

Bentham Defensive Income Fund

Annual Fund Profile – 31 December 2025

Investment Style

The Bentham Defensive Income Fund (the Fund) is a diversified multi-sector credit strategy aimed at providing investors with steady monthly income from an actively managed portfolio of credit and fixed income securities, with an emphasis on downside protection. Investments are actively managed with allocations across different credit and fixed income sectors, trading of individual securities and risk management. The Fund has a global focus, provides more investment opportunities and diversity when compared with the domestic fixed income market.

Investment Objectives

The Fund's investment objective is to generate steady income-based returns with a focus on managing downside volatility.

The Fund aims to outperform its benchmark over the suggested minimum investment timeframe.

Management Team

Bentham is a specialist global fixed interest and credit investment manager. Bentham actively manages a number of income-focused funds with varying capital risk profiles. The portfolios are designed to generate income while diversifying risk in global credit and fixed income markets. Bentham's goal is to deliver higher income than can generally be achieved in traditional fixed interest markets with lower volatility than equity markets. The founders of Bentham previously worked together as part of the Credit Investment Group of Credit Suisse Alternative Capital Inc. (Now UBS Credit Investment Group). Bentham's investment philosophy is based on a strong credit culture and a systematic investment process, with a focus on the preservation of principal and protection against downside risk.

Fund Facts

Fund name	Bentham Defensive Income Fund
Investment Manager	Bentham Asset Management
Responsible Entity	Fidante Partners Limited
Fund aim	To provide investors with access to a diversified, defensive, multi-sector credit strategy aimed at providing steady monthly income and managing downside volatility.
Inception date	16 June 2021
APIR code	CSI0521AU
Fund size	A\$73.0 million as at 31 December 2025
Management fee*	0.35%
Buy/sell spread	+0.100%/-0.100% (reviewed periodically) as at 31 December 2025
Entry and exit fees	Nil
Pricing frequency	Daily unit pricing
Initial investment	A\$10,000 minimum
Currency	AUD Hedged, between 95% and 105% of NAV

*Does not include reimbursable expenses which can be up to 0.05% p.a.

Fund Features

- Access to global investment opportunities
- Diversified sources of income across many countries, industries, companies and investment types
- Unique asset classes with specialist expertise
- Targeted income distribution frequency: Monthly
- Active interest rate management
- Daily unit pricing

Portfolio Construction

Bentham manages the Fund on a top-down basis, with active allocations to different global credit and fixed income market sectors supported by quarterly forecasts of prospective risk adjusted returns.

Bentham employs a bottom-up security selection focused on asymmetric risk/reward opportunities across industries, capital structure position and ratings cluster. Derivatives are primarily used for managing credit exposures and hedging portfolio risk.

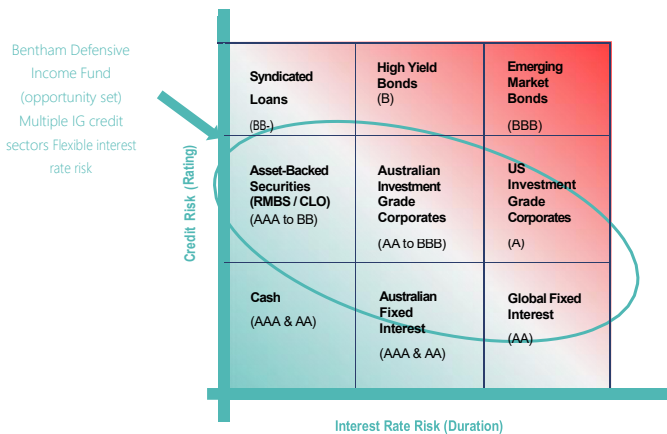
The Fund has a minimum of 90% exposure to investment grade securities. Credit risk is minimised with a focus on capital preservation and a high diversity of investments which would otherwise be difficult to achieve without access to global markets and an institutional size portfolio.

Bentham actively manages interest rate exposures in the Fund.

