



Exchange Traded Funds

ETFs and their role in Managed Account portfolios



BetaShares

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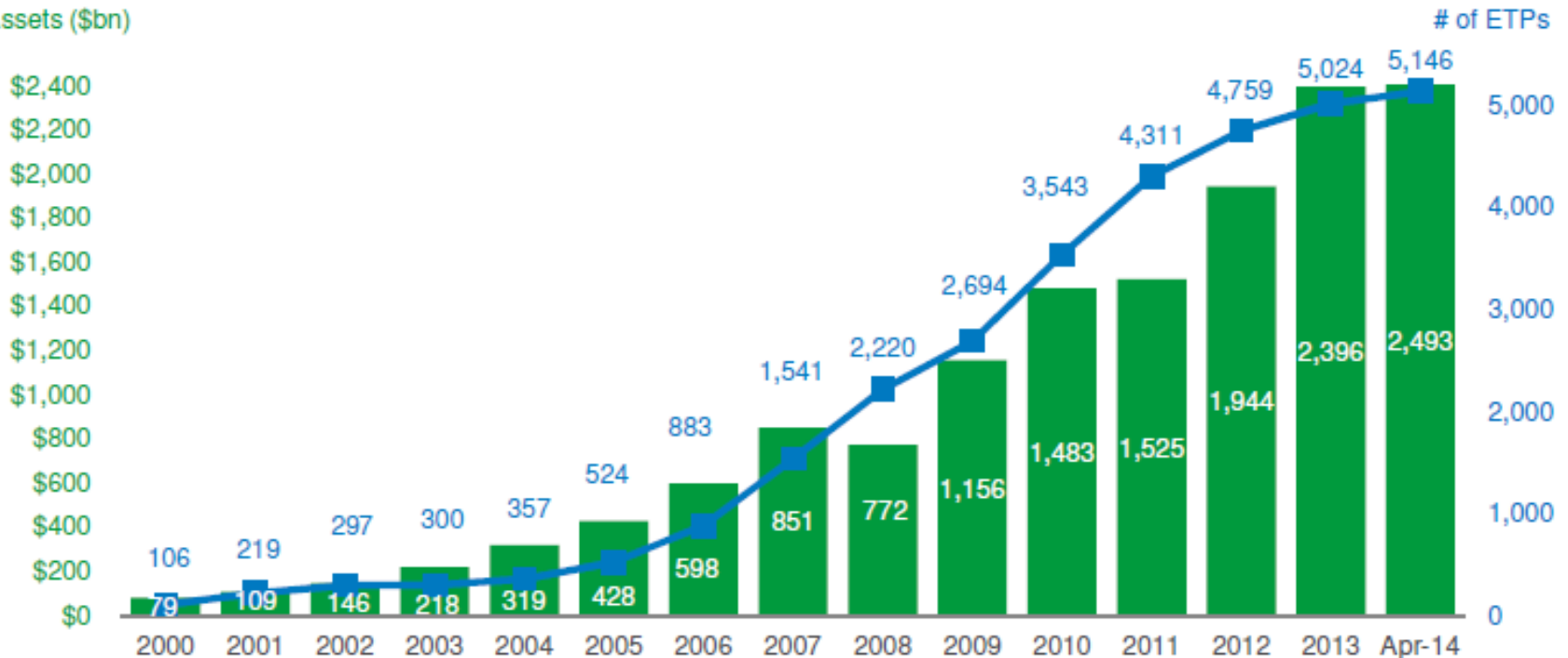
- ETFs: The Global and Australian Experience
 - ETFs – Structure and Benefits
 - Examples – ETFs in Managed Account Portfolios
-

Globally ETPs have grown ~25% p.a. since 2000



Global ETP Assets & Number of ETPs by Year¹

Assets (\$bn)



Source: BlackRock

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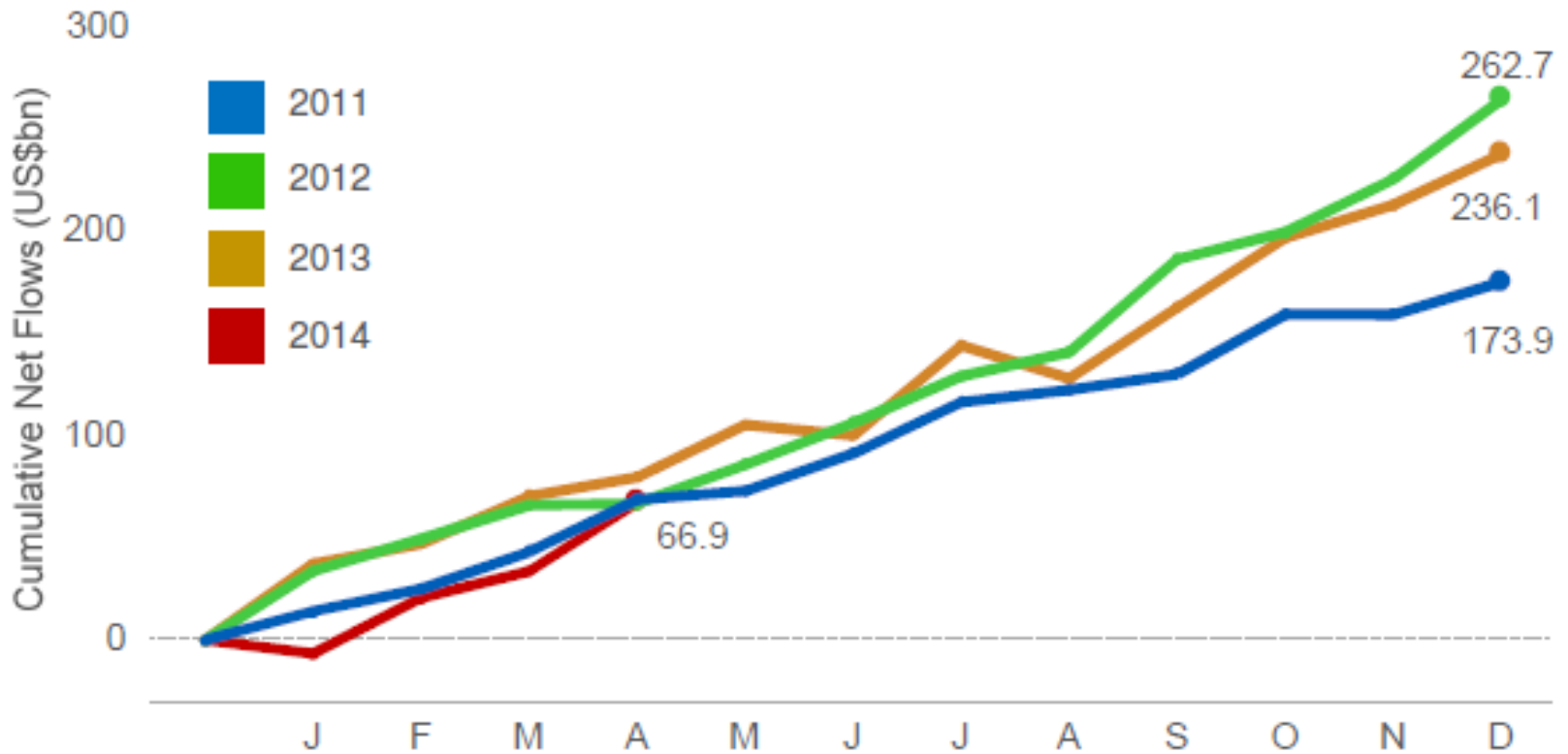


Global ETP Net Flows



GLOBAL ETP CUMULATIVE NET FLOWS¹

2014 YTD Flows \$66.9bn vs. 2013 Flows: \$236.1bn

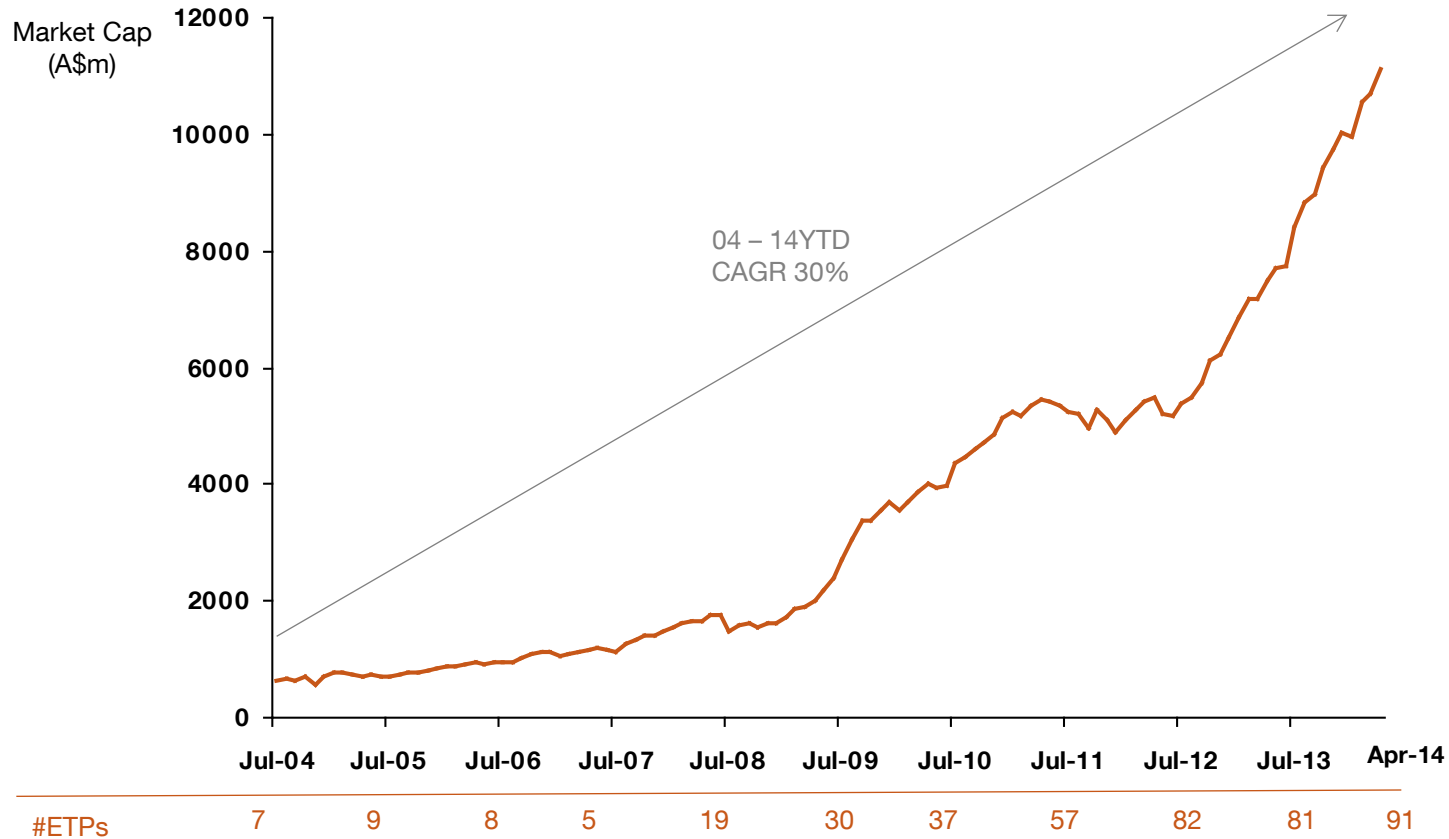


Source: BlackRock. As at April 2014

Australian ETP Industry Growth



Australian ETP Market Cap: July 2004- April 2014 (A\$m)



CAGR: Compound Annual Growth Rate

Source: ASX, BetaShares

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Australian ETP Industry Players



Current Participants in Australian Exchange Traded Products Industry

ISSUER NAME	AUS EQUITIES - BROAD	AUS EQUITIES - SECTOR	HIGH YIELD	CURRENCY	CASH	FIXED INCOME	GLOBAL EQUITIES	COMMO- DITY	SHORT	GEARED
 BetaShares Exchange Traded Funds	✓	✓	✓	✓	✓			✓	✓	✓
 STATE STREET	✓	✓	✓			✓	✓			
 iShares®	✓		✓			✓	✓			
 Vanguard®	✓		✓			✓	✓			
 Russell Investments	✓		✓			✓				
 UBS	✓									
								✓		

