

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.

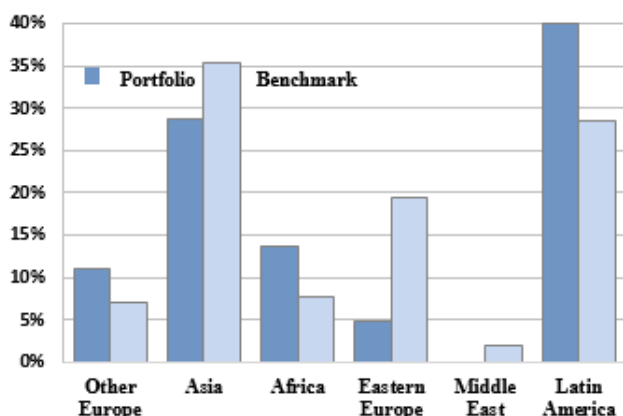
Investment Philosophy & Process

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.

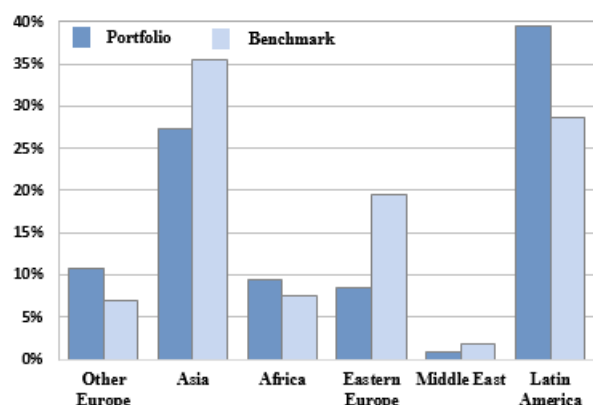
Fund Facts

Benchmark ¹	JPMorgan Government Bond Index Emerging Markets Global Diversified AUD 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	FUM	\$22.6m
Distributions	Quarterly	Liquidity	Daily
Management Fee	0.75% p.a.	Buy/Sell Spread	+/- 0.20%
Application:	\$1million or as per platform minimum		
Platforms:	Ausmaq, BT Panorama, HUB24, Netwealth, Praemium & uXchange.		

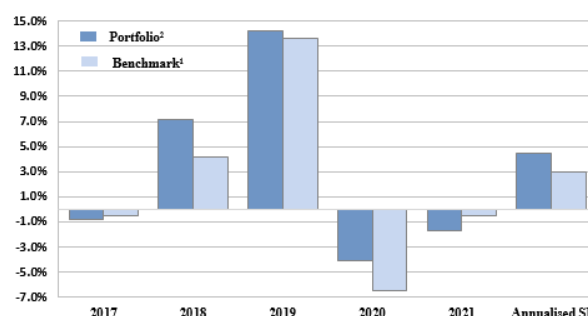
Country Exposure (%)



Currency Exposure (%)



Gross Performance



Total Return ³	2017	2018	2019	2020	2021	Ann SI ⁴
Gross Returns	-0.84%	7.19%	14.19%	-4.04%	-1.65%	4.46%
Benchmark ¹	-0.46%	4.20%	13.64%	-6.45%	-0.50%	3.02%
Relative Gross	-0.38%	2.99%	0.55%	2.41%	-1.15%	1.44%

	Portfolio ²	Benchmark ¹
Duration	5.88	5.41
Flat Yield (unhedged)	6.76	4.91
Yield to Maturity (unhedged)	4.71	4.00
Average Coupon	7.37	5.39
Average Credit Rating	BBB	BBB+

Top 5 Bond Holdings

1	Nota Do Tesouro Nacional 10% 01Jan2023
2	Mexican Bonos 10% 5Dec2024
3	Republic of South Africa 8.75% 28Feb2048
4	Indonesia Government Bond 8.25% 15May2029
5	Titulos De Tesoreria B 7.5% 26Aug2026

Top Active Bond Positions

Portfolio Exposure		% Relative to Benchmark	Current % of Portfolio
Overweights			
1	Indonesia	+8.24	17.72
2	Colombia	+7.26	12.60
3	Mexico	+7.10	16.58
Underweights			
1	China	-10.00	0.00
2	Thailand	-8.71	0.00
3	Hungary	-4.05	0.00

