



JAMIESON COOTE BONDS

# PRODUCT DISCLOSURE STATEMENT

CC JCB GLOBAL BOND FUND  
ARSN: 631 235 553

FEBRUARY 2019

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This Product Disclosure Statement ('PDS') provides a summary of significant information about the CC JCB Global Bond Fund (ARSN 631 235 553) ('the Fund') together with references to additional important information about the Fund which is available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by calling us on **1800 940 599**. References to additional information are highlighted with a  symbol. It is important that you read this PDS and the additional information (which forms part of this PDS) before making a decision to invest in the Fund.

The information in the PDS is general information only and does not take into consideration your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

An investment in the Fund is an investment in a registered managed investment scheme. An investment in the Fund is not a bank deposit, bank security or other bank liability. There is no guarantee of the repayment of capital from the Fund or the investment performance of the Fund.

The offer made in this PDS is available only to persons receiving this PDS (electronically or otherwise) within Australia. Applications from outside Australia will not be accepted.

### Updated Information

Information in this PDS may change. Any updates to information that are not materially adverse to investors will be provided at [www.channelcapital.com.au](http://www.channelcapital.com.au). Please check the website or call us or your financial adviser for any updates prior to investing. A paper copy of any updates will be provided free of charge upon request.



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**PRODUCT DISCLOSURE STATEMENT**

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**1. About Channel**

Channel Investment Management Limited ACN 163 234 240 AFSL439007 ('Channel', 'RE', 'we', 'our' or 'us') is a trustee and manager of a number of managed investment schemes. Channel Capital Pty Ltd ('Channel Capital') provides investment management infrastructure and services across several asset classes and is the holding company of Channel.

We are licensed under the Corporations Act 2001 (Cth) ('Corporations Act') to act as responsible entity of the Fund. We are responsible for managing the Fund in accordance with the Corporations Act and the constitution of the Fund. You can obtain a copy of the constitution by contacting us and requesting a copy be made available to you.

Channel and its holding company, Channel Capital, have forged strategic partnerships with international and Australian fund managers across a range of different asset classes including Australian and global securities, alternative investments and fixed interest securities.

The Fund provides investment exposure to global bond markets with the aim of defending and protecting investor capital. Channel has selected the CC JCB Active International Bonds Segregated Portfolio ('JCB SP' or 'Underlying Fund') to pursue the Fund's investment objective. The Underlying Fund is a sub-fund of CC Global Access SPC incorporated as a Cayman Islands exempted segregated portfolio company. CC Global Access SPC has delegated management of the Underlying Fund to JamiesonCooteBonds Pty Ltd ('JCB').

**Jamieson Coote Bonds**

JCB is an active, fixed income manager with macro-economic, risk-adjusted investment process. JCB use a strict and disciplined approach honed across years of global market experience and careful management of downside risk. In pursuing the Underlying Fund's investment objective, JCB use fundamental and technical analysis to make bond security selections and adjust duration exposures with a view to generating the optimal risk-adjusted portfolio.

JCB focus on duration management and targeted security bond selection, specifically monitoring economic fundamentals, monetary and political policy, and bond supply/flow implications. Security selections are set with hard limits on entry and exit with both floors and ceilings being pre-determined before investments are acquired. The JCB investment process aims to deliver the benefits of a defensive bond allocation with the overlay of active management.

**2. How the CC JCB Global Bond Fund works**

The Fund is an Australian registered managed investment scheme in which amounts invested by individual investors are pooled to buy assets on behalf of all investors in the Fund. The Fund invests in Shares in the Underlying Fund which is managed by JCB.

When you invest in the Fund you are issued with Units. Your Units represent a beneficial interest in the Fund's assets as a whole. Your investment is not a direct investment in specific Fund assets. The value of your investment changes whenever Unit prices are recalculated. The price of Units will vary as the market value of the Fund's assets rise or fall. The most recent Unit prices are available at [www.channelcapital.com.au](http://www.channelcapital.com.au).

The constitution allows the RE to issue more than one class of units and each separate class may have different rights attached to the units.

The Fund offers both currency hedged (Class A) and unhedged (Class B) classes. The currency hedged class aims to mitigate the effect of a currency risk on your investment returns, as the Underlying Fund's base currency is USD.

