



Bentham High Yield Fund

Monthly fact sheet – May 2018

Portfolio and Market Returns

The Bentham High Yield Fund had a total return (after fees*) of -0.11% in the month of May, underperforming the benchmark Merrill Lynch High Yield Cash Pay Constrained Index (hedged into AUD) after fees by 0.09%. On a before fees* basis the fund returned -0.04% for the month, underperforming the benchmark by 0.02%.

Fund Statistics

At month end, the Fund had a yield to maturity of 6.02% and running yield 6.17%, with the credit yield spread[^] decreasing by 7 bps to 352 bps during the month. The Fund had an interest rate duration of 4.15 years and credit duration of 4.36 years.

High Yield Market

For the month, 11 of the 24 industries had positive returns. The top performing industries in May were Food And Drug, Utility and Cable/Wireless Video with returns (sector performance in USD terms) of 2.41%, 0.99% and 0.84% respectively. The worst performing industries were Forest Prod/Containers, Retail and Wireless Communications with returns of -1.17%, -0.99% and -0.72% respectively.

The credit yield spread[^] for the Index increased by 17 bps during the month to 361 bps.

Portfolio Exposures

The Fund's asset allocations are 88.9% in High Yield Bonds, 4.4% in Syndicated Loans and 5.9% in Cash & Derivative Hedges.

The Fund's three largest industry exposures are 9.6% in Buildings and Real Estate, 7.3% in Broadcasting and Entertainment and 6.8% in Finance. The Fund's top three company exposures are 1.6% in Valeant Pharmaceuticals, 1.4% in Priso Acquisition Corporation and 1.3% in iStar Inc. During the month, the Fund increased its exposure to Merlin Entertainments, Alpha and Topbuild; with decreased exposures to Bba, Sabre and Msci.

* 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 31 May 18	Total Return (after fees) ^{oo} %	Gross Return (before fees) ^o %	Benchmark* %	Active Return (after fees) %	Active Return (before fees) %	Std Dev	Tracking Error ^{^^}	Info Ratio ^{^^}
1 Month	-0.11	-0.04	-0.02	-0.09	-0.02			
3 Months	-0.28	-0.06	0.01	-0.29	-0.07			
6 Months	-0.53	-0.12	-0.06	-0.47	-0.06			
1 Year	2.51	3.23	2.40	0.11	0.83	2.05	0.71	1.16
2 Year (p.a.)	8.30	9.07	8.44	-0.14	0.63	3.02	0.89	0.70
3 Year (p.a.)	5.54	6.32	5.75	-0.20	0.57	4.37	1.69	0.34
5 Year (p.a.)	6.42	7.20	6.32	0.09	0.87	4.01	1.65	0.53
7 Year (p.a.)	8.30	9.11	8.00	0.30	1.11	4.14	2.12	0.52
10 Year (p.a.)	9.58	10.41	9.51	0.07	0.90	9.24	3.87	0.23
15 Year (p.a.)	9.72	10.49	9.77	-0.04	0.73	7.91	3.34	0.22
Inception (p.a.) ^{**}	8.42	9.16	8.76	-0.34	0.40	7.79	3.15	0.13
Positive months		174	162					
Negative months		62	74					
Positive months (%)		73.7%	68.6%					
Negative months (%)		26.3%	31.4%					
Average monthly return (%)		0.76%	0.74%					
Fund Size AUD ^{****}	\$98.7M							
Months since inception	236							
Current Buy/Sell Spread	+0.250%/-0.250%							

*Benchmark is ML High Yield Cash Pay Index (AUD)

**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.

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

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

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

Source: Fidante Partners, Bloomberg

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	Sep	Dec	Mar	Jun	YTD ^{**}
2018	1.25	1.24	1.25		3.76
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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