

Fund Information	31 August 2023			
Fund Size	\$1.365 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 (%)	+0.10%	+0.59%	+0.75%	-2.29%
Benchmark (%)	-0.16%	-0.14%	-0.18%	-3.26%
Alpha (%)	+0.26%	+0.73%	+0.93%	+0.97%

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's performance was ahead of benchmark again in August with nominal returns also slightly positive despite a general rise in interest rates this month.

This month saw positive contributions from interest rate strategies, particularly the underweight duration position in Japan where yields moved higher especially at the long end of the yield curve. Our underweight to investment grade credit also added value as credit spreads widened over the month.

Detractors this month included an overweight to UK duration, especially around the ten-year maturity where yields rose, an underweight to Chinese duration and our holdings in inflation linked assets as inflation "break evens" moved lower.

### Investment markets

August was a difficult month for investors as markets grappled with mixed economic data, negative news from China and the implications of the annual "Jackson Hole symposium". This saw general weakness in both equity and bond markets.

Bond markets sold off sharply in the first half of the month following "hawkish" comments from Chairman Powell at Jackson hole, Fitch downgrading the U.S's credit rating and stronger than expected economic data. While in Japan, investors pushed longer yields up as they tested the boundaries on the BOJ's Yield Curve Control program. Germany and China were the only major markets which saw bond yields fall.

Equity markets were also weaker in August with major indices all down on their July closes. A few individual companies (A-I related) bucked the trend amongst a general malaise. Despite the weakness in August, equity markets year to date performance remains impressive.

Looking forward, markets remain data focussed, equities pricing a "soft landing" and looking for confirmation while bond markets remain sceptical that inflation can be controlled without a somewhat harder landing.

### 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 overall duration remained at 5.8 years in August, 0.9 years less than the benchmark's duration of 6.7 years.

The bulk of the underweight duration position is in Japan and Emerging Markets with a smaller underweight to core Europe. PIMCO remains slightly overweight non-core Europe, Australia and the UK. Duration exposure to the US is close to neutral.

In terms of the yield curve, the Fund is underweight in the 1-3 years maturities, slightly overweight 3-5 years with a larger overweight to the 5-10 years portion of the curve. The Fund's largest yield curve position remains its underweight to 10 years plus maturities. This positioning is premised on an expected positive steepening of the curve, pivoting around 10-year maturities, as inflation normalises.

The Fund remains underweight corporate credit generally, targeting 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, Emerging market currencies, and non-EMU Europe predominantly against the North American dollar bloc with a smaller underweight to the Euro.

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

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31 August 2023

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



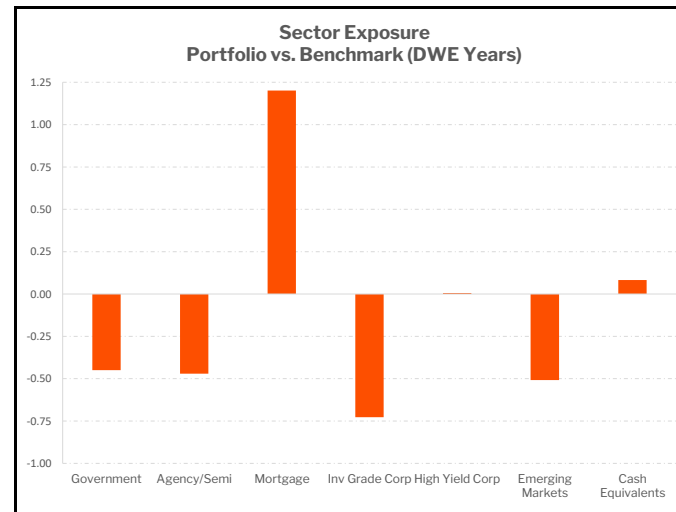
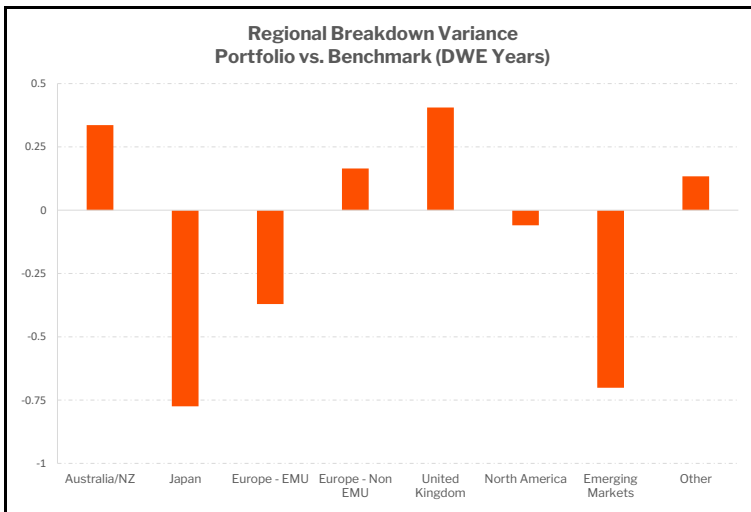
Investment Statistics	
Effective Duration	5.8
Benchmark Duration	6.7
Average Maturity	7.2
Average Coupon	3.0
Average Quality	AA
Fund Total Carry	6.4
Benchmark Total Carry	5.2

