

BetaShares Australian Equities Bear Hedge Fund Annual Hedge Fund Report

as at 31 December 2020

Fund's investment objective:	To help investors profit from, or protect against, a declining Australian share market by seeking to generate returns that are negatively correlated to the returns of the Australian share market (as measured by the S&P/ASX 200 index).	
The Fund's actual asset allocation:	Cash equivalent investments: 100% Exchange traded derivatives (short ASX SPI 200 futures exposure): -97.58%	
The liquidity profile of the Fund's assets: (The estimated time required to sell an asset at the value ascribed to that asset in the Fund's most recently calculated net asset value)	Time to liquidate: 0-3 days 3+ days	Percentage of Fund: 100% 0%
The maturity profile of the Fund's liabilities: The Fund's material liabilities comprise any amounts payable in respect of the short ASX SPI 200 futures positions.	Maturity: 0-3 days 3+ days	Percentage of Fund: 0% 0% As at 31 December 2020 the Fund had no liabilities in respect of its futures positions
The Fund's gearing (leverage) ratio:	Not applicable. The Responsible Entity does not enter into any borrowing, or use any other instrument (including derivatives), for the purposes of leveraging the Fund. While market movements may cause the Fund to be slightly leveraged on a given day, the Responsible Entity has adopted portfolio management guidelines which aim to restrict any potential leverage (resulting from market movements) to no more than 10% of the Fund's net asset value at any time. As at 31 December 2020, the Fund was not leveraged due to market movements.	
Derivative counterparties engaged:	As disclosed in the Fund's PDS, the names of the Fund's derivatives counterparties (being clearing brokers which the Fund uses to buy or sell exchange-traded derivatives) are not disclosed in the Fund's periodic reporting to investors, because this information may change from time to time and is considered commercial-in-confidence. The Responsible Entity only deals in ASX exchange-traded derivatives with counterparties which are licensed ASX market participants. The Responsible Entity's criteria for selecting counterparties include that they must have, as a minimum, a long term investment grade credit rating from a major credit ratings agency. The central counterparty for clearing exchange-traded derivatives is ASX Clearing Corporation (or a subsidiary) – this central clearing service is intended to reduce counterparty risk.	

The Fund's investment returns (period ending 31 December 2020)*:	1 year: 5 years: Since inception: (6 July 2012)	-11.66% -9.30% p.a. -9.13% p.a.
Any change in key service providers to the Fund:	No changes.	

*Returns are calculated in Australian dollars using net asset value per unit at the start and end of the specified period and do not reflect 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 tax paid as an investor in the Fund. Returns for periods longer than one year are annualised.

Current performance may be higher or lower than the performance shown. Past performance is not an indication of future performance.

Investors should note that the Fund's portfolio exposure is actively monitored and adjusted to stay within a -0.9x to -1.10x range on any given day. The Fund's returns will not necessarily be in the range -0.9x to -1.10x over periods longer than a day, due to the effects of rebalancing and compounding of investment returns over time.

The Fund's strategy of seeking returns that are negatively correlated to market returns is the opposite of most managed funds. The Fund does not track a published benchmark. The Fund involves risks that are not present in most traditional equity funds.

An investment in the Fund should only be considered as a component of an investor's overall portfolio.

Investors in the Fund should actively monitor and manage their investment on a frequent basis to ensure it continues to meet their investment objectives, and should consider whether to limit their holding period or rebalance their investment to maintain their desired level of exposure and mitigate the effects of compounding.

Potential investors in the Fund should consider their particular investment objectives and circumstances, including their tolerance for investing in a higher risk fund, in consultation with a professional financial adviser before making an investment decision.

IMPORTANT INFORMATION: This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the issuer of the Fund. It is general information only and does not take into account any person's objectives, financial situation or needs. The information does not constitute an offer of, or an invitation to purchase or subscribe for securities. You should read the relevant PDS and ASX announcements and seek professional legal, financial, taxation, and/or other professional advice before making an investment decision regarding any BetaShares Funds. For a copy of the PDS and more information about BetaShares Funds go to www.betashares.com.au or call 1300 487 577.

Units in BetaShares Funds trade on the ASX at market prices, not at NAV. An investment in any BetaShares Fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. Neither BetaShares Capital Ltd nor BetaShares Holdings Pty Ltd guarantees the performance of any Fund or the repayment of capital or any particular rate of return. Past performance is not an indication of future performance.