CC JCB Global Bond Fund

ARSN 631 235 553

Annual Report

for the period 25 January 2019 to 30 June 2020

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These financial statements cover the CC JCB Global Bond Fund as an individual entity.

The Responsible Entity of the CC JCB Global Bond Fund is Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007). The Responsible Entity's registered office is Level 25, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000.

Directors' report

The Directors of Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007), the Responsible Entity of CC JCB Global Bond Fund ("the Fund"), present their report together with the financial report of the Fund for the period 25 January 2019 to 30 June 2020.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The Fund was constituted on 25 January 2019, registered as a managed investment scheme on 4 February 2019 and commenced operations on 25 February 2019.

The Fund provides investment exposure to global bond markets with the aim of defending and protecting investor capital. The Responsible Entity 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 segregated portfolio of CC Global Access SPC (SPC) which is incorporated as a Cayman Islands exempted segregated portfolio company. Each segregated portfolio is in effect, a separate fund issuing a separate class of share with a shareholders interest limited to the assets held in the segregated portfolio associated with the share class in which it holds shares. CC Cayman serves as the SPC's Investment Manager and is responsible for the selection and oversight of specialist sub-managers (where applicable) that will ultimately make investment management decisions for each segregated portfolio. In this role CC Cayman has appointed JamiesonCooteBonds Pty Ltd (JCB) as the Investment Manager for the Underlying Fund.

The Fund invests in the Underlying Fund. Through the Underlying Fund, and through this investment, the Fund seeks to invest in a carefully researched and actively managed portfolio using fundamental and technical analysis to make bond security selections and adjust duration exposures (against the Benchmark) with a view to generating the optimal risk-adjusted portfolio. Security selections are set with hard limits on entry and exit with both floors and ceilings being pre-determined before investments are acquired. The Investment Manager aims to deliver the benefits of a defensive bond allocation with the overlay of active management.

The Underlying Fund will invest in bond securities with geographical exposure primarily to developed markets, i.e. the G7 defined countries which are Canada, US (North America), France, Germany, Italy (Europe ex-UK Core), UK and Japan. The Underlying Fund’s investable universe also includes potential allocations to Austria, Belgium, Finland, Ireland, Netherlands, Portugal, Spain, Switzerland (Europe ex-UK satellites), Australia, China, Singapore, Korea and New Zealand (Asia-Pacific satellites). Allowable issuers also include Global Sovereigns from the given countries, Semi-Government (e.g. NSW, Queensland) and Municipals/Provincials for the given countries (e.g. California and Ontario). Agencies (e.g. Fannie Mae, Freddie Mac, Canadian Housing Trust) and Supra-Nationals (issued in the above countries in given currencies) are also permitted. Individual bond securities that are outside of benchmark are not permitted to go lower than investment grade Baa2/BBB/BBB (Moody’s, S&P, Fitch) from one of these providers.

The Fund aims to deliver Class A (Hedged) investors with returns that outperform the Bloomberg Barclays Global G7 Total Return Index Value Hedged in AUD and with better risk-adjusted returns (after fees) on a rolling 3 year basis.

The Fund aims to deliver Class B (Unhedged) investors with returns that 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 3 year basis.

The Fund did not have any employees during the period.

There were no significant changes in the nature of the Fund’s activities during the period.

Directors

The following persons held office as directors of Channel Investment Management Limited during or since the end of the period and up to the date of this report:

Mr G Holding
Ms K Youhanna
Mr S Jordan

The Responsible Entity has a Compliance Committee consisting of two independent persons and one non-independent person. This committee’s role is to oversee the compliance requirements of the Fund operated by the Responsible Entity.

Review and results of operations

There have been no significant changes to the operations of the Fund since the beginning of the financial period. During the period, the Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The fund's performance for Class A was 5.48% (net of fees) and Class B was 7.96% (net of fees) for the year ended 30 June 2020. The fund's benchmark for Class A (Bloomberg Barclays Global G7 TRI Value Hedged AUD) returned 5.59% for the same period. The fund's benchmark for Class B (Bloomberg Barclays Global G7 TRI Value Hedged USD converted to AUD) returned 8.30% for the same period.

