

Fund Information	31 March 2022			
Fund Size	\$1.12 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 (%)	-2.13%	-4.70%	-3.14%	+2.22%
Benchmark (%)	-2.06%	-4.83%	-3.60%	+1.19%
Alpha (%)	-0.07%	+0.13%	+0.46%	+1.03%

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 underperformed its benchmark in March as interest rates across the board.

While underweight duration positions in the US, together with select currency positions and holdings in covered and inflation-linked bonds contributed to alpha, overweight positions in Danish and Australian duration, together with a preference for investment-grade financials within credit sector detracted from performance. Holdings of securitised agency and non-agency mortgage backed securities also subtracted value as central banks signalled significantly tighter monetary conditions to come.

Investment markets

Investment markets were extremely volatile again in March, financial markets initially pricing out aggressive rate hikes given the tragedy unfolding in Ukraine and investors rushed to “safe haven” assets. The US 10-year bond yield fell to 1.7% early in the month. In the face of hawkish central banks, solid economic data and potential peace talks, bonds sold off aggressively, the US 10-year yield finishing the month back up around 2.3%.

Specifically, conflict intensified in Ukraine, Russia attacking Zaporizhzhia nuclear power plant and shelling key cities while the West implemented wide-ranging sanctions triggering “risk off” sentiment in markets. Later in the month the focus shifted to central banks, the US Federal Reserve hiking rates 0.25% and signalling an aggressive tightening track at the same time as the European Central bank also released a more “hawkish” statement than

expected focusing on price stability and safeguarding financial stability. They also signalled a faster reduction in their asset purchase programme.

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 with absolute duration currently 6.5 years vs 7.3 years for the index, the underweights predominantly in the 3-5-year and the 10-year+ sections of the yield curve. PIMCO prefer 5-10-year maturities that appear to be more fairly priced.

PIMCO is generally underweight duration in most regions, particularly the US, UK and core Europe, although maintains an overweight to non-core Europe which offers a yield premium and is expected to continue to benefit from ECB support. The Fund also has a slight underweight exposure to Japan but is now 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 remain largely tactical or target portfolio diversification. We are underweight the US and core Eurozone, predominantly versus non-EMU Europe, Australia/NZ and a marginal position in emerging markets.

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

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31 March 2022



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.5
Benchmark Duration	7.3
Average Maturity	8.0
Average Coupon	1.6
Average Quality	AA-
Fund Total Carry	4.5
Benchmark Total Carry	3.4

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
51.8	AAA	38.7
8.5	AA	14.6
12.5	A	31.6
22.2	BBB	15.1
5.0	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
-1.3	0.0	0 - 1 years	-0.1	0.0
5.6	6.2	1 - 3 years	0.4	0.5
6.0	12.7	3 - 5 years	0.4	0.9
47.7	30.3	5-10 years	3.1	2.2
41.9	50.7	10+ years	2.7	3.7
100	100	Total	6.5	7.3

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.7	1.3	Australia/NZ	0.3	0.1
15.0	16.5	Japan	1.0	1.2
17.3	22.6	Europe - EMU	1.1	1.6
10.5	1.2	Europe - Non EMU	0.7	0.1
3.4	6.8	United Kingdom	0.2	0.5
40.7	42.0	North America	2.6	3.1
5.9	7.9	Emerging Markets	0.4	0.6
2.5	1.6	Other	0.2	0.1
100	100	Total	6.5	7.3

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
68.4	53.0	Government	4.4	3.9
1.3	7.9	Agency/Semi	0.1	0.6
9.4	9.8	Mortgage	0.6	0.7
9.8	16.8	Inv Grade Corp	0.6	1.2
0.8	0.0	High Yield Corp	0.1	0.0
11.6	12.4	Emerging Markets	0.7	0.9
-1.3	0.0	Cash Equivalents	-0.1	0.0
100	100	Total	6.5	7.3