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
69.5	AAA	11.8
2.3	AA	42.1
8.8	A	31.6
17.0	BBB	14.5
2.5	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
1.7	0.1	0 - 1 years	0.1	0.0
2.1	7.4	1 - 3 years	0.1	0.5
19.8	13.1	3 - 5 years	1.1	0.9
60.0	35.3	5-10 years	3.5	2.3
16.4	44.2	10+ years	1.0	2.9
100	100	Total	5.8	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
4.4	15.4	Japan	0.3	1.0
18.0	21.2	Europe - EMU	1.0	1.4
4.4	1.3	Europe - Non EMU	0.3	0.1
12.5	4.8	United Kingdom	0.7	0.3
50.0	44.4	North America	2.9	3.0
-0.8	9.8	Emerging Markets	0.0	0.7
4.4	1.8	Other	0.3	0.1
100	100	Total	5.8	6.7

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
49.4	49.7	Government	2.9	3.3
0.6	7.6	Agency/Semi	0.0	0.5
34.9	12.4	Mortgage	2.0	0.8
5.8	16.0	Inv Grade Corp	0.3	1.1
0.1	0.0	High Yield Corp	0.0	0.0
7.7	14.4	Emerging Markets	0.4	1.0
1.5	0.0	Cash Equivalents	0.1	0.0
100	100	Total	5.8	6.7



### ESG Integration (PIMCO)

At PIMCO, we define ESG Integration as the integration of material ESG factors into investment research. We believe incorporating ESG factors should be part of a robust investment process. We recognize that ESG factors are increasingly material inputs into our understanding of global economies, markets, industries and business models. Whether climate change, income inequality, shifting consumer preferences, regulatory risks, human capital management or unethical conduct, ESG factors are important considerations when evaluating long-term investment opportunities. These factors are evaluated across markets and assets classes where applicable. Our commitment to ESG integration was one of the main drivers that led PIMCO to become a signatory to the Principles of Responsible Investment (PRI) in September 2011.

The integration of ESG factors into PIMCO's investment process seeks to account for material ESG risks in both top-down macro positioning and bottom-up security evaluation. To the extent that ESG risks are material for particular sectors, issuers, etc., our fundamental credit views will reflect this. While ESG scores play a role in security selection for portfolios that follow ESG strategies and guidelines, they are not a criterion for security selection in portfolios that do not follow ESG strategies and guidelines. Additionally, integrating material ESG factors into the evaluation process does not mean that ESG information is the sole consideration for an investment decision; instead, PIMCO's portfolio managers and analyst teams evaluate a variety of factors, which can include ESG considerations, to make investment decisions. By integrating material ESG factors into the evaluation process, PIMCO is increasing the total amount of information assessed to generate a more holistic view of an investment, in efforts to deliver the best performance outcomes for our clients.

### Exclusions

Further to the ESG integration in the PIMCO investment process, the Hunter Global Fixed Interest Fund has the following exclusions (derivative positions that may include exposures as part of a basket are exempt from these restrictions, e.g. Basket CDS for spread trade or hedging etc.):

- Tobacco Companies;
- Armament Manufacturers;
- Cluster munitions development or production;
- The Portfolio will not invest in companies who derive more than 10% of their earnings from pornography or gambling; and
- The Portfolio will not invest in companies who derive more than 10% of their earnings from or whose only, core, or majority business is the exploration, extraction, refining or processing of fossil fuels. In addition, the Portfolio will not invest in any utility who primarily burns fossil fuels. The development or operation of pipelines are excluded from this restriction.

