



Why tech investing is different to ASX banks and miners



DAVID TUCKWELL
CHIEF INVESTMENT OFFICER



ETF Shares

Founded in 2024 by ETF industry veterans Cliff Man and David Tuckwell within the Macquarie University Incubator, ETF Shares is a new ETF issuer backed by ETF pioneer Graham Tuckwell, with a vision to challenge the Australian ETF market.

Strategy

We focus on launching ETFs only where there is clear demand from advisers and retail investors, guided by a robust product development process that analyses both local and international market trends and investment strategies.

Business Model

We offer competitively priced products supported by a lighter operating model, targeting market segments that are not commoditised, in contrast to low-cost, broad-based ETFs.



Our people

Cliff Man, CFA

CEO



Cliff leads ETF Shares as its CEO. He also serves as the alternative portfolio manager for ETFs managed by ETF Shares. Previously, he served as Head of Portfolio Management and second-in-command at Global X.

David Tuckwell

CIO



David Tuckwell is the CIO at ETF Shares, where he leads the firm's product and research strategy. With over a decade of ETF experience, he is widely recognised as one of Australia's leading ETF product and investment experts.

William Taylor, CFA

COO



William Taylor is the COO and PM at ETF Shares, where he serves as the lead portfolio manager for ETFs managed by ETF Shares. With over a decade of ETF experience, William has a strong track record in managing portfolios across various asset classes.

Arjun Shanker

CCO



Arjun Shanker leads the distribution function at ETF Shares as the Chief Commercial Officer. A financial advisor by training, Arjun has spent long stints at Citigroup, Australian Financial Planning Group and National Australia Bank where he was promoted into management.

Agenda:

1. ASX banks: what's good and bad
2. ASX miners: what's good and bad
3. How US tech is different
4. Why investors love AI

1. ASX banks: what's good and bad

Predictability with franked dividends

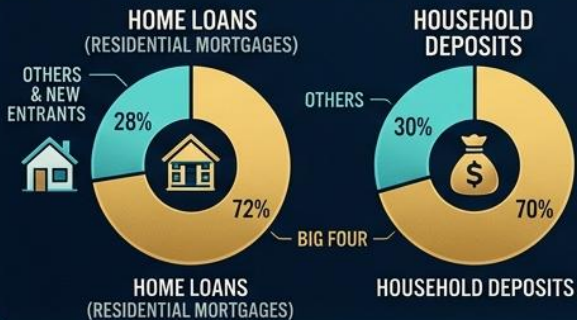
ASX banks: why they're so strong

AUSTRALIA'S BANKING SECTOR: A STORY OF CONCENTRATION

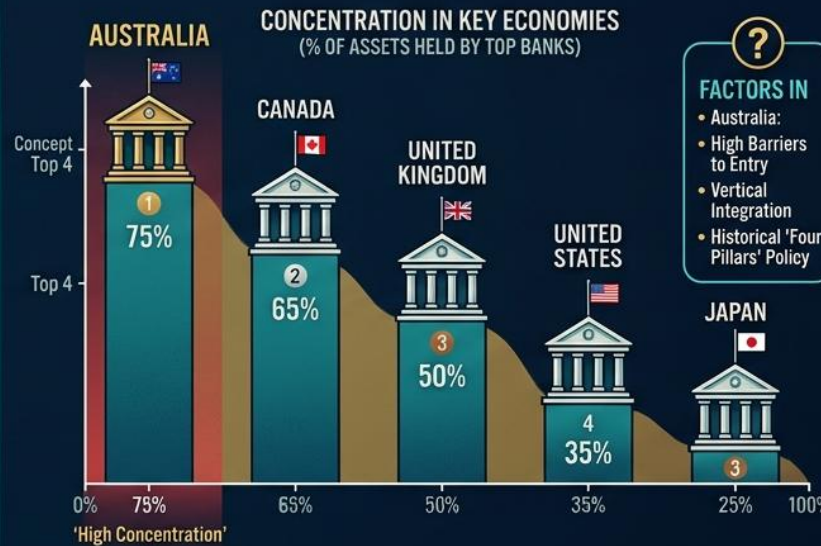
AUSTRALIA: THE 'BIG FOUR' DOMINANCE

OVER 70%
MARKET SHARE
IN KEY AREAS

LIMITED
COMPETITION



A GLOBAL PERSPECTIVE: CONCENTRATION COMPARISON



FACTORS IN

- Australia: ASIC/APRA licensing barriers to entry
- High Barriers to Entry
- Vertical Integration
- Historical 'Four Pillars' Policy

IMPLICATIONS OF HIGH CONCENTRATION:

- FEWER CHOICES FOR CONSUMERS
- POTENTIAL FOR HIGHER FEES
- CHALLENGES FOR NEW INNOVATORS
- SYSTEMIC RISK

All data are conceptual and illustrative for visual comparison.

