



Betashares ETF Investor Guide

Market themes, portfolio positioning
and ETF opportunities for the year ahead



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In this guide we explore key themes likely to shape markets in 2026 and outline 10 investment opportunities across core equities, income-focused strategies and satellite exposures.

As we move into 2026, investors are navigating a market shaped by strong equity returns, elevated government bond yields and a more complex global backdrop. Share markets have been driven by a relatively small group of technology giants, while artificial intelligence continues to attract significant investment and reshape industries.

At the same time, the threat of higher interest rates, rising government debt and currency movements are playing a bigger role in investment outcomes. Geopolitical tensions, including trade disputes and shifting global alliances, are adding further complexity by influencing supply chains, commodity markets and investor sentiment.

Rather than focusing on short term uncertainty, the aim of this guide is to provide practical ideas to help you stay diversified and achieve your long term goals.



The 10 trends to guide your ETF investments

Core equities

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2025 saw investors reposition their portfolios in response to shifting macro conditions and political uncertainty.

Seemingly the only enduring ‘Trump Trade’ of the year was gold. With a calendar year return of 67.4% in US dollar (USD) terms, it was the stand-out performer. At the other end of the spectrum, the USD experienced its worst first half of the year since the 1970s before stabilising in the second.

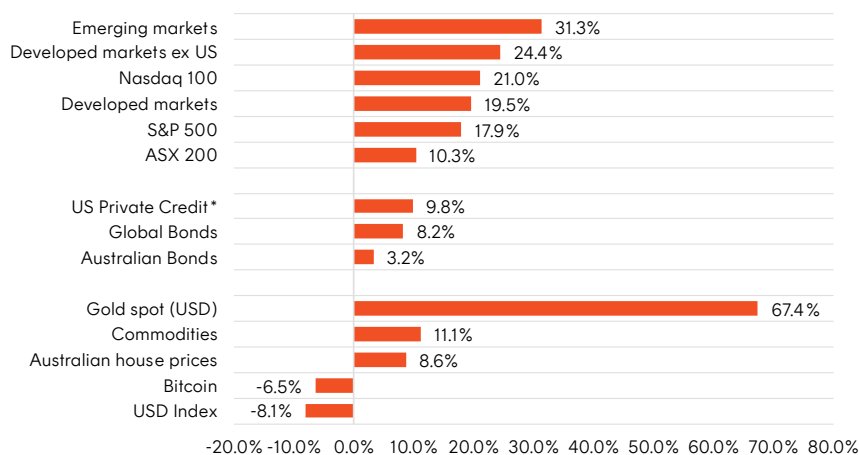
Share market performance in 2025 can broadly be split into two phases: before and after President Trump’s Liberation Day tariff announcement in early April.

Before the announcement, investors were already rotating away from US shares, with developed markets outside the US and emerging markets outperforming the S&P 500 by 7.2% and 6.9% respectively. After Liberation Day, markets rebounded strongly, led by the Nasdaq 100. However, over the full year, European, Japanese and emerging market shares would still outperform the S&P 500 and Nasdaq 100 in both local currency and Australian dollar terms.

Bond markets reflected growing pressure on government finances. Even as inflation eased and interest rates began to fall, longer term government bond yields stayed high. This suggests investors were demanding higher yield to lend for longer, given rising government debt, large budget deficits and uncertainty around US monetary policy.

Commodity performance diverged sharply in 2025. Gold and other precious metals continued to reach new highs, critical minerals rebounded after several weak years, while oil prices trended lower across the year.

Major asset class returns 2025 (local currencies)



Source: Bloomberg. Returns from 31 December 2024 to 31 December 2025. Returns are in local currencies.*

It's important to note that the asset class returns in the chart are shown in local currencies terms. For Australians holding unhedged global assets, currency movements can have a significant bearing on investment outcomes in Australian dollar (AUD) terms.

For example, the USD weakness meant the stated 17.9% S&P 500 index return for 2025 was a more modest 9.30% when translated into AUD terms. In common currency terms, the S&P/ASX 200 return was higher.

