IMAP Webinar Series

Portfolio Opportunities from Asian Investment

Chad Hitzeman, Global X
Monik Kotecha, Insync Asset Management
Moderated by
Nathan Lim, Lonsec Investment Solutions

Webinar Host

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Lonsec

Upcoming events

Roundtable – Interest Rates
Sarah Hunter Chief Economist and Assistant Governor (Economic) at the Reserve Bank of Australia
6th February

IMAP Award Winners' Showcase
26th February – Sydney

How to make a success of your managed account program
Webinar in association with FAAA
13th, 20th & 27th February

Portfolio Management Conference 2025
13th March – Sydney
18th March – Melbourne

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How to ask a Question

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2024 Strategic Asset Allocation (SAA) Review

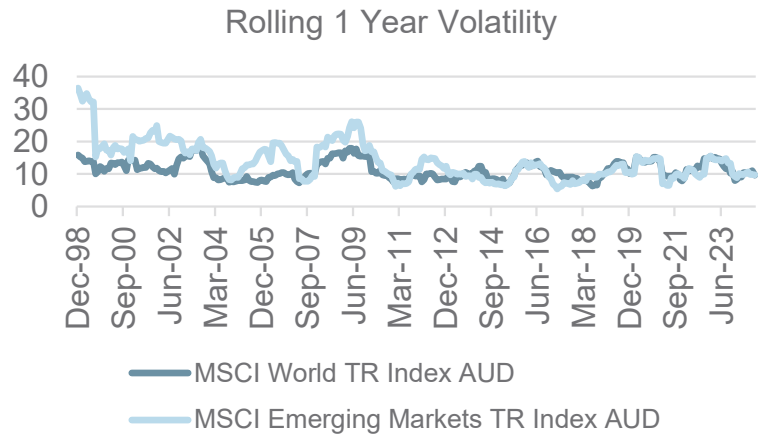
Lonsec has released its 2024 SAA Review

A new asset class taxonomy

- This year Lonsec has introduced a new asset class taxonomy, adopting a more granular approach to asset class selection within the Australian and global equity sectors.
- Explicit allocations have been made to small caps within both Australian and global equities, along with changes to the assigned benchmarks within the Australian and global equity asset classes.
- A more granular asset class taxonomy provides greater flexibility for portfolio construction given the extended starting valuations and increased concentration we are observing in the large cap end of these respective markets.

Source: Bloomberg, Lonsec estimates.

Adding risk to the Growth and High Growth risk profiles as markets evolve



- At the higher risk profiles (Growth and High Growth) we have reduced the overall exposure to real assets (AREITs) in favour of equities (small caps and emerging markets).
- Structural changes in markets have led to shifts in capital market assumptions and correlations. Emerging markets, for example, have evolved substantially over the last decade having spent years improving their policy frameworks to mitigate external pressures. Emerging market equity indices have become more stable, with risk measures such as volatility and drawdowns now similar to those observed in developed markets.

Outlook and Positioning

The interest rate cycle has turned creating a tailwind for equity markets. Overweight Global Listed Property as there is more to the sector than Office. Australia's profit growth relative to peers is challenged.

Growth Assets	Underweight			Neutral		Overweight	
Australian Equities – Large Cap				●			
Australian Equities – Small Cap			●				
Developed Market (DM) Equities – Large Cap						●	
Developed Market Equities – Small Caps				●			
Emerging Market (EM) Equities			●				
Global Listed Property					●		
Global Listed Infrastructure				●			
Growth Alternatives				●			

Defensive Assets	Underweight			Neutral		Overweight	
Australian Bonds					●		
Global Bonds				●			
Diversified Income			●				
Defensive Alternatives				●			
Cash			●				

We are taking a constructive approach to risk with the overall Growth/Defensive split just above Neutral

Growth Assets

- Aust Small. China's slowdown is holding back demand for resources, which should disproportionately impact junior miners with make up a large portion of the Small Caps sector vs Large Caps.
- DM Large. Interest rate easing cycle should be a tailwind for equities.
- DM Small. DM Small Caps typically move ahead of the turn in the economic cycle, and US Small Caps, in particular, have responded positively to the Fed starting its easing cycle. This leads to a preference for US over ex-US Small Caps.
- EM Equities. Uncertainty around China and its growth outlook, risks continue to be slightly elevated leading to Slight Underweight.
- Global Listed Property. Slight overweight as the sector should benefit from the turn in the interest rate cycle.

Defensive Assets

- Australian Bond yields are now offering good value. Bonds play a defensive role in diversified portfolios. Focus on long-duration assets.
- Global Bonds. Supply/demand imbalances in the US treasury market remain a focus, reducing their relative preference versus Australian government bonds. The end of YCC policy in Japan should lead to an extended period of relative underperformance in Japanese Government Bonds.
- Start to easing cycle reduces the relative attractiveness of floating rate yields.
- Maintain an allocation to gold as a risk-diversifier against further deterioration in economic conditions or escalation in geopolitical tensions.

