

Betashares U.S. Equities Strong Bear Hedge Fund - Currency Hedged



28 March 2024

Objective

BBUS seeks to generate magnified returns that are negatively correlated to the returns of the US sharemarket. BBUS expects to generate a magnified positive return when the S&P 500 Total Return Index falls (and a magnified negative return when the Index rises).

Strategy

BBUS is a geared 'inverse ETF'. It invests in cash and cash equivalents and sells equity index futures contracts (i.e. S&P 500 futures) to obtain a magnified (or geared) exposure. Selling these futures can typically be expected to generate a positive return when the S&P 500 Index declines on a given day, and a negative return when the Index increases. A 1% fall in the US sharemarket on a given day can generally be expected to deliver a 2% to 2.75% increase in the value of BBUS (and vice versa).

Benefits



Hedge your portfolio

Protect your portfolio of US shares from a market decline, without having to sell your shares and crystallise capital gains.



Leveraged returns in declining markets

As an "inverse ETF", BBUS gives you the opportunity to make magnified gains when the US sharemarket falls.



Convenience

Investing in BBUS avoids the costs and complications of futures, CFDs and short selling. Investors are not exposed to margin calls.

Performance

PERIOD	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	10 yr (p.a.)	Inception (p.a.)
FUND	-6.56%	-18.70%	-35.90%	-39.75%	-22.53%	-32.03%	-	-31.00%
S&P 500 (USD)	3.18%	10.44%	23.20%	29.27%	10.97%	14.47%	-	14.06%

Calendar year performance

PERIOD	YTD	2023	2022	2021	2020	2019	2018	2017
FUND	-18.70%	-36.22%	44.65%	-46.86%	-48.55%	-48.07%	6.00%	-36.75%
S&P 500 (USD)	10.44%	25.67%	-18.51%	28.16%	17.75%	30.70%	-4.94%	21.10%

Value of \$100 invested since inception



Source: Betashares, Bloomberg. Past performance is not indicative of future performance.

Graph shows fund performance relative to the S&P 500 Index since fund inception. The fund's portfolio is actively managed and should not be expected to provide any particular short multiple of the market return over any time period.

Fund returns are calculated in A\$ using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or bid-ask spread that investors may incur when buying and selling units on the ASX. Returns are after fund management costs, assume reinvestment of any distributions and do not take into account income tax.

Fund information

Betashares Funds can be bought or sold during the trading day on the ASX, and trade like shares.

ASX CODE BBUS

BLOOMBERG CODE BBUS AU

IRESS CODE BBUS.AXW

DISTRIBUTIONS* ANNUAL

MGT FEE 1.19% P.A.

EXPENSES

CAPPED AT 0.19% P.A.

FUND INCEPTION 24 AUG 15

BENCHMARK S&P 500

*It is not the intention to provide regular distributions to unitholders. In some circumstances BBUS may generate amounts of income which would be distributed to unitholders at least annually.

Categorisation

US SHARES

MAGNIFIED SHORT EXPOSURE

RISK MITIGATION

There are risks associated with an investment in BBUS, including risk associated with negatively correlated returns, market risk, futures risk and gearing risk. For more information on risks and other features of BBUS, please see the Product Disclosure Statement.

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Asset allocation



● Short US Equities ~200% to 275%

The Strong Bear Strategy

BBUS' portfolio exposure is actively monitored and adjusted to stay within a -2x to -2.75x range on any given day. BBUS' returns will not necessarily be in the range -2x to -2.75x over periods longer than a day, due to the effects of rebalancing and compounding of investment returns over time. Investors should monitor their investment to ensure it continues to meet their investment objectives.

BBUS uses futures (i.e. S&P 500 futures) to obtain a magnified (or geared) short exposure, rather than the underlying shares. As the futures market closes at a later time to the share market, at times BBUS' performance for a given day may differ from that indicated by the share market. As the US futures market is open during ASX trading hours, BBUS' performance during the day will reflect movements in the futures market.

Investors in geared strategies should be willing to accept higher levels of investment volatility and potentially large moves (both up and down) in the value of their investment. Investors should seek professional financial advice before investing, and monitor their investment actively. BBUS does not track a published benchmark.

BBUS's strategy of seeking returns that are negatively correlated to market returns is the opposite of most managed funds. Returns over periods longer than a day will not necessarily be equivalent to the expected return on a given day. Gearing magnifies gains and losses and may not be a suitable strategy for all investors.