



BetaShares

Investing in Australia's dynamic tech sector

23 June 2020

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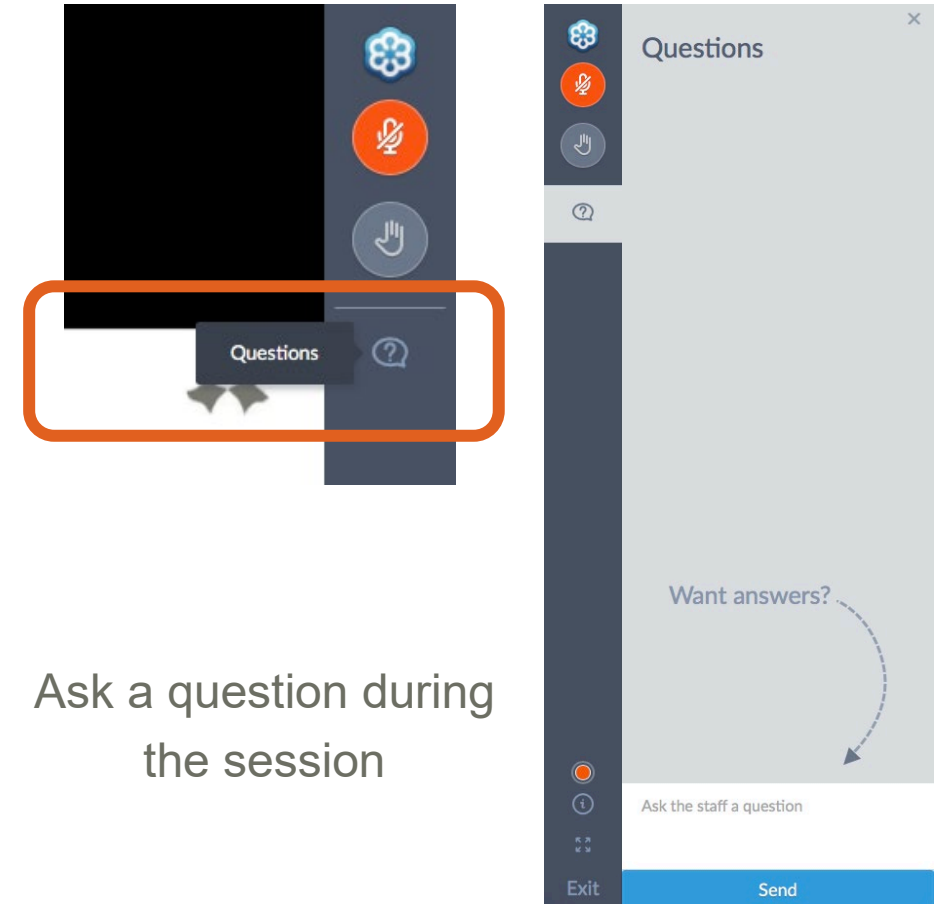
Afterpay
carsales.com
WiseTech
REA Group
Xero
kogan.com
NextDC
RedBubble



Before we start...



A recording of the session will be sent to all attendees at the end of the webinar



Ask a question during the session



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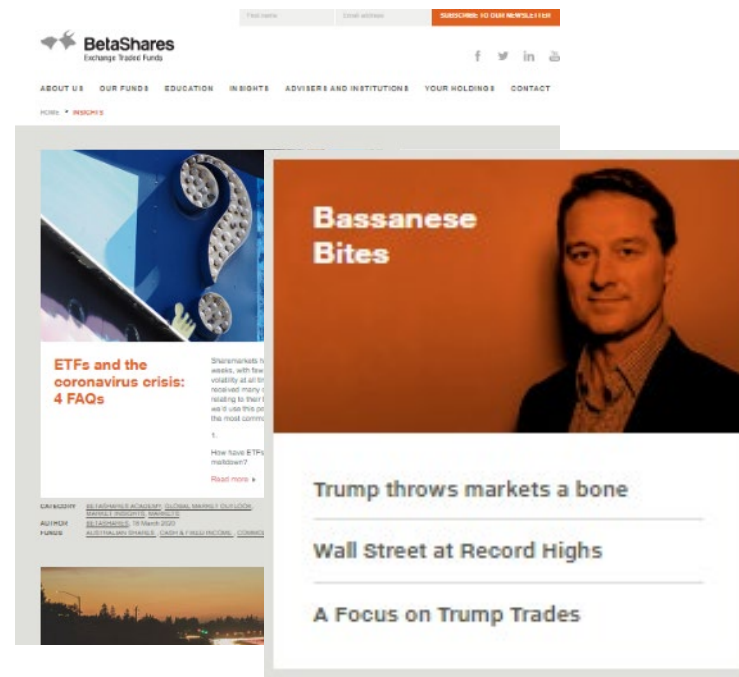
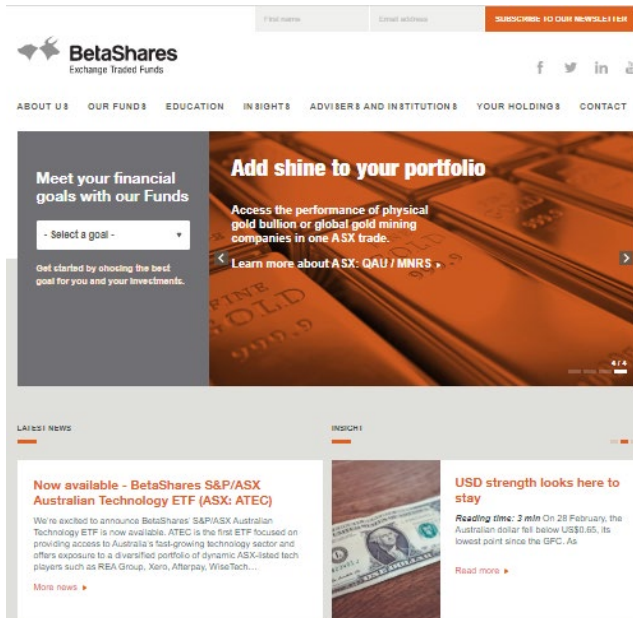


