



Global Fixed Income Markets – Where To From Here & What Considerations For Portfolio Construction?

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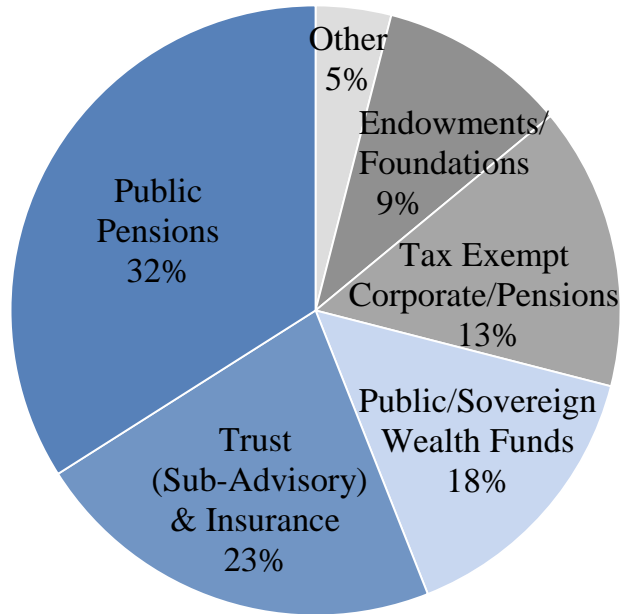
INTRODUCTION TO COLCHESTER

- London-based global sovereign bond manager established in 1999
- Business focused solely on sovereign bond and currency markets
- An independent firm majority-owned and controlled by its principals
- Experienced and stable Investment Team

ORGANISATION

AN OVERVIEW

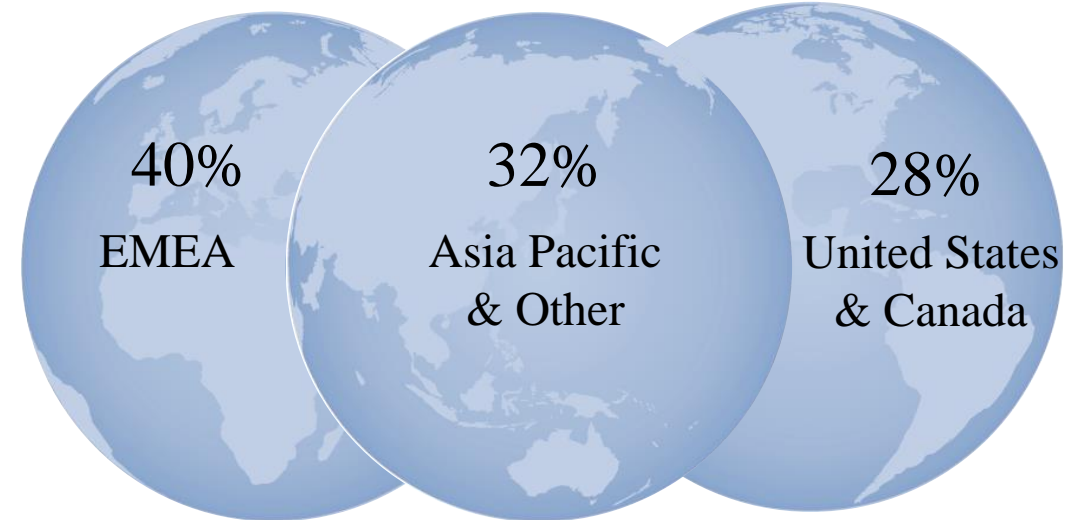
Entity Type



Assets Under Management

A\$62.96 billion

Geographic Location



PRODUCTS OFFERED

Global Sovereign

A\$39.4bn

Global Inflation Linked

A\$7.1bn

Emerging Local Markets Debt

A\$15.1bn

Alpha Program

A\$1.3bn

Information as at end December 2018

Total Assets Under Management: A\$6.7 billion

Australia: A\$5.83 billion

- AMP Capital Investors
- ANZ Staff Superannuation
- Australia Post Superannuation Scheme
- Colonial First State
- Emergency Services Superannuation Scheme
- Equity Trustees Limited
- Funds SA
- IPAC
- Legal Super
- Mercer Australia
- Morningstar Investment Management
- Russell Investments
- Sunsuper
- VicSuper

New Zealand: A\$831 million

- AMP Investment Management (N.Z.)
- BT Funds Management (N.Z.)
- Foundation North

As at end December 2018. The above list of Representative Clients is a selection of some of Colchester's Australian and New Zealand clients in the various investment products and programs offered by Colchester as a whole and is not representative of any particular investment product or program. Please see the "Important Notes"

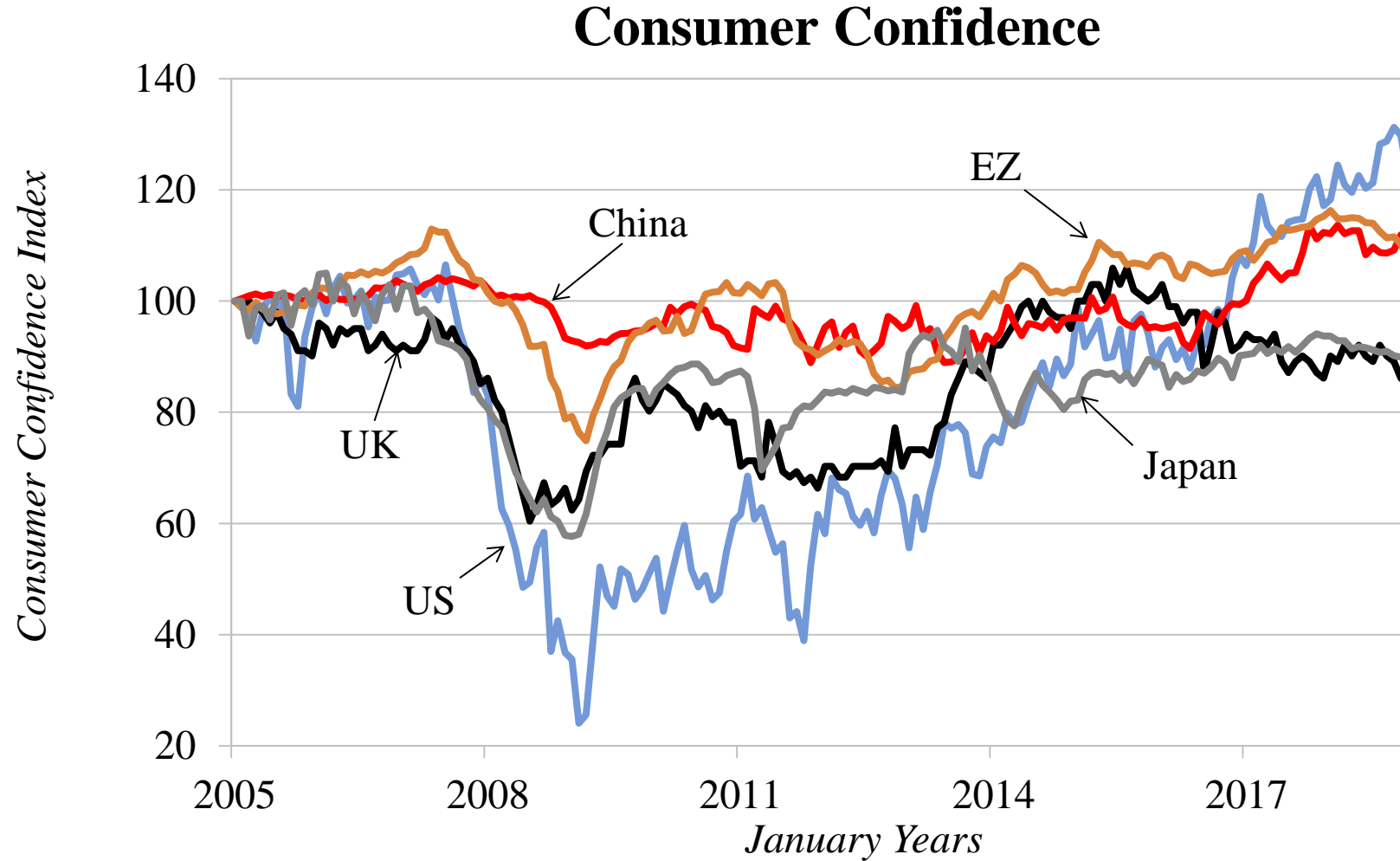
Economic and Inflation Outlook

ECONOMIC AND INFLATION OUTLOOK

Inflation and Growth may have Peaked

- Tightening financial conditions, fiscal restraint and trade concerns have tempered confidence and lowered the outlook for growth
- Activity remains solid, underpinned by tight labour markets and rising income
- Further softness in money and credit growth, slower activity and weaker commodity prices suggest inflationary pressures may have peaked
- Success, or otherwise, of the China stimulus will be key driver of global growth and inflation over the next 12 to 24 months
- In the absence of policy errors, benign inflation and growth environment expected to prevail

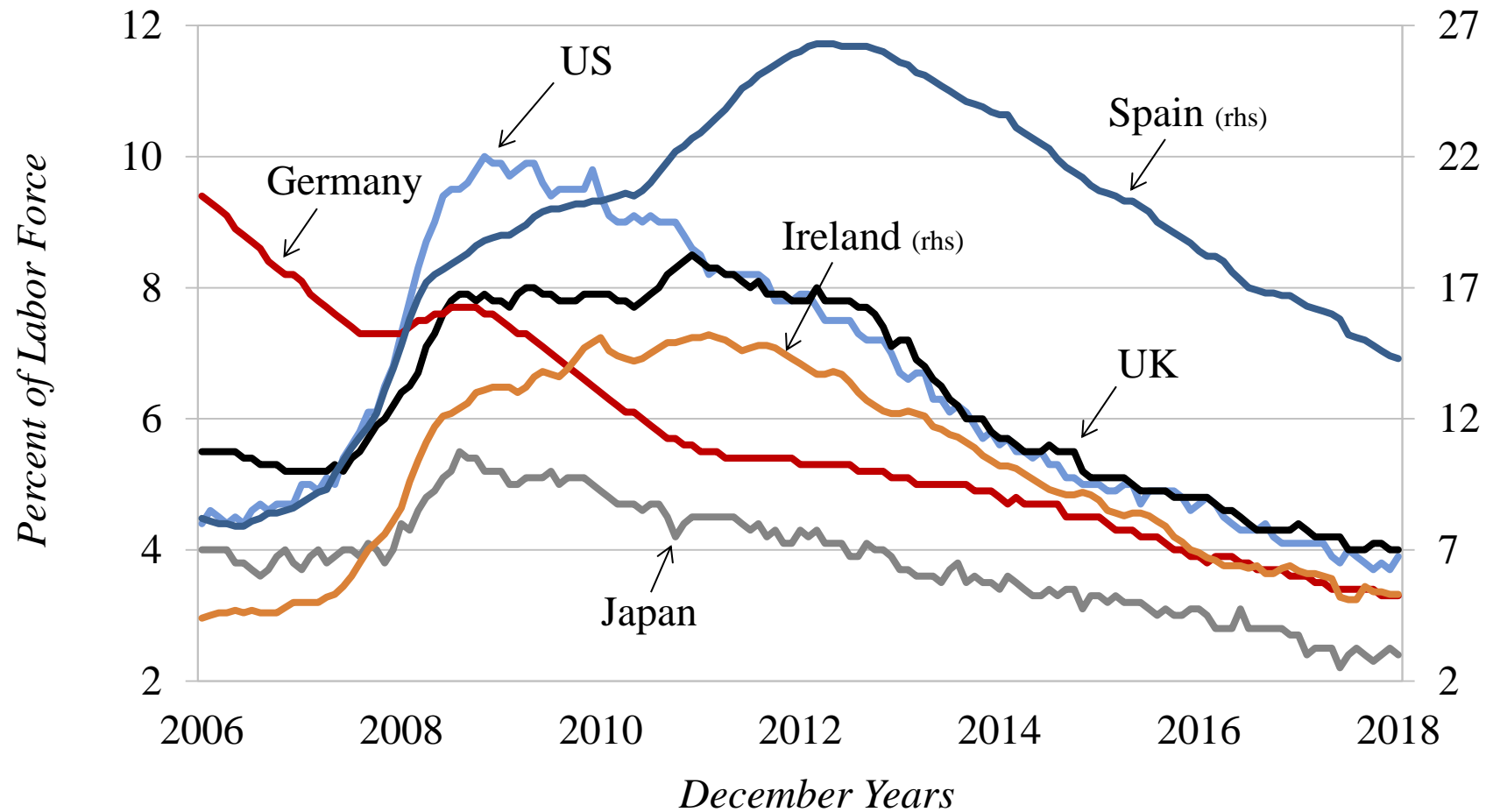
Consumer Confidence Remains Elevated



Sources: US Conference Board, European Commission, GFK UK, Economic & Social Research Institute Japan and National Bureau Statistics China. Note indices rebalanced to 100 as at January 2005. As at Dec 2018.

