

# PRODUCT DISCLOSURE STATEMENT

CC JCB Dynamic Alpha Fund | ARSN 637 628 918 | APIR CHN8607AU

CLASS A

30 SEPTEMBER 2022



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This Product Disclosure Statement ('PDS') provides a summary of significant information about the CC JCB Dynamic Alpha Fund ARSN 637 628 918 ('the Fund') 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 ⓘ symbol. 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 additional information also contains the definition of capitalised terms used in this PDS.

The information in the PDS is general information only and does not take into consideration your personal financial situation, objectives 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 available only to persons receiving this PDS within Australia only. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. This PDS does not constitute an offer to any person to whom, or in any place in which, it would be illegal to make that offer.

### 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 CIML

Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML', 'RE', 'we', 'our' or 'us') is a trustee/responsible entity and manager of a number of managed investment schemes and is the issuer of this PDS. Channel Capital Pty Ltd ACN 162 591 568 (authorised representative number 1274413) ('Channel Capital') provides investment management infrastructure and services across several asset classes and is the holding company of CIML.

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.

CIML and its holding company, Channel Capital, have forged strategic partnerships with international and Australian fund managers across a range of different asset classes including Australian and global securities, alternative investments and fixed income securities.

CIML 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. The JCB investment team have several decades of experience in Australian and global bond markets.

### Jamieson Coote Bonds

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. In pursuing the Fund's investment objective, JCB uses fundamental and technical analysis to make bond security selections and adjust duration exposures with a view to generating the optimal risk-adjusted portfolio.

JCB focuses on duration management and targeted security

bond selection, specifically monitoring economic fundamentals, monetary and political policy, and bond supply/flow implications. 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 a minimum of investment grade, and backed by a government, Supranational or Public Finance Agency. Derivatives in the form of futures contracts listed on global future exchanges are used for interest rate hedging purposes or to gain or reduce exposures to relevant markets. All futures will be exchange-traded. JCB will manage any exposures resulting from the use of futures through a risk adjusted framework. There are a number of risks associated with investments, and specific risks relating to the investments of the Fund are outlined in section 4 below.

## 2. HOW THE CC JCB DYNAMIC ALPHA 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 may in the future offer different classes of units in the Fund via a separate PDS or information memorandum which may have different rights and restrictions. We treat all investors within a class of units equally and investors in different classes fairly.

### Minimum initial investment

Indirect investors via IDPS	No minimum investment. Refer to your IDPS operator's requirements.
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Direct investors	\$100,000. However, the RE has discretion to accept lower amounts.
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<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.
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Indirect investors via IDPS	No minimum additional investment. Refer to your IDPS operator's requirements.
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Direct investors	\$50,000. However, the RE has discretion to accept lower amounts.
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### Minimum investment balance

Indirect investors via IDPS	No minimum investment balance. Refer to your IDPS operator's requirements.
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Direct investors	\$100,000. However, the RE has discretion to permit a lower minimum investment balance.
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<b>Unit prices</b>	Unit prices are calculated daily on each Business Day.
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Income distribution	Quarterly for the periods ending 31 December, 31 March, 30 June and 30 September 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. We generally calculate income distributions based on the Fund's net income referable to a class at the end of the distribution period divided by the number of Units on issue in that class.
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<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 12pm (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 12pm (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.
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	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.
Cooling off period	A cooling off period applies to your investment. See section 8 'How to apply' for details.

 You should read the important information about 'How the CC JCB Dynamic Alpha 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 Dynamic Alpha Fund works' may change between the time when you read this PDS and the day when you acquire the product.

### 3. BENEFITS OF INVESTING IN THE CC JCB DYNAMIC ALPHA FUND

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

Active management	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.
Diversification	An investment in the Fund offers diversity to a portfolio. When global Government Bonds, 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.
Income	The Fund's underlying securities are backed by government, Supranational or Public Finance Agency Bond issuers. The income generated by bond securities is generally consistent and regular.
Liquidity	The underlying market of global Government Bonds, Supranational Bonds and Public Finance Agency Bonds are liquid positions that can generally be bought or sold by the Fund with ease.

These benefits are subject, however, to the various risks which may apply to an investment in the Fund as described below.

