

# The Colchester Global Government Bond Fund - Class I

APIR Code ETL5525AU

As of 31/08/2023



## 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 (31/08/2023)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size (\$million)
0.7974	3.00%	0.80%	5.53%	827.1 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.
<b>Fund</b>	-1.20%	-0.91%	1.49%	1.20%	-0.68%	-3.52%	0.16%	0.80%
<b>Benchmark</b>	-0.29%	-1.04%	1.17%	1.41%	-2.69%	-4.86%	-0.39%	0.33%
<b>Relative</b>	-0.91%	0.13%	0.32%	-0.21%	2.01%	1.35%	0.55%	0.47%

## Calendar Year Net Performance (%)

	2016	2017	2018	2019	2020	2021	2022	YTD
<b>Fund</b>	0.32%	3.34%	2.07%	6.82%	5.60%	-3.36%	-9.59%	1.20%
<b>Benchmark</b>	0.78%	2.79%	2.51%	6.63%	5.87%	-2.38%	-13.85%	1.41%
<b>Relative</b>	-0.46%	0.54%	-0.44%	0.19%	-0.27%	-0.98%	4.26%	-0.21%

## Key Information

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

## Fund Characteristics

	Fund	Benchmark
Yield to Maturity (Unhedged)	5.03%	3.58%
Running Yield (Unhedged)	3.72%	2.29%
Modified Duration (Years)	6.59	7.20
Average Coupon	3.42%	2.19%
Average Credit Quality	AA-	AA

## Top 5 Securities Holdings

	Currency	Weight (%)
1. Singapore 3.5% Mar '27	SGD	2.98%
2. United States 0.25% Jun '25	USD	2.92%
3. Singapore 2.375% Jun '25	SGD	2.23%
4. Mexico 7.5% Jun '27	MXN	2.19%
5. Indonesia 6.5% Feb '31	IDR	2.04%

## 5 Largest Active Positions - Bonds (%)

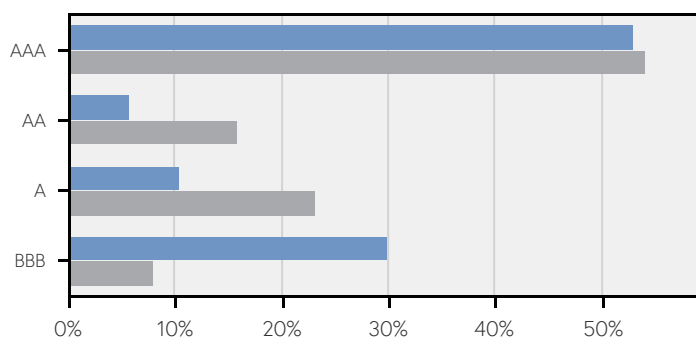
Country	Fund	Versus Benchmark (%)
United States	22.69%	-19.83%
Europe	9.71%	-19.41%
Mexico	12.97%	12.07%
Japan	3.00%	-9.30%
Singapore	9.32%	8.93%

## 5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
Euro	-6.74%	-6.74%
United States Dollar	-5.92%	-5.92%
Swedish Krona	5.24%	5.24%
Norwegian Krone	4.64%	4.64%
New Zealand Dollar	-4.44%	-4.44%

## Credit Quality

■ Fund ■ Benchmark



## Commentary

The fund returned -1.15% (gross of fees) over the month, underperforming the benchmark which returned -0.29%. Bond selection detracted -0.48% from relative returns and currency selection detracted -0.38%. The top three bond detractors from relative returns were the overweight positions in Mexico and Colombia and the underweight position in Europe. The top three currency detractors from relative returns were the short positions in United States Dollars and Euro and the long position in Norwegian Krone.

The past month has offered hope for continued declines in inflation and a possible "soft landing" for the global economy but bond yields generally increased over the month. As a consequence the FTSE World Government Bond index experienced a modest negative return for the month of -0.2% in US dollar hedged terms. In unhedged terms the index was down -1.4% as the US dollar performed well against most major currencies.

In the US, annual headline inflation actually increased slightly to 3.2% in August, up from 3.0% the previous month. There was better news from the core inflation reading however, which fell to 4.7%, continuing its downward trend. The unemployment rate increased to 3.8% this month from 3.5% the previous month. This rise was largely driven by people returning to the workforce and the participation rate rose to the highest rate since the Covid pandemic began in early 2020. Meanwhile at the Jackson Hole meeting of central bankers the mood was generally one of caution and expectations of a "higher for longer" interest rate environment. Against this backdrop US treasuries returned -0.5% over the month.

