

Exploring income-generating investments

How to create a diversified income stream and optimise portfolio yield

ASX Investor Day

May 2024

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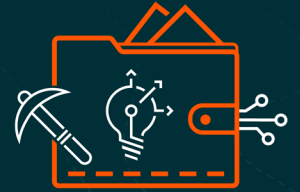
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Who are we?

—
Beyond Ordinary Solutions

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



Headquartered in New York, with Global X ETFs listed throughout Europe, Asia, Canada, Latin America, and Australia.



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 **\$536bn of total AUM** that includes real estate, insurance, private equity, and venture capital.²

~AU\$77b

in AUM across more than 200 ETF Strategies¹

n

Primary Listings by Office



United States

107 ETF Listings



Europe

34 UCITS ETF & 5 Crypto ETP Listings



Australia

35 ETF Listings



Latin America

32 ETF Listings
In Brazil & Colombia



Hong Kong

27 ETF Listings



Japan

36 ETF Listings

¹ As of December 2023. ² As of September 30, 2023

THEMATIC GROWTH		COMMODITIES		INCOME		INTERNATIONAL ACCESS		CORE		DIGITAL ACCESS		LEVERAGED & INVERSE	
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PHYSICAL ENVIRONMENT		GCO2	Global X Global Carbon ETF (Synthetic)										
HGEN	Global X Hydrogen ETF												

Agenda

1 Challenging Economic Backdrop



2 How to Optimise Your Portfolio for Income



3 Income Opportunities with ETFs





Challenging Economic Backdrop

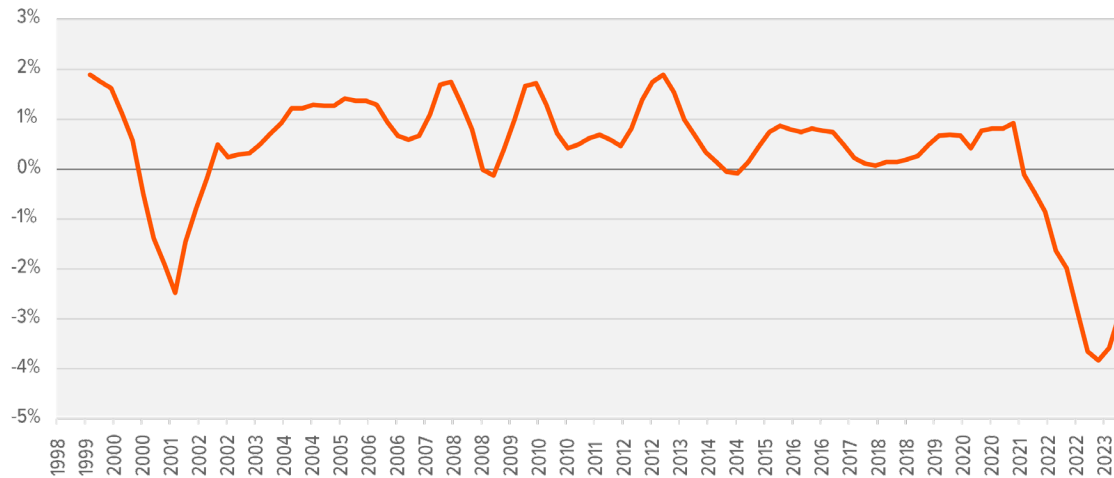


Cost of living pressures continue to impact households

With wage growth failing to match inflation over the past couple of years, investors may explore avenues to supplement their income.

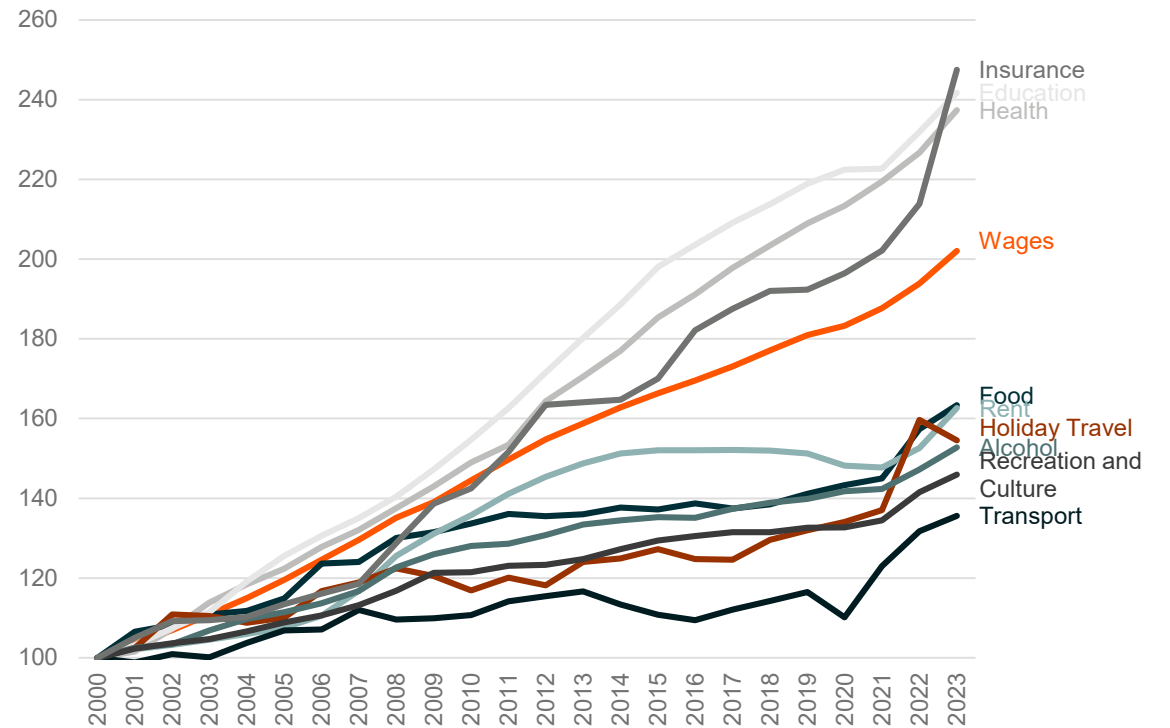
REAL WAGES HAVE CONTINUED TO DECLINE

Source: Australian Bureau of Statistics showing rolling average annualised real wages growth over four quarters.



