betashares

Developing global diversification

Increase exposure to opportunities in the developed world outside of the US

ASX: EXUS

Betashares Global Shares Ex US ETF

An investor's portfolio is made up of distinct components, each serving a specific purpose, and together, they form a cohesive and strategic investment plan. When we look at this investor portfolio mix today, US equities dominate many, with the region often accounting for over 70% of developed index exposures.

While this has benefited many investors, as it has come about due to strong US outperformance over the past decade, it also creates concentration - exposing portfolio risk and return drivers to a narrow range of companies, macroeconomic conditions, policy environments, and sector imbalances.

Within this context developed market ex US exposures are not about abandoning US companies but complementing them, with thoughtfully constructed allocations to developed markets and differentiated return drivers outside the US.

Betashares Global Shares Ex US ETF (ASX: EXUS) offers investors a unique broad developed world ex-US, ex-Australia equity exposure[1]. In combining diversifying investment exposure with an efficiently structured, low-cost ETF, EXUS can play a fundamental building block role in portfolio construction.

[1]As of 31 October 2025. Source: ASX, CBOE, based on Global shares ex US ETFs based in Australia.

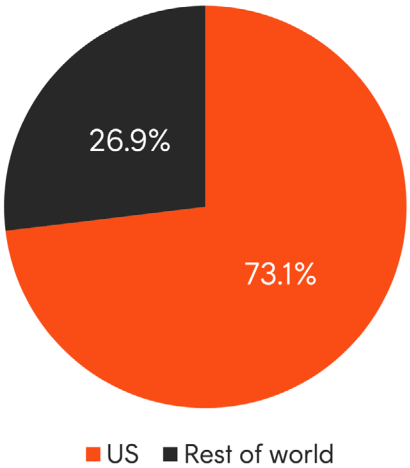
How has the US grown to become 70% of global markets?

Today the US accounts for over 70% of the MSCI World Index (MSCI World)[2].

Only one other country, Japan during the late 1980's asset price bubble, has ever represented more than 40% weight in the index, and the US itself has never had a weight this high[3].

No country has ever represented a higher weight in global market indices as the US today*

MSCI World US and non-US country weights



Source: Bloomberg. Regional weights in MSCI World Index as at 31 October 2025. * Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and subsequent research, Bloomberg. 1900 to 2025.

The growth of the US' weight, from 50% in 2012[4] to its level today, has been a function of US equities dramatically outperforming those in the rest of the developed world over this period. This outperformance has been heavily driven by the dominance of the US technology sector and the emergence of global corporate giants including Microsoft, Apple, Nvidia, and Amazon. This concentration also helps to explain why the Information Technology sector now accounts for 27% of the MSCI World Index - the largest sector exposure[5].

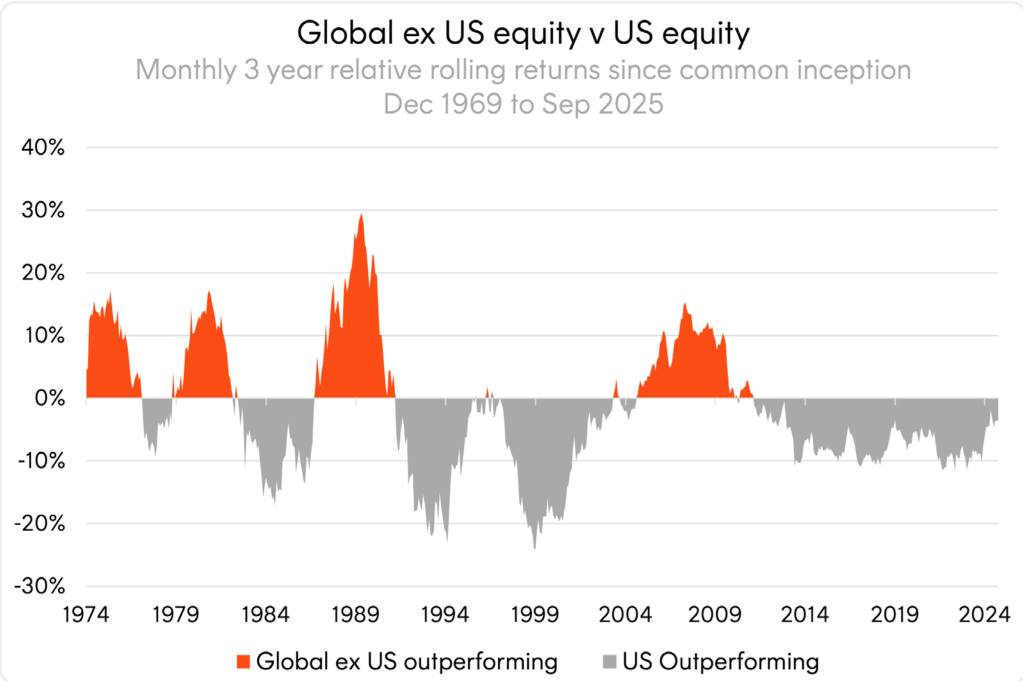
[2]As at 31 October 2025.

