

Bentham Syndicated Loan Fund NZD

January 2022

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 31 January 2022

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Gross return (before fees)	0.26	1.45	2.41	5.05	4.60	4.63	5.96
Growth return (after fees)	-0.13	0.18	-0.01	-4.27	-3.50	-3.14	-2.19
Distribution return	0.36	1.05	2.01	8.59	7.25	6.91	7.27
Total return (after fees)¹	0.23	1.23	2.00	4.32	3.74	3.77	5.08
Benchmark	0.43	1.00	2.45	4.77	4.20	4.03	5.10
Active return (after fees) ²	-0.20	0.23	-0.46	-0.45	-0.46	-0.26	-0.02

Source: Fidante Partners. 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 NZD had a total return (after fees) of 0.23% in the month of January, underperforming the benchmark (Credit Suisse Leveraged Loan Index hedged into NZD) by 0.20%. On a before fees basis the fund returned 0.26% for the month, underperforming the benchmark by 0.17%.

Fund Statistics

At month end, the Fund had a yield to maturity of 6.74% and running yield of 5.22%, with the credit yield spread increasing by 18 bps to 418 bps during the month. The Fund had an interest rate duration of 0.62 years and credit duration of 3.74 years.

Leveraged Loan Market

The discount margin (3 year) for the Index decreased by 7 bps during the month to 432 bps.

The top performing leveraged loan industries in December were Media/Telecommunications, Retail and Healthcare with returns (sector performance in USD terms) of 0.79%, 0.77% and 0.75% respectively. The worst performing loan industries were Utility, Consumer Non-Durables and Gaming/Leisure with returns of 0.04%, 0.38% and 0.48% respectively.

Portfolio Exposures

The Fund's three largest industry exposures are 13.8% in Healthcare, Education and Childcare, 12.9% in Electronics and 8.9% in Diversified/Conglomerate Service. The Fund's top three company exposures are 1.5% in AthenaHealth, 1.3% in Polaris Newco and 1.0% in Finastra. During the month, the Fund increased its exposure to athenahealth, Medline Borrower and VFH Parent; with decreased exposures to Cushman & Wakefield U S Borrower, Foundation Building Materials and Chariot Buyer.

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 NZBond 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 FY21 set at one month New Zealand Bank Bill Swap Rate (BKBM) plus a range of 4.25% to 4.75% of the monthly unit price. Bentham intends to achieve the distribution rate for FY2021 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 2020 and assumes the Fund continues to achieve an equivalent yield for FY2021.

Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified.

Portfolio Summary Statistics

Yield to maturity 6.74%

Running yield 5.22%

Credit spread³ +418bps

Number of issuers 405

Interest rate duration 0.62 years

Credit duration 3.74 years

Average credit quality⁴ B

Fund size NZ\$51,461,584

Risk Characteristics

5 Year Volatility⁵ 6.67

5 Year Sharpe Ratio⁶ 0.50

5 Year Tracking Error⁷ 0.96

5 Year Information Ratio⁸ 0.63

Fund Distributions

Distribution frequency Monthly

Monthly distribution⁹ 0.36% (Jan 2022)

