

ASX: INCM

BetaShares Global Income Leaders ETF

A GLOBAL INCOME OPPORTUNITY

A globally diversified source of income for your portfolio

In today's low-yield environment, many investors find they cannot simply rely on cash or fixed-income products to satisfy their income requirements – and that some exposure to higher risk, but also higher yielding, equities is also required.

Of course, one way to mitigate equity risk is through diversification. But given better knowledge of local stocks and the generally higher local dividend yields, income-seeking Australian investors tend to have a high exposure to the Australian stock market, thereby missing out on the benefits of international portfolio diversification.

The BetaShares Global Income Leaders ETF (ASX Code: INCM) has been designed to help Australian investors achieve diversification via global shares while still focussing on strong income returns. INCM seeks to provide investors with exposure to a diversified portfolio of global shares along with attractive, regular income. The Fund aims to track an index that comprises 100 high-yielding global companies screened to select companies that have track records of paying dividends regularly.

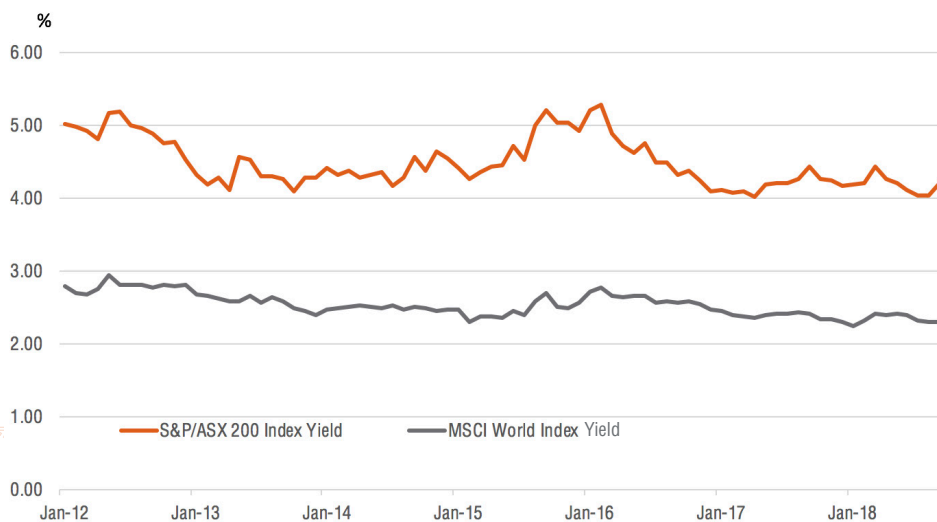
Being an exchange traded fund (ETF), moreover, INCM is a cost-effective investment solution that can be easily accessed on the ASX just like a company share.

GLOBAL MARKETS: NICE DIVERSIFICATION, SHAME ABOUT THE INCOME

Most Australian investors understand that investing in global markets is a great way to diversify portfolios, particularly with the very high levels of individual stock exposure that most Australian share portfolios have to large-cap domestic companies like the 'Big 4' banks and large miners such as BHP and RIO.

That said, investors who may desire some international diversification typically face the challenge of generally having to accept a lower level of income. As seen in the chart below, as at end-September 2018, the 12 month dividend yield on the MSCI World Index – the benchmark global equity index – was only 2.3% compared with 4.2% for the S&P/ASX 200 Index¹.

12-Month Aggregate Dividend Yields – S&P/ASX 200 Index v MSCI World Index: 2012-September 2018



Source: Bloomberg. You cannot invest directly in an index. Past performance is not an indicator of future performance.

¹Source: Bloomberg. The gross dividend yield (i.e. including franking credits) for the S&P/ASX 200 Index was 5.6%.

Choosing which stocks to buy globally is another challenge, given the vast choice on offer. Indeed, as is the case in the Australian market, simply buying stocks based on a high historic dividend yield can be problematic, as this criterion alone says nothing about the likely sustainability of a company's earnings and dividends.

THE BETASHARES GLOBAL INCOME LEADERS ETF (ASX CODE: INCM)

The BetaShares Global Income Leaders ETF (ASX Code: INCM) aims to meet these challenges by providing Australian investors exposure to a carefully screened portfolio of global companies with attractive income potential.

