

Fund Information	31 July 2024			
Fund Size	\$1.797 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 (%)	+1.72%	+3.69%	+7.57%	-0.83%
Benchmark (%)	+1.97%	+3.75%	+5.81%	-1.67%
Alpha (%)	-0.25%	-0.06%	+1.76%	+0.85%

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 underperformed its benchmark in July as global interest rates generally fell and yield curves flattened. Nominal returns remained strongly positive.

Our overweight to Australian and European duration added value in July especially our overweights to the 10-year portions of their yield curves as rates rallied. Similarly, in the credit sector, our preference for investment grade Financials also added value as spreads tightened.

However, our curve positioning and underweight to US duration subtracted value in the falling yield environment. Our overweight to securitised assets, also detracted from performance as spreads widened in that sector.

Currency and FX carry strategies also detracted in July.

### Investment markets

Both bond and equity markets were generally stronger in July, buoyed by macro-economic data suggesting official rates cuts were imminent. The US market had an 85% chance of a September rate cut priced in by month end while both the UK and Canadian central banks cut by 0.25% in July. Japan remained the outlier continuing its tightening policy and raising rates 0.10%.

In Equity markets, the broad indexes outperformed, the Dow and Russell 2000 up strongly while the Nasdaq and Nikkei were lacklustre as tech stocks lagged this month.

Away from markets, politic took centre stage with elections in France and the UK, an attempt to assassinate Donald Trump and President Biden finally abandoning re-election hopes in favour of Vice President Kamala Harris.

### 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.

PIMCO has reduced the Fund's overall duration to 4.9 years, significantly less than the benchmark's duration of 6.6 years, largely reflecting recent rate moves and PIMCO's belief that shorter maturities now offer greater value.

The underweight duration position remains quite targeted, focussed on Japan, Emerging Markets with the largest underweight being in North America. Elsewhere, PIMCO remain overweight duration in more interest rate sensitive markets or where they see strong evidence of economic slowing, specifically, Australasia, EMU Europe and the UK.

In terms of the yield curve, the Fund has largely benchmark exposure in the 1-3 maturities and is slightly overweight to 3-5 year maturities. It has 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. It is expected that 3-10 year maturities will benefit disproportionately in a variety of scenarios with the an expected positive steepening of the curve, pivoting around 10-year maturities, as the central bank easing cycle begins. Longer bonds face increased issuance and potential demand for term premia.

The Fund remains underweight corporate credit generally, targeting high credit quality, the average credit rating of the Fund is AA-.

US Federal Reserve "tapering" programme 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 and historically high sector credit margins in the current environment.

Currency strategies remain largely tactical or target portfolio diversification. Currently the fund is overweight the UK, emerging market and North American currencies, predominantly against the Euro, Australasia and a number of minor currencies.

**Tony Hildyard** - 021 830 720

[tony.hildyard@harbourasset.co.nz](mailto:tony.hildyard@harbourasset.co.nz)

**Manager: Harbour Asset Management Limited**

[contactus@harbourasset.co.nz](mailto: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/](http://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 July 2024

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



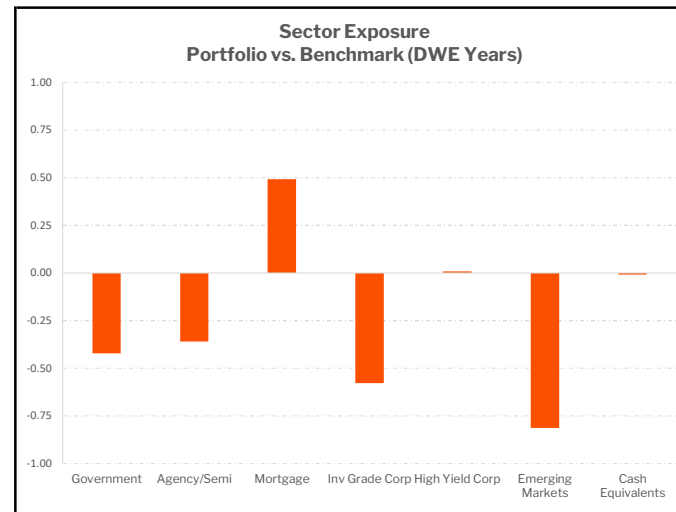
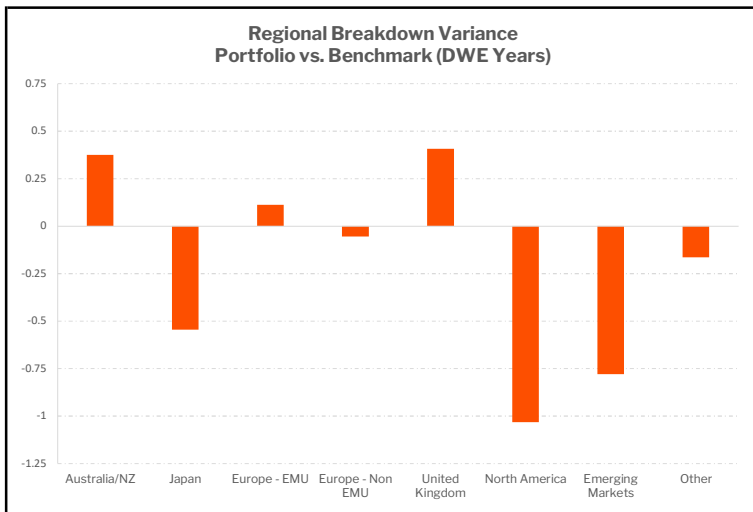
Investment Statistics	
Effective Duration	4.9
Benchmark Duration	6.6
Average Maturity	6.1
Average Coupon	3.6
Average Quality	AA-
Fund Total Carry	6.2
Benchmark Total Carry	5.2

