JAMIESON COOTE BONDS

Fund Update as at 31 March 2021
CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU)

Fund Benefits

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

Access
The Fund provides access to investment knowledge, markets, opportunities and risk management systems that individual investors may not be able to obtain on their own.

Diversification and Income
When bonds are held as part of a broader portfolio of different asset classes, diversification may assist in managing market volatility. Bond securities in general are considered a defensive asset class.The income generated by bond securities is consistent and regular (usually semi-annual).

Fund Facts

Investment Manager	Channel Investment Management Ltd
Underlying Fund Investment Manager	JamiesonCooteBonds Pty Ltd or JCB (Portfolio Manager: Charles Jamieson)
Structure / Underlying Fund	The Fund invests into the CC JCB Active International Bond SP (in USD)
Inception Date^	25 February 2019
Benchmark	Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD)
Management Fee#	0.15% p.a.
Administration Fee#	0.10% p.a.
Indirect Costs#	0.34% p.a.
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size+	AUD $36.7 million

Fund Performance

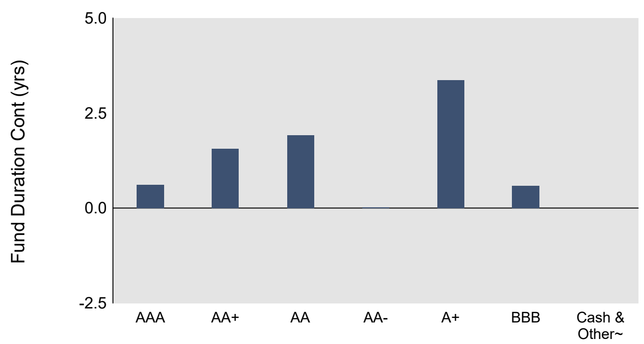
Returns (After fees)	Fund*	Benchmark**	Excess
1 Month	1.43%	1.39%	0.04%
3 Months	-1.30%	-1.50%	0.20%
FYTD	-11.52%	-11.59%	0.07%
1 Year	-20.74%	-20.89%	0.15%
2 Years p.a.	-0.29%	-0.27%	-0.02%
Inception p.a.	0.94%	0.92%	0.02%

Fund Overview

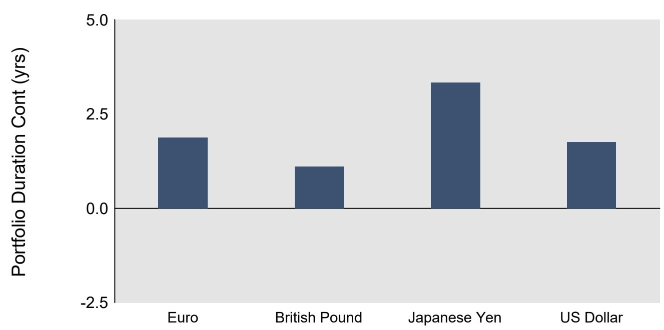
Characteristics	Fund	Benchmark
Modified Duration (yrs)***	8.06	8.66
YTM + Hedging Effect^^	0.85	0.77
Weighted Ave. Credit Rating***	AA	AA-

^^ Data refers to CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU) and Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD).
Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

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



Asset Allocation by Currency (Duration Contribution)***



Platform Availabilty

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

Further Information

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All figures disclosed include the net effect of GST and RITC. ^ Inception Date for performance calculation purposes. + Fund size refers to the CC JCB Global Bond Fund ARSN 631 235 553. * Performance is for the CC JCB Global Bond Fund - Unhedged Class (APIR: CHN1425AU), also referred to as Class B units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual Investor level taxes are not taken into account when calculating returns.This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. ** Benchmark refers to the Bloomberg Barclays Global G7 TRI Value Hedged USD (converted to AUD). *** Data refers to Underlying Fund, CC JCB Active International Bond Segregated Portfolio (in USD); and where applicable, Underlying Benchmark, Bloomberg Barclays Global G7 TRI Value Hedged USD. ~ Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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Market Review & Outlook

March market review

After large moves in global and Australian fixed income markets in February, bond markets calmed considerably in March. Australian Government Bonds performed strongly over the month after being a large underperformer in February's recalibration of the global rates complex. Whilst data continues to impress in the near term as certain economies enjoy re-openings combined with President Bidens large fiscal support package, bond markets have remained broadly range bound albeit at higher yields on the year. Locally the rebound narrative is already well received with high commodity prices and better employment data, combined with strong housing markets suggesting much of this narrative is well priced already by fixed income markets. However, there are still issues ahead as JobKeeper has now expired over the month and winter is approaching for a population frustrated by slow vaccine roll outs and concerns over blood clotting.

