



Australian Equities Factor Dashboard

Quarterly Report

Q1 2026

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Factor performance snapshot

Factors are common investment characteristics - such as value, momentum or quality - that drive differences in returns between securities. They offer a way to group investments and understand performance patterns, with leadership varying over time. Academic research suggests that factors explain a large share of active returns.

Key observations

- Market Beta declined by 1.4% over the last quarter.
- Factor returns experienced significant dispersion, with a wide range of 15.9%.
- High Yield (5.2%) and Value (2.6%) delivered strong positive returns, outperforming the broader market.
- In contrast, ESG (-10.7%) and the Size factor (Small and Mid Caps) experienced notable drawdowns of -10.6% and -9.4%, respectively.
- Note: The factors and their performance shown are represented by the indexes shown in slide 10.

Factor	3 months	1 year	3 years p.a.	5 years p.a.
Beta	-1.4%	11.9%	9.7%	8.8%
Value	2.6%	22.3%	13.9%	11.8%
High Yield	5.2%	23.9%	14.0%	13.1%
Quality	-3.0%	14.9%	15.0%	10.0%
Momentum	-5.2%	9.4%	10.8%	8.2%
ESG	-10.7%	-5.9%	4.0%	3.4%
Mid Cap	-9.4%	5.5%	6.9%	6.0%
Small Cap	-10.6%	21.7%	10.5%	6.3%

Performance to 31 March 2026. Source: Bloomberg. Past performance is not an indicator of future performance. Performance shown is index performance only, not any fund performance.

Factor attributes

Correlation

Over the past seven years, correlations between factor returns have generally been moderate to low, with some pairs negatively correlated. This supports diversification, as combining factors can help offset periods of weakness in one with strength in another, leading to smoother returns and improved risk-adjusted performance over time.

For example, Quality and High Yield (-0.41) or Momentum and Value (-0.49) factors are often combined due to their negative correlation history and their potential to generate strong excess returns over the long term.

7-year correlation of excess returns

	Small Cap	Mid Cap	Quality	Value	Momentum	High Yield	ESG
Small Cap	1.00						
Mid Cap	0.62	1.00					
Quality	0.35	0.31	1.00				
Value	-0.16	-0.31	-0.37	1.00			
Momentum	0.20	0.22	0.19	-0.49	1.00		
High Yield	-0.35	-0.56	-0.41	0.67	-0.19	1.00	
ESG	0.26	0.57	0.53	-0.54	0.31	-0.64	1.00

*Performance to 31 March 2026. Source: Bloomberg. Past correlations are not indicative of future outcomes.