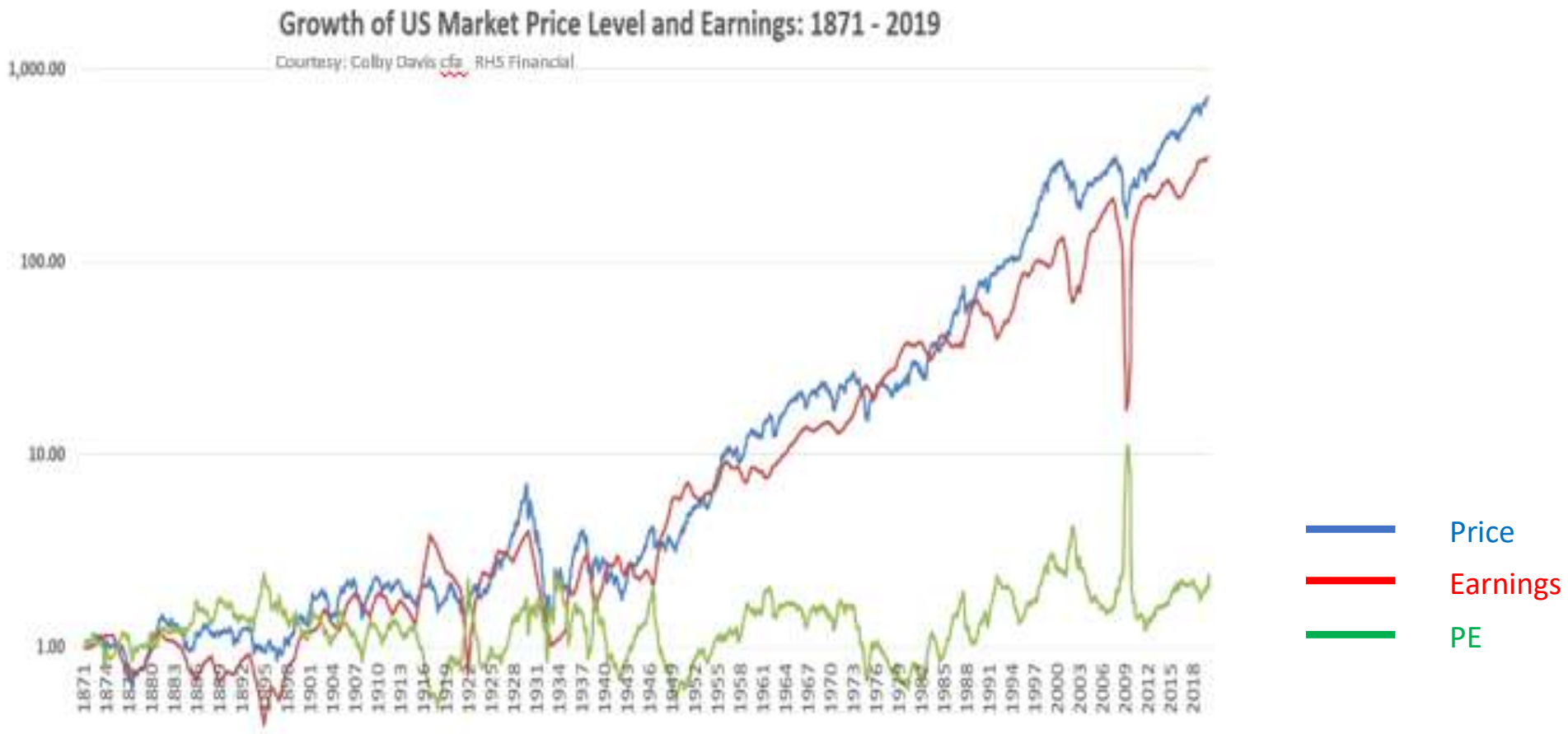
Stock-picking within Megatrends

Monik Kotecha - Insync Funds Management

insync
fund managers

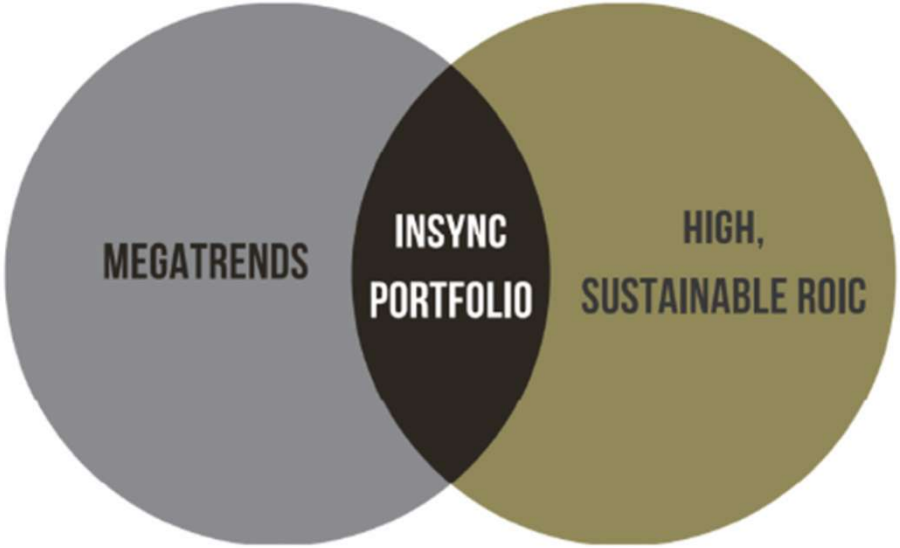
Long Term Price follows Earnings

Our process is built around identifying stocks most likely to sustainably produce compounding earnings ahead of their peers



Investment Philosophy

Identify very well-run companies exhibiting high sustainable levels of ROIC* backed by long-run Megatrends

