

Fund Aim

To provide investors with a diversified exposure to the US high yield bond market with active allocation between individual securities and industries.

Fund Performance as at 31 May 2020

| | 1 month | 3 months | 6 months | 1 year | 3 years (p.a.) | 5 years (p.a.) | 7 years (p.a.) | 10 years (p.a.) | 15 years (p.a.) | 20 years (p.a.) | Since inception (p.a.) |
|--|-------------|--------------|--------------|--------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|------------------------|
| Gross return (before fees) | 3.54 | -7.39 | -6.94 | -2.59 | 2.05 | 4.35 | 5.53 | 8.73 | 8.74 | 8.92 | 8.42 |
| Growth return (after fees) | 3.74 | -9.74 | -10.54 | -9.33 | -5.15 | -2.96 | -2.33 | -1.12 | -0.87 | -0.91 | -0.94 |
| Distribution return | - | 1.99 | 3.09 | 5.82 | 6.37 | 6.50 | 7.05 | 9.01 | 8.81 | 9.07 | 8.61 |
| Total return (after fees)¹ | 3.74 | -7.75 | -7.46 | -3.51 | 1.22 | 3.54 | 4.72 | 7.89 | 7.94 | 8.16 | 7.68 |
| Benchmark | 4.47 | -5.27 | -5.13 | -1.72 | 1.76 | 4.01 | 4.91 | 8.01 | 8.00 | 8.54 | 8.06 |
| Active return (after fees) ² | -0.73 | -2.48 | -2.33 | -1.79 | -0.54 | -0.47 | -0.19 | -0.12 | -0.06 | -0.38 | -0.39 |

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

¹ 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).

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 High Yield Fund had a total return (after fees) of 3.74% in the month of May, underperforming the benchmark ICE BofAML US Cash Pay High Yield Constrained Index³ (hedged into AUD) by 0.73%. On a before fees basis the fund returned 3.54% for the month, underperforming the benchmark by 0.93%.

High Yield Market

For the month, all industries had positive returns. The top performing industries in May were Energy, Broadcasting and Retail with returns (sector performance in USD terms) of 14.19%, 7.30% and 6.36% respectively. The worst performing industries were Cable/Wireless Video, Food/Tobacco and Information Technology with returns of 1.81%, 1.89% and 2.13% respectively.

The credit yield spread for the Index decreased by 109 bps during the month to 651 bps.

Portfolio Exposures

The Fund's three largest industry exposures are 10.3% in Buildings and Real Estate, 6.7% in Chemicals, Plastics and Rubber and 6.2% in Healthcare, Education and Childcare. The Fund's top three company exposures are 1.0% in Bausch Health, 1.0% in PriSo and 0.9% in BBA Aviation. During the month, the Fund increased its exposure to Ardagh Packaging, DTZ and American Builders & Contractors Supply; with decreased exposures to Ladder Capital, Sabra Health Care and Ortho-Clinical Diagnostics.

Portfolio Summary Statistics

| | |
|-------------------------------------|----------------|
| Yield to maturity | 6.65% |
| Running yield | 5.85% |
| Credit spread ⁴ | +651bps |
| Number of issuers | 210 |
| Interest rate duration | 3.21 years |
| Credit duration | 3.23 years |
| Average credit quality ⁵ | B+ |
| Fund size | A\$130,862,728 |

Risk Characteristics

| | |
|---------------------------------------|------|
| 5 Year Volatility ⁶ | 7.88 |
| 5 Year Sharpe Ratio ⁷ | 0.33 |
| 5 Year Tracking Error ⁸ | 1.66 |
| 5 Year Information Ratio ⁹ | 0.21 |

Fund Distributions

| | |
|--------------------------------------|------------------|
| Distribution frequency | Quarterly |
| Quarterly distribution ¹⁰ | 1.85% (Mar 2020) |

³ Previously known as Merrill Lynch High Yield Cash Pay Constrained Index.

⁴ Spread to worst over the swap rate.

⁵ The average credit quality is calculated using a duration adjusted Moody's Weighted Average Rating Factor (WARF) for both the S&P and Moody's security credit ratings within a portfolio.

⁶ Volatility is Standard Deviation.

⁷ Sharpe Ratio is the excess return over the Bloomberg AusBond Bank Bill Index (before fees) divided by Standard Deviation.

⁸ Tracking Error is the Standard Deviation of the Active Return (before fees).

⁹ Information Ratio is the Active Return (before fees) divided by the Tracking Error.

¹⁰ 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.

