JCB

JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 September 2021

Fund Performance

Returns	1 month	3 months	6 months	FYTD	1 year	3 years p.a.	Since inception p.a. (30-Dec-2019)
Fund Net Return*	0.35%	0.62%	1.02%	0.62%	1.99%	-	3.70%
Benchmark Return**	0.00%	0.01%	0.02%	0.01%	0.04%	-	0.16%
Active Return (After fees)	**0.35%**	**0.61%**	**1.00%**	**0.61%**	**1.95%**	**-**	**3.54%**

^ Performance is for the CC JCB Dynamic Alpha Fund (APIR: CHN8607AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Gross performance is calculated excluding all fees, costs and taxation. Net performance is calculated after administration fees and fund expenses. 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 RBA Cash Rate Total Return Index. All data is the property of MSCI. No use or distribution is permitted without written consent. Data provided "as is" without any warranties. MSCI assumes no liability for or in connection with the data.

Fund Benefits

Active Management

The CC JCB Dynamic Alpha Fund is designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. JCB applies a range of hand-picked risk-controlled investment strategies to a universe of global high grade sovereign bonds (i.e. anchored by G7 nations, as well as Australia). It offers a high level of liquidity in Government issued instruments, without corporate credit exposure.

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

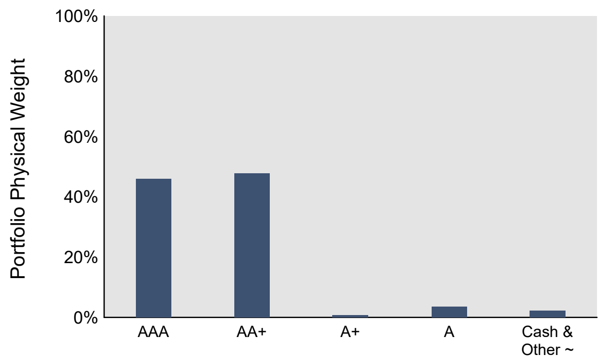
Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Manager	Charles Jamieson & Chris Manuell CMT
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods.
Inception Date^	30 December 2019
Index	RBA Cash Rate Total Return Index
Management Fee#	0.58% p.a.
Administration Fee#	0.10% p.a.
Buy / Sell Spread	0.05% / 0.05%
Distributions	Quarterly
Fund Size+	AUD $465 million

Fund Characteristics

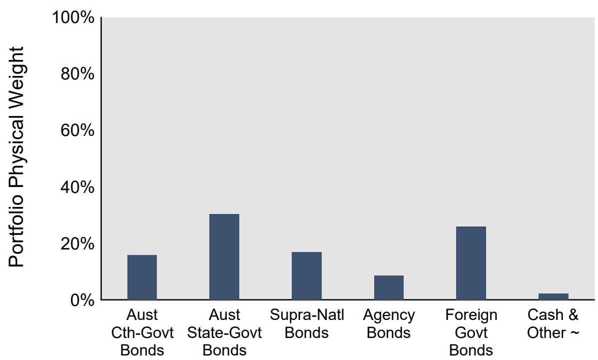
Characteristics	Fund
Modified Duration (yrs)	0.19
YTM + Hedging Effect	0.87
Weighted Ave. Credit Rating	AA+

Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

Asset Allocation by Credit Rating (Physical Weight)



Asset Allocation by Sector (Physical Weight)