Sustained by Tight Labour Markets

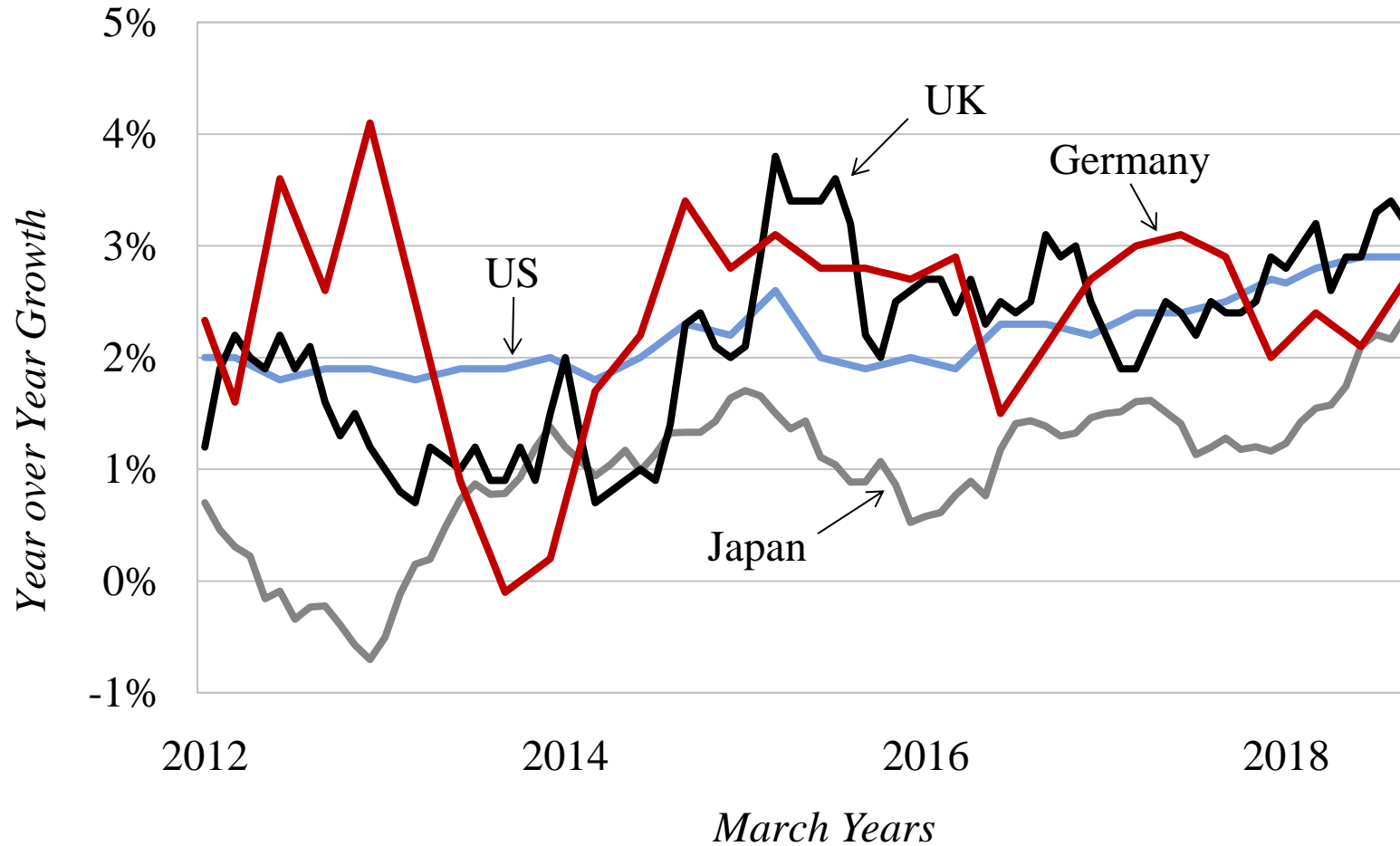
Global Unemployment Rates



Source: Official data sources, specific data sources are available on request.

Strengthening Income Growth

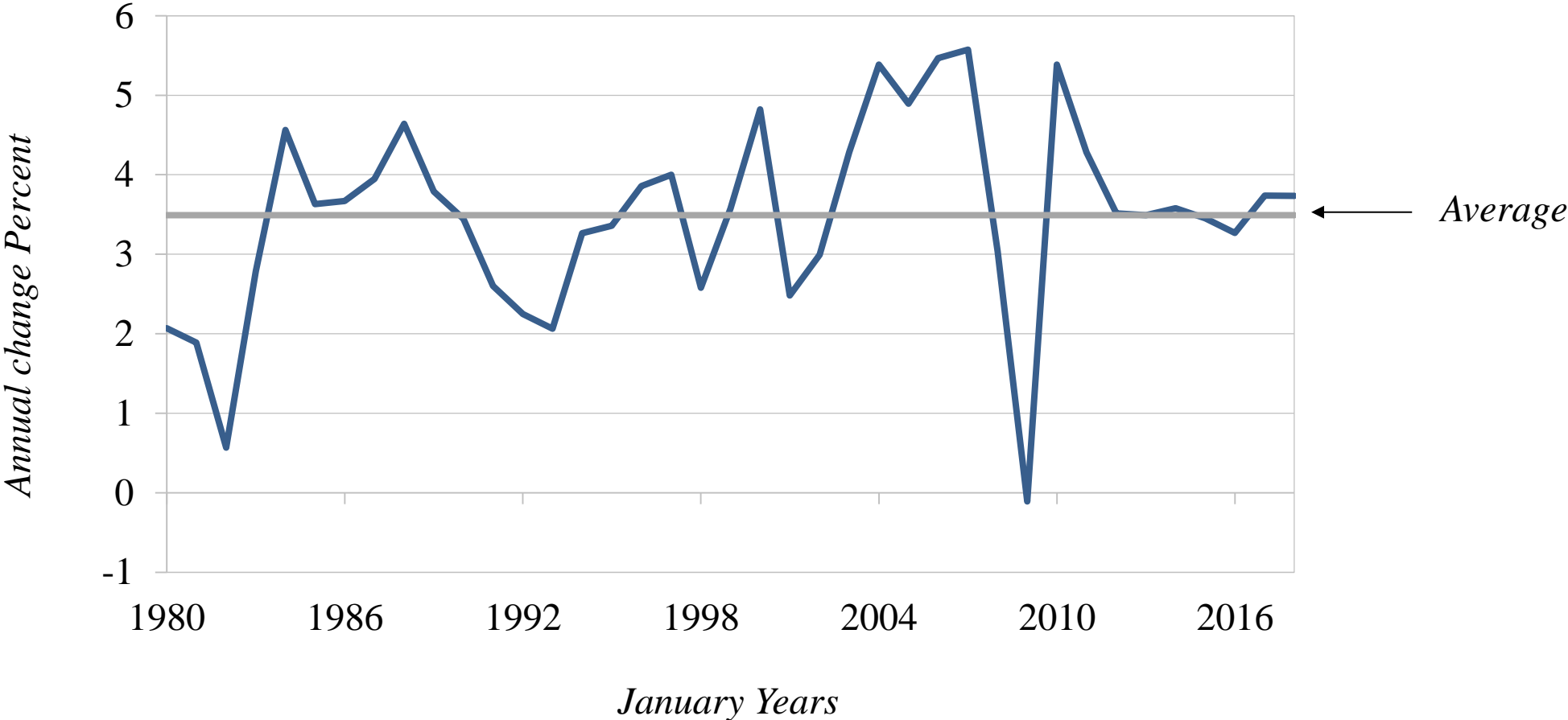
Wages and Salaries



Source: US: Bureau of Labor Statistics, Germany: Eurostat Labor Costs Nominal Value, Japan: Morgan Stanley Japan Hourly growth indicator, UK Office for NS

Underpinning Global Growth

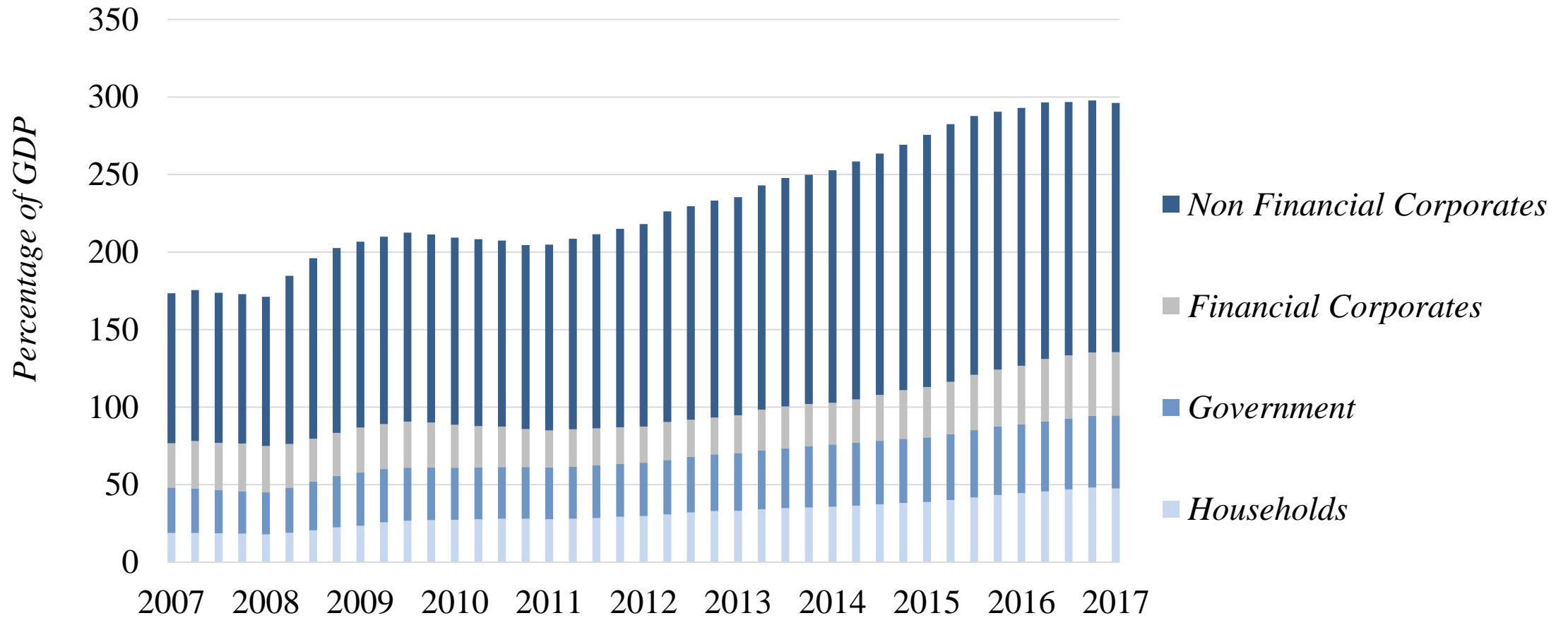
Gross Domestic Product (World)



Source: IMF.