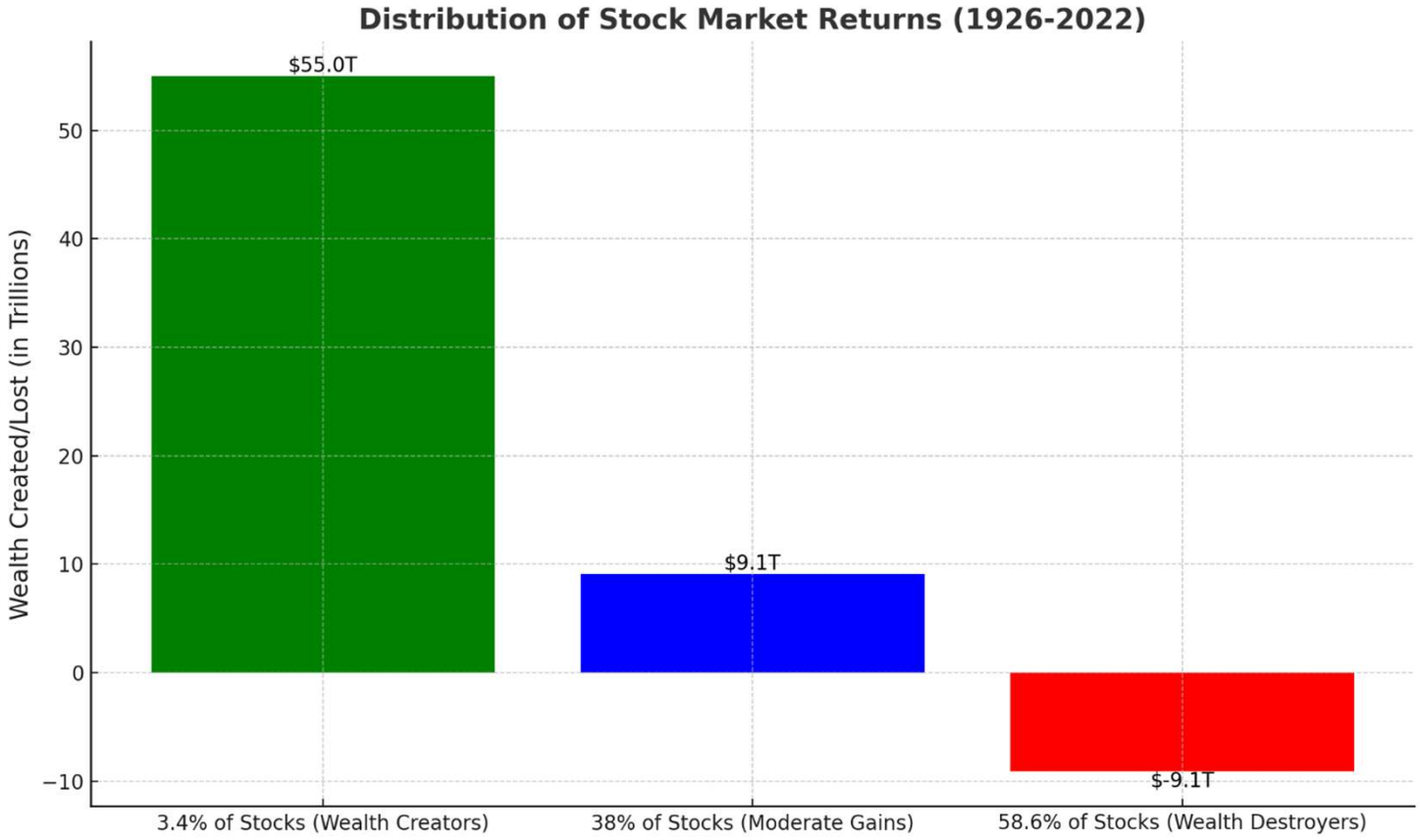


Part A of Process

Part B of Process

The 3.4% That Made the Market: Stock Returns 1926-2022