Factor attributes

Volatility

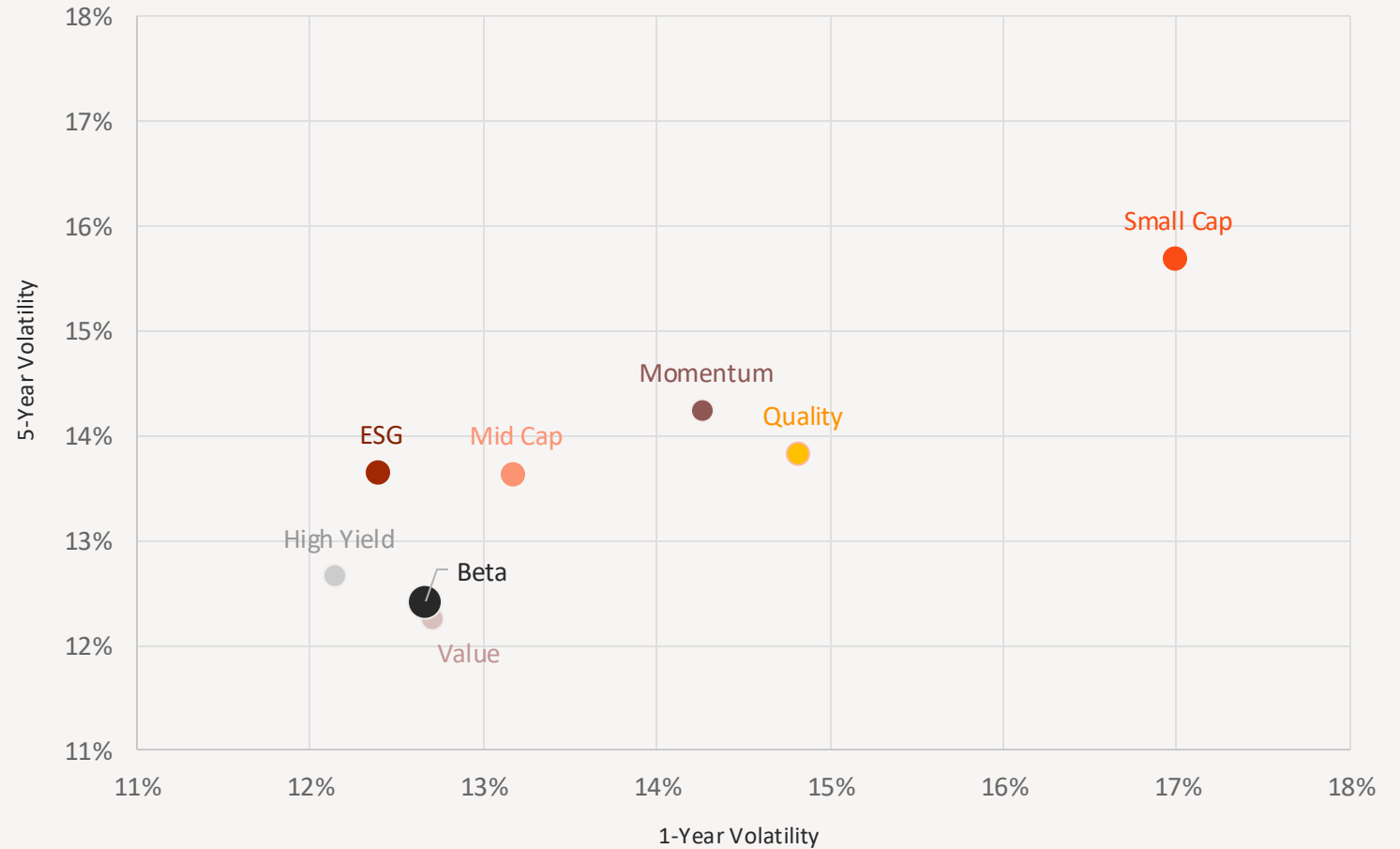
As a measure of return variability, volatility is often used to assess the level of risk associated with different factors.

Comparing short- and long-term volatility highlights how factor risk rankings can differ across time horizons.

Key observations

- Most factors have exhibited volatility levels broadly in line with, or moderately above, the broader market (Beta).
- Small Caps have exhibited consistently higher volatility across both time periods.
- Value and High Yield factors have demonstrated comparatively lower volatility.

Factor Volatility: 1-Year vs 5-Year



Source: Bloomberg. As at 31 March 2026. Past performance is not indicative of future performance.