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Speakers



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ASX: the “Global Home” for mid-cap Tech

Betashares – ATEC webinar

June 2020

A highly active capital market



*12 month rolling average across ASX & Chi-X

Proven track record across all industry sectors

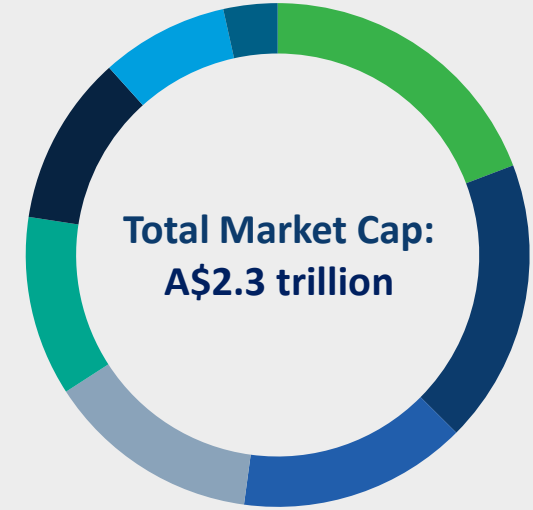
- > Small and mid-cap growth companies
- > Dominant resources and financials sectors
- > An emerging technology sector
- > World-class healthcare sector

Breakdown by Number



- 40% Resources (Energy + M&M)
- 14% IT and Communication Services
- 11% Consumer Discretionary & Staples
- 11% Industrials & Materials (ex M&M)
- 8% Health Care
- 7% Financials
- 7% Real Estate
- 2% Utilities

Breakdown by Market Cap

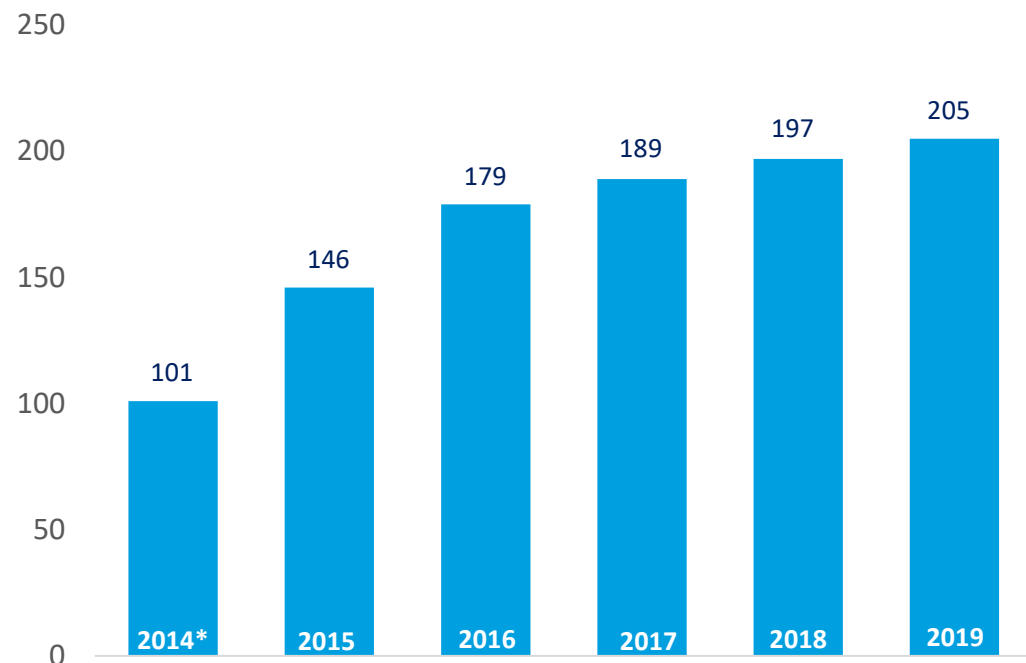


- 19% Resources (Energy + M&M)
- 18% Financials
- 15% Real Estate
- 14% Industrials & Materials (ex M&M)
- 12% Health Care
- 11% Consumer Discretionary & Staples
- 8% IT and Communication Services
- 3% Utilities

Source: Bloomberg & ASX Official List, 22 May 2020 aggregated across global markets. May exclude companies with suspended securities or subject to poor liquidity where market capitalisation cannot be determined.

