

# BETASHARES AUSTRALIAN EQUITIES BEAR HEDGE FUND ASX: BEAR



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## Investment Objective

The Bear Fund is the first managed fund in Australia that provides investors with a simple way to profit from, or protect against, a decline in the Australian share market. The Fund seeks to generate returns that are negatively correlated to the returns of the Australian share market (as measured by the S&P/ASX 200 index).

Generally speaking, it is expected a decrease in the value of the S&P/ASX 200 Index will result in an increase in the value of the Fund. Conversely, it is expected that an increase in the value of the S&P/ASX 200 Index will result in a decrease in the value of the Fund.

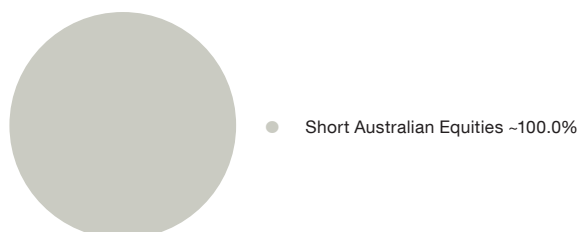
## Investment Strategy

The Bear Fund will invest the Fund's assets into cash and cash equivalents and sell equity index futures contracts (i.e. ASX SPI 200 futures). Selling ASX SPI 200 futures can be expected to generate a positive return when the S&P/ASX 200 index declines (and a negative return when the S&P/ASX 200 Index increases).

The Fund does not use borrowing, or any other instrument (including derivatives), for the purposes of leveraging its returns.

## Portfolio Exposure

Portfolio exposure represents the approximate exposure that the Fund will have, on any given day, to movements in the Australian share market (as measured by the S&P/ASX 200 index).



Market movements may cause the Fund's exposure to vary between 90% to 110% on a given day. Therefore a 1% fall in the Australian share market on a given day can be expected to deliver a 0.9% to 1.1% increase in the value of the Fund.

Although it follows a rules-based strategy, the Bear Fund's portfolio is managed actively. As such, investors should check BetaShares' website frequently for details of the Fund's historical performance, as well as the current portfolio exposure, to ensure that the Fund continues to meet their investment objectives.

## Benefits of the Bear Fund

- Access - ability to obtain returns that are negatively correlated to the Australian equities market as simply as buying any share
- Convenience - investing in the Fund allows investors to avoid the complications and costs of other instruments permitting 'short' exposure e.g. CFDs, futures, short selling individual equities
- Liquid - trade on ASX throughout the day with robust bid-offer spreads
- Transparent - value of the Fund's assets and net asset value per unit available daily on BetaShares' website
- Risk management - no risk of margin calls, cannot lose more than initial investment
- Flexible - can be used to implement a range of investment strategies
- Can be included in SMSFs (self managed super funds)
- Australian domiciled

## Trading Information

The Bear Fund can be bought or sold throughout the trading day on the ASX, and trades like ordinary shares.

EXCHANGE	ASX
ASX CODE	BEAR
CURRENCY	AUD
TRADING	10:00-16:00 (AEST)
BLOOMBERG	BEAR AU
IRESS CODE	BEAR.AXW

## Fund Information

ISSUER	BetaShares Capital Ltd
UNDERLYING ASSETS	Australian Dollars
FUND CUSTODIAN	RBC Dexia
FUND ADMINISTRATOR	RBC Dexia
AUDITOR	PricewaterhouseCoopers
DISTRIBUTIONS	Annual
MANAGEMENT FEE	1.19% p.a
EXPENSES	capped at 0.19% p.a
FUND INCEPTION	6 July 2012

## Available at betashares.com.au

- Net asset value
- Portfolio exposure
- Product disclosure statement
- Distribution details

## Institutional Trading Contacts

OPTIVER (Lead Market Maker)  
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## Uses of the Bear Fund

Prior to the launch of this Fund, there were no simple and accessible options for investors to obtain “short” exposure to the market. Because the units of the Fund are quoted on the ASX, investors can benefit from simple trading of their investment, including the ability to buy and sell during the course of the trading day, much like ordinary shares. In addition, investors do not need to borrow shares or use proprietary trading platforms in order to obtain a short exposure.

The Fund is a flexible tool that can be used to implement a number of investment strategies, such as:

- Seek profits when markets decline
- Hedge portfolios against falling markets
- Alternative to using futures, swaps, or other derivatives – easier to trade and administer
- Pairs Trading – for example going long the Fund and long an individual stock to seek to reduce the impact of market movements on a stock’s performance
- Obtain short exposure instead of selling equities and crystallising capital gains

## Bear Fund and Liquidity

- The Bear Fund has similar liquidity characteristics to its underlying constituents being SPI futures
- On-exchange volume not the best measure of the true liquidity of the Fund
- Market maker support provides intra-day liquidity and tight bid-offer spreads
- Bear Fund units can be created or redeemed daily by Authorised Participants to meet investor demand – this provides the depth to handle even the largest institutional flows, and aims to keep market price closely in line with NAV
- Possible to execute large buy or sell orders with minimal market impact (contact BetaShares or the institutional trading contacts listed on page 1)

## About BetaShares

BetaShares is a specialist provider of fund products that are exchange traded on the Australian Securities Exchange. Our objective is to expand the universe of investment possibilities for investors in Australia.

BetaShares is part of the Mirae Asset Global Investment Group, one of the largest asset managers in Asia. Currently, Mirae manages in excess of US\$55B.

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