

Betashares Dynamic Managed Accounts Report

Period ending August 2025

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1. Market Review

Financial markets settled down over the recent three-month period, with less volatility than exhibited over the first half of this year. Importantly, following a series of trade deal announcements, there's now greater clarity around US trade policy, with estimates suggesting the average US tariff level has lifted from 2.5% at the start of the year to around 18%*. Significant tariff levels still exist between the US and China – though less than threatened earlier this year – and both countries have agreed to keep talking.

Other key developments over the period included ongoing solid US corporate earnings performance, a “dovish pivot” by the US Federal Reserve to signal near-term interest rate cuts, and still only limited effects of higher US tariffs on global economic growth or inflation.

The US June quarter earnings reporting season was generally upbeat. According to FactSet, 81% of companies in the S&P 500 Index beat earnings estimates, which was above the 10-year average of 75%. During the reporting season, the forecast for S&P 500 earnings per share growth for the year ending June 2025 was revised upward from 4.8% to 11.9%.

US inflation, however, remained sticky at above the Federal Reserve 2% target level – although there's been little sign yet of a major acceleration in consumer price inflation due to higher US tariffs on imports. The core private consumption deflator (i.e. excluding food and energy) rose 0.3% in July, lifting the annual rate from 2.8% to 2.9%. While higher prices due to tariffs are evident in certain areas – such as household appliances, furniture, and toys – the overall rise in goods inflation has remained relatively modest, with services still the main driver of persistently firm inflation.

US 10-year Government Bond Yield



Source: LSEG Datastream.

Despite sticky inflation, a major development in the month was a speech by Federal Reserve chair Jerome Powell at the Jackson Hole symposium, in which he signaled a likely cut in interest rates at the September policy meeting. Chief among the Fed's concerns were a slowing in employment growth over recent months, which added to downside economic risks and warranted a less restrictive monetary policy setting. Heightened US rate cut expectations help to boost stock prices, while lowering bond yields and the US dollar.

In Australia, a further easing in annual “trimmed mean” underlying inflation to 2.7% in the June quarter led the Reserve Bank to cut interest rates at the August policy meeting to 3.6%. Australian economic growth is gradually recovering, with 0.6% growth in the June quarter.

Consumer spending has firmed a little, while public demand has shifted down. Growth in business investment and housing construction remains modest. Underlying monthly employment growth appears to have slowed, though the unemployment rate has held steady at just over 4%.

Unlike in the United States, the local earnings reporting season for the second half of the 2024-25 financial year was patchy, with an overall modest downgrade to estimated growth in earnings for last financial year.

All up, the MSCI All-Country World Equity Index returned a solid 8.2% in local currency terms, underpinned by a 5.1% gain in the price-to-forward earnings (PE) ratio to 19.0 and a 2.8% lift in forward earnings. A firmer Australian dollar meant a smaller gain in global equities of 6.7% in unhedged Australian dollar terms.

US gains were marginally stronger, with the S&P 500 returning 9.6% while the MSCI ex-US Equity Index returned 6.1% in local currency terms. Gains in emerging markets and Japan were again relatively strong, with Europe again acting as a laggard.

MSCI All Country World Equity Return Index



Source: Refinitiv. *MSCI All Country World Index Return (Local currency).

A small overall decline in global bond yields produced a small positive gain for global fixed-rate bonds. US 10-year bond yields fell 0.17% to 4.23%, while German and Japanese 10-year bond yields rose by 0.22% and 0.1% respectively. Credit spreads generally contracted further. All up, the yield- to-maturity for the Bloomberg Global Aggregate Bond Index edged down 0.08% to 3.49%. The Bloomberg Global Aggregate Bond Index returned 1.3% in A\$ hedged terms.

Helped by a weaker US\$ dollar, gold prices continued to move higher, with a solid 4.8% gain after a 15.1% gain over the previous three-month period.

Yields on Australian 10-year government bonds and for the Bloomberg Australian Composite Bond Index were broadly steady over the period, resulting in a modest 1% gain Australian Composite Bond Index.

Despite flat forward earnings, Australia's S&P/ASX 200 Index returned 7.0% over the period, helped by a rise in PE ratio to 19.9. Gains were especially strong for energy and resource stocks, which have tended to underperform over the past year.

