

## Bentham High Yield Fund

July 2021

### 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 July 2021 (%)

	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)	0.29	1.67	3.14	10.32	5.71	6.55	6.20	8.05	9.12	9.69	8.67
Growth return (after fees)	0.23	1.51	-4.33	-0.64	-2.60	-1.36	-1.53	-0.82	-0.55	-0.80	-0.79
Distribution return	-	0.00	7.21	10.43	7.57	7.16	6.98	8.09	8.87	9.74	8.73
<b>Total return (after fees)<sup>1</sup></b>	<b>0.23</b>	<b>1.51</b>	<b>2.89</b>	<b>9.79</b>	<b>4.97</b>	<b>5.80</b>	<b>5.44</b>	<b>7.26</b>	<b>8.32</b>	<b>8.94</b>	<b>7.94</b>
Benchmark	0.35	2.01	3.57	10.07	5.60	6.24	5.68	7.31	8.48	9.11	8.34
Active return (after fees) <sup>2</sup>	-0.13	-0.50	-0.68	-0.29	-0.63	-0.44	-0.24	-0.05	-0.15	-0.17	-0.40

Source: Fidante Partners. 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 High Yield Fund had a total return (after fees) of 0.23% in the month of July, underperforming the benchmark ICE BofAML US Cash Pay High Yield Constrained Index3 (hedged into AUD) by 0.13%. On a before fees basis the fund returned 0.29% for the month, underperforming the benchmark by 0.07%.

### High Yield Market

For the month, 18 of the 23 industries had positive returns. The top performing industries in July were Food/Tobacco, Metals/Minerals and Chemicals with returns (sector performance in USD terms) of 0.92%, 0.74% and 0.71% respectively. The worst performing industries were Broadcasting, Energy and Diversified Media with returns of -1.17%, -0.52% and -0.39% respectively.

The credit yield spread for the Index increased by 27 bps during the month to 327 bps.

### Portfolio Exposures

The Fund's three largest industry exposures are 10.6% in Diversified/Conglomerate Service, 9.2% in Electronics and 8.3% in Healthcare, Education and Childcare. The Fund's top three company exposures are 1.2% in Altice Financing, 1.0% in Lithia Motors and 0.9% in Plastipak. During the month, the Fund increased its exposure to Plastipak, Peraton and Novelis; with decreased exposures to EnerSys, Advisor and Levi Strauss & Co.

### Portfolio Summary Statistics

Yield to maturity	4.79%
Running yield	5.30%
Credit spread <sup>4</sup>	+359bps
Number of issuers	272
Interest rate duration	3.50 years
Credit duration	3.75 years
Average credit quality <sup>5</sup>	B+
Fund size	A\$151,074,984

### Risk Characteristics

5 Year Volatility <sup>6</sup>	7.61
5 Year Sharpe Ratio <sup>7</sup>	0.69
5 Year Tracking Error <sup>8</sup>	1.38
5 Year Information Ratio <sup>9</sup>	0.22

### Fund Distributions

Distribution frequency	Quarterly
Quarterly distribution <sup>10</sup>	0.00% (Jun 2021)

<sup>3</sup> Previously known as Merrill Lynch High Yield Cash Pay Constrained Index.

<sup>4</sup> Spread to worst over the swap rate.

<sup>5</sup> 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.

<sup>6</sup> Volatility is Standard Deviation.

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

<sup>8</sup> Tracking Error is the Standard Deviation of the Active Return (before fees).

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

<sup>10</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.

