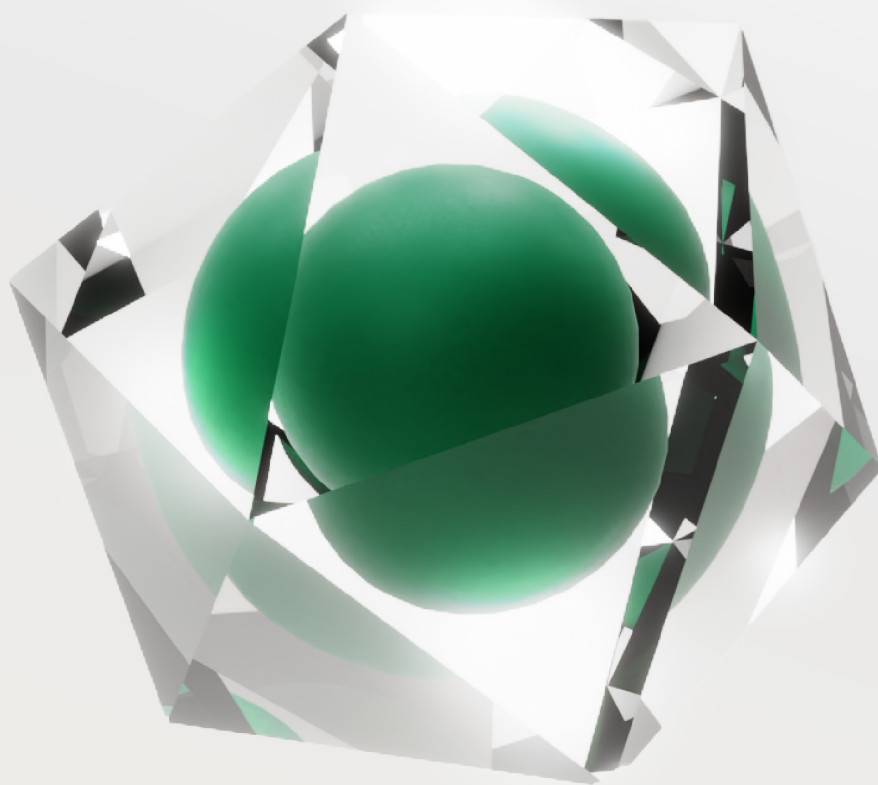




Betashares Ethical Managed Accounts Report

Quarter ending June 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.

Betashares Australian Sustainability Leaders Portfolio	Betashares Ethical Balanced Portfolio
35 Stock Portfolio	50% Growth 50% Defensive
Betashares Ethical Growth Portfolio	Betashares Ethical High Growth Portfolio
70% Growth 30% Defensive	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 rebounded over the June quarter of 2026, following first-quarter weakness caused by the war in Iran and the associated surge in oil prices.

The Iran war dragged on through the June quarter, with an effective Iranian blockade of the Strait of Hormuz restricting up to 20% of global oil supplies. Yet oil prices

peaked in early May and have since fallen notably.

Despite the supply disruption, the rise in oil prices was contained by major global inventory rundowns and energy-demand-restricting policies in some countries. On-again/off-again peace-talk hopes also kept markets hopeful that the disruption would prove temporary.

By quarter's end, a cease-fire agreement between the US and Iran remains in place, ship traffic through the Strait of Hormuz has gradually lifted, and global oil prices are almost back to pre-war levels.

Equity markets were also supported by continued solid corporate earnings growth, underpinned by the ongoing build-out of artificial intelligence (AI) services. Concerns that the AI boom was turning into a bubble waxed and waned, though the global technology sector bounced back strongly, outperforming the global equity benchmark.

Australian equities also posted positive returns but significantly underperformed global equities. This reflected a generally weaker corporate earnings performance and concerns over the local growth outlook given recent interest rate rises and major capital gains tax increases in the May Federal Budget. Australia's relatively low exposure to the strongly performing technology sector – and higher exposure to the weaker resources and energy sectors – also hurt performance.

Some central banks responded to upside oil-related energy risks by raising short-term interest rates, though the US Federal Reserve held rates steady, resulting in mixed performance across global bond markets. The yield on the Bloomberg Global Aggregate Bond benchmark was broadly steady, delivering modest positive returns from global bonds.

In Australia, the RBA raised rates in May – its third hike this year – before holding steady at the June meeting. Markets have scaled back expectations of further RBA tightening, resulting in a modest decline in bond yields and a stronger gain in Australian fixed-rate bonds relative to global bonds.

