

# The Colchester Global Government Bond PIE Fund

ISIN Code NZCIFE0004S7

As of 30/06/2025



## Fund Overview

The Colchester Global Government Bond PIE Fund seeks to deliver growth and income to investors whilst offering the defensive characteristics of a global sovereign bond portfolio over the medium term. 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.

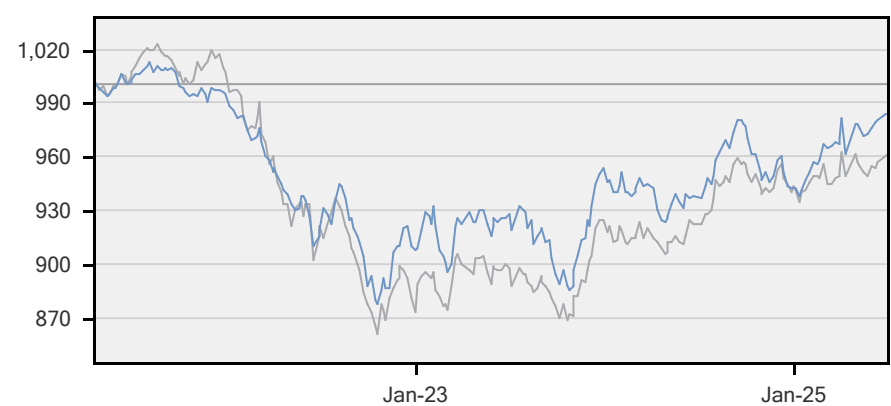
CUM Unit Price (30/06/2025)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size (\$million)
0.8687	3.40%	-0.40%	-1.65%	154.1 NZD

Past performance is not an indicator of future performance. Fund Inception: 19/04/2021

## Colchester Overview

- Privately owned specialist sovereign bond and currency asset manager.
- Founded by Chairman & CIO Ian Sims in 1999.
- Time proven value-oriented fixed income strategies.
- Highly experienced and stable team with a globally recognised track record.
- Strong client alignment with the investment team investing in the strategies & the company.

## Growth of 1,000 NZD Invested at Inception



## Net Performance (%)

	1M	3M	6M	YTD	1Y	Annualised		
						3Y	5Y	S.I.
Fund	0.74%	1.42%	4.35%	4.35%	5.02%	2.43%		-0.40%
Benchmark	0.71%	1.13%	1.95%	1.95%	4.69%	1.65%		-0.93%
Relative	0.03%	0.29%	2.40%	2.40%	0.33%	0.78%		0.53%

## Calendar Year Net Performance (%)

	2021	2022	2023	2024	YTD
Fund	-0.46%	-8.79%	5.00%	-1.14%	4.35%
Benchmark	0.73%	-13.34%	5.90%	2.02%	1.95%
Relative	-1.19%	4.55%	-0.89%	-3.16%	2.40%

Past performance is not an indicator of future performance

## Key Information

Fund Inception	19/04/2021
Benchmark	FTSE World Government Bond Index (NZD Hedged)
Management Fee	0.60%
Buy/Sell Fee	Nil
Distributions	Quarterly Distribution
Liquidity	Daily
Min Application	\$50,000 or as per platform
Min Additional	\$5,000 or as per platform

## Platform Listings

APEX Wealth | Consilium | FNZ | NZX Wealth Technologies

## Fund Characteristics

	Fund	Benchmark
Yield to Maturity (Unhedged)	4.54%	3.20%
Running Yield (Unhedged)	4.01%	2.75%
Modified Duration (Years)	6.21	6.75
Average Coupon	3.83%	2.70%
Average Credit Quality	AA-	

## Top 5 Securities Holdings

	Currency	Weight (%)
1. Mexico 7.75% Nov '34	MXN	3.68%
2. United States 4.375% Nov '28	USD	3.50%
3. United States 2.75% Aug '32	USD	3.15%
4. Poland I/L 2% Aug '36	PLN	2.95%
5. Mexico 7.5% Jun '27	MXN	2.66%

## 5 Largest Active Positions - Bonds (%)

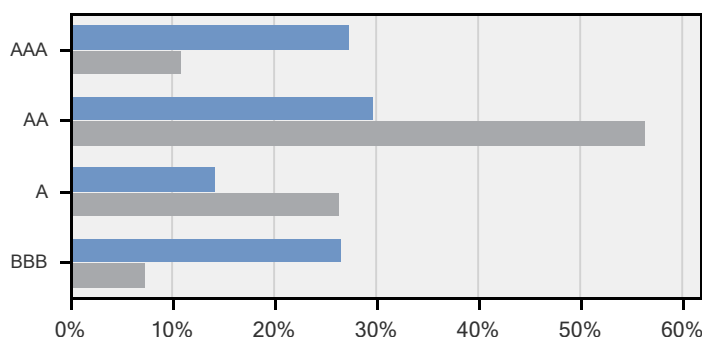
Country	Fund	Versus Benchmark (%)
Europe	9.55%	-18.18%
United States	25.13%	-15.80%
New Zealand	11.18%	10.92%
Mexico	11.47%	10.76%
China	0.00%	-10.23%

## 5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
United States Dollar	-6.36%	-6.36%
Japanese Yen	4.11%	4.11%
New Zealand Dollar	95.92%	-4.08%
Swedish Krona	3.68%	3.68%
Malaysian Ringgit	2.84%	2.84%

## Credit Quality

■ Fund ■ Benchmark



## Commentary

The fund returned 0.80% (gross of fees) over the month, outperforming the benchmark which returned 0.71%. Bond selection added 0.25% to relative returns, while currency selection detracted -0.16%. The top three positive bond contributors to relative returns were the overweight positions in Mexico, Indonesia and New Zealand. The top three currency detractors from relative returns were the overweight positions in Japanese Yen and Swedish Krona and the underweight position in Czech Koruna.

