



# Betashares Ethical Managed Accounts Report

**Quarter ending September 2025**

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E: [info@betashares.com.au](mailto:info@betashares.com.au)

T: 1300 487 577 (within Australia)

T: +61 2 9290 6888 (outside Australia)



## 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

Investment markets enjoyed another strong performance in the September quarter, reflecting ongoing optimism around artificial intelligence, solid US corporate earnings and a US interest rate cut to support economic growth in the face of tariff concerns.

Despite the imposition of significantly higher tariffs

in the US, the economic impact remains relatively limited. Importantly, while US consumer price inflation remains firm – at above the Fed's 2% target – it has not accelerated significantly higher in recent months. The US economy grew at a solid 3.8% annualised pace in the June quarter, supporting still firm consumer spending.

That said, US employment growth has slowed in recent months, which led the US Federal Reserve to provide downside insurance to the economy with an interest rate cut at the September policy meeting. Markets anticipate two more US interest rate cuts by year end, and further rate cuts next year. Underpinned by optimism around the A.I. boom, US earnings growth expectations remained upbeat.

Military conflicts in both Gaza and Ukraine continued, though without marked escalation. US and China continued to work on a trade deal but by quarter's end nothing new had yet been announced. In Europe, there was a degree of market volatility reflecting political instability in France.

In Australia, there was some disappointment with a higher-than-expected monthly CPI report for August, which suggested upside risks to the September quarter report due out in late October. June quarter economic growth, meanwhile, was better than expected, underpinned by firmer consumer spending. Local markets scaled back the chances of a Reserve Bank interest rate cut in November and now see only one to two more rate cuts over the coming year.

All up, economic events over the quarter led to a small uptick in local bond yields and a small positive return from Australian fixed-rate bonds. Global bonds fared a little better, with lower US bond yields and a further contraction in credit spreads. Both Australian and global equities produced solid gains, though returns in global markets were a little stronger due to higher growth in earnings.

## Growth vs. Defensive Assets

	Sep Qtr	Jun Qtr	6-months	12-months
<b>Defensive Assets</b>				
Bloomberg Australian Composite Bond Index	0.40%	2.63%	3.04%	4.09%
Bloomberg Global Aggregate Bond Index Hdg AUD	1.02%	1.49%	2.53%	2.44%
<b>Growth Assets</b>				
S&P/ASX 200 Index	4.71%	8.91%	14.66%	10.55%
MSCI World Ex Australia Equity Index AUD	6.14%	5.94%	12.44%	23.03%

Source: Bloomberg. As at 30 September 2025. Past performance is not indicative of future performance. You cannot invest directly in an index.

## 3. ESG Commentary

### International

The latest UN plastics treaty negotiations, held in Geneva in August, collapsed without agreement after delegates failed to resolve fundamental differences over scope and ambition. The crux of the deadlock lay in diverging positions – with over 70 nations pressing for binding limits on plastic production and controls on chemical additives, while a bloc of oil-producing states, backed by the US, resisted production caps and insisted the treaty focus narrowly on waste management, recycling and design. The deadlock left a draft treaty riddled with unresolved options and ultimately rejected. Observers say the consensus-based process allowed a small group of countries to stall progress, and many are now calling for alternative approaches such as forming a coalition of willing nations, to keep the momentum alive. The collapse marks a serious setback in efforts to curb the 400 million tonnes of plastic produced globally each year.<sup>1</sup>

On 24 July 2025, proxy adviser Glass Lewis filed a legal challenge against the state of Texas over a recently enacted law that limits the provision of proxy advice on certain environmental, social and governance (ESG) and diversity, equity and inclusion (DEI) matters. The legislation restricts advisers from making recommendations on shareholder resolutions deemed to advance “non-pecuniary” interests. Glass Lewis contends the measure places undue constraints on proxy advisory services and raises constitutional concerns, arguing it violates their protections under the First Amendment. The case is notable as it could influence how institutional investors access research and recommendations to inform their voting during proxy season. A ruling in favour of the law may narrow the scope of advice available to shareholders, while a decision against it could reaffirm broader discretion for proxy advisers.<sup>2</sup>