- Highly concentrated banking sector
- ASIC/APRA licensing barriers to entry
- Low margin mortgage lending requires enormous scale
- Aussies more likely to leave wife than bank?

ASX banks: dividends, their big weapon

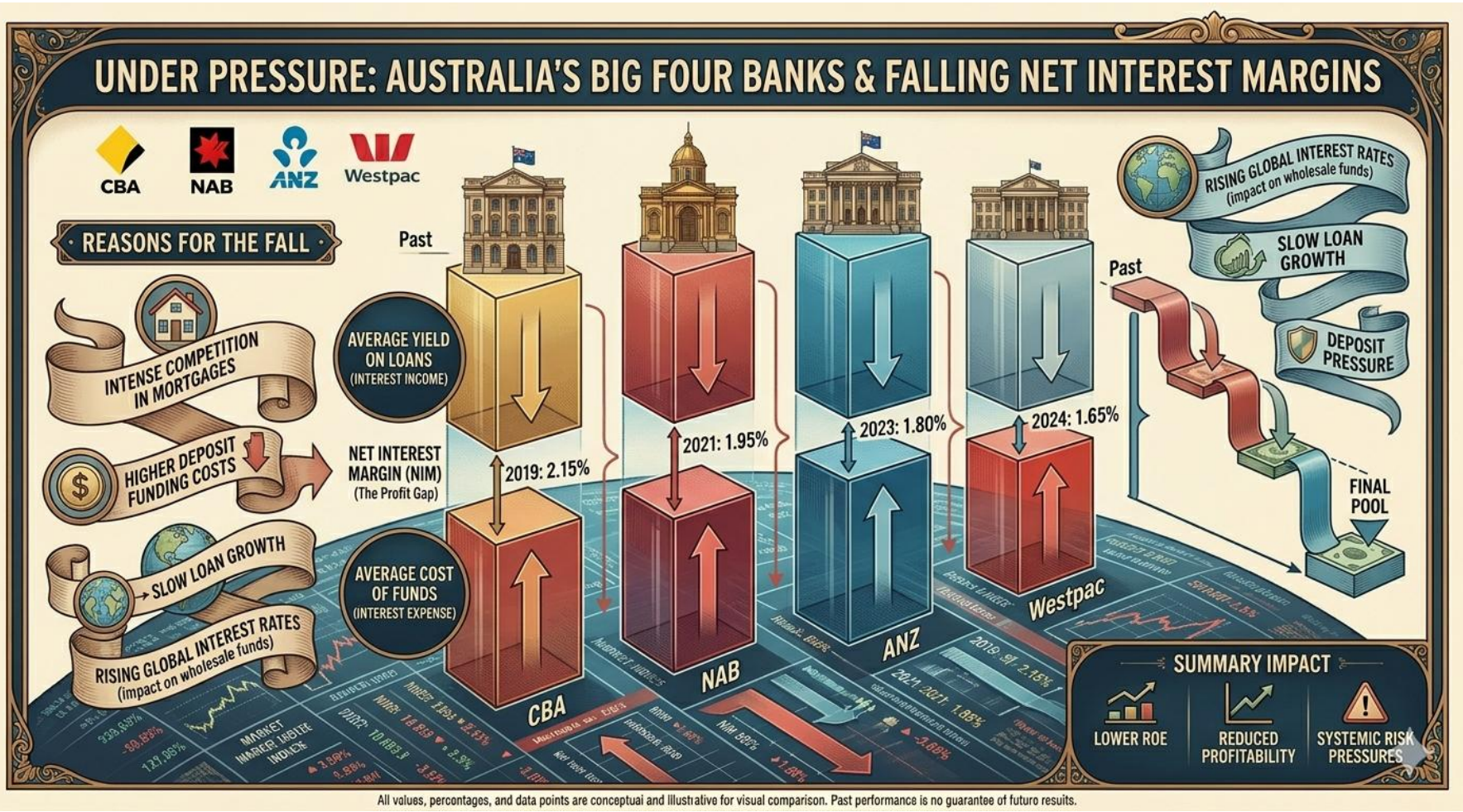
TABLE 2 — DIVIDEND PAYOUT RATIOS VS GLOBAL BENCHMARKS (FY2024)

