

New investment offering provides Australia's first 'green' fixed income portfolio on ASX

XTB unveils a managed portfolio of individual ESG corporate bond units

Sydney, 23 April 2018 – XTB, an Australian-based provider of ASX-traded corporate bonds, is offering a new fixed income portfolio of environmental, social, and governance (ESG) approved securities to meet growing demand for ethical investments.

The XTB Emerald Fixed Income Portfolio is a managed portfolio of individual bond units (XTBs). The underlying bonds are issued by some of Australia's top companies which have met The Emerald Club's screening criteria. Bloomberg ESG Data is used to select companies with a strong track record of mitigating environmental, social, and governance risks relative to alternatives.

The portfolio is available from today on the HUB24 platform.

The portfolio provides investors a regular and predictable income stream, with an investment risk profile less than equities and hybrids, and a higher return than 'cash-like' investments. It has an absolute return objective of 1% higher than the cash rate.

"The portfolio includes ASX-traded XTBs with underlying bonds from companies considered to have sound ESG policies," says Richard Murphy, XTB co-founder and CEO.

"The portfolio is comprised of companies which are able to provide viable returns to investors while at the same time mitigating the environmental and social impacts of their business activity, operating in a manner respectful of society and managing within emerging ecological constraints. It helps advisers to match their client's investments with their values."

The companies in the XTB Emerald Fixed Income Portfolio have been selected by The Emerald Club, a responsible investment platform whose purpose is to make responsible investing more accessible and attractive to investors.

The Emerald Club runs a screen, by conducting an analysis of ESG factors based on a company's annual disclosure of various metrics in its corporate social responsibility report. Screens include - total greenhouse gas emissions, water intensity per sales, and renewable energy use.

Karen McLeod, Principal Financial Adviser at Ethical Investment Advisers, said clients are increasingly seeking value-aligned investments and this portfolio directly caters to growing investor demand for ESG fixed income options.

"We are excited to see new developments in the ESG space, particularly in fixed income. Our clients want to know who they are investing with. Separately Managed Accounts (SMAs) of XTBs provide that next level of engagement and transparency that we have been looking for," Ms McLeod said.

XTBs generated significant interest from investors in 2017, with funds under management up 117% to \$265 million in 2017, from \$122 million a year earlier¹.

"XTBs are helping to fill the gap between low risk, low return term deposits and higher risk equities in the Australian market," Mr Murphy said.

"Corporate bonds are the missing link on the ASX, providing retail investors with up to 50%² greater returns than term deposits, with the added convenience of daily liquidity through ASX trading.

"More than doubling FUM in a year is testament to the fact that many investors have been seeking alternative defensive investments for their portfolios."

There are now more than 50 XTBs available on the Australian market, which give investors exposure to specific, individual corporate bonds issued by blue-chip companies including AMP, BHP, Qantas, and Telstra.

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¹ Australian Corporate Bond Company 31 Dec 2017

² Canstar \$50k investment in a top 4 bank 3-6 month Term Deposit 19 April 2018

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About Australian Corporate Bond Company

Australian Corporate Bond Company (ACBC), also known as XTB, is the Securities Manager of XTBs quoted on the ASX. Established in 2013 to develop the XTB fixed income investment opportunity, ACBC's directors and key executives have extensive skills and experience in investment banking, broking, trading, funds management, investment product manufacturing and exchange operations.

Working with banks, brokers and market makers, ACBC selects the underlying corporate bonds whose returns will be made available to investors via XTBs on ASX. ACBC's full role and that of the Responsible Entity are detailed in the XTB Product Disclosure Statement (PDS) available at www.xtbs.com.au.