



# Betashares Ethical Managed Accounts Report

**Quarter ending March 2026**

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## 1. Introduction to the Betashares Ethical Managed Accounts Report

Betashares offers a suite of ethical portfolios that utilise exchange-traded products (ETFs and other exchange-traded products) or Australian direct equities to deliver transparent, diversified and cost-effective investment solutions for investors with differing risk profiles and investment objectives.

<b>Betashares Australian Sustainability Leaders Portfolio</b> 35 Stock Portfolio	<b>Betashares Ethical Balanced Portfolio</b> 50% Growth 50% Defensive
<b>Betashares Ethical Growth Portfolio</b> 70% Growth 30% Defensive	<b>Betashares Ethical High Growth Portfolio</b> 90% Growth 10% Defensive

### Betashares Australian Sustainability Leaders Portfolio

The Betashares Australian Sustainability Leaders Portfolio holds approximately 35 of the largest and most liquid stocks from the portfolio held by the Betashares Australian Sustainability Leaders ETF (ASX: FAIR). The index that FAIR aims to track combines some of the most stringent environmental, social and governance (ESG) screens in the industry, with the portfolio offering the advantage to investors of directly holding an Australian equities portfolio.

### Betashares Ethical Diversified Managed Accounts

Three multi-asset portfolios have been specifically developed for different risk profiles – Balanced, Growth and High Growth - designed to suit various financial circumstances and investment goals. In order to provide solutions for different investor risk profiles, the portfolios are built using varying allocations to ethical growth and defensive assets.

International shares are accessed via the Betashares Global Sustainability Leaders ETF (ASX: ETHI) and Australian shares through the Betashares Australian Sustainability Leaders Portfolio. Defensive assets are made up of international and Australian bonds and are accessed via the Betashares Global Green Bond Currency Hedged ETF (ASX: GBND).

These portfolios are built using strategic asset allocation assumptions that are reviewed by Betashares annually, to take into account prevailing economic and market conditions. The portfolios are rebalanced periodically to remain consistent with target allocations and risk profiles.

## 2. Market Review

Global equity and bond markets weakened during the March quarter of 2026, as early optimism for the year ahead was upended in late March by a severe energy price shock following US and Israeli missile strikes on Iran.

Before the strikes, investment sentiment had been buoyed by resilient global economic growth, moderating inflation,

and solid corporate profits. The main pre-war focus in global markets was the artificial intelligence (AI) boom and whether it remained supportive for equities, especially in the United States.

Oil prices surged by 50% over the past month as Iran's response to the strikes was to effectively block the Strait of Hormuz, through which around 20% of global oil trade passes. This led to a sharp rise in investor fears of both higher inflation and weaker economic growth.

In Australia, equity and bond markets were further undermined by an upward shift in the interest rate outlook, with the Reserve Bank of Australia (RBA) partly reversing last year's rate cuts. The central bank hiked rates in both February and March due to a rebound in inflation over the second half of 2025.

Despite another solid gain in corporate forward earnings, global equities recorded their first quarterly decline in over a year due to a sharp fall in valuations. The global equity price-to-forward-earnings multiple fell 11.1% to 17.1. The US market and growth-oriented sectors such as technology and consumer discretionary fared worse. By contrast, the global energy sector benefited from the surge in oil prices.

With the Australian dollar firmer over the quarter (at least prior to the conflict), unhedged global equity returns were weaker than currency-hedged returns.

Global bonds also delivered modestly negative returns, as higher energy prices lifted inflation fears and triggered a spike in bond yields. Investors largely priced out the chance of a US rate cut this year.

Australian equities held up relatively better than global equities thanks to a higher weighting to the better-performing energy and materials sectors. As was the case globally, growth-oriented sectors such as technology and consumer discretionary suffered heavier declines.

Australian bonds weakened modestly, with both RBA rate hikes and oil-related inflation fears pushing up bond yields.

## Growth vs. Defensive Assets

	Mar Qtr	Dec Qtr	6-months	12-months
<b>Defensive Assets</b>				
Bloomberg Australian Composite Bond Index	-0.34%	-1.15%	-1.48%	1.51%
Bloomberg Global Aggregate Bond Index Hdq AUD	-0.25%	0.69%	0.43%	2.98%
<b>Growth Assets</b>				
S&P/ASX 200 Index	-2.67%	-1.02%	-2.61%	11.66%
MSCI World Ex Australia Equity Index AUD	-6.22%	2.55%	-3.83%	8.14%

Source: Bloomberg. As at 31 March 2026. Past performance is not indicative of future performance. You cannot invest directly in an index.

