



## JAMIESON COOTE BONDS

### ADDITIONAL INFORMATION

CC JCB GLOBAL BOND FUND

ARSN: 631 235 553

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**FEBRUARY 2019**

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#### CONTACT

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The information in this document forms part of the Product Disclosure Statement ('PDS') dated February 2019 issued by Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('RE') about the CC JCB Global Bond Fund (ARSN 631 235 553) ('the Fund').

You should read this information together with the PDS before making a decision to invest in the Fund.

The information 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.

#### Updated Information

Information in this Additional Information 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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CC JCB Global Bond Fund  
ARSN: 631 235 553

## ADDITIONAL INFORMATION

### 1. How the CC JCB Global Bond Fund works

#### Additional investments

Additional investments can be made at any time by sending a completed additional unit application form, together with your cheque or electronic funds transfer (EFT) confirmation to Channel Client Services. It is not necessary for you to complete another Application Form. You can obtain an additional unit application form by contacting Channel Client Services. Additional investments are made on the basis of the PDS current at the time of investment. The latest PDS is available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by calling **1800 940 599**.

#### How to withdraw

You can withdraw from your investment by sending us a completed withdrawal request form. You can obtain a withdrawal request form by contacting Channel Client Services on **1800 940 599**.

Withdrawal requests must be signed by the appropriate authorised signatories.

Cheques and bank accounts must be in the name/s of the investor/s as specified in the Application Form or as otherwise notified to the RE.

Partial withdrawals are subject to you maintaining a minimum balance of \$100,000. Proceeds will be paid in Australian Dollars.

#### Restrictions on withdrawals

The RE endeavours to ensure that proceeds are paid within 7 Business Days from the date of receipt of the withdrawal request, although the Fund constitution permits up to 21 days to pay withdrawal proceeds after a withdrawal request is accepted.

Alternate withdrawal procedures will apply if the Fund is determined not to be liquid. The Fund is considered non-liquid if less than 80% of its assets are cash, marketable securities or assets which can be realised at market value within the period specified in the constitution.

If the Fund becomes non-liquid the withdrawal procedures set out in the Corporations Act will apply.

#### Processing application and withdrawal requests

If we receive an application or withdrawal request by 12 noon (Sydney time) on a Business Day you will receive the Unit price for that Business Day. An application or withdrawal request received after 12 noon (Sydney time) or on a non-Business Day, will be processed using the Unit price for the following Business Day.

In circumstances where we receive an incomplete application or withdrawal request you will receive the Unit price applicable on the Business Day we receive the completed documentation and, for applications, cleared application funds.

#### Unit pricing

A Unit price for each class of unit is usually calculated each Business Day by dividing the net asset value of the Fund's assets apportioned to each applicable unit class by the number of units on issue in that class. The Fund's assets are valued in accordance with the Fund's constitution, based on market values of securities and other assets such as cash. Unit prices will vary as the market value of the Fund's assets rise or fall.

The RE has a policy for unit pricing discretions we use in relation to the Fund for the purposes of Class Order 13/657. The unit pricing policy and discretions exercised by the RE are available from us free of charge upon request.

#### Reinvestment of distributions

You can choose to reinvest some or all of your distributions. Distribution reinvestment is generally effective the first day following the end of the distribution period. No buy/sell transaction cost will apply to distribution reinvestments.

For tax purposes certain components of a distribution are included as assessable income regardless of whether the distribution is reinvested.

#### Transfers

You can request a transfer of some or all of your Units to a third party by completing and signing a transfer form and providing us with any other documentation required by us or any law. You can obtain a transfer form by contacting Client Services on **1800 940 599**. The RE reserves the right to refuse to register a transfer of Units.

#### Custodian

A custodian has been appointed to hold the assets of the Fund on our behalf. Any fees we pay to the custodian are paid out of the Management Fee referred to in section 3 and are not an additional charge to you.

