

A Brave New World

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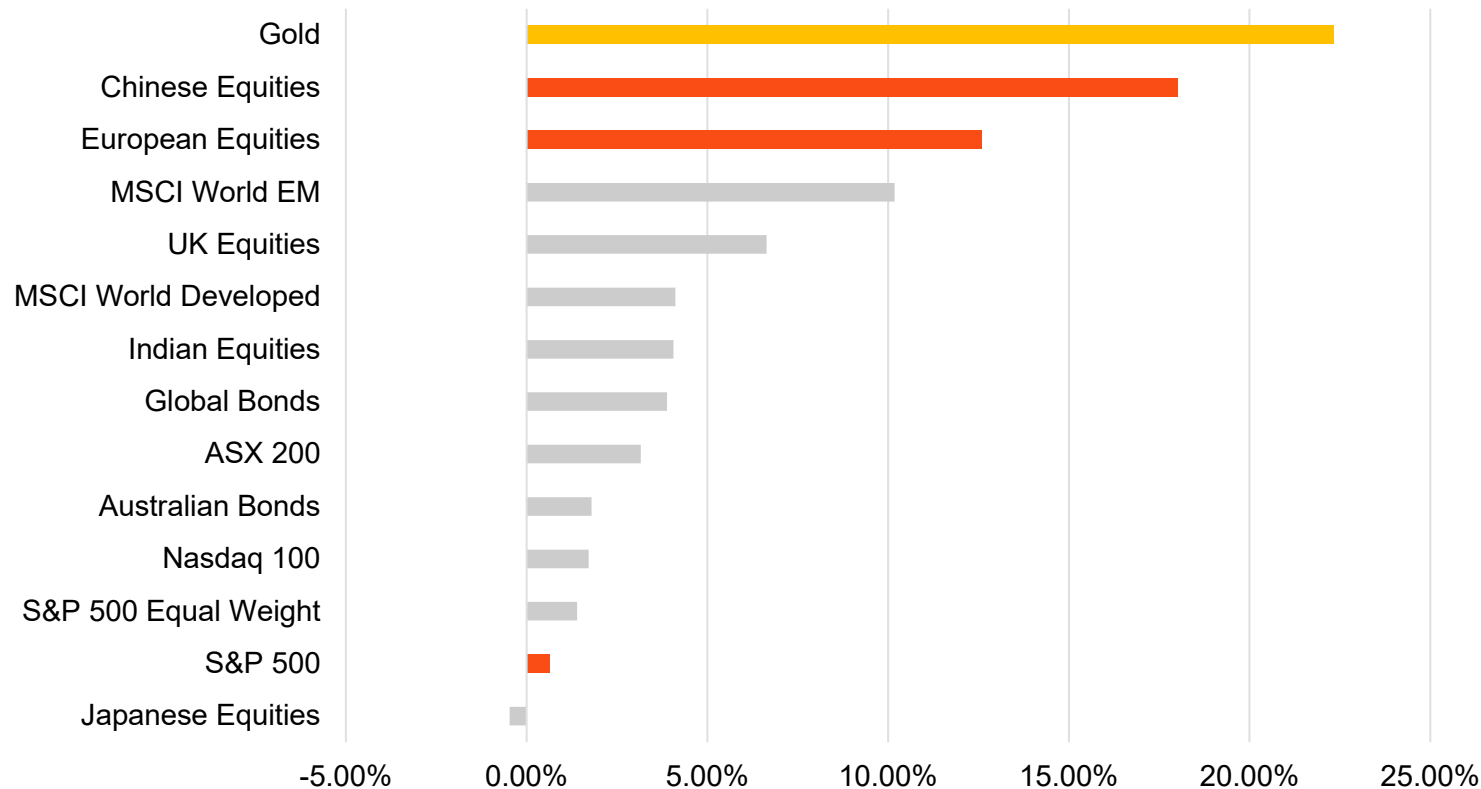
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2025 Year-to-date market highlights

2025 Major Asset Class Returns in local currency terms



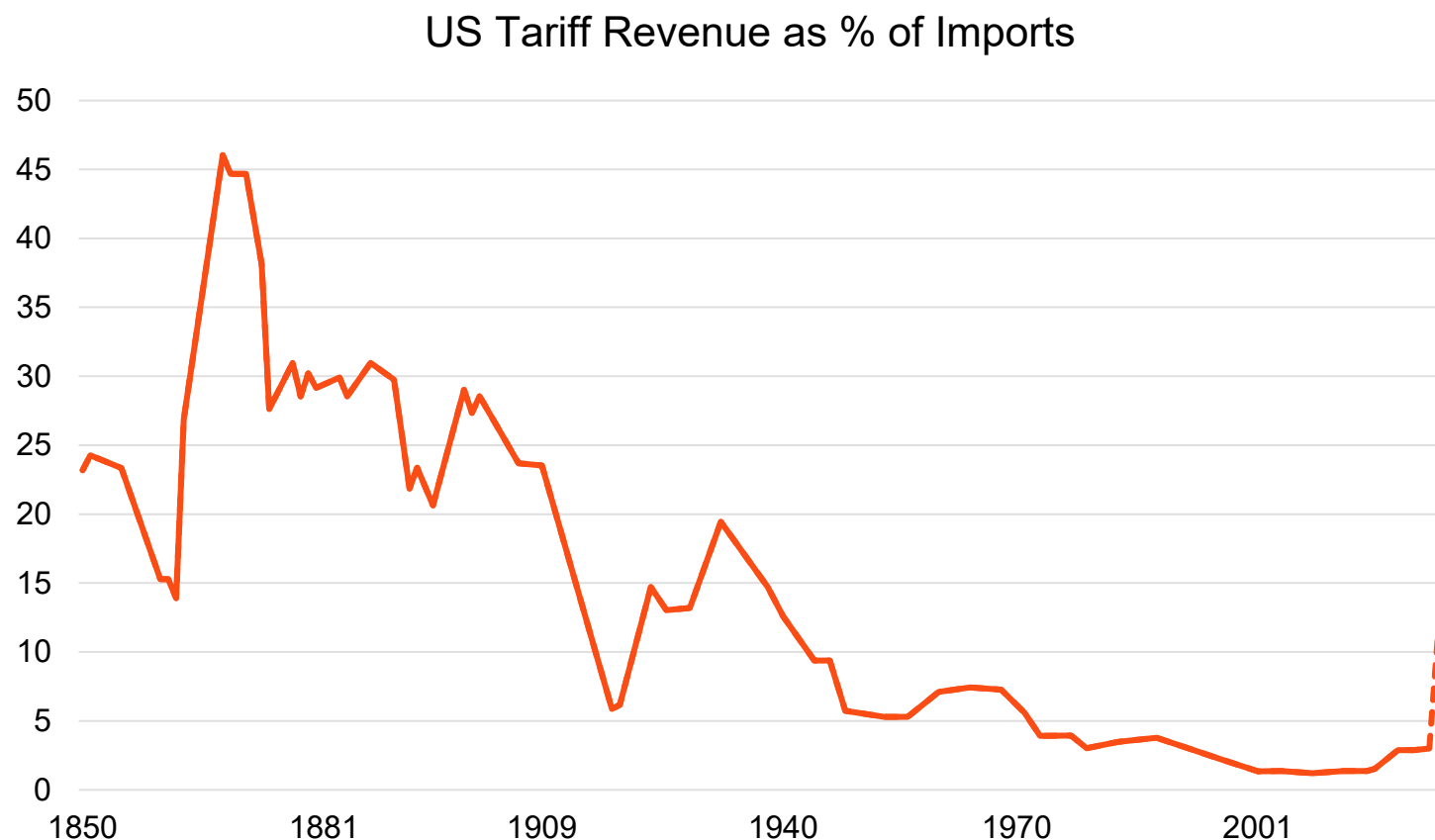
- The yellow metal continues its golden run
- Europe and China threaten US dominance

