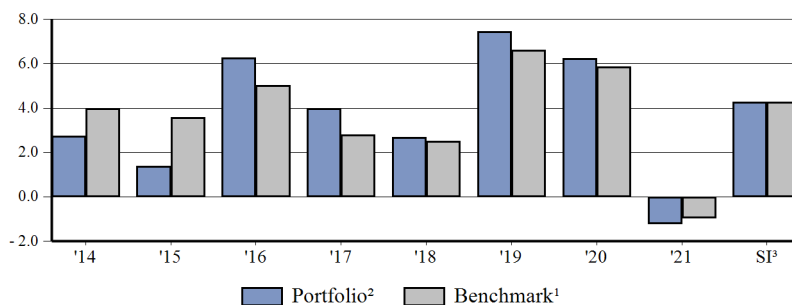


Colchester Global Government Bond Fund – Class A ISIN: AU60ETL04099

Monthly Report: July 2021

GROSS PERFORMANCE AS AT END OF JULY 2021

ESTABLISHED 1999	
CURRENT ASSETS OVER \$41BN	
VALUE ORIENTATED	
Global Bonds	Emerging Market Debt
Global Inflation	Alpha



MARKET COMMENTARY

The global recovery continued to make steady progress in July, supported by the vaccine rollout and easing of restrictions across several major developed markets. However, concerns over the spread of the more contagious Covid-19 Delta variant and the reassessment of earlier optimistic global growth expectations resulted in strong performance across global government bonds. The FTSE World Government Bond Index returned 1.5% in USD hedged terms, whilst the return on the unhedged index was 1.6%, reflecting subdued moves in the US dollar.

US headline inflation rose 5.4% year on year in June. Despite the pick-up in inflation figures, ten-year Treasury yields have continued to decline from the highs seen in March of this year. The US bond market returned a firm 1.3% in July. US Treasuries continue to be supported by the Federal Reserve's commitment to buy \$120bn of US Treasuries and agency mortgage-backed securities each month, until such a time that the economy achieves "substantial further progress".

In the Euro area, the European Central Bank adjusted the inflation target to a symmetric 2% target from the previous target of "below but close to 2%". The new target will give officials more room for sustaining ultra-loose monetary policy for longer. Meanwhile, some of the vaccination programmes in the EU gained pace with Spain, Italy and Germany now all ahead of the US in terms of the share of people fully vaccinated against Covid-19. Euro area bond markets performed strongly in July, with core markets of Germany and France both returning 2.0%. Peripheral bond markets such as Italy and Spain, slightly underperformed relative the core European markets, with returns of 1.5% and 1.8% respectively. The UK Gilts market was a noticeable outperformer, returning 3.1% in July. UK rate of inflation increased again in June to 2.5%, however an official from the Bank of England reaffirmed their view that the recent rise in inflation is likely to be temporary.

The Colombian government issued a revised proposal for tax reforms during the month. The previous tax reform proposal, issued in April, was withdrawn amid nationwide protests and lawmaker opposition to the changes. The new proposal places a larger tax burden on the private sector. The Colombian bond market returned 0.9%. In Mexico, consumer prices increased 5.9% year on year in June due to an increase in energy costs. This rate of inflation is well above the central bank's 4% target ceiling. The Mexican bond market returned 0.4% for July.

Asia performed well despite the recent surge in Covid-19 infections and the reintroduction of lockdown measures in some countries. Bank Indonesia held their reverse repo rate at 3.5% against the backdrop of benign inflation, and the local bond market returned 1.9% in July. South Korea passed a 34.9 trillion Won government spending plan, the second largest extra budget of the pandemic, to support the economy as the country's virus wave intensifies in the country. South Korean bonds performed well, returning 2% in July. Elsewhere, the New Zealand and Australian bond markets also had strong returns of 1.1% and 2.2%, respectively.

Performance of the US dollar was mixed in July. Across the major currencies, the British pound and Japanese yen both gained, appreciating by 0.6% and 1.1%, respectively. Investor concerns over the global economic recovery affected sentiment for currencies of many commodity exporters. The Australian dollar and Norwegian krone were the worst performers amongst the G10 currencies, depreciating by 2.1% and 2.6% respectively. Similarly, emerging market currencies also generally underperformed the dollar, with notable underperformance from the Colombian peso, the South Korean won and the Malaysian ringgit, returning -3.4%, -2.1% and -1.6%, respectively.

1. The FTSE World Government Bond Index 100% hedged in Australian dollars (AUD), formerly, The Citigroup World Government Bond Index 100% hedged in Australian dollars (AUD).

2. Colchester Global Government Bond Fund – Class A ISIN: AU60ETL04099 whose inception date was 19 September 2014. Please see further footnotes on following pages for more details.

3. Annualized returns since inception.

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Gross Attribution of Total Returns			
	Portfolio ²	Benchmark ¹	Relative Return
Monthly	0.94%	1.51%	-0.57%
Bonds	1.05%	1.51%	-0.46%
Currency	-0.11%	0.00%	-0.11%

MONTHLY PERFORMANCE COMMENTARY

The fund returned 0.94% over the month, underperforming the benchmark which returned 1.51%. Bond selection detracted -0.46% from relative returns and currency selection detracted -0.11%. The top three bond detractors from relative returns were the underweight positions in Europe, United States and United Kingdom. The top three currency detractors from relative returns were the short positions in Swiss Franc, Euro and New Zealand Dollars.

