
TOTAL FUNDS UNDER MANAGEMENT: \$2.5b¹

INVESTMENT MIX

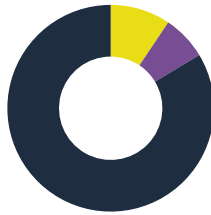
AUSTRALASIAN GROWTH



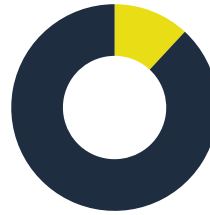
AUSTRALASIAN EMERGING



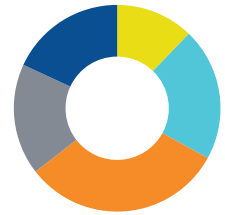
AUSTRALASIAN GROWTH 2



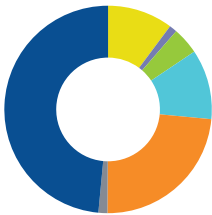
AUSTRALASIAN DIVIDEND GROWTH



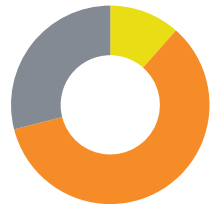
GLOBAL GROWTH



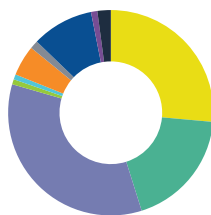
GLOBAL GROWTH 2



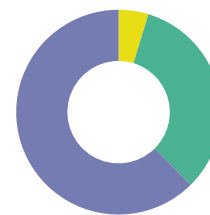
GROWTH UK & EUROPE



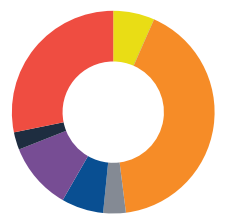
CONSERVATIVE



FIXED INCOME



PROPERTY & INFRASTRUCTURE



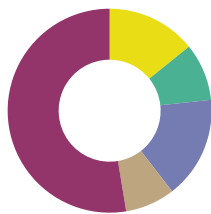
CHAIRMAN'S



PIE KIWISAVER CONSERVATIVE



PIE KIWISAVER BALANCED



PIE KIWISAVER GROWTH



Cash and cash equivalents*

Asian equities

UK equities

Australian equities

New Zealand fixed income

Emerging markets equities

US and Canadian equities

Listed property

International fixed interest

European equities

New Zealand equities

Australasian equities

International equities

*including short and long derivatives



Pie Funds

1. Total funds under management includes \$570.1m of interfund investments ie Chairman's Fund investing into other funds.

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