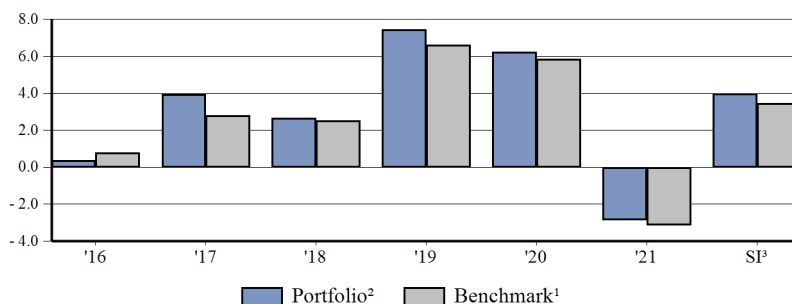


Colchester Global Government Bond Fund – Class I

Monthly Report: April 2021

GROSS PERFORMANCE AS AT END OF APRIL 2021

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



MARKET COMMENTARY

Global government bonds stabilised over April after a volatile first quarter for the asset class. The sharp increase in bond yields observed in previous months faltered in April as central bankers assuaged some concerns around inflation and committed to maintaining accommodative policy. The FTSE World Government Bond Index was flat over the month in USD hedged terms, whilst the return on the unhedged index was a healthy 1.2% as the US dollar gave back a little of its recent gains.

The US bond market rose by 0.8% this month after the selloff in the first quarter. This was despite the fact that inflation jumped from 1.7% in February to 2.6% in March. The rise in the inflation rate was largely the result of the base effect of the decline in prices a year ago, and the notable increase in commodity prices since then. The other contributor to the higher rate of inflation is the strength of the recovery as the economy reopens. Real GDP grew at an annual rate of 6.4% in the first quarter, stronger than in the fourth quarter of 2020, as the recovery gains momentum. The Biden administration announced further spending plans with a USD1.8 trillion plan to invest in education, childcare, and paid family leave. This is on top of a roughly USD2 trillion infrastructure programme which the administration hopes to implement. Although these plans have yet to pass through Congress it looks as though there could be substantial fiscal support for the economy over the coming years.

In contrast to the US bond market, European markets continued to weaken this month as the continent slowly comes back to economic health. One of the weakest markets was Italy where government bonds had rallied earlier in the year with the appointment of Mario Draghi as Prime Minister. The Italian market fell -1.5% in April. At the time of his appointment Draghi was well received by the market but it is possible that scale of the task facing him is forcing investors to reconsider their early optimism. Government debt to GDP is now over 150% and the unemployment rate is 10.1%, up from an already high rate of 9.9% at the end of 2019. The country is expected to be a large recipient of the EU's Next Generation fund and the associated investment could be a key opportunity to kick start the Italian economy. Over the month other European bond markets also lost ground with German bonds returning -0.7%. In contrast the UK market rallied, gaining 0.6% in April.

The New Zealand and Australian bond markets both performed well over the month returning 0.9% and 0.7% respectively. Both countries are seeing their economies recover, with house prices in New Zealand having risen a staggering 24.3% over the last twelve months. In the first quarter the unemployment rate in the country fell to 4.7% as the job market improved. In Australia, the unemployment rate has also been declining and is now down to 5.6% with the labour force participation rate increasing to 66.3% from a low last May of 62.6%. Despite the upturn in the Australian economy inflation remains subdued with the latest release coming in at just 1.1%. Elsewhere in the Pacific region Singaporean government bonds generated a return of 0.9%.

The US dollar gave back some of the gains it made in the first quarter with most major currencies rising against the dollar in April. The euro was up 2.4%, the Japanese yen gaining 1.1% and the British pound increasing by 0.4%. The Australian dollar and the New Zealand dollar were also relatively strong performers buoyed by their economic recovery, gaining 1.4% and 2.4% respectively. Elsewhere the Korean won gained 1.7% amid strong demand for the country's exports like semiconductors and the Chinese renminbi rose by 1.3%.

