

HUNTER GLOBAL FIXED INTEREST FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| | |
|--|---|
| The Fund and its principal activity | <p>The objective of the Fund is to provide a total return, before costs and tax, 1% higher than the Bloomberg Barclays Global Aggregate Index - 100% New Zealand dollar hedged over a rolling three year period.</p> <p>The Fund invests in a diversified portfolio of actively managed fixed interest securities, cash and derivatives. The predominant investment is in securities issued by governments, supranationals, local authorities, and corporates. The Fund may also invest in emerging market debt, asset backed securities, mortgage backed securities, structured notes, bank loans, high yield securities, mortgage derivatives, preferred securities, unrated securities, cash and cash equivalents, and derivative instruments, including currency hedging instruments. The Fund can borrow up to 20% of the aggregate value of its investments but only for the purposes of providing short-term liquidity.</p> <p>Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk.</p> <p>PIMCO Australia Pty Ltd ('PIMCO') has been appointed as the Investment Manager of the Fund and is responsible for investing and managing the Fund's assets.</p> |
|--|---|

| | |
|----------------------------|---|
| The Managers | Harbour Asset Management Limited PIMCO Australia Pty Ltd |
| Registered Office | Level 16, 171 Featherston Street, Wellington |
| Licensed Supervisor | The New Zealand Guardian Trust Company Limited |
| Auditor | KPMG |

Basis of Preparation

The financial statements of the Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and other legislative requirements as appropriate for for-profit entities. The Fund is a Tier 1 entity and, as such, the financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS. These financial statements also comply with International Financial Reporting Standards ("IFRS"). The impact of any indicators affecting the Funds ability to operate as a going concern was assessed during the preparation of these financial statements. No indicators were identified, and the Fund remains a going concern.

The reporting month of the financial statements of the Fund have been changed from March to June and cover the 15 months ended 30 June 2024. Comparative information has been provided for the 12 month period for year ended 31 March 2023. The balance date was changed to align with the preparation of other accounts managed by Harbour due to this, comparatives may not be entirely comparable. Certain presentation updates have been made to simplify the financial statements for the readers individually and in aggregate these changes are not considered material to the reader.

All amounts are in New Zealand Dollars which is the Funds' functional currency. All amounts have been rounded to the nearest one thousand dollars.

Accounting policies that are relevant for an understanding of the financial statements are designated by a ϕ symbol.

Material judgements, estimates and assumptions made in order to affect the application of policies and reported amounts of assets and liabilities, income and expenses are designated by a Ω symbol.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Table of contents

| | |
|---|----|
| Statement of Comprehensive Income | 3 |
| Statement of Changes in Unit Holders' Funds | 4 |
| Statement of Financial Position | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |
| Independent Auditor's Report | 19 |

YOUR FUND'S PROFIT
STATEMENT OF COMPREHENSIVE INCOME
\$000

| | Note | Hunter Global Fixed Interest Fund | |
|--|------|-----------------------------------|-----------------|
| | | 2024 | 2023 |
| | | 15 months | 12 months |
| INCOME | | | |
| Interest income ϕ | | 65,213 | 28,763 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 2 | 28,322 | (91,421) |
| Other foreign exchange gains/(losses) | | (5,888) | 5,347 |
| Other income | | 419 | 2 |
| Total income/(loss) | | 88,066 | (57,309) |
| EXPENSES | | | |
| Management fees | 6 | 8,501 | 5,078 |
| Interest expense | | 99 | 1,012 |
| Other expenses | | 1,209 | 733 |
| Brokerage fees | | 62 | 126 |
| Recovery of fees paid to the Auditor | | - | 34 |
| Total expenses | | 9,871 | 6,983 |
| Net profit /(loss) | | 78,195 | (64,292) |
| Total Comprehensive Income/(Loss) | | 78,195 | (64,292) |

- ϕ Interest income on investments at amortised cost is recognised in the statements of comprehensive income as interest accrues using the effective interest rate method. Interest income from financial assets at fair value through profit and loss represents coupons received and accrued during the period. Interest income is earned on term deposits, cash held at the bank, debt securities and swaps.

The accompanying notes form an integral part of these financial statements.

