

Fund Information	31 January 2022			
Fund Size	\$1.173 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 (%)	-1.20%	-0.38%	-1.18%	+4.09%
Benchmark (%)	-1.61%	-1.19%	-2.28%	+2.93%
Alpha (%)	+0.41%	+0.81%	+1.10%	+1.16%

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 out performed its benchmark again in January, the Fund's defensive duration positioning generally working for it as interest rates continued to rise and credit spreads widened.

Our underweight to U.K., especially in the 5yr+ section of the curve, added value this month as yields rose on the back of more "hawkish" signals from Central Banks. Similarly, our underweight in corporate credit, particularly investment grade industrials and utilities, also contributed positively as credit spreads widened. Holdings in securitised assets also added value.

Detractors this month included holdings in "covered" and inflation linked bonds and an overweight position to Danish duration as yields rose there.

Investment markets

January was a particularly bad month for asset markets, at one point the Nasdaq was down around 15% MTD, with the S&P 500 down over 9%. Interest rates were broadly higher, with the US 10yr yield rising ~40bps before climbing back down slightly towards the end January. For holders of Bitcoin it was also a brutal month, at one point in the month, Bitcoin prices were down more than 48% from its peak.

Driving markets this month were a combination of uncertainty around the spread of the Covid-19 Omicron variant, raised fears of early central bank tightening and an escalation of tensions over the Ukraine as Russia and the U.S. continued to sabre rattle. Meanwhile, the U.K.'s "Partygate" scandal added to investor concerns.

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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 6.4 years vs 7.4 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 Japan and the Australia / NZ region is now neutral.

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

US Federal Reserve "tapering" expectations see's 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 remain largely tactical or target portfolio diversification. We are underweight the core Eurozone, predominantly versus non-EMU Europe and have a small positive exposure to the USD. We have largely closed out all our other currency positions.

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

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Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.4
Benchmark Duration	7.4
Average Maturity	7.9
Average Coupon	1.7
Average Quality	A+
Total Carry	3.6

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
42.6	AAA	38.2
3.6	AA	14.8
22.9	A	31.6
24.9	BBB	15.4
6.1	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
3.1	0.0	0 - 1 years	0.2	0.0
5.1	6.2	1 - 3 years	0.3	0.5
1.9	12.6	3 - 5 years	0.1	0.9
38.7	28.6	5-10 years	2.5	2.1
51.2	52.6	10+ years	3.3	3.9
100	100	Total	6.4	7.4

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
2.4	1.3	Australia/NZ	0.2	0.1
18.3	16.8	Japan	1.2	1.2
18.1	23.2	Europe - EMU	1.2	1.7
7.5	1.2	Europe - Non EMU	0.5	0.1
1.4	7.1	United Kingdom	0.1	0.5
45.4	41.3	North America	2.9	3.1
5.3	7.5	Emerging Markets	0.3	0.6
1.5	1.6	Other	0.1	0.1
100	100	Total	6.4	7.4

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
68.5	53.9	Government	4.4	4.0
1.4	8.1	Agency/Semi	0.1	0.6
5.6	8.6	Mortgage	0.4	0.6
9.4	17.0	Inv Grade Corp	0.6	1.3
1.0	0.0	High Yield Corp	0.1	0.0
12.0	12.3	Emerging Markets	0.8	0.9
2.2	0.0	Cash Equivalents	0.1	0.0
100	100	Total	6.4	7.4