Entity / benchmark	Payout ratio	Target range	Dividend yield	Notes
Avg Big 4 payout ratio	~74%			
S&P 500 avg payout ratio	~36%			
Aus bank dividends fully franked	100%			
CBA	73%	70–80%	2.7%	Fully franked; highest DPS of Big 4
NAB	73.7%	65–75%	4.4%	At top of target; flat dividend expected 2025
Westpac	73%	65–75%	4.7%	At upper range; added \$500m special dividend
ANZ	~73%	60–65%	5.7%	Above its own target; highest yield of Big 4
ASX 200 avg	~55–65%	—	~3.8–4.2%	Aus market pays high dividends generally
S&P 500 avg	~36%	—	~1.3–1.5%	US companies favour buybacks over dividends
Global banks avg	~35–50%	—	~2.5–4%	US banks notably lower post-GFC (Basel III)
UK/European banks avg	~40–55%	—	~4–6%	Closest global peer group; Aus still pays more

Payout ratios based on cash earnings. ANZ/NAB/Westpac FY ending Sep 2024; CBA FY ending Jun 2024. Sources: KPMG, S&P Global, Morgan Stanley, S&P 500 historical data. Red = at or above stated target range. Green = within target range. All Big 4 dividends are 100% franked, adding ~30% tax value for eligible Australian investors.

- Payout ratios off the charts
- Don't need bonds or cash
- Done this as some of the oldest continuous businesses in the world
- How old are they?

ASX banks: a bleaker future?



- Net interest margins are falling
- Property market is challenged
- Payments going via tech rails
- Anyone know what that is?

2. ASX miners: what's good and bad

Some of the most profitable businesses in the world

ASX miners: pride of the world



- Australia takes up 25% of the global mining sector
- Can you guess them? What do they mine?
- Why Australia for mining?

ASX miners: super profits and dividends

Entity	EBITDA margin	Net profit margin	ROE / ROCE	Context
BHP EBITDA margin 54% 8th consecutive year >50%		FMG EBITDA margin 59% 5-yr avg >60/t USD		Global miner avg EBITDA ~25-35% Aus majors well above
● BHP	54%	~25%	ROE ~25%	Underlying EBITDA US\$29bn; 8th yr with margin >50%; copper + iron ore pillars
● Rio Tinto	~44%	~22%	ROCE 18%	EBITDA US\$23.3bn; resilient despite 11% lower iron ore; diversifying into copper/lithium
● Fortescue (FMG)	59%	~31%	ROI ~20%	EBITDA US\$10.7bn; highest margin of Big 3; pure-play iron ore at ultra-low C1 cost (~US\$18/t)
● South32	~22%	~5%	Low	EBITDA US\$1.8bn; recovering from commodity weakness; cyclone disruption hit alumina
● Northern Star (NST)	~37%	~14%	Moderate	Gold miner; EBITDA A\$1.5bn; margins expanding as gold price surges past US\$3,000/oz
ASX 200 avg (ex-resources)	~15-20%	~8-12%	~10-12%	Typical listed Australian company outside resources
Global mining avg	~25-35%	~10-18%	~8-12%	BHP and FMG significantly above global mining peers
S&P 500 avg (all sectors)	~25-28%	~10-13%	~14-16%	BHP and FMG EBITDA margins roughly double a typical S&P 500 company

EBITDA margin = EBITDA ÷ revenue. Net profit margin = NPAT ÷ revenue. BHP FY ends Jun 2024; Rio Tinto FY ends Dec 2024; FMG FY ends Jun 2024; South32 FY ends Jun 2024; NST FY ends Jun 2024. Sources: company annual results, stockanalysis.com, Euronews, BHP Annual Report 2024.

- Kevin Rudd was right about super profits
- Margins are enormous
- What is “operating leverage?”

ASX miners: income over share price growth?

