Pie Funds

Fund Update

PIE FUNDS MANAGEMENT SCHEME: PIE CONSERVATIVE FUND

Fund update for the quarter ended: 30.09.19

This fund update was first made publicly available on 29.10.19

What is the purpose of this update?

This document tells you how the Pie Conservative Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Pie Funds Management Limited (**Pie Funds**) prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Conservative Fund will seek to provide investors with a return which outperforms the official cash rate (OCR). The Fund's strategy is to invest predominantly (approximately 80%) with New Zealand registered banks (the intention being with at least two such banks) in cash held on call or term deposit for a duration of no more than 12 months. In addition, the Pie Conservative Fund may also invest (approximately 20%) in equities either directly or through the other Pie Funds products. We may also invest in bonds and other types of financial products at our discretion.

Total value of fund as at 30.09.19	$87,210,119
Number of investors in the fund	268
Date the fund started	15.04.15

What are the risks of investing?

Risk indicator for the Pie Conservative Fund [1]

< Potentially Lower Returns						Potentially Higher Returns >
1	**2**	3	4	5	6	7
< Lower Risk						Higher Risk >

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the last five years. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (**PDS**) for more information about the risks associated with investing in this fund.

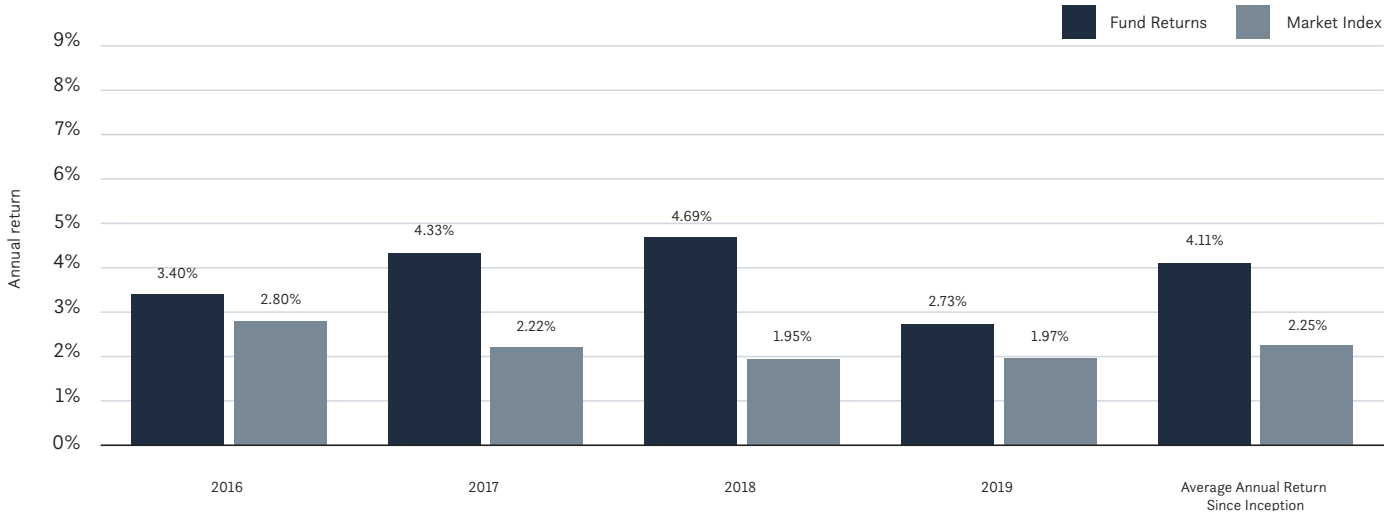
How has the fund performed?

	Past Year
Annual return (after deductions for charges and tax)	2.96%
Annual return (after deductions for charges but before tax)	3.65%
Market Index annual return (reflects no deduction for charges and tax)	1.82%

The NZBond Bank Bill Index (BNZBIL) represents a passively managed short term money market portfolio and is comprised of instruments defined by rates from the RNBZ 24-hour cash rate and bills with a maturity of 1 month to 3 months.

Additional information about the market index is available on the offer register.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2019. Important: This does not tell you how the fund will perform in the future.