Current sector exposures

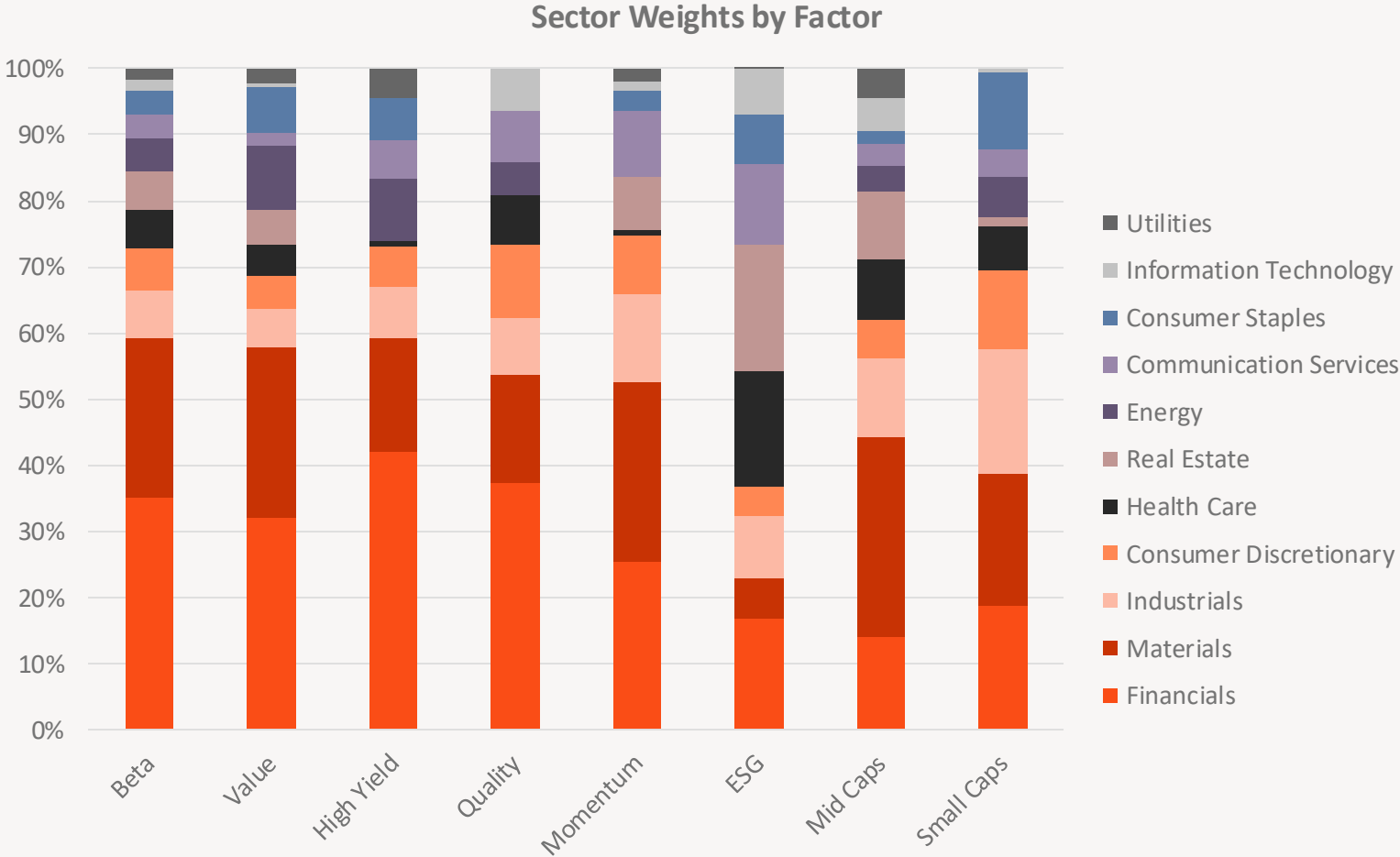
Each factor is associated with distinct characteristics that can lead to differing sector exposures which can change over time, influencing both return and risk outcomes.

Understanding sector composition provides important context when comparing factor performance and behaviour.

Key observations

- High Yield and Quality currently have relatively high exposure to Financials, while Size and ESG have lower exposure.
- Value and Size currently show relatively high exposure to resources, while ESG and Quality are more weighted to Health Care.
- Value and High Yield have relatively low exposure to IT, with the remaining factors show higher relative exposure.

Sector Weights by Factor



Source: Bloomberg. As at 31 March 2026. Weights are subject to change.

Fundamental Metrics

Factors can be characterised by differences in company fundamentals, such as profitability, valuation and other financial metrics.

These distinctions provide insight into the types of companies represented within each factor.

