

Bentham Defensive Income Fund (Class I)

July 2023

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 July 2023 (%)

	1 month	3 months	6 months	1 year	2 Year (p.a.)	Since inception (p.a.)
Gross return (before fees)	0.88	-1.72	-0.88	1.11	-0.55	-0.44
Benchmark*	0.45	-0.84	0.57	3.20	1.70	1.60
Excess return (before fees)	0.43	-0.88	-1.45	-2.08	-2.24	-2.04

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 0.88% for the month, outperforming the benchmark by 0.43%.

Portfolio update

Investment markets were generally higher over the month with improving inflation data and resilient economic growth improving the odds of a soft landing in the US. Both the US Federal Reserve (Fed) and the European Central Bank (ECB) raised rates by 0.25% in line with expectations with forward-looking indicators suggesting rates are now close to their peak for the cycle. Both equity and credit markets were higher with emerging markets outperforming.

The Fund participated in the European tier 2 primary market during the month. The Fund also reduced its exposure to Total Energy as a result of relative value analysis.

The Fund was not active in the ABS market in the month. The fund's existing RMBS holdings continue to benefit for seasoning and amortisation. In terms of the CLO market, primary US AAA spreads remained steady at SOFR +175bp, while European AAA CLO spreads reduced from EURIBOR +185bp to EURIBOR +175bp.

Portfolio Summary Statistics

Yield to maturity	6.16%
Running yield	4.30%
Credit spread ¹	+180bps
Number of issuers	80
Interest rate duration	5.13 years
Credit duration	2.89 years
Average credit quality ²	AAA
Investment grade ³ exposure	101% of portfolio
Ratings implied loss rate	0.00%
Fund size	A\$36,947,615

Risk Characteristics

1 Year Volatility	4.48
1 Year Sharpe Ratio	-0.46
1 Year Tracking Error	2.74
1 Year Information Ratio	-0.76

Fund Distributions

Distribution frequency	Monthly
Monthly distribution ⁴	0.42% (Jul 2023)
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.

Bentham Defensive Income Fund (Class I)

July 2023

Monthly Distribution Returns History (%)¹

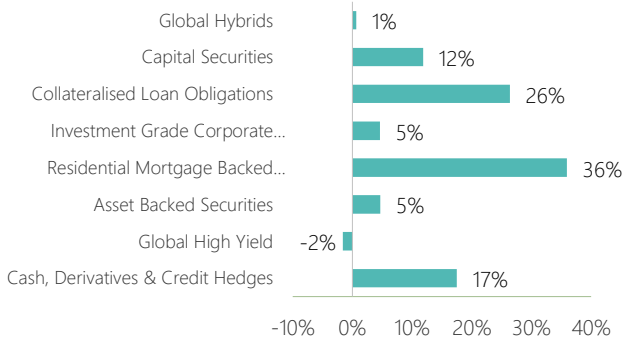
Financial Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2024	0.42	-	-	-	-	-	-	-	-	-	-	-	0.42
2023	0.42	0.42	0.42	0.41	0.42	0.40	0.42	0.42	0.40	0.41	0.40	0.46	4.96
2022												5.09	6.09