The second quarter was a tumultuous period for financial markets. Marked by US President Trump's pursuit of more aggressive trade policy, the announcement of large tariffs on imports to the US fueled fears of inflation and heightened recession risk. Adding to these risks was the military confrontation between Israel and Iran in June, which generated oil price volatility and caused geopolitical tensions to increase in the Middle East. Nonetheless at the end of Q2 oil prices have eased as a ceasefire between Israel and Iran seemed to be holding. Global bonds performed well over the quarter despite concerns around fiscal policy in a number of major economies with the FTSE World Government Bond Index returning 1.4% in U.S dollar hedged terms over the quarter. The continuation of a weakening US dollar saw the index gain 4.6% in unhedged terms.

In the US, while inflation has fallen from 2.9% to 2.4% in May this year, concerns over potential tariff-related price pressures still to come have led the Federal Reserve to adopt a "wait and see" approach to any further easing of monetary policy. US bond investors are also cautious on the direction of US debt with Trump's budget bill making its way through Congress. In that regard, Moody's decision in May to downgrade the US credit rating from Aaa to Aa1, aligning itself with other credit agencies, was not a significant surprise to the market. Despite volatility over the period the US Treasury market posted a positive return of 0.8% for the quarter after a rally in June. The Colchester programme maintains an underweight in US bonds as we see better value opportunities in other markets.

In the Euro area, inflation dropped to 1.9% in May, falling below the European Central Bank's 2% target. The European Central Bank continued its easing cycle with a 25bps interest rate cut during the quarter. In June, NATO leaders agreed to raise defence spending (broadly defined) to 5% of GDP by 2035, a major increase for most European countries. While the EU commission has allowed member states to temporarily exceed deficit or debt limits for defence spending, bond investors will be monitoring closely how this impacts on debt sustainability particularly for those sovereigns starting with a relatively high debt level. Eurozone bonds in aggregate generated positive returns of 1.8% in the second quarter while in the UK, despite a sharp rise in inflation to 3.4% in May, performance for UK gilts was slightly stronger at 2.0%. The Colchester programme continues to maintain an underweight position in Eurozone and UK bonds.

Moving to Asia, the region's benign inflation and moderating growth led its government bond markets to be the best performing in the index. The Singapore government bond market was a standout, generating a return of 4.7%, whilst Indonesia and Malaysia gained 3.4% and 2.4% respectively over the quarter. The Chinese market was something of a laggard, with its government bonds returning 1.5%. The Colchester programme benefited from overweight positions in Indonesia, Singapore and Malaysia over the period, whilst underweighting Chinese government bonds. In Latin America, Colombia's local currency credit rating was downgraded by both Moody's and S&P to Baa3 and BB+ respectively. Despite these developments, Colombian bonds posted a return of 3.3% this quarter.

The weak US dollar trend persisted in the second quarter, driven by uncertain trade policy and concerns around the fiscal position of the US. This benefited the Colchester programme given the significant and longstanding underweight exposure to the Dollar. For European currencies, the Euro and the British pound appreciated against the Dollar by 8.7% and 6.2% respectively. Amongst the best performing currencies this quarter was the Korean won which strengthened 9.1% and is an overweight position in the programme.

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As of 30/06/2025



## Sales & Marketing Enquiries



Monica Hood  
Head of Distribution - Australia and New Zealand

Email: [mhood@colchesterglobal.com](mailto:mhood@colchesterglobal.com)  
Phone: +61 431 478 780

Team Email: [MarketingClientServiceAUSNZ@colchesterglobal.com](mailto:MarketingClientServiceAUSNZ@colchesterglobal.com)  
Website: [www.colchesterglobal.co.nz](http://www.colchesterglobal.co.nz)

## Fund Administration & Client Service Enquiries

### Colchester Global Investors Unit Registry

#### Applications

Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)  
Fax: +64 4 4999 654  
Post: PO Box 25003  
Wellington 6140, New Zealand

#### Client Service Enquiries

Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)  
Phone: +64 4 4999 654

#### Transactions

Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

## Fund Shareclass Research Ratings



Morningstar Medalist Rating™ As of 04/04/2024

Analyst Driven % 100

Data Coverage % 100

## Colchester Fund Awards



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Valuation and returns have been calculated in NZD as at month end. The WMR exchange rate used by the index provider in compiling FTSE World Government Bond Index 100% hedged in New Zealand dollars (NZD) is the predominant exchange rate used in valuing the Fund.

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