The outlook for 2026

Our expectation is that global growth holds up in 2026 and that inflation in developed markets and in Australia will continue to moderate. In addition, we expect a rate hike from the RBA with the Fed likely to continue interest rate cuts this year, and that the USD further depreciates against both the traded weighted index and the AUD.

This environment should be constructive for risk assets. However, within global equities we prefer ex-US developed markets and emerging markets, as we believe the USD weakness will erode US equities returns in AUD terms.

Within US equities it is hard to look past the earnings power of the Nasdaq 100, which is showing breadth beyond the Mag 7 and would be more insulated from a falling USD due to its higher offshore revenue exposure.

We are more positive than we have been for a number of years on Australian equities, with a bullish outlook for commodities and earnings growth likely to edge higher. We also believe the recent selloff in the Australian tech sector makes for an attractive entry point.

For defensive allocations, government bonds now offer more attractive income over cash. While US government bonds face both upside and downside risks, Australian government and high quality corporate bonds currently represent the best risk-adjusted opportunity in investment grade fixed income. We continue to favour gold (in USD) and note it is increasingly receiving a dedicated allocation in many professionally managed multi asset portfolios.

Positioning portfolios for 2026

The core of your investment portfolio is the group of investments that serve as the foundation of your portfolio, able to help you build wealth over the long term.

Your core investments should give you exposure to a range of asset classes, both Australian and international as well as growth and defensive.

They should offer cost-effective, broad-based diversified exposure that can be held over the long term across many different market cycles.

Core equities

01 Rocket fuel: The AI boom

The AI theme has dominated equity markets for the last three years, with a growing number of Nasdaq 100 companies becoming integral to the AI infrastructure rollout.

These companies are harnessing AI to create end user applications, such as Advanced Micro Devices (AI chips), Palantir Technologies (data analytics) and AppLovin (gaming monetisation).

We expect 2026 total returns for the Nasdaq 100 to be driven by strong expected earnings growth, with valuation multiples largely unchanged. However, for Australians investing in the US on an unhedged basis, we caution that the returns in AUD terms will likely be partly eroded due to a weakening USD.

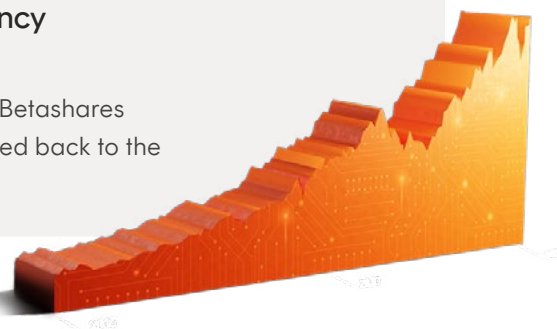
[Betashares Nasdaq 100 ETF \(ASX: NDQ\)](#) provides Australian investors with access to the Nasdaq 100 Index. NDQ has been one of the top performing Australian domiciled global equity funds, returning 20% p.a. over the last ten years¹.

Given the potential for USD weakness in 2026 to impact returns, investors may wish to consider [Betashares Nasdaq 100 Currency Hedged ETF \(ASX: HNDQ\)](#) to participate in the Nasdaq 100's enviable earnings growth whilst minimising currency risk.

ASX: HNDQ

Betashares Nasdaq 100 Currency Hedged ETF

HNDQ obtains its investment exposure by investing in the Betashares Nasdaq 100 ETF with the foreign currency exposure hedged back to the Australian dollar.



02

Diversifying beyond the US

While the US has dominated global equity returns for much of the past decade, the investment landscape is beginning to shift. Ex-US developed markets like Europe and Japan are expected to benefit from an increase in fiscal stimulus, structural reform and reduced trade uncertainty in 2026.

Europe's increasing defence and infrastructure spending and the Japanese government's strategic support for critical industries, including AI, semiconductors, biotechnology and batteries, provide the catalyst for earnings upgrades.

Together, these conditions make diversified exposure to developed markets outside the US a compelling consideration for investors looking to broaden their global equity allocation in 2026.

