



29 February 2024

## Investment Objective

Betashares Dynamic Balanced Portfolio aims to provide attractive risk-adjusted returns over time for investors considered to have a "medium" risk profile, as defined by Australian Prudential Regulation Authority's (APRA) "standard risk measure", or SRM\*.

The portfolio aims to achieve this objective by investing in a selection of exchange traded funds, or ETFs, that provide exposure to a diverse range of asset classes and investment strategies. Portfolio exposure to these ETFs is dynamically adjusted over time with the aim of matching or exceeding returns from the strategic benchmark whilst retaining a long-run expectation of no more than 3 negative portfolio return year, on average, every 20-years.

## Portfolio Performance

Period	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	Inception (p.a.)
Return	1.77%	6.95%	6.14%	11.53%	4.69%	4.93%	5.44%

Value of \$100 invested since inception



Source: Betashares, Bloomberg. Portfolio returns are calculated by using each underlying fund's net asset value at the start and end of the specified period, assume reinvestment of any distributions back into the relevant underlying fund, and do not take into account tax paid as an investor. Returns are after management costs incurred in the underlying funds, but do not reflect the transaction costs (eg brokerage or bid ask spreads) that investors incur when implementing their portfolios. Past performance is not indicative of future performance.

## Yield and Portfolio Characteristics

<b>YIELD (% P.A.)<sup>1</sup></b>	2.35%
<b>GROSS YIELD (% P.A.)<sup>1</sup></b>	2.57%
<b># OF ETF HOLDINGS</b>	11

<sup>1</sup> Yield calculated by summing the prior 12 month net and gross fund per unit distributions, pro-rated for model weight, divided by model closing value at quarter end. Past performance is not an indicator of future performance.

\*Based on the Standard Risk Measure (SRM) calculated by the model manager. The SRM is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option.

\*\*As at 29 February 2024. These are the weighted average management costs of the underlying funds in the portfolio 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 transaction costs (eg brokerage or bid ask spreads) that investors incur when implementing their portfolios.

## Portfolio Information

### PORTFOLIO INCEPTION

31 DECEMBER 2015

**INDIRECT COSTS** 0.17% P.A.\*\*

### MODEL MANAGER

BETASHARES CAPITAL LTD

### VOLATILITY (P.A.) SINCE

INCEPTION

6.09%

## Investment Committee Voting Members

### DAVID BASSANESE

CHIEF ECONOMIST AND HEAD OF INVESTMENT COMMITTEE

### LOUIS CROUS

CHIEF INVESTMENT OFFICER

### THONG NGUYEN

HEAD OF EQUITIES

### CHAMATH DE SILVA

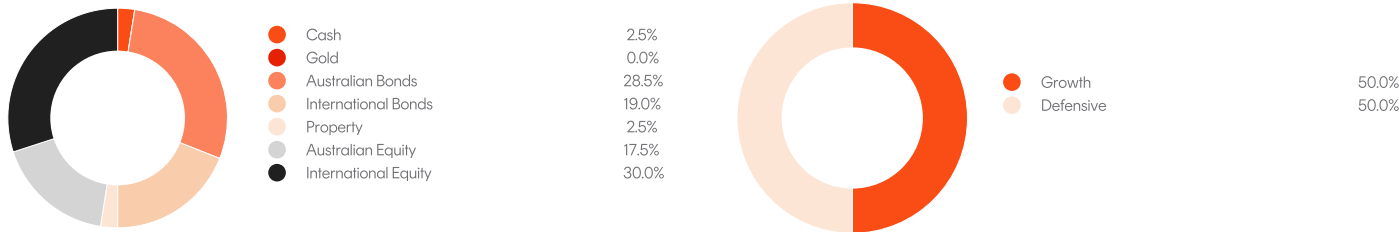
HEAD OF FIXED INCOME

### CAMERON GLEESON

SENIOR INVESTMENT STRATEGIST



Asset Allocation



Underlying ETF Holdings

Asset Class	Security	Name	Weight
Cash			2.5%
	AAA	Betashares Australian High Interest Cash ETF	2.5%
Australian Bonds			28.5%
	QPON	Betashares Australian Bank Senior Floating Rate Bond ETF	4.8%
	OZBD	Betashares Australian Composite Bond ETF	23.8%
International Bonds			19.0%
	VBND	Vanguard Global Aggregate Bond Index (Hedged) ETF	19.0%
Australian Property			2.5%
	VAP	Vanguard Australian Property Securities Index ETF	2.5%
Australian Equity			17.5%
	A200	Betashares Australia 200 ETF	12.2%
	QOZ	Betashares FTSE RAFI Australia 200 ETF	5.2%
International Equity			30.0%
	QUS	Betashares S&P 500 Equal Weight ETF	5.0%
	QLTY	Betashares Global Quality Leaders ETF	3.0%
	VEU	Vanguard All-World ex US Shares Index ETF	10.8%
	VTS	Vanguard US Total Market Shares Index ETF	11.2%

Monthly Market Review

A modest further rebound in global bond yields led to weaker returns for defensive assets in February, though growth assets continued to produce positive returns.

The main event over the month was a stronger than expected US inflation report, which led to a further scaling back of US official interest rate cut expectations. That said, financial markets are still anticipating multiple US interest rate cuts later this year.

A solid US December quarter earnings reporting season, along with ongoing optimism over the outlook for artificial intelligence technologies, further supported stocks. In Australia, the monthly inflation report for January pointed to a continued easing in pricing pressures, which bolstered hopes that the Reserve Bank would cut interest rates later this year.

US 10-year government bonds rose by 0.34% in February to 4.25% - compared with a low of 3.8% late last year. Australian 10-year bond yields rose 0.12% to 4.14%. Due to the lift in bond yields, returns from the global fixed-rate bond ETF, VBND, declined by 1.0%. The fixed-rate Australian composite bond ETF, OZBD lost 0.3%. The Australian floating rate bond ETF, QPON and the AAA cash ETF continued to produce steady smaller positive returns of 0.6% and 0.4% respectively.

As noted above, global equities rose further in February despite the lift in bond yields. US equities again outperformed non-US equities and global equities in general fared better than Australian equities. Listed property continued their recent recovery, despite higher bond yields. US equities (VTS), returned 7.0%, while non-US equities (VEU) returned 4.0%. Australian equities (A200) and listed property ETF (VAP) returned 0.8% and 4.7% respectively.

Following the late-February Investment Committee meeting, the models retained a neutral exposure to growth assets relative to defensive – reflecting the fact that while global recession risks had eased, equity valuations (especially in the US) remained a little stretched and the goal of bringing down inflation has not yet been fully realised. The models retain an overweight in bonds within defensive assets, on the view that central banks are likely close to finished in raising policy rates, underlying inflation will continue to ease, and rate cuts are still likely in the coming year.

Important Information

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