

The Colchester Global Government Bond Fund - Class I

APIR Code ETL5525AU

As of 31/07/2022



Fund Overview

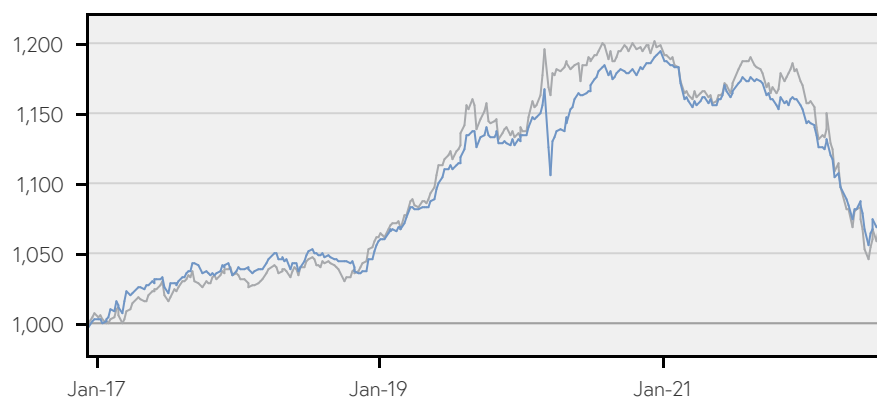
The Colchester Global Government Bond Fund seeks to deliver growth and income to investors whilst offering the defensive characteristics of a global sovereign bond portfolio over the medium term. We believe that if we hold a portfolio of high real yielding bonds and currencies that are undervalued according 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 (31/07/2022)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size (\$million)
0.8495	2.40%	1.55%	9.09%	689 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	2.19%	0.57%	-4.35%	-5.42%	-7.15%	-0.71%	1.20%	1.55%
Benchmark	2.29%	0.24%	-5.89%	-7.34%	-8.66%	-1.30%	1.18%	1.45%
Relative	-0.10%	0.33%	1.54%	1.92%	1.51%	0.59%	0.03%	0.11%

Calendar Year Net Performance (%)

	2016	2017	2018	2019	2020	2021	YTD
Fund	0.32%	3.34%	2.07%	6.82%	5.60%	-3.36%	-5.42%
Benchmark	0.78%	2.79%	2.51%	6.63%	5.87%	-2.38%	-7.34%
Relative	-0.46%	0.54%	-0.44%	0.19%	-0.27%	-0.98%	1.92%

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 31/07/2022

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)	3.41%	2.06%
Running Yield (Unhedged)	2.95%	1.74%
Modified Duration (Years)	6.66	7.89
Average Coupon	2.86%	1.83%
Average Credit Quality	AA-	AA

Top 5 Securities Holdings

	Currency	Weight (%)
1. Singapore 3.5% Mar '27	SGD	2.95%
2. Japan 0.3% Jun '39	JPY	2.32%
3. United States 1.5% Aug '26	USD	2.25%
4. United States 2.375% Aug '24	USD	2.08%
5. Singapore 2.75% Jul '23	SGD	2.04%

5 Largest Active Positions - Bonds (%)

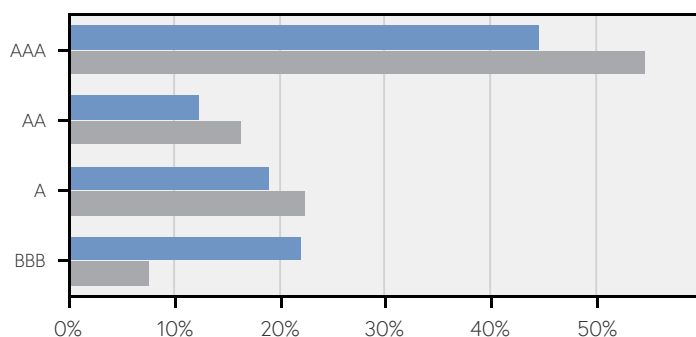
Country	Fund	Versus Benchmark (%)
United States	19.55%	-23.55%
Europe	17.59%	-12.07%
Singapore	10.24%	9.86%
Mexico	9.82%	9.15%
Japan	8.76%	-6.18%