Significant product depth available on ASX



Equity – Domestic

- Broad
- Small Cap
- Large Cap
- Financials
- Resources
 - REIT
- Other sectors

Cash & Fixed Income

- High Interest Cash
- Corporate Bond
- Government Bond
- Semi-Government
- Inflation Linked

Commodities

- Gold (A\$ Hedged)
- Gold (Unhedged)
 - Silver
- Platinum & Palladium
 - Crude Oil
 - Agriculture
 - Copper
- Diversified Basket

Currencies

- US Dollar
- British Pound
- Euro

International

- Broad world & region
- Country Specific
- Emerging Markets
- Global Sector

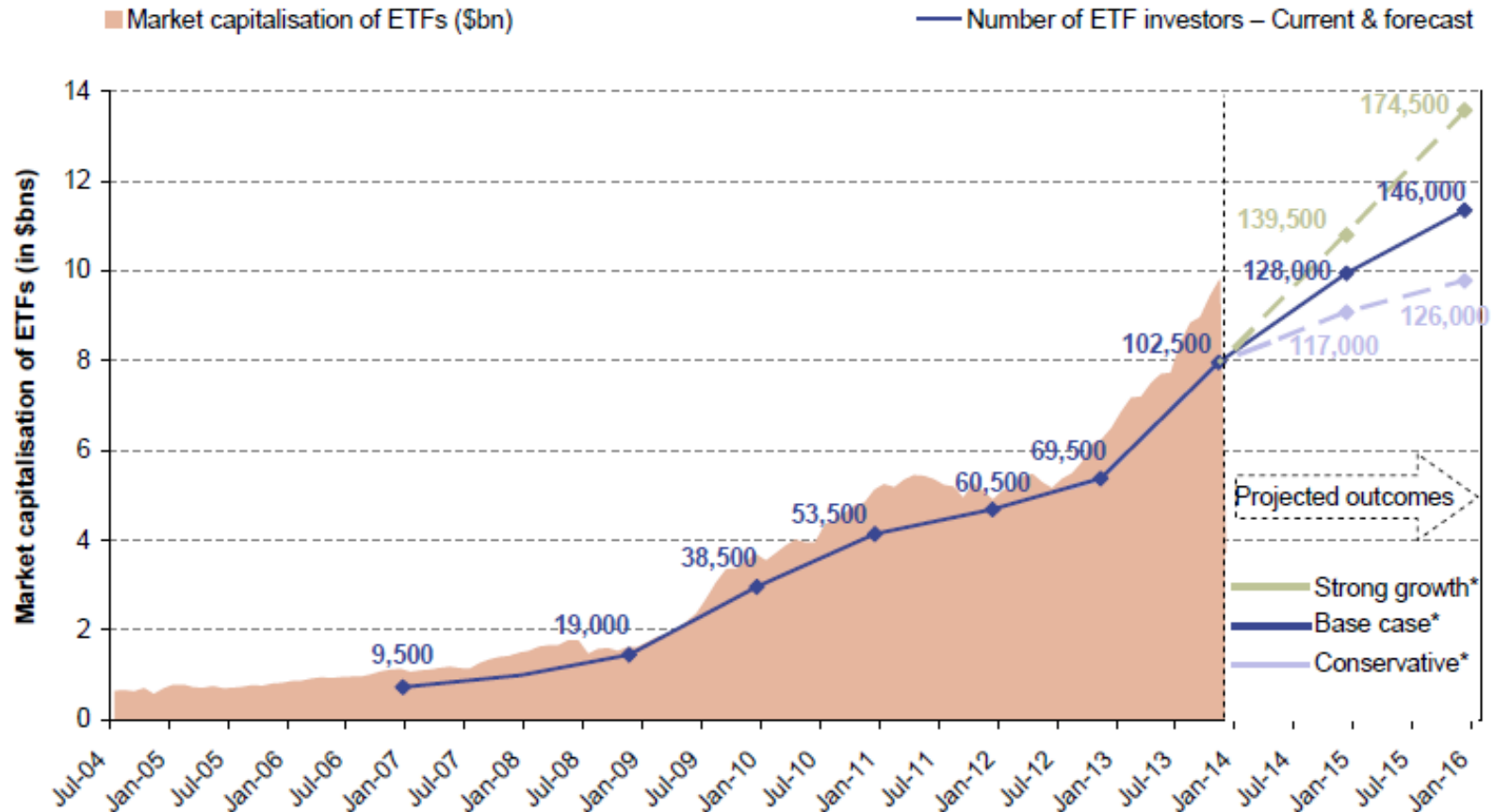
Strategy

- High Dividend
 - Value
 - BEAR
 - Geared

Significant Growth in Australian ETF Investors



ETF market size



*Note: Projected figures based on Investment Trends modeling. Note that actual outcomes will be influenced by a range of factors, but particularly share market performance. Sourced from Investment Trends Nov 2013 ETF Report.

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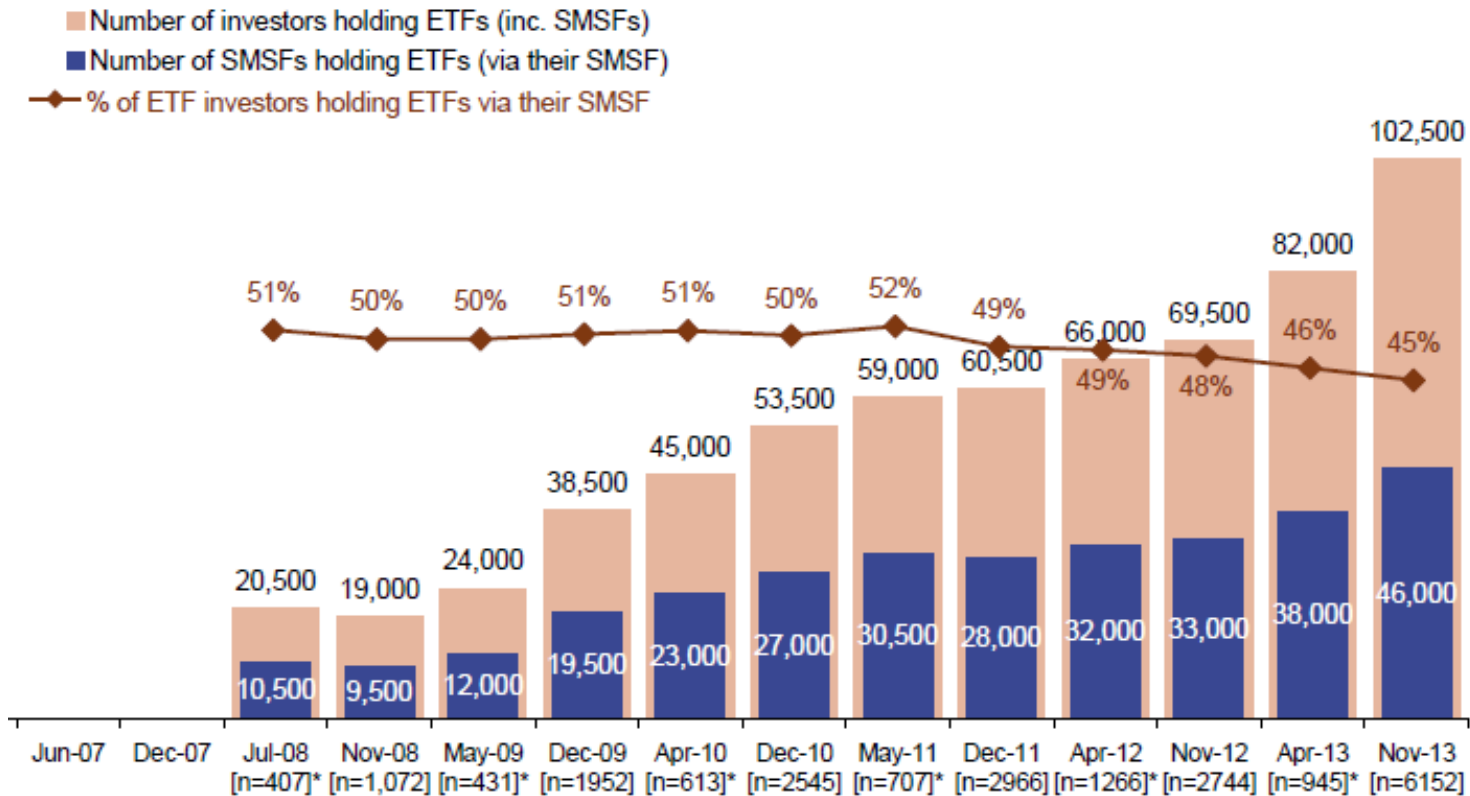
Investment Trends

6

SMSFs have been early adopter of ETFs



ETF market size among SMSFs



Investment Trends SMSF Investor Reports

Investment Trends

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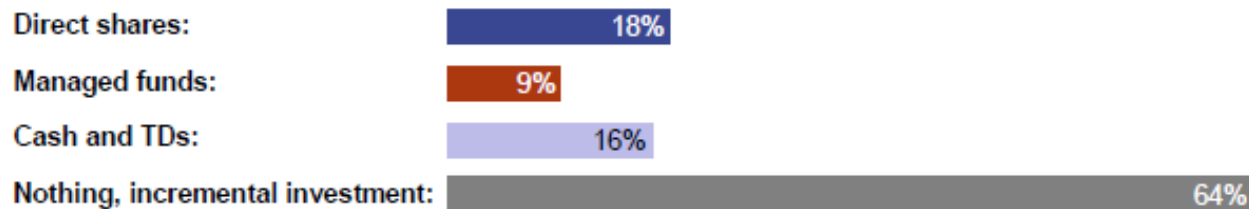
SMSF ETF Usage

Not at the expense of managed funds

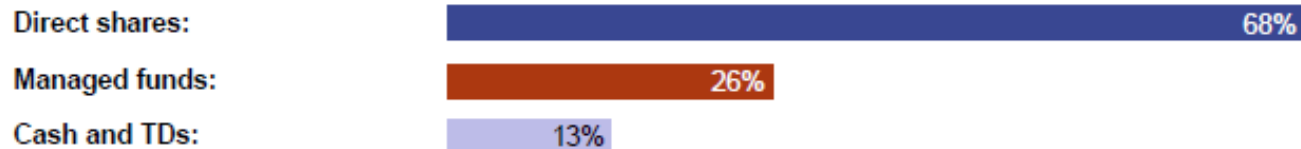


% of ETF investors who:

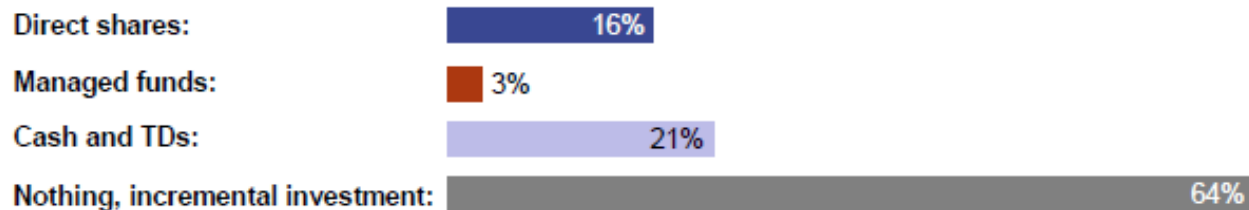
Reduced usage of these assets classes in order to invest in ETFs over 2013:



Would have invested in ... (if ETFs weren't available):



Plan to sell down ... to invest in ETFs next year:



