



Betashares Global Sustainability Leaders ETF

ASX: ETHI

Quarterly Report - March 2026

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Performance ¹	1 month %	3 month %	6 month %	1 year %	3 years % p.a.	Inception % p.a. ²
Fund Return (net)	-2.79%	-9.92%	-8.85%	-2.48%	10.95%	14.72%
Growth Return	-2.79%	-10.14%	-9.07%	-4.58%	7.45%	10.28%
Income Return	0.00%	0.22%	0.22%	2.10%	3.50%	4.44%
Index	-2.82%	-9.89%	-8.70%	-2.13%	11.36%	15.16%

Past performance is not a reliable indicator of future performance.

¹As at 31 March 2026. Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

²Inception date for the Fund is 5 Jan 2017.

Investment objective

The Fund aims to track the performance of an index (before fees and expenses) that provides exposure to 200 large global stocks (excluding Australia) which are "Climate Leaders" (as measured by their relative carbon efficiency) and which are not materially engaged in activities deemed inconsistent with responsible investment considerations.

Responsible entity

Betashares Capital Ltd

Distribution frequency

Semi-annual

Suggested minimum investment timeframe

At least five years

Fund facts	
Inception Date	5-Jan-17
Fund Size	\$3439.0m
Historical Tracking Error (annualised)	0.12%
ASX Code	ETHI
Bloomberg Code	ETHI.AU
IRESS Code	ETHI.ASW

Fees	% p.a.
Management fee	0.49
Recoverable expenses	0.10

Investment strategy

The Fund generally invests in a portfolio of global equity securities that comprise the Index in proportion to the weightings of the securities in the Index.

The Index includes 200 large global stocks from developed market countries (excluding Australia) that have been identified as "Climate Leaders" and that have also passed certain eligibility screens designed to exclude companies with direct or significant exposure to the fossil fuel industry or that are engaged in other activities deemed inconsistent with responsible investment considerations.

Climate Leaders are companies that have carbon efficiency that places them in the top one-third of companies in their respective industry or are otherwise superior performers in relation to "Scope 4" carbon emissions (also known as "avoided emissions").

- **Carbon impact:** calculated based on the total greenhouse gas emissions from a company's operations, fuel use, supply chain and business activities, divided by its annual revenue.
- **Avoided emissions:** superior performers are those companies involved in commercialising technologies that have net positive climate benefits through substantial greenhouse gas emission reductions (e.g. primary business activities in renewable energy, energy efficiency, sustainable agriculture and land use, and carbon sequestration).
- **Fossil fuel screen:** is applied to the universe of Climate Leaders which removes companies with any direct involvement in the fossil fuel industry, as well as companies with material indirect exposure (including, without limitation, those with particularly high use of fossil fuels).

Eligibility screens are applied to remove companies which have exposure to other activities deemed inconsistent with responsible investment considerations (subject to certain materiality thresholds):

- Gambling
- Alcohol
- Tobacco
- Junk foods
- Armaments and militarism
- Pornography
- Uranium and nuclear energy
- Human and labour rights
- Destruction of valuable environments
- Chemicals of concern
- Animal cruelty
- Lack of board diversity i.e. no women on the board of directors
- Payday lending
- ESG related reputational risk or controversy
- Mandatory detention of asylum seekers and for-profit prisons

The Index is weighted by market capitalisation, with a maximum weight per security of 4% at each annual rebalance date. Industry weights cannot exceed the corresponding industry weights of the Nasdaq Developed Markets Index (a traditional broad global equities benchmark) by more than 3%.

For more information on the Index, see the Index methodology document available on our website.

Top 10 positions ¹	%
Broadcom Inc	6.9
NVIDIA Corp	6.0
Apple Inc	4.3
Mastercard Inc	3.4
Home Depot	3.3
Visa Inc	3.2
ASML Holding NV	3.0
Toyota Motor Corp	3.0
Applied Materials Inc	1.9
AbbVie Inc	1.5

¹As at 31 March 2026

Industry exposure	Fund Weight % ¹
Information Technology	35.8
Financials	23.8
Consumer Discretionary	13.6
Health Care	13.3
Industrials	6.4
Real Estate	3.5
Communication Services	2.8
Materials	0.4
Utilities	0.3
Consumer Staples	0.1
TOTAL	100.00

¹As at 31 March 2026

Country allocation ¹	%
United States	73.5
Japan	7.5
Netherlands	3.8
Canada	2.5
Germany	2.4
Switzerland	2.0
Britain	1.8
France	1.5
Finland	1.4
Other	3.7

¹As at 31 March 2026

Fund performance summary

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, 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.

Other commentary

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.¹

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.²

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.³

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.⁴

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.

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

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

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

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

Proxy voting & engagement

During the quarter, the Responsible Investment Committee (RIC) actively engaged in Proxy Voting on Environmental, Social, and Governance (ESG) resolutions for index constituents.

Voting activities in Q1 2026

	Number	Proportion of total
Votes lodged	446	100%
Votes against management	39	9%

Votes against management by topic

	Number	Proportion of total
Governance	37	95%
Social	0	0%
Environmental	2	5%

The 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.⁵

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.

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.

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

There are risks associated with an investment in ETHI, including market risk, international investment risk, non-traditional index methodology risk and foreign exchange risk. For more information on risks and other features of ETHI, please see the Product Disclosure Statement.



The Betashares Global Sustainability Leaders ETF (ASX: ETHI) has been certified by the Responsible Investment Association Australasia 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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Any person wishing to invest in Betashares Funds should obtain a copy of the relevant PDS from www.betashares.com.au and obtain financial advice in light of their individual circumstances. You may also wish to consider the relevant Target Market Determination (TMD) which sets out the class of consumers that comprise the target market for the Betashares Fund and is available at www.betashares.com.au/target-market-determinations.

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