Trends in Consumer Goods and Services Prices

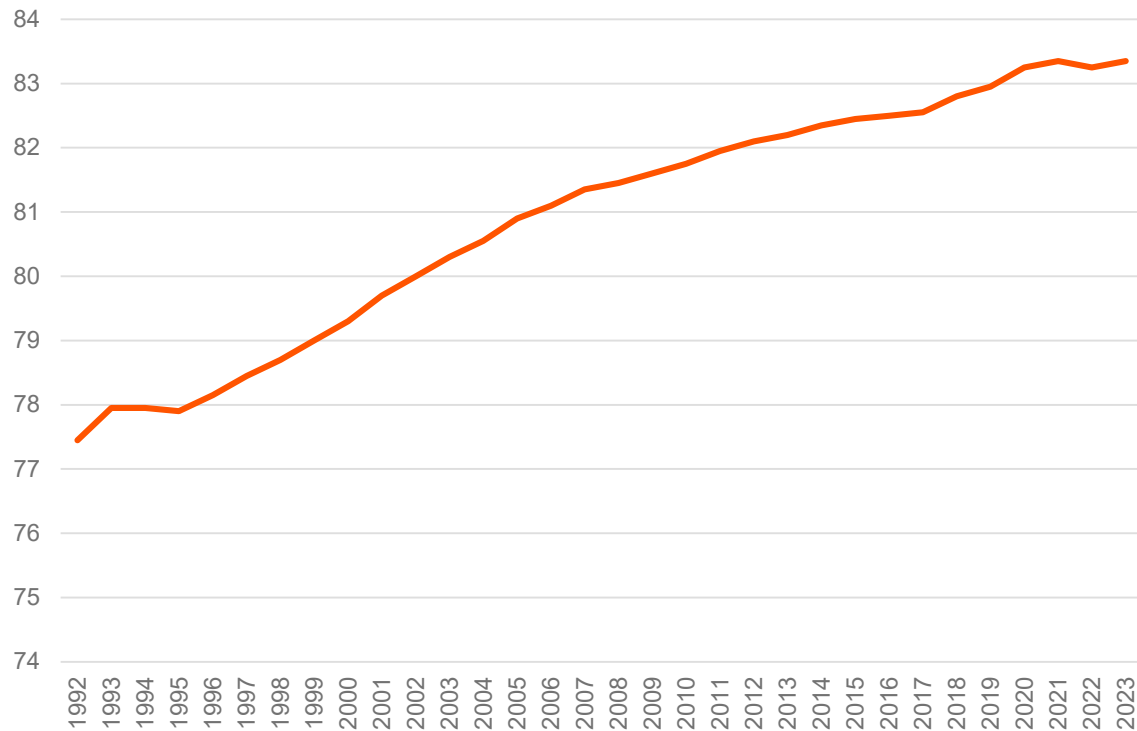
Index rebased to 100. Source: Bloomberg



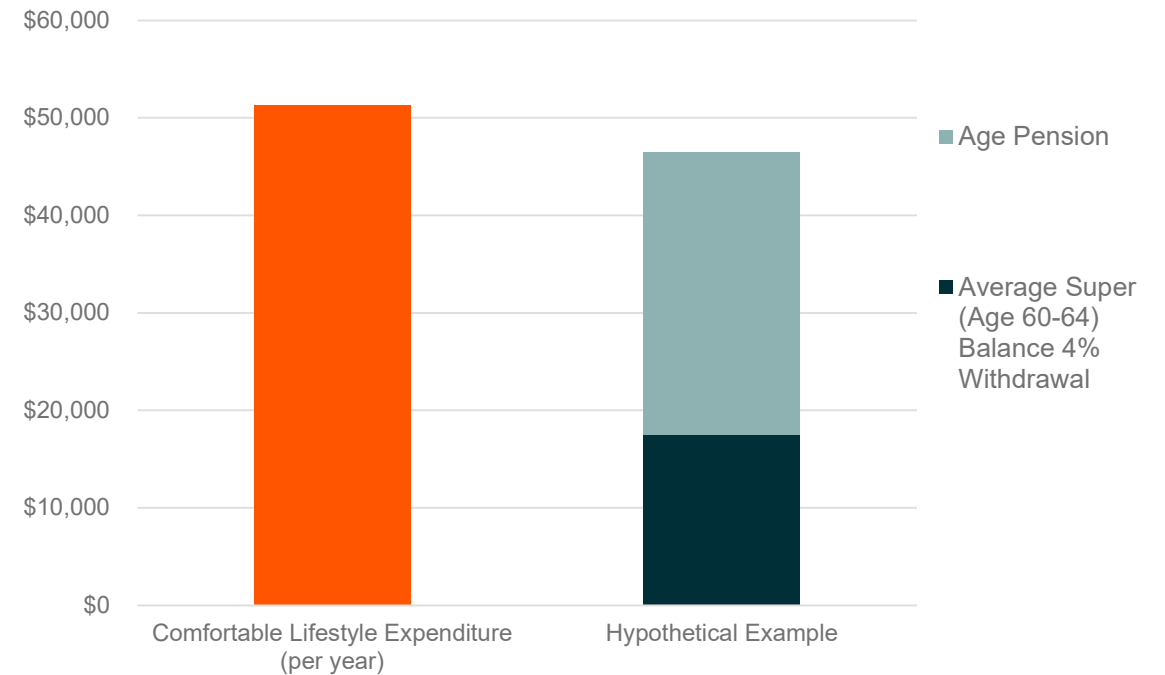
Australians are living longer, but can we afford to?

With the average Australian now living into their mid-80s, ensuring financial stability during the golden years of retirement is a crucial focus area.

