

Fund Information		30 November 2019			
Fund Size	\$784 million				
Fund Type	PIE				
Investment management	PIMCO				
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged				
Performance (gross)	1 month	3 months	1 Year	2 Year pa	
Portfolio (%)	-0.18%	-0.90%	+8.50%	+4.76%	
Benchmark (%)	-0.17%	-0.96%	+9.27%	+4.88%	
Alpha (%)	-0.01%	+0.06%	-0.77%	-0.12%	

The performance in this fact sheet is gross of fees and tax. Investors should also refer to the quarterly Fund Update, which is available on hunterinvestments.co.nz and business.govt.nz/disclose.

Performance update

The Hunter Global Fixed Interest Fund returned -0.18% for the month of November, largely in line with the benchmark's return of -0.17% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged) for the same period.

Underweights to UK and Japanese duration added value as interest rates rose on an improving trade outlook and an uptick in economic data. Positions in inflation-linked bonds and exposure to US Agency MBS and higher yielding financials also added value as spreads tightened modestly.

Offsetting these gains, however, were overweights to US and peripheral Eurozone duration as rising yields detracted from performance. Similarly, our tactical long to Japanese Yen also subtracted value as improving risk sentiment saw safe haven currencies lose favour.

Investment markets

Risk assets continued to rally in November as investor sentiment strengthened further on perceived progress in the U.S.-China trade talks and signals of some improvement in global growth.

Developed market equities ended the month ~2.8% higher, investment grade and high yield credit spreads both tightened while the USD strengthened ~0.9% versus the DXY (US dollar index).

Central Banks generally shifted to a "wait and see" stance which saw investors repricing policy expectations and core

interest rates drift higher. Despite this, Geo political issues still have the potential to disrupt markets and add volatility.

Portfolio positioning

The Fund is now slightly underweight duration overall (6.8 years vs index at 7.2 years) with a focus on relative value as PIMCO views rates to now be largely anchored given a more bearish global economic outlook.

Within regions, the Fund maintains its overweight to US duration preferring the belly of the yield curve over longer maturities. U.S. rates still offer an attractive pick-up versus other developed market interest rates.

PIMCO is also now flat to underweight European duration. They are underweight core and semi-core countries preferring peripheral Eurozone duration due to ECB support.

PIMCO has increased the underweight UK duration as a no-deal Brexit appears more unlikely given recent developments.

The Fund remains underweight duration in Japan as a "cheap" hedge for global rates, should they recalibrate higher, but the size of the underweight has been reduced given the deteriorating macro backdrop.

PIMCO has introduced a modest overweight to China due to a more dovish view on its cyclical growth and its impending inclusion in the Global Aggregate index.

The Fund continues to have exposure to a diversified basket of high yielding emerging market currencies (including RUB, MXN, IDR and BRL) funded primarily against the Euro. The Fund also has small tactical positions in GBP and JPY.

In the credit risk sector, the Fund remains underweight generic investment-grade corporate credit, preferring securitized assets such as the agency and non-agency mortgage sector and to European covered bonds and UK residential MBS which PIMCO view as offering an attractive source of "safe spread".

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30 November 2019

**Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics**



Investment Statistics	
Effective Duration	6.8
Benchmark Duration	7.2
Average Maturity	10.0
Average Coupon	2.4
Average Quality	A+
Total Carry	2.9

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
51.3	AAA	39.0
6.3	AA	15.1
13.6	A	30.3
23.0	BBB	15.6
5.7	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
1.0	0.0	0 - 1 years	0.1	0.0
4.9	7.9	1 - 3 years	0.3	0.6
24.9	13.0	3 - 5 years	1.7	0.9
27.7	25.0	5-10 years	1.9	1.8
41.4	54.0	10+ years	2.8	3.9
100	100	Total	6.8	7.2

Regional Breakdown by currency of settlement				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.4	1.1	Australia/NZ	0.2	0.1
16.6	21.0	Japan	1.1	1.5
18.0	23.8	Europe - EMU	1.2	1.7
6.3	1.4	Europe - Non EMU	0.4	0.1
1.2	7.5	United Kingdom	0.1	0.5
47.2	39.9	North America	3.2	2.9
5.2	3.6	Emerging Markets	0.4	0.3
1.9	1.7	Other	0.1	0.1
100	100	Total	6.8	7.2

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
48.5	58.7	Government	3.3	4.2
2.8	7.9	Agency/Semi	0.2	0.6
25.9	7.1	Mortgage	1.8	0.5
9.3	17.8	Inv Grade Corp	0.6	1.3
1.2	0.0	High Yield Corp	0.1	0.0
11.7	8.5	Emerging Markets	0.8	0.6
0.5	0.0	Cash Equivalents	0.0	0.0
100	100	Total	6.8	7.2