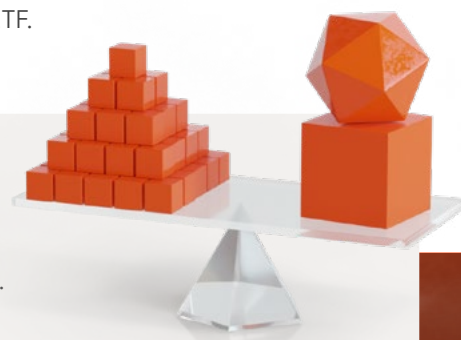
[Betashares Global Shares Ex US ETF \(ASX: EXUS\)](#) offers low-cost global diversification beyond the US, providing exposure to 900+ companies from 22 developed markets, excluding the US and Australia.

EXUS was built specifically for Australian investors, providing them access to any available foreign tax credits from dividends received, which may improve after-tax returns compared to investing in a non-Australian domiciled ETF.

ASX: EXUS

Betashares Global Shares Ex US ETF

EXUS offers an efficient, low-cost building block to 22 developed markets across Europe, Asia-Pacific and Canada.



03 Focusing on quality at home

Quality investing focuses on companies with strong balance sheets, reliable earnings and sustainable competitive advantages. These characteristics become especially important during periods of economic uncertainty, when weaker businesses may struggle to maintain profitability or access funding.

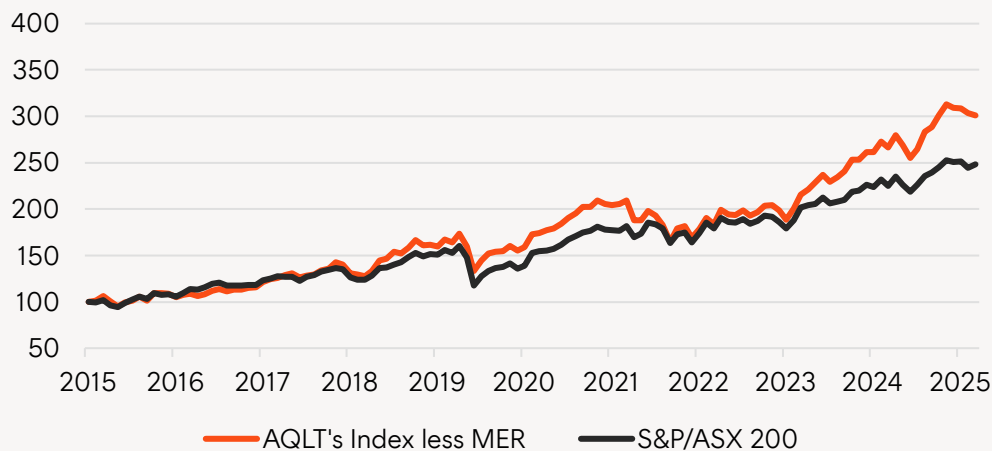
A quality focused approach to investing remains well suited to the Australian market across all company sizes. Given the market's cyclical nature, seeking out companies within each sector that display high, sustainable earnings for a long-term allocation can help drive returns through business cycles.

[Betashares Australian Quality Leaders ETF \(ASX: AQLT\)](#) index selects 40 Australian companies comprising Australia's large caps, re-weighted by their quality metrics rather than market capitalisation, and the highest quality mid- and small-caps on the ASX².

AQLT's approach has led it to outperform the S&P/ASX 200 by, on average, 3.9% p.a. since inception on 4 April 2022³.

AQLT's Index has outperformed the S&P/ASX 200

Since October 2025



Source: Bloomberg. As at 28 January 2026. Indexed to 100 as at 30 October 2015. AQLT's index is Solactive Australia Quality Select Index. Performance shows AQLT's index less management fees of 0.35% p.a. Past performance is not an indicator of future performance. You cannot invest directly in an index.

ASX: AQLT

Betashares Australian Quality Leaders ETF

AQLT provides a transparent and cost-effective way for investors to gain exposure to a diversified portfolio of 40 quality Australian companies that have the potential to sustain high returns on equity over the long-term.



