JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 April 2023

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]	0.50%	1.35%	2.17%	3.01%	3.66%	1.42%	1.96%	2.54%
Benchmark Return[2]	0.27%	0.82%	1.58%	2.24%	2.32%	1.17%	0.81%	0.78%
Active Return (After fees)	**0.23%**	**0.53%**	**0.59%**	**0.77%**	**1.34%**	**0.25%**	**1.15%**	**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

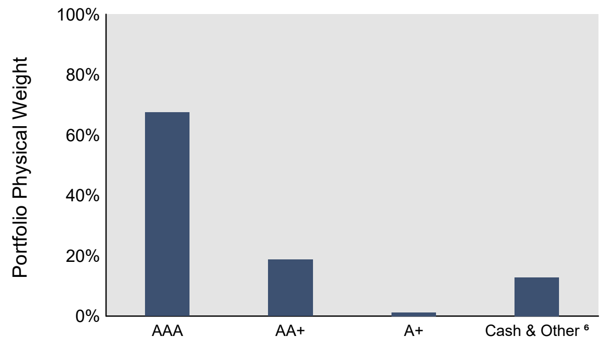
Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Managers	Charles Jamieson & Chris Manuell
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods
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 $247 million [5]

Fund Characteristics

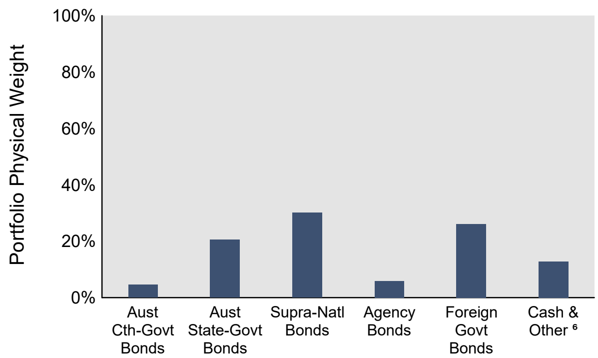
Characteristics	Fund
Modified Duration (yrs)	0.36
YTM + Hedging Effect	3.42
Weighted Ave. Credit Rating	AA+

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 in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual investor level taxes are not taken into account when calculating net 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. The comparison to the RBA Cash Rate is displayed as a reference to the target return for the Fund and is not intended to compare an investment in the Fund to a cash holding . [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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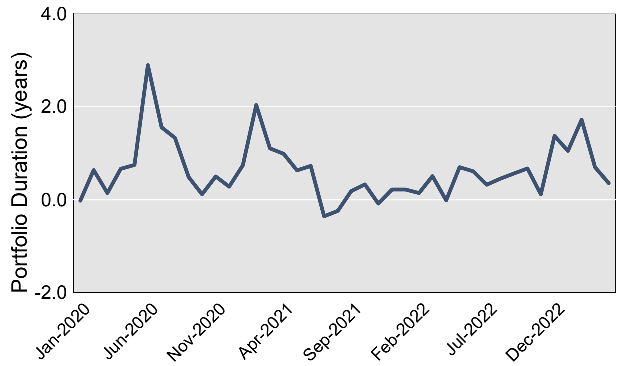
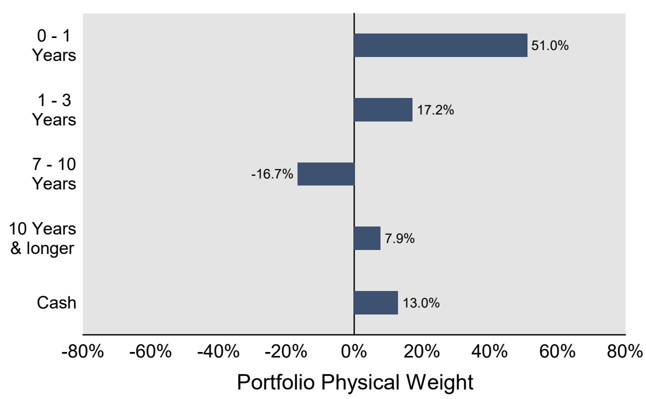
Historic Portfolio Duration#



Asset Allocation by Duration (Physical Weight)*



Data shown is for underlying assets of the CC JCB Dynamic Alpha Fund
*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 April, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.50% (after fees), outperforming the RBA Cash Rate Total Return Index.

The Fund enjoyed another good month as volatility for the month was somewhat subdued mainly at the behest of data releases and remained within a narrow range. Lingering concerns around the debt ceilings and the US banking system kept the market supported. In the US, an early month bond rally was curtailed following a strong jobs report on Good Friday which reignited expectations of a 25 basis point hike in May from the US Federal Reserve. Into month end the frailities of the banking system were highlighted as the FDIC had to takeover First Republiuc which assisted the month end buying. The main event on the Central Bank calendar for the month was the Bank of Japan and the new Governor Kazuo Ueda disappointed the market who were looking for a change to the long standing expansionary policy that was initiated in 1995. Bank of Japan kept policy settings on hold and informed the market that they were conducting an indepth review of their policies which could take up to 18 months. Bonds markets incurred a hiccup through the month with a higher than expected UK CPI print that put pressure on the inflation slowdown narrative and forced global bond markets into their lows for the month. Domestically the Reserve Bank of Australia kept policy unchanged at 3.60% and also enjoyed a lower than expected CPI print which kept the market relatively well supported through the month. Australia issued a new December 2034 Bond with a size of 14 billion which was well received with 61 billion of bids at the final clearing price. The surprise announcement at the start of the month from OPEC of production cuts in oil triggered a sharp rally in energy however the market failed to sustain the strength as crude traded lower for the majority of the month as the focus switched to a slowdown in economic growth,

