

Investment Objective

The Fund provides exposure to global credit markets and aims to generate income with some potential for capital growth over the medium to long term.

Fund Performance as at 31 August 2018

| | 1 month | 3 months | 6 months | 1 year | 3 years (p.a.) | 5 years (p.a.) | 10 years (p.a.) | Since inception (p.a.) |
|--|--------------|--------------|--------------|-------------|-------------------|-------------------|--------------------|---------------------------|
| Gross return (before fees) | 0.30 | 1.14 | 0.82 | 6.48 | 6.59 | 6.71 | 9.10 | 8.17 |
| <i>Growth return (after fees)</i> | <i>-0.10</i> | <i>-0.62</i> | <i>-2.31</i> | <i>0.79</i> | <i>1.11</i> | <i>0.88</i> | <i>1.73</i> | <i>0.53</i> |
| <i>Distribution return</i> | <i>0.33</i> | <i>1.57</i> | <i>2.76</i> | <i>4.93</i> | <i>4.70</i> | <i>5.05</i> | <i>6.55</i> | <i>6.83</i> |
| Total return (after fees)¹ | 0.23 | 0.94 | 0.45 | 5.72 | 5.82 | 5.93 | 8.28 | 7.36 |
| Benchmark | 0.49 | 0.98 | 1.82 | 2.85 | 2.52 | 3.34 | 4.52 | 4.95 |
| Active return (after fees) ² | -0.26 | -0.04 | -1.37 | 2.87 | 3.29 | 2.59 | 3.77 | 2.41 |

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

¹ Total Net Return (after fees) is calculated using pre-distribution month end withdrawal unit prices, and assumes all income is reinvested in additional units. Total Return equals Growth return (after fees) plus Distribution return (after fees).

² Active Return of the Fund is the difference between the Total Return and the return of the Benchmark. 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.

Portfolio and Market Returns

The Bentham Global Income Fund had a total return (after fees) of 0.23% in the month of August, underperforming the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index) after fees by 0.26%. On a before fees basis the fund returned 0.30% for the month, underperforming the benchmark by 0.19%.

Market volatility returned in August, particularly in Emerging Markets which were led lower by Turkey and Argentina, with the latter requesting IMF support and implementing austerity measures. Continued strength in the \$US, along with continued US/China trade tensions also weighed on Emerging Markets.

Developed markets were mixed. The US market was strong, supported by strong GDP numbers and news the unemployment rate had fallen to 3.9%, a two decade low. European markets were weaker however, owing to concerns around bank exposures to Turkey and the upcoming Italian budget which led to Fitch placing the Italian sovereign rating to "negative outlook".

The top performing contributors to performance included Global Syndicated Loans, Bank Capital Securities and Global High Yield; whilst the bottom performing contributors included RMBS, European Convertibles and Global Hybrids.

We remain cautious on rates especially given the most recent economic prints with strong Non-Farm Payrolls and Employment. Our outlook for global credit markets remains cautiously optimistic even as we begin to wind-down our short rates position. August confirmed our fears about growing risks in emerging markets (where we are currently short) and their potential impact on Australia even after the recent sell-off. Markets remain poised for another US rate hike in September (96.3% priced in).

Portfolio Summary Statistics

| | |
|--|------------------|
| Yield to maturity | 4.91% |
| Running yield | 4.53% |
| Credit spread ³ | +255bps |
| Number of issuers | 651 |
| Interest rate duration | -2.19 years |
| Credit duration | 4.36 years |
| Investment grade ⁴ exposure | 65% of portfolio |
| Fund size | A\$2,423,974,132 |

Risk Characteristics

| | |
|---------------------------------------|------|
| 5 Year Volatility ⁵ | 3.11 |
| 5 Year Sharpe Ratio ⁶ | 1.45 |
| 5 Year Tracking Error ⁷ | 3.78 |
| 5 Year Information Ratio ⁸ | 0.89 |

Fund Distributions

| | |
|---|---------------------|
| Distribution frequency | Monthly |
| Monthly distribution ⁹ | 0.33% (August 2018) |
| Target distribution rate (FY19) ¹⁰ | 3.75% to 4.25% |

³ Spread over the swap rate.

