



JAMIESON COOTE BONDS

# PRODUCT DISCLOSURE STATEMENT

## CC JCB Active Bond Fund APIR: CHN0005AU

### Class A

30 September 2022

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This Product Disclosure Statement ('PDS') provides a summary of significant information about the CC JCB Active Bond Fund (ARSN 610 435 302) ('the Fund') and the Class A Unit Class ('Class A') together with references to additional important information about the Fund which is available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by calling us on 1800 940 599. References to additional information are highlighted with a ⓘ. It is important that you read this PDS and the additional information (which forms part of this PDS) before making a decision about the Fund.

The information in the PDS is general information only and does not take into consideration your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

An investment in the Fund is an investment in a registered managed investment scheme. An investment in the Fund is not a bank deposit, bank security or other bank liability. There is no guarantee of the repayment of capital from the Fund or the investment performance of the Fund.

The offer made in this PDS is only available to persons to whom the RE or JCB has notified as being eligible to participate in the offer and who have received this PDS (electronically or otherwise) within Australia. Applications from outside Australia, or from applicants whom the RE or JCB has not notified as being eligible to participate in the offer, will not be accepted.

### Updated Information

Information in this PDS may change. Any updates to information that are not materially adverse to investors will be provided at [www.channelcapital.com.au](http://www.channelcapital.com.au). Please check the website or call us or your financial adviser for any updates prior to investing. A paper copy of any updates will be provided free of charge upon request.

# 1 About Channel

Channel Investment Management Limited ACN 163 234 240 AFSL439007 ('Channel', 'RE', 'we', 'our' or 'us') is a trustee and manager of a number of managed investment schemes. Channel Capital Pty Ltd provides investment management infrastructure and services across several asset classes and is the holding company of Channel.

CIML is licensed under the Corporations Act 2001 (Cth) ('Corporations Act') to act as responsible entity of the Fund. We are responsible for managing the Fund in accordance with the Corporations Act and the constitution of the Fund. You can obtain a copy of the constitution by contacting us and requesting a copy be made available to you.

Channel has appointed JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018 ('JCB') as the investment manager of the Fund. JCB is a specialist bond fund manager based in Melbourne and operated by its founders, Charles Jamieson and Angus Coote. Charles and Angus have several decades of experience in the global bond market. Both have considerable experience in both the Australian and international bond markets.

## Investment philosophy

JCB is an active, fixed income manager with a macro economic, risk-adjusted investment process. JCB use a strict and disciplined approach honed across years of global market experience and careful management of downside risk. JCB aims to have the majority of the Fund's portfolio invested in long positions in Government Bonds, Supranational Bonds and/or Public Finance Agency Bonds. JCB will only invest in Public Finance Agency Bonds that are explicitly guaranteed by a government.

## Investment strategy

In pursuing the Fund's investment objective, JCB use fundamental and technical analysis to make bond security selections and adjust duration exposures (against the

Benchmark) with a view to generating the optimal risk-adjusted portfolio. Security selections are set with hard limits on entry and exit with both floors and ceilings being pre-determined before investments are acquired. The JCB investment process aims to deliver the benefits of a defensive bond allocation with the overlay of active management.

## Investment universe

The Fund aims to hold bond securities that are AAA or AA rated, backed by a government, supranational or Public Finance Agency and issued in Australian dollars. 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. All futures will be exchange-traded. The use of futures may generate some gearing to the Fund which the management team will control using a risk-adjusted framework.

# 2 How the CC JCB Active Bond Fund works

The Fund is an Australian registered managed investment scheme in which amounts invested by individual investors are pooled to buy assets on behalf of all investors in the Fund.

When you invest in the Fund you are issued with Units. Your Units represent a beneficial interest in the Fund's assets as a whole. Your investment is not a direct investment in specific Fund assets. The value of your investment changes whenever Unit prices are recalculated. The price of Units will vary as the market value of the Fund's assets rise or fall. The most recent Unit prices are available at [www.channelcapital.com.au](http://www.channelcapital.com.au).

This PDS applies to Class A Units. We have on issue two classes of Units in the Fund. These classes of units have, and any further classes of units we may offer in the future may have, different rights and restrictions and different classes of units will be offered via a separate PDS or Information Memorandum. We treat all investors within a class of units equally and investors in different classes fairly.

<b>Minimum initial investment</b>	
<b>Indirect investors via IDPS</b>	No minimum investment. Refer to your IDPS operator's requirements.
<b>Direct investors</b>	\$100,000. However, the RE has discretion to accept lower amounts.
<b>Minimum additional investment</b>	
You can increase your investment in the Fund by applying to acquire additional Units, subject to the minimum additional investment amounts set out below.	
<b>Indirect investors via IDPS</b>	No minimum investment. Refer to your IDPS operator's requirements.
<b>Direct investors</b>	\$50,000. However, the RE has discretion to accept lower amounts.
<b>Minimum investment balance</b>	
<b>Indirect investors via IDPS</b>	No minimum investment. Refer to your IDPS operator's requirements.
<b>Direct investors</b>	\$100,000. However, the RE has discretion to permit a lower minimum investment balance.
<b>Unit prices</b>	Unit prices are calculated daily on each Business Day.
<b>Income distribution</b>	Semi-annually for the periods ending 31 December and 30 June each year, where income is available. Where distributions are paid, you can elect to either have your distributions automatically reinvested or paid directly into a nominated Australian financial institution account.
<b>Withdrawal</b>	You can decrease your investment in the Fund by withdrawing some or all of your Units. Written withdrawal requests should be lodged by email or mail with the RE prior to 12 noon (Sydney time) on any Business Day. The withdrawal amount payable is calculated using the withdrawal price as at close of business on that day. If a withdrawal request is received after 12 noon (Sydney time) or on a non-Business Day, it is deemed to be received the following Business Day, and the withdrawal amount payable is calculated using the Unit price for that Business Day.  The RE endeavours to ensure that all withdrawal proceeds are paid within 7 Business Days 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. In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw their investment within the usual period upon request.