Growth vs. Defensive Assets

	June Qtr	Mar Qtr	6-months	12-months
Defensive Assets				
Bloomberg Australian Composite Bond Index	3.09%	-0.34%	2.31%	1.53%
Bloomberg Global Aggregate Bond Index Hdq AUD	1.46%	-0.25%	1.20%	2.94%
Growth Assets				
S&P/ASX 200 Index	4.05%	-1.61%	2.37%	6.10%
MSCI World Ex Australia Equity Index AUD	12.61%	-6.22%	5.60%	14.95%

Source: Bloomberg. As at 30 June 2026. Past performance is not indicative of future performance. You cannot invest directly in an index.

3. ESG Commentary

International

European Commission confirmed in May that it will not introduce a direct compliance pathway between the European Sustainability Reporting Standards (ESRS) and the International Sustainability Standards Board (ISSB) standards. While the revised ESRS are expected to reduce reporting complexity and lower compliance costs, the Commission has retained the EU's "double materiality" approach, requiring companies to report not only on financially material sustainability risks, but also on their environmental and social impacts. Companies reporting under both frameworks will therefore continue to rely on interoperability guidance rather than a single reporting solution.

The decision reinforces the EU's commitment to a broader sustainability reporting framework while highlighting the ongoing challenge of achieving global consistency. For multinational companies and investors, the absence of mutual compliance means dual reporting obligations are likely to persist, increasing the importance of high-quality sustainability data and continued efforts to improve interoperability between reporting standards.¹

New Zealand's Financial Markets Authority (FMA) has released updated guidance on climate-related and sustainability disclosures, reflecting the growing maturity of the country's mandatory reporting regime. The revised guidance provides additional clarity on directors' responsibilities, governance, materiality assessments and the use of assumptions and estimates, while reinforcing expectations that sustainability disclosures should be balanced, evidence-based and consistent with other corporate reporting. The update also incorporates lessons from the first reporting cycle and responds to common questions raised by reporting entities.

The guidance signals a shift from helping organisations understand the reporting requirements to improving the quality and usefulness of disclosures. For investors, stronger expectations around governance, transparency and consistency should enhance the comparability and reliability of sustainability information.²

Australia

In May, ASIC published early observations from the first sustainability reports lodged under Australia's mandatory climate reporting regime. ASIC noted that the first reports provide an important baseline for comparability and consistency, while cautioning that this baseline should not

become the benchmark.³

The early reports show that Australian climate disclosure is entering a capability-building phase. Governance and emissions disclosures are emerging, but investors should expect unevenness in areas such as financial quantification, scenario analysis and assurance readiness. For engagement teams, the practical focus should be on whether companies are building credible systems and data infrastructure, rather than treating early compliance as evidence of maturity.⁴

The 2026-27 Federal Budget, handed down on 12 May 2026, contains several measures with direct implications for the responsible investing landscape.

On sustainability reporting, the Government will raise the proprietary company "large" thresholds, increasing the revenue threshold from \$50 million to \$100 million and gross assets from \$25 million to \$50 million, reducing the disclosure burden on smaller entities.

On environmental regulation, more than \$500 million has been allocated to establish the National Environmental Protection Agency (NEPA) as an independent regulator from 1 July 2026, with a focus on streamlining approvals for renewable energy and critical minerals projects.

On green investment, the picture is mixed. A time-limited 50% CGT concession for foreign investors in eligible renewable energy assets runs to 30 June 2030. Against this, \$1.3 billion in uncommitted funding was withdrawn from Hydrogen Headstart, Solar Sunshot and the Battery Breakthrough Initiative, and the Fuel Tax Credit scheme, estimated at \$47 billion over the forward estimates, was retained in full.⁵

Green Bonds

Transition finance gained momentum during the second quarter, with the Climate Bonds Initiative publishing its updated Transition Investment Framework. The framework recognises that achieving net zero will require capital to support not only inherently "green" activities, but also emissions-intensive industries with credible pathways to decarbonisation. This represents an important shift in sustainable finance, placing greater emphasis on financing real-world emissions reductions rather than focusing solely on low-carbon assets.

The framework is particularly relevant for Australia, where mining, steel, aluminium and other heavy industries are central to the economy. For investors, the focus is increasingly on distinguishing companies with robust transition strategies, measurable emissions reductions and credible governance from those making broad commitments without clear implementation. As transition finance evolves, credibility and execution are expected to become key drivers of capital allocation.⁶

¹<https://greencentralbanking.com/2026/05/11/european-commission-rejects-issb-compliance-with-esrs/>

²<https://www.fma.govt.nz/news/all-releases/media-releases/updated-guidance-on-sustainability-related-disclosures/>

³<https://www.asic.gov.au/about-asic/news-centre/news-items/asic-issues-early-observations-on-sustainability-reporting-ahead-of-30-june-2026/>

⁴<https://www.asic.gov.au/about-asic/news-centre/speeches/early-observations-from-mandatory-climate-reporting/>

⁵<https://www.hsfrkramer.com/notes/esg/2026-posts/keeping-up-with-esg-in-australia-june-2026/>

