

| Fund Information | 30 April 2021 | | | |
|-----------------------|---------------------------------------------------------|----------|--------|-----------|
| Fund Size | \$1.021billion | | | |
| 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 (%) | +0.34% | -1.26% | +4.78% | +5.05% |
| Benchmark (%) | +0.26% | -1.69% | +0.07% | +4.22% |
| Alpha (%) | +0.08% | +0.43% | +4.71% | +0.83% |

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 and business.govt.nz/disclose.

Performance update

The Hunter Global Fixed Interest Fund slightly outperformed its benchmark in April while absolute returns slipped back into positive territory.

Contributors included exposure to investment grade and high yield financial sector debt, holdings in securitised assets (Agency and non-Agency MBS and European RMBS) and an overweight to Canadian government bonds as yields and credit spreads fell.

However, curve and duration positioning in the U.S. and Emerging Markets detracted from performance given the widespread fall in yields.

Investment markets

April saw mixed developments around the world, vaccination rollouts continued to face challenges and India saw COVID infections spike sharply higher. Europe's strict lockdown measures, to combat a resurgence in infections, pushed the Euro Area into a double dip recession, the economy contracting in both Q4 2020 and Q1 2021. Despite this, financial markets looked through any issues and were decidedly "risk on" with global equities rallying, credit spreads tightening and commodity prices firmer.

In the U.S., President Biden announced new spending initiatives and further tax cuts to be funded by increases in corporate and capital gains tax together with new taxes for the top 1% of taxpayers.

On the monetary front, Central Banks were remarkably consistent keeping interest rates unchanged and

maintaining the pace of asset purchases. Despite upgraded economic forecasts, talk of raising rates or slowing asset purchases was "premature".

Portfolio positioning

PIMCO is maintaining its cautious view towards both interest rates and corporate credit, focusing on relative value positions and diversified alpha strategies. Within broader risk exposures, they maintain tactical tilts designed to benefit across a range of scenarios.

The Fund remains slightly underweight duration versus the index with absolute duration now 7.0 years vs 7.4 years and focused on relative value between regions.

PIMCO still prefers U.S. duration which is currently in line with the benchmark and they maintain a dollar bloc bias for its resilience should the global economy worsen. The Fund also holds an underweight to core Eurozone and UK duration given unattractive low yields and negative carry in some parts of the curve.

The Fund remains underweight to corporate credit generally, targeting financials and non-cyclicals.

Securitised assets remain PIMCO's preferred way to take spread exposure although they have reduced the relative size of this position. The Fund remains long non-core Europe versus core Europe as ECB support continues to make further spread contraction likely.

Currency strategies are largely tactical or target portfolio diversification. We remain long a basket of emerging market currencies and also overweight some developed market currencies including AUD and GBP, all versus USD.

The Fund also has a small allocation to inflation linked bonds which are trading below fair value.

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30 April 2021

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



| Investment Statistics | |
|-----------------------|-----|
| Effective Duration | 7.0 |
| Benchmark Duration | 7.4 |
| Average Maturity | 9.1 |
| Average Coupon | 1.9 |
| Average Quality | AA- |
| Total Carry | 2.7 |

| Quality Breakdown | | |
|-----------------------------|---------------|-----------------------------|
| Market Value % Portfolio | | Market Value % Benchmark |
| 53.8 | AAA | 36.8 |
| 8.2 | AA | 15.2 |
| 20.0 | A | 31.8 |
| 12.9 | BBB | 16.2 |
| 5.1 | Sub Inv Grade | 0.0 |
| 100 | Total | 100 |

| Curve Exposure | | | | |
|----------------------------|-------------|----------------------------|-----------------|-----------------|
| Duration Weighted Exposure | | Duration Weighted Exposure | | |
| % Portfolio | % Benchmark | | Years Portfolio | Years Benchmark |
| 4.5 | 0.0 | 0 - 1 years | 0.3 | 0.0 |
| -0.5 | 7.0 | 1 - 3 years | 0.0 | 0.5 |
| 14.8 | 12.6 | 3 - 5 years | 1.0 | 0.9 |
| 38.0 | 27.0 | 5-10 years | 2.6 | 2.0 |
| 43.2 | 53.3 | 10+ years | 3.0 | 3.9 |
| 100 | 100 | Total | 7.0 | 7.4 |

| Regional Breakdown by currency of settlement) | | | | |
|-----------------------------------------------|-------------|----------------------------|-----------------|-----------------|
| Duration Weighted Exposure | | Duration Weighted Exposure | | |
| % Portfolio | % Benchmark | | Years Portfolio | Years Benchmark |
| 3.5 | 1.4 | Australia/NZ | 0.2 | 0.1 |
| 16.9 | 17.5 | Japan | 1.2 | 1.3 |
| 19.5 | 24.7 | Europe - EMU | 1.4 | 1.8 |
| 6.4 | 1.3 | Europe - Non EMU | 0.4 | 0.1 |
| 3.1 | 7.6 | United Kingdom | 0.2 | 0.6 |
| 42.2 | 39.0 | North America | 2.9 | 2.9 |
| 7.3 | 6.8 | Emerging Markets | 0.5 | 0.5 |
| 1.0 | 1.7 | Other | 0.1 | 0.1 |
| 100 | 100 | Total | 7.0 | 7.4 |

| Sector Breakdown | | | | |
|----------------------------|-------------|----------------------------|-----------------|-----------------|
| Duration Weighted Exposure | | Duration Weighted Exposure | | |
| % Portfolio | % Benchmark | | Years Portfolio | Years Benchmark |
| 56.7 | 54.5 | Government | 3.9 | 4.0 |
| 2.1 | 8.4 | Agency/Semi | 0.1 | 0.6 |
| 11.4 | 7.5 | Mortgage | 0.8 | 0.6 |
| 10.3 | 17.7 | Inv Grade Corp | 0.7 | 1.3 |
| 1.2 | 0.0 | High Yield Corp | 0.1 | 0.0 |
| 14.8 | 11.8 | Emerging Markets | 1.0 | 0.9 |
| 3.6 | 0.0 | Cash Equivalents | 0.2 | 0.0 |
| 100 | 100 | Total | 7.0 | 7.4 |