You should read the important information about 'How the CC JCB Active Bond Fund works' before making a decision. Go to 'Additional Information to the PDS' at [www.channelcapital.com.au](http://www.channelcapital.com.au). The material relating to 'How the CC JCB Active Bond Fund works' may change between the time you read this PDS and the day you sign the Application Form.

### 3 Benefits of investing in the CC JCB Active Bond Fund

A summary of the features and benefits of investing in the Fund is as follows:

<b>Active management</b>	The Fund is managed by JCB, a specialist fixed income manager with significant global investment management expertise. Investment in 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.
<b>Diversification</b>	An investment in the Fund offers diversity to a portfolio. When Government, Supranational Bonds and/or Public Finance Agency 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.
<b>Income</b>	The Fund's underlying securities are backed by Government, Supranational or Public Finance Agency Bond issuers. The income generated by bond securities is consistent and regular (usually semi-annual).
<b>Liquidity</b>	The underlying market of Australian Government, Semi Government, Supranational and Public Finance Agency Bonds are liquid positions that can generally be bought or sold with ease.

### 4 Risks of managed investment schemes

Investors need to understand the investment risks involved before investing in the Fund.

All investments carry risk. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments and the level of returns will vary. Future returns may differ from past returns and past performance is not a reliable guide to future performance.

Neither the RE, JCB, their directors, associates nor any of their related bodies guarantee the success of the Fund, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by the RE or JCB or any other person or party and you may lose some or all of your investment.

Some of the key risks that may impact the value of your investment in the Fund are outlined below. You need to consider the level of risk that you are comfortable with, taking into account factors such as your age, your investment time frame, other assets and investments you have and your overall tolerance for risk.

#### Credit risk

Credit risk is the risk that changes in the credit worthiness (ability to pay) of an issuer comes into question. As a result of a change in credit quality, gains or losses can occur to the prices of the underlying bond of that issuer. In extreme cases, defaults (inability to pay interest or principal) can occur and the underlying price of the bonds of that issuer are marked down significantly, if not entirely. While Government, Supranational Bonds and/or Public Finance Agency Bonds carry the lowest levels of bond risk, a level of credit risk still exists.

#### Credit ratings risk

The Fund invests in securities that may have been assigned credit ratings by external ratings agencies. A rating downgrade could reduce the value of a security. Credit ratings do not guarantee the credit quality of a security, its underlying assets or its repayments, and may be re-assessed by rating agencies in a range of circumstances.

#### Inflation risk

There is a risk that the rate of inflation may exceed the net after-tax return from your investment. Thus, the purchasing power of an investment may not keep pace with inflation.

#### Interest rate risk

Interest rate risk is the risk to an investment that is caused to the underlying asset when interest rates rise or fall. Whilst capital gains can be made in an environment where interest rates fall, capital losses on bond portfolios can occur in an increasing interest rate scenario if the bonds are realised prior to maturity.

#### Investment risk

The Fund seeks to generate higher returns than traditional cash investments. The risk of an investment in the Fund is higher than an investment in a typical bank account or term deposit. Amounts distributed to unitholders may fluctuate, as may the Unit price. The Unit price may vary by material amounts, even over short periods of time, including during the period between a redemption request being made and the time the redemption Unit price is calculated.

#### Model risk

The Investment Manager uses a financial model as part of the investment or risk management processes; however, there is no guarantee that the model will perform as expected.

#### Sovereign default risk

Sovereign default risk refers to the default of a government issuer that is unable to repay its interest or principal on its bond issuance and, as a result, is unable to pay its country's debts.

#### Derivative risk

JCB will have the ability to use gearing in the form of bond futures. 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. Bond futures can have the ability to magnify both profits and losses. There is also a liquidity risk associated with bond futures in that it may be difficult in times of volatility to trade in reasonable size.

#### Liquidity risk

Investments may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or the Fund's exposure is unable to be rebalanced within a timely period and at a fair price, potentially resulting in delays in redemption processing, or even the suspension of redemptions.

If we are required to process a large redemption or application, the exposure of the Fund to particular investments, sectors or asset classes may be altered significantly due to the security sales or purchases required.

### Counterparty risk

This is the risk that any of the counterparties which the Fund deals with may default on their obligations to pay monies or deliver securities to the Fund. This may result in a loss.

### Fund risk

The risk that changes to the Fund such as key staff termination, changes to fees or changes to government policies, regulation and laws that may affect the Fund, can have an impact on the potential returns.

### Market risk

The return on a particular security may be influenced by macro-economic factors including other security returns in investment markets similar assets classes or regions.

### Withdrawal risk

The risk that the usual timeframe for withdrawal requests is not met, or the RE suspends withdrawals from the Fund due to severe adverse market conditions.

