

BetaShares Active Australian Hybrids Fund (managed fund)

 **ASX: HBRD**

13 November 2017



BetaShares
Exchange Traded Funds

Investment Objective

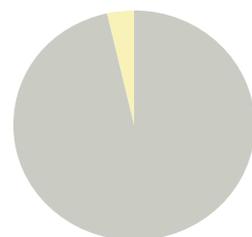
The Fund provides investors with a convenient way to access attractive income returns, including franking credits, from an actively managed, diversified portfolio of hybrid securities.

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.

What are Hybrids?

“Hybrid securities” are securities that combine elements of debt securities and equity securities. Like bonds and shares, hybrids are a way for companies to raise capital to fund their businesses. By issuing hybrids, companies effectively borrow money from investors in return for interest or income payments. Hybrids can be expected to produce risk and return characteristics above those of traditional fixed-income securities like bonds but below those of ordinary shares.

Sector Allocation



● Bank hybrids	96.6%
● Subordinated bonds	3.4%

Top 10 Exposures (listed in alphabetical order)

SECURITY	SECURITY
ANZPG	CBAPF
ANZPH	NABPB
BENPF	NABPC
CBAPD	NABPD
CBAPF	WBCPG

Benefits of BetaShares Active Australian Hybrids Fund

- ▶ **Professionally managed hybrids exposure:** Actively managed fund helps investors access a diversified portfolio of hybrids and aims to reduce potential downside risk associated with owning hybrids directly
- ▶ **Lower volatility:** The Fund targets volatility of 3% to 4% p.a. - less than one-third of that historically displayed by the Australian equities market
- ▶ **Risk management:** The Investment Manager is able to increase exposure to cash and bonds if required given market conditions in order to reduce risk
- ▶ **Potential for outperformance:** Actively managed portfolio aims to deliver total returns that exceed the ASX hybrids market over time
- ▶ **Regular, attractive tax-efficient income:** Monthly franked income expected to be in excess of that available from cash and senior bonds.
- ▶ **Position for rising rates:** Fund's income should be expected to rise should interest rates rise and vice versa
- ▶ **Portfolio diversification:** Hybrids have historically exhibited low correlation to equities as well as generally shown defensive characteristics during sharemarket declines
- ▶ **Liquidity:** available to trade on the ASX like any share

Trading Information

BetaShares Funds can be bought or sold during the trading day on the ASX, and trade like shares.

EXCHANGE	ASX
ASX CODE	HBRD
CURRENCY	AUD
TRADING HOURS	10:00-16:00 (AEST)
BLOOMBERG CODE	HBRD AU
IRESS CODE	HBRD.ASX
IRESS INAV CODE	HBRDINAV.ETF

Fund Information

DISTRIBUTIONS	MONTHLY
MANAGEMENT FEE	0.45% P.A
EXPENSES	ESTIMATED AT 0.10% P.A
PERFORMANCE FEE	15.5% OF PERFORMANCE ABOVE THE BENCHMARK
BENCHMARK	SOLACTIVE AUSTRALIAN HYBRID SECURITIES INDEX
FUND INCEPTION	13 NOVEMBER 2017
INVESTMENT MANAGER	COOLABAH CAPITAL INSTITUTIONAL INVESTMENTS PTY LTD

Contact

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

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About the Investment Manager

The Fund's investment manager is Coolabah Capital Institutional Investments ("CCI"). CCI is an independent Australian active-fixed income specialist, with expertise in valuing, analysing and investing in hybrid securities.

Investment Strategy

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

How to use the BetaShares Active Australian Hybrids Fund in your portfolio

The Fund can be used to implement a variety of investment strategies. For example:

- ▶ A complement to or substitute for an existing direct hybrids portfolio offering greater portfolio diversification, and risk management via a professionally managed solution
- ▶ A core portfolio allocation seeking to provide attractive, tax-efficient income, a relatively high level of capital stability and diversification benefits to investment portfolios

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