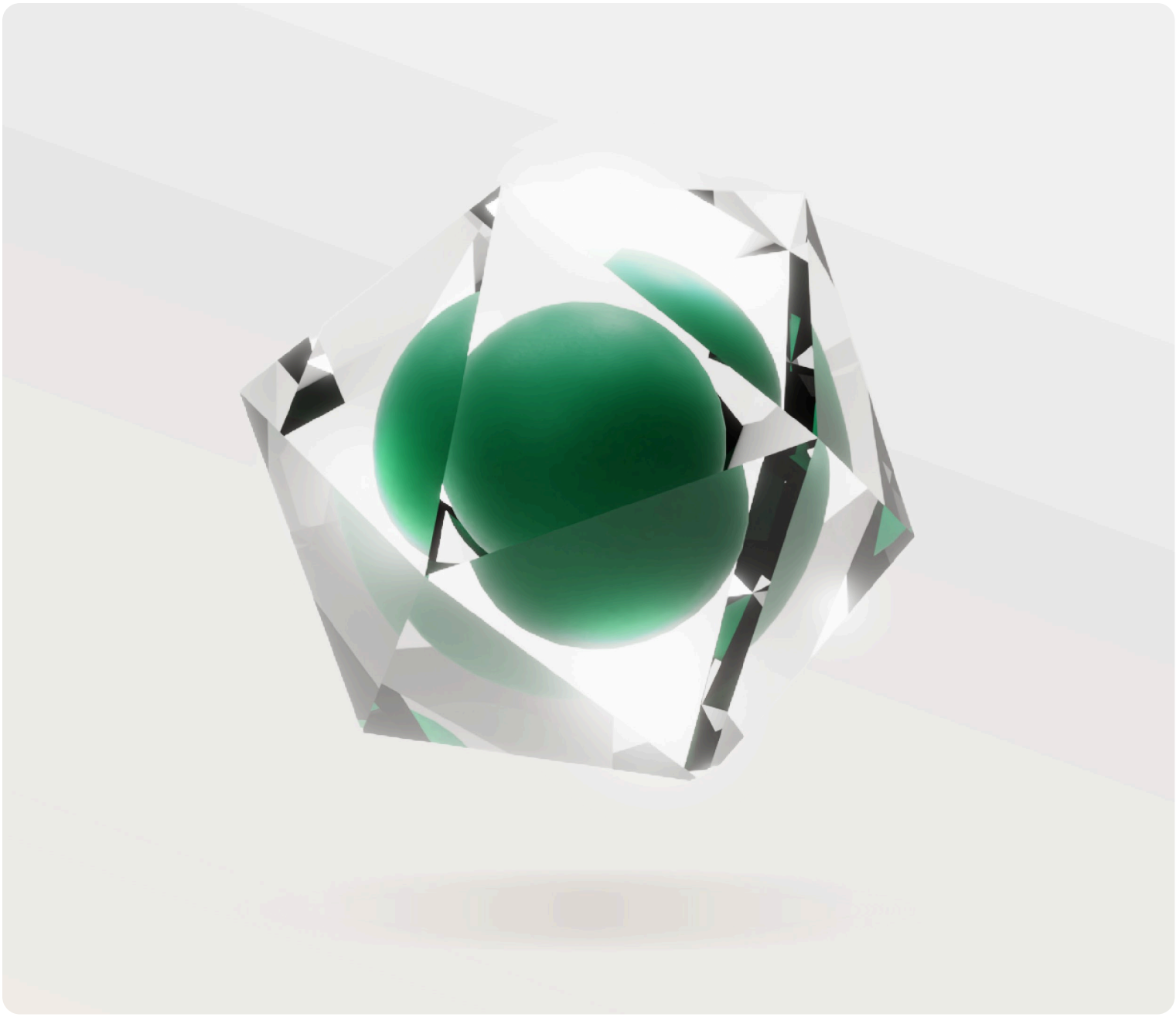


Betashares Ethical Managed Accounts Report

Quarter ending September 2026

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E: info@betashares.com.au
T: 1300 487 577 (within Australia)
T: +61 2 9290 6888 (outside Australia)

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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 returns edged higher over the September quarter, despite a rebound in oil prices, higher bond yields and rate hikes by several central banks. Solid corporate profits and ongoing optimism around the global artificial intelligence (AI) boom provided offsetting market support.

