

Investment Objective

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

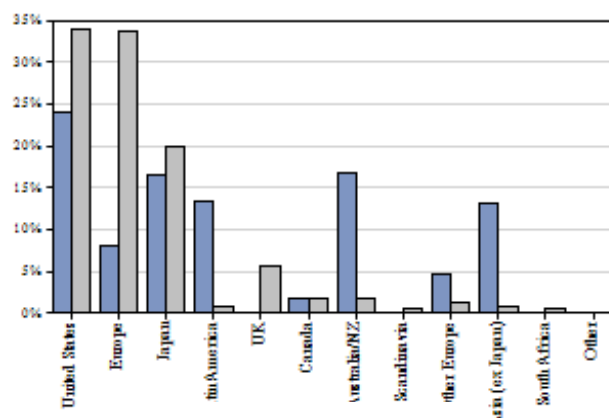
Investment Philosophy & Process

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.

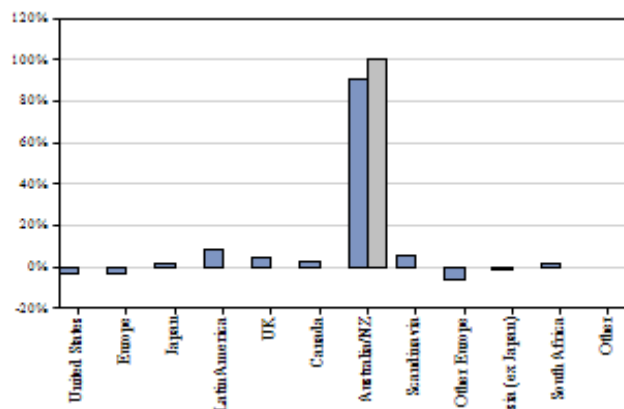
Fund Facts

Benchmark ¹	Citigroup World Government Bond Index Australian Dollar Hedged.
Target	Outperform the benchmark by 2% p.a. gross of fees over full economic cycle 5-7yrs in length.
Fund Inception	9 December 2016
Management Fee	0.60% p.a.
Distributions	Quarterly
Liquidity	Daily
Application:	\$1million or as per platform minimum
Platforms:	BT Wrap, BT Panorama, Hub24, Netwealth, OneVue, PowerWrap, Ausmaq (ready for trade)

Country Exposure (%)

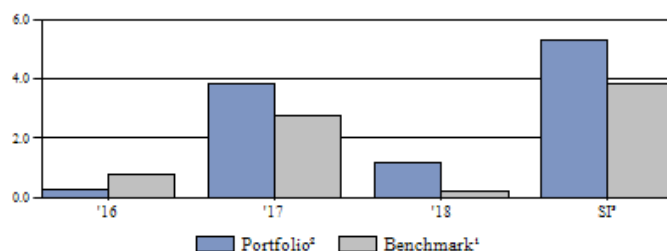


Currency Exposure (%)



Performance

GROSS PERFORMANCE AS AT END OF APRIL 2018



Total Fund Return ³	2016	2017	2018	SI ⁴
Gross Returns	0.28%	3.88%	1.15%	5.36%
Benchmark ¹	0.78%	2.79%	0.22%	3.83%
Relative Gross	-0.51%	1.08%	0.92%	1.52%

Fund Characteristics

	Portfolio ²	Benchmark ¹
Duration	6.26	7.74
Yield	3.06	2.15
Yield to Maturity	2.37	1.44
Average Coupon	3.43	2.47
Average Credit Rating	AA	AA

Top 5 Bond Holdings

1	US Treasury 2% 31Aug 2021
2	New Zealand Government 5% 15Mar2019
3	Japanese Government 0.1% 20Mar2020
4	US Treasury 5.375% 15Feb2031
5	Irish Government Bond 1% 15May2026

Top Active Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 New Zealand	+9.37	9.37
2 Mexico	+7.54	8.20
3 Singapore	+7.38	7.70
Underweights		
1 Europe	-25.48	8.12
2 USA	-9.86	24.00
3 UK	-5.69	0.00