CHANGES IN THE VALUE OF YOUR FUND

STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS

\$000

Hunter Global Fixed Interest Fund

| | 2024 | 2023 |
|---|------------------|------------------|
| | 15 months | 12 months |
| UNIT HOLDERS' FUNDS | | |
| Unit holders' funds at the beginning of the period | 1,119,951 | 1,119,045 |
| Total comprehensive income/(loss) | 78,195 | (64,292) |
| Contributions during the period | 787,672 | 277,380 |
| Withdrawals during the period | (305,855) | (161,357) |
| Distributions to unit holders | (64,461) | (51,559) |
| Unit holder attributed taxation | 570 | 734 |
| Unit Holders' Funds at the end of the period | 1,616,072 | 1,119,951 |
| '00 | | |
| UNITS ON ISSUE | | |
| Units on issue at the beginning of the period | 1,321,409 | 1,191,189 |
| Units issued during the period | 934,874 | 316,474 |
| Units redeemed during the period | (361,386) | (186,254) |
| Units on issue at the end of the period | 1,894,897 | 1,321,409 |

The accompanying notes form an integral part of these financial statements.

THE VALUE OF YOUR FUND

STATEMENT OF FINANCIAL POSITION \$000

| | Note | Hunter Global Fixed Interest Fund | |
|--|------|-----------------------------------|------------------|
| | | 2024 | 2023 |
| Unit Holders' Funds | | 1,616,072 | 1,119,951 |
| Represented by: | | | |
| ASSETS | | | |
| Cash and cash equivalents ϕ | | 33,196 | 23,025 |
| Trade and other receivables | 4 | 9,407 | 21,027 |
| Receivables from sale and repurchase agreements | | 111,779 | 46,032 |
| Financial assets at fair value through profit or loss | | | |
| Investment securities | 2 | 1,518,603 | 1,023,485 |
| Derivatives | 1,2 | 64,849 | 62,770 |
| Margin Accounts | 9 | 22,771 | 30,842 |
| Unit holder attributed taxation receivable | | - | 826 |
| Total Assets | | 1,760,605 | 1,208,007 |
| LIABILITIES | | | |
| Trade and other payables | 5 | 70,284 | 21,956 |
| Trade and other payables to related parties | 6 | 619 | 449 |
| Payables from sale and repurchase agreements | | 3,113 | - |
| Financial liabilities at fair value through profit or loss | 1 | | |
| Derivatives | 1,2 | 52,185 | 52,238 |
| Margin Accounts | 9 | 18,332 | 12,587 |
| Unit holder attributed taxation payable | | - | 826 |
| Total Liabilities | | 144,533 | 88,056 |
| Net Assets Attributable to Unit Holders | | 1,616,072 | 1,119,951 |

ϕ Cash and cash equivalents include cash in hand, deposits held at call with banks, deposits and overdrawn balances with brokers in New Zealand dollars and foreign currencies.

These Financial Statements were authorised for issue by the Manager, Harbour Asset Management Limited.

Director  Andrew Bascand Director  Graeme Wong

Date 10 October 2024 Date 10 October 2024

The accompanying notes form an integral part of these financial statements.

YOUR FUND'S CASH FLOWS
STATEMENT OF CASH FLOWS (\$000)

Hunter Global Fixed Interest Fund

| | 2024 | 2023 |
|---|------------------|-----------------|
| | 15 months | 12 months |
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Cash was provided from: Sale of investments | 16,973,482 | 13,523,450 |
| Interest income | 57,074 | 28,162 |
| Other income | 419 | 2 |
| Cash was applied to: Purchase of investments | (17,481,292) | (13,467,033) |
| Interest expense | (99) | (806) |
| Payment of expenses | (7,575) | (5,979) |
| Net realisation/(settlement) of derivatives | 52,661 | (150,699) |
| Net cash from/(used in) operating activities | (405,330) | (72,903) |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Cash was provided from: Contributions from unit holders | 691,310 | 277,380 |
| Cash was applied to: Withdrawals by unit holders | (254,951) | (161,357) |
| Distributions to unit holders | (21,511) | (51,559) |
| Unit holder attributed taxation | 573 | 734 |
| Net cash from/(used in) financing activities | 415,421 | 65,198 |
| Net increase/(decrease) in cash and cash equivalents | 10,091 | (7,705) |
| Cash and cash equivalents at the beginning of the period | 23,025 | 30,796 |
| Effect of exchange rate fluctuations | 80 | (66) |
| Cash and cash equivalents at the end of the period | 33,196 | 23,025 |
| RECONCILIATION OF NET PROFIT/(LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit/(loss) attributable to unit holders | 78,195 | (64,292) |
| Net unrealised changes in the fair value of financial assets and liabilities through profit or loss | (246) | 86,140 |
| Foreign exchange (gains)/losses on cash and cash equivalents | 80 | (66) |
| Non-cash items | (166) | 86,074 |
| Net purchases of investments | (495,031) | (58,353) |
| Movements in working capital items | 11,672 | (36,332) |
| Net cash flows from/(used in) operating activities | (405,330) | (72,903) |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT

The Fund is subject to a number of financial risks which are as a result of their activities, including: market risk, liquidity risk and credit risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to actively manage portfolio risk where this is more efficient than trading the underlying physical asset. Derivative exposures are generally collateralised and the total risk exposure, both physical and derivative, must fall under mandate risk constraints. Derivatives are not used to leverage the portfolio.

A. Market Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Price risk is the risk of gains or losses from changes in the market price of investments.

The Fund's overall market positions are monitored on a daily basis by the Investment Manager. The Fund's derivative financial instruments (excluding interest rate swaps and foreign exchange contracts) are susceptible to market price risk arising from uncertainties about future values of the investment.

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing New Zealand and foreign bank accounts. The Fund is therefore exposed to the risk of gains or losses or changes in interest income from movements in both New Zealand and foreign interest rates.

In accordance with the Fund's policy, the Investment Manager monitors and the Manager reviews the Fund's overall interest sensitivity on a regular basis.

Currency risk is the risk of gains or losses or changes in the New Zealand dollar value of income from changes in foreign exchange rates. An analysis including the impact on unit holders' funds of the financial risks arising from the investments of the Funds is set out below. The indirect interest rate and currency risks, arising from the risks in the other funds invested in, are not considered in the below analysis. Unit holders' funds is impacted by price movements by the same amount as profit subject to adjusting for the impact of PIE tax adjustments attributable to unit holders.

Market risk

The table below shows the impact on net profit attributable to unit holders and unit holders' funds if prices at balance date had been 10% higher/lower with all other variables held constant. The 10% variable used in the previous year is considered appropriate based on historical price movements.

| \$000 | | Hunter Global Fixed Interest Fund | |
|---|------------------|-----------------------------------|----------|
| Price risk | | 2024 | 2023 |
| Futures, options, swaps (excluding IRS) and To-Be-Announced forwards: | | | |
| Impact of a +/- 10% change in market prices | | (28,629) | (24,015) |
| Interest rate risk | | | |
| Cash and cash equivalents, debt securities and swaps: | | | |
| Re-pricing profile | Up to 90 days | 186,470 | - |
| | Within 6 months | - | 326,314 |
| | 90 days - 1 year | 75,377 | - |
| | 6-12 months | - | 24,012 |
| | 1-5 yrs | 255,935 | 212,219 |
| | 5+ yrs | 1,031,283 | 471,296 |

Cash Flow Sensitivity Analysis

A change in interest rates impacts the cash flow of the Funds cash and cash equivalents and floating rate debt securities by increasing or decreasing the amount of interest received. The 1% variable used in the previous year continues to be appropriate to illustrate the impact of a reasonable possible movement based on historic trends. The table below shows the impact on net profit attributable to unit holders and unit holders' funds if interest rates at balance date had been 100 basis points (1.0%) higher/lower with all other variables held constant:

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT (continued)

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|-------|
| Cash and cash equivalents and floating rate debt securities | 2024 | 2023 |
| Impact of a +/- 1% change in interest rates | 6,056 | 2,837 |

Fair Value Sensitivity Analysis

A change in interest rates impacts the fair value of the Funds bond futures, debt securities and swaps with fixed interest rates.

The table below shows the impact on net profit attributable to unit holders and unit holder's funds if yields at balance date were 100 basis points (1.0%) higher/lower, with all other variables held constant. An increase/(decrease) in yields would result in a (decrease)/increase in fair values. The table shows the impact of a 100 basis point move in yields.

