

Investment Objective

The Fund provides exposure to global credit markets and aims to generate income with some potential for capital growth over the medium to long term.

Fund Performance as at 31 July 2020 (%)

| | 1 month | 3 months | 6 months | 1 year | 3 years (p.a.) | 5 years (p.a.) | 7 years (p.a.) | 10 years (p.a.) | 15 years (p.a.) | Since inception (p.a.) |
|--|-------------|-------------|--------------|-------------|----------------|----------------|----------------|-----------------|-----------------|------------------------|
| Gross return (before fees) | 1.60 | 6.52 | -0.20 | 1.80 | 3.11 | 4.39 | 5.34 | 7.71 | 7.21 | 7.40 |
| Growth return (after fees) | 1.24 | 5.06 | -3.31 | -3.49 | -2.11 | -0.88 | -0.27 | 0.86 | -0.17 | 0.07 |
| Distribution return | 0.29 | 1.41 | 2.27 | 4.01 | 4.27 | 4.40 | 4.76 | 5.99 | 6.53 | 6.49 |
| Total return (after fees)¹ | 1.53 | 6.47 | -1.04 | 0.51 | 2.16 | 3.51 | 4.49 | 6.85 | 6.37 | 6.56 |
| Benchmark | 0.19 | 0.50 | 0.91 | 2.17 | 3.54 | 3.14 | 3.48 | 4.13 | 4.72 | 4.85 |
| Active return (after fees) ² | 1.34 | 5.97 | -1.95 | -1.66 | -1.39 | 0.37 | 1.01 | 2.72 | 1.65 | 1.71 |

Past performance is not indicative of future performance. Returns may be volatile and may vary from year to year.

¹ Total Return (after fees) is calculated using pre-distribution month end withdrawal unit prices, and assumes all income is reinvested in additional units. Total Return equals Growth return (after fees) plus Distribution return (after fees).

² Active Return of the Fund is the difference between the Total Return and the return of the Benchmark. Gross Returns (before fees) are calculated by adding back the fees and expenses deducted. Please refer to the PDS for more information on fees and expenses.

Portfolio and Market Returns

The Bentham Global Income Fund had a total return (after fees) of 1.53% in the month of July, outperforming the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index) by 1.34%. On a before fees basis the fund returned 1.60% for the month, outperforming the benchmark by 1.41%.

July saw a weaker US dollar along with stronger US equity, credit and bond markets. US Big Tech markets outperformed in the period (most notably Apple, Tesla and Amazon) while commodities strengthened.

The top contributors to performance included Global Syndicated Loans, Bank Capital Securities and Global High Yield; whilst the bottom performing contributors included Equity Securities, Investment Grade Credit and Residential Mortgage Backed Securities (RMBS).

The market is optimistic over continuing progress in the fight against COVID-19. Concerns about social unrest abated somewhat in America compared to the prior month with US/China tensions flaring up more recently. This was spurred on primarily by social media apps TikTok and WeChat being used as chess pieces by global governments. Markets appear disinterested in the approaching US election with COVID-19 and US/China relations likely to play a role in market movements for the coming months.

Looking beyond the current volatility, this is an earnings recession and we note that credit is not dependant on earnings growth or dividends that are likely to be cut. It usually sits at the top of the capital structure, protected by equity/shares and secured by assets. Credit spreads continue to benefit from loose monetary policy and central bank market support. The starting point for government bond yields is low and below the current inflation rate. Credit spreads will likely provide an increasingly important way of achieving a positive real return in a potentially low return environment.

Portfolio Summary Statistics

| | |
|--|------------------|
| Yield to maturity | 4.64% |
| Running yield | 3.26% |
| Credit spread ³ | +415bps |
| Number of issuers | 642 |
| Interest rate duration | 1.30 years |
| Credit duration | 5.05 years |
| Investment grade ⁴ exposure | 59% of portfolio |
| Fund size | A\$2,057,785,168 |

Risk Characteristics

| | |
|---------------------------------------|------|
| 5 Year Volatility ⁵ | 5.58 |
| 5 Year Sharpe Ratio ⁶ | 0.48 |
| 5 Year Tracking Error ⁷ | 6.01 |
| 5 Year Information Ratio ⁸ | 0.21 |

Fund Distributions

| | |
|---|------------------|
| Distribution frequency | Monthly |
| Monthly distribution ⁹ | 0.29% (Jul 2020) |
| Target distribution rate (FY20) ¹⁰ | 3.25% to 3.75% |

³ Spread over the swap rate.