Under this PDS, investors can choose from two different unit classes:

- Class A - Hedged (APIR: CHN4711AU)
- Class B - Unhedged (APIR: CHN1425AU)

We may in the future offer different classes of units in the Fund via a separate PDS or Information Memorandum which may have different rights and restrictions. We treat all investors within a class of units equally and investors in different classes fairly.

**Minimum initial investment**

|                             |  |
|-----------------------------|--|
| Indirect investors via IDPS | No minimum investment. Refer to your IDPS operator's requirements. |
| Direct investors            | \$100,000. However, the RE has discretion to accept lower amounts. |

**Minimum additional investment**

|   |  |
|---|--|
| You can increase your investment in the Fund by applying to acquire additional Units, subject to the minimum additional investment amounts set out below. |  |
| Indirect investors via IDPS   | No minimum investment. Refer to your IDPS operator's requirements. |
| Direct investors  | \$50,000. However, the RE has discretion to accept lower amounts.  |

**Minimum investment balance**

|                             |   |
|-----------------------------|---|
| Indirect investors via IDPS | No minimum investment. Refer to your IDPS operator's requirements.                      |
| Direct investors            | \$100,000. However, the RE has discretion to permit a lower minimum investment balance. |

|                     |  |
|---------------------|--|
| <b>Unit prices</b>  | Unit prices are calculated daily on each Business Day.   |
| Income distribution | Semi-annually for the periods ending 31 December and 30 June each year, where income is available. Where distributions are paid, you can elect to either have your distributions automatically reinvested or paid directly into a nominated Australian financial institution account.  |
| <b>Withdrawal</b>   | You can decrease your investment in the Fund by withdrawing some or all of your Units. Written withdrawal requests should be lodged by mail or by facsimile with the RE prior to 12 noon (Sydney time) on any Business Day. The withdrawal amount payable is calculated using the withdrawal price as at close of business on that day. If a withdrawal request is received after 12 noon (Sydney time) or on a non-Business Day, it is deemed to be received the following Business Day, and the withdrawal amount payable is calculated using the Unit price for that Business Day.<br>The RE endeavours to ensure that all withdrawal proceeds are paid within 7 Business Days from the date of receipt of the withdrawal request. Investors should note however, that the Fund's constitution allows up to 21 days from acceptance of a withdrawal request. In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw their investment within the usual period upon request. |
| Cooling off period  | A cooling off period applies to your investment. See section 8 'How to apply' for details.   |

**i** You should read the important information about 'How the CC JCB Global Bond Fund works' before making a decision. Go to 'Additional Information to the PDS' at [www.channelcapital.com.au](http://www.channelcapital.com.au). The material relating to 'How the CC JCB Global Bond Fund works' may change between the time you read this PDS and the day you sign the Application Form.

### 3. Benefits of investing in the CC JCB Global Bond Fund

A summary of the features and benefits of investing in the Fund is as follows:

|  |  |
|--|--|
| <b>Access</b>  | The Fund provides you with the opportunity to access the JCB SP through an Australian domiciled fund, not otherwise available to Australian retail investors.  |
| <b>Management expertise and research capabilities</b>          | The Underlying Fund is managed by JCB, a specialist fixed income manager with significant global investment management expertise. Investment in 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.   |
| <b>Access to investment opportunities and overseas markets</b> | Accessing bonds directly over the counter is not generally available to retail investors. A managed fund can draw on the knowledge and global information networks of an experienced investment team. Through the Underlying Fund, you gain access to global high grade securities with geographical exposure primarily to developed countries via a USD denominated investment.         |
| <b>Diversification</b>   | An investment in the Fund offers portfolio diversity through exposure to wider securities via offshore markets. When Government, Supranational Bonds and/or Public Finance Agency 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. |

### 4. Risks of managed investment schemes

Investors need to understand the investment risks involved before investing in the Fund. All investments carry risk. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments and the level of returns will vary. Future returns may differ from past returns and past performance is not a reliable guide to future performance.

Neither the RE, JCB, their directors, associates nor any of their related bodies corporate guarantee the success of the Fund, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by the RE or JCB or any other person or party and you may lose some or all of your investment.

