



# Pie Fixed Income Fund

Monthly Update as at 31 December 2024

## PORTFOLIO MANAGER(S)



**TRAVIS MURDOCH**  
Head of Fixed Income and  
Portfolio Manager



**MIKE TAYLOR**  
Founder and Chief  
Investment Officer

## FUND COMMENTARY

The The Fixed Income Fund returned -0.4% this month, bringing its 12 month performance to 5.2%.

Fixed income markets remained volatile in December. Performance was mixed between geographies with the US a notable underperformer and NZ a clear outperformer, as the performance of both economies continues to diverge.

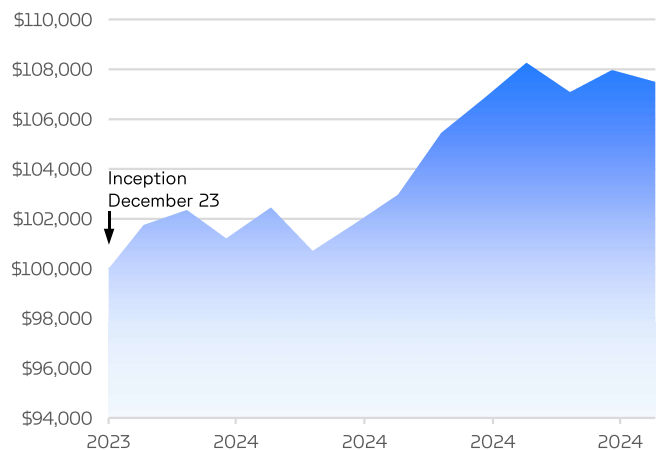
In the US, the Federal Reserve cut interest rates by another 0.25% to 4.5%, bringing the total number of cuts this year to 1%. However, this did not prevent US government bond yields from continuing their march higher (pushing bond prices lower). Bond markets may be questioning the need for rate cuts at this point with US economy still strong and inflation stuck above the Fed's target level. Remarkably, since the Fed has cut rates by 1%, the US 10yr treasury yield has actually risen by almost the same amount.

European bond markets largely followed suit, despite notably weaker economic performance. However, it was a different picture in Australasia where rates actually fell. In particular, NZ rates fell notably as the latest release of GDP data showed an economy that is firmly in recession. We continue to think that the RBNZ has been far too slow in cutting interest rates. The OCR at 4.25% is just 0.25% below the US whose economy is currently growing at close to 3%. We struggle to reconcile why the RBNZ is maintaining interest rates at levels they acknowledge are restrictive with the economy deep in recession and inflation back within target.

Looking forward into the new year, we see a healthy set up for fixed income markets. The recent re-pricing higher in global interest rates has reset bond yields 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 were to 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



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.)	Annualised since inception
Fixed Income Fund	-0.4%	5.2%			7.0%
MARKET INDEX <sup>1</sup>	-0.7%	4.6%			7.1%

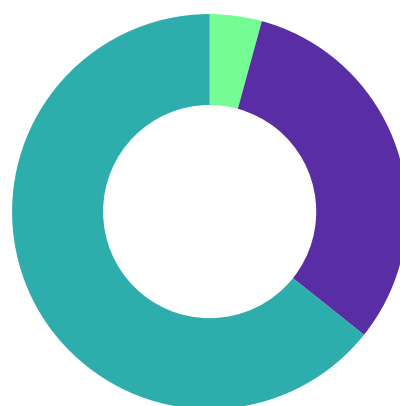
Returns after fees but before individual PIR tax applied

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)	4.2%
New Zealand Fixed Interest	31.5%
International Fixed Interest	64.3%

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
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

**\$1.07**

## ANNUALISED RETURN SINCE INCEPTION

**7.0%**

after fees and before tax

## FUND STATUS

CLOSED

OPEN



Information is current as at 31 December 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.