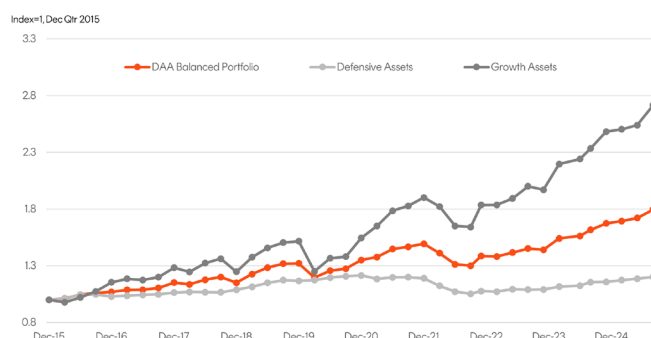
*Yale Budget Lab.

2. Portfolio Review¹

Returns across both Defensive and Growth assets were positive over the period to end-August, though Growth asset returns were notably stronger. Overall Defensive assets returned 1.3%, while Growth assets returned 6.9%.

As a result, the suite of dynamic managed accounts produced modest gains over the period. The Balanced portfolio returned 4.3%, or slightly ahead of its SAA benchmark return – largely reflecting our overweight exposure to growth assets and gold within defensive assets.

Dynamic Balanced Portfolio Performance



Source: Bloomberg, Betashares. Past performance is not an indicator of future performance. Growth and defensive asset returns are based on SAA (balanced) ETF weights.

Among defensive assets, gold performed well, with a return of 3.0% (QAU). Australian fixed-rate bonds (OZBD) returned 1.5%, while global fixed-rate bonds (VBND) returned 1.3%. Australian floating-rate bonds (QPON) returned 1.4%, while cash (AAA) returned 1.0%.

August Quarter 2025 (Quarterly performance)

	% return Qtr	Balanced Portfolio Weights As at end of May 2025		
		SAA	DAA	+/-
Defensive Assets*	1.3%	50.00%	48.00%	-2.00%
Cash (AAA)	1.0%	5.00%		-5.00%
Aust. Floating-Rate Bonds (QPON)	1.4%	4.50%	4.75%	0.25%
Aust. Fixed-Rate Bonds (OZBD)	1.5%	22.50%	22.50%	
Global Bonds (VBND)	1.3%	18.00%	18.25%	0.25%
Gold (QAU)	3.0%		2.50%	2.50%
Growth Assets*	6.9%	50.00%	52.00%	2.00%
Aust. Equities (A200)	7.0%	10.00%	10.00%	
Aust. Equities (QOZ)	10.0%	5.00%	5.00%	
Aust. Equities (AQLT)	10.4%	2.50%	2.50%	
Aust. Equities (MTUM)	7.5%	2.50%	2.50%	
US Equities (QUS)	5.3%	3.75%	3.75%	
US Equities (VTS)	8.1%	8.25%	8.25%	
Non-US Equities (VEU)	5.1%	6.00%	6.00%	
Global Equities (QLTY)	1.2%	3.00%	3.00%	
Global Equities (HGBL)	8.2%	6.50%	8.00%	1.50%
Global Infrastructure (GLIN)	3.1%	2.50%	3.00%	0.50%
Quarterly % return		4.1%	4.3%	

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

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.

Balanced Portfolio: Performance Attribution

Balanced Dynamic Portfolio	Qtr	6-months	1-year	3-years	5-years
Return performance					
SAA Passive	4.0%	5.5%	10.1%	9.8%	6.7%
SAA	4.1%	5.5%	10.1%	9.9%	7.0%
Smart Beta contribution	0.1%	-0.1%	0.0%	0.2%	0.2%
DAA	4.3%	6.0%	11.0%	10.1%	7.0%
DAA contribution	0.2%	0.5%	0.9%	0.2%	0.0%
DAA Performance attribution**					
Growth vs. Defensive	0.1%	0.1%	0.3%	-0.1%	0.0%
Intra defensive	0.1%	0.4%	0.7%	0.3%	0.1%

**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.

Among Growth assets, currency-hedged developed market global equities (HGBL) returned 8.2%. Due to a stronger Australian dollar, overall unhedged global equity returns were weaker, with US equities (VTS) returning 8.1% and non-US equities (VEU) returning 5.1%. Global infrastructure (GLIN) returned 3.1%.

Among "smart beta" global equity exposures, the global quality ETF (QLTY) returns were subdued with a 1.2% return. The equal-weight US stock ETF (QUS) returned 5.3%, also underperforming its market-cap-weighted US counterpart.