Enhancing income potential

04 High yielding Australian shares

Australian companies remain essential in delivering high franked dividend income to domestic investors. However, with dividend yields falling due to years of strong price growth outpacing dividend increases, a more targeted approach is now required by many investors to generate the income they require.

[Betashares S&P Australian Shares High Yield ETF \(ASX: HYLD\)](#) provides exposure to a share portfolio of 50 high-yielding Australian companies, with distributions paid monthly to investors.

Importantly, HYLD goes beyond simply relying on analyst dividend forecasts, with the underlying index⁴ including design features

aimed at screening out potential 'dividend traps' - situations where a company appears attractively priced on historical yield, but in fact future dividends are under threat due to earnings pressure, deteriorating fundamentals or cyclical downturn. The index also screens out companies that exhibit high levels of volatility relative to their forecast dividend payout.

ASX:HYLD

Betashares S&P Australian Shares High Yield ETF

HYLD can also be used as an investor's core Australian shares exposure, aiming to provide higher income than the broad Australian share market.



5 Income beyond dividends

Regardless of the macro environment, many Australian investors have an ongoing need for reliable sources of regular income, which are becoming increasingly difficult to find with dividend yields under pressure and bank hybrids being phased out.

Australian investment grade credit has historically delivered compelling risk-adjusted returns and offers attractive yields.

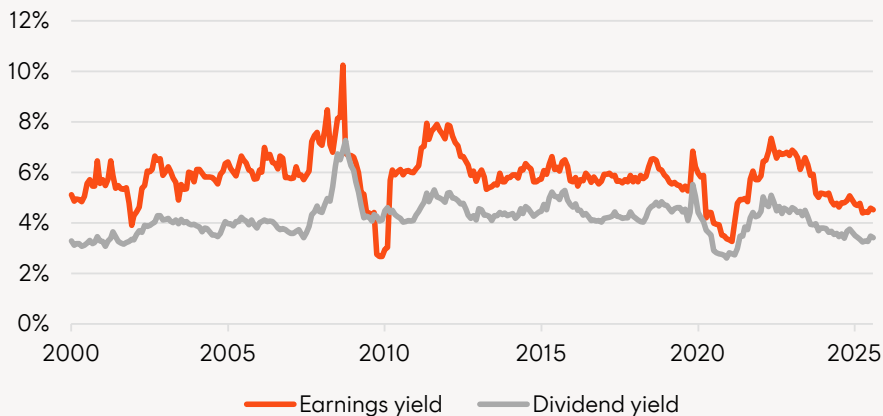
[Betashares Australian Enhanced Credit Income Complex ETF \(ASX: ECRD\)](#) uses institutional borrowing rates to enhance the income available from an underlying exposure of floating rate and interest rate-hedged investment grade credit. The gearing

brings volatility to a similar level as hybrids, while remaining well below that of dividend-paying equities.

With an estimated running yield⁵ of 7.41% (net of borrowing costs), ECRD delivers higher income than both hybrids and dividend-paying shares, even when accounting for franking credits⁶.

ASX 200 historical earnings and dividend yields (p.a.)

May 2000 to December 2025



Source: Bloomberg. From May 2000 to December 2025. Past performance is not an indicator of future performance.

ASX: ECRD

Betashares Australian Enhanced Credit Income Complex ETF

ECRD aims to provide investors with a high level of income through exposure to a portfolio of investment grade, Australian fixed income securities, with yields enhanced through the use of gearing.

Gearing magnifies gains and losses and may not be a suitable strategy for all investors. Investors in geared strategies should be willing to accept higher levels of investment volatility and potentially large moves (both up and down) in the value of their investment. Geared investments involve significantly higher risk than non-geared investments.



06

A defensive anchor for your income portfolio

In fixed income markets, Australian bonds currently offer attractive value compared to global alternatives, while the level of income available from high-quality Australian corporate bonds may help cushion portfolios if credits markets face pressure.

