

Bentham Defensive Income Fund (Class I)

February 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 29 February 2024 (%)

	1 month	3 months	6 months	1 year	2 Year (p.a.)	Since inception (p.a.)
Gross return (before fees)	-0.26	4.08	5.12	6.25	3.09	2.02
Benchmark*	0.02	1.84	2.13	3.84	3.04	2.25
Excess return (before fees)	-0.28	2.24	3.00	2.41	0.05	-0.24

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 -0.26% for the month, underperforming the benchmark by 0.28%.

Portfolio Update

Strong earnings releases from US companies and continued AI sector optimism helped the US equity market reach all-time highs during the month. Credit markets also registered positive excess returns, while bond yields (particularly in the US) increased on lower expectations for near term rate cuts by the US Federal Reserve (the Fed).

The Fund was active in the bank capital market during the month, participating in UK and European bank primary tier 2 and senior transactions.

The Fund's exposure to Australian RMBS was reduced over the month with the calling of a non-bank RMBS transaction at Par. We expect additional structured transaction to be called over the next few months.

The Fund held a 6.17 year interest rate duration position at month end.

Portfolio Summary Statistics

Yield to maturity	5.66%
Running yield	4.31%
Credit spread ¹	+146bps
Number of issuers	85
Interest rate duration	6.17 years
Credit duration	2.52 years
Average credit quality ²	AA
Investment grade ³ exposure	102% of portfolio
Ratings implied loss rate	0.03%
Fund size	A\$41,959,839

Risk Characteristics

1 Year Volatility	6.66
1 Year Sharpe Ratio	0.36
1 Year Tracking Error	4.11
1 Year Information Ratio	0.59

Fund Distributions

Distribution frequency	Monthly
Monthly distribution ⁴	0.42% (Feb 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.

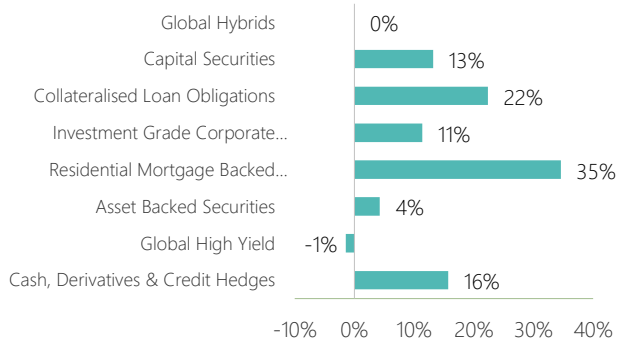
Monthly Distribution Returns History (%)¹

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	0.42	-	-	-	-	3.52
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

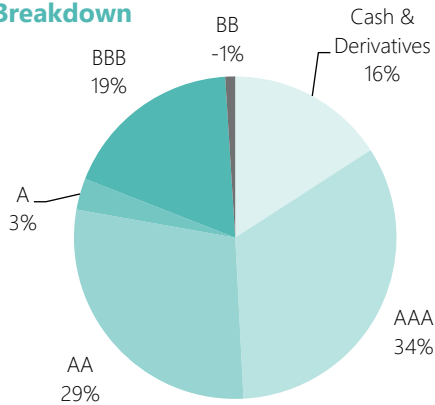
Source: Fidante Partners

Past distributions are no indication of future distributions.

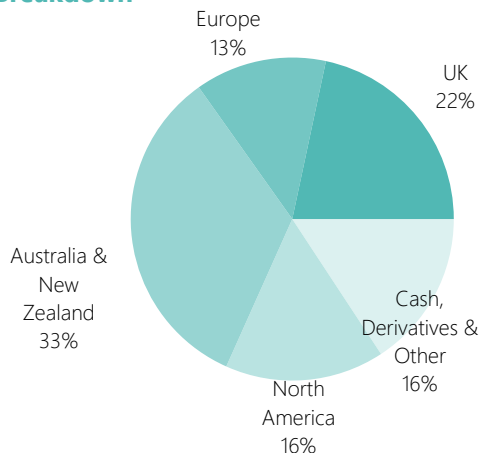
¹ Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

Portfolio Asset Allocation

Top Issuer Exposures

CIFC European Funding CLO - 4X	3.5%
Madison Park Euro Funding - 17X	2.8%
Ivy Hill Middle Market Credit - 7x	2.7%
Dryden Euro CLO - 2020-89X	2.6%
Vermilion Trust - 2021-1	2.4%
CPPIB Capital Inc	2.4%
Canada Square Funding 2021-2 PLC	2.3%
Triton Trust - 2021-2	2.3%
Natwest Group PLC	2.2%
Westpac Securitisation Trust - 2024-1	2.2%

Credit Rating Breakdown


Interest Rate Duration (yrs)	AUD	USD	EUR	GBP	CAD	NZD	Total
Total	4.30	0.27	0.00	0.24	0.00	1.35	6.17

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	+0.140%/-0.140%
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:
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