

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

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COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

DIRECTORY

THE MANAGER

FundRock NZ Limited
Level 2, 1 Woodward Street
Wellington

This is also the address of the registered office.

THE SUPERVISOR

Public Trust
Level 8, 22 Willeston Street
Private Bag 5902
Wellington 6140, New Zealand

DIRECTORS OF THE MANAGER

Anthony R J Edmonds
Ian H Russon
Jeremy B Valentine
Gareth Fleming

BANK

ANZ Bank New Zealand Limited (ANZ)

INVESTMENT MANAGER

Colchester Global Investors (Singapore) Pte Limited

FUND ADMINISTRATOR & CUSTODIAN

BNP Paribas Fund Services Australasia Pty Ltd, New Zealand branch

AUDITOR

PricewaterhouseCoopers
10 Waterloo Quay
PO Box 243
Wellington 6140, New Zealand

CORRESPONDENCE

All correspondence and enquiries about the Colchester Global Government Bond PIE Fund should be addressed to the Manager, FundRock NZ Limited, at the above address.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

FundRock NZ Limited (the "Manager"), (prior to 6 April 2023 the Manager was named Implemented Investment Solutions Limited) and Public Trust (the "Supervisor") are parties to a deed dated 1 December 2016 (the "Trust Deed") which sets out the terms and conditions applicable to Colchester Investment Funds (the "Scheme") and funds established by the Manager and the Supervisor within that Scheme.

The Trust Deed provides that each fund is to be established by the Manager and the Supervisor entering into an Establishment Deed setting out the specific terms and conditions relating to that fund.

The Manager resolved to establish a fund on 15 February 2021 to be known as the Colchester Global Government Bond PIE Fund (the "Fund").

STATEMENT BY THE MANAGER

In our opinion, the accompanying financial statements and notes are drawn up in accordance with generally accepted accounting practice in New Zealand and present fairly the financial position of the Fund as at 31 March 2023, and of the results of its financial performance and cash flows for the year ended on that date in accordance with the requirements of the Trust Deed dated 1 December 2016 and the Establishment Deed dated 15 February 2021.

It is believed that there are no circumstances that may materially and adversely affect any interest of the Unitholders.

For and on behalf of:
FundRock NZ Limited



.....
Director **Anthony Edmonds**



.....
Director **Jeremy Valentine**

This Statement was approved for signing at a meeting of the Directors on 25 July 2023.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 2023 \$'000	Period ended 2022 \$'000
INCOME			
Interest income		3	-
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss		<u>31</u>	<u>(317)</u>
TOTAL INCOME/(LOSS)		<u>34</u>	<u>(317)</u>
EXPENSES			
Management fees	12	<u>143</u>	<u>28</u>
TOTAL EXPENSES		<u>143</u>	<u>28</u>
NET LOSS		<u>(109)</u>	<u>(345)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS		<u><u>(109)</u></u>	<u><u>(345)</u></u>

The accompanying notes form part of and should be read in conjunction with these financial statements.



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2023

	Year ended 2023 \$'000	Period ended 2022 \$'000
UNITHOLDERS' FUNDS AT THE BEGINNING OF THE YEAR/PERIOD	7,976	-
Net loss and other comprehensive income for the period	<u>(109)</u>	<u>(345)</u>
Total comprehensive loss	(109)	(345)
Subscriptions from Unitholders	34,113	9,580
Redemptions by Unitholders	(1,337)	(1,150)
Distributions to Unitholders	<u>(713)</u>	<u>(109)</u>
	32,063	8,321
UNITHOLDERS' FUNDS AT THE END OF THE YEAR/PERIOD	8b <u>39,930</u>	<u>7,976</u>

The accompanying notes form part of and should be read in conjunction with these financial statements.