ASX: A vibrant exchange for listed tech companies

Total ASX listed technology companies

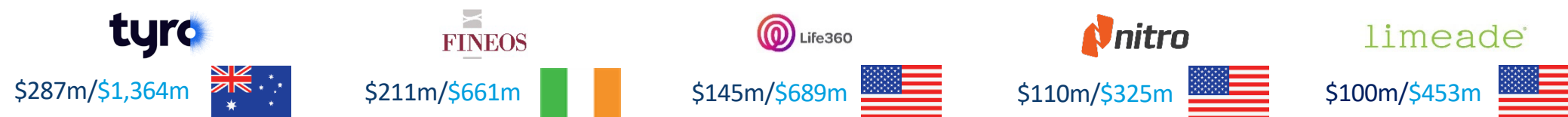


* As at 30 June 2014

The Tech Sector^:

- #1** Fastest growing sector
By number of new listings over the past 5 years.
- #2** Largest Sector
Over the past 5 years
- #3** Globally in Tech IPOs
US\$500m market cap and below
- \$4b** IPO Capital Raised
Over the past 5 years
- #23** Listed tech 'unicorns'*

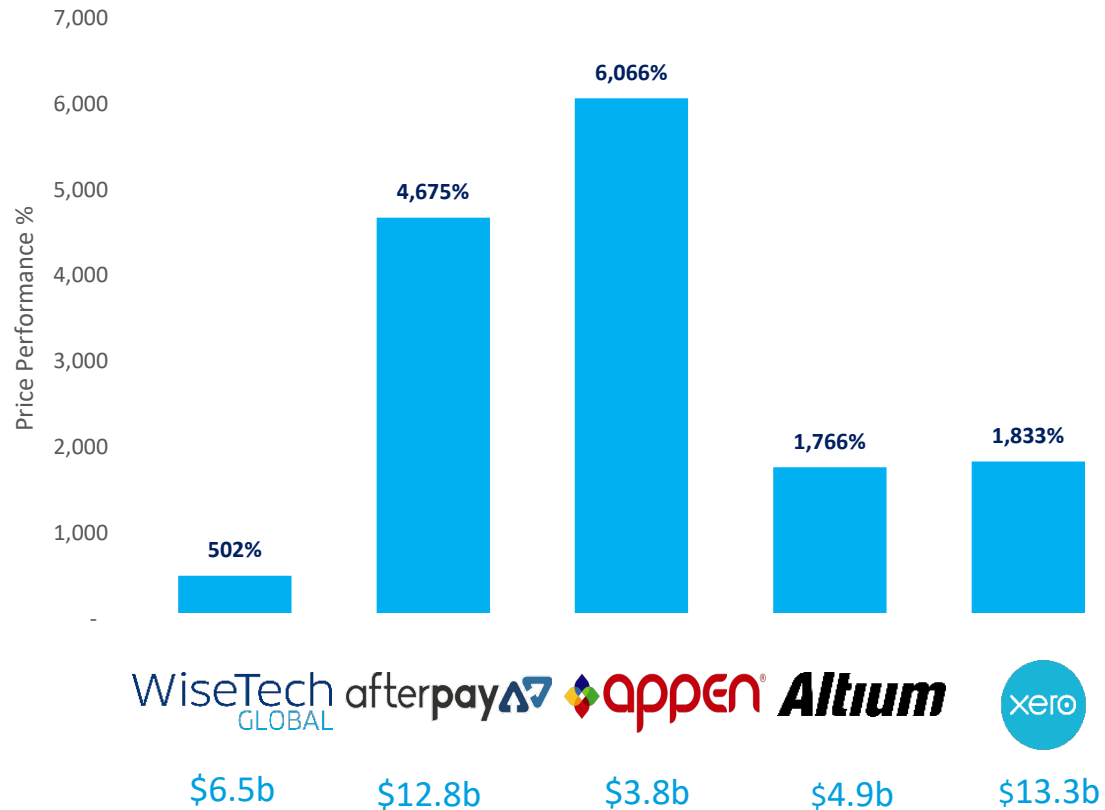
2019: Top 5 tech IPOs



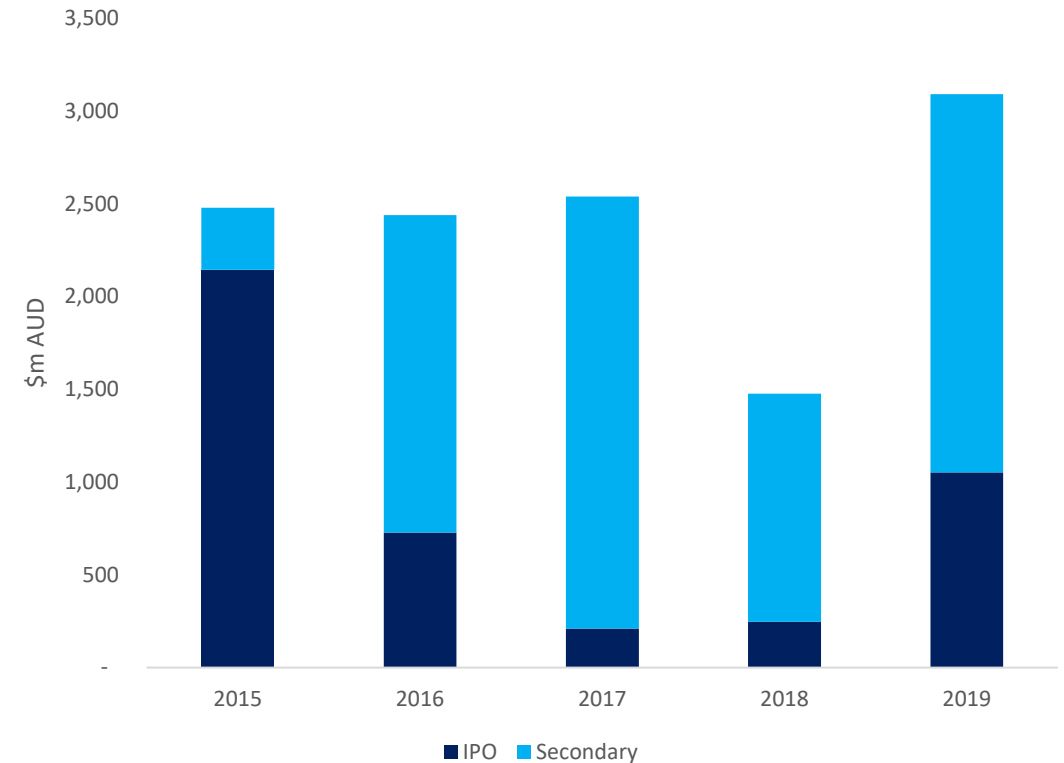
^ As at 31 December. Source: Bloomberg, ASX internal data. Using GICs Information Technology sector.
* As at 12 June 2020