Some of the key risks that may impact the value of your investment in the Fund are outlined below. You need to consider the level of risk that you are comfortable with, taking into account factors such as your age, your investment time frame, other assets and investments you have and your overall tolerance for risk.

**i** You should read the important information about 'Risks' before making a decision. Go to 'Additional Information to the PDS' at [www.channelcapital.com.au](http://www.channelcapital.com.au). The material relating to 'Risks' may change between the time you read this PDS and the day you sign the Application Form.

#### Credit risk

Credit risk is the risk that changes in the credit worthiness (ability to pay) of an issuer comes into question. As a result of a change in credit quality, gains or losses can occur to the prices of the underlying bond of that issuer. In extreme cases, defaults (inability to pay interest or principal) can occur and the underlying price of the bonds of that issuer are marked down significantly, if not entirely. While Government, Supranational Bonds and/or Public Finance Agency Bonds carry the lowest levels of bond risk, a level of credit risk still exists.

#### Credit ratings risk

The Underlying Fund invests in securities that may have been assigned credit ratings by external ratings agencies. A rating downgrade could reduce the value of a security. Credit ratings do not guarantee the credit quality of a security, its underlying assets or its repayments, and may be re-assessed by rating agencies in a range of circumstances.

#### Inflation risk

There is a risk that the rate of inflation may exceed the net after-tax return from your investment. Thus, the purchasing power of an investment may not keep pace with inflation.

#### Interest rate risk

Interest rate risk is the risk to an investment that is caused to the underlying asset when interest rates rise or fall. Whilst capital gains can be made in an environment where interest rates fall, capital losses

on bond portfolios can occur in an increasing interest rate scenario if the bonds are realised prior to maturity.

### **Model risk**

JCB uses a financial model as part of the investment or risk management processes; however, there is no guarantee that the model will perform as expected.

### **Sovereign default risk**

Sovereign default risk refers to the default of a government issuer that is unable to repay its interest or principal on its bond issuance and, as a result, is unable to pay its country's debts.

### **Derivatives risk**

The Fund uses derivatives for the purposes of hedging Class A Units. Further risk disclosure is discussed under "Foreign Currency Risk" below.

Derivatives may also be utilised in the Underlying Fund for investment purposes, to hedge exposure to interest rate and currency exchange rate movements, and for efficient portfolio management, for example in order to:

- (i) protect against possible changes in the market value of the portfolio resulting from fluctuations in the securities markets;
- (ii) protect unrealised gains in the value of the portfolio;
- (iii) facilitate the sale of any investment;
- (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio;
- (v) hedge the interest rate or currency exchange rate on any of the Underlying Fund's liabilities or assets;
- (vi) protect against any increase in the price of any securities of which the Underlying Fund anticipates purchasing at a later date; or
- (vii) for any other reason that JCB deems appropriate.

Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

The success of the Underlying Fund's risk management strategies will depend in part upon JCB's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Underlying Fund's hedging strategy will also be subject to JCB's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. Whilst the Underlying Fund may enter into hedging transactions to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in such hedging transactions.

### **Liquidity risk**

Investments made by the Underlying Fund may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or the Underlying Fund's exposure is unable to be rebalanced within a timely period and at a fair price, potentially resulting in delays in redemption processing, or even the suspension of redemptions. If the Underlying Fund is required to process a large redemption or application, the exposure of the Fund to particular investments, sectors or asset classes may be altered significantly due to the security sales or purchases required by the Underlying Fund.

### **Foreign currency risk**

For Class B Units, investments into the Underlying Fund will not be hedged. As the Underlying Fund is denominated in USD, Class B units will be subject to currency fluctuations. For example, a rise in the AUD relative to the USD will negatively impact the value of Class B units.

The Fund offers a hedged class (Class A). Although the foreign currency exposure of Class A Units is hedged, the hedge may not provide complete protection from adverse currency movements. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. The foreign currency exposure of the Class A Units will be hedged back to Australian dollars.

Also, the Underlying Fund may invest in assets denominated in any

currency. JCB may hedge the Underlying Fund's exposure to non-USD denominated investments back to USD to moderate currency exchange risks. However, any currency hedging employed by JCB may not completely remove the risk of currency exposure causing an adverse impact on the Underlying Fund's investment returns. Also, if JCB does not hedge the Underlying Fund's exposure to the impact of currency rate fluctuations on its non-USD denominated investments a rise in value of USD relative to those other currencies will adversely affect the investment performance of the Underlying Fund.