Entity / benchmark	Payout ratio	Target / policy	Dividend yield	Notes
Rio Tinto	60%			
Rio Tinto payout ratio 60% 9th consecutive year at top of range				
Global mining avg	~30-40%			
Global mining avg payout ~30-40% Industry median				
S&P 500 avg	~36%			
S&P 500 avg payout ~36% Plus heavy share buybacks				
Entity / benchmark	Payout ratio	Target / policy	Dividend yield	Notes
BHP	~50%	Min. 50% of earnings	~4-5%	Supplemented by buybacks; dual-listed (ASX/LSE); partially franked
Rio Tinto	60%	40-60% of earnings	~5-6%	9 consecutive years at top of range; \$6.5bn ordinary dividend FY2024
Fortescue (FMG)	70%	50-80% of NPAT	~4.8%	Fully franked; \$6.1bn total FY24; has paid up to 100%+ of earnings at peak
South32	~30-40%	30-40% of free cash flow	~3-4%	Fully franked; supplemented by \$200m buyback; lower earnings year
Northern Star (NST)	~61%	~15-20% of revenue	~2-3%	Mix of franked/unfranked; 61% lift in final dividend; reinvesting heavily in growth
ASX 200 avg (resources)	~50-60%	—	~3.5-5%	Aus miners pay more than global peers; franking adds ~30% effective value
Global mining avg	~30-40%	—	~2-4%	Industry median payout; FMG at 70% is roughly double
S&P 500 avg (all sectors)	~36%	—	~1.3-1.5%	US companies heavily favour buybacks; much lower dividend yields

FMG payout ratio based on NPAT; BHP and Rio Tinto on underlying earnings. South32 policy based on free cash flow. All ASX-listed miners pay fully or partially franked dividends. Sources: company FY2024 results announcements, GuruFocus, stockanalysis.com, S&P Global, Janus Henderson Global Dividend Index.

- BHP and Rio share prices have barely budged
- Income has come at the cost of share price growth?
- Which do you prefer?

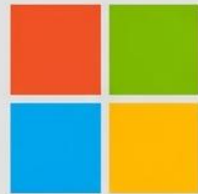
3. How US tech is different

Growth rather than dividends

What are US technology companies?

GUESS THE LOGOS

Can you recognize these wordless tech giants?



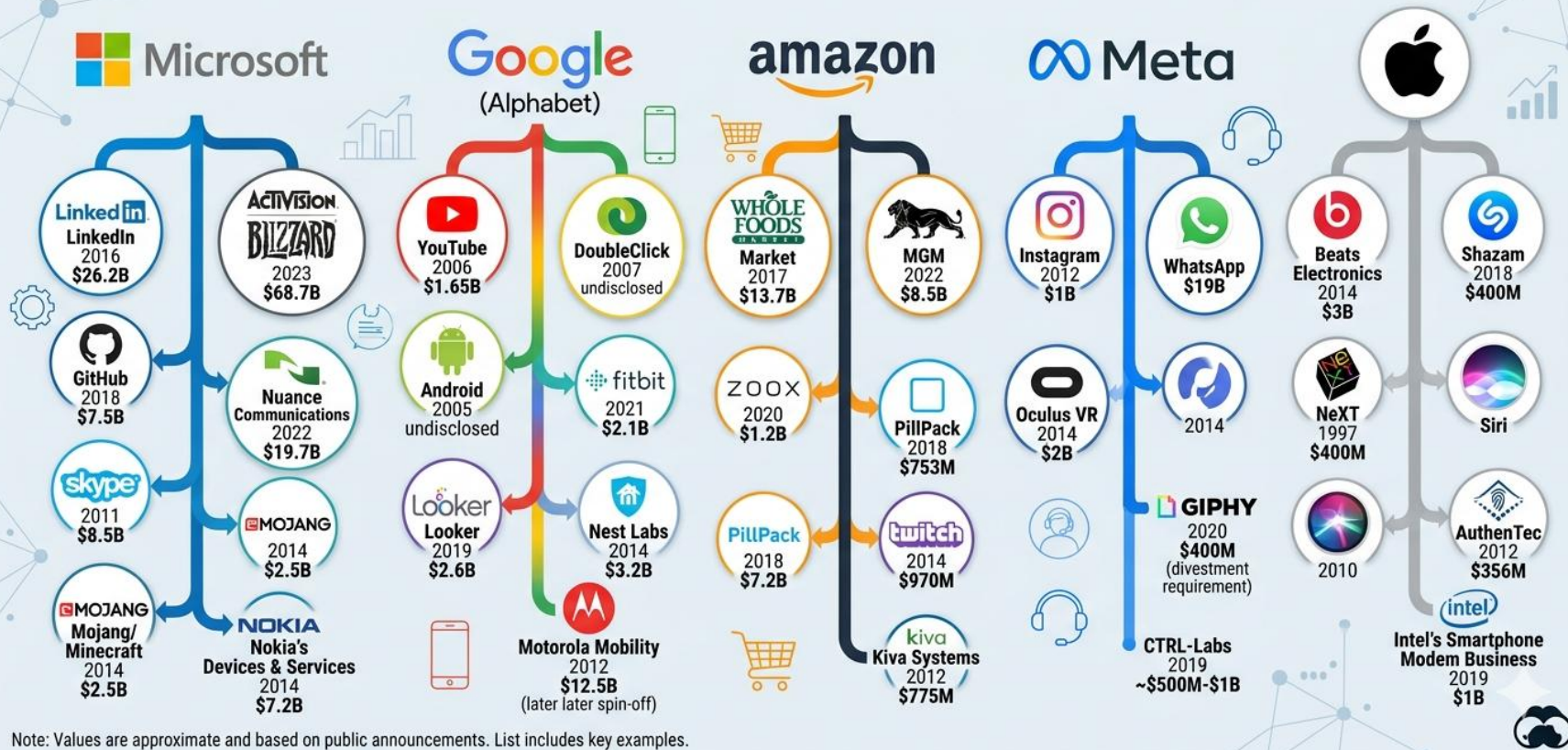
- Game: can you identify the logo?

