

# Hunter Global Fixed Interest Fund

30 SEPTEMBER 2025

1 month performance

**0.63%**

Before fees & tax

1 year performance

**3.79%**

Before fees & tax

Fund size

**\$2,726,414,740**

NZD

Investment Management

**PIMCO**

The Hunter Global Fixed Interest Fund performed in line with its benchmark in September with positive nominal returns for the period despite some dispersion in market outcomes with UK and French bond markets seeing bonds yields rising on fiscal concerns while elsewhere rates rallied on renewed rate cut expectations.

PIMCO continues to believe that global policy rates will ease through the year following the first US cut in September. That tariffs are here to stay but will eventually settle around a 10-15% average tariff rate except for China and a few specific product exceptions.

They see global growth falling with inflation pressures rising temporarily in the US and falling elsewhere. Further, that the tariff policy has done its damage furthering the de-globalisation process. Economic, energy and national security are all back in focus without the security umbrella previously provided by the US.

PIMCO believes that bonds at current yields continue to offer great value and a safe place to wait until the global environment becomes a little clearer.

The average credit rating of the Fund is in line with the benchmark at AA-, while the Fund's total carry was still 5.0% at the end of September. The Fund has had no credit defaults and while we expect ongoing month to month volatility in returns, we believe the Fund will deliver strong returns going forward.

During the period, there were no liquidity concerns and no restrictions on redemptions.

| Performance              | 1 MONTH | 3 MONTH | 1 YEAR<br>P.A. | 2 YEAR<br>P.A. | 3 YEAR<br>P.A. | 5 YEAR<br>P.A. | 10 YEAR<br>P.A. | SINCE<br>INCEPTION<br>P.A. |
|--------------------------|---------|---------|----------------|----------------|----------------|----------------|-----------------|----------------------------|
| Return before fees & tax | 0.63%   | 1.37%   | 3.79%          | 7.46%          | 6.03%          | 1.05%          | -               | 2.92%                      |
| Benchmark return         | 0.63%   | 0.88%   | 2.08%          | 6.07%          | 4.58%          | -0.05%         | -               | 2.02%                      |
| Relative return          | 0.00%   | 0.49%   | 1.71%          | 1.39%          | 1.45%          | 1.10%          | -               | 0.90%                      |

Inception: 15 March 2017. Benchmark: Bloomberg GlobalAgg Total Return Index Hedged NZD. Past performance is not indicative of future results.

## Investment statistics

|                            | FUND   |
|----------------------------|--------|
| Effective duration (years) | 6.9    |
| Benchmark duration (years) | 6.5    |
| Average maturity (years)   | 9.3    |
| Average coupon             | 3.81%  |
| Yield to maturity          | 4.56 % |
| Average quality            | AA-    |
| Fund total carry           | 5.01%  |
| Benchmark total carry      | 3.46%  |