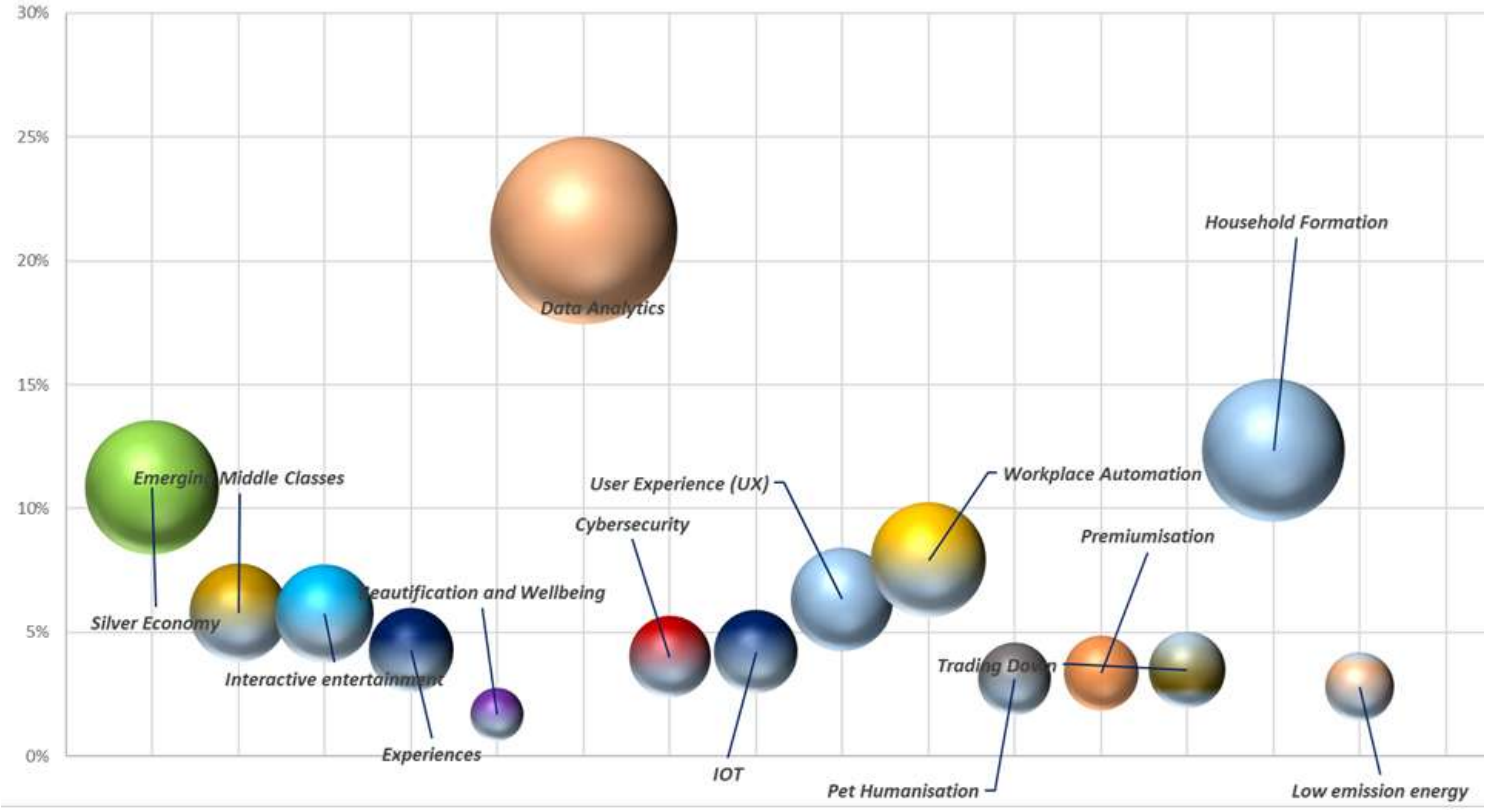
How a Small Fraction of Stocks Drove $55 Trillion in Wealth