⁴ An assigned credit rating of BBB-/Baa3 or better by a credit rating agency.

⁵ Volatility is Standard Deviation.

⁶ Sharpe Ratio is the excess return over the Bloomberg AusBond Bank Bill Index (before fees) divided by Standard Deviation.

⁷ Tracking Error is the Standard Deviation of the Active Return (before fees).

⁸ Information Ratio is the Active Return (before fees) divided by the Tracking Error.

⁹ 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.

¹⁰ Bentham intends to achieve the distribution rate for FY2020 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 2019 and assumes the Fund continues to achieve an equivalent yield for FY2020. Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified.

Monthly Distribution Returns History (%)¹

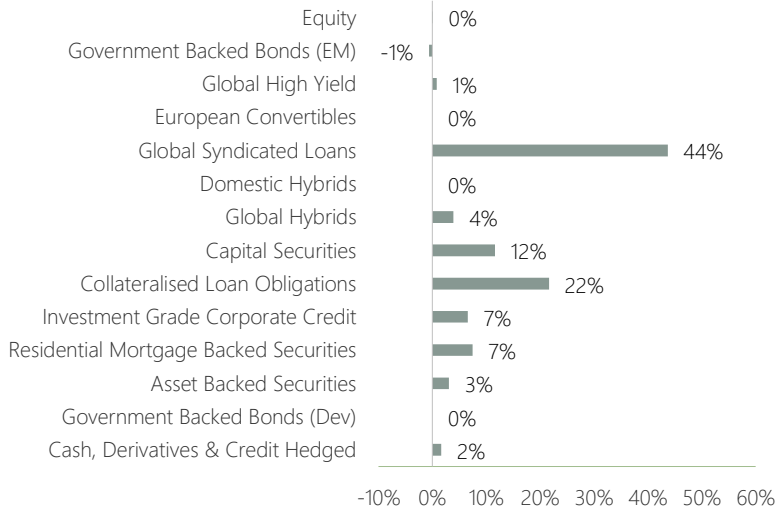
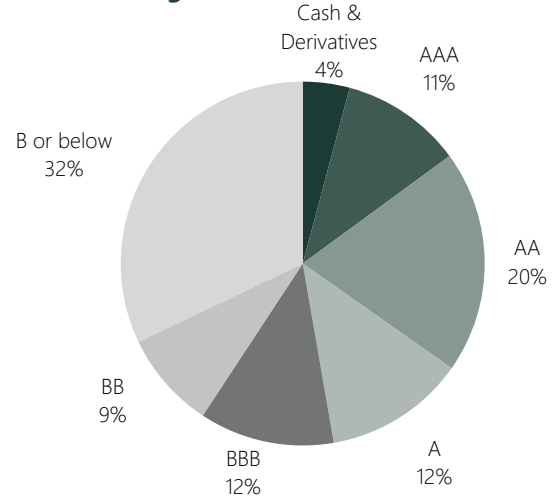
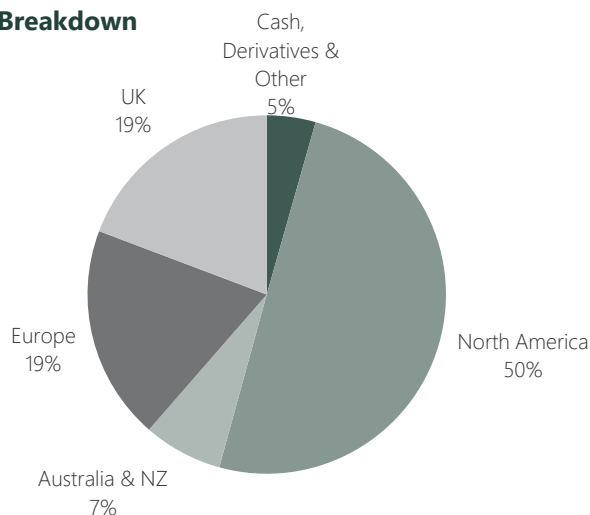
| Financial Year | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD ² |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|------------------|
| 2021 | 0.29 | - | - | - | - | - | - | - | - | - | - | - | 0.29 |
| 2020 | 0.29 | 0.30 | 0.30 | 0.29 | 0.29 | 0.29 | 0.30 | 0.29 | 0.34 | 0.33 | 0.33 | 0.73 | 3.95 |
| 2019 | 0.33 | 0.33 | 0.32 | 0.33 | 0.33 | 0.34 | 0.33 | 0.34 | 0.34 | 0.34 | 0.33 | 0.33 | 3.97 |
| 2018 | 0.37 | 0.33 | 0.34 | 0.33 | 0.33 | 0.33 | 0.34 | 0.33 | 0.33 | 0.34 | 0.54 | 0.90 | 4.96 |
| 2017 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.38 | 0.37 | 0.37 | 0.37 | 0.37 | 0.36 | 4.88 |
| 2016 | 0.36 | 0.38 | 0.36 | 0.37 | 0.37 | 0.37 | 0.38 | 0.38 | 0.38 | 0.36 | 0.38 | 0.37 | 4.32 |