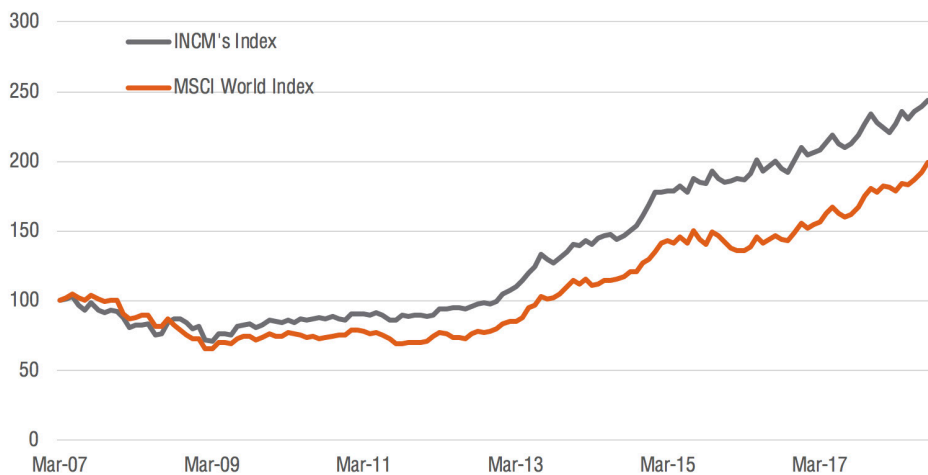
The Fund pursues this aim by investing in 100 high-yielding companies across developed markets that also meet a set of criteria which aim to select companies with sustainable income potential.

All companies selected by the Fund must be based outside of Australia, with U.S. companies requiring a minimum market capitalisation of US\$1 billion, and non-US companies requiring a minimum market capitalisation of US\$500 million.

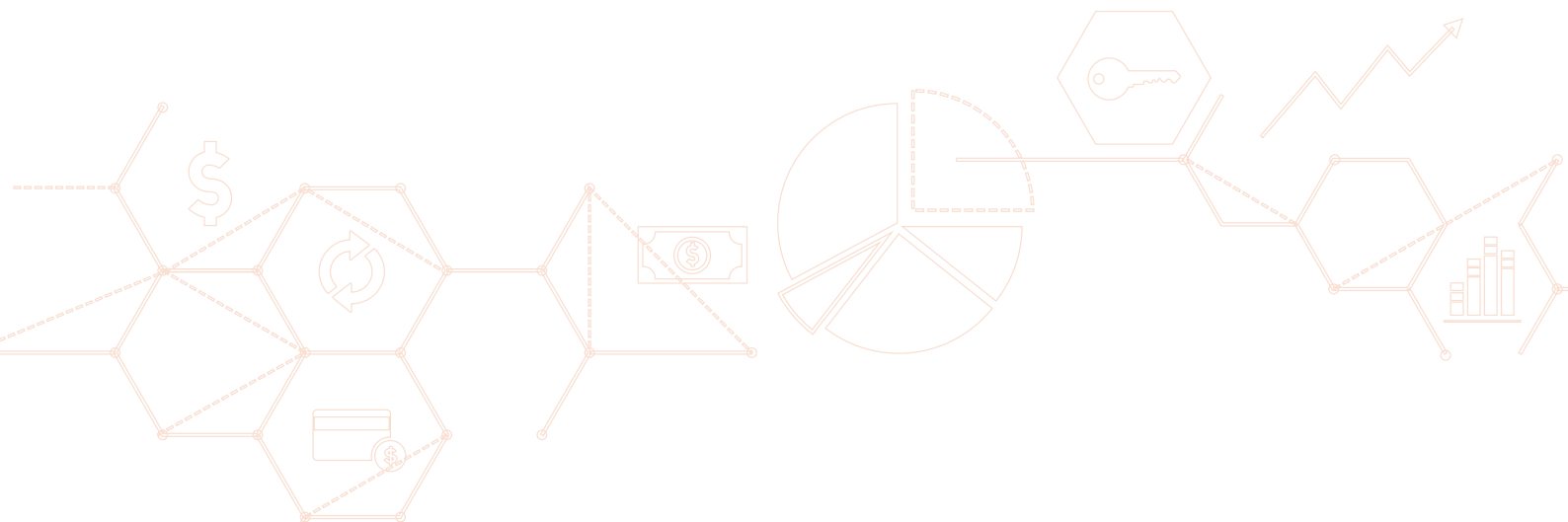
To provide some comfort with regard to dividend sustainability, to be selected companies must also have had positive earnings over the previous year, paid regular dividends over the past three years, maintained a dividend payout ratio over this time of not more than 80%, and must not exceed prescribed volatility thresholds.

