

Fund Information	31 August 2022			
Fund Size	\$1.128 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 (%)	-2.83%	-2.35%	-9.96%	-1.32%
Benchmark (%)	-2.67%	-1.73%	-9.97%	-2.27%
Alpha (%)	-0.16%	-0.61%	+0.01%	+0.95%

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 August. Hawkish comments from central bankers around the US Federal Reserve's Jackson Hole meeting towards month end sent bond yields higher, contributing to a tough month for bond markets. This renewed commitment from central bankers to battling high inflation leaned against prior market expectations of a pivot to a more moderate tightening process.

Underweight positioning to US duration, especially at the 1-5yr and 10yr+ parts of the curve, as yields rose, contributed to alpha. As did, underweight German and UK duration positions, as the curve shifted upwards.

Increasing yields meant our overweight duration positions in Danish and Swiss bonds detracted value, after solidly gaining last month. As did our positioning in emerging market bonds.

Investment markets

Fixed interest markets continue to be keenly focused on inflation, monetary policy signals from central banks and the state of the economy. Conversations about the economy are largely centred on two competing themes: supply-based constraints, especially in the labour market and forward-looking concerns about recession risks.

Economic data points continue to show a peaking in price inflation, particularly in the US. UBS's proprietary global Inflation Bottleneck Tracker showed a fifth consecutive month of falling price pressures, after stalling in March/April. Despite encouraging developments for US inflation, UK inflation picture has been more difficult given

its proximity to Europe and ongoing Brexit transitions. In fact the latest CPI released sparked a risk-off move in markets and contributed to the challenging price action in August. Inflation came in at +10.1% in July, higher vs. expected +9.8%. This was above every economist's estimate on Bloomberg.

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's duration was unchanged in August with absolute duration currently 6.1 years vs. 6.9 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 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 material underweight position in Emerging Markets currencies. The Fund continues to have a small allocation to inflation-linked bonds.

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31 August 2022



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.1
Benchmark Duration	6.9
Average Maturity	7.6
Average Coupon	2.0
Average Quality	AA
Fund Total Carry	4.7
Benchmark Total Carry	4.3

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
67.3	AAA	40.3
5.4	AA	13.5
9.8	A	31.8
13.4	BBB	14.4
4.0	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
-6.4	0.1	0 - 1 years	-0.4	0.0
7.2	6.9	1 - 3 years	0.4	0.5
7.6	13.1	3 - 5 years	0.5	0.9
53.1	33.5	5-10 years	3.2	2.3
38.5	46.5	10+ years	2.3	3.2
100	100	Total	6.1	6.9

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
6.7	1.3	Australia/NZ	0.4	0.1
10.5	16.6	Japan	0.6	1.1
17.8	20.1	Europe - EMU	1.1	1.4
9.2	1.2	Europe - Non EMU	0.6	0.1
2.7	5.4	United Kingdom	0.2	0.4
46.5	44.9	North America	2.8	3.1
2.7	8.9	Emerging Markets	0.2	0.6
4.0	1.6	Other	0.2	0.1
100	100	Total	6.1	6.9

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
66.2	51.2	Government	4.0	3.5
1.2	7.5	Agency/Semi	0.1	0.5
19.3	11.7	Mortgage	1.2	0.8
9.6	16.2	Inv Grade Corp	0.6	1.1
0.4	0.0	High Yield Corp	0.0	0.0
9.7	13.3	Emerging Markets	0.6	0.9
-6.4	0.0	Cash Equivalents	-0.4	0.0
100	100	Total	6.1	6.9