⁶<https://www.climatebonds.net/data-insights/publications/transition-investment-framework-review>

4. Ethical Diversified Managed Accounts Review

	Aus. Equity	Portfolio Weights As at end of June 2026		
		Balanced	Growth	High Growth
Defensive Assets	0%	48.74%	28.95%	9.56%
Betashares Ethical Australian Composite Bond ETF (ASX: AEBD)	0%	29.30%	17.41%	5.75%
Betashares Global Green Bond Currency Hedged ETF (ASX: GBND)	0%	19.44%	11.54%	3.81%
Growth Assets	100%	51.26%	71.05%	
Betashares Global Sustainability Leaders ETF (ASX: ETHI)	0%	21.81%	30.34%	38.44%
Betashares Global Sustainability Leaders Currency Hedged ETF (ASX: HETH)	0%	9.10%	12.51%	16.10%
Betashares Australian Sustainability Leaders Model Portfolio	100%	20.35%	28.20%	35.90%
Fees (Investment Management Fee + Underlying ICR)*	0.49%	0.56%	0.57%	0.58%

*As at 30 June 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 30 June 2026	
Total Returns	
1 month	5.31%
3 months	6.24%
6 months	-4.79%
1 year	-11.57%
3 year p.a.	4.67%
Since inception* p.a.	2.77%
Volatility since inception*	14.97%

*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 6.24% during the quarter.

Financial Services and Real Estate were the portfolio's largest contributing sectors, with returns of 16.69% and 14.48%, contributing 3.38% and 2.60% respectively. Industrials and Communication Services were the largest detracting sectors with returns of -13.81% and -2.61%, and contributions of -0.77% and -0.35% respectively.

Computershare, Pro Medicus, and Goodman Group were the three best contributing stocks with returns of 34.84%, 74.02% and 22.46%; their contributions were 1.35%, 1.12% and 0.96% respectively. Brambles Ltd, Cochlear Ltd and CSL Ltd were the worst contributors, returning -13.81%, -28.00% and -18.50%; they contributed -0.77%, -0.70% and -0.65% respectively.

4.2 Australian Sustainability Leaders Portfolio

Holdings as at 30 June 2026	
ASX Ltd	2.43
Bendigo and Adelaide Bank Ltd	1.33
Brambles Ltd	5.46
CAR Group Ltd	2.39
Charter Hall Group	2.31
Cochlear Ltd	1.84
Computershare Ltd	4.95
CSL Ltd	2.92
Eagers Automotive Ltd	1.43
Fisher & Paykel Healthcare Corp Ltd	1.46
Goodman Group	4.79
GPT Group	2.11
Insurance Australia Group Ltd	4.47
JB Hi Fi Ltd	3.46
Medibank Pvt Ltd	2.96
Nextdc Ltd	2.26
PLS Group Ltd	4.50
Pro Medicus Ltd	2.51
Ramsay Health Care Ltd	1.85
REA Group Ltd	1.57
ResMed Inc Chess Depository Interest	3.71
Scentre Group	4.56
Seek Ltd	1.43
Sims Ltd	0.92
Sonic Healthcare Ltd	2.34
Steadfast Group Ltd	1.25
Stockland Corp Ltd	2.23
Suncorp Group Ltd	4.89
Technology One Ltd	2.18
Telstra Group Ltd	6.10
The a2 Milk Co Ltd	0.79
TPG Telecom Ltd Ordinary Shares	0.44
Vicinity Centres	2.58
Woolworths Group Ltd	6.94
Xero Ltd	2.64
Total	100%

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 30 June 2026			
	Balanced	Growth	High Growth
Total returns			
1 month	3.52%	4.56%	5.60%
3 months	7.74%	9.77%	11.82%
6 months	2.27%	2.23%	2.15%
1 year	2.54%	2.68%	2.78%
3 years p.a.	7.36%	8.72%	10.04%
Since inception* p.a.	3.51%	5.08%	6.62%
Volatility since inception p.a.*	8.59%	10.11%	11.76%

*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 17.02% (in AUD) during the quarter. Assets increased from \$3,439.01m to \$3,928.90m over this period.

Information Technology, Financials and Health Care were the largest sector contributors to return, contributing 12.65%, 2.09% and 1.86% respectively. Consumer Discretionary and Communication Services were the only material sector detractors, contributing -0.44% and -0.25% to performance respectively.

Broadcom, Applied Materials, and ASML were the three largest stock contributors to total return, and with returns of 20.89%, 109.44% and 51.27% in AUD; their contributions were 1.88%, 1.77% and 1.61% respectively. Toyota Motor, Intuit and CME Group were the largest detractors from total return, returning -16.52%, -40.11% and -25.69% in AUD; they contributed -0.57%, -0.31% and -0.29% respectively.