Eurozone headline inflation fell to 5.3% down from the previous month's reading of 5.5%, although the outlook for inflation in the region is clouded by rising energy prices and especially natural gas prices. Unemployment across the region stayed at 6.4% for the fourth successive month as labour markets remain robust. The bond market in Germany returned 0.3%, as did the Spanish bond market, whilst the Austrian market returned 0.5%. The ECB did not hold a policy meeting in August, so attention focused on the Bank of England, which did increase its interest rate by 0.25% to 5.25% adding further to the housing market woes as mortgage rates continue to rise. UK house prices fell at the fastest annual pace since 2009 in August according to the mortgage provider Nationwide. UK bonds returned -0.6% over the month.

Asian bonds markets also struggled over the month. Japanese inflation was reported at 3.3% in the year to July and the government bond market returned -1.3% as speculation continues around whether the central bank will end their yield curve control policy in the near future. Colchester maintains its underweight in Japan as it does in China where bonds rallied over the month by 0.6% with the central bank cutting the Loan Prime Rate to 3.45%. The country continues to struggle with weak growth, over-levered property developers, and inflation has now turned negative with the July figure standing at -0.3%.

The New Zealand bond market also sold off, returning -0.7% over the month. The job market in the country remains tight putting upward pressure on wages, this is despite near record levels of migration to the country. Throughout the Covid pandemic, the country tightly restricted inward movement and net migration turned negative, but this has now turned around drastically over the past twelve months. In Australia the bond market enjoyed better performance, gaining 0.6% in August, with pay rises in the country staying relatively constrained compared to other developed market peers.

In the currency markets the US dollar had a strong month, rising against nearly all other major currencies. The Japanese yen declined -2.4%, the Euro by -1.6%, with the British pound falling by -1.5%. Amongst the worst performing currencies were the Australian and New Zealand dollars, which returned -3.9% and -4.3% respectively. One of the relatively stronger performers was the Mexican peso, where we maintain an overweight position, which returned -0.8%. The Chinese renminbi fell -2.0% against the US dollar this month as weak growth in the country and concerns around the real estate sector have weighed on the currency over the last few months.

## Sales & Marketing Enquiries



**Monica Hood**  
Head of Distribution - Australia and New Zealand

Email: [mhood@colchesterglobal.com](mailto:mhood@colchesterglobal.com)  
Phone: +61 431 478 780

Team Email: [MarketingClientServiceAUNZ@colchesterglobal.com](mailto:MarketingClientServiceAUNZ@colchesterglobal.com)  
Website: [www.colchesterglobal.com.au](http://www.colchesterglobal.com.au)

## Fund Administration & Client Service Enquiries

### Colchester Global Investors Unit Registry

#### Applications

Email: [colchester@onevue.com.au](mailto:colchester@onevue.com.au)  
Fax: +61 3 8672 7741  
Post: GPO Box 804  
Melbourne, VIC 3001

#### Client Service Enquiries

Email: [colchester@onevue.com.au](mailto:colchester@onevue.com.au)  
Phone: +61 3 9046 4040

#### Transactions

Email: [colch.transactions@onevue.com.au](mailto:colch.transactions@onevue.com.au)

## Fund Shareclass Research Ratings



Analyst-Driven %  
100

Data Coverage %  
100

## Colchester Fund Awards



## Important Information and Disclosures

This document is prepared by Colchester Global Investors (Singapore) Pte. Ltd (ABN 58 159 947 583). Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited, a publicly listed company on the Australian Securities Exchange (ASX: EQT), is the Responsible Entity of the Colchester Global Government Bond Fund (ARSN 168 909 671), the Colchester Emerging Markets Bond Fund (ARSN 616 633 428), and the Colchester Green Bond Fund (ARSN 618 713 010) (each a "Fund"). This document is not intended to be securities or financial product advice and should not be relied upon as such. To obtain a copy of a Fund's PDS please contact Colchester. The PDS should be considered in deciding whether to acquire, or continue to hold, an investment in a Fund. This information is of a general nature only and does not take into account the investment objectives, financial situation or particular needs of any investor and should not be taken as a securities or stock recommendation. These factors should be considered before any investment decision is made in relation to a Fund. The performance of a Fund is not guaranteed. Colchester, Equity Trustees Limited and their related parties, their employees and directors make no representation (express or implied) and shall have no liability in any way arising from the provision of this document for any loss or damage, direct or indirect, arising from the use of this document.

