



Portfolio Mandate



ETF Elite

Outperform the Index

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OVERVIEW

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Product Description

ETF Elite is an exchange-traded portfolio designed to offer investors diversified exposure to the Australian share market while targeting enhanced returns through carefully selected thematic positions. The portfolio is split into two segments—Core Holdings and Active Holdings—with only one component, the GEAR Holding, employing internal leverage. Overall, the portfolio seeks to deliver returns that outperform the ASX 200 by 3–4% per annum and maintain a beta between 0.8 and 1.2 relative to the ASX 200. All leverage is used solely within the GEAR Holding, which is managed on an internal basis; investors are not exposed to margin calls and their losses are limited to the capital invested.

Key Features and Benefits

- **Dual-Segment Strategy:**
 - Core Holdings (50%–70%) provide stable, diversified market exposure and income
 - Active Holdings (30%–50%) focus on high-conviction thematic trades (up to a maximum of five positions).
- **Internal Leverage:** The GEAR Holding invests in the BetaShares Geared Australian Equity Fund (GEAR) to achieve cost-effective, internally managed leveraged exposure.
- **Risk Control:** The gearing ratio within GEAR is actively managed on a daily basis to remain between 50% and 65%—yielding a leveraged exposure of approximately 200% to 286% of its net asset value. Rebalancing occurs to address market movements and compounding effects, noting that returns over multi-day periods may differ from the daily target.
- **Monthly Oversight:** A dedicated Investment Committee reviews the portfolio monthly to ensure compliance with allocation targets and risk parameters.

Investment Objective

Primary Goal

The portfolio aims to outperform the ASX 200 by 3–4% per annum while maintaining a beta between 0.8 and 1.2 relative to the ASX 200.

Risk Profile and Leverage Use

- ETF Elite is structured to mirror the risk characteristics of the ASX 200, with a disciplined approach to risk management.
- No overall external leverage or margin borrowing is used in the portfolio; only the GEAR Holding employs internal leverage.
- The internal gearing mechanism is designed so that any losses are strictly limited to the capital invested. Investors are not subject to margin calls.
- Due to the use of leverage within GEAR, both gains and losses are magnified. Investors should consider this enhanced volatility and ensure that such risks align with their investment objectives.

ALLOCATIONS

Core Holdings

GEAR (Betashares Geared Australian Equity Fund)

- Invest in the BetaShares Geared Australian Equity Fund (GEAR) to obtain internally leveraged exposure to a broadly diversified portfolio of approximately 200 of the largest ASX-listed companies.
- Internal Leverage Details:
 - GEAR is an internally geared fund; all borrowing is undertaken by the fund itself, meaning that individual investors do not assume direct borrowing risk.
 - The gearing ratio is maintained between 50% and 65% on a daily basis, providing an effective leveraged exposure of approximately 200% to 286% of the net asset value.
 - Active daily rebalancing ensures that deviations are corrected, although compounding may lead to returns over longer periods that differ from the daily target range.
- Risk Considerations:
 - Leverage magnifies both gains and losses.
 - Investors are not subject to margin calls and cannot lose more than their invested capital, as all gearing obligations are met internally.

[GEAR Factsheet](#)

BHYB (Betashares Australian Major Bank Hybrids)

- Invest in high-quality fixed income securities to generate regular income and mitigate overall portfolio volatility.
- Investment Vehicles:
 - Typically includes Australian Government Bond ETFs (e.g., iShares Core Composite Bond ETF) and Corporate Bond ETFs (e.g., Vanguard Australian Corporate Fixed Interest Index ETF).
 - Risk Management:
 - Focus is placed on investment-grade securities with balanced duration exposure to control interest rate risk.

[BYBH Factsheet](#)

Collectively, Core Holdings account for 50%–70% of the portfolio.

