



JAMIESON COOTE BONDS

CC JCB Dynamic Alpha Fund (APIR: CHN8607AU) Fund Update as at 31 August 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	0.23%	0.99%	1.86%	0.70%	3.79%	3.83%	2.70%	3.09%
Benchmark Return ²	0.29%	0.95%	1.98%	0.62%	4.20%	3.98%	2.46%	2.20%

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 \$104 million ⁵

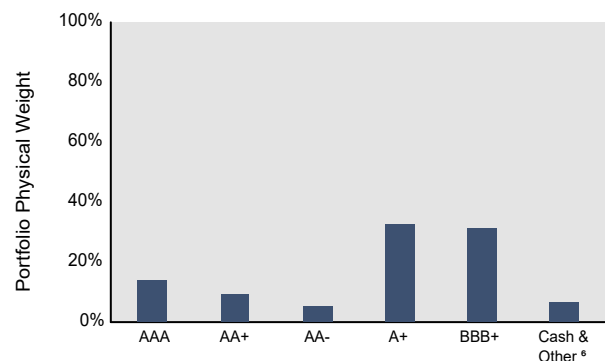
Fund Characteristics

Characteristics	Fund
Modified Duration (yrs)	0.61
YTM + Hedging Effect	4.23
Weighted Ave. Credit Rating	A+

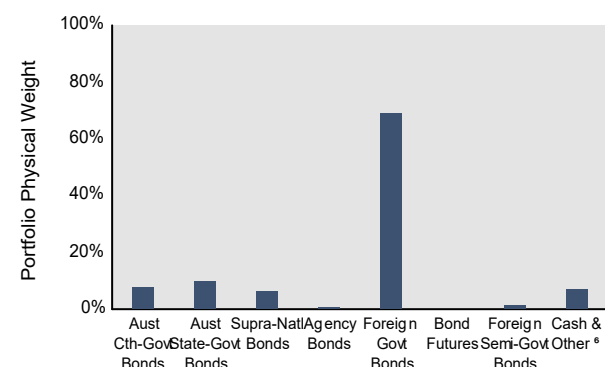
Source: JamiesonCooteBonds Pty Ltd.

See Definition of Terms.

Asset Allocation by Credit Rating (Physical Weight)



Asset Allocation by Sector (Physical Weight)



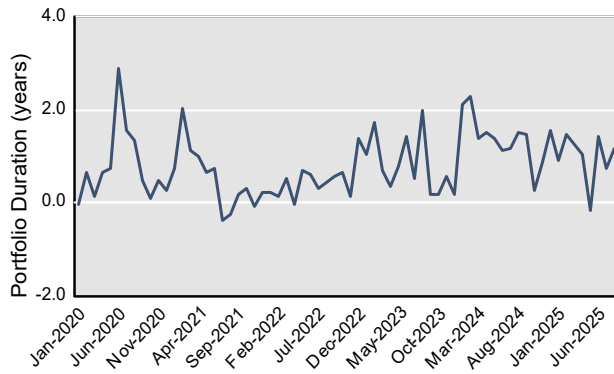
¹ Performance is for the CC JCB Dynamic Alpha Fund (APIR: CHN8607AU), also referred to as Class A units, and is based on month end unit prices in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual investor level taxes are not taken into account when 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.



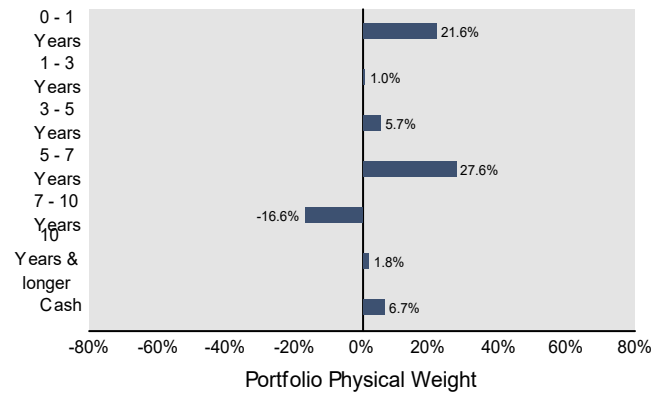
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Historic Portfolio Duration#



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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Fund Review

For the month ending August, the CC JCB Dynamic Alpha Fund – Class A units (the Fund) returned 0.23% (after fees), underperforming the RBA Cash Rate Total Return Index.

August began with a jolt to fixed income markets following a disappointing US jobs report on 1 August. The report included the largest downward revisions in five years, triggering a sharp flight to safety. The 2-year US Treasury yield plunged by 28 basis points (bps), marking its biggest one-day drop since the US Federal Reserve's (US Fed) December 2023 meeting. This move reflected a sudden shift in interest rate expectations, with investors pricing in a more dovish outlook for monetary policy.

Despite the initial volatility, sentiment improved mid-month. Stronger economic data and dovish remarks from the US Fed's Chairman Jerome Powell at Jackson Hole helped stabilise markets. The S&P 500 posted a 2.0% total return, but more importantly for bond investors, Powell's tone reinforced expectations for a slower pace of tightening or even earlier interest rate cuts. This supported a rally in longer-duration bonds and contributed to a steepening of the US yield curve, with the 2s30s spread widening by 37bps to 131bps—a notable shift that suggests growing confidence in the long-term economic outlook.

However, inflation risk re-emerged, driven by political developments. President Trump's criticism of the US Fed and his proposal to remove Governor Lisa Cook raised concerns about central bank independence. This led to a rise in inflation expectations, with the 2-year US inflation swap rate climbing 9bps to 3.05%. For global bond markets, this signals potential volatility ahead, especially if political interference undermines the US Fed's credibility.

Currency movements also played a role. The US Dollar weakened against all G10 currencies, with the dollar index falling 2.2%. This had mixed implications for global bonds: while it supported demand for US Treasuries from foreign investors, it also boosted gold prices by 4.8%, reflecting a hedge against currency and inflation risk.

In Europe, political uncertainty in France added pressure to sovereign debt markets. The announcement of a confidence vote on 8 September triggered a sell-off in French bonds. The 10-year Franco-German spread widened by 13bps to 79bps, its largest monthly move since June. Remarkably, French 10-year yields nearly surpassed Italy's, closing just 5bps below on 27 August—the closest spread between the two since 2003. This convergence signals rising fiscal risk in France and could lead to broader contagion in European debt markets if political instability persists.

Meanwhile, Brent Crude fell 6.1%, deepening its year-to-date losses. While lower oil prices can ease inflation pressures, they also reflect concerns about global growth, which could influence central bank policy and bond market dynamics in the months ahead.

The portfolio's performance benefited from spread product which performed well through the month and was well behaved in a background that was conducive for risk. Japanese short end bonds were additive to performance. The portfolio was caught off guard early in the month following the US employment report, however recovered through the month with tactical duration management.



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Market Review & Outlook

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:



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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.

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.

Further Information

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Platform Availability

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.

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