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|--------|
| Fixed rate debt securities, interest rate swaps and other derivatives | 2024 | 2023 |
| Impact of a +/- 1% change in yields | 95,740 | 73,702 |

Currency risk

The Fund is directly exposed to currency risk through the investment in monetary assets (including cash and cash equivalents, trade and other receivables and payables, margin accounts, debt securities, bond futures, forward exchange contracts and swaps) and non-monetary assets (bond futures).

Sensitivity Analysis

The following table shows the sensitivity of profit for the year and sensitivity of unit holders' funds to reasonably possible changes in foreign exchange (FX) rates as at 30 June with all other variables held constant:

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|---------|
| Impact of a +/- 10% change in FX rates Net currency exposures in NZD equivalents: | 2024 | 2023 |
| AUD | (489) | 579 |
| CAD | (204) | (5) |
| EUR | (865) | 289 |
| GBP | 108 | 285 |
| JPY | 299 | (1,975) |
| USD | 2,347 | 2,083 |
| Other | (209) | (776) |
| Total | 987 | 480 |

B Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The liquidity risk of the Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund. The Fund invests predominantly in liquid securities and hence has daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if the Fund were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

The Funds financial liabilities at fair value through profit or loss that are financial derivative instruments consist of the fair value of forward foreign exchange contracts, futures, options, TBA's and swaps. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Funds and realised liabilities may differ from current liabilities based on future changes in market conditions. The table below sets out the cash flows for the Funds net non-current financial liabilities:

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT (continued)

| \$000 | Hunter Global Fixed Interest Fund | |
|-----------|-----------------------------------|---------|
| | 2024 | 2023 |
| 1-5 years | 13,478 | 31,104 |
| 5+ years | (1,912) | (7,888) |

All other balances for financial liabilities at fair value through profit or loss are current. The Funds' financial liabilities also consist of trade and other payables which are short term in nature and classified as a current liability at balance date. Maturities are not expected to exceed 90 days.

C Credit Risk

Credit risk represents the risk that a counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Fund to incur a loss. The Investment Manager has a counterparty assessment process. All credit assets are individually assessed, rated and monitored by the Investment Manager, the Investment Manager does not rely on external rating agency credit assessment.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss.

The Fund's cash and cash equivalents balances are held with ANZ (AA- credit rating) (31 March 2023: AA-) and JP Morgan A+ (BNP Paribas 31 March 2023: A+).

As at 30 June 2024 and 31 March 2023, all amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A or higher and are due to be settled within 1 week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The table below shows the credit rating grade of each class of the Fund's debt securities that are subject to credit risk as at 30 June 2024 and 31 March 2023.

| \$000 | Hunter Global Fixed Interest Fund | |
|----------------------|-----------------------------------|------------------|
| | 2024 | 2023 |
| Credit rating | | |
| AAA to AA- | 951,890 | 444,100 |
| A+ to A- | 213,694 | 419,759 |
| BBB+ to B- | 129,589 | 161,125 |
| Less than B- | 20,201 | 34,463 |
| Unrated | 215,894 | 62,484 |
| Total | 1,531,268 | 1,121,931 |

As outlined in the Statement of Investment Policy and Objectives of the Hunter Investment Funds, PIMCO is the Investment Manager. PIMCO's fixed income philosophy revolves around the principle of diversification that no single risk should dominate returns.

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT (continued)

The Investment Manager is responsible for assessing and monitoring the creditworthiness of borrower, guarantors, issuers of debt securities, acceptors of bills of exchange, counterparties to any over the counter derivatives contracts or other sources of credit risk. The minimum average credit rating of the portfolio is A-.

At 30 June 2024, none of these financial assets, which have no credit rating are past due or impaired (31 March 2023: none).

