

Update October 2020

Alexander Credit Opportunities Fund

The Alexander Credit Opportunities Fund (the Fund) is a diversified portfolio of fixed income investments with a proven track record of delivering regular income, growth and capital stability for its clients.

Investment Objective

The Fund has an absolute return target above the benchmark in both rising and falling markets. The benchmark is the Bloomberg AusBond Bank Bill Index plus 2% per annum.

Fund Update

The Fund generated a return of 0.85% in October, 1.66% for the previous three months, and 3.00% compounded over the past 12 months. The Net Asset Value¹ (NAV) of the Fund as at 31 October 2020 was \$245.28m and the redemption price was 1.337406².

News headlines in October were dominated by two topics; a growing second wave of COVID-19 infections in Europe and the result of the US election. Despite these uncertainties, the overall market response was, at the margin, suggestive of an improved outlook for growth, with equity markets generally higher and US government bond markets finishing weaker.

Domestically, market expectations of additional monetary stimulus measures from the RBA were delivered on at its November meeting, with the Overnight Cash Rate, target yield on 3-year Australian Government Bonds and the interest rate on the Term Funding Facility all reduced to 0.10%. These measures continued to drive credit spreads on senior bank bonds to near all-time lows as investors scrambled to find new opportunities to re-invest proceeds from maturing bonds.

The Fund was able to take advantage of this tail wind with a strong monthly return, resulting in a semi-annual return of 3.31%. With nominal and credit spread returns on the more vanilla segments of the credit market offering little investor reward, we believe the Funds access to a broad range of asset classes within credit provides a strong platform to maintain and build on the current portfolio yield. To this aim, we are in the process of finalising a number of new opportunities that will enhance the current portfolio return despite being investment grade risk.

At the end of the month the Fund had an average credit duration of 1.62 years and the yield-to-maturity of the portfolio was 5.35%³.

Further Information

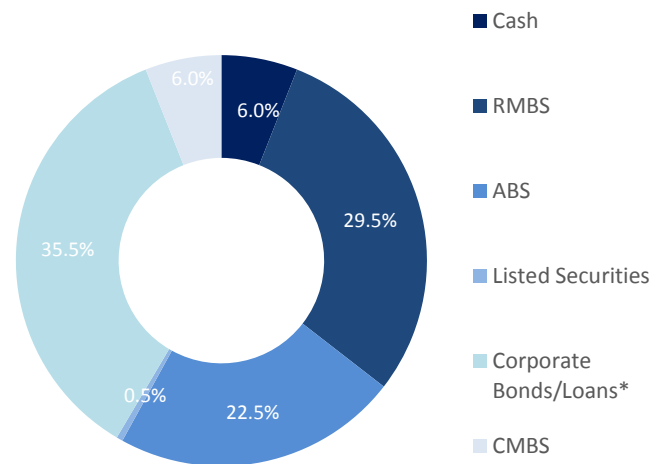
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 www.alexanderfunds.com.au/alexander-credit-opportunities-fund/

1 The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes.
 2. The redemption price is calculated by decreasing the NAV price by the sell spread (currently 0.25%). The NAV price is the NAV divided by the Units on issue.
 3. before fees

Fund Performance	
Period	Returns
1 Month	0.85%
3 Months	1.66%
12 Months	3.00%
3 Years	4.47% pa
5 Years	5.48% pa
Annualised Since Inception	12.20%

The monthly return is an actual return net of all fees, costs and taxes generated by dividing the redemption unit price by the previous month's redemption unit price. The "Since Inception" return is a per annum return. Note that past performance is no indication of future returns. The Mid Price Return is for illustrative purposes only and does not reflect the actual return achieved if funds are redeemed.

Portfolio Composition ^



^ net of hedges
 *approx. 20% is an indirect exposure to corporate credit through investments in underlying unit trusts.

Fund Statistics	
Fund Size (million)	\$246.65
Credit Duration (years)	1.62
Yield to Maturity (before fees)	5.35%
Interest Rate Duration (years)	0.16
Average Credit Rating	BBB

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