The Fund reduced its duration early in the month taking off some 7 yr New Zealand Bonds and Queensland Treasury Bonds into decent strength as the market liquidity was expected to diminish over the holiday period and into the important US employment report. The portfolio participated in the issue of the Australian 2034 government bond which came in at the global bond market lows and also added to short end duration – specifically the Australian 3yr bond - around the issue given the tendency for the market to rally out of decent supply issues. Into month end the portfolio reduced some more of its core New Zealand holding and added some German longer end exposure.

JCB

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Fund Update as at 30 April 2023

Market Review & Outlook

Markets remain gripped in a slow burn US banking crisis, delivering major problems for many regional US banks whose equity values have plummeted. The failure of Silicon Valley Bank , quickly followed by Credit Suisse in March, was the first warning sign that the rapid global rate hiking cycle is now having material consequences for banking and credit provision, and starting a chain of events that will have no natural conclusion under current policy settings - keeping this issue as a rolling banking crisis which will continue to crimp credit availability.

April saw the market demise of First Republic Bank , sold under duress to JP Morgan, with markets immediately moving on towards slaying the next weakest hand at the table and attacking other US regional lenders, with rumours of Pacific Western and Western Alliance being the next problematic targets. Like moths to the flame, short sellers have found a new way to make significant money playing the high-risk game of attacking specific institutions based on weakening fundamentals, some deposit flight, and losses from realising assets to fund deposit outflow. In times of crisis with low confidence, sadly this is somewhat self-fulfilling as powerful rumours enflame the situation and see further equity holders bail out whilst they can.

Initially, this crisis was proceeded by large deposit outflows, exposing the weakness of fractional banking in a fast-moving digital world where deposit holders can switch from a low interest paying account to another bank or money market fund (or short-term bond with high yields) at a moment's notice. This may trigger the sale of ''available for sales'' or ''held to maturity'' assets, two special portfolios within banks that are usually immune from mark-to market profit and loss – until the assets are fully realised. These portfolios are held by banks to meet deposit outflow requirements, which is very stable in the ordinary course of stable or slow-moving monetary policy. The problem here resides in those portfolios that have been poorly hedged against interest rate risk which moved at breakneck speed over 2022, the realisation of which triggers accounting losses that impair the banks' financial health. However, the market is speeding up in its collective attacks on banks, having seen equity and bond holders being wiped out in previous deals of Silicon Valley Bank, Credit Suisse, First Republic Bank and is now shooting first and asking questions later in slaughtering equity values.

Whilst fundamentals remain challenged (restrictive monetary policy) this is a highly profitable strategy for speculators, with the only material risks being a ban on short selling of equity or full guarantee of all bank deposits by US authorities – either of which would generate a large, short squeeze for those trying to profiteer from burning down the banks.

Whilst such a policy shift may occur to counteract this short selling of regional banks, they do continue to face an ongoing problem regardless. People are not moving their money because of deposit loss fears - everyone assumes that unlimited insurance should be guaranteed in the end or a deal manufactured over a weekend, particularly as we approach the US Presidential election cycle; but they are moving their deposit money because it takes 30 seconds to transfer from a no interest savings or checking account to a money market account or a high quality bond that can yield north of 5.00%. That is perfectly rational. We must expect that these lowly returning deposits will continue to leave the banking deposit systems whilst so much additional income is available in money market funds and high-quality bond products.

The recent JP Morgan acquisition of First Republic Bank drew high praise for Jamie Dimon (JP Morgan's CEO) for the great deal the bank received in acquiring assets and deposits of First Republic Bank. JP Morgan did get a great deal, albeit in doing so has ironically set up a reverse moral hazard. The Federal Deposit Insurance Corporation was so insistent in making the deal not look like a bailout that it had forced all the stock and bond holders to zero , losing 100% of their funds. This changes the capital markets perceptions of where and when to intervene with a struggling competitor. Why would a large and powerful bank step forward to acquire a struggling bank, when sitting back and allowing a complete failure would wipe out equity and bond holders and could deliver such fantastic windfalls? Because of these recent outcomes other existing equity and bond holders are now fearful that the natural course of corporate failure, where corporate bonds would have some assumed recovery value (ranking higher in the capital structure than equity), gets turbo charged to zero recovery by regulators looking for a quick fix outcome.

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These developments set a dangerous precedent for dealing with corporate failure. With the US Federal Reserve , European Central Bank and RBA continuing to lift interest rates this last week to complete on their inflation fight, we must expect that a wave of corporate problems lay ahead under highly restrictive monetary settings.

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.