BENTHAM
ASSET MANAGEMENT

Bentham Defensive Income Fund (Class A) October 2026

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 October 2026 (%)

	1 month	3 months	6 months	1 year	2 Year (p.a.)	3 Year (p.a.)	Since inception (p.a.)
Gross return (before fees)	1.88	0.23	2.27	0.27	3.15	6.11	4.51
Benchmark	0.77	0.59	2.23	2.26	3.78	4.44	3.64
Excess return (before fees)	*1.11*	*-0.36*	*0.04*	*-2.00*	*-0.63*	*1.67*	*0.87*
Total return (after fees)	1.84	0.12	2.10	-0.08	2.80	5.76	4.15

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 01 July 2022.

Portfolio and Market Returns

The Bentham Defensive Income Fund (Class A) had a before fees return of 1.88% for the month, outperforming the benchmark by 1.11%.

The funds interest rate positioning contributed to performance this month.

Market Update

October saw risk-off sentiment dominate markets. Bond returns provided protection in a poor month for risk assets (displaying a negative correlation to equities). The US 10-year bond yield rose to 5.30% before falling to 4.93% by the end of the month. The last time yields reached 5.30% was in December 2007, almost 19 years ago, encouraging technical buyers and short covering of treasury bonds.

Concerns emerged over how the AI build-out is being financed, as heavy hyperscaler bond issuance added supply and lifted the cost of capital. IG hyperscaler spreads widened about 35bp, while spreads on AI-related High Yield data centre credits widened 78bp in two weeks, against 22 bps for non-AI High Yield. Microsoft's $25bn issuance was its first since 2017.

US High Yield spreads widened from 308 bps to 338 bps by the end of October. Euro High Yield was a notable laggard, widening 59 bps over the month. Euro and US IG corporates performed strongly on an absolute basis, returning 2.05% and 0.91% respectively. Bonds were a standout, with the Australian 10-year rallying 27 bps from 5.40% to 5.13% over the month, while the US 10-year rallied 36 bps from 5.29% to 4.93%. Brent crude held near US$115 a barrel, as Iran-war tensions and escalating Saudi-Houthi hostilities kept supply risks front of mind throughout the month.

The US Federal Reserve held rates at 3.75–4.00% following September's hike, with two policymakers favouring a further increase, and markets are pricing a 25-basis-point rise in December. US midterm positioning intensified in October, with a "Blue Tsunami" increasingly in view as Democrats swept the House and the Senate, including notable wins in Texas. Democratic control of Congress also raises the potential for harsher regulation of AI, adding to the scrutiny already facing AI-related investment.

In Australia, inflation re-accelerated, with the September-quarter CPI rising 4.3% year on year. The RBA raised the cash rate by 25 basis points after month-end, in line with expectations, but markets read the surrounding commentary as dovish and are pricing it as potentially the last hike for a while. Rising unemployment supports this view, with the rate trending upwards and breaking its 36-month moving average, and NAB expects it to reach 5.4% by the end of 2027.

Portfolio Summary Statistics

Yield to maturity	5.55%
Running yield	5.19%
Credit spread[1]	+67bps
Number of issuers	80
Interest rate duration	7.96 years
Credit duration	3.04 years
Average credit quality[2]	AA
Investment grade[3] exposure	100% of portfolio
Fund size	A$65,660,634

Risk Characteristics

1 Year Volatility	4.24%
1 Year Sharpe Ratio	-0.47
1 Year Tracking Error	2.71
1 Year Information Ratio	-0.74%

Fund Distributions

Distribution frequency	Monthly
Monthly distribution[4]	0.38% (Oct 2026)
Target distribution rate (FY27)[5]	4.50%

[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 FY27 set at 4.5% of the monthly unit price. Bentham intends to achieve the distribution rate for FY2027 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 2026 and assumes the Fund continues to achieve an equivalent yield for FY2027

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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]
2027	0.52	0.38	0.37	0.38	-	-	-	-	-	-	-	-	1.63
2026	0.38	0.38	0.38	0.37	0.39	0.38	0.36	0.38	0.36	0.38	0.37	0.38	4.45
2025	0.41	0.41	0.41	0.43	0.42	0.41	0.42	0.39	0.38	0.38	0.38	0.41	5.06
2024	0.42	0.41	0.41	0.42	0.41	0.42	0.42	0.43	0.41	0.41	0.41	0.41	5.26

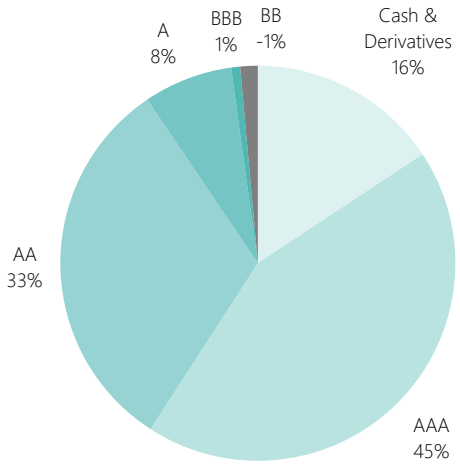
Source: Fidante Partners

Past distributions are no indication of future distributions.