Top 5 Bond Holdings	
1	US Treasury Inflation IX 2.125 15Feb2041
2	Japanese Government 0.1% 20Sep2029
3	Japanese Government 0.3% 20Jun2039
4	US Treasury 2.75 15Feb2024
5	Singapore Government 3.5 1Mar 2027

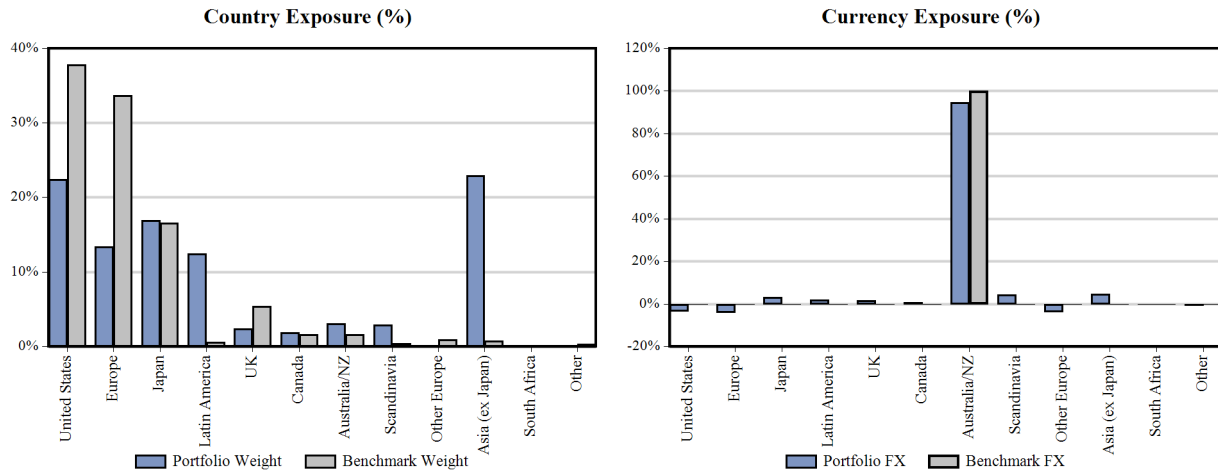
Top Active Currency Positions		
	Portfolio Exposure relative to Benchmark	% of Portfolio
<i>Overweights</i>		
1	Malaysia Ringgit	5.0%
2	Japanese Yen	3.1%
3	Swedish Krona	2.5%
<i>Underweights</i>		
1	Euro	-4.0%
2	Swiss Franc	-3.8%
3	New Zealand Dollars	-3.6%

Portfolio Characteristics		
	Portfolio ²	Benchmark ¹
Modified Duration	7.29	8.71
Flat Yield	2.51	1.56
Yield to Maturity	1.61	0.41
Average Coupon	2.73	1.91
Average Credit Rating	AA-	AA

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MONTH END POSITIONING

PERFORMANCE SINCE INCEPTION

Portfolio	2014	2015	2016	2017	2018	2019	2020	2021	SI ²³
Gross Returns	2.73%	1.38%	6.28%	3.98%	2.68%	7.46%	6.24%	-1.22%	4.27%
Benchmark ¹	3.99%	3.59%	5.02%	2.79%	2.51%	6.63%	5.87%	-0.97%	4.27%
Relative Gross	-1.25%	-2.21%	1.26%	1.18%	0.16%	0.83%	0.37%	-0.25%	0.00%

YTD Returns	Q1:21	Q2:21	Jul	YTD
Gross Returns	-3.08%	0.98%	0.94%	-1.22%
Benchmark ¹	-3.13%	0.71%	1.51%	-0.97%
Relative Gross	0.05%	0.27%	-0.57%	-0.25%

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DISCLAIMERS

- Valuation and returns have been calculated in AUD as at month end. The WM-Reuters exchange rate used by the index provider in compiling their index is the predominant exchange rate used in valuing the Fund.
- Past performance is no guarantee of future performance and the value of any investment may fall as well as rise. This information is provided for indicative purposes only, and is supplied in good faith based on sources which we believe, but do not guarantee, to be accurate or complete as of the date of this document.

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- The portfolio's guidelines are set out in PDS of the fund. Investment management fees are described in PDS of the fund.
- The gross performance record presented above does not reflect the deduction of management and custody fees, which will reduce overall client returns. As an example of the impact of investment management fees on the net return to investors: the value of a A\$10 million investment at inception of 19 September 2014 on which the highest 60 basis points was payable, would be worth A\$13.328 million gross of investment management fees and A\$12.110 million net of fees as at the end of July 2021. The basis for calculating this example is to start with an investment amount, apply the monthly gross performance to the previous computed month end value, and deduct the highest fees payable (60.0 basis points) to compute the new month end value net of fees. Investment management fees are described in the current prospectus.
- Clients may request net performance results at fees agreed in their Investment Management Agreement at any time
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