



JAMIESON COOTE BONDS

## Fund Update as at 31 August 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>	0.32%	0.95%	0.12%	2.98%	2.76%	-0.98%	1.17%	1.30%
Benchmark Return <sup>2</sup>	0.29%	0.84%	0.06%	3.56%	3.05%	-0.62%	1.42%	1.38%

#### 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

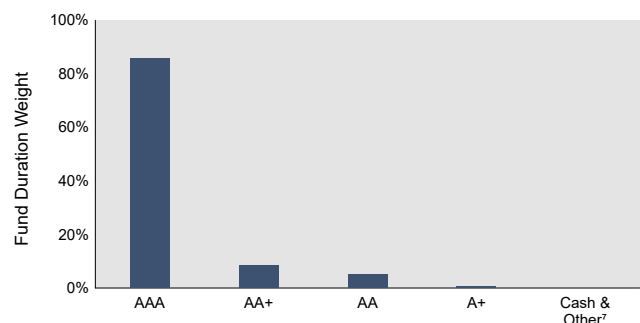
Investment Manager	JamiesonCooteBonds Pty Ltd
Structure	AAA or AA rated bond securities issued in Australian dollars
Inception Date	03 Aug 2016 <sup>3</sup>
Benchmark	Bloomberg AusBond Treasury 0+ Yr Index
Management Fee	0.45% p.a. <sup>4</sup>
Administration Fee	0.10% p.a. <sup>4</sup>
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size	AUD \$1,111 million <sup>5</sup>

#### Fund Characteristics

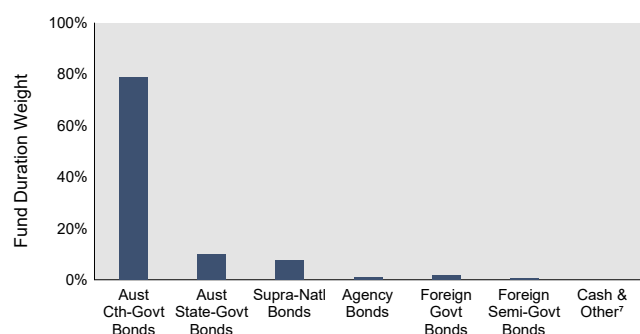
Characteristics <sup>5</sup>	Fund	Benchmark <sup>2</sup>
Modified Duration (yrs)	5.02	5.14
Yield to Maturity (%)	3.92	3.79
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	1.47	n/a

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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As investors returned from their summer vacations in the northern hemisphere, markets have been transfixed on the prospects for cooling labour markets and politicised US Federal Reserve (US Fed) appointees amid record investment grade credit and government bond supply.

Monetary policy has had a moderate easing bias or been left on hold and yields have been stubbornly rangebound across most of major advanced economy yield curves (with the exception of the ultralong 30+ year sector).

Before decisively repricing the entire yield curve, investors are awaiting further clarity on several competing themes, including the restructuring of the global trade system with protectionist measures like tariffs and the impulse from related fiscal policy responses; the fiscal drag from ageing populations and dwindling labour supply, affected in part by restrictive immigration policies; and most of all the pervasive uncertainty surrounding the economic effects of uncertainty and indeterminacy surrounding the policy positions and objectives of the current US administration.

So, the question does arise as to why the 30-year sector has de-anchored and ultra long yields are reaching record highs across major advanced economies in North America, the UK, Europe and Japan? There are three interrelated points to be made here.

First, the natural demand for ultralong bonds may be waning as pension funds globally move away from defined benefit products (where retirement income is fully funded by employers acting as plan sponsors) to defined contribution schemes (where concessional tax contributions from employees are placed in investment vehicles subject to market risk in order to fund retirement). There is now a curtailed need for pension funds to match long dated liabilities with ultralong bond investments.

Second, while repricing of the ultralong bonds may imply expectations amongst investors regarding rising neutral rates and potentially structurally higher inflation, as reflected by a larger term premium (possibly accompanied by concerns around long run fiscal sustainability) - it's also the case that long bond yields at record high levels present attractive entry points for investors at present, and offer excellent running yields. For a retiree, asset owner, or net saver with a long-time horizon, a long bond yield comfortably above 5 per cent presents a compelling investment alternative to the rollover risk implied by term deposits or share market volatility.

Third, there's a tendency in markets to focus on sensationalist headlines and short-term developments, much of which is obsolete within days, weeks or months. The steepening of the yield curve is one such sensational topic. Record high ultralong yields have not led to a re-allocation away from fixed income as an asset class, given that interest rates markets are otherwise rangebound and supply is being readily absorbed by the market in government bond markets. Rather, a disciplined investment process, anchored by long standing objectives and supported by skill and judgement in the portfolio construction task, can deliver consistent, robust returns on a risk-adjusted basis throughout the economic cycle.

