



Fund Update as at 31 January 2023

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	2.89%	1.85%	-1.27%	2.29%	-7.13%	-3.48%	0.84%	0.78%
Benchmark Return ²	2.94%	1.94%	-1.07%	2.45%	-6.63%	-3.24%	1.17%	0.79%
Active Return (After fees)	-0.05%	-0.09%	-0.20%	-0.16%	-0.50%	-0.24%	-0.33%	-0.01%

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 \$1,172 million ⁵

Platform Availability

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

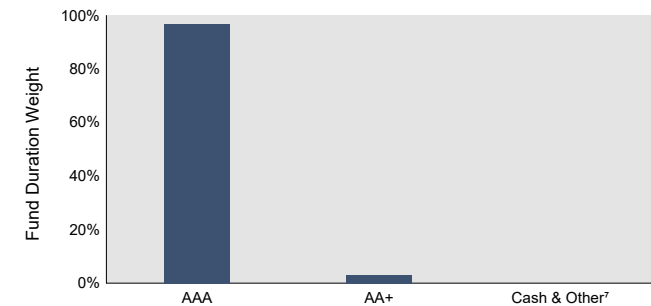
¹ Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual Investor level taxes are not taken into account 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

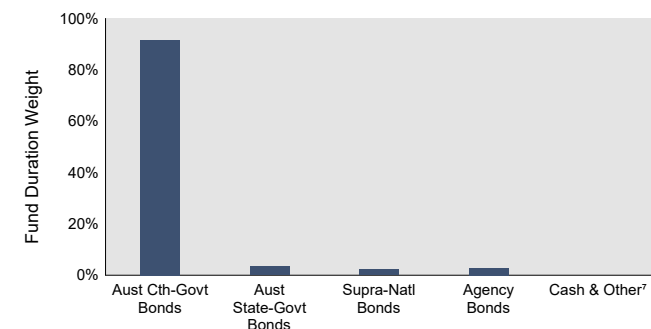
Characteristics ⁶	Fund	Benchmark ²
Modified Duration (yrs)	6.02	5.75
Yield to Maturity (%)	3.49	3.38
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	0.45	n/a

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

With the first month of the year now behind us, both bonds and equities have performed well in expectation of a collective pause from Global Central Bankers and growth outcomes have waned. JCB believe it is unlikely that 2023 is quite that simple and investors should consider several differing elements that make up market pricing – not least the macroeconomic backdrop and medium-term inflation outlook. Seemingly last year there was uniform agreement amongst most Central Bankers, the developed world over, to move rates quickly to restrictive territory. An acknowledgement that much has been achieved in moving monetary policy, combined with significant caution around the economic outlook towards growth are the flavour of most speeches from this community so far in 2023. This is helping markets perform as we open the year, as the elusive “pivot” in monetary policy should encourage market participants that the moment of peak restrictive policy is now complete, and things can improve under the assumption of rates cuts in the future.

Looking at US data (as the dynamic leading economy for markets) over January alone we have had string of decaying economic data prints. ISM manufacturing came in at 48.4, ISM services at 49.6 (below 50 in contractionary), New York Federal Business Activity index at -21.4, Richmond Federal Business conditions -10, Philadelphia Federal Business outlook at -8.9, Dallas Federal Manufacturing Activity -15, (below zero is contractionary), Industrial production -0.7%, Manufacturing production -1.3%, Housing Starts -1.4% and a large decline in retail sales at -1.1%. This is an economy losing velocity rapidly from prior periods and looks set to continue as policy settings are now restrictive (rather than accommodative as they have been for most of the GFC period). Across the pond in the United Kingdom a similar picture is developing. Negative industrial production, manufacturing production and weak retail sales also point to further slowdowns ahead. Germany is also showing lower retail sales and manufacturing activities.

Australia has had little data released over January due to our major summer break, however our own December 2022 retail sales collapsed by -3.9% - the largest ever decline outside of the pandemic and the introduction of the GST. With mortgage interest charges already over 60% higher over the year, it is little wonder that a sharp slowing of discretionary spending is widely expected looking forward and should mirror outcomes seen in other developed economies. Combined with higher prices (we all noticed the higher cost of BBQ goods this summer), the drain on households spending remains acute. This will continue to make 2023 a challenging investment period as the conflicting path for inflation versus growth continues to pervade the financial asset landscape.



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Fund Review

For the month ending January, the CC JCB Active Bond Fund - Class A units (the Fund) returned 2.89% (after fees), underperforming the Bloomberg AusBond Treasury (0+Yr) Index.

Global bond markets rallied strongly in the month of January, retracing the moves of late December following the BoJs surprise increase to the YCC target band and then further sell-off to bonds in the low liquidity period between Christmas and the new year. These enhanced yields to begin the year attracted significant interest into the fixed income asset class which saw a strong rally of around 3% for the index. Further drivers of the positive return of the bond market was the softer hard data points in the US, including weaker than expected US ISM Services and the US CPI coming in at 6.5% yoy. The market consensus that we have seen the highs in US inflation. The US wages number also came out under market expectation which gave further confidence to bond bulls.

The January Bank of Japan meeting was highly anticipated following the big moves in December, however this turned to be markedly dovish with no further changes to the YCC target, and continued suppression of yields followed.

Reports from Europe that the ECB would only consider a 25 bp hike in March along with a lower than expected Eurozone CPI print provided support for the bond market there. The peripheral European markets and the Australian bond markets in particular enjoyed a tail wind from that BoJ decision as the threat of repatriation flows diminished.

The Canadian Central Bank started the year with a 25 bp hike to 4.50% however was the first Central Bank to offer guidance of a step down from tighter monetary policy as they signaled a shift to a “conditional pause”. Locally, Australian bond movements generally outperformed US Treasury yields up until the final week where the quarterly inflation data was released, showing a headline rate of 7.8% yoy. This was a shock to the market and resulted in heavy selling of ACGBs ahead of the first RBA meeting for 2023 in February.

The CC JCB Active Bond Fund began the month with a long bias accreting some positive alpha over the index before moving to underweight duration ahead of the Bank of Japan meeting, as we saw balance of risks to higher rates as the BoJ would further tighten their monetary policy. This was not to be and the was detractive to the performance of the portfolio, however this was risk managed as per our process and we recouped some gains having an underweight duration position into the Australian CPI data, noting that markets were stretched to the lower side with respect to yields. We hold overweight positions in short end semi governments and supranationals, and added to our green and sustainable linked bond holdings over the month.

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 instruments 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.