Key observations

- Quality and Momentum factors currently exhibit stronger profitability metrics, including higher return on equity and profit margins.
- Value and High Yield factors tend to have lower valuation multiples and higher dividend yields.

	ROE	Profit Margin	P/E	P/B	Dividend Yield
Beta	10.9%	9.4%	21.5	2.4	3.5%
Value	9.0%	6.5%	21.6	1.9	4.1%
High Yield	10.6%	7.6%	20.6	2.2	4.3%
Quality	14.6%	11.3%	20.0	2.9	3.6%
Momentum	13.5%	9.6%	19.4	2.6	3.5%
ESG	9.1%	7.5%	24.2	2.2	3.3%
Mid Cap	8.6%	7.0%	23.2	2.0	3.0%
Small Cap	9.0%	5.5%	19.8	1.8	2.7%

Source: Bloomberg. As at 31 March 2026. Metrics are subject to change.

Portfolio blend

An example of how blending factors can potentially add value beyond market beta:

A simple portfolio combining equal-weighted factor exposures commonly used in portfolios, alongside an allocation to small caps, has consistently outperformed the broader market return over the time periods shown.

This is illustrative only, does not take into account the circumstances and risk tolerance of any person, and is not a recommendation to adopt any investment strategy.

Allocation		Implementation
Factor	Weight	ETF Ticker
Value	22.5%	QOZ
High Yield	22.5%	HYLD
Quality	22.5%	AQLT
Momentum	22.5%	MTUM
Small Cap	10.0%	SMLL

	BLEND	ASX300	Excess
1 Year	18.2%	11.6%	6.7%
2 Years p.a.	11.0%	7.0%	3.9%
3 Years p.a.	13.3%	9.4%	3.8%
5 Years p.a.	10.5%	8.5%	2.0%
7 Years p.a.	10.6%	8.5%	2.1%

	BLEND	ASX300
Volatility	16.1%	16.1%
Excess Return	2.1%	
Tracking Error	2.0%	
Information Ratio	1.03	
Sharpe Ratio	0.52	0.39
Max Drawdown	-35.4%	-36.2%

