



JAMIESON COOTE BONDS

## Fund Update as at 31 July 2025

### CC JCB Active Bond Fund (APIR: CHN0005AU)

#### Fund Performance

Returns	1 month	3 months	FYTD	1 year	3 years p.a.	5 years p.a.	7 years p.a.	Since inception p.a. (03-Aug-2016)
Fund Net Return <sup>1</sup>	-0.20%	0.61%	-0.20%	3.81%	1.71%	-1.21%	1.24%	1.28%
Benchmark Return <sup>2</sup>	-0.23%	0.56%	-0.23%	4.45%	2.00%	-0.84%	1.51%	1.36%

#### Fund Benefits

##### Active Management

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

##### Superior Liquidity and Credit Quality

A domestic high grade bond strategy that invests in Australian Government, semi-Government and supranational bonds (AAA or AA rated securities), providing investors with superior liquidity and credit quality.

##### 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

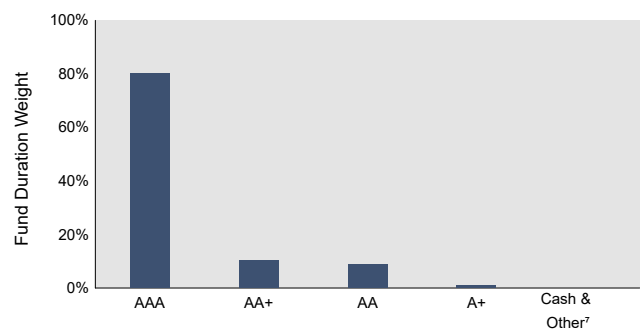
Investment Manager	JamiesonCooteBonds Pty Ltd
Structure	AAA or AA rated bond securities issued in Australian dollars
Inception Date	03 Aug 2016 <sup>3</sup>
Benchmark	Bloomberg AusBond Treasury 0+ Yr Index
Management Fee	0.45% p.a. <sup>4</sup>
Administration Fee	0.10% p.a. <sup>4</sup>
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size	AUD \$1,102 million <sup>5</sup>

#### Fund Characteristics

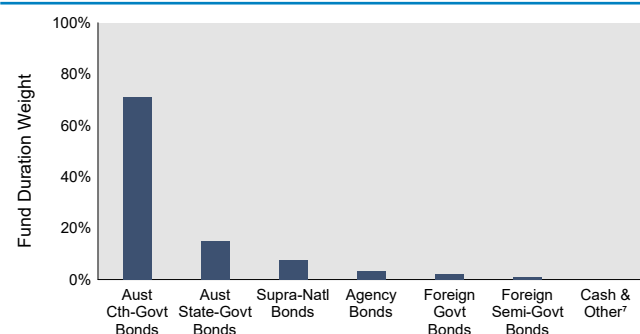
Characteristics <sup>5</sup>	Fund	Benchmark <sup>2</sup>
Modified Duration (yrs)	5.1	5.15
Yield to Maturity (%)	4.24	3.78
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	0.84	n/a

Source: JamiesonCooteBonds Pty Ltd.

#### Allocation by Rating (Duration Weight)<sup>6</sup>



#### Allocation by Sector (Duration Weight)<sup>6</sup>



#### Platform Availability

AMP MyNorth	Asgard	Ausmaq
Aust Money Market	BT Panorama	Colonial First Wrap
HUB24	Implemented Portfolios	Macquarie Wrap
Mason Stevens	MLC Navigator	MLC Wrap
Netwealth	PowerWrap	Praemium
uXchange	Xplore Wealth	

#### Further Information

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<sup>1</sup> Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), 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. <sup>2</sup> Benchmark refers to the Bloomberg AusBond Treasury 0+ Yr Index. <sup>3</sup> Inception Date for performance calculation purposes. <sup>4</sup> All figures disclosed include the net effect of GST and RITC. <sup>5</sup> Fund size refers to the CC JCB Active Bond Fund ARSN 610 435 302. <sup>6</sup> Refer to Definition of Terms. <sup>7</sup> Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.



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#### Market Review & Outlook

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The latest US employment report has sent tremors through financial markets and political circles alike, but not for the usual reasons. While the Bureau of Labor Statistics (BLS) routinely revises its data, this month's downward adjustment to the three-month average became a flashpoint when President Donald Trump abruptly fired BLS Commissioner Erika McEntarfer, alleging—without evidence—that the figures were manipulated for “political purposes.”

The backlash was swift and fierce. Former BLS head Robert Reich labelled the move “treasonous,” underscoring the gravity of undermining a statistical institution long regarded as apolitical and sacrosanct. Yet, the implications of this episode extend far beyond the BLS. They strike at the heart of the US Federal Reserve's independence and foreshadow a potential structural overhaul of the central bank itself.

Ironically, the revised jobs data may offer President Trump the monetary easing he has long demanded. Softer employment figures could embolden dovish voices within the Federal Open Market Committee (FOMC), potentially justifying rate cuts that Trump has been urging since January. But the real story lies in how Trump's actions—and his latest nominee to the Fed Board—could reshape the institution's very foundations.

Enter Stephen Miran, a former Treasury official and vocal advocate for aggressive monetary easing. Though his confirmation may not be completed in time for the September FOMC meeting, Miran's appointment signals a shift in the ongoing tug-of-war between the Fed and the White House. His presence on the Board, even if brief—his term ends in January—injects a reformist agenda into the Fed's deliberations, one that could redefine its relationship with the executive branch.

