BENTHAM
ASSET MANAGEMENT

Bentham Syndicated Loan Fund — September 2020

Fund Aim

To provide investors with a diversified exposure to the global syndicated loan market with an active allocation to investments in different industries, issuers and geographies.

Fund Performance as at 30 September 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.)	Since inception (p.a.)
Gross return (before fees)	0.39	4.10	12.89	-1.57	2.10	4.60	5.07	7.11	7.45	7.71
Growth return (after fees)	*0.02*	*2.97*	*11.12*	*-6.55*	*-3.40*	*-1.15*	*-1.33*	*-0.82*	*-0.97*	*-0.50*
Distribution return	*0.38*	*1.17*	*2.20*	*3.87*	*4.53*	*4.83*	*5.50*	*7.01*	*7.51*	*7.30*
Total return (after fees)[1]	0.40	4.14	13.33	-2.67	1.13	3.68	4.17	6.20	6.54	6.80
Benchmark	0.70	4.00	13.58	-0.98	2.27	3.92	4.25	5.94	5.87	6.07
Active return (after fees)[2]	-0.30	0.14	-0.25	-1.69	-1.14	-0.24	-0.08	0.25	0.67	0.73

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 Syndicated Loan Fund had a total return (after fees) of 0.40% in the month of September, underperforming the benchmark (Credit Suisse Leveraged Loan Index hedged into AUD) by 0.30%. On a before fees basis the fund returned 0.39% for the month, underperforming the benchmark by 0.31%.

Fund Statistics

At month end, the Fund had a yield to maturity of 5.52% and running yield of 4.36%, with the credit yield spread increasing by 19 bps to 523 bps during the month. The Fund had an interest rate duration of 1.59 years and credit duration of 3.96 years.

Leveraged Loan Market

The discount margin (3 year) for the Index decreased by 10 bps during the month to 579 bps.

The top performing leveraged loan industries in September were Retail, Consumer Durables and Consumer Non-Durables with returns (sector performance in USD terms) of 2.28%, 1.98% and 1.88% respectively. The worst performing loan industries were Media/Telecommunications, Utility and Healthcare with returns of 0.03%, 0.23% and 0.32% respectively.

Portfolio Exposures

The Fund's three largest industry exposures are 10.0% in Electronics, 8.8% in Healthcare, Education and Childcare and 7.2% in Chemicals, Plastics and Rubber. The Fund's top three company exposures are 0.9% in Numericable, 0.9% in Level 3 Communications and 0.8% in Epicor Software. During the month, the Fund increased its exposure to Reynolds, Garrett Motion and Camelot; with decreased exposures to VFH, HB Fuller and Diamond Sports.

Portfolio Summary Statistics

Yield to maturity	5.52%
Running yield	4.36%
Credit spread[3]	+523bps
Number of issuers	393
Interest rate duration	1.59 years
Credit duration	3.96 years
Average credit quality[4]	B+
Fund size	A$2,938,696,861

Risk Characteristics

5 Year Volatility[5]	7.34
5 Year Sharpe Ratio[6]	0.41
5 Year Tracking Error[7]	0.99
5 Year Information Ratio[8]	0.69

Fund Distributions

Distribution frequency	Monthly
Monthly distribution[9]	0.38% (Sep 2020)
Target distribution rate (FY20)[10]	1m BBSW + 4.25% to 4.75%

[3] Spread over the swap rate.

[4] 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.

[5] Volatility is Standard Deviation.

[6] Sharpe Ratio is the excess return over 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] Target distribution rates for FY20 set at one month Australian Bank Bill Swap Rate (BBSW) plus a range of 3.0% to 3.5% of the monthly unit price. Bentham intends to achieve the distribution rate for FY2020 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 2019 and assumes the Fund continues to achieve an equivalent yield for FY2020. Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified.

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Monthly Distribution Returns History (%)[1]

Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD[2]
2021	0.39	0.38	0.38	-	-	-	-	-	-	-	-	-	1.17
2020	0.37	0.35	0.35	0.36	0.34	0.33	0.34	0.34	0.33	0.29	0.28	0.28	3.70
2019	0.41	0.41	0.40	0.41	0.40	0.41	0.42	0.41	0.41	0.39	0.38	0.37	4.83
2018	0.45	0.41	0.40	0.41	0.40	0.41	0.42	0.42	0.42	0.42	0.43	0.45	5.16
2017	0.45	0.47	0.44	0.45	0.45	0.45	0.44	0.45	0.45	0.44	0.45	0.45	5.79
2016	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.41	0.39	0.39	0.29	4.65

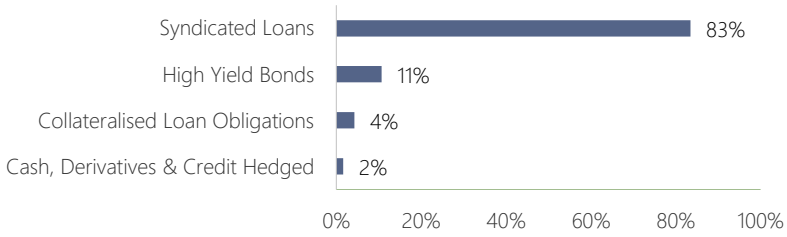
Source: Fidante Partners

Past distributions are no indication of future distributions.