5. Proxy Voting

During the quarter, the 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
Scentre Group	SCG	Remuneration Report	For	We voted Against the remuneration report as up to 35% of the STI opportunity was based on subjective measures that we consider to form part of day-to-day management responsibilities and should not attract additional incentive payments.
BYD Co	01211	Authority to Issue Shares of BYD Electronic without Preemptive Rights	For	We voted Against the authority to issue shares without pre-emptive rights. The proposal raises dilution concerns, with the 20% issuance limit exceeding market norms and no maximum discount rate disclosed for any shares issued under the authority.
HelloFresh SE	HFG	Amendments to Articles (Place of Jurisdiction)	For	We voted Against this proposal. The amendment may restrict shareholders' legal rights by limiting the choice of legal venue, potentially making claims more difficult to pursue. The company has not provided sufficient justification or adequately explained the implications for shareholders.

6. Engagement

Company name	Theme	Summary of engagement
Salesforce, Inc.	Social	During the quarter, the Responsible Investment Committee (RIC) initiated engagement with Salesforce following litigation relating to the company's historical commercial relationship with the online classifieds platform Backpage. The litigation alleges Salesforce continued to provide software and consulting services to Backpage despite growing public concerns regarding the platform's alleged facilitation of sex trafficking. While the allegations relate to historical conduct and remain subject to legal proceedings, they raised questions about customer due diligence, governance and the safeguards applied to the use of enterprise software. The RIC sought to understand how Salesforce identifies and manages human rights risks associated with customer use of its products, and what governance, oversight and controls have been strengthened to reduce the risk of its technology facilitating human trafficking or other serious human rights abuses. Salesforce advised that it prohibits the use of its products for illegal activities, including human trafficking, through its Acceptable Use Policy and broader human rights governance framework. The company highlighted its Office of Ethical and Humane Use, Human Rights Policy and governance processes, which are aligned with internationally recognised human rights standards. Salesforce also outlined its compliance, investigation and escalation processes, stating that it maintains a zero-tolerance approach to human rights violations and continuously reviews its governance framework to strengthen oversight of customer use cases. The RIC intends to continue to monitor developments in the litigation and assess whether further evidence emerges regarding the effectiveness of Salesforce's human rights due diligence, customer oversight and risk management processes.
Vestas Wind Systems	Social	During the quarter, the Responsible Investment Committee initiated engagement with Vestas Wind Systems following reports of two unrelated fatalities involving turbine lift systems at wind farms in Germany and Australia. The incidents raised questions regarding contractor safety management, operational oversight and the effectiveness of health and safety controls across different project delivery models. The RIC sought to understand the circumstances surrounding the incidents, the allocation of health and safety responsibilities across contractors and subcontractors, and the actions Vestas is taking to strengthen safety practices and reduce the risk of similar incidents in the future. Vestas advised that health and safety remains its highest priority and outlined the differing contractual arrangements for each incident. In Australia, the fatality occurred during an engineering, procurement and construction (EPC) project involving a subcontractor employee. The company is cooperating with the ongoing regulatory investigation and reviewing lessons learned. In Germany, the incident occurred under a supply-and-install model where key operational responsibilities rested with a subcontractor. Vestas has required a comprehensive investigation and is monitoring the implementation of corrective actions. Across all projects, the company stated that it applies contractor prequalification processes, health and safety standards, audits and oversight, and remains focused on continuous improvement in safety performance regardless of the delivery model. The RIC will continue to monitor the outcomes of the regulatory investigations and assess whether further improvements to contractor oversight, safety governance and operational controls are demonstrated.
Asian Development Bank (ADB)	Environmental	During the quarter, the Responsible Investment Committee initiated engagement with the Asian Development Bank following reports raising concerns about the proposed financing of a hydroelectric dam project in Nepal. The reports highlighted potential environmental and social impacts, including biodiversity, resettlement and Indigenous Peoples considerations, and raised questions regarding the project's environmental and social due diligence. The Committee sought to understand the project's current status, the environmental and social assessment process, and the safeguards in place to ensure that any financing decision is supported by robust due diligence and meaningful stakeholder engagement. The Asian Development Bank advised that the project remains at an early stage of environmental and social due diligence and that no financing or construction decisions will be made until all required assessments have been completed. The Bank stated that the project must comply with both its Safeguard Policy Statement and Nepalese regulatory requirements. While a government-led Environmental Impact Assessment has already been completed and disclosed, the Bank is supporting the preparation of project-specific environmental and social assessments, including environmental management, resettlement and Indigenous Peoples plans. These documents will be publicly disclosed and subject to stakeholder consultation before any Board consideration. The Bank also emphasised its commitment to independent review, transparency, stakeholder engagement and minimising environmental and social impacts. The RIC will continue to monitor the progress of the assessments and stakeholder consultation process, with particular focus on how environmental risks, community impacts and Indigenous Peoples' rights are addressed before any financing decision is made.



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 for details*

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