



# Pie Fixed Income Fund

Monthly Update as at 31 October 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 the return since its inception in December 2023 to 7.1%.

October proved to be a challenging month for fixed income markets as government bond yields surged sharply higher, reversing gains from September. This rise in yields, which pushed bond prices lower, was most pronounced in the US.

The US was at the centre of this bond market shift, with government bond yields increasing by up to 0.6%. The primary catalyst was a series of stronger-than-expected economic reports, prompting markets to reassess the Federal Reserve's future rate cut trajectory. Expectations of how much the Fed might reduce rates in the coming year have now been tempered.

In addition to economic data, prediction markets saw an uptick in the likelihood of Republican nominee Donald Trump winning the 2024 presidential election. This potentially added further pressure on US government bonds, as investors anticipate that a Trump victory could bring new tariffs and increased fiscal deficits, both of which might stoke inflation.

Outside the US, the yield increases were less extreme. European government bonds performed relatively better, underpinned by weaker economic data across the Eurozone. The European Central Bank also signalled a shift in its priorities, easing its focus on inflation concerns.

New Zealand bonds also outperformed, with inflation figures showing that consumer price increases have returned comfortably within the Reserve Bank of New Zealand's (RBNZ) target range of 1-3%. Given this progress, we continue to view the Official Cash Rate (OCR) of 4.75% as too high for the current state of the economy. We believe the RBNZ should consider a 0.75% rate cut at its November meeting, especially since the next opportunity to adjust rates won't be until February. Keeping rates elevated for too long risks unnecessary strain on the economy.

Amidst these moves, the Fund tactically adjusted its positions, covering its underweight in US bonds while trimming its overweight in European bonds. Following this significant repricing, bond yields have returned to levels that we find attractive, offering both strong yields and potential capital gains should rates decline.

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.



● 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;"> <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 style="border: 2px solid black; border-radius: 50%; padding: 2px 5px;">4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; width: 100%;"> <span>Lower Risk</span> <span>Higher Risk</span> </div>



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## PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	Since inception
Fixed Income Fund	-1.1%				7.1%
MARKET INDEX <sup>1</sup>	-1.3%				7.3%

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 O+ Yr Index (NZD))

## INVESTMENT MIX

Cash (including Derivatives)	6.9%
New Zealand Fixed Interest	27.5%
International Fixed Interest	65.6%

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



## TOP FIVE HOLDINGS (EXCLUDING CASH)

ASB Bank Ltd 5.24% 18/10/2027
International Business Machine 3.625% 06/02/2031
JPMorgan Chase & Co 5.336% 23/01/2035
Scentre Group 6.721% 10/09/2054
Transpower New Zealand Ltd 4.977% 29/11/2028

Holdings are listed in alphabetical order and exclude cash.

## UNIT PRICE

# \$1.07

## RETURN SINCE INCEPTION

# 7.1%

after fees and before tax

## FUND STATUS

CLOSED

OPEN



Information is current as at 31 October 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.