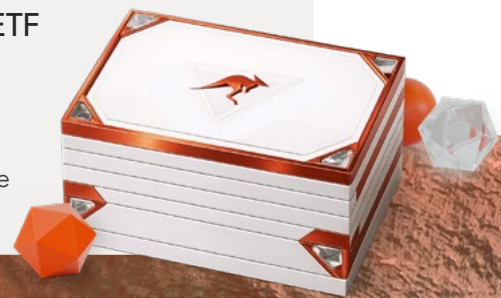
For investors seeking exposure to high quality bonds without concentrating too heavily in government bonds, a composite bond fund can provide diversified interest rate exposure while maintaining the credit quality and liquidity needed in a defensive pillar of a portfolio.

[Betashares Australian Composite Bond ETF \(ASX: OZBD\)](#) is designed as a core portfolio allocation for fixed income as it's well diversified across Australian government and investment grade corporate fixed rate bonds.

ASX: OZBD

Betashares Australian Composite Bond ETF

OZBD provides exposure to a diversified portfolio of high-quality Australian corporate and government bonds selected on the basis of risk-adjusted income potential, while controlling for overall interest rate and credit risk.



Growth opportunities

While core allocations serve as the bulk of investor portfolios, the value-add from satellite positions (often smaller tactical positions in areas with structural growth opportunities), should not be overlooked.

Satellite positions can be used by investors to leverage opportunities for outperformance over broader market exposures. For example, tactical and long-term structural growth themes or sectors that provide diversification benefits to portfolios and hedge against possible tail risk events.

07 All that glitters is gold

Gold has been back in the limelight since 2022, after the freezing of Russian assets by the US and its allies drove a renewed wave of structural demand for precious metals.

We continue to believe gold is a worthy addition to traditional multi-asset portfolios. However, the currency in which investors get their exposure to gold matters, particularly as the USD faces continued headwinds from likely Fed rate cuts, broader policy uncertainty and a ballooning fiscal deficit.

In this context, investors could consider exposure to the USD gold price, as opposed to the AUD gold price.

[Betashares Gold Bullion Currency Hedged ETF \(ASX: QAU\)](#) provides investors with a return that tracks the performance of the price of gold bullion, while hedging against currency movements in the AUD/USD exchange rate, before fees and expenses.

QAU was one of the best performing ETFs in 2025, returning 62.8% p.a., with 5-year returns of 15.5% p.a.⁷

ASX: QAU

Betashares Gold Bullion Currency Hedged ETF

QAU is backed by physical gold bullion bars, which are held in a vault of JP Morgan Chase in London.



08

Asia technology tigers roar

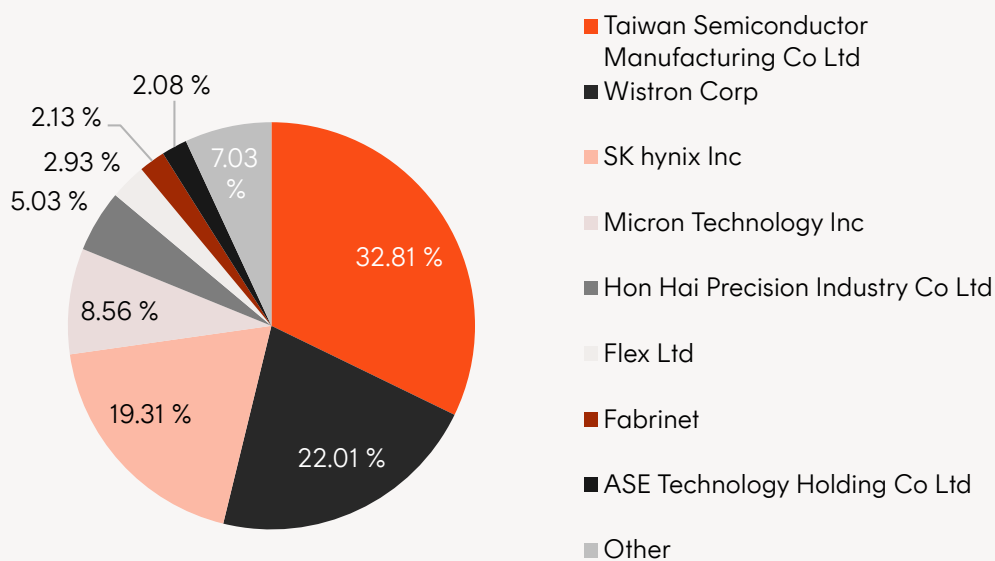
Technology and the rise of AI have become a key driver of equity market returns for the last three years. Many mega-cap tech companies in the US are ploughing billions of dollars into AI-related infrastructure capex to build frontier models.

