

Media release

**BETASHARES LAUNCHES EXCHANGE TRADED FUNDS
ON AUSTRALIAN STOCK EXCHANGE**

- ASX welcomes BetaShares as catalyst for innovation and choice
- Initial products are a Resources Sector ETF and Financials Sector ETF
- Plans to launch Australia's first Currency ETF – a US Dollar ETF, early in 2011
- Australian based provider committed to expanding investment options with innovative ETFs tailored to the Australian market
- Global ETF veteran Drew Corbett to be Head of Product Strategy

SYDNEY, 15 December 2010: BetaShares Capital Limited (BetaShares) today announced its entry into the Exchange Traded Funds (ETF) market with the launch of two new products on the Australian Securities Exchange that expand the options available to retail and institutional investors.

BetaShares initial ETFs track the performance of the resources sector and the financial sector (excluding property trusts) of the ASX, being:

- *BetaShares S&P/ASX 200 Financials Sector ETF (Synthetic) (ASX Code: QFN)*

- *BetaShares S&P/ASX 200 Resources Sector ETF (Synthetic) (ASX Code: QRE)*

These products provide investors exposure to the two largest sectors of the Australian stockmarket.

In addition, BetaShares intends to launch, early in 2011, Australia's first Currency ETF, tracking the performance of the US dollar against the Australian dollar.

Drew Corbett, Head of Product Strategy at BetaShares, said ETFs have been one of the fastest growing categories of investment products globally, appealing to investors due to their simplicity liquidity, low cost and transparency.

“Although ETF use is increasing in Australia, local investors have had limited product choice compared with investors in Europe or the US. We believe Australian investors deserve better,” said Mr Corbett, a veteran of the global ETF market who has held senior executive and trading positions in Asia, Europe and the United States.

BetaShares' management team combines global experience with an intimate understanding of the Australian market and is specifically focused on delivering ETFs tailored for the Australian market.

“We believe increased product choice, particularly products designed specifically for investors in this country, will drive further growth in the ETF industry,” Mr. Corbett said.

These views were echoed by Richard Murphy, General Manager, Equity Markets for the Australian Stock Exchange. “BetaShares brings a new approach to ETFs in Australia - one that brings Australia up to speed with the latest trends and innovative structures available in ETF markets in the US and Europe. ASX looks forward to working with BetaShares to help grow the ETF market in Australia and to educate investors about the broad range of available ETF products” Mr Murphy said.

ETFs more than just a passive investment

A key focus for BetaShares will be ongoing education including dispelling the myth that ETFs are just a passive investment. With a raft of investment strategies available such as tactical allocations, beta separation and cash equitisation, ETFs can be used in a variety of ways.

“As the market continues to grow, we expect that investors will increasingly use ETFs as the building blocks for constructing a wide variety of portfolios,” said Mr Corbett.

Optimised product structures

Consistent with its commitment to delivering the best possible result to investors, BetaShares tailors the structure of its ETFs to reflect the product’s target outcomes as well as the asset class it is tracking.

BetaShares Sector ETFs are swap-enhanced ETFs (also called “synthetic replication” ETFs). Like traditional physical ETFs, these products invest in S&P/ASX 200 shares and cash, but they also enter into swap agreements to ensure returns track the relevant index as closely as possible.

Corbett explains: “We believe this structure is superior for sector ETFs because the swap counterparty takes on the risk and cost of matching the performance of the index, reducing tracking error considerably. This is why swap-enhanced ETFs have become the new standard in the ETF market globally.”

“We will adopt the most appropriate product structure for each ETF we bring to market”, Mr. Corbett continued. “For example, our US Dollar ETF will hold actual US dollars in bank deposit accounts to provide a very simple way for investors to gain exposure to the performance of the US dollar”.

BetaShares intends to introduce a range of innovative products that will expand the ETF options available to investors.

“Over time we’re expecting to provide a larger suite of products for a wide variety of investors, including more complex investment strategies that appeal to more experienced investors,” Mr Corbett concluded.

All BetaShares ETFs will be traded on the ASX and can be bought and sold by investors like any share.

Further information can be found at www.betashares.com.au and www.asx.com.au.

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About BetaShares

BetaShares is a specialist provider of ETFs dedicated to delivering products that meet specific investor needs. BetaShares objective is to expand the universe of investment possibilities open to Australian investors by providing ETFs that empower investors to implement their investment strategies with ease.

About BetaShares ETFs

BetaShares ETFs are Australian domiciled ETFs which trade on the Australian Securities Exchange, and are bought and sold by investors like shares. BetaShares will deliver ETF products that allow investors to track the performance of a range of market indices and asset classes.

Australian-owned and managed, BetaShares is affiliated with BetaPro Management, one of the largest ETF issuers in North America.