[3]Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and subsequent research, Bloomberg. 1900 to 2025.

[4]Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and subsequent research.

[5]As at 31 October 2025.

In fact, the US is currently experiencing its longest period of outperformance versus global ex-US equities, based on monthly 3-year rolling returns (used as a measure to capture market cycles, smooth short-term noise, and reveal persistent regimes)[6]. However, as can be seen in the chart below there have historically been long periods of US underperformance (orange shading).



Source: Bloomberg. December 1969 to September 2025. Monthly 3 year rolling relative returns of the S&P 500 Index and the MSCI World ex US Index. Past performance is not an indicator of future performance.

For instance, before the most recent run of US outperformance ex US equities outperformed over a six-and-a-half-year period from August 2005 to January 2012. This period was shaped by distinct economic factors that favoured non-US markets. In 2001 China joined the World Trade Organisation (WTO) turbocharging global trade while unleashing historic economic expansion spurring a commodities supercycle. This environment benefitted resource rich economies like Australia, Canada and Brazil as well as trade-oriented economies like those in Europe and Asia, while the US' domestic orientated economy participated less directly. Meanwhile US centric shocks, including the 2001 dot-com bubble induced recession and US originated Global Financial Crisis, weighed on American equities and consumers.

Today, US tech concentration, the historic AI capital expenditure roll out, heightened geopolitical tension and shifting trade regimes all represent structural challenges that could impact the US' equity markets dominance. At the very least, alongside the US' historic weight in global indices, they likely offer prudent reasons to seek greater diversification from global developed market equity allocations.

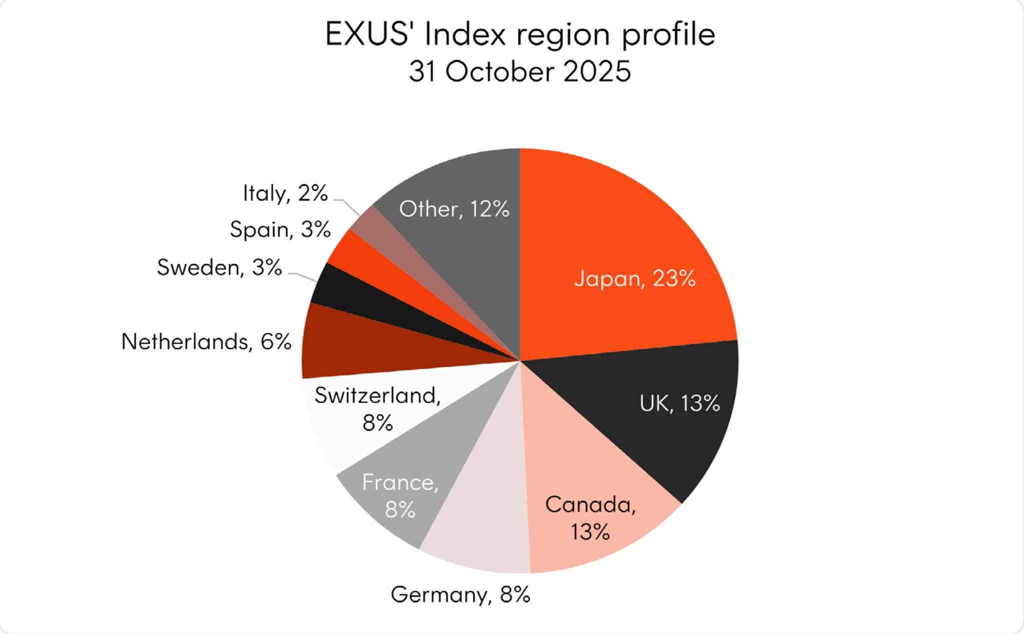
[6]Source: Bloomberg. 3 year monthly rolling returns of the MSCI World and MSCI World ex US indices from December 1969 to September 2025. Past performance is not an indicator of future performance.