ETF Usage

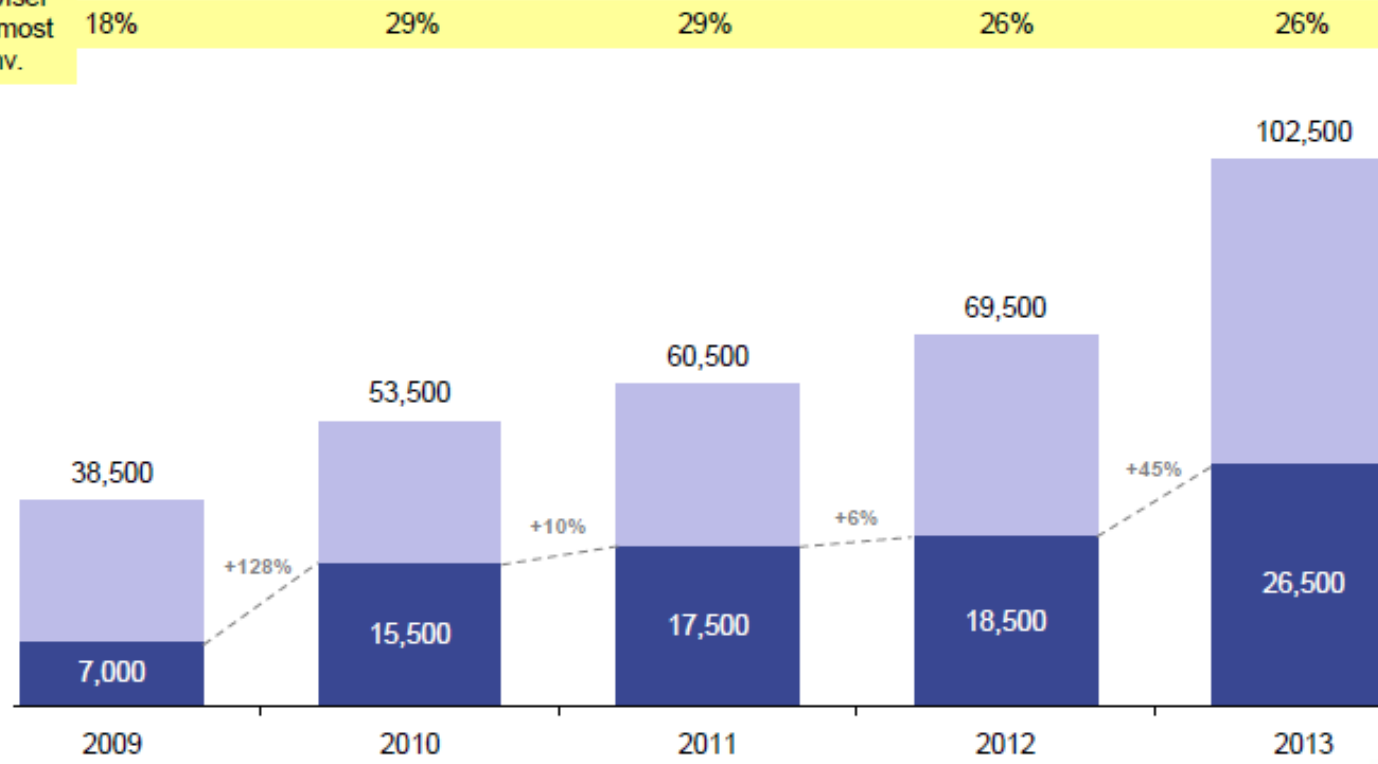
Opportunity for Advisers



Involvement of advisers in most recent ETF investment

- # of current ETF investors
- # of ETF investors saying an adviser influenced most recent ETF inv.

% saying an adviser played a role in most recent ETF inv.



- ETFs: The Global and Australian Experience
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What is an ETF?



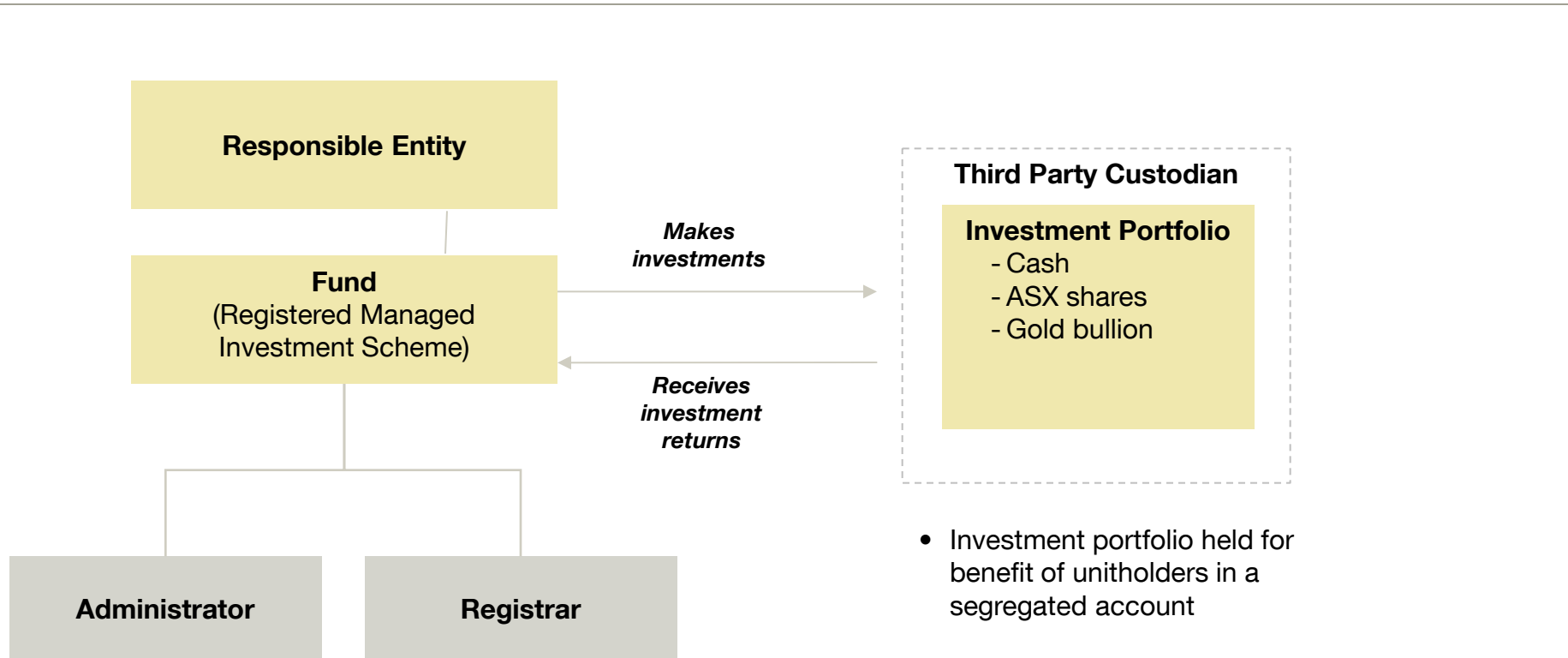
- ETFs are conventional unit trust structures, just like any other registered managed fund
- They are subject to the highest level of investor protection regulation available in the Australian market
- BUT.....
- Rather than investing by filling out application forms, ETF units can simply be bought or sold on the ASX like any other share
- ETFs really do live up to their name!

Exchange

Traded

Funds

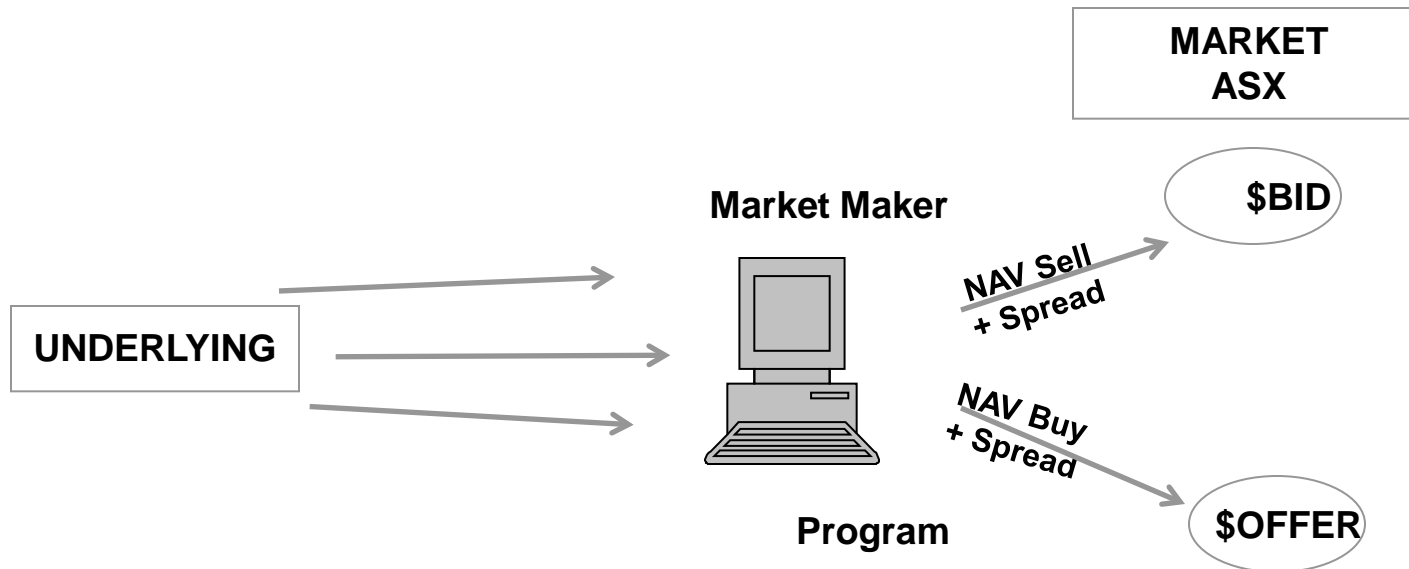
Flow of Funds and Parties Responsibility within ETFs



- Investment portfolio held for benefit of unitholders in a segregated account

Liquidity of ETFs

Market Maker - Determining Bid/Offer Price



- As the value of the underlying index value changes the bid/offer of the ETF changes.
- Bid/offer spread & size is dependent on spread and liquidity of underlying.

The Liquidity of ETFs..more than meets the eye



'On Screen' liquidity

QOZ \$11.900 ↑ \$0.050 (0.42%)

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BETASHARESRAFIUS ETF UNITS

Warrant Quote

[Discuss in Community](#)

Bid (\$)	Offer (\$)	High (\$)	Low (\$)	Volume	Trades	Value (\$)	Open (\$)	Previous Close (\$)
11.890	11.910	11.900	11.900	1,720	2	20,468	11.900	11.850

Market Depth

Buyers				Sellers			
No.	Volume	Price (\$)		Price (\$)	Volume	No.	
1	100,000	11.890		11.910	122,500	2	
1	22,500	11.870		11.920	25,000	1	
2	125,000	11.860		11.930	30,000	1	
1	30,000	11.850		11.940	100,000	1	
1	130	11.600					
6 buyers for 277,630 units				5 sellers for 277,500 units			

'On screen' liquidity ~\$3.3m

"Actual" liquidity ~\$4.3B

Underlying liquidity (ADTV 3 months)