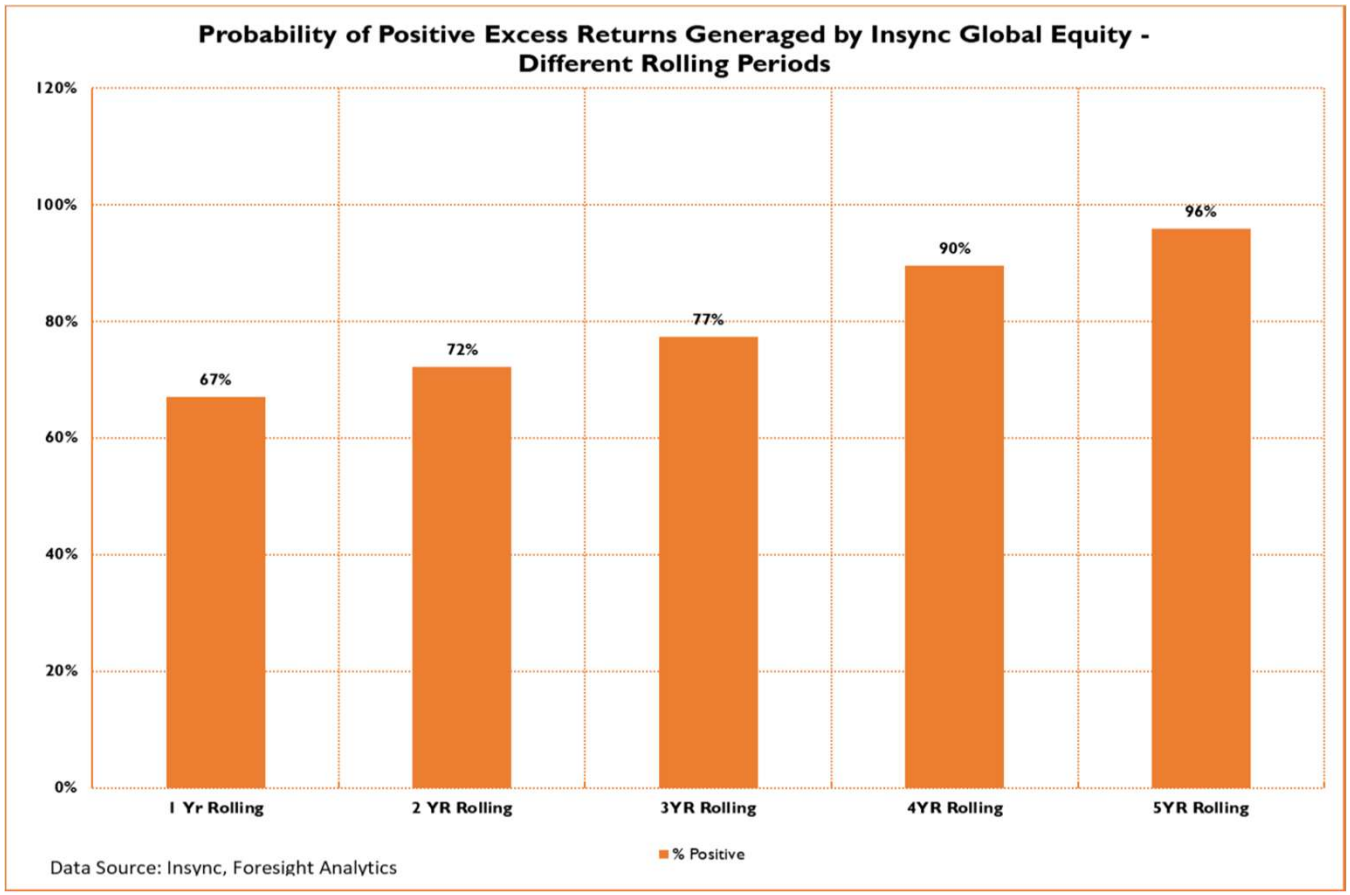
Stock-picking within Megatrends

26 stocks across 15 megatrends

Identified Megatrends as a % of our portfolio



✓ Looking forward – Return expectations strong



Source: Foresight Analytics - Gross Returns

Insync Funds Management Pty Ltd
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website: www.insyncfm.com.au

insync fund managers

GLOBAL X
by Mirae Asset

Portfolio Opportunities from Asian Investment

December 2024

GLOBAL X
by Mirae Asset

Beyond Ordinary ETFs™

For more than a decade, our mission has been empowering investors with unexplored and intelligent solutions.

Founded in the US in 2008, Global X ETFs are now listed throughout Europe, Asia, Canada, Latin America, and Australia.

MIRAE ASSET
Global Investments

Global X ETFs is a fully-owned subsidiary of Mirae Asset Financial Group, a global industry leader with 58 offices and over 12,000 employees worldwide. Founded in 1997 as one of Asia's pioneering fund management companies, the Group now oversees US$606bn of total AUM that includes real ETFs, Managed funds, real estate, insurance, private equity, and venture capital.[2]

~US$91bn

in AUM across more than 400 ETF Strategies[1]

Primary Listings by Office

United States
97 ETF Listings

Europe
37 ETF Listings

Australia
41 ETF Listings

Latin America
31 ETF Listings
In Brazil & Colombia

Japan
47 ETF Listings

Hong Kong
36 ETF Listings

Canada
125 ETF Listings

[1] *As of September 2024.* [2] *As of June 2024*

GLOBAL X by Mirae Asset | Australia

AU$8bn+

Across 40+ Strategies[1]

