

# The Bentham Global Income PIE Fund

## Fund Profile – 30 June 2024

The Bentham Global Income PIE Fund (the Fund) is focused on generating stable investment income by providing diversified exposure to predominately global credit markets.

Investments are actively managed with allocations across different credit sectors, trading of individual securities and managing risk. A global focus provides more investment opportunities and diversity when compared with the domestic fixed income market. Global credit markets typically offer higher income than traditional fixed interest with lower volatility than equity markets. The low levels of correlation Global Credit has when compared with equities and government bonds may improve the risk return profile of a balanced investment portfolio. The Fund achieves its investment exposure by investing in the Bentham Global Income Fund (the Underlying Fund).

### Experienced Investment Team

- Bentham is a specialist fixed interest and credit investment manager. Bentham's goal is to deliver higher income to investors than can generally be achieved in traditional fixed interest markets.
- The founders of Bentham previously worked together as part of the Credit Investment Group of Credit Suisse Alternative Capital Inc. They are still managing the same portfolios.
- Bentham has 17 staff located in Australia and the Credit Investments Group has over 50 investment staff based in New York and London. The Australian team have a strong track record of managing global diversified fixed interest portfolios and are well resourced with market leading risk portfolio systems.

### Proven long-term investment approach & track record

- The team at Bentham have been managing the Bentham Global Income Fund since 2003 and have a long-term track record of generating strong investment returns through differing market conditions and cycles.
- Drawing on a combination of both internal experience and strong relationships with specialist investment managers, Bentham seeks out and identifies global investment opportunities.

### Globally Diversified, focus on risk management

- 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.
- The Fund has a minimum of 50% 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.
- The portfolio typically provides exposure to over 600 different underlying issuers across a number of globally diversified industry sectors.
- Bentham actively manages interest rate and credit exposures in the Fund. The Fund will be as close to fully currency hedged into NZD as is practicable.

## Key fund features

- Globally diversified strategy – exposure to over 600 different issuers
- Monthly income
- Fully hedged to NZD
- Portfolio Investment Entity (PIE) vehicle
- Award winning investment team

## Portfolio construction

Bentham manages the Fund on a top-down basis, with active allocations to different global credit market sectors made according to quarterly forecasts of prospective risk adjusted returns. Drawing on a combination of both internal experience and strong relationships with specialist investment managers, Bentham seeks out and identifies global investment opportunities.

Bentham employs a bottom-up security selection focused on risk/reward opportunities across different industries, and securities with different credit ratings in with differing capital structure position. The Fund will use derivatives to manage portfolio positioning and to hedge risk.

## Fund facts

Fund name	Bentham Global Income PIE Fund
Investment Manager	Bentham Asset Management
Fund Manager/Issuer	FundRock NZ Limited
Fund aim	To provide exposure to global credit markets and to generate income with some potential for capital growth over the medium to long term
Portfolio manager	Richard Quin
Inception date	11 April 2023
Fund size	NZ\$50,246,306 as at 30 June 2024
Management fee	0.83% (Inc, NZ GST)
Buy/sell spread <sup>^</sup>	+0.26%/-0.26% (reviewed periodically)
Entry and exit fees	Nil
Pricing frequency	Daily unit pricing
Initial investment	NZ\$50,000 minimum
Currency	Aims to be fully hedged to NZD

<sup>^</sup>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 Risk Profile

Investment universe	Global credit and fixed interest markets, including, but not limited to, government backed bonds, global syndicated loans, global high yield bonds, investment grade securities, global capital securities, asset backed securities, Australian and global hybrid securities, equities and derivatives
Suggested investment timeframe	Medium term – three years minimum investment
Volatility/risk level	Medium
Income distribution frequency	Monthly
Target distribution rate*	Target distribution rate for FY24 set at 6.00%
Fund benchmark	50% Bloomberg Ausbond Composite Bond Index (hedged to NZD) and 50% Bloomberg Ausbond Bank Bill Index (hedged to NZD)
Credit risk	Minimum exposure of 50% to investment grade rated securities
Credit sector exposure limits	30% high yield bonds, 50% syndicated loans, 75% investment grade credit and 30% cash
Issuer exposure limits	2% per non-investment grade issuer
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 intends to achieve the distribution rate for FY2024 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 2024 and assumes the Fund continues to achieve an equivalent yield for FY2024. Actual distributions, however, can differ from this setting because of future matters which are not known or able to be presently identified

