

Fund Information	30 November 2021			
Fund Size	\$1.161 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 (%)	+0.63%	-0.73%	+0.19%	+5.07%
Benchmark (%)	+0.79%	-0.41%	-0.58%	+4.44%
Alpha (%)	-0.16%	-0.32%	+0.77%	+0.63%

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 underperformed its benchmark this month in what was a volatile November, the Fund's defensive duration positioning working against it as investors' sentiment switched to "risk off".

Specifically, our underweight to U.S. duration, especially the 3-5 year part of the curve, and holdings of government-related bonds added value in November as did an overweight to N.Z. duration where yields fell.

However, underweights to UK and European duration, particularly at the long end of the yield curve, subtracted value as yields of longer maturities fell. Similarly, holdings of inflation-linked bonds and currency strategies also detracted from performance this month.

Investment markets

Global equity markets sold off sharply into month-end as investors tried to assess the implications of a new Covid-19 variant, dubbed "Omicron" by the WHO, with unusual genetic mutations and a fast transmission rates.

At the same time, US inflation hit 6.2%, the highest level since 1990 with both headline and core inflation higher. The UK also experienced a jump in inflation.

However, economic data was generally stronger across the board.

Confusing the picture was US Federal Reserve Chairman Powell's comments that inflation was expected to return to the Bank's long term objective as supply chain bottlenecks and the Covid-19 situation eased, even suggesting he

might begin tapering asset purchases earlier than originally indicated.

By month end pretty much all asset classes were in decline except for core government bonds which were again viewed as a safe haven asset given November's conflicting signals.

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 remains significantly underweight duration versus the index with absolute duration now 6.3 years vs 7.5 years, the underweights predominantly in the 3-5 year and the 10 year+ sections of the yield curve.

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 benefiting from ECB support. The Fund is also marginally overweight the Australia / NZ region.

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

US Federal Reserve "tapering" expectations sees PIMCO remaining 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 non-EMU Europe versus USD but have scaled back or closed out all our other currency positions.

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

Tony Hildyard - 021 830 720

tonyhildyard@hunterinvestments.co.nz

Manager: Harbour Asset Management Limited

contactus@harbourasset.co.nz

0800 460 830

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30 November 2021



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.3
Benchmark Duration	7.6
Average Maturity	8.9
Average Coupon	1.7
Average Quality	AA-
Total Carry	2.7

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
52.6	AAA	37.8
2.3	AA	14.9
18.9	A	31.9
21.2	BBB	15.5
5.0	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.5	0.0	0 - 1 years	0.3	0.0
4.4	5.7	1 - 3 years	0.3	0.4
2.3	12.9	3 - 5 years	0.1	1.0
39.1	27.4	5-10 years	2.5	2.1
49.8	53.9	10+ years	3.2	4.1
100	100	Total	6.3	7.6

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
2.7	1.3	Australia/NZ	0.2	0.1
18.8	16.5	Japan	1.2	1.3
15.6	23.3	Europe - EMU	1.0	1.8
7.3	1.3	Europe - Non EMU	0.5	0.1
4.7	7.6	United Kingdom	0.3	0.6
44.1	41.3	North America	2.8	3.1
5.3	7.1	Emerging Markets	0.3	0.5
1.6	1.6	Other	0.1	0.1
100	100	Total	6.3	7.6

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
63.1	54.1	Government	4.0	4.1
1.5	8.1	Agency/Semi	0.1	0.6
8.0	8.4	Mortgage	0.5	0.6
9.8	17.4	Inv Grade Corp	0.6	1.3
1.0	0.0	High Yield Corp	0.1	0.0
12.4	11.9	Emerging Markets	0.8	0.9
4.2	0.0	Cash Equivalents	0.3	0.0
100	100	Total	6.3	7.6