Average Australian Life Expectancy



Relying on Super and Age Pension May Not Be Enough

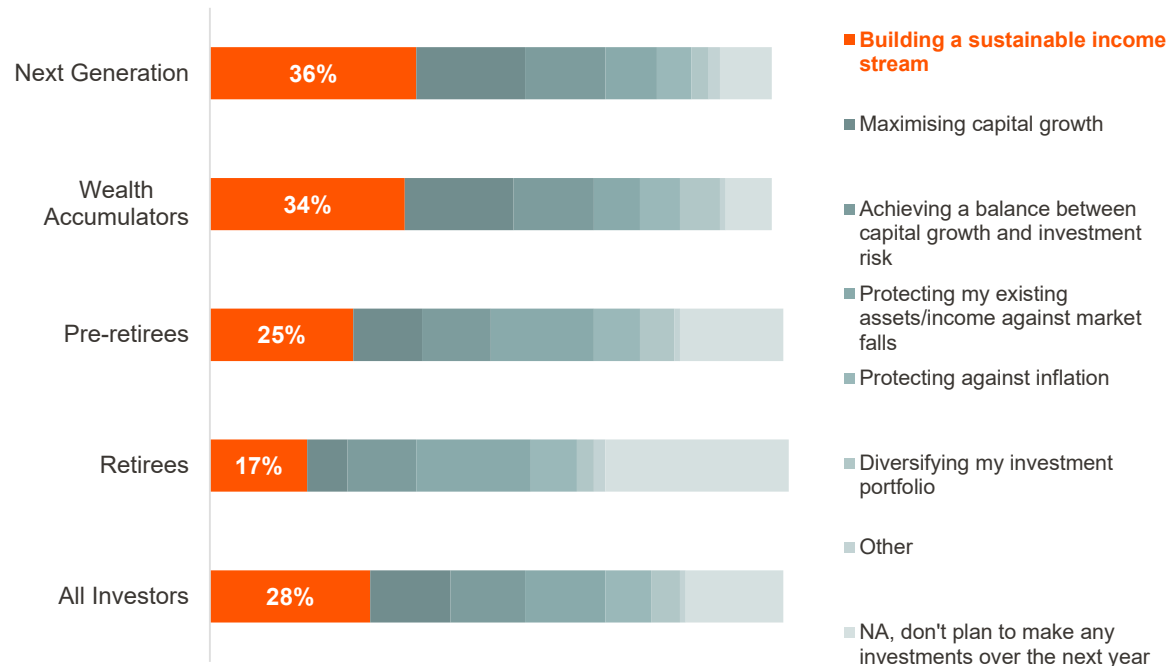


Sources: Australian Bureau of Statistics, The Association of Superannuation Funds of Australia (ASFA), Services Australia.

Australian investors desire a sustainable income stream but cannot rely on the 1980's yield nirvana

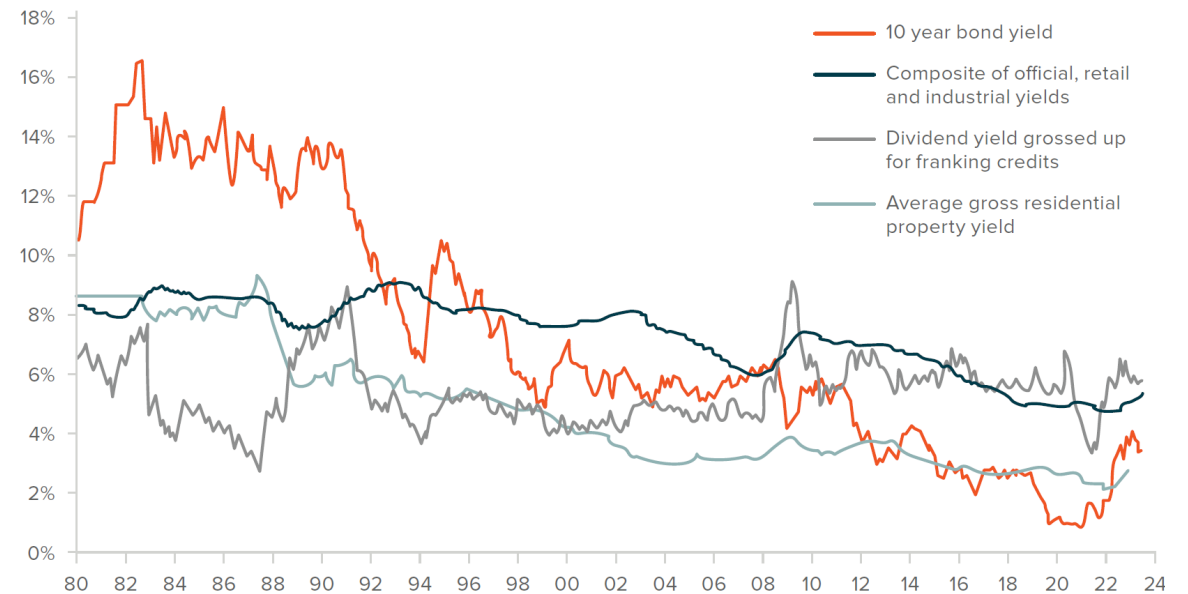
One-third of investors are prioritising income generation, prompting consideration of asset classes beyond traditional options like property and term deposits.

What will be your main goal when selecting your investments over the next 12 months?



Source: ASX Investor Study 2023

AUSTRALIAN INVESTMENT YIELDS



Source: AMP Capital



How to Optimise Your Portfolio for Income

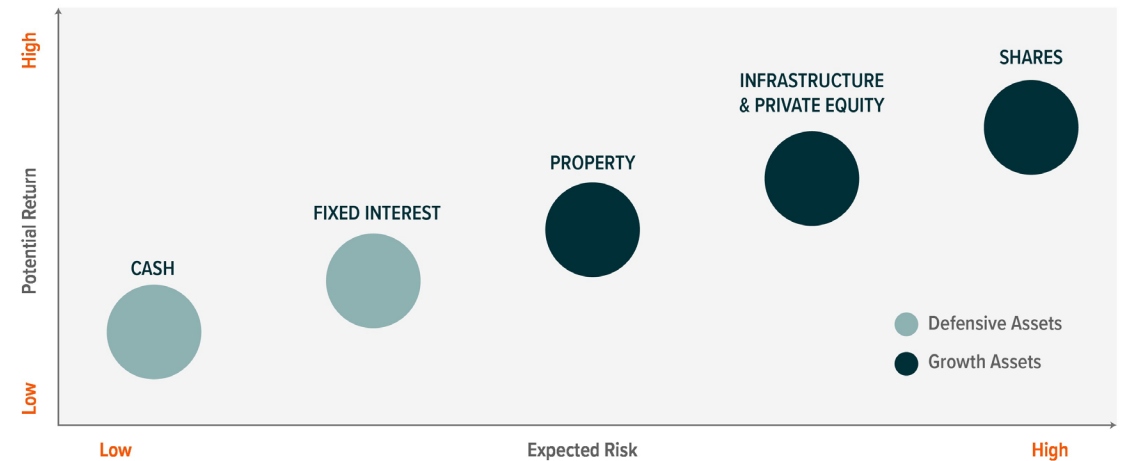
Understanding your risk profile

When building an income-orientated portfolio, the first step should be to get the asset allocation right to ensure the right level of risk is being taken.