US tech companies have outperformed the ASX 200



Why do they perform so well?

MAJOR ACQUISITIONS OF THE U.S. TECH GIANTS



- Act like finance companies and acquire to absorb growth
- Rather than dividends they reinvest profits into building products and services
- They run de facto monopolies
- Premium end of their markets

US tech companies: what are the risks?

Company	Drop	Date	Cause
● Apple (AAPL)	-51.9%	29 Sep 2000	Earnings warning during dotcom bust; stock halved overnight
● Meta (META)	-26.4%	3 Feb 2022	Missed earnings; first-ever Facebook daily user decline; metaverse costs
● Tesla (TSLA)	-21.1%	8 Sep 2020	Excluded from S&P 500 index despite expectations of inclusion
● Nvidia (NVDA)	-17.0%	27 Jan 2025	DeepSeek AI model raised fears of reduced GPU demand; \$589B wiped out
● Amazon (AMZN)	~-25%	24 Jul 2001	Dotcom bust; Amazon's stock fell 94% peak-to-trough over 2000-01
● Microsoft (MSFT)	-15.6%	24 Apr 2000	Antitrust ruling; judge declared Microsoft a monopolist
● Alphabet (GOOGL)	-11.1%	16 Mar 2020	COVID-19 market crash; broad tech selloff

Amazon's 2001 single-day figure is approximate — confirmed as the largest percentage drop on record per FactSet/MarketWatch. Alphabet's worst day for GOOG (Class C) shares per PortfoliosLab. All figures are closing-price percentage changes.

- These daily drops can be larger than ASX big banks
- Capital at risk
- Lifetime of savings wiped out quickly

4. Why investors love AI

Is there definitely a bubble?

Why investors are excited – performance so far

Returns, earnings and capex + R&D of AI-related stocks in the S&P 500 since ChatGPT launch in Q4 2022

	Direct AI (28 stocks)	AI Capital Equipment (8 stocks)	AI Utilities (6 stocks)	Total 42 AI- Related	S&P 500 (Ex-AI)	Europe (Stoxx 600)	Japan (Topix/Nikk ei)	China (MSCI China)
<i>Since November 2022</i>								
Price Return (%)	195%	66%	174%	190%	26%	33%	59%	50%
Earnings Growth (%)	159%	64%	155%	153%	19%	4%	52%	15%
Capex + R&D Growth (%)	72%	13%	20%	68%	19%	28%	37%	27%
<i>Share of changes since November 2022</i>								
Price return	76%	0.8%	13%	78.0%	22%			
Earnings growth	63%	16%	15%	66.0%	34%			
Capex / R&D growth	70%	10%	0.2%	71.0%	29%			

