The Colchester Global Government Bond PIE Fund

ISIN Code NZCIFE0004S7

As of 31/08/2025

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.

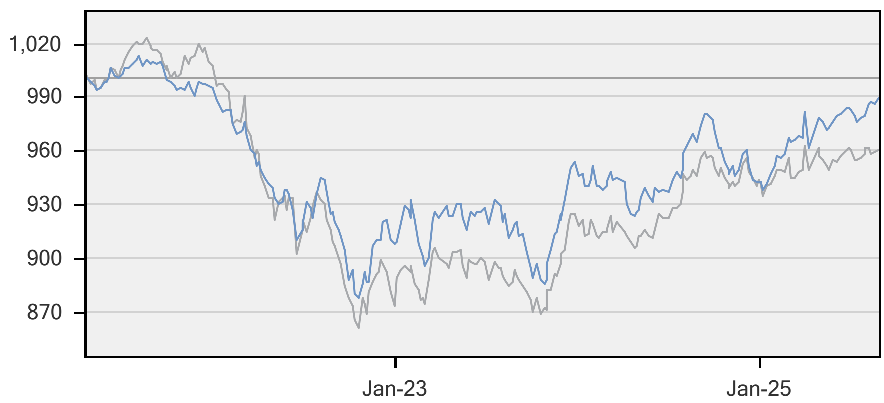
CUM Unit Price (31/08/2025)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size ($million)
0.8736	3.40%	-0.25%	-1.10%	168.5 NZD

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	Annualised 5Y	Annualised S.I.
Fund	0.97%	1.30%	2.24%	4.94%	2.48%	2.26%		-0.25%
Benchmark	0.24%	0.55%	0.41%	1.79%	1.49%	1.87%		-0.93%
Relative	0.73%	0.76%	1.83%	3.14%	0.99%	0.40%		0.68%

Calendar Year Net Performance (%)

	2021	2022	2023	2024	YTD
Fund	-0.46%	-8.79%	5.00%	-1.14%	4.94%
Benchmark	0.73%	-13.34%	5.90%	2.02%	1.79%
Relative	-1.19%	4.55%	-0.89%	-3.16%	3.14%

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

Data source: Colchester Global Investors, as at 31/08/2025

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Fund Characteristics

	Fund	Benchmark
Yield to Maturity (Unhedged)	4.48%	3.25%
Running Yield (Unhedged)	3.98%	2.79%
Modified Duration (Years)	6.05	6.62
Average Coupon	3.84%	2.73%
Average Credit Quality	AA-	AA

Top 5 Securities Holdings

	Currency	Weight (%)
1. Mexico 7.75% Nov '34	MXN	4.02%
2. United States 4.375% Nov '28	USD	3.83%
3. Poland I/L 2% Aug '36	PLN	3.35%
4. United States 2.75% Aug '32	USD	3.25%
5. Mexico 7.5% Jun '27	MXN	2.67%

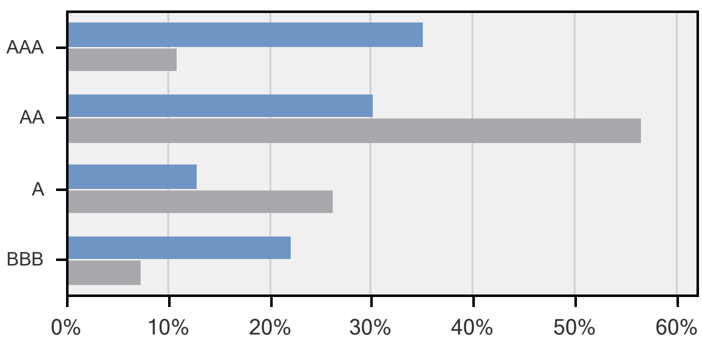
5 Largest Active Positions - Bonds (%)

Country	Fund	Versus Benchmark (%)
Europe	10.43%	-16.87%
United States	26.04%	-15.31%
Mexico	11.96%	11.19%
New Zealand	11.01%	10.74%
China	0.00%	-10.43%

