

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.

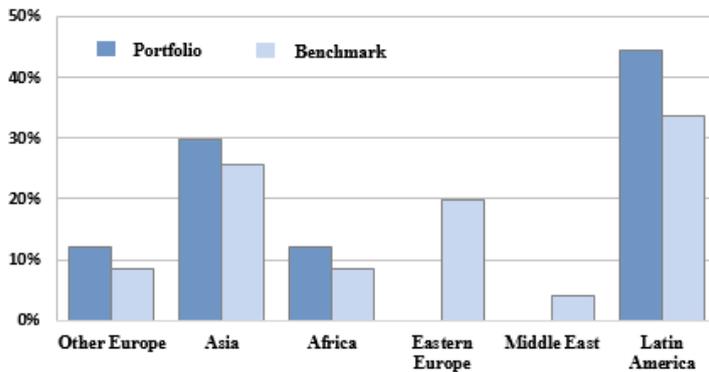
Investment Philosophy & Process

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.

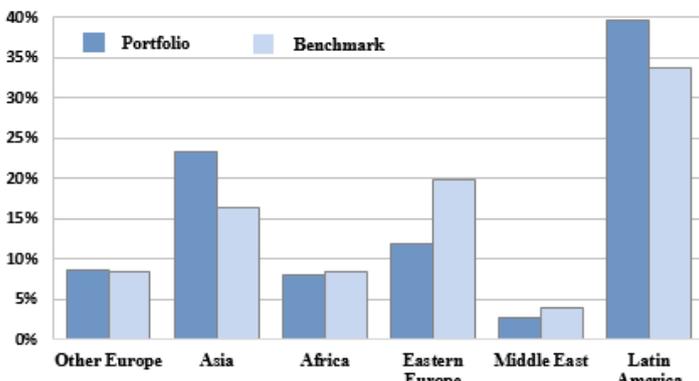
Fund Facts

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:	Netwealth, HUB24, Ausmaq (ready for trade)

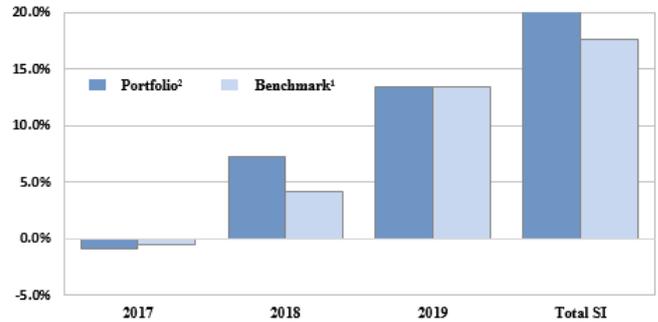
Country Exposure (%)



Currency Exposure (%)



Gross Performance



Total Fund Return ³	2017	2018	2019	Total SI ⁴
Gross Returns	-0.84%	7.19%	13.44%	20.59%
Benchmark ¹	-0.46%	4.20%	13.41%	17.63%
Relative Gross	-0.38%	2.99%	0.03%	2.95%

Fund Characteristics

	Portfolio ²	Benchmark ¹
Duration	5.50	5.44
Flat Yield	6.94	5.68
Yield to Maturity	5.85	5.13
Average Coupon	7.32	6.10
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	Nota Do Tesouro Nacional 10% 01Jan2021
4	Mexican Bonos 10% 5Dec2024
5	Indonesia Government Bond 8.25% 15May2029

Top Active Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexico	+8.88	18.88
2 Indonesia	+6.30	16.30
3 Colombia	+4.99	11.48
Underweights		
1 Poland	-8.76	0.00
2 Thailand	-5.69	3.59
3 Hungary	-4.28	0.00

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexican Peso	+6.61	16.61
2 Colombian Peso	+4.83	11.33
3 Malaysian Ringgit	+3.71	9.81
Underweights		
1 Thai Baht	-7.79	1.48
2 Peruvian Sol	-3.70	0.09
3 Hungarian Forint	-3.07	1.22

Monthly Performance Commentary

The fund returned 1.11% over the month, outperforming the benchmark which returned 0.73%. Bond selection added 0.38% to relative returns, while currency selection neither added to nor detracted from relative returns. The top three positive bond contributors to relative returns were the overweight positions in Indonesia and Russia and the underweight position in Chile.

Market Commentary

Emerging market currencies performed well in October as risk appetite returned to markets amid signs of an easing in global trade tensions. The JPM GBI-EM Global Diversified Index returned -0.2% in US dollar hedged terms over the month as yields remained broadly stable. The EM currency strength against a backdrop of US dollar weakness boosted the unhedged index return to a healthy 2.9% however.

In central Europe yields on local bond markets were relatively stable in October. Returns from the likes of the Czech Republic, Hungary and Poland were slightly positive up to 0.3% on the month. In Turkey meanwhile, the bond market rallied 3.7% as the central bank once again cut interest rates, this time by 2.5 percentage points to 12.5%. Alongside this, the inflation outlook continues to improve in Turkey, having fallen from 25% in 2018 to 8.6% last month. In Russia, it was a similar story with the central bank there trimming rates again also, this time to 6.5%. The return on the Russian bond market was 3.2%.

Turning to countries within Asia, performance was positive for the month as the region returned 0.8%. The trade tensions between the US and China have weighed on growth in the region but some signs of progress emerged in October. In the third quarter of 2019, Thailand had been one of the top performing markets as consistently low inflation, a strong current account position and low interest rates made it attractive to investors. Some of those gains however, have been reversed this month as the bond market marginally sold off, generating a return of -0.4%. Turning to Indonesia, the central bank cut its key interest rate for a fourth straight month in an attempt to spur domestic economic growth. Returns were positive at 2.3%, with a similar story for the Philippines and Malaysia whose bond markets returned 0.6% and 0.1% respectively.

Latin American bond markets exhibited mostly positive returns in October. After a tumultuous third quarter of the year, the Argentinian bond market returned just under 22% in October. This can be somewhat misleading however, as Argentinian asset prices experienced a significant decline in August and September after the results of the PASO primary elections. As had been expected after the primary election, Peronist Alberto Fernandez won the presidential election during October and will now take power in December 2019. He received 48% of votes, giving him an outright victory over reform-oriented Mauricio Macri. In Brazil, returns were strong with the bond market returning 2.2%. The senate approved a much-anticipated pension reform which is seen as a victory for President Jair Bolsonaro as it has been decades in the making. In Mexico, the central bank left interest rates unchanged at 7.75%, but is expected to make one more cut before the end of the year. Inflation has come down to the bank's target of 3%, partly as a result of slowing energy prices. The return on Mexican bonds was 1.4% over the month. Events in Chile have been dominated by a wave of riots and demonstrations. In light of these events the bond market returned -4.4%, the weakest of any emerging market in the index.

Emerging market currencies on the whole had a positive performance over the month with the US dollar weakening. Central European currencies performed best with the Polish zloty returning 5.1% in October. The Hungarian forint also performed well rallying by 4.4%. A trio of Latin American currencies also performed strongly with the Brazilian real, Mexican peso and Colombian peso all returning above 3%, reversing some of the losses they experienced in the third quarter of 2019. The worst performing currency was the Argentinian peso, falling by 3.6% undermined by the high level of inflation and policy uncertainty after the presidential election. Other currencies to underperform were the Turkish lira and Chilean peso, weakening by -1.2% and -1.7% respectively.

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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. Total 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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