

TARGET MARKET DETERMINATION



CC JCB Active Bond Fund
Class B

JAMIESON COOTE BONDS

| | | | | | |
|---------------------------|--|------------------|----------------|------------------|--------------|
| Issuer | Channel Investment Management Limited (CIML) | | | | |
| AFSL | 439007 | ABN | 22 163 234 240 | | |
| ARSN | 610 435 302 | APIR Code | CHN3749AU | ISIN Code | AU60CHN37490 |
| Investment Manager | JamiesonCooteBonds Pty Ltd (JCB) | | ABN | 12 165 890 282 | |
| Date Issued | 01 March 2024 | Version | 3.0 | Status | Available |

TARGET MARKET SUMMARY

The fund is suitable for investors seeking income and capital preservation through a selection of high grade bond securities and exchange traded bond futures. These investors will have an investment timeframe of at least 3 years, a low to medium risk/return profile and a potential need to have access to their capital within a short timeframe (within 1 week). The fund is intended to be used as a satellite/small allocation or minor allocation of an investor's portfolio.

TARGET MARKET DETERMINATION INDICATOR KEY

The Investor Attributes for which the fund is likely to be appropriate have been assessed using a red/green rating methodology with the following meaning:

| | |
|------------------|---------------------------------|
| In target market | Not considered in target market |
|------------------|---------------------------------|

INVESTMENT PRODUCTS AND DIVERSIFICATION

An investor (or class of investors) may intend to hold units in the fund as part of a diversified portfolio (typically with an intended fund use of satellite/small or minor allocation). In such circumstances, the fund should be assessed against the investor's attributes for the relevant portion of the portfolio, rather than the investor's portfolio as a whole. For example, an investor may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a fund with a high or very high risk/return profile is consistent with the investor's objectives for that allocation notwithstanding that the risk/return profile of the investor as a whole is low or medium. In making this assessment, distributors should consider all features of a fund (including its key attributes).

INVESTOR ATTRIBUTES

| INVESTOR INVESTMENT OBJECTIVE | | |
|--|---------------------------------|--|
| Capital Growth | Not considered in target market | <p>The fund is an actively managed bond fund and aims to outperform the Bloomberg AusBond Treasury 0+ Yr Index (Benchmark) over rolling 3 year periods.</p> <p>The fund is aimed at investors seeking income and capital preservation. The fund seeks to distribute semi-annually where income is available to distribute. Investors should be aware that while income generated by bond securities is generally consistent and regular, income may not be available to distribute at every set distribution period.</p> |
| Capital Preservation | In target market | |
| Income Distribution | In target market | |
| INVESTOR PRODUCT USE (% OF INVESTABLE ASSETS) | | |
| Solution/Standalone (up to 100%) | Not considered in target market | <p>The fund is permitted to invest in bond securities which are AAA or AA rated, issued in Australian dollars and backed by a government, supranational or a Public Finance Agency (where explicitly guaranteed by a government).</p> <p>The fund may invest up to 20% of its net asset value in a single bond security selection. However, it will generally take smaller positions across a variety of bond securities.</p> <p>The indicative asset allocation is:</p> <ul style="list-style-type: none"> • Bond securities: 80-100% • Derivatives: 0-50% • Cash: 0-10% <p>Derivatives are used for interest rate hedging purposes or to replicate underlying bond securities in the form of futures contracts listed on the Sydney Stock Exchange.</p> |
| Major Allocation (up to 75%) | Not considered in target market | |
| Core Component (up to 50%) | Not considered in target market | |
| Minor Allocation (up to 25%) | In target market | |
| Satellite/Small Allocation (up to 10%) | In target market | |
| INVESTOR MINIMUM SUGGESTED INVESTMENT TIMEFRAME | | |
| Minimum Investment Timeframe | 3 years | Minimum suggested investment timeframe of at least 3 years. |
| INVESTOR RISK/RETURN PROFILE | | |
| Low | In target market | The risk/return profile is low to medium. |
| Medium | In target market | |
| High | Not considered in target market | |
| Very High | Not considered in target market | |
| INVESTOR WITHDRAWAL NEEDS | | |
| Within 1 week of request | In target market | <p>The Issuer endeavours to ensure that all withdrawal proceeds are paid within 1 week from the date of receipt of the withdrawal request. Investors should note however, that the fund's constitution allows up to 21 days from acceptance of a withdrawal request.</p> |
| Within 2 weeks of request | In target market | |
| Within 1 month of request | In target market | |
| Within 3 months of request | In target market | |
| Annually or longer (additional details provided) | In target market | |

