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Media Release

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Zenith gives BetaShares Legg Mason Fixed Income Active ETF (ASX: BNDS) tick of approval

Research house Zenith has initiated coverage of the recently launched BetaShares Legg Mason Australian Bond Fund (managed fund) (ASX: BNDS) with a “Recommended” rating, drawing attention to the strength of the investment team who manages the Fund, Western Asset Management.

BNDS is the third Active ETF to be launched by strategic partners BetaShares and Legg Mason and is Australia’s first fixed income Active ETF. BNDS provides access to an actively managed, and broadly diversified, portfolio of high quality Australian fixed income securities.

Having launched on the ASX in November 2018, this Fund has grown quickly to over AUD\$35 million in assets under management¹.

Andy Sowerby, Head of Legg Mason Australia notes that “BNDS fills a gap in the current investment marketplace, in terms of both the nature and structure of the product and by providing access to elite specialist fixed income investment management skills.”

The Zenith report noted the following points:

- The research house concludes that the Fund is one of the strongest offerings in its Australian Fixed Interest (AFI) Exchange Traded Product (ETP) peer group, “with the investment team demonstrating an ability to consistently meet the Fund's excess return objective.”*
- “Zenith has a high opinion of the Melbourne-based Western Asset investment team, led by Head of Investment Management and Portfolio Manager, Anthony Kirkham, who we rate highly, a view formed over several years.”*
- “The team has a complementary set of skills across sector rotation and credit selection, with these views further augmented by the insights of Western Asset’s regional teams and centralised decision-making committees.”
- “Zenith also notes the high levels of continuity among the Melbourne-based team, a factor we believe has contributed positively to team dynamics and Fund performance.”

The Fund, an Exchange Traded Product (ETP) that aims to replicate the strategy of the highly successful unlisted Legg Mason Western Asset Australian Bond Fund, was issued to the market by leading Australian Fund Manager, BetaShares in November 2018.

¹ As at 21 January 2019



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Zenith describes Western Asset's approach to portfolio construction as 'disciplined'. "Philosophically, Western Asset seeks to populate the portfolio with its highest information ratio trades and is agnostic to the composition of these trades. As a result, Western Asset has consistently generated positive excess returns, ranking in the upper quartile of the peer group."*

Mr Sowerby, says: "Since its recent launch we have received significant interest in this Fund.

"Investors are generally underweight both in domestic fixed income and nervous about the increased market volatility and outlook. BNDS provides a much-needed solution to help add defensive assets to portfolios, accessing the proved expertise of Anthony Kirkham and the team at Western Asset. The 'Recommended' rating from Zenith just further underscores this product's quality."

About Legg Mason

Guided by a mission of Investing to Improve Lives™, Legg Mason helps investors globally achieve better financial outcomes by expanding choice across investment strategies, vehicles and investor access through independent investment managers with diverse expertise in equity, fixed income, alternative and liquidity investments. Legg Mason's assets under management are AUD\$1 trillion as at 31 December 2018.

Legg Mason provides centralised business and distribution support for its nine affiliated fund managers that include: Brandywine Global, Clarion Partners, ClearBridge, EntrustPermal, Martin Currie, RARE Infrastructure, Royce & Associates, QS Investors and Western Asset. Each affiliate operates independently under its own brand and investment process and is considered an industry expert in its asset class.

Australia Facts:

- Legg Mason's Australian business was established in 1954
- Assets Under Management (AUM) in Australia are AUD\$55 billion as at 30 September 2018 (Source: Rainmaker Data. Consists of AUM managed in Australia for Australian and offshore investors and AUM managed offshore for Australian investors)
- Legg Mason Australia was awarded the Money Management/Lonsec Fund Manager of the Year in 2015, 2017 and 2018.

*For the comparable unlisted Legg Mason Western Asset Australian Bond Fund.

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Disclaimer

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