Tech Sector: Led by the WAAAX stocks

Price Performance since ASX Listing^



IPO and Secondary Capital Raised 2015 – 19*



Source: *ASX internal Data, Dealogic 31 December 2019. Includes GIC Sectors Information Technology & Communication Services and GICS Sub sectors Internet & Direct Marketing Retail, Consumer Electronics, Health Care Technology & Health Care Equipment; ^Bloomberg, 1 June 2020. Past performance is not indicative of future returns.

S&P/ASX All Technology Index (XTX)

- > Launched February 2020 with 46 constituents
- > Total market cap ~\$110bn[^]
- > Investable index*
- > Top 10 constituents at launch;



* You cannot invest directly in an index. The BetaShares S&P/ASX Technology Sector ETF aims to track the S&P All Technology Index. Past performance is not indicative of future performance of the index or any ETF that seeks to track the index. Doesn't take into account ETF fees and costs. [^]As at 12 June 2020

S&P/ASX All Technology Index (XTX) by numbers

The S&P/ASX All Technology Index launched on 24th February 2020. There were 46 foundation constituents, which has grown to 50 at the first rebalance across a range of GICS codes, ensuring the Index is representative of ASX companies engaged in the technology sector.

- 01 afterpay^{ASX}
- 02 REA Group
- 03 xero
- 04 Computershare
- 05 seek
- 06 WiseTech GLOBAL
- 07 Altium
- 08 NEXT DC
- 09 carsales
- 10 appen

Top 10 constituents by Market Cap at June 2020 rebalance**



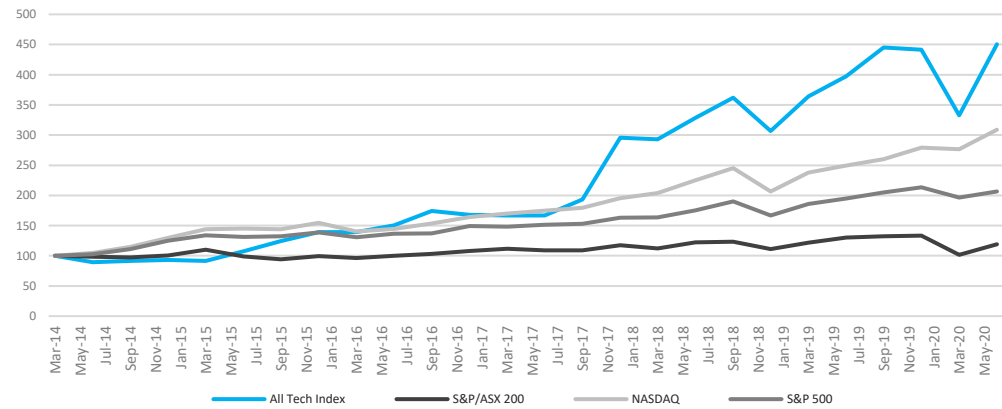
23 Listed tech 'unicorns'

As at 12 June 2020

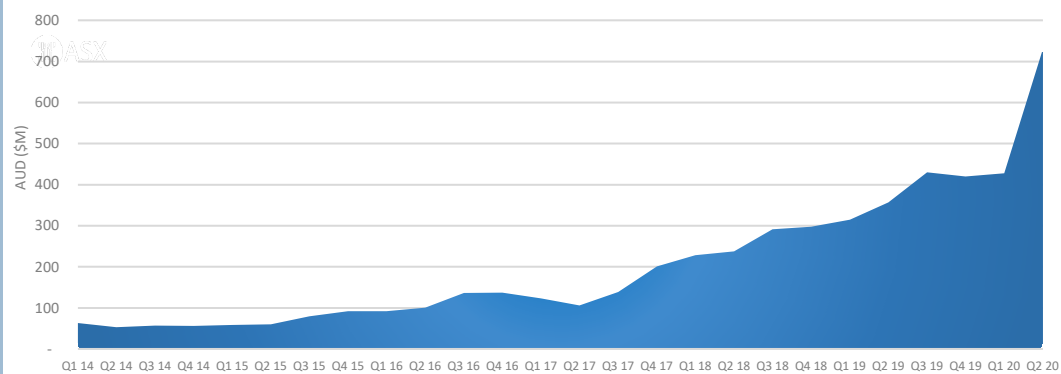
\$110b+

Total market capitalisation

Growth in market cap of indices*



Average daily value traded of index constituents*



Country of origin

43
Australia

3
New Zealand

3
United States

1
Ireland

*Historical information presented is based on Index inclusion criteria being applied retrospectively.

