

Fund Information	31 October 2021			
Fund Size	\$1.149 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 (%)	-0.48%	-1.28%	+0.56%	+4.84%
Benchmark (%)	-0.23%	-1.38%	-0.83%	+4.32%
Alpha (%)	-0.25%	+0.10%	+1.39%	+0.52%

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](http://hunterinvestments.co.nz) and [business.govt.nz/disclose](http://business.govt.nz/disclose).

### Performance update

The Hunter Global Fixed Interest Fund underperformed its benchmark this month in what was a volatile October, the Fund's defensive positioning working against it as risk assets rallied.

While our underweight to Australian duration and overweights to securitised Agency and non-agency MBS added value in October, this was overwhelmed by our yield curve positioning in other markets.

Underweights in US, UK and European duration, particularly the 10 year plus part of the yield curve, subtracted value as yields of longer maturities rallied slightly while shorter dated bond yields rose.

In corporate credit, underweights to investment grade industrials and utilities also subtracted value as credit margins contracted in those sectors.

Emerging market exposures also detracted.

### Investment markets

Global equity markets bounced back sharply in October ignoring ongoing inflation concerns, and the upward pressure on interest rates, to focus on stronger than expected corporate earnings results and a generally stronger global growth outcomes. At the same time, core government bond market yields generally rose, although most of the move was in the 1-10 year maturities, with long bonds actually marginally stronger in many markets.

Adding to the market noise were on going concerns around Chinese real estate, Evergrande avoiding default so far, but

other Chinese real estate companies are now struggling with liquidity issues too.

Meanwhile rising commodity prices raised questions about how "transitory" inflation was actually going to be. Crude Oil prices were at their highest level since 2014.

### Portfolio positioning

PIMCO is maintaining its cautious view towards both interest rates and corporate credit, still focusing on relative value positions and diversified alpha strategies.

The Fund has significantly increased its underweight duration position versus the index with absolute duration now 5.6 years vs 7.5 years reflected mainly in the longer dated bonds following unexpected strength in that sector in October.

PIMCO is generally underweight duration in most regions, particularly the US, UK and core Europe although maintains a slight overweight to non-core Europe which is still benefitting from ECB support despite selling off last month.

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

US Federal Reserve "tapering" expectations see's PIMCO now underweight all key securitised MBS sectors, particularly the agency and semi-government sectors, slightly preferring the non-agency mortgage sector. However, securitised assets remain PIMCO's preferred way to take spread exposure offering greater default protection in the current environment.

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 Eurozone and non-EMU Europe, all versus USD.

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

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31 October 2021

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



Investment Statistics	
Effective Duration	5.6
Benchmark Duration	7.5
Average Maturity	8.3
Average Coupon	1.7
Average Quality	AA-
Total Carry	2.6

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
52.8	AAA	37.7
8.3	AA	15.0
16.0	A	31.5
18.4	BBB	15.8
4.5	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.1	0.0	0 - 1 years	0.2	0.0
2.9	5.9	1 - 3 years	0.2	0.4
2.2	12.7	3 - 5 years	0.1	1.0
39.9	27.8	5-10 years	2.2	2.1
51.0	53.5	10+ years	2.9	4.0
100	100	Total	5.6	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
18.2	16.5	Japan	1.0	1.2
16.1	23.6	Europe - EMU	0.9	1.8
6.7	1.3	Europe - Non EMU	0.4	0.1
4.8	7.6	United Kingdom	0.3	0.6
45.0	41.2	North America	2.5	3.1
5.4	7.0	Emerging Markets	0.3	0.5
1.6	1.6	Other	0.1	0.1
100	100	Total	5.6	7.5

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
65.3	53.8	Government	3.7	4.1
1.6	8.3	Agency/Semi	0.1	0.6
5.8	8.5	Mortgage	0.3	0.6
9.3	17.6	Inv Grade Corp	0.5	1.3
1.1	0.0	High Yield Corp	0.1	0.0
13.0	11.8	Emerging Markets	0.7	0.9
3.9	0.0	Cash Equivalents	0.2	0.0
100	100	Total	5.6	7.5