### Australia

The Australian Government announced its 2035, climate target in September, committing to reduce national greenhouse gas emissions by 62-70% below 2005 levels by 2035. The target will be operationalised through an emissions budget for 2031-35 and supported by a Net Zero Plan, six sectoral transition strategies, a National Climate Risk Assessment and an Adaptation Plan which will cover energy, industry, transport and land use.<sup>3</sup> While the target provides a clearer medium-term signal for markets and policymakers, some stakeholders have noted that its broad range may limit certainty, and that

credibility will depend on consistent delivery. Overall, the 2035 target is positioned as a key milestone on Australia's pathway towards Net Zero by 2050.<sup>4</sup>

The Chief Executive Women (CEW) 2025 Census reveals a stagnation in gender diversity at the upper echelons of Australian corporates. In the ASX 300, women occupy just 10% of CEO roles and 31% of executive leadership positions. 18 companies have no women in executive or leadership teams at all. The report notes a disparity between larger and smaller firms: 14% of ASX 100 chief executives are women, compared with 10% across the full ASX 300. CEW warns that a lack of accountability has enabled persistent gender gaps. The findings highlight the structural inertia in Australian boardrooms and executive suites, and underscores an urgent need for stronger governance mechanisms, tied incentives and deliberate succession planning.<sup>5</sup>

### Green Bonds

According to S&P and Sustainable Fitch, labelled bond issuance declined around 25% year-on-year in the second quarter, with green bond issuance alone falling nearly a third relative to 2024.<sup>6</sup> Rising sovereign yields, trade tensions and regulatory ambiguity – particularly in the US and EU – have dampened issuance appetite.<sup>7</sup> Moody's expects total sustainable bond issuance in 2025 to remain at roughly US\$1 trillion, with green bonds accounting for a majority share, and sustainability-linked or transition bonds to remain niche.<sup>8</sup> Analysts point to a looming “maturity wall” of green bonds due in 2024-26 that could trigger a refinancing wave, indicating that despite current headwinds, refinancing needs may help lift supply later in the year.<sup>9</sup>

<sup>1</sup><https://plasticfree.org.uk/2025/08/26/why-the-2025-global-plastics-treaty-collapsed-in-geneva/>

<sup>2</sup><https://www.reuters.com/legal/government/glass-lewis-iss-sue-texas-over-law-limiting-dei-esg-proxy-advice-2025-07-24/>

<sup>3</sup><https://www.nortonrosefulbright.com/en-au/knowledge/publications/2d059e5e/australian-government-releases-2035-target-and-other-national-climate-policy-updates>

<sup>4</sup><https://www.abc.net.au/news/2025-09-18/climate-targets-australia-2035-on-path-to-net-zero/105719910>

<sup>5</sup><https://www.fssustainability.com.au/gender-diversity-in-corporate-australia-stalling-cew-census>

<sup>6</sup><https://www.reuters.com/sustainability/cop/green-bond-issuance-dives-almost-third-amid-climate-backtracking-2025-07-23/>

<sup>7</sup><https://www.spglobal.com/market-intelligence/en/news-insights/articles/2025/7/trade-tensions-yields-cool-global-green-bond-market-outlook-91573855>

<sup>8</sup><https://esgnews.com/global-sustainable-bond-issuance-to-total-1-trillion-in-2025-moodys/>

<sup>9</sup><https://cib.bnpparibas/sustainable-bonds-in-2025-navigating-an-evolving-market/>

## 4. Ethical Diversified Managed Accounts

### Review

	Aus. Equity	Portfolio Weights			
		As at end of September 2025			
		Balanced	Growth	High Growth	
<b>Defensive Assets</b>	<b>0%</b>	<b>49.28%</b>	<b>29.39%</b>	<b>9.74%</b>	
Betashares Ethical Australian Composite Bond ETF (ASX: AEBD)	0%	29.66%	17.69%	5.86%	
Betashares Green Bond Currency Hedged ETF (ASX: GBND)	0%	19.62%	11.70%	3.88%	
<b>Growth Assets</b>	<b>100%</b>	<b>50.72%</b>	<b>70.61%</b>	<b>90.26%</b>	
Betashares Global Sustainability Leaders ETF (ASX: ETHI)	0%	21.52%	30.06%	38.24%	
Betashares Global Sustainability Leaders Currency Hedged ETF (ASX: HETH)	0%	9.46%	13.07%	16.89%	
Betashares Australian Sustainability Leaders Model Portfolio	100%	19.74%	27.48%	35.13%	
<b>Fees (Investment Management Fee + Underlying ICR)*</b>	<b>0.49%</b>	<b>0.56%</b>	<b>0.57%</b>	<b>0.59%</b>	

\*As at 30 September 2025. 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 September 2025	
Total Returns	
1 month	-3.19%
3 months	-0.26%
6 months	11.93%
1 year	6.87%
3 year p.a.	14.53%
Since inception*	6.54%
<b>Volatility since inception*</b>	<b>15.39%</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.