Directors' report (continued)

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	For the period 25 January 2019 to 30 June 2020
Operating profit/(loss) before finance costs attributable to unitholders ($'000)	**3,690**
Distributions - Class A Hedged	
Distributions paid and payable ($'000)	**248**
Distributions (cents per unit)	**2.22**
Distributions - Class B Unhedged	
Distributions paid and payable ($'000)	**3,269**
Distributions (cents per unit)	**5.73**

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial period 25 January 2019 to 30 June 2020.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(i) the operations of the Fund in future financial years;
(ii) the results of those operations in future financial years, or
(iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The COVID-19 pandemic has presented significant challenges to global and domestic economies. Investment markets have been significantly disrupted by the pandemic which has caused uncertainty and increased market volatility through the second half of the 2020 financial year. At the date of signing, there remains a high level of uncertainty regarding the extent and duration of the impact from the COVID-19 pandemic. The directors and investment manager continue to manage and monitor the actions taken to address negative impacts of the pandemic to the fund.

Indemnification and insurance of officers and auditors

Insurance cover provided to either the officers of Channel Investment Management Limited or the auditors of the Fund is paid by Channel Investment Management Limited and not out of the assets of the Fund. So long as the officers of Channel Investment Management Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 14 of the financial statements.

No fees were paid out of Fund property to the Directors of the Responsible Entity during the period.

Directors' report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 12 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 4 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law

Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of Channel Investment Management Limited, the Responsible Entity.

Mr G Holding
Director
Channel Investment Management Limited

Brisbane
22 September 2020

Auditor's Independence Declaration

As lead auditor for the audit of CC JCB Global Bond Fund for the period ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
22 September 2020

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Statement of comprehensive income

	Notes	For the period 25 January 2019 to 30 June 2020 $'000
Investment income		
Distribution income		**3,663**
Net gains/(losses) on financial assets at fair value through profit or loss	5	**(895)**
Net foreign exchange gain/(loss)		**1,089**
Other income		**20**
Total net investment income		**3,877**
Expenses		
Management fees	14	**105**
Interest expense		**7**
Administration fees		**70**
Other expenses		**5**
Total operating expenses		**187**
Operating profit/(loss) for the period		**3,690**
Finance costs attributable to unitholders		
Distributions to unitholders	7	**(3,517)**
(Increase)/decrease in net assets attributable to unitholders	12	**(173)**
Profit/(loss) for the period		**-**
Other comprehensive income		**-**
Total comprehensive income for the period		**-**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2020 $'000
Assets		
Cash and cash equivalents		**649**
Receivables	10	**2,466**
Financial assets at fair value through profit or loss	9	**83,314**
Total assets		**86,429**
Liabilities		
Distributions payable		**2,549**
Payables	11	**18**
Total liabilities (excluding net assets attributable to unitholders)		**2,567**
Net assets attributable to unitholders - liability	12	**83,862**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	For the period 25 January 2019 to 30 June 2020 $'000
Total equity at the beginning of the period	**-**
Profit/(loss) for the period	-
Other comprehensive income	-
Total comprehensive income for the period	**-**
Transactions with owners in their capacity as owners	-
Total equity at the end of the period	**-**

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the period.

Changes in net assets attributable to unitholders are disclosed in Note 12.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	For the period 25 January 2019 to 30 June 2020 $'000
Cash flows from operating activities		
Proceeds from maturity/sales of financial instruments at fair value through profit or loss		57,403
Purchase of financial instruments at fair value through profit or loss		(141,612)
Net gains/(losses) on foreign exchange		1,091
Interest expense paid from financial assets at amortised cost		(7)
Distributions received		1,202
Other income received		20
Management fees paid		(94)
Other expenses paid		(73)
Net cash outflow from operating activities	15 (a)	(82,070)
Cash flows from financing activities		
Proceeds from applications by unitholders		131,581
Payments for redemptions by unitholders		(48,108)
Distributions paid		(752)
Net cash inflow from financing activities		82,721
Net increase in cash and cash equivalents		651
Cash and cash equivalents at the beginning of the period		-
Effect of foreign currency exchange rate changes on cash and cash equivalents		(2)
Cash and cash equivalents at the end of the period	8	649
Non-cash operating and financing activities	15 (b)	216

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

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1 General information

These financial statements cover CC JCB Global Bond Fund (the “Fund”) as an individual entity. The Fund was constituted on 25 January 2019, registered as a managed investment scheme on 4 February 2019 and commenced operations on 25 February 2019, and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Channel Investment Management Limited (ABN 22 163 234 240; AFSL 439007) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 25, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000. The financial statements are presented in the Australian currency.

