

Fund Information	30 November 2017		
Fund Size	\$587 million		
Fund Type	PIE		
Investment management	PIMCO		
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged		
Performance (gross)	1 month	3 months	8 months
Portfolio (%)	0.19%	0.64%	4.19%
Benchmark (%)	0.22%	0.31%	2.95%
Alpha (%)	-0.03%	0.33%	1.24%

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 +0.19% for the month of November, slightly underperforming the benchmark return of 0.22% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged).

Duration and curve positioning in the U.S. detracted from performance, as yields rose. An underweight to duration in Japan and South Korea also detracted, as yields moved lower. On the other hand, the Fund benefited from exposure to U.S. non-agency MBS, as prices on these securities appreciated, along with an overweight to European covered bonds, and a modest long exposure to the Mexican peso, which rose against the USD.

Investment markets

Markets were mixed in November as US and Asian risk assets rallied but European equities underperformed. Fixed income markets saw noteworthy moves, with the US yield curve flattening to record levels.

Central bank activity remained top of mind as Jerome Powell was nominated as the next Chairman of the Federal Reserve, and the Bank of England hiked interest rates for the first time in over a decade. In Washington, tax reform took center stage, with a bill passing the Senate in early December.

Portfolio positioning

The Fund is currently overweight U.S. duration, as expectations for fiscal expansion and inflation have ebbed somewhat – PIMCO favours an overweight to the belly of the curve and an underweight to the long end.

In contrast, duration is underweight in Europe as PIMCO expects marginally higher rates in advance of ECB policy normalization in 2018. On the back of strong economic growth in Europe, peripheral sovereign risk is being added with caution while considering political risk.

The Fund is underweight duration in Japan, concentrated at the longest end of the curve as an inexpensive hedge against global rates recalibrating higher. Duration is modestly overweight towards New Zealand and Sweden.

PIMCO remains cautious in emerging markets, looking to reduce risk and increase liquidity in the Fund. Emerging markets exposure is primarily via high-carry, and highly liquid, EM currency positions. PIMCO believes that high-carry currencies will outperform in a stable USD environment.

The Fund is underweight investment-grade corporate credit, as valuations appear rich compared to historical averages. Non-agency MBS remains PIMCO's preferred spread sector, due to their attractive yields, downside protection and the outlook for price appreciation in the US housing market.

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30 November 2017

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



Investment Statistics	
Effective Duration	5.3
Benchmark Duration	6.8
Average Maturity	8.6
Average Coupon	2.0
Average Quality	AA-
Total Carry	4.7

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
64.9	AAA	40.0
5.5	AA	18.0
9.1	A	26.3
12.6	BBB	15.7
8.0	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
5.8	0.1	0 - 1 years	0.3	0.0
4.2	7.5	1 - 3 years	0.2	0.5
28.1	14.3	3 - 5 years	1.5	1.0
39.9	28.9	5-10 years	2.1	2.0
21.9	49.2	10+ years	1.2	3.3
100	100	Total	5.3	6.8

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.7	2.4	Australia/NZ	0.3	0.2
9.1	21.9	Japan	0.5	1.5
25.3	25.1	Europe - EMU	1.3	1.7
9.7	1.6	Europe - Non EMU	0.5	0.1
0.7	8.0	United Kingdom	0.0	0.5
53.0	38.5	North America	2.8	2.6
0.6	1.0	Emerging Markets	0.0	0.1
-3.1	1.5	Other	-0.2	0.1
100	100	Total	5.3	6.8

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
48.0	60.2	Government	2.5	4.1
6.2	8.1	Agency/Semi	0.3	0.6
26.7	8.1	Mortgage	1.4	0.6
11.5	18.1	Inv Grade Corp	0.6	1.2
1.6	0.0	High Yield Corp	0.1	0.0
0.5	5.5	Emerging Markets	0.0	0.4
5.5	0.0	Cash Equivalents	0.3	0.0
100	100	Total	5.3	6.8