Source: Bloomberg. Returns from 31 December 2024 to 16 May 2025. Returns are in local currencies. Gold = Gold Spot US Dollar Index, Chinese equities = CSI 300 Index, UK Equities = FTSE 100, Indian Equities = Sensex Index, European Equities = Euro Stoxx Index, Australian Bonds = Bloomberg Ausbond Composite Index, Global Bonds = Bloomberg Global-Aggregate Total Return Index. You cannot invest directly in an index. **Past performance is not indicative of future returns.**

Trump's trade war



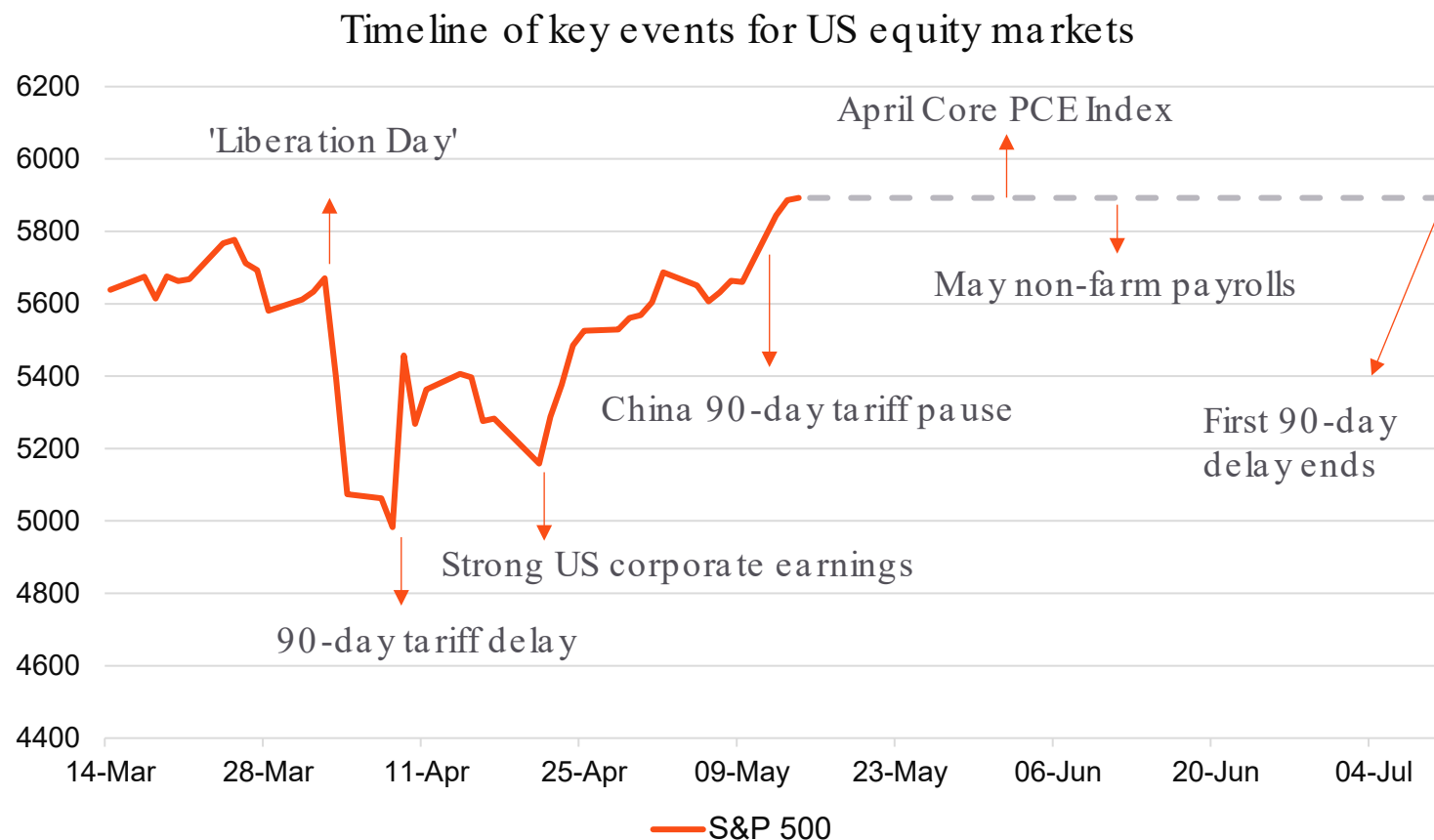
Trump's tariffs – a race against time



Source: US Bureau of Economic Analysis

- In their original form, Trump's tariffs were expected to cause a US recession
- The question was whether enough trade deals will be made, or tariffs lowered before that point