### 2. Risks of Managed Investment Schemes

#### Fraud Risk

The Fund may be exposed to the risk of fraud by third party service providers to, or the directors, officers or agents of, the Underlying Fund. These risks include fraud or bad faith relating to dealings with, or on behalf of, the Underlying Fund where such officers, agents and third parties may receive direct or indirect benefits from dealings with or for that entity or where fees are received or cash flows handled in respect of that entity. We intend to seek to obtain transparency and monitor the activities of service providers and other agents of the Underlying Fund. However, there is no guarantee that the measures taken will be effective in eliminating the risk of fraud or other bad faith acts or practices.

#### Terrorist Action

There is a risk of terrorist attacks causing significant loss of life and property and damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity which may in turn adversely affect the Underlying Fund and its investments, and consequently, the Fund and its unitholders.

### 3. Fees and costs

This document shows fees and other costs that you may be charged in relation to 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.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
Fees when your money moves in or out of the Fund <sup>2</sup>		
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:	
	A 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. <sup>3</sup>
	An 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. <sup>4</sup>  Extraordinary expenses are paid from the Fund assets as and when incurred. <sup>5</sup>
	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>6</sup>
<b>Service fees</b>		
Switching fee The fee for changing investment options	Nil	Not applicable - No fee will be charged when switching between Class A and Class B.

1 All figures disclosed include the net effect of GST and RITC. The Management Costs are the same for the Class A and Class B Units.

2 Transaction Costs (buy/sell transaction cost) apply. Refer to 'Transaction costs' in 'Additional explanation of fees and costs'.

3 Refer to 'Management Fee' in 'Additional explanation of fees and costs'.

4 Refer to 'Administration Fee' in 'Additional explanation of fees and costs'.

5 Refer to 'Extraordinary expenses' in 'Additional explanation of fees and costs'.

6 Refer to 'Indirect Costs' in 'Additional explanation of fees and costs'.

#### Additional explanation of fees and costs

##### Management Fee

The current Management Fee is 0.15% per annum (including GST) of the net asset value of the Fund relating to the Class A and Class B Units. The Fund's constitution permits the RE to charge a Management Fee of up to 3.3% per annum (including GST) of the gross asset value of the Fund. The Management Fee is calculated and accrues daily and is paid monthly in arrears.

##### Administration Fee

The Administration Fee of 0.10% per annum (including GST) of the net asset value of Fund relating to the Class A and Class B Units, accrues daily and is payable to the RE monthly in arrears. The Fund's constitution permits the RE to charge an Administration Fee of up to 0.275% per annum (including GST) of the gross asset value of the Fund. 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.

##### Fund expenses

The Fund's constitution allows the RE to pay from the Fund for certain reasonable expenses including but not limited to administration expenses incurred in relation to the operation of the Fund. However, as the RE receives the Administration Fee it will not pay from the Fund expenses incurred in operating the Fund (other than extraordinary or unusual expenses and transaction costs).

##### Indirect costs

Indirect costs are the management costs of the Underlying Fund and comprise the fee payable to JCB for managing the Underlying Fund and the expenses incurred in administering 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 and are reflected in the Fund's Unit price). The indirect costs in the fees and costs table above are an estimate of the Underlying Fund's management costs and these estimated the management costs are 0.34% p.a. of net asset value of the Fund. These indirect costs may vary from year to year.

##### Extraordinary expenses

Generally, expenses incurred in managing the Fund will be paid from the Administration Fee referred to above.

However, if extraordinary or unusual expenses are incurred we may choose to recover these costs from the Fund.

Examples of this type of expense include the costs involved in:

- convening a meeting of investors;
- termination of the Fund;
- amending the Fund constitution;
- defending or bringing of litigation proceedings; or
- replacement of the responsible entity.

The management costs estimate in the fees and costs table above does not include any amount for extraordinary expenses as we do not anticipate such expenses being incurred in the foreseeable future.

