

Fund Information	31 July 2017	
Fund Size	\$479 million	
Fund Type	PIE	
Investment management	PIMCO	
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged	
Performance (gross)	1 month	3 month
Portfolio (%)	0.65%	1.52%
Benchmark (%)	0.38%	0.83%
Alpha (%)	0.27%	0.69%

### Performance update

The Hunter Global Fixed Interest Fund returned +0.65% for the month of July, outperforming the benchmark return of 0.38% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged).

The late-June sell off initially continued in July but came to a halt as expectations of a more hawkish shift among central banks were reined in. Yields for US 10-year Treasuries were little changed over the month.

The Fund's exposure to non-agency mortgage backed securities added value, as did the US interest rate strategies, including the yield curve positions.

It was confirmed that the US economy had bounced back in the second quarter, with GDP growth of 2.6% (annualised), while a number of forward-looking activity indicators regained some of their recently-lost momentum. The Institute for Supply Management's manufacturing purchasing managers' index (PMI) bounced back sharply in June, to a three-year high of 57.8, and the Conference Board consumer confidence Index rose to 121.1 in July from 117.3 in June.

Inflation data remained sluggish, with consumer price inflation continuing to head lower. At the July meeting of the Federal Open Market Committee the US central bank kept base rates on hold, although they said plans to reduce its balance sheet would begin "relatively soon". This was read by the market as meaning September.

### Portfolio position and strategy

PIMCO continues to hold a modest overweight to U.S. duration, but remains underweight the front end of the yield curve given potential volatility from a faster than expected rate hiking cycle. The Fund is underweight duration in Europe, with a preference towards Denmark and Sweden, as well as being underweight Japan.

The Fund is underweight investment-grade corporate credit, as valuations appear rich. PIMCO favours the financial sector, with a focus on countries with more predictable regulatory and legal frameworks.

On a currency front, the portfolio is short the Singapore dollar and South Korean won, as PIMCO expects these currencies to weaken in order to remain competitive with China.

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31 July 2017

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



Investment Statistics	
Effective Duration	5.7
Benchmark Duration	6.8
Average Maturity	9.1
Average Coupon	2.1
Average Quality	AA-
Total Carry	4.5

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
60	AAA	40
6	AA	18
15	A	26
12	BBB	16
8	Sub Inv Grade	0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
7	0	0 - 1 years	0.4	0.0
-3	8	1 - 3 years	-0.2	0.5
23	14	3 - 5 years	1.3	1.0
54	30	5-10 years	3.1	2.0
20	48	10+ years	1.1	3.3
100	100	Total	5.7	6.8

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.1	2.4	Australia/NZ	0.2	0.2
8.7	22.3	Japan	0.5	1.5
20.2	24.6	Europe - EMU	1.2	1.7
12.2	1.7	Europe - Non EMU	0.7	0.1
0.6	8.1	United Kingdom	0.0	0.5
57.2	38.3	North America	3.3	2.6
1.0	1.2	Emerging Markets	0.1	0.1
-3.0	1.5	Other	-0.2	0.1
100.0	100.0	Total	5.7	6.8

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
44	60	Government	2.5	4.1
6	8	Agency/Semi	0.3	0.5
27	8	Mortgage	1.5	0.6
15	18	Inv Grade Corp	0.9	1.2
2	0	High Yield Corp	0.1	0.0
0	6	Emerging Markets	0.0	0.4
6	0	Cash Equivalents	0.4	0.0
100	100	Total	5.7	6.8