### 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 may 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.

None of the RE, JCB, their directors, associates or any of their related bodies corporate 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 (which will vary for each person), 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 Bonds, 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.

#### 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 investors may fluctuate, as may the Fund's 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

JCB uses a financial model as part of the investment and 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

Derivatives in the form of exchange-traded futures contracts are used for interest rate hedging purposes or to gain or reduce exposures to relevant markets. The RE does not intend to gear the Fund through the use of derivatives and the RE aims to manage the Fund so as to keep sufficient liquid assets in the Fund to meet all obligations associated with the derivatives. Bond futures can have the ability to magnify both profits and losses. There is also a liquidity risk associated with bond futures in that they 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.

### **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 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.

### **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 loss of key staff, 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 key person risk.

The extent of the Fund's exposure to losses from the operational risks of parties not under our control may be determined, in part,

by applicable law and/or contractual provisions that allocate or limit liability. JCB 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.

### **Currency risk**

Though the Fund hedges its exposure to foreign currency fluctuations from its investments in international bonds, such hedging will not completely remove the risk of currency exposure causing an adverse impact on the value of the Fund's foreign currency denominated investments. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

### **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 CIML as responsible entity or JCB as investment manager of the Fund, or the failure of either CIML 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.**

Objective	Outperform the RBA Cash Rate by 2.50% p.a. (after fees) over rolling 3 year periods.
Strategy	JCB uses fundamental and technical analysis to make bond security selections and adjust duration exposures with a view to generating the optimal risk-adjusted portfolio.  Futures positions and curve trades will be used to adjust duration (using technical analysis and proprietary quantitative modelling).
Base currency	AUD
Currency hedging	The Fund will hedge to AUD within a hedge ratio of between 90% and 110% (i.e. the value protected through the use of a hedge as a % of the Fund's Net Asset Value).
Suitable for	Investors looking for income, diversification and defensive investment characteristics, uncorrelated to other asset classes, who have the risk tolerance described below.
Risk level	Low to Medium
Asset classes and allocation <sup>#</sup>	Global Bonds/Global T-Bills: 70% to 100% Cash/Cash equivalents: 0 to 30% Derivative Market Value: 0 to 10% The Fund invests in government backed securities in the allowable high grade universe: <ul style="list-style-type: none"><li>• The countries include US, Australia, New Zealand, UK, Canada, France, Germany, Italy, Japan, Austria, Belgium, Finland, Ireland, Netherlands, Portugal, Spain, Switzerland, China, Singapore and South Korea</li><li>• Global Sovereigns (as per the country list)</li><li>• Semi-Government (e.g. the Treasury Corporation of Victoria) and Municipals/Provincials for given countries (e.g. California, Ontario)</li></ul>



- Agencies (e.g. Fannie Mae, Freddie Mac, Canadian Housing Trust)
- Central Banks (e.g. MAS, Bank of Korea)
- Supranationals (issued in the above countries in given currencies)

Instruments utilised in the Fund will include:

- Bonds (including nominal, inflation-linked, green and social)
- Financial market derivatives, including:
  - Interest rate futures
  - FX futures (per defined countries/pairs)
  - FX forwards (including non-deliverable FX transactions)
  - Exchange traded options (with the ability to buy and sell options)
  - FX spot (per defined countries/pairs)
- T-Bills
- Deposits at banks no lower than investment grade from Moody's, S&P or Fitch
- Cash (per defined countries)

