JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
Fund Update as at 31 October 2025

Fund Performance

Returns	1 month	3 months	6 months	FYTD	1 year	3 years p.a.	5 years p.a.	Since inception p.a. (30-Dec-2019)
Fund Net Return[1]	0.32%	0.68%	1.67%	1.15%	4.15%	3.91%	2.66%	3.08%
Benchmark Return[2]	0.31%	0.92%	1.92%	1.25%	4.08%	4.06%	2.58%	2.25%

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

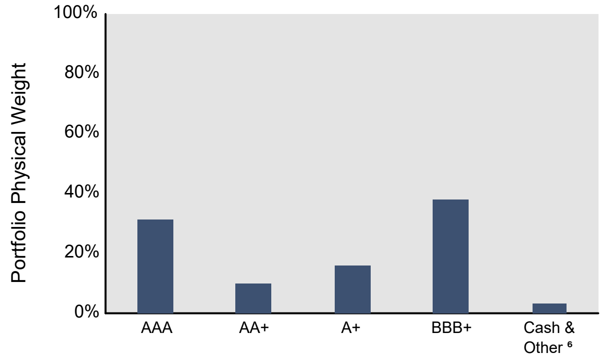
Investment Manager	JamiesonCooteBonds Pty Ltd
Portfolio Managers	Charles Jamieson & Chris Manuell
Style	Global absolute return bond fund - concentrating on actively managing global high grade sovereign bonds
Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods
Inception Date	30 Dec 2019 [3]
Benchmark	RBA Cash Rate
Management Fee	0.58% p.a.[4]
Administration Fee	0.10% p.a.[4]
Buy / Sell Spread	0.05% / 0.05%
Distributions	Quarterly
Fund Size	AUD $102 million [5]

Fund Characteristics

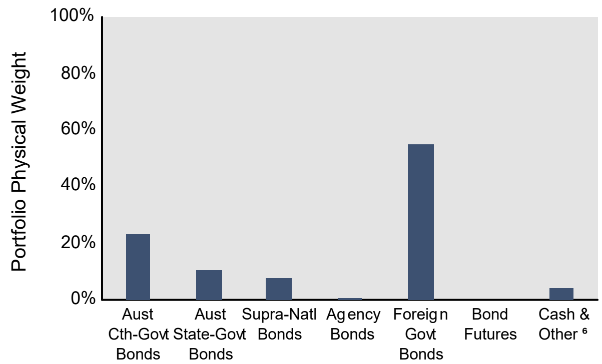
Characteristics	Fund
Modified Duration (yrs)	0.8
YTM + Hedging Effect	3.9
Weighted Ave. Credit Rating	AA-

Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

Asset Allocation by Credit Rating (Physical Weight)



Asset Allocation by Sector (Physical Weight)



[1] 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 in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual investor level taxes are not taken into account when calculating net 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. [2] Benchmark refers to the RBA Cash Rate Total Return Index. The comparison to the RBA Cash Rate is displayed as a reference to the target return for the Fund and is not intended to compare an investment in the Fund to a cash holding. [3] Inception Date for performance calculation purposes. [4] All figures disclosed include the net effect of GST and RITC. [5] Fund size refers to the CC JCB Dynamic Alpha Fund ARSN 637 628 918. [6] Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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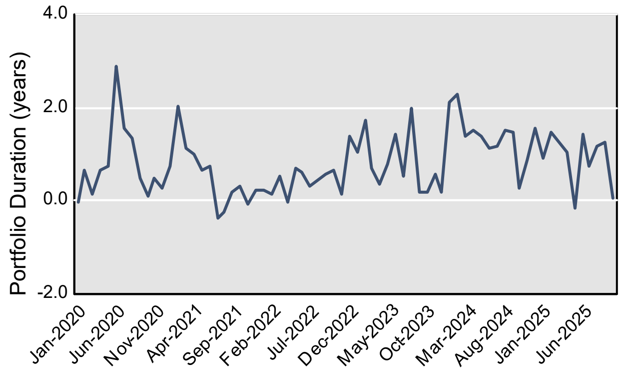
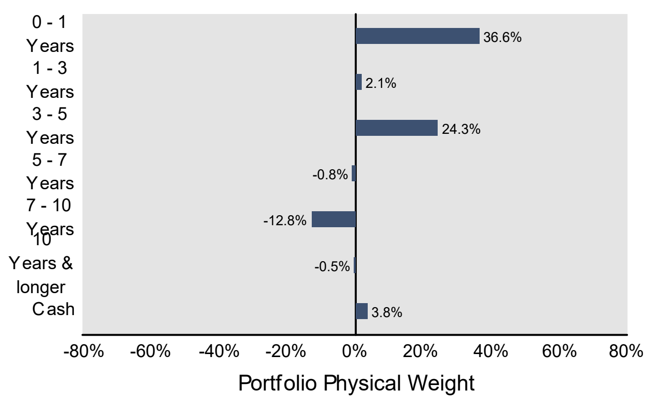
Historic Portfolio Duration#