Fixed income markets remain primarily focused on the upcoming rise in inflation data - so far most bond market moves have been on expectation rather than realisation of inflation which will print higher in coming months driven by transitory factors such as the base effect of data calculation and one time supply disruptions due to Covid-19 lockdowns. JCB believes this remains the major focus of markets which are still not fully responding to volatile economic data prints but remain focused on the evolution of the known rise in inflation outcomes.

Over the inflation hill

Given the importance of this transitory inflation 'base effect' and no doubt the media obsession with higher 'inflation' in the coming months we will publish a comprehensive white paper titled "Over the inflation hill'' that considers the how, why and when of this rise in inflation (or reflation) which is primarily mechanical, remembering all markets had a hugely deflationary period in Q2, 2020 due to global lockdowns and negative oil prices (much of this is the year on year data give back). The paper will outline how we have arrived at this place, consider the secular drivers of disinflationary forces that have been evident over the last few decades leading into Covid-19 and consider if these drivers will be persistent in a post Covid-19 world. It will also explain the base effect and look at possible expected inflation pathways, examine if inflation is likely persistent or transitory in nature, whilst also considering the autonomy of bond market sell- offs and the likely performance for both bond markets and other asset classes thereafter.

"It is easier to go down the hill than up, but the view is from the top.'' Arnold Bennett

Due to the base effect of inflation, which is essentially data rotation, we are all going "over the inflation hill", and that journey is sure to provide plenty of volatility, lower expected returns from some assets, lots of powerful arguments amongst asset allocators and some badly misguided narratives from 24/7 news media. It is certainly a market episode that requires careful navigation, as the reflexive feedback loops can be problematic in the fragile algorithmic dominated global financial markets. Even the most prolific of inflation forecasters has a "hill" in their forecasts where inflation rises (due to base effect) and then falls away thereafter. The transitory nature of inflation (rather than persistent) is not in question, just the magnitude of that ''hill'' and where longer run trend inflation will settle thereafter as that base effect falls away. These are material questions which will guide bond market performance in both directions, to compensate for the coming lift in inflation (expectations and realised) and then to re-price the normalisation to trend thereafter.

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Fund Review

For the month ending March, the CC JCB Global Bond Fund – Unhedged Class returned 1.43% (after fees), outperforming the Barclays Global G7 Total Return Index Value Hedged USD (converted to AUD).

In March, US Treasury sold off the most from 1.4% to 1.7%, while European Government Bonds were relatively stable, with the ECB promising to ramp up asset purchase. UST/bund spread widened from 170 to 200 basis points. The Underlying Fund benefited from a varying size of short duration positions in US Treasury.

Looking forward, the US CPI should print higher from base effect in April-May, before falling off towards 2-2.5% by year end. On the fiscal side, the Biden administration is proposing $3 trillion fiscal spending, which may be financed by higher corporate and wealthy tax. Politically the Democrats have the technical path to pass this bill within this year, so economic growth will be strong, if not stronger than 6% year on year, and to stay strong for a few years. The driver of growth may change from private sector driven to government driven. Whether such strong demand will generate supply bottleneck which may result in inflation in 2022 sustainably above 2-2.5% remains to be seen. Overall, the bond market should continue to price in strong growth, however, the level of higher yields has already started to entice demand to invest in bonds.

Definition of Terms:

Modified Duration - is a systematic risk or volatility measure for bonds. It measures the bond portfolio's sensitivity to changes in interest rates.
YTM + Hedging Effect - is the total return anticipated on the portfolio if the bond holdings were held until their maturity, including the cost or benefit associated with the currency hedge.
Weighted Average Credit Rating - is a measure of credit risk. It refers to the weighted average of all the bond credit ratings in a bond portfolio.
Duration Contribution - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector) in years. Contribution to duration is calculated by multiplying an instruments duration by the percentage weight of the instrument in the portfolio. This calculation includes the contribution to duration by holding futures contracts.