

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.

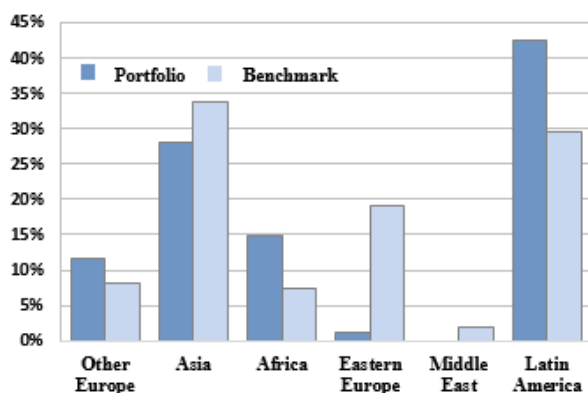
Investment Philosophy & Process

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.

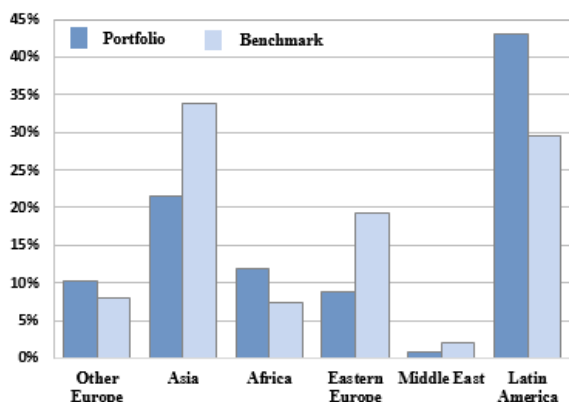
Fund Facts

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	+/- 0.20%
Distributions	Quarterly
Liquidity	Daily
Application:	\$1million or as per platform minimum
Platforms:	Ausmaq, BT Panorama, HUB24, Netwealth, Praemium.

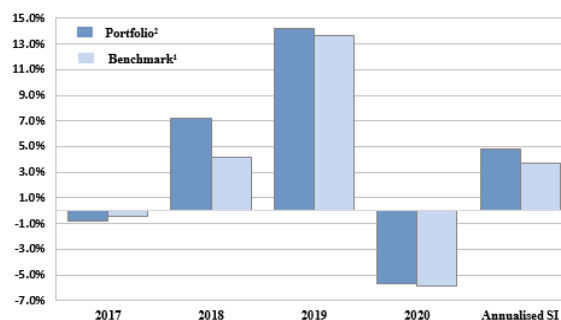
Country Exposure (%)



Currency Exposure (%)



Gross Performance



Total Return ³	2017	2018	2019	2020	Ann SI ⁴
Gross Returns	-0.84%	7.19%	14.19%	-5.71%	4.83%
Benchmark ¹	-0.46%	4.20%	13.64%	-5.83%	3.71%
Relative Gross	-0.38%	2.99%	0.55%	0.12%	1.11%

Fund Characteristics

	Portfolio ²	Benchmark ¹
Duration	5.71	5.34
Flat Yield (unhedged)	7.08	5.05
Yield to Maturity (unhedged)	5.26	4.27
Average Coupon	7.57	5.46
Average Credit Rating	BBB	BBB+

Top 5 Bond Holdings

1	Republic of South Africa 10.5% 21Dec2026
2	Mexican Bonos 10% 5Dec2024
3	Indonesia Government Bond 8.25% 15May2029
4	Nota Do Tesouro Nacional 10% 01Jan2023
5	Titulos De Tesoreria B 7.5% 26Aug2026

Top Active Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexico	+9.60	19.22
2 Indonesia	+8.81	18.37
3 South Africa	+7.52	14.84
Underweights		
1 Thailand	-8.90	0.00
2 China	-8.00	0.00
3 Poland	-7.07	1.15

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexican Peso	+6.78	16.40
2 Colombian Peso	+4.98	10.40
3 South African Rand	+4.61	11.93
Underweights		
1 Thai Baht	-7.89	1.00
2 China Yuan Renminbi	-3.96	4.04
3 Czech Koruna	-3.94	0.08

Monthly Performance Commentary

The fund returned 2.96% over the month, outperforming the benchmark which returned 2.50%. Bond selection added 0.09% to relative returns and currency selection added 0.37%. The top three positive bond contributors to relative returns were the overweight positions in Indonesia and South Africa and the underweight position in Turkey. The top three positive currency contributors to relative returns were the overweight positions in Mexican Peso, South African Rand and Colombian Peso.

Market Commentary

Global markets posted a lacklustre performance during the month of October, as many economies were hit by a second wave of Covid-19 and the anticipation of the US elections, taking place on November 3rd, put risk sentiment on the back foot. Against this backdrop, emerging market local currency bonds were broadly flat on the month with the JP Morgan GBI-EM Global Diversified Index returning 0.2% in US dollar hedged terms. Performance across emerging market currencies was mixed, with the unhedged index return for the month at 0.4%.

In Latin America, the best performing bond market in the region was Peru with a return of 1.2%. Near term political risks remain however as Congress is set to vote on whether to start impeachment proceedings against President Vizcarra in early November. Brazilian bonds declined by 0.6% in October with the Central Bank leaving interest rates unchanged at 2%. Concerns over fiscal deterioration have been rising as the economic outlook continues to weaken and there remains no clarity on whether the government is committed to maintaining the constitutional cap on public spending. In Mexico, bond returns were broadly flat at -0.2% as Banxico retains a cautious stance on policy easing whilst President Obrador's refusal to allow for extra fiscal spending at this time has given rise to bleak growth prospects going forward.

In South Africa, the bond market returned 0.8% in October. The October Medium Term Budget Statement was met with some disappointment as the debt to GDP ratio is now expected to peak at 95%, from an already high level of 86%, and the uncertainty around growth still poses a major concern for policymakers. Turkey was the worst performing bond market in the region falling 2.8% in October. Despite ongoing concerns around rising inflation levels, worsened by the continued weakness in the currency, the Central Bank of Turkey left the official rate and the overnight lending rate both unchanged at 10.25% and 11.75% at the October meeting.

Turning to Asia, the Indonesian bond market was the best performer in October posting a return of 2.1%. Bank Indonesia maintained the policy rate at 4% in its October meeting, however it maintained a firm focus on quantitative easing as a more effective means of aiding an economic recovery. Chinese bonds were flat on the month as economic growth steamed ahead with GDP growth accelerating to 4.9% y/y in the third quarter from 3.2% in the previous quarter. The Malaysian bond market generated a moderate positive return of 0.6%, as the country was hit by a second wave of Covid-19 infections and restrictions were re-imposed on certain states. In Thailand bonds were flat on the month as the country grapples with a worsening outlook driven by political concerns as well as a lack of impetus on the economic growth front.

Despite the slightly weaker US dollar, performance across emerging market currencies was mixed. The strongest performers were the Mexican peso, Korean won and the South African rand each appreciating by around 3% over the month. The Chinese renminbi maintained its strengthening bias against the US dollar rising by 1.6%. The Turkish lira conversely maintained its position as the worst performer, depreciating by 8.1% as the currency continues to come under pressure from the country's deteriorating fundamentals and lack of credible monetary policy.

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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.

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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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