

# High Grade Bonds - a truly defensive allocation



JCB

JAMIESON COOTE BONDS

High grade bonds are a defensive asset class that can help to diversify risk within a balanced portfolio. They can help to defend and protect your investment portfolio by providing income, liquidity and downside protection, especially during periods of heightened market volatility.

## WHAT ARE HIGH GRADE BONDS?

High grade government bonds are considered some of the lowest risk investments in the market and sit within the defensive allocation of a diversified portfolio. They are explicitly backed by the Government (Commonwealth, state/territory or quasi-government agency) and are highly rated (e.g. AAA or AA rating by agencies such as Standard & Poors and Moody's). This means they have a low probability of default, giving investors much higher levels of protection.

## A STRONG PORTFOLIO DIVERSIFIER

As government bonds typically exhibit low to negative correlations relative to higher risk assets like shares, they can help to preserve capital in periods of heightened market volatility or economic distress. In addition, they offer a different source of risk relative to other commonly held financial-sector risk which may be present in portfolios e.g. corporate bonds, hybrids, and bank shares.

## INCOME AND LIQUIDITY IN ALL MARKETS

High grade bonds earn the majority of their return from income and the income on the income (i.e. compounding – income on coupons and maturing bonds being reinvested) over time. This means in different interest rate environments (rising, falling or flat), the asset is self-rebalancing over time.

## CC JCB ACTIVE BOND FUND

The CC JCB Active Bond Fund ARSN 610 435 302 (the Fund) provides exposure to Australian Government, semi-Government and supranational bonds – through a daily priced and liquid investment.

The Fund aims to outperform the Bloomberg AusBond Treasury 0+Yr Index over rolling 3 year periods.

## FUND PERFORMANCE – 31 JULY 2019

Return	Fund*	Benchmark**	Excess
1 month	0.96%	0.96%	0.00%
3 months	4.41%	4.23%	0.18%
1 year	11.30%	11.91%	-0.61%
2 years p.a.	7.02%	7.36%	-0.34%
Inception p.a.	4.61%	4.40%	0.21%

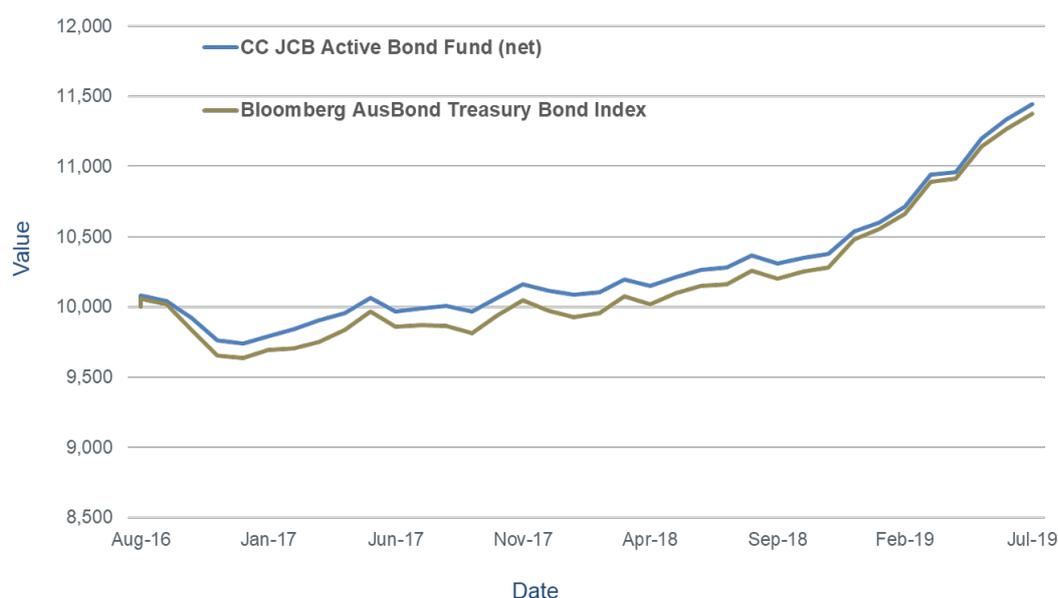
## FUND HIGHLIGHTS

- Daily priced providing liquidity through all market conditions.
- Simple structure comprising 15-25 bond securities with active duration management and security selection.
- No derivatives used for leverage, only for portfolio hedging purposes.
- Diversification benefits due to low correlation to risk assets as the portfolio has a zero credit allocation.

\* Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), also referred to as Class A 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 AusBond Treasury 0+ Yr Index.

## NET RETURN OF A\$10,000 INVESTED SINCE INCEPTION (3 AUGUST 2016) TO 31 JULY 2019



Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), also referred to as Class A 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.

### INVESTOR SUITABILITY

- Are seeking exposure to a highly defensive investment strategy.
- Are seeking a regular income stream if transitioning to retirement or are already retired.
- Are SMSF trustees, looking for portfolio diversification and an asset to help protect capital.
- Have a medium to long term investment horizon.

### PLATFORM ACCESS

Ausmaq	Asgard	Australian Money Market
BT Panorama	BT Wrap	Colonial First Wrap
HUB24	Linear	Macquarie Wrap
Mason Stevens	Netwealth	PowerWrap
U-Exchange		

### MORE INFORMATION

To learn more about high grade bonds and their defensive role in portfolios, speak to your Financial Adviser or contact JCB's distribution partner, Channel Capital.

Byron Slessar  
Distribution Director  
+61 2 8669 3916  
+61 400 592 592  
[byron.slessar@channelcapital.com.au](mailto:byron.slessar@channelcapital.com.au)

Luke Mandekic  
Distribution Director  
+61 3 8580 0006  
+61 466 772 444  
[luke.mandekic@channelcapital.com.au](mailto:luke.mandekic@channelcapital.com.au)



JAMIESON COOTE BONDS

This information has been prepared by the Investment Manager, Jamieson Coote Bonds Pty Ltd ACN 165 890 282 AFSL 459018 ('JCB') and its distribution partner, Channel Capital Pty Ltd ACN 162 591 568 AR No. 001274413 ('Channel'). Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the issuer of units in the CC JCB Active Bond Fund ARSN 610 435 302 ('the Fund'). The information in this document is general advice only and has been prepared without taking into account the objectives, financial situation or needs of any particular person. The information is not intended for any general distribution or publication and must be retained in a confidential manner. Information contained herein consists of confidential proprietary information constituting the sole property of JCB and CIML and respecting JCB and CIML and its investment activities, its use is restricted accordingly. All such information should be maintained in a strictly confidential manner.

Neither JCB, Channel, CIML or their representatives and respective employees or officers (collectively, 'the Beneficiaries') make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation or subsequently provided to the Recipient or its advisers by any of the Beneficiaries, including, without limitation, any historical financial information, the estimates and projections and any other financial information derived there from, and nothing contained in this presentation 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 indicator of future performance. The information in this document has not been the subject of complete due diligence nor has all such information been the subject of proper verification by the Beneficiaries. Except insofar as liability under any law cannot be excluded, the Beneficiaries shall have no responsibility arising in respect of the information contained in this presentation or subsequently provided by them or in any other way for errors or omissions (including responsibility to any person by reason of negligence). An investor should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to the investor's objectives, financial situation and needs. For further information and before investing, please read the Product Disclosure Statement which is available from [www.channelcapital.com.au](http://www.channelcapital.com.au).