



Fund Update as at 31 October 2019

CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU)

Fund Benefits

Active Management

JCB is a specialist fixed income manager with significant global investment management experience and expertise.

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	Channel Investment Management Ltd
Underlying Fund Investment Manager	JamiesonCooteBonds Pty Ltd or JCB (Portfolio Manager: Charles Jamieson)
Structure / Underlying Fund	The Fund invests into the CC JCB Active International Bond SP (in USD)
Inception Date [^]	25 February 2019
Benchmark	Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD)
Management Fee [#]	0.15% p.a.
Administration Fee [#]	0.10% p.a.
Indirect Costs [#]	0.34% p.a.
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size ⁺	AUD \$65.1 million

Fund Performance

Returns (After fees)	Fund*	Benchmark**	Excess
1 Month	-2.44%	-2.50%	0.05%
3 Months	1.69%	1.81%	-0.12%
FYTD	4.02%	4.36%	-0.34%
1 Year	-	-	-
2 Years p.a.	-	-	-
Inception	11.07%	11.09%	-0.03%

Fund Overview

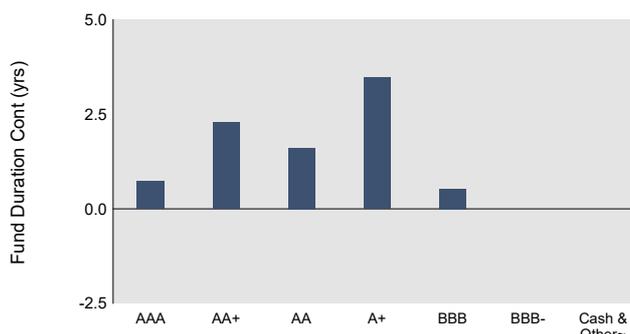
Characteristics	Fund	Benchmark
Modified Duration (yrs)***	8.63	8.54
YTM + Hedging Effect ^{^^}	1.99	2.31
Weighted Ave. Credit Rating***	AA	AA+

^{^^} Data refers to CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU) and Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD).

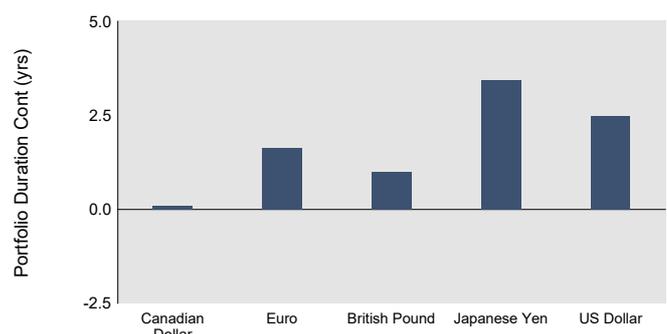
Source: JamiesonCooteBonds Pty Ltd.

See Definition of Terms.

Asset Allocation by Credit Rating (Duration Contribution)***



Asset Allocation by Currency (Duration Contribution)***



Platform Availability

Asgard	Ausmaq	Aust Money Market
BT Panorama	BT Wrap	HUB24 Super & IDPS
Macquarie Wrap	Mason Stevens	Netwealth
Powerwrap	Praemium	Xplore Wealth

Further Information

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All figures disclosed include the net effect of GST and RITC. [^] Inception Date for performance calculation purposes. ⁺ Fund size refers to the CC JCB Global Bond Fund ARSN 631 235 553. * Performance is for the CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU), also referred to as Class B units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs, excluding taxation. 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. ** Benchmark refers to the Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD). *** Data refers to Underlying Fund, CC JCB Active International Bond Segregated Portfolio (in USD); and where applicable, Underlying Benchmark, Bloomberg Barclays Global G7 TRI Value Hedged USD. ~ Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.



JAMIESON COOTE BONDS

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Market Review & Outlook

- Global market optimism as Brexit and Trade Deal make some progress
- Global data remains very weak, but some stabilisation noted
- More rate cuts delivered, hurting cash returns for savers, now pause and assess is likely into year-end for Central Bankers

Global market optimism as Brexit and Trade Deal make some progress

October presented several significant risk events which have passed without major incident, fostering some newfound optimism for global markets. The avoidance of a 'no deal Brexit' combined with a 'phase 1 Trade Deal' moving towards signing have diminished some of the major chaotic risk outcomes, however further challenges remain. JCB awaits to see the result of the general elections in the UK for the next twists and turns in the 3+ year Brexit saga, and remains sceptical that material progress is being made around Trade. But alas, risk markets have moved higher, breaking out of well-defined ranges generating strong performance in a melt up rally.

Global data remains very weak, but some stabilisation noted

The macroeconomic data environment remains extremely weak on an outright basis, but some stabilisation of data has occurred. Current data is as weak as the environment prior to the GFC, and yet equity markets are breaking out to new record highs, showing little concern for possible capital damage. Central Banks continue to cut interest rates the world over, providing pre-accommodation to help economies cushion the blows of the previous rate hiking cycles combined with the confidence zapping U.S./China trade war.

More rate cuts delivered, hurting cash returns for savers, now pause and assess is likely into year-end for Central Bankers

Both here and abroad, 2019 has seen the delivery of interest rate cuts to spur weakening economies forward and extend the economic cycles since the GFC. Cash returns in the developed world are mainly below 1.00% except for the United States (although the U.S. are currently actively cutting interest rates). With the outlook brightening a little with regard to Brexit and the trade war, JCB believes that Central Bankers will move to a pause and assess period to see if market-based optimism translates into economic activity. JCB believes that additional rates cuts will ultimately be delivered in 2020, but with only a few months now remaining, Central Bankers will wish to keep their small amount of stimulus powder dry.



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Fund Review

For the month ending October, the CC JCB Global Bond Fund – Unhedged Class returned -2.44% (after fees), outperforming the Barclays Global G7 Total Return Index Value Hedged USD (converted to AUD) by 0.05%.

The Fund was overweight US bonds for most of October. However, a new theme calling for Fed's restraints, i.e. not chasing rate cut to the abyss, was emerging. The Fund took profit on the position after the FOMC. In Europe, continuing disagreements post the last ECB decision persisted. The Fund was underweight German bonds, which benefited the portfolio. The Fund also took profit on overweight French and Spanish bonds.

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.

Yield to Maturity + 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.

Duration Contribution - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector).

Contribution to duration is calculated by multiplying an instrument's duration by the percentage weight of the instrument in the portfolio. This calculation includes the contribution to duration by holding futures contracts.

The information contained in this report is provided by the Investment Manager, JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018 ('JCB'). Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the Responsible Entity and issuer of units in the CC JCB Global Bond Fund ARSN 631 235 553 ('the Fund'). The Fund invests into the CC JCB Active International Bond Segregated Portfolio ('Underlying Fund'). 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 on request.