

Model overview

For investors whose priority is investing in a way that aligns with their values, the Betashares Ethical Model Portfolios are an easy way to access a suite of ethically screened investments, consisting of an Australian Equity portfolio, as well as multi-asset class diversified portfolios.

The focus of these portfolios is making it easier for advisers to access a low cost, scalable investment solution, potentially saving a significant amount of time that may have been spent on investment selection and portfolio management.

Four (4) Betashares Ethical Model Portfolios are available:

Betashares Australian Sustainability Leaders SMA	Betashares Ethical Diversified - Balanced SMA	Betashares Ethical Diversified - Growth SMA	Betashares Ethical Diversified - High Growth SMA
35 ethically screened direct stock portfolio	50% Growth 50% Defensive	70% Growth 30% Defensive	90% Growth 10% Defensive

Betashares Australian Sustainability Leaders Model Portfolio

The Betashares Australian Sustainability Leaders Model Portfolio holds a portfolio of ASX listed securities that are generally the largest and most liquid stocks from the Australian Sustainability Leaders ETF (ASX: FAIR). This combines some of the most stringent screening criteria in the industry with the advantages to investors of directly owning an Australian equities portfolio.

Betashares Ethical Diversified Model Portfolios

Three multi-asset Model 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 Model 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 SMA. Defensive assets are made up of international and Australian bonds and are accessed via the Betashares Sustainability Leaders Diversified Bond ETF - Currency Hedged (ASX: GBND).

These portfolios are built using Strategic Asset Allocation assumptions that are reviewed and may be adjusted 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.

How can the Betashares Ethical Model Portfolios benefit advisers?

Streamline investment management for ethical clients: Time spent on ongoing investment management of your clients' ESG portfolios can be reduced, giving you more time to spend with your clients focusing on strategic advice.

Robust ethical screening methodology: It can be complex to construct an ethically screened portfolio, requiring advisers to do extensive research with specialist databases to ensure that each holding meets the values of the client. Using the Betashares Model Portfolios, advisers can be assured that the underlying funds and stocks held are true to label and meet some of the most stringent screening criteria in the market.

Direct exposure to an equity portfolio: For investors who prefer direct equity exposure, the Australian Sustainability Leaders Model Portfolio is comprised of a direct portfolio of 35 stocks that are subject to stringent screening criteria.

Risk management: As the investment manager, the Betashares Investment Committee monitors and oversees portfolios to ensure they are meeting their objectives and, in the case of the Ethical Diversified SMAs, also reviews the Strategic Asset Allocations on an annual basis. Betashares is also required to adhere to the compliance measures of each of the platforms as well as complete an annual review.

Reporting and client support: Betashares understands the importance of regular client communication and reporting, and appreciates that this can be time consuming for our advisers. We provide factsheets and detailed quarterly reports with commentary not just on performance of the underlying holdings but also on any engagement the Betashares Responsible Investment Committee has undertaken with companies on ESG issues.

Betashares adviser support

As an Australian founded and managed firm, all decisions relating to the Model Portfolio service reside with the local business, and Betashares is able to leverage the full resources of its local team to provide support to Advisers.

Examples of support:



SMA
product profiles



Monthly
factsheets



Detailed quarterly
reports



Videos
& webinars



Client-friendly
quarterly email
(white labelled on request)



Betashares senior personnel, including
Betashares' Chief Economist, available for
presentations to your advice firm
and client events