Increase in debt driven by one sector

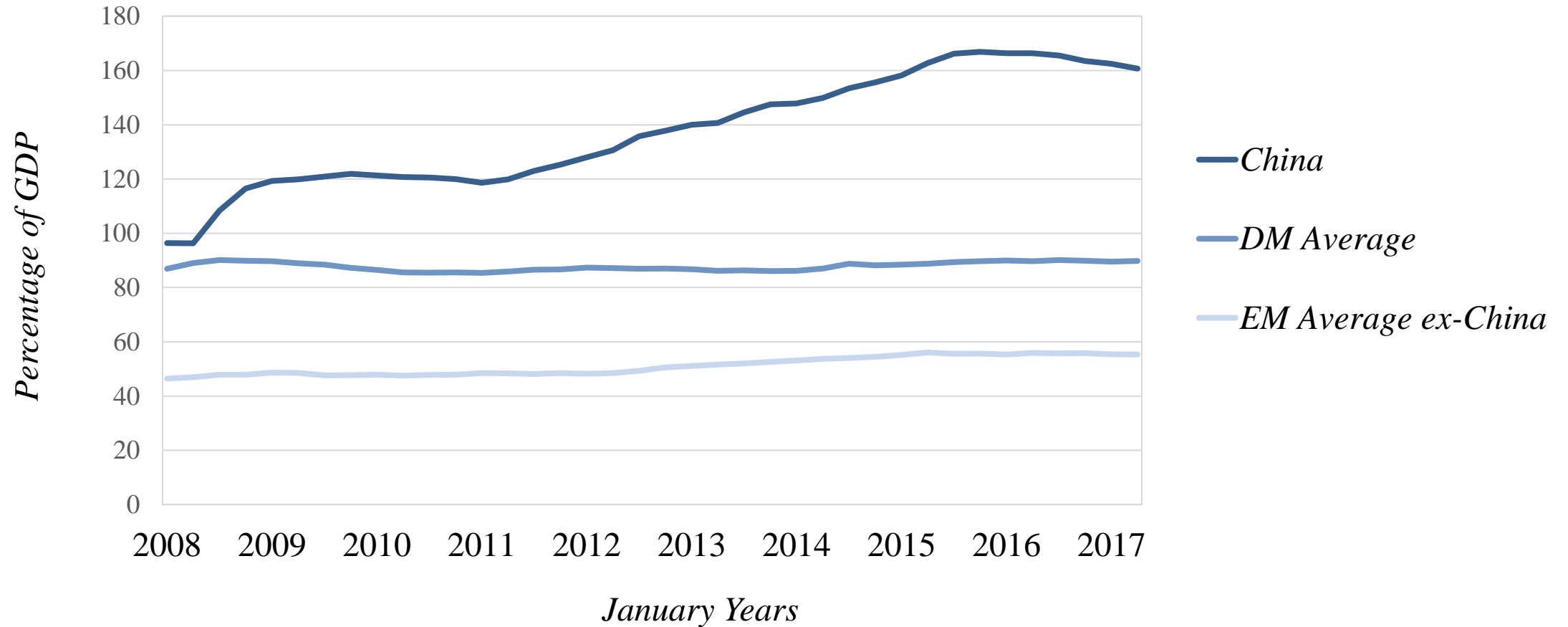
Chinese Total Debt Composition



Source: IIF.

Increase in debt driven by one sector

Non-Financial Corporate Debt

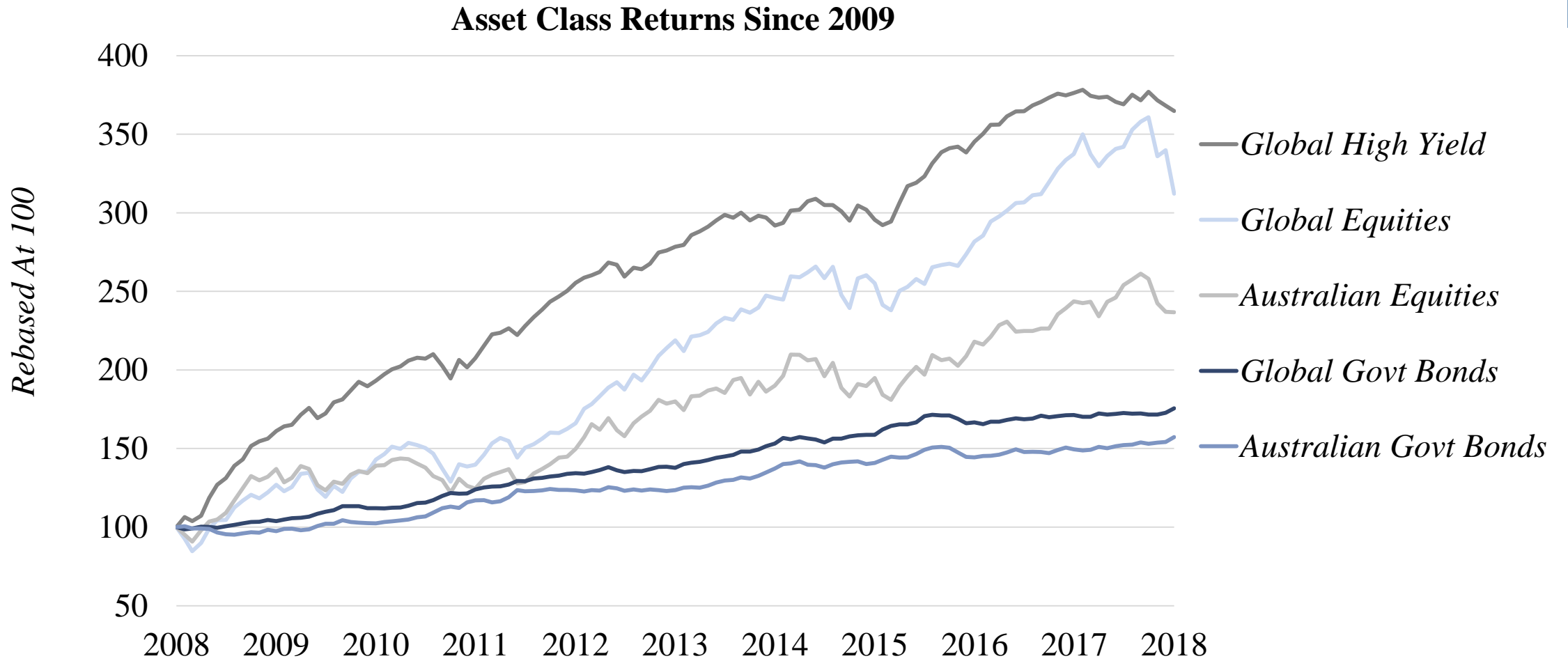


Note: debt includes both Government and Non-Financial Corporate debt. Source: IIF.

Considerations for Portfolio Construction

RISK HAS PAID OFF

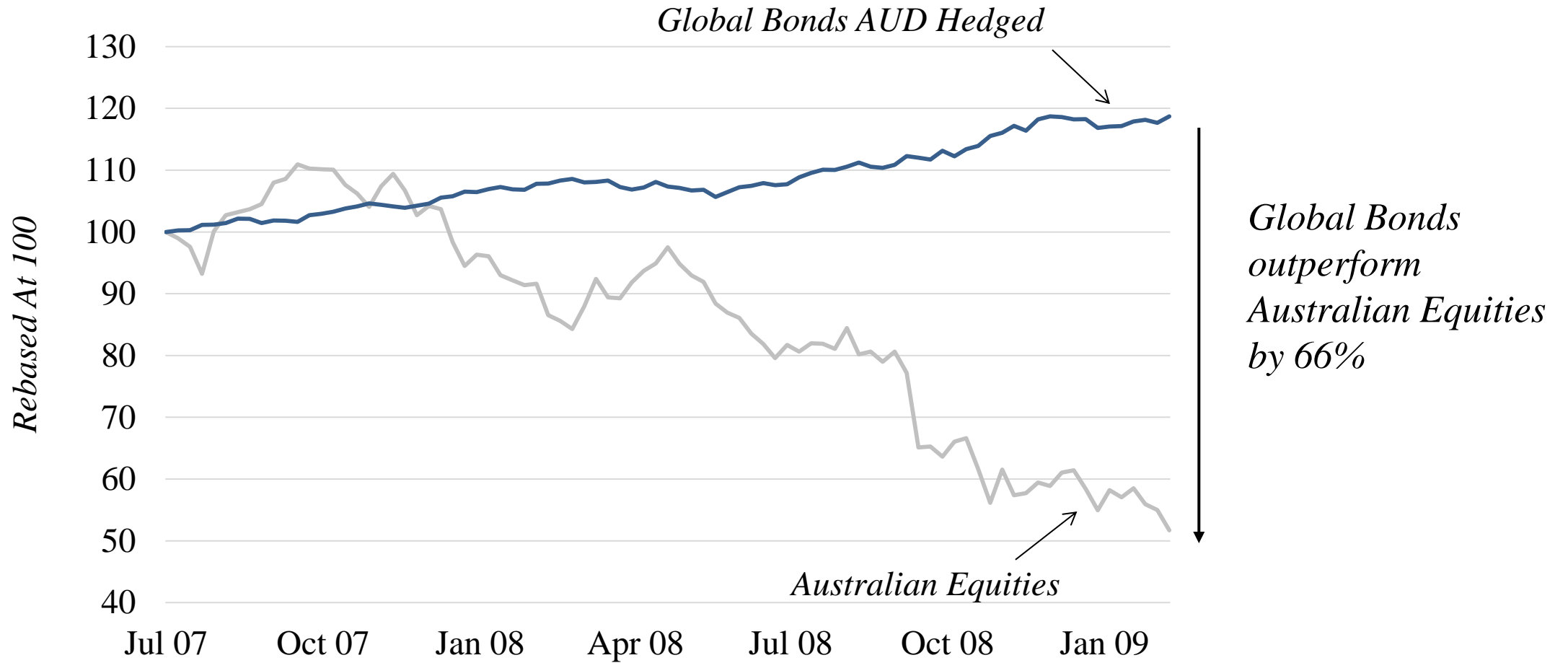
Everything has done well, those taking most risk have been rewarded



Source: Bloomberg, Bloomberg Barclays Global High Yield Total Return Index Hedged AUD (High Yield), MSCI World 100% Hedged Net Total Return AUD Index (Global Equities), S&P ASX Total Return 200 Index (Australian Equities), FTSE World Government Bond Index AUD Hedged (Global Bonds), FTSE Australia GBI Local Currency (Australian Government Bonds). Data to December 2018.

