

# GEARED FUNDS

## What Are Geared Funds?

Geared funds, also known as leveraged and inverse funds, are useful tools that can help knowledgeable investors build more resilient portfolios by offering efficient ways to manage risk and enhance returns. Available as ETFs or as mutual funds, geared funds are a type of index fund that aims to deliver a multiple or an inverse multiple of the return of a given index. Geared funds have served institutions, financial professionals and knowledgeable investors for more than twenty years and have proven their value and durability in all types of market conditions.

### Facts About Geared Funds

- Geared mutual funds have been available to U.S. investors since 1993. Geared ETFs have been available since 2006.
- Today, geared funds are available to investors in 19 countries across North America, Europe and Asia.
- Global geared funds assets: \$56.1 billion.<sup>1</sup>
- U.S. geared funds assets: \$37 billion.<sup>2</sup>
- There are 276 geared funds listed in the United States.<sup>1</sup>
- For more than two decades, the Securities and Exchange Commission has overseen geared funds under the framework of the Investment Company Act of 1940.
- Geared funds are designed to maintain a constant level of exposure to the indexes that they track from one trading day to the next.
- Most geared funds are exchange-traded, which means that they are
  - Liquid;
  - Transparent;
  - Cost effective; and
  - Tax efficient.

<sup>1</sup>Source: Morningstar, as of October 30, 2015

<sup>2</sup>Source: Bloomberg, as of December 7, 2015