Fund Opportunity Set

How the Fund generates Income above Cash

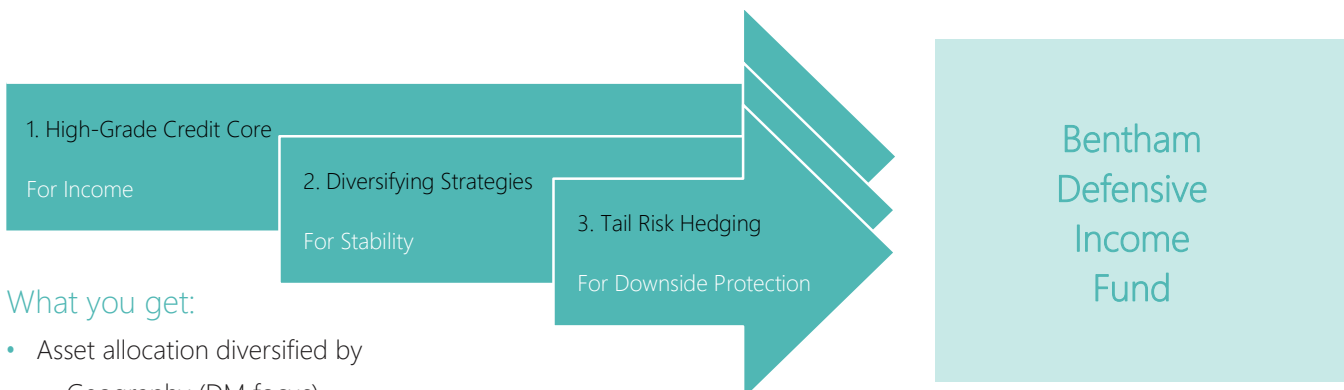
Core Assets = Investment Grade Credit



Fund Risk Profile

Investment universe	Global credit and fixed interest markets, including but not limited to, investment grade securities, asset backed securities, capital securities and derivatives.
Suggested investment timeframe	Medium term – three years minimum investment
Volatility/risk level	Medium
Income distribution frequency	Monthly
Fund benchmark	50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index
Credit risk	Minimum exposure of 90% to investment grade rated securities
Credit sector exposure limits	45% investment grade corporate debt, 20% banking & insurance sub-debt, 80% investment grade ABS, 80% government bonds and 20% cash
Interest duration management	Interest rate risk (duration) actively managed
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.

Bentham Defensive Income Fund – Summary



What you get:

- Asset allocation diversified by
 - Geography (DM focus)
- Average rating A rating band
- Spread above cash

Long-Term Correlation of Asset Class Returns* (34-years as at 31 December 2025)

Loans as an asset class have historically had a low correlation to equities and a negative correlation to government bonds as shown in the table below. An allocation to loans may improve the diversity of a balanced portfolio and has historically improved the risk and return outcome.

	AUS Bank Bills	Global Govt Bonds	AUS Fixed Interest	AUS ILBs	US IG Corporates	Leveraged Loans	US High Yield	World Equities (Unhedged)	AUS Equities	US Preferred Securities	Emerging Market Bonds	AUS Property
Australian Bank Bills	1.00											
Global Govt Bonds	0.28	1.00										
Australian Fixed Interest	0.29	0.74	1.00									
Australian ILBs	0.18	0.60	0.72	1.00								
US IG Corporates	0.11	0.71	0.52	0.53	1.00							
Leveraged Loans	-0.03	-0.14	-0.09	0.15	0.38	1.00						
US High Yield Bonds	0.01	0.09	0.09	0.28	0.60	0.79	1.00					
World Equities (Unhedged)	-0.06	-0.04	0.10	0.16	0.13	0.27	0.36	1.00				
Australian Equities	-0.03	0.05	0.13	0.21	0.37	0.48	0.60	0.55	1.00			
US Preferred Securities	0.00	0.22	0.18	0.28	0.68	0.60	0.69	0.29	0.48	1.00		
Emerging Market Bonds	0.13	0.31	0.34	0.36	0.55	0.32	0.59	0.26	0.52	0.63	1.00	
Australian Property	-0.04	0.25	0.30	0.39	0.47	0.50	0.52	0.44	0.69	0.52	0.42	1.00

Sources: Barclay's Capital, Bentham, BoA Merrill Lynch, Bloomberg, Credit Suisse, JP Morgan, Morgan Stanley & UBS

Past performance is not a reliable indicator of future performance.

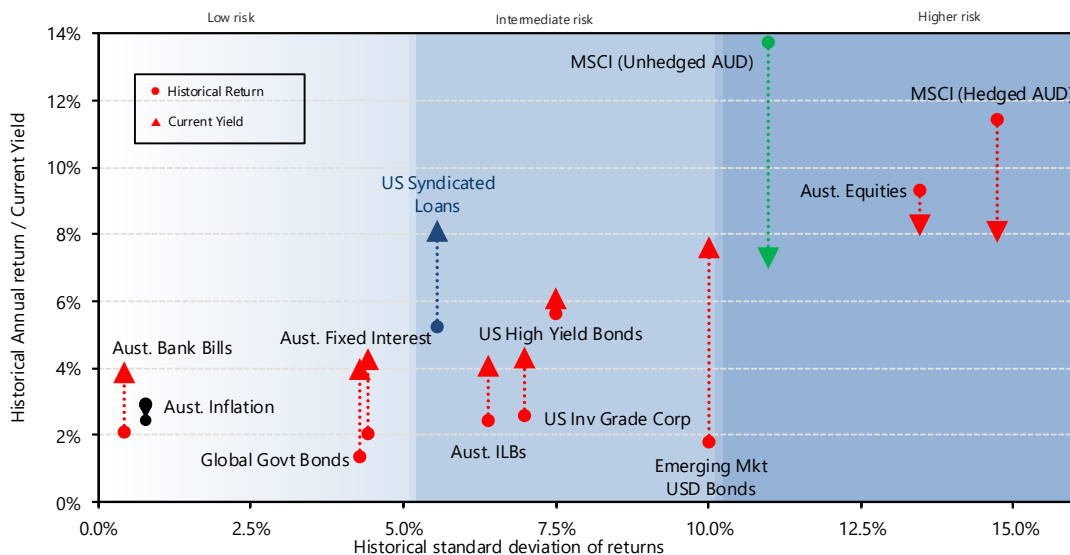
US Preferred Securities return data is only available from Feb-1997, Australian RMBS AAA/AA return data is only available from Jan-1998, Asian Convertible Bond return data is only available from Feb-1994

*Overseas returns (except World Equities) are fully hedged into Australian dollars.

