

**Bentham Global Income Fund NZD**
**January 2019**
**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 January 2019**

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
<b>Gross return (before fees)</b>	<b>1.06</b>	<b>-1.31</b>	<b>0.13</b>	<b>1.02</b>	<b>7.76</b>	<b>6.03</b>	<b>6.73</b>
<i>Growth return (after fees)</i>	<i>0.57</i>	<i>-2.67</i>	<i>-2.50</i>	<i>-4.19</i>	<i>1.29</i>	<i>-0.65</i>	<i>0.02</i>
<i>Distribution return</i>	<i>0.37</i>	<i>1.10</i>	<i>2.21</i>	<i>4.40</i>	<i>5.67</i>	<i>5.88</i>	<i>5.90</i>
<b>Total return (after fees)<sup>1</sup></b>	<b>0.94</b>	<b>-1.56</b>	<b>-0.30</b>	<b>0.21</b>	<b>6.96</b>	<b>5.23</b>	<b>5.92</b>
Benchmark	0.40	1.41	2.10	3.67	2.88	3.76	3.74
Active return (after fees) <sup>2</sup>	0.54	-2.98	-2.39	-3.46	4.08	1.47	2.18

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

<sup>1</sup> Total 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).

<sup>2</sup> 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 NZD had a total return (after fees) of 0.94% in the month of January, outperforming the benchmark (50% Bloomberg AusBond Bank Bill Index (hedged to NZD), 50% Bloomberg AusBond Composite Index (hedged to NZD)) after fees by 0.54%. On a before fees basis the fund returned 1.06% for the month, outperforming the benchmark by 0.67%.

Market sentiment rebounded in January, supported by a pause in the US Government shutdown and a more dovish stance from the US Federal Reserve (Fed).

As expected, the target range for the Fed funds rate was held steady at 2.25-2.50% in a unanimous decision, but their tightening bias was replaced with language that emphasises a "patient" approach to future policy adjustments. The Fed continues to expect a sustained economic expansion. The news was positive for markets, with credit spreads tightening across the board.

The top performing contributors to performance included Global Syndicated Loans, Bank Capital Securities and Collateralised Loan Obligations (CLO); whilst the bottom performing contributors included Residential Mortgage Backed Securities (RMBS), European Convertibles and Equity Securities.

Our outlook for global credit markets in 2019 remains cautiously optimistic even as we continue to wind-down our short rates position towards neutral. Over the medium term, we expect that the strong macroeconomic environment in the US will continue to be supportive of credit markets and bearish for most bond markets.

**Portfolio Summary Statistics**

Yield to maturity	5.39%
Running yield	4.99%
Credit spread <sup>3</sup>	+310bps
Number of issuers	657
Interest rate duration	-1.16 years
Credit duration	5.32 years
Investment grade <sup>4</sup> exposure	61% of portfolio
Fund size	NZ\$103,680,241

**Risk Characteristics**

5 Year Volatility <sup>5</sup>	3.21
5 Year Sharpe Ratio <sup>6</sup>	1.06
5 Year Tracking Error <sup>7</sup>	3.93
5 Year Information Ratio <sup>8</sup>	0.58

**Fund Distributions**

Distribution frequency	Monthly
Monthly distribution <sup>9</sup>	0.37% (Jan 2019)
Target distribution rate (FY19) <sup>10</sup>	4.25% to 4.75%

<sup>3</sup> Spread over the swap rate.

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

<sup>5</sup> Volatility is Standard Deviation.

<sup>6</sup> Sharpe Ratio is the excess return over the Bloomberg NZBond Bank Bill Index (before fees) divided by Standard Deviation.

<sup>7</sup> Tracking Error is the Standard Deviation of the Active Return (before fees).

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

<sup>9</sup> 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.

<sup>10</sup> 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.