### **Counterparty risk**

This is the risk that any of the counterparties which the Fund deals with may default on their obligations to pay monies or provide services to the Fund or any of the counterparties which the Underlying Fund deals with may default on their obligations to pay monies or deliver securities to the Underlying Fund. This may result in a loss.

### **Fund risk**

The risk that changes to the Fund, such as changes to fees or changes to government policies, regulation and laws that may affect the Fund, can have an impact on the potential returns.

### **Market risk**

The return on a particular security may be influenced by macro-economic factors including other security returns in investment markets similar assets classes or regions.

### **Withdrawal risk**

The risk that the usual timeframe for withdrawal requests is not met, or the RE suspends withdrawals from the Fund because it cannot accurately determine the Unit price or realise its Shares in the Underlying Fund or other assets for cash.

The withdrawal procedures currently offered by the Underlying Fund enable the Fund to maintain the withdrawal periods offered to investors. However, the Underlying Fund may suspend redemptions of Shares where it suspends the determination of the net asset value of those Shares, which it may do so in various specified circumstances including where any market on which a significant portion of the Underlying Fund's assets are invested is closed otherwise than for ordinary holidays or trading on any market is restricted or suspended.

### **Operational risk**

Operational risk is the risk of loss or damage resulting from inadequate or failed internal processes, people and systems or from external events. JCB, the RE, the Fund or the Underlying Fund may experience losses, adverse regulatory consequences or reputational damage due to a variety of operational risks, including inadequate or failed internal or external processes, people or systems, internal or external fraud, cyber security attacks or cyber incidents including deliberate or unintentional events, errors by counterparties under outsourcing arrangements and inadequate business continuity planning, and key person risk. The extent of your exposure to losses from the operational risks of parties not under, as applicable, JCB's, the RE's, or the Underlying Fund's control may be determined, in part, by applicable law and/or contractual provisions that allocate or limit liability. The RE and JCB manage operational risk through the oversight arrangements, systems, procedures and policies which have been established as part of a governance, risk management and compliance framework.

### **Regulatory risk**

The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting managed investment schemes.

### **Foreign investment risk**

Additional risks may arise when investing overseas, including changes in foreign exchange control regulations, foreign tax legislation and withholding tax and government policy. Additionally, differences in accounting, legal, securities trading and settlement procedures can also impact on the value of the Underlying Fund's investments and the value of the Fund's investment in the Underlying Fund.

## Underlying Fund investment manager and RE risk

The success of the Fund depends upon JCB's ability to develop and implement investment processes and identify investment opportunities that achieve the investment objectives of the Underlying Fund. Matters such as the loss of key staff, the replacement of Channel as RE of the Fund or JCB as investment manager of the Underlying Fund, or the failure of either Channel or JCB to perform as expected may negatively impact returns, risks and/or liquidity.

## Structural risk

Structural risks include the potential termination of the Fund

or the Underlying Fund, or the risk of error in administration of the Fund or the Underlying Fund. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of applications and withdrawals by other investors. We aim to manage this risk by monitoring the Fund and acting in your best interests. In addition, there is the risk that there are changes to the fees and expenses of the Underlying Fund or the Underlying Fund compulsorily redeems the Shares held by the Fund.

## 5. How we invest your money

Before deciding whether to apply for Units, you should consider the likely investment return, the risks involved in investing in Units and your investment time frame.

