Fund Update as at 31 March 2024
CC JCB Global Bond Fund - Hedged Class (APIR: CHN4711AU)

Fund Benefits

Active Management
JCB is a specialist fixed income manager with significant global investment management experience and expertise.

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	Channel Investment Management Ltd
Underlying Fund Investment Manager	JamiesonCooteBonds Pty Ltd or JCB (Portfolio Manager: Charles Jamieson)
Structure / Underlying Fund	The Fund invests into the CC JCB Active International Bond SP (in USD)
Inception Date^	25 February 2019
Benchmark	Bloomberg Global G7 TRI Value Hedged AUD
Management Fee#	0.15% p.a.
Administration Fee#	0.10% p.a.
Indirect Costs#	0.34% p.a.
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size+	AUD $42.3 million

Fund Performance

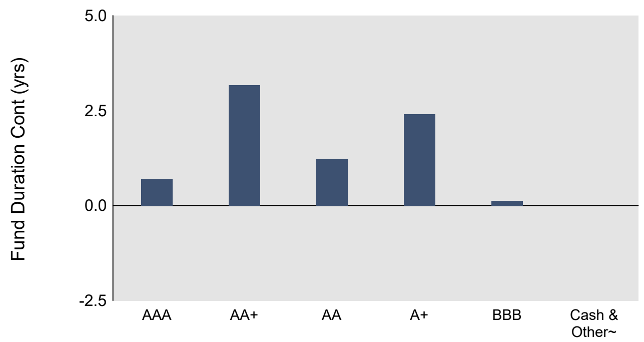
Returns (After fees)	Fund*	Benchmark**	Excess
1 Month	0.73%	0.66%	0.07%
3 Months	-0.70%	-0.75%	0.05%
FYTD	1.56%	1.39%	0.17%
1 Year	0.58%	0.62%	-0.04%
2 Years p.a.	-2.29%	-2.69%	0.40%
3 Years p.a.	-2.97%	-2.95%	-0.02%
Inception p.a.	-0.32%	-0.42%	0.10%

Fund Overview

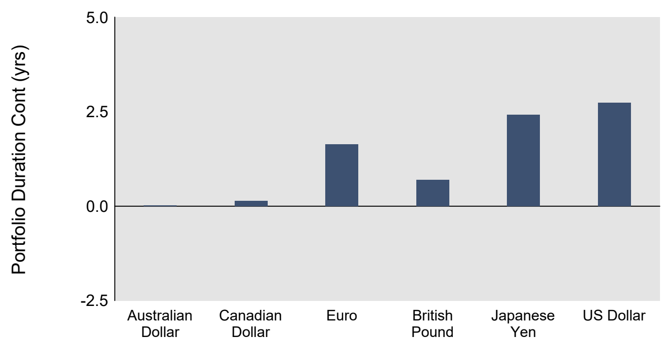
Characteristics	Fund	Benchmark
Modified Duration (yrs)***	7.62	7.42
YTM + Hedging Effect^^	3.62	3.79
Weighted Ave. Credit Rating***	AA	AA

^^ Data refers to CC JCB Global Bond Fund - Hedged Class (APIR: CHN4711AU) and Bloomberg Global G7 TRI Value Hedged AUD. Source: JamiesonCooteBonds Pty Ltd.
See Definition of Terms.

Asset Allocation by Credit Rating (Duration Contribution)***



Asset Allocation by Currency (Duration Contribution)***



Platform Availabilty

Asgard	Ausmaq	Aust Money Market
BT Panorama	HUB24	Implemented Portfolios
Mason Stevens	Netwealth	Powerwrap
Praemium	uXchange	Xplore Wealth

Further Information

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

All figures disclosed include the net effect of GST and RITC. ^ Inception Date for performance calculation purposes. + Fund size refers to the CC JCB Global Bond Fund ARSN 631 235 553. * Performance is for the CC JCB Global Bond Fund - Hedged Class (APIR: CHN4711AU), 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. ** Benchmark refers to the Bloomberg Global G7 TRI Value Hedged AUD. *** Data refers to Underlying Fund, CC JCB Active International Bond Segregated Portfolio (in USD); and where applicable, Underlying Benchmark, Bloomberg Global G7 TRI Value Hedged USD. ~ Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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JAMIESON COOTE BONDS

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Market Review & Outlook

"Follow-the-leader" has generated solid performance for many asset markets tailing the progress of the US economy. As we round out the first quarter of 2024, the US continues to defy predictions of an economic slowdown.

JCB have previously written about 'US exceptionalism', a term describing the relative outperformance of the US economy, which continues to pull away from many other western economies. In the absence of material market events so far in 2024, many markets are following moves in US assets whilst they await significant new domestic catalysts. This contrasts with the COVID period and subsequent re-opening of economies, where events were frequent and market reactions severe.

Given their low domestic growth and better-behaved inflation outcomes, JCB believe the time is approaching for many western economies to embark on interest rate cutting cycles – with or without the US Federal Reserve (the Fed). To this end, JCB think the most interesting economy to watch may be our neighbour New Zealand, which has led the Australian economy over the past few years, providing a potential glimpse into our own future.

