

## Update January 31 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 0.37% in January, 1.04% for the previous three months, and 4.86% compounded over the past 12 months. The Net Asset Value<sup>1</sup> (NAV) of the Fund as at 31 January 2020 was \$256m and the ex-redemption price was 1.36771<sup>2</sup>.

Risk assets began the year on a strong note, as low rates and solid economic data continued to support both stocks and corporate bond spreads. The US S&P500 and Australian ASX200 approached all-time highs by the middle of the month, while the credit market indices, such as the Australian iTraxx, hit post Global Financial Crisis lows. In Australia, the unemployment numbers were strong, with the unemployment rate falling to 5.1%

Some fear appeared during the middle of the month in response to news surrounding the Coronavirus. The equity markets exhibited a bout of volatility that they hadn't shown for some time, while credit spreads generally moved wider. The Australian iTraxx backed up 7 basis points from its 46 basis point mid-month level.

The move wider in credit was quite sector specific. Spreads on Qantas credit default swaps, which is heavily exposed to Coronavirus fears, moved wider by around 11 basis points (a mild move compared to Qantas shares, which were down by almost 15% at one point), however Australian subordinated bank paper was actually tighter on the month. Bank Tier 2 paper rallied 8bps on the back of USD Tier 2 issuance from Westpac and ANZ which priced tighter when compared existing AUD Tier 2. Asset backed securities (ABS) and residential mortgage back securities (RMBS) also continued to perform well.

#### Further Information

For further information, please contact Alexander Funds:

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

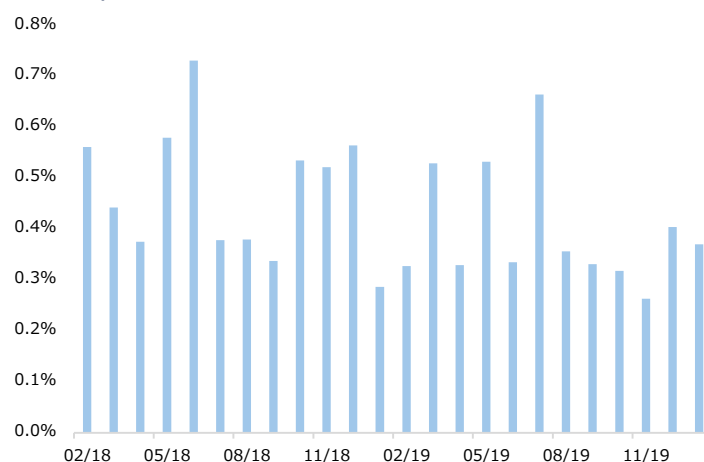
<sup>1</sup> The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes.

<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.

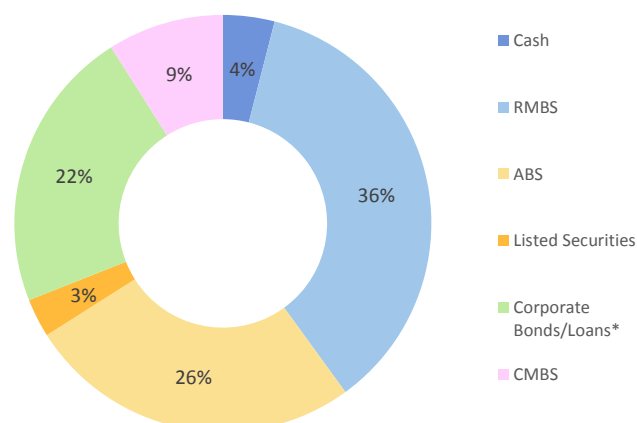
| Fund Performance           |                 |
|----------------------------|-----------------|
| Period                     | Returns         |
| 1 Month                    | <b>0.37%</b>    |
| 3 Months                   | <b>1.04%</b>    |
| 6 Months                   | <b>2.06%</b>    |
| 12 Months                  | <b>4.86%</b>    |
| 3 Years                    | <b>5.46% pa</b> |
| 5 Years                    | <b>6.20% pa</b> |
| Annualised Since Inception | <b>12.94%</b>   |

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.

#### Monthly Returns - Past Two Years



#### Portfolio Composition ^



^ excluding hedges

\*approx. 10% is an indirect exposure to corporate credit through investments in underlying unit trusts.

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