

Betashares Dynamic Managed Accounts Report

Period ending February 2026

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1. Economic & Market Review

The global economic backdrop remained broadly supportive over the period, with resilient economic growth and modestly lower bond yields helping underpin investor sentiment. Against this backdrop, global financial markets delivered further positive returns, although not without bouts of volatility.

Several cross-currents also emerged. Rising geopolitical tensions, encouraging policy developments outside of the United States, higher energy prices and growing uncertainty around the artificial intelligence (AI) boom contributed to a notable **rotation in global equity markets** away from the United States and growth sectors such as technology, toward **non-US markets and more value-orientated sectors**, such as materials, energy and consumer staples. This was also associated with a weakening in the US dollar.

The MSCI All Country World Index returned 4.7% in local currency terms over the period, though declined by 2.0% in unhedged \$A terms due to strength in the Australian dollar. Australia's S&P/ASX 200 index returned 4.1%.

MSCI All Country World Index (local currency)



Source: LSEG Datastream.

In bond markets, the Bloomberg Global Aggregate Bond Index returned 1.4% (\$A hedged terms), while in Australia the Bloomberg AusBond Composite Index returned 0.5%.

United States

In the **United States**, the longest federal government shutdown in history finally ended, allowing the resumption of major economic data releases. These generally suggested the economy continued to perform reasonably well, supported in part by the ongoing **AI investment boom**, although inflation remained somewhat sticky due to earlier tariff increases and there were emerging signs of softening in the labour market.

Reflecting this softer labour market backdrop, the **US Federal Reserve** cut the target range for the federal funds rate for a third consecutive policy meeting in December to **3.5 - 3.75%**, although it left policy unchanged at its January meeting.

US Federal Funds Target Range (Mid-point)



Source: LSEG Datastream.

The latest **US earnings reporting season** also remained broadly supportive for markets, with the share of companies beating market expectations only slightly below the long-run average.

Toward the end of the period, the **US Supreme Court** invalidated several of President Trump's tariffs. Financial markets responded calmly, with the administration introducing temporary tariff measures to maintain government revenue.

Meanwhile, geopolitical tensions between the **United States and Iran** intensified, contributing to a **14% rise in the US-dollar oil price**. The Iran situation is discussed further in the forward-looking **Portfolio Positioning** section below.

In the AI sector, major US technology companies continued to commit substantial investment to **data centres and semiconductors**. While this spending is currently supporting economic growth and corporate earnings, investor concerns around the eventual monetisation of AI and its broader economic disruption have intensified.

Other global regions

Outside the United States, market performance was generally supported by an improving policy outlook.

In **Europe**, easing inflation pressures and growing expectations that the **European Central Bank** may begin lowering interest rates later this year supported investor sentiment. The prospect of additional fiscal stimulus - particularly in **Germany** - also helped underpin regional equity markets.

In **Japan**, national elections in February strengthened the ruling **Liberal Democratic Party's** position in parliament, reinforcing expectations that fiscal stimulus and structural economic reforms will continue.

Emerging market equities also benefited from a weaker US dollar and policy measures in **China** aimed at stabilising the property sector and supporting broader economic activity.

Australia

Closer to home, the **Reserve Bank of Australia** raised the cash rate by **0.25% to 3.85% in February**, following the renewed lift in underlying inflation during the second half of 2025. A firm January CPI report and solid December-quarter economic growth reinforced the view that inflation pressures remain persistent, leaving open the possibility of further policy tightening.

At the same time, **firm global commodity prices and solid domestic demand** contributed to an encouraging upgrade in the Australian corporate earnings outlook, with both resource and financial companies enjoying solid earnings revisions over the period.

2. Portfolio Performance¹

Overview

The balanced dynamic asset allocation (DAA) portfolio returned **2.7% over the three months to end-February 2026**, modestly outperforming the strategic benchmark return of **2.1%**. Returns across Growth assets¹ amounted to **3.3%**, ahead of the **2.1%** return across Defensive assets.