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
61.9	AAA	11.8
3.6	AA	42.8
5.3	A	31.3
27.0	BBB	14.1
2.1	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
0.0	0.1	0 - 1 years	0.0	0.0
12.7	7.7	1 - 3 years	0.6	0.5
22.0	13.3	3 - 5 years	1.1	0.9
55.2	34.2	5-10 years	2.7	2.3
10.1	44.7	10+ years	0.5	3.0
100	100	Total	4.9	6.6

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
9.3	1.3	Australia/NZ	0.5	0.1
6.9	13.4	Japan	0.3	0.9
31.5	21.8	Europe - EMU	1.6	1.4
0.8	1.4	Europe - Non EMU	0.0	0.1
15.0	5.0	United Kingdom	0.7	0.3
39.0	44.7	North America	1.9	3.0
-1.8	10.4	Emerging Markets	-0.1	0.7
-0.7	2.0	Other	0.0	0.1
100	100	Total	4.9	6.6

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
57.6	49.3	Government	2.8	3.3
3.2	7.8	Agency/Semi	0.2	0.5
25.3	11.4	Mortgage	1.2	0.8
10.1	16.2	Inv Grade Corp	0.5	1.1
0.2	0.0	High Yield Corp	0.0	0.0
3.9	15.2	Emerging Markets	0.2	1.0
-0.1	0.0	Cash Equivalents	0.0	0.0
100	100	Total	4.9	6.6



### 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)</b>	71%	28%
<b>Modern Slavery Statement</b>	41%	18%
<b>Majority Independent Board</b>	52%	37%

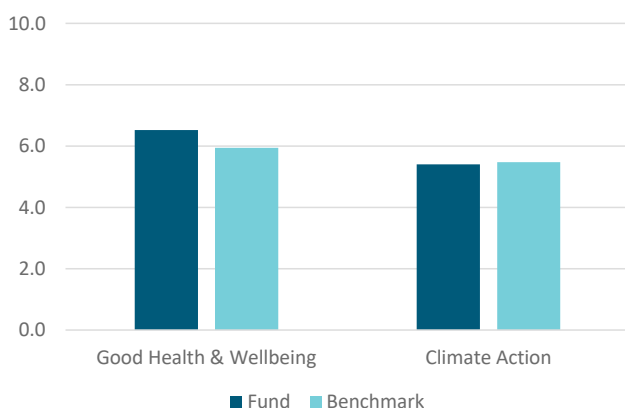
Numbers represent the proportion of holdings meeting the above criteria. We assess only the corporate bond holdings of both the Benchmark and Fund, figures shown are as a percentage of those holdings in order to maintain comparability.

### Climate Targets

	Fund	Benchmark
<b>TCFD Recommendations</b>	62%	36%
<b>SBTi Committed</b>	9%	5%
<b>SBTi Targets Set</b>	7%	13%

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

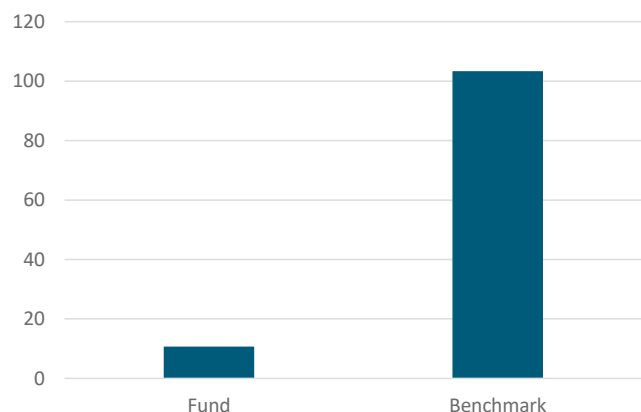


Represents the overall portfolio impact on progress towards the UN Sustainable Development Goals: 3. Good Health and Wellbeing, and 13. Climate Action, as assessed by ISS. On a scale of 0-10: 0 is a negative impact, 10 a positive impact, and 5 is no net impact.

#### Bloomberg Disclaimer

The BLOOMBERG PROFESSIONAL service, BLOOMBERG Data and BLOOMBERG Order Management Systems (the ‘Services’) are owned and distributed locally by Bloomberg Finance L.P. (‘BFLP’) and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the ‘BLP Countries’). BFLP is a wholly-owned subsidiary of Bloomberg L.P. (‘BLP’). BLP provides BFLP with all global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. The Services include electronic trading and order-routing services, which are available only to sophisticated institutional investors and only where necessary legal clearances have been obtained. BFLP, BLP and their affiliates do not provide investment advice or guarantee the accuracy of prices or information in the Services. Nothing on the Services shall constitute an offering of financial instruments by BFLP, BLP or their affiliates. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG MARKET, BLOOMBERG NEWS, BLOOMBERG ANYWHERE, BLOOMBERG TRADEBOOK, BLOOMBERG BONDRADER, BLOOMBERG TELEVISION,

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



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

## COMPLIANCE CERTIFICATE

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

#### Investment Mandate Compliance Certificate for month ended 31<sup>st</sup> July 2024

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

6.08.24

---

Date