

Bentham Global Income

Quarterly Investment Option Update

30 June 2020

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	5 / Medium to High
Investment style	Active
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Fixed Interest	N/A	79.2
Aust Fixed Interest	N/A	6.7
Cash	N/A	14.1

Sector Allocation	%
Global Syndicated Loans	43
Global Hybrids	4
Capital Securities	11
CLO	23
Investment Grade Corporate Credit	6
RMBS	7
ABS	3

Industry Allocation	%
Banking	9.4
RMBS	7.2
Electronics	7.2
Healthcare, Education and Childcare	6.7
CLO	5.2

Regional Allocation	%
Cash & Derivatives	4
North America	51
Australia & NZ	7
Europe	18
UK	19
Other	1

Credit Rating	%
AAA	12
AA	20
A	13
BBB	11
BB	8
B or Below	32

Portfolio Summary

The Bentham Global Income Fund had a total return (gross of fees) of 7.84% in the quarter ending June, outperforming the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index).

Investment Option Commentary

The top contributors to performance included Global Syndicated Loans, Bank Capital Securities and Asset Backed Securities (ABS); whilst the bottom performing contributors included Equity Securities, Global High Yield and Global Hybrids.

Market Commentary

June was another positive month with credit continuing to rally. For the time being, markets have shrugged off concern surround rising COVID-19 Cases in emerging market and the US. Looming in the background are rising tensions between the US and China as well as social unrest and a quickly approaching US election in November.

Outlook

The Fund Manager now have to look to see how countries around the world will begin to emerge from lock-down and formulate their own strategies for getting back to normal while avoiding second wave activity. The Fund Manager are learning new things everyday about this situation, but the longer-term economic impact still remains unclear. They remain invested but concerned about secondary infections and truly horrible fundamental numbers, but like markets they are watching vaccine developments.

Looking beyond the current volatility, the Fund Manager note that Credit is not dependent on high profit 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.

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

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