

ADDITIONAL INFORMATION

CC JCB Dynamic Alpha Fund | ARSN 637 628 918 | APIR CHN8607AU

29 JUNE 2021



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The information in this document forms part of the Product Disclosure Statement ('PDS') dated 29 June 2021 issued by Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML', 'RE', 'we', 'our' or 'us') about the CC JCB Dynamic Alpha Fund ARSN 637 628 918 ('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, objectives or needs. You should obtain financial advice tailored to your personal circumstances.

Updated Information

Information in this Additional Information document may change. Any updates to information that are not materially adverse to investors will be provided at 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.

Defined terms used in this document are defined in the PDS unless otherwise stated.

1. HOW THE CC JCB DYNAMIC ALPHA 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. 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. Instructions for lodgement can be found on the form. The latest PDS is available at 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, subject to our withdrawal processes described below. 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 Fund 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 12pm (Sydney time) on a Business Day you will receive the Unit price for that Business Day. An application or withdrawal request received after 12pm (Sydney time) 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. An allowance for transaction costs incurred in buying and selling Fund assets is added to, or subtracted from, the Unit price to determine an application price and a withdrawal price for each class of units.

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 Business Day after the date the distribution is paid. 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 Administration Fee referred to in the following section and are not an additional charge to you.

2. 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 ¹ | How and when paid |
|---|--|---|
| Fees when your money moves in or out of the Fund ² | | |
| Establishment fee | Nil | Not applicable |
| Contribution fee | Nil | Not applicable |
| Withdrawal fee | Nil | Not applicable |
| Exit fee | Nil | Not applicable |
| Management costs | | |
| The fees and costs for managing your investment | 0.68% p.a. comprising: A Base Fee of 0.58% p.a. | The Base Fee is expressed as a percentage of the Net Asset Value of the Fund relating to the Class A Units, reflected in the daily Unit price and payable monthly in arrears from the Fund. ³ |
| | 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 Class A 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. ⁴ Extraordinary expenses are paid from the Fund assets as and when incurred. ⁵ |
| Service fees | | |
| Switching fee The fee for changing investment options | Nil | Not applicable |

¹ All figures disclosed include the net effect of GST and RITCs.

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

³ Refer to 'Base 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.'

Additional explanation of fees and costs

Base Fee

The current Base Fee is 0.58% per annum (including GST less RITCs) of the Net Asset Value of the Class A Units. The Fund's constitution permits the RE to charge a Base Fee of up to 3.3% per annum (including GST) of the gross asset value of the Fund. The Base Fee is calculated and accrues daily and is paid monthly in arrears. From this, the RE will pay all the fees and costs associated with managing your investment, including paying JCB a fee for acting as investment manager (but excluding transaction costs, the Administration Fee and extraordinary expenses).

Expenses incurred in administering the Fund are paid via the Administration Fee and do not form part of the Base Fee.

Administration Fee

The Administration Fee of 0.10% per annum (including GST less RITCs) of the Net Asset Value of the Class A 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, registry, legal and taxation services);
- Custody fees; and
- Fees and expenses in relation to tasks outsourced by the RE (but excluding investment management services performed by JCB).

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 does not intend to pay from the Fund expenses incurred in operating the Fund (other than extraordinary or unusual expenses and transaction costs).

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.

Transaction costs

The buy/sell transaction cost is an additional cost to you when you buy or sell Units and is included in the application price and withdrawal price. It is not paid to the RE or JCB. 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 is 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.

Additional transactional and operational 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.

The transactional and operational costs incurred for the Fund for the period since inception (being 30 December 2019) to 30 June 2020 were calculated to be \$347.13 based on a \$100,000 holding (approximately 0.35% of the Net Asset Value). The total transactional and operational costs, net of buy/sell recovery, for the Fund for the period since inception to 30 June 2020 were calculated to be \$276.04 on a \$100,000 holding (approximately 0.28% of the Net Asset Value).

Differential fees

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

These arrangements reflect terms privately agreed with each sophisticated or professional investor. Neither JCB nor the RE is under any 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 Base Fee 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:

- 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 or exceeds the Benchmark (being the RBA cash rate). The RE does not currently charge a performance fee; and
- 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 2 does not include any removal fee.

Goods and Services Tax (GST)

The fees specified in the PDS and this Additional Information take into account the net effect of Goods and Services Tax (GST) and the benefits of reduced input tax credits (RITCs) 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 expenses.