## 3. ESG Commentary

### International

The Net Zero Asset Managers Initiative (NZAM) relaunched with a new framework in early 2026 after a year-long suspension period. The revised framework adopts a more flexible and voluntary approach, allowing signatories greater discretion in how they set and implement decarbonisation targets across portfolios<sup>1</sup>.

Participation has remained relatively strong among European asset managers, where regulatory and policy support for climate commitments continues to underpin adoption. In contrast, several large US firms have withdrawn or declined to rejoin, citing heightened legal risks, political scrutiny and concerns around fiduciary obligations<sup>2</sup>.

The relaunch highlights a growing divergence in regional approaches to ESG and climate investing. While Europe continues to advance coordinated frameworks, the US environment has become more fragmented. More broadly, the episode illustrates that climate initiatives are entering a more complex phase where implementation, legal considerations and political dynamics are increasingly shaping investor participation.

The U.S. Securities and Exchange Commission (SEC) reopened consultation on climate disclosure requirements in March 2026, signalling a potential rethink of its existing framework amid continued investor demand for consistent, decision-useful ESG data. The move follows extensive industry feedback on earlier proposals, particularly around compliance costs, liability risk and the treatment of Scope 3 emissions<sup>3</sup>.

At the same time, the SEC's previously proposed climate disclosure rule remains in legal limbo, with enforcement effectively paused pending court challenges and evolving regulatory priorities. Legal disputes have centred on the Commission's authority and the materiality threshold for mandated climate disclosures<sup>4</sup>.

More broadly, this reflects a wider recalibration of ESG at the federal level. Regulators are increasingly balancing transparency objectives against concerns around cost, scope and legal risk, resulting in a more uncertain and fragmented policy environment relative to Europe's more prescriptive approach.

### Australia

Early disclosures under Australia's new climate reporting regime highlight significant variability in how

companies are applying the AASB S2 Climate-related Disclosures standard. Initial filings from large, listed entities suggest that while most organisations have established governance frameworks and begun reporting emissions, the financial quantification of climate risks and opportunities remains uneven.

A majority of companies have attempted to quantify financial impacts, but approaches vary widely, with some relying on qualitative disclosures due to uncertainty in assumptions and modelling. Use of transitional reliefs, particularly for Scope3 emissions, remains common, underscoring ongoing data limitations and system readiness issues. Overall, early reporting points to a transitional phase, where capability building and methodological development are still underway, with greater consistency and scrutiny expected as assurance frameworks evolve<sup>5</sup>.

The Australian Treasury launched a second consultation on a proposed sustainable investment product labelling regime, marking a key step in the government's sustainable finance agenda. Open from February to March 2026, the consultation sought industry feedback on how financial products marketed as "sustainable", "green" or similar should be defined and disclosed to investors<sup>6</sup>.

The proposed framework focuses on core design elements including labelling thresholds, consumer-facing disclosures and evidentiary requirements, with an emphasis on ensuring claims are supported by credible and verifiable data. The initiative forms part of Australia's broader Sustainable Finance Roadmap, aimed at improving transparency, strengthening investor confidence and mobilising capital towards net zero and broader sustainability outcomes. Industry feedback has emphasised the need to balance credibility and flexibility, ensuring the regime remains practical while accommodating diverse investment strategies<sup>7</sup>.

### Green Bonds

The global green bond market has entered a more mature phase in early 2026, characterised by stable issuance, strong cumulative growth and increasing scrutiny on credibility. Annual sustainable bond issuance has remained above US\$1 trillion for three consecutive years, underscoring continued investor demand despite macroeconomic and policy headwinds. Green bonds remain the dominant segment of the market, accounting for roughly two-thirds of labelled issuance, with cumulative volumes now exceeding US\$4 trillion and total sustainable debt approaching US\$6-7 trillion globally<sup>8</sup>.

Market dynamics are shifting, however. Growth is increasingly being driven by sovereign, supranational and Asia-Pacific issuers, offsetting slower activity in parts of Europe and the US. At the same time, investors are placing greater emphasis on use-of-proceeds transparency, taxonomy alignment and impact reporting, reflecting a move towards more outcome-focused capital allocation. Overall, the market is transitioning from rapid expansion to consolidation and standardisation, with integrity, comparability and execution now central to its next phase of development.

