



Betashares Australian Sustainability Leaders ETF

ASX: FAIR

Quarterly Report - September 2024

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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)	2.01%	9.41%	5.61%	22.12%	4.25%	7.93%
Growth Return	2.01%	8.03%	4.28%	19.20%	1.47%	4.98%
Income Return	0.00%	1.38%	1.33%	2.92%	2.78%	2.95%
Index	2.05%	9.59%	5.89%	22.73%	4.75%	8.45%

Past performance is not a reliable indicator of future performance.

¹As at 30 September 2024. Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

²Inception 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 passed screens to exclude companies with direct or significant exposure to fossil fuels or 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	\$1353.52m
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 generally invests 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 very high use of fossil fuels
- Gambling
- Tobacco

- Armaments and militarism
- Uranium and nuclear energy
- Destruction of valuable environments
- 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

Preference is given to companies engaged in sustainable activities that been identified as "Sustainability Leaders". 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	% ¹
WiseTech Global	4.5
Goodman Group	4.3
Brambles	4.1
Suncorp Group	4.0
Telstra Corp	3.9
ResMed Inc	3.8
Xero	3.8
Woolworths Group	3.7
CSL	3.7
Scentre Group	3.5

¹As at 30 September 2024

Sector exposure	Fund Weight % ¹
Health Care	19.5
Real Estate	17.7
Financials	15.7
Information Technology	12.8
Communication Services	11.3
Industrials	9.1
Consumer Discretionary	5.4
Consumer Staples	4.4
Materials	4.1
Utilities	0.0
TOTAL	100.00

¹As at 30 September 2024

Fund performance summary

The Fund returned 0.36% (in AUD) during the quarter. Assets increased from \$1,193.83m to \$1353.52m over this period.

Real Estate and Information Technology were the largest sector contributors to total return, with returns of 23.25% and 18.28% in AUD; their contributions were 2.40% and 2.28%, respectively. Consumer Staples was the largest negative sector contributor with a return of -11.08%, and contribution of -0.20%.

WiseTech, Brambles and ResMed were the largest three stock contributors to total return, and with returns of 36.88%, 33.03% and 20.46% in AUD; their contributions were 1.52%, 1.23% and 0.63% respectively. Cochlear, Ramsay Health Care and Woolworths were the largest detractors, returning -14.45%, -11.42% and -4.80% in AUD; they contributed -0.6%, -0.25% and -0.19% respectively.

Other commentary

The Climate Change Authority (CCA) of Australia has released its Sector Pathways Review, offering a comprehensive analysis of technology transitions and emissions reduction pathways for six key sectors of the Australian economy. The review emphasises the urgent need to accelerate the deployment of mature zero- and low-emissions technologies while simultaneously developing emerging technologies. Covering electricity and energy, transport, industry and waste, agriculture and land, resources, and the built environment, the report outlines six main strategies to address challenges in Australia's transition to net zero emissions by 2050. These strategies include accelerating net zero infrastructure deployment, reforming planning processes, ensuring a just transition, coordinating business engagement, fast-

tracking renewable energy zones, and developing climate literacy campaigns¹.

In September 2024, the Australian Accounting Standards Board (AASB) approved two pivotal sustainability disclosure standards. AASB S1, a voluntary standard, outlines general requirements for sustainability-related financial information disclosure. AASB S2, a mandatory standard, focuses specifically on climate-related disclosures. Both standards will be effective from January 1, 2025, for annual reporting periods. This development aligns with recent legislation mandating climate-related financial disclosures for certain entities. While AASB S1 mirrors its international counterpart IFRS S1, it remains voluntary under Australian law. AASB S2, being mandatory, will play a crucial role in sustainability reporting under the Corporations Act 2001. This initiative significantly enhances corporate transparency and accountability in Australia's sustainability landscape².

¹<https://theconversation.com/australia-has-just-been-handed-a-map-for-getting-to-net-zero-heres-how-it-will-guide-us-237703>

²<https://aasb.gov.au/news/australian-sustainability-reporting-standards-approved-by-aasb-board/>

Responsible Investment Committee

The Responsible Investment Committee (RIC) conducted the annual rebalance and re-screen of the Nasdaq Future Australian Sustainability Leaders Index this quarter (which the Betashares Australian Sustainability Leaders Portfolio derives its holdings from). This year the RIC removed 14 companies from the index, including Dexu Ltd under the fossil fuel screen due to the ownership of a gas distribution company following the acquisition of AMP Capital's real estate and infrastructure assets.

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 Q3 2024

	Number	Proportion of total
Votes lodged	27	100%
Votes against management	9	33%

Votes against management by topic

	Number	Proportion of total
Governance	9	100%
Social	0	0%
Environmental	0	0%

The Responsible Investment Committee (RIC) engaged with Woolworths Group relating to concerns about its salmon sourcing practices from Macquarie Harbour and its seafood sustainability commitments. The RIC expressed concern about the "Responsibly Sourced" label on salmon products from Macquarie Harbour, citing potential environmental and biodiversity impacts, particularly on the endangered Maugean Skate, and urged Woolworths to cease sourcing salmon from Macquarie Harbour, review its reliance on third-party certification schemes, and enhance due diligence by engaging independent

sustainability experts. In its response, Woolworths said that it continues to evaluate its seafood sustainability practices and is conducting independent third party assessments of its due diligence practices. The RIC has decided to support the 'Save the Skate' campaign and support a shareholder resolution relating to Woolworths and its salmon sourcing practices from Macquarie Harbour¹.

¹<https://www.six-invest.com.au/campaigns/woolworths-coles---save-the-skate>

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



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 for details¹.

Important

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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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