



Fund Update as at 30 November 2022

CC JCB Active Bond Fund (APIR: CHN0005AU)

Fund Performance

Returns	1 month	3 months	6 months	FYTD	1 year	3 years p.a.	5 years p.a.	Since inception p.a. (03-Aug-2016)
Fund Net Return ¹	1.40%	1.03%	0.41%	1.83%	-8.53%	-3.39%	0.60%	0.73%
Benchmark Return ²	1.43%	1.22%	0.59%	1.94%	-8.09%	-3.19%	0.83%	0.73%
Active Return (After fees)	-0.03%	-0.19%	-0.18%	-0.11%	-0.44%	-0.20%	-0.23%	0.00%

Fund Benefits

Active Management

JCB is a specialist fixed income manager with significant global investment management experience and expertise.

Superior Liquidity and Credit Quality

A domestic high grade bond strategy that invests in Australian Government, semi-Government and supranational bonds (AAA or AA rated securities), providing investors with superior liquidity and credit quality.

Diversification and Income

When bonds are held as part of a broader portfolio of different asset classes, diversification may assist in managing market volatility. Bond securities in general are considered a defensive asset class. The income generated by bond securities is consistent and regular (usually semi-annual).

Fund Facts

Investment Manager	JamiesonCooteBonds Pty Ltd
Structure	AAA or AA rated bond securities issued in Australian dollars
Inception Date	03 Aug 2016 ³
Benchmark	Bloomberg AusBond Treasury 0+ Yr Index
Management Fee	0.45% p.a. ⁴
Administration Fee	0.10% p.a. ⁴
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size	AUD \$1,141 million ⁵

Platform Availability

AMP MyNorth	Asgard	Ausmaq
Aust Money Market	BT Panorama	Colonial First Wrap
HUB24	Implemented Portfol	Linear
Macquarie Wrap	Mason Stevens	MLC Navigator
MLC Wrap	Netwealth	PowerWrap
Praemium	uXchange	Xplore Wealth

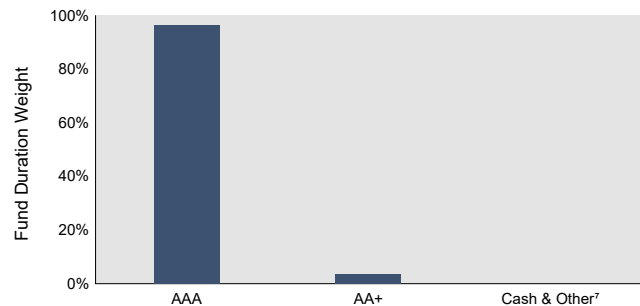
¹ Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual Investor level taxes are not taken into account when calculating returns. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. ² Benchmark refers to the Bloomberg AusBond Treasury 0+ Yr Index. ³ Inception Date for performance calculation purposes. ⁴ All figures disclosed include the net effect of GST and RITC. ⁵ Fund size refers to the CC JCB Active Bond Fund ARSN 610 435 302. ⁶ Refer to Definition of Terms. ⁷ Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

Fund Characteristics

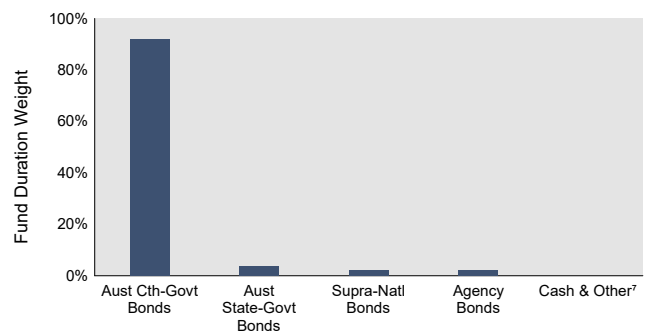
Characteristics ⁶	Fund	Benchmark ²
Modified Duration (yrs)	6.07	5.84
Yield to Maturity (%)	3.46	3.36
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	0.34	n/a

Source: JamiesonCooteBonds Pty Ltd.

Allocation by Rating (Duration Weight)⁶



Allocation by Sector (Duration Weight)⁶



Further Information

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JAMIESON COOTE BONDS

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Market Review & Outlook

Fixed income markets performed strongly over the month of November as Central Bankers – led by the US Federal Reserve – suggested they will slow the pace of rate hikes and expect to reach a terminal rate (the highest rate of the hiking cycle) into the early part of 2023. This has lowered market volatility and provided a prescribed pathway to a terminal rate which has engendered more certainty, and allowed carry based strategies to perform with a noted tightening of spread based products along with performance of longer duration bonds. Headline inflation rates continue to fall as a powerful base effects of data rotation will continue to deliver lower year-on-year inflation outcomes which aligns with terminal rate expectations peaking between March and May of next year.