Many market watchers have anticipated global Central Banks to wait for the Fed to lead the interest rate cycle, expecting a non-stimulatory rate cutting cycle this year to match the victories in taming realised inflation. This would see the Fed Funds rate move lower, from 5.375% towards 4.50%, but above the US inflation rate of 3.20%, meaning interest rates would remain in restrictive territory.

Other western economies are cautious to move without the Fed, as lower domestic interest rates compared to the US may weaken their currencies, generating tradeables inflation just as economies are feeling comfortable about having defeated the majority of the inflation shock.

Stronger US economic data is seeing some market participants suggest that the Fed may not need to cut rates this year as real GDP is running above 2.50%, handing the leadership of the rate cutting cycle to other western Central Bankers.

Updated economic forecasts for current GDP in major economies is anaemic at best, with Japan at 0.65%, Canada and the Eurozone around 0.50%, and the UK around 0.25%. Meanwhile Germany is expected to remain in recession. So, whilst leadership could easily be transferred to the European Central Bank, the Bank of England or Canada, it could be New Zealand that takes the honours of first significant mover amongst the global crowd.

This is interesting for the expected path of Australian interest rates, as the New Zealand economy tends to lead Australia by a few quarters. The Reserve Bank of New Zealand (RBNZ) commenced its rate hiking cycle six months ahead of the Reserve Bank of Australia (RBA), also reaching its cash rate peak of 5.50% six months ahead of the RBA's peak.

Over that rate hiking cycle, the New Zealand economy has spluttered to a halt, with negative growth recorded in five of the last eight quarters, along with three of the last four quarters experiencing negative GDP outcomes, with the rate of economic deceleration increasing.

Given New Zealand is also experiencing significant population growth, which should grow the size of the total economy, these numbers are proof that highly restrictive monetary policy settings are crimping economic activity.

Despite the recent improvement in the Australian employment data (a highly volatile data print), other tier one domestic data has continued to weaken as the Australian economy continues to struggle under higher interest rates and increased cost of living pressures.

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Whilst many sectors are still enjoying solid volume, spend per client has been falling as the substitution of goods and services runs rife as Australians look to make their pay packets stretch further. Given New Zealand's six-month lead in the hiking cycle and associated economic weakness, JCB expects our own economy will continue to lose momentum over the balance of the year, bringing the RBA to the rate cutting table in the second half of 2024.

Whilst recent market sentiment has softened around the timing of Fed rate cuts, the Federal Reserve Governors have held their ground, suggesting via their last meeting's dot plot series updates (a forward estimation of their expected interest rate pathway) that they continue to expect three rate cuts over 2024.

Fed Chair, Jerome Powell has re-iterated this message in his own communications, and it has been our expectation that this process would be front-loaded from mid-year to remain apolitical ahead of the US Presidential elections in November.

Whilst the US economy has been truly exceptional, it may well continue to lead the cycle if the Fed sticks to its own script. Either way, global rate cuts will be with us shortly, providing much needed relief for markets and mortgage holders the world over. Conversely, for savers who have enjoyed much higher interest rates over the past few years, this is bad news as savings rates and term deposit returns decline in line with cash rates.

Fund Review

For the month ending March, the CC JCB Global Bond Fund – Hedged Class returned 0.73% (after fees), outperforming the Bloomberg Global G7 Total Return Index Value Hedged AUD.

In what was a tale of two halves in the month, as mixed economic data and conflicting central bank dialogue created no discernible market trend in global rates. Early in the month, manufacturing data was on the softer side which triggered a push lower in yields as the US market focused on the potential interest rate cutting cycle. The rally was short lived as mid-month some upside surprises in CPI and PPI data swung the market back into the range. The US Federal Reserve meeting provided some choppiness as the hawkish adjustments to the dots were offset by the dovish tones from US Federal Reserve Governor Powell. In Europe – March was a positive month for sovereign bonds with expectations that the European Central Bank would be one of the first interest rate cutters as the economy continued to deteriorate.

Japan stole the limelight for developed bond markets for the month of March with expectation of a move in interest rates from the Bank of Japan (BoJ) and a move towards normalisation of rates. A Nikkei article discussed the meeting stating that the BoJ was expected to end its negative interest rate policy framing the market for an expected move. In line with article on March 19th the BoJ announced that it would overhaul its monetary policy framework. The first interest rate hike in 17 years and removal of yield curve control was a relatively subdued event for the markets in a classic buy the rumour sell the fact development.

Market volatility continued to remain suppressed through the month as risk markets were emboldened from a dovish US Federal Reserve Governor Powell and other global markets showed signs of slowing. Heading into April, the market will be focussed on the continued path of central banks as they monitor the stickiness of inflation against the continued rally in the energy market and impact of the tightening in monetary policy globally to see which central bank blinks first.

The portfolio benefited from the short end position in Europe, some spread tightening in semi-government bonds and from an underweight in Italian bonds. The portfolio tactically traded US treasuries and European rates through the month.

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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.
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.
Duration Contribution - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector) in years. 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 contracts.