

Key Points:

□ Boutique Manager launched in December 2014 by Charles Jamieson, former Co-Head of Fixed Income trading at Bank of America Merrill Lynch (BAML) and Angus Coote, previously Westpac Sydney's Head Global Central Bank distribution.

□ The Founders bring over 30 years of international experience dealing with central banks, hedge funds and real money managers.

□ The Jamieson Coote Active Bond Fund ("the Fund") is a long-only macroeconomic investment fund, investing in Australian Dollar denominated bonds backed by AAA and AA+ rated Government, Semi (State) Government and Supranational agencies.

□ The Fund Objective is to out-perform the Bloomberg Australian Government Bond Index through active management in a sound risk-framework.

Management Company Overview:

Jamieson Coote Bonds (JCB) is a Melbourne-based Fund Manager, established in 2014, by Charles Jamieson and Angus Coote. The founders own 95% of the management company with the remainder owned by members of the Advisory Board.

Jamieson has over 14 years' experience in the fixed income market. Prior to JCB, he was Co-Head of fixed income trading at BAML Sydney and Head of Core European Government trading at Merrill London. In these roles he successfully managed asset portfolios of over USD\$15 billion during the Eurozone crisis in London. Jamieson has in-depth knowledge in trading and managing products such as G10 rates, high grade credit, swaps and derivatives. He holds a Bachelor of Commerce degree from Monash University majoring in Accounting and Finance, and has previously been a member of the Australian Financial Markets Association (AFMA) Bond Committee.

Coote has over 14 years' market experience having started his career working with JPMorgan as Government Bond salesman, specialising in US Treasuries and European Government Bonds. His clients included Global Central Banks, Large Asset Managers, Sovereign Wealth Funds and Hedge Funds. While working with ANZ, where he spent 5 years he transacted the first ever Australian Bond trades for several large Asian Central Banks and the European Central Banks. Prior to starting JCB he was with Westpac Sydney to heading Global Central Bank distribution. He holds a Bachelor of Business from RMIT majoring in Economics and Finance.

JCB has established a four person Advisory Board with very strong credentials consisting of: Chairman Mark Burgess, recently retired CEO of the Australian Government Future Fund, currently with \$110bn of assets. Previously, Burgess was CEO of Treasury Group, with over \$50 billion in Funds under Management and Vice-Chairman and CIO of Credit Suisse Asset Management Europe with over \$250 billion under management. Neil Tritton is based out of London and was the Founder of Arbor Research and Trading in London, a macroeconomic



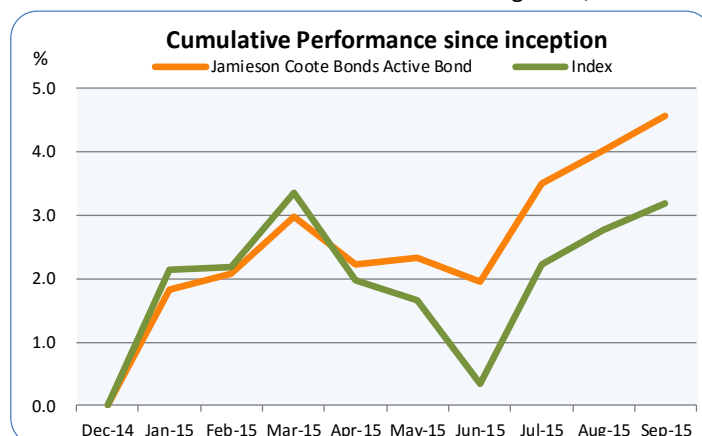
Key Performance Statistics	JCBAF	Index*
Sep-15	0.52	0.53
Annualised Return	6.14	4.17
Latest 3 Months	2.57	1.08
Latest 6 Months	1.54	0.57
Latest 12 Months	0.00	0.00
Latest 24 Months p.a.	0.00	0.00
Latest 36 Months p.a.	0.00	0.00
Latest 60 Months p.a.	0.00	0.00
% Positive Months	75.00	62.50
Best Month	1.82	2.14
Worst Month	-0.74	-1.34
Largest Drawdown	-1.00	-2.90
Average +ve Return	0.85	1.14
Average -ve Return	-0.56	-0.98
Annualised Standard Deviation	2.86	4.28
Downside Deviation (Since Inception)	1.31	2.65
Sharpe Ratio (Since Inception)	1.35	0.48
Sortino Ratio	2.93	0.74

*Index is Bloomberg Australian Government Bond Index

quantitative research firm specialising in global fixed income, currency, equity and commodity markets. John Kean, OAM is Founder of WHK Group (now Crowe Horwath), Australia's 5th largest accounting firm and Honorary Life Member of Victor Chang Cardiac Research Institute. The final member is Saul Eslake, an economist, who recently joined the JCB Advisory Board. He brings wealth of knowledge in the field of economic research with previous roles including Chief Economist at ANZ for 15 years and Bank of America for the last 3 years.

