

Betashares Interest Rate Hedged Australian Investment Grade Corporate Bond ETF

 **ASX: HCRD**



30 May 2025

Objective

HCRD aims to track the performance of an index (before fees and expenses) that provides exposure to a portfolio of senior, fixed-rate, investment grade Australian corporate bonds, hedged to reduce interest rate risk.

Strategy

HCRD obtains its exposure to bonds by investing in the Betashares Australian Investment Grade Corporate Bond ETF (ASX: CRED). CRED's portfolio includes up to 50 bonds, with eligible bonds requiring amounts outstanding of at least \$250 million and a term to maturity of between 5.25 and 10.25 years.

Eligible bonds are ranked by yield above benchmark (being a Commonwealth Government bond of similar maturity), with each bond assigned an equal weight as at each rebalance date. No single issuer shall have a weight in excess of 7% at each rebalance date.

Alongside its exposure to bonds, HCRD sells bond futures contracts to substantially reduce interest rate risk, mitigating the potential negative impact of rising interest rates on the performance of the corporate bond portfolio.

Benefits



Attractive income paid monthly

HCRD seeks to provide investors with attractive monthly income that is expected to exceed income paid on cash, term deposits, and senior floating rate notes.



Hedged against interest rate risk

HCRD uses bond futures contracts to substantially reduce interest rate risk. As movements in government bond yields are typically the largest contributor to the volatility of fixed rate corporate bonds, this hedging strategy aims to reduce volatility and capital variability of the bond portfolio.



Exposure to a range of corporate issuers

HCRD offers exposure to senior investment grade bonds from a range of corporate issuers from different industries, providing potential diversification benefits from floating rate fixed income exposures, which typically are heavily weighted to financial sector issuers.



Invest in bonds intelligently

Bonds in HCRD's underlying portfolio are selected based on expected returns rather than debt outstanding, seeking to avoid shortcomings of traditional debt-weighted indices and provide relatively higher returns.

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	1.45%	1.39%	3.91%	8.13%	-	-	-	9.41%
INDEX	1.43%	1.36%	3.83%	8.02%	7.36%	5.40%	4.20%	9.28%

Calendar year performance

PERIOD	YTD	2024	2023	2022	2021	2020	2019	2018
FUND	2.90%	9.30%	9.58%	-	-	-	-	-
INDEX	2.84%	9.04%	9.46%	-1.34%	-0.03%	4.85%	5.22%	1.95%

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 HCRD

BLOOMBERG CODE HCRD.AU

IRESS CODE HCRD.AXW

DISTRIBUTIONS MONTHLY

MGT FEE 0.29% P.A.

FUND INCEPTION 14 NOV 22

About the index

INDEX

SOLACTIVE AUSTRALIAN
INVESTMENT GRADE CORPORATE
BOND SELECT DH

BLOOMBERG CODE SOLASIGH

NO OF COMPONENTS

50

Categorisation

AUSTRALIAN CORPORATE
BONDS

FIXED INCOME

REGULAR INCOME

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

Contact ▶ 1300 487 577 (Australia)
▶ info@betashares.com.au

▶ +61 2 9290 6888 (ex Aust)
▶ betashares.com.au

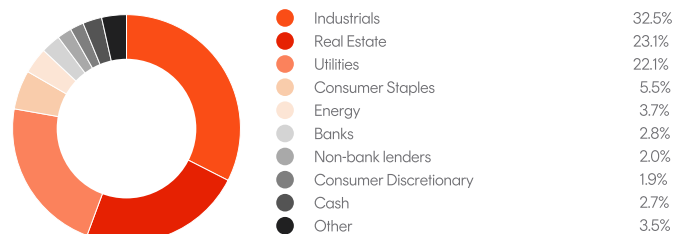
Betashares Interest Rate Hedged Australian Investment Grade Corporate Bond ETF

ASX: HCRD

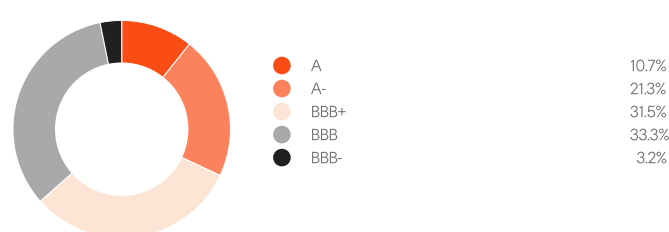


30 May 2025

Sector allocation



Credit quality



Top 10 exposures

Bond	Weighting
Woolworths Group 5.91% Nov-34	2.2%
Iberdrola Finanzas SAU 5.87% Nov-34	2.1%
Scentre Group Trust1 5.9% Nov-34	2.1%
Sydney Airport Finance 5.9% Apr-34	2.1%
Origin Energy Finance 5.35% Sep-31	2.1%
Ausnet Services 5.9812% May-34	2.1%
Worley Financial Services 5.868% May-32	2.1%
Ausnet Services 6.134% May-33	2.1%
ETSA Utilities Finance 5.681% Mar-35	2.1%
Australian Gas Networks 5.533% Oct-33	2.1%

Yield and portfolio characteristics

Running yield (% p.a.) ¹	4.85%
Estimated yield to maturity (% p.a.) ²	5.33%
Estimated yield to worst (% p.a.) ³	5.33%
Average maturity (yrs) ⁴	6.73
Modified duration (yrs) ⁵	-0.12
Average credit rating ⁶	BBB+
Spread duration (yrs) ⁷	5.31
Credit spread (% p.a.) ⁸	1.31

- 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 estimated annualised total expected return of a bond if it is held to maturity, the bond does not default, and the coupons are reinvested at the Yield to Maturity (YTM). For funds that use bond futures to hedge their interest rate risk, it's assumed that the current risk-free yield curve reflects the implied future short term funding rates (forward repurchase agreement rates). The fund's YTM is the weighted average of its underlying bonds' YTM.
 - 3 The estimated 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. For funds that use bond futures to hedge their interest rate risk, it's assumed that the current risk-free yield curve reflects the implied future short term funding rates (forward repurchase agreement rates). Yield is variable.
 - 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 0.15 years implies a 1% rise in the reference interest rate will reduce portfolio value by 0.15%.
 - 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.
 - 7 A measure of the sensitivity of the portfolio's value to a change in the credit spread margin or discount margin (DM). For example, a Spread Duration of 2 years implies that a 1%, or 100 basis points rise in the DM will reduce the value of the portfolio by 2%.
 - 8 Credit spread refers to the difference or spread between the expected return of a fixed-rate security and that of its benchmark, adjusting for any embedded optionality. The fund's credit spread is the weighted average of its underlying securities' credit spreads.
- Source: Bloomberg. Yields do not take into account fund fees and costs.

Distributions

12 mth distribution yield (%) 4.7%

Yield is calculated by summing the prior 12-month per unit distributions divided by the closing NAV per unit at the end of the relevant period. Yield will vary and may be lower at time of investment. **Past performance is not indicative of future performance.**

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. The Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index at any time or in any other respect. The Index is calculated and published by Solactive AG. Neither publication of the Index by Solactive AG nor the licensing of the Index for the purpose of use in connection with the Fund constitutes a recommendation by Solactive AG to invest capital in the Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Fund.