The Responsible Entity is incorporated and domiciled in Australia.

Until 15 September 2020, the Custodian of the Trust was RBC Investor Services Trust. On 19 August 2020, Channel Investment Management Limited appointed Citibank N.A. (Citibank) as Custodian of the fund and on 15 September 2020, the assets of the fund were transferred to new custodian, Citibank.

The Fund provides investment exposure to global bond markets with the aim of defending and protecting investor capital. The Responsible Entity 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 segregated portfolio of CC Global Access SPC (SPC) which is incorporated as a Cayman Islands exempted segregated portfolio company. Each segregated portfolio is in effect, a separate fund issuing a separate class of share with a shareholders interest limited to the assets held in the segregated portfolio associated with the share class in which it holds shares. CC Cayman serves as the SPC's Investment Manager and is responsible for the selection and oversight of specialist sub-managers (where applicable) that will ultimately make investment management decisions for each segregated portfolio. In this role CC Cayman has appointed JamiesonCooteBonds Pty Ltd (JCB) as the Investment Manager for the Underlying Fund.

The Fund invests in the Underlying Fund. Through the Underlying Fund, the Fund seeks to invest in a carefully researched and actively managed portfolio using fundamental and technical analysis to make bond security selections and adjust duration exposures (against the Benchmark) with a view to generating the optimal risk-adjusted portfolio. Security selections are set with hard limits on entry and exit with both floors and ceilings being pre-determined before investments are acquired. The Investment Manager aims to deliver the benefits of a defensive bond allocation with the overlay of active management.

The Underlying Fund will invest in bond securities with geographical exposure primarily to developed markets, i.e. the G7 defined countries which are Canada, US (North America), France, Germany, Italy (Europe ex-UK Core), UK and Japan. The Underlying Fund’s investable universe also includes potential allocations to Austria, Belgium, Finland, Ireland, Netherlands, Portugal, Spain, Switzerland (Europe ex-UK satellites), Australia, China, Singapore, Korea and New Zealand (Asia-Pacific satellites). Allowable issuers also include Global Sovereigns from the given countries, Semi-Government (e.g. NSW, Queensland) and Municipals/Provincials for the given countries (e.g. California and Ontario). Agencies (e.g. Fannie Mae, Freddie Mac, Canadian Housing Trust) and Supra-Nationals (issued in the above countries in given currencies) are also permitted. Individual bond securities that are outside of benchmark are not permitted to go lower than investment grade Baa2/BBB/BBB (Moody’s, S&P, Fitch) from one of these providers.

The Fund aims to deliver Class A (Hedged) investors with returns that outperform the Bloomberg Barclays Global G7 Total Return Index Value Hedged in AUD and with better risk-adjusted returns (after fees) on a rolling 3 year basis.

The Fund aims to deliver Class B (Unhedged) investors with returns that 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 3 year basis.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) Classification

Investments

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Unit trusts and derivatives are measured at fair value through profit or loss.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expires.

(iii) Measurement

(a) Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial assets and financial liabilities at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

(b) Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss previously recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests in accordance with the Fund's constitution. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation* :

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund’s liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund’s own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions.

Payments and receipts relating to the purchase, if any, and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(e) Investment income

(i) Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(f) Expenses

Any expenses which are paid by the unitholder from Fund assets are included in the Fund's financial statements and recognised in the profit or loss on an accruals basis. Any expenses that are paid directly to the Responsible Entity and/or investment manager by the unitholder as per the terms of individual agreements are not recognised in the Fund's financial statements.

