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## Fund Overview

The BondBloxx USD High Yield Bond Sector Rotation ETF (HYSA) is an actively managed fund that provides access to a high yield bond sector rotation strategy from an experienced fixed income management team.

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## Investment Objective

The BondBloxx USD High Yield Bond Sector Rotation ETF seeks to primarily invest its assets in U.S. dollar-denominated, high yield corporate bonds in the various sectors of the fixed income securities market through other exchange traded funds. The fund allocates its assets among BondBloxx's seven high yield bond industry sector ETFs and seeks to outperform the ICE BofA US Cash Pay High Yield Constrained Index. The fund's sub-adviser, Macquarie Asset Management, provides the recommended sector allocations.



**HYSA**

## BondBloxx USD High Yield Bond Sector Rotation ETF

## Key Features

### 1. SEEK TO MAXIMIZE TOTAL RETURN

The investment process seeks to drive alpha<sup>1</sup> from high yield sector selection through a combination of bottom-up fundamental analysis and top-down strategic positioning.

### 2. EXPERIENCED INVESTMENT TEAM

The investment team has extensive experience in active high yield bond portfolio management, fundamental research, and risk management.

### 3. CONVENIENCE

In one trade, investors can get access to an active high yield bond sector rotation strategy with the transparency, liquidity, and cost efficiency of an ETF.

## INSIGHTS ON THE BONDBLOXX USD HIGH YIELD BOND SECTOR ROTATION ETF

## Why HYSA?

- In one fund, investors get exposure to a range of high yield bond sectors including Industrials, Telecom, Media & Technology, Healthcare, Financial & REIT, Energy, Consumer Cyclical, and Consumer Non-Cyclicals Sectors.
- HYSA offers an active approach to overweighting and underweighting sectors expected to out- or underperform.

*With the U.S. high yield bond market historically exhibiting wide variations in returns across industry sectors (Figure 1), targeted allocations among U.S. high yield industry sectors can have material risk/return implications for investor portfolios.*

**FIGURE 1. Ranked Annual Historical Performance of ICE High Yield Sector Indices 2012–2022**

| YEARS                     | 2013                      | 2014                      | 2015                      | 2016                       | 2017                      | 2018                       | 2019                       | 2020                      | 2021                      | 2022                        |
|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| <b>BEST-WORST RANGE</b>   | 2.9%                      | 14.3%                     | 26.0%                     | 33.4%                      | 3.6%                      | 7.8%                       | 13.2%                      | 15.3%                     | 11.4%                     | 10.8%                       |
| <b>HIGH YIELD SECTORS</b> | Financial 9.0%            | Healthcare 6.9%           | Financial 2.7%            | Energy 37.4%               | Core Industrial 9.3%      | Healthcare 1.4%            | Financial 18.8%            | Healthcare 8.9%           | Energy 13.6%              | Energy -5.5%                |
|                           | Core Industrial 7.9%      | Financial 6.1%            | Consumer NonCyclical 1.2% | Core Industrial 21.2%      | Financial 9.2%            | TMT -0.3%                  | Consumer Cyclical 16.7%    | Consumer NonCyclical 8.8% | Consumer Cyclical 5.7%    | Core Industrial -8.1%       |
|                           | Consumer NonCyclical 7.7% | TMT 5.7%                  | Healthcare 1.0%           | TMT 14.7%                  | Healthcare 8.6%           | Consumer NonCyclical -0.9% | Consumer NonCyclical 16.0% | Financial 7.1%            | Core Industrial 5.2%      | Consumer NonCyclical -10.6% |
|                           | Healthcare 7.1%           | Consumer NonCyclical 5.6% | Consumer Cyclical 0.8%    | Consumer Cyclical 13%      | Energy 7.6%               | Financial -2.8%            | Core Industrial 15.4%      | Core Industrial 7.0%      | Financial 4.4%            | Financial -11.2%            |
|                           | Consumer Cyclical 7.0%    | Core Industrial 1.9%      | TMT -1.3%                 | Consumer NonCyclical 11.7% | Consumer NonCyclical 6.5% | Core Industrial -2.9%      | TMT 15.2%                  | TMT 6.1%                  | Consumer NonCyclical 3.7% | Consumer Cyclical -12.6%    |
|                           | TMT 7.0%                  | Consumer Cyclical 1.9%    | Core Industrial -6.0%     | Financial 9.6%             | TMT 5.8%                  | Consumer Cyclical -3.5%    | Healthcare 14.9%           | Consumer Cyclical 5.5%    | Healthcare 2.7%           | TMT -14.2%                  |
|                           | Energy 6.1%               | Energy -7.4%              | Energy -23.4%             | Healthcare 4.0%            | Consumer Cyclical 5.7%    | Energy -6.4%               | Energy 5.6%                | Energy -6.4%              | TMT 2.2%                  | Healthcare -16.3%           |

Source: ICE Data Services, as of 8/31/2023.