GFC SEEMS LIKE A LONG TIME AGO

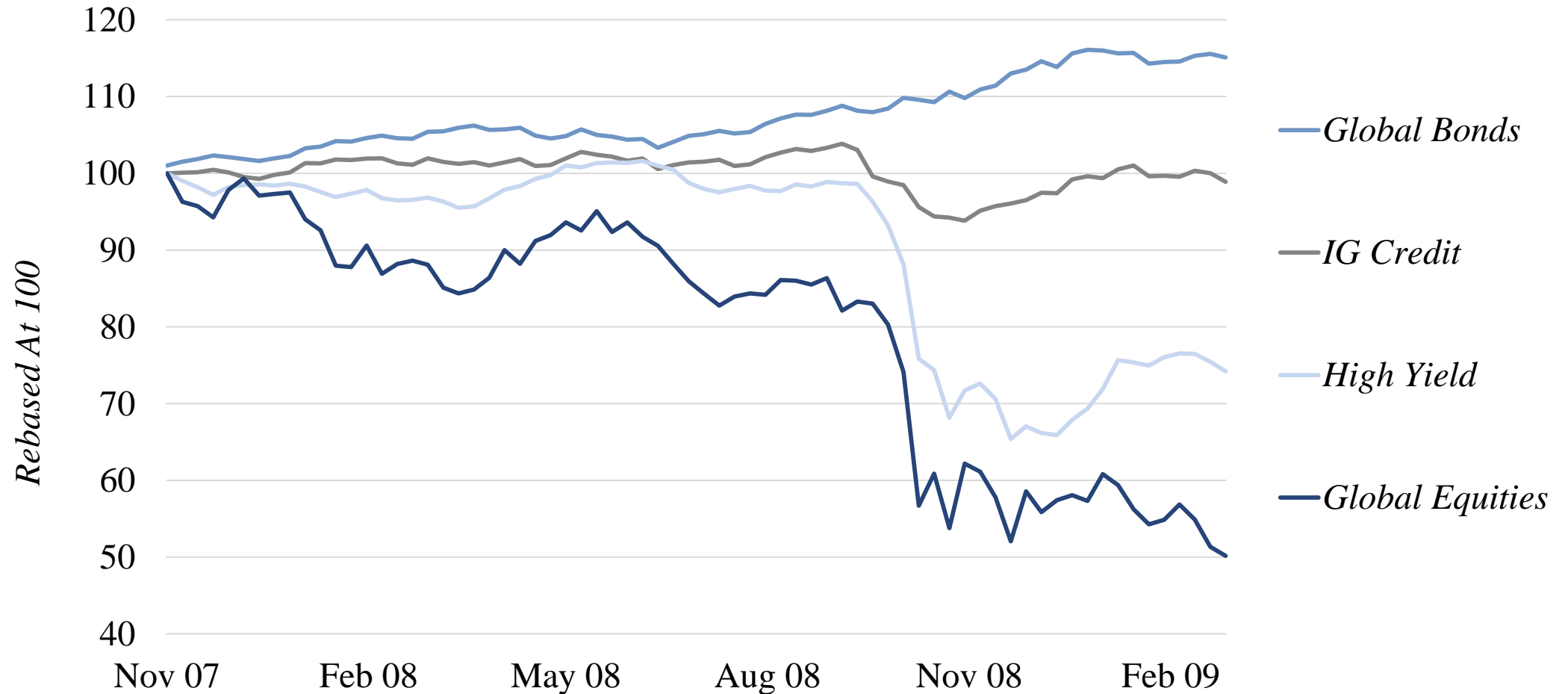
Markets don't go up for ever



Source: Bloomberg, FTSE World Government Bond Index AUD Hedged (Global Bonds), S&P ASX 200 Index (Australian Equities)

CREDIT PROVIDES INCOME BUT CAN HAVE A COST

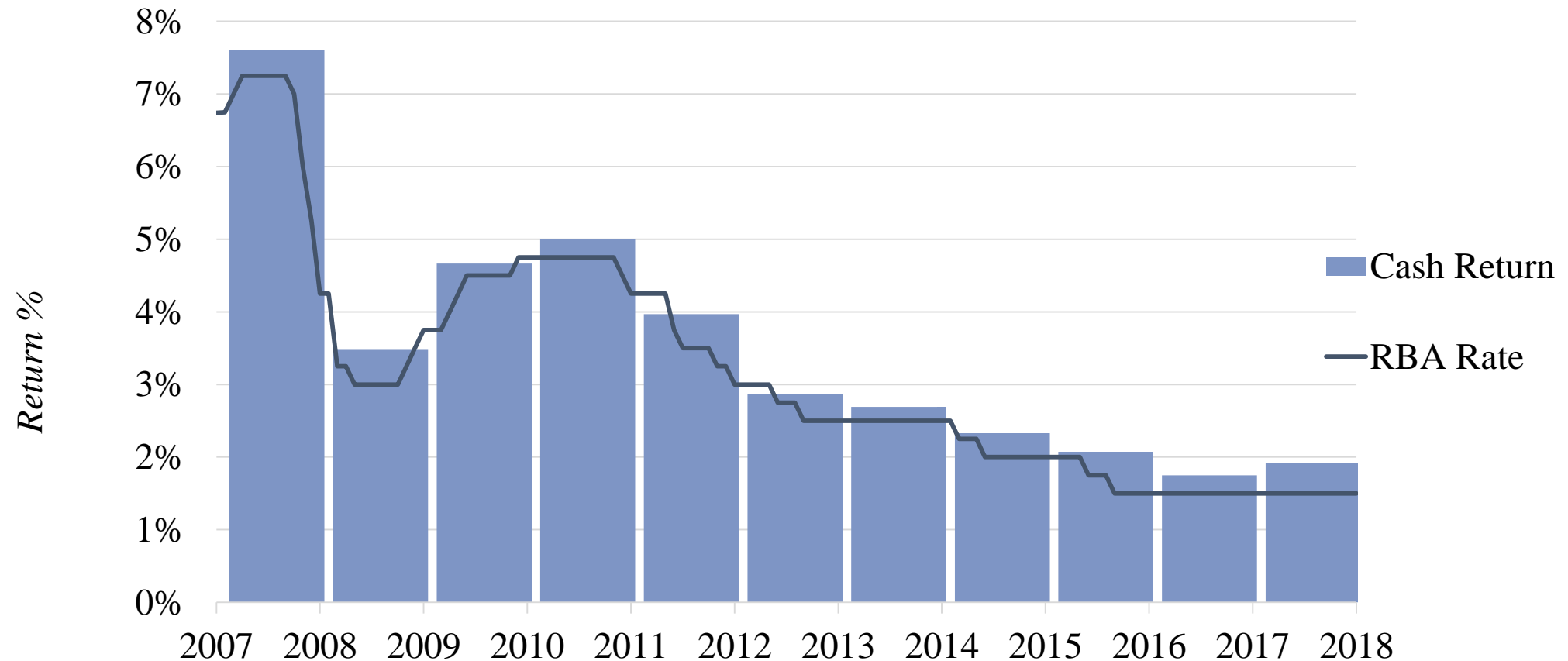
Although credit funds can provide a larger income, this can come at a cost



Source: Bloomberg, FTSE World Government Bond Index AUD Hedged (Global Bonds), Bloomberg Barclays Global Aggregate Credit Total Return Hedged AUD (IG Credit), Bloomberg Barclays Global High Yield Total Return Index Hedged AUD (High Yield), MSCI World 100% Hedged Net Total Return AUD Index (Global Equities).

CASH RATES HAVE COME DOWN DRAMATICALLY OVER RECENT YEARS

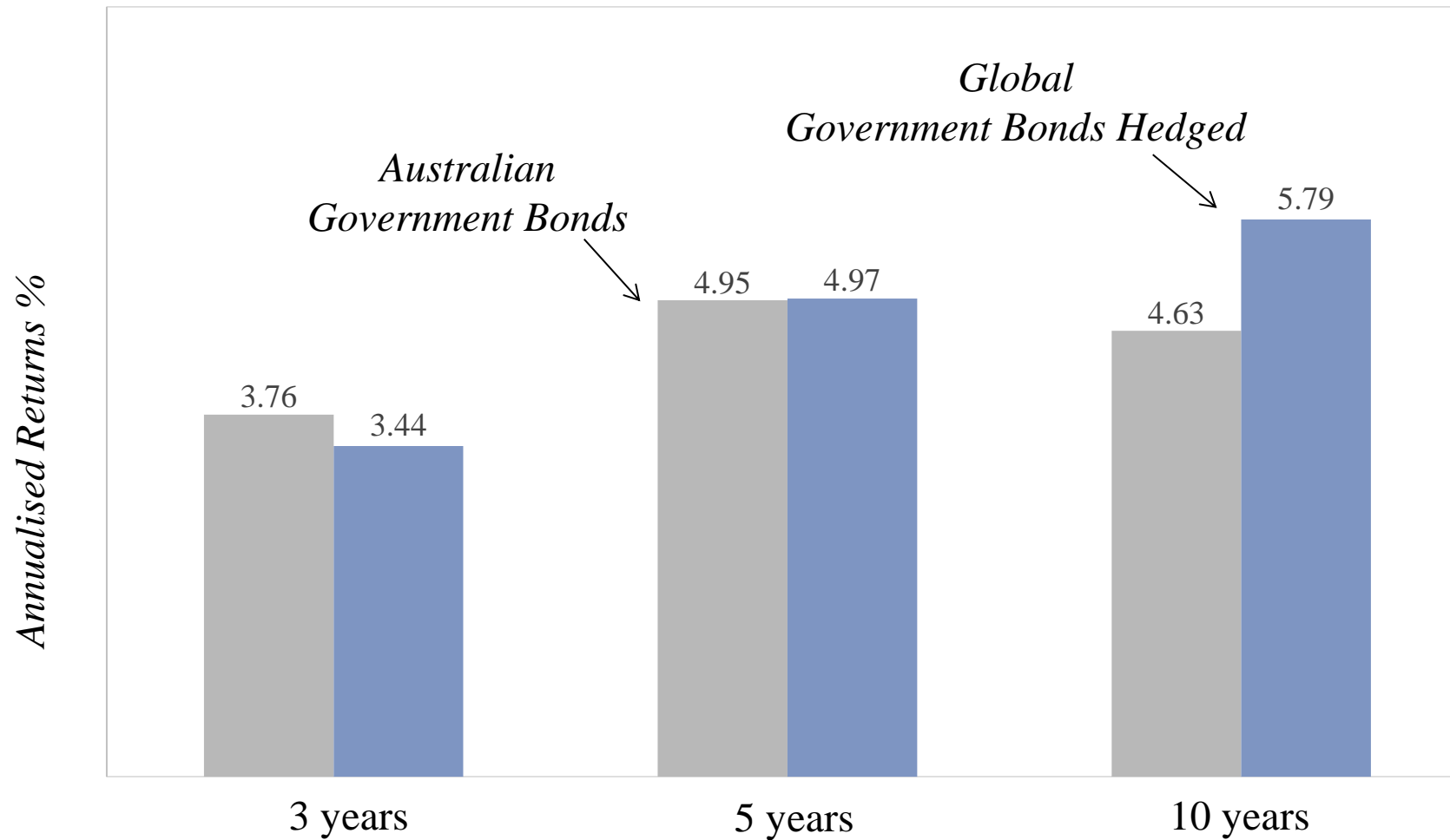
Cash will not rally in a market downturn so currently offers little protection



Source: Bloomberg - Bloomberg AusBond Bank Bill Index, RBA - RBA Overnight Cash Rate

