

B N D S



BetaShares Legg Mason Australian Bond Fund (managed fund)

ACTIVATE YOUR FIXED INCOME

ASX: BNDS

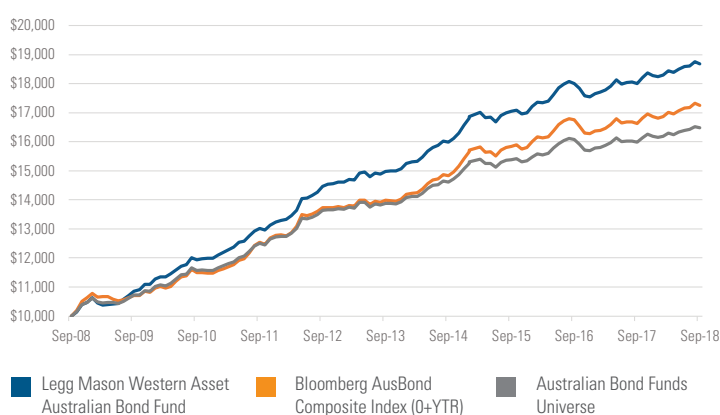
NOV 2018

BNDS: ACTIVATE YOUR FIXED INCOME

The BetaShares Legg Mason Australian Bond Fund (managed fund) (ASX code: BNDS) is an Active ETF that is managed with the proven investment expertise of active fixed income specialist, Western Asset.

The Fund aims to deliver regular income and maximise the investment opportunities from Australian fixed income markets whilst also providing investors with the defensive attributes that high quality fixed income has to offer – relative capital stability and liquidity. In a diversified portfolio, the Fund can easily be blended with more aggressive investments like equities to help diversify and reduce overall risk in a portfolio.

Unlisted Australian Bond Strategy - Value of \$10,000 invested



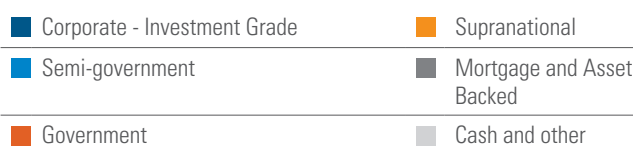
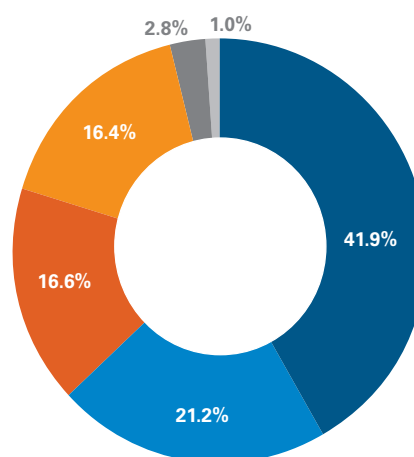
*Source: Legg Mason, Morningstar Direct as at 30 September 2018. As BNDS commenced in November 2018, no past performance data is currently available. The value of \$10,000 invested in the unlisted Legg Mason Western Asset Australian Bond Fund is shown above to illustrate how a comparable fund managed by Western Asset using the same strategy has performed in the past. Historic performance of the unlisted fund is not a reliable indicator of the performance of BNDS.

FOUR REASONS TO INVEST IN BNDS

1 Invests across the full fixed income spectrum

Whilst BNDS is a traditional fixed income fund, it invests across the full spectrum of Australian fixed income markets including government, semi government, supranational and corporate bonds and other fixed income securities. This breadth helps to ensure that BNDS is well diversified and provides ready access to the most attractive investment opportunities. The Fund's senior investment team have managed the highly successful unlisted Legg Mason Western Asset Australian Bond Fund for over 20 years using the same investment approach as BNDS.

Unlisted Australian Bond Strategy - Sector Allocation



Source: Legg Mason, 30 September 2018. BNDS commenced in November 2018. The sector exposure of the unlisted Legg Mason Western Asset Australian Bond Fund is shown above to illustrate how a comparable fund managed by Western Asset using the same strategy is positioned.

2 Strong risk management focus

Risk is actively managed through detailed fundamental research, quantitative tools and diversification of holdings. Investment guidelines aim to ensure that BNDS holds no more than 5% in any single non-government issuer and that quality remains high with a maximum of 5% of the Fund in sub-investment grade (riskier) bonds. Interest rate risk is managed within a duration range of one year from the benchmark (Bloomberg AusBond Composite 0+yr Index).

WHAT IS AN ACTIVE ETF?

Active ETFs are actively managed investment funds that trade on the Australian Securities Exchange (ASX). The BetaShares Legg Mason Active ETF series allows investors to easily access Legg Mason's highly acclaimed and successful investment strategies via a simple trade on the ASX.

Active ETFs have the same legal structure as traditional unlisted managed funds, while additionally providing live intra-day market pricing and liquidity on the ASX. Investors can buy and sell Active ETFs via any stockbroker or online broker as they would a share. This provides administrative ease as there is no extra paper work required to invest.

