

# Fund update

For the quarter ended 30 September 2019

- **Hunter Investment Funds**
- **Hunter Global Fixed Interest Fund**

This fund update was first made publicly available on: 25 October 2019

## What is the purpose of this update?

This document tells you how the Hunter Global Fixed Interest Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Implemented Investment Solutions Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

## Description of this fund

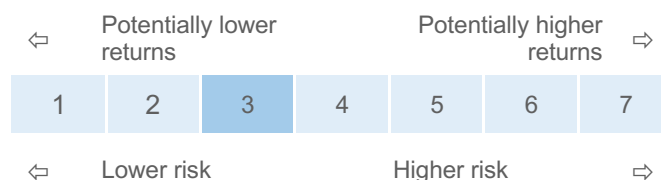
Objective: to provide a total return, before costs and tax, 1% higher than the Bloomberg Barclays Global Aggregate Index – 100% New Zealand dollar hedged over the long term.

Strategy: The fund invests in a diversified portfolio of actively managed fixed interest securities, cash and derivatives. The predominant investment is in securities issued by governments, supnationals, local authorities, and corporates. The fund may also invest in emerging market debt, asset backed securities, mortgage backed securities, structured notes, bank loans, high yield securities, mortgage derivatives, preferred securities, unrated securities, cash and cash equivalents, and derivative instruments, including currency hedging instruments. The fund targets being fully hedged to New Zealand dollars.

Total value of the fund	\$NZ 775,275,301
The date the fund started	15 March 2017

## What are the risks of investing?

Risk indicator for the Hunter Global Fixed Interest Fund<sup>1</sup>.



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz](http://www.sorted.org.nz).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

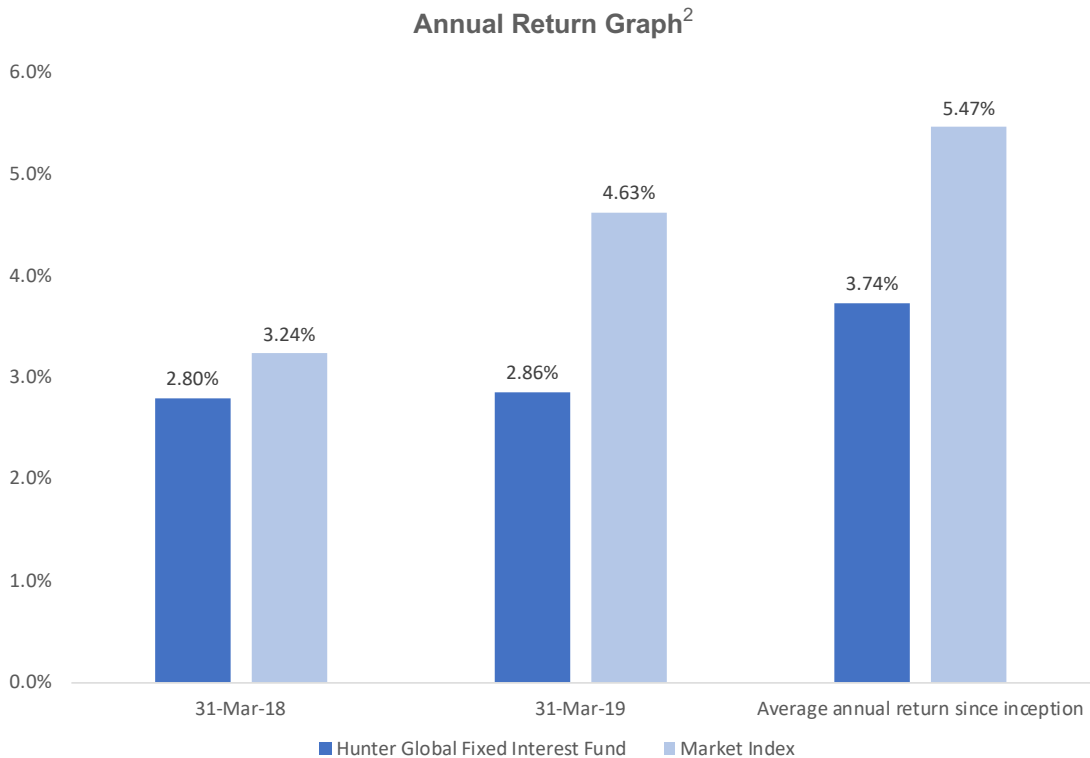
This risk indicator is not a guarantee of a fund’s future performance. The risk indicator is based on the returns data for 5 years to 30 September 2019. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