### **Transaction costs**

The buy/sell transaction cost is an additional cost to you when you buy or sell Units. This cost includes brokerage and clearing fees relating to the purchase or sale of Fund assets associated with an application or withdrawal.

The transaction cost payable is to meet the expenses associated with investors entering and exiting the Fund and to ensure investors in the Fund are not disadvantaged.

The buy spread and the sell spread for applications and withdrawals are 0.05% of the value of the application or withdrawal amount. These spreads may change from time to time depending on the nature of the costs and volume of assets being bought or sold.

For example, if \$100,000 was invested in, or withdrawn from, the Fund, the cost of your buy/sell spread would be \$50 in and \$50 out.

A buy/sell transaction cost is also payable by the Fund on the purchase and sale of Shares in the Underlying Fund. The buy spread and sell spread for applications and withdrawals in the Underlying Fund is 0.05% of the value of the application or withdrawal amount.

For example, if \$100,000 was invested in, or withdrawn from, the Underlying Fund, the cost of the Fund's buy/sell spread would be \$50 in and \$50 out.

### **Additional operational and transactional costs**

Additional transactional and operational costs associated with dealing with the Fund's investments may be recovered from the Fund. Transactional and operational costs, other than the buy/sell spread, may include brokerage, clearing costs, investment settlement fees and applicable stamp duty when underlying assets are bought or sold. As the Fund will invest in the Underlying Fund and cash we do not expect the Fund will incur transactional and operational costs on dealing with the Fund's assets.

However, the Underlying Fund will incur transactional and operational costs associated with dealing with its investments and such costs will be recovered from the Underlying Fund's assets. These costs will be reflected in the price of Shares and therefore are indirectly payable by the Fund. The total transactional and operational costs incurred by the Fund for the period from 28-Feb-2018 to 13-Feb-2019 were calculated to be \$248.57 based on a \$100,000 holding (approximately 0.25% of total average net assets). The total transactional and operational costs, net of buy/sell spread recovery, were calculated to be \$66.56 based on a \$100,000 holding (approximately 0.07% of total average net assets).

### **Differential fees**

There may be differing fee arrangements for investors in different classes. Rebates of Management Fees may be negotiated with certain sophisticated or professional (i.e. wholesale) investors.

These arrangements reflect terms privately agreed with each sophisticated or professional investor. The RE is under no obligation to make arrangements on these terms available to all other investors (including other sophisticated or professional investors).

### **Payment to platforms**

Payments may be made to a platform where they include one or more of our funds on their menu. Any platform payments are deducted from the management cost and are not a separate charge to you.

### **Constitution fee provisions**

Please note the constitution fee provisions set out below represent the maximum amounts payable under the constitution and are not the amounts charged. The Fund constitution provides that the following fees may be payable to the RE:

- a) performance fee - the Fund constitution allows a performance fee of up to 38.5% (including GST) of the amount by which the Fund's performance Outperforms the Benchmark. The RE does not currently charge a performance fee; and
- b) removal fee - under the Fund constitution, the RE is entitled to a fee of up to 5.5% (including GST) of the gross asset value of the Fund if the RE is removed as responsible entity of the Fund (other than as a result of a determination by ASIC or an Australian Court, or on acknowledgement by the RE, of gross negligence in the management of the Fund or a material fiduciary breach). For example, if the Fund's gross asset value was \$5 million; the RE would be entitled to receive a removal fee of up to \$275,000 if removed as responsible entity of the Fund. The Management Costs amount in the table on page 3 does include any removal fee.

### **Goods and Services Tax (GST)**

The fees specified in the PDS include the net effect of Goods and Services Tax (GST) and the benefits of reduced input tax credits (RITC) where applicable, unless otherwise specified.

Investors should not be directly subject to GST when applying for or withdrawing Units. However, the Fund may incur GST as part of the expenses of the Fund. The Fund may then be entitled to claim RITCs for GST incurred on certain expense.