



# Pie Fixed Income Fund

Monthly Update as at 30 September 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 1.3% during the month, bringing the return since its inception in December 2023 to 8.3%.

September marked another strong month for fixed income as global inflation continues to decline. Central banks have embarked on rate-cutting cycles, which have boosted bond prices.

In a significant move, the Federal Reserve (Fed) cut interest rates by 0.5% in September. With inflation approaching the 2% target, the Fed signalled its focus on reducing rates to mitigate downside risks to the economy. Chairman Powell emphasized that the Fed is committed to "not falling behind," indicating a proactive stance to support economic growth.

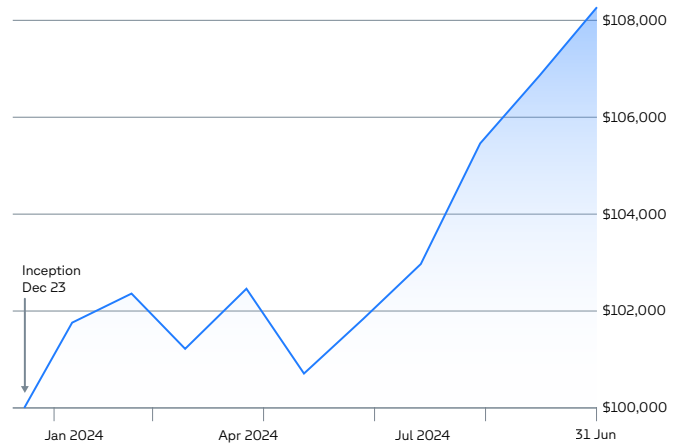
Meanwhile, the European Central Bank (ECB) cut rates by 0.25% for the second time since June. With Germany's economy faltering and inflation falling below 2% across Europe, we expect the ECB to accelerate its rate cuts. As a result, the fund maintains an overweight position in European government bonds.

Closer to home, the Reserve Bank of Australia (RBA) kept rates unchanged, noting that a rate hike was not under active consideration. This marked a more dovish tone compared to previous meetings, suggesting rate cuts are likely early next year. In New Zealand, business surveys show a tentative improvement in sentiment following the Reserve Bank of New Zealand's (RBNZ) initial rate cut. However, we believe the underlying economy remains weak and expect the RBNZ to cut rates by 0.5% at its next two meetings in October and November, bringing the Official Cash Rate (OCR) to 4.25% heading into the Christmas period.

Looking ahead, fixed income markets are now pricing in a substantial rate-cutting cycle. Bonds continue to offer attractive yields and provide hedging protection against potential declines in share prices, should growth risks escalate.

## 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; margin: 5px 0;"> <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>

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.)	Since inception
Fixed Income Fund	1.3%				8.3%
MARKET INDEX <sup>1</sup>	1.4%				8.6%

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)	4.7%
New Zealand Fixed Interest	26.1%
International Fixed Interest	69.2%

Asset allocation is rounded to the nearest tenth 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
LVMH Moet Hennessy Louis Vuitton 3.5% 07/09/2033
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

# \$1.08

## RETURN SINCE INCEPTION

# 8.3%

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.