

**B N D S**



BetaShares Legg Mason Australian Bond Fund (managed fund)

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ACTIVATE YOUR FIXED INCOME

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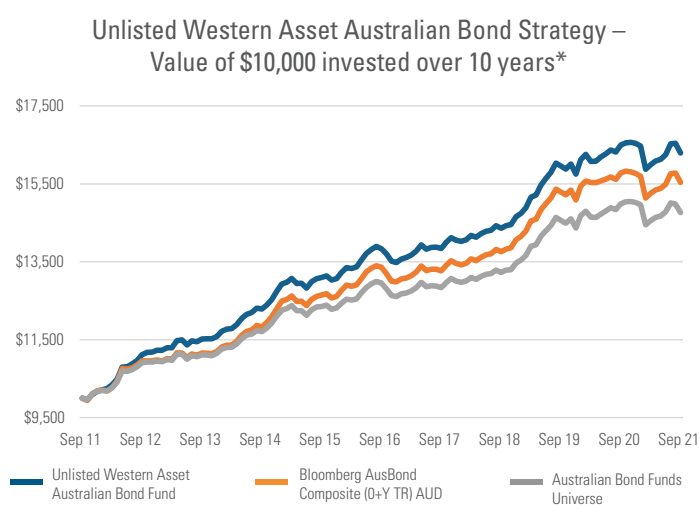
**ASX: BNDS**

SEP 2021

## 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 income and maximise the investment opportunities from Australian fixed income markets whilst also providing investors with the defensive attributes that 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.



\*Source: Franklin Templeton, Morningstar Direct as at 30 September 2021. As BNDS commenced in November 2018, the value of \$10,000 invested in the unlisted Western Asset Australian Bond Fund is shown above to illustrate how a comparable fund managed by Western Asset using the same strategy has performed over a longer time period. Historic performance of the unlisted fund is not a reliable indicator of the performance of BNDS.

## WHAT IS AN ACTIVE ETF?

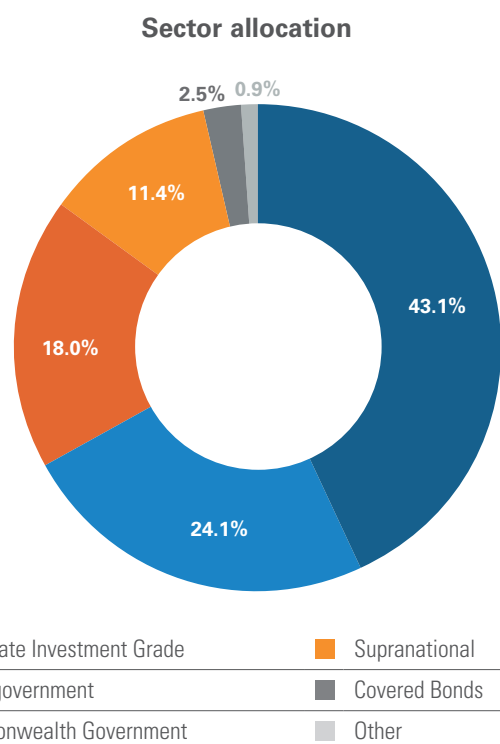
Active ETFs are actively managed investment funds that trade on the Australian stock exchange (ASX). Our Active ETF range allows investors to easily access some of our highly acclaimed and successful investment strategies via a simple trade on the ASX.

Active ETFs have the same legal structure as traditional unlisted managed funds, while additionally providing live intra-day pricing and liquidity. 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.

## 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 Western Asset Australian Bond Fund for over 20 years using the same investment approach as BNDS.



Source: Betashares, 30 September 2021. BNDS commenced in November 2018.

### 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).

### **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 772 staff including 133 investment professionals (portfolio managers, research analysts and traders). Specialist teams, including sovereign, corporate, high yield, asset backed and emerging market specialists, covering the full spectrum of fixed income opportunities.

## **BNDS' ROLE IN AN INVESTOR'S PORTFOLIO**

Fixed income generally forms part of the defensive assets 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 Franklin Templeton's specialist investment manager, Western Asset, one of the world's leading fixed-income managers. Established in 1971 in Pasadena, USA, Western Asset has A\$669.4 billion under management globally as at 30 September 2021. 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 management 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

BetaShares is one of Australia's leading and most innovative managers of exchange traded funds with over A\$22 billion<sup>^</sup> in assets under management and the broadest range of exchange traded solutions available on the market.

## ABOUT FRANKLIN TEMPLETON

Franklin Templeton is one of the world's largest asset managers with over A\$2.1 trillion<sup>^</sup> in assets under management. Franklin Templeton provides centralised business and distribution support for all of its Specialist Investment Managers, which includes Western Asset and Martin Currie. Franklin Templeton acquired Legg Mason and its Specialist Investment Managers on 31 July 2020.

<sup>^</sup>As at 30 September 2021.

## BNDS – KEY CHARACTERISTICS

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 OUR RANGE OF ACTIVE ETFs

### BetaShares

 1300 487 577

 [www.betashares.com.au](http://www.betashares.com.au)

### Franklin Templeton

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

[www.betashares.com.au/leggmason4letters](http://www.betashares.com.au/leggmason4letters)

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