|  |  |
|--|--|
| <b>Objective</b>   | <p><b>Class A (Hedged)</b> - To outperform the Bloomberg Barclays Global G7 Total Return Index Value Hedged in AUD and with better risk-adjusted returns (after fees) on a rolling three-year basis.</p> <p><b>Class B (Unhedged)</b> - To outperform the Bloomberg Barclays Global G7 Total Return Index Value Hedged in USD converted to AUD and with better risk-adjusted returns (after fees) on a rolling three-year basis.</p>   |
| <b>Strategy</b>  | To use fundamental and technical analysis to make individual bond security selections and adjust duration exposures (against the Benchmark) with a view to generating the optimal risk-adjusted portfolio.   |
| <b>Asset classes and allocation</b>  | <p><b>JCB SP (Underlying Fund):</b> 95% - 100%</p> <p><b>Cash:</b> 0% - 5%</p> <p>The Fund may temporarily move outside the ranges due to certain factors such as the receipt of significant cash flows. If this occurs, action will be taken to bring the Fund back within these ranges as soon as practicable.</p>   |
| <b>Suitable for</b>  | Investors looking for income, diversification and defensive investment characteristics, with exposure to global markets, which is uncorrelated to other asset classes.   |
| <b>Currency hedging</b>  | <p>Class A - Hedged</p> <p>Class B - Unhedged</p>  |
| <b>Risk level</b>  | Low to Medium  |
| <b>Minimum suggested timeframe (not a recommendation) for holding the investment</b> | Medium to Long term (5yrs+)  |
| <b>Switching</b>   | If a unitholder wishes to switch classes, please submit a switching request form available at <a href="http://www.channelcapital.com.au">www.channelcapital.com.au</a> or contact Channel Client Services. There is no fee charged for switching between classes.  |
| <b>Investment Style and Approach</b>   | <p>The Fund will invest in the Underlying Fund. The Underlying Fund will invest in bond securities with geographical exposure primarily to developed markets:</p> <ul style="list-style-type: none"> <li>• The core countries include the G7 defined countries - i.e. Canada, US (North America), France, Germany, Italy (Europe ex-UK Core), UK and Japan.</li> <li>• The satellite countries to complete the Underlying Fund's investable universe may include allocations to: Austria, Belgium, Finland, Ireland, Netherlands, Portugal, Spain, Switzerland (Europe ex-UK satellites), Australia, China, Singapore, Korea and New Zealand (Asia-Pacific satellites).</li> <li>• Allowable issuers (subject to individual securities meeting the following minimum credit rating): <ul style="list-style-type: none"> <li>- Global Sovereigns (as per the list above)</li> <li>- Semi-Government (e.g. NSW, Queensland) and Municipals/Provincials for given countries (e.g. California, Ontario)</li> <li>- Agencies (e.g. Fannie Mae, Freddie Mac, Canadian Housing Trust)</li> <li>- Supra-Nationals (issued in the above countries in given currencies)</li> </ul> </li> <li>• Individual bond securities that are outside of benchmark are not permitted to go lower than investment grade Baa2/BBB/BBB (Moody's, S&amp;P, Fitch) from one of these providers.</li> </ul> |
| <b>Base Currency</b>   | <p>AUD for the Fund.</p> <p>USD for the Underlying Fund.</p>   |
| <b>Labour standards, environmental social and ethical considerations</b>             | <p>The RE does not explicitly take into account these considerations in investing the Fund's assets and does not have a specific methodology for the extent to which these factors are considered.</p> <p>JCB takes into account these considerations as part of its investment process in evaluating bond securities for investment but does not have a specific methodology or weightings system for the extent to which these considerations are taken into account when selecting, retaining and realising investments in the Underlying Fund.</p>   |
| <b>Up to date information</b>  | Subject to the Corporations Act or the Fund's constitution we have the discretion to make changes to the Fund at any time. We will inform investors of any material changes to the Fund's details. For up to date information about the Fund please refer to the website at <a href="http://www.channelcapital.com.au">www.channelcapital.com.au</a> .   |

## 6. Fees and costs

The following consumer advisory warning is required under the Corporations Act. The purpose of this warning is to emphasise to you the importance of considering 'value for money' when selecting a managed investment. The consumer advisory warning also refers to managed investment calculators, located on the Australian Securities and Investments Commission's website, which will allow you to make individual comparisons.

### CONSUMER ADVISORY WARNING

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The table below shows the fees and other costs that you may be charged in relation to an investment in Class A or Class B Units. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund's assets as a whole. Taxes are set out in another part of this document. You should read all of the information about fees and costs because it is important to understand their impact on your investment. The management costs are the same for the Class A and Class B Units.