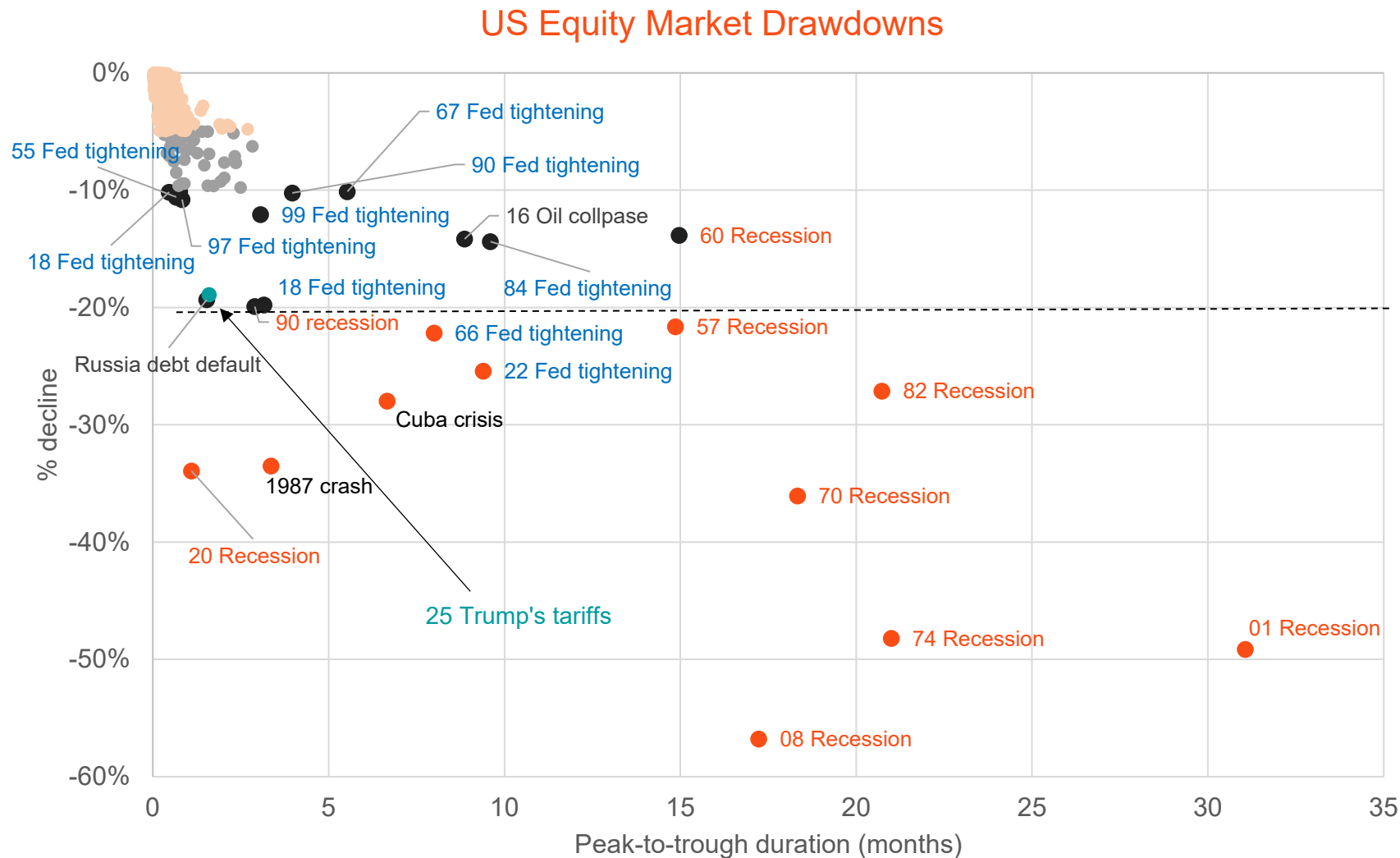
Trump's tariffs – a race against time



Source: Bloomberg, as at 16 May 2025. You cannot invest directly in an index. Past performance is not an indicator of future performance.

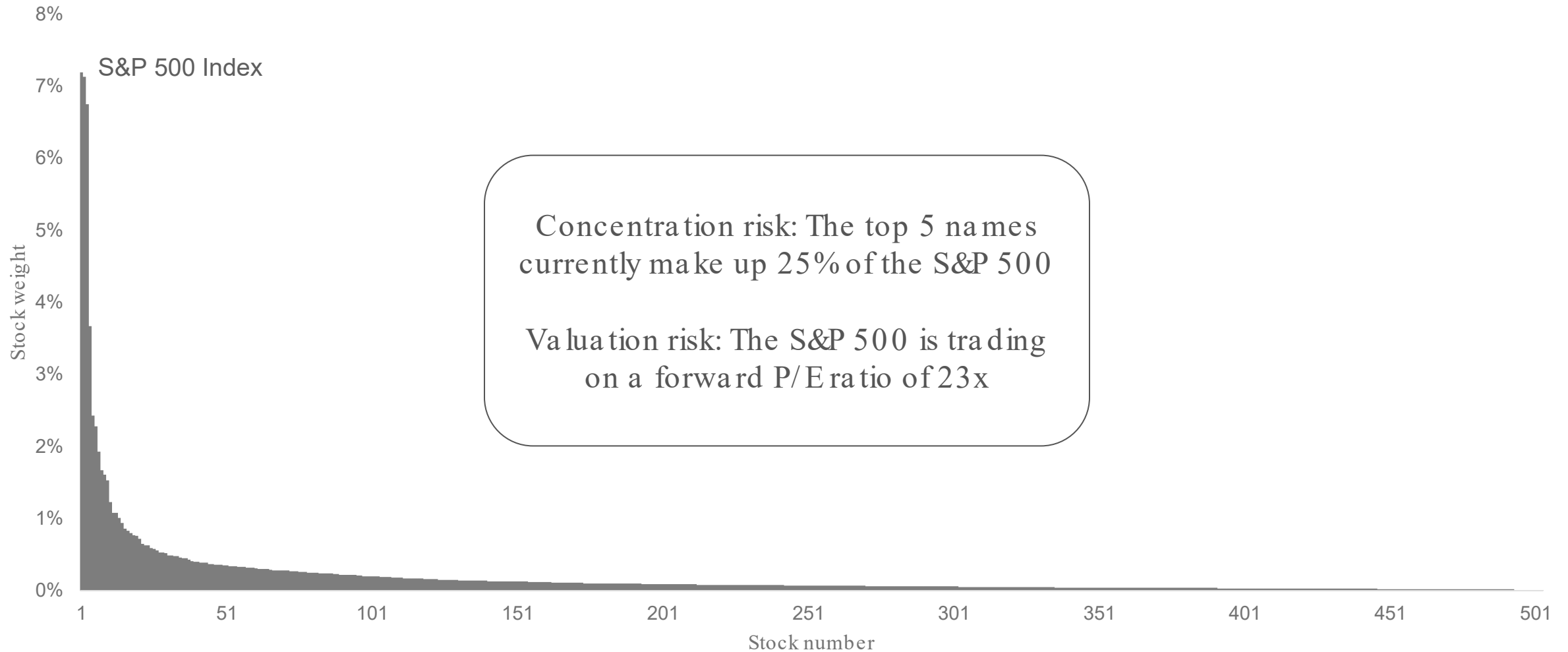
- So far, markets have had positive news to react to since 'Liberation Day'
- However, upcoming data will likely start to weaken posing a threat
- News of trade deals could let markets look through bad data

Bad bear markets usually require a recession



Source: Bloomberg. 1955 to 2025.