## Quality breakdown

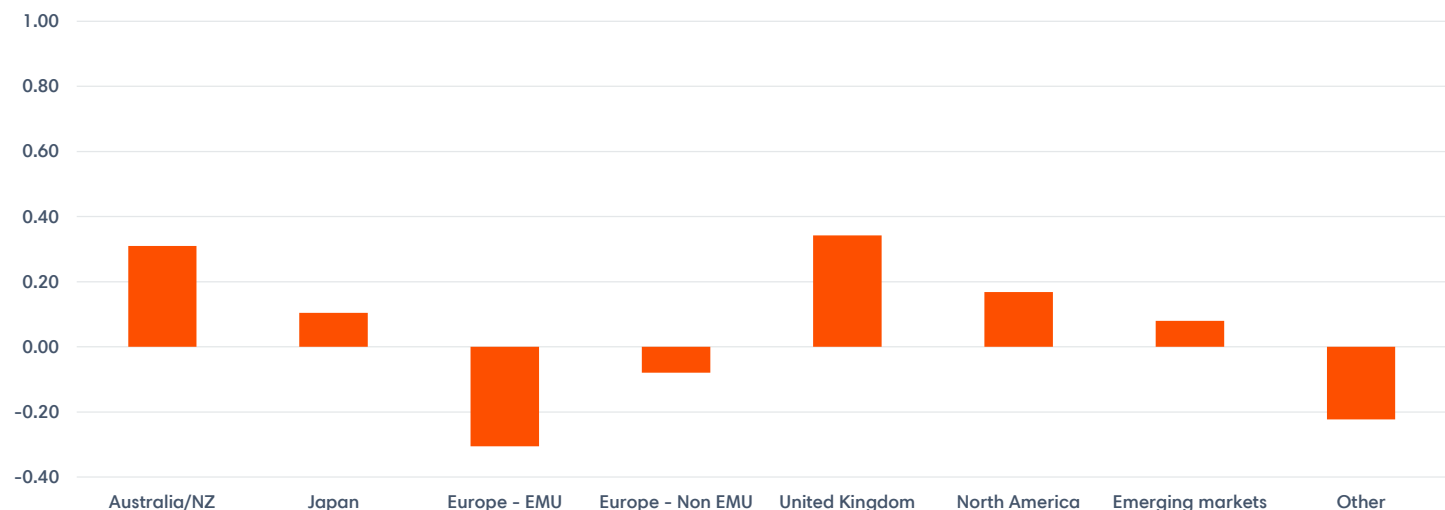
|               | FUND   | BENCHMARK |
|---------------|--------|-----------|
| AAA           | 19.36% | 12.18%    |
| AA            | 48.93% | 42.49%    |
| A             | 10.24% | 31.10%    |
| BBB           | 19.24% | 14.23%    |
| Sub inv grade | 2.23%  | 0.00%     |

| Duration weighted curve exposure | 0-1 YEARS | 1-3 YEARS | 3-5 YEARS | 5-10 YEARS | 10+ YEARS | TOTAL  |
|----------------------------------|-----------|-----------|-----------|------------|-----------|--------|
| Benchmark %                      | 0.06      | 8.24      | 13.74     | 34.91      | 43.04     | 100.00 |
| Portfolio %                      | 8.33      | 2.29      | 27.12     | 36.49      | 25.77     | 100.00 |
| Years Benchmark                  | 0.00      | 0.53      | 0.89      | 2.25       | 2.78      | 6.45   |
| Years Portfolio                  | 0.57      | 0.16      | 1.86      | 2.50       | 1.77      | 6.85   |

## Duration weighted regional breakdown (by settlement currency)

|                  | FUND  | BENCHMARK | FUND%   | BENCHMARK % |
|------------------|-------|-----------|---------|-------------|
| Australia/NZ     | 0.40  | 0.09      | 5.78%   | 1.34%       |
| Japan            | 0.86  | 0.76      | 12.56%  | 11.72%      |
| Europe - EMU     | 1.16  | 1.47      | 16.98%  | 22.76%      |
| Europe - Non EMU | 0.02  | 0.10      | 0.30%   | 1.54%       |
| United Kingdom   | 0.64  | 0.30      | 9.38%   | 4.66%       |
| North America    | 3.05  | 2.88      | 44.53%  | 44.67%      |
| Emerging markets | 0.80  | 0.72      | 11.64%  | 11.12%      |
| Other            | -0.08 | 0.14      | -1.18%  | 2.20%       |
| Total            | 6.85  | 6.45      | 100.00% | 100.00%     |

## Regional breakdown variance portfolio vs benchmark (DWE years)



## Duration weighted sector breakdown (by settlement currency)

|                  | FUND | BENCHMARK | FUND%   | BENCHMARK% |
|------------------|------|-----------|---------|------------|
| Government       | 2.81 | 3.14      | 41.07%  | 48.59%     |
| Agency/Semi      | 0.35 | 0.52      | 5.17%   | 8.02%      |
| Mortgage         | 1.30 | 0.70      | 18.90%  | 10.80%     |
| Inv Grade Corp   | 0.63 | 1.05      | 9.23%   | 16.31%     |
| High Yield Corp  | 0.01 | 0.00      | 0.16%   | 0.00%      |
| Emerging Markets | 1.18 | 1.05      | 17.21%  | 16.26%     |
| Cash Equivalents | 0.57 | 0.00      | 8.26%   | 0.02%      |
| Total            | 6.85 | 6.45      | 100.00% | 100.00%    |