Asset Allocation by Duration (Physical Weight)*



Data shown is for underlying assets of the CC JCB Dynamic Alpha Fund

*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.

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CC JCB Dynamic Alpha Fund (APIR: CHN8607AU)
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Fund Review

For the month ending October, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.32% (after fees), outperforming the RBA Cash Rate Total Return Index.

October proved to be a volatile month across global bond markets.

Domestically, Australian data was mixed overall, with unemployment rising to 4.5%, above market expectations and marking the highest level since November 2021. Meanwhile, Q3 trimmed mean CPI rose 3.0% YoY, exceeding the annualised forecast of 2.8% and suggesting persistent underlying inflation pressures. Rates traded sideways for most of the month before repricing higher.

RBA Governor Michelle Bullock, speaking at the ABE annual dinner, described the inflation miss as “material”, prompting a repricing in terminal rate expectations, which rose to 3.2% by month-end. Rates traded largely sideways before moving higher in response to Governor Bullock’s remarks. Despite the hawkish tilt, the RBA remains data dependent, as each release continues to shift market expectations for rate cuts—balancing inflation risks against signs of labour market slack.

In the United States, Treasury yields initially drifted lower as the government shutdown on 1 October which deprived markets of fresh economic data, with only September CPI released late in the month. Concerns over the economic impact of the prolonged shutdown, renewed tariff tensions, and signs of credit stress fuelled expectations for further rate cuts. The US Federal Reserve (US Fed) delivered a widely anticipated 25bps cut at its October meeting, but US Fed Chair Jerome Powell’s comment that another cut in December was “not a foregone conclusion” triggered a late-month reversal. Front-end yields led the post-FOMC selloff, resulting in a bear-flattening move, while the US Fed’s announcement of the end of quantitative tightening drew little market reaction.

In Europe, German Bund yields fell sharply on risk-off sentiment following the US announcement of “100% additional tariff on Chinese goods” on 10 October but rebounded after stronger-than-expected German PMI data. French spreads were volatile, widening briefly after the Prime Minister’s resignation on 6 October before tightening again when the government survived a confidence vote following concessions on pension reform.

UK gilts enjoyed a strong month, with 10-year yields falling toward the bottom of the 2025 range and hovering just above 4.4%. This outperformance was driven by softer September inflation data and speculation that the Chancellor might increase fiscal headroom in the upcoming 26 November Budget. These factors supported a bull-flattening of the curve, though yields edged higher at month-end as the US Fed’s tone dampened expectations for further US easing.

In Japan, political developments dominated the JGB market. Sanae Takaichi’s victory in the Liberal Democratic Party leadership race on 4 October raised expectations of additional fiscal stimulus and delayed monetary tightening by the Bank of Japan. This triggered a curve steepening through the first half of the month, which partially reversed as the government clarified its policy objectives toward the end of October.

