



BCOM

Global X Bloomberg Commodity Complex ETF



Invest in an all-in-one commodities basket.

Commodities — Synthetic

FUND DETAILS

ASX Code	BCOM
Bloomberg Code	BCOM AU Equity
IRESS Code	BCOM.AXW
Benchmark	Bloomberg Commodity Index Excess Return 3 Month Forward
Mgt. Fee and Costs (% p.a.)*	0.66
Rebalance Frequency	Annually
Distribution Frequency	Annually
W-8 BEN Form Required	No

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

KEY FEATURES



Diversified Exposure

Exposure to a liquid, well-diversified basket of hard and soft commodities which are significant to the world economy and have low correlations with other major asset classes.



Natural Inflation Hedge

Commodities are major consumer price index (CPI) constituents and therefore act as a natural hedge against inflation.



Tactical Allocation

A high conviction vehicle to execute views on commodity cycles.

INTRODUCING BCOM

BCOM invests in a highly liquid, broad-based basket of commodities, including energy, grains, precious metals, industrial metals, softs, and livestock. BCOM seeks to provide investment results that generally correspond to the price, before fees and expenses, of the Bloomberg Commodity Index Excess Return 3 Month Forward.

DID YOU KNOW?

- Commodities have outperformed the S&P/ASX 200 Index over the past 20 years.
- China is a major consumer, and an even more significant importer. China imports over 70% of the global share of traded iron ore, 72% of aluminum, and over 60% of both copper and soybeans. For this reason, any changes in China's consumption could have a global impact!

WHAT IS A BROAD-BASED COMMODITIES BASKET?

Commodities cover a broad range of raw materials that form the basis of the global economy. Generally, commodities fall into six categories: energy (e.g. oil, gas and diesel), precious metals (e.g. gold, silver and platinum), industrial metals (e.g. copper, aluminium and zinc), livestock (e.g. live cattle and lean hogs), grains (e.g. wheat and soybeans) and softs (e.g. coffee, cotton and sugar).

A broad-based commodities basket packages up all these subcategories into one fund and captures the performance of the entire asset class. Doing so helps to reduce the market and idiosyncratic risks of any individual commodity.

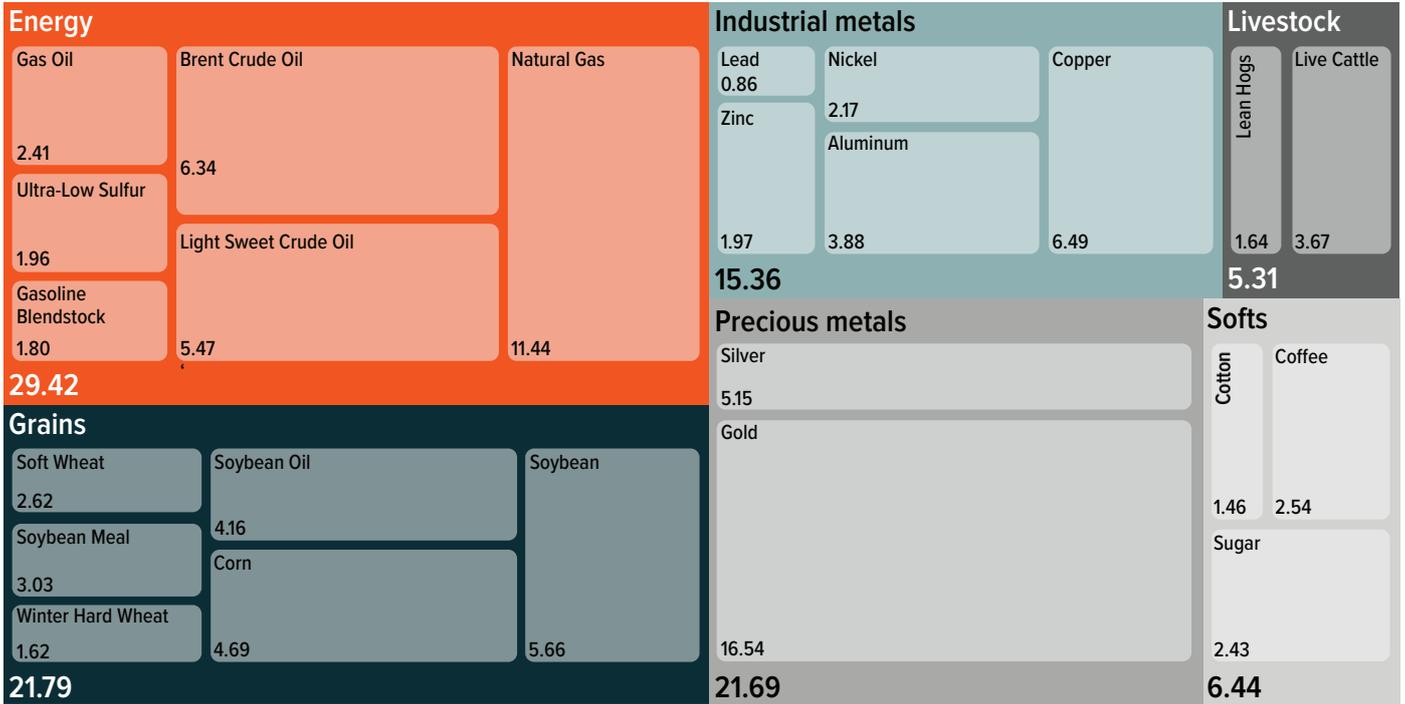
WHY INVEST IN COMMODITIES?