### ESG Metrics

	Fund	Benchmark
<b>Gender Diversity (workforce &gt;40% female representation)</b>	47%	23%
<b>Modern Slavery Statement</b>	38%	22%
<b>Majority Independent Board</b>	30%	31%

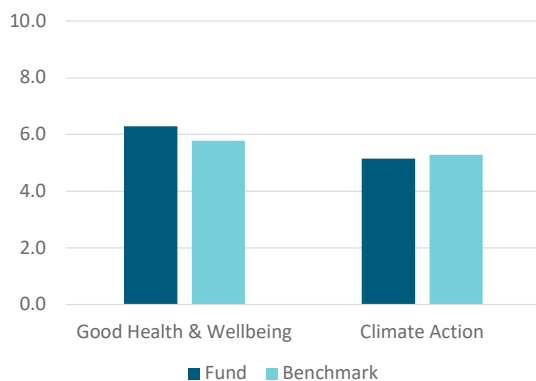
Numbers represent the proportion of holdings meeting the above criteria. We assess only the corporate bond holdings of both the Benchmark and Fund, figures shown are as a percentage of those holdings in order to maintain comparability.

### Climate Targets

	Fund	Benchmark
<b>TCFD Recommendations</b>	43%	34%
<b>SBTi Committed</b>	20%	6%
<b>SBTi Targets Set</b>	9%	11%

TCFD Recommendations: proportion of portfolio holdings that have committed to adopting recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). Does not indicate a complete TCFD disclosure.  
SBTi Committed indicates the company has made a public commitment to set a science-based target aligned with SBTi's target-setting criteria within 24 months.  
'Targets Set' indicates that SBTi has reviewed and validated the company's target(s).

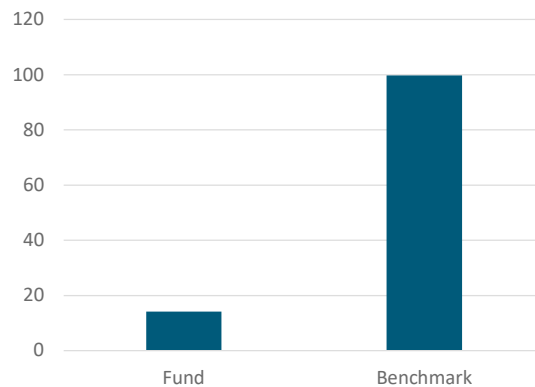
### Contribution to UN SDGs



Represents the overall portfolio impact on progress towards the UN Sustainable Development Goals: 3. Good Health and Wellbeing, and 13. Climate Action, as assessed by ISS.

On a scale of 0-10: 0 is a negative impact, 10 a positive impact, and 5 is no net impact.

### Scope 1 & 2 Carbon Emissions Intensity (USD)



Scope 1 & 2 Carbon Emissions Intensity reflects the portfolios weighted average total carbon emissions per million USD of revenue, as a proxy of the carbon efficiency per unit of output.

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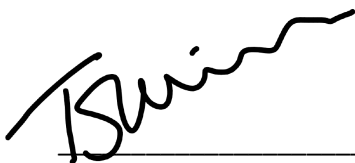
## COMPLIANCE CERTIFICATE

### HUNTER GLOBAL FIXED INTEREST FUND (THE "FUND") (RETAIL UNIT TRUST)

#### Investment Mandate Compliance Certificate for month ended 31 August 2023

Harbour Asset Management Limited (the "Manager"), certifies that to the best of our knowledge, and having made reasonable enquiries, that, and except as specified in this certificate;

1. The Fund has at all times complied with the Fund's Trust Deed;
2. The Fund has complied with internal guidelines as described in the Statement of Investment Policy & Objectives (SIPO), dated 1<sup>st</sup> September 2023;
3. PIMCO Australia Pty Ltd ("PIMCO") as the appointed underlying specialist investment manager for the Hunter Global Fixed Interest Fund, provides Harbour with a monthly certification of compliance.



\_\_\_\_\_  
Tim Morrison  
Head of Compliance  
Harbour Asset Management Limited

05.09.2023

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Date