

Investment Objective

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

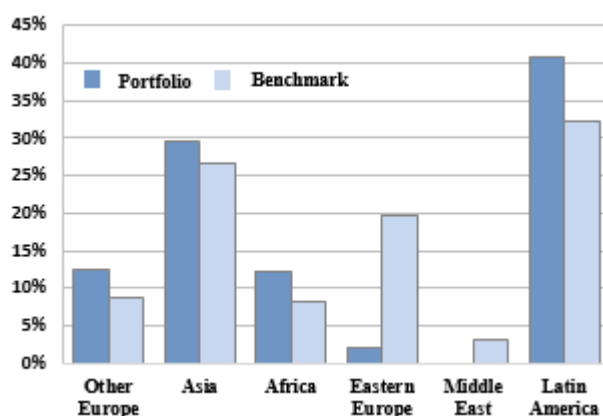
Investment Philosophy & Process

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.

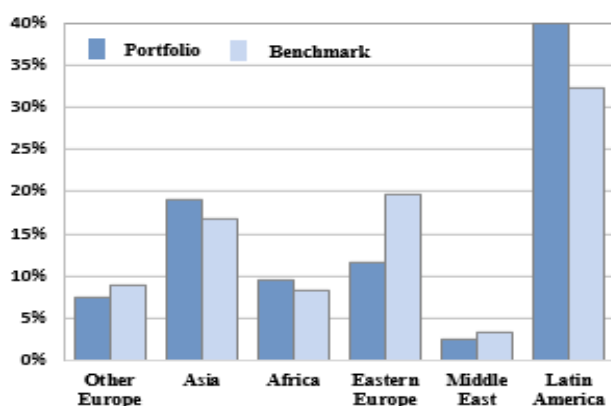
Fund Facts

Benchmark ¹	JPMorgan Government Bond Index Emerging Markets Global Diversified Australian Dollar Unhedged
Target	Outperform the benchmark by 2% p.a. gross of fees over full economic cycle 5-7yrs in length.
Fund Inception	21 December 2017
Management Fee	0.75% p.a.
Buy/Sell Spread	+/- 0.15%
Distributions	Quarterly
Liquidity	Daily
Application:	\$1million or as per platform minimum
Platforms:	Ausmaq, BT Panorama, HUB24, Netwealth, Praemium.

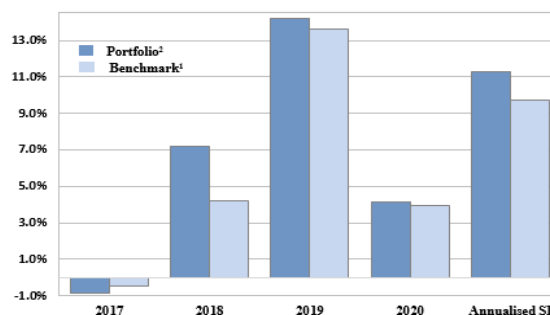
Country Exposure (%)



Currency Exposure (%)



Gross Performance



Total Return ³	2017	2018	2019	2020	Ann SI ⁴
Gross Returns	-0.84%	7.19%	14.19	4.15%	11.29%
Benchmark ¹	-0.46%	4.20%	13.64	3.95%	9.72%
Relative Gross	-0.38%	2.99%	0.55%	0.20%	1.57%

Fund Characteristics

	Portfolio ²	Benchmark ¹
Duration	5.47	5.46
Flat Yield	6.76	5.47
Yield to Maturity	5.61	4.90
Average Coupon	6.96	5.89
Average Credit Rating	BBB	BBB+

Top 5 Bond Holdings

1	Republic of South Africa 10.5% 21Dec2026
2	Titulos De Tesoreria B 7% 4May2022
3	Indonesia Government Bond 8.25% 15May2029
4	Nota Do Tesouro Nacional 10% 01Jan2021
5	Mexican Bonos 10% 5Dec2024

Top Active Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexico	+8.42	18.42
2 Indonesia	+6.22	16.22
3 Colombia	+5.20	11.21
Underweights		
1 Poland	-8.02	1.02
2 Thailand	-6.21	3.58
3 Czech Republic	-4.26	0.00

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexican Peso	+5.23	15.23
2 Colombian Peso	+4.05	10.07
3 Korean Won	+3.96	3.96
Underweights		
1 Thai Baht	-4.53	5.25
2 Peruvian Sol	-3.57	0.09
3 Polish Zloty	-3.28	5.77

Monthly Performance Commentary

The fund returned -0.03% over the month, underperforming the benchmark which returned 0.29%. Bond selection neither added to nor detracted from relative returns, while currency selection detracted -0.32%. The top three positive bond contributors to relative returns were the underweight positions in Turkey, Hungary and Chile. The top three currency detractors from relative returns were the underweight positions in Thai Baht, Polish Zloty and the overweight position in Hungarian Forint.

