

The Colchester Global Government Bond Fund - Class I

APIR Code ETL5525AU

As of 31/03/2022



Fund Overview

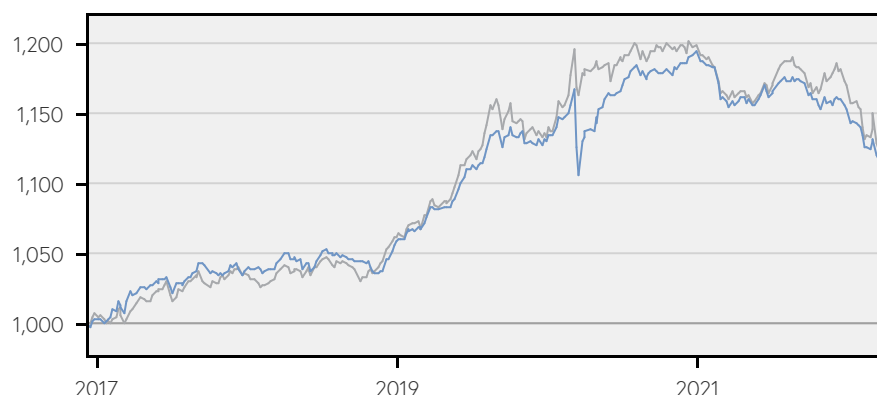
The Colchester Global Government Bond Fund seeks to deliver growth and income to investors whilst offering the defensive characteristics of a global sovereign bond portfolio over the medium term. We believe that if we hold a portfolio of high real yielding bonds and currencies that are undervalued according 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.

CUM Unit Price (31/03/2022)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size (\$million)
0.8727	2.40%	1.94%	10.74%	709.8 AUD

Colchester Overview

- Privately owned specialist sovereign bond and currency asset manager.
- Founded by Chairman & CIO Ian Sims in 1999.
- Time proven value-oriented fixed income strategies.
- Highly experienced and stable team with a globally recognised track record.
- Strong client alignment with the investment team investing in the strategies & the company.

Growth of 1,000 AUD Invested at Inception



Net Performance (%)

	1M	3M	6M	YTD	1Y	Annualised		
						3Y	5Y	S.I.
Fund	-1.94%	-3.99%	-4.73%	-3.99%	-4.11%	0.75%	1.67%	1.94%
Benchmark	-2.19%	-4.79%	-4.69%	-4.79%	-4.06%	0.77%	1.98%	2.06%
Relative	0.25%	0.80%	-0.04%	0.80%	-0.06%	-0.02%	-0.31%	-0.12%

Calendar Year Net Performance (%)

	2016	2017	2018	2019	2020	2021	YTD
Fund	0.32%	3.34%	2.07%	6.82%	5.60%	-3.36%	-3.99%
Benchmark	0.78%	2.79%	2.51%	6.63%	5.87%	-2.38%	-4.79%
Relative	-0.46%	0.54%	-0.44%	0.19%	-0.27%	-0.98%	0.80%

Key Information

Fund Inception	09/12/2016
Benchmark	FTSE World Government Bond Index (AUD Hedged)
Management Fee	0.60%
Buy/Sell Fee	Nil
Distributions	Quarterly Distribution
Liquidity	Daily
Min Application	\$1m or as per platform
Min Additional	\$100k or as per platform

Platform Listings

AMP North/MyNorth	BT Wrap	IOOF Pursuit	OneVue Wrap
AMP Portfolio Care	Colonial FirstChoice	Macquarie Wrap	Portfolio One
AMP Summit	Colonial FirstWrap	Masons Stevens	PowerWrap
AMP iAccess	Grow Wrap	MLC Navigator	Praemium
Asgard	HUB24	MLC Wrap	uXchange
Ausmaq	IOOF eXpand	Netwealth	WealthO2
BT Panorama	IOOF FinHQ	Oasis Wrap	Xplore Wealth

Data source: Colchester Global Investors, as at 31/03/2022

www.colchesterglobal.com.au

Past returns are not a guarantee of future returns. The value of shares in the Fund may go down as well as up. An investment in the Fund involves the risk of loss, including the loss of the entire amount invested.

Fund Characteristics

	Fund	Benchmark
Yield to Maturity (Unhedged)	2.68%	1.57%
Running Yield (Unhedged)	2.75%	1.63%
Modified Duration (Years)	6.54	8.28
Average Coupon	2.76%	1.80%
Average Credit Quality	AA-	AA

Top 5 Securities Holdings

	Currency	Weight (%)
1. United States I/L 2.125% Feb '41	USD	3.35%
2. Japan 0.3% Jun '39	JPY	2.72%
3. Singapore 3.5% Mar '27	SGD	2.63%
4. Japan 0.1% Sep '29	JPY	2.56%
5. United States 1.5% Aug '26	USD	2.04%

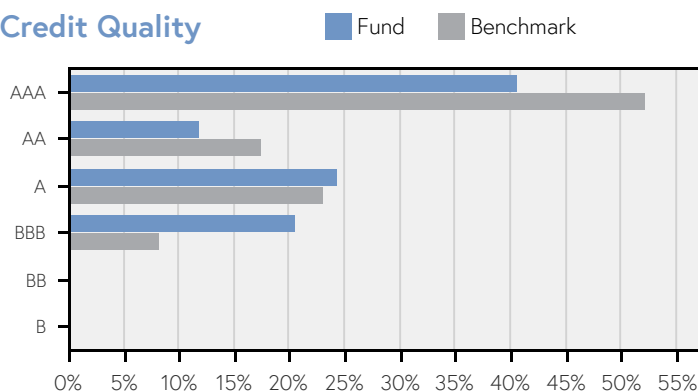
5 Largest Active Positions - Bonds (%)