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	As at 31 March 2023 \$'000	As at 31 March 2022 \$'000
ASSETS			
Cash and cash equivalents		104	114
Receivables	4	1	9
Financial assets at fair value through profit or loss			
Investment securities		<u>40,182</u>	<u>7,907</u>
TOTAL ASSETS		<u>40,287</u>	<u>8,030</u>
LIABILITIES			
Payables	5	<u>357</u>	<u>54</u>
TOTAL LIABILITIES		357	54
UNITHOLDERS' FUNDS	8b	<u>39,930</u>	<u>7,976</u>
TOTAL LIABILITIES AND UNITHOLDERS' FUNDS		<u>40,287</u>	<u>8,030</u>

For and on behalf of the Manager, FundRock NZ Limited, who authorised the issue of the Financial Statements on 25 July 2023.



Director Anthony Edmonds



Director Jeremy Valentine

The accompanying notes form part of and should be read in conjunction with these financial statements.



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 2023 \$'000	Period ended 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		2	-
Realisation of investment securities		706	1,075
Operating expenses		(92)	(22)
Purchase of investment securities		<u>(32,950)</u>	<u>(9,299)</u>
Net cash outflow from operating activities	9	(32,334)	(8,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Subscriptions from Unitholders		34,122	9,571
Redemptions by Unitholders		(1,337)	(1,150)
Distributions to Unitholders	7	<u>(461)</u>	<u>(61)</u>
Net cash inflow from financing activities		32,324	8,360
Net (decrease)/increase in cash and cash equivalents held		(10)	114
Cash and cash equivalents at beginning of the year/period		<u>114</u>	<u>-</u>
Cash and cash equivalents at the end of the year/period		<u>104</u>	<u>114</u>
Cash and cash equivalents comprise of:			
Cash at bank		<u>104</u>	<u>114</u>
Cash and cash equivalents at the end of the year/period		<u>104</u>	<u>114</u>

The accompanying notes form part of and should be read in conjunction with these financial statements.



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

The Fund is a for-profit managed investment fund domiciled in New Zealand and established under the Financial Market Conduct Act 2013 ("FMC Act").

The Fund was established under a Master Trust Deed dated 1 December 2016, and an Establishment Deed dated 15 February 2021, and commenced operations on 21 April 2021.

The investment objective of the Fund is to achieve favourable income and capital returns from a globally diversified portfolio of primarily sovereign debt or debt like securities and currencies. An associated objective is the preservation and enhancement of principal.

The benchmark of the Fund is the FTSE World Government Bond Index hedged into New Zealand dollars.

2. BASIS OF PREPARATION

Reporting Period

These financial statements are for the year ended 31 March 2023. The comparative figures are for the period 15 February 2021 to 31 March 2022.

Statement of Compliance

The financial statements have been prepared in accordance with the Trust Deed and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for a for-profit entity.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Measurement Base

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

FundRock NZ Limited is the Manager of the Fund. The Manager enters into fund hosting arrangements with various investment managers. The arrangements involve the issuing and managing of funds, under the Manager's Managed Investment Scheme licence, on behalf of an investment manager who wants to provide investors with access to their investment solutions. The Manager contracts with other service providers to provide the services required to be provided directly to the Fund. This includes investment management, supervision, custody, fund administration and audit services. In respect of these services the Manager is acting as an agent of the Fund.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

There have been no significant changes in accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior period.

New Standards and amendments to existing standards effective 1 April 2022

There are no new standards, amendments to standards or interpretations that are effective for the annual reporting period commencing on 1 April 2022 that have a material effect on the financial statements of the Fund.

Issued but not yet effective accounting standards

A number of new accounting standards and amendments to existing standards are issued or revised that are not yet effective as at 31 March 2023. They have been identified as not applicable or relevant to the Fund. Therefore they are not included in the financial statements.

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 amends the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, and the Public Audit Act 2001 which requires impacted entities to start making climate-related disclosures. The Fund is expected to publish climate related statements for annual periods beginning on or after 1 January 2023 based upon climate standards issued by the External Reporting Board (XRB). The first climate statement will be required to be prepared for the year ending 31 March 2024.

The Manager will continue to monitor developments associated with climate related disclosures.