<sup>1</sup><https://www.reuters.com/sustainability/cop/investor-climate-group-relaunches-with-looser-rules-fewer-us-members-2026-02-25/>

<sup>2</sup><https://www.netzeroinvestor.net/news-and-views/doubling-down-nzam-relaunch-backed-by-250-managers-but-largest-us-firms-decline-to-join>

<sup>3</sup><https://esgnews.com/sec-seeks-public-input-on-climate-disclosure-rules-as-investor-demand-for-esg-data-intensifies/>

<sup>4</sup><https://www.reuters.com/legal/government/trumps-sec-gave-companies-more-power-over-investors-lawsuits-pushed-them-back-2026-03-02/>

<sup>5</sup><https://www.pwc.com.au/assurance/sustainability-reporting-and-assurance/aasb-s2-unpacked.html>

<sup>6</sup><https://ministers.treasury.gov.au/ministers/daniel-mulino-2025/media-releases/consultation-sustainable-financial-product-label-policy>

<sup>7</sup><https://www.responsibleinvestment.org/events-news/item/au-treasury---sustainable-investment-product-labelling---policy-design>

<sup>8</sup><https://www.climatebonds.net/news-events/press-room/press-releases/sustainable-debt-market-nears-usd7-trillion-aligned-issuance-demonstrating-strong-global-momentum>

## 4. Ethical Diversified Managed Accounts Review

	Aus. Equity	Portfolio Weights As at end of March 2026		
		Balanced	Growth	High Growth
<b>Defensive Assets</b>	<b>0%</b>	<b>50.17%</b>	<b>30.14%</b>	<b>10.06%</b>
Betashares Ethical Australian Composite Bond ETF (ASX: AEBD)	0%	30.13%	18.10%	6.04%
Betashares Green Bond Currency Hedged ETF (ASX: GBND)	0%	20.04%	12.04%	4.02%
<b>Growth Assets</b>	<b>100%</b>	<b>49.83%</b>	<b>69.86%</b>	<b>89.94%</b>
Betashares Global Sustainability Leaders ETF (ASX: ETHI)	0%	20.60%	28.98%	37.14%
Betashares Global Sustainability Leaders Currency Hedged ETF (ASX: HETH)	0%	8.56%	11.90%	15.49%
Betashares Australian Sustainability Leaders Model Portfolio	100%	20.67%	28.98%	37.31%
<b>Fees (Investment Management Fee + Underlying ICR)<sup>*</sup></b>	<b>0.49%</b>	<b>0.56%</b>	<b>0.57%</b>	<b>0.59%</b>

<sup>\*</sup>As at 31 March 2026. The Underlying ICR is the weighted average management costs of the underlying funds in the portfolio and can be expected to change over time as asset allocations and underlying investment vehicles change. These indirect costs do not include certain other costs, such as transaction costs (e.g. brokerage or bid ask spreads) that investors incur when implementing their portfolios or any costs charged for use of any applicable platform.

### 4.1 Australian Sustainability Leaders Portfolio Performance

Total Return performance as at 31 March 2026	
Total Returns	
1 month	-5.96%
3 months	-10.38%
6 months	-16.43%
1 year	-6.59%
3 year p.a.	4.51%
Since inception* p.a.	1.53%
Volatility since inception*	15.11%

<sup>\*</sup>Since inception (1 October 2021). Past performance is not an indicator of future performance. Portfolio returns are calculated by reference to the portfolio's value at the start and end of the specified period, assume reinvestment of any distributions back into the portfolio, and do not take into account tax paid as an investor. Returns are after management costs incurred, but do not reflect the transaction costs (e.g. brokerage) that investors incur when implementing their portfolios.

The Betashares Australian Sustainability Leaders Portfolio returned -10.38% during the quarter.

Consumer Staples and Basic Materials were the portfolio's largest contributing sectors, with returns of 22.15% and 18.43%, contributing 1.26% and 0.80% respectively. Real Estate and Healthcare were the largest detracting sectors with returns of -18.27% and -18.69%, and contributions of

-3.59% and -3.58% respectively.