An ETF built for the Australian allocator

It is within this context that Betashares is proud to launch the Betashares Global Shares Ex US ETF (ASX: EXUS). The index EXUS aims to track (before fees and expenses), the Solactive GBS Developed Markets ex Australia and United States Large & Mid Cap AUD Index (the Index), was created specifically with the Australian allocator in mind.

The index is designed to provide exposure to the world's largest developed market companies, based on their free-float market capitalisation, excluding both Australia and the US. At the time of writing the Index holds approximately 920 securities from 22 countries.

The exclusion of Australian equities, alongside US, is unique for a global ex-US ETF strategy in the Australian market[7] and reduces holdings overlap for Australian investors. By comparison in the FTSE All-World ex US index Australia is the 8th largest country allocation and CBA and BHP are the 16th and 27th largest individual holdings respectively[8]. Whilst this is useful for non-Australian allocators to gain their Australian equity exposure it could be considered unnecessary and can potentially add complications for Australian's who typically maintain separate strategic asset allocations to Australian equities.



Source: Solactive. As at 31 October 2025. Index constituents are subject to change.

The Index also invests only in companies incorporated in developed markets[9], excluding emerging markets from its allocation. By comparison emerging markets currently make up 27% of the FTSE All-World ex US index[10]. There are two primary reasons for excluding emerging markets in such an exposure.

The first is to remove the limitations of practical index tracking that arise with emerging market equities, this is discussed in more detail in the Fund Structure section later in this brochure. The second, in the same vein as the above points on Australian exposure, is to allow allocators greater control over their strategic allocation to emerging markets.

These well thought out features make EXUS a unique portfolio building block designed specifically for Australian investors. By blending EXUS with a core Australian, global developed, and emerging market equity exposure, fund allocators can better set and manage their strategic and dynamic asset allocation preferences.

[7] As of 31 October 2025. Source: ASX, CBOE, based on Global shares ex US ETFs based in Australia.

[8] Source: Bloomberg. As at 27 October 2025. Country and single security allocations are subject to change.

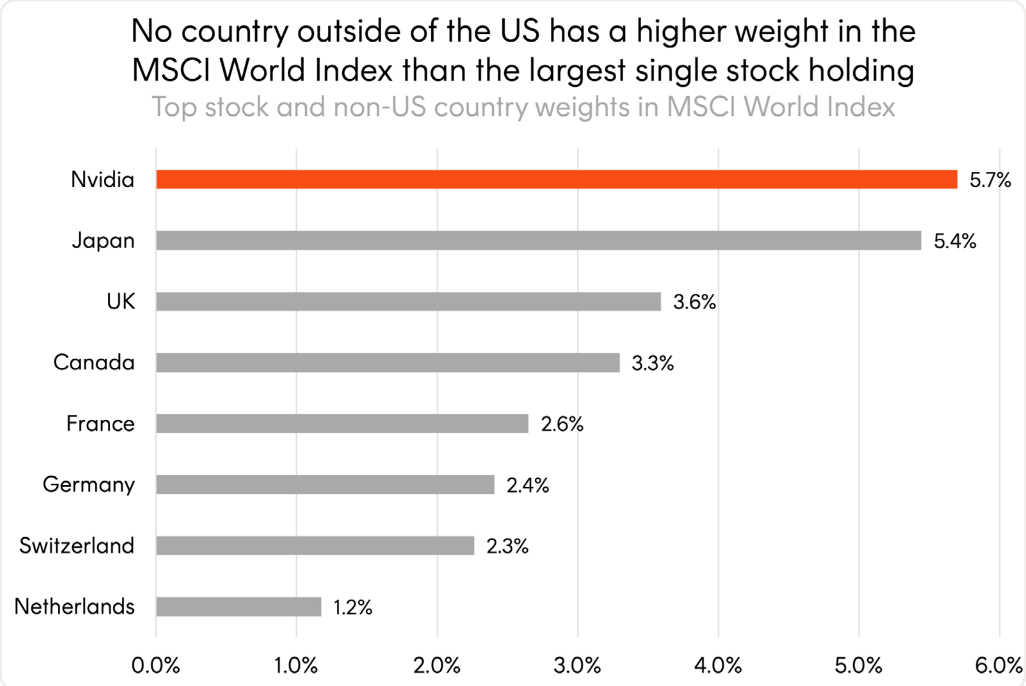
[9] Eligible companies are assigned to their respective country, based on their country of primary listing/country of incorporation. If a company is incorporated and listed in different countries, Solactive will consider the company's country of domicile and country of risk to determine the appropriate country classification.