The Betashares Australian Sustainability Leaders Portfolio returned -3.19% during the quarter.

Materials and Real Estate were the Portfolio's best performing sectors, returning 58.66% and 7.56%, while contributing 1.23% and 1.22% respectively. Healthcare and Financial Services were the lowest contributors, returning -6.84% and 5.67%, and contributing -1.42% and -1.23% respectively.

Pilbara Minerals, Scentre Group, and Stockland Corp were the largest stock contributors to total return, with returns of 88.76%, 17.27%, and 14.18%, contributing 1.31%, 0.71%, and 0.31% respectively. Xero, CSL, and Woolworths Group were the largest detractors from total return, with returns of -12.40%, -16.27%, and -12.79% over the quarter, detracting -0.69%, -0.54%, and -0.53% respectively.

### 4.2 Australian Sustainability Leaders Portfolio

Holdings as at 30 September 2025	
ASX Ltd	2.32
Bendigo and Adelaide Bank Ltd	1.41
Brambles Ltd	5.16
CAR Group Ltd	3.08
Charter Hall Group	2.11
Cochlear Ltd	3.54
Computershare Ltd	4.05
CSL Ltd	4.19
Eagers Automotive Ltd	1.64
Fisher & Paykel Healthcare Corp Ltd	1.24
Goodman Group	4.56
GPT Group	2.10
Insurance Australia Group Ltd	3.84
JB Hi Fi Ltd	4.17
Medibank Pvt Ltd	2.48
Nextdc Ltd	2.39
Pilbara Minerals Ltd	2.46
Pro Medicus Ltd	3.11
Ramsay Health Care Ltd	1.11
REA Group Ltd	2.32
ResMed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh	4.38
Scentre Group	4.35
Seek Ltd	2.27
Sims Ltd	0.42
Sonic Healthcare Ltd	2.03
Steadfast Group Ltd	1.24
Stockland Corp Ltd	3.02
Suncorp Group Ltd	4.39
Technology One Ltd	2.56
Telstra Group Ltd	5.28
The a2 Milk Co Ltd	0.81
TPG Telecom Ltd Ordinary Shares	0.56
Vicinity Centres	2.29
Woolworths Group Ltd	4.05
Xero Ltd	5.11
<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 30 September 2025		Balanced	Growth	High Growth
Total returns				
1 month	-0.12%	-0.26%	-0.41%	
3 months	1.54%	1.95%	2.37%	
6 months	6.48%	7.88%	9.31%	
1 year	6.82%	8.25%	9.70%	
3 years p.a.	10.83%	13.65%	16.49%	
Since inception*	3.93%	5.89%	7.83%	
<b>Volatility since inception p.a.*</b>	<b>8.86%</b>	<b>10.33%</b>	<b>11.94%</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 4.06% (in AUD) during the quarter. Assets increased from \$3558.13m to \$3730.68m over this period.

Information Technology and Consumer Discretionary were the largest sector contributors to total return, with returns of 9.95% and 6.99% in AUD; their contributions were 3.37% and 0.99%, respectively. Communication Services was the largest sector detractor with a return of -7.01%, and a contribution of -0.22%.

Broadcom, Nvidia, and Apple were the three largest stock contributors to total return, and with returns of 18.55%, 16.78% and 22.86% in AUD; their contributions were 1.13%, 0.90% and 0.77% respectively. Salesforce, Intuit and Novo Nordisk were the largest detractors, returning -13.91%, -14.14% and -21.52% in AUD; they contributed -0.25%, -0.21% 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
<b>Dynatrace, Inc.</b>	DT	Ratify Ernst & Young LLP as Auditors	For	Voted 'Against' the proposal, as the non-audit fees represented 34.57% of the total fees received by the auditor during the fiscal year, raising substantial doubts over the independence of the auditor.
<b>ReNew Energy Global Plc</b>	RNW	Approve Remuneration Report	For	Voted 'Against' this proposal, as the vesting of long-term incentive awards granted to the CEO is not conditional on the achievement of performance hurdles and features a vesting period of less than three years which is inconsistent with global best practices on remuneration.
<b>Fisher &amp; Paykel Healthcare Corporation Limited</b>	FPH	Elect Neville Mitchell as Director	For	Voted 'Against' incumbent nominating committee member Neville Mitchell for lack of diversity on the board.