Miran co-authored a 2024 paper proposing sweeping changes to the Fed's governance model. His concept of “monetary federalism” aims to insulate monetary policy from short-term political pressures. Yet paradoxically, the reforms he advocates would dramatically increase presidential influence over the Fed. These include granting the president at-will authority to dismiss Board members and Reserve Bank presidents, shifting regulatory oversight to the Treasury, and placing the Fed's operating budget under congressional control.

Such reforms would mark a seismic shift in the balance of power. The Fed, traditionally shielded from political interference, could become a tool of executive policy. While Miran frames these changes as enhancing accountability, critics warn they would erode the Fed's independence and politicise monetary policy.

The broader context amplifies these concerns. Trump's erratic tariff policies, the lingering Epstein scandal, and a cabinet often accused of turning a blind eye to institutional norms have already shaken investor confidence. The sanctity of economic “truths”—like employment data—is under threat, and markets are responding with heightened volatility and risk aversion.

Despite these headwinds, US assets have rallied in recent months, defying expectations of a “sell America” trade. Equities, bonds, and the dollar have all surged, buoyed by hopes of monetary easing and resilient corporate earnings. But this optimism may be fragile. With inflationary pressures expected to remain sticky due to tariff-related cash flows, economists caution against premature pricing of further Fed rate cuts. The next employment report and inflation data will be pivotal ahead of the September meeting.



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In Washington, the real battle may soon shift from interest rates to institutional reform. While Miran's proposals face steep hurdles—Senate support for the Fed remains strong, and 60 votes are needed to legislate changes—the threat is existential. The administration appears poised to target the Federal Reserve Act itself, seeking permanent alterations to the Fed's mandate and structure.

The Fed is not blind to these risks. As a political institution, it will likely respond with strategic concessions to preserve its autonomy. This could mean a dovish tilt in policy or regulatory leniency to appease a Republican-led Congress and White House. While dramatic changes are not imminent, the pressure is mounting, already 2 Governors have voted for rates cuts, Julys weaker employment report will see a further collective shift towards support for September rate cuts.

For Australia, these developments warrant close attention. The Fed's decisions ripple across global markets, influencing everything from commodity prices to exchange rates. More importantly, the erosion of central bank independence in the world's largest economy sets a troubling precedent. As Canberra navigates its own economic challenges, the US experience serves as a cautionary tale about the delicate balance between politics and policy.

In the months ahead, the Fed's response to these pressures will be critical. Whether it bends or holds firm will shape not only America's monetary future but also the credibility of central banking worldwide.



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#### Fund Review

For the month ending July, the CC JCB Active Bond Fund - Class A units (the Fund) returned -0.20% (after fees), outperforming the Bloomberg AusBond Treasury (0+Yr) Index.

Global bond markets experienced notable volatility in July, with yield curves across major developed markets reflecting a mix of macroeconomic uncertainty, central bank policy signals, and geopolitical developments.

Yields across the US Treasury curve ended the month higher. Early July saw curve steepening driven by uncertainty around tariffs and the US Federal Reserve (US Fed) Chair Jerome Powell's future. The front-end remained resilient, while 30-year yields briefly rose above 5%. Sentiment improved mid-month following trade agreements with the EU and Japan, leading to long-end outperformance.

The US Treasury's quarterly refunding maintained issuance sizes for the sixth consecutive time while increasing long-dated buybacks to support liquidity. The month concluded with a relatively hawkish Federal Open Market Committee meeting, prompting a bear flattening of the curve. Two-year yields rose 7 bps on the day, and market-implied odds of a September interest rate cut fell from 66% to 40%.

German Bund yields steepened early in the month, led by the long-end amid concerns over German tax cuts and increased issuance. The European Central Bank's (ECB) 24 July meeting delivered a hawkish hold, emphasizing economic resilience and the potential for rate hikes if trade tensions ease. This shifted front-end yields higher and flattened the 2-10-year spread by 12 bps to 73 bps. Meanwhile, Italian BTP-German Bund spreads continued to tighten, now around 80 bps at the 10-year point.

Domestically, monetary policy took a surprising turn as the Reserve Bank of Australia (RBA) held the cash rate at 3.85% on 8 July, defying market expectations of a 25 bps cut. RBA Governor Michele Bullock maintained a hawkish tone, emphasizing the need for caution despite soft CPI data. However, market pricing now reflects near certainty of an interest rate cut in August, with terminal rate expectations rising to 3.1% from 2.9% through the month.

July was a significant month for syndicated issuance in Australia, with the Australian Office of Financial Management (AOFM), the New South Wales Treasury Corporation (NSWTC) and the Treasury Corporation of Victoria (TCV) issuing longer-dated benchmark-sized deals. The AOFM issued a new October 2036 line, while the semi-governments targeted the 12- and 13-year tenor respectively. Semi-governments saw huge demand over the month and spreads tightened in the order of 5 bps over the month. The focus has been on the 5–7-year part of the curve which has very attractive carry and roll characteristics.

Portfolio positioning has adapted, favouring mid-curve duration domestically and tactical cross-market trades globally, as investors navigate a landscape of policy inflection, rising volatility, and evolving risk correlations.

#### 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.

**Yield to Maturity** - is the total return anticipated on the portfolio if the bond holdings were held until their maturity.

**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 Weight** - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector), as a percentage of overall portfolio duration. 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



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