In unhedged Australian dollar terms, global equities weakened in July, though posted modest gains in August and September.

The US-Iran ceasefire broke down in July after Iran attacked commercial ships in the Strait of Hormuz, prompting retaliatory US strikes. Conflict stayed fairly contained in August despite the end of the peace deal, then escalated in September with renewed US-Iran attacks and Houthi strikes on Saudi Arabia's pipeline. Oil prices rose 42% over the quarter to US$103 a barrel.

Also challenging equity markets was a significant increase in bond yields, reflecting heightened inflation concerns given the lift in oil prices and rate hikes by the US Federal Reserve, the European Central Bank and the Bank of Japan. US 10-year government bond yields rose 0.82% to 5.29%, while German and Japanese bond yields also rose notably.

Sentiment on artificial intelligence (AI) fluctuated. Chinese competition, including the low-cost Kimi K3 model, hit technology stocks in July, particularly in Asia. A strong Nvidia earnings update drove a rebound in August, and technology outperformed again in September despite rising bond yields and warnings from industry leaders over the need to control the pace of AI development.

Global equities in unhedged $A terms returned 1.2% over the quarter. The global technology and energy sectors rose over the quarter, while industrials, consumer stocks and utilities eased back. US equities outperformed, with offsetting weakness in Europe, Japan and emerging markets.

Reflecting the rise in bond yields, global bonds returns fell, with the Bloomberg Global Aggregate Bond benchmark returning -2.4%.

Australian equities returned 1.3%, broadly in line with global equities. The resource and energy sectors performed especially well, as did the more defensive health care sector. Most other sectors declined, likely reflecting a subdued outlook for the local economy in the face of sticky inflation, a fourth RBA rate hike for the year in September, and falling house prices.

Australian 10-year government bond yields rose 0.63% to 5.35%, resulting in a negative 1.5% return for Australian bonds.

Growth vs. Defensive Assets

	September Qtr	June Qtr	6-months	12-months
Defensive				
Bloomberg Australian Composite Bond Index	-1.51%	3.09%	1.53%	-0.40%
Bloomberg Global Aggregate Bond Index Hdg AUD	-2.42%	1.46%	-1.00%	-0.57%
Growth				
S&P/ASX 200 Index	1.33%	4.05%	5.43%	2.67%
MSCI World Ex Australia Index AUD	1.45%	12.61%	14.25%	9.87%

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

3. ESG Commentary

International

The European Commission adopted the revised European Sustainability Reporting Standards (ESRS) on 3 July 2026 under the Omnibus I simplification package. The two-month scrutiny period ended on 3 September, so the standards will enter into force once they are published in the Official Journal. The revisions remove around 70% of datapoints and introduce new reporting reliefs aimed at lowering compliance costs[1].

Separately, EFRAG published an exposure draft of standards for large non-EU groups (ESRS-40a) on 23 July. The draft would apply to around 1,200 entities with significant EU operations, with reporting starting for financial years beginning on or after 1 January 2028, and it uses impact materiality only rather than double materiality. Consultation closes on 31 October 2026.[2]

The streamlined ESRS should ease the burden on preparers, but investors should expect fewer datapoints to compare across companies. Coming after the Commission's May decision not to create a direct compliance pathway between the ESRS and ISSB standards, interoperability will remain a practical challenge for multinational reporters.[3]

On 2 September, the UN Environment Programme released Limiting Overshoot, a report concluding that exceeding 1.5°C of warming is unavoidable in the next several years, with peak warming of 1.8°C in the most optimistic scenario. UNEP maintains that 1.5°C remains the foundation of international climate policy and sets out an "overshoot, peak and decline" pathway that depends on rapid emissions cuts together with carbon dioxide removal. It also warns that the risk of crossing tipping points, including ice sheet destabilisation and Amazon degradation, rises with both the level and duration of warming.[4]

The World Economic Forum published its inaugural Chief Sustainability Officers Outlook on 15 September. Among respondents, 63% expected global sustainability progress to remain steady or accelerate over the next year, while three in four expected companies' transition-related investment to do the same. Respondents identified commercial considerations and increasingly usable technologies as drivers, despite geopolitical uncertainty and pressure for short-term results.[5]

The survey provides a measure of executive expectations, rather than evidence of completed investment or future returns. For investors, the useful question is whether transition plans are supported by competitive project economics, allocated capital and delivery milestones. Companies able to demonstrate those links may be better positioned to maintain investment through changes in political support and market conditions.

