



Pie Funds

Slice of Pie

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

ISSUE 187 • MARCH 2024



A MESSAGE FROM MIKE

AI Boom Spreading

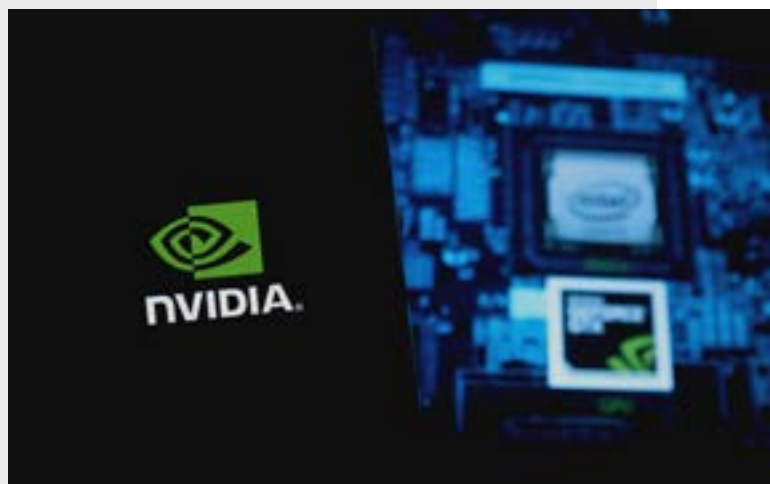


**“We exist to make
money for clients, so
performance matters
more than growing our
customer base.”**

Mike Taylor
Founder & CIO



A MESSAGE FROM MIKE



AI Boom Spreading

February was another very positive month for stocks, with the AI boom spreading more broadly through the market.

Led by American chip manufacturer NVIDIA (NVDA), which posted revenue growth of over 250% and profit growth of over 750%, we saw several AI-related moves pushing company share prices higher. These price moves are based on actual earnings, not hype, and to put this in context, NVDA's price earnings ratio during February was still the same as it was at the market low in October 2022, around 30 times. The price has gone up because earnings have gone up.

In simple terms, NVDA is selling the picks and shovels of the AI gold rush. Their chips are going into data centres (they have around 85-90% market share) to power the Large Language Models or LLMs. These LLMs are machine learning models that can comprehend and generate human language text from large amounts of data. NVDA's current customers are all the large tech companies like Microsoft, Meta, Amazon, and Google, who use the LLMs to power their AI, like ChatGPT, or rent the chips to their customers to power their chatbots.

More significantly, I believe that if we consider AI up against other technological advancements like the internet, electricity, the automobile, or the personal computer, AI would rank up there with electricity in terms of impact and importance. You can listen to my recent podcast on [Sharesies](#) or the [NZ Herald](#), where I go into more detail on NVDA and AI in general.

Our **KiwiSaver Growth Fund** was up strongly again this month (+4.3%) as it benefited from AI-related investments we have made in chip-makers, data centres, and software applications. In general, there was a positive tone for the month, especially in US tech, which saw the Nasdaq reclaim its 2021 high, having fallen around 33% in 2022.

Reporting in New Zealand was subdued, marked by several profit warnings and companies mentioning tough trading conditions as the country battles inflation and higher interest rates. Fortunately, our own Reserve Bank (RBNZ) has recognised this and NOT raised interest rates higher. I believe we are in a recession here; consumption spending already shows that, and the data will reveal itself in the coming months. Our KiwiSaver Growth Fund has a very low

exposure to NZ stocks currently for this reason. Without a geo-political shock leading to higher commodity prices, I still believe the RBNZ will cut rates into a weak economy and lower inflation later this year.

Australian reporting, on the other hand, was more robust. Our Australian investments had a solid month, with several companies up over 20% during February. Anything with exposure to AI, like data centres or software companies, all moved higher. At the time of writing, our Australasian funds are all up over 30% from their bear market lows. Thank you to our investors who stuck with us.

Whilst many investors may still be feeling battered and bruised from 2022 and even 2023 when interest rates peaked at 5% in the US in October last year, it marked a significant turning point, and in the previous four months, it's been green lights.

Despite the strong move since October 2023 and NVDA's huge rally, I believe we are in the early phase of the AI boom. The technology is still being implemented and will continue to improve productivity for the rest of this decade. Of course, we remain mindful of the dotcom era, where the market topped out at a time when internet adoption was still in its infancy (March 2000). And it's likely we will see the same with AI, a market top BEFORE the tech is fully utilised. Investors have a tendency to price very optimistic or very pessimistic scenarios when faced with good news or bad news. We will remain alert for this. But at this stage, I do not believe it's evolved into a speculative bubble.

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

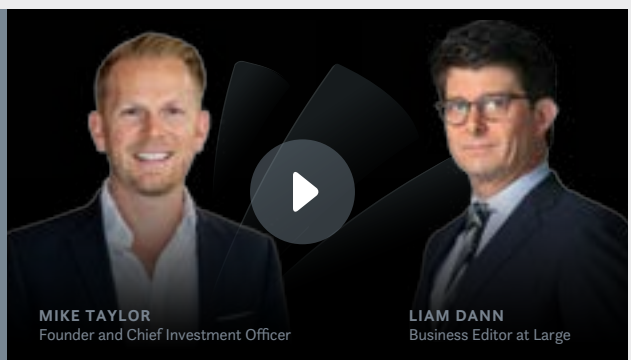
Pie KiwiSaver Scheme

Information is current as at 29 February 2024. 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

THE AI COMPANY BOOSTING YOUR KIWISAVER -
WHAT COULD THIS MEAN?