Australian equities slightly underperformed global equities over the period, with the A200 ETF returning 7.0%. The fundamentally weighted equity ETF (QOZ) outperformed, with a 10.0% return while Australian quality (AQLT) and momentum (MTUM) also both outperformed with returns of 10.4% and 7.5% respectively.

Managed Account ETF Historic Returns

	Qtr	Prev. qtr	6-months	12-months
Defensive Assets	1.3%	1.1%	2.5%	4.1%
Cash (AAA)	1.0%	1.0%	2.0%	4.3%
Aust. Bonds	1.4%	1.9%	3.3%	5.1%
Aust. Floating-Rate Bonds (QPON)	1.4%	1.1%	2.5%	5.4%
Aust. Fixed-Rate Bonds (OZBD)	1.5%	2.0%	3.5%	5.0%
Global Bonds (VBND)	1.3%	0.0%	1.3%	2.5%
Gold, \$US (QAU)	3.0%	14.7%	18.2%	33.0%
Growth Assets	6.9%	1.5%	8.5%	16.3%
Aust. Equities	8.2%	4.4%	12.9%	16.4%
Aust. Equities (A200)	7.0%	4.4%	11.7%	14.6%
Aust. Equities (QOZ)	10.0%	2.9%	13.1%	15.9%
Aust. Equities (AQLT)	10.4%	5.4%	16.4%	23.5%
Aust. Equities (MTUM)	7.5%	6.2%	14.1%	20.3%
Global Equities	6.3%	-0.8%	5.5%	16.8%
US Equities (QUS)	5.3%	-4.9%	0.1%	12.5%
US Equities (VTS)	8.1%	-3.9%	3.8%	20.0%
Non-US Equities (VEU)	5.1%	4.6%	10.0%	19.9%
Global Equities (QLTY)	1.2%	0.0%	1.3%	10.9%
Global Equities (HGBL)	8.2%	0.3%	8.6%	15.0%
Global Infrastructure (GLIN)	3.1%	2.8%	5.9%	9.5%

Past performance is not an indicator of future performance.

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

3. Market Outlook and Portfolio Positioning

Summary of Key Investment Themes - as at end of August 2025

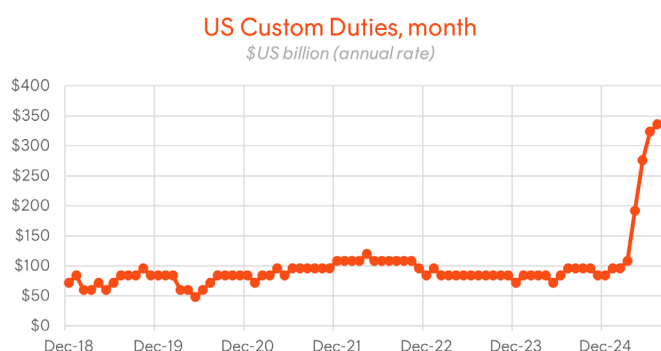
Investment Theme	Investment Strategy	Comment / Analysis
Trump won't trump goldilocks outlook	Overweight Growth vs Defensive Assets	The global economy has so far remained resilient in the face of higher US tariffs and the corporate earnings outlook is solid. Tariffs are expected to have a short-term disruption to the US economy and both President Trump and the Federal Reserve could adjust policy if need be.
Central bank reserve diversification	Overweight Gold and Australian fixed-rate bonds within Defensive Assets	A likely further weakening in the US dollar and continued central bank buying should support gold prices. Easing inflation and local interest rate cuts support the Australian fixed-rate bond outlook.
Stronger global earnings	Overweight hedged global equities & infrastructure within Growth Assets	A likely further weakening in the US dollar and continued central bank buying should support gold prices. Easing inflation and local interest rate cuts support the Australian fixed-rate bond outlook.

Despite a range of risk factors threatening investors so far this year, the resilience in both the global economy and global financial markets to these various challenges has been encouraging. As the old saying goes, markets often climb a “wall of worry” and 2025 has so far been no exception.

What we do know is that the United States is still intent on imposing on itself a significant increase in tariffs. Customs data suggest the hike in tariffs is already collecting billions more in revenue for the US Government, so someone somewhere must be paying these higher taxes.

after some tariff-related downgrades earlier this year. Current expectations imply 16% growth in global forward earnings by end-2026.