[1] https://www.gibsondunn.com/gibson-dunn-esg-monthly-update-august-2026/

[2] https://www.gibsondunn.com/gibson-dunn-esg-monthly-update-july-2026/

[3] https://www.gibsondunn.com/gibson-dunn-esg-monthly-update-july-2026/

[4] https://www.gibsondunn.com/gibson-dunn-esg-monthly-update-august-2026/

[5] https://www.weforum.org/media/chief-sustainability-officers-say-commercial-momentum-will-drive-climate-progress-despite-significant-geopolitical-uncertainty/

Australia

In late August, Treasury released a consultation paper on changes to Australia's mandatory climate reporting regime, following through on the targeted consultations promised in the Federal Budget. The paper tests three areas: the assurance pathway, including whether to keep the planned move from limited to reasonable assurance by 2030, delay it to 2035, or limit reasonable assurance to more mature metrics such as Scope 1 and 2 emissions; further guidance on the undue cost or effort test; and clearer boundaries on value-chain information requests as entities prepare for Scope 3 reporting.[1],[2]

Submissions closed on 2 October. For investors, the key question is whether a longer runway to reasonable assurance weakens confidence in reported data, particularly for Scope 1 and 2 emissions where methods are most mature.

On 21 July, the Advisory Group on Corporate Governance released a consultation draft of the fifth edition of the ASX Corporate Governance Principles and Recommendations. The draft retains the eight principles and the if not, why not reporting approach, removes some duplication with the law and introduces more specific disclosure requirements in certain areas. The Advisory Group intends to make its recommendation to the ASX Board by the end of 2026, with the new edition applying to financial years commencing on or after 1 July 2027.[3]

[1] https://www.hsfkramer.com/notes/esg/2026-posts/keeping-up-with-esg-in-australia-august-2026

[2] https://www.gibsondunn.com/gibson-dunn-esg-monthly-update-august-2026/

[3] https://www.hsfkramer.com/notes/esg/2026-posts/keeping-up-with-esg-in-australia-august-2026

Green Bonds

On 10 August, Climate Bonds announced Australia as the first jurisdiction selected to pilot certification using recognised criteria from a national sustainable finance taxonomy. Its proposed Equivalence Methodology was open for consultation until 4 September. The initiative is intended to let eligible investments aligned with the Australian Sustainable Finance Taxonomy obtain Climate Bonds Certification while reducing duplicated assessment.[1]

The proposal could make Australian green debt easier to assess across domestic and international frameworks. Its value for investors depends on the final equivalence criteria, verification and reporting. Selection for a pilot does not mean every taxonomy-aligned bond is already certified, and neither taxonomy alignment nor certification replaces credit analysis or examination of how proceeds are used.

[1] https://www.climatebonds.net/news-events/press-room/press-releases/australia-first-pioneer-climate-bonds-certification-using-national-taxonomy-criteria

4. Ethical Diversified Managed Accounts Review

		Portfolio Weights as at end of September 2026		
	Aust. Equity	Balanced	Growth	High Growth
Defensive Assets	**0%**	**49.80%**	**29.83%**	**9.92%**
Betashares Ethical Australian Composite Bond ETF (ASX: AEBD)	0%	30.01%	17.98%	5.98%
Betashares Global Green Bond Currency Hedged ETF (ASX: GBND)	0%	19.79%	11.85%	3.94%
Growth Assets	**100%**	**50.20%**	**70.17%**	**90.07%**
Betashares Global Sustainability Leaders ETF (ASX: ETHI)	0%	21.25%	29.80%	38.08%
Betashares Global Sustainability Leaders ETF – Currency Hedged (ASX: HETH)	0%	8.96%	12.43%	16.13%
Betashares Australian Sustainability Leaders Model Portfolio	100%	19.99%	27.94%	35.86%
Fees (Investment Management Fee + Underlying ICR)*	**0.49%**	**0.56%**	**0.57%**	**0.59%**

*As at 30 September 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 September 2026	
1 month	-3.47%
3 months	-1.09%
6 months	5.08%
1 year	-12.19%
3 years p.a.	5.48%
Since inception* p.a.	2.40%
Volatility since inception*	14.69%

*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 -1.09% during the quarter.

