



JAMIESON COOTE BONDS

Fund Update as at 30 April 2025

CC JCB Global Bond Fund - Hedged Class (APIR: CHN4711AU)

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 Global G7 TRI Value Hedged 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 \$47.4 million

Fund Performance

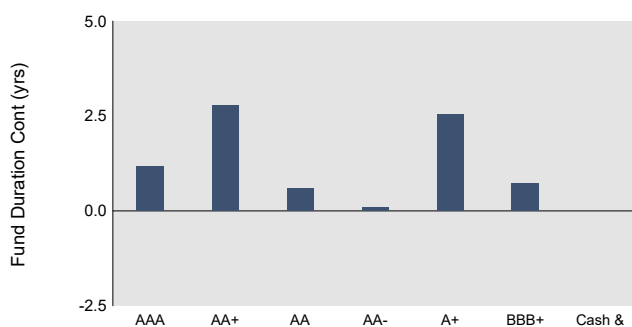
Returns (After fees)	Fund [*]	Benchmark ^{**}
1 Month	1.13%	1.04%
3 Months	1.85%	1.75%
1 Year	6.20%	4.94%
2 Years p.a.	2.21%	1.70%
3 Years p.a.	0.63%	-0.01%
5 Years p.a.	-1.46%	-1.69%
Inception p.a.	0.40%	0.13%

Fund Overview

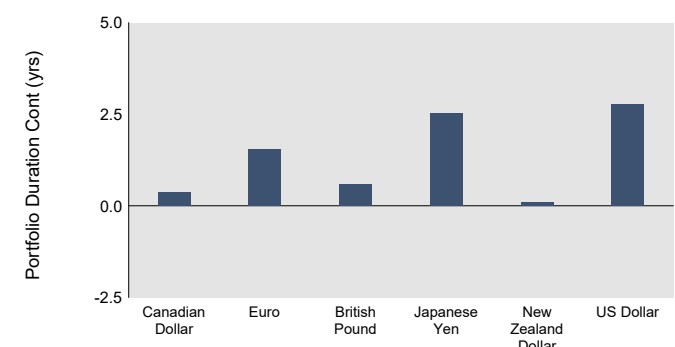
Characteristics	Fund	Benchmark
Modified Duration (yrs) ^{***}	7.88	7.11
YTM + Hedging Effect ^{^^}	4.88	4.2
Weighted Ave. Credit Rating ^{***}	A+	AA

^{^^} Data refers to CC JCB Global Bond Fund - Hedged Class (APIR: CHN4711AU) and Bloomberg Global G7 TRI Value Hedged AUD. Source: JamiesonCooteBonds Pty Ltd. See Definition of Terms.

Asset Allocation by Credit Rating (Duration Contribution)^{***}



Asset Allocation by Currency (Duration Contribution)^{***}



Platform Availability

Asgard	Ausmaq	Aust Money Market
BT Panorama	HUB24	Implemented Portfolios
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 - Hedged Class (APIR: CHN4711AU), 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. ^{**} Benchmark refers to the Bloomberg Global G7 TRI Value Hedged AUD. ^{***} Data refers to Underlying Fund, CC JCB Active International Bond Segregated Portfolio (in USD); and where applicable, Underlying Benchmark, Bloomberg 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

April 2025 was an extraordinary month, marked by significant events and market movements. Liberation Day brought about tariffs and market seizures, followed by a recovery in many asset classes by the month's end. It's interesting to look underneath the hood. What are the implications? What do we now expect from the data? What's going to happen here with the RBA?

In the United States, a tectonic regime shift has introduced heightened uncertainty and volatility, necessitating a risk premium across all markets, particularly American ones. April witnessed the selling of equities, fixed income, and the US dollar, with the latter expected to continue its decline. The future of equities and bonds hinges on US President Donald Trump's policies and forthcoming trade deals. The economy, already slowing due to pre-tariff ordering, faces severe impacts as businesses worldwide adopt a cautious stance amidst a 90-day tariff reprieve.

Should this uncertainty persist, a recession of some magnitude is likely. A brief technical recession remains probable, but a path to certainty could rejuvenate economic activity. The Trump administration's strategy appears to involve slowing the economy to compel the Federal Reserve to slash interest rates, potentially devaluing the US dollar to enhance competitiveness, raise tariff revenue, control the budget deficit, and maintain low energy prices. Negative growth and falling oil prices are detrimental to inflation, while tariffs are inflationary in the short term. Central banks are grappling with the policy combinations needed to sustain buoyant economies. Bond markets anticipate significant rate cuts from all central banks, including the Reserve Bank of Australia (RBA). With falling inflation and the potential influx of cheap Chinese goods, the RBA is expected to cut rates in May and continue throughout the year, with three or four cuts seeming rational.