UNDERSTANDING YOUR RISK PROFILE



TRADE OFF BETWEEN RISK AND REWARD



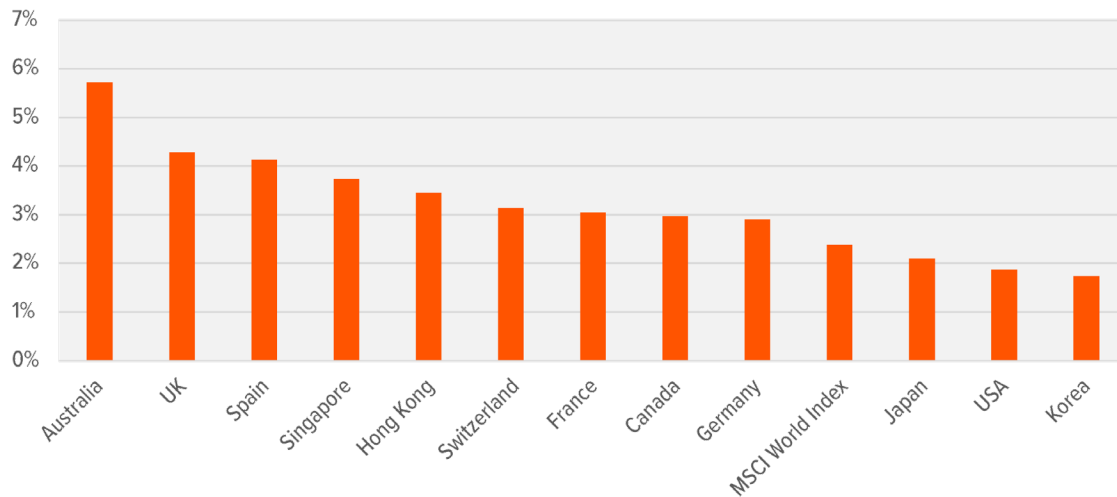
Source: Global X theoretical illustration based on historical asset class returns and volatility.

The Lucky Country

Since the turn of the millennium, dividends have accounted for over half of the total return of the Australian share market.

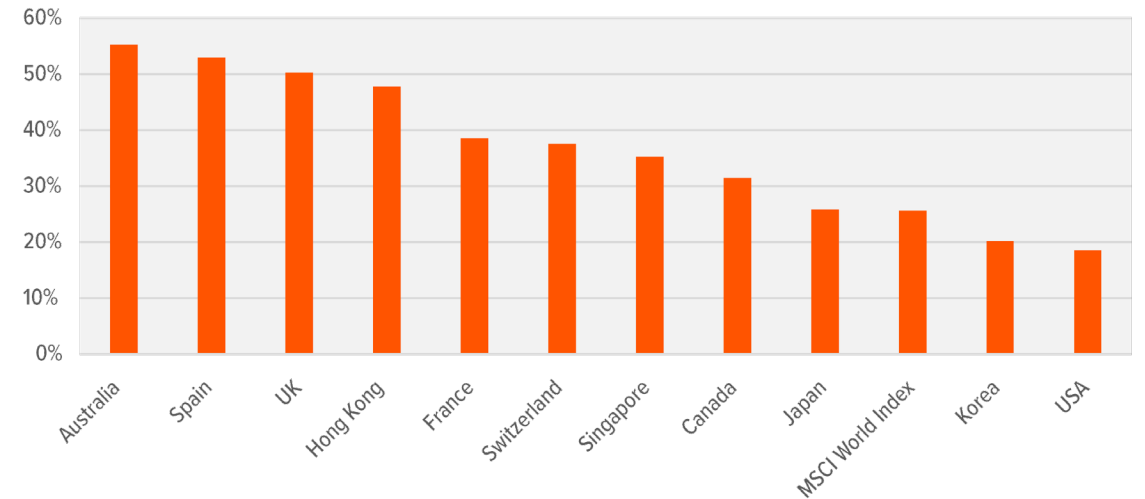
AVERAGE GROSS DIVIDEND YIELDS (20 YR)

Source: Bloomberg, Data as of July 2023.



AVERAGE DIVIDEND CONTRIBUTION TO TOTAL RETURN (20 YR)

Source: Bloomberg, Data as of July 2023.