Country	Fund	Versus Benchmark (%)
United States	19.69%	-20.60%
Europe	12.79%	-19.05%
Singapore	9.66%	9.31%
Mexico	9.38%	8.73%
Norway	5.99%	5.76%

5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
Malaysian Ringgit	5.05%	5.05%
New Zealand Dollar	-3.85%	-3.85%
Swiss Franc	-3.67%	-3.67%
Euro	-3.63%	-3.63%
Japanese Yen	3.06%	3.06%

Credit Quality



Commentary

The fund returned -1.89% over the month, outperforming the benchmark which returned -2.19%. Bond selection added 0.50% to relative returns, while currency selection detracted -0.20%. The top three positive bond contributors to relative returns were the underweight positions in United States, Europe and United Kingdom. The top three currency detractors from relative returns were the long positions in Japanese Yen, Malaysia Ringgit and British Pound.

The first quarter of 2022 was a difficult one for markets as investors grappled with the terrible humanitarian and economic implications of the Russian invasion of Ukraine. These implications include higher prices for food and energy, consequently higher inflation and a faster pace of interest rate hikes by central banks. These issues weighed on major global equity and bonds markets over recent months. The MSCI World Index fell by 5.2% over the quarter whilst the FTSE World Government Bond Index in USD hedged terms fared marginally better with a return of -4.8% over the quarter. The month of March was a particularly difficult one for global bonds with yields rising significantly. In unhedged terms, returns for March and for the first quarter were -3.4% and -6.5% respectively; comparatively weaker than the hedged index given the relative strength of the US dollar.

Because of Russia's position as a major exporter of commodities and energy, the impact of the invasion and associated sanctions was a dramatic spike in the price of oil and natural gas. Combined with already elevated levels of inflation this backdrop reinforced many central banks' more hawkish intentions and actions over the quarter. With the US unemployment rate at 3.8% in February and headline inflation hitting 7.9% the same month, it was no surprise the Federal Reserve increased its policy rate by 25bps. This is the first rate hike since December 2018, and officials indicated rates could rise sharply over coming months. Similarly, in the UK the Bank of England raised rates for the third time to 0.75%, as inflation hit 6.2% in February. It further noted the difficult job of central bankers to find the right balance between higher inflation and potentially slower growth arising from the conflict in Ukraine. The ECB meanwhile started to turn more hawkish in its rhetoric as its inflation forecast for 2022 was raised to 5.1% from 3.2% in December's forecast.

Colchester's global bond programme remains underweight the US, UK and Eurozone bond markets, all markets which performed poorly in response to the inflation and policy environment. The UK gilt market was the worst performer, with a return of -8.0% over the quarter. The US Treasury market was down by -5.4% over the same period and the German market returned -5.0%.

In Asia, inflation has remained more muted by comparison to other regions, and this was reflected in the relative outperformance of Asian bonds this quarter. The Chinese government bond market rallied with a positive return of 0.6% on the back of renewed lockdowns in Shenzhen, Shanghai and other parts of the country. The Indonesian market was close to flat over the quarter, with a return of -0.2%. The Malaysian market was also a relative outperformer with a modest negative return of -0.8%. As a consequence, the overweight position in a number of Asian bond markets was a relative positive for the Colchester global bond programme.

Whilst the US dollar generally strengthened against the other major currencies such as the Euro and the Japanese yen over the first quarter, a number of currencies performed substantially better. The strongest gains in exchange rates were seen in Latin America, boosted by their status as commodity exporters, and benefitting from attractive real yields. The Mexican peso rose 2.6% against the US dollar, whilst the Colombian peso gained a robust 8.4% over the three-month period. The Australian dollar, Canadian dollar and Norwegian krone were also stronger over the quarter, strengthening 3.3%, 1.1% and 0.8% respectively. The Japanese yen was a laggard amongst the majors, weakening by over 5% against the US dollar. It briefly hit its weakest level since 2015 before recovering a little at the end of March. The Japanese economy's reliance on imported energy weighed on it this quarter, but the currency remains fundamentally undervalued.

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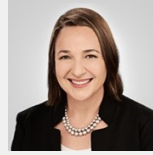


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Fund Shareclass Research Ratings



Colchester Fund Awards



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Where an investor's own currency is different from the Fund currency, the return on investments could be affected by fluctuations in the exchange rate.

The Fund can invest in bonds (which may include inflation linked bonds) issued by governments, government agencies and supra-national agencies (such as the World Bank), irrespective of whether such bonds are included in the benchmark. The Fund will tend to purchase bonds with characteristics similar to those in the benchmark however, the investment strategy can lead to significant deviation from the benchmark in terms of country and currency weightings and duration, which can cause the return of the Fund to differ significantly from that of the benchmark. The Fund can invest in currencies using contracts on the spot and forward market, such as forward currency contracts (contracts to buy or sell a currency at a specified future time at an agreed price)

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. The benchmark is the FTSE World Government Bond Index 100% hedged in Australian dollars (AUD) formerly Citigroup World Government Bond Index 100% hedged in AUD. The Colchester Global Government Bond Fund (the "Fund") has been developed solely by Colchester Global Investors (Singapore) Pte. Ltd. The Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the FTSE World Government Bond Index (the "Index") vest in the relevant LSE Group company which owns the Index. FTSE[®] is a trademark of the relevant LSE Group company 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. The Index is calculated by or on behalf FTSE Fixed Income, LLC or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Colchester Global Investors (Singapore) Pte. Ltd.

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The Colchester Global Government Bond Fund and Colchester Emerging Markets Bond Fund's Target Market Determination is available at <https://colchesterglobal.com.au/invest-with-colchester-global/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.