The US dollar's role as a release mechanism is critical, especially as the brand America faces challenges under President Trump. Historically a haven for global capital, the brand's tarnish could lead to continued unwinds and a weakened economic pulse. Despite a mid-April recovery in equities, credit markets did not follow suit, warranting investor caution. The need for large refinancing in both sovereign and corporate debt underscores the urgency for US Federal Reserve rate cuts, deregulation, cheap energy, and tax cuts to potentially propel the US economy into 2026, aligning with midterm elections. Unlike typical market events that prompt monetary, fiscal, or liquidity policies, this situation resembles a planned detonation. While markets expect US Federal Reserve rate cuts, the sequence may involve enduring economic "sickness" before receiving "medicine." Volatility and uncertainty will persist, influenced by unpredictable White House announcements. Investors should consider asset allocations carefully, evaluating the role of each asset, particularly government bonds.

Australian government bonds performed exceptionally well in April, with global bonds also faring well. Absolute return strategies met expectations, contrasting with the corporate credit space, which faces late-cycle challenges. The magnitude of the credit cycle issue remains uncertain, dependent on the duration of the current state. Caution is advised as economic data may deteriorate significantly before any recovery. RBA rate cuts will benefit mortgage holders but pose challenges for first home buyers. The upcoming election is unlikely to significantly alter policy combinations, though some fiscal support is expected from both parties. In conclusion, April 2025 was a month of significant market events and shifts, with ongoing uncertainty and volatility.



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Fund Review

For the month ending April, the CC JCB Global Bond Fund - Hedged Class returned 1.13% (after fees), outperforming the Bloomberg Global G7 Total Return Index Value Hedged AUD.

The arrival and subsequent pause of US reciprocal tariffs was the major event this month, significantly impacting the bond market. The 10-year US Treasury yields experienced considerable volatility, trading within a wide range. They fell to a six-month low of 3.90% before rising above 4.50%. The ongoing developments in US tariffs and fluctuating investor risk appetites have exerted pressure on long-dated Treasuries, resulting in a steeper yield curve. This uncertainty was highlighted by US Federal Reserve Chair Jerome Powell, who, in a speech on 16 April, expressed concerns over the inflationary effects of tariffs. Despite the latest US CPI coming in lower than expected at 2.4%, it did little to calm the markets or shift policy rate expectations. Across the Atlantic, European 10-year bonds outperformed their US counterparts, with the spread widening by approximately 50-basis points (bps) as investors viewed Europe as a safe haven from the trade war. The European Central Bank (ECB) delivered the expected 25-bps cut in its April meeting and emphasised its focus on downside risks to growth, showing little concern over inflation. ECB President Christine Lagarde noted the potential disinflationary impacts tariffs could have on Europe. This dovish tone provided further support for front-end interest rates, leading 2-year bonds to end the month at a two-year low.

Looking forward, the recent skew to significant volatility and uncertainty across global bond markets, driven primarily by the developments in US tariffs and their broader economic implications is expected to remain. JCB shall remain cautious and maintain a defensive and nimble posture in the portfolio with fluid expectations about ongoing policy changes and market reactions.

The portfolio benefited from a mild underweight in US Treasuries in April, through the explosive move higher in yields at the start of the month. Japanese positioning was alpha accretive in April, along with European rates – an overweight in German 10-year bonds was beneficial to performance. The structural steepening position in the portfolio in anticipation of uncertainty from tariffs and the heightened concerns around longer term issuance were compelling reasons for the bias.

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 instrument's duration by the percentage weight of the instrument in the portfolio. This calculation includes the contribution to duration by holding futures contracts.



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Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the Responsible Entity and issuer of units in the CC JCB Global Bond Fund ARSN 631 235 553 ('the Fund'). The appointed Investment Manager is JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018 ('JCB'). The Fund invests into the CC JCB Active International Bond Segregated Portfolio ('Underlying Fund'). Neither CIML or JCB, their officers, or employees make any representations or warranties, express or implied as to the accuracy, reliability or completeness of the information contained in this report and nothing contained in this report is or shall be relied upon as a promise or representation, whether as to the past or the future. Past performance is not a reliable indication of future performance. This information is given in summary form and does not purport to be complete. Information in this report, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling units in the Fund and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. Readers are cautioned not to place undue reliance on forward looking statements. Neither CIML nor JCB have any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date of this report. For further information and before investing, please read the Product Disclosure Statement available at www.channelcapital.com.au. A Target Market Determination for the Fund is available at www.channelcapital.com.au

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