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 I whose inception date was 09 December 2016. 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	0.22%	0.00%	0.22%
Bonds	0.29%	0.00%	0.29%
Currency	-0.07%	0.00%	-0.07%

MONTHLY PERFORMANCE COMMENTARY

The fund returned 0.22% over the month, outperforming the benchmark which returned 0.00%. Bond selection added 0.29% to relative returns, while currency selection detracted -0.07%. The top three positive bond contributors to relative returns were the overweight positions in US inflation-linked bonds and Indonesian nominal bonds and the underweight position in European nominal bonds. The top three currency detractors from relative returns were the short positions in Swiss Franc and Euro and the long position in Colombian Peso.

Top 5 Bond Holdings	
1	US Treasury 1.5% 15 Aug 2026
2	Japanese Government 0.1% 20Sep2029
3	US Treasury Inflation IX 2.125 15Feb2041
4	US Treasury N/B 0.125% 15May2023
5	Japanese Government 0.3% 20Jun2039

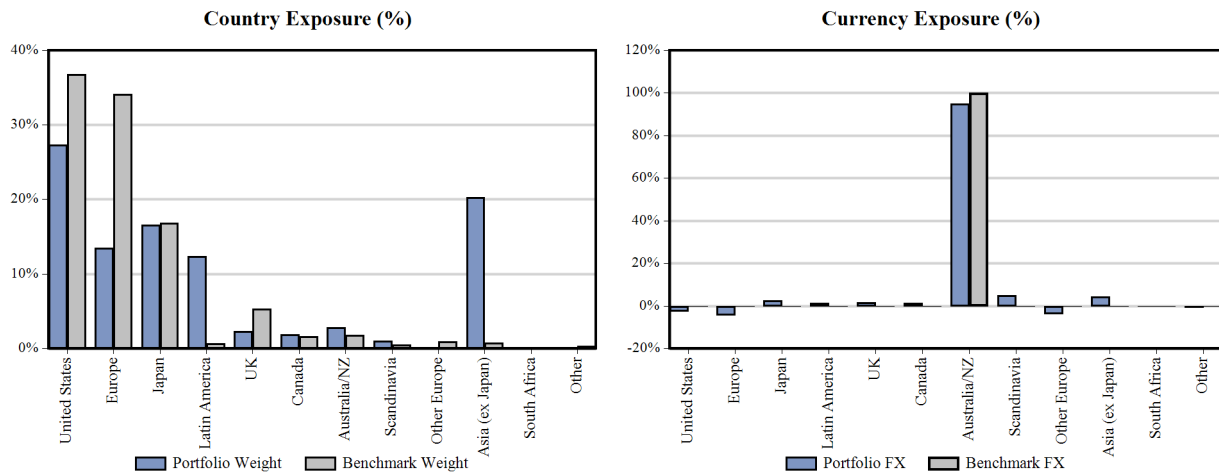
Top Active Currency Positions		
	Portfolio Exposure relative to Benchmark	% of Portfolio
<i>Overweights</i>		
1	Malaysia Ringgit	4.4%
2	Japanese Yen	2.8%
3	Swedish Krona	2.6%
<i>Underweights</i>		
1	Euro	-4.3%
2	Swiss Franc	-3.7%
3	New Zealand Dollars	-3.7%

Portfolio Characteristics		
	Portfolio ²	Benchmark ¹
Modified Duration	7.16	8.48
Flat Yield	2.41	1.64
Yield to Maturity	1.48	0.55
Average Coupon	2.61	1.96
Average Credit Rating	AA-	AA

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MONTH END POSITIONING

PERFORMANCE SINCE INCEPTION

Portfolio	2016	2017	2018	2019	2020	2021	SI ²³
Gross Returns	0.36%	3.95%	2.68%	7.46%	6.23%	-2.87%	4.00%
Benchmark ¹	0.78%	2.79%	2.51%	6.63%	5.87%	-3.14%	3.46%
Relative Gross	-0.42%	1.16%	0.17%	0.84%	0.37%	0.27%	0.54%

YTD Returns	Q1:21	Apr	YTD
Gross Returns	-3.08%	0.22%	-2.87%
Benchmark ¹	-3.13%	0.00%	-3.14%
Relative Gross	0.05%	0.22%	0.27%

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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 was in compliance with applicable investment guidelines throughout April 2021. The portfolio's guidelines are set out in the current prospectus.
- 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 09 December 2016 on which the highest 60 basis points was payable, would be worth A\$11.879 million gross of investment management fees and A\$11.568 million net of fees as at the end of April 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.
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