5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
Malaysian Ringgit	4.91%	4.91%
New Zealand Dollar	-4.00%	-4.00%
Swiss Franc	-3.74%	-3.74%
United States Dollar	-3.62%	-3.62%
Australian Dollar	96.42%	-3.58%

Credit Quality

■ Fund ■ Benchmark



Commentary

The fund returned 2.24% over the month, underperforming the benchmark which returned 2.29%. Bond selection detracted -0.13% from relative returns, while currency selection added 0.09%. The top three bond detractors from relative returns were the underweight positions in Europe, United States and Japan. The top three positive currency contributors to relative returns were the short positions in Thai Baht, Euro and United States Dollars.

Over the month, economic data signalled further slowing of the global economy bringing to the fore the question over whether inflation may be peaking sooner than later. Global government bond yields fell as fears over weakening global growth mounted. The FTSE World Government Bond Index returned 1.8% in unhedged terms and 2.3% over the month in US dollar hedged terms as the US dollar continued to strengthen modestly.

The Federal Reserve delivered the second 0.75% hike in July, after headline inflation exceeded expectations to 9.1%. Latest data showed that the US economy experienced two consecutive quarters of negative real GDP growth adding to investors concerns about global recession risks. Against this backdrop, investors began to price in a less aggressive pace of monetary tightening leading to a fall in US Treasury spreads. The US Treasury market returned 1.3% in July. In our assessment, the prospective real yield of -1.0% on Treasuries at the end of the month remains unattractive relative to other markets in the global opportunity set.

Euro-area inflation for July rose to a record high of 8.9%, driven largely by elevated European gas prices. The European Central Bank (ECB) delivered its first interest rate hike in over a decade. The ECB also unveiled a new policy tool, the Transmission Protection Instrument (TPI), which aims to contain disorderly widening of peripheral European government bonds. Concerns over Russian gas supplies and Europe's energy security persisted. Sentiment in the region was further weighed down by the political crisis in Italy culminating in the resignation of Mario Draghi as Italy's prime minister. Italian government bonds underperformed but still delivered a positive return of 1.7%. Elsewhere bond markets in France, Germany and Spain rallied 5%, 4.6% and 4.6% respectively. In the UK, Prime Minister Boris Johnson resigned after he lost the support of his parliamentary party with limited market impact. UK inflation rose to 9.4%, intensifying the cost of living crisis with the Bank of England forecasting inflation to reach 11% later this year when the energy price cap is expected to rise again. The Global Bond strategy remains firmly underweight the Euro-area and the UK on account of the relatively low real yields on offer.

In Asia, China's inflation remains muted at 2.5% as the government's Covid strategy continues to depress demand. Adding to virus concerns, China's property market continues to struggle with developers defaulting and headlines about a growing number of people refusing to pay their mortgages on properties that haven't been delivered. The Chinese bond market returned 0.7% in July. In Japan, inflation stayed above the Bank of Japan's 2% target for the third consecutive month driven by energy costs amplified and amplified by a weaker yen. However, given the BoJ's concerns about medium term deflationary pressures, the central bank has continued to maintain its accommodative stance by capping yield levels through bond purchases. The Global Bond strategy remains underweight in Japan. Elsewhere, latest inflation figures for Indonesia and Malaysia rose modestly to 4.4% and 3.4% respectively. Given the relatively benign inflation profiles and attractive valuations, we continue to maintain overweight positions in both Indonesian and Malaysian bond markets.

Performance of the US dollar was mixed in July, weakening against developed-market majors and strengthening mildly against emerging market currencies. Commodity-based currencies such as the Norwegian krone and Australian dollar gained 2.2% and 1.5% respectively. The Japanese yen also reversed its recent weakness to appreciate 1.6% in July. The Euro fell 2.5%, briefly slipping below parity with the US dollar on heightened recessionary risks. Elsewhere, the Korean won was flat, the Mexican peso weakened by 0.9% and the Malaysian ringgit declined 1.0%. In our view, the US dollar remains fundamentally overvalued, and hence the Global Bond Programme remains materially underweight.

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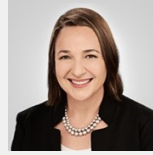


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Fund Shareclass Research Ratings



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.

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