You can also use this information to compare the fees and costs between different simple managed investment schemes.

| Type of fee or cost                                     | Amount <sup>1</sup>                    | How and when paid  |
|---|--|--|
| <b>Fees when your money moves in or out of the Fund</b> |  |  |
| Establishment fee                                       | Nil                                    | Not applicable   |
| Contribution fee  | Nil                                    | Not applicable   |
| Withdrawal fee  | Nil                                    | Not applicable   |
| Exit fee  | Nil                                    | Not applicable   |
| <b>Management costs</b>                                 |  |  |
| The fees and costs for managing your investment         | 0.59% p.a. comprising:                 |  |
|   | Management Fee of 0.15% p.a.           | The Management Fee is expressed as a percentage of the net asset value of the Fund relating to the, as applicable, Class A Units or Class B Units, reflected in the daily Unit price and payable monthly in arrears from the Fund.   |
|   | Administration Fee of 0.10% p.a.       | The Administration Fee is expressed as a percentage of the net asset value of the Fund relating to the, as applicable, Class A Units or Class B Units, reflected in the daily Unit price and payable monthly in arrears from the Fund. We pay the expenses of the Fund (other than extraordinary expenses) from the Administration Fee. Extraordinary expenses are paid from the Fund assets as and when incurred. |
|   | Estimated Indirect Costs of 0.34% p.a. | The Estimated Indirect Costs are expressed as a percentage of the net asset value of the Fund relating to the, as applicable, Class A Units or Class B Units, and are reflected in the daily Unit Price.   |

<sup>1</sup> All figures disclosed include the net effect of GST and RITC.

### Example of annual fees and costs

The following table provides an example of how the fees and costs of the Class A and Class B Units for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. Please note the amounts below are estimates only and may not reflect the actual cost of investing in Units.

|  |   |  |
|--|---|--|
| <b>Example – Class A and Class B Units</b> | Balance of \$100,000 with a total contribution of \$5,000 during the year.  |  |
| <b>Contribution fees</b>                   | Nil   | For every additional \$5,000 you put in you will be charged \$0.                   |
| <b>Plus management costs</b>               | 0.15% p.a. + 0.10%p.a + 0.34% p.a. = 0.59%  | And, for every \$100,000 you have in the Fund you will be charged \$590 each year. |
| <b>EQUALS cost of Fund</b>                 | If you had an investment of \$100,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$590. <sup>^*</sup> |  |
|  | <b>What it costs you will also depend on the investment option you choose and the fees you negotiate.</b>   |  |

<sup>^</sup> Additional fees may apply including a buy/sell transaction cost.

<sup>\*</sup> The \$5,000 contribution occurs at the end of the year and the value of the investment is otherwise a constant, therefore the management costs are calculated using the \$100,000 balance only.

We reserve the right to change fees and other costs without your consent, but subject to any limitations under the Corporations Act and other applicable laws. We will give you 30 days notice prior to increasing fees. Different fees may apply to units in different classes. Fees may be individually negotiated with wholesale and institutional clients.

**WARNING: Additional fees may be payable to a financial adviser if consulted. You should refer to the statement of advice which sets out details of the applicable fees.**

### Management Fee

A Management Fee of 0.15% p.a. (including the net effect of GST and RITC) of the net asset value of the Fund relating to the, as applicable, Class A or Class B Units is payable to the RE for managing your investment. This fee accrues daily and is payable monthly in arrears.

### Administration Fee

The Administration Fee of 0.10% p.a. (including the net effect of GST and RITC) of the net asset value of the Fund relating to the, as applicable, Class A or Class B Units, accrues daily and is payable to the RE monthly in arrears. The RE pays the expenses incurred in administering the Fund (other than extraordinary or unusual expenses and transaction costs) from this Administration Fee. Some of these expenses include:

- compliance and administration costs for the Fund (e.g. audit, fund administration, legal and taxation services);
- custody fees; and
- fees and expenses in relation to tasks outsourced by the RE.

### Indirect Costs

Indirect Costs are the estimated management costs of the Underlying Fund. These management costs are deducted from the Underlying Fund's assets and the impact is reflected in the price of the Shares (and therefore indirectly impact the value of Units). The estimated Indirect Costs are 0.34% p.a. of the net asset value of the Fund relating to the, as applicable, Class A Units or Class B Units and Units and are reflected in the Fund's daily Unit price.