Target distribution rate (FY22)¹⁰ 1m NZ BKBM + 3.25%

Bentham Syndicated Loan Fund NZD

January 2022

Monthly Distribution Returns History (%)¹

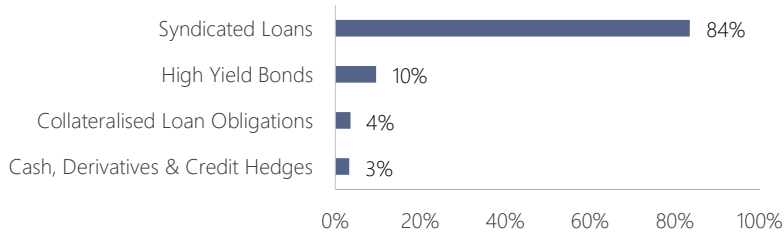
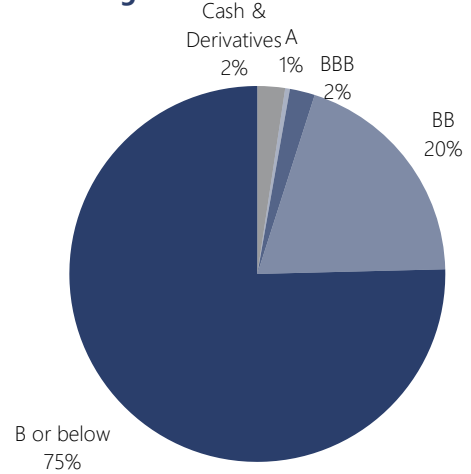
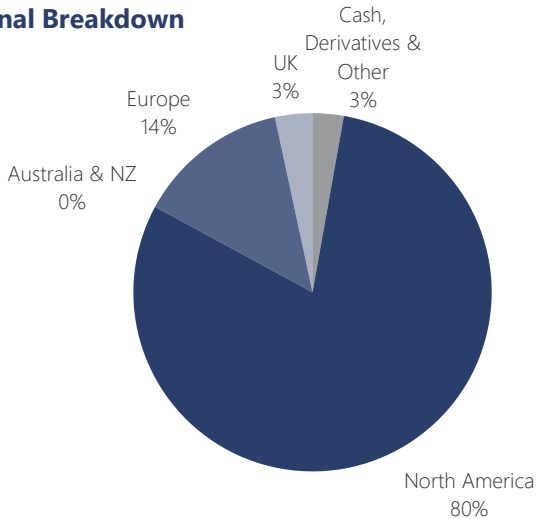
Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2022	0.31	0.31	0.31	0.33	0.33	0.35	0.36	-	-	-	-	-	2.32
2021	0.40	0.39	0.40	0.39	0.40	0.40	0.40	0.40	0.39	1.49	1.51	2.46	9.70
2020	0.41	0.41	0.36	0.36	0.37	0.36	0.36	0.37	0.36	0.29	0.30	0.29	3.99
2019	0.41	0.40	0.41	0.40	0.40	0.41	0.41	0.40	0.41	0.40	0.41	4.42	8.76
2018	0.46	0.41	0.42	0.43	0.42	0.42	0.42	0.42	0.42	0.42	0.43	0.42	5.21
2017	0.51	0.50	0.49	0.50	0.48	0.41	0.46	0.47	0.45	0.47	0.46	2.91	8.63

Source: Fidante Partners

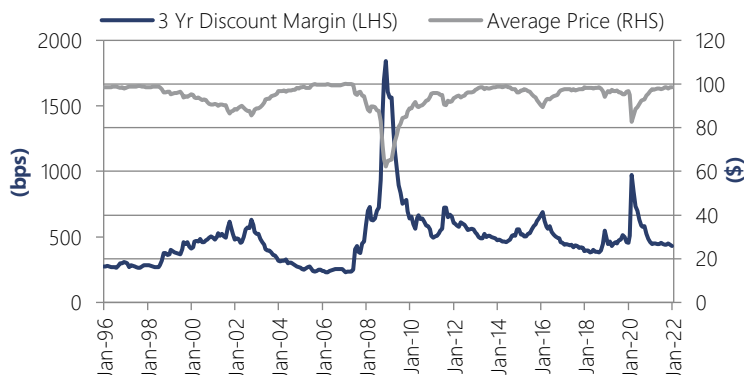
Past distributions are no indication of future distributions.

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)

Healthcare, Education and Childcare	13.8%
Electronics	12.9%
Diversified/Conglomerate Service	8.9%
Finance	6.9%
Diversified/Conglomerate Manufacturing	5.8%

Discount Margin and Average Price of US Loan Market

Pricing and Fees

Unit frequency pricing	Daily
Management fee	0.84%
Recoverable expenses	0.00% (Jan 2022)
Buy/sell spread ³	+0.330%/-0.330%
Entry and exit fees	Nil
Minimum initial investment	NZ\$50,000

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.

Source: Credit Suisse

Bentham Syndicated Loan Fund NZD

January 2022

Fund Overview

Portfolio Manager	Richard Quin
Inception date	30 September 2013
ARSN code	165 696 300
Benchmark	Credit Suisse Leveraged Loan Index (hedged into New Zealand 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 New Zealand dollars
Fund features	<ul style="list-style-type: none"> • 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 • Fund track record 5+ years • Strategy track record 14+ years • Loans are valued to market prices daily – with daily unit pricing

More information:

Retail Investors: Fidante Partners Investor Services on 13 51 53 or 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

PDS: [Bentham Syndicated Loan Fund NZD PDS](#)

This material has been prepared by Bentham Asset Management ABN 92 140 833 674 AFSL 356199 (Bentham), the investment manager of Bentham Syndicated Loan Fund NZD (Fund). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. 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 to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

Past performance is not a reliable indicator of future performance.

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.

Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.