Risk and Return

Loans have historically generated returns above the BBSW over the medium to long term. Syndicated loans as an asset class typically have a level of intermediate risk as characterised in the risk return chart below. For specific and current return data please refer to the current monthly fact sheets or quarterly commentaries.

Current Yield and Historical Return Versus Historical Risk** (10-year as at 31 December 2025)



Sources: Barclay's Capital, Bentham, BoA Merrill Lynch, Bloomberg, Credit Suisse, JP Morgan, Morgan Stanley & UBS

Past performance is not a reliable indicator of future performance.

For equities Bentham invert the forward PE and add 2.5% growth. Investors should vary their estimate of growth to the equity earning yields to compare returns.

of years: 10.0 to 31-12-2025

** Overseas yields are hedged into AUD using the one-month interest rate differentials

The Australian Equities and World Equities (unhedged) yields represent the estimated earnings yield. The historical standard deviation shown for these equity asset classes is based on the total return for the relevant index. The total return on equities will generally be comprised of both dividend income and share price movement and as a result could vary substantially from those shown above. The outcomes shown above may be affected by known or unknown risks and uncertainties that cannot presently be identified. Accordingly actual outcomes may differ from those shown above.

Asset Class Definitions; Australian Cash is Bloomberg AusBond Bank Bill Index, Global Govt Bonds is JP Morgan GBI, Australian Fixed Interest is Bloomberg AusBond Composite Bond Index, US IG Corporates is Barclay's US Corporates, US Leveraged Loans Historical Return is Morningstar/LSTA Leveraged Loan Index (AUD), US Leveraged Loans Current Yield is Bloomberg Leveraged Loan Index + AUD Base Yield, US High Yield Bonds is ICE BofA US Cash Pay High Yield Constrained Index, World Equities (Unhedged) is Morgan Stanley MSCI Index (Developed), Australian Equities is S&P/ASX200 Accumulation Index, US Hybrid Securities is Merrill Lynch BoA Preferred Hybrids Index, Emerging Market Bonds is JP Morgan EMBI+, and Australian Property Trusts is S&P/ASX200 Accumulation A-REIT Index. Overseas index returns (except World Equities) are fully hedged into Australian dollars.

Fidante Partners

Fidante Partners Limited is the responsible entity of the Fund and issues units in it. Fidante Partners has appointed Bentham Asset Management Pty Limited as the Fund's investment manager. A related entity of Fidante Partners holds a partial equity stake in Bentham.

Fund Ratings



More Information

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Bentham Industry Awards



2019 Winner Best Income Fund
2016 Winner Best Income Fund
2015 Winner Best Income Fund

2024 Winner Fixed Interest
2022 Winner Fixed Interest
2018 Finalist Fixed Interest
2017 Finalist Fixed Interest
2014 Winner Fixed Interest
2010 Finalist Fixed Interest

2025 Winner Global Fixed Income Fund of the Year
2025 Finalist Diversified Fixed Income Fund of the Year
2024 Finalist Global Fixed Income Fund of the Year
2023 Winner Global Fixed Income Fund of the Year

2018 Finalist Global & Diversified Fixed Interest
2015 Finalist Global & Diversified Fixed Interest
2014 Finalist Global & Diversified Fixed Interest
2013 Finalist Global & Diversified Fixed Interest

2020 Winner High Yield Bonds
2019 Winner High Yield Bonds
2018 Winner High Yield Bonds

This material has been prepared by Bentham Asset Management Pty Limited ABN 92 140 833 674 AFSL 356199 (Bentham), the investment manager of the Bentham Defensive Income Fund (the Fund). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 | Fidante Partners Services Limited ABN 44 119 605 373 AFSL 320505 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund(s). Other than information which is identified as sourced from Fidante in relation to the Fund(s), 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. Investors should consider whether the information is suitable to their circumstances. The Product Disclosure Statement and Target Market Determination available at www.fidante.com should be considered before making an investment decision. To the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. Past performance is not a reliable indicator of future performance. Any projections are based on assumptions which we believe are reasonable, but are subject to change and should not be relied upon. Investments in the Fund(s) 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. The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned March 2025) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001). This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines (<https://www.zenithpartners.com.au/our-solutions/investment-research/fund-research-regulatory-guidelines/>). © 2021 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsq.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.