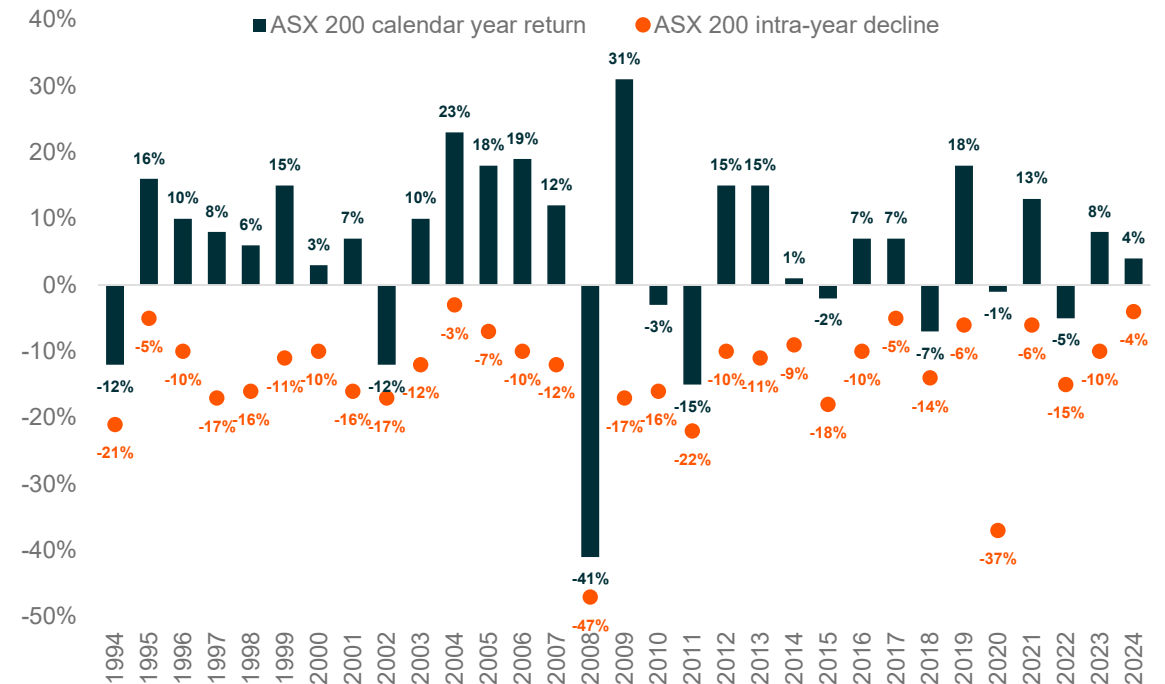


Why taking a “Total Return” approach matters

Most of the largest Australian banks have had negative capital returns. Dividends can add as an important source of returns and help cushion drawdowns.

ASX Code	Company Name	10-Year Capital Return	10-Year Dividend return	10-Year Total Return
MQG	Macquarie Group	244.7%	230.8%	475.6%
CBA	Commonwealth Bank of Australia	56.1%	150.7%	206.8%
NAB	National Australia Bank	2.3%	130.9%	133.2%
BEN	Bendigo & Adelaide Bank	-9.9%	117.0%	107.1%
ANZ	ANZ Group Holdings	-10.4%	106.7%	96.3%
WBC	Westpac	-24.1%	89.1%	65.0%
BOQ	Bank of Queensland	-48.7%	66.5%	17.8%

Income can help cushion the inevitable falls in the share market

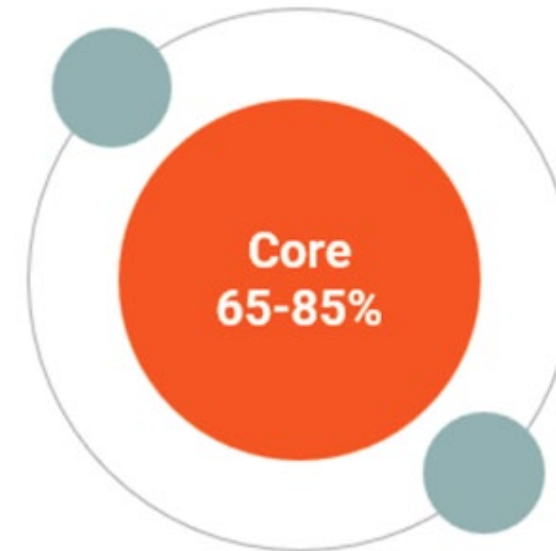
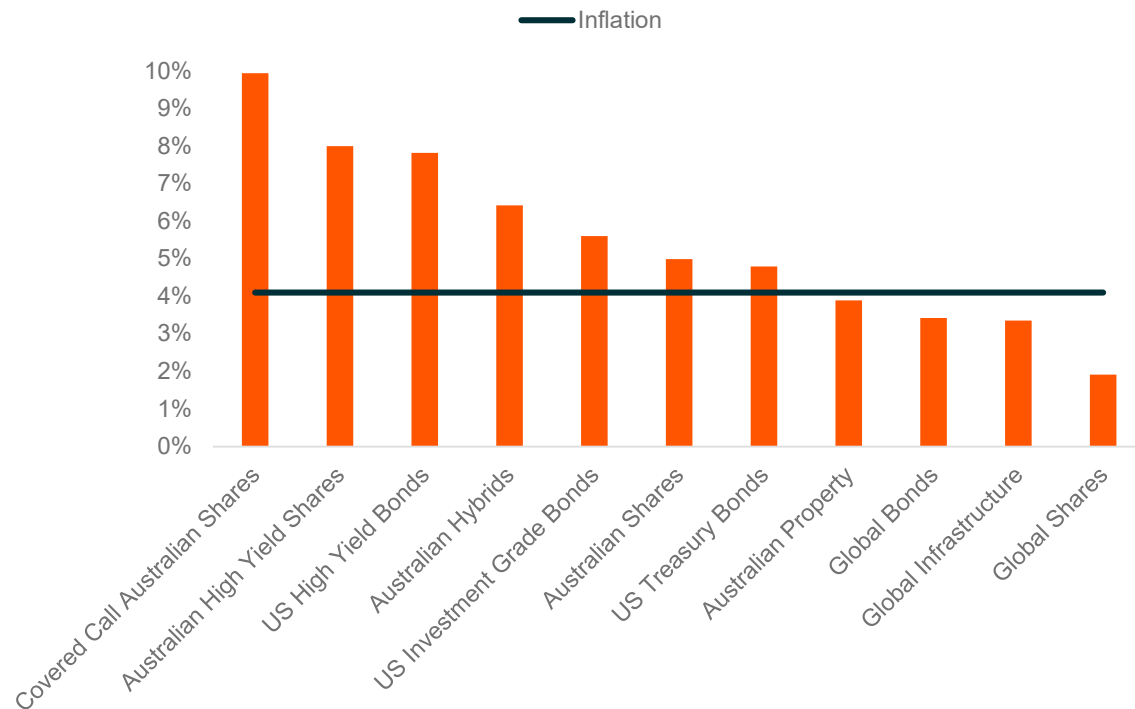


Source: Bloomberg, JP Morgan as of 31 March 2024.

