



31 January 2024

## Objective

OZBD aims to track the Bloomberg Australian Enhanced Yield Composite Bond Index, before fees and expenses. This index takes an intelligent investment approach by weighting bonds on the basis of their risk-adjusted income potential rather than debt-weighting, and aiming to provide investors with higher returns than the most commonly used Australian fixed income benchmark, the AusBond Composite Index (AusBond). OZBD aims to maintain an overall duration and credit profile that is similar to that of the AusBond index.

## Strategy

OZBD aims to track the Bloomberg Australian Enhanced Yield Composite Bond Index (before fees and expenses). OZBD's index strategy is to invest in a portfolio of high-quality Australian corporate and government bonds based on their risk-adjusted income potential. OZBD's index aims to constrain overall duration and credit risk in order to not vary too far from the commonly used benchmark, the Bloomberg AusBond Composite Index. As such, the overall duration of OZBD's index aims to be within +/- 1 year of the AusBond Composite Index. Federal and State Government bonds make up between 40% and 75% of the overall index. Constraints are applied to ensure sufficient exposure to long-duration government bonds, with the duration-weighted government share of OZBD's index to be between 50 and 85%. OZBD's index 'tracking error' to the Ausbond Composite Index aims to be no more than 2% annualised.

## Benefits



### Intelligent approach to investing in bonds

Bonds are selected based on their risk-adjusted income potential rather than debt outstanding, seeking to avoid the shortcomings of traditional debt-weighted indices and aiming to provide higher returns.



### Focus on income

OZBD focuses on bonds with high income potential – particularly pertinent in a rising yield environment.



### Attractive return potential

OZBD offers the potential to deliver superior returns to both active and simple market cap-weighted passive investment approaches.

## 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   | 0.18% | 7.34% | 3.91% | 3.32% | -           | -           | -            | -2.60%           |
| INDEX  | 0.16% | 7.37% | 4.00% | 3.51% | -3.16%      | 0.79%       | 3.21%        | -2.48%           |

## Calendar year performance

| PERIOD | YTD   | 2023  | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------|-------|-------|------|------|------|------|------|------|
| FUND   | 0.18% | 6.84% | -    | -    | -    | -    | -    | -    |
| INDEX  | 0.16% | 7.04% | -    | -    | -    | -    | -    | -    |

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 OZBD  
 BLOOMBERG CODE OZBD AU  
 IRESS CODE OZBD.AXW  
 DISTRIBUTIONS MONTHLY  
 MGT FEE\* 0.19% P.A.  
 FUND INCEPTION 2 FEB 22

## About the index

INDEX  
 BLOOMBERG AUSTRALIAN  
 ENHANCED YIELD COMPOSITE  
 BOND INDEX  
 BLOOMBERG CODE I36601AU  
 NO OF COMPONENTS 436

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

## Categorisation

AUSTRALIAN BONDS  
 REGULAR INCOME

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

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## Sector allocation



## Credit quality



## Top 10 exposures

| Bond                         | Weighting |
|------------------------------|-----------|
| Australian Govt 1% Nov-31    | 1.9%      |
| Australian Govt 1.25% May-32 | 1.7%      |
| Australian Govt 1.5% Jun-31  | 1.7%      |
| IFC 1.5% Apr-35              | 1.5%      |
| Australian Govt 1.75% Nov-32 | 1.3%      |
| Australian Govt 2.75% Nov-29 | 1.3%      |
| Australian Govt 3% Nov-33    | 1.2%      |
| Australian Govt 2.5% May-30  | 1.2%      |
| Australian Govt 1% Dec-30    | 1.2%      |
| Australian Govt 4.5% Apr-33  | 1.2%      |

## Yield and portfolio characteristics

|   |       |
|---|-------|
| Running yield (% p.a.) <sup>1</sup>     | 3.59% |
| Yield to maturity (% p.a.) <sup>2</sup> | 4.76% |
| Yield to worst (% p.a.) <sup>3</sup>    | 4.75% |
| Average maturity (Yrs) <sup>4</sup>     | 7.38  |
| Modified duration (yrs) <sup>5</sup>    | 5.94  |
| Average credit rating <sup>6</sup>      | 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.

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