



JAMIESON COOTE BONDS

High grade bonds are a defensive asset class that can help to diversify risk within a balanced portfolio. With superior liquidity to most other asset classes, high grade bonds also provide defensive characteristics during periods of heightened market volatility.

**What are high grade bonds?**

**The most defensive type of bond**

High grade bonds are explicitly backed by the Government/Sovereign and are highly rated e.g. have a AAA or AA rating by agencies such as Standard & Poors and Moody's. As such, high grade bonds have a low probability of default versus other fixed income securities (e.g. corporate/unsecured bonds), providing investors with much higher levels of protection.

**Income and liquidity in all markets**

High grade bonds earn the majority of their return from compounding income (i.e. income on coupons and maturing bonds being reinvested), over time. This means in different interest rate environments (rising, falling or flat), the asset is self rebalancing over time. These characteristics also mean they are highly liquid in all markets conditions.

**A strong portfolio diversifier**

As high grade bonds typically exhibit lower to negative correlations relative to higher risk assets like shares, they can help to preserve capital in periods of heightened market volatility. In addition, they offer a different source of risk relative to other commonly held financial-sector risk which may be present in portfolios e.g. corporate bonds, hybrids, and bank shares.

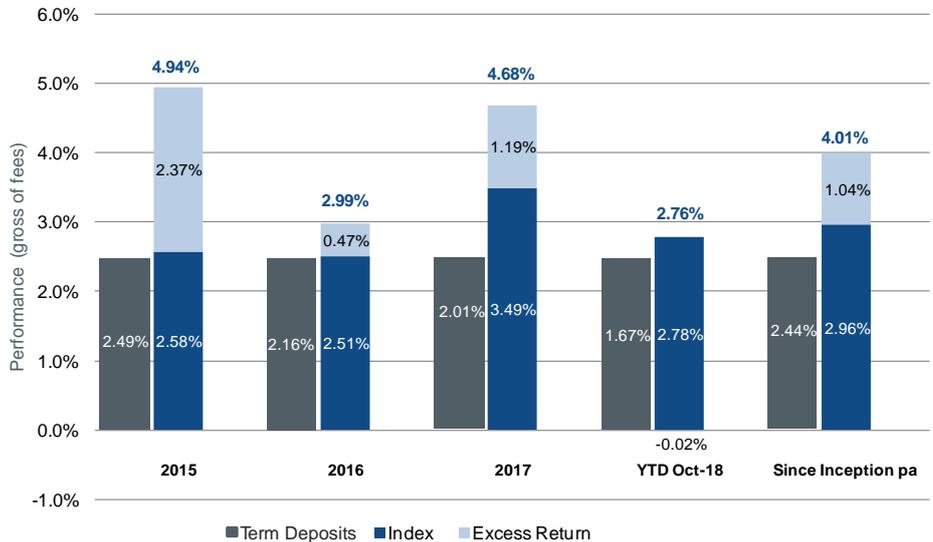
**Australian Bond Strategy – A domestic high grade bond allocation –**



The CC JCB Active Bond Fund ARSN 610 435 302 (the Fund) provides access to active duration management and security selection through a portfolio comprising Australian Government, semi-Government and supranational bonds.

- Asset Allocation as at 31 October 2018:**
- Australian Commonwealth Government bonds: 50%
  - Australian State Government bonds: 23%
  - Supranational bonds: 26%
  - Cash: 1%

**JCB Active Bond Master Strategy vs Term Deposits to 31 October 2018 (gross)**



Average of retail term deposit investment rates over a six month period – source, RBA at October 2018. Returns are before fees. Performance relates to JCB Active Fund, a wholesale fund launched on 31 December 2014, which utilises the same investment strategy as the CC JCB Active Bond Fund (ARSN 610 435 302). Monthly NAV data is from the fund administrator and analysed by JCB. Performance is gross of fees and assumes reinvestment of distributions (i.e. total return). From 31/12/2014 (inception) to 31/12/2015, the benchmark applied is the Bloomberg Australia Sovereign Bond Index. From 31/12/2015 to present, the index used is the Bloomberg Ausbond Treasury 0+yr index. Past performance is not an indicator of future performance.

## Investment objective

The Fund aims to outperform the Bloomberg AusBond Treasury 0+Yr Index over rolling 3 year periods.

Since inception in August 2016, the Fund has returned 1.55% (after fees), outperforming its Benchmark by 0.45%, to 31 October 2018.