February Quarter 2026 (Quarterly performance)

	% return Qtr	Balanced Portfolio Weights As at end of November 2025		+/-
		SAA	DAA	
Defensive Assets*	2.1%	50.00%	50.00%	
Cash (AAA)	0.9%	5.00%	0.0%	-5.00%
Aust. Floating-Rate Bonds (QPON)	1.2%	4.50%	5.00%	0.50%
Aust. Fixed-Rate Bonds (OZBD)	0.7%	22.50%	23.50%	1.00%
Global Bonds (WBND)	1.3%	18.00%	19.00%	1.00%
Gold (QAU)	23.5%	2.50%	2.50%	2.50%
Growth Assets*	3.3%	50.00%	50.00%	
Aust. Equities (A200)	7.6%	10.00%	10.00%	
Aust. Equities (QOZ)	12.6%	5.00%	5.00%	
Aust. Equities (AQLT)	3.5%	2.50%	2.50%	
Aust. Equities (MTUM)	4.3%	2.50%	2.50%	
US Equities (QUS)	-1.2%	3.75%	3.75%	
US Equities (VTS)	-7.0%	8.25%	8.25%	
Non-US Equities (VEU)	5.6%	6.00%	6.00%	
Global Equities (QLTY)	-3.7%	3.00%	3.00%	
Global Equities (HGBL)	3.1%	6.50%	6.50%	
Global Infrastructure (GLIN)	9.9%	2.50%	2.50%	
Quarterly % return	2.1%	2.1%	2.7%	

*Defensive and growth asset returns are based on DAA weights.

Portfolio outperformance largely reflected the overweight position in gold within defensive assets, with the **currency-hedged US gold bullion ETF (QAU)** delivering a very strong **23.5%** return over the period.

Balanced Portfolio: Performance Attribution

Balanced Dynamic Portfolio	Qtr	6-months	1-year	3-years	5-years
Return performance					
SAA Passive	1.8%	3.1%	8.7%	9.9%	6.4%
SAA	2.1%	3.4%	9.1%	10.1%	6.5%
Smart Beta contribution	0.3%	0.3%	0.3%	0.2%	0.1%
DAA	2.7%	4.6%	10.8%	10.7%	6.9%
DAA contribution	0.6%	1.2%	1.8%	0.6%	0.4%
DAA Performance attribution**					
Growth vs. Defensive	0.0%	0.1%	0.2%	0.0%	0.0%
Intra defensive	0.6%	1.0%	1.5%	0.6%	0.4%
Intra growth	0.0%	0.0%	0.0%	0.0%	0.0%

Past performance is not an indicator of future performance.

**Growth vs. defensive refers to broad dynamic tilts between growth and defensive assets. Intra-defensive and intra-growth refer to tilts within each broad asset type. Attribution equals the difference in each ETF's quarterly return vs. overall SAA portfolio return multiplied by the difference between that ETF's DAA and SAA weights. Past performance is not an indicator of future performance.

Defensive Assets

As noted above, defensive assets returned **2.1%** over the period, reflecting modest gains in cash and bond returns along with a very large rise in gold prices.

US monetary policy expectations held broadly steady over the period, with markets continuing to imply around two further Federal Reserve rate cuts this year. Against this backdrop, **global bond yields eased marginally**, with the yield on the **Bloomberg Global Aggregate Bond Index (\$A hedged)** declining **0.06% to 3.38%**.

In contrast, **Australian monetary policy expectations tightened**, with markets increasingly pricing the risk of further policy tightening by the Reserve Bank of Australia. As a result, local bond yields bucked the global trend, with the yield on the **Bloomberg AusBond Composite Index** rising **0.22% to 4.61%**.

¹Growth, Defensive, Australian and Global Aggregate returns are based on DAA benchmark ETF weights for the Balanced managed accounts. Past performance is not an indicator of future performance.

The modest decline in global bond yields helped support bond prices, producing a **1.3% return** for the global bond ETF (**WBND**). By contrast, the rise in local bond yields constrained the return on domestic fixed-rate bonds (**OZBD**) to **0.7%**.