Build a diversified mix of income product assets

ETFs offer diversified asset exposure without selecting individual securities, serving as both core or satellite portfolio components.

Income Yields by Asset Class



Source: Bloomberg as of 31 March 2024. Yield is either dividend yield for equities or yield to maturity for fixed income. Indices used S&P/ASX BuyWrite Index, Solactive Australian Hybrid Securities Index, S&P/ASX 200 High Dividend Index, Solactive USD High Yield Corporates Total Market AUD Hedged Index, Bloomberg USD Liquid Investment Grade Corporate AUD Hedged Index, S&P/ASX 200 Index, S&P/ASX 300 A-REIT Index, Bloomberg Global-Aggregate Index Value Hedged AUD, FTSE Developed Core Infrastructure 50/50 100% Hedged to AUD Index, MSCI World ex Australia AUD Index. Inflation is represented by annualised CPI as of December 2023 from the ABS.

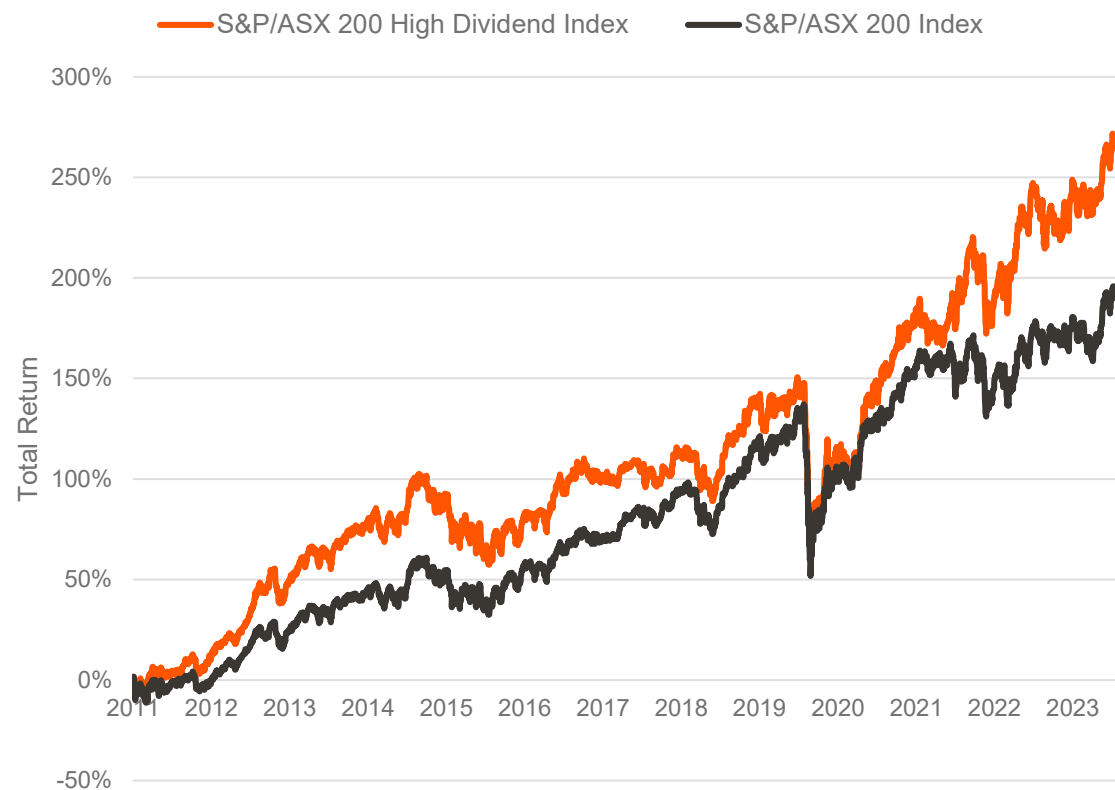
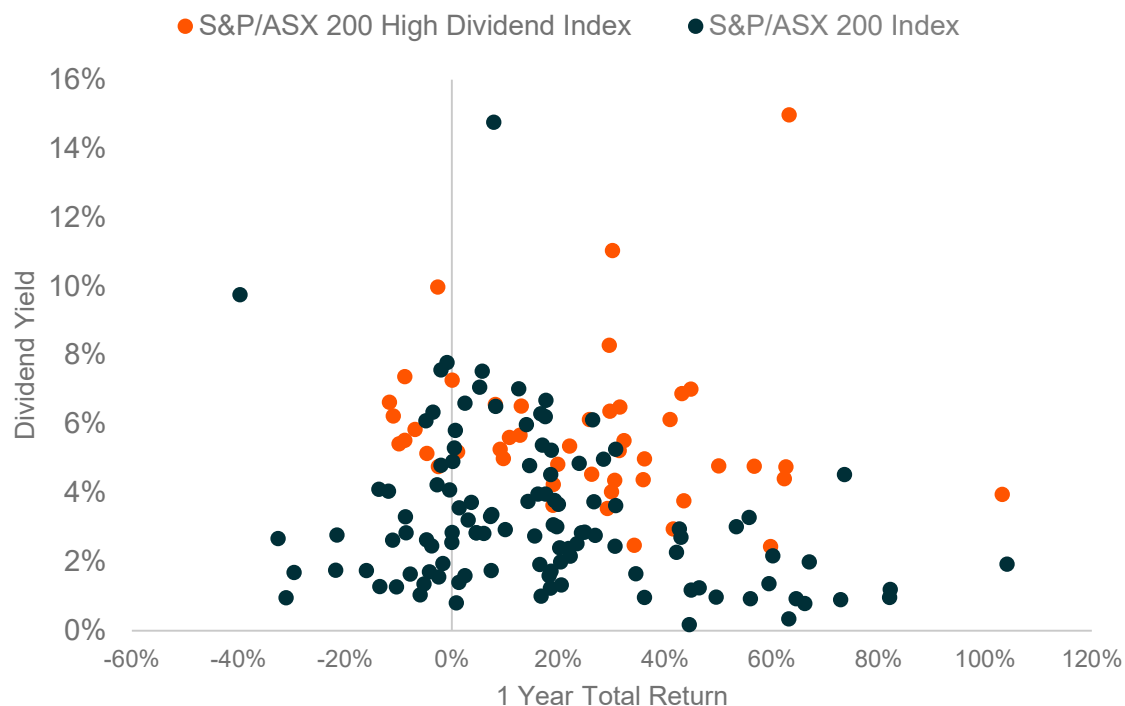


Income Opportunities with ETFs

High Yield Australian Shares

Focusing on high-dividend paying companies whilst avoiding “dividend traps”

Dividend payers in the S&P/ASX 200



Source: Bloomberg data as of 31 March 2024.

