



# Bentham High Yield Fund

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## Monthly fact sheet – September 2018

### Portfolio and Market Returns

The Bentham High Yield Fund had a total return (after fees\*) of 0.53% in the month of September, underperforming the benchmark Merrill Lynch High Yield Cash Pay Constrained Index (hedged into AUD) after fees by 0.06%. On a before fees\* basis the fund returned 0.59% for the month, outperforming the benchmark by 0.01%.

The September quarterly distribution paid was 1.36%\*\*.

### Fund Statistics

At month end, the Fund had a yield to maturity of 6.03% and running yield 6.43%, with the credit yield spread<sup>^</sup> decreasing by 1 bps to 364 bps during the month. The Fund had an interest rate duration of 4.02 years and credit duration of 4.24 years.

### High Yield Market

For the month, 21 of the 23 industries had positive returns. The top performing industries in September were Telecommunications, Cable/Wireless Video and Utility with returns (sector performance in USD terms) of 1.24%, 0.95% and 0.90% respectively. The worst performing industries were Transportation, Food/Tobacco and Chemicals with returns of -0.36%, -0.04% and 0.12% respectively.

The credit yield spread<sup>^</sup> for the Index decreased by 22 bps during the month to 325 bps.

### Portfolio Exposures

The Fund's asset allocations are 90.6% in High Yield Bonds, 7.1% in Syndicated Loans and 1.5% in Cash & Derivative Hedges.

The Fund's three largest industry exposures are 9.5% in Buildings and Real Estate, 7.2% in Chemicals, Plastics and Rubber and 7.1% in Diversified/Conglomerate Service. The Fund's top three company exposures are 1.7% in Valeant Pharmaceuticals, 1.6% in HCA Inc and 1.4% in Priso Acquisition Corporation. During the month, the Fund increased its exposure to Pinnacle Entertainment, Prospect Medical Holdings and American Bath Group; with decreased exposures to Aci Worldwide, Pgt and Ew Scripps.

\* 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.

<sup>^</sup> 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 Sep 18	Total Return (after fees) <sup>oo</sup> %	Gross Return (before fees) <sup>o</sup> %	Benchmark* %	Active Return (after fees) %	Active Return (before fees) %	Std Dev	Tracking Error <sup>^^</sup>	Info Ratio <sup>^^</sup>
1 Month	0.53	0.59	0.58	-0.06	0.01			
3 Months	1.86	2.06	2.43	-0.57	-0.37			
6 Months	2.34	2.74	3.45	-1.11	-0.71			
1 Year	1.94	2.70	2.90	-0.96	-0.20	1.76	0.69	-0.30
2 Year (p.a.)	6.46	7.20	6.28	0.18	0.92	2.52	0.79	1.16
3 Year (p.a.)	7.74	8.53	8.86	-1.12	-0.33	3.93	1.54	-0.21
5 Year (p.a.)	6.65	7.44	6.85	-0.19	0.59	3.81	1.61	0.37
7 Year (p.a.)	8.99	9.81	9.38	-0.39	0.43	3.91	1.88	0.23
10 Year (p.a.)	10.30	11.14	11.06	-0.75	0.09	9.09	3.57	0.02
15 Year (p.a.)	9.38	10.16	9.51	-0.13	0.64	7.88	3.32	0.19
Inception (p.a.) <sup>**</sup>	8.39	9.12	8.76	-0.37	0.37	7.72	3.12	0.12
Positive months		178	166					
Negative months		62	74					
Positive months (%)		74.2%	69.2%					
Negative months (%)		25.8%	30.8%					
Average monthly return (%)		0.75%	0.74%					
Fund Size AUD <sup>****</sup>	\$103.0M							
Months since inception	240							
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

<sup>^^</sup> Tracking Error is the Standard Deviation of the Active Return (before fees).

<sup>^^</sup> Information Ratio is the Active Return (before fees) divided by the Tracking Error.

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

<sup>oo</sup> 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 <sup>**</sup>
2019	1.36	0.00	0.00	0.00	1.38
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

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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