**How has the fund performed?**

	Past year
Annual return (after deductions for charges and tax)	5.71%
Annual return (after deductions for charges but before tax)	8.05%
Market index annual return (reflects no deduction for charges and tax)	9.96%

The market index return is the Bloomberg Barclays Global Aggregate Index 100% New Zealand dollar hedged. This has been the market index since the inception of the fund. Additional information about the market index is available on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2019.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Hunter Global Fixed Interest Fund are charged fund charges. In the year to 31 March 2019 these were:

	% of net asset value
Total fund charges	0.62%
Which are made up of:	
Total manager and administration charges	0.62%
Including:	
Manager's basic fee (including GST)	0.62%
Other management and administration charges (including GST)	0.00%

The 'manager's basic fee has been estimated. See Note <sup>3</sup> at the end of this fund update for more information about this estimate.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the Hunter Investment Funds on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about those fees.

## Example of how this applies to an investor

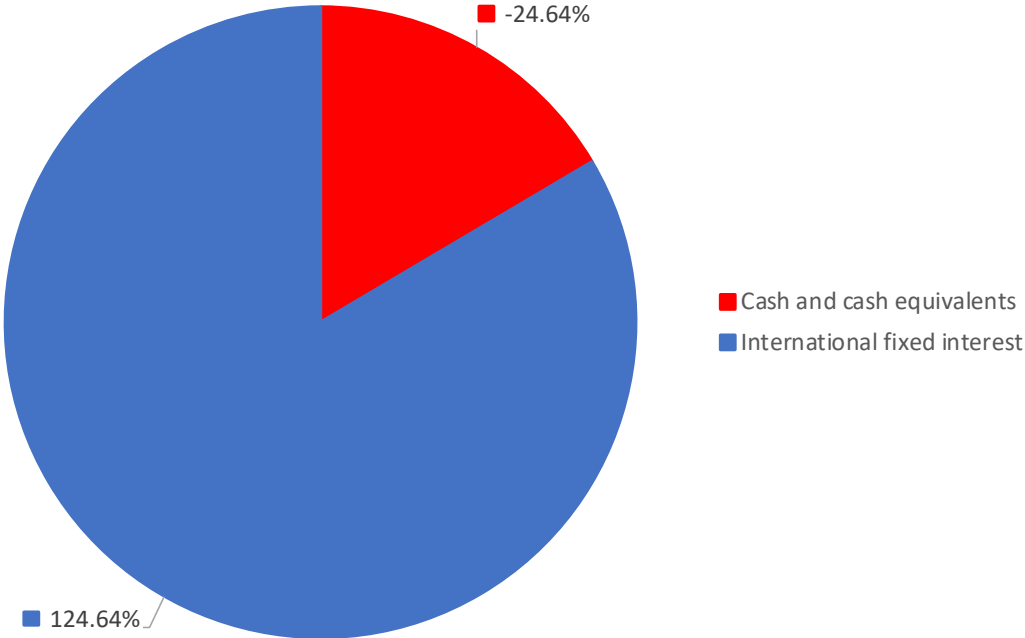
Small differences in fees and charges can have a big impact on your investment over the long term.

Anthony had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Anthony received a return after fund charges were deducted of \$805 (that is 8.05% of his initial \$10,000). This gives Anthony a total return after tax of \$571 for the year.