## Sector exposure portfolio (DWE years)



## 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 Manufacturer;
- 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.
- Companies involved in 'very severe' controversies that score 0 ('red flag') on MSCI's controversy criteria are excluded from all portfolios.

## ESG metrics

|                                                         | FUND   | BENCHMARK |
|---------------------------------------------------------|--------|-----------|
| Gender diversity (workforce >40% female representation) | 66.55% | 25.53%    |
| Modern slavery statement                                | 59.48% | 26.04%    |
| Majority independent board                              | 54.63% | 36.05%    |

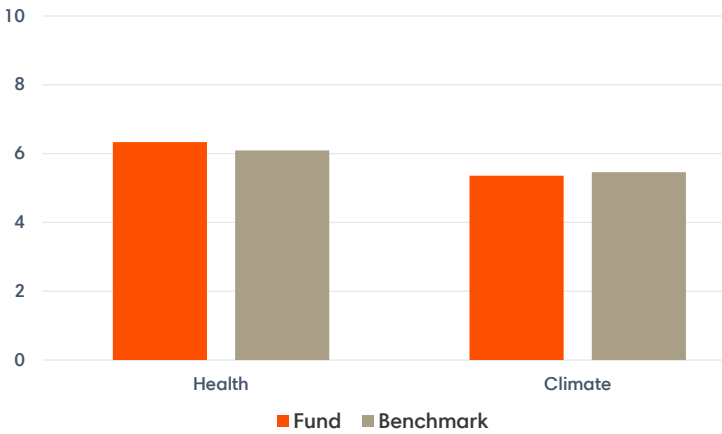
Numbers represent the proportion of holdings meeting the above criteria. We assess only the corporate bond holdings of both the Benchmark and Fund, figures shown are as a percentage of those holdings in order to maintain comparability.

## Climate targets

|                  | FUND   | BENCHMARK |
|------------------|--------|-----------|
| TCFD reporting   | 61.20% | 36.76%    |
| SBTi committed   | 2.89%  | 2.58%     |
| SBTi targets set | 5.67%  | 14.32%    |

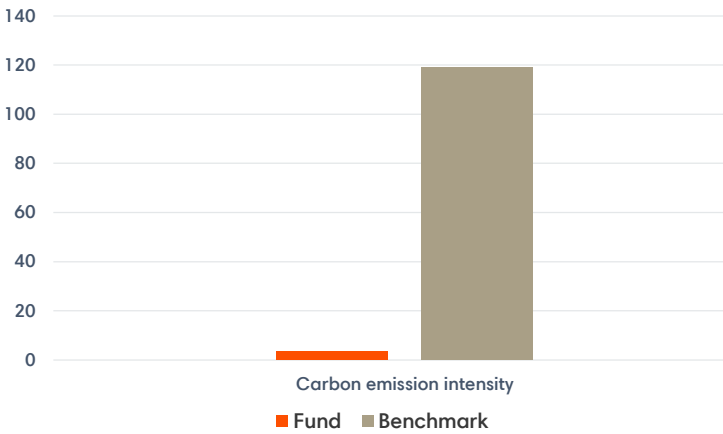
TCFD Recommendations: proportion of portfolio holdings that have committed to adopting recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). Does not indicate a complete TCFD disclosure. SBTi Committed indicates the company has made a public commitment to set a science-based 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 emission 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.