Investors often put diversification at the heart of portfolio construction. But effective diversification can sometimes require more than simply allocating across bond and share markets. To this end, many investors use commodities as a diversifier, as different and uncorrelated factors drive their performance to shares and bonds. The uncorrelated properties of commodities mean that this asset class may outperform when shares struggle. Moreover, commodities naturally tend to perform when inflation rises, given their prevalence in inflation-measuring consumer price index baskets. This provides powerful diversification for investors and enhances the opportunity to gain risk-adjusted returns for Australian dollar investors.



BLOOMBERG COMMODITY INDEX

Source: Bloomberg. Data as of April 2024



HOW BCOM WORKS

The Bloomberg Commodity Index Excess Return 3-Month Forward is comprised of up to 25 commodities futures contracts covering the livestock, energy, softs, grains, industrial metals, and precious metals sectors. The index uses five-year average liquidity and production data to determine the commodities selected and their relative weights. Futures' positions are weighted two-thirds by trading volume and one-third by worldwide production. The index rebalances each January with weight caps applied at both the commodity and sector levels. A cap and floor are applied to every commodity, limiting their weights to a maximum of 25% and a minimum of 2% at each rebalance. Sectors are capped at 33%. The index uses three-month forward futures contracts, which include commodity futures with expiry dates of at least three months.

Global X Bloomberg Commodity Complex ETF uses an unfunded swap to access commodity futures markets and to track the index.

HOW TO USE BCOM IN A PORTFOLIO

- As a portfolio diversifier, given the historically low correlation of commodities with major Australian asset classes.
- As a tactical tool to express a view on consumption cycles over the shorter term.
- As a tool for hedging inflation, given commodities prevalence in inflation-measuring consumer price index baskets.

CONSIDERATIONS FOR INVESTING IN BCOM

BCOM is a swap-backed ETF. Globally, broad commodities ETFs often use swaps of various kinds. This is not a structure entirely unique to BCOM but is consequently subject to different risks than more-familiar equity and bond ETFs, such as swap counterparty credit risk. As the fund achieves its exposure through a swap agreement with a major financial institution, the performance of the fund could be adversely impacted should this financial institution fail to perform its obligations.

Separately, investors should note commodities are typically more volatile than equities and bonds, meaning that adding commodities can increase overall portfolio volatility.



For more information on Global X Bloomberg Commodity Complex ETF (ASX Code: BCOM), please speak to Global X ETFs.

Client Services

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[1] (JP Morgan Private Bank, 2023) <https://privatebank.jpmorgan.com/apac/en/insights/markets-and-investing/will-china-s-recovery-drive-commodity-prices-higher#:~:text=China%20is%20a%20major%20consumer,could%20have%20a%20global%20impact.>

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Information current as at 31 January 2024.