

## 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.

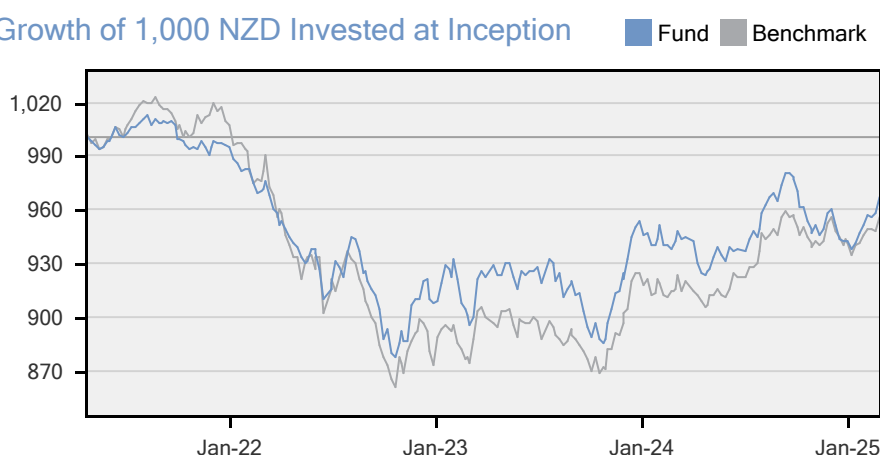
CUM Unit Price (28/02/2025)	Current Distribution p.a.	Net Annual Return Since Inception p.a.	Net Total Return Since Inception	Fund Size (\$million)
0.8690	3.40%	-0.86%	-3.26%	130.6 NZD

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.
<b>Fund</b>	1.73%	0.96%	0.23%	2.63%	2.96%	-0.14%		-0.86%
<b>Benchmark</b>	1.12%	0.37%	1.08%	1.38%	4.58%	-0.86%		-1.15%
<b>Relative</b>	0.61%	0.59%	-0.85%	1.26%	-1.62%	0.73%		0.30%

## Calendar Year Net Performance (%)

	2021	2022	2023	2024	YTD
<b>Fund</b>	-0.46%	-8.79%	5.00%	-1.14%	2.63%
<b>Benchmark</b>	0.73%	-13.34%	5.90%	2.02%	1.38%
<b>Relative</b>	-1.19%	4.55%	-0.89%	-3.16%	1.26%

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)	4.85%	3.26%
Running Yield (Unhedged)	4.12%	2.69%
Modified Duration (Years)	6.17	6.87
Average Coupon	3.85%	2.65%
Average Credit Quality	AA-	AA

## Top 5 Securities Holdings

	Currency	Weight (%)
1. United States 4.375% Nov '28	USD	4.08%
2. Mexico 7.75% Nov '34	MXN	3.91%
3. United States 1.5% Aug '26	USD	3.21%
4. United States 2.75% Aug '32	USD	3.18%
5. Poland I/L 2% Aug '36	PLN	3.03%

## 5 Largest Active Positions - Bonds (%)

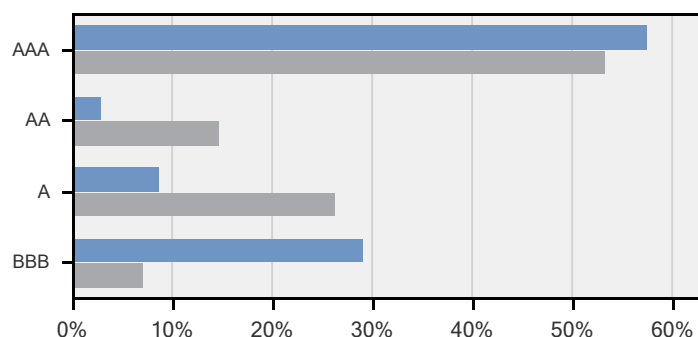
Country	Fund	Versus Benchmark (%)
Europe	8.58%	-17.79%
Mexico	12.90%	12.18%
United States	31.09%	-11.77%
China	0.00%	-10.13%
Japan	0.00%	-10.06%

## 5 Largest Active Positions - Currency (%)

Currency	Fund	Versus Benchmark (%)
United States Dollar	-8.48%	-8.48%
Euro	-5.42%	-5.42%
Japanese Yen	5.37%	5.37%
Swedish Krona	4.93%	4.93%
New Zealand Dollar	95.34%	-4.66%

## Credit Quality

■ Fund ■ Benchmark



## Commentary

The fund returned 1.79% (gross of fees) over the month, outperforming the benchmark which returned 1.12%. Bond selection added 0.25% to relative returns and currency selection added 0.42%. 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 Swedish Krona, Japanese Yen and British Pound.