D Financial Assets and Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements and Similar Agreements

The Fund holds derivative financial instruments:

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

The following table presents the recognised financial assets and liabilities that are subject to offsetting, or other similar arrangements but not offset, as at 30 June 2024.

| \$000 | | | | | | |
|-----------------------------------|--|-----------------------|-------------|--|----------------------------------|------------|
| Hunter Global Fixed Interest Fund | | | | | | |
| 2024 | Financial instruments in the statement of financial position | | | Related amounts not set-off in the statement of financial position | | Net amount |
| | Gross amount | Gross amounts set-off | Net amounts | Financial instruments | Cash collateral received/pledged | |
| Financial Asset | | | | | | |
| Derivatives | 64,849 | - | 64,849 | (16,061) | (15,712) | 33,076 |
| Repo receivables | 111,779 | - | 111,779 | - | - | 111,779 |
| Financial Liability | | | | | | |
| Derivatives | 52,185 | - | 52,185 | (16,061) | (19,474) | 16,650 |
| Repo payable | 3,113 | - | 3,113 | - | - | 3,113 |

| \$000 | | | | | | |
|-----------------------------------|--|-----------------------|-------------|--|----------------------------------|------------|
| Hunter Global Fixed Interest Fund | | | | | | |
| 2023 | Financial instruments in the statement of financial position | | | Related amounts not set-off in the statement of financial position | | Net amount |
| | Gross amount | Gross amounts set-off | Net amounts | Financial instruments | Cash collateral received/pledged | |
| Financial Asset | | | | | | |
| Derivatives | 59,837 | - | 59,837 | (43,731) | (6,764) | 9,342 |
| Repo receivables | 46,032 | - | 46,032 | - | - | 46,032 |
| Financial Liability | | | | | | |
| Derivatives | 51,085 | - | 51,085 | (43,731) | (5,717) | 1,637 |
| Repo payable | | | | | | |

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table analyses within the fair value hierarchy the Fund's assets and liabilities measured at fair value at 30 June 2024 and 31 March 2023.

| \$000 | | Hunter Global Fixed Interest Fund | |
|--|---|-----------------------------------|-----------|
| Financial assets at fair value through profit or loss | | 2024 | 2023 |
| Debt securities | Level 2 | 1,518,603 | 1,023,485 |
| Derivative assets: | Futures (Level 1) | 2,139 | 2,588 |
| | Options (Level 2) | 1,982 | 521 |
| | Interest rate swaps (Level 2) | 4,439 | 23,536 |
| | Swaps (excluding interest rate swaps) (Level 2) | 32,310 | 1,917 |
| | TBA's (Level 2) | 2,688 | 2,933 |
| | Forward foreign exchange contracts (Level 2) | 21,291 | 31,275 |
| Total financial assets at fair value through profit or loss | | 1,583,452 | 1,086,255 |

| \$000 | | Hunter Global Fixed Interest Fund | |
|---|---|-----------------------------------|--------|
| Financial liabilities at fair value through profit or loss | | 2024 | 2023 |
| Derivative liabilities: | Futures (Level 1) | 2,931 | 3,017 |
| | Options (Level 2) | 1,881 | 2,593 |
| | Interest rate swaps (Level 2) | 7,180 | 32,632 |
| | Swaps (excluding interest rate swaps) (Level 2) | 18,924 | 166 |
| | TBA's (Level 2) | 2,862 | 1,153 |
| | Forward foreign exchange contracts (Level 2) | 18,407 | 12,677 |
| Total financial liabilities at fair value through profit or loss | | 52,185 | 52,238 |

Ω The fair value of exchange-traded futures is based on quoted market prices and is included within level 1.

The fair value of fixed interest securities at the reporting date are based on quoted market prices or binding dealer price quotations. The government fixed interest securities and corporate fixed interest debt securities are included within level 2.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable and are therefore included within level 2. The fair values of forward foreign exchange contracts are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles. The fair values of To-Be-Announced forwards are calculated by reference to underlying bond prices. The fair value of credit default swaps and options are based on the quoted market prices and included in within level 2. The fair value of the interest rate swaps is calculated by the yield curve of underlying interest securities interest rates and is included in the within level 2.

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Ω The material judgements in preparing these financial statements are the valuation of the Funds' investments and categorisation of assets and liabilities in the fair value hierarchy. The Funds' financial instruments at fair value through profit or loss are neither held for the purpose of collecting contractual cash flows, nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the respective Fund's business model's which is in line with investment objectives as set out in the Statements of Investment Policies and Objectives.