APPROPRIATENESS

The Issuer has assessed the fund and formed the view that the fund, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of investors in the target market as described above, as the features of this fund in Column 3 of the table above are likely to be suitable for investors with the attributes identified with a green Target Market Determination (TMD) Indicator in Column 2.

DISTRIBUTION CHANNELS AND CONDITIONS

| CHANNEL | CONDITIONS |
|-------------------------|--|
| Special invitation only | <ul style="list-style-type: none">Please note that this class is by invitation only. Therefore, the offer documents are not publicly available and are not for general distribution.The minimum investment amount is \$100,000 (the Issuer has discretion to accept lower amounts). |

REVIEW REQUIREMENTS

REVIEW TRIGGERS

| |
|--|
| Material change to key attributes and/or fees |
| Material deviation from benchmark/objective over sustained period |
| Key attributes have not performed as disclosed by a material degree and for a material period |
| Determination by the Issuer of an ASIC reportable Significant Dealing |
| Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the fund or distribution of the fund |
| Material or unexpectedly high number of withdrawal requests |
| The use of Product Intervention Powers, regulator orders or directions that affects the fund |
| Any other event occurs that indicates that, in the reasonable opinion of the Issuer, indicates that this TMD is no longer applicable |

REVIEW PERIODS

| | |
|--------------------------|----------------------------------|
| Initial review | 1 year and 3 months |
| Regular scheduled review | Annual, following initial review |

DISTRIBUTOR REPORTING

REGULAR REPORTING

| | |
|---|--|
| Complaints relating to the fund design, fund availability and distribution (as defined in section 994A(1) of the Act) | As soon as practicable (no later than 10 days after calendar quarter end) |
| Significant dealing outside of target market (s994F(1) of the Act) See Definitions for further detail | As soon as practicable (no later than 10 days of the Distributor becoming aware) |

CONTACT DETAILS

For any queries in relation to this target market determination or associated funds, please contact distribution@channelcapital.com.au or visit the Channel Capital website (www.channelcapital.com.au).

DISCLAIMER

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act) and is prepared by Channel Investment Management Limited (ACN 163 234 240 AFSL 439007 (CIML)) as the responsible entity and Issuer of units for the fund. It sets out the class of investors for whom the fund, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of CIML's design and distribution arrangements for the fund.

This document is not a product disclosure statement and is not a summary of the fund features or terms of the fund. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this fund should carefully read the Product Disclosure Statement (PDS) for the fund before making a decision whether to invest in this fund.

Important terms used in this TMD are defined in the Definitions section of this document. Capitalised terms have the meaning given to them in the fund's PDS, unless otherwise defined. The PDS can be obtained by contacting the Distribution Team or on our website at <https://www.channelcapital.com.au/>.