AMC AU EQUITY	\$55,505,170	ALZ AU EQUITY	\$2,922,878	LYC AU EQUITY	\$5,340,820
AMP AU EQUITY	\$58,301,110	AWE AU EQUITY	\$3,539,238	SAT AU EQUITY	\$4,689,766
ALL AU EQUITY	\$10,193,770	BOQ AU EQUITY	\$14,880,230	IGO AU EQUITY	\$2,937,466
ANZ AU EQUITY	\$193,935,800	BPT AU EQUITY	\$7,415,991	PNA AU EQUITY	\$8,656,895
ASX AU EQUITY	\$23,163,450	BEN AU EQUITY	\$16,690,150	VAH AU EQUITY	\$3,113,479
BLD AU EQUITY	\$21,829,160	CAB AU EQUITY	\$1,479,753	BKN AU EQUITY	\$7,741,424
BHP AU EQUITY	\$285,060,000	ALQ AU EQUITY	\$11,644,450	PDN AU EQUITY	\$8,785,673
CTX AU EQUITY	\$14,879,680	DJS AU EQUITY	\$9,536,007	NXS AU EQUITY	\$304,088
CCL AU EQUITY	\$32,629,810	DOW AU EQUITY	\$11,361,770	PDC AU EQUITY	\$15,241,570
COH AU EQUITY	\$20,416,310	EWC AU EQUITY	\$1,086,306	SEK AU EQUITY	\$20,377,230
CBA AU EQUITY	\$260,062,400	ENV AU EQUITY	\$3,480,533	TPI AU EQUITY	\$2,882,809
CPU AU EQUITY	\$24,964,620	FKP AU EQUITY	\$1,357,197	MGX AU EQUITY	\$3,927,689
CSL AU EQUITY	\$78,525,010	FWD AU EQUITY	\$1,603,167	CHC AU EQUITY	\$2,668,753
CSR AU EQUITY	\$6,721,574	FLT AU EQUITY	\$29,591,250	SIP AU EQUITY	\$1,677,844
FXJ AU EQUITY	\$6,572,443	GUD AU EQUITY	\$1,750,309	TTS AU EQUITY	\$13,296,720
HVN AU EQUITY	\$24,379,760	GWA AU EQUITY	\$2,136,288	SXL AU EQUITY	\$3,687,410
ILU AU EQUITY	\$9,213,232	HIL AU EQUITY	\$770,488	GFF AU EQUITY	\$4,506,797
LEI AU EQUITY	\$34,199,840	CRH AU EQUITY	\$401,495	SBM AU EQUITY	\$3,516,518
LEI AU EQUITY	\$31,849,850	IRE AU EQUITY	\$3,959,745	SPN AU EQUITY	\$5,928,959
LLC AU EQUITY	\$20,493,220	KCN AU EQUITY	\$4,315,712	CDD AU EQUITY	\$2,266,295
MGR AU EQUITY	\$26,297,200	MAH AU EQUITY	\$482,520	APZ AU EQUITY	\$385,460
NAB AU EQUITY	\$181,726,500	MRM AU EQUITY	\$2,179,253	MDL AU EQUITY	\$804,800
NCM AU EQUITY	\$87,311,080	MTS AU EQUITY	\$24,818,560	ABY AU EQUITY	\$50,844
FOX AU EQUITY	\$36,542,570	MND AU EQUITY	\$9,646,594	WTF AU EQUITY	\$2,507,378
OSH AU EQUITY	\$30,104,170	NUF AU EQUITY	\$3,258,588	EHL AU EQUITY	\$1,551,847
ORI AU EQUITY	\$41,279,380	ARI AU EQUITY	\$12,978,750	AGK AU EQUITY	\$26,395,960
ORG AU EQUITY	\$46,956,310	PRY AU EQUITY	\$9,239,243	BXB AU EQUITY	\$54,135,010
QAN AU EQUITY	\$15,983,090	RHC AU EQUITY	\$15,971,930	SKI AU EQUITY	\$9,632,418
QBE AU EQUITY	\$92,573,700	RSG AU EQUITY	\$4,996,496	GRR AU EQUITY	\$5,017,706
RMD AU EQUITY	\$26,819,780	ROC AU EQUITY	\$477,220	KRI AU EQUITY	\$306,043
RIO AU EQUITY	\$144,947,500	SGM AU EQUITY	\$8,760,581	FXL AU EQUITY	\$3,925,006
STO AU EQUITY	\$55,747,190	SMX AU EQUITY	\$1,525,218	AAX AU EQUITY	\$947,580
SHL AU EQUITY	\$21,000,980	TAP AU EQUITY	\$186,120	GBG AU EQUITY	\$760,050
SGP AU EQUITY	\$42,347,530	TSE AU EQUITY	\$3,590,952	MBN AU EQUITY	\$1,651,747
SUN AU EQUITY	\$59,139,380	UGL AU EQUITY	\$7,827,746	MIN AU EQUITY	\$11,462,070
TAH AU EQUITY	\$13,937,360	ERA AU EQUITY	\$836,766	THS AU EQUITY	\$2,068,611
TLS AU EQUITY	\$167,086,400	GNC AU EQUITY	\$12,182,660	AIO AU EQUITY	\$22,755,540
TEN AU EQUITY	\$1,872,068	BWP AU EQUITY	\$3,816,066	BLY AU EQUITY	\$3,162,178
WES AU EQUITY	\$109,407,200	CPA AU EQUITY	\$15,629,900	GMG AU EQUITY	\$30,110,650
SWM AU EQUITY	\$6,205,696	CGF AU EQUITY	\$12,745,810	MOG AU EQUITY	\$66,883,420
BBG AU EQUITY	\$5,219,421	AAD AU EQUITY	\$2,430,743	NVT AU EQUITY	\$8,162,193
ASZ AU EQUITY	\$132,560	SYD AU EQUITY	\$30,209,250	CWN AU EQUITY	\$22,823,340
ANN AU EQUITY	\$10,757,880	APA AU EQUITY	\$19,956,770	FMG AU EQUITY	\$92,405,180
IAG AU EQUITY	\$42,176,960	CQR AU EQUITY	\$5,396,971	DXS AU EQUITY	\$23,417,390
IOF AU EQUITY	\$7,870,658	AWC AU EQUITY	\$14,230,520	PTM AU EQUITY	\$4,400,805
JHX AU EQUITY	\$17,517,380	MCR AU EQUITY	\$172,474	NWH AU EQUITY	\$4,449,718
PPT AU EQUITY	\$7,240,627	ABP AU EQUITY	\$1,787,431		
SGT AU EQUITY	\$9,722,836	TPM AU EQUITY	\$4,696,518		
TOL AU EQUITY	\$19,049,730	UXC AU EQUITY	\$618,564		
WBC AU EQUITY	\$201,266,700	WOR AU EQUITY	\$24,820,550		
WPL AU EQUITY	\$79,384,680	ASL AU EQUITY	\$6,804,122		
TEL AU EQUITY	\$4,814,625	IIN AU EQUITY	\$6,420,844		
GPT AU EQUITY	\$26,477,490	COF AU EQUITY	\$109,453		
TCL AU EQUITY	\$43,130,280	FBU AU EQUITY	\$10,790,130		
BSL AU EQUITY	\$21,330,960	IVC AU EQUITY	\$4,265,928		
APN AU EQUITY	\$381,426	IFL AU EQUITY	\$4,933,232		
ARP AU EQUITY	\$1,415,291	JBH AU EQUITY	\$16,255,410		

Source: Bloomberg, Comsec – 2 October 2013

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Benefits of ETFs



COST EFFECTIVE

Entry and exit costs limited to cost of brokerage
Typically lower management costs than managed fund alternatives and index funds.

HIGH TAX EFFICIENCY

Low portfolio turnover within the ETF reduces capital gains
Transactions on the secondary market do not impact the ETF's tax position

LOW TRACKING ERROR

ETFs typically track their benchmark indices very closely.

TRANSPARENCY

Disclosure of portfolio information published on a daily basis
Indicative NAV typically published continuously by exchange/sponsors

LIQUIDITY

Investors can buy or sell ETF units on market at or close to NAV any time during the trading day.
In primary market, institutions can create or redeem ETF units according to demand.

DIVERSIFICATION

Investor can easily gain exposure to entire indices or asset classes with a single product and in a single trade.
ETFs can be shorted or lent just like ordinary shares.

Rules of Engagement About ETF Trading



TOPIC AREA	MYTH	REALITY
VOLUME	Average daily volume looks very light so the ETF must be illiquid and difficult to trade	<ul style="list-style-type: none"> ETF liquidity is driven off the liquidity of the underlying securities not ETF printed volume ETFs can issue new shares and therefore offer additional liquidity as frequently as necessary 'Authorised Participants' (ETF issuer's institutional trading partners) use the creation/redemption process to facilitate trading and satisfy market demand
PRICE	The last trading price for the ETF is close to the price that I should expect to pay or receive for my trade	<ul style="list-style-type: none"> Last traded price is, simply, the last traded price Each trade is independent and has its own unique characteristics that should not affect any trade that follows These characteristics include time of trade, market levels, trade instructions etc
	Last price is a good representation of the true value of the ETF	<ul style="list-style-type: none"> The last price will not give you the best indication of the fair value of an ETF Investors interested in 'fair value' should refer to the ETF's iNAV (intraday net asset value) Best practice issuers display ETF iNAVs on their websites and through data providers
TRADING COST	I need to trade an ETF at size to obtain the lowest trading cost	<ul style="list-style-type: none"> For most investors, the quote depth visible on the screen itself (by market-makers) should be sufficient to handle investor orders at low bid/ask spreads Trades should be executed as <u>limit</u> orders (not market orders)
SELLS	I should be able to access liquidity to my buy order but will not be able to access the same liquidity for my sell orders	<ul style="list-style-type: none"> Market makers have no preference for buys or sells and so liquidity levels should be equivalent for both buys and sells

Capital Markets Service (CMS)



- **Intermediary to market maker allowing for investor anonymity**
- **Inventory management**
- **Total cost analysis**

- **Execution Support & Assistance :**
 - Best execution liquidity guidance
 - iNAV Confirmations
 - Market bid/offer information
 - Execution times

- **CAPITAL MARKET SERVICE LINE: 1300 487 577**

- ETFs: The Global and Australian Experience
- ETFs – Structure and Benefits
- Examples – ETFs in Managed Accounts Portfolios

Applications of ETF for Managed Accounts



1. Core Exposures

- A way to get low-cost, liquid exposure to a diversified portfolio of equities
- Complement existing active managers (SMAs)
- Tailor core exposures for income and yield objectives of clients

2. Asset Class Exposure

- Use ETFs as way to get low-cost, liquid exposure to asset classes (eg gold, emerging markets, commodities and alternatives)
- Portfolio Completion - Fill any asset allocation holes without engaging a new investment manager

3. Dynamic Asset Allocation / Sector Rotation

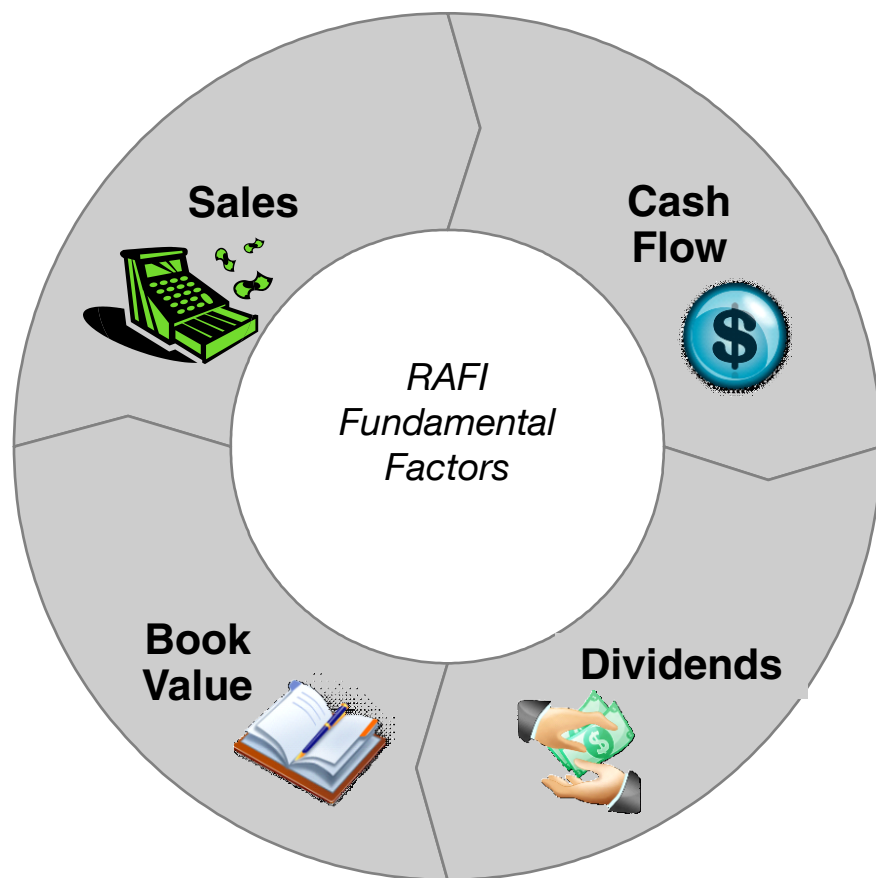
- Over or underweight certain market segments based on valuations and/or views
- ETFs offer efficient vehicles for implementing such decisions