GLOBAL BOND CHARACTERISTICS

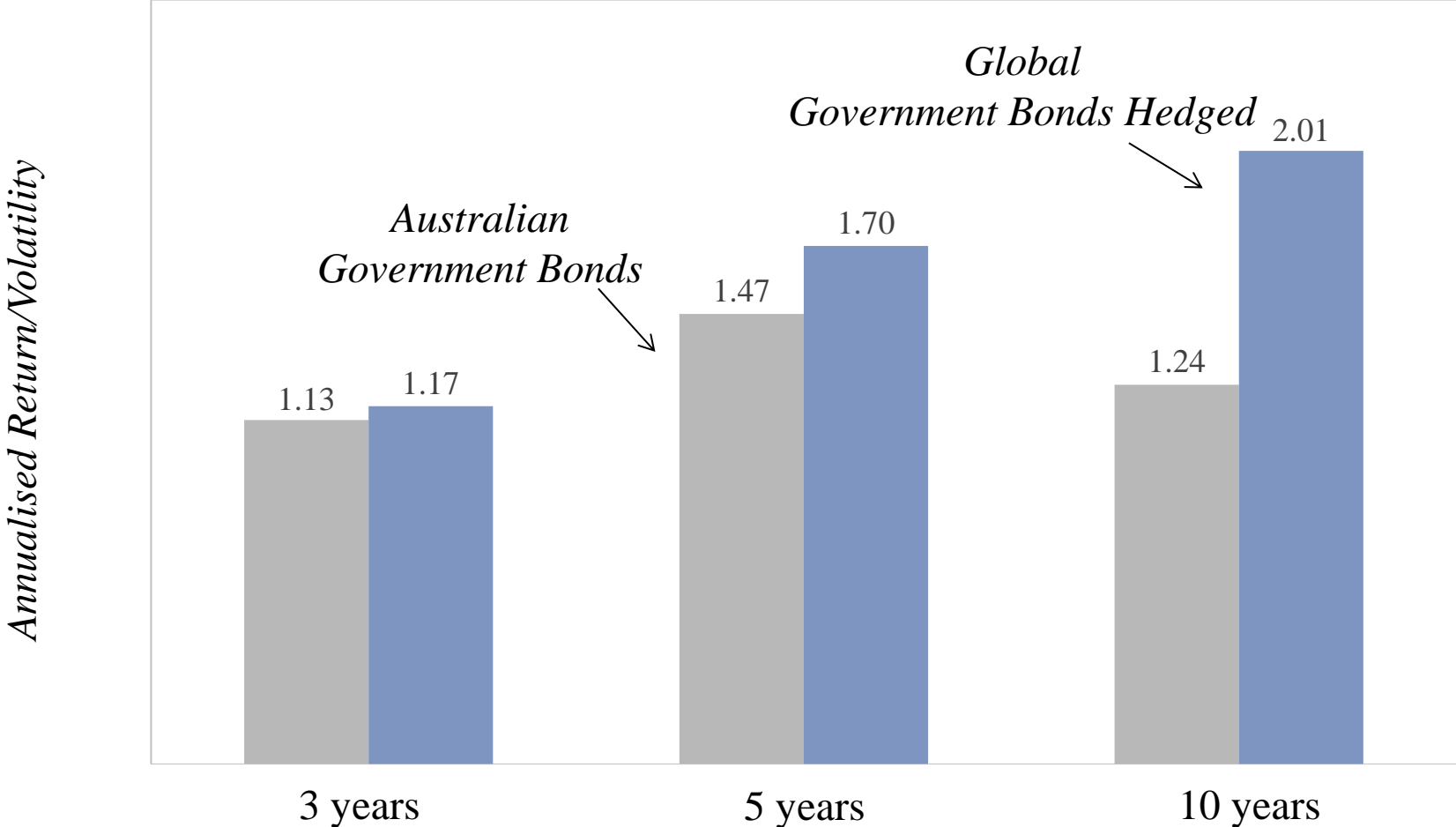
Attractive Returns Relative to Domestic Bonds



Source: FTSE World Government Bond Index AUD Hedged & FTSE Australia GBI Local Currency (Australian Government Bonds). To end December 2018.

GLOBAL BOND CHARACTERISTICS

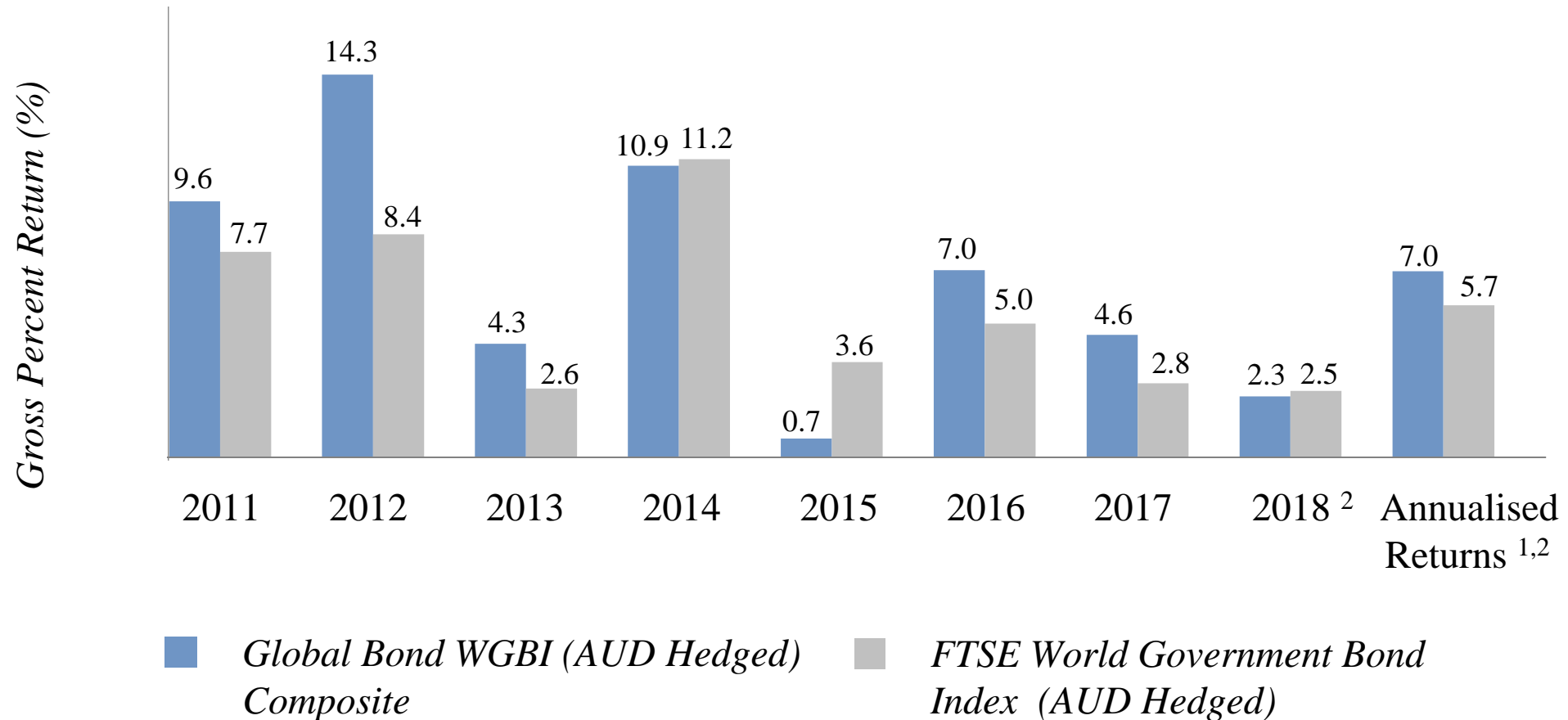
Attractive Risk Adjusted Returns Relative to Domestic Bonds



Source: FTSE World Government Bond Index AUD Hedged & FTSE Australia GBI Local Currency (Australian Government Bonds). To end December 2018.

COLCHESTER'S AUSTRALIAN TRACK RECORD

Consistent Positive Returns



1. From the inception of The Colchester Global WGBI Composite (AUD Hedged) on May 25, 2011. Please refer to the GIPS Performance pages of this presentation for important information concerning fees and the calculation of The Colchester Global WGBI Composite (AUD Hedged). Returns calculated in Australian dollars. 2. As at end December 2018

Why Choose Colchester?

COLCHESTER GLOBAL BOND CHARACTERISTICS

- Defensive Anchor in Portfolio
- Liquid during Market Stress (GFC)
- Value Add Through All Market Cycles
- Strong Risk Return Profile
- Low Correlation to Risk Assets
- Asset Allocation Integrity

1. Value-oriented analysis in **Real** terms:

- Prospective Real Yields
- Purchasing Power Parity
- Financial Stability



Quality portfolios
targeting high real
yields

2. Unique opportunity set:

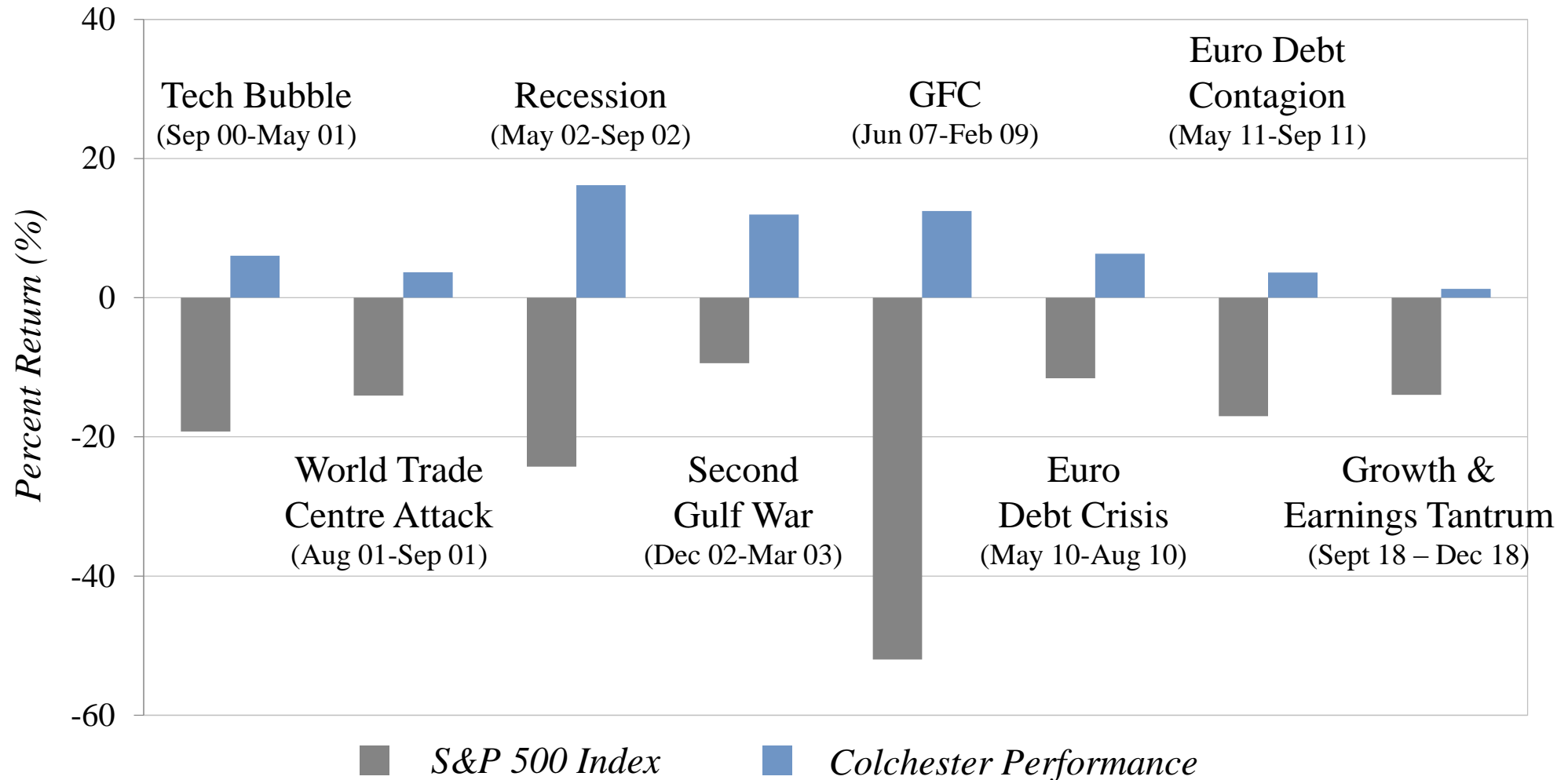
- Diverse range of smaller markets
- Credit quality threshold



