

Fund Information	31 January 2019			
Fund Size	\$672 million			
Fund Type	PIE			
Investment management	PIMCO			
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged			
Performance (gross)	1 month	3 months	12 months	Inception*
Portfolio (%)	+1.27%	+1.78%	+2.88%	+4.34%
Benchmark (%)	+0.97%	+2.87%	+3.47%	+3.60%
Alpha (%)	+0.30%	-1.09%	-0.59%	+0.74%

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](http://hunterinvestments.co.nz) and [business.govt.nz/disclose](http://business.govt.nz/disclose).

\*Annualised performance since inception

### Performance update

The Hunter Global Fixed Interest Fund returned +1.27% for the month of January, significantly outperforming the benchmark's return of +0.97% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged) for the same period.

The main contributors this month included the long exposure to a basket of emerging market currencies, positions in emerging markets and high-yield corporate debt as risk assets recovered.

These positions more than off-set the negative contributions from an underweight in investment grade corporate debt, a duration underweight in Japan and country selection within the Eurozone.

Other active positions had little impact in January.

### Investment markets

Risk assets recovered after December's sell-off as increased optimism over U.S.-China trade negotiations and a more "patient" Fed bolstered investor sentiment towards most risk assets. Global equities surged higher, the S&P 500 gained ~7%, credit spreads tightened, oil prices rallied by more than 14% and emerging market currencies rose against the U.S. dollar.

Developed market yields broadly fell as central banks adopted more cautionary tones regarding the path of monetary policy as underlying growth concerns persisted, the U.S. Federal Reserve removing "further gradual increases" in the description of the policy path.

### Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall. (5.5 years vs index at 7.0 years).

Within regions, the Fund holds a modest overweight to intermediate U.S. duration but is underweight the front and long ends of the yield curve as PIMCO believes that the yield curve will need to steepen. 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 remain underweight semi-core, French and Italian duration due to the ECB ending quantitative easing and Italian political and budget concerns but overweight to core and some satellite European Countries.

PIMCO is maintaining a modest underweight to UK duration both as a relative value trade and because of concerns around Brexit outcomes.

The Fund is also underweight duration in Japan as recent policy changes point to higher rates there and as a "cheap" hedge for global rates should they recalibrate higher.

The Fund continues to have exposure to a diversified basket of high yielding emerging market currencies (including RUB, ARS, MXN and COP) against the Euro. We are also long the USD versus a basket of "low carry" currencies.

In the credit risk sector, the Fund remains underweight investment-grade corporate credit preferring the non-agency mortgage sector due to their attractive yields and downside protection.

The Fund also holds exposure to Danish "callable" mortgages and Swedish "covered" bonds and, recently, UK residential MBS which PIMCO view as offering an attractive source of "safe spread".

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31 January 2019

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



Investment Statistics	
Effective Duration	5.5
Benchmark Duration	7.0
Average Maturity	6.9
Average Coupon	2.6
Average Quality	AA-
Total Carry	3.6

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
61.2	AAA	39.9
8.4	AA	16.1
13.7	A	28.5
10.3	BBB	15.5
6.6	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
8.7	0.1	0 - 1 years	0.5	0.0
4.2	7.0	1 - 3 years	0.2	0.5
45.0	14.3	3 - 5 years	2.5	1.0
21.4	29.1	5-10 years	1.2	2.0
20.7	49.5	10+ years	1.1	3.5
100	100	Total	5.5	7.0

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.5	1.1	Australia/NZ	0.2	0.1
9.5	22.8	Japan	0.5	1.6
24.1	23.8	Europe - EMU	1.3	1.7
5.6	1.5	Europe - Non EMU	0.3	0.1
-0.6	7.5	United Kingdom	0.0	0.5
54.5	40.5	North America	3.0	2.8
0.5	1.2	Emerging Markets	0.0	0.1
1.8	1.6	Other	0.1	0.1
100	100	Total	5.5	7.0

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
32.7	59.7	Government	1.8	4.2
6.0	7.9	Agency/Semi	0.3	0.6
29.0	10.1	Mortgage	1.6	0.7
15.5	16.4	Inv Grade Corp	0.9	1.1
1.6	0.0	High Yield Corp	0.1	0.0
7.0	5.7	Emerging Markets	0.4	0.4
8.3	0.0	Cash Equivalents	0.5	0.0
100	100	Total	5.5	7.0