## Performance update

**The Hunter Global Fixed Interest Fund performed in line with its benchmark in September** while providing positive nominal returns. Bond markets were mixed this month with country specific issues seeing rates rise over the period in the UK, France and Japan while rates rallied elsewhere in Europe and in the US. In the US the Federal Reserve eased the Funds rate by 0.25% with weaker than expected jobs data and PPI convincing investors of a perceived "dovish tilt" with more rate cuts to come. The upcoming US Government shutdown was viewed as likely to be short lived and not initially priced into markets.

Elsewhere, Fitch downgraded France to A+ sighting rising debt levels and political instability while UK rates also suffered from fiscal concerns. Fiscal concerns are likely to become and even bigger issue for investors in coming months, likely resulting in more steeply positive yield curves across the board.

Adding value this month was our positioning in Japanese duration especially our underweight to the intermediate part of the yield curve where rates rose. Positioning in LatAm Emerging Markets currencies including the Brazilian Real also added value given the strong "carry" pick up. Similarly, positioning in South African rand also added value.

However, duration positioning in the US especially our underweight of longer maturities subtracted value this month as long US rates rallied. Our curve positioning in the Euro bloc also subtracted value as did our overweight to Australian mid-maturity bonds where rates moved higher.

## Investment markets

Investment markets were generally stronger in aggregate in September with both equities and fixed interest assets posting gains. Markets generally looked through Geo-politics, deficits and ongoing tariff uncertainties to focus on inflation outcomes and the increased probability of further official rate cuts around the world.

In the market in September:

**September was marked by broad resilience across global markets**, with both equities and fixed income posting gains. The MSCI ACWI rose +3.49%, while the US Aggregate Index advanced +1.09%. The US dollar strengthened against major currencies, supported by robust economic momentum and shifting rate expectations. The Federal Reserve delivered its first 2025 rate cut, lowering the benchmark by 25bps. Labour market indicators softened, with JOLTS at a 10-month low and nonfarm payrolls missing expectations. A subdued PPI print reinforced the dovish pivot, even as CPI remained firm. The US government's imminent October shutdown added fiscal uncertainty. Treasury yields rallied, especially in the 10-year (-8bps). Equities continued higher: the S&P 500 and NASDAQ rose +3.53% and +5.40% respectively. Technology led, with the Mag7 up +6.79%. Standouts included Intel (+37.78%) after a strategic investment, and Oracle (+24.37%) after securing TikTok's U.S. operations.

**Europe's fiscal story, however, took a darker turn this month.** In France, Prime Minister François Bayrou lost a confidence vote and was replaced by Sébastien Lecornu. Fitch downgraded France's credit rating to A+, citing rising debt levels and political instability. French OAT yields rose modestly, while German, Italian, and Spanish yields tightened, reflecting relative stability elsewhere in the region. In the UK, long-term gilt yields surged to 5.69%—a level not seen since 1998—before easing to 5.51% by month-end. The spike was driven by persistent fiscal concerns, though the market reaction ultimately proved short-lived.

**Geopolitical tensions flared in the Middle East as Israel launched strikes on Qatar over alleged Hamas ties.** Oil prices initially spiked but reversed course following OPEC's announcement of increased production. Brent crude ended the month down -1.29%. Gold surged to an all-time high of 3,858.96, while silver rallied +17.44%, reflecting heightened demand for safe-haven assets amid rising volatility. Japan's Nikkei briefly dipped after former President Donald Trump proposed a 100% tariff on branded pharmaceuticals, but the index rebounded to close the month up +5.18%. In China, deflationary pressures persisted, with CPI and PPI falling -0.4% and -2.9% year-over-year, respectively. Despite the soft macro data, the CSI and Shanghai Composite posted modest gains, underscoring investor resilience.

## Portfolio positioning

PIMCO continues to maintain a cautious view towards corporate credit, still focusing on relative value positions and diversified alpha strategies.

