

Investment Objective

To generate income and increase the amount invested by investing in a globally diversified portfolio of government bonds and currencies.

Investment Philosophy & Process

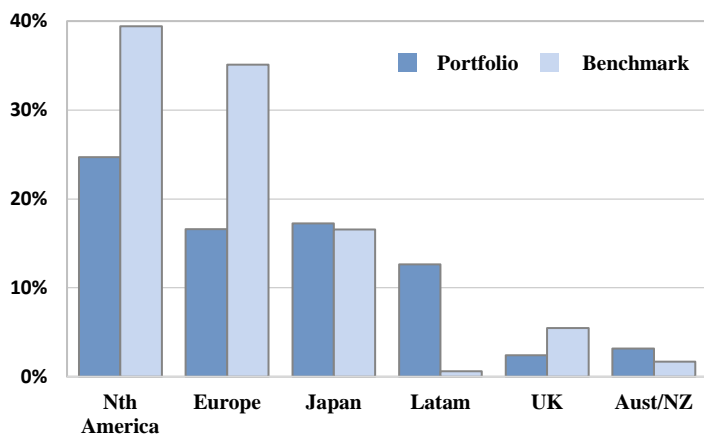
We believe that if we hold a portfolio of high real yielding bonds and currencies that are undervalued according to their real exchange rate that over time this will prove rewarding. At the heart of Colchester's value-oriented philosophy is the belief that investments should be valued in terms of the income they will generate in real terms. Our approach is based on the analysis of inflation, real interest rates and real exchange rates supplemented by an assessment of sovereign financial balances. Portfolios are constructed to benefit from those opportunities with the greatest relative investment potential for a given level of risk.

Fund Facts

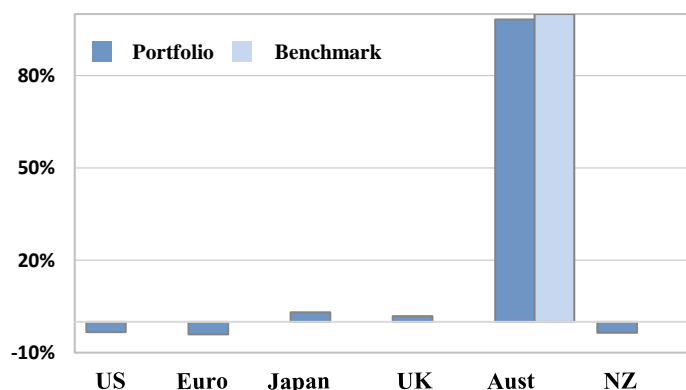
Benchmark¹: FTSE World Government Bond Index AUD Hedged
Target: Outperform the benchmark by 2% p.a. gross of fees over full economic cycle 5-7yrs in length.

Fund Inception: 9 December 2016 **FUM:** \$679.84m
Management Fee: 0.60% p.a. **Distributions:** Quarterly
Buy/Sell Fee: Nil **Liquidity:** Daily
Application: As per platform minimum or \$1million wholesale direct
Platforms: AMP North, MyNorth, Portfolio Care, Summit & iAccess, Asgard, Ausmaq, BT Panorama, BT Wrap, CFS FirstChoice & FirstWrap, Grow Wrap, HUB24, IOOF Pursuit, eXpand & FinHQ, Macquarie Wrap, Mason Stevens, MLC Wrap & Navigator, Netwealth, Oasis, OneVue Wrap, Portfolio One, PowerWrap, Praemium, uXchange, WealthO2Super, Xplore Wealth.

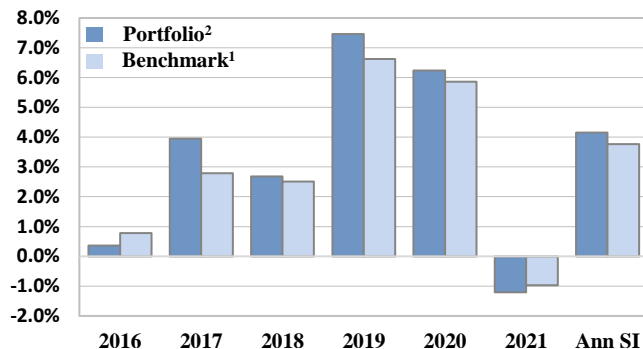
Country Exposure (%)



Currency Exposure (%)



Gross Performance



Total Return ³	2016 ²	2017	2018	2019	2020	2021	Ann SI ⁴
Gross Returns	0.36%	3.95%	2.68%	7.46%	6.23%	-1.21%	4.16%
Benchmark ¹	0.78%	2.79%	2.51%	6.63%	5.87%	-0.97%	3.76%
Relative Gross	-0.42%	1.16%	0.17%	0.84%	0.37%	-0.24%	0.39%

Fund Characteristics

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

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 Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Singapore	+9.20	9.56
2 Mexico	+8.23	8.84
3 Indonesia	+5.18	5.18
Underweights		
1 Europe	-20.34	13.40
2 United States	-15.35	22.44
3 UK	-3.08	2.39

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Malaysia Ringgit	+5.00	5.00
2 Japanese Yen	+3.09	3.09
3 Swedish Krona	+2.46	2.46
Underweights		
1 Euro	-4.03	-4.03
2 Swiss Franc	-3.80	-3.80
3 New Zealand Dollars	-3.58	-3.58

Monthly Performance Commentary

The fund returned 0.95% 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.

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 to 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.

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Disclaimers

1. FTSE World Government Bond Index 100% hedged in Australian dollars (AUD) formerly Citigroup World Government Bond Index 100% hedged in AUD. Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" is a trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. "TMX®" is a trademark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. 2. Colchester Global Government Bond Fund – Class I whose inception date was 9 December 2016. 3. Total Fund Return comprises Growth and Income Return; and is reported gross of fees. 4. Annualised returns since inception. Past performance is not a good indicator of future performance.

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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 Portfolio. The portfolio's guidelines and investment management fees are set out in PDS of the fund. Please refer to Equity Trustees (EQT) for further details <https://www.eqt.com.au/>.

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The Average Coupon, as it relates to any inflation-linked bonds in the Portfolio or Benchmark, has not been adjusted for the impact of inflation on such coupons. From April 2020, the presentation of the Average Coupon of the Portfolio, which had previously incorporated the impact of the indexation factor, was amended to reflect this methodology.