Health Care and Financial Services were the portfolio's largest contributing sectors, with returns of 16.06% and 4.50%, contributing 2.68% and 1.01% respectively. Real Estate and Technology were the largest detracting sectors with returns of -8.07% and -17.78%, and contributions of -1.48% and -1.29% respectively.

CSL Ltd, Ramsay Health Care Ltd and Computershare Ltd were the three best contributing stocks with returns of 62.66%, 27.79% and 8.20%; their contributions were 1.83%, 0.51% and 0.42% respectively. PLS Group Ltd, Xero Ltd and Nextdc Ltd were the worst contributors, returning -22.37%, -21.19% and -25.72%; they contributed -1.06%, -0.66% and -0.64% respectively.

4.2 Australian Sustainability Leaders Portfolio

Holdings as at 30 September 2026	
Amcor PLC	2.33
ASX Ltd	2.48
Bendigo and Adelaide Bank Ltd	1.37
Brambles Ltd	5.63
CAR Group Ltd	2.78
Charter Hall Group	2.05
Cochlear Ltd	2.10
Computershare Ltd	4.55
CSL Ltd	5.01
Eagers Automotive Ltd	1.39
Fisher & Paykel Healthcare Corp Ltd	1.61
Goodman Group	4.63
GPT Group	2.10
HUB24 Ltd	1.00
Insurance Australia Group Ltd	4.21
JB Hi Fi Ltd	3.19
Medibank Pvt Ltd	2.60
Nextdc Ltd	2.75
PLS Group Ltd	4.14
Pro Medicus Ltd	2.19
Ramsay Health Care Ltd	2.33
REA Group Ltd	1.86
Reece Ltd	1.40
ResMed Inc Chess Depository Interest	4.54
Scentre Group	3.99
Sims Ltd	0.79
Sonic Healthcare Ltd	2.28
Stockland Corp Ltd	2.47
Suncorp Group Ltd	4.77
Telstra Group Ltd	5.29
The a2 Milk Co Ltd	0.79
TPG Telecom Ltd Ordinary Shares	0.69
Vicinity Centres	2.59
Woolworths Group Ltd	4.72
Xero Ltd	3.40

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 2026			
	Balanced	Growth	High Growth
Total Returns			
1 month	-1.68%	-1.70%	-1.73%
3 months	-1.75%	-1.29%	-0.84%
6 months	5.86%	8.35%	10.89%
1 year	-0.79%	-0.60%	-0.44%
3 years p.a.	7.20%	8.77%	10.32%
Since inception* p.a.	2.96%	4.54%	6.09%
Volatility since inception*	8.43%	9.91%	11.52%

*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 -0.47% (in AUD) during the quarter. Assets decreased from $3,928.90m to $3,818.56m over this period.

Financial Services, Communication Services and Technology were the largest sector contributors to return, contributing 0.86%, 0.38% and 0.10% respectively. Industrials, Consumer Cyclical and Real Estate were the largest sector detractors, contributing -0.52%, -0.38% and -0.26% to performance respectively.