36 Information Technology

GICS Sectors represented in the Tech Index

GICS Sector

GICS Sub-Industry

GICS Industry

GICS Industry Group

- 5 Health Care Technology
- 4 Interactive Media and Services
- 4 Internet and Direct Marketing
- 1 Consumer Electronics

XTX Index inclusion requirements:

0.3

Minimum investable weight factor

30%

Minimum relative liquidity ratio

\$120k

Minimum daily value traded

\$120m

Market capitalisation (minimum 3 monthly average float adjusted)

Quarterly Index rebalance

Source: Index rebalance information sourced from Betashares and Bloomberg as at 12 June 2020
** Market Cap sourced from Bloomberg as at 12 June 2020



ASX

For more information asx.com.au/alltechindex

Follow us @ ASX
Follow us on LinkedIn

- Main board listings
- Mainstream coverage
- Genuine tech exchange
- International demand
- Early index inclusion
- Size and quality of companies continue to increase



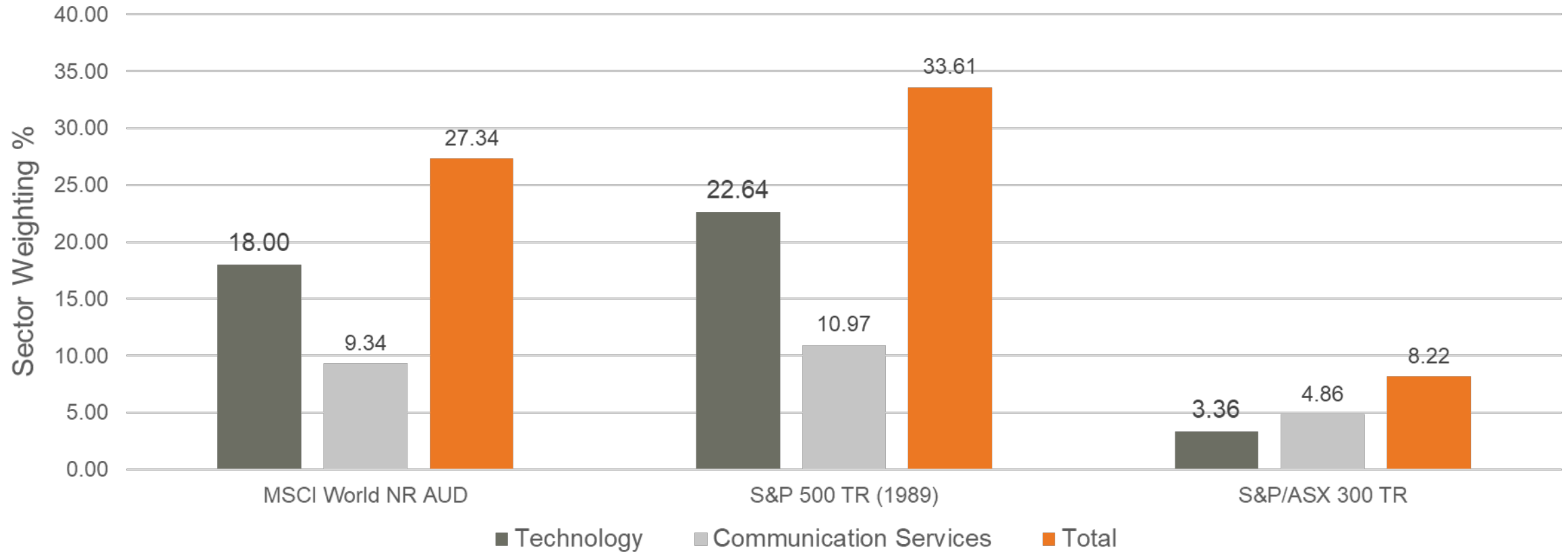


Investment solutions



Technology's global footprint





Technology and communicating sector weighting



Source: Morningstar, BetaShares. Data as at 31st May 2020.

