JCB

JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 November 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]	0.41%	0.64%	1.35%	1.24%	0.86%	0.88%	-	2.30%
Benchmark Return[2]	0.23%	0.63%	0.94%	0.88%	0.98%	0.51%	-	0.43%
Active Return (After fees)	**0.18%**	**0.01%**	**0.41%**	**0.36%**	**-0.12%**	**0.37%**	**-**	**1.87%**

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 Facts

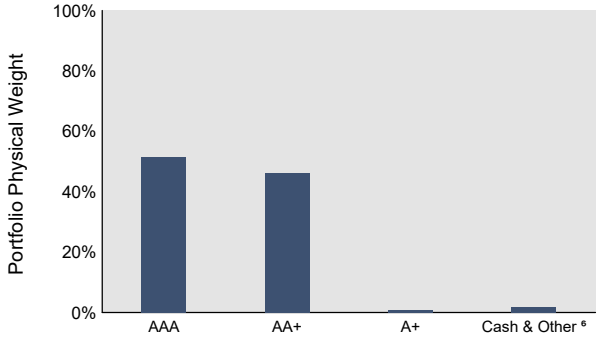
Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Managers	Charles Jamieson & Chris Manuell
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods
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 $378 million [5]

Fund Characteristics

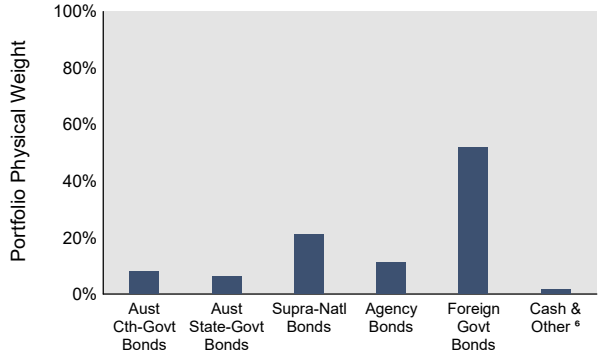
Characteristics	Fund
Modified Duration (yrs)	0.12
YTM + Hedging Effect	3.15
Weighted Ave. Credit Rating	AA+

Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

Asset Allocation by Credit Rating (Physical Weight)



Asset Allocation by Sector (Physical Weight)



[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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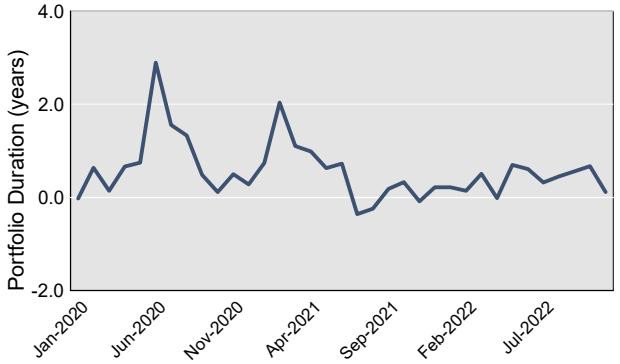
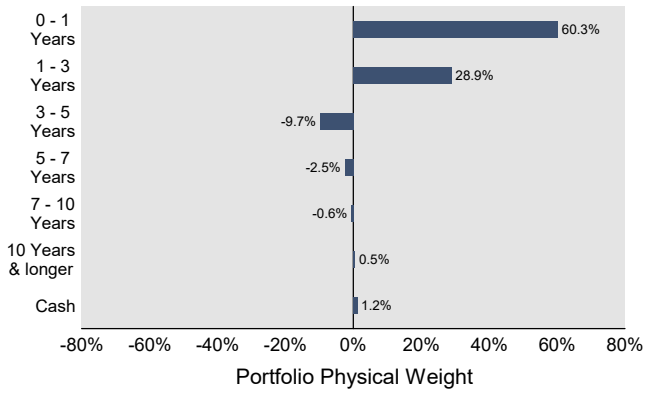
Historic Portfolio Duration



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 November, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.41% (after fees), outperforming the RBA Cash Rate Total Return Index.

The Fund completed another respectable month as November witnessed a change in sentiment amongst developed bond markets following a decent downside miss in the US CPI and a more dovish dialogue amongst the Central Bank community. The US Federal Reserve (US Fed) lead the charge with a bias towards a reduction in the velocity of rate hikes 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". The markets narrative started to focus on the heightened chances of a global economic slowdown in 2023 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 unabated through November, including the 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. The weakness in oil prices throughout the month despite a tightening supply outlook was predicated on the concerns of the global economic slowdown and also supported bond prices. The Fund benefited from Australian bond short end outperformance and tactical duration investments through the month. Detractive for performance was a short European exposure which is expected to perform into year end following the December European Central Bank meeting and as the energy crisis re-emerges into winter with both events expected to put pressure on European 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.

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.

Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the Responsible Entity and issuer of units in the CC JCB Dynamic Alpha Fund ARSN 637 628 918 ('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.