⁴ An assigned credit rating of BBB-/Baa3 or better by a credit rating agency.

⁵ Volatility is Standard Deviation.

⁶ Sharpe Ratio is the Active Return on the Bloomberg AusBond Bank Bill Index (before fees) divided by Standard Deviation.

⁷ Tracking Error is the Standard Deviation of the Active Return (before fees).

⁸ Information Ratio is the Active Return (before fees) divided by the Tracking Error.

⁹ Calculated as the cents per unit (CPU) distribution at the month end divided by the ex-distribution unit price at the start of the month.

¹⁰ Bentham intends to achieve the distribution rate for FY2019 with taxable income. If there is a shortfall of taxable income, the distribution may possibly include a capital return.

The current distribution rate setting was based on the running yield of the Fund as at 30 June 2018 and assumes the Fund continues to achieve an equivalent yield for FY2019.

Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified.

Monthly Distribution Returns History (%)¹

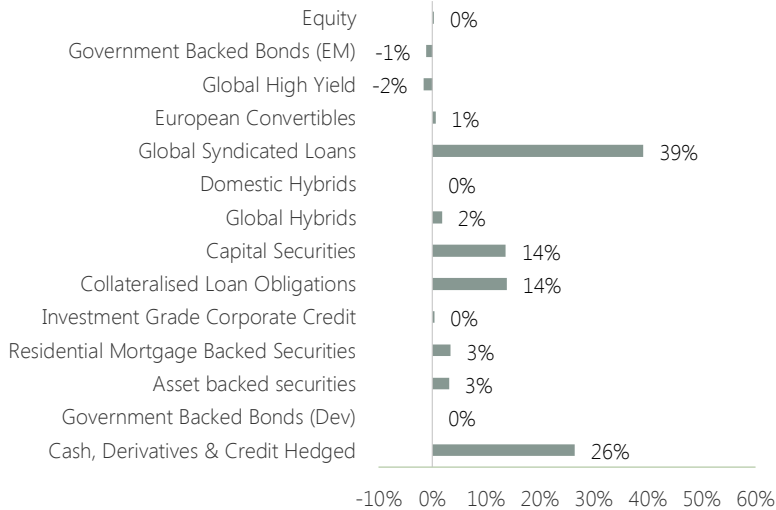
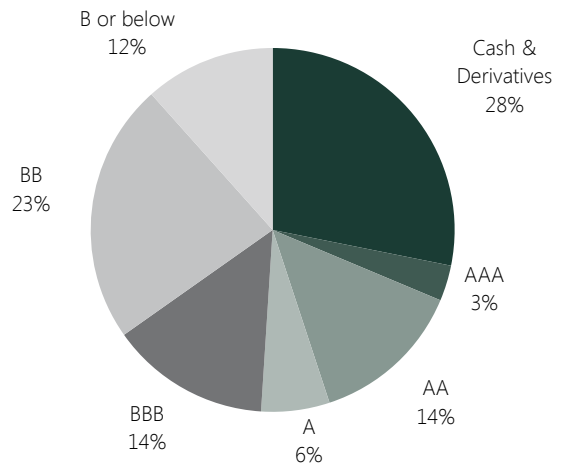
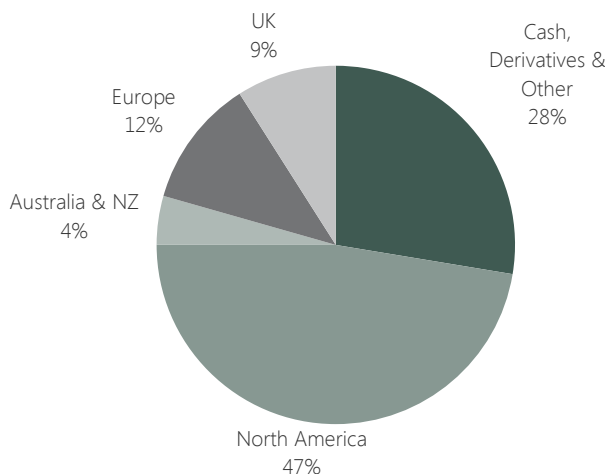
| Financial Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD ² |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|------------------|
| 2019 | 0.33 | 0.33 | - | - | - | - | - | - | - | - | - | - | 0.67 |
| 2018 | 0.37 | 0.33 | 0.34 | 0.33 | 0.33 | 0.33 | 0.34 | 0.33 | 0.33 | 0.34 | 0.54 | 0.90 | 4.96 |
| 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 |