[10] Source: Bloomberg. As at 30 September 2025. Emerging markets allocations are subject to change.

The developed ex-US opportunity set

Given the US' significant weight in broad market indices, adding exposure to an index that excludes this country can provide meaningful diversification across regions, sectors, and return drivers for investors' portfolios.

At a regional level the largest country weight outside of the US in the MSCI World Index is Japan, with a weight of just 5.4%. For context the largest single stock holding in the same index is Nvidia with a weight of 5.7%[11]. This infers that currently no country outside of the US has a bigger influence on the index than a single US company.



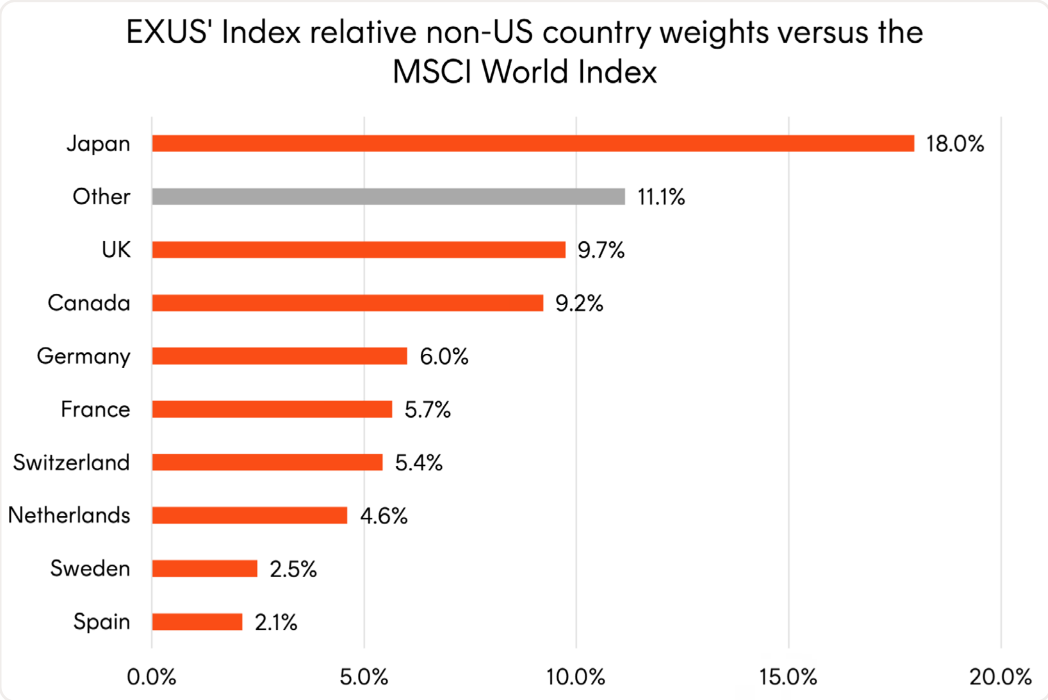
Source: Bloomberg. As at 31 October 2025. Index constituents are subject to change.

By contrast, EXUS' Index has seven country exposures with a weight higher than Nvidia's in the MSCI World Index, including Japan and Germany[12], each with their own unique return drivers.

