

TARGET MARKET DETERMINATION

CC JCB Active Bond Fund
Class A & Class B



JAMIESON COOTE BONDS

| | | | | | |
|---------------------------|--|----------------|----------------|----------------|---------|
| Issuer | Channel Investment Management Limited (CIML) | | | | |
| AFSL | 439007 | ABN | 22 163 234 240 | | |
| | Class A | Class B | | | |
| APIR Code | CHN0005AU | CHN3749AU | | | |
| ARSN | 610 435 302 | 610 435 302 | | | |
| ISIN Code | AU60CHN00050 | AU60CHN37490 | | | |
| Investment Manager | JamiesonCoote Bonds Pty Ltd (JCB) | | ABN | 12 165 890 282 | |
| Date Approved | 01/09/2021 | Version | 1.0 | Status | Current |

TARGET MARKET SUMMARY

The Fund may be suitable for investors seeking income, diversification and defensive investment characteristics, uncorrelated to other asset classes to be used as a satellite allocation or core component of their portfolio. These investors may have a medium investment timeframe (3 years +), a low to high risk/return profile and be seeking exposure to a defensive asset.

TARGET MARKET DETERMINATION INDICATOR KEY

The consumer attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with the following meaning:

| | | |
|------------------|------------------------------|---------------------------------|
| In target market | Potentially in target market | Not considered in target market |
|------------------|------------------------------|---------------------------------|

Generally, a consumer is unlikely to be in the target market for the product if:

- One (1) of more of their Consumer Attributes correspond to a red rating; or
- Three (3) or more of their Consumer Attributes correspond to an amber rating.

INVESTMENT PRODUCTS AND DIVERSIFICATION

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of satellite / small allocation or core component). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite / small allocation to growth assets. In this case, it may be likely that a product with a high or very high risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is low or medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

CONSUMER ATTRIBUTES

| INVESTMENT OBJECTIVE | | |
|--------------------------------------|---------------------------------|---|
| Capital Growth | Potentially in target market | The Fund is an active portfolio comprising Australian Government, semi-Government and supranational bonds that are AAA or AA rated securities issued in Australian dollars. The Fund seeks to distribute semi-annually where funds are available. |
| Capital Preservation | In target market | |
| Capital Guaranteed | Not considered in target market | |
| Income Distribution | In target market | |
| PRODUCT USE (% OF INVESTABLE ASSETS) | | |
| Solution / Standalone (75 – 100%) | Not considered in target market | The Fund invests in: <ul style="list-style-type: none"> • Bond securities – 80-100% • Derivatives – 0-50% • Cash – 0-10% The Fund primarily invests in AAA or AA rated bond securities backed by a government, supranational or a Public Finance Agency and issued in Australian dollars. |
| Core Component (25 – 75%) | Potentially in target market | |
| Satellite / Small allocation (< 25%) | In target market | |
| INVESTMENT TIMEFRAME | | |
| Short (≤ 2 years) | Not considered in target market | Minimum suggested investment timeframe of at least 3 years. |
| Medium (> 2 years) | In target market | |
| Long (> 8 years) | In target market | |
| RISK AND RETURN PROFILE | | |
| Low | In target market | A low to medium risk/return profile associated to Australian Government, semi-Government and supranational bonds that are AAA or AA rated securities issued in Australian. Bond securities in general are considered a defensive asset class. The Fund aims to outperform the Bloomberg AusBond Treasury 0+ Yr Index (Benchmark) over rolling 3 year periods. |
| Medium | In target market | |
| High | Potentially in target market | |
| Very High | Not considered in target market | |
| REDEMPTION FREQUENCY | | |
| Daily | In target market | The product is daily priced and redemptions can be requested on business days. |
| Weekly | In target market | |
| Monthly | In target market | |
| Quarterly | In target market | |
| Annually or longer | In target market | |

DISTRIBUTION CONDITIONS

| DISTRIBUTION CONDITIONS | | |
|-------------------------|------------------------------|--|
| Platform | Nil | Channel Investment Management Limited has discretion to accept lower amounts |
| Direct investment | Minimum investment \$100,000 | |

REVIEW REQUIREMENTS

REVIEW TRIGGERS

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| Material change to key attributes, fund investment objective and/or fees |
| Material deviation from benchmark / objective over sustained period |
| Key attributes have not performed as disclosed by a material degree and for a material period |
| Determination by the issuer of an ASIC reportable Significant Dealing |
| Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product |
| The use of Product Intervention Powers, regulator orders or directions that affects the product |

REVIEW PERIODS

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|--------------------------|----------------------|
| Initial review | 1 year and 3 months |
| Regular scheduled review | 3 years and 3 months |

DISTRIBUTOR REPORTING

REGULAR REPORTING

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|---|---|
| Complaints relating to the product design, product availability and distribution (as defined in section 994A(1) of the Act) | Quarterly |
| Significant dealing outside of target market (s994F(6) of the Act) | As soon as practicable (within 10 days) |
| See Definitions for further detail | |

CONTACT DETAILS

For any queries in relation to this target market determination or associated products, please contact distribution@channelcapital.com.au or visit the Channel Capital website (www.channelcapital.com.au).

DISCLAIMER

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of CIMLs design and distribution arrangements for the product.

This document is not a product disclosure statement and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) for the Fund before making a decision whether to invest in this Fund.

Important terms used in this TMD are defined in the Definitions section of this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting the Distribution Team or on our website at <https://www.channelcapital.com.au/>.

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DEFINITIONS

| TERM | DEFINITION |
|--|--|
| CONSUMER'S INVESTMENT OBJECTIVE | |
| Capital Growth | The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate. |
| Capital Preservation | The consumer seeks to invest in a product to reduce volatility and minimise loss in a market down-turn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments. |
| Capital Guaranteed | The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products. |
| Income Distribution | The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments). |
| CONSUMER'S INTENDED PRODUCT USE | |
| Solution /Standalone (75 – 100%) | The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least High portfolio diversification (see definitions below). |
| Core component (25 – 75%) | The consumer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below). The consumer typically prefers exposure to a product with at least Medium portfolio diversification (see definitions below). |
| Satellite (<25%) | The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below). The consumer is likely to be comfortable with exposure to a product with Low portfolio diversification (see definitions below). |
| Investable Assets | Those assets that the investor has available for investment, excluding the residential home. |
| PORTFOLIO DIVERSIFICATION (for completing the key product attribute section of consumer's intended product use) | |
| Low | Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities. |
| Medium | 1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords". |
| High | Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities). |
| INTENDED INVESTMENT TIMEFRAME | |
| Short (≤ 2 years) | The consumer has a short investment timeframe and may wish to redeem within two years. |
| Medium (> 2 years) | The consumer has a medium investment timeframe and is unlikely to redeem within two years. |
| Long (> 8 years) | The consumer has a long investment timeframe and is unlikely to redeem within eight years. |
| CONSUMER'S RISK (ABILITY TO BEAR LOSS) AND RETURN PROFILE | |
| <p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20-year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p> | |
| Low | The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile. Consumer typically prefers defensive assets such as cash and fixed income. |

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| Medium | The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income. |
| High | The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income. |
| Very High | The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage). Consumer typically prefers growth assets such as shares, property and alternative assets. |
| ACCESS TO FUNDS | |
| Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in completing this section. | |
| Daily / weekly / monthly / quarterly / annually or longer | The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period. |
| DISTRIBUTOR REPORTING | |
| Significant dealing | <p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning. The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period, • the consumer's intended product use is Solution / Standalone, or • the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low. |