JCB

JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 31 October 2022

Fund Performance

Returns	1 month	3 months	6 months	FYTD	1 year	2 years p.a.	3 years p.a.	Since inception p.a. (30-Dec-2019)
Fund Net Return[1]	0.30%	0.43%	1.46%	0.82%	0.33%	0.81%	-	2.22%
Benchmark Return[2]	0.21%	0.55%	0.73%	0.65%	0.75%	0.39%	-	0.36%
Active Return (After fees)	**0.09%**	**-0.12%**	**0.73%**	**0.17%**	**-0.42%**	**0.42%**	**-**	**1.86%**

Fund Benefits

Active Management
The CC JCB Dynamic Alpha Fund is designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. JCB applies a range of hand-picked risk-controlled investment strategies to a universe of global high grade sovereign bonds (i.e. anchored by G7 nations, as well as Australia). It offers a high level of liquidity in Government issued instruments, without corporate credit exposure.

Access
The Fund provides access to investment knowledge, markets, opportunities and risk management systems that individual investors may not be able to obtain on their own.

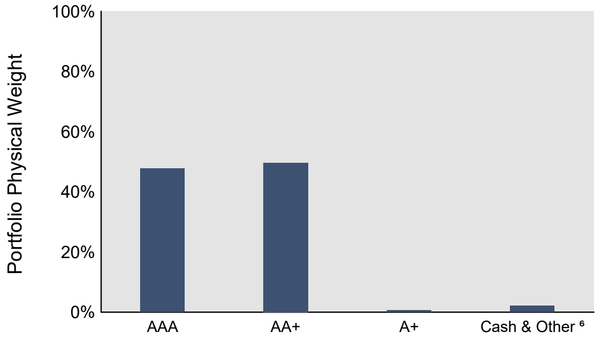
Diversification and Income
When bonds are held as part of a broader portfolio of different asset classes, diversification may assist in managing market volatility. Bond securities in general are considered a defensive asset class.The income generated by bond securities is consistent and regular (usually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

Fund Characteristics

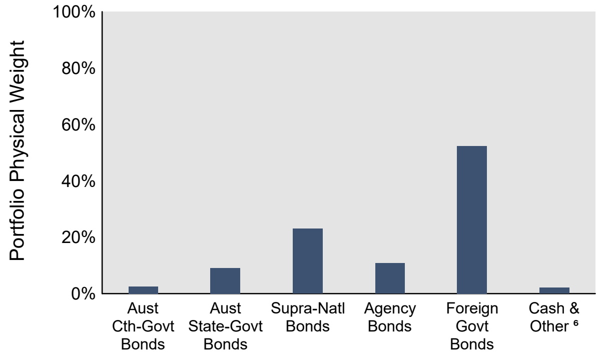
Characteristics	Fund
Modified Duration (yrs)	0.67
YTM + Hedging Effect	3.46
Weighted Ave. Credit Rating	AA+

Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

Asset Allocation by Credit Rating (Physical Weight)



Asset Allocation by Sector (Physical Weight)



Fund Facts

Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Managers	Charles Jamieson & Chris Manuell
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods
Inception Date	30 Dec 2019 [3]
Benchmark	RBA Cash Rate
Management Fee	0.58% p.a.[4]
Administration Fee	0.10% p.a.[4]
Buy / Sell Spread	0.05% / 0.05%
Distributions	Quarterly
Fund Size	AUD $391 million [5]

[1] Performance is for the CC JCB Dynamic Alpha Fund (APIR: CHN8607AU), 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 RBA Cash Rate Total Return 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 Dynamic Alpha Fund ARSN 637 628 918. [6] Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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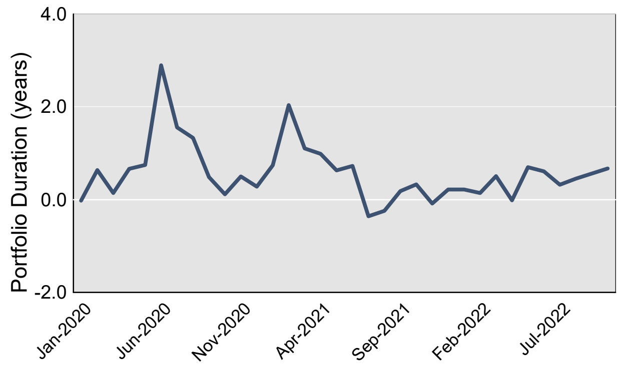
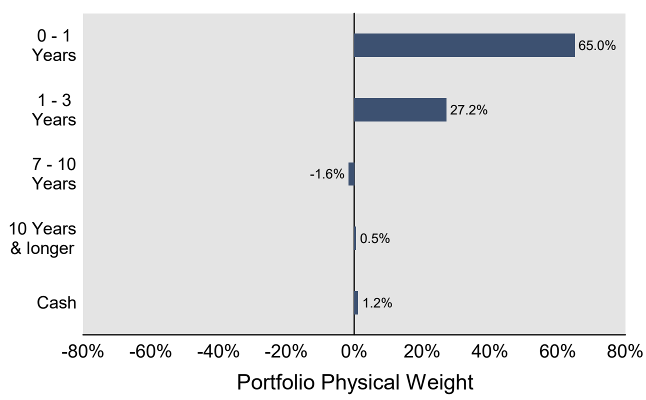
Historic Portfolio Duration