Global equity valuations, especially in the United States, remain well above average historic levels but the high weighting in the US market to growth/technology stocks – which continue to deliver solid earnings performance – has left investor still comfortable holding stocks at current valuations.

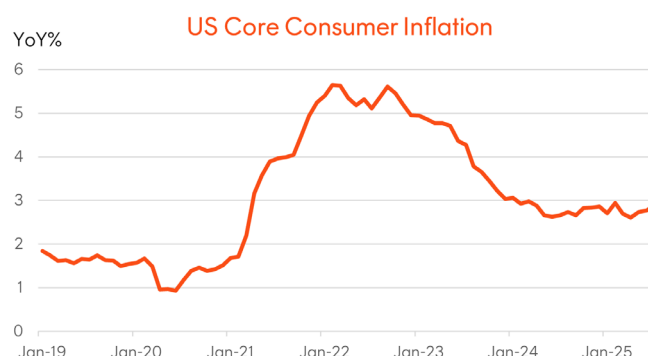


Source: US Conference Board

But so far at least, there's little strong evidence of major tariff effects on the US economy. Core inflation is still higher than desired but has yet to accelerate significantly further. Employment growth has slowed, but this partly reflects a slowing in immigration and labour supply – such that the unemployment rate has remained relatively low. Business surveys suggest business sentiment and overall conditions remain far from recessionary levels.

Outside of the United States, prospective fiscal stimulus in Europe, China and even Japan also seems likely to support their growth prospects. Overall global business sentiment surveys remain consistent with global growth close to its long-run average.

Economic resilience and tailwinds from the adoption of A.I. technologies are both supportive of continued solid global profit growth. Importantly, global earnings expectations for the coming year have levelled out in recent months



Source: Congressional Budget Office (CBO)

Also helping is the fact that, despite concerns over US inflation and large US budget deficits, bond yields continue to track broadly sideways. The US Fed's recent signaling of interest rates cuts is also supportive of both equities and bonds, through not necessarily the US dollar.

Although his resolve has not needed to be tested in recent months, it still seems unlikely that US President Trump would not continue to pursue significant tariff increases if these began to seriously risk the performance of the US economy and/or Wall Street.

In Australia, economic growth remains subdued but should strengthen as the Reserve Bank eases rates further. That said, Australian equity valuations are not especially cheap compared to global peers, and the local earning outlook remains somewhat weaker. Current market expectations, assuming no further downgrades, imply 8.4% growth in forward earnings by end-2026.

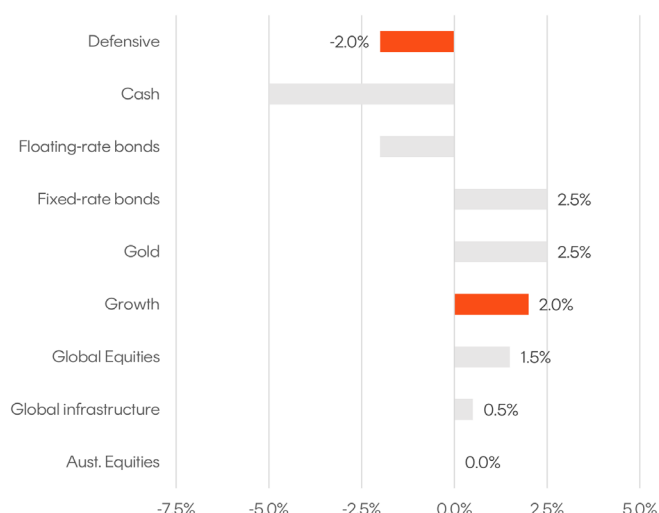
All up, at the end-August meeting, the Investment Committee decided to retain a modest overweight to growth assets, with this still placed in hedged global equities (HGBL) and global infrastructure (GLIN). This reflects expectations of global earnings outperformance versus Australia, a likely further strengthening in the Australian dollar and a desire for the added defensive qualities of global infrastructure. An eventual lowering in global bond yields also favours exposure to rate-sensitive sectors such as infrastructure.

The Investment Committee also retained an overweight exposure to gold within Defensive assets. Gold is both a hedge against a potential upsurge in geo-political and trade risk and should benefit from further likely \$US weakness and central bank buying.

Last, the Committee modestly increased exposure to Australian fixed-rate bonds – relative to cash and floating-rate bonds – where risk parameters allowed, owing to a more bullish outlook for bonds given strengthened conviction of further monetary policy easing in both Australia and the United States.