Cash (**AAA**) and Australian bank floating-rate bonds (**QPON**) delivered returns of **0.9%** and **1.2%**, respectively. Meanwhile, the gold ETF (**QAU**) returned **23.5%**, supported by a weaker US dollar and simmering geopolitical tensions.

Growth Assets

Growth assets returned **3.3%** over the period. Weakness in the US equity market and a firmer Australian dollar tended to dampen returns from global equities, particularly on an unhedged basis. By contrast, **Australian equities and currency-hedged global equities** performed relatively well.

At a broad level, **developed market currency-hedged equities (HGBL)** returned **3.1%**, reflecting especially strong gains in **non-US markets such as Japan and Europe**. Global equity returns were supported by further solid growth in **corporate earnings**, although this was partly offset by a modest decline in **price-to-earnings valuations** amid geopolitical tensions and growing uncertainty surrounding the outlook for AI.

A firmer **Australian dollar** weighed on returns from **unhedged US equities (VTS)**, which declined **7.0%**, even though the **S&P 500** rose **0.7%** in **US dollar terms** over the period. **Unhedged non-US equities (VEU)** – which include some exposure to emerging markets – nevertheless delivered a solid **5.6% return**.

Global infrastructure (GLIN) also benefited from the rotation away from US technology stocks, returning **9.9%** over the period.

Despite rising domestic interest rate expectations, Australian equities performed strongly, supported by an upgrade in corporate earnings. The **A200** ETF returned **7.6%**, reflecting both growth in forward earnings and a modest lift in market valuations.

Among **smart beta exposures**, the rotation toward value was evident over the period, with relatively strong performance from the **equally weighted US equity ETF (QUS)** and the **fundamentally weighted Australian equity ETF (QOZ)** compared with their market-capitalisation weighted counterparts. By contrast, **quality and momentum strategies** delivered relatively weaker performance over the period.

Managed Account ETF Historic Returns

	Qtr	Prev. qtr	6-months	12-months
Defensive Assets	2.1%	1.5%	3.6%	7.1%
Cash (AAA)	0.9%	0.9%	1.9%	3.9%
Aust. Bonds	0.7%	-0.5%	0.2%	3.6%
Aust. Floating-Rate Bonds (QPON)	1.2%	1.1%	2.3%	4.9%
Aust. Fixed-Rate Bonds (OZBD)	0.7%	-0.6%	-0.0%	3.5%
Global Bonds (WBND)	1.3%	1.5%	2.9%	
Gold, \$US (QAU)	23.5%	21.7%	50.3%	77.6%
Growth Assets	3.3%	2.2%	5.5%	14.4%
Aust. Equities	7.9%	-2.4%	5.3%	18.9%
Aust. Equities (A200)	7.6%	-3.1%	4.3%	16.5%
Aust. Equities (QOZ)	12.6%	-0.1%	12.5%	27.2%
Aust. Equities (AQLT)	3.5%	-3.0%	0.4%	16.8%
Aust. Equities (MTUM)	4.3%	-4.0%	0.1%	14.3%
Global Equities	-0.7%	5.2%	4.4%	10.4%
US Equities (QUS)	-1.2%	1.7%	0.5%	0.6%
US Equities (VTS)	-7.0%	5.8%	-1.6%	2.1%
Non-US Equities (VEU)	5.6%	5.3%	11.2%	22.3%
Global Equities (QLTY)	-3.7%	4.1%	0.3%	1.6%
Global Equities (HGBL)	3.1%	6.5%	9.8%	19.2%
Global Infrastructure (GLIN)	9.9%	4.4%	14.7%	21.5%

Past performance is not an indicator of future performance.