Investment Entity

The Fund has multiple investors and holds a single investment.

The Fund has been deemed to meet the definition of an investment entity per *NZ IFRS 10 Consolidated Financial Statements* as the following conditions exist:

- The Fund has obtained funds for the purpose of providing investors with investment management services.
- The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through the unit trust investments.
- The performance of unit trust investments is measured and evaluated on a fair value basis.

The Fund is considered to meet the definition of an investment entity, hence, it qualifies as an investment entity.

Functional and presentation currency

The Manager considers the New Zealand dollar the currency that most accurately represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from Unitholders.

Income Recognition

Distributions

Distribution income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the distribution will flow to the Fund, and the amount of the distribution can be measured reliably.

Interest

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate or method that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Changes in fair value of investments

Net gains or losses on investment securities at fair value through profit or loss are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point or cost. This includes both realised and unrealised gains and losses, but does not include interest and distribution income.



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Classification

Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund does not hold any debt securities. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

The Fund does not make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, nor does it make use of short sales for various arbitrage transactions.

Recognition, Derecognition and Measurement

Purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss (FVTPL) are initially recognised at fair value. Transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net changes in fair value of financial assets and financial liabilities at fair value through profit or loss in the period in which they arise.

Fair value estimation

During the year, the Fund changed its valuation inputs for managed investment funds to last sale price. The use of the last sale price is recognised as a standard pricing convention within the industry. In the prior year, the Fund utilised bid prices for their managed investment funds. The change in valuation inputs is considered to be a change in estimate in accordance with *NZ IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*. Where the last sale price falls outside of the bid-ask spread for a particular security, bid price will be used to value the investment. The change in estimate has not resulted in additional or amended disclosures and does not have a significant impact on the Fund's reported result or financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of units held by the Fund in managed investment funds is determined by reference to the latest net asset value ("NAV") unit prices at the close of business on the reporting date established by the underlying investment fund manager.

Financial Assets and Financial Liabilities Measured at Amortised Cost

Financial assets at amortised cost comprise cash and cash equivalents and receivables. These include cash at bank and call deposits, accrued interest and dividends, and proceeds expected from sale transactions where the trade date and settlement date spanned the reporting date. The carrying value closely approximates their fair value.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less any impairment losses. The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or financial liability so as to achieve a constant yield on the financial asset or financial liability.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, demand deposits and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with an original maturity of three months or less. Bank overdrafts are shown in current liabilities in the Statement of Financial Position.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Receivables

Receivables include amounts where settlement has not yet occurred, and include outstanding settlements on the sale of investments. Receivables are measured initially at fair value and subsequently at amortised cost. Amounts are generally received within thirty days of being recorded as receivables. Given the short-term nature of most receivables, the carrying amount approximates fair value.

(iii) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund, and include outstanding settlements on the purchase of investments. Payables are measured initially at fair value and subsequently at amortised cost. Amounts are generally paid within thirty days of being recorded as payables. Given the short-term nature of most payables, the carrying amount approximates fair value.

Impairment of Financial Assets at Amortised Cost

In accordance with *NZ IFRS 9: Financial Instruments*, the Fund applies an expected credit losses (ECL) provision on all of its receivables, either on a 12-month or lifetime basis.

The Fund holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under *NZ IFRS 9: Financial Instruments* to all its receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at the reporting date.

With the short time period and nature of the financial assets, accrued interest, dividends and receivables from sale of investments are measured at amortised cost, the Fund does not anticipate any expected credit losses for these assets.

Expenses

All expenses are recognised on an accrual basis.

Taxation

Income taxation

The Fund has elected to become a Portfolio Investment Entity ("PIE") for the purposes of the Income Tax Act 2007.

Tax treatment applicable to a PIE:

Under current taxation law the Fund pays no income tax on the taxable income of the Fund and all taxable income and associated tax credits applicable are allocated to investors, in proportion to the units they hold on the days when taxable income and credits arise.