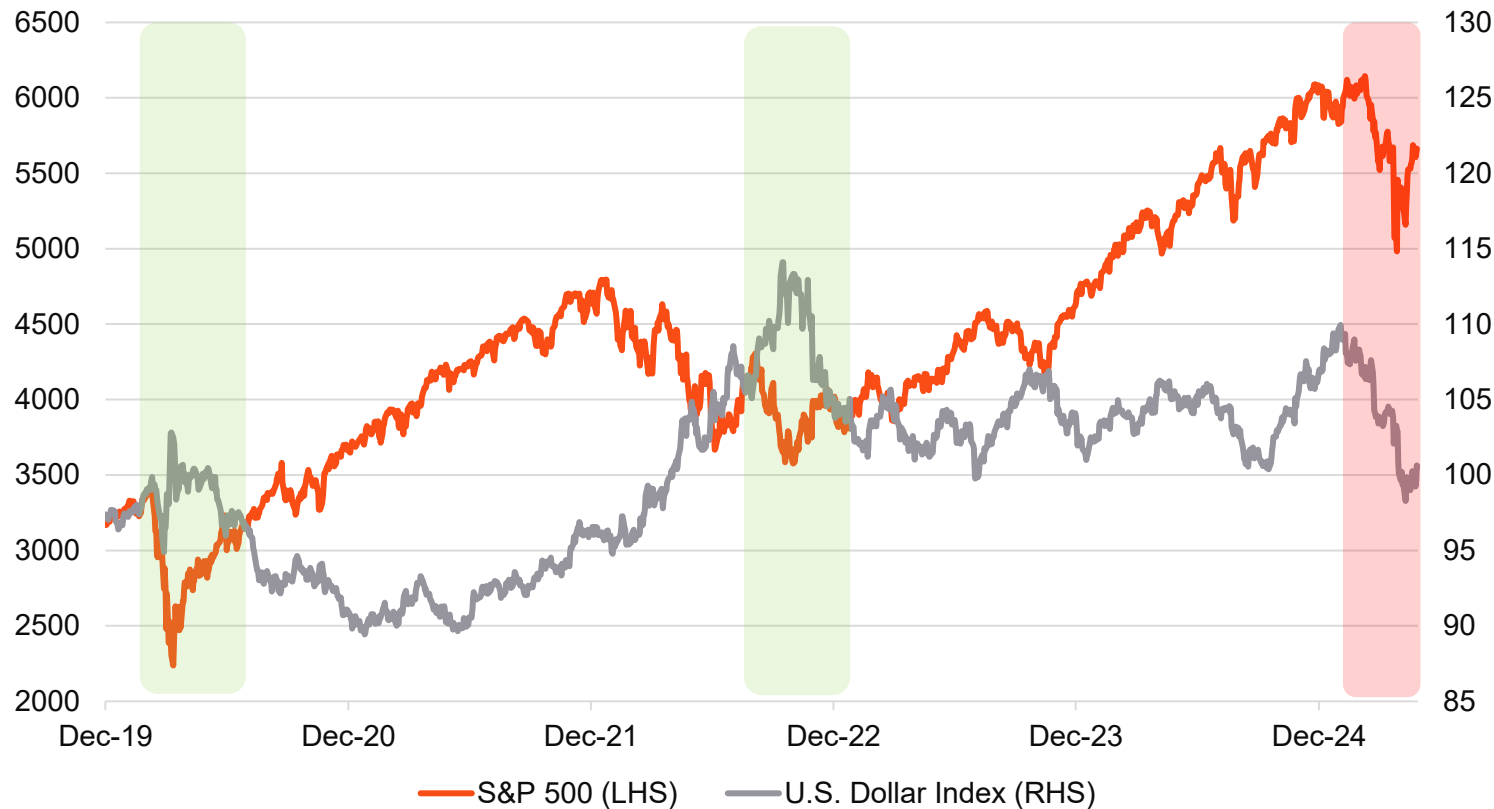
De-risking US equity allocations



Source: Bloomberg, BetasharesAs at December 2024. For illustrative purposes only.

Is the US dollar the biggest risk for Australian investors?

S&P 500 and US Dollar Index



Source: Bloomberg, as at 9 May 2025. You cannot invest directly in an index. Past performance is not an indicator of future performance.

- The US dollar typically strengthens in market sell offs protecting unhedged investors
- This year's drawdown in US markets coincided with a weaker US dollar
- If the US market and dollar are both threatened, unhedged investors may be at greater risk

Betashares S&P 500 Equal Weight ETF (ASX: QUS)