**Quarterly Distribution Returns History (%)<sup>1</sup>**

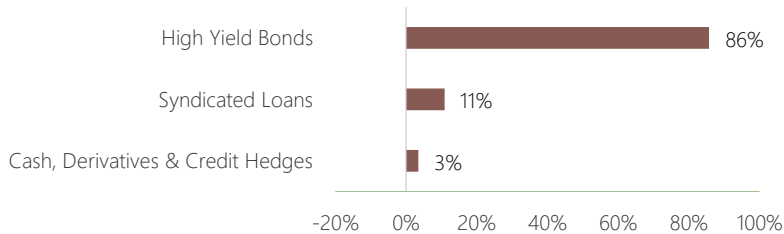
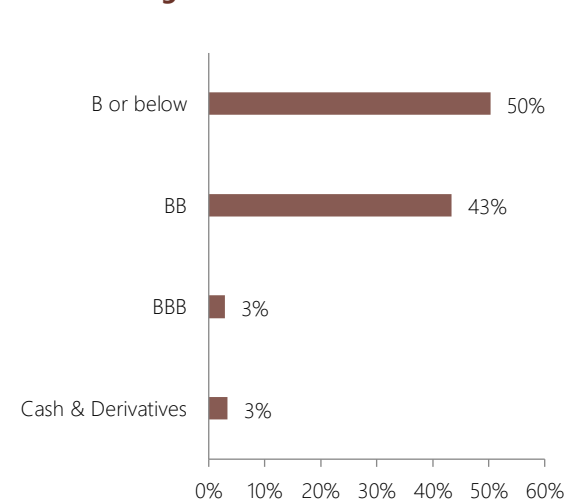
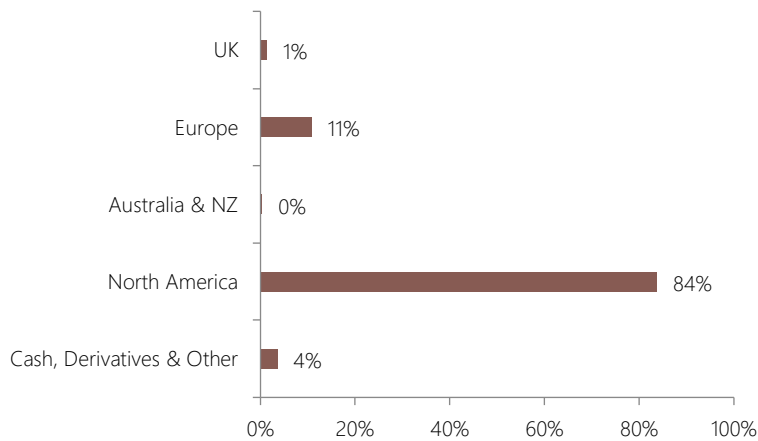
Financial Year	Sep	Dec	Mar	Jun	YTD <sup>2</sup>
2022	-	-	-	-	-
2021	1.36	1.35	1.32	0.00	10.78
2020	1.22	1.22	1.85	2.08	6.20
2019	1.36	1.40	1.37	1.63	5.99
2018	1.25	1.24	1.25	4.22	7.90
2017	1.20	1.21	1.15	1.03	5.11

Source: Fidante Partners

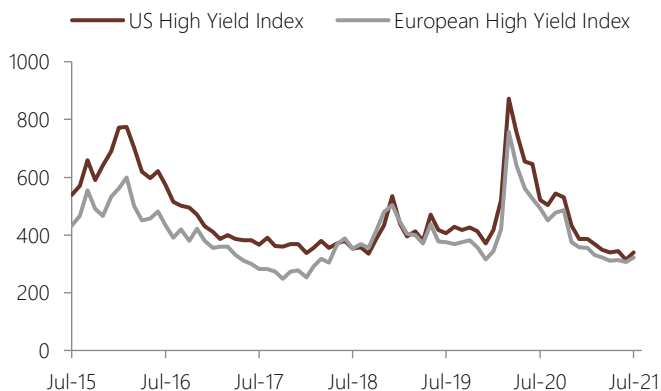
Past distributions are no indication of future distributions.

<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)**

Diversified/Conglomerate Service	10.6%
Electronics	9.2%
Healthcare, Education and Childcare	8.3%
Buildings and Real Estate	8.2%
Chemicals, Plastics and Rubber	6.1%

**High Yield Spread to Worst (bps)**

**Pricing and Fees**

Unit frequency pricing	Daily
Management fee	0.60%
Recoverable expenses	0.07% (Jul 2021)
Buy/sell spread <sup>3</sup>	+0.190%/-0.190%
Entry and exit fees	Nil
Minimum initial investment	A\$10,000

<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.

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 <b>BAM03</b>
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"> <li>• Access to a diversified global high yield credit portfolio</li> <li>• Regular quarterly distributions</li> <li>• Daily unit pricing</li> <li>• Australian domiciled trust with a 20+ year track record – one of Australia’s longest running high yield funds</li> <li>• Investments not generally available to direct retail investors</li> </ul>		

**More information:**

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

This material has been prepared by Bentham Asset Management Pty Limited (ABN 92 140 833 674) (**Bentham**), the investment manager of Bentham High Yield Fund (ARSN 088 907 224) (**Fund**). Fidante Partners Services Limited ABN 44 119 605 373 AFSL 320505 (**Fidante**), is the responsible entity of the Fund(s). Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the Fund, issued by Fidante, should be considered before deciding whether to acquire or hold units in the Fund. The PDS can be obtained by calling 13 51 53 or visiting [www.fidante.com](http://www.fidante.com). Neither Fidante nor any of its respective related bodies corporate guarantees the performance of the Fund, any particular rate of return or return of capital. Past performance is not a reliable indicator of future performance. Any projections are based on assumptions which we believe are reasonable, but are subject to change and should not be relied upon. Bentham and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Bentham and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties.