

Fund Information		31 January 2023			
Fund Size	\$1.112 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 (%)	2.42%	3.83%	-8.66%	-1.78%	
Benchmark (%)	2.22%	3.37%	-8.32%	-2.66%	
Alpha (%)	+0.20%	+0.45%	-0.34%	+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](http://hunterinvestments.co.nz) and [business.govt.nz/disclose](http://business.govt.nz/disclose).

### Performance update

The Hunter Global Fixed Interest Fund out performed its benchmark again in January, delivering a strong positive return despite carrying less risk than the benchmark through a falling interest rate period.

Contributors this month included an overweight to Australian duration where yields fell, particularly in the 10 year part of the yield curve, and an overweight to securitised assets where credit spreads tightened. Yield curve strategies in Japan also added value.

Conversely, positioning in inflation linked bonds, where “break evens” fell, and an underweight to UK duration especially longer maturities, where yields also fell, and positioning in covered bonds all detracted value in January.

Meanwhile, better than expected economic data out of the US saw investors contemplate a softer landing bringing in credit spreads across some more cyclical sectors. PIMCO’s overweight position in securitised assets and overweight position to financials benefitted from this dynamic.

### Investment markets

January was generally a good news month for investors with both equity and bond markets rallying on the back of signs of global inflation easing and stronger than expected economic growth outcomes especially in the US. Germany and France both reported lower than expected inflation prints while US GDP also came in above expectations. Conversely, US Services ISM surprised on the downside which cast doubt on the sustainability of growth numbers but there were enough mitigating factors together with some positive earnings per share (EPS) surprises to maintain positive momentum in risk asset markets.

Investors began to price the possibility of a “soft landing” where economic growth remains positive while inflation still abates.

Accordingly, equity markets were strong around the world, the S&P 500 up 6.18% and while the Nasdaq rallied 10.68%.

Finally, the “re-opening” of China after its prolonged COVID shutdown was seen as likely to have a positive impact on the global economy both in terms of increased demand but also the freeing up of supply chains.

### 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 reduced during the month to 5.3 years, 1.5 years lower than the benchmark’s duration of 6.8 years.

PIMCO is predominantly underweight duration in Japan and Emerging Markets with smaller underweights to core Europe and North America. PIMCO remains overweight non-core Europe and Australia and has a largely neutral exposure to UK.

The Fund remains underweight corporate credit generally, targetting financials and non-cyclicals, resulting in a portfolio with high credit quality, with an average rating of AA.

US Federal Reserve “tapering” expectations also sees PIMCO remaining underweight the agency and semi-government sectors, but retaining 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. Currently the fund is overweight the Australian dollar, Yen and Emerging market currencies, and non-EMU Europe while underweight the North America and British Pound.

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

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**Hunter Global Fixed Interest Fund**  
**Investment Portfolio Characteristics**



Investment Statistics	
Effective Duration	5.3
Benchmark Duration	6.8
Average Maturity	6.2
Average Coupon	2.3
Average Quality	AA
Fund Total Carry	5.5
Benchmark Total Carry	4.6

Quality Breakdown		
Market Value		Market Value
% Portfolio		% Benchmark
74.4	AAA	39.8
4.7	AA	13.7
9.0	A	32.0
7.7	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
3.5	0.1	0 - 1 years	0.2	0.0
7.3	7.3	1 - 3 years	0.4	0.5
9.3	13.2	3 - 5 years	0.5	0.9
47.1	33.8	5-10 years	2.5	2.3
32.8	45.6	10+ years	1.7	3.1
100	100	Total	5.3	6.8

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
8.6	1.3	Australia/NZ	0.5	0.1
9.0	16.5	Japan	0.5	1.1
18.2	20.4	Europe - EMU	1.0	1.4
5.8	1.2	Europe - Non EMU	0.3	0.1
6.1	5.2	United Kingdom	0.3	0.4
49.6	44.4	North America	2.6	3.0
-2.0	9.2	Emerging Markets	-0.1	0.6
4.6	1.8	Other	0.2	0.1
100	100	Total	5.3	6.8

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
52.0	50.6	Government	2.8	3.4
0.9	7.5	Agency/Semi	0.0	0.5
27.4	11.8	Mortgage	1.5	0.8
10.0	16.2	Inv Grade Corp	0.5	1.1
0.5	0.0	High Yield Corp	0.0	0.0
6.2	13.8	Emerging Markets	0.3	0.9
3.1	0.0	Cash Equivalents	0.2	0.0
100	100	Total	5.3	6.8