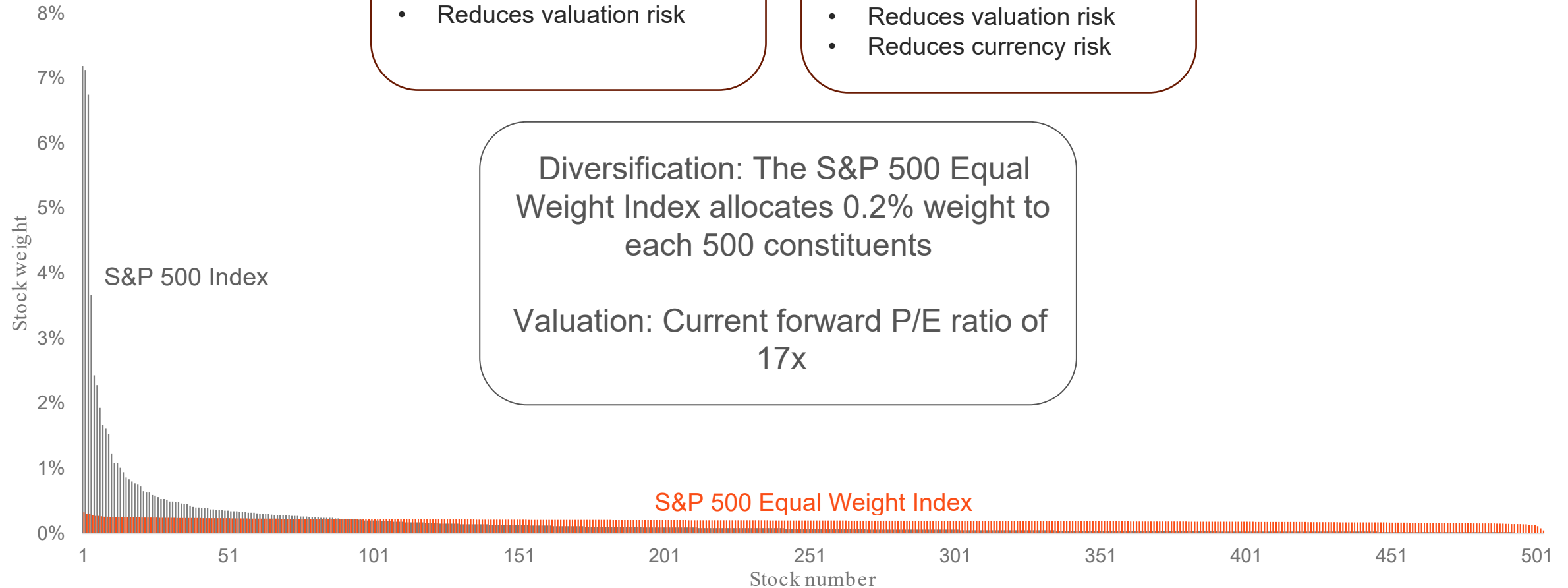
- Reduces concentration risk
- Reduces valuation risk

Betashares S&P 500 Equal Weight Currency Hedged ETF (ASX: HQUS)

- Reduces concentration risk
- Reduces valuation risk
- Reduces currency risk

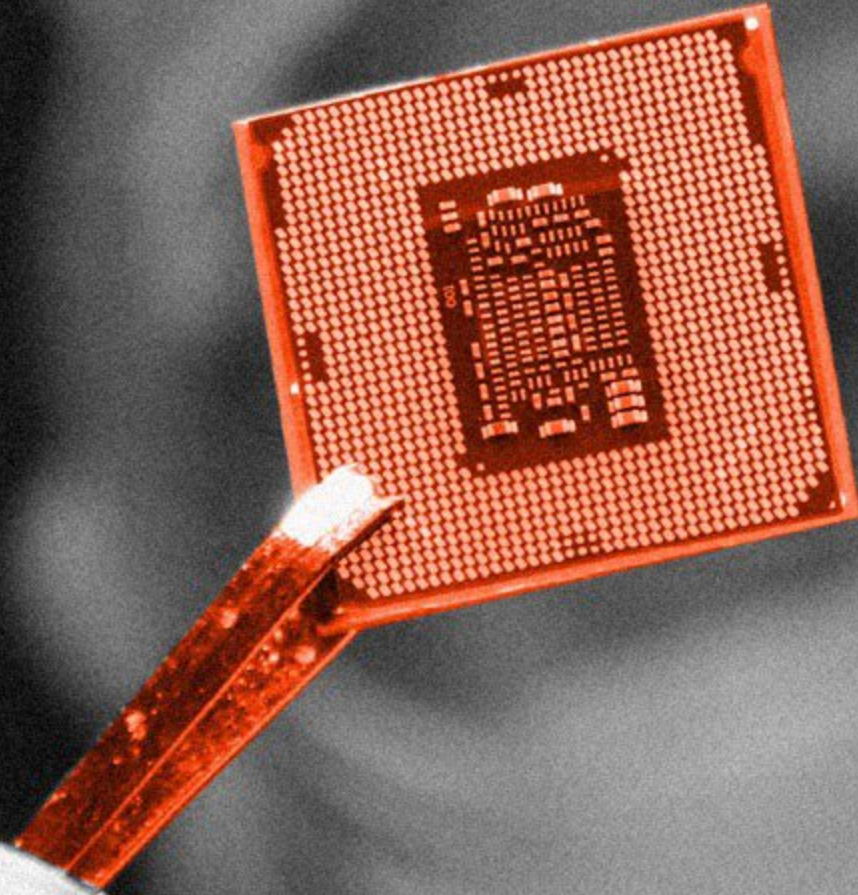
Diversification: The S&P 500 Equal Weight Index allocates 0.2% weight to each 500 constituents