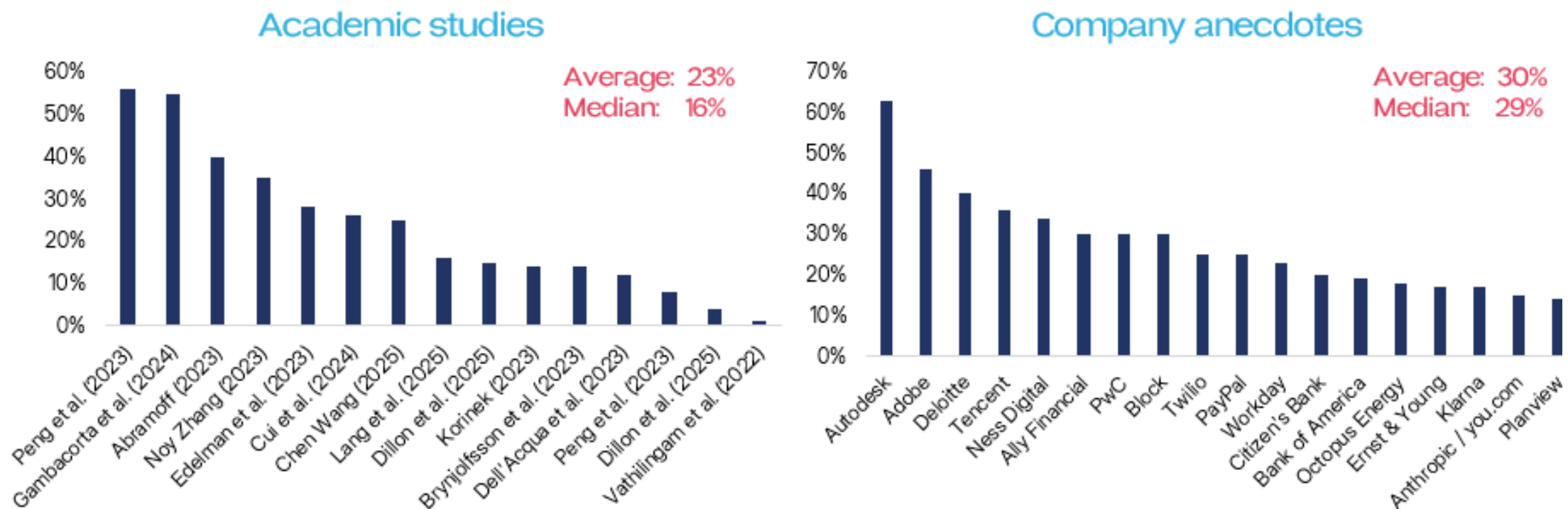
Source: Bloomberg. JPMAM. Data as of Dec 2025.

S&P 500 AI universe is composed of **42 stocks** from three categories:

- Direct AI (28):** NVIDIA, Microsoft, Apple, Alphabet, Amazon, Meta, Broadcom, Tesla, Oracle, Palantir, AMD, Salesforce, IBM, Uber, ServiceNow, Qualcomm, Arista, Adobe, Micron, Palo Alto, Intel, CrowdStrike, Cadence Design, Dell, NXP, Fortinet, HP and Super Micro Computer.
- AI utilities (8):** NRG, Vistra, NextEra, Southern, Constellation, Public Service Enterprise, Entergy, NiSource.
- AI capital equipment (6):** Eaton, Trane, Johnson Controls, Quanta, GE Vernova, EMCOR.

