

Fund Information	31 October 2022			
Fund Size	\$1.082 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 (%)	+0.11%	-6.68%	-12.36%	-2.41%
Benchmark (%)	-0.33%	-6.39%	-12.37%	-3.28%
Alpha (%)	+0.44%	-0.29%	+0.01%	+0.87%

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 out performed its benchmark in October in what was a rather mixed month for interest rate and credit markets, yields falling in some domiciles while rising elsewhere and credit spreads generally widening.

Underweight positioning to US duration, especially at the 1-5yr part of the curve, together with European yield curve positioning added value in October. UK duration positions, also added value.

Meanwhile, spread trades generally subtracted value particularly exposures to securitised assets, including non-agency mortgages, and an overweight to financials, within the investment grade corporate sector, as credit spreads widened. An underweight to Chinese duration also detracted as yields fell there.

Investment markets

Financial markets were mixed in October but with a better overall tone as investors reacted to the idea that Central Banks might be close to pivoting from their tightening bias, political stabilisation in the UK and steadier energy prices. US Treasury yields ended the month up around 0.25% while the UK 10 year yield fell around 0.60% following the departure of Truss and Kwarteng. While inflation outcomes continued to surprise to the upside in the US, UK and Europe, Central Bank rhetoric generally became more dovish recognising that inflation was a lagging indicator and that the full extent of recent rate hikes were yet to be fully felt in markets. This does not signal any eminent easing but increases the likelihood of a “pause” in early 2023.

PIMCO continues to view a shallow but prolonged recession as highly probable given the very sticky core inflation outlook.

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 nominal duration reduced in September but its benchmark relative duration position was unchanged, currently 6.0 years vs. 6.7 years for the Fund and benchmark respectively. The Fund is predominantly underweight in the 3-5 year and the 10 year+ sections of the yield curve. PIMCO continues to prefer 5-10 year maturities.

PIMCO is generally underweight duration in most regions, including North America, 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 but is overweight the Australia / NZ region.

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

US Federal Reserve “tapering” expectations also sees PIMCO remaining underweight the agency and semi-government sectors, but retains an overweight exposure to the mortgage sector. 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 UK and core Eurozone, predominantly versus non-EMU Europe and the US dollar. We maintain an underweight position in Emerging Markets currencies but is overweight the Japanese Yen. 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

This report is provided for general information purposes only. The information provided is not intended to be financial advice. The information provided is given in good faith and has been prepared from sources believed to be accurate and complete as at the date of issue, but such information may be subject to change. Harbour Asset Management Limited is the issuer of Hunter Investment Funds (Funds). A copy of the Product Disclosure Statement (PDS) for the Funds is available at www.hunterinvestments.co.nz/resources/. Past performance is not indicative of future results and no representation is made regarding future performance of the Funds. No person guarantees the performance of any funds managed by Harbour Asset Management Limited.

31 October 2022



Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics

Investment Statistics	
Effective Duration	6.0
Benchmark Duration	6.7
Average Maturity	7.2
Average Coupon	2.3
Average Quality	AA
Fund Total Carry	5.6
Benchmark Total Carry	4.8

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
67.7	AAA	40.8
6.4	AA	13.4
9.4	A	31.6
12.4	BBB	14.2
4.0	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
-0.1	0.1	0 - 1 years	0.0	0.0
5.7	7.3	1 - 3 years	0.3	0.5
6.4	12.7	3 - 5 years	0.4	0.9
56.9	35.7	5-10 years	3.4	2.4
31.1	44.2	10+ years	1.9	3.0
100	100	Total	6.0	6.7

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
7.2	1.3	Australia/NZ	0.4	0.1
9.9	16.5	Japan	0.6	1.1
18.5	20.4	Europe - EMU	1.1	1.4
7.1	1.2	Europe - Non EMU	0.4	0.1
5.5	5.3	United Kingdom	0.3	0.4
45.1	44.5	North America	2.7	3.0
2.7	9.3	Emerging Markets	0.2	0.6
3.9	1.5	Other	0.2	0.1
100	100	Total	6.0	6.7

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
52.9	50.9	Government	3.2	3.4
1.1	7.5	Agency/Semi	0.1	0.5
27.6	12.4	Mortgage	1.7	0.8
8.7	15.7	Inv Grade Corp	0.5	1.1
0.4	0.0	High Yield Corp	0.0	0.0
9.2	13.5	Emerging Markets	0.6	0.9
0.0	0.0	Cash Equivalents	0.0	0.0
100	100	Total	6.0	6.7