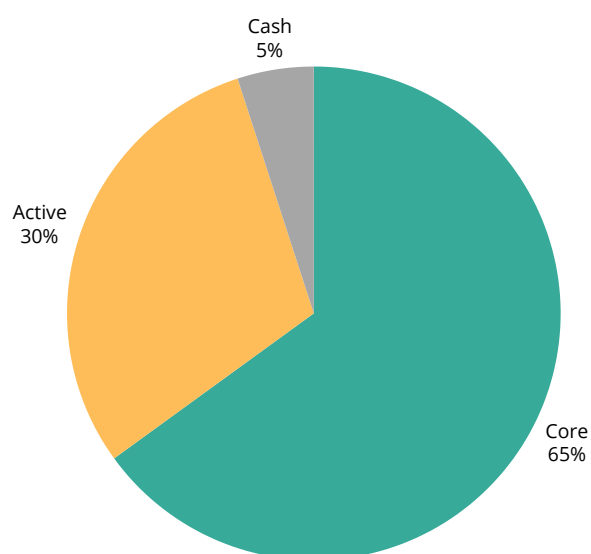
ALLOCATIONS

Active Holdings

The Active Holdings segment is designed to capture targeted thematic opportunities that may contribute additional growth to the portfolio. This segment is intended to complement the Core Holdings by focusing on sectors and trends that, based on rigorous research, have the potential to outperform the broader market. However, investors should note that these investments may be subject to higher volatility and are not guaranteed to deliver superior performance.

- **Focused Selection:** Active Holdings are limited to a maximum of 8 positions. This concentration is intended to facilitate high-conviction investments while controlling for concentration risk.
- **Rigorous Research:** Themes are identified and selected through comprehensive, independent research that evaluates long-term industry trends, technological innovation, macroeconomic shifts, and market dynamics.
- **Sector Focus:** While specific themes may vary over time, potential areas of focus include technology, healthcare, renewable energy, cybersecurity, and other sectors with identified growth drivers.
- **Dynamic Review:** The Investment Committee conducts regular reviews of the Active Holdings. Adjustments are made as necessary in response to evolving market conditions, updated research, and changes in the investment environment.

Collectively, Core Holdings account for 30%–50% of the portfolio.



REBALANCING

To ensure ETF Elite continues to meet its strategic objectives by preserving its target risk profile—including maintaining a beta between 0.8 and 1.2—and adhering to all internal and regulatory constraints.

Oversight and Frequency

- Rebalancing decisions are made through a monthly review by our Investment Committee.
- During these meetings, the Committee evaluates the portfolio's performance against benchmarks and monitors for any significant deviation from the intended risk profile and allocation constraints.

Process

- Assessment:
 - The Committee reviews current portfolio weights, risk metrics (including beta), and market conditions.
 - Any segment that deviates materially from its intended allocation, or if overall portfolio risk exceeds the prescribed beta range, is flagged for adjustment.
 - All additional regulatory and internal constraints are verified to be intact.
- Decision and Recommendation:
 - Once a decision to rebalance is reached, new allocation recommendations are formulated and communicated to the relevant trading teams.
 - These recommendations detail the adjustments required—such as trimming overperforming positions and increasing underweight areas—while ensuring that all constraints, including beta and other risk parameters, remain within approved limits.

Execution

- Rebalancing trades are executed in a cost-efficient manner.
- All decisions and executed trades are documented and maintained to support ongoing compliance and risk management.

Fees, Charges & Costs

ETF Elite employs a straightforward and transparent fee structure designed to clearly inform investors of all associated costs.

- **Management Fee:** An annual fee of 1.1% (inclusive of GST) applied to the total portfolio value, charged quarterly. This covers comprehensive services including ongoing portfolio management, administrative support, operational oversight, and reporting.
- **Transaction Costs:** A transaction fee of 0.5% calculated based on the total volume of trades executed within the portfolio. This fee covers brokerage charges, market execution, settlement fees, and related transactional expenses.

Disclaimer



Our Commitment

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