### Transaction costs

When you apply for Units or withdraw all or part of your investment you will incur a buy/sell transaction cost. This transaction cost is currently 0.05% of the value of the application or withdrawal amount.



You should read the important information about 'Fees and Costs' before making a decision.

## 7. How managed investment schemes are taxed

**WARNING:** Investing in a managed investment scheme is likely to have tax consequences. It is strongly recommended that investors obtain advice from their professional advisers, particular to their own circumstances prior to investing or otherwise dealing with their Units.

The taxation implications of investing in the Fund can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the Units on capital account or revenue account.

The following tax comments have been prepared on the assumption that:

- the investor holds the Units on capital account as a long term investment;
- the Fund qualifies as an attribution managed investment trust ('AMIT') within the meaning of section 995-1 of the Income Tax Assessment Act 1997 and the RE elects to apply the AMIT regime to the Fund; and
- the Fund has made an irrevocable "capital election" to apply the Capital Gains Tax ("CGT") provisions pursuant to section 275-115 of the Income Tax Assessment Act 1997.

This summary may not be relevant for investors that are subject to special tax rules such as banks, superannuation funds, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

### Will I be liable to pay tax on distributions made by the Fund?

Managed investment schemes are generally not subject to tax on the net income and net capital gains generated by the Fund. Rather, you will generally be assessed on your proportionate share of the net income (including net capital gains) generated by the Fund.

This is the case even where distributions are reinvested into the Fund or where no cash distributions are made by the Fund to investors. We will send you an annual tax distribution statement each year to assist in the preparation of your income tax return.

### Will I be liable to pay tax when I withdraw money from the Fund?

If you are an Australian resident investor, when you withdraw or transfer Units, you will generally be required to include the resulting capital gain or loss in your net capital gain calculation for the relevant income year. Tax should be payable on any net capital gain that you make for that income year.

### What is the composition of distributions likely to be?

Taxable distributions from the Fund should primarily be in the form of capital gains or foreign sourced income and domestic income. Income tax offset entitlements may be attached to such distributions made by the Fund, including tax offsets for foreign withholding tax levied on income received and gains made by the Fund. Non-assessable (i.e. tax deferred or tax free) distributions may also be made by the Fund. Any tax losses or capital losses made by the Fund cannot be distributed to investors.

### Do I have to provide a Tax File Number ('TFN') or an Australian Business Number ('ABN')?

No. However, if you do not provide your TFN or ABN or claim an exemption, the Fund is required to deduct tax at the top marginal tax rate plus Medicare levy on the taxable component of any distributions.

### What is FATCA and CRS and how does it apply to me?

Pursuant to the United States of America, Foreign Account Tax Compliance Act (FATCA), institutions defined as 'foreign financial institutions' (which includes the Fund) are required to comply with certain requirements including the provision of information to the United States of America Internal Revenue Service (IRS). The information only relates to investors who we identify as US residents or those whose residency we cannot identify due to insufficient information being provided ('non-compliant account holders'). The Australian Government has an intergovernmental agreement (IGA) with the US Government to minimise the impact of FATCA on Australian stakeholders. Under the terms of the IGA, we will provide the ATO with any required FATCA information which would otherwise be submitted to the IRS, and there will be no obligations for us to withhold tax for FATCA purposes from any payments.

Similarly, the OECD has developed a Common Reporting Standard (CRS) regime for the reporting and exchange of information in respect of foreign tax residents, which has been adopted in Australia. Under the CRS regime, we

report certain financial information to the ATO in respect of investors identified as foreign residents and the ATO exchanges that information with overseas revenue authorities, where that country has become a party to the CRS regime.

## 8. How to apply

### Direct investors

A copy of the Application Form can be obtained by contacting Channel on **1800 940 599** or by email to **clientservices@channelcapital.com.au**.

To invest, simply complete the Application Form (including the provision of other documentation required for identification purposes) and return it with your initial investment to:

**Channel Investment Management Limited**  
Client Services, GPO Box 206 Brisbane QLD 4001

### Indirect investors

If you are investing via an IDPS, please do not complete our Application Form. Instead, complete the forms the IDPS operator requires and if you have further enquiries, that operator can help. We authorise the use of this PDS as disclosure to investors who invest via an IDPS.