(g) Distributions

In accordance with the Fund’s Constitution, the Fund distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(h) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(i) Foreign currency transactions

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of within net gains/(losses) on financial instruments held at fair value through profit or loss in the statement of comprehensive income on a net basis.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Receivables

Receivables may include due amounts for coupon payments. Coupon payments are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and interest receivable.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

2 Summary of significant accounting policies (continued)

(l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(m) Applications and redemptions

Applications received for units in the Fund are recorded prior to the issue of units in the Fund. Redemptions from the Fund are recorded after the cancellation of units redeemed.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund’s financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(p) Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

(q) Comparatives

The Fund was constituted on 25 January 2019, registered as a managed investment scheme on 4 February 2019 and commenced operations on 25 February 2019, hence there are no comparatives.

3 Financial risk management

(a) Objectives , strategies, policies and processes

The Fund’s activities expose it to a variety of financial risks including market risk (which incorporates price risk and foreign exchange risk), credit risk and liquidity risk.

The Fund’s overall risk management program focuses on ensuring compliance with the Fund’s Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

3 Financial risk management (continued)

(a) Objectives , strategies, policies and processes (continued)

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ratings analysis for credit risk.

As part of its risk management strategy, the Fund uses derivatives and other investments, including interest rate futures, to manage exposures resulting from changes in interest rates, and exposures arising from forecast transactions. These methods are explained below.

(b) Market risk

(i) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund's main interest rate risk arises from its investments in fixed interest securities (via its exposure to the Underlying Fund).

Interest rate risk is managed by using model-based, risk adjusted systems which allocate bond and futures investments and risk using a strict and disciplined approach honed over years of global market experience. Systems used in this process include Bloomberg AIM (ranked no 1 in global Greenwich survey for OMS providers) and Bloomberg PORT.

(ii) Price risk

The Fund is exposed to securities and derivatives price risk via its investment in the Underlying Fund. This arises from investments held by the Fund for which prices in the future are uncertain. Securities and derivatives are classified in the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager continues to monitor the impact of COVID-19 and take appropriate action to reduce the volatility and negative impacts on the Fund.

The Funds' overall market positions are reported to the Board on a regular basis.

Net assets attributable to unitholders include investments in fixed interest securities and derivatives.

The table at Note 3(c) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests moves by +/- 10%.

(iii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets dominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2020	USD A$'000
Financial assets at fair value through profit or loss	73,697
Net exposure	**73,697**

The table at Note 3(c) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% against the material foreign currencies to which the Fund is exposed.

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

3 Financial risk management (continued)

(c) Summarised sensitivity analysis (continued)

	Impact on operating profit/net assets attributable to unit holders			
	Price risk		Foreign exchange risk	
	-10%	+10%	-10%	+10%
	$'000	$'000	$'000	$'000
As at 30 June 2020	**(8,331)**	**8,331**	**(7,370)**	**7,370**

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund holds no collateral as security or any other credit enhancement. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past their due date.

(i) Derivative financial instruments

For derivative financial instruments, the Investment Manager has the ability to use gearing in the form of interest rate futures. Derivatives are used for interest rate hedging purposes or to replicate underlying bond securities in the form of futures contracts listed on the Sydney Stock Exchange. Futures can have the ability to magnify both profits and losses. There is also a liquidity risk associated with futures in that it may be difficult in times of volatility to trade in reasonable size.

(ii) Settlement of securities transactions

All transactions in fixed income securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligation.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA (as determined by Standard and Poor's/Moody's) or higher.

(iv) Other

The Fund is not materially exposed to credit risk on other financial assets.

(v) Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

In accordance with the Fund’s policy, the Responsible Entity monitors the Fund’s liquidity position on a daily basis. The Fund's policy is reviewed annually. In order to manage the Fund’s overall liquidity, the responsible entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during the period ending 30 June 2020.

The Fund's Constitution provides for daily application and redemption of units and it is therefore exposed to liquidity risk of meeting unitholder redemptions at any time. Units are redeemed on demand at the unitholder's option. At 30 June 2020, net assets attributable to unitholders was $83,862,630.