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





Monthly Updates

KEEPING YOU UP TO DATE WITH PIE FUNDS AND THE MARKETS

 **Pie Funds**

 **Pie** KiwiSaver Scheme



Funds Snapshot

Monthly Update as at 29 February 2024

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	\$7.07	15 working days	Michael Goltsman	Mike Ross
	Australasian Emerging	CLOSED	Apr-13	\$6.26	15 working days	Kent Williams	Michelle Lopez
	Australasian Growth 2	OPEN	Aug-15	\$2.40	10 working days	Michelle Lopez	Kent Williams
	Australasian Dividend Growth	OPEN	Sep-11	\$4.52	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	\$1.30	5 working days	Guy Thornewill, Toby Woods* & Mike Taylor	
	Growth UK & Europe	OPEN	Nov-16	\$1.76	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	\$1.01	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	\$2.40	15 working days	Mike Taylor	Michelle Lopez
	Pie KiwiSaver Conservative		Aug-18	\$1.18		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Balanced		Aug-18	\$1.34		Mike Taylor, Travis Murdoch	
	Pie KiwiSaver Growth		Aug-18	\$1.55		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	2.2%	24.8%	-2.5%	6.6%	7.0%	8.4%	12.9%
	Australasian Emerging	3.1%	19.0%	3.6%	13.1%	12.0%	14.4%	18.4%
	Australasian Growth 2	4.0%	10.2%	-7.5%	8.6%	9.6%		10.9%
	Australasian Dividend Growth	5.9%	19.5%	11.3%	14.2%	14.0%	13.7%	16.2%
	Global Growth	1.6%	2.9%	3.7%	10.0%	9.8%	9.1%	9.1%
	Global Growth 2	4.3%	14.5%	4.4%	7.4%			4.8%
	Growth UK & Europe	-0.3%	4.6%	0.6%	8.1%	7.7%		8.1%
	Conservative	-0.3%	6.6%	2.2%	3.1%	3.5%		3.7%
	Fixed Income	-1.1%						1.2%*
	Property & Infrastructure	1.4%						3.5%*
	Chairman's	2.9%	11.3%	2.3%	9.9%	9.7%		9.8%
	Pie KiwiSaver Conservative	0.9%	8.7%	0.7%	3.3%			3.1%
	Pie KiwiSaver Balanced	3.3%	14.1%	0.3%	6.2%			5.5%
	Pie KiwiSaver Growth	4.3%	16.3%	-0.7%	9.3%			8.4%

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

* Since inception, not annualised

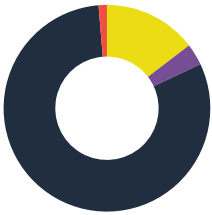
Funds Snapshot

Monthly Update as at 29 February 2024

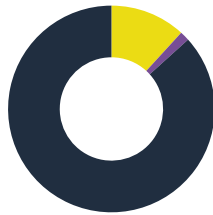
TOTAL FUNDS UNDER MANAGEMENT: \$2b

INVESTMENT MIX

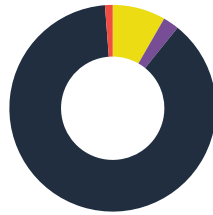
AUSTRALASIAN GROWTH



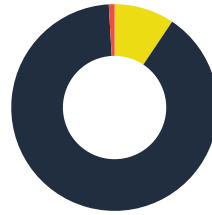
AUSTRALASIAN EMERGING



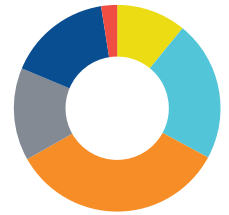
AUSTRALASIAN GROWTH 2



AUSTRALASIAN DIVIDEND GROWTH



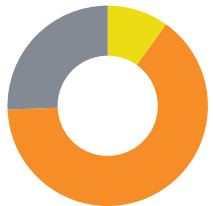
GLOBAL GROWTH



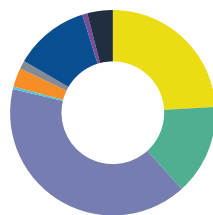
GLOBAL GROWTH 2



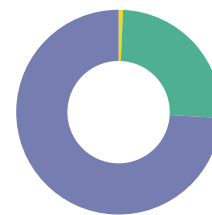
GROWTH UK & EUROPE



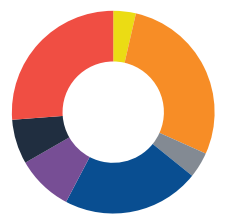
CONSERVATIVE



FIXED INCOME



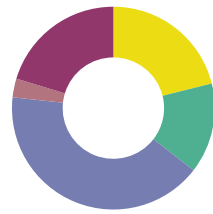
PROPERTY & INFRASTRUCTURE



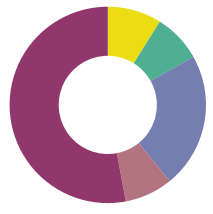
CHAIRMAN'S



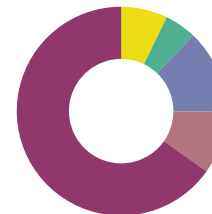
PIE KIWISAVER CONSERVATIVE



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



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