

Fund Information	31 January 2021			
Fund Size	\$1.004 billion			
Fund Type	PIE			
Investment management	PIMCO			
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged			
Performance (gross)	1 month	3 months	1 Year	3 Year pa
Portfolio (%)	-0.29%	+1.38%	+4.99%	+5.50%
Benchmark (%)	-0.55%	+0.27%	+2.94%	+4.91%
Alpha (%)	+0.26%	+1.11%	+2.05%	+0.59%

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 outperformed its benchmark in January although nominal returns were slightly negative this month.

Contributors included positions in Agency and non-Agency MBS and investment grade credit.

An underweight to UK and US duration together with curve positioning also added value as their yield curves steepened.

Meanwhile an overweight to Australian duration underperformed as the Australian yield curve also steepened. Exposure to a basket of high-carry emerging markets currencies also detracted this month.

Investment markets

January was characterised by volatile markets with many asset classes largely directionless early in the month. The latter part of the month saw risk appetites take a hit on the back of disappointing earnings results, a rise in interest rates and concerns around vaccine rollouts as supply chain issues delayed initially proposed timetables.

Meanwhile Joe Biden was sworn in as 26th President of the United States and immediately signed 15+ executive orders to help with the Covid-19 response and reverse the Trump administration's policies on immigration and climate change. He signalled a US\$1.9 trn Covid-relief proposal which, if passed, will be the single largest spending program on a specific cause.

Adding a little flavour to markets in January was a group of amateur traders on Reddit that made it their mission to go long stocks that were heavily shorted by Hedge Funds. The most notable being GameStop (GME) where their actions saw 1800%+ returns and a number of hedge fund casualties.

Portfolio positioning

PIMCO is maintaining a cautious view towards both interest rates and corporate credit, with a focus on relative value positions and diversified alpha strategies. Within broader risk exposures, they maintain tactical tilts designed to benefit across a range of scenarios.

The Fund's duration has less absolute duration than the index at 6.7 years vs 7.4 years reflecting yield curve positioning.

PIMCO still prefers U.S. duration but is now marginally underweight versus the benchmark. They maintain a dollar bloc bias for its resilience should the global economy worsen. The Fund also holds an underweight to European duration given unattractive low yields and negative carry in some parts of the curve.

The Fund remains underweight to corporate credit generally, while targeting shorter maturities and financials.

Securitized assets remain PIMCO's preferred way to take spread exposure. The Fund is also long non-core Europe vs core Europe as ECB support makes further spread contraction likely.

Currency strategies are largely tactical or target portfolio diversification, we remain long a basket of EM currencies and have recently also bought some developed market currencies including AUD, EUR, GBP and JPY vs USD.

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31 January 2021

Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics



Investment Statistics	
Effective Duration	6.7
Benchmark Duration	7.4
Average Maturity	9.1
Average Coupon	2.0
Average Quality	AA-
Total Carry	2.2

Quality Breakdown		
Market Value % Portfolio	Market Value % Benchmark	
AAA	36.1	
AA	15.7	
A	32.2	
BBB	16.0	
Sub Inv Grade	0.0	
Total	100	

Curve Exposure			
Duration Weighted Exposure % Portfolio	% Benchmark	Duration Weighted Exposure Years Portfolio	Duration Weighted Exposure Years Benchmark
3.9	0.2	0-1 years	0.3
-0.1	7.6	1-3 years	0.0
15.1	11.0	3-5 years	1.0
48.9	25.5	5-10 years	3.3
32.3	55.7	10+ years	2.2
100	100	Total	6.7
			7.4

Regional Breakdown by currency of settlement)			
Duration Weighted Exposure % Portfolio	% Benchmark	Duration Weighted Exposure Years Portfolio	Duration Weighted Exposure Years Benchmark
6.1	1.4	Australia/NZ	0.4
14.6	18.0	Japan	1.0
22.4	25.4	Europe - EMU	1.5
4.9	1.4	Europe - Non EMU	0.3
4.9	8.1	United Kingdom	0.3
38.4	37.3	North America	2.6
7.6	6.7	Emerging Markets	0.5
1.1	1.7	Other	0.1
100	100	Total	6.7
			7.4

Sector Breakdown			
Duration Weighted Exposure % Portfolio	% Benchmark	Duration Weighted Exposure Years Portfolio	Duration Weighted Exposure Years Benchmark
47.0	56.4	Government	3.2
3.8	8.5	Agency/Semi	0.3
17.1	5.1	Mortgage	1.1
12.2	18.1	Inv Grade Corp	0.8
0.9	0.0	High Yield Corp	0.1
16.2	11.8	Emerging Markets	1.1
2.9	0.0	Cash Equivalents	0.2
100	100	Total	6.7
			7.4

