

Bentham High Yield Fund

Monthly fact sheet – June 2018

Portfolio and Market Returns

The Bentham High Yield Fund had a total return (after fees*) of 0.18% in the month of June, underperforming the benchmark Merrill Lynch High Yield Cash Pay Constrained Index (hedged into AUD) after fees by 0.16%. On a before fees* basis the fund returned 0.25% for the month, underperforming the benchmark by 0.09%.

The June quarterly distribution paid was 4.22%**.

Fund Statistics

At month end, the Fund had a yield to maturity of 6.13% and running yield 6.34%, with the credit yield spread[^] increasing by 22 bps to 374 bps during the month. The Fund had an interest rate duration of 4.25 years and credit duration of 4.36 years.

High Yield Market

For the month, 19 of the 24 industries had positive returns. The top performing industries in June were Retail, Cable/Wireless Video and Telecommunications with returns (sector performance in USD terms) of 2.20%, 0.98% and 0.98% respectively. The worst performing industries were Transportation, Broadcasting and Wireless Communications with returns of -0.79%, -0.71% and -0.07% respectively.

The credit yield spread[^] for the Index increased by 7 bps during the month to 368 bps.

Portfolio Exposures

The Fund's asset allocations are 93.2% in High Yield Bonds, 3.9% in Syndicated Loans and 2.0% in Cash & Derivative Hedges.

The Fund's three largest industry exposures are 9.9% in Buildings and Real Estate, 7.6% in Broadcasting and Entertainment and 7.0% in Finance. The Fund's top three company exposures are 1.4% in Priso Acquisition, 1.3% in HCA Inc and 1.3% in Altice. During the month, the Fund increased its exposure to Owens, Venator and Solenis International; with decreased exposures to Energizer Gamma, Hub International and Syniverse.

* 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 Jun 18	Total Return (after fees) ^{°°} %	Gross Return (before fees) [°] %	Benchmark* %	Active Return (after fees) %	Active Return (before fees) %	Std Dev	Tracking Error ^{^^}	Info Ratio ^{^^^}
1 Month	0.18	0.25	0.34	-0.16	-0.09			
3 Months	0.47	0.67	1.00	-0.53	-0.33			
6 Months	-0.80	-0.40	-0.01	-0.79	-0.39			
1 Year	2.16	2.87	2.60	-0.44	0.27	2.02	0.59	0.45
2 Year (p.a.)	8.10	8.86	8.00	0.10	0.86	3.04	0.80	1.08
3 Year (p.a.)	5.97	6.75	6.36	-0.39	0.38	4.29	1.68	0.23
5 Year (p.a.)	6.83	7.61	6.94	-0.11	0.67	3.87	1.61	0.42
7 Year (p.a.)	8.39	9.20	8.14	0.25	1.06	4.13	2.12	0.50
10 Year (p.a.)	9.64	10.47	9.77	-0.13	0.70	9.24	3.83	0.18
15 Year (p.a.)	9.55	10.32	9.58	-0.03	0.74	7.89	3.34	0.22
Inception (p.a.) ^{**}	8.40	9.13	8.74	-0.34	0.39	7.77	3.14	0.12
Positive months		175	163					
Negative months		62	74					
Positive months (%)		73.8%	68.8%					
Negative months (%)		26.2%	31.2%					
Average monthly return (%)		0.76%	0.73%					
Fund Size AUD ^{****}	\$100.1M							
Months since inception	237							
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.

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

°° 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	4.22	7.90
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.

Contact us

Retail Investors: Fidante Partners Investor Services on 13 51 53.

Advisers: Fidante Partners Adviser Services on 1800 195 853 or your State Business Development Manager.

Institutional Investors / Consultants: institutional@benthamam.com

For more information www.benthamam.com

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