### Operational risk

Operational risk is the risk of loss or damage resulting from inadequate or failed internal processes, people and systems or from external events. JCB, the RE or the Fund may experience losses, adverse regulatory consequences or reputational damage due to a variety of operational risks, including inadequate or failed internal or external processes, people or systems, internal or external fraud, cyber security attacks or cyber incidents including deliberate or unintentional events, errors by counterparties under outsourcing arrangements and inadequate business continuity planning, and due to key person risk. The extent of your exposure to losses from the operational risks of parties not under your

control may be determined, in part, by applicable law and/or contractual provisions that allocate or limit liability. The Investment Manager and the RE manage operational risk through the oversight arrangements, systems, procedures and policies which have been established as part of a governance, risk management and compliance framework.

### Regulatory risk

The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting managed investment schemes.

### Foreign investment risk

Additional risks may arise when investing overseas, including changes in foreign exchange control regulations, foreign tax legislation and withholding tax and government policy. Additionally, differences in accounting, legal, securities trading and settlement procedures can also impact on the value of the Fund's investments.

### Investment manager and RE risk

The success of the Fund depends upon our ability to develop and implement investment processes and identify investment opportunities that achieve the investment objectives of the Fund. Matters such as the loss of key staff, the replacement of Channel as RE or JCB as investment manager of the Fund, or the failure of either Channel or JCB to perform as expected may negatively impact returns, risks and/or liquidity.

### Climate Change Risk

The value of some investments may be adversely affected by climate change as a result of the transition or shift to a lower carbon economy. This may be impacted by how governments choose to regulate, how businesses operate and/or how individuals consume. Comparably, physical impacts of climate change from extreme weather (floods, storms, droughts and bushfires) and the related damage associated with such events, may also impact assets values.

## 5 How we invest your money

Before deciding whether to apply for Units, you should consider the likely investment return, the risks involved in investing in Units and your investment time frame.

<b>Objective</b>	Outperform the Bloomberg AusBond Treasury 0+ Yr Index (Benchmark) over rolling 3 year periods.
<b>Strategy</b>	To use fundamental and technical analysis to make individual bond security selections and adjust duration exposures (against the Benchmark) with a view to generating the optimal risk-adjusted portfolio.
<b>Asset classes and allocation</b>	<ul style="list-style-type: none"> <li>• AAA or AA rated bond securities backed by a government, supranational or a Public Finance Agency and issued in Australian dollars. JCB will only invest in Public Finance Agency Bonds that are explicitly guaranteed by a government.</li> </ul> <p><b>Target ranges#</b></p> <ul style="list-style-type: none"> <li>• Bond securities – 80-100%</li> <li>• Derivatives – 0-50%</li> <li>• Cash – 0-10%</li> <li>• Individual bond security selection not to exceed 20% of the Fund's net asset value.</li> </ul>
<b>Duration</b>	+/- 3yrs of duration vs. the Benchmark
<b>Base currency</b>	AUD
<b>Currency hedging</b>	Unhedged – no currency exposure.
<b>Suitable for</b>	Investors looking for income, diversification and defensive investment characteristics, uncorrelated to other asset classes.
<b>Risk level</b>	Low to Medium.
<b>Minimum suggested timeframe (not a recommendation) for holding the investment</b>	Medium term (3yrs+).

<b>Switching</b>	Investors may choose to switch all or part of their investment in Units to another class of units in the Fund. Switching is treated as a withdrawal from one class and an investment in another. The rules applicable to initial investments (including any restrictions applying to an investment in a particular class) and withdrawals apply except that the buy/sell costs may be waived.
<b>Labour standards, environmental, social and ethical considerations</b>	The RE does not explicitly take into account these considerations in the selection, retention or realisation of investments and does not have a specific methodology for the extent to which these factors are considered. JCB takes into account these considerations as part of its investment process in evaluating bond securities for investment but does not have a specific methodology or weightings system for the extent to which these considerations are taken into account when selecting, retaining and realising investments in the Fund.
<b>Up to date information</b>	Subject to the Corporations Act or the Fund's constitution we have the discretion to make changes to the Fund at any time. We will inform investors of any material changes to the Fund's details. For up to date information about the Fund please refer to the website at <a href="http://www.channelcapital.com.au">www.channelcapital.com.au</a> .

# In order to carry out the investment strategy and achieve the objective set out above, the asset allocation target ranges may vary significantly from time to time.

## 6 Fees and other costs

Consumer and advisory warning

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member

services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

You should read all of the information about fees and costs because it is important to understand their impact on your investment. The information in this section below can be used to compare costs between different simple managed investment schemes.

### Fees and costs summary

<b>CC JCB Active Bond Fund Class A</b>		
<b>Type of fee or cost</b>	<b>Amount</b>	<b>How and when paid</b>
Ongoing annual fees and costs		
<i>Management fees and costs</i> The fees and costs for managing your investment	Management fees and costs of 0.55% per annum of the NAV of the Fund for Class A Units, comprised of: <ul style="list-style-type: none"> <li>a management fee of 0.45% per annum of the NAV of the Fund for Class A Units ('<b>Management fee</b>'); and</li> <li>an administration fee of 0.10% per annum of the NAV of the Fund for Class A Units ('<b>Administration fee</b>'); and</li> <li>indirect costs of 0.00% per annum of the NAV of the Fund for Class A Units.</li> </ul>	The Management fee is calculated in relation to the NAV of the Fund relating to Class A Units. This fee is calculated and accrued daily and is reflected in the Fund's unit price. This fee is deducted from the assets of the Fund and is generally paid monthly in arrears. The deduction of the Management fee is reflected in the Fund's unit price.  The Administration fee (which is included in the management fees and cost) is calculated in relation to the NAV of the Fund relating to Class A Units. This fee is calculated and accrued daily and is reflected in the Fund's unit price. This cost is deducted from the assets of the Fund and is generally paid monthly in arrears. The deduction of the Administration fee is reflected in the Fund's unit price. The RE pays the expenses of the Fund (other than the extraordinary expenses and Transaction costs) and indirect costs from the Administration fee.  Extraordinary expenses (if incurred) are paid from the Fund's assets as and when incurred.