Woolworths, PLS Group Ltd, and Telstra Group Ltd were the three best contributing stocks with returns of 25.48%, 21.33% and 11.70%; their contributions were 1.22%, 0.80% and 0.66% respectively. Xero Ltd, Cochlear Ltd and Pro Medicus Ltd were the worst contributors, returning -34.12%, -34.29% and -46.94%; they contributed -1.37%, -1.22% and -1.16% respectively.

### 4.2 Australian Sustainability Leaders Portfolio

Holdings as at 31 March 2026	
ASX Ltd	2.48
Bendigo and Adelaide Bank Ltd	1.35
Brambles Ltd	6.13
CAR Group Ltd	2.20
Charter Hall Group	2.07
Cochlear Ltd	2.57
Computershare Ltd	3.84
CSL Ltd	3.64
Eagers Automotive Ltd	1.60
Fisher & Paykel Healthcare Corp Ltd	1.40
Goodman Group	4.26
GPT Group	2.17
Insurance Australia Group Ltd	4.37
JB Hi Fi Ltd	3.45
Medibank Pvt Ltd	2.79
Nextdc Ltd	1.88
PLS Group Ltd	5.05
Pro Medicus Ltd	1.44
Ramsay Health Care Ltd	1.70
REA Group Ltd	1.88
ResMed Inc Chess Depository Interest	4.19
Scentre Group	4.33
Seek Ltd	1.39
Sims Ltd	0.69
Sonic Healthcare Ltd	2.35
Steadfast Group Ltd	1.08
Stockland Corp Ltd	2.59
Suncorp Group Ltd	4.37
Technology One Ltd	2.11
Telstra Group Ltd	6.97
The a2 Milk Co Ltd	1.06
TPG Telecom Ltd Ordinary Shares	0.52
Vicinity Centres	2.63
Woolworths Group Ltd	6.72
Xero Ltd	2.76
<b>Total</b>	<b>100%</b>

No assurance is given that any of the companies in fund's portfolio will remain in the portfolio or will be profitable investments.

### 4.3 Ethical Diversified Managed Accounts Performance

#### Total Return performance as at 31 March 2026

	Balanced	Growth	High Growth
<b>Total returns</b>			
1 month	-3.41%	-3.90%	-4.40%
3 months	-5.08%	-6.87%	-8.65%
6 months	-6.28%	-8.26%	-10.21%
1 year	-0.20%	-1.03%	-1.85%
3 years p.a	5.64%	6.85%	8.04%
Since inception* p.a.	1.97%	3.17%	4.34%
<b>Volatility since inception p.a.*</b>	<b>8.61%</b>	<b>10.09%</b>	<b>11.72%</b>

\*Since inception (1 October 2021). Past performance is not an indicator of future performance. Portfolio returns are calculated by reference to the portfolio's value at the start and end of the specified period, assume reinvestment of any distributions back into the portfolio, and do not take into account tax paid as an investor. Returns are after management costs incurred, but do not reflect the transaction costs (e.g. brokerage) that investors incur when implementing their portfolios.

### 4.4 Betashares Global Sustainability Leaders ETF (ASX: ETHI)

The Fund returned -9.92% (in AUD) during the quarter. Assets decreased from \$3799.90m to \$3439.01m over this period.

Information Technology, Financials and Consumer Discretionary were the largest sector detractors to return, contributing -4.01%, -2.48% and -1.43% respectively. Utilities was the only positive sector, contributing 0.01% to performance.

Broadcom, Visa, and Nvidia were the three largest stock detractors from total return, and with returns of -12.74%, -15.91% and -8.93% in AUD; their contributions were -0.91%, -0.53% and -0.53% respectively. Applied Materials, ASML and Vertiv Holdings were the largest positive contributors, returning 29.67%, 16.17% and 50.65% in AUD; they contributed -0.38%, 0.34% and 0.21% respectively.

### 5. Proxy Voting

During the quarter, the Responsible Investment Committee (RIC) actively engaged in proxy voting on ESG resolutions for portfolio constituents. Notable issues where the RIC voted against management included:

Company	Ticker	Proposal text	Management recommendation	Rationale
Apple Inc	AAPL	Advisory Vote on Executive Compensation	For	Voted 'Against' the proposed executive remuneration package due to concerns regarding pay - performance alignment and the absence of sustainability-linked metrics in long-term incentive structures.
Hologic, Inc.	HOLX	Advisory Vote on Golden Parachutes	For	Voted 'Against' the approval of golden parachute payments due to concerns over the introduction of excise tax gross-ups for certain executives, which were not previously part of their entitlements prior to the merger announcement.
Fluence Energy Inc	FLNX	Election of Board Members	For	'Withheld' votes from all directors standing for election due to concerns over board independence, and the absence of both a human rights policy and disclosed GHG reduction targets.