Valuation: Current forward P/E ratio of 17x

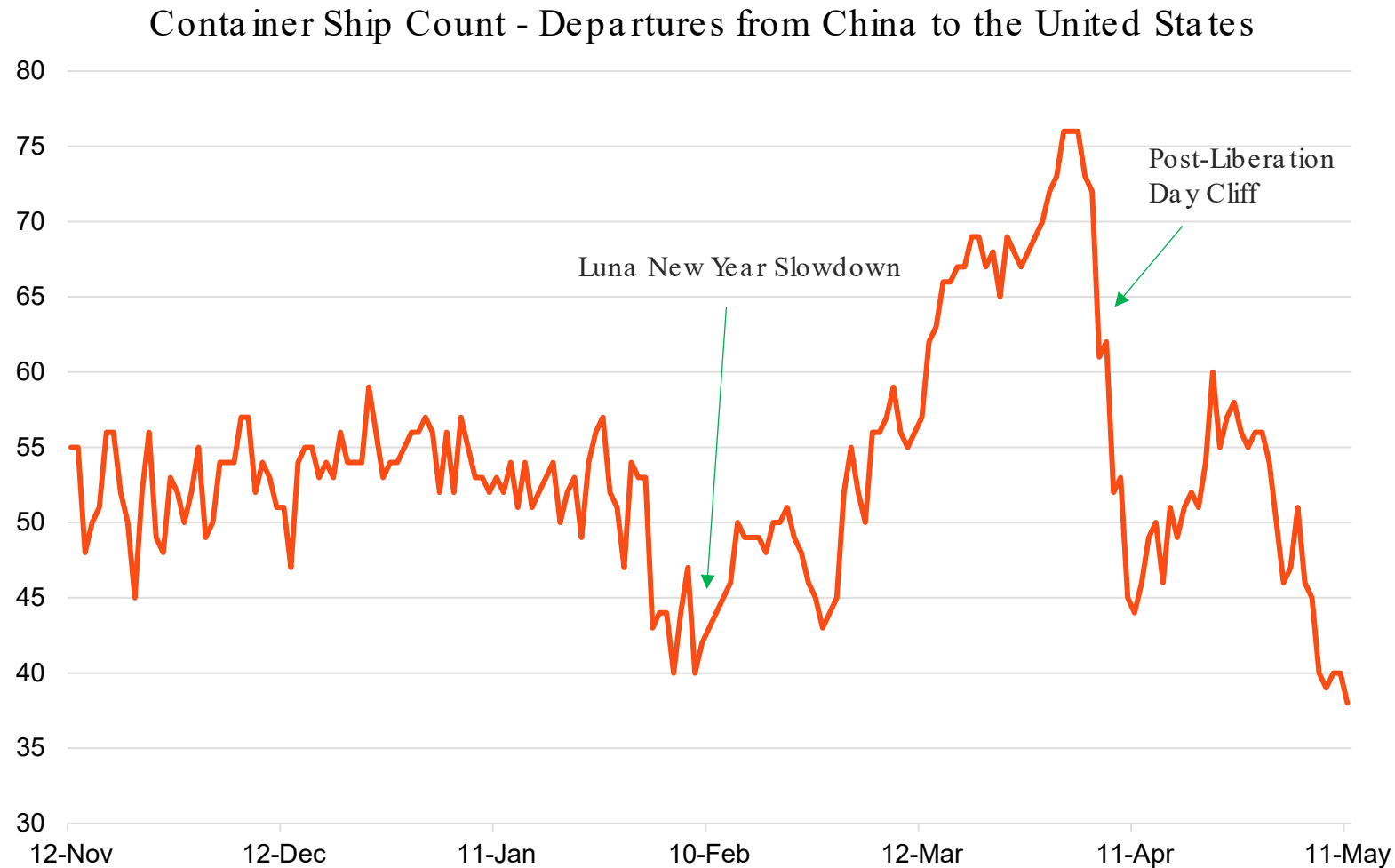


Source: Bloomberg, Betashares As at December 2024. For illustrative purposes only.

China's AI ambitions



Trump's tariffs exposed the fragility of China's export growth



Source: Bloomberg, Betashares. 12 November to 11 May.

- The Chinese economy was already undergoing a restructure after the property bubble
- Post Covid Exports had taken over from Property as China's growth engine
- US tariffs pose a threat to Chinese exports and economic growth



deepseek

VS

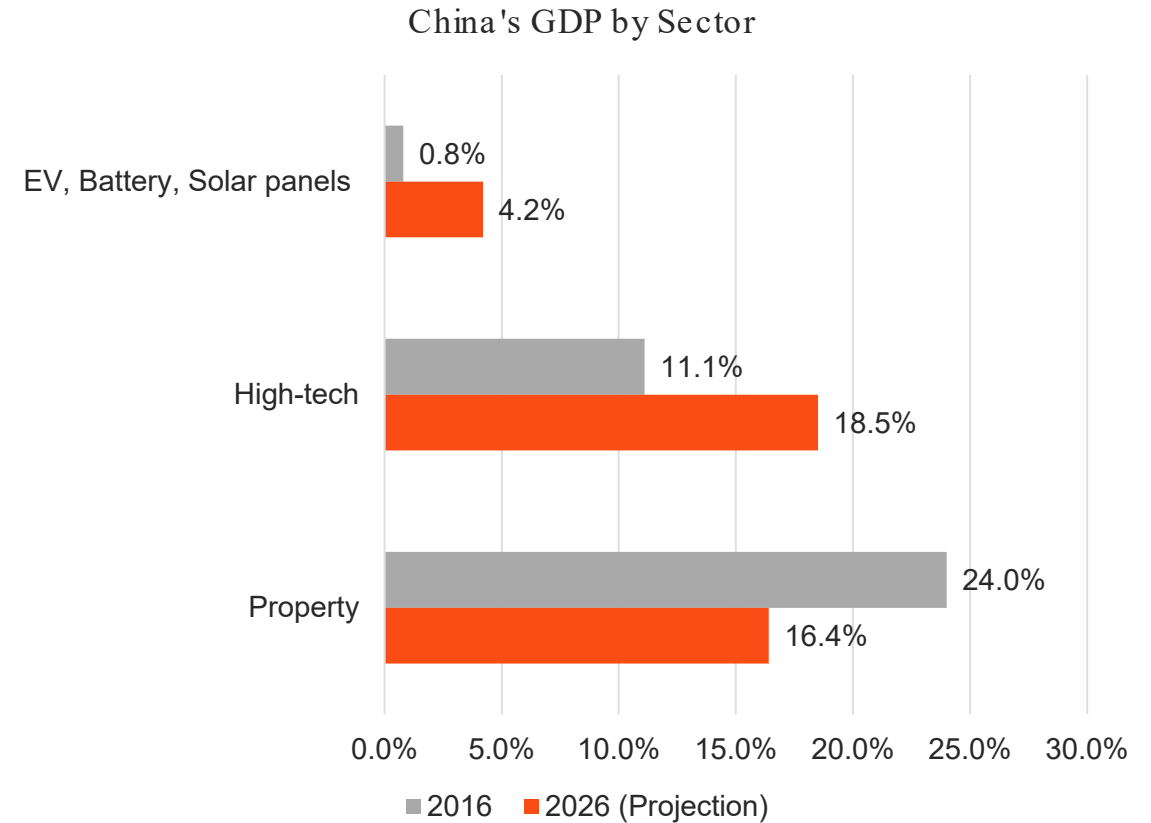


ChatGPT

China tech back in focus



Xi Jinping meets with representatives of private entrepreneurs in Beijing on Feb. 17.
Photographer: Li Xueren/Xinhua/AP Photo