<i>Performance fees</i> <sup>2</sup> Amounts deducted from your investment in relation to the performance of the product	Nil	Although the Fund's constitution provides that the RE may be entitled to a Performance Fee, the RE has determined that it does not have the right to charge a performance fee and as such this fee is not payable by the Fund.
<i>Transaction costs</i> The costs incurred by the scheme when buying or selling assets	0.00% per annum of the NAV of the Fund for Class A Units	Transaction costs generally arise as a result of applications and redemptions and the day-to-day trading of the Fund and are deducted from the assets of the Fund as and when incurred.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>3</sup></b>		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not applicable.
<i>Buy-sell spread</i> <sup>4</sup> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.05% of the application amount on application and 0.05% of the withdrawal amount on withdrawal.	The buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and withdrawing Unitholders respectively at the time of the relevant application or withdrawal.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not applicable.
<i>Exit fee</i> The fee to close your investment	Nil	Not applicable.
<i>Switching fee</i> The fee for changing investment options	Nil	Not applicable.

<sup>1</sup> The amount of this fee can be negotiated (for wholesale clients).

<sup>2</sup> Please note the performance fee payable in future years may be higher than the amount stated above in periods of strong performance by the Fund.

<sup>3</sup> Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. Please refer to the 'Remuneration of financial advisers' sub-section in the Additional Information to the PDS for further information.

<sup>4</sup> The buy-sell spread is current as at the date of preparation of this PDS.

### Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for the Class A Units in the Fund can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

<b>EXAMPLE – CC JCB Active Bond Fund Class A</b>		<b>BALANCE OF \$150,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR<sup>1</sup></b>
<b>Contribution fees</b>	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0</b>
<b>PLUS Management fees and costs</b>	0.55% per annum	<b>And</b> , for every \$150,000 you have in the Fund, you will be charged or have deducted from your investment <b>\$825.00</b> each year
<b>PLUS Performance fees</b>	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
<b>PLUS Transaction costs</b>	0.00% per annum	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in transaction costs
<b>EQUALS Cost of the CC JCB Active Bond Fund Class A</b>	If you had an investment of \$150,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of <b>\$825.00</b> . <sup>2</sup> <b>What it costs you will depend on the fees you negotiate.</b>	

<sup>1</sup> The example above assumes that the \$5,000 contribution was made on the last day of the year and the value of the investment is constant. This calculation is therefore calculated using the \$150,000 balance only.

<sup>2</sup> Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. Please also note a buy-sell spread may apply to investments into and withdrawals from the Fund, which is not taken into account in this example.

### Fees Paid to a Financial Adviser

**If you have a financial adviser, then you may also have to pay additional fees to your adviser.** You should refer to your Statement of Advice which details any fees that may be payable for their advice.

## Changes to Fees

The Fund's constitution sets out the fees and expenses payable by the Fund. All fees in this PDS can change without the consent of the Unitholders. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. You will be given written notice of any variation of fees charged by the Fund in accordance with the Corporations Act (for example, where there is an increase in management fees, or charges, or an increase to or introduction of a performance fee, you will be notified 30 days before the increase or introduction takes effect). Changes to expenses, indirect costs, transaction costs and the buy-sell spread do not require prior notice to investors.



You should read the important information about 'Fees and Costs' before making a decision to invest in the Fund.

Go to 'Additional Information to the PDS' at [www.channelcapital.com.au](http://www.channelcapital.com.au). The material relating to 'Fees and Costs' may change between the time when you read this PDS and the day when you acquire the product.

## 7 How managed investment schemes are taxed

**Warning:** Investing in a managed investment scheme is likely to have tax consequences. It is strongly recommended that investors obtain advice from their professional advisers, particular to their own circumstances, prior to investing or otherwise dealing with their Units.

The tax comments below are only relevant for Australian resident investors that hold their Units on capital account. Further, they may not be relevant for investors that are subject to special tax rules such as banks, superannuation funds, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

**Will I be liable to pay tax on distributions made by the Fund?**

Managed investment schemes are generally not subject to tax on the net income and net capital gains generated by the Fund. Rather, you will generally be assessed on your proportionate share of the net income (including net capital gains) generated by the Fund.

This is the case even where distributions are reinvested into the Fund or where no cash distributions are made by the Fund to investors. We will send you an annual tax distribution statement each year to assist in the preparation of your income tax return.

**Will I be liable to pay tax when I withdraw money from the Fund?**

If you are an Australian resident investor, when you withdraw or transfer Units, you will generally be required to include the resulting capital gain or loss in your net capital gain calculation for the relevant income year. Tax should be payable on any net capital gain that you make for that income year.

**What is the composition of distributions likely to be?**

Taxable distributions from the Fund should primarily be in the form of capital gains, domestic dividend income or foreign sourced dividend income. Income tax offset entitlements may be attached to such distributions made by the Fund, including tax offsets for imputation credits attached to domestic dividend income and tax offsets for foreign withholding tax levied on income received and gains made by the Fund. Non-

assessable (ie tax deferred or tax free) distributions may also be made by the Fund.