ATEC – example portfolio holdings



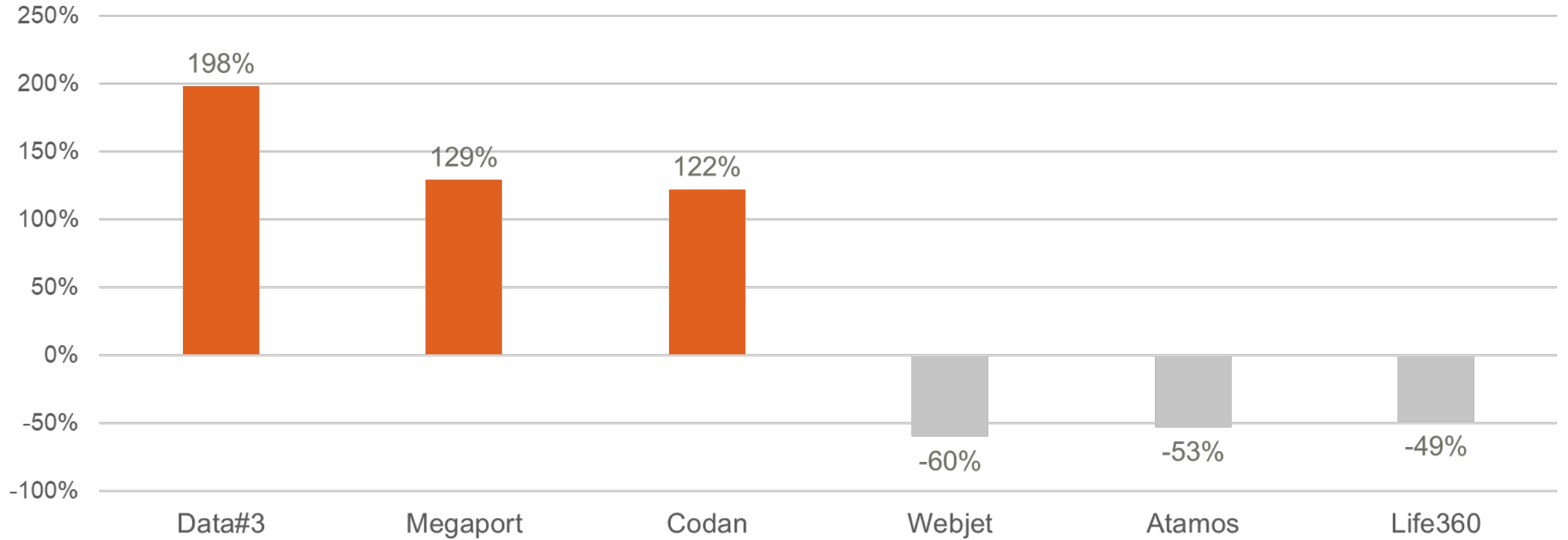
Company	Description
	<ul style="list-style-type: none">▶ Xero is one of the fastest growing ‘software as a service’ companies globally, offering a cloud-based accounting software platform for small and medium-sized businesses.
	<ul style="list-style-type: none">▶ Afterpay Touch Group is a technology-driven payments company that enables customers of participating retailers to make purchases now and pay for them in four fortnightly payments without any interest or upfront fees.
	<ul style="list-style-type: none">▶ REA Group is a multinational digital advertising business specialising in property.
	<ul style="list-style-type: none">▶ Carsales.com Ltd is the largest online automotive, motorcycle and marine classifieds business in Australia.

As at 17 June 2020. The above information has been sourced from company websites or other publicly available information. No assurance is given that these companies will remain in the Fund’s portfolio or will be profitable investments.



Dispersion of stocks

1 year price returns as at 31 May 2020

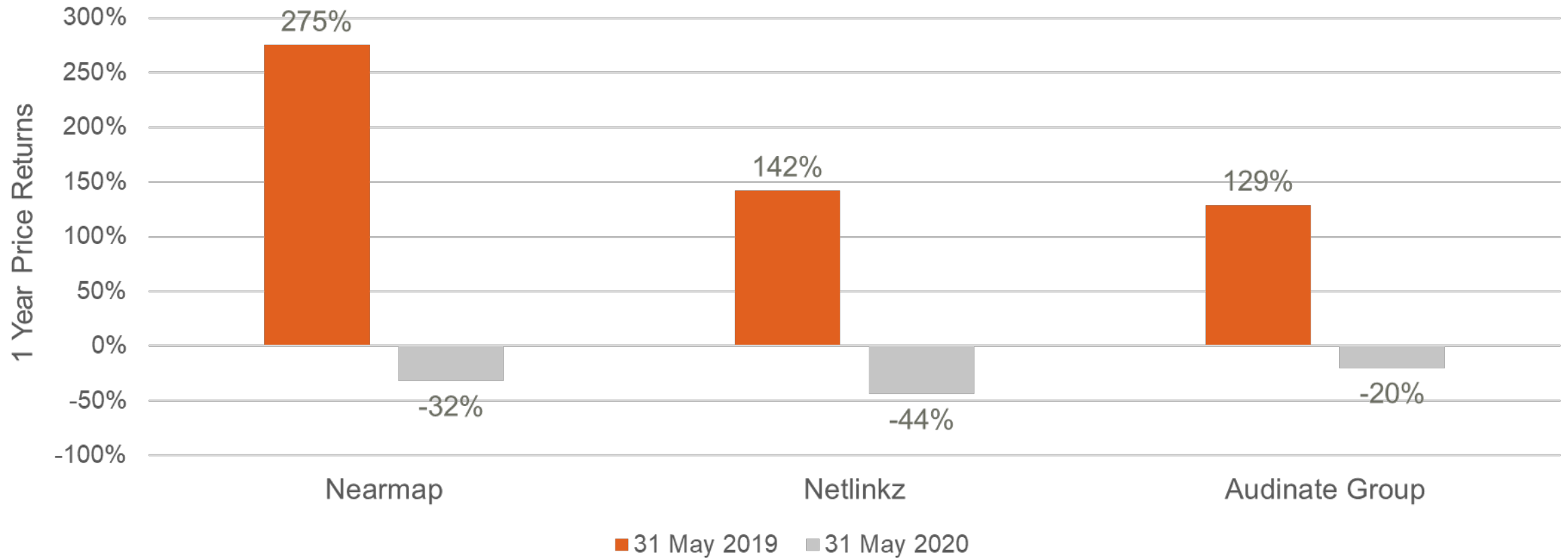


Source: Bloomberg, BetaShares. Stock price returns from 31st May 2019 to 31st May 2020. Past Performance is not indicative of future returns.