## Investor suitability

The Fund may suit investors who:

- Are seeking a defensive investment strategy.
- Are seeking a regular income stream if transitioning to retirement or are already retired.
- Have a medium to long term investment horizon.

## Fund highlights

- Daily priced providing liquidity through all market conditions.
- Simple structure comprising 15-25 bond securities with active duration management and security selection.
- No derivatives used for leverage, only for portfolio hedging purposes.
- Diversification benefits due to low correlation to risk assets as the portfolio has a zero credit allocation.
- Widely available on platforms or wholesale direct.

## CC JCB Active Bond Fund – Research Ratings



## CC JCB Active Bond Fund – Platform Access

APIR: CHN0005AU

Ausmaq	Asgard	Australian Money Market
BT Panorama	BT Wrap	HUB24
Linear	Macquarie Wrap	Mason Stevens
Netwealth	PowerWrap	U-Exchange

## Global Bond Strategy – A global extension of your defensive bond allocation –



The Global strategy provides exposure to:

- Global high grade bonds (referenced by the Bloomberg Barclays G7 Index).
- Defensive and diversifying beta.
- USD denominated assets.

## Investment objective

The Global strategy aims to exploit the following levers to deliver a constructive absolute return, and ultimately outperform the G7 Index over a rolling three year period.

- Bond and FX alpha (additional returns over and above index returns due to active management).
- Bonds yield income (carry).
- Bond capital appreciation/depreciation.

## Investor suitability

The Global strategy may suit sophisticated/wholesale investors who:

- Naturally hold USD cash.
- Are seeking additional diversification from global high grade bonds.
- Have a medium to long term investment horizon.

## JCB – specialists in high grade bonds

- Founded in Melbourne in 2014.
- Privately owned by staff and investors.
- Specialise in actively managing high grade bonds with the aim of delivering strong risk-adjusted returns.
- Manage both domestic and international active bond strategies.
- 5 high quality Advisory board members.
- A\$1.2 billion assets under management.
- Global footprint with offices in Melbourne and Singapore.



Founded in 2014, high grade bonds remain our focus



A\$1.1 billion assets under management



Owned by staff who also co-invest in our funds

## Investment philosophy and process

We believe that active duration management and targeted security selection (across and within sub-sectors) can significantly enhance returns over time. We apply deep macro and technical analysis to inform portfolio positioning, with a strong focus on risk management, as well as an ESG overlay.

## More information

To learn more about high grade bonds and their role in portfolios, contact JCB's distribution partner, Channel Capital.

## Andrew King

Head of Distribution

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## First-class investment team



**Charlie Jamieson**  
Executive Director,  
Chief Investment Officer

**Investment Experience** – 17 years  
**Investment Responsibility** – oversees JCB's Australian and global high grade bond strategies.



**Angus Coote**  
Executive Director,  
Chief Operating Officer

**Investment Experience** – 18 years  
**Investment Responsibility** – oversees business, investment and client-facing operations.



**Paul Chin, SF Fin**  
Director, Head of Investment  
Strategy and Research

**Investment Experience** – 20 years  
**Investment Responsibility** – provides macro input, delivers investment insights and research.



**Christopher Mannuell, CMT**  
Director, Senior Portfolio Manager

**Investment Experience** – 23 years  
**Investment Responsibility** – manages a range of strategies and separately managed mandates for clients.



**Duangjai (Kate) Samranvedhya**  
Director,  
Deputy Chief Investment Officer

**Investment Experience** – 18 years  
**Investment Responsibility** – manages a range of strategies for clients.



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This information has been prepared by the Investment Manager, Jamieson Coote Bonds Pty Ltd ('JCB') ACN 165 890 282 AFSL 459018 and its distribution partner, Channel Capital Pty Ltd ACN 162 591 568 ('Channel'). Channel Investment Management Limited ('CIML') ACN 163 234 240 AFSL 439007 is the issuer of units in the CC JCB Active Bond Fund ARSN 610 435 302 ('the Fund'). The information in this document is not financial product advice and has been prepared without taking into account the objectives, financial situation or needs of any particular person. The information is not intended for any general distribution or publication and must be retained in a confidential manner. Information contained herein consists of confidential proprietary information constituting the sole property of JCB and CIML and respecting JCB and CIML and its investment activities, its use is restricted accordingly. All such information should be maintained in a strictly confidential manner.

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