Example: Core Exposures using ETFs



- Benefits to core passive exposure
 - Lowers portfolio cost
 - Total asset class solution (avoid the need to stock-pick)
 - Complement active strategies
- Advances in index methodologies
 - Strategies that aim to produce superior performance compared to traditional market-cap indices
- Such index exposures available in an ETF form

FTSE RAFI Australia 200 Index uses four fundamental factors to select and weight index constituents

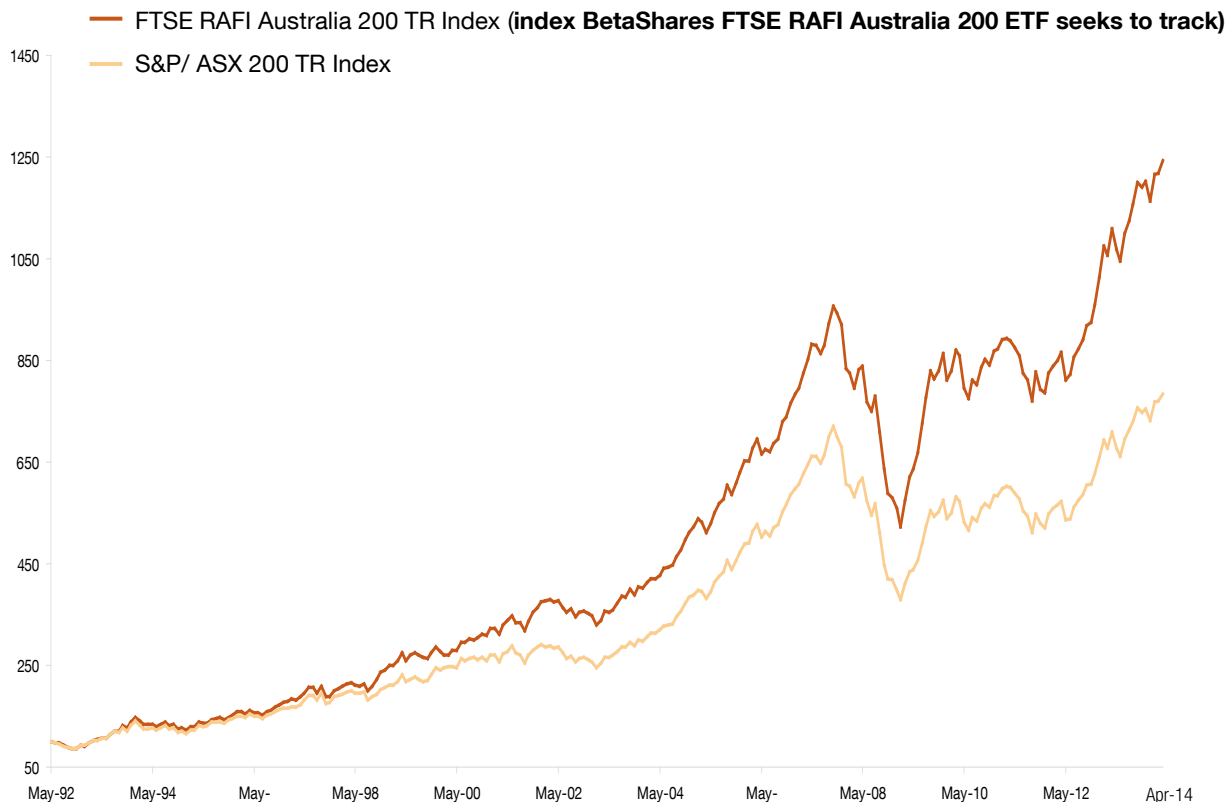


- Factors best reflect a company's 'economic footprint' and are not price related
- Factors are equally weighted
- Average of five years of historical data used for all measures except book value
- Methodology is transparent, repeatable and based on measures which have historically proved to be successful in delivering attractive performance outcomes compared to market-cap weighted indices

FTSE RAFI Australia 200 Index has outperformed S&P/ASX 200 Index since inception



FTSE RAFI Australia 200 Index v S&P/ASX 200 Index: May 1992 – April 2014



TOTAL RETURN	FTSE RAFI AUSTRALIA 200	S&P/ASX 200
3M	3.3%	3.9%
6M	7.4%	7.5%
1 YR	17.5%	15.5%
3 YR (p.a)	11.6%	9.2%
5 YR (p.a)	16.7%	9.2%
10 YR (p.a)	11.4%	9.6%
20 YR (p.a)	11.8%	9.6%
Incept (p.a)	12.2%	9.8%

Value add since inception:
2.3% p.a

Graph shows performance of underlying index relative to S&P/ASX 200 index, not ETF performance and does not take into account ETF management costs. You cannot invest directly in an index. Returns for periods longer than one year are annualised. Past performance is not an indicator of future performance of index or ETF. The FTSE RAFI Australia 200 Index was launched on 10/8/2009. Index returns prior to launch are simulated based on Research Affiliates' patented non-capitalisation weighted indexing system, method and computer program product. Actual investment results may differ from simulated results. Source: Bloomberg, FTSE Confidential – may not be distributed without the consent of BetaShares Capital

Portfolio Example: Passive Allocation with Active Managers



Trailing Returns

As of Date: 30/04/2014 Data Point: Return

	1 Year	3 Years	5 Years
Dim Value 25%, Perennial 25%, BT Aus 25%, QOZ 25%	11.55	8.33	12.20
Dim Value 33%, Perennial 33%, BT Aus Shares 34%	10.87	7.11	11.32

Cumulative Growth

Time Period: 1/05/2009 to 30/04/2014



Weighted Ave Fees	ICR	Portfolio A	Portfolio B
FTSE RAFI Aust Share (QOZ)	0.40		
Dimensional Australian Value	0.64		
BT Australian Share WS	0.79		
Perennial Growth Australian	0.92		
Total		0.78	0.69

— Dim Value 25%, Perennial 25%, BT Aus 25%, QOZ 25%

1,778.0 — Dim Value 33%, Perennial 33%, BT Aus Shares 34%

1,709.4

Portfolio Example: Passive Allocation with Active Managers



Trailing Returns

As of Date: 30/04/2014 Data Point: Return

	1 Year	3 Years	5 Years
STW 60%, Bennelong 20% BT Focus 20%	12.27	10.16	13.54
QOZ 60%, Bennelong 20% BT Focus 20%	13.25	11.04	14.28

Cumulative Growth

Time Period: 1/05/2009 to 30/04/2014



— STW 60%, Bennelong 20% BT Focus 20%

1,887.1 — QOZ 60%, Bennelong 20% BT Focus 20%

1,949.3

Example: Core Exposures using ETFs – income focus

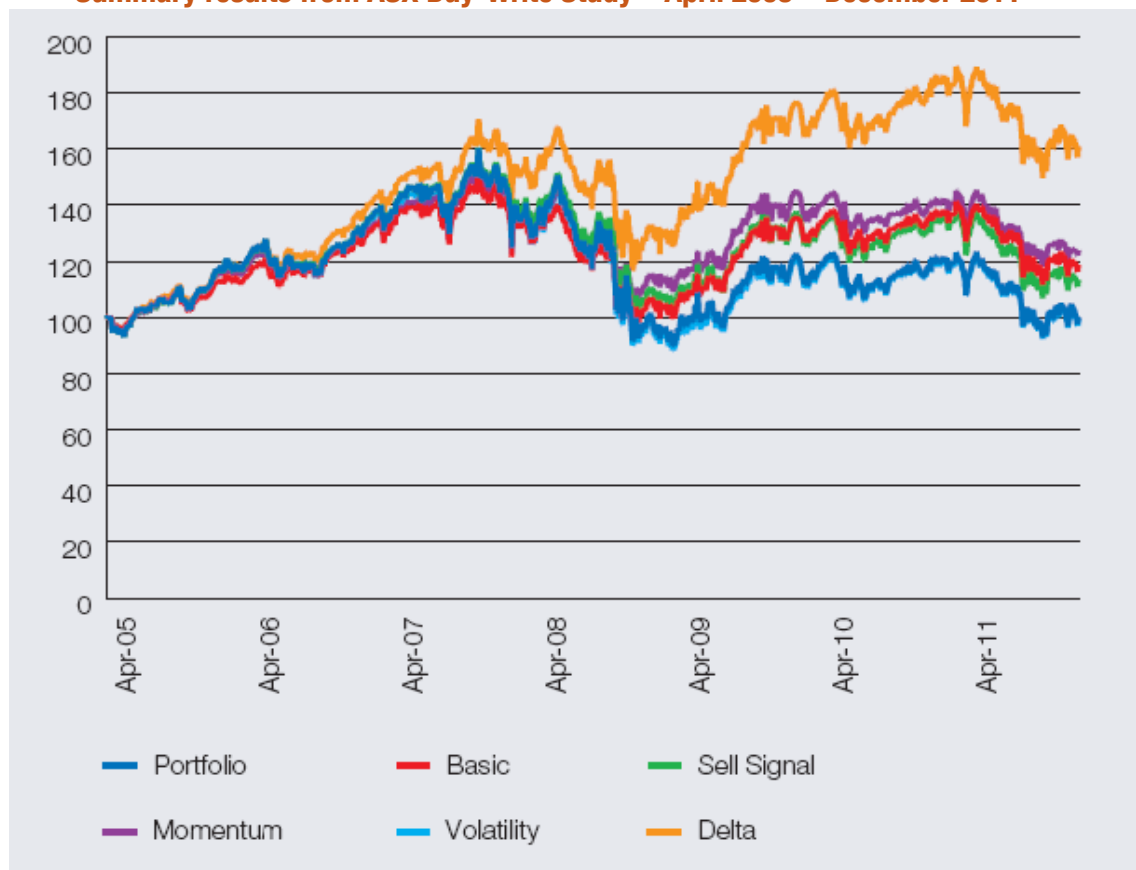


- Flexibility of ETFs allows adviser to maintain diversified core exposure, but tilt to client preferences (e.g. yield focus)
- Several ETF strategies tailored to optimise yield
 - Rules based or systematic investment processes well suited to ETF form
- Covered call strategy has dual benefit of income optimisation along with lower volatility

Research has shown that equity income strategies using options may outperform



Summary results from ASX Buy-Write Study – April 2005 – December 2011⁽¹⁾

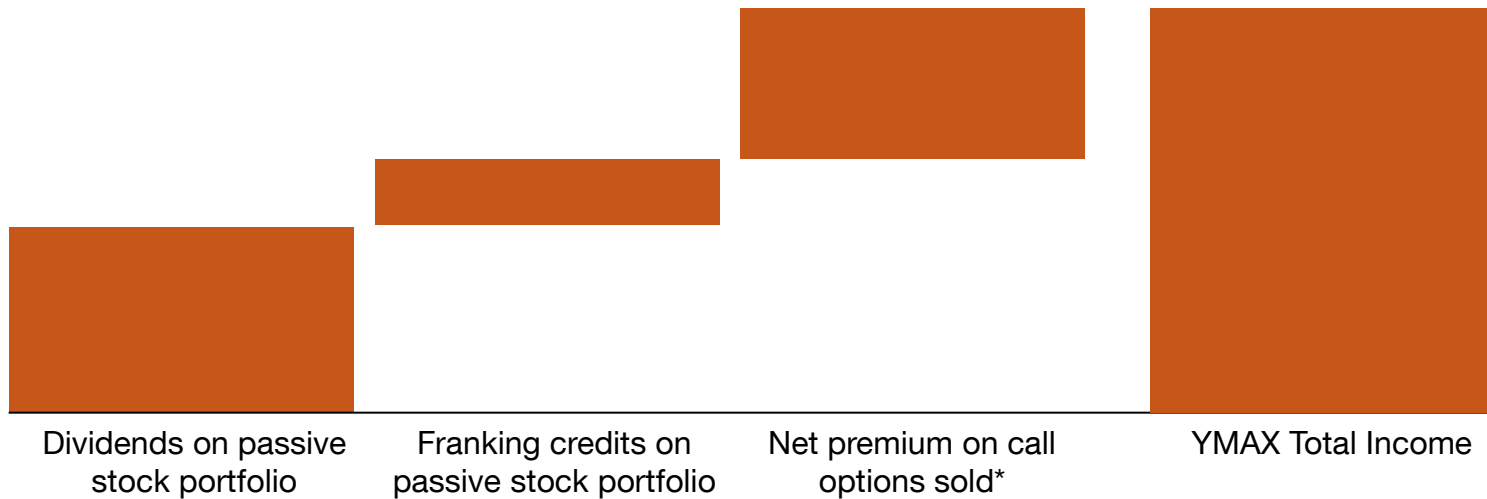


(1) ASX Market Insights “An Encyclopedia of Australian Buy-Write Returns (August 2012)”. Data from the ASX study is a general illustration of how various equity income (buy write) strategies have performed in different market conditions. The BetaShares Australian Top 20 Equity Yield Maximiser Fund will use an equity income strategy that combines elements from both the different buy-write strategies described and evaluated in the ASX research, along with certain modifications that seek to optimise the strategy. As a result the strategy of the BetaShares Equity Yield Maximiser Fund is not identical to that described in the ASX research, and the performance described in the ASX research is not indicative of the future performance of the Fund.