The Fund is responsible for deducting tax from each investor's allocation using each investor's Prescribed Investor Rate ("PIR") and pays the tax to the taxation authorities on behalf of the investor, capped at a maximum of 28%. PIE tax assets or liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities on behalf of the investors based on the investors' current period's income and their PIR.

The Fund calculates and deducts tax based on each investor's PIR and pays the tax to the taxation authorities on behalf of the investor. The PIE tax liabilities, at the end of the year, are due for payment on the last day of the next month.

Goods and services tax (GST)

The Fund is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where applicable.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Distributions to Unitholders

Distributions may be made from the Fund in accordance with the terms of the Trust Deed, the Establishment Deed and the relevant Fund's distribution policy. Amounts that are not distributed remain invested as part of the assets of the Fund. Proposed distributions to unitholders are recognised in the Statement of Changes in Unitholders' Funds when they are appropriately authorised and no longer at the discretion of the Fund Manager.

Unitholders have the choice to automatically reinvest their distributions. The reinvestment is made on the first available ex distribution net asset value price for the Fund.

Redeemable Units and Net Assets Attributable to Unitholders

Ownership interests in the Fund are in the form of redeemable units in accordance with *NZ IAS 32 Financial Instruments: Presentation* and which are exposed to variable returns from changes in the fair value of the Fund's net assets. The Fund issues units that are redeemable at the Unitholders option and do have identical features and are therefore classified as equity of the Fund. The units can be put back to the Fund at any time for cash equal to the value of the Unitholder's proportionate share in the Fund's net asset value on the redemption date. The redemption unit price is based on different valuation principles to that applied in financial reporting.

The redeemable units are redeemed at the Unitholders' option at a price based on the Fund's net assets valued as per the Unit Pricing Methodology less any spread at the time of redemption.

Presentation of Cash Flows

For the purposes of the Statement of Cash Flows, proceeds from the sale and purchase of investments at fair value through profit or loss are considered operating activities. The sale and purchase of investment securities maintain the operating capability of the Fund even though the investments may not be acquired specifically for resale or trading.

Critical Accounting Estimates and Assumptions

Fair value of financial assets and liabilities

The investments of the Fund have been valued at the net asset value price, therefore there are no accounting estimates or assumptions required in the valuation of the carrying amounts of these assets. Where an investment is unlisted the value is based on the relevant redemption price established by underlying investment managers.

4. RECEIVABLES

	2023 \$'000	2022 \$'000
Accrued investment income	1	-
PIE tax recoverable from Inland Revenue	-	9
	<u>1</u>	<u>9</u>

5. PAYABLES

	2023 \$'000	2022 \$'000
Due to Manager	48	5
Distribution payable	300	48
Other expenses payable	9	1
	<u>357</u>	<u>54</u>

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. AUDIT FEES

PricewaterhouseCoopers fees for the audit of the financial statements are paid by the Manager. Fees for the year ended 31 March 2023 amounted to \$21,250 (31 March 2022: \$20,000) excluding GST.

7. NON-CASH TRANSACTIONS

Differences in cash flows from financing activities as per the Statement of Cash Flows and Statement of Changes in Unitholders' Funds is due to accruals.

The amount of distribution outstanding at year end refer to note 5.

8. UNITHOLDERS' FUNDS

8a. Units on issue

	2023 '000	2022 '000
Units on issue at the beginning of the year/period	8,540	-
Subscriptions from Unitholders	38,424	9,750
Redemptions by Unitholders	<u>(1,509)</u>	<u>(1,210)</u>
Units on issue at the end of the year/period	<u>45,455</u>	<u>8,540</u>

8b. Units in dollar value

	2023 \$'000	2022 \$'000
Unitholders' Funds at the end of the year/period	<u>39,930</u>	<u>7,976</u>
Unit price NAV at the end of the year/period	<u>39,800</u>	<u>7,935</u>

The unit price Net Asset Value ("NAV") is calculated using mid or last sale price and the latest available prices at the close of business on the last business day of the reporting period. The NAV or the funds attributable to Unitholders as per the Statement of Financial Position is also based on the last sale price as at the last business day of the reporting period. Therefore, the difference in the NAV between the unit price and the financial statements is due to price valuation and timing, if any.