3 Financial risk management (continued)

(e) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2020	Less than 1 month $'000	1 to 6 months $'000	6 to 12 months $'000	Over 12 months $'000	Total $'000
Payables	**18**	**-**	**-**	**-**	**18**
Distributions payable	**2,549**	**-**	**-**	**-**	**2,549**
Net assets attributable to unitholders - liability	**83,862**	**-**	**-**	**-**	**83,862**
Total financial liabilities	**86,429**	**-**	**-**	**-**	**86,429**

4 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

Classification of financial assets and financial liabilities

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(a) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as futures) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

4 Fair value measurement (continued)

(b) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 30 June 2020:

As at 30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Unit trusts	-	82,603	-	82,603
Forward currency contracts	-	711	-	711
Total financial assets	-	83,314	-	83,314

5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	For the period 25 January 2019 to 30 June 2020 $'000
Financial assets	
Net realised gain/(loss) on financial assets at fair value through profit or loss	1,282
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(2,177)
Total net gains/(losses) on financial instruments at fair value through profit or loss	(895)

6 Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period 25 January 2019 to 30 June 2020 $
PricewaterhouseCoopers Australia firm	
Audit and other assurance services	
Audit and review of financial statements	12,480
Audit of compliance plan	7,280
Total remuneration for audit and other assurance services	19,760

The fees for audit, other assurance services and non-audit services are paid by the Responsible Entity out of the administration fees that they earn.

7 Distribution to unitholders

The distributions declared during the period were as follows:

	For the period 25 January 2019 to 30 June 2020 $'000	For the period 25 January 2019 to 30 June 2020 CPU
Distributions - Class A Hedged		
December 2019	**128**	**1.13**
June (payable)	**120**	**1.09**
Total	**248**	**2.22**
Distributions - Class B Unhedged		
June 2019	**52**	**0.70**
December 2019	**788**	**1.34**
June (payable)	**2,429**	**3.69**
Total	**3,269**	**5.73**
Total distributions	**3,517**	

8 Cash and cash equivalents

	As at 30 June 2020 $'000
Cash at bank	**649**
Total cash and cash equivalents	**649**

9 Financial instruments at fair value through profit or loss

	As at 30 June 2020 $'000
Financial assets	
Unit trusts	**82,603**
Forward currency contracts	**711**
Total financial instruments at fair value through profit or loss	**83,314**

10 Receivables

	As at 30 June 2020 $'000
GST receivable	**5**
Distributions receivables	**2,461**
Total receivables	**2,466**

11 Payables

	As at 30 June 2020 $'000
Management fees payable	**11**
Administration fees payable	**7**
Total payables	**18**

12 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	For the period 25 January 2019 to 30 June 2020	
	Units	**$'000**
Net assets attributable to unitholders		
Class A Hedged		
Opening balance	**-**	**-**
Applications	**16,807,751**	**17,906**
Redemptions	**(9,438,860)**	**(10,116)**
Reinvestment of distributions	**3,789**	**4**
Transfer between unit classes	**3,662,594**	**3,911**
Increase/(decrease) in net assets attributable to unitholders	**-**	**212**
Closing balance	**11,035,274**	**11,917**
Class B Unhedged		
Opening balance	**-**	**-**
Applications	**100,698,278**	**113,675**
Redemptions	**(32,333,010)**	**(37,992)**
Reinvestment of distributions	**200,352**	**212**
Transfer between unit classes	**(2,804,800)**	**(3,911)**
Increase/(decrease) in net assets attributable to unitholders	**-**	**(39)**
Closing balance	**65,760,820**	**71,945**
Closing balance - net assets attributable to unitholders		**83,862**

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are two separate classes of units and each unit has the same rights attracting to it as all other units of the Fund.

Capital risk management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund's strategy is to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units, if the exercise of such discretion is in the best interests of unitholders.

13 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

13 Derivative financial instruments (continued)

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.
- While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instruments:

Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Fund's derivative financial instruments at period end are detailed below:

As at 30 June 2020	Contractual/ notional $'000	Fair value assets $'000	Fair value liabilities $'000
Forward currency contracts	44,427	711	-
Total	44,427	711	-

14 Related party transactions

The Responsible Entity of CC JCB Global Bond Fund is Channel Investment Management Limited.

Channel Investment Management Limited has appointed JamiesonCooteBonds Pty Ltd as the Investment Manager of the Fund and Mainstream Fund Services Pty Ltd to act as Administrator for the Fund. RBC Investor Services Trust were appointed to act as Custodian for the Fund until 15 September 2020. From 15 September 2020, Citibank N.A. act as Custodian of the Fund.