Asset Allocation by Duration (Physical Weight)*



*Asset allocation totals (Duration Band) are the net position of physical bond and bond futures exposure and will be positive or negative depending on the portfolio positioning as selected by JCB.

Fund Review

For the month ending October, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.30% (after fees), outperforming the RBA Cash Rate Total Return Index.

The portfolio returned a positive month and continued to display solid defensive characteristics in the face of a volatile month for all asset classes. Yields in US Treasuries peaked in the middle of the month at 4.61% and 4.24% respectively for the 2 yr and 10yr bonds as selling momentum persisted given the stronger than expected employment data and rise in inflation expectations as a result of the Organisation of Petroleum Exporting Countries (OPEC) cuts forcing crude oil higher. Bonds rallied into month end following an article in the Wall Street Journal, from a journalist considered well informed on the US Federal Reserve's movements, reporting that "some officials have begun signalling their desire both to slow down the pace of increases soon and to stop raising rates early next year" (WSJ, 21 October 2022). The Bank of Canada added to the speculation of a slowdown in the global tightening phase as they decided to only hike rates by 50 basis points (bps) rather than the consensus forecast of 75 bps. The European Central Bank also hiked rates into month end however some dovish overtures were demonstrated with minor tweaks to the statement alluding to a slowdown in the pace of interest rate rises. These subtle changes from global central banks encouraged market participants to envisage a potential change in the rate of monetary tightening that has plagued global economies for the last year.

The UK market dominated headlines again for the month as the political maelstrom persisted with extreme volatility seen across the fixed income market early in the month. By mid-month the new UK chancellor Jeremy Hunt reversed the fiscal plan and then the election of Rishi Sunak as Prime Minister stabilised the UK Gilt markets and allowed them to rally into month end. Stability in the UK market was supportive for the global bond markets and reduced bond volatility into month end which was demonstrated with the correction in the bond volatility MOVE index that corrected approximately 13% from its 2022 highs set on October 12th. Domestically the portfolio benefited from the unexpected decision from the Reserve Bank of Australia to only raise rates by 25 bps against the market consensus of 50 bps, which supported the Australian short end and triggered a sharp bounce. JCB remains of the view that the lagged effects of monetary tightening will start to feed into the economy as we head into 2023 and that the ability of central banks to complete a soft landing will be very challenging.

Market Review & Outlook

We know that as a rate of change concept, headline inflation is likely to fall rapidly into early 2023 as the data series drops the oldest data (high inflation numbers from 12 months ago) and replaces the series with the current lower inflation numbers (thanks to stable energy and falling/normalising goods and freight prices), thereby lowering the headline year-on-year inflation number. If we look at the rolling 3 month inflation prints from the US data, the velocity has already collapsed, with annualised readings of 8.8%, 10.4%, 10.4%, and the latest 3 month period annualised at just 2.0%.

This fall or debasing effect in inflation prints should provide a window to peak policy interest rates early into 2023, after which the markets expect some change in the cycle where Central Banks can pause or cut rates if the economy has slowed significantly with the largest swing factor to these outcomes remaining 'energy' in the inflation equation.

For now, whilst we continue to expect the delayed effect of rate hikes, the latest data doesn't suggest the US economy (as our global barometer) is poised for a nosedive, nor does it argue strongly for a shift in sentiment to a more neutral stance on rate hikes. Whilst there have been some worrying signs of an economic downturn in the UK in the most recent data (weak retail sales, deteriorating manufacturing data and housing readings over the last few weeks) they are probably not compelling enough to outweigh the need to combat CPI inflation at above 10% - so markets continue to expect further tightening of policy. Barring an unexpected shock, we are still some way from a 'pivot' moment that will deliver more policy comfort for investors.

Further Information

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Platform Availabilty

AMP MyNorth	Ausmaq	Aust Money Market
BT Panorama	Colonial First Wrap	HUB24
Implemented Portfolios	Macquarie Wrap	Mason Stevens
Netwealth	Powerwrap	Praemium
Xplore Wealth		

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.
YTM + Hedging Effect - is the total return anticipated on the portfolio if the bond holdings were held until their maturity, including the cost or benefit associated with the currency hedge.
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.