

The Colchester Global Government Bond PIE Fund

ISIN Code NZCIFE0004S7

As of 30/09/2025



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.

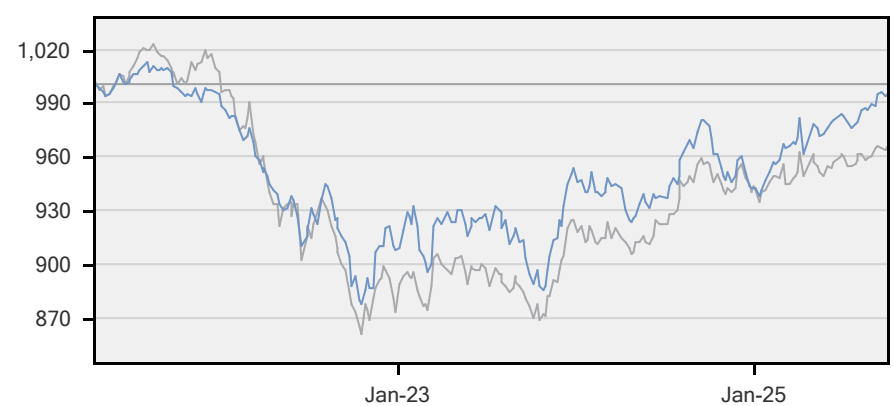
| CUM Unit Price<br>(30/09/2025) | Current Distribution p.a. | Net Annual Return<br>Since Inception p.a. | Net Total Return<br>Since Inception | Fund Size<br>(\$million) |
|--------------------------------|---------------------------|-------------------------------------------|-------------------------------------|--------------------------|
| 0.8707                         | 3.50%                     | -0.12%                                    | -0.55%                              | 184.7 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      | 0.55%  | 1.12% | 2.56% | 5.51% | 1.74% | 3.85%      |    | -0.12% |
| Benchmark | 0.56%  | 0.40% | 1.54% | 2.36% | 0.98% | 3.24%      |    | -0.79% |
| Relative  | -0.01% | 0.72% | 1.02% | 3.16% | 0.76% | 0.61%      |    | 0.66%  |

Calendar Year Net Performance (%)

|           | 2021   | 2022    | 2023   | 2024   | YTD   |
|-----------|--------|---------|--------|--------|-------|
| Fund      | -0.46% | -8.79%  | 5.00%  | -1.14% | 5.51% |
| Benchmark | 0.73%  | -13.34% | 5.90%  | 2.02%  | 2.36% |
| Relative  | -1.19% | 4.55%   | -0.89% | -3.16% | 3.16% |

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

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## Fund Characteristics

|                              | Fund  | Benchmark |
|------------------------------|-------|-----------|
| Yield to Maturity (Unhedged) | 4.50% | 3.25%     |
| Running Yield (Unhedged)     | 4.03% | 2.80%     |
| Modified Duration (Years)    | 6.03  | 6.65      |
| Average Coupon               | 3.91% | 2.75%     |
| Average Credit Quality       | AA-   | AA        |

## Top 5 Securities Holdings

|                                 | Currency | Weight (%) |
|---------------------------------|----------|------------|
| 1. Mexico 7.75% Nov '34         | MXN      | 4.13%      |
| 2. United States 4.375% Nov '28 | USD      | 3.59%      |
| 3. Poland I/L 2% Aug '36        | PLN      | 3.08%      |
| 4. United States 2.75% Aug '32  | USD      | 3.00%      |
| 5. United States 4% Jun '28     | USD      | 2.92%      |

## 5 Largest Active Positions - Bonds (%)

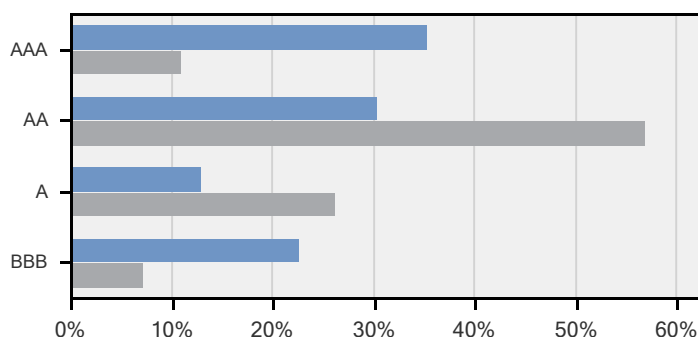
| Country       | Fund   | Versus Benchmark (%) |
|---------------|--------|----------------------|
| Europe        | 10.50% | -16.74%              |
| United States | 26.18% | -15.31%              |
| Mexico        | 12.40% | 11.61%               |
| New Zealand   | 11.01% | 10.74%               |
| China         | 0.00%  | -10.31%              |

## 5 Largest Active Positions - Currency (%)

| Currency             | Fund   | Versus Benchmark (%) |
|----------------------|--------|----------------------|
| United States Dollar | -7.52% | -7.52%               |
| Japanese Yen         | 4.64%  | 4.64%                |
| Euro                 | -3.83% | -3.83%               |
| Swedish Krona        | 3.53%  | 3.53%                |
| New Zealand Dollar   | 96.53% | -3.47%               |

## Credit Quality

■ Fund ■ Benchmark



## Commentary

The fund returned 0.61% over the month, outperforming the benchmark which returned 0.56%. Bond selection added 0.02% to relative returns and currency selection added 0.04%. The top three positive bond contributors to relative returns were the overweight positions in Mexico, New Zealand and Indonesia. The top three positive currency contributors to relative returns were the overweight positions in Norwegian Krone, Swedish Krona and Malaysia Ringgit.

Global bond markets delivered positive returns over the third quarter, supported by moderating inflation, softening labour markets, and growing expectations of monetary easing, particularly in the United States. Investor sentiment improved as central banks signalled flexibility, with Fed Chair Powell highlighting downside risks to employment after the decision to cut rates. The FTSE World Government Bond Index returned 0.7% in US dollar hedged terms and 0.2% unhedged for the quarter, with September alone posting 0.7% hedged, and 0.6% in unhedged terms. The US dollar posted mixed performance across major currencies.

U.S. headline inflation rose to 2.9% in August from 2.7% in July, with core CPI steady at 3.1%. Tariff passthrough remains modest but is expected to increase as the measures take effect. The labour market softened, with unemployment rising to 4.3%. The Fed cut rates by 25 bps in September, citing employment risks, despite inflation remaining above target. A looming government shutdown could add further weakness to the jobs market. Despite this, Treasuries returned 0.8% in September and 1.5% for the quarter. The Colchester programme remains underweight U.S. bonds.

Euro area core inflation stayed at 2.3% in September, whilst headline rose to 2.2%, driven by services and a smaller than expected decline in energy prices. The ECB held the deposit rate at 2.00%. Germany's draft budget signalled front-loaded stimulus, whilst political tensions intensified in France after Prime Minister Bayrou's austerity plan to rein in a 5.8% deficit triggered a government collapse, steepening yield curves in both countries. Spain and Portugal were upgraded by Fitch on stronger growth, labour market resilience, and credible fiscal consolidation. French bonds were the worst performing in the Euro area at -0.8% for the quarter, with UK gilts falling -0.7% as inflation rose and fiscal concerns persisted. The Colchester programme remains underweight euro area bonds and gilts given unattractive relative real yields.

Turning to the Asia-Pacific region, as inflation dropped and remained contained, the Reserve Bank of New Zealand cut rates. This, coupled with an improved fiscal outlook, led to one of the strongest-performing bond markets, with returns of 1.5% for the month and 3.3% for the quarter. In contrast, Japanese bonds were flat in September and down -1.9% for the quarter, following another shift in the political landscape as Prime Minister Ishiba resigned. Indonesia saw social tensions leading to the replacing of the finance minister, which sparked concerns over fiscal stability. However, the new Finance Minister's deficit projection was only modestly revised upward to 2.7%, still within the 3% constitutional limit, leading to strong bond performance of 0.9% for the month and 3.8% for the quarter. The Colchester programme remains selective across the region, favouring markets with higher real yields such as New Zealand and Indonesia.

In Latin America, Mexican bonds gained as Banxico cut rates to 7.50%, whilst inflation remained contained, supporting a 4.7% quarterly return in the bond market. Colombia had strong performance returning 6.5%, driven by monetary easing, despite fiscal concerns following the suspension of its fiscal rule. The Colchester programme remains overweight in both markets.

Turning to currencies, the U.S. dollar had mixed performance over the quarter. The Japanese yen -2.2%, British pound -1.8%, and South Korean won -3.8%, all weakened against the dollar over the quarter. Amongst the stronger performing currencies were the Norwegian krone and the Swedish krona that returned 1.4% and 1.3% respectively. The Mexican peso was a notable outperformer, appreciating 3.1% against the dollar over the quarter. The global bond programme maintains an underweight position in the dollar, which remains overvalued according to Colchester's currency valuation framework.

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## Fund Shareclass Research Ratings



Morningstar Medalist Rating™ As of 29/05/2025

Analyst Driven % 100

Data Coverage % 100

## Colchester Fund Awards



<sup>1</sup> Refer to 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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