

Fund Information	30 April 2019			
Fund Size	\$684 million			
Fund Type	PIE			
Investment management	PIMCO			
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged			
Performance (gross)	1 month	3 months	1 Year	2 Years pa
Portfolio (%)	+0.24%	+2.08%	+5.01%	+4.26%
Benchmark (%)	+0.00%	+1.78%	+5.02%	+3.54%
Alpha (%)	+0.24%	+0.30%	-0.01%	+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 and business.govt.nz/disclose.

Performance update

The Hunter Global Fixed Interest Fund returned +0.24% for the month of April, outperforming the benchmark's return of 0.00% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged) for the same period.

The main positive contributors to performance this month were the underweight to UK duration, positions in non-Agency MBS and securitised products and exposure to high yielding EM currencies. Detracting from performance was a long exposure to Japanese Yen and an underweight to investment grade corporate credit.

Investment markets

Global markets were relatively well behaved in April, equities continued to rally with the VIX index (Volatility) trading in a tight range – credit spreads generally tightened and oil prices were higher in April. Core interest rates drifted higher as investor concerns abated.

On the monetary front there were no major surprises. March's FOMC minutes did not include revelatory details – the narrative was broadly balanced. From the ECB, the central bank signalled that deposit tiering is currently being considered and that side effects of negative rates are being investigated. Draghi highlighted that the central bank will use its entire toolkit as appropriate, and the door seems to be open for more-negative rates if policymakers can make such action less painful for the financial sector.

Emerging Market returns, however, were highly divergent over the month of April due to a number of idiosyncratic developments.

Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall although the size of the underweight has been reduced (6.8 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".

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30 April 2019

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



Investment Statistics	
Effective Duration	6.8
Benchmark Duration	7.0
Average Maturity	9.8
Average Coupon	2.5
Average Quality	AA-
Total Carry	3.7

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
60.0	AAA	39.9
6.7	AA	15.9
15.7	A	28.6
10.9	BBB	15.5
6.7	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
10.1	0.0	0 - 1 years	0.7	0.0
-3.2	6.8	1 - 3 years	-0.2	0.5
37.6	14.9	3 - 5 years	2.6	1.0
32.5	27.8	5-10 years	2.2	2.0
23.0	50.5	10+ years	1.6	3.6
100	100	Total	6.8	7.0

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
2.9	1.2	Australia/NZ	0.2	0.1
15.2	22.3	Japan	1.0	1.6
19.6	23.9	Europe - EMU	1.3	1.7
5.6	1.5	Europe - Non EMU	0.4	0.1
2.9	7.5	United Kingdom	0.2	0.5
51.2	40.6	North America	3.5	2.9
0.4	1.4	Emerging Markets	0.0	0.1
2.2	1.6	Other	0.1	0.1
100	100	Total	6.8	7.0

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
46.4	59.2	Government	3.2	4.2
4.4	8.0	Agency/Semi	0.3	0.6
22.3	9.6	Mortgage	1.5	0.7
10.5	17.1	Inv Grade Corp	0.7	1.2
1.2	0.0	High Yield Corp	0.1	0.0
6.9	6.1	Emerging Markets	0.5	0.4
8.2	0.0	Cash Equivalents	0.6	0.0
100	100	Total	6.8	7.0

