



# Conservative Fund

Monthly Update as at 31 August 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 1.2% during the month, bringing it to a 12-month return of 8.9%.

August was certainly a wild ride, with a significant uptick in market volatility after a relatively quiet 12 months. Last month, we noted that the Volatility Index (VIX) rose to its third-highest level (the others being during the GFC and COVID), marking the fastest rise and then equally important, the fastest fall in history. In hindsight, some crowded trades, like Japan (which saw the Nikkei initially crash around 25% before recovering), were not enough to undermine the solid economic fundamentals. This serves as a gentle reminder to never take anything for granted as an investor! The good news for Conservative Fund investors is that this environment was positive for the Fund which made another new all-time high during the month.

As interest rates fell during the month, our investments into Property, Infrastructure and Fixed Income saw the biggest gains, as they all benefit from falling rates. Additionally, the NZX performed well as a rebound in business sentiment and the promise of interest rate relief spurred some bargain hunting, particularly among property and consumer names. We are actively looking to increase our exposure to NZ companies for the first time in several years. The international funds also reviewed their exposure to China (via global companies), and we have no direct holdings, as we remain concerned about the depth of the property-related slowdown.

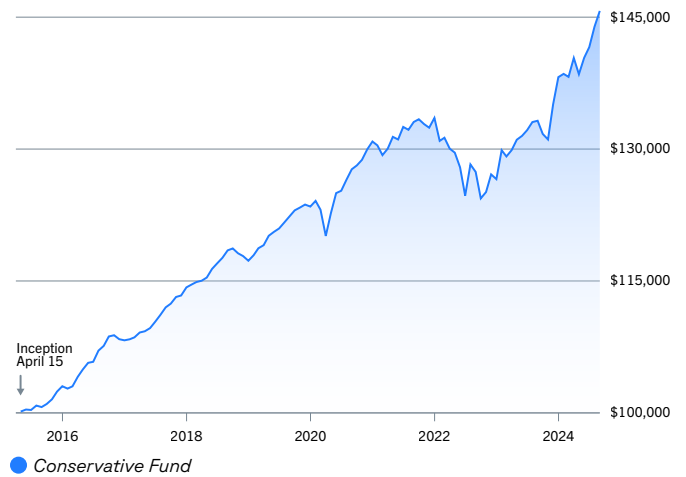
In fixed income, bonds served as a useful hedge during the start of the month. Then, as interest rates moved lower after the weaker-than-expected US employment report, bonds continued to gain during the month. Although the growth scare proved short-lived, bonds were able to hold onto solid gains even as equities recovered.

Looking ahead to the next three months, it's likely that volatility will remain elevated. We expect the market to become increasingly focused on the US election as we approach November. However, interest rate cuts from central banks and positive GDP growth should provide the markets with enough resilience to navigate the political uncertainty.

For more information on our funds, please visit [www.piefunds.co.nz/Investor-Documents](http://www.piefunds.co.nz/Investor-Documents)

## 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	<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; align-items: center; margin-top: 5px;"> <span>Lower Risk</span> <span>Higher Risk</span> </div>



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Monthly Update as at 31 August 2024

## PERFORMANCE

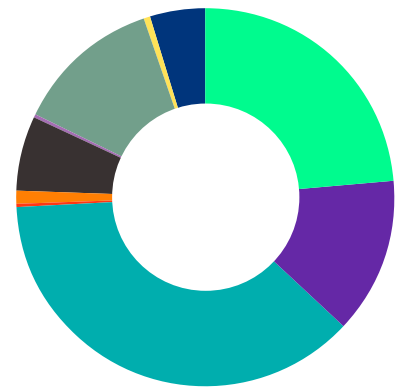
	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	Annualised since inception
Conservative Fund	1.2%	8.9%	3.0%	3.5%	3.8%	4.1%
MARKET INDEX <sup>1</sup>	0.7%	10.0%	3.5%	3.7%	4.5%	4.7%

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)	23.8%
New Zealand Fixed Interest	13.2%
International Fixed Interest	37.3%
Asian Equities	0.3%
Emerging Market Equities	1.2%
European Equities	6.2%
UK Equities	0.4%
US and Canadian Equities	12.4%
New Zealand Equities	0.7%
Australian Equities	4.5%



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

## TOP FIVE HOLDINGS (EXCLUDING CASH)

JPMorgan Chase & Co	5.336%	23/01/2035
LVMH	3.5%	07/09/2033
Morrison & Co High Conviction Infrastructure Fund		
New Zealand Local Government F	1.5%	20/04/2029
Transpower NZ Ltd	4.977%	29/11/2028

Holdings are listed in alphabetical order and exclude cash.

## UNIT PRICE

# \$1.22

## ANNUALISED RETURN SINCE INCEPTION

# 4.1% p.a.

after fees and before tax

## FUND STATUS

CLOSED

OPEN



Information is current as at 31 August 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.