ZYAU | Overview

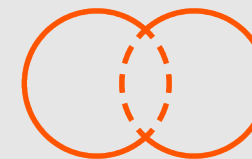


Global X S&P/ASX 200 High Dividend ETF

ASX Code	ZYAU
MER	0.24%
Benchmark	S&P/ASX 200 High Dividend Index
Rebalance Frequency	Quarterly
Distribution Frequency	Quarterly
12-month yield	8.0%

Data as of 31 March 2024.

Key Features



Instant Diversification

Simple, low-cost access to a selection of quality dividend investments.



Quality Filter

Forward looking dividend forecast captures the highest dividend-paying companies, and the weighting scheme further tilts towards these companies.



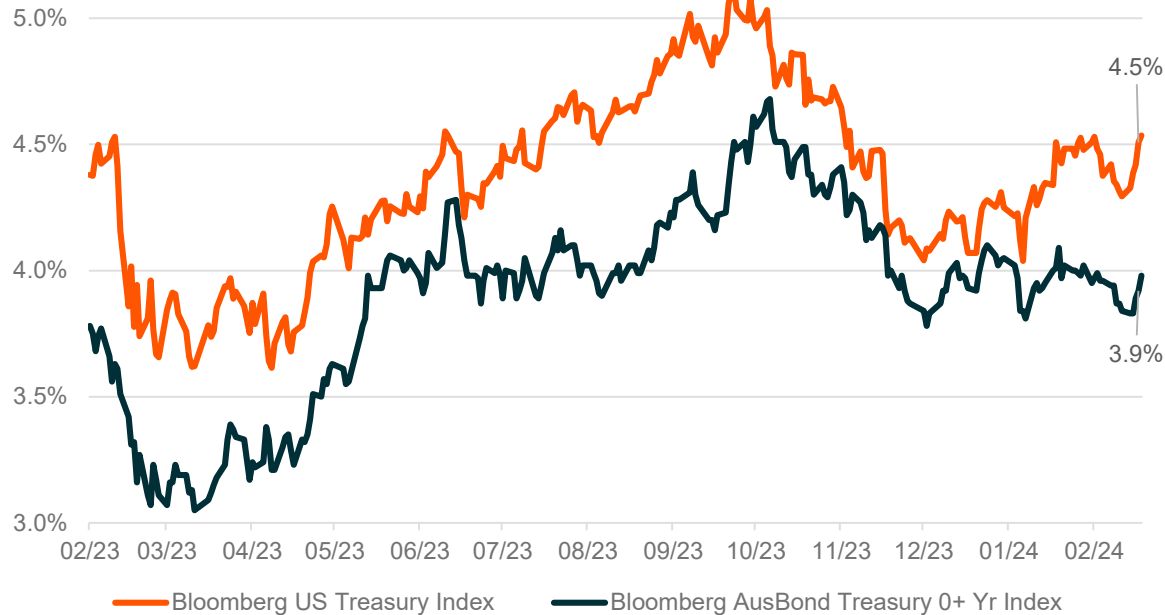
High Income Potential

Aims to achieve a yield above the broad market.

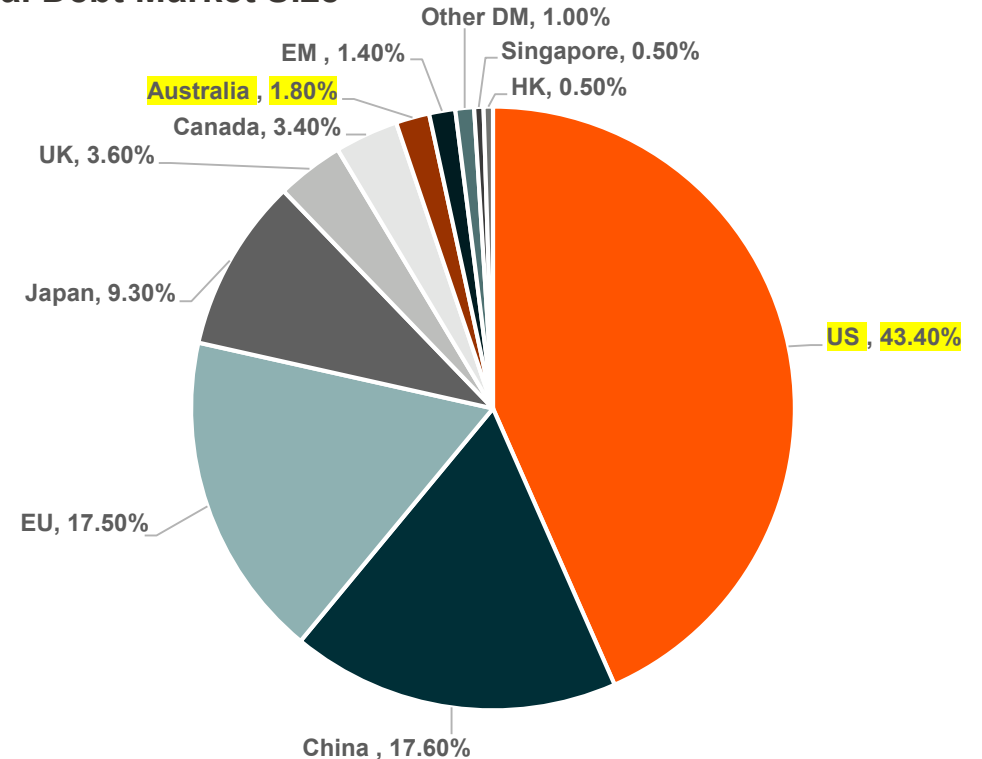
US Bonds

Expanding bond universe to include the world's largest market, with the goal of geographic diversification and potentially capturing additional income.

