

Bentham Defensive Income Fund (Class I)

January 2024

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 January 2024 (%)

	1 month	3 months	6 months	1 year	2 Year (p.a.)	Since inception (p.a.)
Gross return (before fees)	0.10	8.37	6.82	5.88	2.84	2.18
Benchmark*	0.29	3.50	2.67	3.26	3.04	2.31
Excess return (before fees)	-0.18	4.86	4.15	2.62	-0.20	-0.13

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 0.10% for the month, underperforming the benchmark by 0.18%.

Portfolio Update

Investment markets were mixed in January as hopes of near-term rate cuts subsided. Developed market equities were higher while Global government bonds saw a partial reversal of the gains experienced in late 2023. Both IG credit and High Yield bond markets were weaker, while Syndicated Loans registered solid gains on a wave of refinancing as well as their floating rate characteristics.

The Fund was active during the month in both the primary RMBS and Bank Capital markets.

The Fund participated in Australian and European bank Tier 2 transactions that offered attractive new issue concessions, as well as a Semi Government relative value trade during the month.

The Fund closed the month with interest rate duration of 6.4 years. Interest rate risk was primarily in the Australian market.

Portfolio Summary Statistics

Yield to maturity	5.63%
Running yield	4.09%
Credit spread ¹	+150bps
Number of issuers	87
Interest rate duration	6.40 years
Credit duration	2.58 years
Average credit quality ²	AA
Investment grade ³ exposure	102% of portfolio
Ratings implied loss rate	0.02%
Fund size	A\$41,993,256

Risk Characteristics

1 Year Volatility	6.71
1 Year Sharpe Ratio	0.39
1 Year Tracking Error	4.08
1 Year Information Ratio	0.64

Fund Distributions

Distribution frequency	Monthly
Monthly distribution ⁴	0.42% (Jan 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.

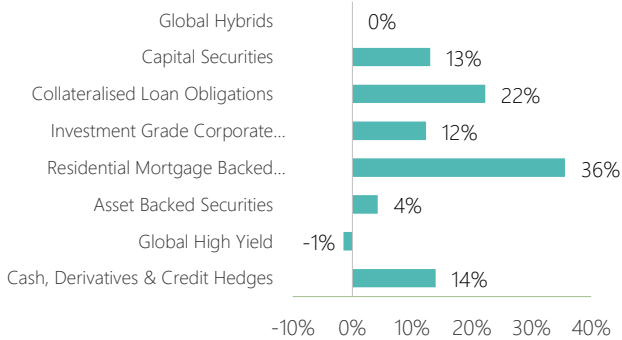
Monthly Distribution Returns History (%)¹

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	-	-	-	-	-	3.09
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

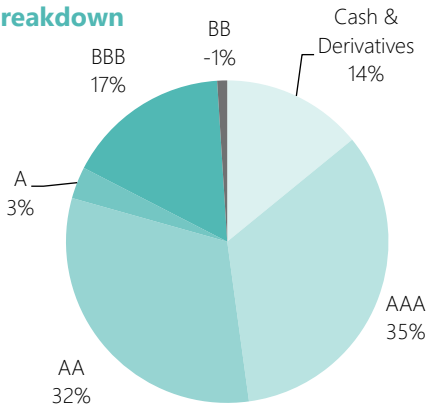
Source: Fidante Partners

Past distributions are no indication of future distributions.

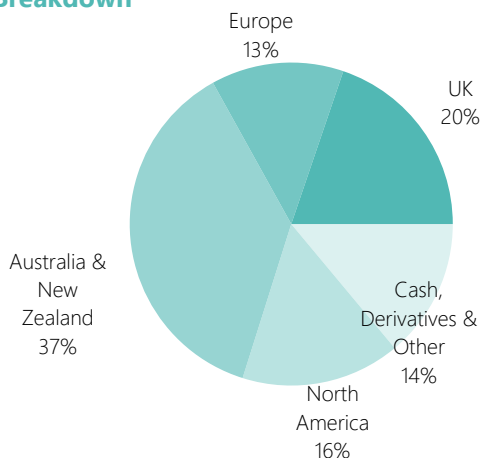
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Portfolio Asset Allocation

Top Issuer Exposures

CIFC European Funding CLO - 4X	3.5%
Madison Park Euro Funding - 17X	2.7%
Ivy Hill Middle Market Credit - 7x	2.7%
Dryden Euro CLO - 2020-89X	2.6%
Queensland Treasury Corp	2.4%
Vermilion Trust - 2021-1	2.4%
Canada	2.4%
Triton Trust - 2021-2	2.3%
Canada Square Funding 2021-2 PLC	2.3%
Series 2020-1 Wst Trust	2.2%

Credit Rating Breakdown


Interest Rate Duration (yrs)	AUD	USD	EUR	GBP	CAD	NZD	Total
Total	4.46	0.31	0.01	0.23	0.00	1.38	6.40

Regional Breakdown


Fund Overview

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	<ul style="list-style-type: none"> • 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
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Pricing and Fees

Unit frequency pricing	Daily
Management fee (Class I)	0.35%
Recoverable expenses	0.05% p.a. estimate
Buy/sell spread¹	+0.160%/-0.160%
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.

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