

Fund Information	31 August 2024			
Fund Size	\$1.932 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 (%)	+0.46%	+3.08%	+7.95%	-0.70%
Benchmark (%)	+1.06%	+3.95%	+7.10%	-1.27%
Alpha (%)	-0.60%	-0.87%	+0.85%	+0.57%

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 August as global interest rates generally fell on the back of increased recession fears in the US and a partial unwinding of the “yen carry trade”. Nominal returns remained positive.

Our overweights in Australian, Canadian and European duration added value in August 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 relative to the benchmark.

However, our underweight to US and Japanese duration and curve positioning subtracted value as yields fell sharply. Our overweight to securitised assets, also detracted from performance as spreads widened in that sector.

Currency positioning, especially our overweight US dollar position, detracted significantly as the US dollar fell on recession fears.

### Investment markets

The BoJ rate hike on July 31<sup>st</sup> was followed by a disappointing US jobs report with non-farm payrolls increasing only 114k, well short of the anticipated 175k and the previous month's 179k, and lower than the 215k average monthly gain over the last 12 months. This led to growing fears of a US recession and increased speculation about potential rate cuts. The narrowing interest rate differential between Japan and the US exacerbated the chaos, encouraging investors to unwind the Yen Carry Trade. Market reactions were swift, risk assets selling off, the Nikkei's worst fall in 40 years, and the VIX hit its highest level since November 2020. Meanwhile bonds experienced a sharp “flight to safety” rally as the market brought forward both the timing and extent of rate cut expectations. The US 10Y yield hit a 2-year low of 3.75%.

### 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 increased the Fund's overall duration to 5.6 years, still significantly less than the benchmark's duration of 6.6 years, largely reflecting reductions in the size of the Fund's duration underweights in the US and Japan.

However, the underweight duration position remains quite targeted, focussed on Japan, Emerging Markets and North America. Elsewhere, PIMCO remain overweight duration in more interest rate sensitive markets or where they see strong evidence of economic slowing, specifically, Australasia and the UK. European duration is now close to benchmark.

In terms of the yield curve, the Fund is slightly overweight 1-3 and 3-5 year maturities and has increased its 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, but is now overweight government treasury bonds. The average credit rating of the Fund increased in August to AA.

US Federal Reserve “tapering” programme also sees PIMCO remaining underweight the agency and semi-government sectors but retaining a slightly reduced 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's only significant position is and overweight to emerging market currencies predominantly against a number of minor currencies. Exposure to North America, Japan and Europe is close to neutral.

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31 August 2024

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



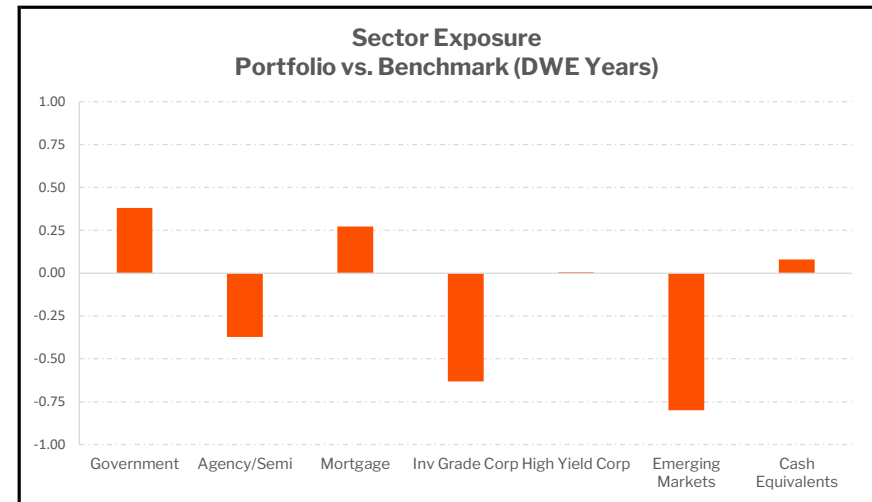
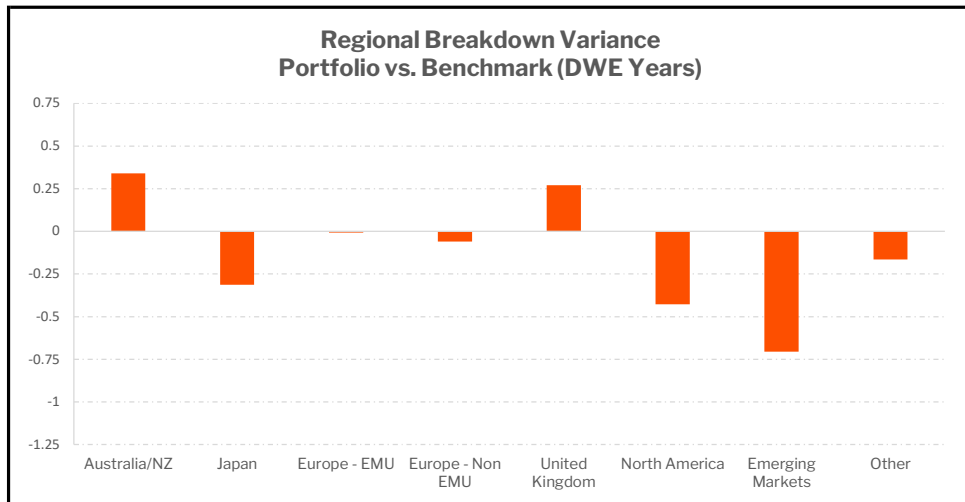
Investment Statistics	
Effective Duration	5.6
Benchmark Duration	6.6
Average Maturity	6.4
Average Coupon	3.5
Average Quality	AA
Fund Total Carry	5.4
Benchmark Total Carry	4.9

