



# Pie Fixed Income Fund

Monthly Update as at 31 January 2025

## 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 0.3% this month, bringing its 12-month performance to 5.4%.

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. Coupled with ongoing concerns about the lack of progress on inflation in recent months, markets entertained the notion that the Fed may be forced to hike interest rates later in the year. However, lower-than-expected inflation data alleviated concerns and took the pressure off bond markets, and the FOMC meeting at the end of the month reassured markets that the next move from the Fed was more likely to be a rate cut than a rate hike. After round-tripping, US government yields ended the month lower than where they started.

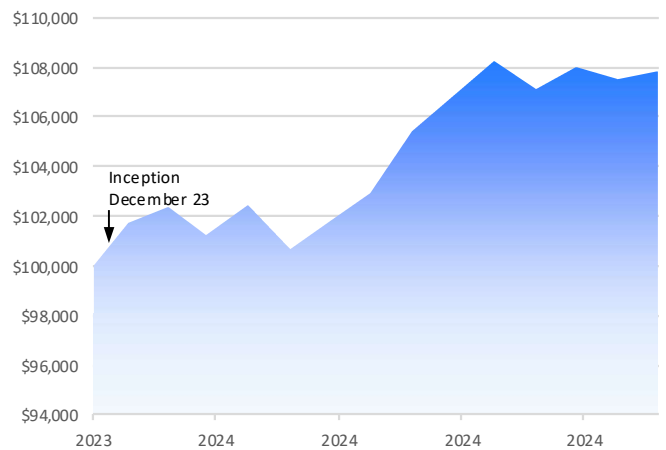
Elsewhere, bond markets were equally indecisive. At home, New Zealand government bonds underperformed with yields closing the month higher, reversing some of the previous month's outperformance, despite the lack of fundamental news. The RBNZ meets on 19 February where they are expected to cut the OCR by another 0.5% to 3.75%. We continue to think that they have been too slow to cut rates and have done unnecessary damage to the economy. We think they will need to cut the OCR by another 0.5% to 3.25% at the following meeting in April, which arguably would still only get rates to a level considered neutral for the economy.

Looking forward, we expect ongoing volatility in bond markets as the new US government formulates policy, including tariffs which could have different outcomes for different countries.

Nonetheless, we continue to think bond yields are at attractive levels, which provide a cushion against negative returns if rates were to rise further and the potential for attractive capital gains if interest rates fall.

## 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 New Zealand and international fixed interest securities, and may also invest in cash.
Inception date	December 2023
Standard withdrawal period	Up to 5 working days

## Risk indicator





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## PERFORMANCE

	1 month	1 yr	3 yrs (p.a.)	5 yrs (p.a.)	Annualised since inception
Fixed Income Fund	0.3%	5.4%			6.7%
MARKET INDEX <sup>1</sup>	0.5%	5.3%			7.0%

Returns after fees but before individual PIR tax applied

1. 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)	2.6%
New Zealand Fixed Interest	28.7%
International Fixed Interest	68.6%

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 4.71% 18/10/2027
Bank of New Zealand 4.889% 19/11/2029
International Business Machine 3.625% 06/02/2031
JPMorgan Chase & Co 5.336% 23/01/2035
Transpower New Zealand Ltd 4.977% 29/11/2028

Holdings are listed in alphabetical order.

## UNIT PRICE

**\$1.08**

## ANNUALISED RETURN SINCE INCEPTION

**6.7% 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](http://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.