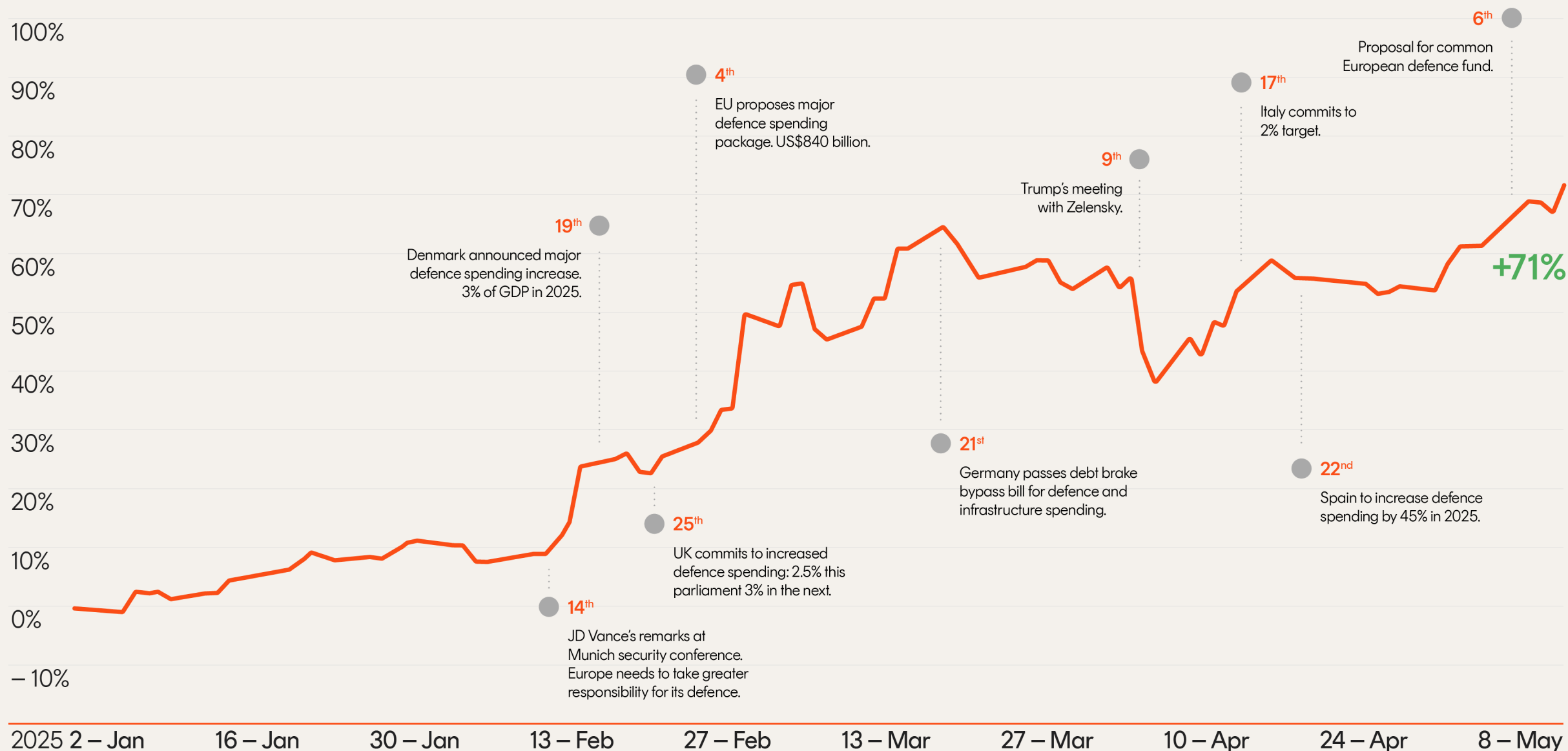


Source: Bloomberg Economics

Europe's whatever
it takes moment

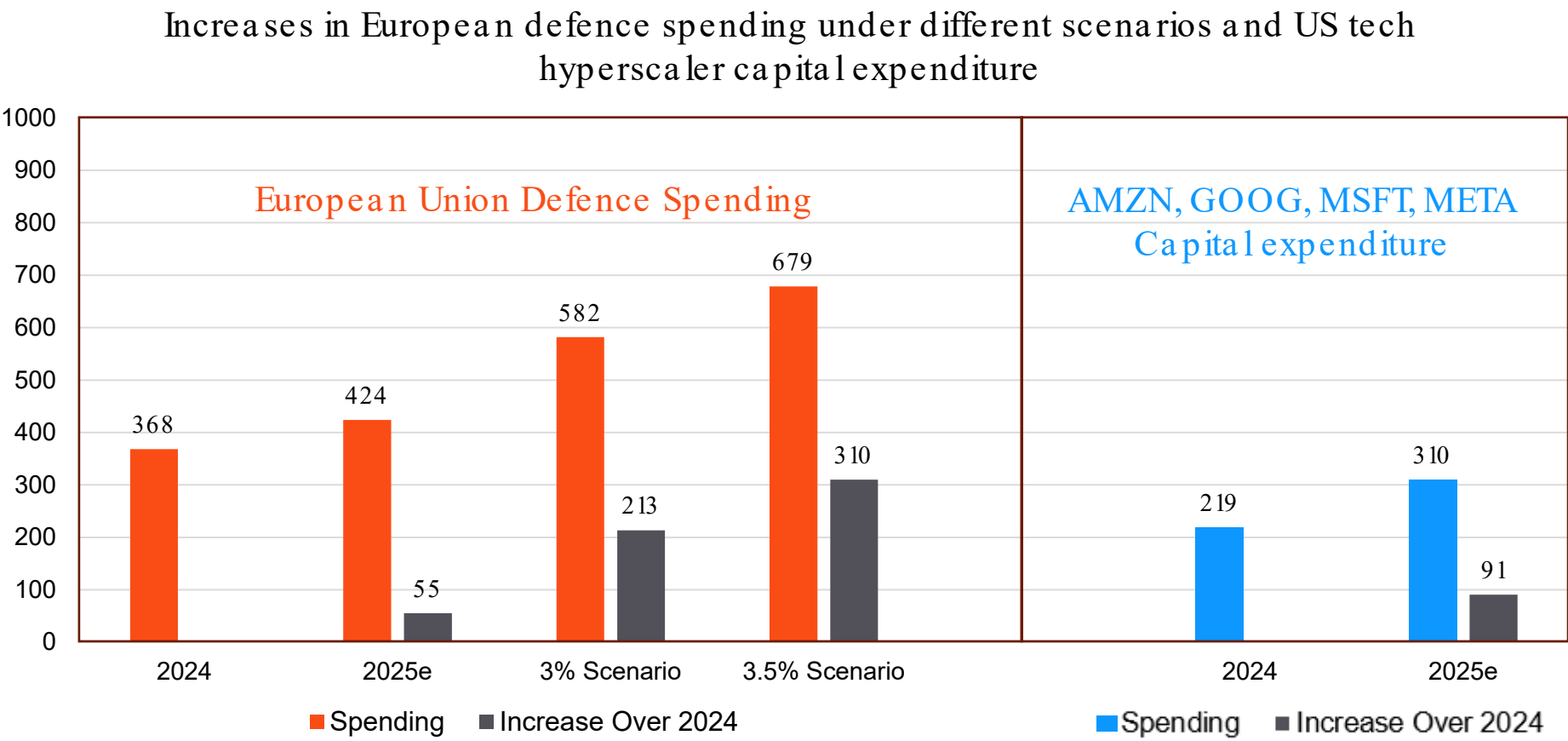


Year to date returns of European defence companies



Source: Bloomberg, Betashares. 1 Jan 2025 to 9 May 2025. European defence companies represented by the MSCI EMU Aerospace and Defence Index. You cannot invest directly in an index. Past performance is not an indicator of future performance. For illustrative purposes only.

Increases in European defence spending could exceed current US tech AI infrastructure spending

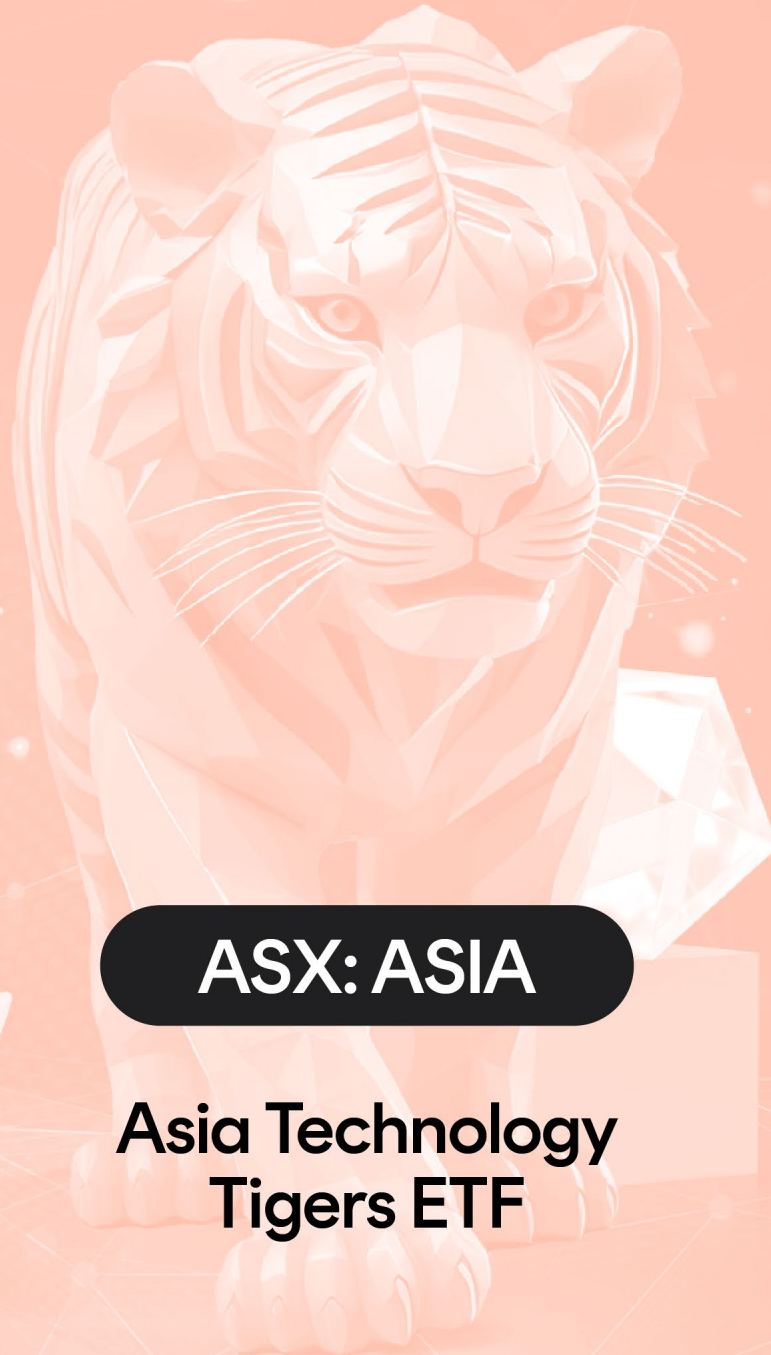


Source: Goldman Sachs Investment Research, Company Filings, European Council, ECB Data Portal. 2025e are estimates. Scenarios based on percentage of GDP spending using 2024 EU GDP. Actual results may differ materially from estimates and scenarios.



ASX: HQUS

**S&P 500 Equal
Weight Currency
Hedged ETF**



ASX: ASIA

**Asia Technology
Tigers ETF**



ASX: ARMR

**Global
Defence ETF**

Beta shares implementation ideas

ASX: HQUS

Betashares S&P 500 Equal Weight Currency Hedged ETF

Index Name	S&P 500 Equal Weight AUD Hedged Index NTR
Asset Class	U.S. Equities
# of Constituents	500
Management Cost	0.32% p.a.

Top 5 portfolio holdings as at May 2025

PALANTIR TECHNOLOGIES INC	0.3%
DOLLAR TREE INC	0.3%
GE VERNOVA INC	0.3%
CADENCE DESIGN SYSTEMS INC	0.3%
MOSAIC CO/ THE	0.3%

ASX: ASIA

Betashares Asia Technology Tigers ETF

Index Name	Solactive Asia ExJapan Technology & Internet Tigers Index
Asset Class	Emerging Markets
# of Constituents	50
Management Cost	0.67% p.a.

Top 5 portfolio holdings as at May 2025

ALIBABA GROUP HOLDING LTD	10.3%
TENCENT HOLDINGS LTD	9.7%
TAIWAN SEMICONDUCTOR MANUFACTU	9.5%
SAMSUNG ELECTRONICS CO LTD	9.4%
XIAOMI CORP	7.4%

ASX: ARMR

Betashares Global Defence ETF

Index Name	Vetta Fi Global Defence Leaders Index
Asset Class	Thematic
# of Constituents	43
Management Cost	0.55% p.a.

Top 5 portfolio holdings as at May 2025

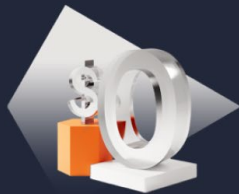
PALANTIR TECHNOLOGIES INC	9.9%
RHEINMETALL AG	9.3%
BAE SYSTEMS PLC	7.6%
SAFRAN SA	7.3%
RAYTHEON TECHNOLOGIES CORP	7.1%

Things to consider

- **Investment risk:** The value of an investor's portfolio can go down as well as up. Depending on the fund, risks may include:
 - market risk with equities
 - currency risk with international investments.
 - interest rate risk and credit risk with fixed income funds.
- **No guarantees:** Future outcomes are uncertain— desired returns may not be achieved
- **General information only:** Today's discussion does not take into account any person's individual circumstances and is not personal financial advice.
- **Research:** See the relevant full PDS and Target Market Determination at www.betashares.com.au for more information about risks and other features of each fund.

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