



Conservative Fund

Monthly Update as at 31 January 2025

PORTFOLIO MANAGER(S)



MIKE TAYLOR
Founder and Chief
Investment Officer



TRAVIS MURDOCH
Head of Fixed Income and
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FUND COMMENTARY

The Conservative Fund delivered a return of 1.5% during the month, bringing its 12-month performance to 7.7%.

After a weaker December, the Fund bounced back with a strong January, outperforming its benchmark, with substantial gains from several core holdings and a generally positive start to the fourth-quarter earnings reporting season. Global equity markets have had a volatile beginning to 2025, with recent news about the Chinese AI model DeepSeek impacting many share prices. Furthermore, tariff announcements by the new U.S. president at the end of the month will likely lead to increased volatility for a while. It is our firm view that higher tariffs are not beneficial for economies or consumers, so we can only hope that reason will prevail.

Top performers in January included Spotify, Thermo Fisher, and EssilorLuxottica. Spotify is experiencing strong operational leverage as it increases prices, validating our thesis so far. Rising gold prices, now trading at all-time highs, also led to positive gains in our gold holdings. We also experienced a good month for our Australasian investments.

It was another volatile month in fixed income with mixed performance across geographies. Bond markets began the month under pressure as strong economic data in the US drove 10-year government bond yields to 4.79%, the highest since October 2023. However, lower-than-expected inflation data took the pressure off bond yields, and after a reassuring FOMC meeting, where the Fed reassured markets it was more likely to cut than raise rates, US yields ended the month lower than where they started. Closer to home, NZ government bonds underperformed with yields closing the month higher which reversed some of the previous month's outperformance, despite the lack of fundamental news.

In summary a solid start to 2025, in what is undoubtedly going to be an interesting year for investors. Safe to say that there will be nothing boring about this year. We look forward to it, and that's what makes our job what it is: stressful but also rewarding.

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.

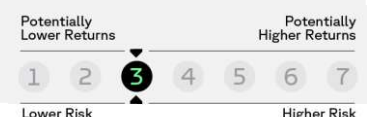
Inception date

April 2015

Standard withdrawal period

5 working days

Risk indicator





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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	1.5%	7.7%	4.3%	3.7%	3.8%	4.2%
MARKET INDEX ¹	1.1%	9.4%	4.7%	4.0%	4.6%	4.8%

Returns after fees but before individual PIR tax applied

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)	19.2%
New Zealand Fixed Interest	15.6%
International Fixed Interest	37.3%
Australasian Equities	5.7%
International Equities	22.2%



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 4.71% 18/10/2027
Bank of New Zealand 4.889% 19/11/2029
International Business Machine 3.625% 06/02/2031
Morrison & Co High Conviction Infrastructure Fund
Transpower New Zealand Ltd 4.977% 29/11/2028

Holdings are listed in alphabetical order.

UNIT PRICE

\$1.24

ANNUALISED RETURN SINCE INCEPTION

4.2% p.a.

after fees and before tax

FUND STATUS

CLOSED

OPEN



Information is current as at 31 January 2025. Pie Funds Management Limited ("Pie Funds") is the issuer and manager of the funds in the Pie Funds Management Scheme and the Pie KiwiSaver Scheme ("Schemes"), the product disclosure statements of which can be found at www.piefunds.co.nz. Past performance is not an indicator of future returns. This information is general only. Please see a financial adviser for tailored advice.