3. Portfolio Positioning

Summary of Key Investment Themes - as at end of February 2026

Investment Theme	Investment Strategy	Comment / Analysis
Good fundamentals vs. short-run geopolitical & AI risk	Neutral Growth vs Defensive Assets	After a strong run in global equity markets, some emerging concerns around the AI boom and an upsurge in geo-political risk suggests retention of a neutral Growth asset exposure remains prudent for the time being. A still solid global earnings outlook and our central-case expectation of resilient global economic growth argues against going underweight Growth assets.
US rate cuts and downside protection	Overweight Gold and fixed-rate bonds within Defensive Assets	Likely further US rate cuts should support gold and fixed-rate bond prices. Gold and fixed-rate bonds also offer useful downside protection in a risk-off market move.
High US equity valuations & tech/AI exposure	Underweight unhedged US equities relative to hedged global equities	With the US market more exposed to the technology sector and still trading at relatively high valuations, it is potentially more at risk over at least the short-run from growing fears around AI monetisation and disruption. US rates cuts and an expected further weakening in the US dollar also supports an overweight to hedged global equities.

At its recent meeting, the Investment Committee concluded that maintaining the current **neutral Growth versus Defensive asset exposure** remained appropriate. In making this decision, the Committee noted a global economic backdrop that remains broadly supportive of markets, yet with increasing risk in several areas.

Globally, the good news is that the **US government shutdown ended**, while concerns related to US tariffs have eased somewhat - although the recent **US Supreme Court decision** introduces new risks and uncertainties for the global trade outlook.

A broadly easing trend in global inflation also means most central banks retain a **neutral to easing policy bias**, which in turn has limited the upside risk to bond yields despite ongoing concerns around rising public debt. Steady to slightly lower bond yields have helped support both **fixed-rate bond returns** and **global equity valuations**, which remain historically elevated. The global economic and corporate earnings outlook also remains reasonably robust, supported recently by growing signs of **fiscal stimulus outside the United States**.

The bad news is that **geopolitical risks have intensified**, with an escalation of hostilities involving **Iran, the United States and Israel**. At the time of writing, the escalation in hostilities has resulted in disruption to the 20% of global oil and LNG trade that flows through the Strait of Hormuz, resulting in a surge in energy prices.

West Texas Intermediate (WTI), Oil Price, \$US/barrel



Source: LSEG Datastream.

Our judgement, however, is that these hostilities are likely to prove relatively short-lived. Given the rising costs to both the Iranian regime and President Trump should tensions continue to

escalate, it would appear to be in both parties' interests to reach some form of agreement before long.

Issues surrounding the **AI investment boom** are also evolving. What was once viewed as an unambiguously positive development for markets - due to the boost to technology demand and potential productivity gains - now presents a more mixed picture. Investors are increasingly concerned about the potential difficulty of **monetising returns from the large wave of AI investment**, as well as the **possible disruption AI poses to the business models of many established companies**. While we consider many of these disruption concerns to be overblown, markets may remain cautious until companies can prove their doubters wrong.

Turning to **Australia**, the recent upgrade to corporate earnings expectations is encouraging. However, potential inflationary bottlenecks could pose risks to both economic growth and corporate earnings should the **Reserve Bank of Australia** need to tighten policy further. Our judgement, however, is that part of the recent increase in inflation reflects **one-off factors** and that, together with a likely further RBA rate hike by May, inflation should moderate sufficiently without causing undue damage to economic growth or corporate profitability.

While retaining an overall neutral allocation to Growth assets, the Committee noted that many of the current global risk factors appear particularly concentrated in the **United States**. Given the US market's still relatively elevated valuation relative to other global markets, this could leave it somewhat more vulnerable to further equity market underperformance. The Committee also judged that such underperformance, along with additional **US interest rate cuts**, could place further downward pressure on the **US dollar**.

Accordingly, the Committee agreed to **modestly underweight unhedged US equities (VTS)** in favour of **currency-hedged global equities (HGBL)**.

Within Defensive assets, the Committee retained its **overweight position in gold and, to a lesser extent, fixed-rate bonds relative to cash**. Both gold and fixed-rate bonds should benefit from likely further US interest rate cuts and also provide valuable diversification should a more pronounced **risk-off environment** emerge in equity markets due to increased geopolitical risks.

As noted earlier and post quarter end, conflict between the United States, Israel and Iran escalated significantly. The Committee will continue to monitor developments closely and remains prepared to adjust portfolio exposures as the economic and market outlook evolves.

