

# ADDITIONAL INFORMATION

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

14 December 2020



## CONTACT

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The information in this document forms part of the Product Disclosure Statement ('PDS') dated 14 December 2020 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 or needs. You should obtain financial advice tailored to your personal circumstances.

### Updated Information

Information in this Additional Information may change. Any updates to information that are not materially adverse to investors will be provided at [www.channelcapital.com.au](http://www.channelcapital.com.au). Please check the website or call us or your financial adviser for any updates prior to investing. A paper copy of any updates will be provided free of charge upon request.

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](http://www.channelcapital.com.au) or by calling 1800 940 599.

### How to withdraw

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

Withdrawal requests must be signed by the appropriate authorised signatories.

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

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

### Restrictions on withdrawals

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

Alternate withdrawal procedures will apply if the Fund is determined not to be liquid. The Fund is considered non-liquid if less than 80% of its assets are cash, marketable securities or assets which can be realised at market value within the period specified in the 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 <sup>1</sup>	How and when paid
Fees when your money moves in or out of the Fund <sup>2</sup>		
Establishment fee	Nil	Not applicable
Contribution fee	Nil	Not applicable
Withdrawal fee	Nil	Not applicable
Exit fee	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investment	0.68% 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. <sup>3</sup>
	An Administration Fee of 0.10% p.a.	The Administration Fee is expressed as a percentage of the net asset value of the Fund relating to the 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. <sup>4</sup> Extraordinary expenses are paid from the Fund assets as and when incurred. <sup>5</sup>
<b>Service fees</b>		
Switching fee The fee for changing investment options	Nil	Not applicable

<sup>1</sup> All figures disclosed include the net effect of GST and RITCs.

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

<sup>3</sup> Refer to 'Base Fee' in 'Additional explanation of fees and costs.'

<sup>4</sup> Refer to 'Administration Fee' in 'Additional explanation of fees and costs.'

<sup>5</sup> 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. 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 operational 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 total average assets). 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 total average assets).

### 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 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.

### 3. PRIVACY

CIML has a Board approved privacy policy. We collect and manage your personal information in accordance with this policy, the Privacy Act 1998 (Cth) and the Australian Privacy Principles ('APP').

CIML may collect personal information from you in the application and any other relevant forms in order to process your application, administer your investment and for other purpose permitted under the Privacy Act 1988 (Cth). Tax, company and anti-money laundering laws also require some of the information to be collected in connection with an application. In some cases, we collect personal information from third parties including public sources, our related companies, referrers, brokers, agents, your adviser(s) and our service providers.

If you do not provide us with your relevant personal information, we will not be able to provide you with products or services (such as issuing you Units).

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- The kinds of personal information we collect and hold;
- How we collect and hold personal information;
- Whether collection is required or authorised by law;
- The purposes for which we collect, hold, use and disclose personal information;
- The entities or persons to which personal information is usually disclosed;
- How you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- How you may complain about a breach of the APPs, or a registered APP code (if any) that binds us, and how we will deal with such a complaint; and
- Whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Personal information is unlikely to be disclosed to any third parties overseas.

CIML may also be allowed or obliged to disclose information by law. If an investor has concerns about the completeness or accuracy of the information CIML has about them or would like to access or amend personal information held by CIML, they can contact CIML's Privacy Officer at:

Attention: Privacy Officer  
Channel Investment Management Limited  
GPO Box 206  
Brisbane QLD 4001  
Phone: 1800 940 599

Our privacy policy is publicly available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or you can obtain a copy free of charge by contacting us. If you are investing indirectly through an IDPS, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.