

# Fund Update

For the quarter ended 31 December 2020

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

This fund update was first made publicly available on: 29 January 2021

## 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

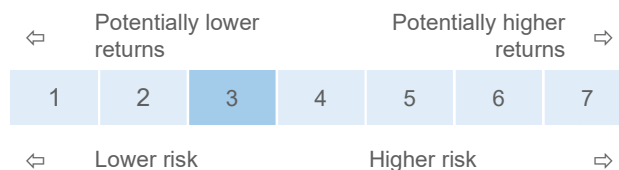
**Objective:** to provide a total return, before costs and tax, 1% higher than the Bloomberg Barclays Global Aggregate Index – 100% New Zealand dollar hedged over the long term.

**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 992,450,642
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.

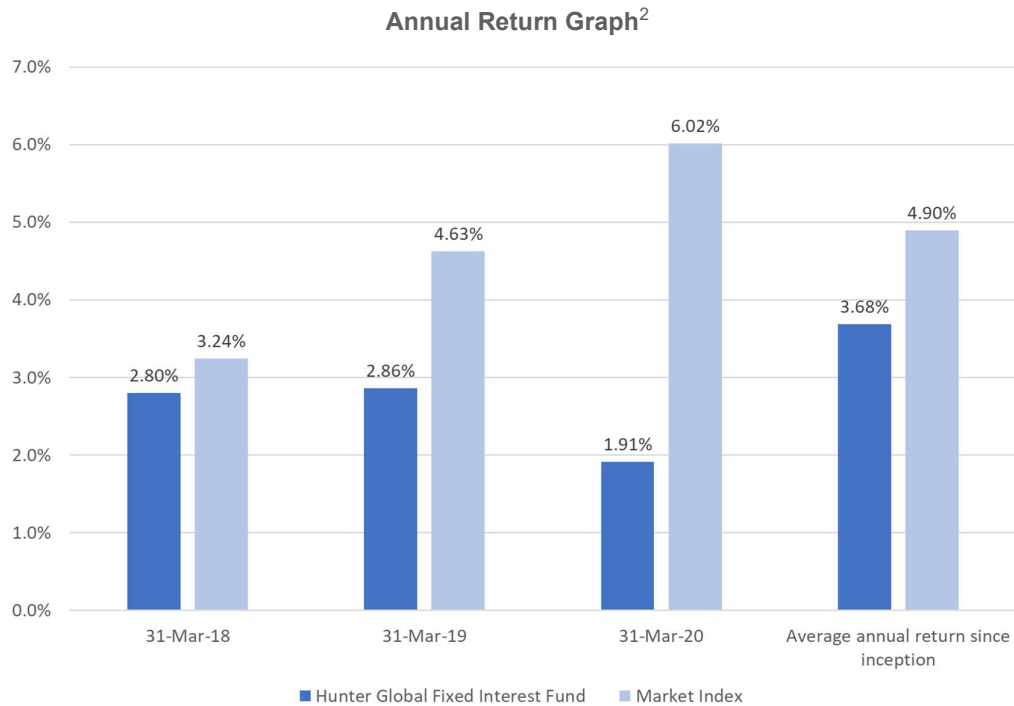
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 31 December 2020. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

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)	4.73%
Annual return (after deductions for charges but before tax)	6.59%
Market index annual return (reflects no deduction for charges and tax)	5.41%

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.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).



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 31 December 2020

**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 2020 these were:

	% of net asset value (including GST)
Total fund charges	0.57%
Which are made up of:	
Total manager and administration charges	0.57%
Including:	
Manager's basic fee (including GST)	0.55%
Other management and administration charges	0.02%

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 Global Fixed Interest Fund on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for more information about those fees.

## Example of how this applies to an investor

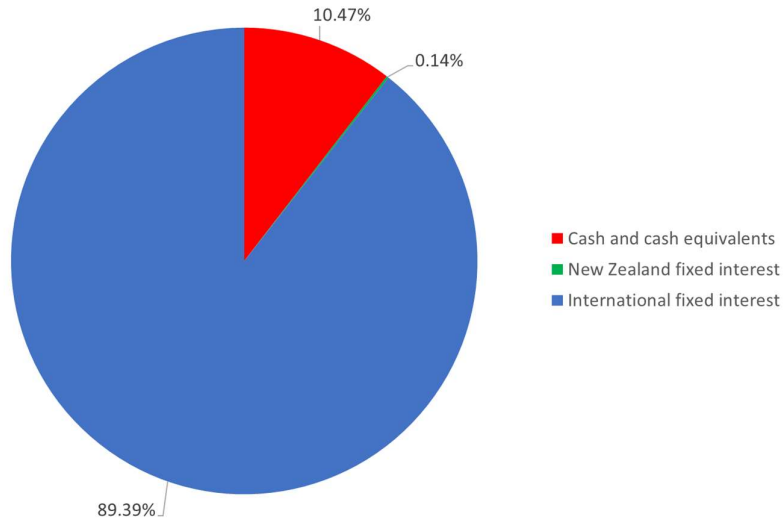
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$659 (that is 6.59% of his initial \$10,000). This gives Anthony a total return after tax of \$473 for the year.