Annual Strategic Asset Allocation Review

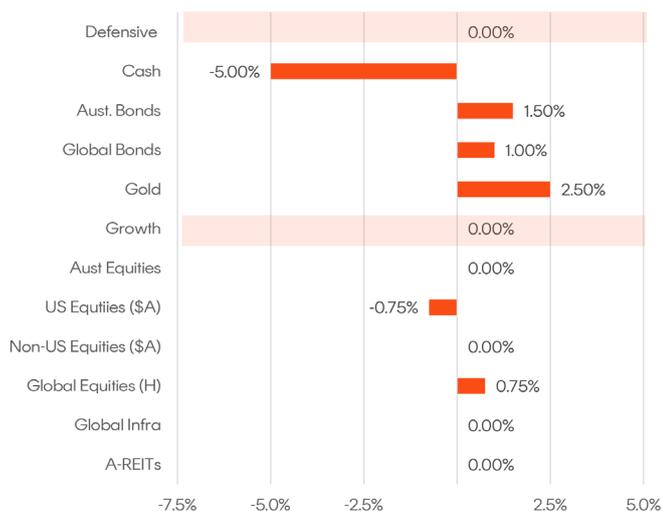
As part of the Annual Strategic Asset Allocation Review, the Committee agreed to a modest adjustment to strategic weights of US, non-US global and Australian equities to realign with global benchmarks and increase exposure to currency hedged global equities.

This was implemented through an increase to currency hedged broad global equities, funded from US equities and Australian equities.

The Committee also agreed to add the Betashares MSCI Emerging Markets Complex ETF (BEMG) to the All-Growth managed account.

No changes were made to the defensive strategic asset allocations.

Balanced Portfolio - Dynamic Tilts, end-February 2026



Details of our annual Strategic Asset Allocation review can be found [here](#).

Investment Committee



David Bassanese
Chief Economist and
Chair of Investment
Committee



Louis Crous
Chief Investment Officer



Thong Nguyen
Head of Equities



Chamath De Silva
Head of Fixed Income



Cameron Gleeson
Senior Investment
Strategist



Daniel Choo
Head of Multi-Asset
Investments

Managed Accounts Weightings (as at end February 2026)

The Dynamic Managed Accounts weights are detailed in the tables below.

Defensive
Growth



Asset Class	ETF	Conservative			Moderate			Balanced		
		DAA	+/-	change	DAA	+/-	change	DAA	+/-	change
Defensive		80.0%			65.0%			50.0%		
Cash	AAA	5.00%	-10.00%		5.00%	-5.00%			-5.00%	
Aust. Bonds - Floating	QPON	8.50%	2.00%		6.00%	0.50%		5.00%	0.50%	
Aust. Bonds	OZBD	35.25%	2.75%		28.50%	1.00%		23.50%	1.00%	
Int. bonds	WBND	28.75%	2.75%		23.00%	1.00%		19.00%	1.00%	
Gold (\$US)	QAU	2.50%	2.50%		2.50%	2.50%		2.50%	2.50%	
Growth		20.0%			35.0%			50.0%		
Int. Infrastructure	GLIN							2.50%		
Aust. Equities	AQLT	2.50%			2.50%			2.50%		
Aust. Equities	QOZ	2.50%			4.50%			4.50%	-0.50%	
Aust. Equities	MTUM							2.50%		
Aust. Equities	A200	3.00%			7.00%			9.50%	-0.50%	
Int. Equities	QLTY	2.50%			2.50%			3.00%		
Int. Equities	BGBL									
Int. Equities	HGBL	3.50%			6.75%	0.50%	0.50%	9.25%	0.75%	2.75%
US Equities	QUS				2.75%			3.25%		-0.50%
US Equities	VTS	3.50%			4.75%	-0.50%	-0.75%	7.00%	-0.75%	-1.25%
Non-US Equities	VEU	2.50%			4.25%		0.25%	6.00%		
Non-US Equities	BEMG**									
Total		100%			100%			100%		
MER¹		0.20%			0.19%			0.19%		