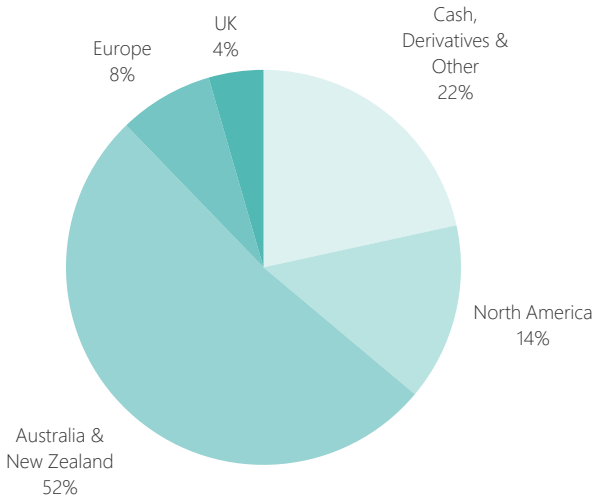
[1] Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

[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.

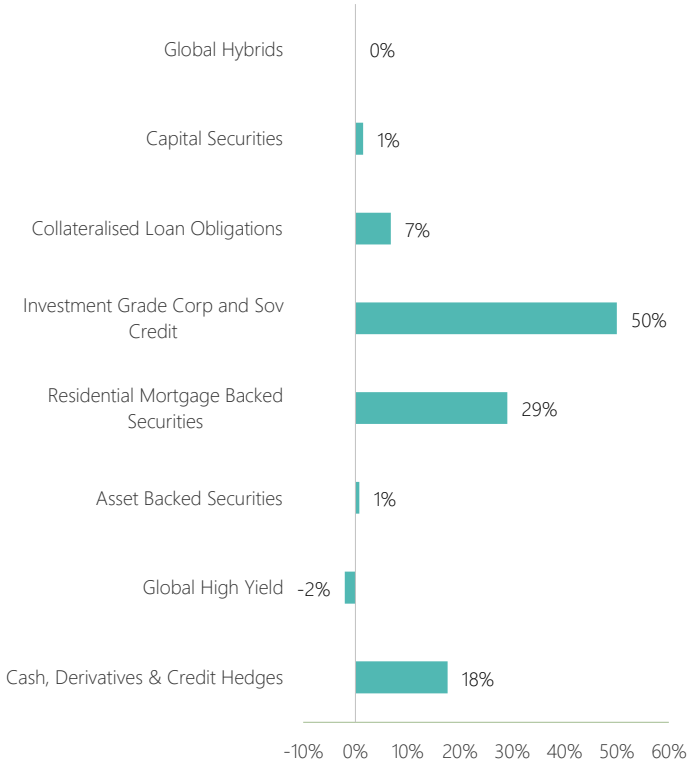
Credit Rating Breakdown



Regional Breakdown



Portfolio Asset Allocation



Top Issuer Exposures

New South Wales Treasury Corp.	4.3%
Auckland Council	3.0%
Treasury Corporation Of Victoria	2.9%
Nederlandse Waterschapsbank N.V.	2.8%
Government Of United Kingdom	2.5%
Puma - 2025-1	2.1%
Cooperatieve Rabobank UA	2.1%
Council Of Europe Development Bank	2.1%
National Australia Bank	2.1%
Commonwealth Bank of Australia	2.1%

Currency	Interest Rate Duration (yrs)
AUD	5.96
USD	1.20
EUR	-0.07
GBP	0.87
CAD	0.00
NZD	0.01
Total	**7.96**

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Fund Overview

Inception date	1 July 2022
APIR code	CSI0521AU
Benchmark	50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index
Performance objective	To exceed the Benchmark over a 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

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	0.35%
Recoverable expenses	0.05% p.a. estimate
Buy/sell spread[1]	+0.1%/-0.1%
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.

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This material has been prepared by Bentham Asset Management Pty Limited ABN 92 140 833 674 AFSL 356199 (Bentham), the investment manager of Bentham Defensive Income Fund.

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