

# Betashares Dynamic Balanced Income Portfolio



31 January 2024

## Investment Objective

Betashares Dynamic Balanced Income 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.)
<b>Return</b>	1.04%	7.09%	3.18%	4.19%	5.27%	3.96%	4.42%

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>	3.88%
<b>GROSS YIELD (% P.A.)<sup>1</sup></b>	3.88%
<b># OF ETF HOLDINGS</b>	8

<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 31 January 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** 0.40% P.A.\*\*

### MODEL MANAGER

BETASHARES CAPITAL LTD

### VOLATILITY (P.A.) SINCE

INCEPTION

6.20%

## 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

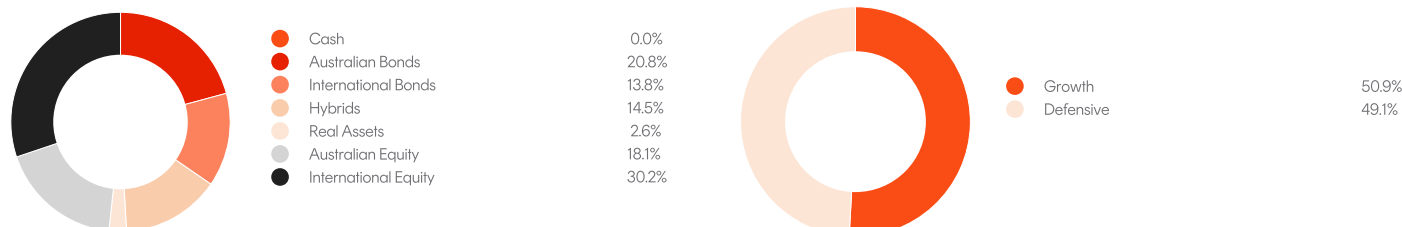
SENIOR INVESTMENT STRATEGIST

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## Asset Allocation



## Underlying ETF Holdings

Asset Class	Security	Name	Weight
Australian Bonds			20.8%
	QPON	Betashares Australian Bank Senior Floating Rate Bond ETF	3.4%
	OZBD	Betashares Australian Composite Bond ETF	17.4%
International Bonds			13.8%
	VBND	Vanguard Global Aggregate Bond Index (Hedged) ETF	13.8%
Hybrids			14.5%
	HBRD	Betashares Active Australian Hybrids Fund (managed fund)	14.5%
Real Assets			2.6%
	RINC	Betashares Legg Mason Real Income Fund (managed fund)	2.6%
Australian Equity			18.1%
	EINC	Betashares Legg Mason Equity Income Fund (managed fund)	9.0%
	VHY	Vanguard Australian Shares High Yield ETF	9.1%
International Equity			30.2%
	INCM	Betashares Global Income Leaders ETF	30.2%

## Monthly Market Review

A modest rebound in global bond yields led to a flat outcome for defensive assets in January, though growth assets continued to produce positive returns. The main theme over the month was a scaling back of near-term US official interest rate cut expectations given ongoing solid US economic growth and signalling from Federal Reserve officials.

This follows strong gains in both growth and defensive assets in December as global markets significantly increased rate cut expectations for this year. Indeed, financial markets are still anticipating multiple US interest rate cuts late this year. In Australia, a lower-than-expected December quarter consumer price index inflation report and weak retail spending over the quarter also affirmed market expectations that the Reserve Bank would cut interest rates later this year.

In the main, global and local economic data over the month remained consistent with the "soft landing" narrative that has supported both growth and defensive asset returns over recent months. The US economy grew at a 3.3% annualised pace in the December quarter of 2023, with strong job gains in December and January. At the same time, annual growth in US core consumer prices (i.e. excluding food and energy) slowed to 2.9% in December from 3.2% in November.

US 10-year government bonds edged up 0.03% in January to 3.91% - compared with a recent high of 5% only a few months earlier. Australian 10-year bond yields rose 0.06% to 4.01%. Due to the small lift in bond yields, returns from the global fixed-rate bond ETF, VBND, declined by 0.4%. The fixed-rate Australian composite bond ETF, OZBD returned 0.2%. The Australian floating rate bond ETF, QPON and the AAA cash ETF continued to produce steady smaller positive returns of 0.4%.

As noted above, global equities rose further in January given growing confidence around a soft landing for the global economy. US equities again outperformed non-US equities and global equities in general fared better than Australian equities. US equities (VTS), returned 4.4%, while non-US equities (VEU) returned 2.2%. Australian equities (A200) and listed property ETF (VAP) both returned 1.2%.

### Important Information

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