

Bentham Global Income

Quarterly Investment Option Update

31 March 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	88
Aust Fixed Interest	N/A	7
Cash	N/A	5

Industry Exposure	%
Banking	8.4
RMBS	8.2
Electronics	6.3
Healthcare, Education, and Childcare	5.7
CLO	5.3

Regional Allocation	%
Cash, Derivatives & Other	9
North America	53
Australia & NZ	7
Europe	17
UK	14

Credit Rating	%
Cash & Derivatives	9
AAA	15
AA	20
A	8
BBB	12
BB	9
B or Below	27

Asset Allocation	%
Government Backed Bonds (EM)	-1
Global High Yield	-2
Global Syndicated Loans	43
Domestic Hybrids	4
Global Hybrids	9
Capital Securities	25
Collateralised Loan Obligation	5
Investment Grade Corporate Credit	8
Asset Backed Securities	4
Cash, Derivatives & Credit Hedged	5

Portfolio Summary

The Bentham Global Income Fund had a total return (before fees) of -8.79% in the month of March, underperforming the benchmark (50% Bloomberg AusBond Bank Bill Index, 50% Bloomberg AusBond Composite Index) by 8.74%.

Investment Option Commentary

March 2020 was filled with pandemic panic. The Government pandemic responses to mitigate infection resulted in widespread lock-downs and social distancing, abruptly changing personal and commercial life. The duration of the shutdown is still in question, albeit many countries may be reaching peak infection rates.

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

Market Commentary

Market volatility has decreased post March month-end, as investors try to determine whether the Coronavirus impact will disrupt activity and profitability for one to two quarters or if they will impact markets for a more extended period of time.

Outlook

Looking beyond the current volatility, Bentham note that Credit is not dependant 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 protections of the business cycle. 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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