HUNTER GLOBAL FIXED INTEREST FUND



Report & Commentary

30 June 2022

Fund Information	30 June 2022			
Fund Size	\$1.087 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 (%)	-2.36%	-5.03%	-8.95%	-0.47%
Benchmark (%)	-1.55%	-4.48%	-8.85%	-1.23%
Alpha (%)	-0.81%	-0.55%	-0.10%	+0.76%

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 hunterinvestments.co.nz and <a href="https:/

Performance update

The Hunter Global Fixed Interest Fund underperformed its benchmark in June in what was a very volatile month with interest rates fluctuating sharply as investors tried to balance ongoing inflation pressures against Central Bank actions.

Rising yields saw our underweight duration positions in the US, UK and Japan add value although rate rises were not uniform across all maturities.

However, our overweight duration position in Europe together with exposures to financial and industrial sector corporate debt detracted as rates rose and credit spreads widened. Exposure to securitised assets (non-agency mortgages) also detracted on the back of widening credit spreads. Other active positions had a negligible effect this month.

Investment markets

Financial markets were extremely volatile in June, the US 10 year Treasury bond yield beginning the month around 2.84%, hitting 3.48% mid-month before rallying back to close around 2.97%. Driving volatility was a further US inflation shock, YoY printing at 8.6% in May creating a significant repricing of rate hike expectations especially in the face of ongoing COVID related supply side issues. Central Banks reacted sharply across the globe with further rises in official rates and further rises signalled.

Elsewhere, Russia defaulted on external debt for the first time this century as Western sanctions prevented payments to overseas creditors despite Russia having the funds. It is uncertain how this will play out for foreign debt holders.

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 underweight duration with absolute duration currently 6.3 years vs. 7.0 years for the benchmark, the underweights predominantly in the 3-5 year and the 10 year+ sections of the yield curve. PIMCO continues to 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 while still benefiting from ECB support. The Fund also maintains an underweight exposure to Japan and a slight overweight to the Australia / NZ region.

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

US Federal Reserve "tapering" expectations see PIMCO remaining underweight the agency and semi-government sectors, but now having a small overweight exposure to the mortgage sector, slightly preferring non-agency mortgages. 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 and Australia/NZ. We maintain an underweight position in Emerging Markets currencies.

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

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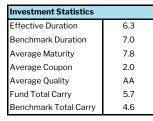
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Hunter Global Fixed Interest Fund Investment Portfolio Characteristics



Quality Breakdown				
Market Value		Market Value		
% Portfolio		% Benchmark		
66.3	AAA	40.1		
4.3	AA	13.9		
11.3	Α	31.5		
13.2	BBB	14.5		
4.9	Sub Inv Grade	0.0		
100	Total	100		

Curve Exposure					
Duration Weighted Exposure			Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark	
-2.5	0.0	0 - 1 years	-0.2	0.0	
5.7	6.8	1 - 3 years	0.4	0.5	
6.7	12.9	3 - 5 years	0.4	0.9	
51.4	33.4	5-10 years	3.2	2.3	

10+ years

Total

2.4

6.3

3.3

7.0

38.8

100

46.9

100

Regional Breakdown by currency of settlement)					
Duration Weighted Exposure			Duration Weighted Exposure		
% Portfolio	% Benchmark	(Years Portfolio	Years Benchmark	
5.7	1.3	Australia/NZ	0.4	0.1	
10.9	16.3	Japan	0.7	1.1	
15.9	20.9	Europe - EMU	1.0	1.5	
10.9	1.2	Europe - Non EMU	0.7	0.1	
3.8	6.1	United Kingdom	0.2	0.4	
43.3	44.2	North America	2.7	3.1	
5.9	8.5	Emerging Markets	0.4	0.6	
3.6	1.6	Other	0.2	0.1	
100	100	Total	6.3	7.0	

Sector Breakdown					
Duration Weig	hted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark	
61.3	51.7	Government	3.9	3.6	
1.2	7.6	Agency/Semi	0.1	0.5	
17.7	11.7	Mortgage	1.1	0.8	
10.3	16.1	Inv Grade Corp	0.7	1.1	
0.4	0.0	High Yield Corp	0.0	0.0	
11.7	12.9	Emerging Markets	0.7	0.9	
-2.8	0.0	Cash Equivalents	-0.2	0.0	
100	100	Total	6.3	7.0	