Timing is hard

Last year's winners

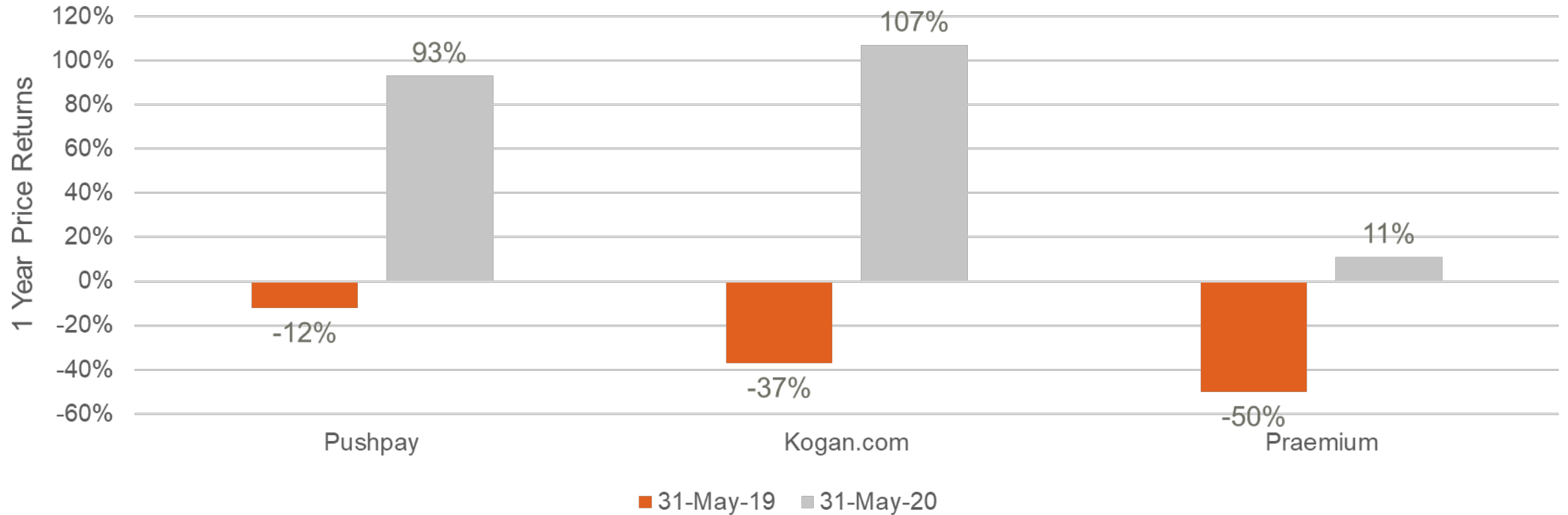


Source: Bloomberg, BetaShares. 1 year returns prior to stated date. . Past Performance is not indicative of future returns



Timing is hard

Last year's losers

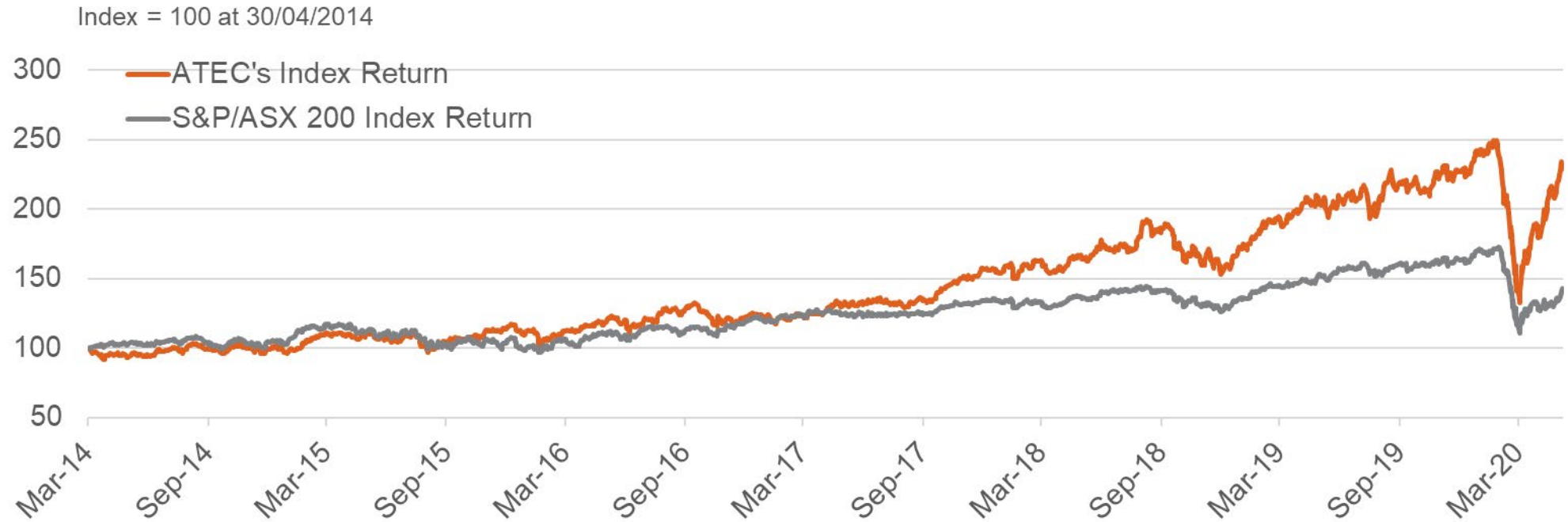


Source: Bloomberg, BetaShares. 1 year returns prior to stated date. . Past Performance is not indicative of future returns



