

Bentham Global Income Fund

Monthly fact sheet – September 2017

Portfolio and Market Returns

The Bentham Global Income Fund had a total return (after fees*) of 1.05 percent in the month of September, outperforming the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index) after fees by 1.14 percent. On a before fees* basis the fund returned 1.12 percent for the month, outperforming the benchmark by 1.21 percent. The main contributors to performance were Global Syndicated Loans, Bank Capital Securities and Asset Backed Securities; whilst the lowest contributing sectors included Investment Grade Credit, Global High Yield and Domestic Hybrids.

The September monthly distribution paid was 0.34%**.

Fund Statistics

At month end, the Fund had a yield to maturity of 5.10% and running yield of 3.73%. Excluding cash the yield to maturity of the Fund was 5.31% and running yield of 4.20%. The credit yield spread[^] increased by 27 basis points to 294 basis points during the month. The Fund had an interest rate duration of -2.39 years and credit duration of 4.96 years.

Portfolio Asset Allocation

During the month, exposures to Bank Capital Securities, Basis Trades and Global Syndicated Loans increased, whilst exposures to Cash and Global High Yield decreased. Current asset allocations are 5.3% in Global High Yield, 0.0% in Domestic Hybrids, 1.5% in European Convertibles, 39.6% in Global Syndicated Loans, 25.3% in Bank Capital Securities, 5.0% in Residential Mortgage Backed Securities, 2.0% in Asset backed securities, 13.3% in Collateralised Loan Obligations, 2.1% in Corporate Credit and 5.7% in Cash, Basis Trades and Derivatives.

Portfolio Industry and Issuer Exposures

The Fund's largest industry exposures are; 15.1% in Banking, 9.5% in Insurance and 5.8% in Electronics. The Fund's top three company exposures are; 2.5% in JPMorgan Chase & Co, 1.9% in Groupama Sa and 1.8% in Allianz SE.

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

** The monthly distribution return is calculated as the distribution amount declared for the month-end divided by the ex-distribution unit price at the start of the month. Bentham intends to achieve an average distribution rate of 3.75% - 4.25% for FY2018 with taxable income. If there is a shortfall of taxable income, the distribution could possibly include a capital return. The current distribution rate setting was based on the running yield of the Fund as at 30 June 2017 and assumes the Fund continues to achieve an equivalent yield for FY2018. Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified.

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

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 | 1.05 | 1.12 | -0.08 | 1.14 | 1.21 | | | |
| 3 Months | 1.47 | 1.63 | 0.18 | 1.28 | 1.44 | | | |
| 6 Months | 3.51 | 3.81 | 0.91 | 2.60 | 2.90 | | | |
| 1 Year | 10.28 | 10.97 | 0.51 | 9.77 | 10.46 | 1.64 | 2.57 | 4.06 |
| 2 Year (p.a.) | 7.07 | 7.86 | 2.21 | 4.86 | 5.65 | 3.99 | 4.74 | 1.19 |
| 3 Years (p.a.) | 5.00 | 5.77 | 3.03 | 1.97 | 2.74 | 3.64 | 4.43 | 0.62 |
| 4 Years (p.a.) | 6.10 | 6.88 | 3.35 | 2.75 | 3.53 | 3.30 | 4.01 | 0.88 |
| 5 Years (p.a.) | 7.86 | 8.66 | 3.17 | 4.69 | 5.49 | 3.25 | 3.90 | 1.41 |
| 7 Years (p.a.) | 8.76 | 9.57 | 4.25 | 4.51 | 5.33 | 4.18 | 4.93 | 1.08 |
| 10 Years (p.a.) | 7.58 | 8.40 | 4.92 | 2.66 | 3.47 | 9.51 | 10.22 | 0.34 |
| Since Inception (p.a.)** | 7.51 | 8.32 | 5.07 | 2.44 | 3.26 | 8.05 | 8.66 | 0.38 |
| Positive months | | 138 | 142 | | | | | |
| Negative months | | 30 | 26 | | | | | |
| Positive months (%) | | 82.1 | 84.5 | | | | | |
| Negative months (%) | | 17.9 | 15.5 | | | | | |
| Average monthly return (%) | | 0.70 | 0.41 | | | | | |
| Fund Size AUD | \$1,804.5M | | | | | | | |
| Months since inception | 168 | | | | | | | |

Source: Fidante Partners, State Street

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

*Benchmark is 50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index.

**The inception date of the fund is 16 September 2003.

^^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.

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

°°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.

°°° 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 | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD** |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 2018 | 0.37 | 0.33 | 0.34 | - | - | - | - | - | - | - | - | - | 1.05 |
| 2017 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.38 | 0.37 | 0.37 | 0.37 | 0.37 | 0.36 | 4.88 |
| 2016 | 0.36 | 0.38 | 0.36 | 0.37 | 0.37 | 0.37 | 0.38 | 0.38 | 0.38 | 0.36 | 0.38 | 0.37 | 4.32 |
| 2015 | 0.44 | 0.43 | 0.44 | 0.44 | 0.44 | 0.42 | 0.44 | 0.44 | 0.43 | 0.43 | 0.43 | 0.77 | 5.58 |
| 2014 | 0.50 | 0.49 | 0.50 | 0.49 | 0.50 | 0.49 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.07 | 5.94 |
| 2013 | 0.68 | 0.64 | 0.64 | 0.64 | 0.64 | 0.62 | 0.65 | 0.62 | 0.61 | 0.61 | 0.62 | 1.05 | 9.09 |

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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