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
61.8	AAA	11.9
7.7	AA	42.5
5.7	A	31.5
23.2	BBB	14.1
1.6	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
2.1	0.1	0 - 1 years	0.1	0.0
11.9	7.8	1 - 3 years	0.7	0.5
22.4	13.0	3 - 5 years	1.2	0.9
57.1	34.1	5-10 years	3.2	2.3
6.4	45.0	10+ years	0.4	3.0
100	100	Total	5.6	6.6

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
7.7	1.3	Australia/NZ	0.4	0.1
10.7	13.7	Japan	0.6	0.9
25.7	21.7	Europe - EMU	1.4	1.4
0.6	1.4	Europe - Non EMU	0.0	0.1
10.8	5.0	United Kingdom	0.6	0.3
45.2	44.3	North America	2.5	2.9
-0.2	10.5	Emerging Markets	0.0	0.7
-0.6	2.0	Other	0.0	0.1
100	100	Total	5.6	6.6

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
66.0	49.6	Government	3.7	3.3
2.6	7.8	Agency/Semi	0.1	0.5
18.1	11.1	Mortgage	1.0	0.7
7.9	16.2	Inv Grade Corp	0.4	1.1
0.1	0.0	High Yield Corp	0.0	0.0
3.8	15.3	Emerging Markets	0.2	1.0
1.5	0.0	Cash Equivalents	0.1	0.0
100	100	Total	5.6	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>	80%	30%
<b>Modern Slavery Statement</b>	53%	22%
<b>Majority Independent Board</b>	57%	37%

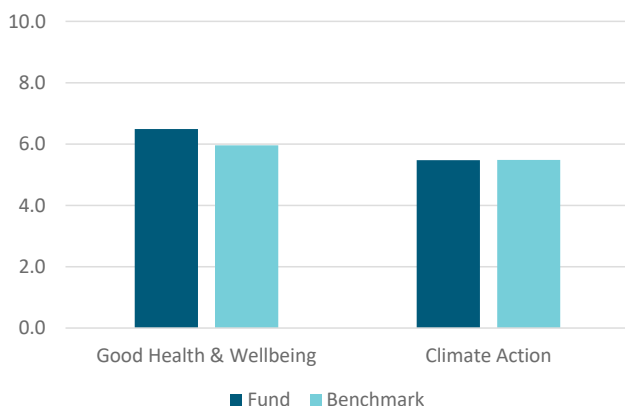
Numbers represent the proportion of holdings meeting the above criteria. We assess only the corporate bond holdings of both the Benchmark and Fund, figures shown are as a percentage of those holdings in order to maintain comparability.

### Climate Targets

	Fund	Benchmark
<b>TCFD Recommendations</b>	65%	42%
<b>SBTi Committed</b>	8%	4%
<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

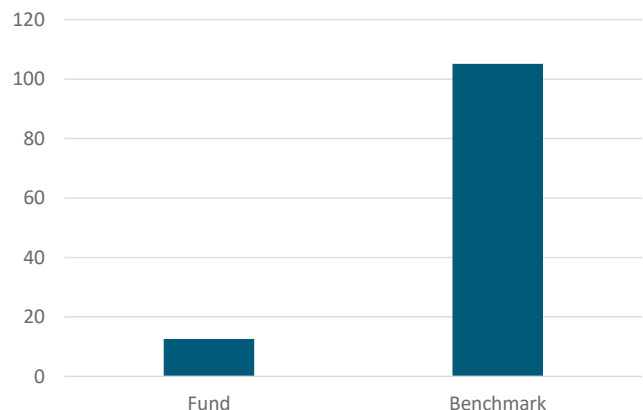


Represents the overall portfolio impact on progress towards the UN Sustainable Development Goals: 3. Good Health and Wellbeing, and 13. Climate Action, as assessed by ISS. On a scale of 0-10: 0 is a negative impact, 10 a positive impact, and 5 is no net impact.

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### 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> August 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.



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Tim Morrison

Head of Compliance

Harbour Asset Management Limited

9.09.2024

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Date