



USHY

Global X USD High Yield Bond ETF (Currency Hedged)



Invest in bonds that potentially pay higher income.

Income - Fixed Income

FUND DETAILS

| | |
|------------------------|--|
| ASX Code | USHY |
| Bloomberg Code | USHY AU EQUITY |
| IRESS Code | USHY.AXW |
| Benchmark | Solactive USD High Yield Corporates Total Market Hedged to AUD Index |
| Mgt. Fee (% p.a.)* | 0.30 |
| Rebalance Frequency | Monthly |
| Distribution Frequency | Quarterly |
| W-8 BEN Form Required | No |

*Calculated on the Net Asset Value (NAV) of the Fund. Comprised of a Management Fee of 0.25% p.a. plus estimated indirect costs of 0.05% p.a. Refer to the PDS for a complete list of fees and costs.

KEY FEATURES



Global Exposure

Investing in corporate bonds from around the globe can help diversify both geographic and interest rate exposure.



Competitive Cost

At a 0.30% management fee, USHY offers access to high-yield corporate bonds via the ASX at a competitive cost.



High Yield Potential

Investing in US dollar denominated high-yield corporate bonds, USHY aims to offer high yields with less duration risk, compared to investment grade bonds.

INTRODUCING USHY

USHY tracks the Solactive USD High Yield Corporates Total Market Hedged to AUD Index. The index is market capitalisation weighted and mirrors the performance of high-yield-rated corporate bonds issued in US dollars by companies domiciled in developed countries.

The fund gains its exposure to the index by investing substantially all of its assets in the Xtrackers USD High Yield Corporate Bond ETF, which is managed by DWS Group. DWS is a leading global asset manager with over **€859 billion in assets under management** as at 30 June 2023.

DID YOU KNOW?

- High yield bonds can pay higher income than investment grade bonds.
- Bond ETFs can be cheaper and easier to trade than bonds themselves.

WHAT ARE HIGH YIELD BONDS?

Sometimes called “sub-investment grade”, high yield bonds are tradeable debt securities issued by companies with sub-investment grade credit ratings, as judged by ratings agencies. High yield bonds typically have ratings of or below “BBB-” by Standard & Poor’s Ratings Services and Fitch, or “Baa3” by Moody’s Investors Services.

They are often thought to come with higher risk and higher potential rewards than investment grade bonds.

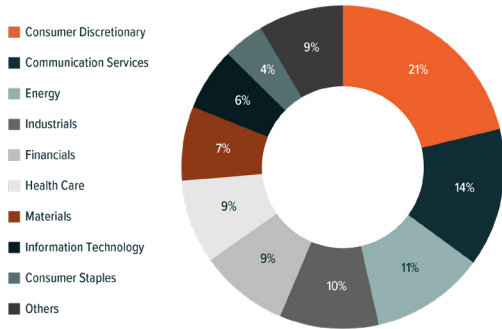
UNDERSTANDING HIGH YIELD BONDS

- **Credit ratings:** reflect how likely a borrower is to repay the money that they borrow. The higher a credit rating (AAA is the highest) the more likely a borrower is to repay their debt.
- **Ratings agencies:** are companies – S&P, Fitch, Moody’s are the main three – that determine companies’ credit ratings.
- **Duration:** measures the extent to which a bond’s price responds to changes in prevailing interest rates.
- **Yield to maturity:** measures the yield an investor would receive if all the coupon payments of a bond were received and the bond was held until maturity.
- **Currency hedging:** is where the price changes between two currencies – such as Australian dollars and US dollars – are mitigated using derivatives.



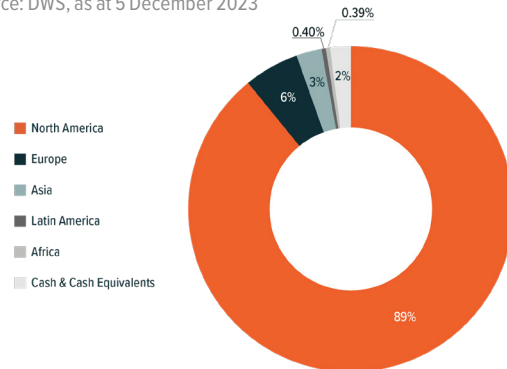
SECTOR COMPOSITION OF USHY

Source: DWS, as at 5 December 2023



GEOGRAPHIC EXPOSURE

Source: DWS, as at 5 December 2023



HOW TO USE USHY WORKS

USHY tracks an index of high yield US dollar bonds hedged into Australian dollars.

To qualify for index inclusion, bonds must:

- Be issued by companies based in developed market countries.
- Have a composite credit rating of sub-investment grade; be issued by companies with at least **US\$1bn** outstanding face value.
- Have at least **US\$400mn** of outstanding face value and an original maturity date of **1-15 years**.

The debts of each company will be capped at **3%** of the fund’s weight. The index rebalances monthly. Due to the size of the bond market, it is often impractical or impossible for bond funds like USHY to buy every bond in their index. For this reason, USHY takes a selection or “sample” of bonds from its index—in a method known as “sampling replication”. Bonds will be chosen in order to replicate the index as closely as possible, based on risk and return characteristics.

HOW TO USE USHY IN A PORTFOLIO

- To receive potentially higher income, given that non-investment grade bonds trade on higher yields.
- As a way to tactically trade tightening credit spreads.
- To complement existing fixed interest exposure through a segment that is underrepresented in Australia.

For more information on Global X USD High Yield Bond ETF (Currency Hedged) (ASX Code: USHY), please speak to Global X ETFs.

Client Services

+61 2 8311 3488 | Info@globalxetfs.com.au

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Information current as at 5 December 2023.