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.

Portfolio Asset Allocation

Credit Rating Breakdown

Regional Breakdown

Top 5 Industry Exposures (Moody's SIC)

| | |
|-------------------------------------|-------|
| Banking | 10.0% |
| RMBS | 7.4% |
| Electronics | 7.3% |
| Healthcare, Education and Childcare | 6.6% |
| CLO | 5.2% |

Pricing and Fees

| | |
|------------------------------|------------------|
| Unit frequency pricing | Daily |
| Management fee | 0.72% |
| Recoverable expenses | 0.04% (Jul 2020) |
| Buy/sell spread ³ | +0.775%/-0.775% |
| Entry and exit fees | Nil |
| Minimum initial investment | A\$10,000 |

³ 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.

| Fund Overview | |
|------------------------|--|
| Portfolio Manager | Richard Quin |
| Inception date | 16 September 2003 |
| APIR code | CSA0038AU |
| Benchmark | 50% Bloomberg Ausbond Composite Bond Index and 50% Bloomberg Ausbond Bank Bill Index |
| Investment universe | Global credit and fixed interest markets, including but not limited to, government backed bonds, securitised credit, global syndicated loans, global high yield bonds, equities and derivatives |
| Credit quality | Actively managed. Minimum exposure of 50% to investment grade rated securities |
| Interest rate exposure | Actively managed |
| Currency | Aims to be fully hedged to AUD |
| Fund features | <ul style="list-style-type: none"> • Active specialist management • Access to global investment opportunities not typically available to direct retail investors • Highly diversified portfolio • Regular monthly distributions • Daily unit pricing • Australian domiciled trust with more than 15 years' track record • Competitive fee |

| Platform Availability & mFund Code | | | |
|------------------------------------|---|------------------------------|--------------|
| AMP Flexi Super MT | ✓ | OnePath OneAnswer | ✓ |
| AMP PortfolioCare | ✓ | OnePath PortfolioOne | ✓ |
| AMP PPS | ✓ | IOOF – Pursuit Select | ✓ |
| AMP Wealthview | ✓ | Macquarie Wrap Super Manager | ✓ |
| Asgard eWrap | ✓ | Macquarie Wrap Investment | ✓ |
| Asgard Infiniti-Select | ✓ | MLC Wrap – IDPS | ✓ |
| Asgard Master Trust | ✓ | MLC Wrap – Super | ✓ |
| North | ✓ | MLC Navigator | ✓ |
| Summit | ✓ | Netwealth – Public | ✓ |
| BT Panorama | ✓ | Oasis | ✓ |
| BT Wrap | ✓ | Perpetual Wealth Focus | ✓ |
| Federation | ✓ | PowerWrap | ✓ |
| FirstWrap | ✓ | Synergy | ✓ |
| Grow Wrap | ✓ | uXchange | ✓ |
| Hillross Portfolio Care | ✓ | ASX mFund Settlement Service | BAM05 |
| HUB24 | ✓ | | |


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PDS: [Bentham Global Income Fund PDS](#)

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