



# — Building blocks for a Managed Account service —

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## ETFs: Building Blocks for a Managed Account Portfolio

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**BetaShares**

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## The Evolution of Exchange Traded Products

**1.0**

- Vanilla index trackers
- Asset class exposure

### Examples

- Nasdaq 100
- AAA Cash
- Gold Bullion

**2.0**

- Smart Beta
- Rules-based strategies

### Examples

- Fundamental Index – Australia
- Buy-Write Strategy

**3.0**

- Active ETFs

### Examples

- Active Equity Income
- Active Global Infrastructure Securities

**We expect all three categories to continue to experience significant growth**

# Portfolio Construction Philosophies

- SAA only
- SAA with dynamic tilts
- Core – satellite
- Absolute return / objective based
- Income layering / bucketing strategies
- ESG beliefs
- Risk Parity

# Portfolio Construction – building blocks .....and solutions



## Australian Equities

QOZ  
QFN  
QRE  
EX20  
SMLL  
FAIR

## Global Equities

NDQ  
UMAX  
QUS  
FUEL  
FOOD  
HACK  
BNKS  
HEUR  
HJPN  
MNRS  
DRUG  
ETHI

## Equity Income

HVST  
YMAX  
UMAX

## Managed Risk/ Defensive Equity

HVST  
AUST  
WRLD

## Hybrids

HBRD

## Cash & Fixed Income

AAA  
QPON



## Short

BEAR  
BBOZ  
BBUS

## Geared

GEAR  
GGUS

## Currency

USD  
POU  
EEU  
AUDS  
YANK

## Commodities

QAG  
QAU  
OOO  
QCB

## Active

EINC  
RINC  
GLIN  
RENT  
DMKT



2018 IMAP Adviser Roadshow  
“MDA and ETF’s”

# Agenda

- Why MDA?
- Why ETF's
- ETF's
  - Examples in the Core
  - Examples in the Satellite





# Why MDA?

- Shartru has a Core/Satellite approach to managing money
  - Passive component
  - Active component
  - Unending search for uncorrelated assets
- MDA Advantages
  - Timely execution for ALL clients.
  - Consistent Strategy among clients (except by design).
  - NO more SOA/ROA and execution for every single client.
  - Not subject to liquidity restrictions imposed by superannuation funds or wrap platforms.



# Why ETF's?

WHY?

- Range of selection
  - Active/passive
  - Broad/specific
  - ETF market is growing fast meaning options are increasing every day.
- Easy and cost effective to Execute.
- Transparency.
- Regulated.

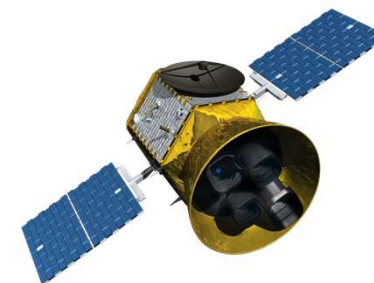


# ETF's in the Core

- Very simply tool that enables us to take a skewed position in the Core of the portfolio. For example;
  - Market capital index verse Average weight.
    - EX20 - BetaShares Australian EX-20 Portfolio Diversifier ETF
    - MVW – Van Eck Equal Weight ETF
  - Selective filters
    - QOZ - BetaShares FTSE RAFI Australia 200 ETF
    - QUS - BetaShares FTSE RAFI U.S. 1000 ETF
  - Skew portfolio
    - EX20 - BetaShares Australian EX-20 Portfolio Diversifier ETF
  - Can't lose money in shares – why don't we increase leverage?
    - GEAR - BetaShares Geared Australian Equity Fund (hedge fund)



# ETF's for Satellites



- Skew portfolio by country or currency
  - HJPN - BetaShares WisdomTree Japan ETF - Currency Hedged
- Take Positions via sectors
  - QFN - BetaShares S&P/ASX 200 Financials Sector ETF
- Take short Positions for speculation or Hedging
  - BEAR - BetaShares Australian Equities Bear Hedge Fund
- Take commodity positions for speculation or hedging
  - QAU - BetaShares Gold Bullion ETF - Currency Hedged
  - GDX – VanEck Gold Miners ETF



