

Bentham Asset Backed Securities Fund

Monthly fact sheet – February 2018

Portfolio and Market Returns

The Bentham Asset Backed Securities Fund[°] had a total return (after fees*) of 0.01 percent in the month of February, underperforming the benchmark Bloomberg AusBond Bank Bill Index by 0.12 %.

The February monthly distribution paid was 0.29%**.

The difference between net return and gross return for Feb is larger than usual. This is primarily a result of the change in buy / sell spread which had widened as a result of the recent sell-off. The spread was changed on 21/2/2018 from 0.125% (0.25%) to 0.175% (0.35%) and reflects current market trading prices. Net return is calculated using exit spread prices. Therefore, gross return adjustment for spread impact (0.05%) was applied on 21/2/2018. The difference between Net and Gross should normalize in the next month assuming the buy/sell spreads remain the same.

Fund Statistics

At month end, the Fund had a yield to maturity of 4.37% and running yield of 3.61%, with the credit yield spread increasing by 5 bps to 155 bps during the month. The Fund had an interest rate duration of 0.32 years, credit duration of 5.23 years and WARF^{^^} of AA+.

Portfolio Exposures

The Fund's sector allocations are 32.4% in US Broadly Syndicated CLO, 21.2% in Middle Market CLO, 8.2% in European CLO, 18.7% in UK RMBS, 5.6% in Australian RMBS, 1.6% in German RMBS, 6.3% in Other ABS - Aircraft, 1.7% in Other ABS - Credit Card, 0.4% in Other ABS - Personal Loan and 3.9% in Cash & Derivatives.

The Fund's top three issuer exposures are 5.6% in Madison Park Funding Ltd - 2017-26x, 5.1% in Galaxy Clo Ltd - 2013-15x and 4.3% in Atrium Cdo Corp - 12x.

[°] Fund available for Wholesale Clients as defined in the Corporation Act of 2001

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

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

^{^^} The average credit quality is calculated using a duration adjusted Moody's Weighted Average Rating Factor (WARF) for both the S&P and Moody's security credit ratings within a portfolio

** 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.

Table 1: Portfolio Returns

As at 28 Feb 18	Total Return (after fees) ^o %	Gross Return (before fees) ^{oo} %	Benchmark* %	Active Return (after fees) %	Active Return (before fees) %
1 Month	0.01	0.09	0.13	-0.12	-0.05
3 Months	0.71	0.82	0.43	0.28	0.39
6 Months	2.12	2.30	0.86	1.26	1.44
1 Year	4.89	5.20	1.75	3.14	3.46
Since Inception**	5.33	5.66	1.76	3.57	3.90
Positive months		16	16		
Negative months		0	0		
Positive months (%)		100.0	100.0		
Negative months (%)		0.0	0.0		
Average monthly return (%)		0.46	0.14		
Fund Size AUD****	\$120.9M				
Months since inception	16				
Current Buy/Sell Spread	+0.175%/-0.175%				

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 the Bloomberg Ausbond Bank Bill Index.

**The inception date of the fund is 31 October 2016

^^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.

ooGross 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.

**** The FUM amount shown includes inter-funding. Bentham strategies inter-fund for portfolio construction purposes.

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

Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD**
2018	0.28	0.29	0.29	0.28	0.28	0.29	0.29	0.29					2.31
2017					0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.29	

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.

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Due to the initial size of the wholesale class at the Fund inception of November 2016 there were no distributions payable until 30 June 2017. For informational purposes the distributions shown in the table above from inception until 31 May 2017 are comparable returns paid by the seed class of units. Actual distributions paid by the wholesale class of units are shown from 30 June 2017

Contact us

Fund Information (for Wholesale and Institutional investors)

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Fund Administration

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