Net of fee returns reflect the deduction of fees and expenses and are calculated on the basis of the applicable fee rates as described in the PDS. Additional information regarding policies and procedures for calculating and reporting returns is also available on request. 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. Where any part of the total cost of your investment is paid in, or represents an amount of, a currency other than the Share Class currency, these costs may increase or diminish as a result of currency and exchange rate fluctuations. 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). 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<sup>®</sup> is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. TMX<sup>®</sup> 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.

Rating agencies assign credit ratings to sovereign securities as an assessment of the commitment from central governments to repay their outstanding debt obligations. For the purposes of this factsheet, the rating of a sovereign security is determined by reference to the rating of the issuer of that sovereign security as determined by the relevant rating agency. This will also apply to securities the issuer of which is backed by a central government. For all other securities, its rating is determined by reference to the rating granted to that security as determined by the relevant rating agency, or if unrated by all of them, by an equivalent rating determined by the Manager at its sole discretion. All securities are rated by Nationally Recognized Statistical Rating Organizations (NRSRO) Moody's, Standard & Poor's (S&P), and/or Fitch. If a security is rated by more than one of these organisations, the highest rating assigned is used in our credit rating breakdowns. Ratings are measured on a scale that generally ranges from AAA (being the highest) to D (being the lowest).

Colchester Global Investors (Singapore) Pte. Ltd is registered in Singapore, Company Registration No: 201202440M. Registered Office: 6 Battery Road #40-02A, Six Battery Road, Singapore 049909. Colchester Global Investors (Singapore) Pte. Ltd holds a capital markets services licence in fund management issued by the Monetary Authority of Singapore pursuant to the Securities and Futures Act 2001. Colchester Global Investors (Singapore) Pte. Ltd is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cwlth) in respect of financial services provided to wholesale clients in Australia. Colchester Global Investors (Singapore) Pte. Ltd. is regulated by the Monetary Authority of Singapore under Singaporean laws which differ from Australian laws. Therefore, Australian wholesale clients are not necessarily subject to the same types of legal protections or remedies that they would enjoy if Colchester was directly subject to the Corporations Act. Colchester is entitled to offer its financial services in Australia pursuant to an exemption from the requirement to hold an Australian Financial Services Licence under the Corporations Act, on the basis, among other things, that the clients are Wholesale Clients within the meaning of the Corporations Act.

The rating issued August 2022 Colchester Global Government Bond Fund Class A, August 2022 Colchester Global Government Bond Fund Class I, and August 2022 Colchester Emerging Markets Bond Fund Class I are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit [lonsec.com.au](https://lonsec.com.au) for ratings information and to access the full report. © 2023 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned March 2023 for ETL5525AU, ETL3065AU and ETL0650AU) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider, the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <https://www.zenithpartners.com.au/our-solutions/investment-research/regulatory-guidelines/>.

Colchester Global Government Bond Fund Class I has a Morningstar Medalist Rating<sup>TM</sup> of 'Bronze' as of 05-04-2023. © 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/s/fsg.pdf](https://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.

© 2023 FE Money Management. all rights reserved. the information, data, analyses, and opinions contained herein (1) include the proprietary information of FE Money Management (2) may not be copied or redistributed (3) do not constitute investment advice offered by FE Money Management (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security (5) are not warranted to be correct, complete, or accurate. FE Money Management shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE Money Management does not guarantee that a fund will perform in line with its Fund Manager of the Year award as it reflects past performance only. Likewise, the Fund Manager of the Year award should not be any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.

The Zenith Fund Awards were issued on 14 October 2022 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person, including target markets where applicable. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only. Colchester was nominated as a Finalist in the Global and Diversified Fixed Interest category at the Zenith Fund Awards in October 2020.

The Colchester Global Government Bond Fund, Colchester Emerging Markets Bond Fund and Colchester Green 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.

Responsible investing is an integral part of the investment process however Colchester never makes investment decisions based solely upon ESG factors. Unless specified in the client Investment Management Agreement or offering documents, specific assets with poor ESG ratings may not be excluded from portfolios.