An Additional Engine of Income



Sources of income in BetaShares Equity Yield Maximiser Fund

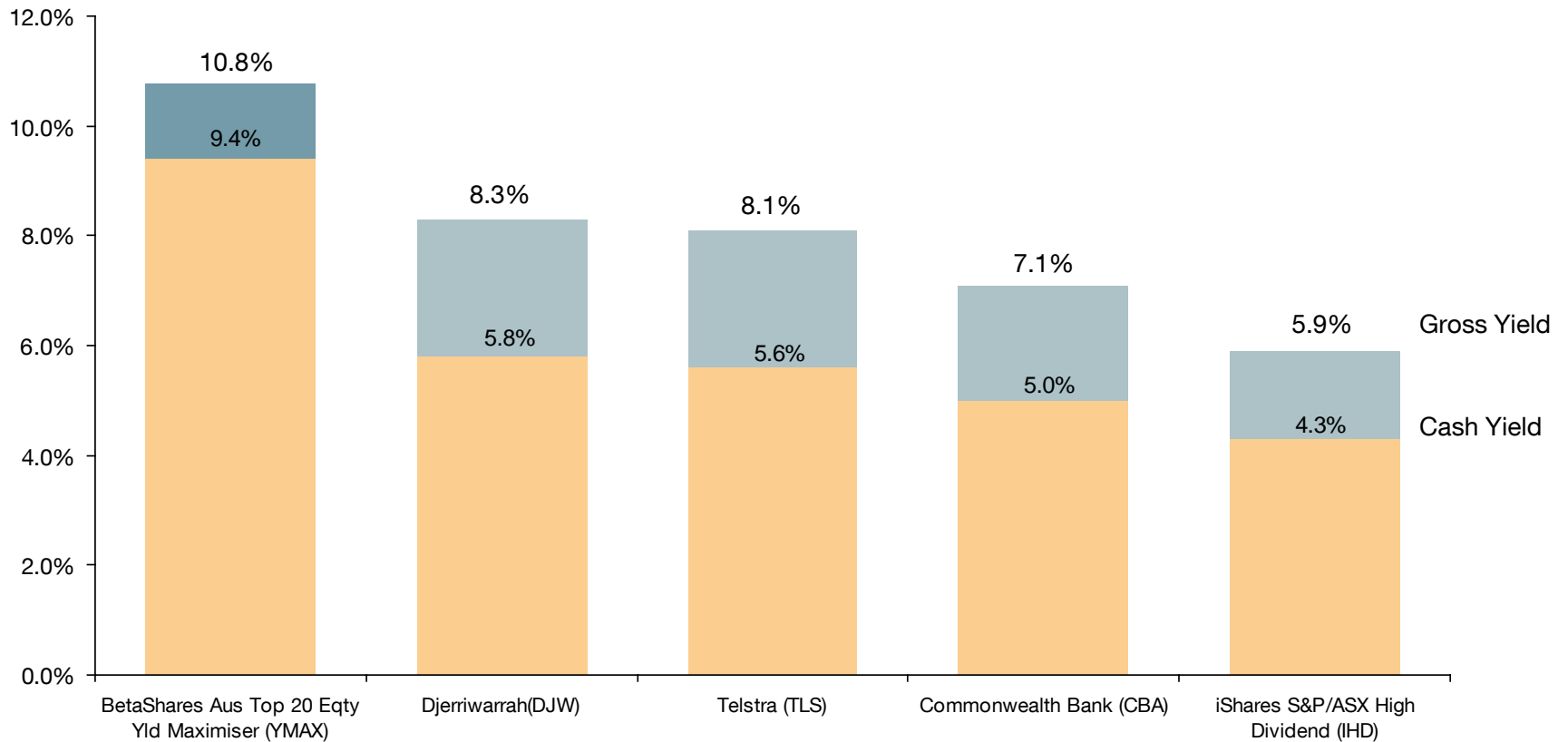


*Net option premiums may not be earned in all distribution periods (e.g. in a strongly rising market)

Using ETPS to enhance yield



12 month yield to 1 April 2014 (%)



Note: 12 month cash yield calculated as total distributions declared in the four quarters to 1 April 2014 divided by unit price on 1 April 2014. Past performance is not an indicator of future performance.

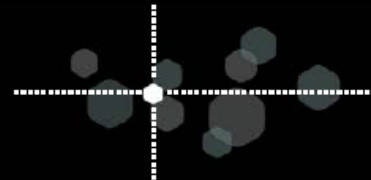
Source: Morningstar, Issuer websites, BetaShares

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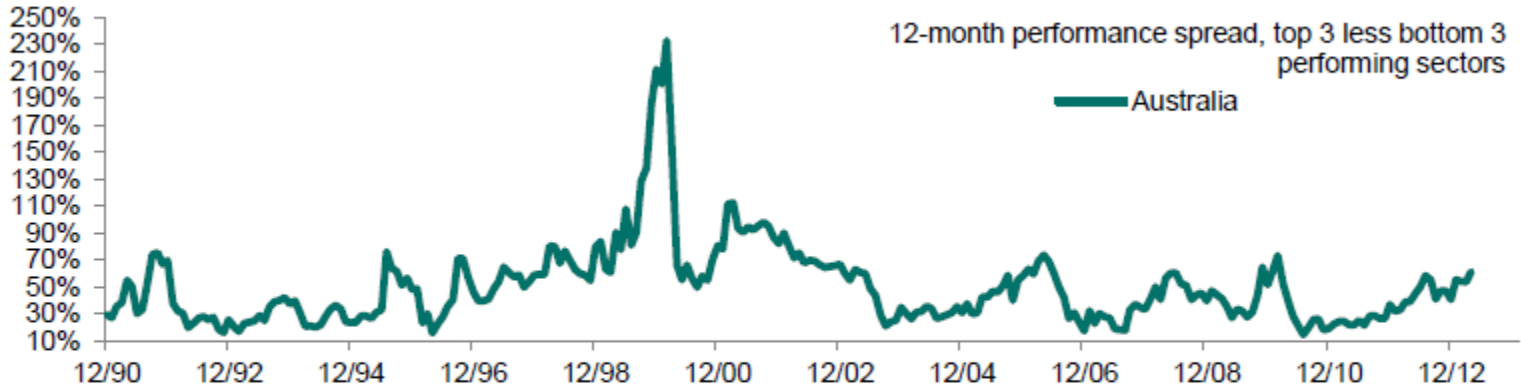


Example: Sector Rotation



ROTATION STRATEGIES AND THEIR ROLE IN THE AUSTRALIAN MARKET

Exhibit 6: Performance Spread Between Top Three and Bottom Three Sectors in Australia (December 1999 – April 2013)

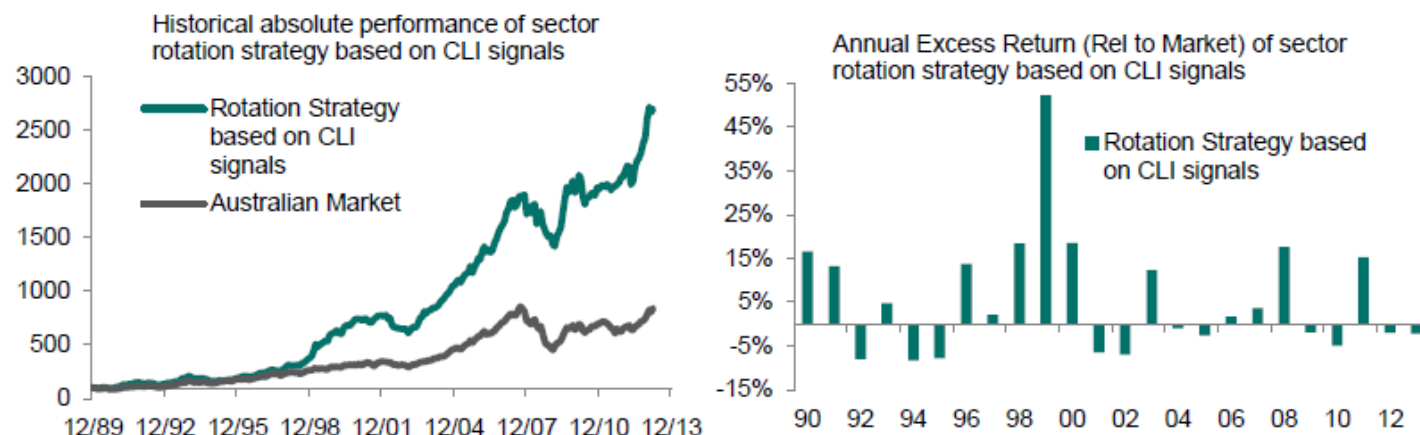


Source: S&P Dow Jones Indices LLC. Data are based on S&P/ASX 200 universe (between March 31, 2000 and April 30, 2013) and S&P Australia BMI universe (prior to March 31, 2000). Performance is based on total return in AUD. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Example: Sector Rotation



Exhibit 14: Historical Performance and Annual Excess Return of Cyclical and Defensive Sector Rotation Strategy Based on Signals from OECD + Major Six NME CLI (December 1989 – April 2013)



Source: S&P Dow Jones Indices LLC. Data are based on S&P/ASX 200 universe (between March 31, 2000 and April 30, 2013) and S&P Australia BMI universe (prior to March 31, 2000). Performance of cyclical sectors and defensive sectors is equal-weighted and stocks within each sector are market cap-weighted. OECD + Major Six NME CLI is the aggregated Composite Leading Indicator for 33 OECD economies and 6 major non-member economies. Performance is based on total return in AUD. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Australian Sector ETF	Type	Benchmark	ASX Code
Beta Shares S&P/ASX 200 Financials Sector ETF	ETF	S&P/ASX 200 Financials	QFN
Beta Shares S&P/ASX 200 Resources Sector ETF	ETF	S&P/ASX 200 Resources	QRE
SPDR S&P/ASX 200 Listed Property Fund	ETF	S&P/ASX 200 A-REITs	SLF
SPDR S&P/ASX 200 Financials ex A-REITS Fund	ETF	S&P/ASX 200 X-A-REITs	OZF
SPDR S&P/ASX 200 Resources Fund	ETF	S&P/ASX 200 Resources	OZR
Vanguard Australian Property Securities Index ETF	ETF	S&P/ASX 300 A-REITs	VAP