Japan's structural transformation through corporate governance reforms and shareholder-friendly capital allocation is contributing to returns driven by microeconomic change rather than macro growth. Meanwhile, Germany is leading Europe in fiscal expansion, focused on defence and industrial investment. Together, these idiosyncratic stories illustrate how regional diversification can expose investors to different return drivers across macroeconomic policy cycles, currencies, sectors, and structural trends.

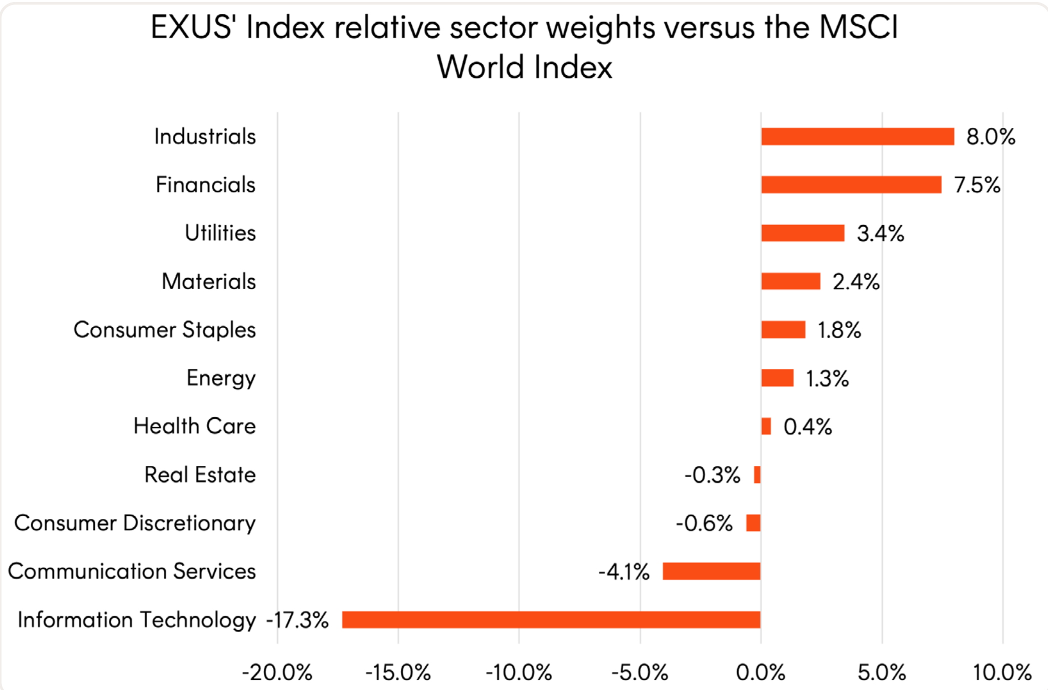
[11]Source: MSCI. As at 30 September 2025. Subject to change.

[12]Source: Solactive. As at 31 October 2025. Subject to change.



Source: Solactive, Bloomberg. As at 31 October 2025. EXUS' Index is the Solactive GBS Developed Markets ex Australia and United States Large & Mid Cap AUD Index. Subject to change.

Similarly, EXUS' Index has a differentiated sector profile to the MSCI World Index, adding the potential for further diversification benefits. By excluding the US' sizeable technology companies from selection EXUS currently has a meaningful underweight to the Information Technology sector compensated by higher weights to some more cyclical sectors of the global developed economy like Industrials and Financials. Large global companies in these sectors like the UK's HSBC which manages over US$3tn of assets and German industrial automation and software leader Siemens, receive meaningfully higher exposure in EXUS than the MSCI World Index.



Source: Solactive, Bloomberg. As at 31 October 2025. EXUS' Index is the Solactive GBS Developed Markets ex Australia and United States Large & Mid Cap AUD Index. Index constituents are subject to change.

Developed ex US markets, particularly in Europe, the UK, Canada, and parts of Asia, have a long-standing culture of prioritising dividends as a core component of shareholder returns. Many ex-US firms, especially in sectors like Financials, Industrials, and Consumer Staples, maintain stable, policy-driven dividend payouts through economic cycles.