## 6. Engagement

Company name	Theme	Summary of engagement
<b>Home Depot, Inc. (HD)</b>	Social	<p>The Responsible Investment Committee (RIC) engaged with the Home Depot, Inc. in Q1 2026 following media reports highlighting increased U.S. Immigration and Customs Enforcement (ICE) activity at or near its store locations. This followed a broader reported rise in immigration enforcement activity, with certain Home Depot stores identified as common gathering points for day labourers and, in some cases, sites of enforcement operations<sup>9</sup>.</p> <p>The RIC sought clarification from Home Depot regarding its human rights position and responsibilities in relation to immigration enforcement activity involving day labourers at or near its premises. The company confirmed that it is legally prohibited from intervening in ICE operations conducted on its property and that store management is not notified in advance of such activities. Home Depot also outlined the support mechanisms available to employees who may be affected by these incidents.</p> <p>The engagement aimed to better understand Home Depot's approach to managing potential human rights risks associated with third-party enforcement actions and its broader governance framework. The RIC will continue to monitor developments and assess any implications for the company's human rights practices and stakeholder management.</p>
<b>Woolworths Group (WOW)</b>	Environmental	<p>The RIC engaged with Woolworths Group Limited following media and stakeholder commentary regarding proposed development plans at Kincumber. Reports indicated that local residents and environmental advocates had called on Woolworths and the Darkinjung Local Aboriginal Land Council (DLALC) to reconsider plans for a potential development at Carrak Road, citing concerns around biodiversity impacts, increased traffic congestion, and alignment with community expectations for sustainable land use. These concerns were also framed in the context of Woolworths' stated commitment to environmental stewardship in its Sustainability Plan 2025<sup>10</sup>.</p> <p>The RIC sought clarification from Woolworths on how any potential development at Kincumber would align with its commitment to responsible stewardship of natural resources. Woolworths confirmed that there is no formal development proposal at this stage, but that it is in preliminary discussions with the Darkinjung Land Council, the landowner, regarding a potential lease arrangement for development on a portion of the site. The company noted that the area under initial consideration sits outside identified wetlands conservation zones and represents a limited section of the broader site, which is currently zoned for recreational use.</p> <p>The engagement aimed to better understand the status of the proposal and its alignment with Woolworths' environmental commitments and community expectations. While discussions remain at an early stage, the RIC will continue to monitor developments and assess any implications for environmental risk management and stakeholder engagement.</p>
<b>Stellantis NV (STLAM)</b>	Social	<p>The RIC engaged with Stellantis N.V. following media reports concerning the use of emergency scheduling at its Toledo Assembly Complex. The reports highlighted extended working hours, including 10-hour shifts and schedules spanning six to seven days per week, with some workers experiencing prolonged periods without rest. An internal safety memo cited in the reporting indicated that the Toledo facility accounted for a disproportionate number of recorded injuries across Stellantis' North American operations over a recent 10-week period, with fatigue identified by workers as a contributing factor.</p> <p>The RIC sought clarification from Stellantis regarding its governance of emergency scheduling practices and the measures in place to manage fatigue-related safety risks. Stellantis responded by outlining the duration and circumstances under which "emergency status" was applied at the facility. The company also confirmed that additional time off was provided to workers and that training programs were in place to support the reporting of potential safety risks. Stellantis noted its ongoing efforts to promote safety awareness and foster a culture of accident prevention across its operations.</p> <p>The engagement aimed to better understand Stellantis' approach to workforce management and occupational health and safety under periods of heightened operational demand. The RIC will continue to monitor developments and assess any implications for the company's labour practices and safety oversight.</p>

<sup>9</sup><https://www.reuters.com/sustainability/boards-policy-regulation/amid-ice-raids-some-home-depot-investors-want-know-how-law-enforcement-uses-its-2026-01-16/>

<sup>10</sup><https://coastcommunitynews.com.au/central-coast/news/2025/02/up-in-arms-over-proposed-kincumber-development/>



The Betashares Sustainability Leaders Managed Accounts and Ethical Diversified Managed Accounts have been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsibleinvestments.com.au](http://www.responsibleinvestments.com.au) for details\*

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