Example: Asset Class Exposures

US Dollar Exposure : Portfolio Applications



1. A “deep value” play on US economic recovery

- Signs of earnings expansion
- Signs of employment growth
- Signs of potential for lower AUD:USD interest rate differential

2. Inverse Correlation position to AEQ

- When fully invested in Australian listed securities, holding USD position provides exposure to a historically negatively correlated asset class

3. “Risk off” decision

- Consistency in portfolio – Equities-to-cash for the International Equities allocation (already in place for Aust Equities)
- Implement without “crossing” currencies back into AUD

Example: Asset Class Exposures

Commodity ETFs



Product Name:

BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)

Index Tracked & Description of Index

S&P GSCI Light Energy Index Excess Return hedged into Australian dollars, plus an interest component- is a broadly inclusive index that contains 24 commodities from all commodity sectors that meet certain eligibility requirements. The broad range of constituents provides a high level of diversification across the commodity sector. The interest component is based on interest earned by the ETF on its cash holdings

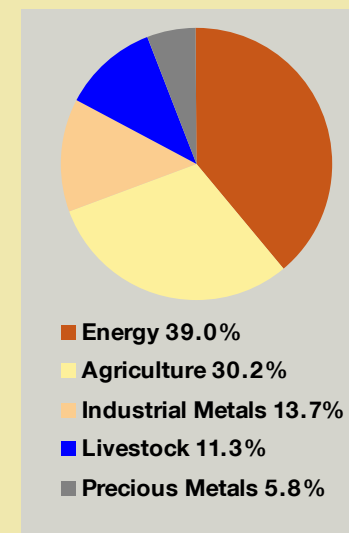
Key Information

ASX Code	QCB
Bloomberg code	QCB AU
IRESS Code	QCB.AXW
Index Name	S&P GSCI Light Energy Excess Return
Index Bloomberg Code	SPGCLEP
# of commodities	24
Management Fee	0.69% p.a.
ETF Inception Date	13 December 2011

Index Components 30th June 2013

Crude Oil	14.4%	Corn	9.0%	Copper	6.5%
Brent Oil	11.9%	Wheat	7.0%	Aluminium	4.2%
Gas Oil	4.6%	Soybeans	5.5%	Zinc	1.1%
Heating Oil	3.4%	Sugar	3.1%	Nickel	1.0%
RBOB Gas	3.3%	Cotton	2.4%	Lead	0.9%
Natural Gas	1.4%	Kansas Wheat	1.4%	Industrial Metals	13.7%
Energy	39.0%	Coffee	1.1%		
Live Cattle	6.0%	Cocoa	0.5%		
Lean Hogs	4.1%	Agriculture	30.2%		
Feeder Cattle	1.2%				
Livestock	11.3%				
Gold	5.1%				
Silver	0.7%				
Precious Metals	5.8%				

Sector Allocation 30th June 2013



Example: Asset Class Exposures

Agriculture ETFs



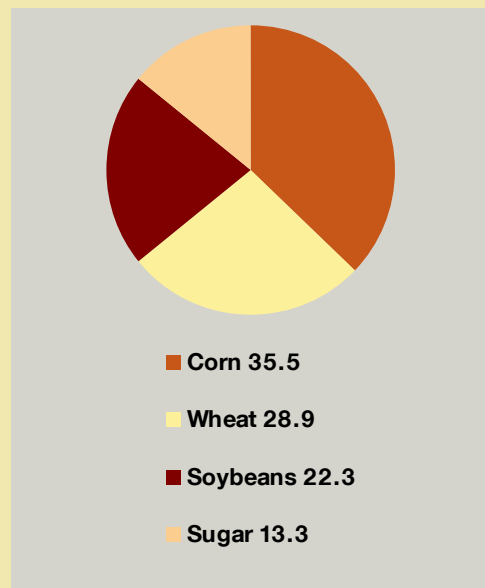
Product Name: BetaShares Agriculture ETF – Currency Hedged (Synthetic)

Index Tracked & Description of Index S&P GSCI Agriculture Index Excess Return hedged into Australian dollars, plus an interest component – the index comprises commodities from the agricultural sector providing diversification across the agricultural commodity sector. The interest component is based on interest earned by the ETF on its cash holdings

Key Information

ASX Code	QAG
Bloomberg Code	QAG AU
IRESS Code	QAG.ASX
Index Name	S&P GSCI Agriculture Enhanced Select Index Excess Return
Index Bloomberg Code	SGECAS
# of commodities	4
Management Fee	0.69% p.a.
ETF Inception Date	30 November 2011

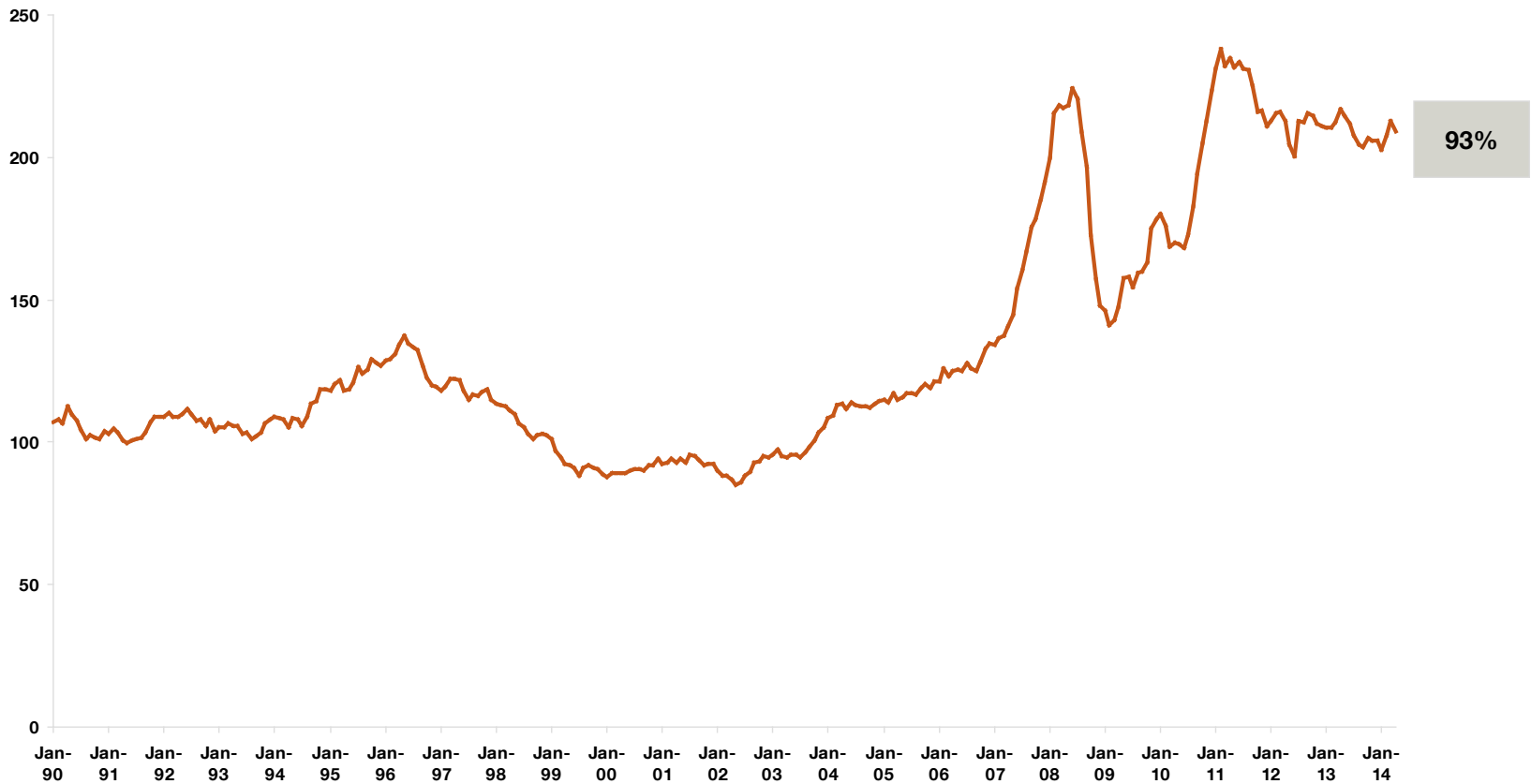
Commodity Allocation 30st June 2013



Food Price Index



FAO Food Price Index (Monthly January 1990 – April 2014)



Source: UN Food and Agriculture Organisation (FAO)

Past performance is not an indicator of future performance

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Soft Commodities – seasonality and cyclicity



Example: Asset Class Exposures

Australian High Interest Cash ETF



Interest Rate Comparison – As at 20 May 2014

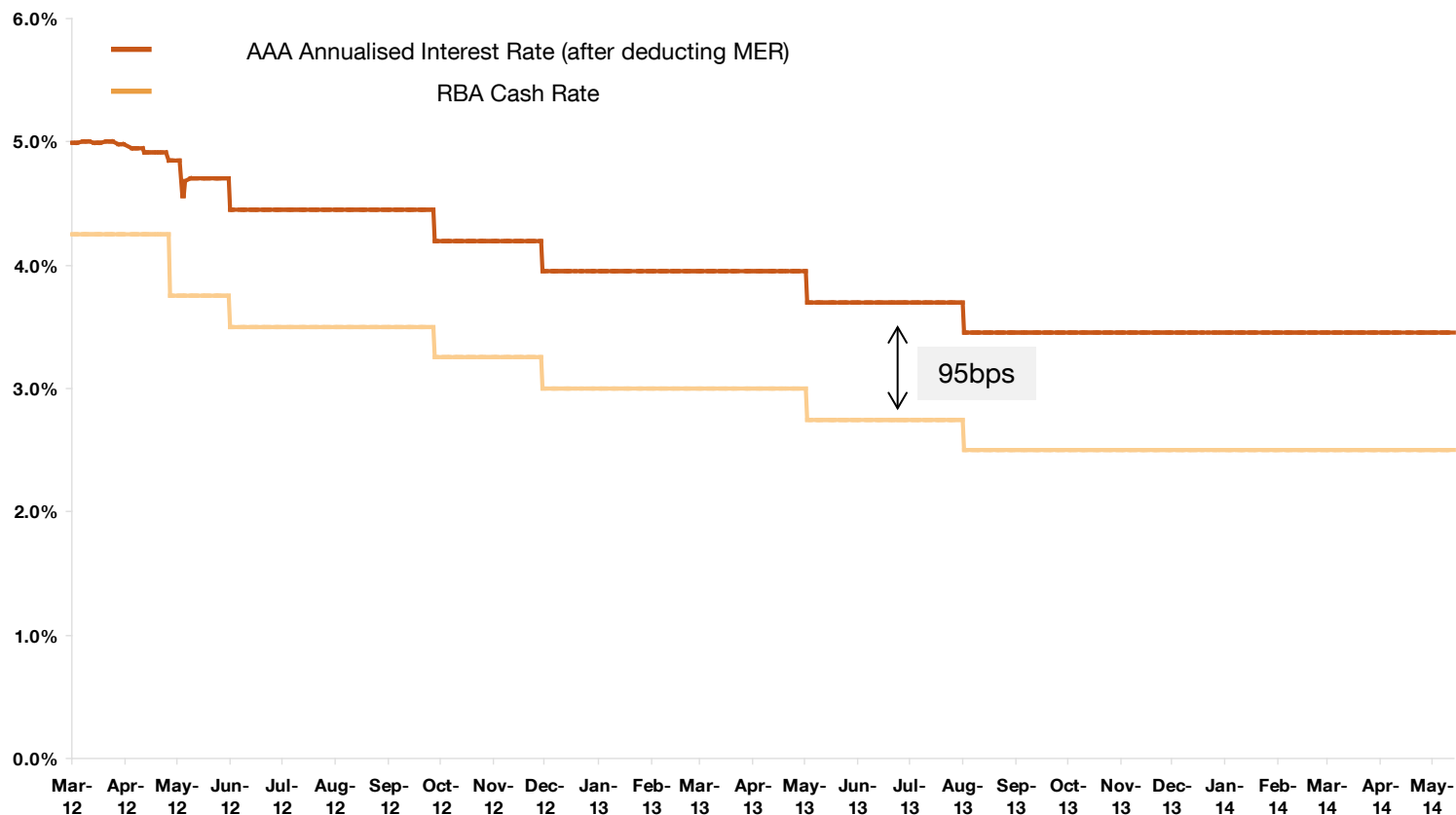
BetaShares High Interest Cash ETF (AAA)	Avg. 1 year term deposit ⁽¹⁾	Avg. Online Savings Account Rate ⁽¹⁾	Wrap – Cash Savings Account ⁽²⁾	RBA Cash Rate/ 11AM Accounts	Avg. 1 month term deposit ⁽¹⁾	Avg. Online Broker Cash Account ⁽³⁾
3.45% (net)	3.25%	2.50%	2.51%	2.50%	2.50%	1.63%