ATEC's Index vs S&P/ASX 200 Index

S&P All Technology Index vs S&P/ASX 200 Index return April 2014 to 31 May 2020



Source: Bloomberg, S&P Dow Jones Indices. Index launch date is 21 February 2020. Index performance prior to launch is back-tested by the index provider using the index methodology in effect at the date of launch. Does not take into account ATEC fees and costs. You cannot invest directly in an index. **Past performance, whether simulated or actual, is not an indicator of future performance of the index or ATEC.**



Benefits of market cap weighting

- ▶ ATEC incorporates a modified market-cap weighting scheme (with a single security cap of 25%)
- ▶ We believe that it is important for the market to dictate company weights in thematic investing
- ▶ We do not know which technology company will be the biggest and most successful in 20 years, but in early stage industries a market cap weighting scheme is important because it allows one to own more of a company as it grows and succeeds and reduces the weight of companies as they diminish in value

By contrast, an equal weight approach may lead to selling winners and buying losers at each rebalance, resulting in an anti-momentum strategy in a highly momentum-driven investment approach.

BetaShares S&P/ASX Australian Technology ETF



Investment objective

The Fund aims to track the performance of the S&P/ASX All Technology Index (Index) (before fees and expenses).

ASX: ATEC

The Index provides diversified exposure to ASX-listed companies in a range of tech-related market segments such as information technology, consumer electronics, online retail and medical technology.

Key information

Index name	S&P/ASX All Technology Index
Bloomberg Index Code	ATEC AU
# of components*	46
Underlying assets	Equities
Management cost	0.48% p.a.^
Inception Date	5 March 2020

^ Other fees and costs, such as transactional costs, may apply. Refer to the PDS for more information.

Top 10 portfolio holdings*

	Weighting
Afterpay Ltd	14.0%
Xero Ltd	13.0%
Computershare Ltd	9.4%
REA Group Ltd	7.0%
Altium Ltd	6.2%
NEXTDC Ltd	5.6%
carsales.com Ltd	5.5%
Appen Ltd	4.4%
WiseTech Global Ltd	4.2%
Technology One Ltd	3.3%

*As at 31 May 2020



Benefits of ATEC



Access the growth potential of the Australian technology sector

ATEC will provide diversified exposure to the leading ASX-listed companies in the dynamic Australian technology and related sectors.



Portfolio diversification

An allocation to ATEC can provide valuable diversification for portfolios that are heavily weighted to the established financial and mining companies that dominate the Australian market.



Transparent

Full portfolio holdings and net asset value per unit will be available daily on our website.



Cost-effective

Index-tracking approach means no active manager fees. Management costs are only 0.48% p.a.*

*Other fees and costs, such as transactional costs, may apply. Refer to the PDS for more information.

**How do you actually
invest in ETPs?**

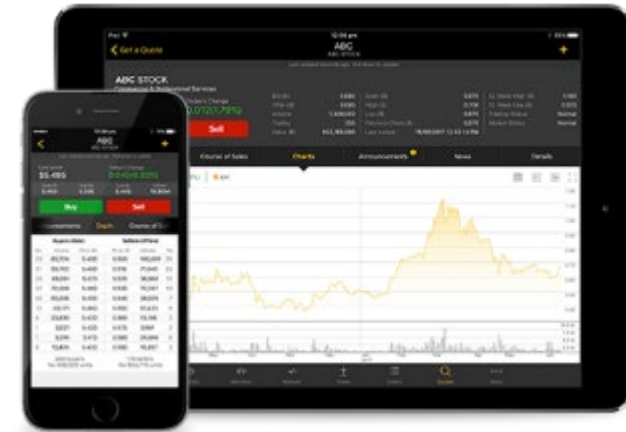




Buying and selling ETFs

ETFs are bought and sold exactly like shares on the ASX, so there's no need to open a separate broking account if you already have one.

Simply use the ASX ticker for the fund you wish to trade.





ETF trading - best practice

1

Use limit orders

“Use limit orders’ is the ‘wash your hands’ of ETF trading”

– Ben Johnson, Morningstar’s Head of Global ETF research

2

Avoid trading near market open and close

3

For international ETFs and futures markets:
Mind the clock



Things to consider

- ▶ **Investment risk:** The value of an investor's portfolio can go down as well as up. There are risks associated with an investment in the BetaShares S&P/ASX Technology Sector ETF, including market risk, technology sector risk and concentration risk. For more information on risks and other features of the Fund please see the Product Disclosure Statement (PDS).
- ▶ **No guarantees:** Future outcomes are uncertain – desired return outcome may not be achieved.
- ▶ **General information only:** Today's discussion does not take into account any person's individual circumstances and is not personal financial advice.
- ▶ **Professional advice:** Investors should seek professional financial advice before investing.
- ▶ **Research:** See relevant PDS for more information about risks and other features of each fund.

Questions?

