

# Betashares Inflation-Protected U.S. Treasury Bond Currency Hedged ETF



**ASX:UTIP**

31 January 2024

## Objective

UTIP aims to track the performance of an index (before fees and expenses) that provides exposure to a portfolio of US Treasury Inflation-Protected Securities ('TIPS'), hedged into AUD.

TIPS are a type of fixed rate bond issued by the US Treasury, whose principal amount outstanding is adjusted for inflation as measured by US CPI. As interest is paid on the inflation-adjusted principal, the amount of interest payments will also vary.

## Benefits



### Inflation-protected income

TIPS offer the potential to earn a positive real yield over and above the inflation adjustments to principal.



### Defensive allocation for a 'stagflationary' environment

TIPS can typically be expected to outperform traditional fixed rate US Treasury bonds of equivalent maturities in an environment when growth is muted, yet realised inflation is consistently higher than expected.



### Tactical positioning for rising inflation expectations

Over the shorter-term TIPS will be influenced by changes in inflation expectations. In particular, TIPS may appreciate in absolute terms or relative to traditional fixed rate US Treasury bonds of equivalent maturities when inflation expectations rise (and conversely may fall in value when inflation is expected to decrease).



### Pure focus on real yields

UTIP offers investors a way to focus purely on real yields without uncertainties of fluctuating US inflation expectations.

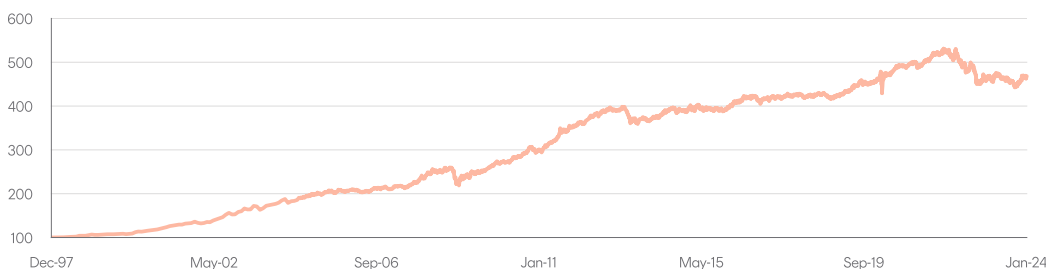
## Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception
FUND	0.22%	5.13%	-	-	-	-	-	2.69%
INDEX	0.07%	5.17%	1.15%	0.56%	-2.20%	1.85%	2.29%	2.63%

## Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	0.22%	-	-	-	-	-	-	-
INDEX	0.07%	-	-	-	-	-	-	-

Value of \$100 invested since index inception



Source: Betashares, Bloomberg. **Past performance is not indicative of future performance.** Graph shows performance of the underlying index, and not the fund. It does not take into account fund fees and costs. Index performance based on reinvestment of income. Index inception date is 31 December 1997. You cannot invest directly in an index. 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 UTIP

BLOOMBERG CODE UTIP AU

IRESS CODE UTIP.AXW

DISTRIBUTIONS QUARTERLY

MGT FEE 0.22% P.A.

FUND INCEPTION 18 SEPT 23

## About the index

INDEX

BLOOMBERG GLOBAL INFLATION-LINKED U.S. TIPS TOTAL RETURN

INDEX HEDGED AUD

BLOOMBERG CODE

H01551AU

NO OF COMPONENTS 48

## Categorisation

US GOVERNMENT BONDS

RISK MITIGATION

PORTFOLIO DIVERSIFICATION

There are risks associated with an investment in UTIP, including interest rate risk, credit risk, international investment risk and inflation risk. Investment value can go up and down. An investment in the Fund should only be considered as a part of a broader portfolio, taking into account your particular circumstances, including your tolerance for risk. For more information on risks and other features of the Fund, please see the Product Disclosure Statement and Target Market Determination, both available at [www.betashares.com.au](http://www.betashares.com.au).

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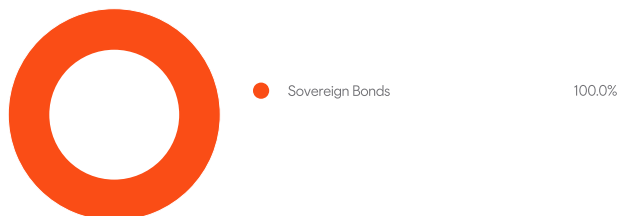
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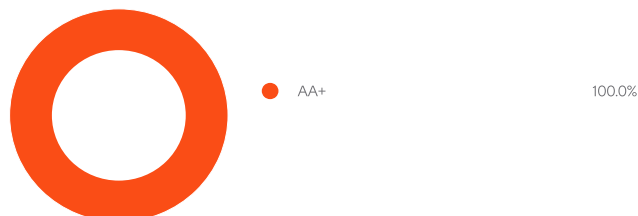
+ **ASX: UTIP**

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## Index sector allocation



## Index credit quality



## Top 10 exposures

Bond	Weighting
US Treasury Inflation Indexed Bonds 1.125% Jan-33	3.6%
US Treasury Inflation Indexed Bonds 1.375% Jul-33	3.6%
US Treasury Inflation Indexed Bonds 0.625% Jul-32	3.6%
US Treasury Inflation Indexed Bonds 2.375% Oct-28	3.4%
US Treasury Inflation Indexed Bonds 0.125% Jan-32	3.3%
US Treasury Inflation Indexed Bonds 0.375% Jul-25	3.3%
US Treasury Inflation Indexed Bonds 1.625% Oct-27	3.2%
US Treasury Inflation Indexed Bonds 1.25% Apr-28	3.1%
US Treasury Inflation Indexed Bonds 0.125% Jul-31	3.1%
US Treasury Inflation Indexed Bonds 0.125% Apr-27	3.1%

## Index yield and portfolio characteristics

Running yield (local currency, % p.a.) <sup>1</sup>	0.92%
Real yield (local currency, % p.a.) <sup>2</sup>	2.00%
Yield to maturity (local currency, % p.a.) <sup>3</sup>	4.57%
Estimated FX hedging impact (% p.a.) <sup>4</sup>	-1.25%
Average maturity (yrs) <sup>5</sup>	6.98
Modified duration (yrs) <sup>6</sup>	6.49
Average credit rating <sup>7</sup>	AA+

<sup>1</sup> 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.

<sup>2</sup> The yield of a bond after accounting for the effect of inflation. The fund's real yield is the weighted average of its underlying bonds' real yield in their own local currencies. This yield does not account for the impact of FX hedging costs where FX hedging applies.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

<sup>6</sup> An approximation of the sensitivity of the portfolio's value to a change in interest rates, e.g. modified duration of 7 years implies a 0.1% rise in the reference interest rate can be expected to reduce portfolio value by 0.7%.

<sup>7</sup> 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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