

Betashares Ethical Australian Composite Bond ETF



+ **ASX: AEBD**

30 April 2025

Objective

AEBD is designed to serve as a core fixed income allocation for investors seeking a true-to-label ethical fixed income solution. It aims to track the performance of an index (before fees and expenses) that provides exposure to a diversified portfolio of high-quality Australian corporate and government bonds. The bonds are screened to exclude issuers (other than sovereign bond issuers) with material exposure to fossil fuels or engaged in activities considered inconsistent with responsible investment considerations.

Strategy

AEBD aims to track the Bloomberg Australian Enhanced Yield Ethically Screened Composite Bond Index (Index), before fees and expenses. Bonds in the Index are screened to exclude exposure to activities associated with significant negative environmental, social and governance (ESG) factors (subject to certain materiality thresholds). The Index employs an intelligent investment approach by weighting bonds on their risk-adjusted income potential, rather than debt-weighting. This strategy aims to provide investors with higher returns than the commonly used Australian fixed income benchmark, the Ausbond Composite Index.

Benefits



Align your investments with your values

Invest in a way that is consistent with your ethical standards.



True-to-label

AEBD's investment methodology includes stringent screening criteria, offering investors a true-to-label ethical fixed income solution.



Intelligent approach to investing in bonds

Bonds are selected based on their risk-adjusted income potential, rather than debt outstanding. This strategy seeks to avoid the shortcomings of traditional debt-weighted indices and aims to provide relatively higher returns. Only investment grade bonds are included in the portfolio.

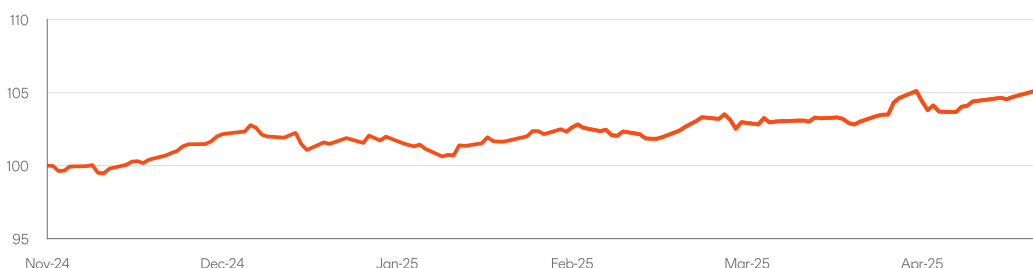
Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception
FUND	1.79%	3.03%	-	-	-	-	-	5.26%
INDEX	1.79%	3.02%	5.22%	8.24%	3.31%	-0.09%	2.57%	5.29%
Bloomberg AusBond Composite	1.70%	2.82%	4.71%	7.08%	2.75%	-0.16%	2.12%	4.82%

Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	3.13%	-	-	-	-	-	-	-
INDEX	3.19%	3.80%	6.68%	-12.33%	-3.69%	6.10%	9.11%	5.14%

Value of \$100 invested since inception



Source: Betashares, Bloomberg. Past performance is not indicative of future performance.

Fund returns are calculated in A\$ using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or bid-ask spread that investors may incur when buying and selling units on the ASX. Returns are after fund management costs, assume reinvestment of any distributions and do not take into account income tax.

Fund information

Betashares Funds can be bought or sold during the trading day on the ASX, and trade like shares.

ASX CODE AEBD
BLOOMBERG CODE AEBD AU
IRESS CODE AEBD.AXW
DISTRIBUTIONS MONTHLY
MGT FEE* 0.34% P.A.
FUND INCEPTION 4 NOV 24

About the index

INDEX
BLOOMBERG AUSTRALIAN
ENHANCED YIELD ETHICALLY
SCREENED COMPOSITE BOND
INDEX
BLOOMBERG CODE 138947AU
INDEX
NO OF COMPONENTS 554

*Other costs apply. Please refer to the PDS.

Categorisation

ETHICAL

FIXED INCOME

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

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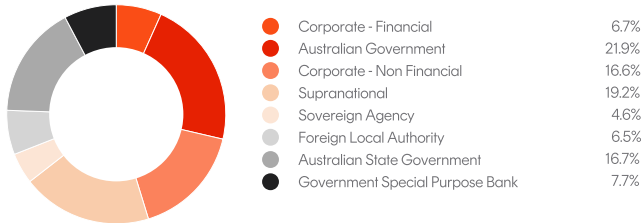
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Sector allocation



Credit quality



Top 10 exposures

Bond	Weighting
Australian Govt 2.75% Jun-35	1.6%
Australian Govt 3.75% Apr-37	1.6%
Australian Govt 4.25% Jun-34	1.5%
Australian Govt 3.25% Jun-39	1.5%
IBRD 4.2% Apr-33	1.4%
Australian Govt 1.25% May-32	1.4%
Australian Govt 4.5% Apr-33	1.4%
Australian Govt 1% Nov-31	1.4%
Australian Govt 3% Nov-33	1.3%
Province of British Columbia 5.25% May-34	1.3%

