



# Conservative Fund

Monthly Update as at 30 September 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 1.3% during the month, bringing it to a 12-month return of 11.6%.

September was marked by ongoing volatility, driven by escalating geopolitical tensions in the Middle East and a significant stimulus program in China. Despite these challenges, markets closed the month at or near record highs. With inflation moderating as expected, interest rates are being cut in both the US and Europe. We anticipate further reductions as consumer spending slows and industrial orders stagnate, particularly in the automotive sector. Lower rates generally benefit equity markets, especially smaller companies.

Equities posted gains across the board, with rate-sensitive sectors like real estate and utilities performing particularly well. These sectors served as safe havens and benefited from the lower interest rate environment.

In Australasia, performance was buoyed by the resource sector, which saw substantial gains following the announcement of China's new stimulus package. Wisetech and Pro Medicus also delivered strong returns once again.

Globally, some of our German holdings rebounded, driven in part by the Chinese stimulus, though the German economy continues to struggle with weakness in the auto sector.

In fixed income, bonds had another strong month. The European Central Bank (ECB) cut interest rates by 0.25% for the second time, and in the US, the Federal Reserve (Fed) began its easing cycle with a significant 0.5% rate cut. With inflation nearing its 2% target, the Fed has shifted its focus to reducing rates to safeguard the economy. Fixed-income markets are now pricing in a substantial rate-cutting cycle, but bonds continue to offer attractive yields and diversification for equity portfolios.

We remain optimistic that the tailwinds that have driven strong returns for Conservative Fund investors this year will persist through the rest of 2024.

## 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 5px;">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>

For more information on our funds, please visit [www.piefunds.co.nz/Investor-Documents](http://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.)	Annualised since inception
Conservative Fund	1.3%	11.6%	3.4%	3.7%	4.0%	4.2%
MARKET INDEX <sup>1</sup>	1.3%	13.6%	4.2%	3.8%	4.7%	4.8%

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)	20.4%
New Zealand Fixed Interest	14.5%
International Fixed Interest	38.5%
Australasian Equities	5.6%
International Equities	20.9%



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

## TOP FIVE HOLDINGS (EXCLUDING CASH)

IBM 3.625% 06/02/2031
JPMorgan Chase & Co 5.336% 23/01/2035
Morrison & Co High Conviction Infrastructure Fund
Transpower New Zealand Ltd 4.977% 29/11/2028
Westpac New Zealand Ltd 4.337% 24/09/2029

Holdings are listed in alphabetical order and exclude cash.

### UNIT PRICE

# \$1.23

### ANNUALISED RETURN SINCE INCEPTION

# 4.2% p.a.

after fees and before tax

### FUND STATUS

CLOSED

OPEN



Information is current as at 30 September 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.