JAMIESON COOTE BONDS

Fund Update as at 31 October 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[1]	0.35%	0.63%	0.43%	5.67%	2.99%	-1.19%	1.23%	1.31%
Benchmark Return[2]	0.34%	0.67%	0.43%	5.87%	3.25%	-0.82%	1.49%	1.39%

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

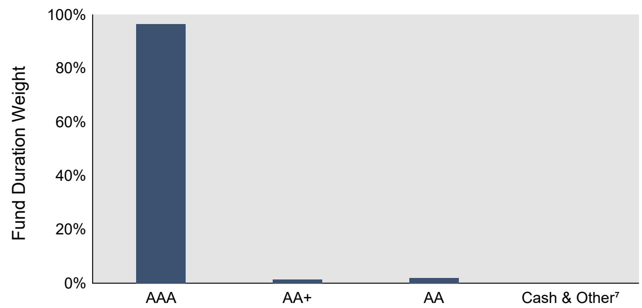
Investment Manager	JamiesonCooteBonds Pty Ltd
Structure	AAA or AA rated bond securities issued in Australian dollars
Inception Date	03 Aug 2016 [3]
Benchmark	Bloomberg AusBond Treasury 0+ Yr Index
Management Fee	0.45% p.a.[4]
Administration Fee	0.10% p.a.[4]
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size	AUD $1,074 million [5]

Fund Characteristics

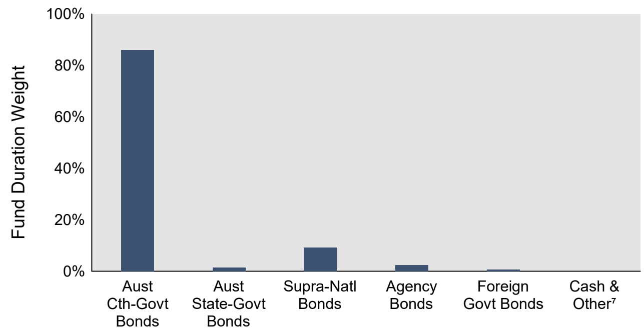
Characteristics[6]	Fund	Benchmark[2]
Modified Duration (yrs)	5.37	5.05
Yield to Maturity (%)	4.05	3.97
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	0.31	n/a

Source: JamiesonCooteBonds Pty Ltd.

Allocation by Rating (Duration Weight)[6]



Allocation by Sector (Duration Weight)[6]



Platform Availabilty

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

Further Information

Phone: 1800 940 599
Email: distribution@channelcapital.com.au
Web: www.channelcapital.com.au

[1] 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. [2] Benchmark refers to the Bloomberg AusBond Treasury 0+ Yr Index. [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 Active Bond Fund ARSN 610 435 302. [6] Refer to Definition of Terms. [7] Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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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.

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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.

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Fund Review

For the month ending October, the CC JCB Active Bond Fund - Class A units (the Fund) returned 0.35% (after fees), outperforming the Bloomberg AusBond Treasury (0+Yr) Index.

October witnessed a modest decline in global sovereign yields, led by a US Federal Reserve interest rate cut and dovish guidance that reinforced market pricing for additional easing despite the government shutdown. The US 10-year Treasury yield closed the month at 4.08%, down 7bps, continuing its three-month downward trend. Meanwhile, the Australian 10-year government bond yield ended at 4.33%, lower by 5bps, broadly tracking US moves despite mixed domestic data.

The portfolio benefited from tactical duration positioning during a volatile month for rates, driven by shifting RBA expectations and mixed domestic data. Duration was additive, while curve positioning was modestly detractive due to a bias toward easing. Exposure to semi-government bonds was limited in anticipation of wider swap spreads. Instead, the portfolio favoured short-dated, high-quality supranationals, which offered attractive risk-adjusted yields and supported carry.

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 interest rate cuts—balancing inflation risks against signs of labour market slack.

The US Federal Reserve delivered a widely anticipated 25bps rate cut, bringing the target range to 3.75%, even as official data releases were constrained by a government shutdown. The US government shutdown extended beyond five weeks, with Senate negotiations stalled as partisan divisions over healthcare funding prevented progress on a continuing resolution. Despite the data blackout, the Bureau of Labor Statistics released US monthly September CPI which surprised to the downside at +0.3% over the month, suggesting softer inflation dynamics giving the Fed a leeway to cut rates for the month.

Geopolitical developments added further volatility, as US President Donald Trump’s threat of 100% tariffs on Chinese imports and export controls on strategic goods initially unsettled markets. A subsequent easing in rhetoric led to a reduction in tariffs, from 57% to 47%, signalling a more flexible US trade stance and prompting a modest risk-on shift. The Trump–Xi meeting later in the month further stabilised sentiment.

Liquidity concerns resurfaced as US Fed Chair Jerome Powell acknowledged the need to eventually expand reserves to match economic growth, raising questions around the pace of quantitative tightening. Despite mid-month volatility, terminal rate pricing remained anchored at 3%, unchanged from September, suggesting markets are still pricing in a gradual policy pivot, despite moderately hawkish commentary.

While global yields declined on dovish US Fed guidance, the RBA remains data-dependent, with persistent inflation and labour market slack delaying any near-term easing. Markets have now shifted to pricing rate cuts in 2026, underscoring the contrast between the US Fed’s pivot and Australia’s cautious policy trajectory.

Looking ahead, the portfolio will seek to fade any overreactions to shifting rate-cut expectations and will closely monitor global employment trends, which are likely to become a key focus as tariff and political developments evolve.

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