

Bentham Wholesale High Yield Fund

Monthly fact sheet – October 2016

Portfolio and Market Returns

The Bentham Wholesale High Yield Fund had a total return (after fees*) of 0.82 percent in the month of October, outperforming the benchmark Merrill Lynch High Yield Cash Pay Constrained Index (hedged into AUD) after fees by 0.44 percent. On a before fees* basis the fund returned 0.80 percent for the month, outperforming the benchmark by 0.43 percent.

Fund Statistics

At month end, the Fund had a yield to maturity of 7.10% and running yield 7.37%, with the credit yield spread[^] decreasing by 11 basis points to 478 basis points during the month. The Fund had an interest rate duration of 4.10 years and credit duration of 3.90 years.

High Yield Market

For the month, 16 of the 24 industries had positive returns. The top performing industries in October were Energy, Metals/Minerals and Information Technology with returns (sector performance in USD terms) of 1.83%, 1.55% and 1.13% respectively. The worst performing industries were Healthcare, Broadcasting and Diversified Media with returns of -1.75%, -0.76% and -0.21% respectively.

The credit yield spread[^] for the Index decreased by 4 basis points during the month to 483 basis points.

Portfolio Exposures

The Fund's asset allocations are 94.3% in High Yield Bonds, 0.1% in Syndicated Loans and 5.6% in Cash & Derivative Hedges.

The Fund's three largest industry exposures are 11.5% in Buildings and Real Estate, 10.3% in Broadcasting and Entertainment and 9.0% in Oil and Gas. The Fund's top three company exposures are 1.8% in HCA Inc, 1.6% in Altice Financing and 1.6% in T-Mobile USA Inc. During the month, the Fund increased its exposure to CS Intermediate HoldCo 2, Netflix and National CineMedia; with decreased exposures to Light Tower Rentals, Boise Cascade and Sinclair Television Group.

*For information about return calculations after fees please refer to the tables on page 2.

[^]Credit yield spread is yield to maturity above the duration adjusted risk free bond rate

Table 1: Portfolio Returns

As at 31 Oct 16	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	0.82	0.80	0.37	0.44	0.43			
3 Months	3.27	3.43	3.48	-0.21	-0.05			
6 Months	7.52	7.78	8.28	-0.76	-0.50			
1 Year	8.40	9.20	11.45	-3.06	-2.26	5.56	2.44	-0.93
2 Year (p.a.)	5.66	6.47	5.55	0.11	0.92	5.15	2.15	0.43
3 Years (p.a.)	6.35	7.13	6.43	-0.08	0.70	4.42	1.97	0.36
5 Years (p.a.)	9.38	10.21	9.49	-0.11	0.72	4.11	1.99	0.36
7 Years (p.a.)	11.28	12.13	11.18	0.10	0.96	4.41	2.47	0.39
10 Years (p.a.)	9.57	10.39	9.51	0.06	0.88	9.39	3.97	0.22
15 Years (p.a.)	10.41	11.17	10.55	-0.13	0.63	8.24	3.44	0.18
Since Inception (p.a.) ^{**}	8.61	9.34	9.01	-0.40	0.33	8.08	3.28	0.10
Positive months		159	148					
Negative months		57	68					
Positive months (%)		73.61	68.52					
Negative months (%)		26.39	31.48					
Average month (%)		0.77	0.76					
Fund Size AUD		\$82.54M						
Months since inception		216						

*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 are calculated by adding back the Management Costs deducted. Please refer to the PDS for more information on management costs.

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

Source: Fidante Partners, Bloomberg

Table 2: Distribution History (% of NAV)*

Financial Year	Sep	Dec	Mar	Jun	YTD ^{**}
2017	1.20				1.26
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
2012	2.77	0.78	3.20	4.38	11.82
2011	0.96	4.26	2.64	6.69	16.38

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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