

Fund Information	31 March 2021			
Fund Size	\$1.013 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 (%)	-0.17%	-1.88%	+6.77%	+4.84%
Benchmark (%)	-0.41%	-2.49%	+1.39%	+3.99%
Alpha (%)	+0.24%	+0.61%	+5.38%	+0.85%

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 March although nominal returns were negative again this month.

Contributors included duration and curve positioning in the US and Australia as core interest rates and inflation expectations continued to rise. An underweight to duration in the Eurozone, positioning in Agency and non-Agency mortgages and holdings of emerging markets external debt also contributed.

However, local rate exposure to select emerging markets (including Peru and Brazil) detracted from performance as did our underweight to non-financial investment-grade corporate debt.

Investment markets

March saw continued volatility in markets as investors reacted to various conflicting influences around vaccine rollouts, the blockage in the Suez and President Biden's stimulus package.

Europe is significantly lagging the UK and the US in vaccine rollout and we also saw another major challenge for the Oxford/AstraZeneca vaccine as many governments stopped its usage due to concerns over potential blood clots.

The 220,000 ton "Ever Given" ran aground in the Suez Canal completely blocking one of the world's most important shipping lanes for a week which saw significant trade disruptions and large swings in commodity prices - oil was up 6% on the day the news broke.

President Biden signed the US\$1.9 trillion stimulus package into law early in March and immediately announced his "American Jobs Plan" proposal for an extra US\$2.25 trillion of infrastructure spending, mostly funded by corporate tax rises. US yields ended up 85 basis points in Q1.

Portfolio positioning

PIMCO is maintaining its cautious view towards both interest rates and corporate credit, focusing 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 remains slightly underweight duration versus the index with absolute duration now 7.0 years vs 7.4 years and focused on relative value between regions.

PIMCO still prefers US duration and is marginally overweight versus the benchmark given the recent rise in interest rates. They maintain a dollar bloc bias for its resilience should the global economy worsen. The Fund also holds an underweight to core Eurozone and UK duration given unattractive low yields and negative carry in some parts of the curve.

The Fund remains underweight to corporate credit generally, targeting financials and non-cyclicals.

Securitized assets remain PIMCO's preferred way to take spread exposure although they have reduced the relative size of this position. The Fund remains long non-core Europe versus core Europe as ECB support continues to make further spread contraction likely.

Currency strategies are largely tactical or target portfolio diversification. We remain long a basket of emerging market currencies and also have some developed market currencies including AUD and GBP, all versus USD.

The Fund also has a small allocation to inflation linked bonds which are trading below fair value.

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31 March 2021

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



Investment Statistics	
Effective Duration	7.0
Benchmark Duration	7.4
Average Maturity	9.0
Average Coupon	1.9
Average Quality	AA-
Total Carry	2.7

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
54.3	AAA	36.7
4.2	AA	15.2
22.2	A	31.8
14.0	BBB	16.3
5.2	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.4	0.1	0 - 1 years	0.3	0.0
0.1	6.7	1 - 3 years	0.0	0.5
14.2	12.7	3 - 5 years	1.0	0.9
40.2	27.6	5-10 years	2.8	2.0
41.2	52.9	10+ years	2.9	3.9
100	100	Total	7.0	7.4

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.6	1.4	Australia/NZ	0.2	0.1
16.8	17.5	Japan	1.2	1.3
19.4	24.7	Europe - EMU	1.4	1.8
6.0	1.3	Europe - Non EMU	0.4	0.1
2.9	7.6	United Kingdom	0.2	0.6
43.0	39.0	North America	3.0	2.9
7.4	6.7	Emerging Markets	0.5	0.5
1.0	1.7	Other	0.1	0.1
100	100	Total	7.0	7.4

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
52.6	54.5	Government	3.7	4.0
3.1	8.3	Agency/Semi	0.2	0.6
12.1	7.8	Mortgage	0.8	0.6
12.1	17.7	Inv Grade Corp	0.8	1.3
1.1	0.0	High Yield Corp	0.1	0.0
15.5	11.7	Emerging Markets	1.1	0.9
3.4	0.0	Cash Equivalents	0.2	0.0
100	100	Total	7.0	7.4