Any tax losses or capital losses made by the Fund cannot be distributed to investors.

**Do I have to provide a Tax File Number ('TFN') or an Australian Business Number ('ABN')?**

No. However, if you do not provide your TFN or ABN or claim an exemption, the Fund is required to deduct tax at the top marginal tax rate plus Medicare levy on the taxable component of any distributions.

**What is FATCA and CRS and how does it apply to me?**

Pursuant to the United States of America, Foreign Account Tax Compliance Act (FATCA), institutions defined as 'foreign financial institutions' (which includes us) are required to comply with certain requirements including the provision of information to the United States of America Internal Revenue Service (IRS). The information only relates to investors who we identify as US residents or those whose residency we cannot identify due to insufficient information being provided ('non-compliant account holders'). The Australian Government has an intergovernmental agreement (IGA) with the US Government to minimise the impact of FATCA on Australian stakeholders. Under the terms of the IGA, we will provide the ATO with any required FATCA information which would otherwise be submitted to the IRS, and there will be no obligations for us to withhold tax for FATCA purposes from any payments.

Similarly, the OECD has developed a Common Reporting Standard (CRS) regime for the reporting and exchange of information in respect of foreign tax residents, which has been adopted in Australia. Under the CRS regime, we report certain financial information to the ATO in respect of investors identified as foreign residents and the ATO exchanges that information with overseas revenue authorities, where that country has become a party to the CRS regime.

## 8 How to apply

**Direct investors**

A copy of the Application Form can be obtained by contacting Channel on 1800 940 599 or by email to [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au).

To invest, simply complete the Application Form (including the provision of other documentation required for identification purposes) and return it to:

**Channel Investment Management Limited**

Client Services, GPO Box 206 Brisbane QLD 4001

Application monies can be paid via electronic funds transfer. Please contact Channel Client Services for bank details.

**Indirect investors**

If you are investing via an IDPS, please do not complete our Application Form. Instead, complete the forms the IDPS operator requires and if you have further enquiries, that operator can help. We authorise the use of this PDS as disclosure to investors who invest via an IDPS.

**Cooling off period**

If you are a Retail Client (as defined in the Corporations Act) and are investing directly in the Fund, you have a 14-day cooling off period in relation to your investment.

The cooling off period applies if the investment into the Fund is either new or additional and is not a reinvestment of distributions, and where you have not exercised any rights conferred by the investment during the cooling off period. You may exercise your cooling off rights within a period of 14 days commencing on the earlier of the time your application is confirmed, or the end of the fifth Business Day after your Units are issued.

In the event you exercise your cooling off rights the amount you receive will reflect any movement (either up or down) in the Unit price of the Fund which means there may be capital gains tax implications for you. We may also be obliged to deduct any tax or duty incurred by us and reasonable administrative and transaction costs. As a result, the amount returned to you may be less than the amount initially invested.

Cooling off rights do not apply where the Fund is not liquid (as defined in the Corporations Act).

## Complaints resolution

We aim to resolve any concerns or complaints quickly and fairly and we will respond within 30 calendar days after receiving the complaint. If you have a concern or complaint about any aspect of your investment in the Fund, please contact us at:

### Channel Investment Management Limited

GPO Box 206

Brisbane QLD 4001

☎ 1800 940 599 ✉ [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au)

We are a member of and participate in the Australian Financial Complaints Authority ('AFCA'), an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved you are entitled to make a complaint to AFCA at the following address:

### Australian Financial Complaints Authority

GPO Box 3

Melbourne VIC 3001

☎ 1800 931 678 ✉ [info@afca.org.au](mailto:info@afca.org.au)

Investors investing through an IDPS should, in the first instance, contact the IDPS operator.

## 9 Other information

### Keeping you informed

As an investor in the Fund you will receive:

- confirmation of your investments, withdrawals and switches;
- an annual tax statement;
- a periodic statement detailing the transactions during the period and the balance of your investment;
- a distribution statement, following each distribution; and
- the annual accounts for the Fund.

### Availability of documents

As a disclosing entity for Corporations Act purposes, the Fund is subject to regular reporting and disclosure obligations and copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

A copy of the annual financial report for the Fund most recently lodged with ASIC can be obtained free of charge from us upon request. We satisfy our continuous disclosure obligations for the Fund by publishing material information on our website at [www.channelcapital.com.au](http://www.channelcapital.com.au). Accordingly, given the disclosure of material information will be made on our website, we are not required to lodge continuous disclosure notices for the Fund with ASIC.

## Consent

JCB has consented to the inclusion of the statements about JCB provided in sections 1, 3 and 5 in the form and context in which those statements are included.

## Terms used in this PDS

**Administration Fee** means the fee payable to the RE to cover Fund expenses as described in section 6.

**Australian Government Bonds** means bonds issued by the Australian Commonwealth Government.

**Benchmark** means the Bloomberg AusBond Treasury 0+ Yr Index which is engineered to measure the market of securities issued by the Commonwealth Government of Australia. This is a legacy UBS index and is a subset of the Bloomberg AusBond Composite Bond Index. It is a rules-based, market value weighted index which includes bonds maturing in 0+ years.

**Business Day** means a day other than a Saturday, Sunday or a public holiday in Sydney, New South Wales.

**Class A Unit/s** means a unit/s in the Fund.

**Fund** means the CC JCB Active Bond Fund ARSN 610 435 302.

**Government Bonds** means bonds issued with the explicit backing of a government.

**IDPS** means Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody service (collectively known as master trusts or wrap accounts).