5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
United States Dollar	-7.32%	-7.32%
Japanese Yen	4.62%	4.62%
Euro	-3.82%	-3.82%
Swedish Krona	3.50%	3.50%
Malaysian Ringgit	3.35%	3.35%

Credit Quality



Commentary

The fund returned 1.04% (gross of fees) over the month, outperforming the benchmark which returned 0.24%. Bond selection added 0.64% to relative returns and currency selection added 0.15%. The top three positive bond contributors to relative returns were the overweight positions in Mexico and Indonesia and the underweight position in Europe. The top three positive currency contributors to relative returns were the overweight positions in Swedish Krona, Japanese Yen and Norwegian Krone.

Global bond markets delivered positive returns in August as expectations of monetary easing in the US gained traction following dovish signals from the Federal Reserve. The FTSE World Government Bond Index returned 1.4% in US dollar terms and 0.4% in US dollar hedged terms over the month. Yields declined across many developed markets amidst moderating inflation and softening labour markets, but fiscal concerns resulted in higher long-dated yields in a number of markets such as France and the UK. Risk sentiment improved late in the month after Federal Reserve Chair Jerome Powell's remarks at Jackson Hole suggested the Fed is prepared to cut interest rates if economic conditions warrant.

In the US, Treasuries posted a return of 1.1% in August as yields, particularly at the short end of the yield curve, fell on expectations of imminent policy easing. With no policy meeting in August, the Fed's decision at the end of July to leave rates unchanged at 4.50% remained in place, but Powell's Jackson Hole speech signalled a "shifting balance of risks," prompting markets to price in a September rate cut with a high probability. Fiscal concerns persisted however, with the fiscal deficit continuing to expand in July, contributing to the steepening of the yield curve along with renewed focus on the independence of the Federal Reserve.

Euro area government bond performance was mixed in August. German bonds returned -0.2%, whilst the French market underperformed with a return of -0.9% as the government called a confidence vote. Headline inflation held at 2.0% in the Euro area while services inflation remained elevated at around 3.1%, supporting expectations that the European Central Bank will maintain a cautious stance after earlier rate cuts this year. In the UK gilts lagged peers, returning -1.1% as the Bank of England delivered a 25bps cut in its policy rate to 4.0% early in the month but emphasized a gradual approach to further easing. UK inflation meanwhile remained sticky at 3.8%, and fiscal challenges continued to weigh on sentiment.

Japanese government bonds declined -0.6% in August amid weak auction demand and speculation that the Bank of Japan may further scale back bond purchases. Inflation remained above target, with core measures still elevated. Elsewhere in the region, performance was stronger: Singapore bonds gained 2.3%, whilst in New Zealand and Australia government bonds returned 1.3% and 0.2% respectively, supported by stable inflation and expectations of policy easing. In China, government bonds slipped -0.3% as July CPI was announced to be flat year-on-year and producer prices are still in decline, despite signs of stabilization in activity data. We maintain an overweight to New Zealand bonds and an underweight position in Chinese bonds.

Latin American markets delivered robust returns in August. Mexican bonds rose 2.5% supported by moderating inflation, generating a positive contribution to relative returns for the Colchester global bond programme. Colombian bonds also performed well, returning 1.7%, while in Asia, Indonesia and Malaysia gained 1.7% and 0.5% respectively, benefiting from improving risk sentiment and stable domestic conditions.

On the currency markets, the US dollar weakened across the board in August as markets priced in forthcoming rate cuts from the Federal Reserve. The euro appreciated 2.3%, the British pound gained 2.1%, and the Japanese yen strengthened 2.5% against the dollar. Amongst the other majors, the Norwegian krone and Swedish krona rallied 2.4% and 3.1% respectively, whilst the Australian and Canadian dollars rose 1.7% and 0.7%. Emerging market currency performance was more mixed; the Colombian peso surged 3.6%, and the Mexican peso gained 1.0%, while the Indonesian rupiah and Korean won edged lower over the month.

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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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Important Information and Disclosures

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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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