Due to their short term nature, carrying amounts of cash and cash equivalents, margin accounts, receivables and payables stated in the Statement of Financial Position approximate their fair value.

Transfers between levels of the fair value hierarchy

There were no transfers between levels in the year ended 30 June 2024 (31 March 2023: nil).

| \$000 | Hunter Global Fixed Interest Fund | |
|---|-----------------------------------|-------------|
| | 2024 | 2023 |
| Net changes in fair value of investments | 2024 | 2023 |
| Financial assets at fair value through profit or loss | (13,230) | 39,832 |
| Derivatives | 41,552 | (131,253) |
| Total net changes in fair value of investments | 28,322 | (91,421) |

3. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund holds the following derivative financial instruments:

(a) Forward foreign exchange contracts (FFX)

Forward foreign exchange contracts are contractual obligations to buy or sell foreign currencies on a future date at a specified price. Forward foreign exchange contracts are settled on a net basis.

(b) Mortgage-backed securities (To-Be-Announced forwards)

To-Be-Announced forward contracts are contractual obligations to buy or sell mortgage-backed financial instruments on a future date at a specified price. To-Be-Announced forward contracts are normally settled on a cash basis.

(c) Swaps.

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. Interest rate swaps (IRS) are contractual arrangements to receive or pay a net amount based on changes in interest rates at a future date at a specified price. Credit default swaps (CDS) are contractual obligations to make payments over time based on specified notional amounts in return for payout in the case of default by the underlying financial instruments. Currency swaps (CCY), referred to as cross-currency swaps, are the agreements between two parties to exchange interest payments and principal on loans denominated in two different currencies. Inflation indexed swaps (CPIs) are agreements in which one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI). Overnight index swaps (OIS) are an interest rate swap agreement where a fixed rate is swapped against a pre-determined published index of a daily overnight reference rate for an agreed period.

(d) Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of financial instrument at a fixed price.

(e) Futures

Futures are exchange-traded derivatives which represent agreements to buy/sell some underlying asset in the future for a specified price, established in an organised market.

NOTES TO THE FINANCIAL STATEMENTS

3. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|---------------|
| Fair value of Derivative Financial Instruments | 2024 | 2023 |
| Derivative assets: | | |
| Forward foreign exchange contracts | 21,291 | 31,275 |
| To-Be-Announced forwards | 2,688 | 2,933 |
| Interest rate swaps | 5,972 | 21,665 |
| Currency swaps | 32 | 14 |
| Overnight interest rate swaps | 20,893 | 1,871 |
| Credit default swaps | 9,852 | 1,903 |
| Options | 1,982 | 521 |
| Futures | 2,139 | 2,588 |
| Total derivative assets | 64,849 | 62,770 |

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|---------------|
| Fair value of Derivative Financial Instruments | 2024 | 2023 |
| Derivative liabilities: | | |
| Forward foreign exchange contracts | 18,407 | 12,677 |
| To-Be-Announced forwards | 2,862 | 1,153 |
| Interest rate swaps | 7,303 | 30,527 |
| Currency swaps | 37 | 59 |
| Overnight interest rate swaps | 16,789 | 2,105 |
| Credit default swaps | 1,975 | 107 |
| Options | 1,881 | 2,593 |
| Futures | 2,931 | 3,017 |
| Total derivative liabilities | 52,185 | 52,238 |

4. RECEIVABLES

| \$000 | Hunter Global Fixed Interest Fund | |
|--------------------------------------|-----------------------------------|---------------|
| Receivables | 2024 | 2023 |
| Interest receivable | 77 | 235 |
| Receivables from sale of investments | 5,387 | 20,792 |
| Contributions receivable | 3,943 | - |
| Total receivables | 9,407 | 21,027 |

NOTES TO THE FINANCIAL STATEMENTS

5. PAYABLES

| \$000 | Hunter Global Fixed Interest Fund | |
|---------------------------------------|-----------------------------------|---------------|
| | 2024 | 2023 |
| Payables | | |
| Interest payable | 34 | 213 |
| Payables from purchase of investments | 66,060 | 21,634 |
| Management fees payable | 619 | 449 |
| Withdrawals payable | 3,571 | - |
| Other expenses payable | - | 109 |
| Total payables | 70,284 | 22,405 |

6. RELATED PARTIES

A Fees with related parties

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. This includes the Board and members of senior leadership team of Harbour Asset Management.

