



# Australasian Growth 2 Fund

Monthly Update as at 31 July 2024

## PORTFOLIO MANAGER(S)



### MICHELLE LOPEZ

Head of Australasian Equities and Lead Portfolio Manager



### KENT WILLIAMS

Co-Portfolio Manager

## FUND COMMENTARY

The Australasian Growth 2 Fund returned 3.9% during the month, bringing it to a 12-month return of 23.9%.

July was a strong month for Australian equities, with the Small Ordinaries index rising by 3.4%. The only two sectors that posted negative returns were Materials and Energy, while Industrials saw an aggregate increase of 5%. The Australian economy continued to show resilience: June retail sales were up by 0.5%, and inflation trended in the right direction, with headline monthly CPI falling from 4% to 3.8%, although it remains well above the Reserve Bank's 2-3% target range.

Key contributors to the Fund's returns were Pinnacle Investment Management Group (+16%) and ResMed (+12%). For Pinnacle, the market has begun to account for the operating leverage the business is likely to experience following a period of investment. Pinnacle is leveraged to flow into both listed and unlisted asset classes, particularly through its private credit affiliate, Metrics. Additionally, the establishment of a new London-based affiliate, led by former members of the Royal London global equities team, will provide a strong endorsement of Pinnacle's model and international opportunities.

ResMed recovered strongly from its prior month's sell-off as real-world data showed that GLP-1 medications positively impacted the number of new patients seeking ResMed's products and improved adherence to their treatment. The sample size was large, with over 800,000 patients tracked using ResMed devices alongside GLP-1 medications over 12 and 24 months. This data supports our positive outlook on the company's medium-term prospects.

Partially offsetting these gains was weaker share price performance in data centre owners and operators, such as NextDC (-4.7%). The company was affected by the broader AI sell-off, which is predominantly seen in the US, rather than any stock-specific issues. However, results from their major hyperscale customers (Alphabet/Google Cloud, Amazon AWS, and Microsoft Azure) showed accelerated growth in their Cloud segments, which is a positive leading indicator for NextDC as they continue to build out capacity. We believe their solid fundamentals and structural tailwinds will support compounding EBITDA growth over the medium and long term.

We remain constructive on equity markets over the medium term, supported by fiscal stimulus (public spending and tax cuts), a strong labour market, and robust corporate balance sheets. However, we expect market volatility in the coming months as the market adjusts to a slowdown in consumer consumption and demand.

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.



● Australasian Growth 2 Fund

## FUND DETAILS

Recommended minimum investment period	5 years
Objective	Capital growth over a period exceeding five years.
Description	Invests predominantly in listed Australasian smaller and medium companies.
Inception date	August 2015
Standard withdrawal period	10 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>3</span> <span>4</span> <span>5</span> <span style="border: 2px solid black; border-radius: 50%; padding: 2px 5px;">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>



# Australasian Growth 2 Fund

Monthly Update as at 31 July 2024

## PERFORMANCE

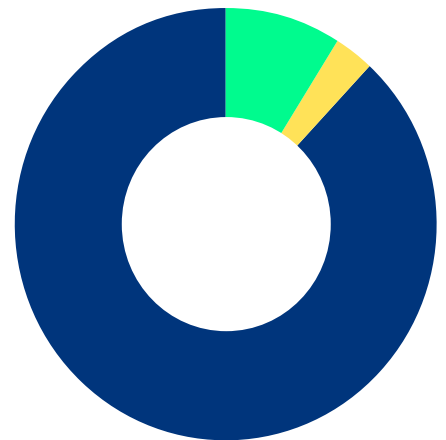
	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	Annualised since inception
<b>Australasian Growth 2 Fund</b>	3.9%	23.9%	-2.2%	8.6%	10.6%	12.0%
<b>MARKET INDEX<sup>1</sup></b>	4.1%	8.4%	0.0%	4.0%	6.7%	7.4%

Returns after fees but before individual PIR tax applied

1. S&P/ASX Mid Cap 50 & Small Ordinaries Daily 50/50 Blend Total Return Index (75% hedged to NZD).

## INVESTMENT MIX

<span style="color: green;">●</span> Cash (including Derivatives)	8.9%
<span style="color: yellow;">●</span> New Zealand Equities	3.1%
<span style="color: blue;">●</span> Australian Equities	87.9%



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

## TOP FIVE EQUITY HOLDINGS

HUB24 Limited
Life360 Inc
Pinnacle Investment Management Group Ltd
Resmed Inc
Seven Group Holdings Ltd

Holdings are listed in alphabetical order.

### UNIT PRICE

# \$2.75

### ANNUALISED RETURN SINCE INCEPTION

# 12.0% p.a.

after fees and before tax

### FUND STATUS

CLOSED

OPEN



Information is current as at 31 July 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.