JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 31 December 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]	0.10%	0.81%	1.34%	1.34%	0.93%	0.89%	2.27%	2.26%
Benchmark Return[2]	0.25%	0.69%	1.13%	1.13%	1.23%	0.63%	0.50%	0.50%
Active Return (After fees)	**-0.15%**	**0.12%**	**0.21%**	**0.21%**	**-0.30%**	**0.26%**	**1.77%**	**1.76%**

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

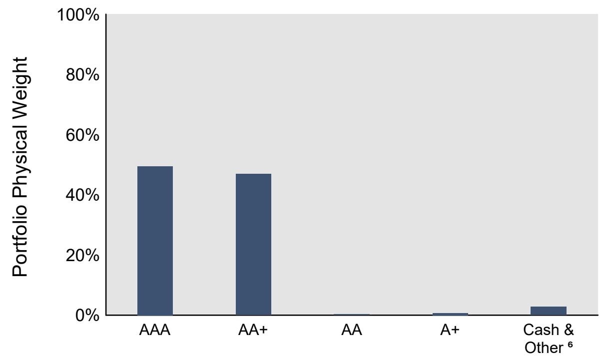
Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Managers	Charles Jamieson & Chris Manuell
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods
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 $352 million [5]

Fund Characteristics

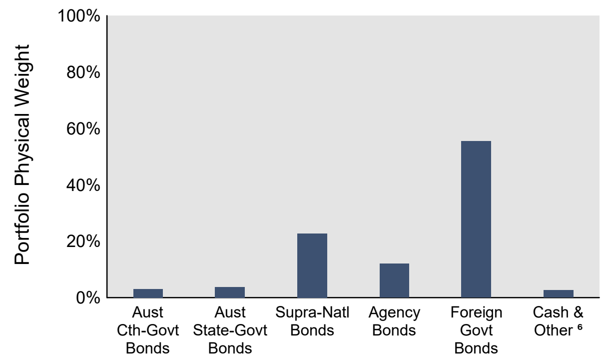
Characteristics	Fund
Modified Duration (yrs)	1.37
YTM + Hedging Effect	3.24
Weighted Ave. Credit Rating	AA+

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.

JCB

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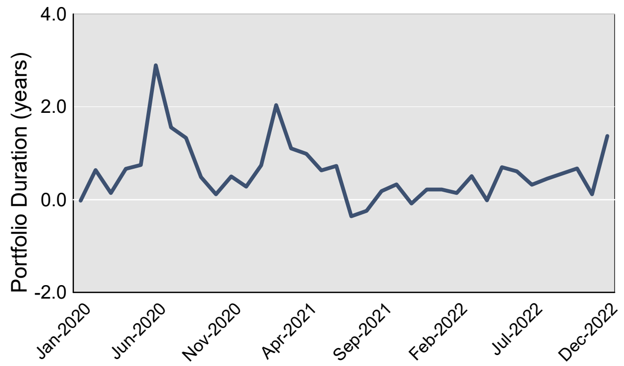
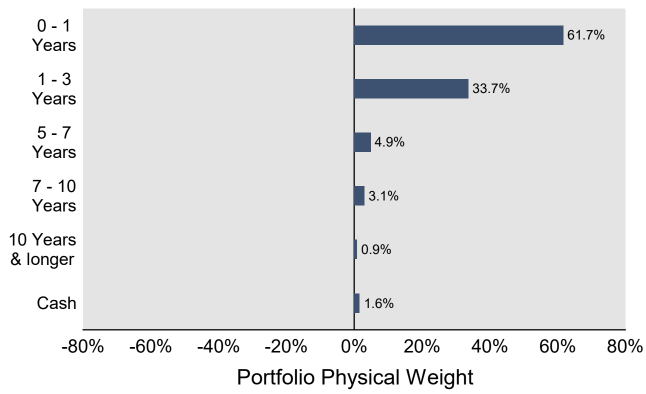
Historic Portfolio Duration



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 December, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.10% (after fees), underperforming the RBA Cash Rate Total Return Index.

