

Fund Information	31 July 2022			
Fund Size	\$1.117 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 (%)	+2.92%	+0.73%	-7.29%	+0.24%
Benchmark (%)	+2.55%	+0.82%	-7.68%	-0.64%
Alpha (%)	+0.37%	-0.09%	+0.39%	+0.88%

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 outperformed its benchmark in July, a month where the market delivered strong positive returns as investors began to look through Central Bank tightening cycles and price lower interest rates in the future.

Falling yields meant our overweight duration positions in Danish and emerging market bonds added value as did our positioning in Australian bonds. Holdings in inflation linked bonds were also mildly positive for performance.

Performance detractors this month revolved around our underweight duration positions in core markets particularly Germany and the UK. Positioning in Agency mortgage backed securities also detracted slightly.

Investment markets

Financial markets continued to be extremely volatile in July but, despite ongoing concerns around inflation, recession and central bank tightening, all generally rallied with most asset classes ending the month in positive territory. The S&P 500 rallied more than 9% in July while at the same time US 10 year treasury bond yields fell almost 0.4%.

These moves seemed counter-intuitive given the ongoing conflict in Ukraine and associated concerns over Europe's energy supply (with Russia supplying around 40% of the EU's gas requirements). Inflation too, remained a major concern for investors with evidence of broadening price pressures beyond the obvious impact of higher energy costs. Stronger than expected inflation prints in the US kept the pressure on Central Banks with the US Fed hiking rates 0.75% in July and signalling more to come. However, the

market took cheer from the FOMC acknowledging slowing economic growth that should eventually slow the pace of tightening. Markets began pricing a terminal Fed Funds rate of 3.3% in 2023 immediately after the Fed move.

Portfolio positioning

PIMCO continues to maintain a cautious view towards both interest rates and corporate credit, still focusing on relative value positions and diversified alpha strategies.

The Fund increased its underweight duration position in June with absolute duration currently 6.0 years vs. 7.1 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

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31 July 2022



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.0
Benchmark Duration	7.1
Average Maturity	7.5
Average Coupon	2.1
Average Quality	AA
Fund Total Carry	5.2
Benchmark Total Carry	4.0

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
67.6	AAA	40.2
5.8	AA	14.0
10.0	A	31.4
12.2	BBB	14.4
4.4	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
-6.4	0.0	0 - 1 years	-0.4	0.0
7.1	6.7	1 - 3 years	0.4	0.5
1.7	13.1	3 - 5 years	0.1	0.9
57.5	31.8	5-10 years	3.4	2.2
40.2	48.3	10+ years	2.4	3.4
100	100	Total	6.0	7.1

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
6.1	1.3	Australia/NZ	0.4	0.1
10.7	16.3	Japan	0.6	1.1
18.7	21.2	Europe - EMU	1.1	1.5
10.0	1.2	Europe - Non EMU	0.6	0.1
4.0	6.2	United Kingdom	0.2	0.4
42.8	43.9	North America	2.6	3.1
3.5	8.3	Emerging Markets	0.2	0.6
4.2	1.6	Other	0.3	0.1
100	100	Total	6.0	7.1

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
68.9	52.1	Government	4.1	3.7
1.3	7.7	Agency/Semi	0.1	0.5
15.1	11.0	Mortgage	0.9	0.8
10.4	16.3	Inv Grade Corp	0.6	1.2
0.5	0.0	High Yield Corp	0.0	0.0
10.8	12.8	Emerging Markets	0.6	0.9
-7.0	0.0	Cash Equivalents	-0.4	0.0
100	100	Total	6.0	7.1

