

Fund Information	30 September 2021			
Fund Size	\$1.155 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 (%)	-0.86%	+0.27%	+1.45%	+5.02%
Benchmark (%)	-0.96%	+0.09%	-0.59%	+4.32%
Alpha (%)	+0.10%	+0.18%	+2.04%	+0.70%

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 September, benefitting from its defensive positioning, as investors began to anticipate more hawkish central banks and contagion from credit default concerns in China.

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

Security selection in securitised assets also added value as did our exposure to emerging market duration.

Meanwhile, holdings in covered bonds and an underweight exposure to investment grade corporates detracted from performance. Currency positions also detracted slightly.

Investment markets

Global equity markets were sharply down in September, the MSCI World falling 3.8% for the month. At the same time, core government bond market yields generally rose.

Driving markets this month was a plethora of issues, the prospect of hawkish central bank moves, uncertainty around the U.S. debt ceiling and its potential tax impact. Rising COVID related inflation pressures, a developing energy crisis in Europe and China and default concerns surrounding Chinese property developer Evergrande added to market uncertainty.

Oil prices climbed to their highest price in three years as the ongoing European gas crisis spilled over into general energy prices.

Asian Fixed income markets saw significant credit spread widening as the Evergrande story unfolded. Evergrande, one of China's biggest property developers with US\$300b of debt, missed an interest payment in September with investors now looking to the Government for guidance.

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 maintained 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 non-EMU Europe, all versus USD.

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

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30 September 2021

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



Investment Statistics	
Effective Duration	6.4
Benchmark Duration	7.5
Average Maturity	8.7
Average Coupon	1.8
Average Quality	AA-
Total Carry	2.3

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
51.8	AAA	37.5
5.4	AA	14.9
19.0	A	31.8
19.3	BBB	15.8
4.6	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.9	0.0	0 - 1 years	0.3	0.0
0.6	6.0	1 - 3 years	0.0	0.5
4.5	12.5	3 - 5 years	0.3	0.9
38.1	28.2	5-10 years	2.5	2.1
52.8	53.2	10+ years	3.4	4.0
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
2.2	1.3	Australia/NZ	0.1	0.1
18.5	16.9	Japan	1.2	1.3
15.8	23.7	Europe - EMU	1.0	1.8
7.3	1.3	Europe - Non EMU	0.5	0.1
4.6	7.2	United Kingdom	0.3	0.5
42.4	40.9	North America	2.7	3.1
7.6	7.0	Emerging Markets	0.5	0.5
1.5	1.6	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
60.8	53.9	Government	3.9	4.1
1.6	8.2	Agency/Semi	0.1	0.6
7.9	8.5	Mortgage	0.5	0.6
9.2	17.6	Inv Grade Corp	0.6	1.3
1.1	0.0	High Yield Corp	0.1	0.0
15.8	11.9	Emerging Markets	1.0	0.9
3.5	0.0	Cash Equivalents	0.2	0.0
100	100	Total	6.4	7.5

