

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 business.govt.nz/disclose.

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, targeting 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.

Tony Hildyard - 021 830 720

tony.hildyard@harbourasset.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.

30 June 2022

Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics



Investment Statistics	
Effective Duration	6.3
Benchmark Duration	7.0
Average Maturity	7.8
Average Coupon	2.0
Average Quality	AA
Fund Total Carry	5.7
Benchmark Total Carry	4.6

Quality Breakdown		
Market Value		Market Value
% Portfolio		% Benchmark
66.3	AAA	40.1
4.3	AA	13.9
11.3	A	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
38.8	46.9	10+ years	2.4	3.3
100	100	Total	6.3	7.0

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 Weighted 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