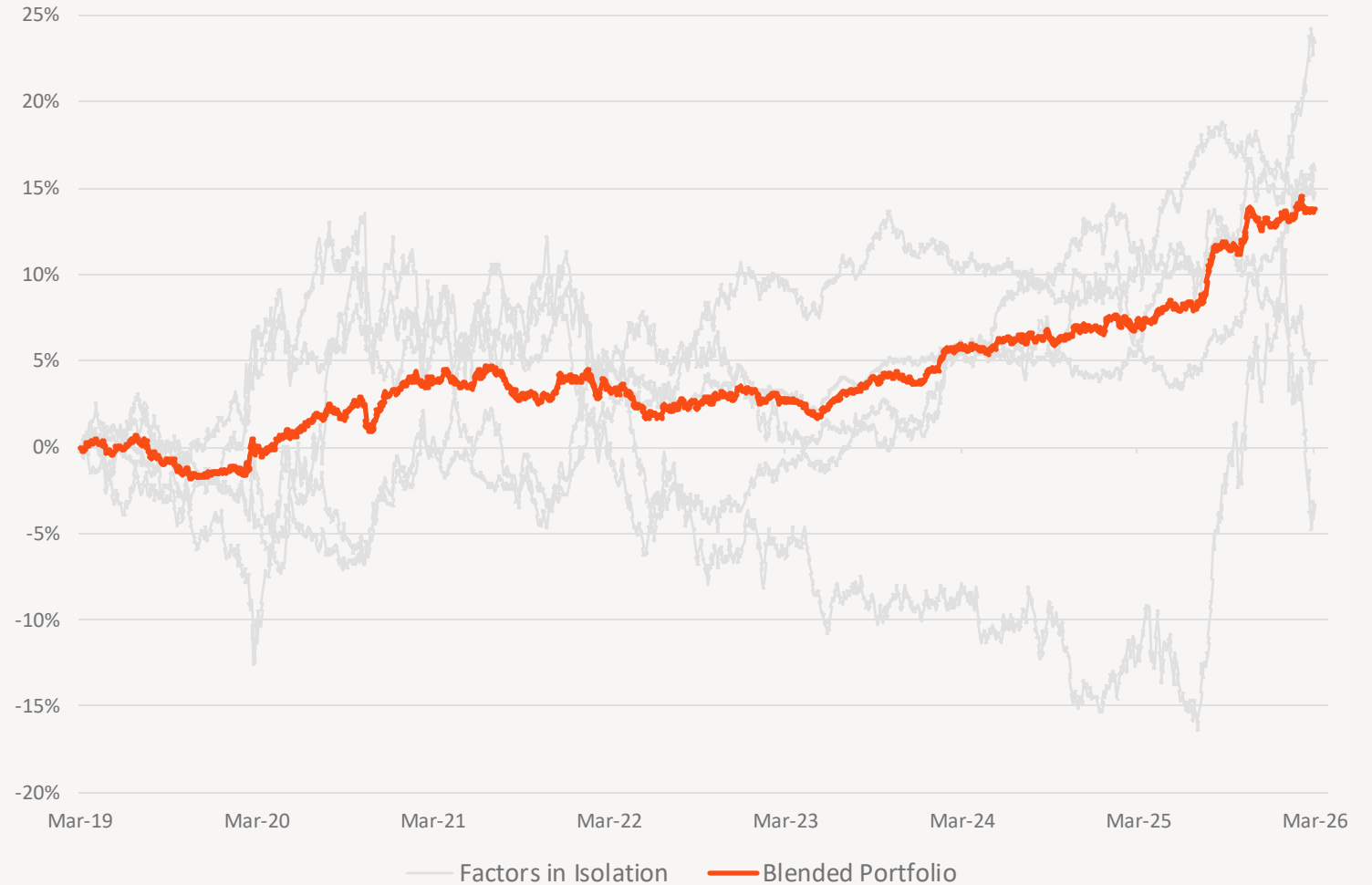
Source: Bloomberg. As at 31 March 2026. The blended portfolio is rebalanced quarterly to the indicated allocations. 'Blend' performance comprises the relevant indexes shown in slide 10. It does not reflect ETF performance and does not take into account ETF fees and expenses. Past performance is not an indicator of future performance.

Portfolio blend

Individual factors can exhibit significant variability in performance, as measured by excess returns above market beta across different market environments when viewed in isolation.

Using our simple Portfolio Blend example, combining multiple factors into a single portfolio can result in a more balanced return profile over time, leading to potential for a smoother and more consistent pattern of excess returns above market beta.

Cumulative Excess Returns



Source: Bloomberg. As at 31 March 2026. The blended portfolio is rebalanced quarterly to the indicated allocations Past performance is not an indicator of future performance.

Factor definitions and ETFs

Factor	Index Name	ETF Ticker
Beta	Solactive Australia 200 Index	A200
Value	FTSE RAFI Australia 200 Index	QOZ
High Yield	S&P/ASX 200 High Yield Select Index	HYLD
Quality	Solactive Australia Quality Select Index	AQLT
Momentum	Solactive Australia Momentum Select Index	MTUM
ESG	Nasdaq Future Australian Sustainability Leaders Index	FAIR
Mid Cap	Solactive Australia EX 20 Index	EX20
Small Cap	Nasdaq Australia Small Cap Select Index	SMLL

Things to consider

- **Investment risk:** The value of an investor's portfolio can go down as well as up. Depending on the fund, risks may include market risk with equities.
- **No guarantees:** Future outcomes are uncertain – desired returns may not be achieved.
- **General information only:** This report does not take into account any person's individual circumstances and is not personal financial advice.
- **Research:** See the relevant PDS and Target Market Determination (TMD) at www.betashares.com.au for more information about risks and other features of each fund.

Thank you.

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