## Long-term correlation of asset class returns<sup>#</sup>

The Fund has exposure to a number of different credit and fixed income asset classes for the purpose of generating returns. Actively allocating to multiple credit asset classes with varying levels of correlation – rather than focusing on one asset class – may improve the diversity of a portfolio. Usually this results in an increased diversification of risk.

	Australian Bank Bills	Global Govt Bonds	Australian Fixed Interest	Australian ILBs	US IG Corporates	Leveraged Loans	US High Yield	World Equities (Unhedged)	Australian Equities	US Preferred Securities	Emerging Market Bonds	Australian Property
Australian Bank Bills	1.00											
Global Govt Bonds	0.29	1.00										
Australian Fixed Interest	0.29	0.74	1.00									
Australian ILBs	0.18	0.59	0.72	1.00								
US IG Corporates	0.11	0.70	0.51	0.52	1.00							
Leveraged Loans	-0.03	-0.14	-0.09	0.15	0.38	1.00						
US High Yield Bonds	0.01	0.08	0.08	0.27	0.59	0.80	1.00					
World Equities (Unhedged)	-0.06	-0.03	0.11	0.16	0.14	0.27	0.36	1.00				
Australian Equities	-0.03	0.04	0.12	0.21	0.37	0.48	0.60	0.55	1.00			
US Preferred Securities	0.00	0.23	0.18	0.28	0.69	0.60	0.68	0.29	0.49	1.00		
Emerging Market Bonds	0.13	0.31	0.33	0.36	0.55	0.31	0.59	0.26	0.52	0.63	1.00	
Australian Property	-0.04	0.25	0.30	0.39	0.48	0.50	0.52	0.45	0.68	0.52	0.42	1.00

# of years : 32.5 January 1992 to 30 June 2024

Overseas returns (except World Equities) are fully hedged into New Zealand dollars

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

Past performance is no indication of future performance

US preferred Securities return data is only available from Feb 1997

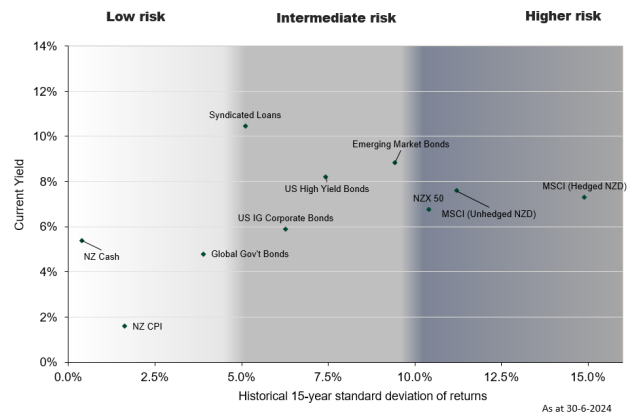
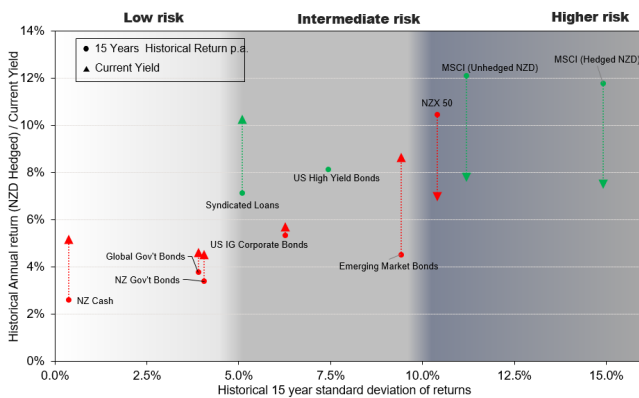
Asian Convertible Bond return data is only available from Feb 1994

## Risk and return

Through active management, the Fund offers diversified exposure to global credit markets. Over the long term, credit markets have achieved above cash returns, and have typically had an intermediate risk profile 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.