Despite recent moves, PIMCO has maintained the Fund's overall aggregate duration at 6.9 years, but now only 0.4 years more than the index at 6.5 years. This reflects PIMCO's view that at around current interest rate levels, bonds continue to represent better than fair value and their conviction that the next major move in bond markets will see yields fall further especially in short to mid maturities. Bonds also remain a good place to sit given the uncertain global environment at present. However, PIMCO believe that careful maturity and stock selection is imperative.

The Fund has maintained modest active positioning in individual markets being slightly overweight in most markets, the exception being Europe with both Eurozone and non-EMU being underweight slightly. The largest overweights remain focussed in more interest rate sensitive markets and where PIMCO still see's evidence of economic slowing, specifically Australasia and the UK, both being overweight 0.3 years relative to the benchmark.

In terms of the yield curve, the Fund remains underweight 1-3 years maturities and has slightly increased the size of that underweight. The Fund remains significantly overweight 3-5 year maturities but has reduced the size of its overweight to the 5-10 year section of the yield curve reflecting the changes in the shape of the curve in September. The Fund's retains a significant underweight to 10 years plus maturities although PIMCO has reduced the size of the underweight to this section of the yield curve. It is expected that 3-10 years maturities will benefit disproportionately in a variety of scenarios with the yield curve expected to continue to become increasingly positively shaped as Central Banks cut short term rates. Longer bonds are expected to remain under pressure overtime as investors focus on increased government borrowing/deficits and hence, demand more term premia for moving longer on the curve.

The Fund has maintained its underweight to corporate credit, still targeting high credit quality. The average credit rating of the Fund is AA- in line with the benchmark.

The Fund maintained its slight underweight to the agency and semi-government sectors and has slightly reduced the size of its overweight exposure to the mortgage sector. Securitised assets remain PIMCO's preferred way to take spread exposure.

Currency strategies remain largely tactical or target portfolio diversification. The Fund's underlying currency themes were little changed in September although the size of some positions have changed to reflect recent market dynamics. Specifically, the fund maintained its large (but reduced) underweight to North American currencies and increased its overweight in Emerging Markets currencies. The Fund remains overweight the Japanese Yen, the Euro and non-EMU Europe. PIMCO has maintained the overweight exposures to the UK Pound and remains underweight to Australasia and a basket of minor currencies.

More generally, **PIMCO's view has little changed this month, they continue to believe that tariffs** will eventually settle around 10%-15% level on average, with China and some specific products attracting higher tariffs, despite President Trump's revision of tariff levels especially targeting countries he sees as supporting Russia.

However, together with the uncertainty around Ukraine outcomes, it appears that the damage has been done and seems to have cemented in the deglobalization process and the need for individual countries to pay their own way. This will generally mean higher levels of borrowing and increased deficits as countries move to protect their own national interests in regard to trade, defense and energy security.

Reduced trade with the US and the need for individual countries to spend more domestically has implications for US debt financing and the USD as the reserve currency as countries are likely to hold less USD. However, PIMCO believes that the USD will remain the reserve currency as it is the only currency with the quantity of sufficiently liquid quality assets to reliably fulfil the reserve function.

This remains a **recipe for weaker global growth**, possibly recession, PIMCO believes inflation is already on its last mile, even in the US despite the impact of tariffs, and most major central banks have room to ease. The US Federal Reserve is likely to lag other central banks but they expect 1-2 rate cuts before year end having begun its cutting cycle in September.

In this environment, PIMCO will look to maintain portfolios designed to be resilient across a range of economic, geopolitical, and market outcomes, and to be liquidity providers during periods of greater market stress. In credit markets, PIMCO will seek to achieve a balance between near-term caution given the current uncertainty and a long-term focus on high quality, resilient assets. **PIMCO also anticipates the more typical negative correlations between high quality bonds and equities will continue to reassert themselves, thus improving the hedging and diversifying characteristics of core bond allocations.**

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## COMPLIANCE CERTIFICATE

### Hunter Global Fixed Interest Fund

For month ended 30 September 2025

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 28th August 2025;
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 Legal, Risk & Compliance  
Harbour Asset Management Limited

**Dated 04 October 2025**