**What does the fund invest in?**

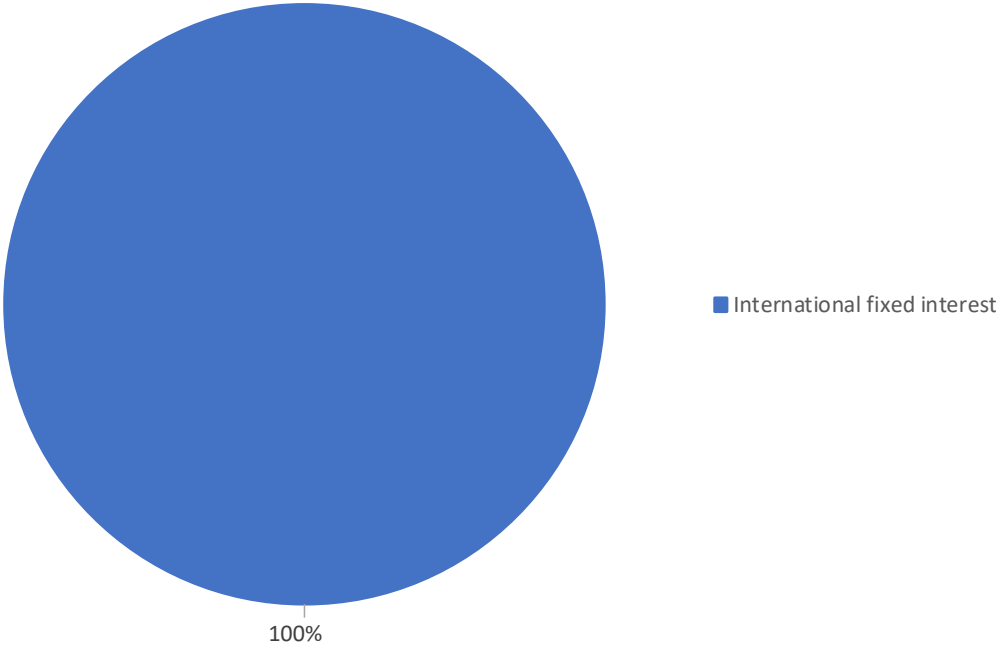
This shows the types of assets that the fund invests in.

**Actual investment mix\***



\*Note the Cash and cash equivalents figure is negative

**Target investment mix**



Top 10 investments

	Name	% of Fund net assets	Type	Country	Credit rating (if applicable)
1	FEDERAL NATIONAL MORTGAGE ASSOCIATION 151140 0.00 TBA	15.55%	International Fixed Interest	US	AAA
2	FEDERAL NATIONAL MORTGAGE ASSOCIATION 151242 0.00 TBA	7.76%	International Fixed Interest	US	AAA
3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 151143 0.00 TBA	6.26%	International Fixed Interest	US	AAA
4	FEDERAL NATIONAL MORTGAGE ASSOCIATION 151146 0.00 TBA	4.15%	International Fixed Interest	US	AAA
5	USD BNP PARIBAS A/C	2.41%	Cash and cash equivalents	US	A-1
6	SPAIN KINGDOM OF GOVERNMENT 311029 0.60 GB	2.04%	International Fixed Interest	ES	A
7	UNITED STATES TREASURY 300425 2.875 GB	1.97%	International Fixed Interest	US	AAA
8	UNITED STATES TREASURY 150128 0.5 ILB	1.90%	International Fixed Interest	US	AAA
9	JAPAN GOVERNMENT 201248 0.70 GB	1.47%	International Fixed Interest	JP	A+
10	MORGAN STANLEY USD	1.28%	Cash and cash equivalents	US	A-1

The top 10 investments make up 44.79% of the net asset value of the fund.

**Key personnel**

This shows the directors and employees who have the most influence on the investment decisions of the fund.

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
Tony Hildyard	Managing Director, Hunter Investment Management	3 years 0 months	Country Head, NZ, PIMCO Australian Pty Ltd	7 years 5 months
Sachin Gupta	Executive Vice President and Global Portfolio Manager, Pacific Investment Management Co.	15 years 9 months	Member of ABN AMRO Bank fixed income and currency derivatives group	5 years, 9 months
Andrew Balls	CIO Global Fixed Income, Pacific Investment Management Co.	5 years 10 month	Head of European Portfolio Management, Pacific Investment Management Co.	7 years 0 months

**Further information**

You can also obtain this information, the PDS for the Hunter Investment Funds, and some additional information from the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)

---

Notes

<sup>1</sup> A combination of actual fund returns and market index returns have been used to determine the risk indicator as the fund has not been operating for the required five years. The risk indicator may therefore provide a less reliable indicator of the fund's future volatility. Market index returns have been used for the period to 15 March 2017.

<sup>2</sup> The bar chart shows fund returns after deducting fees and tax. Tax is deducted at the highest Prescribed Investor Rate of 28%. However, the market index returns are shown before deducting fees and tax.

<sup>3</sup> As the GST component of fund charges (such Supervisor and Manager fees) varies we have estimated GST using the estimated mix of underlying fund charges.