**Entering models for 1st time

Defensive
Growth



Asset Class	ETF	Growth			High Growth			All Growth	
		DAA	+/-	change	DAA	+/-	change	DAA	change
Defensive		30.0%			10.0%				
Cash	AAA								
Aust. Bonds - Floating	QPON	2.50%	-0.50%						
Aust. Bonds	OZBD	14.00%	-1.00%		10.00%				
Int. bonds	WBND	11.00%	-1.00%						
Gold (\$US)	QAU	2.50%	2.50%						
Growth		70.0%			90.0%			100.0%	
Int. Infrastructure	GLIN	3.00%			3.50%			3.75%	
Aust. Equities	AQLT	4.00%		-0.25%	5.25%			5.75%	-0.25%
Aust. Equities	QOZ	7.00%			8.75%		-0.25%	9.75%	
Aust. Equities	MTUM	2.75%			3.50%		-0.25%	4.00%	-0.25%
Aust. Equities	A200	13.00%		-1.00%	17.00%		-1.00%	19.00%	-1.00%
Int. Equities	QLTY	4.25%			5.25%			5.75%	
Int. Equities	BGBL							19.00%	-5.25%
Int. Equities	HGBL	13.00%	1.00%	3.50%	16.75%	1.25%	4.25%	18.75%	4.50%
US Equities	QUS	4.75%		-0.75%	6.00%		-1.00%	7.00%	-1.00%
US Equities	VTS	9.75%	-1.00%	-1.50%	12.75%	-1.25%	-2.00%		
Non-US Equities	VEU	8.50%			11.25%		0.25%	4.25%	0.25%
Non-US Equities	BEMG**							3.00%	3.00%
Total		100%			100%			100%	
MER¹		0.18%			0.16%			0.18%	

**Entering models for 1st time

1. These are the weighted average management costs of the underlying funds in the managed accounts and can be expected to change over time as asset allocations and underlying investment vehicles change. These costs do not include certain other costs, such as any transaction costs (e.g. brokerage and bid-offer spreads) that might be incurred when implementing managed accounts.

Betashares Managed Accounts: Performance Summary

The historical performance of the Strategic and Dynamic Managed Accounts is detailed in the table below.

	Conservative	Moderate	Balanced	Growth	High Growth	All Growth
Strategic (Benchmark) Managed Accounts						
<i>Total Return Performance¹</i>						
3-months	1.3%	1.7%	2.1%	2.6%	2.9%	
6-months	2.2%	2.9%	3.4%	4.2%	4.8%	
12-months	6.1%	7.6%	9.1%	11.2%	13.2%	
3-year	6.7%	8.3%	10.1%	12.4%	14.7%	
5-year	3.2%	4.8%	6.5%	8.8%	11.3%	
Since incept. ²	3.7%	5.1%	6.4%	8.0%	9.9%	
Volatility ²	3.1%	4.3%	5.8%	7.8%	10.3%	
Net Yield ³	3.2%	3.0%	2.7%	2.4%	2.1%	
Gross Yield ³	3.3%	3.1%	2.9%	2.6%	2.4%	
Dynamic Managed Accounts						
<i>Total Return Performance¹</i>						
3-months	1.9%	2.3%	2.7%	3.1%	2.9%	2.7%
6-months	3.6%	4.1%	4.6%	5.4%	5.0%	5.0%
12-months	8.2%	9.5%	10.8%	13.0%	13.6%	13.8%
3-year	7.5%	9.1%	10.7%	13.1%	14.8%	15.7%
5-year	3.7%	5.3%	6.9%	9.2%	11.2%	12.3%
Since incept. ²	3.9%	5.2%	6.4%	8.0%	9.6%	10.7%
Volatility ²	3.3%	4.4%	5.9%	7.9%	10.3%	11.5%
Net Yield ³	3.1%	2.9%	2.6%	2.3%	2.0%	2.3%
Gross Yield ³	3.2%	3.0%	2.7%	2.5%	2.3%	2.6%

1. Portfolios are rebalanced on a quarterly basis.

2. Since inception 31 December 2015

3. Trailing 12-months, as at 28 February 2026

Past performance is not an indicator of future performance.

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