50+ employees based in Sydney, Melbourne & Brisbane

THEMATIC GROWTH

DISRUPTIVE TECHNOLOGY

ACDC	Global X Battery Tech & Lithium ETF
BUGG	Global X Cybersecurity ETF
DTEC	Global X Defence Tech ETF
FTEC	Global X Fintech & Blockchain ETF
GXAI	Global X Artificial Intelligence ETF
ROBO	Global X ROBO Global Robotics & Automation ETF
SEMI	Global Semiconductor ETF
TECH	Global X Morningstar Global Technology ETF

MULTI-THEME

FANG	Global X FANG+ ETF
FHNG	Global X FANG+ (Currency Hedged) ETF

PEOPLE & DEMOGRAPHICS

CURE	Global X S&P Biotech ETF

PHYSICAL ENVIRONMENT & INFASTRUCTURE

HGEN	Global X Hydrogen ETF
PAVE	Global X US Infrastructure Development ETF

COMMODITIES

MINERS

ATOM	Global X Uranium ETF
GMTL	Global X Green Metal Miners ETF
WIRE	Global X Copper Miners ETF

PHYSICAL

ETPMAG	Global X Physical Silver
ETPMPD	Global X Physical Palladium
ETPMPM	Global X Physical Precious Metals Basket
ETPMPT	Global X Physical Platinum
GOLD	Global X Physical Gold
GXLD	Global X Gold Bullion ETF

SYNTHETIC

BCOM	Global X Bloomberg Commodity Complex ETF

INCOME

COVERED CALL

AYLD	Global X S&P/ASX 200 Covered Call ETF
QYLD	Global X Nasdaq 100 Covered Call ETF
UYLD	Global X S&P 500 Covered Call ETF

DIVIDEND

ZYAU	Global X S&P/ASX 200 High Dividend ETF
ZYUS	Global X S&P 500 High Yield Low Volatility ETF

FIXED INCOME

BANK	Global X Australian Bank Credit ETF
USHY	Global X USD High Yield Bond ETF (Currency Hedged)
USIG	Global X USD Corporate Bond ETF (Currency Hedged)
USTB	Global X US Treasury Bond ETF (Currency Hedged)

INTERNATIONAL ACCESS

REGIONAL

ESTX	Global X EURO STOXX 50® ETF

SINGLE COUNTRY

NDIA	Global X India Nifty 50 ETF

CORE

CORE

GARP	Global X S&P World ex Australia GARP ETF
U100	Global X US 100 ETF
OZXX	Global X Australia ex Financials & Resources ETF

DIGITAL ACCESS

DIGITAL ASSETS

EBTC	Global X 21Shares Bitcoin ETF
EETH	Global X 21Shares Ethereum ETF

LEVERAGED & INVERSE

LEVERAGED & INVERSE

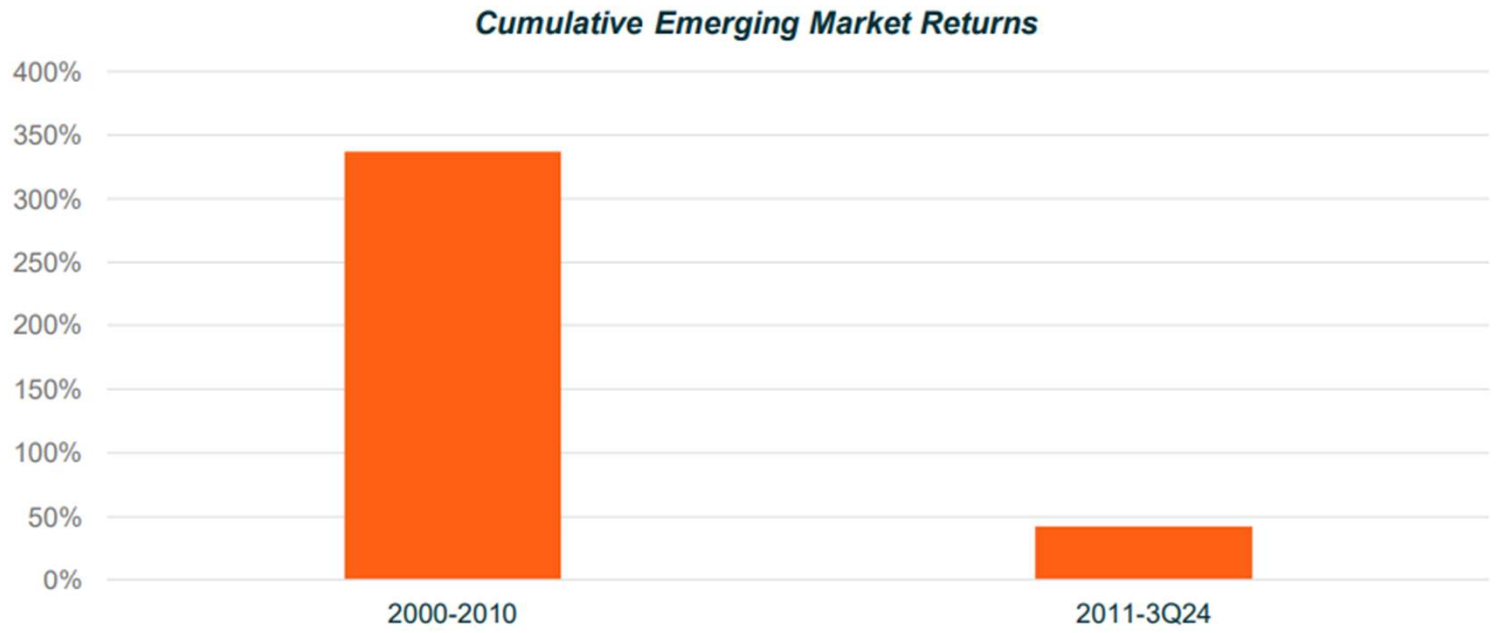
LNAS	Global X Ultra Long Nasdaq 100 Complex ETF
SNAS	Global X Ultra Short Nasdaq 100 Complex ETF