Productivity tools remain investor favourites

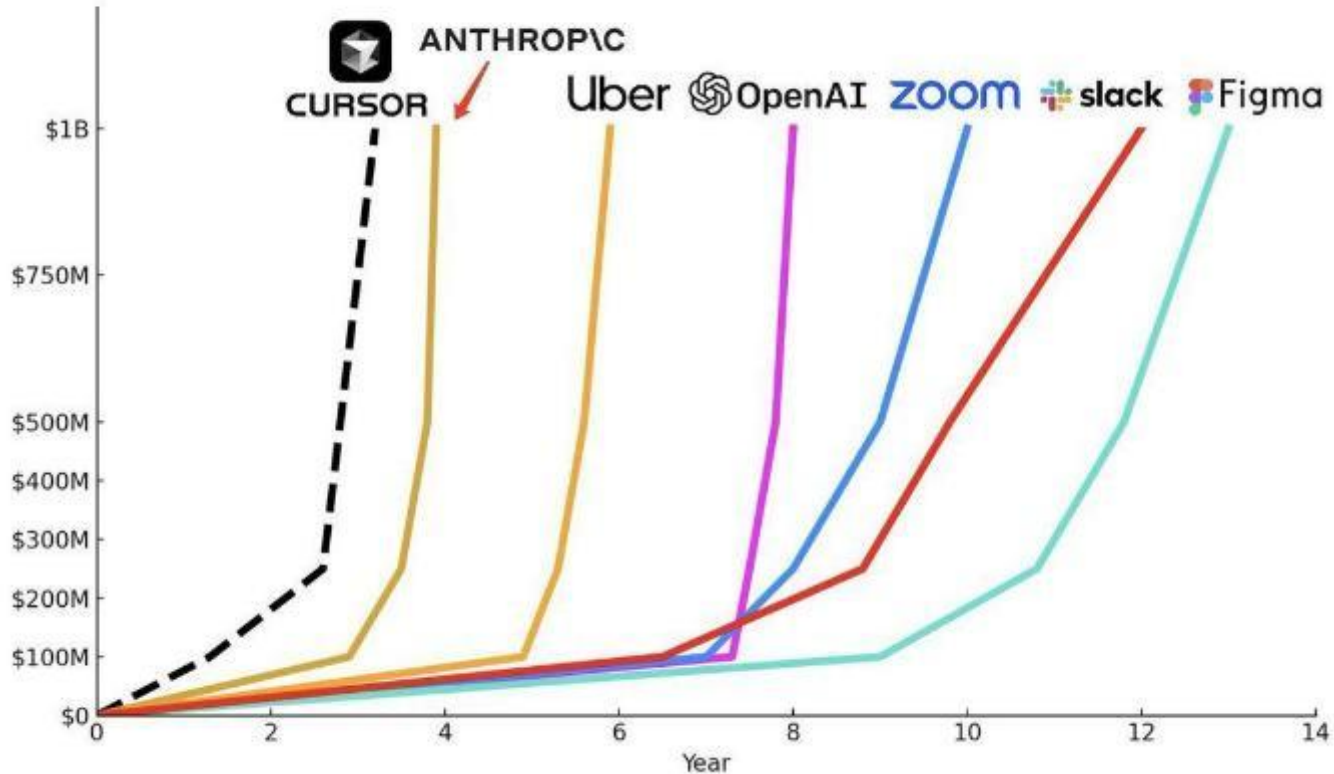
Effect of Generative AI Adoption on Labour Productivity: Estimates



Source: Goldman Sachs. Data as of August 2025.

Exponential revenue growth is real

Years from founding to \$1B ARR



- Revenue growing faster than previous technologies
- Revenue growth rate getting quicker, even within AI (cursor vs OpenAI)
- Creates confidence with VC

Our solutions

ETFS Global Pure Play Copper Miners

ASX Code	CPPR
Inception Date	27 April 2026
Management fee	0.39%(p.a.)

Investment Philosophy

Dr Copper underpins the global economy. It's seen a resurgence on the back of AI data centres, renewable electricity and smart devices.

Investment Objective

The Fund invests in global mining companies whose operations centre around copper extraction.



ETFS Global Lithium Miners

ASX Code	VOLT
Inception Date	27 April 2026
Management fee	0.49%(p.a.)

Investment Philosophy

Lithium is the backbone of the energy transition as its essential for electric cars, battery storage and displacing fossil fuels.

Investment Objective

The Fund invests in global companies whose primary business is producing lithium.



ETFS Magnificent 7+ ETF

ASX Code	HUGE
Inception Date	2 May 2025
Management fee	0.19%(p.a.)

Investment Philosophy

We see the trend of the past 10 years, where a small clutch of mega cap tech momentum companies carry markets higher, will continue for the next 10 years.

Investment Objective

The Fund gives investors exposure to the largest 10 US companies on the NASDAQ Stock Exchange.



Thank you.

Contact Us



(02) 8201 9400



info@etfshares.com.au

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