

Betashares Sustainability Leaders Diversified Bond ETF - Currency Hedged



ASX: GBND

31 January 2024

Objective

GBND provides 'true to label' ethically screened exposure to Australian and Global Bonds. GBND aims to track the performance of an index (before fees and expenses) that comprises a portfolio of global and Australian bonds screened to exclude issuers (other than sovereign bond issuers) with material exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations. At least 50% of GBND's portfolio is made up of "green bonds", issued specifically to finance environmentally friendly projects, as defined by the Climate Bonds Initiative.

Strategy

GBND aims to track the Solactive Australian and Global Select Sustainability Leaders Bond TR Index – AUD Hedged (before fees and expenses). Bond issuers may include governments, corporations and supranational bodies.

Benefits



Align your investments with your values

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



True-to-label

GBND's investment methodology consists of stringent screening criteria, offering investors a true-to-label ethical investment solution. At least half of GBND's portfolio will be "green bonds".



Diversified, high-quality bonds

Exposure to a diversified portfolio of both global and Australian bonds issued by a wide range of government and corporate issuers. All bonds in the portfolio must be rated at least investment-grade.

Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception (p.a.)
FUND	-0.20%	6.32%	3.78%	3.48%	-4.50%	-	-	-2.35%
INDEX	-0.13%	6.50%	4.06%	4.03%	-3.98%	-	-	-1.85%

Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	-0.20%	6.40%	-15.46%	-3.44%	5.46%	-	-	-
INDEX	-0.13%	6.98%	-14.97%	-2.98%	5.96%	-	-	-

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 GBND
BLOOMBERG CODE GBND AU
IRESS CODE GBND.AXW
DISTRIBUTIONS QUARTERLY
MGT FEE 0.39% P.A.
EXPENSES
CAPPED AT 0.10% P.A.
FUND INCEPTION 26 NOV 19

About the index

INDEX
SOLACTIVE AUSTRALIAN AND
GLOBAL SELECT SUSTAINABILITY
LEADERS BOND TR - AUD HEDGED
BLOOMBERG CODE
SOLESGAH
NO OF COMPONENTS 576



CERTIFIED BY RIAA

The Betashares Sustainability Leaders Diversified Bond ETF - Currency Hedged (ASX: GBND) has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au for details.¹

¹ The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Categorisation

ETHICAL

FIXED INCOME

GREEN BONDS

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

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Top 10 exposures

BOND	WEIGHTING
French Govt OAT 1.75% Jun-39	2.2%
Treasury Corp VIC 4.25% Dec-32	1.1%
French Govt OAT 0.5% Jun-44	1.1%
Treasury Corp VIC 5.5% Nov-26	1.1%
NSW Treasury Corp 3% Feb-30	1.0%
NSW Treasury Corp 1.5% Feb-32	1.0%
European Union 0.4% Feb-37	1.0%
European Union 2.625% Feb-48	1.0%
NSW Treasury Corp 3% Mar-28	1.0%
WA Treasury Corp 5% Jul-25	1.0%

Yield and portfolio characteristics*

Running yield (local currency, % p.a.) ¹	2.48%
Yield to maturity (local currency, % p.a.) ²	3.88%
Yield to worst (local currency, % p.a.) ³	3.86%
Estimated FX hedging impact (% p.a.) ⁴	-0.02%
Average maturity (yrs) ⁵	7.11
Modified duration (yrs) ⁶	6.14
Average credit rating ⁷	AA

Screening criteria

Issuer eligibility screens: Initial screening includes a fossil fuel screen, which means that bond issuers (other than sovereign bond issuers) will be excluded if they are materially involved in the mining, extraction, or burning of fossil fuels, or maintain material fossil fuel reserves or fossil fuels infrastructure. Issuers providing material financing to the fossil fuels industry are also excluded (although green bonds from such issuers may be eligible, subject to materiality thresholds).

The Index methodology also excludes issuers which are exposed to activities considered to carry other significant negative ESG risks (certain materiality thresholds may apply), including:

- ▶ Gambling
- ▶ Tobacco
- ▶ Armaments and militarism
- ▶ Uranium and nuclear energy
- ▶ Destruction of valuable environments
- ▶ Animal cruelty
- ▶ Chemicals of concern
- ▶ Alcohol
- ▶ Junk foods
- ▶ Pornography
- ▶ Human and labour rights violation
- ▶ Lack of board diversity i.e. no women as directors

These screens apply to all issuers other than sovereign bond issuers. Sovereign bond issuers are screened to remove any issuers that are subject to current sanctions as a result of human rights concerns imposed by bodies such as the U.N. and the E.U.

Green Bonds: At least 50% of the Index at each rebalance will comprise green bonds, issued to fund projects that have positive environmental and/or climate benefits, such as those designed to prevent or reduce pollution, improve the sustainable use of natural resources, or help in the transition to non-fossil fuel-based technologies.

To be eligible for inclusion on this basis, a bond must meet the definition of a green bond as set by the internationally-recognised not-for-profit organisation, the Climate Bonds Initiative (CBI). The bond issuer (other than sovereign bond issuers) must also have passed the screening process outlined above.

All included bonds must be fixed-rate bonds with a minimum investment-grade rating. Bonds are initially market-cap weighted and then scaled so that AUD-denominated bonds make up 50% of the index weight, with the remaining 50% allocated to Euro/US dollar-denominated bonds at each monthly rebalance. The foreign currency exposure of index constituents is hedged back to the Australian dollar.

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. Does not account for FX hedging impact. Yield is variable.

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. Does not account for FX hedging impact. Yield is variable.

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. Does not account for FX hedging impact. Yield is variable.

4 The cost / carry from hedging the fund's FX exposures. This is an estimated number calculated by annualising the current 1-month forward points of the relevant currency pairs.

5 Average length of time until the current bonds in the portfolio mature (weighted by market value).

6 A measure of the sensitivity of the portfolio's value to a change in interest rates, e.g. modified duration of 7 years implies a 1% rise in the reference interest rate will reduce portfolio value by 7.00%.

7 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.

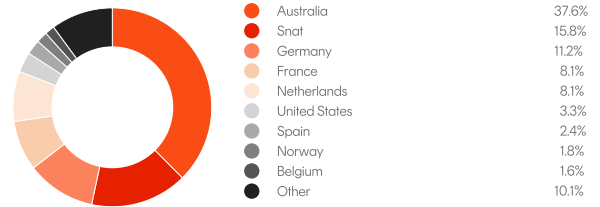
*Source: Bloomberg. As at 30 June 2023. Yields do not take into account fund fees and costs.

**As at 30 June 2023. Source: Betashares. The information above has been estimated through Betashares' analysis of the intended use of proceeds of the green bond programs of the 20 largest issuers in GBND. In preparing this information, Betashares has relied on data sourced from external parties, including the issuers of the bonds held in GBND. Betashares does not warrant the accuracy or completeness of this information. The actual use of proceeds may differ due to changes in circumstances over time.

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Country allocation



Sector allocation



Use of proceeds by top 20 largest green bond issuers**

