

Fund Information	31 December 2021			
Fund Size	\$1.188 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 (%)	+0.20%	+0.34%	-0.27%	+4.95%
Benchmark (%)	-0.37%	+0.19%	-1.23%	+3.82%
Alpha (%)	+0.57%	+0.15%	+0.96%	+1.13%

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 December, the Fund's defensive duration positioning working for it as inflation concerns and expectations of tighter monetary conditions overwhelmed renewed fears around COVID-19 and the surging Omicron variant.

Our underweight to U.K. and European duration, especially at the long end of the curve, added value this month as yields rose on the back of more "hawkish" central bank moves. Similarly, holdings in covered bonds and inflation-linked bonds also added value as did a preference for investment-grade financial assets in the credit sector.

Detractors this month included holdings in government-related bonds and Agency MBS, as did an underweight to Singaporean duration where yields actually fell.

Investment markets

After a weak start on the back of sharply rising COVID-19 cases, global equity markets rallied sharply from mid-month as investors determined that global economic growth would not be derailed by the surge in COVID cases. European, US and UK equity markets were up 5.8%, 4.4% and 4.6% respectively in December.

However, the tone in interest rate markets was more sombre as central banks took a more "hawkish" approach, the US Federal Reserve signalling an early end to their security purchasing programme in the face of more broadly based inflation, the ECB announcing the end of their Pandemic Emergency Purchasing Programme, although

stepping up their normal Asset Purchase Programme, and the Bank of England hiking rates 0.15% to 0.25%.

The US Fed is now also forecast to start raising interest rates mid-year.

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 6.2 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 benefitting from ECB support. The Fund's exposure to the Australia / New Zealand region is now neutral.

The Fund remains underweight to corporate credit generally, targetting 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 to target portfolio diversification. We retain a small position in non-EMU Europe and NZD 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

Important Notice and Disclaimer

The Hunter Global Fixed Interest Commentary is provided for general information purposes only. Harbour Asset Management Limited is the manager and issuer of the Hunter Global Fixed Interest Fund. The information is given in good faith and has been prepared from published information and other sources believed to be reliable, accurate and complete at the time of preparation but its accuracy and completeness is not guaranteed. Information and any analysis, opinions or views contained herein reflect a judgement at the date of publication and are subject to change without notice. To the extent that any such information, analysis, opinions or views constitute advice, they do not take into account any person's particular financial situation or goals and, accordingly, do not constitute financial advice under the Financial Markets Conduct Act 2013, nor do they constitute advice of a legal, tax, accounting or other nature to any persons. Investors must receive and should read carefully the Product Disclosure Statement (<https://hunterinvestments.co.nz/resources/>) for the Hunter Global Fixed Interest Fund before making a decision to invest in the Fund. The price, value and income derived from investments in the Fund may fluctuate in that values can go down as well as up and investors may get back less than originally invested. Where an investment is denominated in a foreign currency, changes in rates of exchange may have an adverse effect on the value, price or income of the investment. Reference to taxation or the impact of taxation does not constitute tax advice. The rules on and bases of taxation can change. The value of any tax reliefs will depend on your circumstances. You should consult your tax adviser in order to understand the impact of investment decisions on your tax position. No person guarantees repayment of any capital or payment of any returns on capital invested in the Fund. Actual performance will be affected by Fund charges. Past performance is not indicative of future results, and no representation or warranty, express or implied, is made regarding future performance. To the maximum extent permitted by law, no liability or responsibility is accepted for any loss or damage, direct or consequential, arising from or in connection with this commentary or its contents.

31 December 2021



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.2
Benchmark Duration	7.5
Average Maturity	8.1
Average Coupon	1.7
Average Quality	A+
Total Carry	2.8

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
46.2	AAA	38.1
6.4	AA	14.8
19.8	A	31.7
22.1	BBB	15.5
5.6	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.6	0.0	0 - 1 years	0.2	0.0
4.5	5.8	1 - 3 years	0.3	0.4
-0.6	12.7	3 - 5 years	0.0	1.0
39.4	28.2	5-10 years	2.4	2.1
53.1	53.2	10+ years	3.3	4.0
100	100	Total	6.2	7.5

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
1.6	1.3	Australia/NZ	0.1	0.1
18.1	16.4	Japan	1.1	1.2
17.4	22.9	Europe - EMU	1.1	1.7
7.6	1.3	Europe - Non EMU	0.5	0.1
2.1	7.5	United Kingdom	0.1	0.6
46.4	41.8	North America	2.9	3.2
5.3	7.2	Emerging Markets	0.3	0.5
1.5	1.6	Other	0.1	0.1
100	100	Total	6.2	7.5

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
67.0	53.7	Government	4.1	4.0
1.5	8.1	Agency/Semi	0.1	0.6
5.3	8.7	Mortgage	0.3	0.7
9.5	17.4	Inv Grade Corp	0.6	1.3
1.0	0.0	High Yield Corp	0.1	0.0
12.2	12.1	Emerging Markets	0.7	0.9
3.6	0.0	Cash Equivalents	0.2	0.0
100	100	Total	6.2	7.5