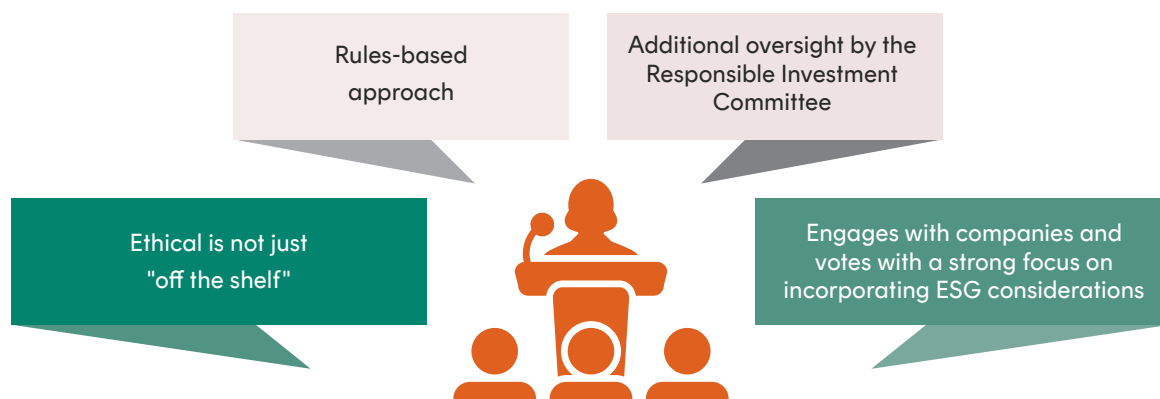
Personalised service for
your advice practice
(if implemented via an SMA)

Betashares' responsible investment philosophy

We recognise the important role that investment managers can play in promoting responsible investment practices. We are cognisant that large investors have a responsibility beyond managing the financial value of their own investments and have an obligation to try to positively influence the way business is conducted, for the greater good.

We believe that by investing in our ethical ETFs, investors entrust us with the job of managing their capital in a way that aligns with their values. This means that our ETFs invest in companies (or exclude companies) in accordance with clear ethically focused rules and guidelines.

Where we can also make an impact is in ensuring we participate in proxy voting and engagement activities with companies, although at this stage we are unable to vote proxies on direct shares held in SMA accounts.



Betashares understands that ethical investing can mean different things to different investors. This is why Betashares is dedicated to ensuring our ethical exposures are true to label, and employ strict screening criteria, in a transparent rules-based process to ensure investors know at any time what company activities are included in and excluded from the Betashares ethical ETFs.

Current exposure limit guidelines for underlying holdings (% of total revenue)

0%	5%	20% or more	
 Fossil fuels - direct Gambling (casinos and manufacture of products)	 Fossil fuels – indirect <small>Excludes the largest global financiers of fossil fuels/significant fossil fuel infrastructure</small> Gambling (distribution)	 20% Alcohol sales 33% Junk foods	
 Manufacture of armaments/ weapons Uranium mining /nuclear energy production Chemicals of concern	 Tobacco sales Product/services to nuclear energy	<th>Other limits</th>	Other limits
 Mandatory detention of asylum seekers Tobacco production/ manufacture Production of pornography	 Specific and significant services to military and armaments manufacture Sale of pornography Alcohol production	 Exposure to significant ESG-related reputational risk or controversy Evidence of human rights violations including child labour, forced labour, sweatshops, bribery and corruption.	
 Animal cruelty		 No women on board of directors *Predatory lending *Payday lending	

*FAIR screens out predatory lending (which includes payday lending). ETHI screens out payday lending.

Betashares maintains a Responsible Investment Committee (RIC) for our ethical ETFs (ETHI, FAIR and GBND).

The purpose of the RIC is to:

- provide Betashares with general input and advice in relation to responsible investment policies and investments
- provide expert assessment of whether the companies and issuers satisfy the negative and positive screens incorporated into the indices that these ETFs aim to track
- provide voting recommendations on all ESG-related shareholder resolutions in these ethical ETFs

The policy of each fund is to vote on ESG-related shareholder resolutions in a way that is consistent with the values embodied in the index rules for the fund.

Platform availability

	Praemium	Macquarie Wrap	Netwealth	HUB24
Betashares Australian Sustainability Leaders Model Portfolio	BB0106	SMABET06S	MACC000531	BTA006
Betashares Ethical Diversified Model Portfolio - Balanced	BB0107	SMABET07S	MACC000532	BTA007
Betashares Ethical Diversified Model Portfolio - Growth	BB0108	SMABET08S	MACC000533	BTA008
Betashares Ethical Diversified Model Portfolio - High Growth	BB0109	SMABET09S	MACC000534	BTA009

Contact Betashares Adviser Services Team

To discuss Betashares' Model Portfolios or Asset Allocation services, please contact:

T: 1300 487 577

E: info@betashares.com.au

W: betashares.com.au

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  /Betashares

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