

## Update December 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 0.53% in December, 2.05% for the previous three months, and 3.54% compounded over the past 12 months. The Fund paid a distribution of 0.75 cents per unit for the quarter. The Net Asset Value<sup>1</sup> (NAV) of the Fund as at 31 December 2020 was \$244.71m and the ex-redemption price was 1.345891<sup>2</sup>.

The end of 2020 saw risk markets continue to defy economic challenges created by the impacts of COVID and political turmoil within the US. In December, equity and credit markets both rallied on the continued central bank promise of near zero interest rates for the foreseeable future. The extremely accommodative level of interest rates, plus specific central bank programs designed to support market liquidity, have driven the rebound from March's COVID lows, with the ASX finishing the year up 45% from its low point and the Australian Itraxx CDS index rallying 190 bps.

Entering 2021, the key challenge to participants in credit markets is how to sustain returns in an environment characterised by;

- Near zero base rates
- Extremely tight credit spreads within vanilla credit
- Limits on new supply in financials as the market is effectively competing with the RBA via its TFF program

We anticipate an environment of falling returns for those investors unable to cast a broad net across multiple asset classes within credit, as well as some investors extending themselves into segments of the market in which they have little or no experience and acumen. A key element of AFM's core offering to investors is the breadth of our expertise within credit markets, leaving the Fund well placed to sustain returns. During December, the Fund closed several privately originated opportunities that offer attractive returns for very low credit risk, and AFM enters 2021 with a significant pipeline of similarly attractive new opportunities

At the end of the month the Fund had an average credit duration of 1.50 years and the yield-to-maturity of the portfolio was 5.77%<sup>3</sup>.

#### Further Information

For further information, please contact Alexander Funds:

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

<sup>1</sup> The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes.

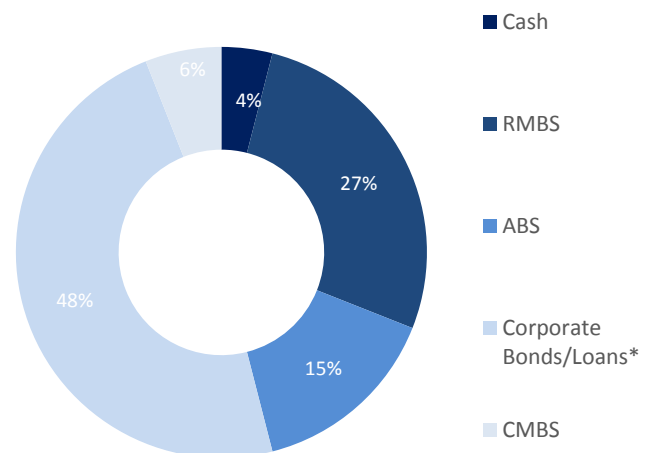
<sup>2</sup> The redemption price is calculated by decreasing the NAV price by the sell spread (currently 0.25%). The NAV price is the NAV divided by the Units on issue.

<sup>3</sup> before fees

Fund Performance	
Period	Returns
1 Month	0.53%
3 Months	2.05%
12 Months	3.54%
3 Years	4.64% pa
5 Years	5.50% pa
Annualised Since Inception	12.13% pa

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. 21% is an indirect exposure to corporate credit through investments in underlying unit trusts.

Fund Statistics	
Fund Size (million)	\$246.80
Credit Duration (years)	1.50
Yield to Maturity (before fees)	5.77%
Interest Rate Duration (years)	0.08
Average Credit Rating	BBB

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