For more on investing in precise segments of the U.S. high yield bond market, read BondBloxx's [Why Precision Matters in U.S. High Yield](#).

## Potential Use Cases for HYSA

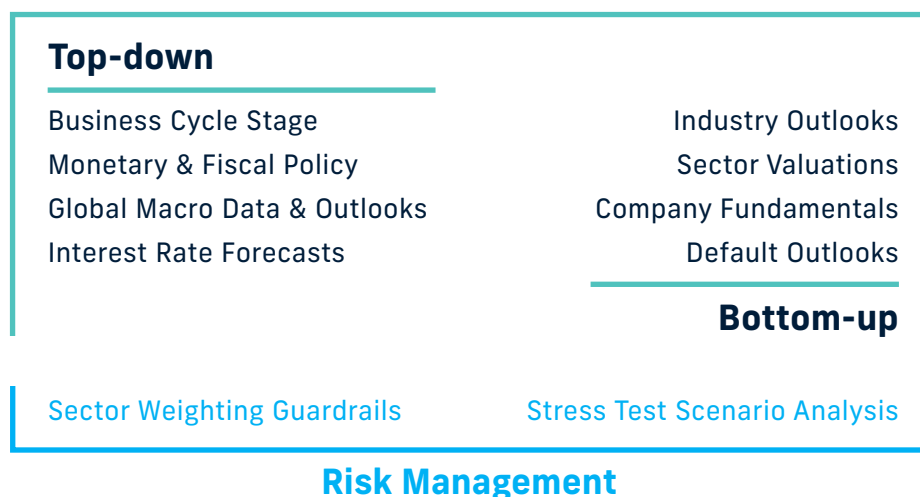
- Establish an active position in high yield bonds with one ETF.
- Redeploy broad benchmark ETF allocations into more precise high yield sector positioning.
- Seek to take advantage of high yield market valuation inefficiencies versus sector fundamentals.
- Manage credit cycle risk.

## Investment Process

The investment process, driven by Macquarie's high yield bond portfolio management team, combines bottom-up fundamental analysis, top-down strategic positioning, and risk management (Figure 2). This process determines the allocation of the seven underlying BondBloxx USD High Yield Bond Industry Sector ETFs (Figure 3).

- Determine the overall risk profile for the portfolio by assessing the macro-economic environment through the firm's top-down process.
- Establish weighting recommendations for each of the seven sectors by analyzing industry specific metrics and the fundamental prospects of the companies within each sector.
- Evaluate sector valuations relative to each sector's fundamental outlook and specific risk factors.
- Perform a risk assessment of the Fund with stress-tested scenarios and weighting guardrails for each sector.

The Fund rebalances monthly and has the flexibility to rebalance more or less frequently depending on market conditions.

**FIGURE 2. Sector Selection Process**

**Source:** BondBloxx, Macquarie Asset Management.

**FIGURE 3: HYSAs Underlying Holdings: BondBloxx USD High Yield Bond Industry Sector ETFs**

| TICKER      | ETF NAME   |
|-------------|--|
| <b>XHYC</b> | BondBloxx USD High Yield Bond Consumer Cyclical Sector ETF           |
| <b>XHYD</b> | BondBloxx USD High Yield Bond Consumer Non-Cyclical Sector ETF       |
| <b>XHYE</b> | BondBloxx USD High Yield Bond Energy Sector ETF                      |
| <b>XHYF</b> | BondBloxx USD High Yield Bond Financial & REIT Sector ETF            |
| <b>XHYH</b> | BondBloxx USD High Yield Bond Healthcare Sector ETF                  |
| <b>XHYI</b> | BondBloxx USD High Yield Bond Industrial Sector ETF                  |
| <b>XHYT</b> | BondBloxx USD High Yield Bond Telecom, Media & Technology Sector ETF |

**Source:** BondBloxx Investment Management.

To view the current sector weights for the fund, visit the [HYSA product page](#) on BondBloxxETF.com.

# About BondBloxx Investment Management Corporation

BondBloxx Investment Management is the first ETF issuer focused solely on addressing the needs of fixed income investors. BondBloxx seeks to design and launch ETFs that offer precise market exposures to fixed income asset classes.

BondBloxx's team of industry veterans have been responsible for many of the innovations behind today's exchange traded fund (ETF) market, including launching some of the largest ETF products currently available, designing the portfolio management processes and product structures that underpin current product offerings, and developing approaches tailored to institutional investors.

## About Macquarie Asset Management

Macquarie Asset Management (MAM) is a global asset manager that provides access to specialist investment experience across public and private markets. Macquarie Fixed Income (MFI) operates within MAM and provides a broad offering of investment capabilities, including high yield.

