



Betashares Australian Credit Income Active ETF

ASX: HBRD

Quarterly Report - March 2026

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Performance ¹	1 month %	3 month %	6 month %	1 year %	3 years % p.a.	Inception % p.a. ²
Fund Return (net)	0.04%	0.77%	1.89%	4.65%	5.83%	4.20%
Growth return	-0.36%	-0.50%	-0.65%	-0.68%	0.17%	0.11%
Income return	0.40%	1.27%	2.54%	5.33%	5.66%	4.09%
Solactive Australian Hybrid Securities Index (Solactive Index)	-0.25%	0.35%	1.89%	4.11%	5.55%	4.22%
Active Return	0.29%	0.42%	0.00%	0.54%	0.28%	-0.02%

Past performance is not a reliable indicator of future performance.

¹As at 31 March 2026. Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

²Inception date for the Fund is 13 November 2017.

Yield and portfolio characteristics	
Running Yield (% p.a.) ¹	5.46%
Gross Running Yield (% p.a.) ²	5.63%
Fund Constituents	164

¹Average yield (weighted by market value) of the hybrids portfolio, divided by the current market price of the securities. This provides an indication of expected current income from making an investment at market price. This value will vary over time.

²Average estimated gross yield (weighted by market values and inclusive of franking credits) of the hybrids in the portfolio, divided by the current market price of the securities. This provides an indication of the expected current income from making an investment at market price. This figure is indicative only and will vary over time. Not all investors will be able to obtain the full value of franking credits.

Investment objective*

The Fund provides investors with a convenient way to access attractive income returns, including franking credits, from an actively managed, diversified portfolio of primarily hybrid securities. As the Fund is overseen by a professional investment manager, it actively seeks to reduce the volatility and downside risk that may otherwise be experienced by direct holders of hybrids.

Responsible entity

Betashares Capital Ltd

Investment manager

Coolahbah Capital Institutional Investments Pty Ltd

Distribution frequency

Monthly

Suggested minimum investment timeframe

At least three years

Fund facts	
Inception Date	13-Nov-17
Fund Size	\$2523.08m
Historical Tracking Error (annualised)	1.01%
ASX Code	HBRD
Bloomberg Code	HBRD.AU
IRESS Code	HBRD.ASX

Fees	% p.a.
Management fee	0.45
Recoverable expenses	~0.10
Performance fee ¹	15.5

¹A performance fee may be payable. This fee is 15.5% of the Fund's performance above the performance benchmark in a calendar quarter.

Investment strategy

The Fund invests in an actively managed portfolio of hybrid securities, bonds and cash. If and when the hybrids market is assessed to be overvalued or presents a heightened risk of capital loss, the Fund can allocate more of the portfolio to lower risk securities.

Top 10 positions ¹	
ANZ Float 01/15/35	CBAAU Float 09/12/35
ANZ Float 01/16/34	NAB Float 11/14/35
ANZ Float 05/16/33	NAB Float 11/18/31
CBAAU Float 04/14/32	WSTP Float 06/23/33
CBAAU Float 08/20/31	WSTP Float 07/10/34

¹As at 31 March 2026

Sector exposure ¹	Fund Weight %	Index Weight %	Active Weight %
Preference Shares	8.6	100.0	-91.3
Capital Notes	0.0	0.0	0.0
Sub Bonds	59.9	0.0	59.9
Senior Bonds	29.5	0.0	29.5
Cash	1.9	0.0	1.9
TOTAL	100.00	100.00	0.00

¹As at 31 March 2026

Fund performance summary

Over the first quarter of 2026, HBRD returned 0.77% unfranked after fees and 0.82% franked after fees, outperforming the benchmark Solactive Australian Bank Hybrid Securities Index's unfranked return of 0.35%.

Effective 31 March 2026, HBRD changed its investment objective in response to APRA's decision to phase out bank hybrids as eligible bank capital. The Fund now aims to deliver monthly income and net returns after fees and expenses that exceed the RBA cash rate by at least 2.0% p.a. over a rolling three-year period. Over the three years to 31 March 2026, the Fund returned 5.83% p.a. unfranked after fees and 6.51% p.a. franked after fees, compared to RBA + 2%, which returned 6.06% p.a.

January started with a risk rally, pushing the S&P 500 to just below 7,000 for the first time, while precious metals retraced amid intensifying geopolitical tensions. USD investment-grade issuance reached a record \$224bn, the busiest January ever and the fifth-busiest month on record. Most deals priced close to fair value and delivered modestly positive secondary performance. Euro IG issuance totalled €107bn, making it the second-busiest January on record, with strong oversubscription despite historically compressed spreads. Global credit markets absorbed the heavy supply with ease. Strong investor demand and elevated cash balances allowed markets to digest one of the busiest months on record, with investment-grade spreads tightening by around 5–6bps across the US and Europe.

In Australia, January saw hybrid spreads move around 10bps wider. The fund was able to outperform its benchmark by moving up the capital stack to invest in

both subordinated bonds, which were 10bps tighter, and senior bonds, which were unchanged.

Following the strong risk performance in January, February saw a retracement. The S&P 500 declined 0.8% despite resilient economic data, with US payrolls posting their largest gain in over a year. Weakness was largely driven by concerns about AI disintermediating white-collar sectors, with software and services falling 10% over the month. Amid rising geopolitical tensions, safe-haven demand increased, and global benchmark 10-year government bond yields declined sharply as investors rotated into sovereign debt. Global credit widened in line with the broader risk-off tone, while in Australia senior spreads held their ground and subordinated bond spreads widened by 4 basis points, which weighed on fund performance.

March was defined by an escalation in geopolitical tensions in the Middle East, which sent a fresh inflation shock through global markets and drove a broad bear-flattening of yield curves. Oil and gas prices were highly volatile during the month. HBRD remained resilient in

March, as its ability to move up the capital structure when necessary helped protect capital and generate a positive return, even as major bank hybrid indices declined by about 0.25% unfranked.

Global private credit markets also faced notable stress during the month. Some major private credit fund managers experienced elevated redemption pressure, while expectations for rising default rates increased. These challenges could be amplified if central banks shift back towards hiking cycles rather than easing, which would raise funding costs and place further pressure on leveraged borrowers. HBRD avoids illiquid private credit and, by investing only in highly liquid investment-grade credit, closed the quarter with a gross running yield of 5.67% p.a. and an average credit rating of A.

Looking forward, HBRD's new strategy will allow it to seek out investments in other developed markets, broadening the opportunity set available for generating alpha. The managers' experience and access to larger offshore markets, with their pricing swings, will be key to outperforming the new return objective.

*Effective 31 March 2026, the Fund changed its name from Betashares Australian Hybrids Active ETF to Betashares Australian Credit Income Active ETF, along with the Fund's performance benchmark and certain other fund features. Further details can be found in the PDS.

There are risks associated with an investment in HBRD, including interest rate risk, credit risk, hybrids complexity risk and sector concentration risk. For more information on risks and other features of HBRD, please see the Product Disclosure Statement.

Important

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Any person wishing to invest in Betashares Funds should obtain a copy of the relevant PDS from www.betashares.com.au and obtain financial advice in light of their individual circumstances. You may also wish to consider the relevant Target Market Determination (TMD) which sets out the class of consumers that comprise the target market for the Betashares Fund and is available at www.betashares.com.au/target-market-determinations.

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