Investment Guidelines <sup>#</sup>	<p><b>Bonds:</b></p> <ul style="list-style-type: none"> <li>• Invest in physical bond security holdings that are explicitly backed by a high quality government, Public Finance Agency or Supranational institution: these investments are considered high grade debt with no corporate credit exposure.</li> <li>• The Fund will typically hold 20-60 core positions.</li> <li>• Individual physical bond security holdings to not exceed 20% of the Fund's NAV.</li> <li>• Issue limit of no more than 10% in any one issue (bond outstanding).</li> <li>• Have individual issues of investment grade from at least one of Moody's, S&amp;P or Fitch.</li> </ul> <p><b>Derivatives:</b></p> <ul style="list-style-type: none"> <li>• Derivatives in the form of futures contracts listed on global future exchanges may be used for hedging purposes and/or to gain or reduce exposures to relevant markets. All futures will be exchange traded. JCB will manage any exposures resulting from the use of futures through a risk adjusted framework.</li> </ul> <p><b>FX/Currency Exposure:</b></p> <ul style="list-style-type: none"> <li>• Be able to transact in currencies where the Fund does not hold an underlying bond position not exceeding 10% of the Fund's NAV.</li> <li>• Primarily invest in the following currencies:           <ul style="list-style-type: none"> <li>• North America: USD, CAD</li> <li>• Europe: EUR, GBP, CHF</li> <li>• Asia-Pacific: AUD, NZD, JPY, SGD, KRW, CNY</li> </ul> </li> </ul> <p>Forward foreign exchange transactions (including non-deliverable FX positions) may be used for the Fund to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure in order to address foreign currency fluctuations between currencies.</p>
Minimum suggested timeframe	Medium term (3yrs+) (not a recommendation) for holding the investment.
Switching	Currently, the Fund does not offer a choice of investment options thus the ability to switch between different products is not available.
Labour standards, environmental social and ethical considerations	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.
Up to date information	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> .

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

## 6. FEES AND 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. Unless otherwise stated, the fees and costs in this section are shown inclusive of GST less any reduced input tax credits (RITC). Taxes are set out in another part of this document. ASIC provides a calculator provided by ASIC, available at [www.moneysmart.gov.au](http://www.moneysmart.gov.au), which can be used to calculate the effect of fees and costs on Fund account balances.

## Fees and costs summary

CC JCB Dynamic Alpha Fund Class A		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	Management fees and costs of 0.68% 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 0.58% per annum of the NAV of the Fund for Class B 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.
<b>Performance fees<sup>2</sup></b> 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.
<b>Transaction costs</b> 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>		
<b>Establishment fee</b> The fee on each amount contributed to your investment	Nil	Not applicable.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable.
<b>Buy-sell spread<sup>4</sup></b> 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.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable.
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable.
<b>Switching fee</b> 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.

EXAMPLE – CC JCB Dynamic Alpha Fund Class A		BALANCE OF \$150,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR <sup>1</sup>
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0</b>
PLUS Management fees and costs	0.68% 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>\$1,020.00</b> each year
PLUS Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
PLUS Transaction costs	0.00% per annum	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in transaction costs
EQUALS Cost of the CC JCB Dynamic Alpha Fund Class A		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>\$1,020.00</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 tax 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 do not pay tax on behalf of investors and 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 income or foreign sourced income. Income tax offset entitlements may be attached to such distributions made by the Fund, including tax offsets for foreign withholding tax levied on income received and gains made by the Fund. Non-assessable (i.e. 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 at [www.channelcapital.com.au](http://www.channelcapital.com.au) or by contacting CIML on 1800 940 599 or sending an email to [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au).

Applications received, verified and accepted by us prior to 12pm (Sydney time) on a Business Day will be processed using the Unit price for that day.

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

Apex Fund Services  
Attn: Unit Registry  
GPO Box 4968, Sydney NSW, 2001

### Need help completing the Application Form?

Contact Apex  
t: 1300 133 451  
e: [registry@apexgroup.com](mailto:registry@apexgroup.com)  
Application monies can be paid via electronic funds transfer. Instructions and bank account details can be found on the Application Form.

### 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  
t 1800 940 599 • e [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 complaint 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

t 1800 931 678 • e [info@afca.org.au](mailto:info@afca.org.au)

Investors investing through an IDPS can also access our complaints resolution process (including AFCA) if they have concerns or complaints about the Fund. Indirect investors who have concerns or complaints about their IDPS should contact their IDPS operator.

## 9. OTHER INFORMATION

### Keeping you informed

As an investor in the Fund you will receive:

- Confirmation of your investments and withdrawals;
- 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

If the Fund becomes a disclosing entity for Corporations Act purposes and subject to regular reporting and disclosure obligations, 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 will be available free of charge from us upon request. If the Fund becomes a disclosing entity, we will 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 will not be 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.