Investment Strategy

JCB's overall strategy is to establish a core of AA and AAA-rated bonds to be held over the medium to long-term, based on



Performance - Net of Fees (%)														Jamieson Coote Bonds Active Bond
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2015	1.82	0.25	0.89	-0.74	0.11	-0.37	1.53	0.50	0.52	-	-	-	4.57%	

international and domestic economic analysis. In addition there is an overlay of valuation and technical analysis indicators as well as market intelligence from a network of international investors to create an optimal portfolio allocation.

The Manager recognises that short-term volatility, driven by technical factors and bond supply dynamics; create short-term opportunities that can generate alpha when managed in a sound risk framework. The overall portfolio aims to out-perform its benchmark by trading to maximise duration and curve management opportunities over the cycle, around a core exposure.

This approach is facilitated by the fact that the Australian Government Bond market is deep and liquid, allowing positions to be entered and exited with ease. The Fund is benchmarked using the Bloomberg Australia Sovereign Bond Index, with the portfolio usually holding approximately 20 bond securities of varying maturities.

Investment Process

Portfolio construction starts using the benchmark as a default portfolio. The Manager then stress tests the portfolio before considering risk-adjusted exposures that take into account global and domestic macroeconomic conditions. Other market influences considered include economic data analysis, supply implications, technical and yield curve analysis and market intelligence.

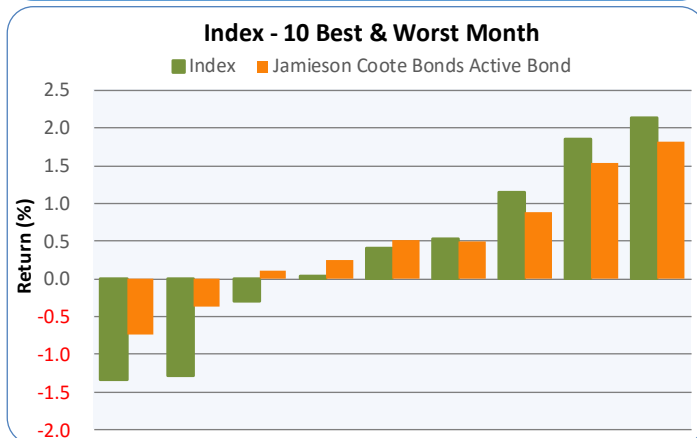
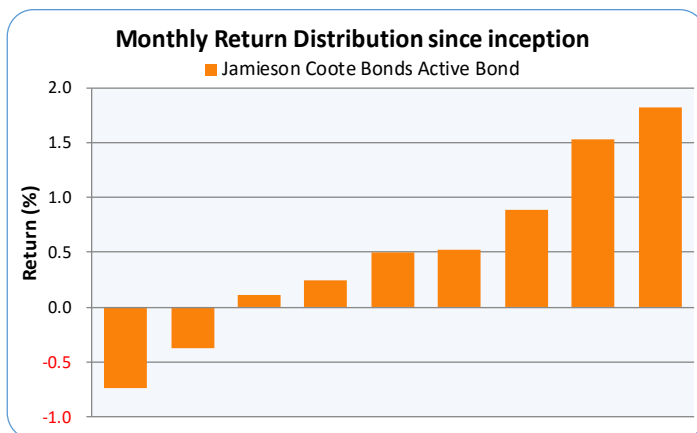
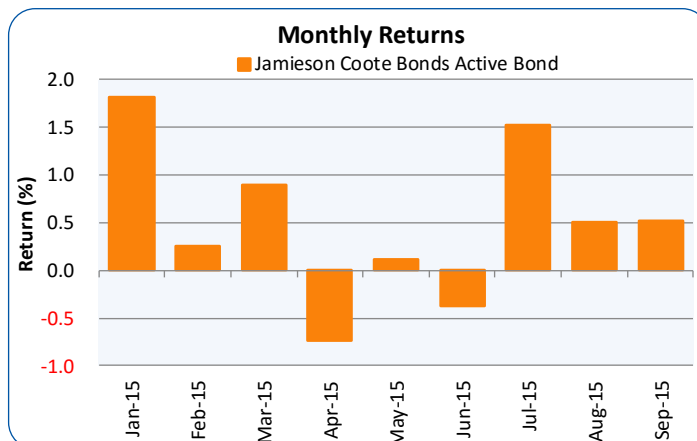
After considering the impact of these influences on the benchmark portfolio JCB makes duration adjustments and selects exposures along the yield curve along with the individual securities which reflect the Portfolio Manager's analysis regarding the optimal portfolio construction in light of the identified risks.

The analysis conducted by the Manager to derive the optimal portfolio has four major components; 1) macroeconomic analysis, 2) data, 3) supply dynamics and 4) cross-market value. The macro-economic analysis begins with the fact that AUD interest rates in the medium and long end of the yield curve have a significant correlation with offshore rate markets an understanding of the domestic and global macro-environment is crucial to constructing a view on AUD rates.