Redeemable Units and Capital Risk Management

The Fund issues redeemable units. The net asset value of the units is shown in the Statement of Financial Position as Unitholders' Funds. Each Unitholder is entitled to payment based on the value of the Unitholder's share in the Fund's net asset value on the redemption date. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units.

The relevant movements are shown on the Statement of Changes in Unitholders' Funds. In accordance with the objectives outlined in the Accounting Policies and the risk management policies in Note 13.

Each unit in the Fund ranks equally and provides Unitholders with a beneficial interest of the Fund. Unitholders have various rights under the Trust Deed of the Fund, including the rights to:

- Have their units redeemed;
- Receive the Unitholders' funds of the Fund upon termination of the Fund; and
- Receive distributions distributed by the Fund.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. RECONCILIATION OF NET LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 \$'000	2022 \$'000
Net loss	(109)	(345)
<i>Adjustments for:</i>		
Payments for the purchase of investments	(32,950)	(9,299)
Proceeds from the sale of investments	706	1,075
Net settlement of derivatives	-	-
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	(31)	317
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(1)	-
Increase in payables	51	6
Net cash (outflow) from operating activities	<u>(32,334)</u>	<u>(8,246)</u>

10. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Financial liabilities at fair value through profit or loss \$'000	Financial assets at fair value through profit or loss \$'000	2023 Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
ASSETS					
Cash and cash equivalents	-	-	104	-	104
Receivables	-	-	1	-	1
Investment securities at fair value through profit or loss	-	40,182	-	-	40,182
Total Assets	-	40,182	105	-	40,287
LIABILITIES					
Payables	-	-	-	357	357
Total Liabilities	-	-	-	357	357

	Financial liabilities at fair value through profit or loss \$'000	Financial assets at fair value through profit or loss \$'000	2022 Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
ASSETS					
Cash and cash equivalents	-	-	114	-	114
Receivables	-	-	-	-	-
Investment securities at fair value through profit or loss	-	7,907	-	-	7,907
Total Assets	-	7,907	114	-	8,021
LIABILITIES					
Payables	-	-	-	54	54
Total Liabilities	-	-	-	54	54



COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2023			Total \$'000
	Within 12 months \$'000	Over 12 months \$'000	Maturity not specified \$'000	
ASSETS				
Cash and cash equivalents	104	-	-	104
Receivables	1	-	-	1
Financial assets at fair value through profit or loss	-	-	40,182	40,182
Total Assets	105	-	40,182	40,287
LIABILITIES				
Payables	357	-	-	357
Total Liabilities	357	-	-	357
	2022			
	Within 12 months \$'000	Over 12 months \$'000	Maturity not specified \$'000	Total \$'000
ASSETS				
Cash and cash equivalents	114	-	-	114
Financial assets at fair value through profit or loss	-	-	7,907	7,907
Total Assets	114	-	7,907	8,021
LIABILITIES				
Payables	54	-	-	54
Total Liabilities	54	-	-	54

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. RELATED PARTY TRANSACTIONS

A party is related to the Fund if:

- (i) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with the Fund;
- (ii) it has an interest in or relationship with the Funds that gives it significant influence over the Fund;
- (iii) the Fund has an interest in or relationship with the party that gives significant influence over the party; or
- (iv) they are a member of the key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. This includes the Board and members of senior leadership team of; the Manager, Investment Manager, and the Supervisor.

The following are considered to be related parties of the Fund: FundRock NZ Limited (Manager of the Fund), Colchester Global Investors (Singapore) Pte Limited (Investment Manager of the Fund), Public Trust (supervisor of the Funds), Apex Investment Administration (NZ) Limited (registry provider for the Fund and shares the same parent company as the Manager. Apex only became a related party this year and hence there are no comparatives).

