

Bentham Global Income

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The strategy aims to provide exposure to global credit markets and to generate income with some potential for capital growth over the medium to long term. The strategy aims to outperform its composite benchmark over the suggested minimum investment timeframe. Bentham aims to fully hedge any foreign currency exposure back to the Australian dollar.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au

Investment Option Overview

Investment Category	Specialist Fixed Interest
Suggested Investment timeframe	3-5 years
Relative risk rating	4/ Medium
Investment style	Active
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Fixed Interest	0%	79.2
Aust Fixed Interest	50%	6.7
Cash	50%	14.1

Sector Allocation	%
Banking	6.8
RMBS	6.3
Electronics	5.8
Healthcare, Education and Childcare	5.4
CLO	4.5
Chemicals, Plastics and Rubber	4.2
Telecommunications	3.9
Diversified/Conglomerate Service	3.9
Insurance	3.4
Buildings and Real Estate	3.4

Regional Allocation	%
Cash & Derivatives	20.00
North America	50.60
Australia & NZ	6.70
Europe	12.50
UK	9.60
Other	0.60

Top Holdings	%
Credit Agricole SA	1.3
Towd Point Mortgage Funding 2019 - Granite4 Plc	1.2
Bank Of Ireland Group	1.2
Ripon Mortgages - 1x	1.1
Sumitomo Mitsui Financial Group	1.1
Virgin Money Holdings Uk Plc	1.1
Stratton Mortgage Funding 2019-1 Plc	1.0
Octagon Investment Partners 33 - 2017-1x	0.9
JPMorgan Chase & Co	0.9
Bilbao Clo - 2x	0.9

Portfolio Summary

The Fund generally maintained a steady level of credit risk over the quarter with reductions in capital securities being offset by increased allocation to global hybrids, investment grade and asset backed securities.

Investment Option Commentary

The Fund outperformed the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index) On a before fees* basis the fund returned 1.52% for the quarter, outperforming the benchmark by 2.06%.

At quarter end, the Fund had a yield to maturity of 3.89%, running yield of 3.48%, an interest rate duration of 0.05 years and credit duration of 3.63 years. The Fund's credit spread ended the quarter at 282 bps.

Market Commentary

Investment markets registered strong gains over the quarter owing to easing geopolitical concerns and better than expected economic data, particularly out of the US. Bonds reflected the improved sentiment as government bond yields rose and corporate spreads narrowed. The strong quarter capped a positive year for most asset classes, as central banks signaled that rather than raise interest rates, they would provide more stimulus to try to keep the economic expansion intact.

Outlook

Going forward, Bentham expect credit market returns to continue to be supported by sound corporate fundamentals, with defaults remaining low, albeit with some defaults emerging in selected sectors (e.g. Energy). With government bond yields at or near all-time lows an investment in this sector requires a particularly negative view of economic conditions (i.e. conditions that would require rate cuts above current expectations). Within this environment, an investment in credit is important to achieve a positive real yield.

Corporate fundamentals have generally been good, with steady EBITDA growth in the ex-energy loan sector (main allocation for the fund). Leverage ratios have been steady over the last few quarters (new issuer and outstanding loans).

Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP2020AU
AMP Flexible Super – Choice (Super)	AMP2025AU
CustomSuper	AMP1995AU
Flexible Lifetime – Allocated Pension	AMP2000AU
Flexible Lifetime – Super	AMP1995AU
SignatureSuper	AMP2005AU
SignatureSuper – Allocated Pension	AMP2012AU
Flexible Lifetime – Investments (Series 2)	AMP2032AU



What you need to know

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