Country selection a
significant part of
value-added

COLCHESTER HAS PERFORMED CONSISTENTLY WELL IN MARKET SHOCKS

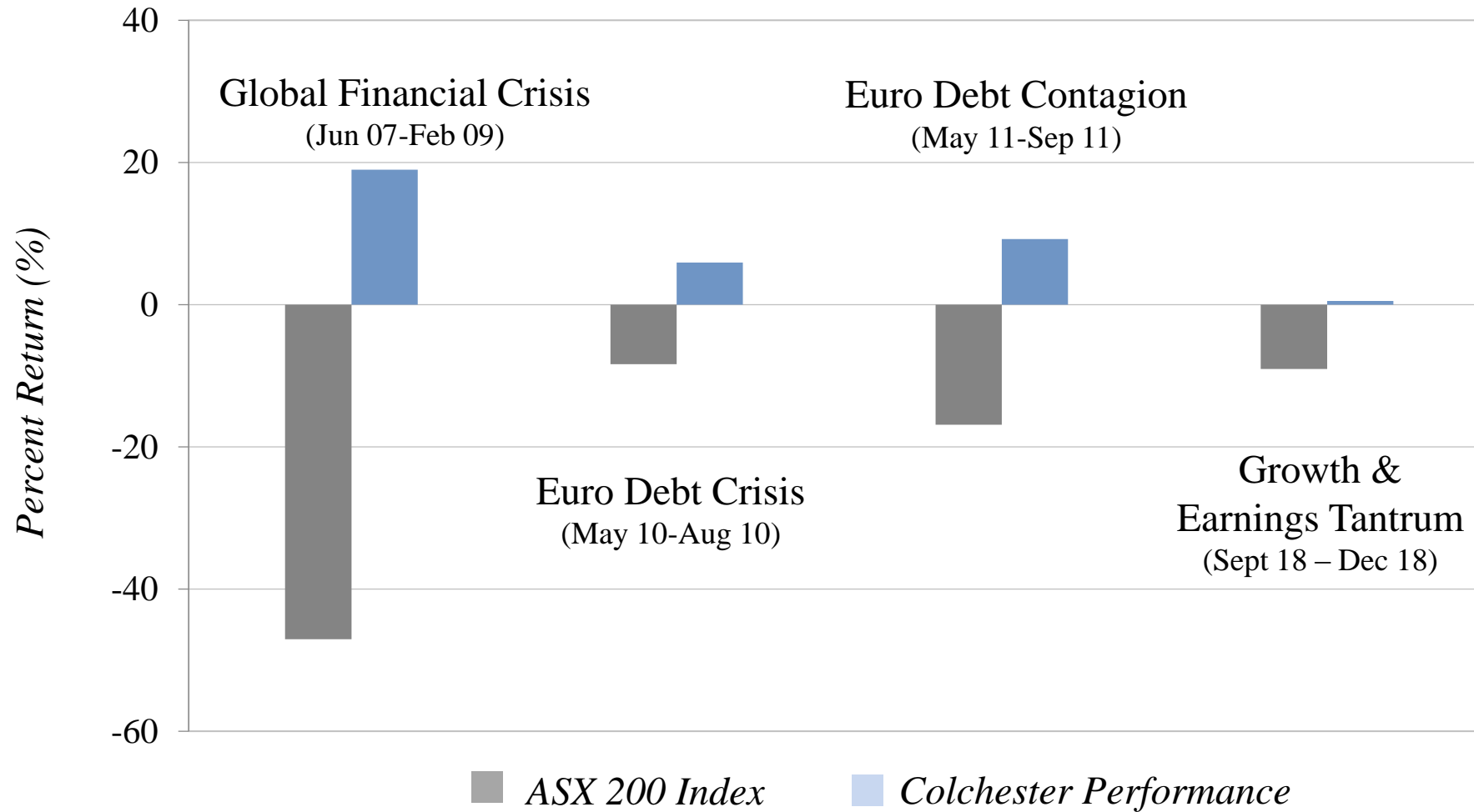
These are the times when bond managers are really tested



Source: Bloomberg; Colchester WGBI (USD Unhedged) Composite (gross).

COLCHESTER HAS PERFORMED CONSISTENTLY WELL IN MARKET SHOCKS

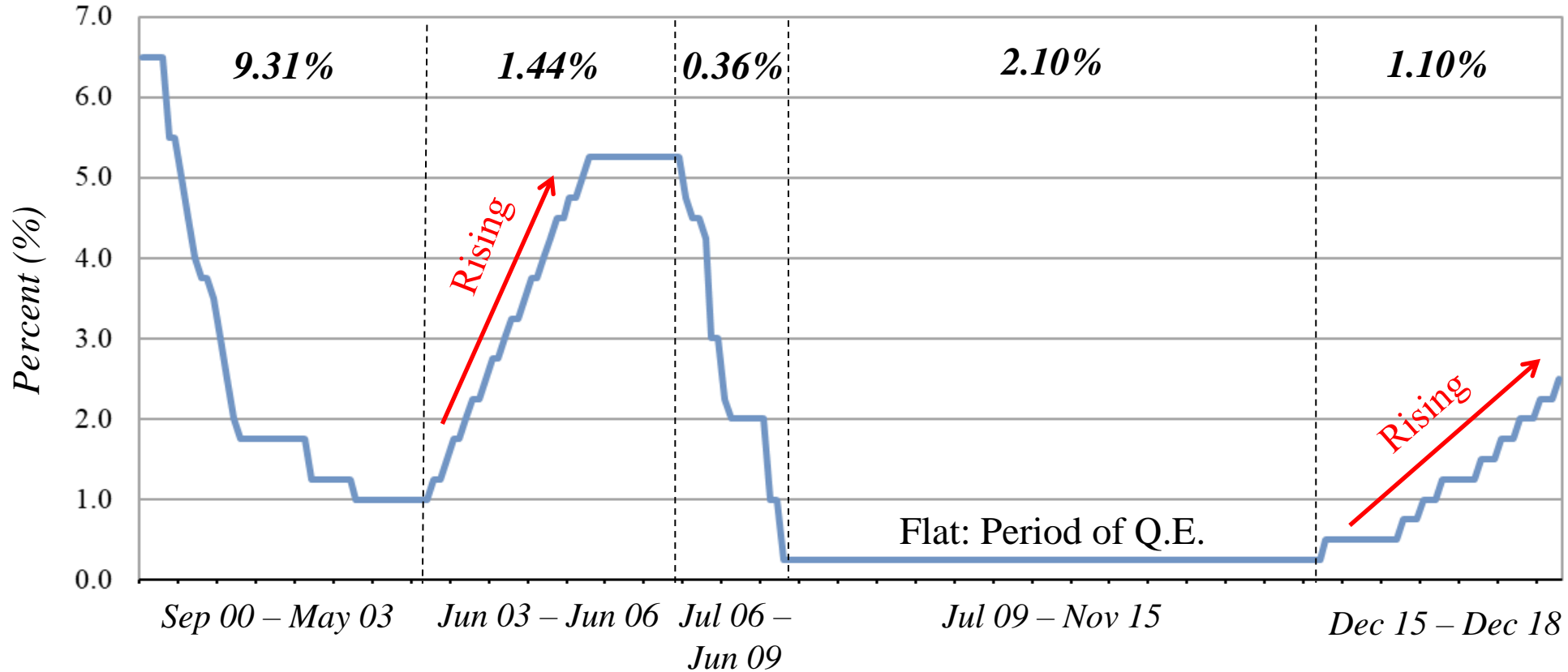
Pattern repeated in Australian market



Source: Bloomberg; Colchester Barclays Global Treasury (AUD Hedged) Composite (Gross).

COLCHESTER PERFORMANCE: Ability to Add Value Through All Market Cycles

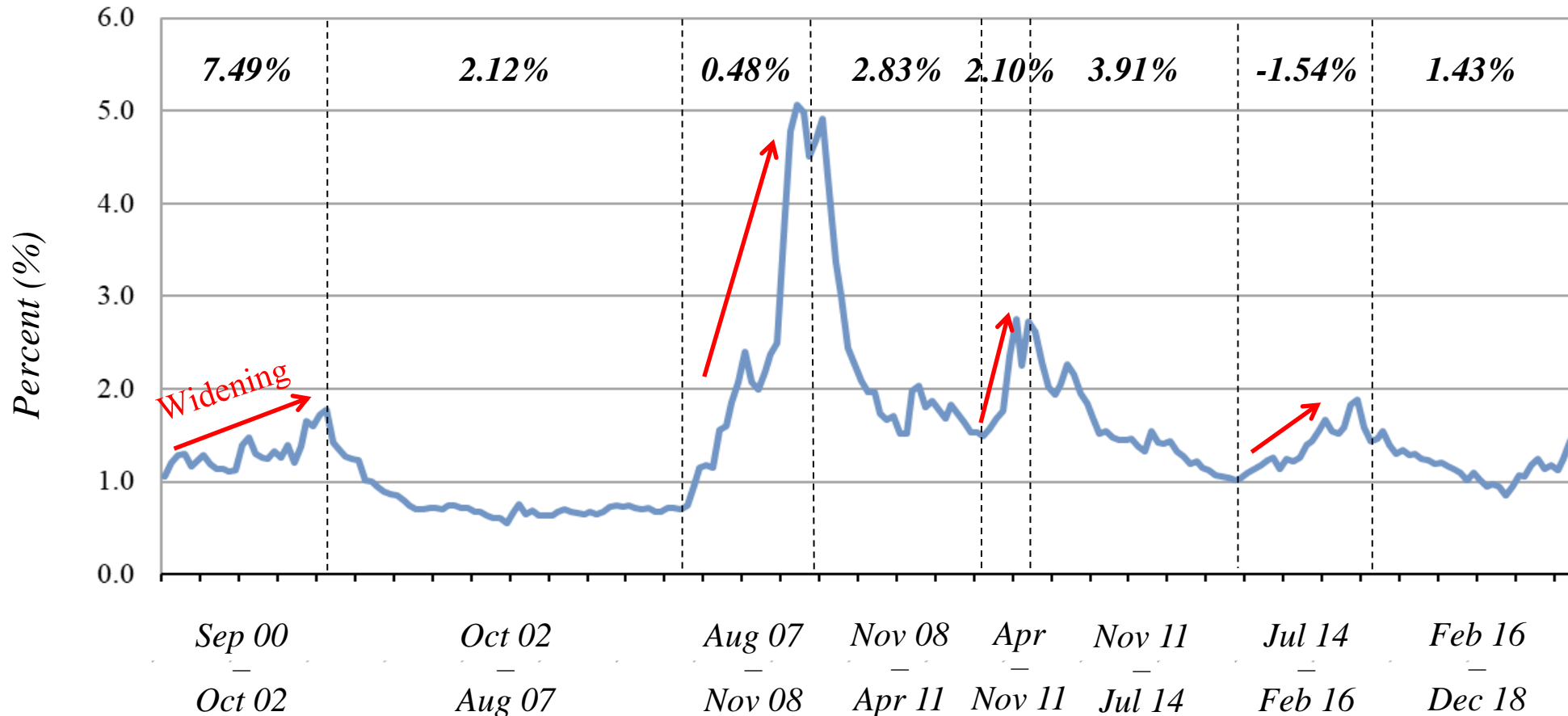
US Federal Funds Rate and Colchester Annualised Excess Return



From the inception of The Colchester Global Composite (Global Bond WGBI USD Unhedged) on September 29, 2000. Please refer to the GIPS Performance pages of this presentation for important information concerning fees and the calculation of The Colchester Global Composite (Global Bond WGBI USD Unhedged) including net of fee results. Returns calculated in US dollars. To end December 2018.