Management fees

As outlined in the Fund's Product Disclosure Statement ("PDS"), the Fund incurs management fees estimated at 0.77% of the net asset value including GST. The management fees include fees paid to the Investment Manager, the Manager, the Supervisor, the Custodian and Administration Manager, bank charges and other various costs and expenses incurred.

The Supervisor of the Fund is Public Trust. For the year ended 31 March 2023 the Supervisor fees charged to the Fund amounted to \$20,990 (31 March 2022: \$20,000).

The registry provider for the Fund is Apex Investment Administration (NZ) Ltd. For the period ended 31 March 2023 total fee charged to the Fund amounted to \$7,778.

During the year, no other funds managed by the Manager invested in the Fund (31 March 2022: nil); the Fund did not hold investments in any funds that were managed by the Manager (31 March 2022: nil).

The Colchester Global Government Bond PIE Fund invests into units of the Colchester Global Bond Enhanced Currency Fund, which is managed by Colchester Global Investors (Singapore) Pte Limited, a related party of the Fund.

Colchester Global Bond Enhanced Currency Fund	Colchester Global Government Bond PIE Fund	
	2023 \$'000	2022 \$'000
Opening value	7,907	-
Purchase of investments	32,950	9,299
Sale of investments	(706)	(1,075)
Change in fair value	31	(317)
Closing value	40,182	7,907

13. FINANCIAL RISK MANAGEMENT

Strategy in Using Financial Instruments

The investment objective is to achieve favourable income and capital returns from a globally diversified portfolio of primarily sovereign debt or debt like securities and currencies. An associated objective is the preservation and enhancement of principal.

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. FINANCIAL RISK MANAGEMENT (Continued)

13a. Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Fund's overall market positions are monitored on a daily basis by the Investment Manager. The Fund's unit trust investments are susceptible to market price risk arising from uncertainties about future values of the investments.

The overall market exposure was as follows:

	2023 Fair value \$'000	2022 Fair value \$'000
Unit trust investment	40,182	7,907

The tables below show the sensitivity analysis to a reasonably possible change in market price with all other variables held constant. As at 31 March 2023, the analysis is based on the assumptions that the unit market price movement increased or decreased by 10%. The Manager believes the 10% market price movement assumption to be management's best estimate of reasonable possible change in current market condition.

	2023		2022	
	Profit or loss or Changes in Unitholders' Funds		Profit or loss or Changes in Unitholders' Funds	
	10% increase \$'000	10% decrease \$'000	10% increase \$'000	10% decrease \$'000
Unit trust investments	4,018	(4,018)	791	(791)

13b. Currency Risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund does not hold any financial instruments denominated in a currency other than the New Zealand dollar, the functional currency, at year end. It is therefore not exposed to currency risk.

13c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The interest rate risk on cash and cash equivalents is immaterial.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. FINANCIAL RISK MANAGEMENT (Continued)

13d. Credit Risk

Credit risk represents the risk that a counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss.

The Fund does not use credit derivatives to mitigate credit risk.

The Fund's cash and cash equivalents balances are held with ANZ (Standard & Poor's ("S&P") credit rating AA-) (31 March 2022: AA-).

13e. Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund is exposed to daily cash redemptions of redeemable units. The Fund invests into the Colchester Global Bond Enhanced Currency Fund ("underlying Fund"), which invests in sovereign debt or debt like securities and currencies, and these can be readily disposed of. The Investment Manager, at their discretion, has the ability to suspend withdrawals from the underlying Fund if they believe that it is in the best interests of investors to do so.

All financial liabilities are expected to be settled within 12 months.

Liquidity risk for the Fund therefore is considered low.

COLCHESTER GLOBAL GOVERNMENT BOND PIE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measured at 31 March 2023.