This dividend-friendly approach is deeply rooted in corporate governance traditions and investor expectations. For example, European firms commonly implement formal dividend payout policies tied to earnings thresholds, ensuring predictable distributions. In the UK and across Asia-Pacific, dividend continuity is often viewed as a key signal of financial prudence, balance sheet strength, and corporate maturity. As a result, many ex US markets consistently offer higher yields - not due to fundamentals, but rather regional norms that emphasise steady income distribution.

For investors seeking reliable, globally diversified income, developed ex US equities offer an improved source of yield - with a history of dividend consistency and regional market discipline.

An efficient fund structure for the Australian allocator

In launching EXUS Betashares also took the Australian investor into consideration when choosing the Fund's structure.

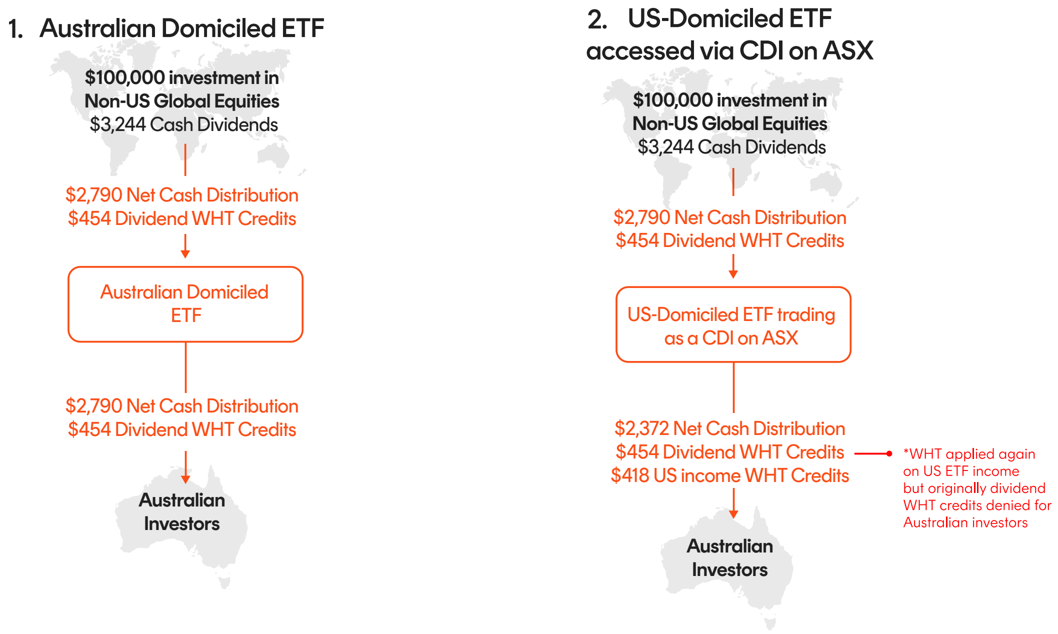
EXUS is an Australian domiciled ETF that invests directly in underlying companies. As is typical for a fund of this nature and structure, EXUS uses a sampling strategy with the aim of efficiently tracking the Index.

As an Australian domiciled ETF, and by directly investing in underlying companies, EXUS entitles investors in the ETF to withholding tax (WHT) credits associated with relevant foreign dividends[13].

Alternate ETFs listed on the ASX may not share this efficient structure. If instead you invest through an ETF domiciled offshore, and that ETF invests in companies listed in third party countries (so for example, a US-domiciled ETF investing in European companies), the dividend WHT credits are 'trapped' in the ETF's country of domicile and are not passed through to the Australian investor. In addition, WHT is then applied a second time, on the foreign-domiciled ETF distributions.

The illustrative example below demonstrates how these two frictions could potentially impact the income generated from a $100,000 underlying investment in non-US global equities exposure accessed either through a US-domiciled ETF versus an Australian-domiciled ETF. Yield and tax assumptions used are set out in the below graphic.

Examples of the dividend and tax entitlements through different structures



Source: Betashares. All figures are in Australian dollars and based on a cash dividend yield of 3.244% for both the non-US Global Equities portfolio and the Australian domiciled ETF. A WHT rate of 14% is applied to non-US sourced income, and a WHT rate of 15% is applied to US sourced income. In the case of the US-domiciled ETF it is also assumed the investor has submitted a W8-BEN. Hypothetical example provided for illustrative purposes only. Not a recommendation to invest or adopt any investment strategy. Actual results may differ materially.