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Malaysian Ringgit	+5.58	5.58
2 Mexican Peso	+4.62	4.62
3 British Pound	+4.50	4.50
Underweights		
1 New Zealand Dollars	-4.75	4.75
2 Hungarian Forint	-4.33	4.33
3 Australian Dollars	-4.25	95.75

Monthly Performance Commentary

The fund returned -0.32% over the month, outperforming the benchmark which returned -0.41%. Bond selection added 0.13% to relative returns, while currency selection detracted -0.04%. The top three positive bond contributors to relative returns were the underweight positions in the United States, United Kingdom and Europe. The top three currency detractors from relative returns were the long positions in Swedish Krona and Mexican Peso and the short position in US Dollars

Market Commentary

The Citi World Government Bond Index fell slightly over the month of April returning -0.4% in US dollar hedged terms. The US ten-year yield increased over the month, briefly rising above 3% as economic data in the US remained strong. It was a good month for the US dollar which rose against most currencies in the benchmark. This meant that the unhedged return for the index was -1.9% for the month. Year to date the index remains in positive territory at 0.6% in US dollar unhedged terms.

Early in the month the USA and China exchanged threats in relation to potential tariffs and trade sanctions. The Chinese government outlined tariffs on US goods that might be imposed if the US proceeded with sanctions against their products. Despite this the US economy continues to perform well with the first quarter GDP number coming in slightly above expectations with year on year growth at 2.9%. Combined with inflation also picking up slightly to 2.4%, the US bond market returned -0.8% for the month. In Canada the bond market also returned -0.8% in US dollar hedged terms as the economy there is also performing well, the latest release indicating growth of 3.0%. Inflation in Canada also increased moderately with the latest reading ticking up to 2.3%. Mexico had a return of -0.4% in US dollar hedged terms despite seeing inflation fall to 5.0% having last peaked at 6.8% at the end of 2017.

Economic growth in the Eurozone still continues to be relatively robust. Despite this the European Central Bank has indicated that they are in no rush to normalise monetary policy and their quantitative easing program is continuing. Over the month, the European bond market returned -0.2% with some divergence across countries; whilst Italy returned a positive 0.3%, the Netherlands declined by -0.3% in US dollar hedged terms. In Norway, the recent announcement by the Ministry of Finance that the inflation target for the central bank was being reduced to 2.0% from 2.5% does not appear to have had a large impact. The rationale for the change was that the period of phasing oil revenue into the economy is now over and there is no longer any reason for the country to have an inflation target above other countries. The Norwegian bond market returned 0.3% in US dollar hedged terms for the month. In the United Kingdom inflation fell again to 2.5%, down from 3.1% in November 2017. The bond market returned -0.1% in US dollar hedged terms.

In Japan the economy continues to perform well with unemployment holding steady at 2.5%. The Tankan survey reported that Japanese companies are finding it increasingly difficult to find workers to fill vacancies. Despite the tight labour market inflation in the country is remaining stubbornly subdued at 1.1% with core inflation being even lower at 0.3%. The bond market returned 0.1% in US dollar hedged terms over the month. Events in Korea were dominated by the meeting between the North Korean leader Kim Jong-un and the President of South Korea, Moon Jae-in. The meeting could pave the way for a summit between Kim Jong-un and President Trump later in the year. The Korean bond market returned -0.3% over the month. Also in Asia, Prime Minister Najib in Malaysia announced that the general election would be held in May. It is widely expected that Najib's party, the United Malays National Organisation, would hold on to power but they are facing a strong challenge by the PPBM party, led by the former prime minister Mahathir Mohamad. Malaysian bonds returned -0.8% in US dollar hedged terms.

Over the month the US dollar performed well against most currencies. Among the major currencies, the Swedish krona fell against the US dollar by -4.7% and the Swiss franc was down -3.6% over the month. The Canadian dollar was amongst the best performers rising by 0.6% against the US dollar. In emerging markets, it was a similar picture, with the Brazilian real falling by -5.6% and the South African rand returning -4.9%.

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Disclaimers

1. Citigroup World Government Bond Index 100% hedged in Australian dollars (AUD).
2. Colchester Global Government Bond Fund – Class I whose inception date was 9 December 2016.
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 are set out in PDS of the fund. Investment management fees are described in PDS of the fund.

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