Domestically, the economy continues to perform quite well, although a noted slowing has occurred in the Q3 GDP data which came in at 0.6% on the quarter for an annualised 2.40%. This has occurred before the RBA rate rises are fully filtered through into the economy, and it therefore remains our expectation that discretionary spending will fall notably into the new year once the feel good factor of Christmas is behind us. As such it is our expectation that the RBA is very close to completing its rate hiking cycle after the February meeting as the rolling off of fixed rate mortgages will deliver significant additional pressure to the economy from the Q2 next year.



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Fund Review

For the month ending November, the CC JCB Active Bond Fund - Class A units (the Fund) returned 1.40% (after fees), underperforming the Bloomberg AusBond Treasury (0+Yr) Index.

Bond markets rallied over the month of November as data points, while still pointing towards continued tightening required from global Central Banks, began to exhibit signs of a slowing in momentum as the extreme weight of monetary policy tightening seen in 2022 starts to bite.

In the world of major Central Banks, the hiking of cash rates continued, including the US Federal Reserve (US Fed) (+75 basis points (bp) to 4.0%), Bank of England (+75bp to 3.00%), Reserve Bank of Australia (RBA) (+25bp to 2.85%) and the Reserve Bank of New Zealand (+75bp to 4.25%). Expectations of moderations to the pace of these hikes in coming months is now the more consensus view, which has driven bond markets to lower yields and therefore positive returns for bond holders as terminal rate expectations also decline. With respect to the US Fed, this bias towards a reduction in the velocity of rate hikes was confirmed in a speech by US Federal Chairman, Jerome Powell on November 30, noting that "The time for moderating the pace of rate increases may come as soon as the December meeting". This helped the bond market to finish the month near its yield lows for the period.

On the date front, the biggest mover in markets was the release of the US CPI on November 10th. The monthly core CPI growth was the slowest in over a year, which in turn triggered the biggest rally in US 2y Treasuries since 2008 and the S&P500 had its biggest daily rally since April 2020. This price action gives a good indication of how short the market positioning had found itself as consensus trades were turned over. Another key driver of risk sentiment in November was the potential stepping away from the COVID-zero strategy in China. Officials said they would look at measures such as to increase vaccination rates in the elderly and reduce quarantine time for travelers. This was welcomed by risk markets. It will be interesting to see the effect on fixed income markets, as on one hand this will be an easing of supply chain constraints, but on the other it will increase global demand for travel and services.

Locally, Australian bond price action was driven by offshore factors, and locally by the RBA which seems to want to continue on the path of 25bp hikes into at least Q1 next year before JCB expects a pause. November also saw the syndicated issuance of the new Australian Commonwealth Government Bonds 2034 which weighed on bond market performance in the first half of the month before seeing a strong return for the month.

Into the end of the year, JCB have had a bias for longer duration position, although noting that market conditions are still quite thin into year end. Spread product performed well over the month as JCB have reached level where offshore Central Banks have started to invest in the Australian bond markets having sat on the sidelines for much of the year. JCB have also seen very large institutional flows come into the asset class, and expect this to continue as we get closer to terminal rates for Central Banks, which JCB would expect to see in Q2 2023.

Definition of Terms:

Modified Duration - is a systematic risk or volatility measure for bonds. It measures the bond portfolio's sensitivity to changes in interest rates.

Yield to Maturity - is the total return anticipated on the portfolio if the bond holdings were held until their maturity.

Weighted Average Credit Rating - is a measure of credit risk. It refers to the weighted average of all the bond credit ratings in a bond portfolio.

Duration Weight - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector), as a percentage of overall portfolio duration. Contribution to duration is calculated by multiplying an instrument's duration by the percentage weight of the instrument in the portfolio. This calculation includes the contribution to duration by holding futures.



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Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the Responsible Entity and issuer of units in the CC JCB Active Bond Fund ARSN 610 435 302 ('the Fund'). The appointed Investment Manager is JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018 ('JCB'). Neither CIML or JCB, their officers, or employees make any representations or warranties, express or implied as to the accuracy, reliability or completeness of the information contained in this report and nothing contained in this report is or shall be relied upon as a promise or representation, whether as to the past or the future. Past performance is not a reliable indication of future performance. This information is given in summary form and does not purport to be complete. Information in this report, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling units in the Fund and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. Readers are cautioned not to place undue reliance on forward looking statements. Neither CIML nor JCB have any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date of this report. For further information and before investing, please read the Product Disclosure Statement available at www.channelcapital.com.au. A Target Market Determination for the Fund is available at www.channelcapital.com.au.