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Colchester Global Government Bond Fund – Class A

Monthly Report: March 2019

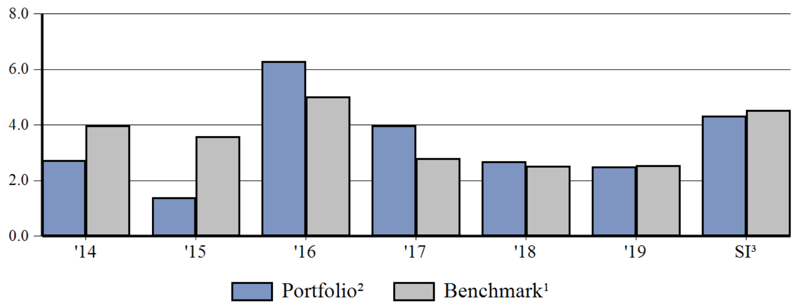
ESTABLISHED 1999

FIRMWIDE ASSETS OVER $42BN

VALUE ORIENTATED

Global Bonds	Emerging Market Debt
Global Inflation	Alpha

GROSS PERFORMANCE AS AT END OF MARCH 2019



MARKET COMMENTARY

Ongoing trade tensions and slower global growth expectations kept central banks on hold, coupled with generally muted inflation expectations this was mostly bond supportive. In US dollar hedged terms, the FTSE World Government Bond Index returned 1.9% in March bringing the year to date return to 2.7%. The unhedged returns were still positive at 1.3% and 1.7% for March and the quarter respectively, this was despite some overseas currencies weakening versus the US dollar.

In the USA, expectations that the Federal Reserve had reached the end of its monetary tightening cycle increased. At the end of 2018 the Federal Reserve's "dot plot" projections were indicating the expectation of two further interest rate hikes. However, by the end of March 2019 this has shifted to indicate no further expected hikes in the immediate future. Overall, US economic growth continues to be strong, with a low unemployment rate of 3.8% and February's data release showing a mild annual rate of inflation of 1.5%, comfortably below the Fed's 2% target rate. On the political front, US-China trade negotiations continued throughout the quarter and ended on a more positive tone. US Treasury bonds returned 1.9% in March. In Canada, 10-year bonds also rallied as the Bank of Canada kept its key interest rate target at 1.75%, noting that the slowdown in the global economy had been "more pronounced" than previously forecast. It added that there was "increased uncertainty about the timing of future rate increases". Similarly, central banks in Australia and New Zealand switched their rhetoric to a dovish stance, on the back of weaker global growth, this proved very supportive and resulted in bond returns for the quarter of 4.1% and 3.3% respectively.

In the UK, Brexit continued to dominate headlines as the UK Parliament rejected Prime Minister Theresa May's proposed deal three times. May also saw several of her ministers resign from her cabinet, while Parliament also voted to control the Brexit agenda, wresting control of the withdrawal process from her. With Parliament unable to decide on a preferred Brexit option, safe-haven asset demand drove 10-year Gilt yields lower. This resulted in the UK being the best performing developed bond market in March, delivering a 3.6% return for the month and 3.8% for the quarter. In Europe, bond yields also fell broadly across most European markets, as the ECB revised down its growth forecast. Furthermore, ECB President Mario Draghi added that the ECB would take "all the monetary policy actions that are necessary and proportionate" to help the European economy, adding to an earlier announcement that it would not raise interest rates before the end of 2019 and would provide banks with cheap long-term loans known as TLTROs. This resulted in German 10 year Bund yields becoming negative once again whilst returning 1.7% in March and 2.1% for the quarter. Similarly, strong performances were recorded by Belgium, Portugal, France and Ireland all returning in the region of 3% to 4% over the quarter.

Emerging markets had generally positive returns over the period, with Mexican bonds rallying the most on expectations that Banxico may move to lower rates later this year due to falling inflation, which had reached a two-year low of 3.9% in February. With the current policy rate of 8.25%, Mexico continues to offer high real yields to investors and led to bond returns of 1.7% and 5.2% for the month and quarter. Colombian and Brazilian bonds also returned 3.3% and 2.8% respectively over the quarter.

With major central banks around the world pulling back from monetary tightening measures, performance versus the US dollar was mixed. The worst performing developed market currencies relative to the US dollar over the quarter were the Swedish krona and the Euro. Despite giving up some gains towards the end of the quarter, due to the continued uncertainty surrounding Brexit, the British pound was still the strongest performer among the major currencies over the quarter returning 2.3%. The Canadian dollar, New Zealand dollar and Mexican peso also recorded modest gains against the US dollar ranging from 1-2% over the quarter.

1. The FTSE World Government Bond Index 100% hedged in Australian dollars (AUD), formerly, The Citigroup World Government Bond Index 100% hedged in Australian dollars (AUD).

2. Colchester Global Government Bond Fund – Class A whose inception date was 19 September 2014. Please see further footnotes on following pages for more details.