### A HIGHLY COLLABORATIVE INVESTMENT TEAM

- 130+ investment professionals
- \$197B in assets under management as of June 30, 2023
- Flat, collaborate structure fosters teamwork and idea generation
- Senior team members have worked together over 10 years

### CLEAR AND DISCIPLINED INVESTMENT APPROACH

- Seeks to generate consistent, repeatable and dependable alpha
- Benefits from clear, time-tested philosophy and processes
- Fundamental research aimed at achieving excess return
- Focus on consistent returns versus outsized bets
- Maintains robust risk management framework



## HYSA Fees and Expenses

|                                 |         |
|---------------------------------|---------|
| <b>Expense Ratio</b>            | 1.00%   |
| Management fees                 | 0.45%   |
| Other expenses                  | 0.20%   |
| Acquired Fund Fees and Expenses | 0.35%   |
| <b>Fee waiver</b>               | (0.45)% |
| <b>Net Expense Ratio</b>        | 0.55%   |

The Fund's investment advisor has contractually agreed to waive fees and/or reimburse operating expenses (other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses) so that the ratio of the Fund's net total annual operating expenses will not exceed 0.55% through the anniversary of the listing date of the Fund in 2026. The contractual waiver may be terminated prior to the anniversary of the listing date of the Fund in 2026 only upon written agreement of the Trust and BondBloxx Investment Management. Please see the Fund's prospectus for additional details.

## Glossary and Definitions

### ICE BofA U.S. HIGH YIELD INDEX

The ICE BofA U.S. High Yield Index tracks the performance of U.S. dollar denominated, below investment grade-rated corporate debt publicly issued in the U.S. domestic market. This index represents a broad range of U.S. High Yield Corporate Bonds.

### ICE DIVERSIFIED U.S. CASH PAY HIGH YIELD SECTOR CATEGORY INDICES

The ICE Diversified U.S. Cash Pay High Yield Sector Category Indices contain all securities in the ICE BofA U.S. Cash Pay High Yield Index, broken down by industry including: Industrials; Telecom, Media & Technology; Healthcare; Financial & REIT; Energy; Consumer Cyclical; Consumer NonCyclicals. Index constituents are capitalization-weighted, based on their current amount outstanding.

### HIGH YIELD BONDS

Securities that generally pay higher interest rates to compensate investors for the bond's higher risk of default.

### OPTION ADJUSTED SPREAD (OAS)

For a bond, the option-adjusted spread is the measurement of the spread between the bond and the underlying government yield curve. For an Index, the average of its constituent security government option-adjusted spreads, weighted by full market value.

### YIELD

Annual rate of return on a bond. It has a reverse relationship with price such that as bond prices rise, yields fall.

### YIELD TO WORST (YTW)

A measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting.

## Disclosures

**Carefully consider the Funds' investment objectives, risks, charges, and expenses before investing. This and other information can be found in the Funds' prospectus or, if available, the summary prospectus, which may be obtained by visiting [www.bondbloxxetf.com](http://www.bondbloxxetf.com). Read the prospectus carefully before investing.**

There are risks associated with investing, including possible loss of principal. Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Securities that are rated below investment-grade (sometimes referred to as "junk bonds") be deemed speculative, may involve greater levels of risk than higher-rated securities of similar maturity and may be more likely to default. Investing in mortgage- and asset backed securities involves interest rate, credit, valuation, extension and liquidity risks and the risk that payments on the underlying assets are delayed, prepaid, subordinated or defaulted on.

The Fund invests a substantial portion of its assets in the Underlying Funds. Accordingly, the Fund's investment performance will be directly related to the performance of the Underlying Funds, and the Fund is subject to the risk factors associated with the investments of the Underlying Funds and will be affected by the investment policies and practices of the Underlying Funds in direct proportion to the amount of assets allocated to each.

The Fund may invest up to an aggregate amount of 15% of its net assets in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without significantly changing the market value of the investment. To the extent the Fund holds illiquid investments, the illiquid investments may reduce the returns of the Fund because the Fund may be unable to transact at advantageous times or prices.

The inception date for the BondBloxx USD High Yield

Bond Sector Rotation ETF (the "Fund"), with the ticker HYSA, is September 18, 2023. On that date, the Fund acquired the assets and liabilities of the Highland iBoxx Senior Loan ETF (the "Predecessor Fund"), which went by the ticker SNLN, through a reorganization. Prior to the reorganization, the Predecessor Fund was advised by another investment advisor, had a different investment objective, and was a passively managed fund that sought to track the performance of the Market iBoxx Liquid Leveraged Loan Index. Following the reorganization, the Fund is now an actively managed fund that seeks to provide total return by primarily investing its assets in U.S. dollar-denominated, high yield corporate bonds in the various sectors of the fixed income securities market through other exchange-traded funds (ETFs).

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## Disclosures

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Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent ratings services, such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which are the highest grade, to 'D', which is the lowest grade.

**Index performance is not illustrative of fund performance.**

**One cannot invest directly in an index.**

**Please visit [bondbloxxetf.com](https://bondbloxxetf.com) for fund performance.**