**Bentham Global Income Fund NZD**
**January 2019**
**Monthly Distribution Returns History (%)<sup>1</sup>**

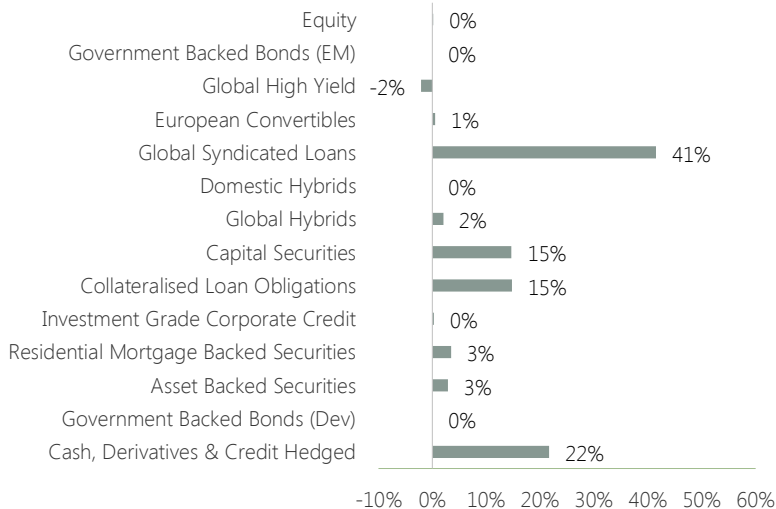
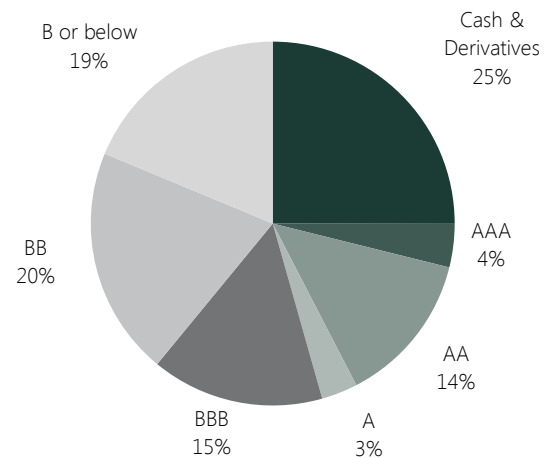
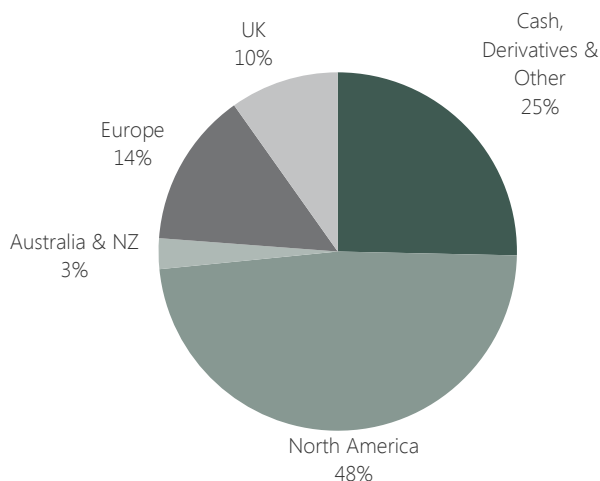
Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD <sup>2</sup>
2019	0.37	0.37	0.37	0.37	0.38	0.37	0.37	-	-	-	-	-	2.58
2018	0.41	0.37	0.38	0.37	0.38	0.37	0.37	0.38	0.38	0.38	0.38	0.37	4.67
2017	0.42	0.41	0.41	0.42	0.41	0.42	0.40	0.42	0.41	0.41	0.41	2.39	7.56
2016	0.46	0.45	0.46	0.46	0.46	0.46	0.46	0.46	0.47	0.45	0.46	0.48	5.38
2015	0.52	0.51	0.53	0.52	0.48	0.52	0.51	0.53	0.52	0.52	0.52	0.43	6.20
2014				0.49	0.47	0.44	0.47	0.47	0.46	0.47	0.48	1.16	4.92

Source: Fidante Partners

Past distributions are no indication of future distributions.

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

<sup>2</sup> 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	12.4%
Insurance	6.5%
Electronics	5.2%
Chemicals, Plastics and Rubber	4.4%
Diversified/Conglomerate Service	4.2%

**Pricing and Fees**

Unit frequency pricing	Daily
Management fee	0.77%
Recoverable expenses	0.00% (Jan 2019)
Buy/sell spread <sup>3</sup>	+0.275%/-0.275%
Entry and exit fees	Nil
Minimum initial investment	NZ\$50,000

<sup>3</sup> 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.

# Bentham Global Income Fund NZD

# January 2019

## Fund Overview

Portfolio Manager	Richard Quin
Inception date	30 September 2013
ARSN code	165 696 417
Benchmark	50% Bloomberg Ausbond Composite Bond Index (hedged to NZD) and 50% Bloomberg Ausbond Bank Bill Index (hedged to NZD)
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
Credit quality	Actively managed. Minimum exposure of 50% to investment grade rated securities
Interest rate exposure	Actively managed
Currency	Aims to be fully hedged to NZD

## Platform Availability

AEGIS	✓
FNZ (including One Answer and Wealthview)	✓

## Fund features

- Active specialist management
- Access to global investment opportunities not typically available to direct retail investors
- Highly diversified portfolio
- Regular monthly distributions
- Daily unit pricing
- Fund track record 5+ years
- Strategy track record 15+ years
- Competitive fee



04 Dec 18

## More information:

**Retail Investors:** Fidante Partners Investor Services on 13 51 53 or [info@fidante.com.au](mailto:info@fidante.com.au)

**Advisers:** New Zealand Advisers, contact The Investment Store on 0800 331 041

**Institutional Investors / Consultants:** contact The Investment Store on 0800 331 041

**Website:** [www.benthamam.com](http://www.benthamam.com)

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

**Morningstar:** The Morningstar Analyst Rating™ for Bentham Global Income Fund is 'Silver' as of 04/12/2018. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

Unless otherwise specified, any information contained in this publication is current as at the date of this publication and is provided by Fidante Partners Limited ABN 94 002 835 592, AFSL 234 668 (Fidante Partners), the responsible entity and issuer of interests in the Bentham Global Income Fund NZD (Fund). Bentham Asset Management Pty Ltd ABN 92 140 833 674 AFSL 356199 (Bentham) is the investment manager of the Fund. It is intended to be general information only and not financial product advice and has been prepared without taking into account any person's objectives, financial situation or needs. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the product disclosure statement (PDS) and any additional information brochure (AIB) for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. If you acquire or hold an interest in the Fund, we will receive the fees and other benefits, which are disclosed in the PDS and any AIB for the Fund. Neither Fidante Partners nor a Fidante Partners related company and our respective employees receive any specific remuneration for any advice provided to you. However, financial advisers may receive fees or commissions if they provide advice to you or arrange for you to invest in the Fund. Bentham, some or all Fidante Partners related companies and directors of those companies may benefit from fees, commissions and other benefits received by another group company. Neither Fidante Partners nor any related party of Fidante Partners nor any investment manager nor any sub-adviser guarantees the repayment of your capital or the performance of any Fund or any particular taxation consequence of investing. Past performance is not a reliable indicator of future performance. The PDS and any AIB can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website [www.fidante.com.au](http://www.fidante.com.au). Please also refer to the Financial Services Guide on the Fidante Partners website.