Finally, it's worth noting a couple of updates to Jamieson Coote Bonds (JCB) views on the outlook for monetary policy across major advanced economies that JCB invests in or otherwise follow, given their influence on pricing across high grade markets:

In the US, the US Fed is expected to cut its policy rate later this month, as a reflection of the cooling labour market. Depending on the successor to Chairman Jerome Powell and the composition of the FOMC, there may be strong calls to reduce interest rates significantly at the behest of the Trump Administration. Activity is otherwise holding up, sustained by robust domestic demand, and prices remain relatively well contained.



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In Europe, the European Central Bank should be able to comfortably hold interest rates, amid steady disinflation towards target and modest growth, and notwithstanding the ensuing political crisis in France. Similarly, in Japan later this month the Bank of Japan will most likely maintain its policy rate unchanged and further defer its hiking cycle, given pervasive international uncertainty and the turmoil in the ruling Liberal Democracy Party. In the UK and Canada, the Bank of England and Bank of Canada both face formidable challenges in reviving moribund activity and weak labour markets but are reticent to cut further out of concerns around stalling the disinflation process or a potential wage-price spiral.

Domestically, the RBA would have been encouraged by the latest GDP print in the first week of September, which showed signs of resilience in the household and business sectors. Unless the upcoming jobs data for August is remarkably weak, or the third quarter inflation data to be released in October reveals novel inflationary pressures, it's likely the RBA will remain on hold this month but look to cut in November and December.



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#### Fund Review

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For the month ending August, the CC JCB Active Bond Fund - Class A units (the Fund) returned 0.32% (after fees), outperforming the Bloomberg AusBond Treasury (0+Yr) Index.

August witnessed a modest upward drift in global yields, driven by monetary policy expectations and geopolitical developments. In the US, the 10-year Treasury yield traded between 4.19% and 4.49%, while the 10-year ACGB futures implied yield ranged from 4.13% to 4.48%. The 3-year ACGB futures yield rose more sharply, closing at 3.44%, a 17-basis point (bp) increase, reflecting front-end sensitivity to domestic interest rate expectations. August was driven by a mix of data, central bank sentiment, and tariff uncertainty. The month began with heightened focus on the 1 August tariff deadline, which resulted in additional US tariffs on 7 August. While trade agreements with the EU and Japan helped mitigate fears of a cliff-edge scenario, the initial reaction was risk-off.

Markets were further shaped by a weaker-than-expected US jobs report, which included downward revisions of 258 thousand to May and June payrolls which was the largest since May 2020.

However, sentiment recovered as investors priced in a September interest rate cut, supported by a benign CPI report and dovish commentary from the US Federal Reserve (US Fed) Chairman Jerome Powell at Jackson Hole. Powell acknowledged that the labour market was “not particularly tight” and faced “increasing downside risks,” reinforcing the US Fed’s pivot from inflation containment to growth support. Political pressure on the US Fed intensified, with President Trump attempting to remove US Fed Governor Lisa Cook and firing the head of the Bureau of Labor Statistics. At Jackson Hole, Chair Powell acknowledged that the “shifting balance of risks may warrant adjusting our policy stance,” and described tariff impacts as a “one-time shift in the price level.” His remarks suggested the US Fed is increasingly focused on employment risks, with potential for “sharply higher layoffs and rising unemployment” if downside risks materialise.

Overall, the US outlook is increasingly shaped by a dovish US Fed, political uncertainty, and resilient growth. Markets are now looking to the September FOMC meeting for confirmation of the easing cycle and clarity on institutional independence.

In Australia, the RBA delivered a 25bp interest rate cut in August, lowering the cash rate to 3.60%. The decision was unanimous and aligned with market expectations. The policy statement and subsequent minutes signalled a dovish shift, with the RBA Board noting that inflation was tracking toward the midpoint of its target range and that downside risks to the labour market were becoming more prominent.

The RBA’s minutes reinforced a data-dependent approach, with further easing likely if labour market conditions deteriorate or inflation moderates more quickly.

Global risk sentiment improved through the month, supported by resilient growth data, dovish central bank signals, and easing trade tensions. However, political risks, fiscal uncertainty, and geopolitical developments remain key watchpoints. As central banks navigate this evolving landscape, markets are likely to remain sensitive to incoming data and policy signals.

The positive portfolio performance was attributed to spread positioning through the month, and a core overweight in the belly of the curve which is advantageous in a rate cutting cycle.



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#### 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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