

Bentham High Yield Fund

Monthly fact sheet – September 2017

Portfolio and Market Returns

The Bentham High Yield Fund had a total return (after fees*) of 1.07 percent in the month of September, outperforming the benchmark Merrill Lynch High Yield Cash Pay Constrained Index (hedged into AUD) after fees by 0.13 percent. On a before fees* basis the fund returned 1.14 percent for the month, outperforming the benchmark by 0.20 percent.

The September quarterly distribution paid was 1.25%**.

Fund Statistics

At month end, the Fund had a yield to maturity of 5.60% and running yield 6.21%, with the credit yield spread[^] decreasing by 16 basis points to 325 basis points during the month. The Fund had an interest rate duration of 3.81 years and credit duration of 3.92 years.

High Yield Market

For the month, 19 of the 24 industries had positive returns. The top performing industries in September were Energy, Gaming/Leisure and Utility with returns (sector performance in USD terms) of 3.12%, 1.34% and 1.20% respectively. The worst performing industries were Food And Drug, Telecommunications and Broadcasting with returns of -2.78%, -0.25% and -0.22% respectively.

The credit yield spread[^] for the Index decreased by 27 basis points during the month to 350 basis points.

Portfolio Exposures

The Fund's asset allocations are 94.6% in High Yield Bonds, 0.0% in Syndicated Loans and 4.6% in Cash & Derivative Hedges.

The Fund's three largest industry exposures are 10.4% in Broadcasting and Entertainment, 10.4% in Buildings and Real Estate and 8.4% in Finance. The Fund's top three company exposures are 1.9% in iStar Inc, 1.8% in Valeant Pharmaceuticals and 1.4% in HCA Inc. During the month, the Fund increased its exposure to Burger King, Landry'S, Inc. and Trimas Corporation; with decreased exposures to Tempo Acquisition Llc/Fi and Ctr Partnership/Caretrst.

* For information about return calculations after fees please refer to Table 1.

** Annual Distribution Return (Year-to-Date) is calculated as the Total Return (after fees) minus Growth Return. Total Returns (after fees) are calculated using pre-distribution month end withdrawal unit price and assumes all distributions are reinvested. Growth Returns equal the percentage change in the unit price.

[^] Credit yield spread is yield to maturity above the AUD forward bank bill curve (duration adjusted swap rates).

Table 1: Portfolio Returns

As at 30 Sep 17	Total Return (after fees) ^o %	Gross Return (before fees) ^{oo} %	Benchmark* %	Active Return (after fees) %	Active Return (before fees) %	Std Dev	Tracking Error ^{^^}	Info Ratio [~]
1 Month	1.07	1.14	0.94	0.13	0.20			
3 Months	2.08	2.23	2.13	-0.05	0.10			
6 Months	4.99	5.35	4.51	0.48	0.84			
1 Year	11.13	11.84	9.76	1.38	2.09	2.62	0.80	2.61
2 Year (p.a.)	10.74	11.55	11.96	-1.22	-0.41	4.46	1.85	-0.22
3 Years (p.a.)	7.50	8.27	7.29	0.22	0.99	4.48	1.82	0.54
5 Years (p.a.)	8.53	9.34	8.25	0.29	1.09	4.00	1.68	0.65
7 Years (p.a.)	10.21	11.04	9.77	0.43	1.27	4.20	2.17	0.58
10 Years (p.a.)	9.92	10.75	9.75	0.17	1.01	9.34	3.89	0.26
15 Years (p.a.)	11.04	11.81	11.31	-0.27	0.51	8.04	3.37	0.15
Since Inception (p.a.)**	8.74	9.47	9.08	-0.34	0.40	7.90	3.20	0.12
Positive months		169	157					
Negative months		58	70					
Positive months (%)		74.4	69.2					
Negative months (%)		25.6	30.8					
Average monthly return		78.3	76.1					
Fund Size AUD		\$91.2M						
Months since inception		227						

Source: Fidante Partners, Bloomberg

Past performance is not necessarily indicative of future performance. Returns may be volatile and may vary from year to year.

*Benchmark is the Merrill Lynch US High Yield Cash Pay Constrained Index (AUD Hedged)

**The inception date of the fund is 15-Oct-1998

^^Tracking Error is the Standard Deviation of the Active Return (before fees).

~Information Ratio is the Active Return (before fees) divided by the Tracking Error.

^oTotal Returns (after fees and expenses) are calculated using pre-distribution month end withdrawal unit prices and assumes all distributions are reinvested.

^{oo}Gross Returns (before fees) are calculated by adding back the fees and expenses deducted. Please refer to the PDS for more information on fees and expenses.

^{ooo} Active Return is the difference between the Total Return or the Gross Return and the return of the Benchmark.

Table 2: Distribution History (% of Net Asset Value)*

Financial Year	Sep	Dec	Mar	Jun	YTD**
2018	1.25	0.00	0.00	0.00	1.26
2017	1.20	1.21	1.15	1.03	5.11
2016	1.22	1.24	1.29	2.43	6.14
2015	1.76	1.62	0.00	3.10	6.67
2014	2.43	2.91	2.42	1.94	10.43
2013	1.53	2.32	2.57	3.07	10.37

Source: Fidante Partners

Past distributions are no indication of future distributions.

* Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

** Annual Distribution Return (Year-to-Date) is calculated as the Total Return (after fees) minus Growth Return. Total Returns (after fees) are calculated using pre-distribution month end withdrawal unit price and assumes all distributions are reinvested. Growth Returns equal the percentage change in the unit price.

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