HUNTER GLOBAL FIXED INTEREST FUND



Report & Commentary

30 November 2022

Fund Information	30 November 2022			
Fund Size	\$1.104 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 (%)	+2.50%	-1.57%	-10.73%	-1.54%
Benchmark (%)	+2.36%	-1.55%	-11.00%	-2.47%
Alpha (%)	+0.14%	-0.02%	+0.27%	+0.93%

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 outperformed its benchmark in November, the Fund experiencing strong positive returns following a somewhat volatile month in investment markets.

Contributors this month included underweight positions in Europe (especially longer maturities) and China as yields rose in those markets. Conversely, a long duration position in Australia, particularly around the 10 year portion of the curve, also added value as yields fell sharply there.

Meanwhile, spread trades generally subtracted value particularly exposure to investment grade industrial corporates and Government related agency securities where credit spreads widened in November. Similarly, our underweight to US duration, especially around the 10 year portion of the curve, detracted as yields fell sharply into month end.

Investment markets

Financial markets saw wild price action in November, the month ending with strong positive returns in most asset classes, particularly bolstered by Fed Chairman Powell's comments on the last day of the month. As had been expected, the US Fed hiked the Fed Funds rate by 0.75% but investors focused on the rhetoric especially a new phrase: "committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation". This was seen to a signal for a "dovish" pivot in the near future sparking rallies in both Treasury bonds and risk assets. US 10 year treasury yields finished 0.44% lower at monthend while the MSCI World equity index was up nearly 7% (in NZD hedged terms).

However, the picture in China remains confused with escalating protests against Xi's zero COVID policy seeing investors beginning to position for an earlier easing in COVID restrictions although the impact on world growth and inflation remains uncertain.

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 slightly in November but its benchmark relative duration position is largely unchanged, currently 5.9 years vs. 6.8 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 predominantly underweight duration in North America, Japan and Emerging Markets with a smaller underweight to core Europe. We maintain an overweight to non-core Europe and Australia and are now neutral on the UK.

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 are now have a small overweight exposure to the Emerging Markets currencies and remain overweight the Japanese Yen. We are also slightly underweight the Australian dollar.

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

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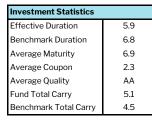
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Hunter Global Fixed Interest Fund Investment Portfolio Characteristics



Quality Breakdown				
Market Value		Market Value		
% Portfolio		% Benchmark		
72.5	AAA	40.3		
7.9	AA	13.7		
7.9	Α	31.6		
7.5	BBB	14.4		
4.1	Sub Inv Grade	0.0		
100	Total	100		

Curve Exposure					
Duration Weighted Exposure			Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark	
2.2	0.0	0 - 1 years	0.1	0.0	
8.1	7.1	1 - 3 years	0.5	0.5	
11.2	13.1	3 - 5 years	0.7	0.9	
49.2	34.1	5-10 years	2.9	2.3	
29.3	45.6	10+ years	1.7	3.1	
100	100	Total	5.9	6.8	

Regional Breakdown by currency of settlement)						
Duration Weighted	Duration Weighted Exposure			Duration Weighted Exposure		
% Portfolio	% Benchmark	(Years Portfolio	Years Benchmark		
8.3	1.3	Australia/NZ	0.5	0.1		
9.6	16.4	Japan	0.6	1.1		
21.1	20.9	Europe - EMU	1.3	1.4		
5.9	1.2	Europe - Non EMU	0.4	0.1		
5.9	5.4	United Kingdom	0.4	0.4		
45.5	44.2	North America	2.7	3.0		
0.4	8.9	Emerging Markets	0.0	0.6		
3.2	1.6	Other	0.2	0.1		
100	100	Total	5.9	6.8		

Sector Breakdown					
Duration Weig	hted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark	
55.3	51.3	Government	3.3	3.5	
1.1	7.6	Agency/Semi	0.1	0.5	
26.0	11.7	Mortgage	1.5	0.8	
8.1	16.1	Inv Grade Corp	0.5	1.1	
0.5	0.0	High Yield Corp	0.0	0.0	
6.1	13.3	Emerging Markets	0.4	0.9	
2.9	0.0	Cash Equivalents	0.2	0.0	
100	100	Total	5.9	6.8	