Apple Inc, NVIDIA Corp and Recruit Holdings Co Ltd were the three largest stock contributors to total return, and with returns of 14.71%, 13.79% and 52.80% in AUD; their contributions were 0.57%, 0.54% and 0.53% respectively. Applied Materials Inc, KLA Corp and Lam Research Corp were the largest detractors from total return, returning -29.49%, -35.59% and -24.42% in AUD; they contributed -0.83%, -0.68% and -0.64% 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
Alstom	**ALO**	Settlement Agreement (Henri Poupart-Lafarge)	For	We voted Against the approval of the settlement agreement with former CEO Henri Poupart-Lafarge. In the absence of an apparent pre-existing dispute, the rationale for the agreement was unclear. We also considered the €4.1 million termination package, including settlement and non-compete payments, excessive.
Gen Digital Inc	**GEN**	Ratification of Auditor	For	We voted Against the ratification of KPMG as auditor due to its 24-year tenure. We considered this tenure excessive, raising concerns about the potential impact of a longstanding audit relationship on auditor independence and objectivity.
Oriental Land Co. Ltd.	**4661**	Elect Misao Kikuchi	For	We voted Against the re-election of Misao Kikuchi due to concerns about her capacity to fulfil her board responsibilities. Ms Kikuchi holds an executive role at a public company and serves on more than two public company boards. We considered these combined commitments could limit the time and attention she can devote to her responsibilities to Oriental Land's shareholders.

6. Engagement

Company name	Theme	Summary of engagement
Telstra Group Ltd (TLS)	Governance	During the third quarter of 2026, the Responsible Investment Committee (RIC) engaged with Telstra Group Ltd following reports of a nationwide network outage that disrupted businesses and transport services and prevented some customers from connecting to Triple Zero (000). Reports that Telstra had received multiple vendor warnings regarding the equipment involved raised questions about operational resilience, supplier notification processes and oversight of critical network infrastructure. The RIC sought to understand how critical supplier alerts are assessed, prioritised and escalated within Telstra's operational risk framework. The Committee also asked what changes had been made following the outage to strengthen the implementation of critical software patches and hardware lifecycle management. Telstra advised that it had accepted the findings of an independent investigation into the July outage. The investigation concluded that incorrect date information had spread through the mobile network following planned maintenance. It identified inadequate governance and oversight of the network timing system, including unclear ownership, poor documentation and weaknesses in change management, rather than a single missed vendor alert, as the root cause. The company outlined measures implemented to strengthen network resilience and operational processes, alongside a review of vendor notification management. Telstra also advised that it was continuing to work with affected customers on complaints and compensation claims.
Woolworths Group Ltd (WOW)	Social	During the quarter, the RIC engaged with Woolworths Group Ltd following reports that the company was considering facial recognition technology in its Australian supermarkets to address retail crime and aggression towards staff. The reports raised questions about the balance between potential safety benefits and the privacy, discrimination and reputational risks associated with collecting and using biometric information. The RIC sought to understand how Woolworths would assess whether the technology was necessary and proportionate, and what alternative safety measures were being considered. The Committee also asked about potential safeguards governing biometric data, watchlists and false identification, the role of independent monitoring, and how the company would assess whether the technology improved staff and customer safety. Woolworths advised that incidents involving violence and weapons in stores had increased. The company outlined investment of more than $40 million over three years in safety measures, including team safety cameras, training, strengthened glass, bollards, radios and trolley lock systems. It stated that it was monitoring Australian regulatory guidance on facial recognition technology but had no firm plans for an in-store trial. Woolworths also highlighted its advocacy for Workplace Protection Orders to restrict repeat high-harm offenders from entering stores. In New Zealand, the company confirmed that it had completed a proof-of-technology trial at its Auckland support office but had not trialled facial recognition in stores. Woolworths stated that privacy and responsible data management remained key risk-management priorities, supported by internal governance forums overseeing privacy compliance, data management and related risks.
Capgemini SE (CAP)	Social, Governance	During the quarter, the RIC engaged with Capgemini SE regarding the proposed disposal of its US subsidiary, Capgemini Government Solutions (CGS). The engagement followed reports that CGS had entered into a US$4.8 million contract with US Immigration and Customs Enforcement's Detention Compliance and Removals office. In February 2026, Capgemini announced its intention to divest CGS, citing legal constraints that prevented the Group from exercising control over the subsidiary's operations. The RIC sought to understand the status of the disposal process and the expected timeframe for completion. Capgemini advised that the process remained ongoing, that it had received several expressions of interest and that it remained confident a sale could be completed within a reasonable timeframe. On 12 September 2026, Capgemini announced that it had entered into an agreement to sell CGS to ITC Federal. The transaction was expected to close in the following weeks, subject to customary conditions. The RIC will continue to monitor progress towards completion of the sale.



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 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

W: betashares.com.au

@betashares

/betashares