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DEFINITIONS

| TERM | DEFINITION |
|---|--|
| INVESTOR'S INVESTMENT OBJECTIVE | |
| Capital Growth | The investor seeks to invest in a fund designed to generate capital return. The investor prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate. |
| Capital Preservation | The investor seeks to invest in a fund to reduce volatility and minimise loss in a market down-turn. The investor prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments. |
| Income Distribution | The investor seeks to invest in a fund designed to distribute regular and/or tax-effective income. The investor prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments). |
| INVESTOR'S INTENDED PRODUCT USE | |
| Solution/Standalone (up to 100%) | The investor intends to hold the investment as a solution or standalone product, being up to 100% of their total Investable Assets (see definition below). The investor typically prefers exposure to a product with Very High portfolio diversification (see definition below). |
| Major Allocation (up to 75%) | The investor intends to hold the investment as a major component (up to 75%), of their total Investable Assets (see definition below). The investor is likely to seek a product with at least High portfolio diversification (see definition below). |
| Core Component (up to 50%) | The investor intends to hold the investment as a core component (up to 50%), of their total Investable Assets (see definition below). The investor typically prefers exposure to a product with at least Medium portfolio diversification (see definition below). |
| Minor Allocation (up to 25%) | The investor intends to hold the investment as a minor allocation (up to 25%) of their total Investable Assets (see definition below). The investor is likely to seek a fund with at least Low portfolio diversification (see definition below). |
| Satellite/Small Allocation (up to 10%) | The investor intends to hold the investment as a minor part of their total portfolio, as an indication it would be suitable for up to 10% of the total Investable Assets (see definition below). The investor is likely to be comfortable with exposure to a fund with Very Low portfolio diversification (see definition below). |
| Investable Assets | Those assets that the investor has available for investment, excluding the residential home. |
| PORTFOLIO DIVERSIFICATION (for completing the key fund attribute section of investor's intended fund use) | |
| Low | Single asset class, single country, low or moderate holdings of securities, e.g. high conviction Australian equities. |
| Medium | 1-2 asset classes, single country, broad exposure within asset class, e.g. Australian equities "All Ords". |
| High | Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset fund (or global equities). |
| INVESTOR'S RISK (ABILITY TO BEAR LOSS)/RETURN PROFILE | |
| <p>Issuers should undertake a comprehensive risk assessment for each fund. The Financial Services Council (FSC) recommends adoption of the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20-year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than an investor requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some funds may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the fund risk rating.</p> <p>An investor's desired fund return profile would generally take into account the impact of fees, costs and taxes.</p> | |
| Low | The investor is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2) and is comfortable with a low target return profile. Investor typically prefers defensive assets such as cash and fixed income. |
| Medium | The investor is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5) and comfortable with a moderate target return profile. Investor typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income. |
| High | The investor is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6) in order to target a higher target return profile. |

| TERM | DEFINITION |
|--|---|
| Very High | <p>Investor typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p> <p>The investor has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Investor typically prefers growth assets such as shares, property and alternative assets.</p> |
| INVESTOR'S WITHDRAWAL NEEDS | |
| <p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in completing this section.</p> | |
| <p>Within 1 week from request / Within 2 weeks of request / Within 1 month of request / Within 3 months of request / Annually or longer (additional details provided)</p> | <p>The investor seeks to invest in a fund which permits redemption requests at this frequency under ordinary circumstances and the Issuer is typically able to meet that request within a reasonable period.</p> |
| DISTRIBUTOR REPORTING | |
| Approved Platforms | <p>Platforms are not authorised to distribute the fund unless:</p> <ul style="list-style-type: none"> • The Platform has completed due diligence process (as determined by the Issuer) and the Issuer has determined the Platform is competent and suitable to distribute the fund; and • The Issuer has provided, and not withdrawn, its consent to distribution of the fund by the Platform; and • The Platform, as distributor, complies with the terms and conditions of the Issuer's consent to distribution of the fund. These terms and conditions may include, as appropriate: <ul style="list-style-type: none"> ○ Periodic review/audit of the Platform's internal controls and distribution practices (for example, by requesting/reviewing a sample Application against the TMD and information collected by the Distributor). ○ Periodic reporting by the Platform to the Issuer on its compliance with the TMD and Design and Distribution Obligations. <p>A Platform can request to become an Approved Platform by writing to the Issuer at distribution@channelcapital.com.au</p> |
| Significant Dealing | <p>Section 994F(6) of the Act requires distributors to notify the Issuer if they become aware of a significant dealing in the fund that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning. The Issuer will rely on notifications of significant dealings to monitor and review the fund, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the fund, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the investor (or class of investor). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the fund (which may be indicated by the fund's risk rating or withdrawal timeframes), • the actual or potential harm to an investor (which may be indicated by the value of the investor's investment, their intended fund use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the investor). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor's total retail fund distribution conduct in relation to the fund over the reporting period, • the investor's intended fund use is Solution/Standalone, or • the investor's intended fund use is Core Component and the investor's risk (ability to bear loss) and return profile is Low. |