### What does the fund invest in?

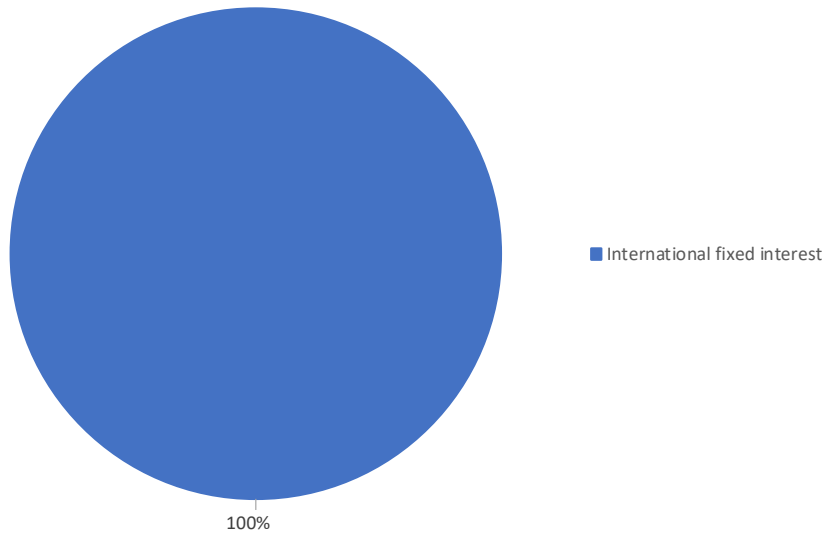
This shows the types of assets that the fund invests in.

#### Actual investment mix



Foreign currency exposure was 100.14% hedged to New Zealand dollars as at 31 December 2020.

#### Target investment mix



Top 10 investments

	Name	% of Fund net assets	Type	Country	Credit rating (if applicable)
1	FEDERAL NATIONAL MORTGAGE ASSOCIATION 110351 0.00 TBA	14.69%	International fixed interest	US	AA+
2	FEDERAL NATIONAL MORTGAGE ASSOCIATION 150244 0.00 TBA	8.90%	International fixed interest	US	AA+
3	FEDERAL NATIONAL MORTGAGE ASSOCIATION 150244 0.00 TBA	6.29%	International fixed interest	US	AA+
4	FEDERAL NATIONAL MORTGAGE ASSOCIATION 150346 0.00 TBA	5.68%	International fixed interest	US	AA+
5	JAPAN GOVERNMENT 080321 0.00 GB	4.37%	Cash and cash equivalents	JP	A1
6	JAPAN GOVERNMENT 150321 0.00 GB	3.91%	Cash and cash equivalents	JP	A1
7	FEDERAL NATIONAL MORTGAGE ASSOCIATION 150144 0.00 TBA	2.27%	International fixed interest	US	AA+
8	NYKREDIT REALKREDIT AS 011050 1.0 CB	2.10%	International fixed interest	DK	AAA
9	USD BNP PARIBAS A/C	1.73%	Cash and cash equivalents	US	A1
10	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 2 200550 2.00 TBA	1.57%	International fixed interest	US	AA+

The top 10 investments make up 51.51% 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
<b>Tony Hildyard</b>	Managing Director, Hunter Investment Management Limited	4 years 3 months	Country Head New Zealand, PIMCO Australia Pty Ltd	7 years 5 months
<b>Sachin Gupta</b>	Executive Vice President and Global Portfolio Manager, Pacific Investment Management Co.	17 years 0 months	Member of ABN AMRO Bank fixed income and currency derivatives group	5 years 9 months
<b>Andrew Balls</b>	CIO Global Fixed Income, Pacific Investment Management Co.	7 years 1 months	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 Global Fixed Interest Fund, and some additional information from the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

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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 until 15 March 2017 and fund returns thereafter.

<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.