

Fund Information		31 August 2021			
Fund Size	\$1.11 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 (%)	+0.06%	+1.54%	+2.84%	+5.27%	
Benchmark (%)	-0.19%	+1.58%	+0.75%	+4.52%	
Alpha (%)	+0.25%	-0.04%	+2.09%	+0.75%	

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 slightly outperformed its benchmark in August, benefitting from its defensive positioning, as investors began to anticipate more hawkish central banks looking through COVID-19 setbacks and focussing on stronger economic data.

Underweights in UK and European duration, particularly longer maturities, added value as yields rose.

Similarly, our overall underweight exposure to investment grade corporate and a preference for securitised assets also added value.

Meanwhile, an underweight to emerging markets duration and holdings in covered bonds subtracted value. Currency strategies also detracted modestly.

Investment markets

Global equity markets were broadly stronger in August, the MSCI gaining 2.4% for the month while core government bond market yields generally rose on the prospect of hawkish central bank moves ahead.

In the US, another strong inflation print together with strong labour market data saw bond investors anticipating a hawkish Federal Reserve ahead of its Jackson Hole meeting where Chairman Powell voiced support for starting to taper asset purchases this year.

Progress on the COVID-19 front remains mixed, some countries managed to reach major inoculation milestones, however, supply disruptions and anti-vaccination movements led to challenges in a number of countries. The

fight against COVID was further exacerbated by the Delta variant, which led to rising case numbers in countries such as the US. Consequently, the EU announced that it will impose new restrictions on nonessential travel from the US due to increased case numbers in the country.

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 increased its underweight duration position versus the index with absolute duration now 6.4 years vs 7.5 years and focused on relative value between regions.

PIMCO is slightly underweight US and Japanese duration versus the benchmark and they maintain a dollar bloc bias for its resilience should the global economy worsen. The Fund is maintaining more significant underweight positions 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.

Securitised assets remain PIMCO's preferred way to take spread exposure although they are now underweight to the agency and semi-government sectors, preferring the non-agency mortgage sector. 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 retain a small position in emerging market currencies and are overweight some developed market currencies including AUD and GBP, all versus USD.

The Fund continues to have a small allocation to inflation-linked bonds.

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31 August 2021

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



Investment Statistics	
Effective Duration	6.4
Benchmark Duration	7.5
Average Maturity	8.6
Average Coupon	1.8
Average Quality	AA-
Total Carry	2.2

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
51.3	AAA	37.2
6.4	AA	15.2
19.9	A	31.7
17.6	BBB	15.9
4.8	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.7	0.0	0 - 1 years	0.3	0.0
-2.0	6.3	1 - 3 years	-0.1	0.5
12.3	12.5	3 - 5 years	0.8	0.9
40.4	26.9	5-10 years	2.6	2.0
44.7	54.3	10+ years	2.9	4.1
100	100	Total	6.4	7.5

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.0	1.3	Australia/NZ	0.2	0.1
17.9	16.9	Japan	1.1	1.3
18.3	24.1	Europe - EMU	1.2	1.8
6.4	1.3	Europe - Non EMU	0.4	0.1
3.7	7.7	United Kingdom	0.2	0.6
42.2	40.1	North America	2.7	3.0
7.6	6.9	Emerging Markets	0.5	0.5
0.9	1.7	Other	0.1	0.1
100	100	Total	6.4	7.5

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
61.2	54.5	Government	3.9	4.1
1.1	8.3	Agency/Semi	0.1	0.6
8.8	7.7	Mortgage	0.6	0.6
8.7	17.6	Inv Grade Corp	0.6	1.3
1.2	0.0	High Yield Corp	0.1	0.0
14.8	11.8	Emerging Markets	1.0	0.9
4.0	0.0	Cash Equivalents	0.3	0.0
100	100	Total	6.4	7.5