The main thematics in the month of December from a forward looking macro-economic perspective into 2023 focused on the opening up of China from Covid-19 restrictions, a pivot from the Bank of Japan (BoJ) monetary policy, continued hawkish viewpoints from the European Central Bank (ECB) and validation of peak global inflation. Despite the lower than expected November US CPI print mid-month which came in at only 0.1% and was the second consecutive downside miss , the bond market could not sustain the rally into year end. Bond markets were caught off guard from the hawish rhetoric at the ECB meeting on 15th December which came on top of the as expected 50 basis point (bp) rate hike – with President Lagarde suggesting that “a significant rise at a steady pace means that we should expect to raise interest rates at a 50 bp pace for a period of time”. The BoJ also sprung a hawkish surprise into Christmas as they modified their long held Yield Curve Control policy as they widened the range by 25 bps with a maximum yield on 10yr Japanese bonds increased to 0.5%. This saw Japanese yields jump by over 20bp and the Yen rallied by almost 4% on the day. The final blow for bond markets into year end was the announcement from Chinese authorities that all Covid-19 quarantine measures would be removed from 8 January ramping up expectations of a pick up in demand and growth through the global economy in 2023. The heavy bond supply calendar in January also resulted in front loaded selling into diminished holiday market liquidity that exacerbated the global bond market weakness for the month. Australian rates market underperformed sharply into year end with low liquidity evident as corporate deal related selling, hedge fund futures selling and semi-government supply, were all micro factors that augmented the bearish sentiment from the BoJ hawish move and the eagerly awaited reopening of China. The fear that the higher yields emanating from Japan as a result of their tilt to monetary policy hit Australian bonds the hardest in expectation of Japanese investors reducing their foreign bond exposures. Looking forward the portfolio will look to tactictally explore the ranges as the anticipated slowdown in global growth from the rapid increase in financing costs is balanced against the Central Banks assessing their 2022 mandate to slay the inflation dragon and the implications of the re-opening of the Chinese economy. The portfolio will have a preference to remain underweight Europe and a bias to explore global curve steepening trades to start the year.

Market Review & Outlook

Bond markets retreated sharply to finish the year after the Bank of Japan surprised markets with the timing of their yield curve control widening, lifting Japanese bond yields across the maturity spectrum. This had a knock-on effect to other global markets as Japanese investors are a huge part of the eco system and will now require additional yield to maintain global investment programs in favour of domestic investments. Australian bonds over-reacted to this unexpected shift from the Bank of Japan as they managed to underperform most global bond markets on expectations of Japanese repatriation of foreign bond holdings. This action from the Bank of Japan should not be misconstrued as a major monetary policy pivot, the decision was also made with the intention of soothing their bond market from future bouts of volatility.

Later in the month, news of China reopening also added to the bearish momentum in fixed income and combined with Christmas liquidity the markets continued to leak to higher yields. The re-opening of China to the world is expected to give a boost to global consumption and the tourism industry and incited fears of further inflationary pressures resurfacing in 2023, when US CPI was showing signs of peaking as displayed by the second consecutive downside miss that was recorded for the November CPI earlier in the month.

Looking forward as the cycle develops over 2023, economies and consumer spending should slow markedly, with headline inflation collapsing (barring exogenous geopolitical shocks) from the double digit outcomes seen in the US and Europe. This should not be confused with lower prices; high prices are here to stay in many goods and services, but the rate of change within these prices changes can move to zero (stable but high prices) therefore crushing inflation outcomes. This might suggest that Central Bankers can 'pivot', moving to a period of market accommodation which would allow much of the above recalibration to be avoided. That is a slim possibility, it likely requires a more peaceful 2023 with a resolution to the Russian/Ukrainian conflict which would be most welcome and a catalyst for a possible new bullish market phase. A more likely scenario is that rates remain at more normalised levels as markets move away from negative interest rates and Quantitative Easing, holding the interest rate structure at higher levels. This is an exciting development for active bond managers with a richer opportunity set on offer in that environment.

The scope of these moves in December was a fitting finale for a challenging investment year in 2022 and was heightened by poor risk appetite into year end. This presents a significant medium-term opportunity to establish high quality and liquid fixed income positions for portfolios ahead of an expected turbulent 2023 where economies will slow and credit concerns will rise significantly.

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.