JAMIESON COOTE BONDS

Fund Update as at 28 February 2025
CC JCB Active Bond Fund (APIR: CHN0005AU)

Fund Performance

Returns	1 month	3 months	FYTD	1 year	3 years p.a.	5 years p.a.	7 years p.a.	Since inception p.a. (03-Aug-2016)
Fund Net Return[1]	0.89%	1.22%	2.93%	2.93%	-0.68%	-1.53%	1.14%	1.05%
Benchmark Return[2]	0.90%	1.41%	3.39%	3.53%	-0.33%	-1.26%	1.45%	1.13%

Fund Benefits

Active Management

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

Superior Liquidity and Credit Quality

A domestic high grade bond strategy that invests in Australian Government, semi-Government and supranational bonds (AAA or AA rated securities), providing investors with superior liquidity and credit quality.

Diversification and Income

When bonds are held as part of a broader portfolio of different asset classes, diversification may assist in managing market volatility. Bond securities in general are considered a defensive asset class. The income generated by bond securities is consistent and regular (usually semi-annual).

Fund Facts

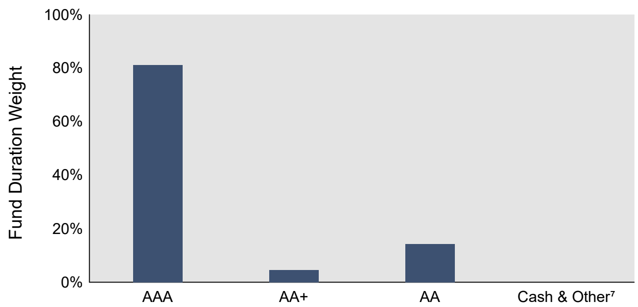
Investment Manager	JamiesonCooteBonds Pty Ltd
Structure	AAA or AA rated bond securities issued in Australian dollars
Inception Date	03 Aug 2016 [3]
Benchmark	Bloomberg AusBond Treasury 0+ Yr Index
Management Fee	0.45% p.a.[4]
Administration Fee	0.10% p.a.[4]
Buy / Sell Spread	0.05% / 0.05%
Distributions	Semi-annual
Fund Size	AUD $1,220 million [5]

Fund Characteristics

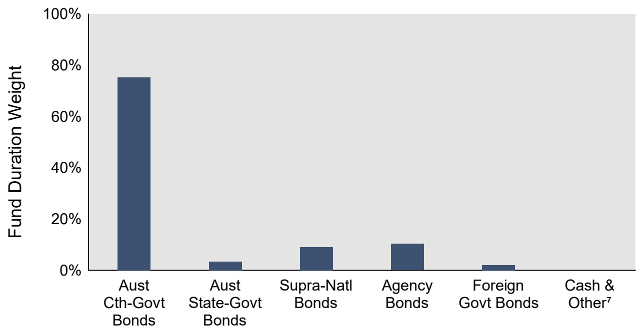
Characteristics[6]	Fund	Benchmark[2]
Modified Duration (yrs)	5.47	5.07
Yield to Maturity (%)	4.24	4.01
Weighted Ave. Credit Rating	AAA	AAA
Cash Weighting (%)	0.57	n/a

Source: JamiesonCooteBonds Pty Ltd.

Allocation by Rating (Duration Weight)[6]



Allocation by Sector (Duration Weight)[6]



Platform Availabilty

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

Further Information

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[1] Performance is for the CC JCB Active Bond Fund (APIR: CHN0005AU), also referred to as Class A units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs. Individual Investor level taxes are not taken into account when calculating returns.This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. [2] Benchmark refers to the Bloomberg AusBond Treasury 0+ Yr Index. [3] Inception Date for performance calculation purposes. [4] All figures disclosed include the net effect of GST and RITC. [5] Fund size refers to the CC JCB Active Bond Fund ARSN 610 435 302. [6] Refer to Definition of Terms. [7] Cash & Other includes cash at bank, outstanding settlements and futures margin accounts.

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Market Review & Outlook

Global markets have spent the first full month of the Trump 2.0 era adjusting to his new policies, and as anticipated, the administration has come out swinging, causing significant disruption in both global markets and international political circles. During his first term (Trump 1.0), the focus was firmly on equity market performance, and many policy decisions reflected this priority. Ironically, Trump entered the White House in a period of economic strength—thanks largely to Democratic fiscal policies—and with US equities at record highs, trading at lofty multiples. Meanwhile, global economic conditions remained fragile, and crude oil demand remained subdued, keeping prices lower for US consumers. Effectively, Trump inherited an economy that was already in good shape.