Source: Fidante Partners

Past distributions are no indication of future distributions.

¹ Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

² Annual distribution return (Year-to-Date) is calculated as the Total Return (after fees) minus Growth Return. Total Return (after fees) is calculated using pre-distribution month end withdrawal unit price, and assumes distributions are reinvested. Growth Return equals the percentage change in unit price.

Portfolio Asset Allocation

Credit Rating Breakdown

Regional Breakdown

Top 5 Industry Exposures (Moody's SIC)

| | |
|----------------------------------|-------|
| Banking | 11.9% |
| Electronics | 5.5% |
| Insurance | 4.8% |
| Chemicals, Plastics and Rubber | 4.7% |
| Diversified/Conglomerate Service | 4.4% |

Pricing and Fees

| | |
|------------------------------|---------------|
| Unit frequency pricing | Daily |
| Management fee | 0.72% |
| Recoverable expenses | 0.02% |
| Buy/sell spread ³ | +0.24%/-0.24% |
| Entry and exit fees | Nil |
| Minimum initial investment | A\$10,000 |

³ Buy/sell spread is retained in the Fund to cover transaction costs. It is not paid to the Investment Manager. The buy/sell spread is reviewed on a monthly basis to ensure it fairly reflects market transaction costs.

| Fund Overview | | Platform Availability & mFund Code | | | |
|------------------------|--|------------------------------------|---|---|---|
| Portfolio Manager | Richard Quin | AMP Flexi Super MT | ✓ | OnePath OneAnswer | ✓ |
| Inception date | 16 September 2003 | AMP PortfolioCare | ✓ | OnePath PortfolioOne | ✓ |
| APIR code | CSA0038AU | AMP PPS | ✓ | IOOF – Pursuit Select | ✓ |
| Benchmark | 50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index | AMP Wealthview | ✓ | Macquarie Wrap Super Manager | ✓ |
| Investment universe | Global credit and fixed interest markets, including but not limited to, government backed bonds, securitised credit, global syndicated loans, global high yield bonds, equities and derivatives | Asgard eWrap | ✓ | Macquarie Wrap Investment | ✓ |
| Credit quality | Actively managed. Minimum exposure of 50% to investment grade rated securities | Asgard Infiniti-Select | ✓ | MLC Wrap – IDPS | ✓ |
| Interest rate exposure | Actively managed | Asgard Master Trust | ✓ | MLC Wrap – Super | ✓ |
| Currency | Aims to be fully hedged to AUD | North | ✓ | MLC Navigator | ✓ |
| Fund features | <ul style="list-style-type: none"> • Active specialist management • Access to global investment opportunities not typically available to direct retail investors • Highly diversified portfolio • Regular monthly distributions • Daily unit pricing • Australian domiciled trust with more than 14 years' track record • Competitive fee | Summit | ✓ | Netwealth – Public | ✓ |
| | | BT Panorama | ✓ | Oasis | ✓ |
| | | BT Wrap | ✓ | Perpetual Wealth Focus | ✓ |
| | | Federation | ✓ | PowerWrap | ✓ |
| | | FirstWrap | ✓ | Synergy | ✓ |
| | | Grow Wrap | ✓ | uXchange | ✓ |
| | | Hillross Portfolio Care | ✓ | ASX mFund Settlement Service BAM05 | |
| | | HUB24 | ✓ | | |

Rated by Lonsec



30 Jan 18

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 PDS: [Bentham Global Income Fund PDS](#)

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