Quarterly Distribution Returns History (%)¹

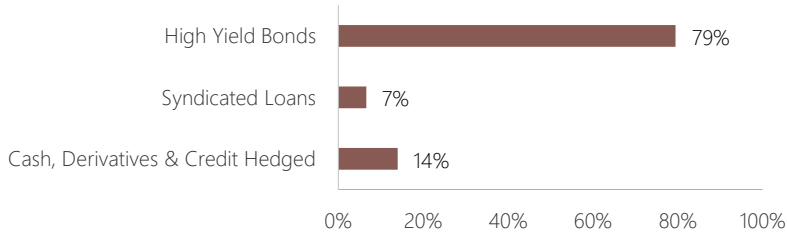
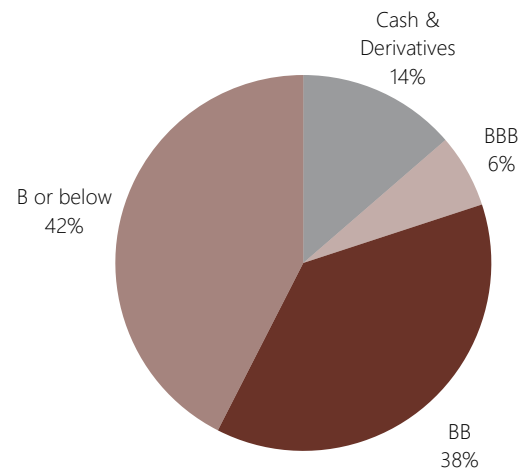
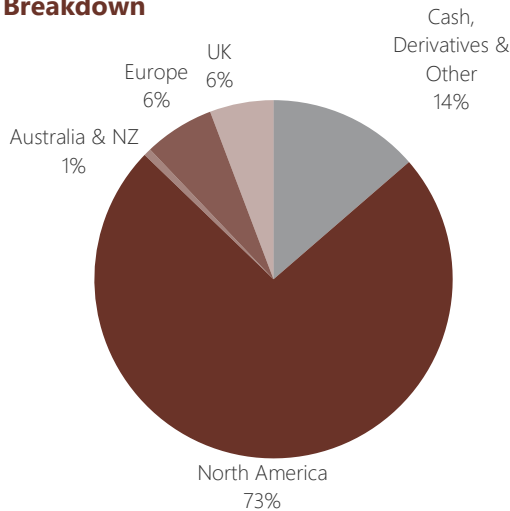
| Financial Year | Sep | Dec | Mar | Jun | YTD ² |
|----------------|------|------|------|------|------------------|
| 2020 | 1.22 | 1.22 | 1.85 | - | 4.27 |
| 2019 | 1.36 | 1.40 | 1.37 | 1.63 | 5.99 |
| 2018 | 1.25 | 1.24 | 1.25 | 4.22 | 7.90 |
| 2017 | 1.20 | 1.21 | 1.15 | 1.03 | 5.11 |
| 2016 | 1.22 | 1.24 | 1.29 | 2.43 | 6.14 |
| 2015 | 1.76 | 1.62 | 0.00 | 3.10 | 6.67 |

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.

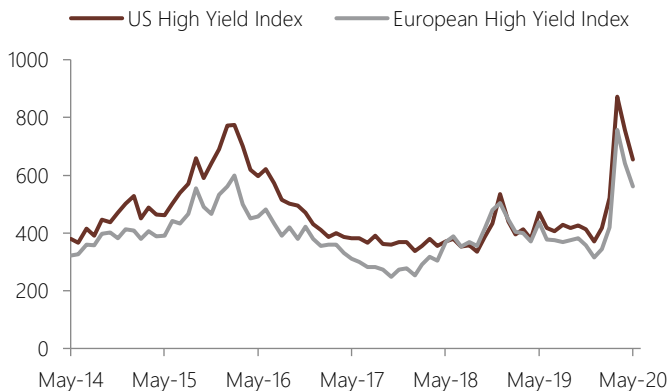
Portfolio Asset Allocation

Credit Rating Breakdown

Regional Breakdown

Top 5 Industry Exposures (Moody's SIC)

| | |
|--|-------|
| Buildings and Real Estate | 10.3% |
| Chemicals, Plastics and Rubber | 6.7% |
| Healthcare, Education and Childcare | 6.2% |
| Leisure, Amusement, Motion Pictures, Entertainment | 6.1% |
| Broadcasting and Entertainment | 5.9% |

Pricing and Fees

| | |
|------------------------------|------------------|
| Unit frequency pricing | Daily |
| Management fee | 0.60% |
| Recoverable expenses | 0.07% (May 2020) |
| Buy/sell spread ³ | +0.475%/-0.475% |
| 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.

High Yield Spread to Worst (bps)


Source: ICE Bank of America Merrill Lynch

| Fund Overview | | Platform Availability & mFund Code | |
|---------------------------------|--|------------------------------------|---|
| Portfolio Manager | Tom Flannery and Richard Quin | BT Wrap | ✓ Oasis ✓ |
| Inception date | 15 October 1998 | HUB24 | ✓ uXchange ✓ |
| APIR code | CSA0102AU | Netwealth - Private | ✓ ASX mFund Settlement Service BAM03 |
| Benchmark | ICE BofAML US Cash Pay High Yield Constrained Index (hedged into Australian dollars) | | |
| Return objective | The investment objective of the Fund is to outperform the Benchmark over the suggested minimum investment timeframe | | |
| Suggested investment time frame | Medium to long term, 3 years+ | | |
| Fund aim | To provide investors with a diversified exposure to the US high yield bond market with active allocation between individual securities and industries | | |
| Currency | Hedged into Australian dollars | | |
| Fund features | <ul style="list-style-type: none"> • Access to a diversified global high yield credit portfolio • Regular quarterly distributions • Daily unit pricing • Australian domiciled trust with a 20+ year track record – one of Australia’s longest running high yield funds • Investments not generally available to direct retail investors | | |

More information:

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PDS: [Bentham High Yield Fund PDS](#)

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