Yield and portfolio characteristics

Running yield (% p.a.) ¹	3.84%
Yield to maturity (% p.a.) ²	4.39%
Yield to worst (% p.a.) ³	4.39%
Average maturity (Yrs) ⁴	7.03
Modified duration (yrs) ⁵	5.76
Average credit rating ⁶	AA

- 1 Average coupon yield of the bonds in the portfolio (weighted by market value). Subject to change over time as interest rates and constituents change.
 - 2 The annualised total expected return of a portfolio if underlying bonds are held to maturity and do not default, and the coupons are reinvested. Assumes no change in interest rates. Subject to change over time.
 - 3 The annualised total expected return of a portfolio if underlying bonds are held to maturity or are called, do not default, and the coupons are reinvested. Yield to Worst is the lower of either Yield to Maturity or Yield to Call. Assumes no change in interest rates. Subject to change over time.
 - 4 Average length of time until the current bonds in the portfolio mature (weighted by market value).
 - 5 A measure of the sensitivity of the portfolio's value to a change in interest rates, e.g. modified duration of 6 years implies a 1% rise in the reference interest rate will reduce portfolio value by 6.00%.
 - 6 Average credit rating for the bonds in the portfolio. Credit ratings are opinions only and are not to be used as a basis for assessing investment merit. Ratings are subject to change.
- Source: Bloomberg. Yields do not take into account fund fees and costs.

Screening criteria

Bonds in the Index will comprise both green bonds and other bonds from bond issuers that have been screened by the Responsible Investment Committee (RIC) to avoid material exposure to activities inconsistent with responsible investment considerations.

For all bond issuers, other than sovereign bond issuers: a fossil fuel screen is applied to the eligible universe of securities to remove bond issuers which have fossil fuel reserves. Additional screens are applied to remove issuers of non-green bonds that have fossil fuels infrastructure, or those engaged in the mining, extraction or burning of fossil fuels, or top corporate funders of fossil fuels (subject to materiality thresholds). These screens are not applied to green bond issuance, as green bond proceeds cannot be applied to fossil fuel related assets or activities. The universe is also screened to remove bond issuers which are exposed to other activities considered inconsistent with responsible investment considerations.

The applicability of the relevant screens and thresholds will depend on the classification of the underlying bond as either a green bond or a non-green bond, as determined by Bloomberg Sustainable Finance Solutions Group.

The business activities screened out in this process are set out below:

- ▶ Fossil Fuels - Direct
- ▶ Fossil Fuels - Utilities
- ▶ Fossil Fuels – Service Providers
- ▶ Fossil Fuels – Finance and Underwriting
- ▶ Gambling
- ▶ Tobacco
- ▶ Uranium and Nuclear Energy
- ▶ Armaments and Militarism
- ▶ Destruction of Valuable Environments
- ▶ Animal Cruelty
- ▶ Chemicals of Concern
- ▶ Alcohol
- ▶ Junk Foods
- ▶ Pornography
- ▶ Human and Labour Rights
- ▶ Board Diversity
- ▶ Payday Lending

In applying these screens, the percentage of an issuer's gross revenue derived from each activity is assessed against a specified materiality threshold (with the exception of (i) the screen for human and labour rights, which is based on evidence of rights violations, and (ii) the screen for lack of board-level gender diversity, which is based on evidence of lack of women on the company's board of directors). An issuer's gross revenue is generally as reported in its financial statements.

Both green bonds and non-green bonds are eligible for inclusion in the Index. Green bonds are fixed income securities for which the proceeds will be applied entirely towards eligible "green" projects – projects that have positive environmental and/or climate benefits.

The minimum criteria to be classified as a green bond in the Index are reflective of the International Capital Market Association (ICMA) 'Green Bond Principles'.

The screens above apply to all issuers other than sovereign bond issuers. A bond issuer, inclusive of sovereign bond issuers, exposed to significant reputational risk or controversy may also be excluded where the RIC considers that its inclusion would be inconsistent with the values of the Index.

The RIC comprises representatives of Betashares who have experience and expertise in ethical investing. The RIC has been established to apply the screens in accordance with the index methodology.

This information has been prepared by Betashares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (Betashares), the issuer of the Fund. It does not take into account any person's objectives, financial situation or needs. Investors should consider the appropriateness of the information taking into account such factors and seek financial advice. Before making an investment decision, investors should read the Product Disclosure Statement (PDS), available at www.betashares.com.au, and consider whether the Fund is appropriate for their circumstances. A Target Market Determination (TMD), which sets out the class of consumers in the target market for the Fund, is also available at www.betashares.com.au/target-market-determinations. An investment in the Fund is subject to investment risk and the value of units may go down as well as up. Betashares does not guarantee the performance of the Fund, the repayment of capital or any rate of return.

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