The following fees are charged by the Responsible Entity:

(i) 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 Responsible Entity for managing the Fund's investment. This fee accrues daily and is payable monthly in arrears. The Fund's Constitution permits the Responsible Entity 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 represents the fee payable to Channel Investment Management Limited for managing the Fund's investments.

The management fee is calculated and accrued daily and is paid monthly in arrears.

(ii) Administration fee

Administration fee is charged by the Responsible Entity for administering the Fund. The maximum Administration Fee is 0.10% per annum (including GST less RITC) of the net asset value of the Fund and is calculated and accrued daily and paid monthly in arrears.

The administration fees for Channel Investment Management Limited are payable by the Fund.

This fee covers the costs and expenses of providing administration services to the Fund. These costs and expenses include: registry, administration, custodial, compliance and operational costs, without including extraordinary expenses.

14 Related party transactions (continued)

The transactions during the period and amounts payable at period end between the Fund and the Responsible Entity were as follows:

	For the period 25 January 2019 to 30 June 2020 $
Management and administration fees for the period paid by the Fund to the Responsible Entity	**175,750**
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	**17,894**

(a) Key management personnel

(i) Responsible Entity

The key management personnel of Channel Investment Management Limited are:

Name
Mr G Holding
Ms K Youhanna
Mr S Jordan

(b) Related party unit holdings

Related party held units in the fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment ($)	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund ($)
As at 30 June 2020							
JamiesonCoote Asset Management Pty	**-**	**491,462**	**555,745**	**0.60%**	**1,126,421**	**634,959**	**19,115**

(c) Investments

The Fund held investments in the following schemes which are also managed by Channel Investment Management Limited or its related parties:

	Fair value of investment $	Interest held %	Distributions earned $	Distributions receivable $	Units acquired during the period	Units disposed during the period
As at 30 June 2020						
CC JCB Active International Bonds Segregated Portfolio	**82,602,588**	**97.26%**	**3,663,340**	**2,461,133**	**857,949**	**341,866**

(d) Key management personnel compensation

Key management personnel are paid by Channel Capital Pty Ltd, the parent entity of Channel Investment Management Limited. Payments made from the Fund to Channel Investment Management Limited do not include any amounts directly attributable to key management personnel remuneration.

(e) Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

14 Related party transactions (continued)

(f) Other transactions within the Fund

From time to time directors of Channel Investment Management Limited or their director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors and are trivial in nature.

Apart from the details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Fund during the period and there were no material contracts involving directors' interests existing at period end.

15 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the period 25 January 2019 to 30 June 2020 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	
Profit/(loss) for the period	**3,690**
Proceeds from maturity/sales of financial instruments at fair value through profit or loss	**57,403**
Purchase of financial instruments at fair value through profit or loss	**(141,612)**
Net (gains)/losses on financial instruments at fair value through profit or loss	**895**
Net (gains)/losses on foreign exchange	**2**
(Increase)/decrease in receivables	**(2,466)**
Increase/(decrease) in payables	**18**
Net cash inflow/(outflow) from operating activities	**(82,070)**
(b) Non-cash financing activities	
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	**216**
Total non-cash financing activities	**216**

As described in Note 2(h), income not distributed is included in net assets attributable to unit holders. The change in this amount for the period, as reported above, represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

16 Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2020 or on the results and cash flows of the Fund for the period 25 January 2019 to 30 June 2020 on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Fund’s financial position as at 30 June 2020 and of its performance for the period ended on that date; and

(b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Mr G Holding
Director
Channel Investment Management Limited

Brisbane
22 September 2020

Independent auditor's report

To the unitholders of CC JCB Global Bond Fund

Our opinion

In our opinion:

The accompanying financial report of CC JCB Global Bond Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2020 and of its financial performance for the period then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2020
- the statement of comprehensive income for the period then ended
- the statement of changes in equity for the period then ended
- the statement of cash flows for the period then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors of the Responsible Entity's declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the period ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Ben Woodbridge
Partner

Brisbane
22 September 2020