



Pie Fixed Income Fund

Monthly Update as at 31 May 2024

PORTFOLIO MANAGER(S)



TRAVIS MURDOCH

Head of Fixed Income and Portfolio Manager



MIKE TAYLOR

Founder and Chief Investment Officer

FUND COMMENTARY

The Fixed Income Fund returned 1.1% during the month, bringing it to a since inception return of 1.8%.

Bond markets had a mixed month as performance diverged notably across geographic regions.

US government bond markets outperformed (bond yields lower, bond prices higher) as the Federal Reserve surprised markets by pushing back firmly against the prospect of further rate hikes. A weaker jobs report and lower than expected inflation numbers allayed fears of overheating and added further support for US bonds.

It was a different story in Europe where signs of economic acceleration and higher than expected inflation caused bond yields to rise (bond prices lower). That was a drag on the performance of the Fund. Nonetheless, we still expect the European Central Bank to cut rates in June and we think there is scope for this underperformance to reverse in coming months.

Closer to home, rates moved lower in New Zealand but underperformed the moves in US bonds as the RBNZ surprised markets with a noticeably hawkish turn. They emphasised their concern about sticky domestic “non-tradable” inflation and noted that they considered raising rates further. Despite the hawkish turn, we continue to think that the ongoing deterioration in the NZ economy will ultimately provide the conditions for the RBNZ to cut rates in the coming months.

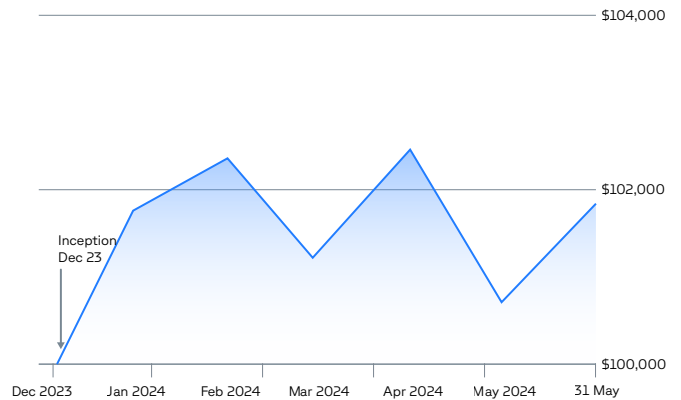
Meanwhile, in Australia, government bonds underperformed, with yields ending the month unchanged as their inflation data came in hotter than expected.

The Fund was active during the month, taking advantage of market moves and primary market activity. On the buy side, this included adding bonds in new issues from McDonald’s in USD and bonds of Citibank in EUR. On the sell side, sales included holdings in TotalEnergies and Linde.

Going forward, we continue to think that Bond yields are attractive, providing a cushion against rates moving higher and potential for capital gains when rates fall. The divergence in global government bond performance will likely persist, and we will continue to position the Fund to take advantage of opportunities as they arise.

CUMULATIVE FUND PERFORMANCE

If you had invested \$100,000 at inception, the graph below shows what it would be worth today.



● Fixed Income Fund

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 New Zealand and international fixed interest securities, and may also invest in cash.
Inception date	5 December 2023
Standard withdrawal period	Up to 5 working days
Risk indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Potentially Lower Returns Potentially Higher Returns </div> <div style="display: flex; justify-content: center; align-items: center; margin: 5px 0;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; font-size: small;"> Lower Risk Higher Risk </div>

For more information on our funds, please visit www.piefunds.co.nz/Investor-Documents



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PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	7 yrs (p.a.)	Since inception
Fixed Income Fund	1.1%					1.8%
MARKET INDEX ¹	1.2%					2.9%

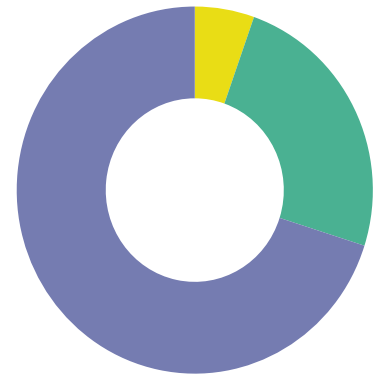
Returns after fees but before individual PIR tax applied

* The market index is a composite index (70% Bloomberg Global Aggregate Corporate Total Return Index (100% Hedged to NZD), 5% Bloomberg Global High Yield Index (100% Hedged to NZD), 25% Bloomberg NZBond Credit 0+ Yr Index (NZD))

INVESTMENT MIX

Cash (including Derivatives)	5.4%
New Zealand Fixed Interest	24.5%
International Fixed Interest	70.1%

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



TOP FIVE HOLDINGS (EXCLUDING CASH)

Contact Energy Ltd	6.398%	21/11/2030
JPMorgan Chase & Co	5.336%	23/01/2035
LVMH Moet Hennessy Louis Vuitton SE	3.5%	07/09/2033
Mercury NZ Ltd	5.64%	19/06/2028
Pfizer Inc	4.65%	19/05/2030

Holdings are listed in alphabetical order and exclude cash.

UNIT PRICE

\$1.02

RETURN SINCE INCEPTION

1.8%

after fees and before tax

FUND STATUS

CLOSED

OPEN



Information is current as at 31 May 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. 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.