

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.

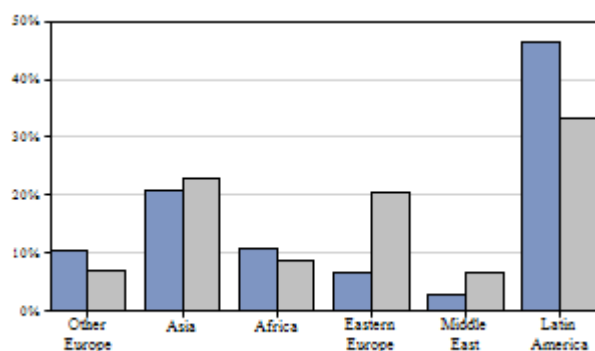
Investment Philosophy & Process

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.

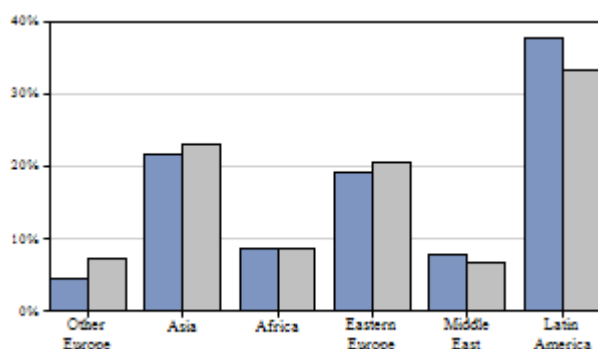
Fund Facts

Benchmark ¹	JP Morgan 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:	

Country Exposure (%)

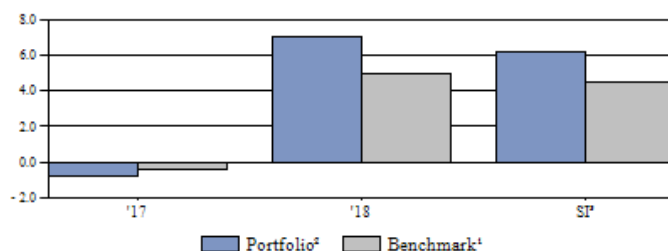


Currency Exposure (%)



Performance

GROSS PERFORMANCE AS AT END OF APRIL 2018



Total Fund Return ³	2017	2018	SI ⁴
Gross Returns	-0.84%	7.10%	6.20%
Benchmark ¹	-0.46%	5.02%	4.54%
Relative Gross	-0.38%	2.08%	1.66%

Fund Characteristics

	Portfolio ²	Benchmark ¹
Duration	5.30	5.10
Yield	6.85	5.88
Yield to Maturity	6.33	5.94
Average Coupon	6.69	6.18
Average Credit Rating	BBB	BBB+

Top 5 Bond Holdings

1	Nota Do Tesouro Nacional 10% 01Jan2021
2	Titulos De Tesoreria B 7% 4May2022
3	Mexican Bonos 10% 5Dec2024
4	Nota Do Tesouro Nacional 10% 01Jan2023
5	Republic of South Africa 10.5% 21Dec2026

Top Active Bond Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Brazil	+7.11	17.11
2 Mexico	+5.95	15.96
3 Malaysia	+5.76	11.40
Underweights		
1 Thailand	-4.95	2.97
2 Hungary	-4.79	0.00
3 Czech Republic	-4.20	0.00

Top Active Currency Positions

Portfolio Exposure	% Relative to Benchmark	Current % of Portfolio
Overweights		
1 Mexican Peso	+7.36	17.36
2 Malaysian Ringgit	+5.86	11.49
3 Polish Zloty	+3.11	11.94
Underweights		
1 Thai Baht	-5.44	2.48
2 Indonesian Rupiah	-4.44	4.71
3 Czech Koruna	-4.20	0.00

Monthly Performance Commentary

The fund returned -1.04% over the month, outperforming the benchmark which returned -1.39%. Bond selection added 0.10% to relative returns and currency selection added 0.25%. The top three positive bond contributors to relative returns were the underweight positions in Indonesia and Argentina and the overweight position in Colombia. The top three positive currency contributors to relative returns were the underweight positions in Russian Ruble and Brazilian Real and the overweight position in Philippines Peso.

Market Commentary

The JPM GBI-EM Global Diversified index fell slightly over the month of April returning -0.3% in US dollar hedged terms whilst over the course of the year the index is up 1.3%. The US dollar has continued to strengthen against emerging market currencies which led to an unhedged index return of -3.0% for the month leaving a positive unhedged year to date return of 1.4%.

Latin American bond markets performed well over month by returning 0.2% on average. The top returning market was Colombia with a return of 1.0%. Annual inflation is 3.1%, close to the Central Bank's long-term target of 3%. Inflation was 9% only 18 months ago, so the precipitous decline allowed the central bank to lower its policy rate by 0.25% to 4.25%. The recent increase in oil prices will be beneficial for the economy as oil accounts for approximately one third of Colombia's export revenue. With continued political uncertainty ahead of elections later this year, Brazilian bonds returned a modest 0.2%. Also facing elections, Mexico fared less well returning -0.4% in US dollar hedged terms. This was despite the inflation rate slowing to 5.0% in the month after having peaked at 6.8% at the end of 2017. Peru had a negative return of -2.7% for the month following the resignation of the President in March under dubious circumstances.

Asia posted negative returns for the month of -0.5%. Within the region, the Philippines was the worst performing market with a return of -1.2%. Events on the Korean peninsula 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. In Malaysia, Prime Minister Najib announced that the general election would be held soon 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 whilst Thailand was flat for the month.

Within EMEA, Turkish bonds were broadly unchanged as the Central Bank lifted one of its main policy lending rates with the aim of bringing inflation back in line with its 5% target from the current rate of above 10%. The current account deficit is also approaching -6% of GDP, which relies on short term portfolio investment flows for financing of the deficit. Poland returned 0.3% for the month whilst Hungary and Romania returned 0.1% and -0.3% respectively. In South Africa, even though President Ramaphosa has made a number of cabinet appointments that appear to have revived investor confidence in the country, South African bonds returned -1.3% for the month. In Russia, the continuing political tensions have contributed to both a weakening of the currency and bond returns. The central bank of Russia held interest rates steady at 7.25% in the month and the return from bonds was -1.0%.

Over the month, the US dollar performed well against most emerging currencies. The Philippine peso was the only currency with a positive return against the dollar delivering 0.8%. The Russian ruble was the worst performing currency with a negative return of 8.7% over the month as external tensions continued to rise. The South African rand and Brazilian real returned -5.1% and -4.7% respectively. The Mexican peso returned -2.8% over the month as domestic politics takes center stage ahead of the forthcoming election.

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
Fax: +61 3 86727741

Sales & Marketing Enquiries:

Colchester Global Investors
Angela MacPherson
Head of Distribution Australia
Phone: +61 2 8599 2132
Email: amacpherson@colchesterglobal.com
Web: www.colchesterglobal.com.au

Disclaimers

1. JP Morgan 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.

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 are set out in PDS of the fund. Investment management fees are described in PDS of the fund.

Colchester Global Investors (Singapore) Pte. Ltd is registered in Singapore, Company Registration No: 201202440M. Registered Office: 6 Battery Road #18-06, 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.