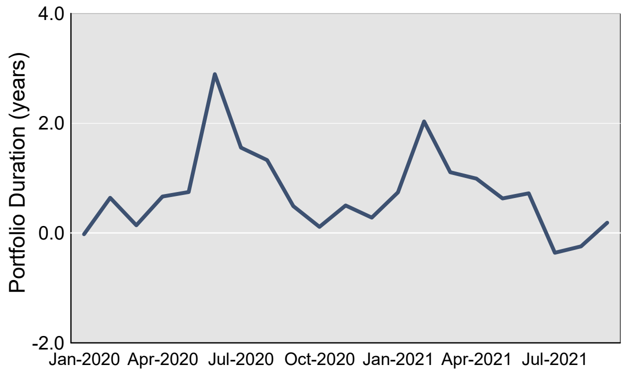


All figures disclosed include the net effect of GST and RITC. ^ Inception Date for performance calculation purposes. + Fund size refers to the CC JCB Dynamic Alpha Fund ARSN 637 628 918. * Performance is for the CC JCB Dynamic Alpha Fund (APIR: CHN8607AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs.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. ** Index refers to the RBA Cash Rate Total Return Index.

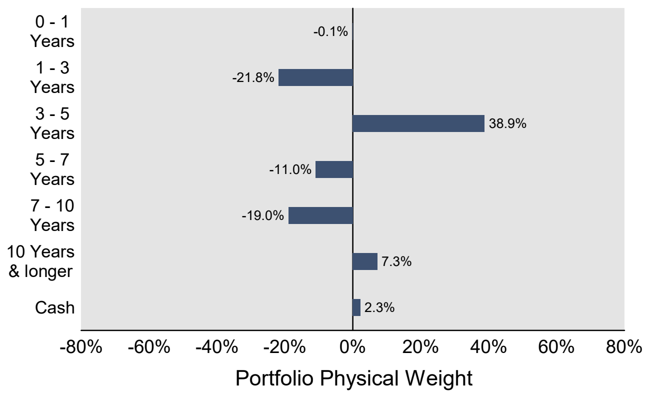
JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 September 2021

Historic Portfolio Duration



Asset Allocation by Duration (Physical Weight)*



*Asset allocation totals (Duration Band) are the net position of physical bond and bond futures exposure and will be positive or negative depending on the portfolio positioning as selected by JCB.

Fund Review

For the month ending September, the CC JCB Dynamic Alpha Fund (the Fund) returned 0.35% (after fees), outperforming the RBA Cash Rate Total Return Index.

The Fund delivered a solid month of returns in what was a two-speed month for global bond markets – low volatility and tight ranges to start as the Northern Hemisphere returned from their summer holidays. This morphed into a higher volatility and directional move lower in rates into month end. The fund captured alpha in a controlled risk-adjusted manner continuing to remain on process.

For the first half of the month, global rates remained in a well confined trading range as the market awaited the US Federal Reserve (US Fed) meeting and shrugged off the weaker than expected employment number which was well short of forecasts. The employment weakness continued to endure the Covid-19 induced fallout as August saw zero net new hiring in the hospitality and leisure sectors. The clock on the US Fed tapering its balance sheet continues to get run down and at the monthly US Fed meeting where Jerome Powell expanded on details suggesting it "could come as soon as the next meeting" and be completed by mid-2022. The market seemed to take the tapering signal in its stride initially however a hawkish shift in the dot plots which telegraphed that officials are now evenly divided on rate hikes beginning as early as 2022 helped yields higher. Into month end, rates encountered technical selling as the Evergrande narrative started to show signs of headline fatigue, the Bank of England suggested there is potential for a rate hike at its next meeting on 4th November and as energy prices continued their ascent.

Domestically the Australian rates market underperformed its peers through the month which caught the market off-guard particularly given the weaker economic data, increasing Covid-19 cases in Victoria and the RBA extending its buying mandate until mid-February 2022 from its initial November 2021 end date. Coupled with these RBA actions, Governor Lowe reinforced that conditions for a rate hike would likely not be achieved until 2024. The market continued its thematic for 2021 with a reversal lower following completion of the quarterly Australian bond futures expiry roll, like what was witnessed in March and June.

Looking ahead the Fund will focus on positioning itself ahead of the narrative thematics for 2022 which JCB believes will be around fiscal drag, exuberant growth expectations and the ramifications of any Central Bank liquidity withdrawal.

JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 September 2021

Market Review & Outlook

Bond markets were on the backfoot in September after very strong performance over the Northern Hemisphere summer period. The rise in Debt Capital Market issuance is often a period where yields can move higher in expectation of increased corporate supply coming out of the holiday season in the major financial markets of London and New York. Market attention has been dominated by the politics of Washington, as Democratic infighting has caused difficulty in securing passage of key legislation to pay the debts of the administration's abundant spending programs. With the Republicans playing politics on the issue and refusing to support any Senate bill around an extension of the debt ceiling, it will likely be left for progressive and moderate Democratic Senators to find common ground around policy to secure the required votes as a party to pass the bill to extend the debt ceiling. The major battleground remains the size of future Democratic spending programs, slated to be multi trillion under President Bidens "build back better'' social programs. Holding out are moderate Democratic senators, Kyrsten Sinema of Arizona and Joe Manchin of West Virginia who have placed a flag in the sand on the issue looking for more fiscal conservatism in future debt fuelled spending programs. Without these moderate Senators, and Republicans playing politics, the Democrats risk managing the US Government into a monetary crisis, running out of money in mid-October, with a potential to also default on debt securities which could lead to a significant shock to capital markets. The stakes are high and voting margins are razor thin.

Looking beyond the short term of Washington politics, the markets have a number of issues to process as the year ends and looking into 2022. The US Federal Reserve (the Fed) has announced its intention to taper bond purchases, likely beginning in November. This taper has been widely expected by markets, being part of the Fed conversation for some time. Whilst such a move will reduce the amount of buying conducted by the Fed, Government bond supply will also be significantly curtailed coming into 2022, as the US Government enters the largest expected fiscal contraction of recent times, with deficit spending falling from 13.5% of GDP (estimated for full year 2021) towards 5 to 6%. On these estimates, this would make this contraction larger than the reduction in spending after WWII. Markets seem to be blissfully missing this fiscal cliff for now, but the macro drag will be pronounced into 2022.

Energy prices in Europe and China are also a cause for concern, biting into economic recovery (emerging markets are very sensitive to energy prices) and bringing supply side inflation concerns to market. Given it is pre-winter, already elevated prices will likely become political issues for much of Europe suffering from disruptions of natural gas from the North Sea, lack of wind seeing renewable production levels fall and struggling to provide on ageing and poor infrastructure. China has also experienced energy shocks, as Beijing imposes limitations on usage to promote efficiency, reflecting the struggle to balance economic growth with efforts to rein in pollution and emissions of climate-changing gases.

As Australia exits its lockdowns into October, we expect a short jump in economic data on a reopening surge, however, we believe economic scarring will occur as a result of pronounced lockdowns and data will fall away to return to trend after a summer bounce, similar to the experience of Northern hemisphere economies. This period of change can have an effect on social psyche, as folks try and return to normal to find it's not the normal they remember and much has changed from 2019. This is disorientating and unpredictable, meaning consumer behaviour and economic activity can become more complex to model.

Conflict is likely between the government and private sector as to who shares the blame and who is responsible for the solution. Whilst funding conditions remain highly accommodative and will remain so, with the RBA doubling down on no rates hike before 2024. "Animal spirits''- a term often referred to by the RBA, is expected to be highly muted for the lifeblood of the economy being small business creation. Lockdowns and all the uncertainty they have generated, combined with stop start government programs of assistance for such businesses can create a very cautious small business sector as the economy reopens. We continue to expect that Australia and the RBA remain at the rear of any policy normalisation.

JCB

JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 30 September 2021

Platform Availabilty

AMP MyNorth	Ausmaq	Aust Money Market
BT Panorama	BT Wrap	Colonial First Wrap
HUB24	Implemented Portfolios	Macquarie Wrap
Mason Stevens	Netwealth	Powerwrap
Praemium	Xplore Wealth	

Further Information

Phone: 1800 940 599
Email: distribution@channelcapital.com.au
Web: www.channelcapital.com.au

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.