As outlined in the Fund's Product Disclosure Statement, the Fund incurs management fees fixed at 0.5222% of the gross asset value plus GST. GST is currently charged at various rates driven by the nature of the service provided including exempt services such as custody, 10% of 15% for Investment Management services and 15% for other services. The management fees include fees paid to the Manager and the Investment Manager (Pimco) of the Fund.

Related party fees incurred/payable by the Fund to the Manager, during the period are detailed below.

| \$000 | Hunter Global Fixed Interest Fund | | |
|---|--|-------|---|
| | 2024 | 2023 | |
| Harbour Asset Management Limited: | | | |
| Management fees expense | 8,501 | 5,078 | |
| Management fees payable | 619 | 434 | |
| Expenses paid by the Manager on behalf of the Funds: | | | |
| Supervisor, custody, accounting, and registry fees | Trustees Executors Limited | 566 | - |
| | Apex | 96 | - |
| | New Zealand Guardian Trust Company Limited | 179 | - |
| Fees for the audit of the statutory financial statements | KPMG | 46 | - |

B Investments with related parties

Ω The Funds have been deemed to meet the definition of an investment entity and accordingly the Funds' investments in other funds managed by the Manager are not consolidated, instead measured at fair value through profit and loss, if any.

Investments into the funds by other funds managed by the manager are as follows:

| \$000 | Hunter Global Fixed Interest Fund | |
|---|-----------------------------------|-------|
| | 2024 | 2023 |
| Investments into the funds by other funds managed by the manager are as follows: | | |
| The Harbour Active Growth Fund | 1,750 | 2,555 |

NOTES TO THE FINANCIAL STATEMENTS

7. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| \$000 | Hunter Global Fixed Interest Fund | |
|--|-----------------------------------|------------------|
| Financial Assets: | 2024 | 2023 |
| At Fair Value through Profit or Loss: | | |
| Investment Securities | 1,518,603 | 1,023,485 |
| Derivatives | 64,849 | 62,770 |
| Total Financial Assets at Fair Value through Profit or Loss | 1,583,452 | 1,086,255 |
| At Amortised Cost: | | |
| Cash and cash equivalents | 33,196 | 23,025 |
| Receivables | 9,407 | 21,853 |
| Receivables from sale and repurchase agreements | 111,779 | 46,032 |
| Margin accounts | 22,771 | 30,842 |
| Total Financial Assets at Amortised Cost | 177,153 | 121,752 |
| Total Financial Assets | 1,760,605 | 1,208,007 |

| \$000 | Hunter Global Fixed Interest Fund | |
|---|-----------------------------------|---------------|
| Financial Liabilities: | 2024 | 31 March 2023 |
| At Fair Value through Profit or Loss: | | |
| Derivatives | 52,185 | 52,238 |
| Total Financial Liabilities at Fair Value through Profit or Loss | 52,185 | 52,238 |
| At Amortised Cost: | | |
| Payables | 70,903 | 23,231 |
| Payables from sale and repurchase agreements | 3,113 | - |
| Margin accounts | 18,332 | 12,587 |
| Total Financial Liabilities at Amortised Cost | 92,348 | 35,818 |
| Total Financial Liabilities | 144,533 | 88,056 |

NOTES TO THE FINANCIAL STATEMENTS

8. MATURITY ANALYSIS

The Fund invests in a diversified portfolio of actively managed fixed interest securities, cash and derivatives.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| | Hunter Global Fixed Interest Fund | | | | | |
|-----------------------|-----------------------------------|---------------|------------------|---------------|------------------|---------------|
| | Within 12 months | | Over 12 months | | Total | |
| | 2024 | 31 March 2023 | 2024 | 31 March 2023 | 2024 | 31 March 2023 |
| Investment Securities | 228,599 | 328,782 | 1,290,004 | 690,389 | 1,518,603 | 1,019,171 |
| Derivatives | 26,332 | 34,595 | 38,517 | 28,175 | 64,849 | 62,770 |
| Assets | 254,931 | 363,377 | 1,328,521 | 718,564 | 1,583,452 | 1,081,941 |
| Derivatives | 25,233 | 22,237 | 26,952 | 30,001 | 52,185 | 52,238 |
| Liabilities | 25,233 | 22,237 | 26,952 | 30,001 | 52,185 | 52,238 |

All other balances for assets and liabilities are current. This consists of Cash at bank, Receivables, Receivables from sale and repurchase agreements, Margin accounts and Payables which are short term in nature and classified as a current at balance date. Maturities are not expected to exceed 90 days.