COLCHESTER PERFORMANCE: Changing Corporate Yield Spread Environments

Corporate Yield Spreads and Colchester Annualised Excess Return



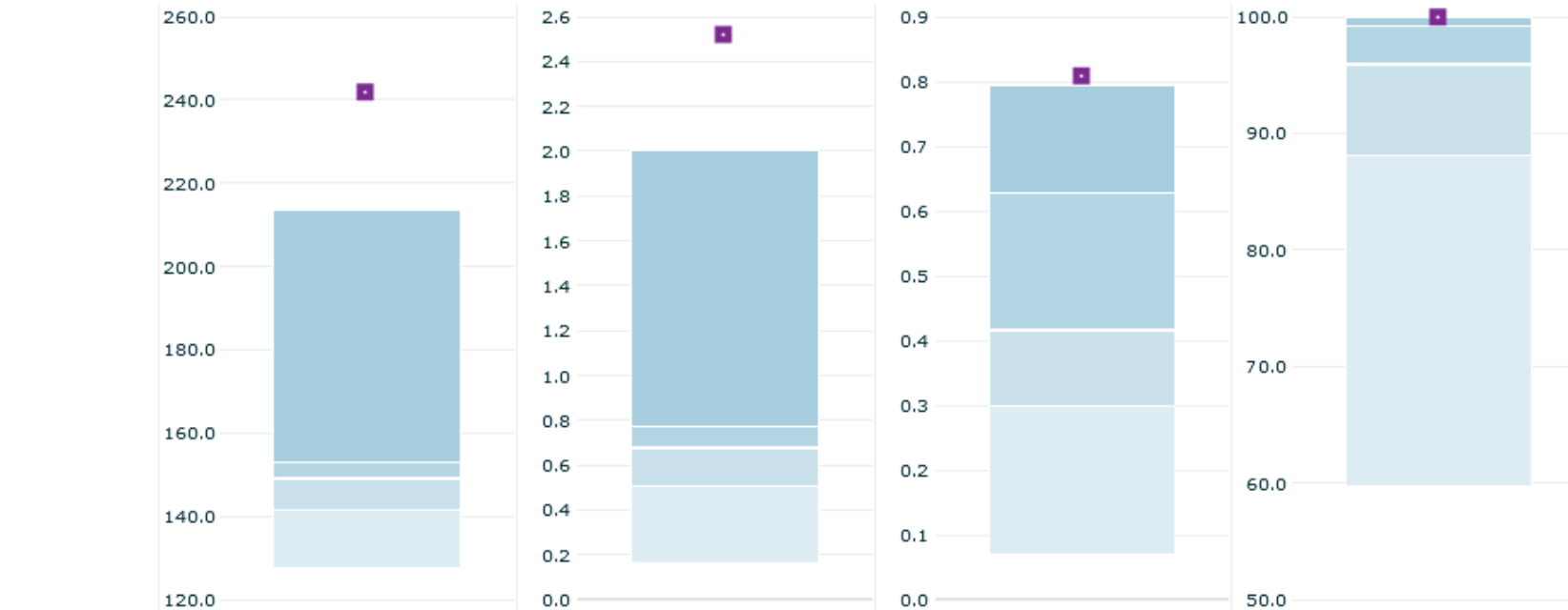
1. From the inception of The Colchester Global Composite (Global Bond WGBI USD Unhedged) on September 29, 2000. Please refer to the GIPS Performance pages of this presentation for important information concerning fees and the calculation of The Colchester Global Composite (Global Bond WGBI USD Unhedged) including net of fee results. Returns calculated in US dollars. 2. Yield Spread of the Bloomberg Barclays Global Aggregate Corporate Bond Index. 3. To end December 2018.

GLOBAL BOND USD UNHEDGED PEER GROUP PERFORMANCE

Colchester - Global FI Unhedged - Total & Excess Return, Information Ratio and Conf Value Added - SI

Performance characteristics vs. FTSE WGBI in \$US (before fees) over 18 yrs and 3 mths ending December-18

Comparison with the Global Fixed Unhedged Sovereign universe (Actual Ranking) (monthly calculations)



	Tot Ret (%)	Ex Ret (%pa)	IR	Conf VA (%)
■ Colchester	241.9(1)	2.5(1)	0.8(1)	100.0(1)
95th Percentile	213.8	2.0	0.8	99.9
Upper Quartile	153.1	0.8	0.6	99.3
Median	149.0	0.7	0.4	95.9
Lower Quartile	141.7	0.5	0.3	88.1
5th Percentile	127.6	0.2	0.1	59.7
Number	13	13	11	11

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This output should be read in conjunction with, and is subject to, MercerInsight MPA™: Important notices and Third-party data attributions.

Source – Mercer Insight. Global Fixed Unhedged Sovereign Universe. Data as of end December 2018.

SUMMARY

Global bonds offer potentially higher returns and a rich and diverse opportunity set creating a genuine defensive allocation

- Global Government Bonds offer genuine diversification
- Defensive asset class that adds ballast to diversified portfolios
- Can offer compelling risk/reward outcomes
- Hedged global government bonds have outperformed Aussie Government Bonds over the last 10 years

FUND: Colchester Global Government Bond Fund - Class I

PLATFORM ACCESS	RESEARCH RATINGS ¹		
<ul style="list-style-type: none">➤ BT Wrap➤ BT Panorama➤ IOOF Pursuit➤ HUB24➤ Macquarie Wrap➤ Netwealth➤ PowerWrap➤ OneVue ‘ready to trade’➤ Ausmaq ‘ready to trade’	<p>Lonsec Highly Recommended</p> 	<p>Zenith High Recommended</p> 	<p>Morningstar Silver</p> 

1. Refer to appendices for Research disclaimers

FUND: Colchester Global Government Bond Fund – Class I

FUND OVERVIEW

Investment Objective

To outperform the benchmark by 2%p.a. gross of fees over a full economic cycle of 5-7yrs in length.

Benchmark

FTSE World Government Bond Index Hedged in AUD

Sector

Government & Government Related	100%
Corporate Credit	nil
Mortgage/Asset Backed	nil
Securitised	nil

Instruments

Physical Bonds
Currency Forwards

FUND DETAILS

APIR CODE	ETL5525AU
Pricing	Daily
Distributions	Quarterly
Minimums	As per platform minimum

Fees

Management Fee	0.60%
Performance Fee	nil
Buy/Sell Spread	nil

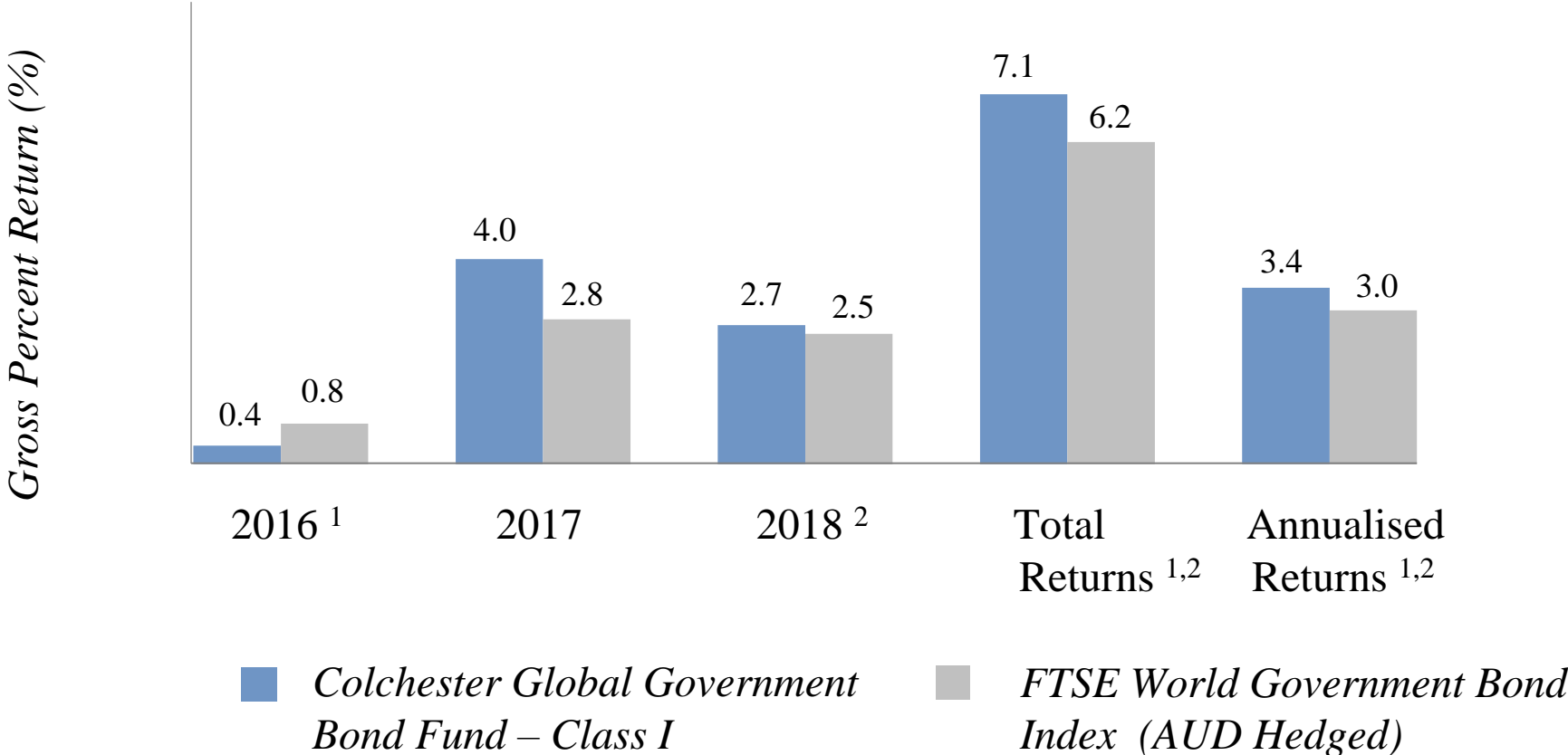
FUM (as at 11 Feb 2019¹)

\$275.53 million

1. Colchester Global Government Bond Fund Class I, A &N Total FUM

COLCHESTER GLOBAL GOVERNMENT BOND FUND - CLASS I

Fund track record is still early days



1. Colchester Global Government Bond Fund Class I whose inception date was 9 December 2016, APIR ETL5525AU. 2. As at end December 2018

Colchester Global Composite (Global Bond WGBI AUD Hedged) 25 May 2011 to 31 Dec 2018

Reporting Currency: AUD Period	Composite Gross-of-Fees Return (%)	Composite Net-of-Fees Return (%)	Benchmark Return (%)	Composite 3- Yr St Dev ¹ (%)	Benchmark 3- Yr St Dev ¹ (%)	Number of Portfolios in Composite	Internal Dispersion (%)	Total Composite Assets (AUD in millions)	Total Firm Assets (USD in millions)
2018	2.31	1.69	2.51	3.51	2.94	4		1,683	44,321
2017	4.60	3.98	2.79	4.15	3.24	4		856	40,499
2016	7.02	6.38	5.02	4.31	3.82	3		725	33,940
2015	0.73	0.12	3.59	3.65	2.90	3		755	32,438
2014	10.91	10.25	11.16	2.50	2.37	3		643	31,671
2013	4.27	3.65	2.60			1		458	22,986
2012	14.31	13.63	8.35			1		324	21,304
2011	9.58	9.14	7.70			1		257	16,575
Since Inception 25/05/11 (annualised return):	6.98	6.34	5.71						
Since Inception (cumulative return):	67.11	59.60	52.59						

¹The three year annualised ex-post standard deviation measures the variability of the composite and the benchmark returns over the previous 36-month period. If not presented it is because 36 month's returns are not available.