† Returns in this update are after tax at the highest prescribed investor rate (**PIR**) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?*

Investors in the Pie Conservative Fund are charged fund charges. In the year to 31 March 2019, these were:

	% of net asset value
Total fund charges	**0.63%**
Which are made up of:	
Total management and administration charges	**0.33%**
Including	
Manager's basic fee	0.32%
Other management and administration charges	0.01%
Total performance-based fees	**0.30%****
Other charges	$ amount per investor
Other charges	$0.00

Fees are exclusive of GST, if any.

See the PDS for more information about the basis on which performance fees are charged. Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds, although these are not currently charged by Pie Funds).

*The fees are represented as a percentage of net asset value (**NAV**). While Pie Funds charges fees as a percentage of gross asset value (**GAV**); the law insists the fees be disclosed as a percentage of NAV. As a result, there will be discrepancies between the fees set out in this document and the actual fees incurred.

**As from 1 April 2019, the performance-based fees have been discontinued. Going forward the fees are expected to be 0.91%. For more information on fees, refer to the PDS.

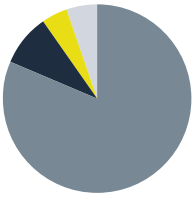
Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Lucy had $10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Lucy received a return after fund charges were deducted of $365 (that is 3.65% of her initial $10,000). Lucy did not pay any other charges. This gives Lucy a total return after tax† of $296 for the year.

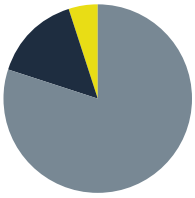
What does the fund invest in?

This shows the types of assets that the fund invests in.[2]



Actual investment mix

- Cash and cash equivalents 81.72%
- Australasian equities 8.88%*
- International equities 4.46%*
- International fixed interest 5.01%*
- Other -0.07%



Target investment mix

- Cash and cash equivalents 80%
- Australasian equities 15%
- International equities 5%

*Australasian equities and international equities includes investment in our Australasia and international based funds.

Hedging: We actively manage all currency exposure. It is not our intention to 100% hedge the currency at all times; some overseas securities may be unhedged. The hedged currency exposure is 0.0%.

Top 10 investments

	Name	% of fund net assets	Type	Country
1	BNZ Call Account - NZD	13.63%	Cash and cash equivalents	NZ
2	ASB Bank Term Deposit A/C	5.77%	Cash and cash equivalents	NZ
3	iShares Core Global Aggregate Bond NZD	5.01%	International Fixed Interest	NZ
4	ASB Bank Term Deposit A/C	3.52%	Cash and cash equivalents	NZ
5	Kiwibank Term Deposit A/C	3.50%	Cash and cash equivalents	NZ
6	Bank Of China Term Deposit	3.49%	Cash and cash equivalents	NZ
7	ASB Bank Term Deposit A/C	3.44%	Cash and cash equivalents	NZ
8	ASB Bank Term Deposit A/C	2.92%	Cash and cash equivalents	NZ
9	ASB Bank Term Deposit A/C	2.92%	Cash and cash equivalents	NZ
10	Bank Of China Term Deposit	2.37%	Cash and cash equivalents	NZ

The total value of the top 10 individual assets of the fund make up 46.57% of the net asset value of the fund.

Key personnel

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
Michael Taylor	Executive Director and CEO	12 years and 3 months	Manager at BOS International	2 years and 0 months
Roy Knill	Independent Non-Executive Director	6 years and 6 months	Director at Albert Street Medical Ltd	16 years and 10 months
Paul Gregory	Group Head of Investments	1 year and 10 months	Director, External Communications and Investor Capability at Financial Markets Authority	2 years and 1 month
Bianca Fledderus	Investment Analyst and Portfolio Manager	2 years and 0 months	Assistant Investment Analyst and Dealer	0 years and 5 months

Further information

You can also obtain this information, the PDS for the Pie Conservative Fund, and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Notes

1. As the Fund has not been in existence for five full years, its risk category has been calculated using market index returns as well as actual returns. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. Market index returns have been used for the period from 1 October 2014 - 31 March 2015.
2. For further information on each of the asset classes refer to the PDS and the SIPO.