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

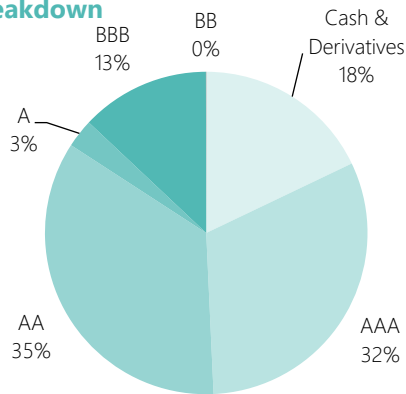


Top Issuer Exposures

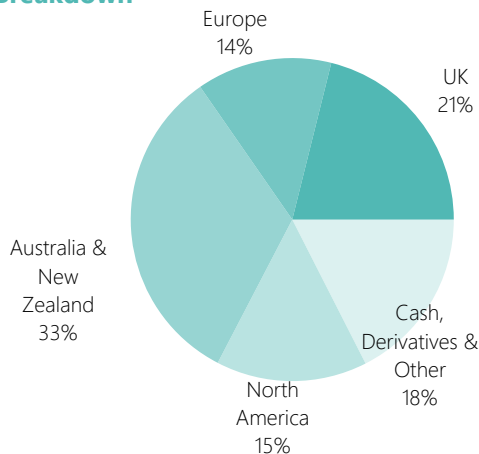
CIFC European Funding CLO - 4X	3.9%
Madison Park Euro Funding - 17X	3.0%
Ivy Hill Middle Market Credit - 7x	3.0%
Bluestone Prime Trust - 2021-1	3.0%
Dryden Euro CLO - 2020-89X	2.8%
Vermilion Trust - 2021-1	2.7%
Triton Trust - 2021-2	2.7%
Liberty Funding Pty Limited - 2021-2P	2.7%
Canada Square Funding 2021-2 PLC	2.6%
National Australia Bank	2.4%

Interest Rate Duration (yrs)	AUD	USD	EUR	GBP	CAD	NZD	Total
Total	2.25	0.33	-0.10	1.25	0.00	1.39	5.13

Credit Rating Breakdown



Regional Breakdown



Fund Overview

Portfolio Manager	Richard Quin
Inception date	16 June 2021
APIR code	CSI0521AU
Benchmark	50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index
Performance objective	To exceed the Benchmark (cash) by 1.5% p.a. over rolling three-year periods
Suggested investment time frame	Medium term, minimum 3 years
Investment universe	Global credit and fixed interest markets, including but not limited to, investment grade securities, asset backed securities, capital securities and derivatives.
Credit quality	Minimum exposure of 90% to investment grade rated securities
Interest rate exposure	Actively managed
Currency	AUD Hedged, between 95% and 105% of NAV
Tail risk management	Ongoing tail risk hedging strategy in place. The Investment Manager will use a small proportion of Fund yield to purchase options to protect the portfolio.
Fund documentation	Information memorandum for Wholesale Investors. Contact us for Product Disclosure Statement class

Fund Overview (Cont.)

Fund features

- The Fund is a diversified multi-sector credit strategy with a focus on providing investors with steady monthly income from an actively managed portfolio of fixed income securities with a focus on downside protection.
- Actively managed Fund with the flexibility to change the credit exposures to suit market conditions across the credit cycle.
- Access to global investment opportunities
- Diversified sources of income across many countries, industries, companies and investment types
- Unique asset classes with specialist expertise
- Regular monthly distributions
- Daily unit pricing

Pricing and Fees

Unit frequency pricing	Daily
Management fee (Class I)	0.35%
Recoverable expenses	0.05% p.a. estimate
Buy/sell spread ¹	+0.190%/-0.190%
Minimum initial investment	A\$10,000

¹ 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.

More information:

Fund Information (for Wholesale and Institutional investors):

Daniel Conti, CAIA
 Senior Portfolio Specialist
 Bentham Asset Management
 Tel. +61 2 9994 7923
 Email: daniel.conti@benthamam.com

Kate Harris
 Senior Portfolio Specialist
 Bentham Asset Management
 Tel: +61 2 9994 7329
 Email: kate.harris@benthamam.com

Larry Francis
 Business Development Manager
 Bentham Asset Management
 Tel. +61 2 9994 7927
 Email: larry.francis@benthamam.com

David Livera
 Director - Wholesale Distribution
 Bentham Asset Management
 Tel. +61 3 9947 9412
 Email: david.livera@benthamam.com

Mimi Gregg
 Business Development Associate
 Bentham Asset Management
 Tel. +61 2 9994 7977
 Email: mgregg@benthamam.com

Fund Administration: Fidante Partners Investor Services on 13 51 53 or info@fidante.com.au

Advisers: Please contact funds@benthamam.com or call 02 9994 7929

Institutional Investors / Consultants / Researchers: institutional@benthamam.com

Website: www.benthamam.com

This material has been prepared by Bentham Asset Management ABN 92 140 833 674 AFSL 356199 (Bentham), the investment manager of Bentham Defensive Income Fund (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 Information memorandum and/or 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.