Market Commentary

Heightened concerns surrounding the economic impact of the outbreak of the novel coronavirus (Covid-19) have led investors to seek safety in government bonds and “safe haven” type currencies in February, while many stock markets around the world fell sharply over the month. The relative strength of the US dollar resulted in the JP Morgan GBI-EM Global Diversified Index returning -3.4% for the month of February. However, the hedged return was broadly flat at -0.2%, reflecting the stability of the underlying bond markets in local currency terms.

While the overall impact on global growth from the coronavirus is still highly uncertain, there has clearly been a material disruption to production and economic activity in China where the virus first appeared. In recent weeks fears have risen that the disruption to activity outside of China will be worse than initially thought as outbreaks of the virus spread to countries such as South Korea and Italy. In the US, the S&P 500 equity index fell -8.4% over the month and the 10-year US Treasury yield fell to a historical low of 1.15% at the end of February.

Despite their close proximity to the epicenter of the coronavirus outbreak, the Malaysian and Thai bond markets generated strong positive returns in February. Looking at Malaysia, events focused on the surprise resignation of prime minister Mahathir Mohamad. In what was originally seen as a power play by Mahathir Mohamad, the country’s king sprung a surprise by appointing a new leader in Muhyiddin Yassin. Notwithstanding the political upheaval the Malaysian bond market returned 1.9%, aided by expectations of a cut to the policy rate by the central bank. The market in Thailand moved in tandem with Malaysia, returning 2% and thus maintaining a run of strong performance year-to-date. Elsewhere, the Philippines returned 0.6% whilst the Indonesian market was down slightly at -0.6%.

In Turkey the central bank continued to cut its policy rate with a reduction to 10.75%, down from 11.25% in January. Despite the release of positive GDP figures for Q4 2019 of 1.9%, the Turkish bond market was the worst performing of the markets in the index. Escalating conflict with Syria has seen volatility increase as investors reacted negatively, and the bond market sold off, declining -7.5%. Turning to South Africa, attention was on the budget for the new fiscal year whereby a plan to cut the public sector wage bill and reduce the public deficit was announced. The bond market returned -0.6% over the month.

Oil exporters such as Mexico and Colombia will be impacted by the sharp decline in the oil price. Over the past month the price of a barrel of crude has fallen from \$52 to \$45 amid concerns over falling demand. The Mexican government bond market returned -0.5% in February and the Colombian market declined by -0.4%. In Brazil the bond market bucked the regional trend however with a positive return of 0.8% over the month. The Brazilian central bank cut its policy rate to a record low during February, from 4.5% to 4.25% as the economy continues a gradual recovery and underlying inflation remains low.

Turning to the currency markets, the US dollar strengthened over the past month against all emerging market currencies. The worst performers tended to be those exposed to declining commodity prices and/or those with close trade links to China. Hence the worst performing currencies were the likes of the Brazilian real, Russian ruble, South African rand and Mexican peso which all depreciated by more than 4%. The Brazilian real experienced the sharpest drop, down -5.3%. The Turkish lira returned -4.2% as the on-going conflict with Syria weighed on the currency and it hit its lowest level for almost 18 months.

Contact

Administration & Client Servicing Enquiries:

Colchester Global Client Services
GPO Box 804, Melbourne, VIC 3001
Phone: +61 3 9046 4040
Email: colchester@onevue.com.au

Sales & Marketing Enquiries:

Angela MacPherson
Head of Distribution Australia
Phone: +61 431 075 024

James Archer
Business Development Manager
Phone +61 432 273 335

Email: MarketingClientServiceAPAC@colchesterglobal.com

Web: www.colchesterglobal.com.au

Disclaimers

1. JPMorgan Government Bond Index Emerging Markets Global Diversified 100% Unhedged in Australian Dollars (AUD Unhedged).
2. Colchester Emerging Markets Bond Fund – Class I whose inception date was 21 December 2017.
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.

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 Emerging Markets Bond Fund (ARSN 168 909 671) (the “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 the Fund’s PDS please contact Colchester. The PDS should be considered in deciding whether to acquire, or continue to hold, an investment in the 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 the Fund. The performance of the 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.

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/>.

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, Chapter 289 of Singapore. 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.