Rate earned on AAA's bank account deposits. Includes AAA's management costs. Rate is variable. Current rate available at www.betashares.com.au
 (1) Average rate offered by major Australian banks (2) Average of current rate offered by three major providers(3) Average of rate offered by Comsec and E*Trade
 Source: Bank websites, wrap websites

Annualised Interest Rate earned by BetaShares Cash ETF since inception



Annualised Interest Rate earned by BetaShares Australian High Interest Cash ETF (ASX: AAA) after deducting Management Expense Ratio: Inception to 19 May 2014



Source: Bloomberg, BetaShares

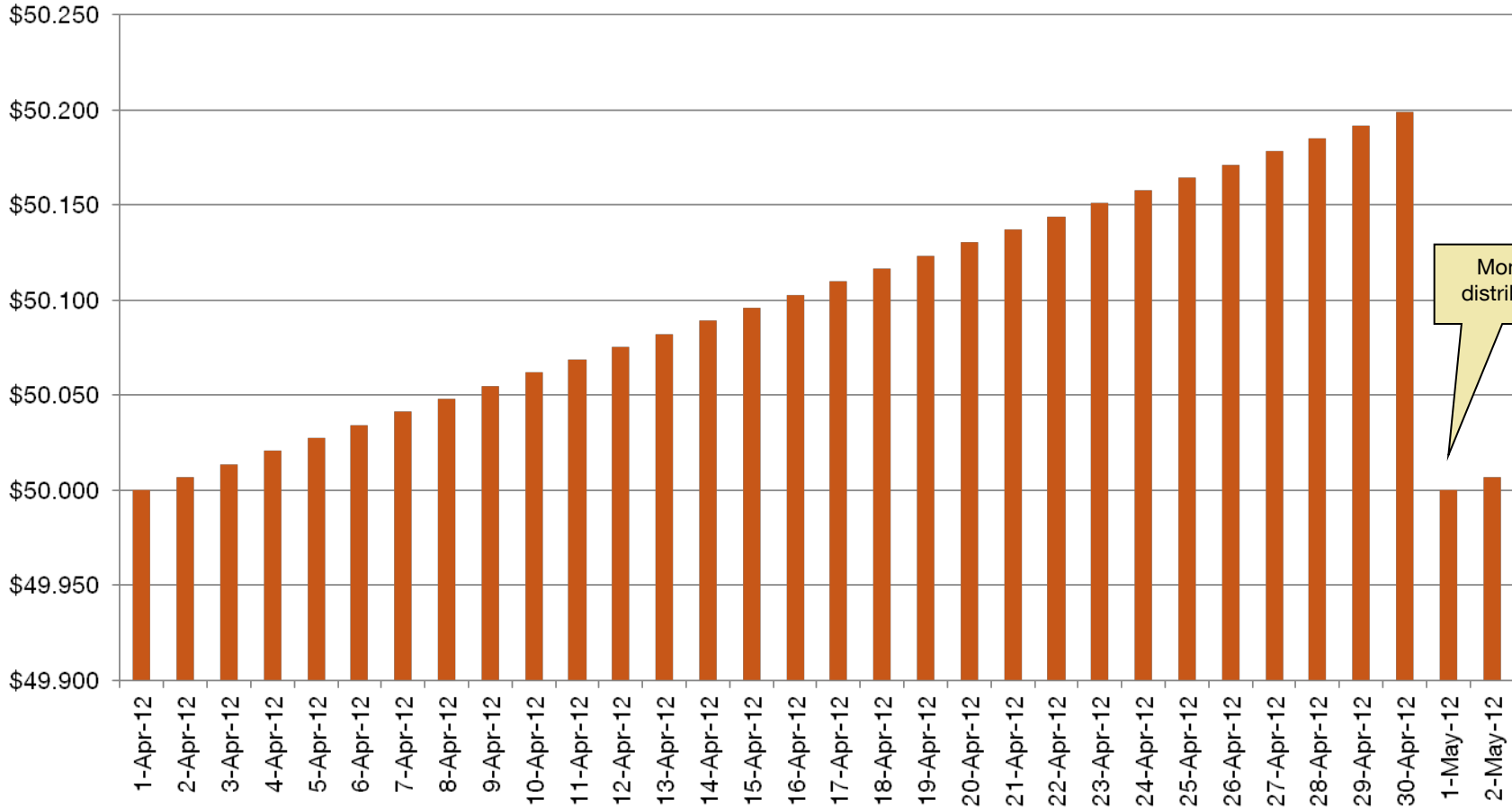
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Daily NAV of BetaShares Australian High Interest Cash ETF



Key Points



1. ETF Market in Australia

- **Recent growth rates expected to continue**
- **Increasingly used for both strategic and tactical allocations by both institutional investors and financial advisors**

2. Applications for Managed Accounts

- Benefits of ETFs complement those of a Managed Account

3. Application for Investment Portfolios

- Core allocations
- Asset class exposures
- Dynamic / Tactical / Sector Rotation

FOR MORE INFORMATION

Website

Visit www.betashares.com.au

info@betashares.com.au

Blog: www.betasharesblog.com.au

Twitter: [@betashares](https://twitter.com/betashares)

1300 487 577 (within Australia)

+61 2 9290 6888 (outside Australia)

ETFs: Bid/Ask Spread



USD \$9.570 ↑ \$0.010 (0.10%) [Add to Watchlist](#) | [Add to Alert](#)

BETASHARES US DOLLAR ETF UNITS

Warrant Quote

Bid (\$)	Offer (\$)	High (\$)	Low (\$)	Volume	Trades	Value (\$)	Open (\$)	Previous Close (\$)
9.600	9.620	9.590	9.570	3,210	6	30,746	9.570	9.560

Market Depth

Buyers			Sellers		
No.	Volume	Price (\$)	Price (\$)	Volume	No.
1	75,000	9.600	9.620	55,000	1
1	55,000	9.590	9.630	75,000	1
3	6,570	9.520	9.740	500	1
1	260	9.510	9.760	174	1
2	5,458	9.500	9.770	500	1
8 buyers for 142,288 units			5 sellers for 131,174 units		

- Preferable not to trade ETFs at market open or at end of the day
- Prior to trading check Bid/Ask spread and market depth
- Prior to executing trade, check Live iNAV available on issuer websites or IRESS
- Live iNAV should be close to current bid/offer



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BACK YOUR VIEW.®

BetaShares > Products > U.S. Dollar ETF

U.S. Dollar ETF (USD)

BetaShares U.S. Dollar ETF (USD)

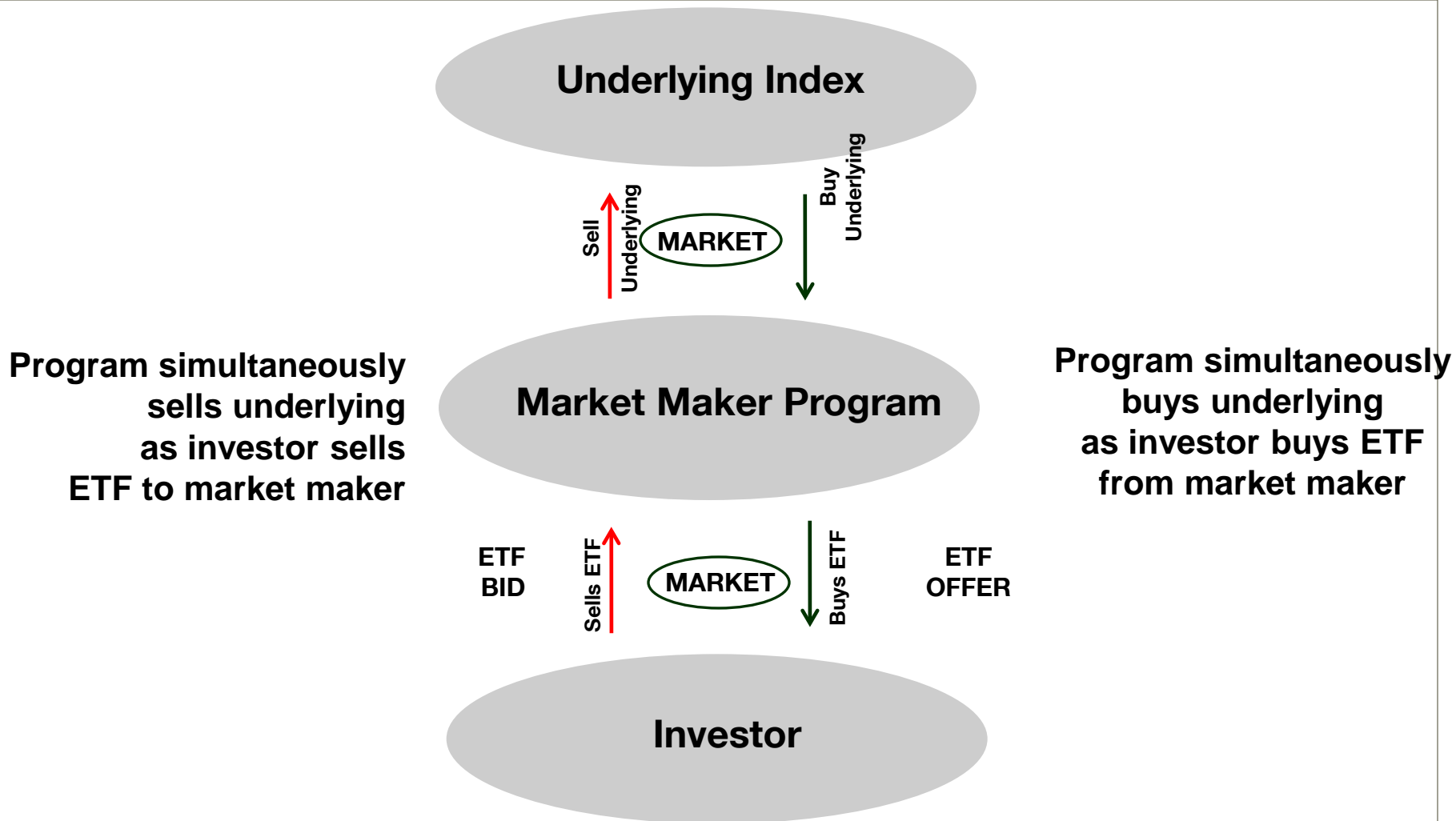
Objective

Aims to track the change in price of the United States dollar relative to the Australian dollar, b

For example, if the US\$ goes up 10% against the A\$ (i.e. the A\$ falls in value) the ETF is des

Overview	Key Facts	Performance	Distributions	Resources
Pricing Information - 26-Oct-2012				
Current Price		NAV		
Last Trade*	\$9.57	NAV/Unit*	\$9.58	
% Change (prev day)	0.10%	*As of close of previous trading day		
Bid* (delayed)	\$9.58	FX Spot Prices *		
Offer* (delayed)	\$9.61	1 AUD	USD\$1.0316	
iNAV* (delayed)	\$9.607	1 USD	AUD\$0.9694	
*Data is delayed by at least 20 minutes.		*iNav based on above rate.		
iNAV (live)	\$9.621			
What is an iNAV ?				

Market Making Process



ETF Arbitrage Mechanism

