

Fund Information	30 April 2018		
Fund Size	\$638 million		
Fund Type	PIE		
Investment management	PIMCO		
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged		
Performance (gross)	1 month	3 months	12 months
Portfolio (%)	-0.24%	+0.02%	+3.51%
Benchmark (%)	-0.38%	+0.28%	+2.07%
Alpha (%)	+0.14%	-0.26%	+1.44%

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 -0.24% for the month of April, outperforming the benchmark return of -0.38% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged).

The Fund benefited from PIMCO's overweight to short-end U.K. duration where yields declined on weak inflation and growth data and a more dovish BOE. Conversely, an underweight to U.S. duration also contributed as trade tensions eased and inflation concerns re-emerged.

Spread strategies also added value, particularly holdings of non-Agency mortgages. However, currency strategies detracted from performance as USD rallied on rising treasury yields while the Russian Ruble fell with the newly imposed trade sanctions.

Investment markets

Geopolitical developments continued to drive markets in April, the U.S. and China engaged in tit-for-tat tariff announcements before agreeing to discussions.

Kim Jong-un became the first North Korean leader to cross into South Korea for a summit with President Moon Jae-in.

Central bank rhetoric also diverged with the US Fed "hawkish" while other Central banks (BoE and ECB) preached caution on softer economic data at home.

The US 10-year Treasury bond briefly hit the 3% mark as solid US growth and higher inflation pushed both yields and the US dollar higher. Developed market equities also ended higher largely due to a rise in the energy sector as Brent crude finished above USD75 per barrel.

Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall (5.7 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.

PIMCO has reduced the 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 modest 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 diversified basket of high yielding emerging market currencies (including RUB, CNY, MXN and TRY) that PIMCO believes 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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30 April 2018

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



Investment Statistics	
Effective Duration	5.7
Benchmark Duration	7.1
Average Maturity	8.1
Average Coupon	2.2
Average Quality	AA-
Total Carry	5.3

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
66.2	AAA	39.1
5.3	AA	16.3
11.0	A	29.3
10.1	BBB	15.4
7.4	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
9.7	0.0	0 - 1 years	0.6	0.0
-3.9	6.6	1 - 3 years	-0.2	0.5
50.3	12.5	3 - 5 years	2.9	0.9
23.8	32.4	5-10 years	1.4	2.3
20.2	48.5	10+ years	1.2	3.4
100	100	Total	5.7	7.1

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.9	1.1	Australia/NZ	0.2	0.1
4.4	22.2	Japan	0.3	1.6
32.3	25.1	Europe - EMU	1.9	1.8
7.1	1.6	Europe - Non EMU	0.4	0.1
0.1	8.0	United Kingdom	0.0	0.6
52.7	39.4	North America	3.0	2.8
2.0	1.0	Emerging Markets	0.1	0.1
-2.4	1.4	Other	-0.1	0.1
100	100	Total	5.7	7.1

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
38.5	59.0	Government	2.2	4.2
6.2	8.2	Agency/Semi	0.4	0.6
29.0	10.9	Mortgage	1.7	0.8
11.4	16.5	Inv Grade Corp	0.7	1.2
1.9	0.0	High Yield Corp	0.1	0.0
3.6	5.4	Emerging Markets	0.2	0.4
9.3	0.0	Cash Equivalents	0.5	0.0
100	100	Total	5.7	7.1

