

BetaShares Geared Australian Equity Fund (hedge fund)

ASX: GEAR

30 November 2018



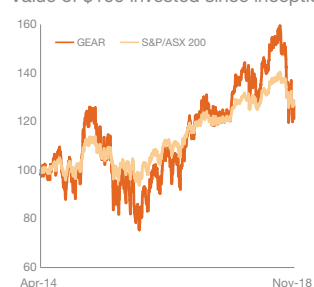
BetaShares
Exchange Traded Funds

Investment Objective

The Fund provides investors with a simple way to obtain cost-effective geared exposure to the returns of the Australian sharemarket.

Performance

Value of \$100 invested since inception



PERIOD	FUND RETURN	S&P/ASX 200 RETURN
1 mth	-6.31%	-2.21%
3 mth	-23.07%	-9.29%
6 mth	-14.11%	-3.68%
1 yr	-11.05%	-0.97%
3 yr (p.a)	8.97%	7.69%
5 yr (p.a)	-	-
Inception	4.28%	5.29%

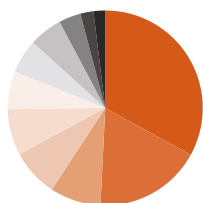
Graph shows performance of Fund relative to S&P/ASX 200 index since inception. Fund returns are calculated in A\$ using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. Returns are after fund management costs, assume reinvestment of any distributions and do not take into account income tax. Returns for periods longer than one year are annualised. Past performance is not an indicator of future performance. Source: BetaShares, Bloomberg

Distributions

12 mth distribution yield (%)	8.5%
12 mth gross distribution yield (%)	12.2%
Franking level (%)	103.1%

Yield figures are calculated by summing the prior 12 month net and gross fund per unit distributions divided by the fund closing NAV per unit at quarter-end. Franking level is total franking level over the last 12 months. Past performance is not an indicator of future performance.

Sector Allocation



Financials	33.0%
Materials	17.8%
Healthcare	8.4%
Industrials	7.9%
Real Estate	7.7%
Consumer Discretionary	6.3%
Consumer Staples	5.6%
Energy	5.5%
Communication Services	3.6%
Information Technology	2.2%
Utilities	1.9%

Top 10 Exposures

COMPANY	WEIGHTING	COMPANY	WEIGHTING
Commonwealth Bank	8.1%	National Australia Bank Ltd	4.3%
BHP	6.6%	Woolworths Group Ltd	2.5%
Westpac Banking Corp	5.8%	Macquarie Group Ltd	2.4%
CSL Ltd	5.4%	Wesfarmers Ltd	2.3%
ANZ	5.0%	Telstra Corp Ltd	2.3%

Trading Information

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

EXCHANGE	ASX
ASX CODE	GEAR
ASX INAV CODE	YGEA
CURRENCY	AUD
TRADING HOURS	10:00-16:00 (AEST)
BLOOMBERG CODE	GEAR AU
IRESS CODE	GEAR.AXW

Fund Information

DISTRIBUTIONS	SEMI-ANNUAL
MANAGEMENT FEE*	0.74% P.A (GROSS ASSET VALUE)
EXPENSES	CAPPED AT 0.06% P.A (GROSS ASSET VALUE)
FUND INCEPTION	30 APRIL 2014

(*) Other costs apply, including borrowing costs

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

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Investment Strategy

The Fund combines funds received from investors with borrowed funds, and invests the proceeds in a broadly diversified share portfolio. The share portfolio consists of the largest 200 equity securities listed on the ASX weighted by market capitalisation (as measured by the S&P/ASX 200 Index). The Fund is expected to earn dividends and franking credits on the underlying share portfolio.

The Fund is 'internally geared', meaning all gearing obligations are met by the Fund. The Fund's gearing ratio (the total amount borrowed expressed as a percentage of the total assets of the Fund) is managed between 50-65%. Gearing levels are actively monitored and adjusted to stay within this range, and managed with the objective of ensuring that income from the underlying share portfolio is sufficient to meet the borrowing costs (i.e. so that the Fund will be 'positively geared').

Gearing magnifies gains and losses and may not be a suitable strategy for all investors. 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. Note that the Fund does not track a published benchmark and past performance is not an indication of future performance.

Benefits of BetaShares Geared Australian Equity Fund

- ▶ **Simple access to geared exposure** – ability to obtain magnified returns to the Australian sharemarket as simply as buying any share
- ▶ **Convenience** – avoid the complexity associated with other alternatives providing gearing – no need for margin loans, loan application forms or credit checks
- ▶ **Cost effective** – management fee lower than most geared fund alternatives
- ▶ **Lower cost of borrowing** – Fund uses its capacity as wholesale investor to borrow at significantly lower interest rates than those available directly to individual investors
- ▶ **No margin calls for investors** – gearing obligations met by the Fund with no further recourse to the investor, meaning investors cannot lose more than their initial investment
- ▶ **SMSF eligible** – a means to access gearing in superannuation as a component of a diversified portfolio
- ▶ **Diversification** – Fund invests in a broadly diversified portfolio of shares representative of the Australian share market, assisting with risk management of a geared investment
- ▶ **Liquidity** – available to trade on ASX like any share
- ▶ **Transparent** – gearing ratio, value of the Fund's assets, net asset value per unit and portfolio holdings available daily on our website

How to use the BetaShares Geared Australian Equity Fund in your portfolio

The Fund can be used to implement a variety of investment strategies. For example:

- ▶ Increasing market exposure via an efficient use of capital
- ▶ Accessing the potential for enhanced franking credit exposure for tax-effective investing
- ▶ Increasing exposure to the share market for SMSFs that have reached their concessional contribution cap

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