



# Betashares Australian Sustainability Leaders ETF

**ASX: FAIR**

**Quarterly Report - June 2023**

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Performance <sup>1</sup>	1 month %	3 month %	6 month %	1 year %	3 years % p.a.	Inception % p.a. <sup>2</sup>
Fund Return (net)	0.69%	4.67%	10.51%	14.50%	5.22%	6.54%
Growth Return	0.69%	4.67%	9.28%	10.32%	2.00%	3.64%
Income Return	0.00%	0.00%	1.23%	4.18%	3.22%	2.90%
Index	0.73%	4.80%	10.78%	15.07%	5.70%	7.05%

Past performance is not a reliable indicator of future performance.

<sup>1</sup> As at 30 June 2023. Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

<sup>2</sup> Inception date for the Fund is 27 Nov 2017.

## Investment objective

The Fund aims to track the performance of an index (before fees and expenses) that provides exposure to Australian companies that have been screened to preference companies engaged in sustainable business activities and to avoid companies engaged in activities deemed inconsistent with responsible investment considerations. The Fund's methodology also preferences companies classified as 'Sustainability Leaders' based on their involvement in business activities aligned to the United Nations Sustainable Development Goals.

## Responsible entity

Betashares Capital Ltd

## Distribution frequency

Semi-annual

## Suggested minimum investment timeframe

At least five years

Fund facts	
Inception Date	27-Nov-17
Fund Size	\$1261.09m
Historical Tracking Error (annualised)	0.09%
ASX Code	FAIR
Bloomberg Code	FAIR.AU
IRESS Code	FAIR.ASW

Fees	% p.a.
Management fee	0.39
Recoverable expenses	0.10

## Investment strategy

The Fund will generally invest in a portfolio of Australian securities that comprise the Index in proportion to the weightings of the securities in the Index.

## Screening criteria

From the universe of eligible ASX listed securities, the Index methodology removes companies which are exposed to activities considered to carry significant negative environmental, social and governance (ESG) risks (subject to certain materiality thresholds), including:

- Fossil Fuels – including any direct and any material indirect exposure + any companies with high use of fossil fuels
- Gambling
- Tobacco

- Armaments and militarism
- Uranium and nuclear energy
- Destruction of valuable environments
- Animal cruelty
- Chemicals of concern
- Mandatory detention of asylum seekers and for-profit prisons
- Alcohol
- Junk foods
- Pornography
- ESG related reputational risk or controversy
- Human and labour rights violations
- Lack of gender diversity at the board level
- Predatory lending

To be classified as a Sustainability Leader, a company must satisfy at least one of a number of criteria, which have been determined by reference to the United Nations Sustainable Development Goals. The criteria generally require a company to earn 50% or more of gross revenue from activities in at least one of the following categories:

- Climate Adaptation
- Nutrition, Agriculture and Land Use
- Improved Industrial Processes, Improved Materials and Pollution Reduction
- Healthcare
- Transportation Solutions
- Education
- Water Efficiency
- Renewable Energy and Energy Efficiency
- Green Buildings
- Sustainable Tourism
- Sustainable and Regional Infrastructure
- Social and Community Housing
- Worker and Consumer Protection
- Regional and Community Banking, or
- Have a Relevant Certification

Note that not every security in the Index is necessarily a Sustainability Leader (but every security will have met the above screening criteria).

The Index uses a modified market capitalisation weighting method, includes sector concentration limits, gives preferential weighting to Sustainability Leaders, and applies a maximum weight per security of 4% at each annual rebalance date.

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



Top 10 positions	% <sup>1</sup>
Brambles	4.5
Telstra Corp	4.2
Goodman Group	4.0
Suncorp Group	3.9
Sonic Healthcare	3.9
Xero	3.7
CSL	3.7
Cochlear	3.5
Insurance Australia Group	3.3
Scentre Group	3.2

<sup>1</sup> As at 30 June 2023

Sector exposure	Fund Weight % <sup>1</sup>
Health Care	19.3
Real Estate	18.7
Financials	16.8
Industrials	11.3
Information Technology	10.4
Communication Services	9.9
Materials	7.8
Consumer Discretionary	4.3
Consumer Staples	1.5
Utilities	0.1
<b>TOTAL</b>	<b>100.00</b>

<sup>1</sup> As at 30 June 2023

## Fund performance summary

The Fund returned 4.67% during the quarter. Assets decreased from \$1,269.84m to \$1,261.09m over this period.

Information Technology and Financials were the largest sector contributors to total return, with returns of 21.30% and 6.84%, their contributions were 1.84% and 1.15%, respectively. Health Care was the largest sector detractor from total return, returning -2.32%. It detracted -0.42%.

Xero, IAG and Allkem were the largest stock contributors to total return, with returns of 33.00%, 21.54% and 34.85% in the period. Their contributions were 0.93%, 0.61% and 0.57% respectively. Ramsay Health Care and IDP Education were the largest detractors from total return, with returns of -15.40% and -19.08%. In the period they detracted -0.45% and -0.25%.

## Other commentary

As part of a strategic withdrawal from upstream exploration, Origin Energy has recently surrendered most of its licences in the Kati Thanda-Lake Eyre basin in western Queensland, home to the world's last major free-flowing river system. "Origin didn't give up on these tenements out of charity — it did so because in a decarbonising world, fracking for fossil gas in a place as remote as far western Queensland makes less and less commercial sense," said Nick Holliday of Lock the Gate, a nationwide grassroots organisation. The State Government, led by Annastacia Palaszczuk, has opened a consultation to assess options for protecting the Queensland section of the basin.

## Proxy voting & engagement

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

### Voting activities in Q2 2023

	Number	Proportion of total
Votes lodged	85	100%
Votes against management	51	60%

### Votes against management by topic

	Number	Proportion of total
Governance	51	100%
Social	0	0%
Environmental	0	0%



The Betashares Australian Sustainability Leaders ETF (ASX: FAIR) 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.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details.<sup>1</sup>

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## Important

<sup>1</sup> The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

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## Betashares

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