Top Active Currency Positions

Portfolio Exposure		% Relative to Benchmark	Current % of Portfolio
Overweights			
1	Mexican Peso	+6.34	15.83
2	Colombian Peso	+6.27	11.61
3	Malaysia Ringgit	+3.93	11.05
Underweights			
1	Thai Baht	-7.75	0.96
2	Polish Zloty	-3.84	4.46
3	Czech Koruna	-3.72	0.08

Monthly Performance Commentary

The fund returned -1.65% over the month, underperforming the benchmark which returned -0.50%. Bond selection detracted -0.37% from relative returns and currency selection detracted -0.78%. The top three bond detractors from relative returns were the overweight positions in Indonesia, Russia and Brazil. The top three currency detractors from relative returns were the overweight positions in Colombian Peso and Brazilian Real and the underweight position in Thai Baht.

Market Commentary

New year optimism and rising equity markets pushed bond yields higher in early January, before concerns over the rollout of Covid vaccines and gyrating stock markets, tempered the positive sentiment and boosted government bonds. The return on the JP Morgan GBI-EM Global Diversified Index was -0.2% in USD hedged terms over the month, dragged down by the early month spike in yields. In unhedged USD terms, returns were slightly lower at -1.1% as the uncertain backdrop provided some support for the US dollar.

In Latin America, returns from government bond markets were mixed as Mexico and Colombia both returned 0.2%. Relatively low inflation in each market, and the potential for the respective central banks to reduce interest rates further have underpinned bonds in each country. In Colombia for example, inflation is running at only 1.6% in December 2020, compared to the central bank's target of 3%. In Mexico, official interest rates remain relatively high compared to peers at 4.25% but lower rates are widely expected in the coming months. Noticeable laggards in the region included Peru and Brazil. The bond market return for Peru was -0.9% as political instability is ongoing and regional lockdowns were announced to curb a second surge in covid-19 cases. Turning to Brazil, uncertainty surrounding economic growth remains. Inflationary pressures have so far proven to be more persistent than previously anticipated. This coupled with the central bank President Roberto Campos Neto stating that there is little room for further fiscal maneuver despite fears of a new coronavirus variant has contributed to the bond market weakening. The return on the month was -1.5%.

In Turkey, the policy rate was kept unchanged at 17% in an effort to restore credibility after large hikes in Q4 of 2020. Inflation, however, increased to 15% which is the highest level for some 17 months. Despite this, the bond market produced a positive return of 0.5% in January. Turning to South Africa, the bond market returned 0.7%. The Central Bank kept rates unchanged at 3.5% for the third straight meeting. The committee was split with two members preferring a cut of 25bps whilst three members preferred to hold rates at the current level. However, the implied policy rate path indicates two increases of 25bps in the second and third quarters of 2021. This is highly dependent on the outlook, with events in South Africa focusing on a new variant of the coronavirus with fears of it spreading globally. However, new cases have been falling considerably after peaking in mid-January. Elsewhere, Poland returned 0.3% whilst other countries in the Central European region such as Hungary and the Czech Republic both returned -0.3%.

The regional return for Asia was subdued at -0.2%. Malaysia returned 0.1% as the Central Bank kept interest rates unchanged at 1.75% despite expectations of a 25bps cut to ease monetary policy. The likes of China and Thailand were broadly flat for the month, whilst the Indonesian bond market was the worst performing in the region with a return of -0.5%. Higher food prices had seen inflation rise towards the end of 2020 but still below the target of 2%. The policy rate was reduced to 3.75% in 2020, with more flexibility to cut rates in the coming months.

Amongst a backdrop of improving sentiment towards the US dollar, many emerging market currencies gave back some of the gains of the last quarter of 2020. The three worst performing currencies in January were all in the Latin America region with the Brazilian real, Colombian peso and Chilean peso returning -4.9%, -3.9% and -3% respectively. The Russian ruble and South African rand both depreciated in excess of 2% whilst the Mexican peso had a return of -1.5%. The Chinese yuan continued its strong performance by appreciating by over 1% against the US dollar whilst the best performing currency was the Turkish lira which appreciated 1.8% as the currency recovered from substantial lows in the last quarter of 2020.

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

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.