As seen in the chart below, the index which INCM aims to track has demonstrated good return performance in recent years compared to the global equity benchmark. Over the 10-year period to end-September 2018, for example, the Index which INCM aims to track delivered compound total returns of 10.8% p.a. in \$A terms, compared to 9.7% p.a. for the MSCI World Index.

INCM's Index v MSCI World Index: Total Returns: 30-March-2007 to 28-September 2018

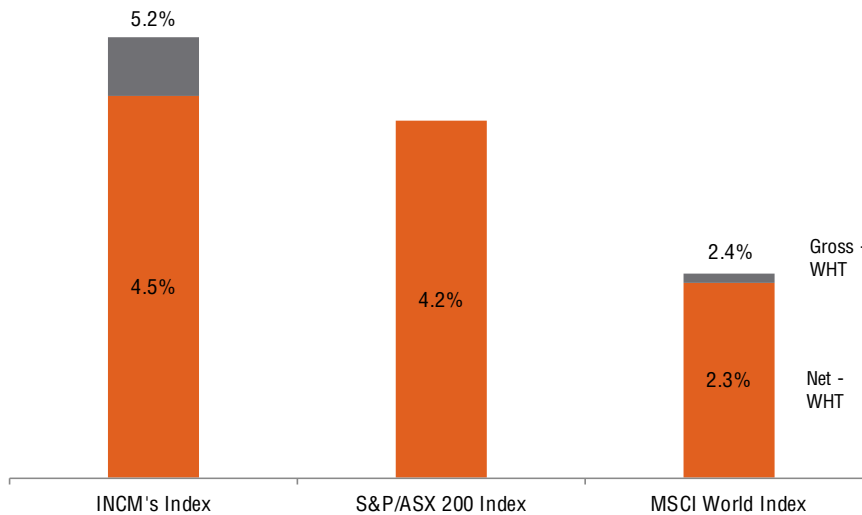


Source: Bloomberg. Graph shows performance of INCM's Index (the Nasdaq Global Income Leaders Index) and the MSCI World Index, not ETF performance and does not take into account ETF management costs. You cannot invest directly in an index. Past performance is not an indicator of future performance of Index or ETF.



But, of course, other than the aspect of total return performance, and central to the Fund’s objective, the Index which INCM aims to track also seeks to offer an attractive dividend yield. As at 28-September-2018, the 12-month gross dividend yield (ie before taking into account withholding taxes) was 5.2%, which compared favourably with that of the Australian market and notably higher than the global equity benchmark.

12 Month Dividend Yields: INCM’s Index v S&P/ASX 200 Index v MSCI World Index: 30 September 2018



Source: Bloomberg. Graph shows performance of INCM's Index (the Nasdaq Global Income Leaders Index), not ETF performance and does not take into account ETF management costs. You cannot invest directly in an index. Past performance is not an indicator of future performance of Index or ETF. Yield will vary and may be lower at time of investment. INCM's Index and MSCI World Index yield shown gross and net of withholding tax (i.e. shown from the perspective of an Australian tax payer); S&P/ASX 200 Index Yield excludes any franking credit benefit.

The Index which INCM aims to track also offers some diversification against holdings in the Australian market. For example, due to its income focus, INCM's Index holds no resource stocks and has a notably higher weight to utilities. And although INCM's Index has a comparatively similar weight to financials as the Australian market, these include a diverse range of global banks much less tied to the Australian property market than is the case for major banks in Australia².

All up, INCM provides an easy, transparent and cost-effective way for Australian investors to diversify away from the Australian equity market.

Australian investors can have their diversification, and their income too!

There are risks associated with investment in the Fund, including market risk, international investment risk, currency risk and concentration risk. See PDS.

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² Sector allocations and weightings as at time of writing - may change over time.