### Cooling off period

If you are a Retail Client (as defined in the Corporations Act) and are investing directly in the Fund, you have a 14-day cooling off period in relation to your investment.

The cooling off period applies if the investment into the Fund is either new or additional and is not a reinvestment of distributions, and where you have not exercised any rights conferred by the investment during the cooling off period. You may exercise your cooling off rights within a period of 14 days commencing on the earlier of the time your application is confirmed, or the end of the fifth Business Day after your Units are issued.

In the event you exercise your cooling off rights, the amount you receive will reflect any movement (either up or down) in the Unit

price of the Fund which means there may be capital gains tax implications for you. We may also be obliged to deduct any tax or duty incurred by us and reasonable administrative and transaction costs. As a result, the amount returned to you may be less than the amount initially invested.

Cooling off rights do not apply where the Fund is not liquid (as defined in the Corporations Act).

### Complaints resolution

We aim to resolve any concerns or complaints quickly and fairly. If you have a concern or complaint about any aspect of your investment in the Fund, please contact us at:

**Channel Investment Management Limited**  
GPO Box 206 Brisbane QLD 4001  
t **1800 940 599** e **clientservices@channelcapital.com.au**

We are a member of and participate in the Australian Financial Complaints Authority ('AFCA'), an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved you are entitled to make a complaint to AFCA at the following address:

**Australian Financial Complaints Authority**  
GPO Box 3 Melbourne VIC 3001  
t **1800 931 678** e **info@afca.org.au**

Investors investing through an IDPS can also access our complaints resolution process (including AFCA) if they have concerns or complaints about the Fund. Indirect investors who have concerns or complaints about their IDPS should contact their IDPS operator.

## 9. Other information

### Keeping you informed

As an investor in the Fund you will receive:

- confirmation of your investments, withdrawals and switches;
- an annual tax statement;
- a periodic statement detailing the transactions during the period and the balance of your investment;
- a distribution statement, following each distribution; and
- the annual accounts for the Fund.

### Availability of documents

If the Fund becomes a disclosing entity for Corporations Act purposes and subject to regular reporting and disclosure obligations, copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

A copy of the annual financial report for the Fund most recently lodged with ASIC can be obtained free of charge from us upon request. If the Fund becomes a disclosing entity, we will satisfy our continuous disclosure obligations for the Fund by publishing material information on our website at [www.channelcapital.com.au](http://www.channelcapital.com.au). Accordingly, given the disclosure of material information will be made on our website, we will not be required to lodge continuous disclosure notices for the Fund with ASIC.

### Consent

JCB has consented to the inclusion of the statements about JCB provided in sections 1, 3 and 5 in the form and context in which those statements are included.

### Terms used in this PDS

**Administration Fee** means the fee payable to the RE from which the RE pays the expenses of the Fund (other than extraordinary expenses) as described in section 6.

**Benchmark** means:

- for the Class A Units, Bloomberg Barclays Global G7 Total Return Index Value Hedged in AUD;
- for the Class B Units, Bloomberg Barclays Global G7 Total Return Index Value Hedged in USD converted to AUD.

**Business Day** means a day other than a Saturday, Sunday or a public holiday in Sydney, New South Wales or in Cayman Islands.

**Channel Capital** means Channel Capital Pty Ltd ACN 162 591 568.

**Class A Unit/s** means a unit/s in the Fund.

**Class B Unit/s** means a unit/s in the Fund.

**Fund** means the CC JCB Global Bond Fund ARSN 631 235 553.

**IDPS** means Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody service (collectively known as master trusts or wrap accounts).

**JCB** means JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018.

**Indirect Costs** means the estimated management costs of the Underlying Fund indirectly incurred by the Fund as described in section 6.

**Management Fee** means the fee payable to the RE for managing the Fund's investments as described in section 6.

**RE** or **Channel** means the responsible entity of the Fund, Channel Investment Management Limited ACN 163 234 240 AFSL 439007.

**Shares** means the shares the Fund invests in via the Underlying Fund.

**Underlying Fund** or **JCB SP** means the CC JCB Active International Bonds Segregated Portfolio.

**Unit/s** means a Class A and Class B unit/s in the Fund.