

# Colonial First State Wholesale Global Credit Income Fund

## Performance overview

Twelve months to 30 June 2017

Performance as at 30 June 2017	1 month	3 months	6 months	1 year	3 years	5 years	10 years	Since inception*
Performance*	0.46%	1.29%	2.95%	7.51%	4.14%	6.11%	5.60%	6.09%
Benchmark Performance**	0.14%	0.44%	0.89%	1.82%	2.22%	2.52%	3.89%	4.55%
Relative Performance	0.32%	0.85%	2.06%	5.70%	1.92%	3.59%	1.71%	1.55%

Returns for periods greater than 1 year are annualised. \*Inception date 15 September 2000. \*\*Benchmark: Bloomberg AusBond Bank Bill Index.

The Fund notably outperformed the benchmark over the twelve months returning 7.51% (gross of fees) versus the benchmark return of 1.82%. The outperformance was driven by both a tightening in credit spreads during the period and positive stock selection.

Over the last twelve months bond markets have been impacted by a wide range of events with elections and political unrest in the US, UK and Europe largely dominating. Geopolitical tensions also heightened in the period and central bank action and rhetoric also had plenty of air time – notably the rising of rates in the US.

Overall, credit remained relatively resilient to the market noise with spreads grinding slowly tighter boosting price returns in the period. From a total return perspective the Commodities and Energy sectors were notable outperformers as was the Financials sector. The Fund benefited from its exposure to these sectors. The USD and GBP markets also performed strongly outperforming the AUD and EUR credit markets. Lower rated bonds performed better, specifically, high yield credit markets which experienced notable tightening in spreads leading to outsized returns. With a continued increase in high yield defaults (specifically mining and energy), protecting the portfolio from defaults was also a contributor to the solid performance over the longer term.

## Investment objective and policy

To provide income-based returns and to outperform the Bloomberg AusBond Bank Bill Index over rolling three-year periods by investing in a diversified portfolio of higher yielding Australian and international fixed income investments.

Our credit strategy and process employs a disciplined approach in the credit assessment and selection process, as issuer decisions contribute meaningfully to overall portfolio performance. We believe that returns often overcompensate for credit risk, and that diversification across a large pool of lowly correlated assets will generate positive 'value-for-risk' outcomes for our portfolios.

## Key Features

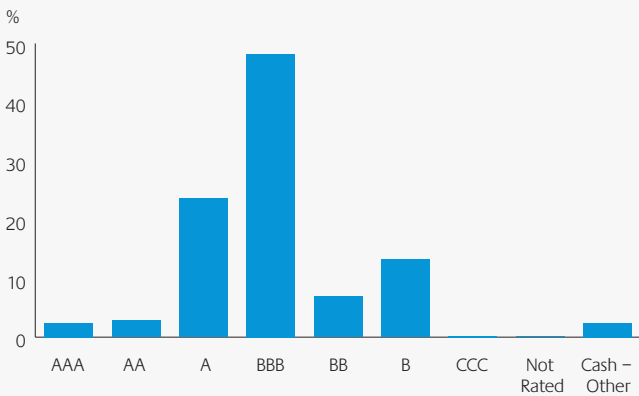
- 1. Proven and differentiated investment philosophy:** avoiding the “losers” through our rigorous credit analysis combined with sophisticated portfolio construction focussed on diversification.
- 2. Consistent long-term performance track record:** Superior risk-adjusted returns generated over 3-5 year time horizon.
- 3. Multi-dimensional credit research:** Credit research focuses on assessing credit risk and identifying deteriorating issuers. Our analysis considers a variety of risk dimensions, enabling significant breadth.
- 4. World class ESG integration:** We have a vigorous Environmental, Social, and Governance (ESG) process that is built in at both the company and product level. ESG plays a key role in our security analysis process for our global credit funds.

## Firm Update

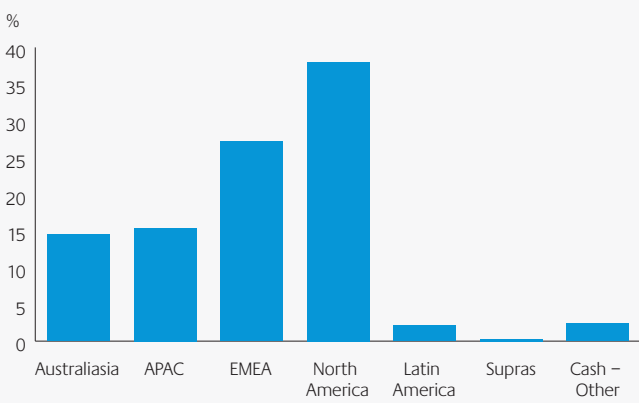
Since the changes to the global credit team announced in late June 2016, the Fund has continued to hit its performance objective and there has been no turnover in the investment team and no defaults in the last twelve months. The investment process remains robust and is reflected in the solid outperformance over all periods to 30 June 2017. In addition, the global credit research team has expanded with hires in Australia and Europe to further expand coverage. This team continues to provide robust coverage of the Fund's investments assisting the portfolio managers' investment decisions.

## Fund Positioning

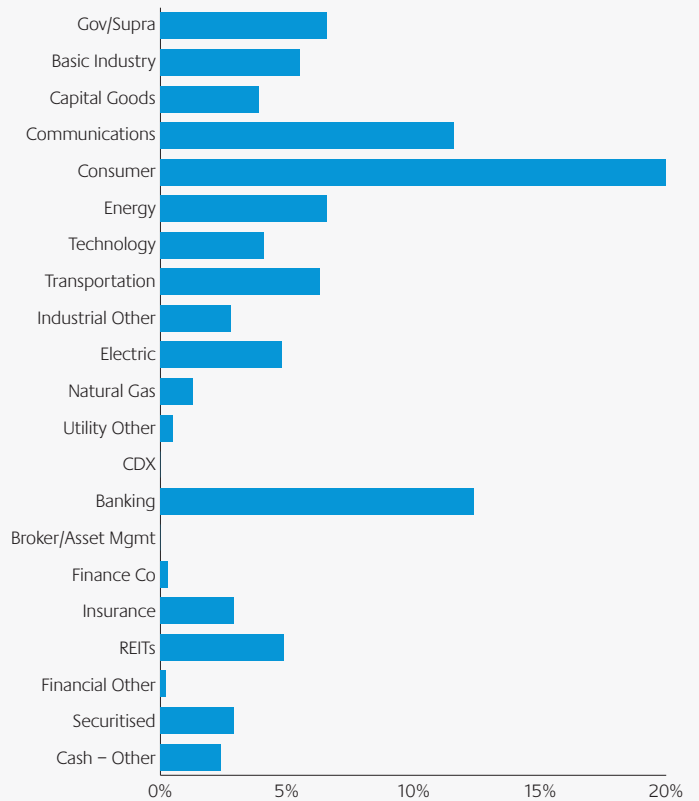
### Rating Breakdown



### Country Breakdown



### Sector Breakdown



## Disclaimer

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