Compliance Statement	Colchester Global Investors Limited (CGIL) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CGIL has not been independently verified.
Definition of the Firm	Colchester Global Investors Limited is an independent investment management firm based in the UK with subsidiaries in Singapore and the USA. Established in 1999 Colchester Global Investors Limited offers quality global and international bond services primarily to institutional clients. A complete list and description of the firm's composites and their performance results is available upon request. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.
Composite Description	The Global Bond WGBI (Australian Dollar Hedged) Composite (previously the Global Bond WGBI (Australian Dollar Hedged) Below Investment Grade Composite) includes all portfolios invested on a fully hedged basis in global sovereign bond markets that share a common reporting currency and benchmark. The benchmark is the FTSE World Government Bond Index (Australian Dollar hedged), formerly the Citigroup World Government Bond Index (Australian Dollar hedged). From October 1, 2014, the criteria for inclusion of portfolios within this composite was amended, to remove the requirement for portfolios to be able to hold a maximum of 10% of portfolio NAV in securities issued in the currencies of countries rated below investment grade (BBB-/Baa3 or equivalent). Composite returns are stated net of any withholding taxes. There is no minimum asset level below which portfolios are not included in the composite. Dispersion is measured as the standard deviation of returns of constituent portfolios in the composite for the whole of the period. As at the end of December 2018, the portfolios had no exposure to futures, options, swaps or derivatives and have had no exposures to such products since inception. The portfolios do not employ any leverage. No alteration of composites as presented has occurred as a result of changes in personnel or other reasons at any time.
Benchmark	The FTSE World Government Bond Index 100% hedged in Australian dollars (AUD), formerly, The Citigroup World Government Bond Index 100% hedged in Australian dollars (AUD). The WM-Reuters exchange rate used by FTSE in compiling their index is the predominant exchange rate used in valuing the portfolios. Benchmark returns have been calculated gross of any foreign withholding taxes.
Fees	The fee schedule is the annual rate of 0.60%. The gross performance record presented does not reflect the deduction of management fees, which will reduce overall client returns, but does reflect the deduction of trading expenses. The net returns shown above reflect the impact of trading expenses and investment management fees (compounded over the period of calculation) on the total value of a client's portfolio. Net-of-fees returns are calculated by deducting the highest fee of 60.0 basis points from the monthly composite gross performance return. Using the highest level of fees payable, the value of a A\$10.00 million investment made on 25 May 2011 would be worth A\$16.71 million gross-of-fees and A\$15.96 million on a net-of-fees basis as at the end of December 2018. The basis for calculating this example was to start with an investment amount, then apply the monthly composite gross performance to the previous computed month end value, and finally deduct the highest fees payable in accordance with our published fee scale to compute the new month end value net-of-fees.

Colchester Global Composite (Global Bond WGBI USD Unhedged) 29 Sep 2000 to 31 Dec 2018

Reporting Currency: USD	Composite Gross-of-Fees Return (%)	Composite Net-of-Fees Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev ¹ (%)	Benchmark 3-Yr St Dev ¹ (%)	Number of Portfolios in Composite	Internal Dispersion (%)	Total Composite Assets (USD in millions)	Total Firm Assets (USD in millions)
2018	-0.51	-1.11	-0.84	6.83	5.90	16	0.10	5,543	44,321
2017	8.67	8.02	7.49	6.64	5.83	15	0.10	6,155	40,499
2016	4.34	3.71	1.60	6.79	5.98	16	0.19	6,248	33,941
2015	-5.52	-6.09	-3.57	4.73	4.45	17	0.06	6,639	32,438
2014	0.32	-0.28	-0.48	5.11	4.34	13	0.26	7,361	31,671
2013	-2.90	-3.48	-4.00	5.86	4.66	12	0.06	6,362	22,986
2012	9.52	8.86	1.65	6.90	5.59	10	0.35	6,748	21,304
2011	8.04	7.39	6.35	8.97	7.68	8	0.22	5,115	16,575
2010	7.01	6.37	5.17	10.20	9.39	7	0.32	4,231	12,581
2009	7.12	6.48	2.55	9.67	8.96	6	0.36	3,169	9,851
2008	14.00	13.32	10.89	7.99	7.49	7	0.20	2,430	6,386
2007	6.80	6.16	10.95	6.04	5.56	7	0.05	2,238	6,574
2006	5.79	5.15	6.12	6.73	5.95	7	0.05	1,877	4,937
2005	-4.88	-5.45	-6.88	8.19	7.34	7	0.15	1,592	3,855
2004	10.18	9.52	10.35	8.87	7.61	6	0.21	1,102	3,055
2003	23.15	22.42	14.91	9.16	7.80	3		483	2,007
2002	31.36	30.57	19.49			3		139	914
2001	0.86	0.25	-0.99			1		20	244
2000 Since Inception	10.13	9.96	4.40			1		15	238
Since Inception 29/09/00 (annualised return):	6.96	6.32	4.45						
Since Inception (cumulative return):	241.55	206.11	121.52						
Compliance Statement	Colchester Global Investors Limited (CGIL) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CGIL has not been independently verified.								
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Composite Description	The Colchester Global Composite (Global Bond WGBI USD Unhedged) includes all portfolios invested on an unhedged basis in high-quality global sovereign bond markets that share a common reporting currency, benchmark and permissible minimum market long term sovereign credit rating. The benchmark is the FTSE World Government Bond Index (USD Unhedged), formerly the Citigroup World Government Bond Index (USD Unhedged). From April 1, 2009, the criteria for inclusion of portfolios within this composite were amended, to ensure that all portfolios within the composite share a minimum permitted long term credit rating for permissible markets of BBB-, Baa3 or equivalent. Composite returns are stated net of any withholding taxes. There is no minimum asset level below which portfolios are not included in the composite. Dispersion is measured as the standard deviation of returns of constituent portfolios in the composite for the whole of the period. As at the end of December 2018, the portfolios had no exposure to futures, options, swaps or derivatives and have had no exposures to such products since inception. The portfolios do not employ any leverage. No alteration of composites as presented has occurred as a result of changes in personnel or other reasons at any time.								
Benchmark	The FTSE World Government Bond Index (USD Unhedged) as calculated in USD on an unhedged basis, formerly the Citigroup World Government Bond Index (USD Unhedged). The WM-Reuters exchange rate used by FTSE in compiling their index is the predominant exchange rate used in valuing the portfolios. Benchmark returns have been calculated gross of any foreign withholding taxes.								
Fees	The fee schedule is the annual rate of 0.60% of the first US\$25m; 0.50% of the next US\$25m; 0.35% of the next US\$100m and 0.30% thereafter. The gross performance record presented does not reflect the deduction of management and custody fees, which will reduce overall client returns, but does reflect the deduction of trading expenses. The net returns shown above reflect the impact of trading expenses, investment management and custody fees (compounded over the period of calculation) on the total value of a client's portfolio. Net-of-fees returns are calculated by deducting the highest fee of 60 basis points from the monthly composite gross performance return. Using the highest level of fees payable, the value of a \$10 million investment made on 29 th September 2000 would be worth \$34.15 million gross-of-fees and \$30.61 million on a net-of-fees basis as at the end of December 2018. The basis for calculating this example was to start with an investment amount, then apply the monthly composite gross performance to the previous computed month end value, and finally deduct the highest fees payable in accordance with our published fee schedule to compute the new month end value net-of-fees.								

¹The three year annualised ex-post standard deviation measures the variability of the composite and the benchmark returns over the previous 36-month period. If not presented it is because 36 month's returns are not available.

Colchester Global Composite (Global Treasury BBGTBI (AUD Hedged) Enhanced) 08 November 2006 to 31 December 2018

Reporting Currency: AUD Period	Composite Gross-of-Fees Return (%)	Composite Net-of-Fees Return (%)	Benchmark Return (%)	Composite 3-Yr Ann St Dev (%)	Benchmark 3-Yr Ann St Dev (%)	Number of Portfolios in Composite	Internal Dispersion (%)	Total Composite Assets (AUD in millions)	Total Firm Assets (USD in millions)
2018	2.36	1.87	2.73	3.32	2.78	1		70	44,321
2017	4.49	4.00	2.80	3.97	3.12	1		73	40,499
2016	7.59	7.08	5.18	4.15	3.19	1		67	33,941
2015	0.99	0.51	3.77	3.56	2.84	1		76	32,438
2014	11.52	10.99	10.98	2.28	2.37	1		59	31,671
2013	6.80	6.29	2.50	3.72	2.73	1		48	22,986
2012	14.34	13.80	8.44	4.18	2.61	1		45	21,304
2011	11.87	11.34	10.77	4.79	2.95	1		43	16,575
2010	7.15	6.64	8.31	5.54	3.42	1		47	12,581
2009	6.04	5.54	3.96	5.59	3.29	1		62	9,851
2008	17.52	16.96	13.39			1		65	6,386
2007	3.00	2.51	6.96			1		86	6,574
2006 Since Inception	-0.07	-0.15	0.49			1		77	4,937
Since Inception 08/11/2006 (annualised return):	7.59	7.08	6.55			1. The three year annualised ex-post standard deviation measures the variability of the composite and the benchmark returns over the previous 36-month period. If not presented it is because 36 month's returns are not available.			
Since Inception (cumulative return):	143.36	129.69	116.14						
Compliance Statement	Colchester Global Investors Limited (CGIL) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CGIL has not been independently verified.								
Definition of the Firm	Colchester Global Investors Limited is an independent investment management firm based in the UK with subsidiaries in Singapore and the USA. Established in 1999 Colchester Global Investors Limited offers quality global and international bond services primarily to institutional clients. A complete list and description of the firm's composites and their performance results is available upon request. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.								
Composite Description	The Global Treasury BBGTBI (AUD Hedged) Enhanced Composite includes all portfolios invested in high-quality global sovereign bond markets that share a common reporting currency, benchmark and permissible minimum market long term sovereign credit rating. Portfolios within the Composite have the capacity to go long or short in currencies and/or bonds by market in a constrained, unleveraged fashion that leaves net exposure for the portfolio 100% long. The benchmark is the Bloomberg Barclays Global Treasury Bond Index (AUD hedged) which was, until November 2008, known as the Lehman Brothers Global Treasury Bond Index (AUD hedged). Composite returns are stated net of any withholding taxes. There is no minimum asset level below which portfolios are not included in the composite. Dispersion is measured as the standard deviation of returns of constituent portfolios in the composite for the whole of the period. As at the end of December 2018, the portfolios had no exposure to futures, options, swaps or derivatives and have had no exposures to such products since inception. The portfolios do not employ any leverage. No alteration of composites as presented has occurred as a result of changes in personnel or other reasons at any time.								
Benchmark	The Bloomberg Barclays Global Treasury Index as calculated in Australian Dollars (AUD) on a hedged basis The WM-Reuters exchange rate used by The in compiling their index is the predominant exchange rate used in valuing the portfolios. Benchmark returns have been calculated gross of any foreign withholding taxes.								
Fees	The fee schedule is the annual rate of 0.475% of the first US\$100m; 0.40% of the next US\$100m and 0.30% thereafter. The gross performance record presented does not reflect the deduction of management fees, which will reduce overall client returns, but does reflect the deduction of trading expenses. The net returns shown above reflect the impact of trading expenses and investment management fees (compounded over the period of calculation) on the total value of a client's portfolio. Net-of-fees returns are calculated by deducting the highest fee of 47.5 basis points from the monthly composite gross performance return. Using the highest level of fees payable, the value of a \$10.00 million investment made on 08 November 2006 would be worth \$24.34 million gross-of-fees and \$22.97 million on a net-of-fees basis as at the end of December 2018. The basis for calculating this example was to start with an investment amount, then apply the monthly composite gross performance to the previous computed month end value, and finally deduct the highest fees payable in accordance with our published fee schedule to compute the new month end value net-of-fees.								
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