

Fund Information	30 April 2022			
Fund Size	\$1.1 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 (%)	-2.97%	-6.40%	-6.33%	+1.12%
Benchmark (%)	-2.84%	-6.03%	-6.59%	+0.23%
Alpha (%)	-0.13%	-0.37%	+0.26%	+0.90%

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 slightly underperformed its benchmark in April although nominal returns were sharply negative as yields continued higher.

Rising yields saw our underweight duration position in the US, particularly the 2-5 year and the 10 year parts of the yield curve, add value in April as did our underweight to UK duration. Holdings in “covered” bonds and inflation linked bonds also contributed positively.

However, an overweight to Danish duration and, within the corporate credit, the high yield and investment grade financial sector subtracted value as yields rose generally and credit spreads widened. Currency positions also detracted especially our underweight to the USD.

### Investment markets

April saw markets focused on the same factors that drove them in the March quarter, specifically war in Ukraine, Chinese Covid lock downs and high inflation/rising interest rates.

Most major assets classes ended in red territory, equity markets falling and bond yields rising. The USD and energy prices were the exceptions.

The Ukraine war continued with no obvious solution putting added pressure on energy prices as the West considered whether to include Russia’s energy sector in sanctions. Covid lockdowns in Shanghai spread to Beijing threatening China’s growth prospects and creating further supply chain constraints. Against this backdrop, Central Bank messaging became increasingly hawkish, the US Fed

priming markets for larger rate rises and more aggressive balance sheet reductions than had been priced. Rhetoric from the Bank of England, and even the European Central Bank, was similarly hawkish. All in all, a perfect storm with little room for investorts to hide.

### 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 7.1 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 maintains a slight underweight exposure to Japan and a marginal overweight the Australia / NZ region.

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

US Federal Reserve “tapering” expectations see’s PIMCO remaining underweight the agency and semi-government sectors, but now have a largely neutral exposure to the mortgage sector, slightly preferring the non-agency mortgages. Securitized 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 small position in Emerging Markets.

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

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30 April 2022

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



Investment Statistics	
Effective Duration	6.5
Benchmark Duration	7.1
Average Maturity	8.3
Average Coupon	1.7
Average Quality	AA-
Fund Total Carry	5.1
Benchmark Total Carry	3.7

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
54.5	AAA	39.3
3.1	AA	14.3
13.5	A	31.6
23.5	BBB	14.9
5.4	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
-2.7	0.0	0 - 1 years	-0.2	0.0
8.8	6.5	1 - 3 years	0.6	0.5
9.3	12.6	3 - 5 years	0.6	0.9
47.8	32.6	5-10 years	3.1	2.3
36.9	48.3	10+ years	2.4	3.4
100	100	Total	6.5	7.1

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.8	1.3	Australia/NZ	0.3	0.1
14.7	16.6	Japan	1.0	1.2
18.3	21.5	Europe - EMU	1.2	1.5
10.7	1.2	Europe - Non EMU	0.7	0.1
1.3	6.6	United Kingdom	0.1	0.5
42.4	42.9	North America	2.8	3.1
5.1	8.1	Emerging Markets	0.3	0.6
2.9	1.6	Other	0.2	0.1
100	100	Total	6.5	7.1

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
63.1	52.3	Government	4.1	3.7
1.2	7.3	Agency/Semi	0.1	0.5
13.1	10.9	Mortgage	0.9	0.8
10.2	16.8	Inv Grade Corp	0.7	1.2
0.8	0.0	High Yield Corp	0.1	0.0
10.9	12.6	Emerging Markets	0.7	0.9
0.7	0.0	Cash Equivalents	0.0	0.0
100	100	Total	6.5	7.1