**JCB** means JamiesonCooteBonds Pty Ltd ACN 165 890 282 AFSL 459018.

**Management Fee** means the fee payable to the RE for managing the Fund's investments as described in section 6.

**Net Asset Value** or **NAV** means Fund assets less Fund liabilities

**Outperformance** or **Outperform** means performance in excess of the Benchmark.

**Public Finance Agency** means a finance agency of a government which has an explicit guarantee by the government on the issue of its bonds.

**Public Finance Agency Bonds** means bonds issued by a Public Finance Agency.

**RE or Channel** means the responsible entity of the Fund, Channel Investment Management Limited ACN 163 234 240 AFSL 439007.

**Semi Government Bonds** means bonds issued by Australian state governments (for example, the Treasury Corporation of Victoria).

**Supranational Bonds** means bonds issued by two or more central governments to promote economic development for its member countries (for example, the World Bank).

**Unit/s** means a Class A unit/s in the Fund.





JAMIESON COOTE BONDS

# ADDITIONAL INFORMATION TO THE PRODUCT DISCLOSURE STATEMENT

CC JCB Active Bond Fund APIR: CHN0005AU  
Class A

30 September 2022

## Contents

### Channel Client Services

GPO Box 206  
Brisbane QLD 4001

**t** 1800 940 599

**e** [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au)

The information in this document forms part of the Product Disclosure Statement ('PDS') dated 30 September 2022 issued by Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('RE') about the CC JCB Active Bond Fund (ARSN 610 435 302) ('the Fund').

You should read this information together with the PDS before making a decision to invest in the Fund.

The information is general information only and does not take into consideration your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

### Updated Information

Information in this Additional Information may change. Any updates to information that are not materially adverse to investors will be provided at [www.channelcapital.com.au](http://www.channelcapital.com.au). Please check the website or call us or your financial adviser for any updates prior to investing. A paper copy of any updates will be provided free of charge upon request.

### Bloomberg Disclaimer

Bloomberg®, Bloomberg AusBond Treasury 0+ Yr Index and Bloomberg AusBond Composite Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ('BISL'), the administrator of the index (collectively, 'Bloomberg'), and have been licensed for use for certain purposes by the RE. The Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly. The only relationship of Bloomberg to the RE is the licensing of certain trademarks, trade names and service marks and of the Bloomberg AusBond Treasury 0+ Yr Index and Bloomberg AusBond Composite Bond Index, which is determined, composed and calculated by BISL without regard to the RE or the Fund. Bloomberg has no obligation to take the needs of the RE or the owners of the Fund into consideration in determining, composing or calculating the Bloomberg AusBond Treasury 0+ Yr Index and Bloomberg AusBond Composite Bond Index. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the units in the Fund to be issued. Bloomberg shall not have any obligation or liability, including, without limitation, to the Fund's customers, in connection with the administration, marketing or trading of the Fund. BLOOMBERG DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE BLOOMBERG AUSBOND TREASURY 0+ YR INDEX AND BLOOMBERG AUSBOND COMPOSITE BOND INDEX OR ANY DATA RELATED THERETO AND SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. BLOOMBERG DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE RE, OWNERS OF THE FUND OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG AUSBOND TREASURY 0+ AND BLOOMBERG AUSBOND COMPOSITE BOND INDEX OR ANY DATA RELATED THERETO. BLOOMBERG DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG AUSBOND TREASURY 0+ YR INDEX AND BLOOMBERG AUSBOND COMPOSITE BOND INDEX OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS, AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE FUND OR BLOOMBERG AUSBOND TREASURY 0+ YR INDEX AND BLOOMBERG AUSBOND COMPOSITE BOND INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

# 1 How the CC JCB Active Bond Fund works

## Additional investments

Additional investments can be made at any time by sending a completed additional unit application form, together with your electronic funds transfer (EFT) confirmation. It is not necessary for you to complete another Application Form. You can obtain an additional unit application form by contacting Channel Client Services. Additional investments are made on the basis of the PDS current at the time of investment. The latest PDS is available at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by calling 1800 940 599.

## How to withdraw

You can withdraw from your investment by sending us a completed withdrawal request form. You can obtain a withdrawal request form by contacting Channel Client Services on 1800 940 599.

Withdrawal requests must be signed by the appropriate authorised signatories.

Bank accounts must be in the name/s of the investor/s as specified in the Application Form or as otherwise notified to the RE.

Proceeds will be paid in Australian Dollars.

Partial withdrawals are subject to you maintaining a minimum balance of \$100,000.

## Restrictions on withdrawals

The RE endeavours to ensure that proceeds are paid within 7 Business Days from the date of receipt of the withdrawal request, although the Fund constitution permits up to 21 days to pay withdrawal proceeds after a withdrawal request is accepted.

Alternate withdrawal procedures will apply if the Fund is determined not to be liquid. The Fund is considered non-liquid if less than 80% of its assets are cash, marketable securities or assets which can be realised at market value within the period specified in the constitution.

If the Fund becomes non-liquid the withdrawal procedures set out in the Corporations Act will apply.

## Processing application and withdrawal requests

If we receive an application or withdrawal request by 12 noon (Sydney time) on a Business Day you will receive the Unit price for that Business Day. An application or withdrawal request received after 12 noon (Sydney time) will be processed using the Unit price for the following Business Day.