 | globalxetfs.com.au

[1] As of August 2024

The Bad: Emerging Market Underperformance

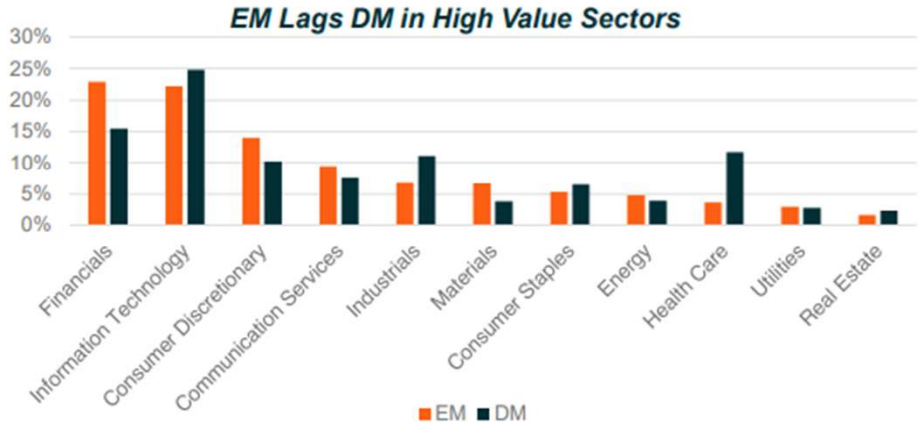
After significantly outperforming earlier this century, Emerging Market equity returns have lagged over the past decade



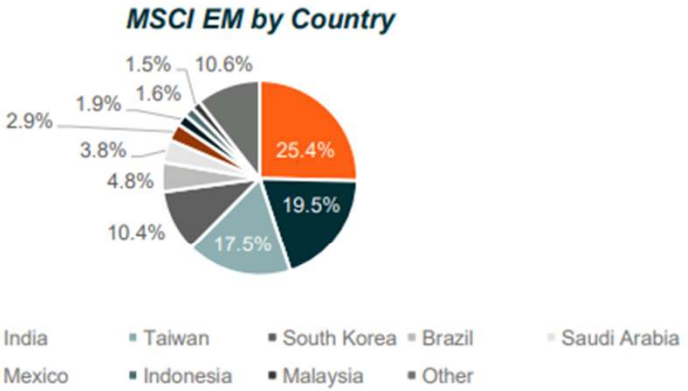
Source: Bloomberg data as of October 18, 2024.

The Bad: The Benchmark

- ***Emerging Market passive benchmarks:***
  - Carry over ***25%*** exposure to State Owned Enterprises[1]
  - Roughly ***25%*** exposure to China[2]
  - Nearly ***80%*** exposure to Asia[3]
- Additionally, passive benchmarks are backwards looking and often miss disruptors such as MercadoLibre, Nubank, and Arcos Dorados
- Slow to change



Source: Bloomberg data for MSCI Emerging Markets Index and MSCI All Country World Index, September 30, 2024