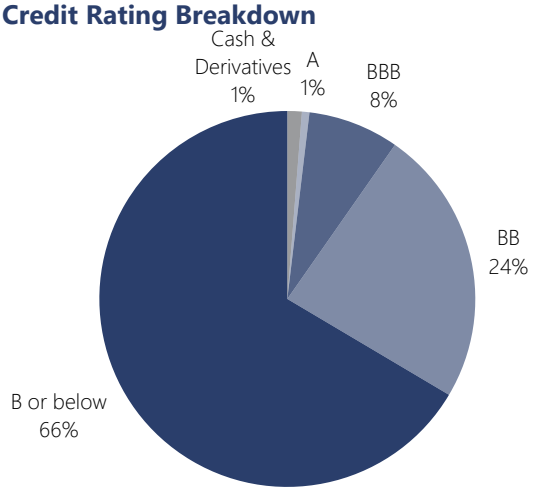
[1] Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

[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.

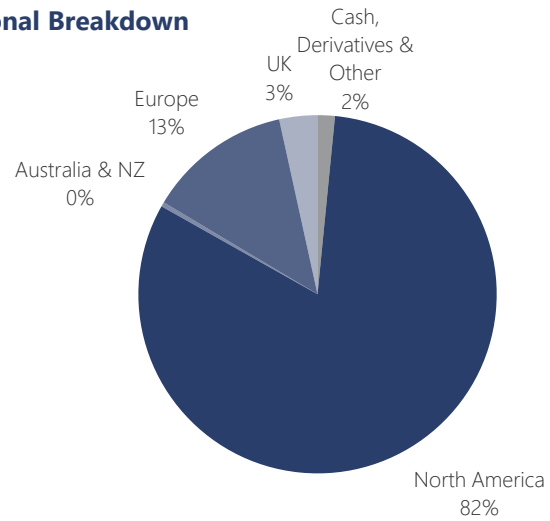
Portfolio Asset Allocation



Credit Rating Breakdown



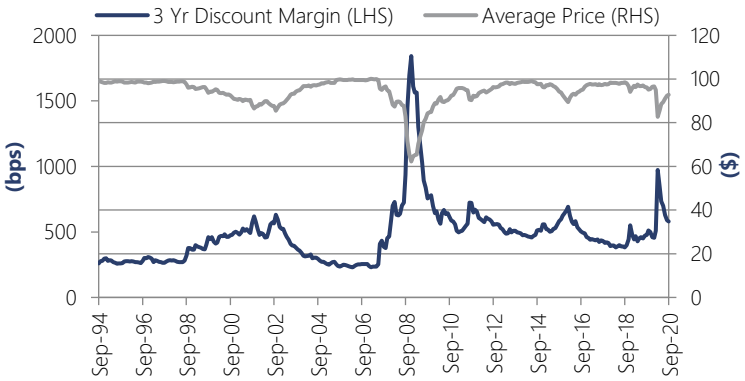
Regional Breakdown



Top 5 Industry Exposures (Moody's SIC)

Electronics	10.0%
Healthcare, Education and Childcare	8.8%
Chemicals, Plastics and Rubber	7.2%
Buildings and Real Estate	6.9%
Telecommunications	6.6%

Discount Margin and Average Price of US Loan Market



Source: Credit Suisse

Pricing and Fees

Unit frequency pricing	Daily
Management fee	0.77%
Recoverable expenses	0.06% (Sep 2020)
Buy/sell spread[3]	+0.700%/-0.700%
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.

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Fund Overview

Portfolio Manager	Tom Flannery and Richard Quin
Inception date	16 August 2004
APIR code	CSA0046AU
Benchmark	Credit Suisse Leveraged Loan Index (hedged into Australian dollars)
Return objective	The Fund aims to achieve investment returns above the Benchmark over the suggested investment time frame
Suggested investment time frame	Medium term, minimum 3 years
Fund aim	To provide investors with a diversified exposure to the global syndicated loan market with an active allocation to investments in different industries, issuers and geographies
Interest rate risk	Predominantly floating rate
Currency	Hedged into Australian dollars
Fund features	• Access to global senior secured syndicated loans which are not generally available to direct retail investors • Regular monthly distributions • High running yield with low interest rate risk • Australian domiciled trust with a 15+ year track record • Loans are valued to market prices daily – with daily unit pricing

Platform Availability & mFund Code

AMP eWrap	✓	OnePath PortfolioOne	✓
AMP PortfolioCare	✓	Macquarie Wrap Super Manager	✓
AMP Wealthview	✓	Macquarie Wrap Investment	✓
Asgard eWrap	✓	MLC Wrap – IDPS	✓
Asgard Master Trust	✓	MLC Wrap – Super	✓
North	✓	MLC Navigator	✓
Summit	✓	Netwealth – Private	✓
BT Panorama	✓	Oasis	✓
BT Wrap	✓	PowerWrap	✓
FirstWrap	✓	uXchange	✓
Hillross Portfolio Care	✓	ASX mFund Settlement Service	BAM04
HUB24	✓		

Zenith Investment Partners
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PDS: Bentham Syndicated Loan Fund PDS

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