However, February served as a stark reminder of the volatility created by economic and policy uncertainty, which investors strongly dislike. This uncertainty could provide a preview of the next four years under this administration and the broader implications for global markets. As uncertainty rises, risk premiums will likely increase, influencing asset allocation decisions across the board. February’s trading was particularly volatile, driven by fluctuating tariff headlines. The month began with optimism after the 25% tariffs on Mexico and China were postponed, but as tariffs resurfaced and US economic data weakened, the mood shifted. The result was a sharp pullback in equity markets, particularly for the US technology sector, which saw its worst month since 2022. This shift pushed large allocations into sovereign bonds and other safe-haven assets, signaling potential future trends.

It appears the Trump administration’s focus has pivoted from Wall Street to the bond market, signaling a potential shift in policy priorities. The increasing risk and uncertainty may mean that markets will be less reliant on the bond vigilantes, and the Treasury could become the primary barometer of policy, with equity markets needing more scrutiny. Even Bitcoin, often seen as the ultimate risk asset, has seen a 23% drop since inauguration, reflecting broader market concerns.

Furthermore, cracks are beginning to show in the US exceptionalism narrative. Soft data has started to turn negative, with both business and consumer confidence declining. This could eventually translate into a sharp slowdown as the shift from fiscal easing to fiscal tightening takes effect. The rally in bonds, driven by a global economic slowdown, reduced Treasury bond supply, and lower energy prices, aligns with the White House’s objective to lower US bond yields. Treasury Secretary Scott Bessent has made it clear that the administration is focused on the 10-year Treasury yield, underscoring the growing importance of the bond market in their policy framework. This environment sets the stage for a strong fixed income market, supported by geopolitical uncertainty, a slowing economy, and disinflationary pressures from lower energy prices. The old market adage of "don’t fight the Fed" may now need to be adjusted to "don’t fight the Treasury."

Looking ahead, the geopolitical and economic landscape suggests continued volatility and an increased focus on fixed income markets, as risk assets remain under pressure and the US government seeks lower bond yields to support its economic objectives.

Fund Update as at 28 February 2025
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Fund Review

For the month ending February, the CC JCB Active Bond Fund - Class A units (the Fund) returned 0.89% (after fees), underperforming the Bloomberg AusBond Treasury (0+Yr) Index.

Global bond markets saw solid performance over the month of February amidst volatile trading conditions, driven by ongoing headlines about US President Trump and tariffs, which are causing the most uncertain trade conditions in many decades. The month started with a risk-on tone after the prescribed 25% tariffs on Mexico and China were walked back. However, as the tariffs came back on the agenda, and the US data began to falter, the mood changed, leading to a hit in equity markets, particularly the Magnificent 7, which posted their worst month since 2022. This move saw large asset allocations towards sovereign bonds and other safe haven assets.

Domestically, Australian bond markets were well supported but underperformed compared to the US Treasury. This was despite the Reserve Bank of Australia (RBA) joining many of the developed market economies in cutting their cash rate at the February meeting. RBA Governor Bullock pushed back on market pricing in her accompanying press conference, stating that the 50 basis points of cuts priced in by the end of 2025 were unlikely to achieve the RBA's inflation targets.

The portfolio was traded dynamically over the month with varying levels of success in what was choppy price action. Jamieson Coote Bonds (JCB) believes that medium term, buying pull-backs in bond markets will be a fruitful experience. Despite the volatility, bond markets are still at the restrictive end of the spectrum and global growth is slowing. The explicit target to cut the fiscal deficit within the US Trump administration will be bullish for bonds and could lead to further slowdowns within the US economy, which will be felt globally.
February saw large primary issuances from both a Commonwealth and a State perspective. The Australian Office of Financial Management (AOFM) syndicated a new 2036 bond which had one of the biggest book builds on record, seeing around $80 billion of demand for a $15 billion issue. There was good activity in the 12-year part of the semi-government curve, with the Treasury Corporation of Victoria issuing a new 2039 bond and the Queensland Treasury Corporation syndicating a new 2037 bond. The issuance of the semi-government bonds issued saw spreads widen with some overhang of stock.

Definition of Terms:

Modified Duration - is a systematic risk or volatility measure for bonds. It measures the bond portfolio's sensitivity to changes in interest rates.
Yield to Maturity - is the total return anticipated on the portfolio if the bond holdings were held until their maturity.
Weighted Average Credit Rating - is a measure of credit risk. It refers to the weighted average of all the bond credit ratings in a bond portfolio.
Duration Weight - refers to the portion of the overall duration attributable to the segment (i.e. credit rating or sector), as a percentage of overall portfolio duration. Contribution to duration is calculated by multiplying an instruments duration by the percentage weight of the instrument in the portfolio. This calculation includes the contribution to duration by holding futures