This spending is supporting the broader semiconductor supply chain located in Asia, and includes companies such as Samsung, SK Hynix and Taiwan Semiconductor. But as China's AI capabilities continue to rise, investors would be well placed to consider a diversified exposure to the dynamic Asian technology theme.

[Betashares Asia Technology Tigers ETF \(ASX: ASIA\)](#) provides investors exposure to the 50 largest technology and online retail stocks in Asia (ex-Japan), including the companies mentioned above as well as names like Alibaba, Tencent and Baidu.

As a theme, Asian technology has been a standout performer, returning 43.73% in 2025, and 14.32% p.a. since inception⁸.

Nvidia's largest suppliers by cost of goods sold (%)



Source: Bloomberg. As at 20 January 2026.

ASX: ASIA

Betashares Asia Technology Tigers ETF

ASIA provides diversified exposure to a high-growth sector that is under-



9 Critical minerals set to shine

We maintain a positive outlook for most metals including critical minerals such as copper, lithium and rare earths. Structural demand for data centres, renewable energy generation and battery storage alongside tighter supply conditions have underpinned much of the rally in these metals' prices over 2025. Strategic stockpiling by the US, Australia and other nations also provide further price support.

[Betashares Energy Transition Metals ETF \(ASX: XMET\)](#) has a portfolio including 30 of the leading global producers of critical minerals, including copper, lithium, nickel, cobalt, graphite, manganese, silver and rare earth elements. This includes companies such as Southern Copper, Pilbara Minerals and MP.⁹

XMET returned 96.27% in 2025 and has carried that momentum into early 2026.¹⁰

ASX: XMET

Betashares Energy Transition Metals ETF

XMET provides exposure to critical minerals producers that stand to benefit from a projected increase in demand coupled with constrained global supply.



10 Government spending reshapes defence

Following a stellar year of performance in 2025, investors have been asking whether the rally in global defence companies can persist. It is worth remembering that Trump's new world order, associated geopolitical tensions and, as a result, increased defence budgets tied to GDP are structural tailwinds.

Already in 2026 Trump has demanded Congress increase defence spending by more than 50% to US\$1.5 trillion for 2027. These factors make the defence sector investible for the foreseeable future.

[Betashares Global Defence ETF \(ASX: ARMR\)](#)'s index currently holds the top 20 pure-play defence contractors in the world by defence revenue, headquartered in NATO-aligned countries including Lockheed Martin, BAE Systems, Rheinmetall, RTX and Thales.¹¹

These companies are set to be some of the largest beneficiaries of governments implementing increased defence spending commitments.

ASX: ARMR

Betashares Global Defence ETF

ARMR provides access to leading global defence companies aligned with NATO allied countries.

Positioning for what comes next

Thoughtful portfolio construction remains critical this year, balancing core growth exposures with reliable income sources and targeted satellite allocations that can capture structural opportunities.

Diversification across regions, asset classes and investment styles is therefore increasingly important, not only to manage risk but also to improve the resilience of returns as conditions evolve.

The opportunities outlined in this guide are designed to help investors navigate uncertainty with clarity and confidence, while remaining positioned for long term growth, sustainable income and diversification in an increasingly complex global investment landscape.



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This report was prepared with the input and oversight of the Betashares Investment Strategy and Research Group.