Source: Bloomberg data for MSCI Emerging Markets Index, September 30, 2024

1. Bloomberg 8/15/24. 2. Bloomberg 8/15/24. 3. Bloomberg 8/15/24

The Great: Our Clients Don’t Need to Follow Broad Traditional Benchmarks Anymore

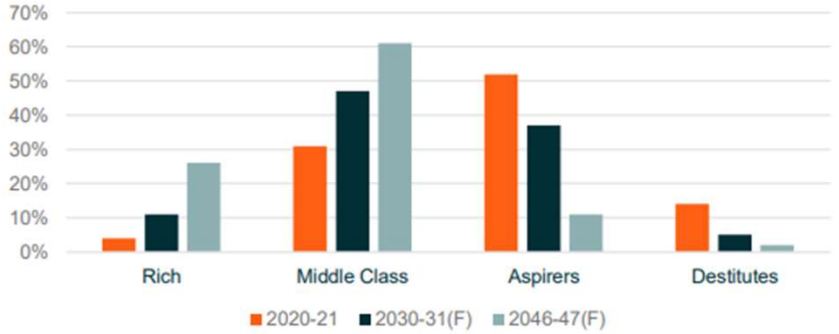
- **Clients are now demanding:**
  - **Thematic ETFs:** Gaining tailored exposure to the asset class.
  - **Regional ETFs:** Excluding China, focusing on SE Asia, or more.
  - **Country Specific ETFs:** Gaining more exposure to attractive areas of the market, that the benchmark might overlook

1. Bloomberg 8/15/24. 2. Bloomberg 8/15/24. 3. Bloomberg 8/15/24

The Great: We see India as the best structural long-term opportunity in the world.

- ***Demographics:*** Large, young, and educated.
- ***Politics:*** World's largest democracy with reforms
- ***Digital Revolution:*** Boasting the "India Tech Stack"
- ***China +1:*** Benefitting from friendshoring trends and a domestic capex cycle
- ***Consumption:*** We expect per-capita income to double by 2028
- ***Risk Adjusted Returns:*** Over the past 3yrs India has a better Sharpe Ratio than Nasdaq 100 and S&P 500
- ***Checking All Boxes:*** GDP = C + G + I + NX

Distribution of Households by Income Level



Source: ICE 360 Surveys, PRICE
F = Forecast.

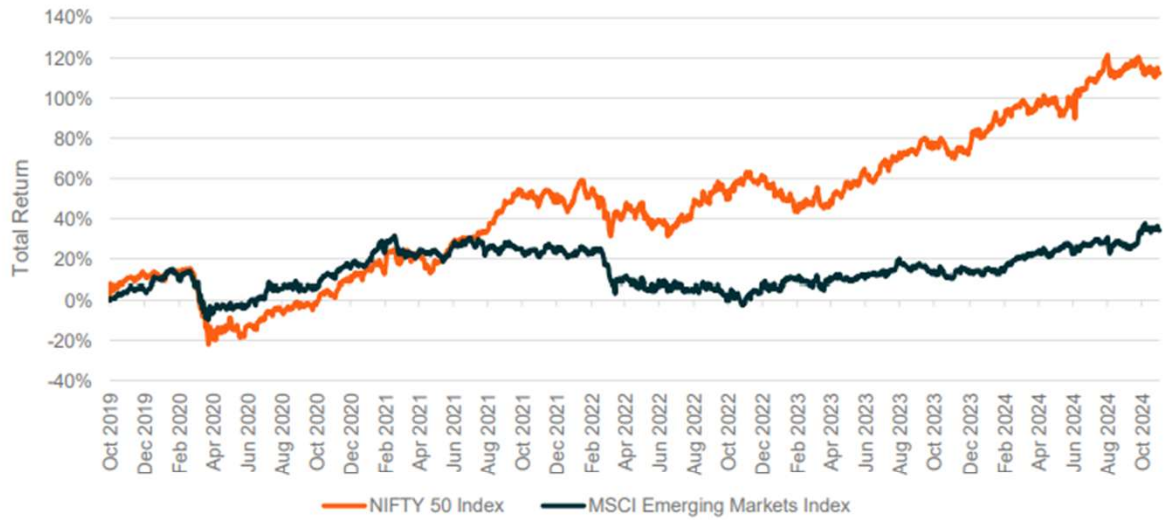
Stable GDP Growth ~6% Per Annum; Above Both EM and DM

Source: Source: IMF as of April 2024 and forward projections
F = Forecast

Source: Global X ETFs with information derived from: Bloomberg LP Data as of May 23, 2024

NDIA | Performance and Index Statistics

NDIA Index vs MSCI Emerging Markets (Performance – 5Y)



Bloomberg. (n.d.) Accurate as of 01/11/2024. Past Performance is not a reliable indicator of future performance.

Index Statistics

Risk (5 Year)	
Volatility	20.0%
Correlation to MSCI EM	0.6
Fundamentals	
FCF Yield	1.8%
ROE	16.3%
ROA	2.8%

Bloomberg. (n.d.) Correlations accurate as of 01/11/2024. Volatility accurate as of 01/11/2024. Fundamental stats accessed on 01/11/2024.

Annual Total Return (AUD)	2019	2020	2021	2022	2023
NDIA Index	11.3%	3.8%	30.4%	1.7%	20.8%
MSCI Emerging Markets	15.7%	5.8%	0.9%	-17.2%	6.8%

Bloomberg. (n.d.) Accurate as of 01/11/2024. Forecasts are not guaranteed and undue reliance should not be placed on them. This information is based on views held by Global X as at 01/11/2024.

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