9. MARGIN ACCOUNTS AND ASSETS PLEDGED AS COLLATERAL

Margin accounts represent cash deposits and securities held with brokers as collateral for open derivative contracts. Certain cash balances within the margin accounts are restricted.

| | Hunter Global Fixed Interest Fund | |
|--------------------|-----------------------------------|-------|
| | 2024 | 2023 |
| Margin accounts | 22,771 | 7,749 |
| Pledged securities | 25,506 | 9,659 |

10. CAPITAL MANAGEMENT

The Fund manages the unit holders' funds as capital. All units in the Fund carry the same rights and restrictions. The Fund has no restrictions or specific capital requirements on the contributions and withdrawals of units. The Fund issues units, which provide the unit holder with a beneficial interest in the Fund. The units are issued and redeemed based on the Funds net asset value per unit at the time of issue or redemption, which is calculated by dividing the net assets attributable to the unit holders by the total number of outstanding units. The units meet the definition of puttable instruments and are classified as equity instruments under NZ IAS 32 *Financial Instruments: Presentation*.

NOTES TO THE FINANCIAL STATEMENTS

11. SIGNIFICANT NON-CASH TRANSACTIONS

During the year ended 30 June 2024 unit holder ownership transferred between unit holders which resulted in non-cash contributions and withdrawal transactions. The table below summarise these transactions:

| \$000 | Hunter Global Fixed Interest Fund | |
|---------------------------------|-----------------------------------|-----------|
| | 2024 | 2023 |
| | 15 months | 12 months |
| Contributions from unit holders | 47,333 | 37,859 |
| Withdrawals by unit holders | (47,333) | (37,859) |

12. CONTINGENT LIABILITIES AND COMMITMENTS

The Fund had no material commitments or contingencies at 30 June 2024 (31 March 2023: nil).

13. SUBSEQUENT EVENTS

The Funds made a distribution of \$44,829,238 (2 cents per unit) on 17 September 2024.

There were no subsequent events which require adjustment to or disclosure in these financial statements.



Independent Auditor's Report

To the unit holders of Hunter Global Fixed Interest Fund

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2024;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information

In our opinion, the accompanying financial statements of Hunter Global Fixed Interest Fund (the **Fund**) on pages 1 to 17 present fairly in all material respects:

- the Fund's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date; and
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Hunter Global Fixed Interest Fund in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Fund.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set with reference to a benchmark of the Fund's total assets. We chose the benchmark because, in our view, this is a key measure of the Fund's performance.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the unit holders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

| The key audit matter | How the matter was addressed in our audit |
|-----------------------------|--|
|-----------------------------|--|

Valuation and Existence of Investments

Refer to Notes 1 & 2 to the Financial Report.

The Funds portfolio of investments was an area of focus as it represents the most significant assets and liabilities of the fund's investment portfolio. These require judgement in selecting and applying certain valuation techniques.

These financial instruments are categorised as Level 1, Level 2, and Level 3 within the fair value hierarchy.

Our audit procedures included:

- We evaluated the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the administration manager and custodian by obtaining and reading controls reports issued by an independent auditor on the design and operation of those controls;
- Our valuation experts use a combination of external price information and internal valuation models to independently assessed the fair values investments.
- We considered the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available;
- We compared investment holdings to confirmations received from the custodian, financial institution and/or other counterparties.

We did not identify any material differences in relation to the carrying amount of investments.



Use of this independent auditor's report

This independent auditor's report is made solely to the unit holders. Our audit work has been undertaken so that we might state to the unit holders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the unit holders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the financial statements

The directors, on behalf of the Fund, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Fund to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-4/>

This description forms part of our independent auditor's report.

For and on behalf of:



KPMG

Wellington

10 October 2024