US bonds are producing higher yields than Australian bonds



Global Debt Market Size



Sources: Bloomberg as of March 2024. Bank of International Settlements, SIFMA as of 12/31/2022.

USTB | Overview



Global X US Treasury Bond ETF (Currency Hedged)

ASX Code	USTB
MER	0.19%
Benchmark	iBoxx \$ Treasuries Index (AUD Hedged)
Rebalance Frequency	Monthly
Distribution Frequency	Quarterly
Yield to maturity	4.5%
Duration	6.2
Credit rating	AAA

Data as of 31 March 2024.

Key Features



Alternative Income Source

USTB seeks to generate income while mitigating risk.



Competitive Cost

At a 0.19% management fee, USTB offers access to US Treasuries via the ASX at a competitive cost.



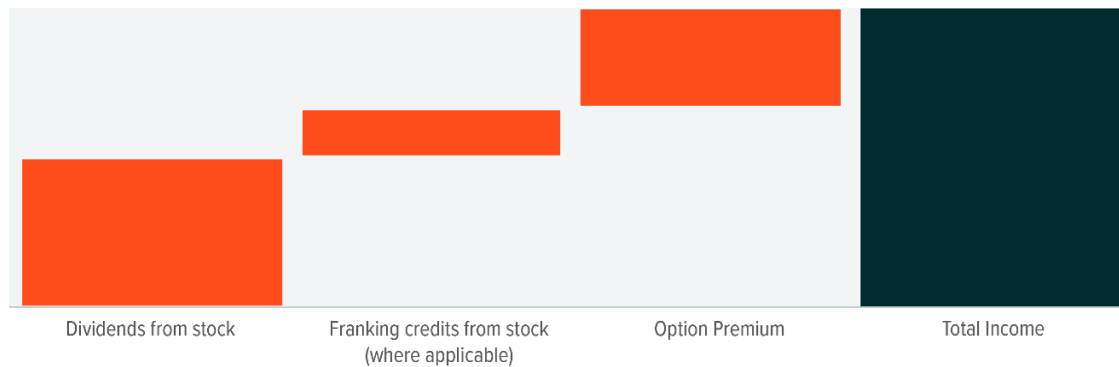
Diversification

Exposure to US Treasuries ranging from 1-30 year maturities.

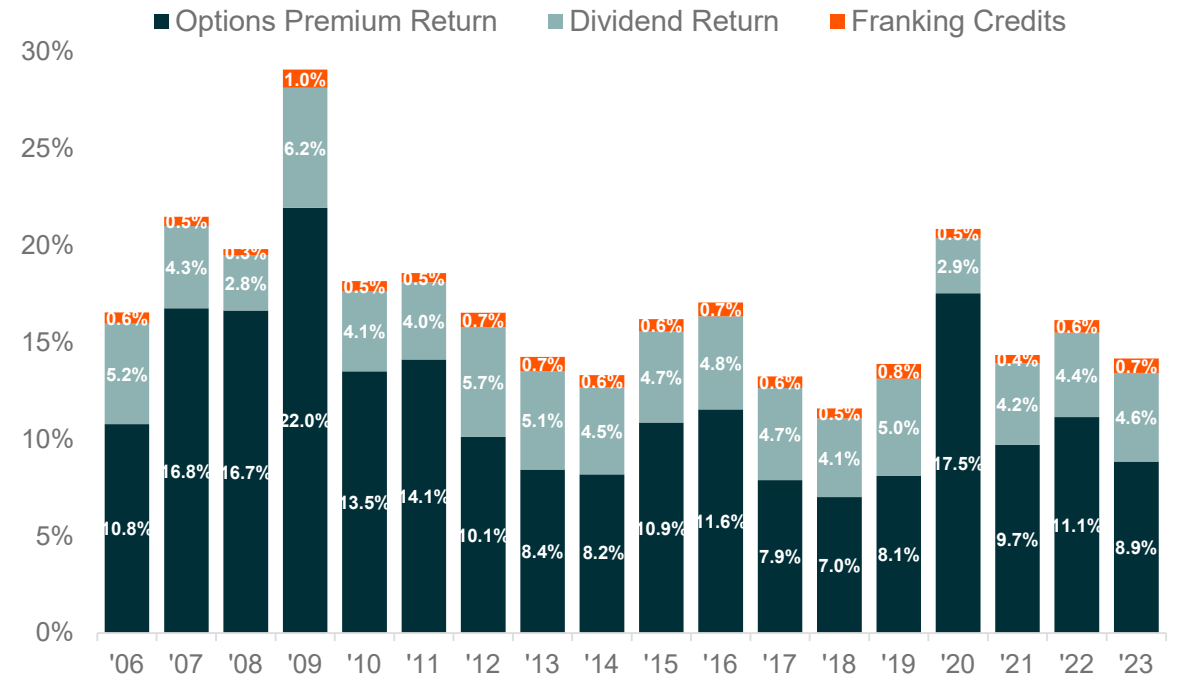
Covered Calls

Combining a basket of shares and writing options aims to diversify income streams and profit during periods of sideways or downward market movements.

COVERED CALL ETF SOURCES OF INCOME



Covered Call Australian shares income components



Source: S&P Dow Jones Indices. Franking credits is based on 15% tax rate. Does not include the price return of the long equity and short option components. Covered Call Australian shares is represented by the S&P/ASX 200 BuyWrite Index.

AYLD | Overview



S&P/ASX 200 Covered Call ETF

ASX Code	AYLD
MER	0.60%
Benchmark	S&P/ASX 200 BuyWrite Index
Rebalance Frequency	Quarterly
Distribution Frequency	Quarterly
12-month yield	9.9%

Data as of 31 March 2024.

Key Features



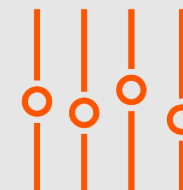
High Income Potential

AYLD seeks to generate income through covered call writing which can produce higher yields in periods of volatility.



Efficient Options Execution

AYLD writes call options on the S&P/ASX 200 Index, saving investors the time and potential expenses of doing so individually.



Potential Downside Mitigation

The options premiums AYLD generates may partly cushion drawdowns.

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