Global bond markets continued to post positive returns this month after rising in January. The FTSE World Government Bond Index returned 1.2% in February in US dollar-hedged terms and a slightly stronger return of 1.4% in unhedged terms as the US dollar continued to lose ground. Geopolitics has dominated the headlines through the first weeks of Donald Trump's second term as US president, and investors continue to monitor announcements regarding potential tariffs on exports to the US as well as policy toward Ukraine. In terms of economic data, US inflation picked up with the headline and core rates at 3.0% and 3.3% respectively in the year to January. Towards the end of February equity markets faltered somewhat and economic sentiment weakened, fuelling a rally in Treasuries and the US market delivered a strong return of 2.2% over the month.

In the Eurozone, inflation inched up slightly to 2.5% in January, mirroring the broader global trend. GDP growth for the bloc in the fourth quarter was announced to be 0.9% year-on-year, continuing the relatively weak economic performance of the region. In Germany, a general election saw a comfortable win for the conservative CDU/CSU grouping which has now entered talks with the centre-left SPD to form a new coalition government. Whilst such a coalition would have a majority in parliament, it would not have the two-thirds supermajority needed to make constitutional changes, including reform to the contentious debt brake. In France, Prime Minister Bayrou pushed a slightly watered-down budget through the lower house via executive powers, later surviving multiple votes of no confidence, marking some progress in the country's political stalemate. In the UK, inflation increased to 3.0% pointing to the persistence of domestic inflationary pressures. Amidst ongoing struggles to reignite growth, the Bank of England cut rates in February. French and UK bonds returned 0.9% this month, outperforming German bunds' return of 0.6%. The Colchester programme remains underweight both Eurozone and UK government bonds.

Most Asian markets also saw increases in inflation over the month, most notably in Japan where headline inflation rose to a two-year high of 4.0%, whilst "core-core" (ex. food and energy) remained relatively more contained at 2.5%. Japanese bonds returned -0.9% for the month. Where relevant, we further increased the underweight position in Japanese bonds due to the very low real yield on offer. Elsewhere, China's inflation picked up slightly to 0.5%, although it remains stubbornly low amidst weak consumer and business confidence, exacerbated now by concerns around US tariffs. We remain underweight China on the basis of very weak real valuations and financial stability concerns. In Korea, inflation surprised to the upside, coming in at 2.2%. Nonetheless, the Bank of Korea resumed its rate cutting cycle to support an economy jolted by political turmoil and under threat from Trump's tariff plans. Singapore saw a range of healthy data releases, including a downward surprise in inflation at 1.2% (closer to longer-term historical averages) as well as 5.0% growth for Q4. We are overweight Singapore government bonds, which returned 1.2% in February. Finally, Australia commenced its rate cutting cycle with an initial 25bps cut, the first since 2020. Despite this, the "trimmed mean" core inflation measure for January came in at 2.8%, slightly above expectations amidst ongoing robust activity. We remain modestly overweight Australian bonds.

The US dollar broadly weakened in February, with the DXY index declining -0.7%. Consequently, the programme's currency positioning has performed well, particularly the overweight positions to the Swedish krona and Japanese yen, which returned 3.0% and 2.8% respectively. Elsewhere, overweight positions in the Colombian and Mexican peso were also positive contributors as these currencies rose 1.4% and 0.5% respectively.

# The Colchester Global Government Bond PIE Fund

ISIN Code NZCIF0004S7

As of 28/02/2025



## 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 Ratings

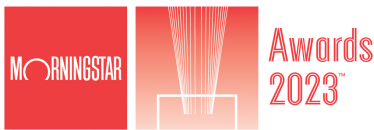
**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA

Produced by MSCI ESG Research as of 31/01/2025

## 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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