The portfolio benefited from overweight positions in Europe – specifically Germany and Italy benefited the portfolio, along with a Japanese long-end position that did well into month end after the government provided more confidence in its plans. Tactical allocations in the Australian market were also beneficial. The underweight in UK gilts dragged on the portfolio, as did the core holding of an underweight France against Germany.

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Market Review & Outlook

Markets have withstood considerable volatility this year. As the Reserve Bank of Australia (RBA) Deputy Governor has recently stated, in many ways investors' worst fears have not been realised this year with respect to US tariffs, spiralling debt and policy uncertainty. Current market pricing in US Treasuries is reflective of the two-sided risks currently being faced by the US Federal Reserve (US Fed), with sticky inflation but downside risks to the US labour market and broader economic activity.

While the worst may have been averted, particularly with respect to a stand-off between the US and China, bond markets are still factoring in the tightrope being walked by policymakers, who have become increasingly data dependent. If the US Fed were to be cutting for macroeconomic reasons (the weakness in the labour market), then lower interest rates would be justified and accepted by market participants; however, there is a possibility of further dislocation and volatility if the US Fed were to be perceived as cutting for political reasons.

In this environment, gold, cryptocurrencies and other alternative assets have received significant attention in recent months, when US institutions appeared to be under attack by US President Donald Trump's administration, and the security of US dollar assets was under question. However, it's clear now that much of the trading activity in precious metals and cryptocurrencies, was speculative in nature, and not reflective of investment fundamentals.

At present, despite the extended shutdown, the policy positions of the Trump administration have become clearer, there appears to be an enduring and firm bid supporting US dollar denominated assets, and US Treasury yields remain at the lows of their recent ranges. US dollar assets continue to occupy a central role in the global financial system, and the US Treasury market remains one of the safest in the world.

It would take another widescale, disruptive move from the US administration to undermine confidence in US assets, whereas in recent months President Trump has shown more caution in making major policy announcements, including on tariffs, that would tend to disrupt and undermine market confidence.

Stepping back, US federal debt has reached record levels, and the federal government shutdown is now the longest on record. That said, for the reasons set out above, barring a major policy surprise from the US administration or a material policy error from the US Fed (in the context of politically motivated appointees next year), it is unlikely that the shutdown or high volume of debt issuance will materially weigh on market confidence or US Treasury pricing.

Private credit, however, remains a concern. As activity slows, and the US labour market (as well as peer labour markets across advanced economies) show downside risks, defaults and losses are likely to climb, and the credit cycle may turn as policy has become significantly more restrictive since the pandemic, tightening financial conditions.

Illiquid and stressed private credit securities and facilities, along with revaluations and withdrawals for private credit funds, as we have begun to observe, may precipitate into a broader structural shift across the credit sector. Lending standards are likely to tighten, and loss-recovery processes undertaken for non-performing assets.

These dynamics call into question the outsized returns seen on some private credit instruments. Moreover, it is highly likely that illiquidity and associated risks in the private sector have not been fully priced or discounted by many investors, who may have sought higher yields at the expense of elevated portfolio risk.

Locally, while September quarter inflation was certainly on the high side, and pointed to price-related pressures, there is potential for further disinflationary signals with the move towards a more granular, comprehensive monthly inflation series starting late November. The RBA has indicated that policy remains mildly restrictive. For inflation, much will depend on the underlying momentum and the RBA's policy response, which JCB still expects to take the form of a couple more gradual cuts over the course of 2026.

On the other hand, the unemployment rate is at its highest level since late 2021. If this trend continues in the October employment release, and more broadly into the new year, the RBA might need to adjust its policy stance to become more accommodative (or even less restrictive) with a view to managing downside risks to the labour market. Also, if the global backdrop were to deteriorate further, as political uncertainty and fiscal pressures come to the forefront in the Europe, UK, Canada and Japan, and tensions were to rise again between the US and China, the RBA may need to cut further, beyond the single cut that is priced in next year.

Further Information

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Platform Availabilty

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

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.