# Colchester Global Green Bond PIE Fund

ISIN Code NZCIFE0005S4

As of 31/01/2025

## Fund Overview

The Colchester Global Green Bond PIE Fund seeks to deliver favourable income and capital returns from a globally diversified portfolio of green bonds and currencies. An associated objective is the preservation and enhancement of principal. 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.

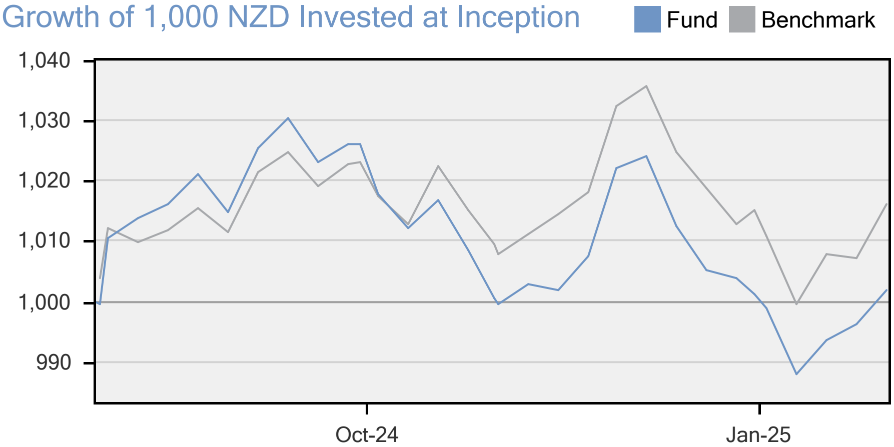
| CUM Unit Price (31/01/2025) | Current Distribution p.a. | Net Annual Return Since Inception p.a. | Net Total Return Since Inception | Fund Size ($million) |
|---|---|---|---|---|
| 0.9847 | 2.40% | | 0.19% | 15.74 NZD |

**Past performance is not an indicator of future performance. Fund Inception: 30/07/2024**

## 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** | 0.08% | 0.13% | 0.22% | 0.08% | | | | |
| **Benchmark** | 0.11% | 0.66% | 1.22% | 0.11% | | | | |
| **Relative** | -0.03% | -0.52% | -1.00% | -0.03% | | | | |

## Calendar Year Net Performance (%)

| | 2024 | YTD |
|---|---|---|
| **Fund** | 0.11% | 0.08% |
| **Benchmark** | 1.50% | 0.11% |
| **Relative** | -1.39% | -0.03% |

**Past performance is not an indicator of future performance**

## Key Information

| | |
|---|---|
| Fund Inception | 30/07/2024 |
| Benchmark | ICE Sovereign and Government Related Green Bond Custom 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

Data source: Colchester Global Investors, as at 31/01/2025

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## Fund Characteristics

| | Fund | Benchmark |
|---|---|---|
| Yield to Maturity (Unhedged) | 4.31% | 3.33% |
| Running Yield (Unhedged) | 2.77% | 2.26% |
| Modified Duration (Years) | 7.64 | 8.30 |
| Average Coupon | 2.50% | 2.15% |
| Average Credit Quality | AA | AA |

## Top 5 Securities Holdings

| | Currency | Weight (%) |
|---|---|---|
| 1. France 1.75% Jun '39 | EUR | 9.82% |
| 2. New Zealand 4.25% May '34 | NZD | 8.49% |
| 3. Netherlands 0.5% Jan '40 | EUR | 6.61% |
| 4. Intl Bk Recon & Develop 4.25% Jan '26 | MXN | 5.26% |
| 5. Kfw 3.875% Feb '29 | NOK | 5.25% |

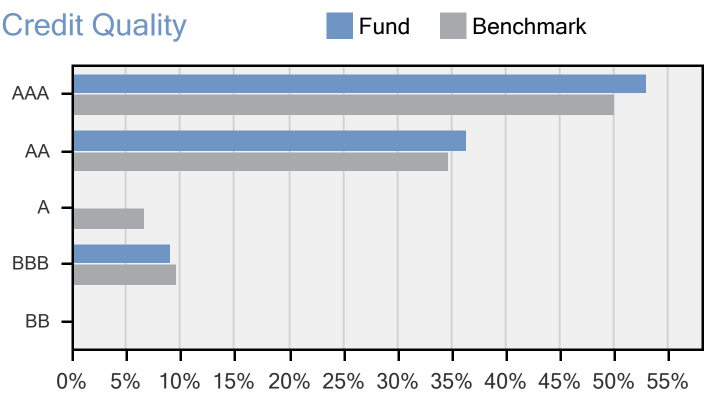
## 5 Largest Active Positions - Bonds (%)

| Country | Fund | Versus Benchmark (%) |
|---|---|---|
| Europe | 39.23% | -25.98% |
| Mexico | 8.01% | 7.96% |
| New Zealand | 8.49% | 7.77% |
| Norway | 5.66% | 5.22% |
| United States | 6.89% | -4.48% |