3. Annualized returns since inception.

Colchester Global Government Bond Fund – Class A

Monthly Report: March 2019

Gross Attribution of Total Returns			
	Portfolio [2]	Benchmark [1]	Relative Return
Monthly	1.38%	1.86%	-0.48%
Bonds	1.49%	1.86%	-0.37%
Currency	-0.11%	0.00%	-0.11%
Quarterly	2.50%	2.54%	-0.03%
Bonds	2.37%	2.54%	-0.17%
Currency	0.13%	0.00%	0.13%

Top 5 Bond Holdings	
1	US Treasury 5.375% 15Feb2031
2	US Treasury 2% 31Aug 2021
3	US Treasury 2.375% 15 Aug2024
4	US Treasury 2.25% 15Nov2027
5	US Treasury Inflation IX 2.125 15Feb2041

Top Active Currency Positions		
Portfolio Exposure relative to Benchmark		*% of Portfolio*
Overweights		
1	Malaysia Ringgit	5.4%
2	British Pound	5.4%
3	Mexican Peso	3.5%
Underweights		
1	Australian Dollars	-5.2%
2	New Zealand Dollars	-4.4%
3	Hungarian Forint	-3.3%

Portfolio Characteristics		
	Portfolio [2]	**Benchmark [1]**
Duration	6.40	7.92
Yield	2.87	2.14
Yield to Maturity	2.19	1.31
Average Coupon	3.21	2.46
Average Credit Rating	AA-	AA

MONTHLY PERFORMANCE COMMENTARY

The fund returned 1.38% over the month, underperforming the benchmark which returned 1.86%. Bond selection detracted -0.37% from relative returns and currency selection detracted -0.11%.The top three bond detractors from relative returns were the underweight positions in Europe, United Kingdom and United States. The top three currency detractors from relative returns were the long positions in British Pound and Colombian Peso and the short position in New Zealand Dollars.

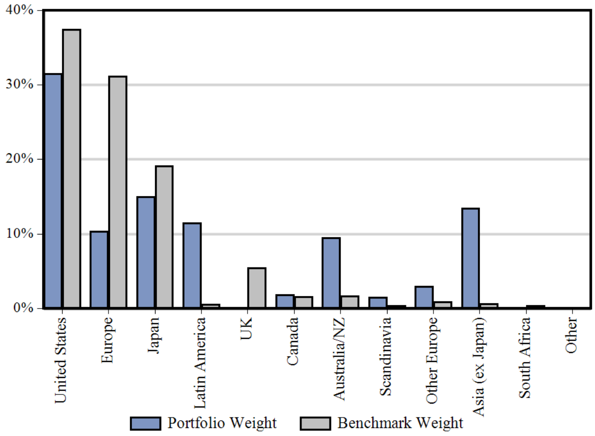
QUARTERLY PERFORMANCE COMMENTARY

The fund returned 2.50% over the quarter, underperforming the benchmark which returned 2.54%. Bond selection detracted -0.17% from relative returns, while currency selection added 0.13%.The top three bond detractors from relative returns were the underweight positions in Europe, Japan and United Kingdom. The top three positive currency contributors to relative returns were the short positions in Hungarian Forint and Euro and the long position in Mexican Peso.

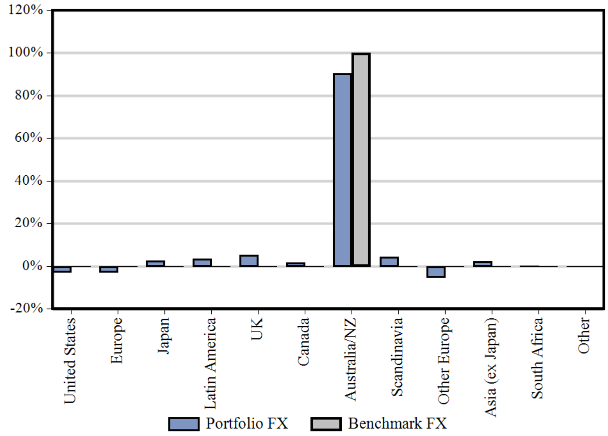
Monthly Report: March 2019

MONTH END POSITIONING

Country Exposure (%)



Currency Exposure (%)



PERFORMANCE SINCE INCEPTION

Portfolio	2014	2015	2016	2017	2018	2019	SI[23]
Gross Returns	2.73%	1.38%	6.28%	3.98%	2.68%	2.50%	4.32%
Benchmark[1]	3.99%	3.59%	5.02%	2.79%	2.51%	2.54%	4.53%
Relative Gross	-1.25%	-2.21%	1.26%	1.18%	0.16%	-0.03%	-0.21%

YTD Returns	Jan	Feb	Mar	Q1:19	YTD
Gross Returns	0.84%	0.27%	1.38%	2.50%	2.50%
Benchmark[1]	0.81%	-0.14%	1.86%	2.54%	2.54%
Relative Gross	0.03%	0.41%	-0.48%	-0.03%	-0.03%

DISCLAIMERS

- 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.

- Past performance is no guarantee of future performance and the value of any investment may fall as well as rise. This information is provided for indicative purposes only, and is supplied in good faith based on sources which we believe, but do not guarantee, to be accurate or complete as of the date of this document. Such information is current as of the date of this document and may be subject to change without notice. This document is not to be used or considered as an offer to sell or solicitation of an offer to buy any securities. Nothing in this document should be construed as providing any type of investment, tax or other advice. A full performance presentation in compliance with the Global Investment Performance Standards (GIPS ®) is available upon request. Additional information regarding policies and procedures for calculating and reporting returns is also available on request.

- The portfolio's guidelines are set out in PDS of the fund. Investment management fees are described in PDS of the fund.

- The gross performance record presented above does not reflect the deduction of management and custody fees, which will reduce overall client returns. As an example of the impact of investment management fees on the net return to investors: the value of a $10 million investment at inception of 19 September 2014 on which the highest 60 basis points was payable, would be worth $12.114 million gross of investment management fees and $11.786 million net of fees as at the end of March 2019. The basis for calculating this example is to start with an investment amount, apply the monthly gross performance to the previous computed month end value, and deduct the highest fees payable (60.0 basis points) to compute the new month end value net of fees.Investment management fees are described in the current prospectus.

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