In circumstances where we receive an incomplete application or withdrawal request you will receive the Unit price applicable on the Business Day we receive the completed documentation and, for applications, cleared application funds.

## Unit pricing

A Unit price for each class of unit is usually calculated each Business Day by dividing the net asset value of

the Fund's assets apportioned to each applicable unit class by the number of units on issue in that class. The Fund's assets are valued in accordance with the Fund's constitution, based on market values of securities and other assets such as cash. Unit prices will vary as the market value of the Fund's assets rise or fall.

An allowance for transaction costs incurred in buying and selling Fund assets is added to, or subtracted from, the Unit price to determine an application price and a withdrawal price for each class of units.

The RE has a policy for unit pricing discretions we use in relation to the Fund for the purposes of Class Order 13/657. The unit pricing policy and discretions exercised by the RE are available from us free of charge upon request.

## Reinvestment of distributions

You can choose to reinvest some or all of your distributions. Distribution reinvestment is generally effective the first day following the end of the distribution period. No buy/sell transaction cost will apply to distribution reinvestments. For tax purposes certain components of a distribution are included as assessable income regardless of whether the distribution is reinvested.

## Transfers

You can request a transfer of some or all of your Units to a third party by completing and signing a transfer form and providing us with any other documentation required by us or any law. You can obtain a transfer form by contacting Client Services on 1800 940 599. The RE reserves the right to refuse to register a transfer of Units.

## Custodian

A custodian has been appointed to hold the assets of the Fund on our behalf. Any fees we pay to the custodian are paid out of the Administration Fee referred to in the following section and are not an additional charge to you.

# 2 Additional explanation of fees and costs

Set out below is additional information about Management fees and costs of the Fund, Performance fees, Transaction costs, and other information about fees and other costs in relation to the Fund.

## **Management fees and costs**

Management fees and costs are expressed as a percentage of the Fund's NAV relating to Class A Units. The Management fees and costs of the Fund include the Management fee, the Administration fee, expenses and indirect costs, if any. These costs are reflected in the unit price and are not an additional cost to you. These costs are reflected in the unit price and are not an additional cost to you. Management fees and costs do not include Transaction costs (i.e. costs associated with investing the underlying assets of the Fund, some of which may be recovered through buy-sell spreads).

## **Management fee**

CIML is entitled to a fee for managing and operating the

Fund. Under the Investment Management Agreement, JCB has been appointed to invest and manage the assets of the Fund and is entitled to a fee for doing so. The Management fee in this PDS refers to both CIML's and JCB's Management fee. The Management fee is calculated and accrued daily based on the NAV of the Fund relating to Class A Units and is reflected in the Fund's unit price. The Management fee is payable monthly in arrears out of the assets of the Fund. For the purposes of the table set out in section 6 of this PDS, the Management fee is expressed as a percentage of the Fund's net assets relating to Class A Units, and include GST less reduced input tax credits ('RITC').

### **Administration fee**

CIML is entitled to a monthly Administration fee of 0.10% per annum (inclusive of GST less any RITC) of the NAV of the Fund relating to Class A Units. This fee is calculated and accrued daily and is reflected in the fund's unit price. It is paid monthly in arrears out of the Fund's assets for administering the Fund.

CIML pays the expenses incurred in administering the Fund (other than extraordinary expenses and Transaction costs) from this Administration fee. Some of these expenses include:

- compliance and administration costs for the Fund (e.g. audit, fund administration, legal and taxation services);
- custody fees; and
- fees and expenses in relation to tasks outsourced by CIML.

### **Extraordinary expenses**

Generally, expenses incurred in managing the Fund will be paid from the Administration fee referred to above. However, if extraordinary expenses are incurred, CIML has the right under the Fund's constitution to recover extraordinary expenses out of the assets of the Fund. Extraordinary expenses are expected to occur infrequently and may include (without limitation):

- convening of an investors' meeting;
- termination of the Fund;
- amending the Fund's constitution;
- defending or bringing of litigation proceedings; and
- replacement of CIML as the responsible entity of the Fund.

The Management fees and costs disclosed in this PDS do not include any amount of extraordinary expenses, as based on the costs for the previous financial year (ending 30 June 2022), no extraordinary expenses were incurred.

### **Indirect costs**

Indirect costs of the Fund are costs (excluding the Management fee, Administration Fee, expenses, Transaction costs and buy-sell spread) incurred in managing the Fund's assets which CIML know, or reasonably estimate, have or will reduce the return on the Fund. Indirect costs include embedded costs within derivatives that CIML may use to gain exposure to the Fund's assets. These costs are generally deducted from the assets of the Fund when they are incurred and are reflected in the Fund's unit price. Indirect costs are an additional cost to an investor and are not directly charged

or retained by CIML for acting as the Fund's responsible entity. The indirect costs may vary from year to year, reflecting the actual costs incurred.

### **What are the transaction costs?**

In managing the assets of the fund, the Fund may incur transaction costs which may include, but are not limited to, brokerage (for example, securities lending fees on short sold stock as well as the transaction costs associated with Derivatives), buy-sell spread, settlement costs, clearing costs, and stamp duty custody transaction costs on investment transactions.

Transaction costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transaction costs not covered by the buy-sell spread. Transaction costs which are incurred, where it has not already been recovered by the buy-sell spread charged by CIML, are reflected in the Fund's Unit price. As these costs are factored into the asset value of the Fund's assets and reflected in the Unit price, they are an additional cost to you and are not a fee paid to CIML. Transaction costs are not included in the management fees and costs. Instead they are recovered from the assets of the Fund as and when they are incurred and therefore are an additional cost to you.

