

Betashares Geared Short Australian Government Bond Fund (hedge fund)

ASX: BBAB

28 March 2024

Objective

BBAB seeks to generate magnified returns that are negatively correlated to the returns from 10-year Australian Treasury Bonds. The Fund expects to generate a magnified positive return when 10-year Australian Treasury Bond prices fall (bond yields rise) on a given day, and a magnified negative return when bond prices rise (yields fall) on a given day.

Strategy

BBAB is an 'inverse' geared fund. Its strategy of seeking negatively correlated returns is the opposite of traditional managed funds.

BBAB invests in cash and cash equivalents and sells 10-year Australian Treasury Bond Futures to obtain a magnified (or geared) short exposure. The futures contracts reflect the returns of an underlying Australian Treasury Bond with 10 years to maturity.

BBAB's portfolio exposure is actively monitored and adjusted to stay within a -2.5x to -3x range on any given day. A 1% fall in the value of the bond on a given day can generally be expected to deliver a 2.5% to 3.0% increase in the value of BBAB (and a corresponding decrease if the value of the bond rises by 1%). BBAB's returns will not necessarily be in the range of -2.5x to -3x over periods longer than a day, due to the effects of rebalancing and compounding of investment returns over time. BBAB does not track a published benchmark.

Investors in geared strategies should be willing to accept higher levels of investment volatility and potentially large moves (both up and down) in the value of their investment. Gearing magnifies gains and losses and may not be a suitable strategy for all investors. Investors should seek professional financial advice before investing, and actively monitor their investment to ensure it continues to meet their investment objectives.

Benefits

Adjust your interest rate risk



You can use BBAB to make your existing fixed income portfolio more sensitive to movements in interest rates i.e. increase your interest rate risk.

Leveraged exposure



BBAB gives you the opportunity to make magnified gains when the prices of 10-year Australian Treasury Bonds fall (bond yields rise) on a given day, as well as the potential for magnified losses when the prices of those bonds rise (bond yields fall).

Capital-efficient



BBAB provides a capital efficient way to gain geared short exposure to 10-year Australian Treasury Bonds.

Simple to access



Buy and sell on the ASX like any share.

Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception
FUND	-3.38%	1.05%	-	-	-	-	-	-9.21%
BENCHMARK	-	-	-	-	-	-	-	-

Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	1.05%	-	-	-	-	-	-	-
BENCHMARK	-	-	-	-	-	-	-	-

Fund information

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

ASX CODE BBAB

BLOOMBERG CODE BBAB AU

IRESS CODE BBAB.AXW

DISTRIBUTIONS* ANNUAL

MGT FEE** 0.99% P.A.

FUND INCEPTION 4 DEC 23

*It is not the intention to provide regular distributions to unitholders. In some circumstances BBAB may generate amounts of income which would be distributed to unitholders at least annually.

**Other costs apply. Please refer to the PDS.

Categorisation

AUSTRALIAN GOVERNMENT BONDS

MAGNIFIED SHORT EXPOSURE

There are risks associated with an investment in BBAB, including market risk, gearing risk, rebalancing and compounding risk, and futures risk. For more information on the risks and other features of BBAB, please see the Product Disclosure Statement.

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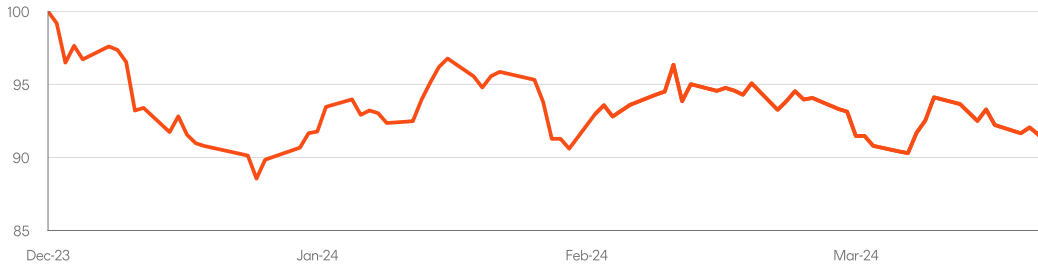
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Value of \$100 invested since inception



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. The daily interest rate earned on the fund's bank deposits is available on the Betashares website and is subject to change.

Asset allocation



● Short Aust Govt Bonds ~250% to 300% 100.0%