[13]Where an Australian domiciled ETF invests directly in companies listed in a foreign country with which Australian has a double taxation agreement. Not all Australian investors will be able to claim the foreign income tax offset.

In comparison to investing through an Australian domiciled ETF that directly holds non-US global shares, based on our analysis the 'tax drag' faced by the Australian investor holding the US-domiciled ETF means that:

- The cash distributions were lower (only $2,372 versus $2,790), as WHT is applied twice
- investors will be unable to claim back the $454 in WHT paid on the underlying company dividends when they come to complete their tax return

To assess the cumulative impact, we need to compare after tax returns and take into account the investor's tax rate.

The yield and WHT rate assumptions used in the example above are based on a popular global shares ETF available on the ASX, which is in fact a CHESS Depository Interest (CDI) in a US-domiciled ETF. The rates we used are based on the distributions paid between July 2024 and June 2025 for that ETF.

The table below shows the estimated cumulative after-tax impact for Australian taxpayers with $100,000 invested in that US domiciled ETF at different tax rates:

Investor Type	Via US-domiciled ETF - After Tax Income	Via Direct Investment - After Tax Income	After Tax Impact ($)	After Tax Impact (% invested)
Pension Investor - 0% tax rate	$2,372	$2,790	-$419	**-0.42%**
SMSF Accumulation - 15% tax rate	$2,372	$2,758	-$386	**-0.39%**
32% tax rate - Individual/Trust	$1,897	$2,206	-$309	**-0.31%**
39% tax rate - Individual/Trust	$1,702	$1,979	-$277	**-0.28%**
47% tax rate - Individual/Trust	$1,479	$1,719	-$241	**-0.24%**

Source: Betashares. Hypothetical example provided for illustrative purposes only. Not a recommendation to invest or adopt any investment strategy. Actual results may differ materially.

The after tax impact at any of these tax rates is greater than a typical low-cost index tracking ETF's management fees.

A non-Australian domiciled structure can further diminish the Australian investor experience by precluding the pass through of any franking credits associated with Australian company dividends. It can also increase the administration burden through the need for W8-BEN forms to be filed otherwise a US withholding tax at a rate of 30% will apply and further erode their after-tax outcome.

The decision to exclude emerging market equities in EXUS' index was another that was made for structural efficiencies with Australian investors in mind.

Firstly, trading a large number of companies across emerging market countries directly can be costly and complex likely adding to tracking error for a fund versus its index.

Secondly, some emerging market countries have complex market structures that can lead to inefficiencies for index tracking funds. For example, India requires capital gains tax (CGT) to be paid upfront on the sale of Indian securities causing tax slippage and index tracking error for ETF's holding Indian equities directly.

By excluding emerging market companies, not only does EXUS allow investors to have better control over their allocation decisions between developed and emerging market equities, but it also avoids these inefficiencies in effectively tracking the underlying index.

It is for these same reasons that Betashares recently launched Betashares MSCI Emerging Markets Complex ETF (ASX: BEMG).

BEMG, an Australian domiciled ETF, uses an efficient swap-based structure to obtain emerging markets exposure which increases tax efficiency, index tracking abilities, and reduces local tax frictions compared to holding the underlying companies directly.

Blending EXUS and BEMG can therefore provide Australian investors with more efficient exposure to global ex-US equities than an ASX listed non-Australian domiciled ETF or an Australian domiciled ETF holding emerging market companies directly.

Investment implications and portfolio construction

EXUS can be utilised with the purpose of not excluding US companies from portfolios all together, but instead facilitating the reallocation of capital amongst other developed market opportunities.