Data is critical in informing and changing market views and the Manager therefore follows important global data, including policy and commentary of the FOMC, ECB, BOJ, BOE, and Asian economies, in addition to following Australian economic and market factors. All international data releases and central bank meetings are analysed, and are used to form a market view that informs the trading strategy.

In terms of supply the Fund closely monitors the changes in the AUD Government and International bond supply/issuance as this is critical and can impact the curvature of the bond yield curve. The Manager also performs ongoing yield curve analysis to determine portfolio duration exposures and monitors cross-market spreads on a number of assets and sectors.

The Fund manages portfolio bond duration movement up to +/- 3 years of the benchmark's duration (currently 2.58 years) and uses futures positions and curve trades to adjust duration to generate out-performance.



Performance Review

- Since inception the Fund has an annualised return of 6.14% p.a. comparison to the Bloomberg Australian Government Bond Index return of 4.17% p.a. over the same time frame.
- The Fund has achieved this return with low volatility of 2.86%, to give noteworthy Sharpe and Sortino ratios of 1.35 and 2.93 respectively.
- However these data points are based on a very short performance history and it is too early to assess the strategy across a range of market conditions.

Trading and timing of entry and exit is supported by technical analysis using a number of indicators and monitoring of open interest in interest rate futures. The final set of data used in

portfolio construction is that of the information flow from the Manager's network of market participants which provides valuable information as 65% to 75% of all debt issued by the Australian government is bought by offshore investors.

The Manager combines the data points to create an optimal portfolio, which includes duration adjustments and the selected curve exposures and individual securities.

Risk Management & Analysis

The Fund investments have hard limits on entry and exit with both floors and ceilings being pre-determined before trades are entered. Typically an individual security does not exceed 20% of Fund NAV.

The Fund may use derivatives for hedging purposes and to replicate the underlying security positions in the form of futures contracts listed on the Sydney Futures Exchange. The use of futures may generate some gearing to the Fund which the management team will control using a risk adjusted framework.

As the Fund invests only in bonds backed by AAA and AA rated Government & semi-state government and agencies there are no liquidity issues, when entering and/or exiting positions.

Operational, Business Risk and Compliance

The Manager has established an external Risk and Compliance Committee composed of Sam Cole, the Responsible Manager on the JCB AFSL, Murray Jones, Managing Director of CRS Certus (a Melbourne-based Compliance and Risk Consultancy) and Angus Coote.

On a daily basis, White Outsourcing, as Administrator provides an independent, automated report of positions and risk. The independent reporting on the portfolio by the administrator and the use of an independent compliance consultant significantly enhances the risk and operational controls of the Fund.

The Manager has a Compliance Manual, developed in conjunction with CRS, and a Disaster Recovery Plan. All IT systems are cloud-based and can be run from external hardware.

The Management Company has also out-sourced Legal, Administrative and Accounting functions to well-known and established industry service providers.

Dealing is conducted through YieldBroker, a well-known institutional investment banking fixed interest dealing platform. Orders are submitted for quotes to six dealing firms/market makers and then executed at the best price.

The principal operational concern relates to Key Person Risk resulting from absence of one of the Fund Managers (Jamieson or Coote). This risk relates more to the ongoing management of the portfolio, than the ability of the Board to affect an orderly wind down in the event the Fund needs to be liquidated.

Investor Relations

The Fund's monthly report is comprehensive with return and holdings data, key performance indicators as well as extensive market commentary.

The Fund has issued an Information Memorandum (IM) dated 22 September 2014.

Structure, Terms & Conditions and Fees

Jamieson Coote Bonds Pty Ltd (ABN 12 165 890 282) is an Australian company which was registered with ASIC in 2013. The company holds AFS Licence number 4459018.

The Fund is structured as a registered Australian domiciled Unit Trust and is open to wholesale investors via an IM.

The minimum investment is \$50,000 with a minimum additional investment of \$10,000. There is no minimum redemption amount. Applications and redemptions are processed daily.

The Fund has a management fee of 0.65% per annum. There is a performance fee of 10% above the performance hurdle of 10% over the Bloomberg AUS Index, subject to high water mark

A buy/sell spread of 0.10% is applied to both investments and redemptions. All other Fund expenses are borne by the Manager out of their fees. All fees are subject to GST. The Fund distributes taxable income, if any, as at 30 June each year.

Jamieson Coote Bond Active Fund	
Strategy	Fixed Income - Long
Geographic Mandate	Australian
Domicile/Structure	Australian Unit Trust
Investor Type	Wholesale
Min. Investment	A\$50,000
Additional Investment	A\$10,000
Management Fee	0.65% p.a.
Performance Fee	10% p.a., with high water mark
Hurdle	10% over the BAUS Index
Min. Term	No minimum
Investment/Redemption	Daily
Buy / Sell Spread	0.10% / 0.10%
Inception Date	Dec-14
Fund Size	A\$10 million
Status	Open

Service Providers

Custodian:	White Outsourcing Pty Limited
Administrator:	White Outsourcing Pty Limited
Auditor:	Moore Stephens
Executing Broker:	Bluestone Legal

This Report is valid till November 2015

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