Bentham Defensive Income Fund (Class I)

Fund Aim

Fund aims to provide investors with access to a diversified, defensive, multi-sector credit strategy with a focus on providing steady monthly income with a focus on downside volatility.

Fund Performance as at 31 March 2024 (%)

	1 month	3 months	6 months	1 year	2 Year (p.a.)	Since inception (p.a.)
Gross return (before fees)	1.60	1.44	8.15	7.07	3.91	2.54
Benchmark*	0.74	1.06	3.51	2.85	3.43	2.46
Excess return (before fees)	0.85	0.38	4.65	4.22	0.47	0.08

Source: Fidante Partners. Past performance is not indicative of future performance. Returns may be volatile and may vary from year to year. The inception date of the fund is 16 June 2021

Portfolio and Market Returns

The Bentham Defensive Income Fund (Class I) had a before fees return of 1.60% for the month, outperforming the benchmark by 0.85%.

Portfolio Update

There has been a growing consensus among economists that the US will successfully navigate the coming year without entering a recession. This optimism is underpinned by expectations of moderating inflation, which would enable central banks to relax financial conditions. Recent earnings and economic data have also injected optimism that rate hikes have been absorbed better than initially expected. Such developments are anticipated to bolster both household confidence and corporate earnings.

The Fund was active in primary and secondary capital markets during the month, participating in bank capital, corporate investment grade, CLO and ABS markets during the month.

The Fund held a 5.9 year interest rate duration position at month end, primarily in the Australian and UK rates market.

Portfolio Summary Statistics

Yield to maturity	5.35%			
Running yield	4.36%			
Credit spread ¹	+132bps			
Number of issuers	95			
Interest rate duration	5.87 years			
Credit duration	3.15 years			
Average credit quality ²	AA			
Investment grade ³ exposure	101% of portfolio			
Ratings implied loss rate	0.02%			
Fund size	A\$50,863,409			

Risk Characteristics

1 Year Volatility	6.74
1 Year Sharpe Ratio	0.63
1 Year Tracking Error	3.96
1 Year Information Ratio	1.07

Fund Distributions

Distribution frequency	Monthly			
Monthly distribution ⁴	0.42% (Mar 2024)			
Target distribution rate (FY24) ⁵	5.0%			

¹ Spread over the swap rate.

² 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.

³ An assigned credit rating of BBB-/Baa3 or better by a credit rating agency.

⁴ 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.

⁵ Target distribution rates for FY24 set at 5.0% of the monthly unit price. Bentham intends to achieve the distribution rate for FY2024 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 2023 and assumes the Fund continues to achieve an equivalent yield for FY2024.





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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
2024	0.42	0.43	0.42	0.42	0.41	0.42	0.42	0.42	0.42	-	-	-	4.01
2023	0.42	0.42	0.42	0.41	0.42	0.40	0.42	0.42	0.40	0.41	0.40	0.46	4.96
2022												5.09	6.09

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.

Portfolio Asset Allocation





Top Issuer Exposures	
CIFC European Funding CLO - 4X	2.9%
Triton Trust - 2022-1	2.6%
Medallion Trust - 2017-2	2.5%
lvy Hill Middle Market Credit - 7x	2.3%
Madison Park Euro Funding - 17X	2.3%
Dryden Euro CLO - 2020-89X	2.1%
Westpac Securitisation Trust - 2024-1	2.1%
Cppib Capital Inc	2.0%
Vermilion Trust - 2021-1	2.0%
Olympus Trust - 2024-1	2.0%

March 2024

Interest Rate Duration (yrs)	AUD	USD	EUR	GBP	CAD	NZD	Total
Total	2.71	0.23	0.02	1.80	0.00	1.11	5.87

Regional Breakdown





Bentham Defensive Income Fund (Class I)

March 2024

Fund Overview		Fund Overview (Cont.)				
Inception date	16 June 2021		The Fund is a diversified multi-sector credit			
APIR code	CSI0521AU		strategy with a focus on providing investors with steady monthly income from an actively managed			
Benchmark	50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index		portfolio of fixed income securities with a focus on downside protection.			
Performance objective	To exceed the Benchmark (cash) by 1.5% p.a. over rolling three-year periods		Actively managed Fund with the flexibility to change the credit exposures to suit market conditions across the credit cycle.			
Suggested investment time frame	Medium term, minimum 3 years	•	Access to global investment opportunities Diversified sources of income across many countries, industries, companies and investment			
Investment universe	Global credit and fixed interest markets, including but not limited to, investment grade securities, asset backed securities, capital securities and derivatives.	•	types Unique asset classes with specialist expertise Regular monthly distributions Daily unit pricing			
Credit quality	Minimum exposure of 90% to investment grade rated securities	Pricing and Fees				
Interest rate exposure	Actively managed	Unit frequency pricing	Daily			
Currency	AUD Hedged, between 95% and 105% of NAV	Management fee (Class I)	0.35%			
Tail risk management	Ongoing tail risk hedging strategy in place. The	Recoverable expenses	0.05% p.a. estimate			
	Investment Manager will use a small proportion of Fund yield to purchase options to protect the	Buy/sell spread ¹	+0.140%/-0.140%			
	portfolio.	Minimum initial investmer	nt A\$10,000			
Fund documentation	Information memorandum for Wholesale Investors. Contact us for Product Disclosure Statement class	Buy/sell spread is retained in the Fund to cover transaction costs. It is not paid to				

More information:

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