## 5 Largest Active Positions - Currency (%)

| Currency | Fund | Versus Benchmark (%) |
|---|---|---|
| United States Dollar | -9.02% | -9.02% |
| Euro | -6.09% | -6.09% |
| Japanese Yen | 5.45% | 5.45% |
| Swedish Krona | 5.35% | 5.35% |
| Norwegian Krone | 4.60% | 4.60% |

## Credit Quality




## Commentary

The fund returned 0.13% (gross of fees) over the month, performing in line with the benchmark which returned 0.11%. Bond selection added 0.09% to relative returns, while currency selection detracted -0.06%. The top three positive bond contributors to relative returns were the overweight positions in Canada, Mexico and Norway. The top three currency detractors from relative returns were the long positions in British Pound, Swedish Krona and Norwegian Krone.

Global bond markets eked out a positive return to start the year with the FTSE World Government Bond Index returning 0.3% in January in US dollar-hedged terms. In unhedged terms the index delivered a healthier return of 0.5% as the US dollar was on average slightly weaker this month. In the US, solid jobs data and GDP growth for the fourth quarter of last year continued to indicate the health and resilience of the economy. Echoing these signals were the minutes of the December Federal Open Market Committee's meeting which suggested upside risks to inflation may have increased. Given this backdrop US Treasury yields moved higher initially but the inflation report for December brought some respite. Underlying inflation came in slightly lower than had been expected, pushing yields lower and so the US market returned 0.5% over the month.

In the Eurozone, the economy stagnated in the final quarter of 2024 as political instability weighed on the region's two largest economies of Germany and France, both of which contracted. Italy's economy did not fare much better with zero growth over the same period. Spain's economy expanded 0.8% on the quarter and 3.5% over the full year, but risks to economic growth for the region remain tilted to the downside. In this regard, the European Central Bank cut its deposit rate by 0.25% to 2.75% despite core inflation remaining above target. Performance of government bonds in the Eurozone was lackluster as German bonds sold off -0.6%, Spanish bonds -0.1% and French bonds were flat. UK gilt yields were volatile but the market managed to generate a positive return of 0.7%. The Colchester global programme remains underweight the Eurozone and UK markets but is overweight Norwegian bonds, which returned 0.7% in January.

In Asia, while the Bank of Japan's decision to raise interest rates by 0.25% to 0.5% was widely expected, its recent quarterly economic outlook was more surprising as it projected higher rates of inflation over the next fiscal year. Underpinning the forecast was solid wage growth as consumer price expectations was revised up from 1.9% to 2.4% and inflation is now expected to remain above 2% beyond next year. Given this backdrop, Japanese government bonds have performed poorly in recent months. This continued in January as the bond market was down a further -0.8%. The Colchester programme remains materially underweight Japanese bonds on account of unattractive real yields in that market. In contrast, Bank Indonesia unexpectedly lowered rates by 0.25% to 5.75%. While inflation remains anchored towards the lower end of the central bank's 1.5% to 3.5% range, this policy shift has come at the expense of a weaker domestic currency but should protect growth given recent global trade tensions. The Colchester programme remains overweight Indonesian government bonds, and they generated a return of 0.8% this month. Mexican and Colombian bonds performed better again with gains of 2.2% and 2.4% respectively in January despite headlines regarding US tariffs.

Although the US dollar was generally weaker over the month there were some notably mixed performances across global currency markets. The Japanese yen was 1.5% stronger as monetary policy continued to normalise, the Australian dollar appreciated by 0.7% and the Euro was up 0.4%. Conversely, other European currencies such as the British pound and Swedish krona depreciated by -0.8% and -0.1% respectively over the month. Meanwhile, Latam currencies such as the Colombian and Mexican peso appreciated by 5.2% and 0.7% respectively against the US dollar. Asian currencies were more mixed as the Korean won recovered from its drop in December to rise 1.3% while the Indonesian rupiah fell by -1.3%. The Colchester programme remains significantly underweight the US dollar and overweight the Japanese yen, Korean won, Swedish krona and Norwegian krone amongst other currencies.

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