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Cameron heads up Betashares' Investment Strategy and Research group, and his responsibilities include providing thought leadership, assisting clients with portfolio construction across all asset classes, product development and researcher relationships. Cameron is a voting member of the Betashares Investment Committee.



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Sources

¹ As at 31 December 2025. Past performance is not an indicator of future performance.

² AQLT's index selects Australian companies based on quality metrics, including high return on equity, low leverage, and relative earnings stability.

³ As at 31 December 2025. Past performance is not an indicator of future performance.

⁴ S&P ASX 200 High Yield Select Index.

⁵ As at 31 December 2025. Past performance is not an indicator of future performance.

⁶ As at 4 February 2026. Yield may vary and may be lower at the time of investment. Borrowing costs are subject to change. Not all Australian investors will be able to receive the full value of franking credits.

⁷ As at 31 December 2025. Past performance is not an indicator of future performance.

⁸ As at 31 December 2025. ASIA was inceptioned on 18 September 2018. Past performance is not an indicator of future performance.

⁹ As at 15 January 2026. There is no guarantee that these companies will continue to be held in XMET's portfolio.

¹⁰ As at 31 December 2025. XMET was inceptioned on 26 October 2022. XMET's index is the Nasdaq Sprott Energy Transition Materials Select Index. The index has performed 21.19 percent per annum over five years as at 31 December 2025. You cannot invest directly in an index. Past performance is not an indicator of future performance.

¹¹ Data for the Top 100 list is sourced from information solicited by Defense News from companies, company earnings reports, analyst research, and research by Defense News, the International Institute for Strategic Studies, and SPADE Indexes. As at 15 January 2025. VettaFi Global Defence Leaders Index.

Source: Bloomberg. Returns from 31 December 2024 to 31 December 2025. Returns are in local currencies. Developed markets: MSDLWI Index, S&P 500: SPX Index, Nasdaq 100: NDX Index, ASX 200: AS51 Index, Developed markets ex US: MSDLWXUS Index, Emerging markets: NDLEEGF Index, USD Index: BBDXY Index, Commodities: BCOM Index, Gold spot (USD): GOLDLNPM Index, Global Bonds: LEGATRUU Index, Australian Bonds: BACMO Index, Australian house prices: Cotality Home Value Index, US Private Credit: Cliffwater Direct Lending Index, Bitcoin: Bitcoin Index. Past performance is not an indicator of future performance. You cannot invest directly in an index. *US Private Credit returns from 30 September 2024 to 30 September 2025 representing the most recent data. You cannot invest directly in an index. Past performance is not an indicator of future performance.

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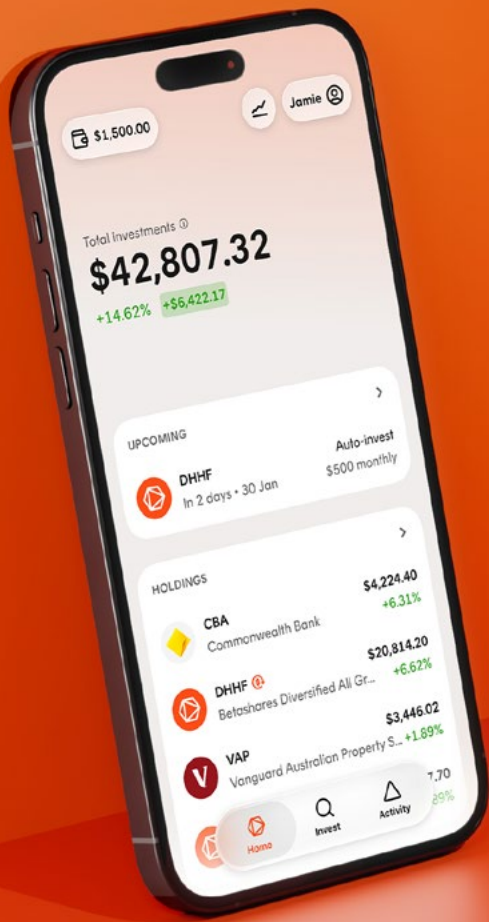
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