As always, the Investment Committee agreed to continue to monitor the market environment closely, and to remain agile to add adjust exposures as considered appropriate as market conditions evolve.

Balanced Portfolio - Dynamic Tilts, end-August 2025



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
Multi-asset Senior
Portfolio Manager

Managed Accounts Weightings (as at end August 2025)

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



Asset Class	ETF	DAA	+/-	change	DAA	+/-	change	DAA	+/-	change	DAA	+/-	change
Defensive													
Cash	AAA	5.00%	-10.00%	-5.00%	48.00%	-5.00%	-2.00%	27.5%	-3.00%	-2.75%	7.0%	-3.00%	-3.00%
Aust Bonds - Floating	OPON	7.25%	0.75%	-2.00%	2.50%	-2.00%	2.25%	15.50%	0.50%	2.75%	7.00%	-3.00%	-3.00%
Aust Bonds	OZBD	35.25%	2.75%	2.50%	24.75%	2.25%	2.25%	9.50%	-2.50%	2.50%	9.50%	-2.50%	-2.50%
Int. bonds	VBND	28.00%	2.00%	2.00%	19.25%	0.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Gold (SUS)	GAU	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Growth		21.0%	1.0%	1.5%	52.0%	2.0%	2.0%	72.5%	2.5%	2.5%	93.0%	3.0%	3.0%
Int. Infrastructure	GLIN				3.00%	0.50%	0.50%	3.50%	0.50%	0.50%	4.00%	0.50%	0.50%
Aust. Equities	AQLT	2.50%			2.50%			4.25%			5.25%		
Aust. Equities	QOZ	2.50%			5.00%			7.00%			9.00%		
Aust. Equities	MTUM				2.50%			2.75%			3.75%		
Aust. Equities	A200	3.00%			7.00%			14.00%			18.00%		
Int. Equities	QLTY	2.50%			3.00%			4.25%			5.25%		
Int. Equities	BGBL				8.00%	1.50%		11.50%	2.00%		15.00%	2.50%	
US Equities	HGBL	4.50%	1.00%		3.75%			5.50%			7.00%		
US Equities	QUS	2.75%			8.25%			11.25%			14.75%		
US Equities	VTS	3.50%			6.00%			8.50%			11.00%		
Non-US Equities	VEU	2.50%			100%			100%			100%		
Total		100%			100%			100%			100%		
MER¹		0.21%			0.19%			0.18%			0.16%		

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
Dynamic Managed Accounts						
<i>Total Return Performance</i> ¹						
3-months	2.7%	3.6%	4.3%	5.5%	6.6%	6.9%
6-months	4.4%	5.2%	6.0%	7.2%	8.1%	8.4%
12-months	7.7%	9.4%	11.0%	13.6%	15.6%	16.3%
3-year	6.6%	8.4%	10.1%	12.6%	15.0%	16.2%
5-year	3.1%	5.0%	7.0%	9.6%	12.4%	13.8%
Since incept. ²	3.7%	5.0%	6.2%	7.8%	9.6%	10.8%
Volatility ²	3.3%	4.5%	5.9%	8.0%	10.5%	11.7%
Net Yield ³	3.0%	2.8%	2.5%	2.3%	2.0%	2.3%
Gross Yield ³	3.1%	3.0%	2.7%	2.5%	2.4%	2.7%
Strategic Managed Accounts						
<i>Total Return Performance</i> ¹						
3-months	2.5%	3.4%	4.1%	5.3%	6.4%	6.9%
6-months	3.7%	4.6%	5.5%	6.7%	8.0%	8.5%
12-months	6.7%	8.4%	10.1%	12.6%	15.3%	16.5%
3-year	6.3%	8.1%	9.9%	12.5%	15.1%	16.3%
5-year	3.0%	5.0%	7.0%	9.7%	12.6%	14.1%
Since incept. ²	3.7%	5.1%	6.4%	8.0%	9.9%	10.9%
Volatility ²	3.1%	4.3%	5.9%	7.9%	10.5%	11.7%
Net Yield ³	3.2%	2.9%	2.7%	2.4%	2.1%	2.3%
Gross Yield ³	3.3%	3.1%	2.9%	2.6%	2.5%	2.7%

1. Portfolios are rebalanced on a quarterly basis.

2. Since inception 31 December 2015

3. Trailing 12-months, as at 31 August 2025

Past performance is not an indicator of future performance.

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