Below, utilising Betashares core global equity building block ETFs, we provide an illustrative example of how blending EXUS can improve regional diversification while maintaining a meaningful exposure to the US. The other ETFs used are:

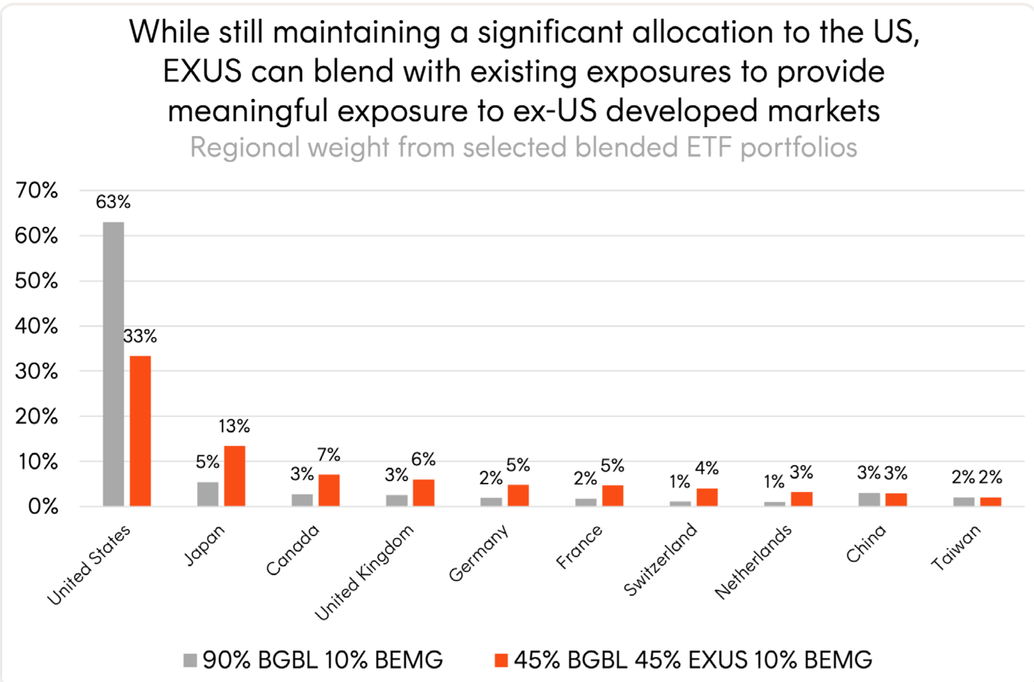
Betashares Global Shares ETF (ASX: BGBL)

- Low-cost exposure to approximately 1,300 companies from more than 20 developed market countries.

Betashares MSCI Emerging Markets Complex ETF (ASX: BEMG)

- One of Australia's most cost-effective emerging markets ETFs structured to help minimise deviations of the Fund's returns from the index and enhance exposure to markets that are costly and complex to access directly.

Using developed market and emerging market weights similar to the MSCI ACWI index - the first blend has allocated 90% to BGBL and 10% to BEMG, the second blend has introduced EXUS allocating 45% to EXUS, 45% to BGBL, and the same 10% to BEMG. These weights are used for the following illustration and are not an indication of suggested optimal weights, nor a recommendation to invest or adopt any investment strategy. The main takeaway is that EXUS can enable allocators to better decide their own US, developed ex-US, and emerging market exposure within portfolios.



Source: Betashares. As at 31 October 2025. BGBL is the Betashares Global Shares ETF, BEMG is the Betashares MSCI Emerging Markets Complex ETF, EXUS is the Betashares Global Shares Ex-US ETF. Weights used in selected blends for illustrative purposes only.

EXUS has been designed as a core building block for the Australian investor. Thoughtful considerations of its investment exposure and fund structure make it purpose built for Australian portfolio construction. Alongside other well-constructed core building block ETFs, EXUS can help to create the foundations of a diversified, low cost, efficient portfolio.

There are risks associated with investment in the Funds, including market risk, international investment risk, currency risk and, in the case of EXUS, medium sized companies risk, and in the case of BEMG, emerging markets risk and derivatives risk. Investment value can go up and down. An investment in the Funds should only be made after considering your particular circumstances, including your tolerance for risk. For more information on risks and other features of the Funds, please see the relevant Product Disclosure Statement and Target Market Determination, both available on this website.

EXUS is not sponsored, promoted, sold or supported in any other way by Solactive AG nor does Solactive AG offer any express or implied guarantees or assurance either with regard to the results of using the Index at any time or in any other respect. The Index is calculated and published by Solactive AG. Neither publication of the Index by Solactive AG nor the licensing of the Index for the purposes of use in connection with the Fund constitutes a recommendation by Solactive AG to invest capital in the Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Fund.

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