

Update September 30 2019

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 0.33% in September, 1.36% for the previous three months, and 5.44% compounded over the past 12 months. It paid a distribution of 0.75 cents per unit for the quarter ended September 30 2019. The Net Asset Value¹ (NAV) of the Fund as at that date was \$243m and the ex-redemption price was 1.364184².

The Reserve Bank of Australia (RBA) cut the cash rate to 75 basis points on October 1st. This was the third time that it cut rates in 2019, resulting in the cash rate halving from the 1.5% level at start of the year.

The recent move lower by the RBA has certainly supported the housing market, which had been in decline since late 2017. When the RBA cut the first time in 2019, by 25 basis points in June, it clearly stabilised the housing market. Melbourne and Sydney property prices hit a floor soon after. When it cut by another 25 basis points in July, we saw housing prices in both cities start climbing again. The third cut of 25 basis points in October is yet to play out but should continue to aid the market.

At 0.75%, the cash rate is a long way from the pre-Global Financial Crisis (GFC) levels of 7.25% or even the post-GFC highs of 4.75%. This move might have supported home-owners, but for those with self-managed super funds (SMSFs) it has been quite damaging. Roughly a third of SMSF accounts are comprised of cash (the rest being heavily weighted to equities) and so SMSF investors have seen significantly diminishing returns in this part of their portfolios. Unfortunately for SMSF investors, there appears to be a reasonable chance that the RBA cash rate will trend lower in the future.

Further Information

For further information, please contact Alexander Funds:

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

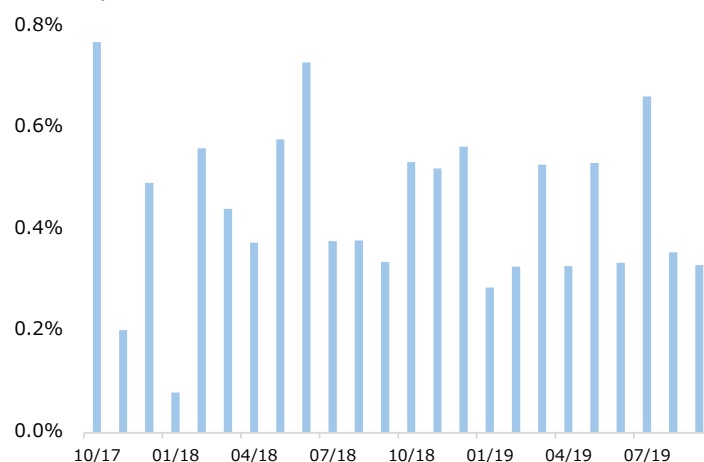
¹ The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes.

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.

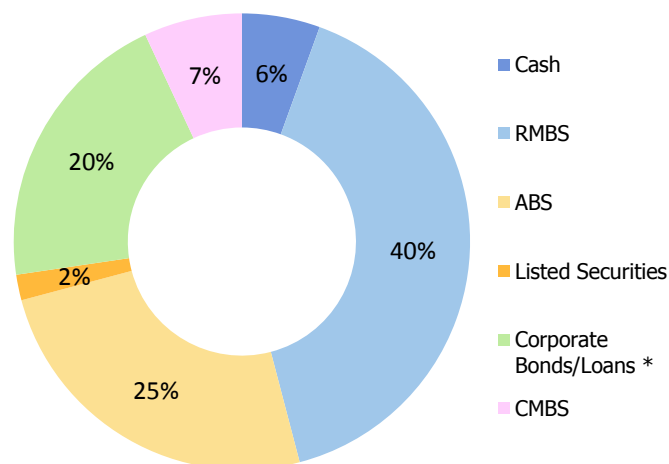
Fund Performance	
Period	Returns
1 Month	0.33%
3 Months	1.36%
6 Months	2.57%
12 Months	5.44%
3 Years	5.79%
5 Years	6.45%
Annualised Since Inception	13.25%

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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