Historical returns versus historical risk

Current yield versus historical risk



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 inverted the forward PE and add 2.5% growth. Forward inflation is 10yr break-even inflation

Investors should vary their estimate of growth to the equity earning yields to compare returns.

As at 30-6-2024

<sup>^</sup> Overseas yields are hedged into NZD using the one-month interest rate differentials <sup>\*\*</sup>The NZ 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.

Source: Barclay's Capital, Bentham, Bloomberg, Credit Suisse, JP Morgan, Morgan Stanley and UBS. Note: for equities we have added an additional 2.5% for growth to the inverted fwd PE.

Historical standard deviation of returns (# of years: 27.3 to 31 Oct 2023) Historical standard deviation of returns (# of years: 27.3 to 30 Jun 2024)

\* Prospective fixed interest yields are hedged into NZD assuming an estimated duration matched interest rate differential. The New Zealand Equities and World Equities (unhedged) yields represent the Bloomberg estimated earnings yield. For the prospective equity yield we have used the earnings yield and added an additional 2.5% growth (roughly equivalent to GDP). The earning yield ratio is the inverse of the price-to-earnings ratio. The historical standard deviation shown for these equity asset classes is based on the total return for the relevant index. Actual returns will comprise of both income and capital movements 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. Past performance is not a reliable indicator of future performance. Asset Class definitions: NZ Cash is NZ Bank Bills, Global Govt Bonds is JP Morgan GBI, US IG Corporates is Barclay's US Corporates, US Leveraged Loans is Credit Suisse Leveraged Loans Index, US High Yield Bonds is Credit Suisse High Yield Bond Index, World Equities (Unhedged) is Morgan Stanley MSCI Index (Developed), New Zealand Equities is NZX50, US Hybrid Securities is Merrill Lynch BoA Preferred Hybrids Index, Emerging Market Bonds is JP Morgan EMBI+. Overseas index returns (except World Equities) are fully hedged into New Zealand dollars.

### Contact us

New Zealand Advisers and Institutional Investors: The Investment Store on 0800 331 041.

More information: [www.benthamam.com](http://www.benthamam.com)

Retail Investors: FundRock NZ Investor Services

Website: [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/)

PDS: [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/)

### Researcher Fund Ratings<sup>^^</sup>



<sup>^^</sup>The ratings above only apply to the underlying investment strategy, not specifically to the PIE Fund.

### 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



- 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

Visit [www.benthamam.com.au/disclaimer/](http://www.benthamam.com.au/disclaimer/) to view the Morningstar award disclaimers.

This publication is provided by Bentham Asset Management Pty Limited (Bentham) in good faith and is designed as a summary to accompany the Product Disclosure Statement (PDS) for the Scheme. The PDS is available from the issuer of the Scheme, FundRock NZ Limited (FundRock) at [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/), and at <https://discloseregister.companiesoffice.govt.nz/>. The information contained in this publication is not an offer of units in the Fund or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units in the Fund. Any person wishing to apply for units in the Fund must complete the application form which is available from Bentham or FundRock. The information and any opinions in this publication are based on sources that Bentham believes are reliable and accurate. Bentham, its directors, officers and employees make no representations or warranties of any kind as to the accuracy or completeness of the information contained in this publication and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information or any opinions, conclusions or recommendations contained in it, whether that loss or damage is caused by any fault or negligence on the part of Bentham, or otherwise, except for any statutory liability which cannot be excluded. All opinions reflect Bentham's judgment on the date of this publication and are subject to change without notice. This disclaimer extends to FundRock, and any entity that may distribute this publication. The information in this publication is not intended to be financial advice for the purposes of the Financial Markets Conduct Act 2013, as amended by the Financial Services Legislation Amendment Act 2019. In particular, in preparing this document, Bentham did not take into account the investment objectives, financial situation and particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up and an investor in the Fund may not recover the full amount of the capital that they invest. No part of this document may be reproduced without the permission of Bentham or FundRock. FundRock is the issuer and manager of the Scheme. Bentham is the investment manager of the Scheme.