

Fund Information	31 March 2018		
Fund Size	\$604 million		
Fund Type	PIE		
Investment management	PIMCO		
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged		
Performance (gross)	1 month	3 months	12 months
Portfolio (%)	+0.73%	+0.19%	+4.57%
Benchmark (%)	+0.87%	+0.02%	+3.25%
Alpha (%)	-0.14%	+0.17%	+1.32%

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 +0.73% for the month of March, underperforming the benchmark return of +0.87% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged).

The Fund benefited from PIMCO's underweight to investment grade credit, holding Danish "covered" bonds and long positions in Latin American currencies including Mexico and Argentina.

However, an underweight exposure to UK duration and individual country selections within European duration strategies detracted from performance. Similarly, long positions in Russian Ruble and Turkish Lira also detracted as the USD appreciated against these currencies.

Investment markets

Price action was volatile over the month and global equities ended the month firmly in the red as plans by the U.S. to impose tariffs on Chinese imports bolstered concerns over a potential trade war. Core rates benefited as investors flocked to safety.

As U.S. stocks tumbled amid fears of increased regulatory oversight in the technology sector, U.S. Treasuries rallied driving yields lower. The yield on the 10-Year Treasury fell by 5.7 basis points to 2.7844%, its lowest level since early February.

Gold reached its highest level in over a month but prices fell again as trade war concerns eased later in the month.

Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall (5.5 years vs index at 7.1 years).

Within regions, the fund holds an overweight to U.S. duration, focused on the intermediate portion of the curve as U.S. rates offer an attractive pick-up versus other developed market interest rates. Short term interest rates remain unattractive, especially with the "Fed" on the move.

PIMCO has reduced our underweight position to European duration given the recent re-pricing and are now neutral in terms of total exposure. They remain overweight to the belly of the curve, where yields look attractive and underweight the long end where they see scope for yields to rise.

The Fund is also underweight duration in Japan, concentrated at the longest end of the curve as an inexpensive hedge against global rates recalibrating higher. The Fund has a small exposure to US TIPS to protect against any inflation surprises.

PIMCO maintains a constructive outlook in emerging markets as growth recovers but prefers to reflect this view via more liquid foreign exchange markets. Hence, the Fund continues to have exposure to a basket of high yielding emerging market currencies that PIMCO believe will outperform the USD.

In the credit risk sector, the Fund remains underweight investment-grade corporate credit preferring the non-agency mortgage sector due to their attractive yields, downside protection and the outlook for price appreciation in the US housing market. The Fund also holds some Danish callable and Swedish covered bonds which offer an attractive source of "safe spread".

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31 March 2018

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



Investment Statistics	
Effective Duration	5.5
Benchmark Duration	7.1
Average Maturity	7.7
Average Coupon	2.0
Average Quality	AA-
Total Carry	5.1

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
65.8	AAA	38.7
5.5	AA	16.4
9.8	A	27.5
10.8	BBB	17.4
8.1	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
9.7	0.1	0 - 1 years	0.5	0.0
-3.2	6.8	1 - 3 years	-0.2	0.5
50.7	13.5	3 - 5 years	2.8	1.0
20.3	31.0	5-10 years	1.1	2.2
22.4	48.6	10+ years	1.2	3.5
100	100	Total	5.5	7.1

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.1	1.2	Australia/NZ	0.2	0.1
4.8	22.5	Japan	0.3	1.6
32.7	24.9	Europe - EMU	1.8	1.8
7.5	1.6	Europe - Non EMU	0.4	0.1
0.2	7.9	United Kingdom	0.0	0.6
51.0	39.5	North America	2.8	2.8
2.3	1.0	Emerging Markets	0.1	0.1
-2.7	1.4	Other	-0.1	0.1
100	100	Total	5.5	7.1

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
40.2	58.9	Government	2.2	4.2
6.1	8.3	Agency/Semi	0.3	0.6
28.7	10.6	Mortgage	1.6	0.8
11.4	16.8	Inv Grade Corp	0.6	1.2
2.0	0.0	High Yield Corp	0.1	0.0
2.3	5.4	Emerging Markets	0.1	0.4
9.4	0.0	Cash Equivalents	0.5	0.0
100	100	Total	5.5	7.1