The total gross transaction costs incurred by the Fund for the financial year ending 30 June 2022 were approximately 0.02% per annum as a percentage of the Fund's average NAV relating to Class A Units for that period.

The transaction costs incurred in the previous financial year ending 30 June 2022 as set out in the 'Fees and costs summary' are shown net of any amount recovered by way of the buy-sell spread, and as a percentage of the Fund's average NAV relating to Class A Units in that period. These costs were approximately 0.00% per annum of the Fund's average NAV relating to Class A Units in that period.

Please note, the Fund's historical transaction costs may not provide an accurate indicator of the actual transaction costs that you may incur in the future.

### **Buy-sell spreads**

A buy-sell spread is an amount deducted from the value of a Unitholder's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or withdrawal.

The buy-sell spread as at the date of this PDS is 0.05% of the application amount on application and 0.05% of the withdrawal amount on withdrawal. The buy-sell spread cost to you is based on the transaction value. For example, if you made an application of \$150,000 into the Fund the buy-spread amount deducted from your application money would be \$75 ( $\$150,000 \times 0.05\%$ ).

The application of a buy-sell spread means that transaction costs for transactions initiated by you are allocated to you when initiating the transaction, rather than being spread across the whole Fund.

The buy-sell spread is reviewed on an annual basis to ensure it reflects up-to-date costs of acting on

transactions initiated by you.

There is no buy-sell spread on distributions from the Fund that are re-invested. CIML may vary the buy-sell spread from time to time and prior notice will not normally be provided to you. Updated information will be posted on CIML's website ([www.channelcapital.com.au](http://www.channelcapital.com.au)).

If buy and sell spreads are charged and represent only a portion of the Fund's Transaction costs incurred during a financial year, the balance of the Fund's Transaction costs will be borne by the Fund from the Fund's assets without any recovery from you. If buy and sell spreads charged exceed the Fund's Transaction costs during a financial year, the balance of the buy and sell spreads will be retained by the Fund.

### **Changes to fees**

The Fund's constitution sets out the fees and expenses payable by the Fund. All fees in this PDS can change without the consent of the Unitholders. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. You will be given written notice of any variation of fees charged by the Fund in accordance with the Corporations Act (for example, where there is an increase in Management fees, Performance fees, or charges, you will be notified 30 days before the increase takes effect). Changes to expenses, indirect costs, Transaction costs and the buy-sell spread do not require prior notice to you.

Any fees and costs stated in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time.

The Fund's constitution sets the maximum amount CIML can charge for all fees. If CIML wishes to raise fees above the amounts allowed for in the Fund's constitution, CIML will need to amend the Fund's constitution in accordance with the Corporations Act and the relevant provisions in the Fund's constitution.

CIML may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and expenses that CIML is entitled to receive under the Fund's constitution.

### **Maximum fees**

Please note that the fees set out below represent the maximum amounts payable under the Fund's constitution and are not the actual amounts charged. The Fund's constitution provides that the following fees may be payable to CIML:

- a) Management fee – the Fund's constitution permits CIML to charge a Management fee of up to 3.30% per annum (including GST) of the gross asset value of the Fund; and
- b) Administration fee – the Fund's constitution permits CIML to charge an Administration fee of up to 1.10% per annum (including GST) of the gross asset value of the Fund; and

- c) Performance fee – the Fund's constitution allows a performance fee of up to 38.50% (including GST) of the amount by which the Fund's performance outperforms the Fund benchmark. The RE does not currently charge a Performance fee; and
- d) removal fee – the Fund's constitution allows a removal fee of up to 5.50% (including GST) of the gross asset value of the Fund if CIML is removed as the responsible entity of the Fund (other than as a result of a determination by ASIC or an Australian Court, or on acknowledgement by CIML of its gross negligence in the management of the Fund or a material fiduciary breach). For example, if the Fund's gross asset value was \$5 million; CIML would be entitled to receive a removal fee of up to \$275,000 if removed as responsible entity of the Fund. The Management fee amount stated in the 'Fees and costs summary' in section 6 of the PDS does not include any removal fee.

### **Remuneration of financial advisers**

Your financial adviser (if you use one) may receive fees for services they provide to you. These fees and benefits will be directly paid by you and, depending on your adviser, may be deducted from your initial investment in the Fund by your adviser prior to you being allocated Units.

CIML does not pay commissions to financial advisers.

### **Payment to platforms**

Payments may be made to a platform where they include one or more funds operated by CIML on their menu. Any platform payments are deducted from the Management fee and are not a separate charge to you.

### **Differential fees**

There may be differing fee arrangements for you in different classes. Rebates of management fees and costs may be negotiated between JCB and / or CIML and certain wholesale clients as defined by the Corporations Act. These arrangements reflect terms privately agreed with each wholesale client. Neither JCB nor CIML (contact details can be found on the cover page of this additional information booklet) are under any obligation to make arrangements on these terms available to all other investors (including other wholesale clients).

### **Tax and Duties**

In addition to the fees and costs described in this Section, you should also consider the government taxes and other duties that may apply to an investment in the Fund.

All fees and expenses referred to in the PDS and this Section are quoted on a GST inclusive basis less any RITC available to the Fund, unless otherwise specified (refer to Section 6 of the PDS). The benefits of any tax deductions are not passed on to Unitholders.

See further information on taxation at Section 7.