3 Seeks to take advantage of a growing bond market

The Australian bond market is continually evolving, with the most significant recent development being an increase in issuance from large Australian corporations, offshore corporations and the major domestic banks. This has increased the depth and functioning of Australia's corporate credit market, enabled it to compete more effectively with larger markets like the US and provided better access for foreign issuers seeking to diversify their funding. Such developments are fully embraced by BNDS as they provide a deeper investment universe and greater choice of potential investments for the Fund.

4 Research matters

Success in fixed income is as much about risk management as it is about finding investment opportunities. Balancing these two objectives requires a significant research effort by on-the-ground analysts. One way to distinguish fixed income managers is to compare the level of resources dedicated to analysing bond markets, economics and the creditworthiness of bond issuers (credit research).

Western Asset has specialised and alternative credit research teams globally that very few fixed income managers can match, employing 859 staff including 160 investment professionals (portfolio managers, research analysts and traders). Specialist teams, including sovereign, corporate, high yield, asset backed and emerging market specialists, cover the full spectrum of fixed income opportunities.

BNDS' ROLE IN AN INVESTOR'S PORTFOLIO

Fixed income generally forms part of the defensive asset allocation within an investor's portfolio. It is considered lower risk than growth assets, such as shares and property, and should also deliver less volatility.

BNDS is designed to provide investors with income in the form of regular coupon payments, along with a relatively high level of capital stability and portfolio liquidity.

BNDS may be suitable for investors seeking to generate a combination of income and capital gains from their investments. It can also be blended with higher risk investments, such as equities, to improve the risk/reward profile of an investor's portfolio. In blended portfolios, BNDS should provide diversification and some level of protection during periods of equity market weakness.

The Fund may also be suitable for Self-Managed Super Funds (SMSFs) that wish to obtain diversified fixed income exposure via a simple trade on the ASX.

WESTERN ASSET, THE INVESTMENT MANAGER

BNDS is managed by wholly owned Legg Mason affiliate, Western Asset, one of the world's leading dedicated fixed-income managers. Established in 1971 in Pasadena, USA, Western Asset has A\$582 billion under management globally as at 30 September 2018. With a focus on long-term fundamental value investing that employs a top-down and bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed-income sectors. Western Asset is recognised for an approach emphasising team collaboration and intensive proprietary research, supported by robust risk management. The Australian investment team is highly integrated and connected to the global Western Asset network across multiple channels, including credit research, investment strategy committee, systems and risk management.

ABOUT BETASHARES & LEGG MASON

BetaShares is one of Australia's leading and most innovative managers of exchange traded funds with approximately \$6.0 billion[^] in assets under management and the broadest range of exchange traded solutions available on the market.

Legg Mason manages A\$1 trillion[^] globally and is one of the world's largest and most experienced asset managers operating a highly differentiated business that owns nine independent specialist investment affiliates spanning all major asset classes, including Western Asset and Martin Currie, the investment manager of two equity income strategies also available on the ASX: EINC & RINC.

[^]As at 31 October 2018.

BNDS - KEY CHARACTERISTICS

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| Inception date | 7 November 2018 |
| Investment objective | To earn an after fee return in excess of the benchmark over rolling three-year periods |
| Benchmark | Bloomberg AusBond Composite 0+yr Index |
| Management costs | 0.42% p.a. |

CONTACT US FOR MORE INFORMATION ON BETASHARES LEGG MASON ACTIVE ETFs

BetaShares

 1300 487 577

 www.betashares.com.au

Legg Mason

 1800 679 541

 www.leggmason.com.au

There are risks associated with an investment in the Fund, including interest rate risk, credit risk and market risk. For more information on risks and other features of the Fund please see the Product Disclosure Statement.

www.betashares.com.au/leggmason4letters

BetaShares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (BetaShares) is the issuer and responsible entity of the BetaShares Legg Mason Australian Bond Fund (managed fund) (ARSN 608 058 493) (Fund). BetaShares has appointed Legg Mason Asset Management Australia Ltd (ABN 76 004 835 849 AFSL 240827) (Legg Mason Australia) as investment manager for the Fund. Legg Mason Australia is part of the Global Legg Mason Inc. group. Western Asset Australia, a division within Legg Mason Australia, provides the investment management services for the Fund. Any reference to 'Legg Mason Australia' or 'Western Asset' is a reference to Legg Mason Asset Management Australia Limited. Before making an investment decision you should read the Product Disclosure Statement (PDS) for the Fund carefully and consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS is available and can be obtained by contacting BetaShares on 1300 487 577 or Legg Mason Australia on 1800 679 541 or at www.betashares.com.au or www.leggmason.com.au. This information does not take into account the investment objectives, financial objectives or particular needs of any particular person. Neither BetaShares, Legg Mason Australia, nor any of their related parties guarantees any performance or the return of capital invested. Past performance is not necessarily indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested.