

Fund Information		31 March 2019			
Fund Size	\$686 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 (%)	+1.46%	+3.14%	+4.51%	+4.92%	
Benchmark (%)	+1.73%	+2.77%	+4.62%	+4.20%	
Alpha (%)	-0.27%	+0.37%	-0.11%	+0.72%	

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 +1.46% for the month of March, but underperformed the benchmark's return of +1.73% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged) for the same period.

The main positive contributors to performance this month were duration and curve positioning in the US and a short currency exposure to the Euro.

Meanwhile, detracting from performance were an underweight to UK duration, Country selection in the Eurozone and a long exposure to emerging market currencies (particularly Russian rubles and Indian rupee).

### Investment markets

Risk sentiment moderated in March with sovereign yields moving lower on the back of falling growth expectations and increasingly dovish messages from Central Banks. Political uncertainty also continued to influence markets, in UK it was volatile Brexit negotiations as UK MP's voted against a no-deal exit but also voted down Theresa May's Brexit deal for a 3<sup>rd</sup> time. The Brexit deadline has now been extended. UK Gilt yields fell during the month but GBP remained largely unchanged. The US yield curve, however, continued to flatten with the 10-year Treasury yield falling below 3-month Treasury bill rate, the curve inverting for the first time since 2007. Inverted curves are seen as a harbinger of recession in the next year or two.

### Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall although the size of the underweight has been reduced (6.4 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 and peripheral Eurozone duration but overweight to core and some satellite European Countries. The Fund maintains its underweight of French duration as the ECB ends quantitative easing.

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.

In the credit risk sector, the Fund remains underweight investment-grade corporate credit preferring securitized assets such as the agency and 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".

**Tony Hildyard** - 021 830 720

[tonyhildyard@hunterinvestments.co.nz](mailto:tonyhildyard@hunterinvestments.co.nz)

**Manager: Implemented Investment Solutions Limited**

[contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

0800 499 466

This Report is provided by Implemented Investment Solutions Limited (IIS) in good faith and is designed as a summary to accompany the Product Disclosure Statement for the Hunter Global Fixed Interest Fund (which is available from IIS and on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)). The information contained in this Report and Update is not an offer of units in the Fund or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units in the Fund. Any person wishing to apply for units should contact IIS to get an application form. The information and any opinions in this Report and Update are based on sources IIS believes are reliable and accurate. IIS, its directors, officers and employees make no representations or warranties of any kind as to the accuracy or completeness of the information contained in this fact sheet and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information or any opinions, conclusions or recommendations contained in it, whether that loss or damage is caused by any fault or negligence on the part of IIS, or otherwise, except for any statutory liability which cannot be excluded. All opinions reflect IIS' judgment on the date of this Report and are subject to change without notice. This disclaimer extends to any entity that may distribute this publication and in which IIS or its related companies have an interest. The information in this Report and Update is not intended to be financial advice for the purposes of the Financial Advisers Act 2008. In particular, in preparing this document, IIS did not take into account the investment objectives, financial situation and particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up and an investor in the fund may not recover the full amount the capital that they invest. This disclaimer must accompany any information regarding IIS or its products. No part of this document may be reproduced without the permission of IIS. IIS is the manager of the Fund and will receive the management fees as set out in the Product Disclosure Statement.

31 March 2019

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



Investment Statistics	
Effective Duration	6.4
Benchmark Duration	7.0
Average Maturity	8.9
Average Coupon	2.5
Average Quality	AA-
Total Carry	3.4

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
61.1	AAA	40.0
6.9	AA	16.0
14.7	A	28.6
10.8	BBB	15.4
6.5	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
9.4	0.1	0 - 1 years	0.6	0.0
2.8	6.7	1 - 3 years	0.2	0.5
34.4	14.2	3 - 5 years	2.2	1.0
26.6	29.6	5-10 years	1.7	2.1
26.8	49.5	10+ years	1.7	3.5
100	100	Total	6.4	7.0

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.0	1.2	Australia/NZ	0.3	0.1
16.3	22.3	Japan	1.0	1.6
24.1	23.9	Europe - EMU	1.6	1.7
3.1	1.5	Europe - Non EMU	0.2	0.1
2.0	7.6	United Kingdom	0.1	0.5
49.0	40.7	North America	3.2	2.9
-0.1	1.2	Emerging Markets	0.0	0.1
1.5	1.6	Other	0.1	0.1
100	100	Total	6.4	7.0

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
47.3	59.2	Government	3.0	4.2
4.8	8.1	Agency/Semi	0.3	0.6
19.3	10.3	Mortgage	1.2	0.7
11.1	16.7	Inv Grade Corp	0.7	1.2
1.4	0.0	High Yield Corp	0.1	0.0
6.2	5.8	Emerging Markets	0.4	0.4
9.9	0.0	Cash Equivalents	0.6	0.0
100	100	Total	6.4	7.0