	2023			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
<i>Financial asset at fair value through profit or loss</i>				
Unit trust	-	40,182	-	40,182
	<u>-</u>	<u>40,182</u>	<u>-</u>	<u>40,182</u>
	2022			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Unit trust	-	7,907	-	7,907
	<u>-</u>	<u>7,907</u>	<u>-</u>	<u>7,907</u>

The fair value of units held in unit trust funds is determined by reference to published last sale price being the redemption price established by the underlying fund's manager and are included within level 2.

Due to their short term nature, carrying amounts of cash and cash equivalents, receivables and payables are stated in the Statement of Financial Position approximate their fair value.

Transfers between levels of the fair value hierarchy

There were no transfers between levels in the year ended 31 March 2023 (31 March 2022: none).

15. CONTINGENT LIABILITIES AND COMMITMENTS

The Fund had no material commitments or contingencies at 31 March 2023 (31 March 2022: none).

16. EVENTS SUBSEQUENT TO BALANCE DATE

On 6 April 2023, the Manager, Implemented Investment Solutions Limited, changed its name to FundRock NZ Limited. There are no other significant subsequent events that require adjustment to or disclosure in these financial statements.



Independent auditor's report

To the unitholders of Colchester Global Government Bond PIE Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as at 31 March 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in unitholders' funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have audited the financial statements of certain other funds managed by FundRock NZ Limited (formerly Implemented Investment Solutions Limited), the Manager. Subject to certain restrictions, employees of our firm may invest in the Fund on normal terms within the ordinary course of trading activities of the Fund. This has not impaired our independence as auditor of the Fund. We have no other relationships with, or interests in, the Fund.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to note 13 to the financial statements for disclosures of financial assets at fair value through profit or loss (financial assets).</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Fund.</p> <p>Valuation The fair value of the financial assets that are not traded in an active market are determined using valuation techniques. The valuation technique depends on the underlying asset and includes assumptions that are based on market conditions existing at 31 March 2023. Financial assets with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.</p> <p>The Fund invests solely into an unlisted unit trust. The fair value is based on the redemption price established by the underlying investment manager. In assessing the fair value, the Manager uses information provided by the underlying investment fund manager.</p> <p>The Fund has no investments where there are significant unobservable inputs.</p> <p>For financial assets quoted in foreign currencies, these are translated to New Zealand dollars using the exchange rates at 31 March 2023.</p> <p>Existence Holdings of financial assets are held by the custodian of the Fund (Custodian) on behalf of the Fund.</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets including the relevant controls operated by a third party service organisation, the Administrator. Our assessment of the business processes included obtaining the internal controls report over investment accounting provided by the Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Administrator.</p> <p>For the investment in the unlisted unit trust, we agreed the redemption price at 31 March 2023 to the confirmation provided by the underlying investment fund manager.</p> <p>We evaluated the redemption price represents fair value by comparing the Net Asset Value per unit calculated based on the latest audited financial statements of the underlying unlisted unit trust to the published unit price on that date to provide evidence on reliability of unit pricing.</p> <p>We have assessed the reasonableness of the exchange rate used to translate the financial assets quoted in a foreign currency.</p> <p>We obtained confirmation from the Custodian of the holding of the financial assets held by the Fund as at 31 March 2023.</p>



Our audit approach

Overview

Materiality	<p>Our materiality for the Fund is calculated based on approximately 1% of unitholders' funds for the Fund.</p> <p>We chose unitholders' funds as the benchmark because, in our view, the objective of the Fund is to provide unitholders with a total return on the Fund's net assets, taking into account both capital and income returns.</p>
Key audit matters	<p>As reported above, we have one key audit matter, being Valuation and existence of financial assets at fair value through profit or loss.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Fund as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of the Fund as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Fund as a whole, taking into account the structure of the Fund, the Fund's investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Fund. The Fund's investments are held by the Custodian. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to third party service providers.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian, the Administrator, the Registrar and the Manager to support our audit conclusions.

Other information

The Manager is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon which the Annual Report refers to.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Fund's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Barber.

For and on behalf of:

A handwritten signature in black ink that reads "Price Waterhouse Coopers".

Chartered Accountants
27 July 2023

Wellington