#### 6. Engagement

Company name	Theme	Summary of engagement
<b>Woolworths Group (WOW)</b>	Environment	<p>The Responsible Investment Committee (RIC) engaged with Woolworths Group following reports that the company has proposed a new development in Kincumber, New South Wales, which may adversely affect the Kincumber Wetlands. Local residents and environmental advocates have raised concerns that the proposed site includes ecologically significant wetlands that support diverse ecosystems and provide habitat for several species classified as vulnerable, endangered, or critically endangered.<sup>10</sup></p> <p>The site in question is owned by the Darkinjung Local Aboriginal Land Council (DLALC). Woolworths has stated that DLALC will make the final determination regarding the potential development. The company also confirmed that, should a development be proposed, it would adhere to all standard processes of engagement, notification, public exhibition, and assessment required for any rezoning or associated development application.</p> <p>The objective of the engagement is to understand how Woolworths' proposed activities in Kincumber align with its stated commitment to responsible environmental stewardship and sustainable land use.</p>
<b>Roche Holding (ROG)</b>	Social	<p>The RIC engaged with Roche Holding following reports that the company had withdrawn its diversity targets in response to recent U.S. Executive Orders relating to diversity, equity, and inclusion (DEI).<sup>11</sup> The engagement aimed to understand the nature and implications of these changes, including their impact on Roche's DEI policies and employee engagement practices.</p> <p>Roche advised that it is reviewing and adjusting its global and U.S. DEI programs to ensure compliance with the relevant Executive Orders. The company reaffirmed its ongoing commitment to DEI but did not provide specific details regarding amendments to its policies. Roche indicated that further information may be disclosed in its FY2025 Sustainability Report, expected in early 2026, which the RIC will review as part of its continued monitoring.</p>

Company name	Theme	Summary of engagement
<b>International Finance Corporation (IFC)</b>	Social	<p>The RIC engaged with the International Finance Corporation (IFC) following reports that several private hospital operators financed by the IFC were allegedly detaining patients unable to pay medical bills and denying treatment to those unable to afford upfront fees.<sup>10</sup> The purpose of the engagement was to understand how the IFC is responding to these allegations and to gain insight into the mechanisms it employs to monitor and manage the social impacts of its healthcare investments.</p> <p>In response, the IFC provided information outlining its investment approach to private healthcare and shared a public statement addressing the allegations. In its statement, the IFC acknowledged recent patient safety incidents at client hospitals and recognised the need to strengthen oversight of its healthcare portfolio. The organisation is enhancing its assessment and supervision processes through the introduction of new quality and ethical evaluation tools, conducting reviews of existing health investments to identify potential risks, and implementing corrective safeguards where required. For future investments, the IFC emphasised that adherence to ethical standards remains a critical criterion, noting that it will not engage with clients who fail to meet these principles.</p>

<sup>10</sup>[https://coastcommunitynews.com.au/central-coast/news/2025/05/opposition-to-proposed-woolies-development-ramps-up/?srltid=AfmBOoqr\\_0bNuayrUr6bjbP14qZcv8YH0ID3SRF-VTOmv9vSXWN140zR](https://coastcommunitynews.com.au/central-coast/news/2025/05/opposition-to-proposed-woolies-development-ramps-up/?srltid=AfmBOoqr_0bNuayrUr6bjbP14qZcv8YH0ID3SRF-VTOmv9vSXWN140zR)

<sup>11</sup><https://www.swissinfo.ch/eng/roche-scaps-global-dei-leadership-targets-on-trump-pressure/89032102>

<sup>12</sup><https://www.brettonwoodsproject.org/2025/04/new-report-documents-abuses-at-ifc-funded-hospitals-further-exposing-consequences-of-the-billions-to-trillions-approach/>



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.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details\*.

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## Betashares

T: 1300 487 577 (within Australia)

T: +61 2 9290 6888 (outside Australia)

E: [info@betashares.com.au](mailto:info@betashares.com.au)

W: [betashares.com.au](http://betashares.com.au)

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