

Investing with purpose



Ethical investing

Ethical investing refers to the practice of using ethical principles as the primary filter for selecting which companies to invest in. What is defined as 'ethical' is necessarily subjective, but for most ethical investors, this means incorporating environmental, social and governance (ESG) considerations into the investment decision-making process.

Evidence is growing that companies which take ESG factors into account deliver strong returns over the long term. A study by the Responsible Investment Association of Australasia (RIAA) revealed that responsible funds have on average beaten large cap Australian funds by 4.4 percent per annum and the ASX300 by 3.4 percent per annum over the last decade¹.

This outperformance is less surprising than it may first appear. After all, investing in a company which implements high governance standards, delivers environmentally sustainable products and services, takes care of its staff and suppliers, and

treats its customers well is simply more likely to be able to sustain its success over the long term.

The shift towards a more conscientious approach to capital allocation is also accelerating. Over 1,800 investors managing US\$70 trillion in assets have adopted the UN Principles of Responsible Investment², which require ESG outcomes to be incorporated into decision-making.

¹ Responsible Investment Association Australasia – Responsible Investment Benchmark Report 2020, Australia. Past performance is not an indicator of future performance

² Investor action on climate change – A PRI – Novethic assessment of global investor practices – September 2017

In the last decade, responsible funds have beaten¹:

Large cap Australian funds by 2.2% per annum

ASX300 by 1.2% per annum

The UN principles of Responsible Investment have been adopted by¹:

1,800+ investors
US\$70 trillion
assets under management



Why U Ethical

U Ethical is an investment manager with a difference. Since our first funds were established in 1985, we have worked to create a better world by investing with purpose.

We are focused on serving the needs of all kinds of investors – from corporate and institutional, to not-for profits, to individual clients. Whether big or small, our clients trust us to deliver competitive returns while doing the right thing by communities and the planet.

Today, we are one of the largest ethical investment managers in Australia, with over \$1.1 billion in funds under management. Unlike the majority of ethical managers, we are a not-for-profit social enterprise (a charity), which means most of our surplus goes to support social justice advocacy and community programs.

In addition, we are one of the few investment businesses in Australia to be certified as a B Corporation. We're proud to have the highest 'B impact score' of any Australian financial institution. This means U Ethical meets the highest standards of social and environmental performance and public transparency to balance profit and purpose.

U Ethical is also an active investor. We adopt clear positions on important ethical issues, and don't shy away from holding companies to account. This includes divesting or excluding companies from our portfolios on ethical grounds if we consider it necessary. This principled approach to advocacy and investing stems from our origins in the Uniting Church – one of Australia's oldest and most effective advocates for social and environmental justice.

Certified



Corporation™

\$1.1 billion+
in funds under
management

**We're a social
enterprise**
donating the majority
of our surplus in
charitable grants

Our approach



Delivering results

Competitive returns in all our funds over many decades*.



Community oriented

\$60 million granted to community initiatives.



Ethically focused

Positive and negative screening to ensure your money is invested for good.



Active investing

We work directly with companies to create positive change.

* Past performance is not indicative of future performance.

Our products

U Ethical offers a range of investment solutions for our over 5,000 clients. All of our products aim to deliver superior risk-adjusted returns compared to benchmarks through a disciplined investment process, while keeping ethical considerations front of mind.

Not all values-driven investments are equal. We are also an accredited signatory to the UN Principles for Responsible Investment.

Transparency and performance are very important to us and our clients. You can assess the track-record of each of our funds since inception at www.ueethical.com. You'll also find our ethical investment policy, our excluded stock lists, our corporate voting record, and our advocacy and corporate engagement activity.

Retail investors

Cash Management Trust

A portfolio of cash and term deposits aiming to generate income and maintain capital stability and ready access[^] to your funds.

Suggested investment horizon - 6 months
Funds generally available within the next business day[^]
Very low risk profile

Australian Equities Trust

A diversified portfolio of ethically screened Australian shares designed to provide income and long-term capital growth.

Suggested investment horizon - 7 to 10 years
Income and growth focused
High risk profile

[^]Subject to conditions. Please read the applicable product disclosure documents. Valid redemption requests will be processed based on the redemption times stated in the applicable product disclosure documents, subject to the Trust's liquidity.

Wholesale investors

Cash Management Trust

A portfolio of cash and term deposits aiming to generate income and maintain capital stability and ready access[^] to your funds.

Suggested investment horizon - 6 months
Funds generally available within the next business day[^]
Very low risk profile

Enhanced Income Trust

A diversified portfolio of cash and fixed income securities aiming to provide consistent income and ready access[^] to your funds.

Suggested investment horizon - 2 years
Low risk profile

Diversified Income Trust

A diversified portfolio of income generating investments including cash, short-dated deposits, government and corporate bonds, hybrid securities, asset-backed securities, mortgages and impact loans.

Suggested investment horizon - 3 to 5 years
Medium risk profile

Growth Portfolio

A diversified portfolio of ethically screened Australian and international shares, listed property trusts and enhanced cash designed to achieve competitive risk adjusted returns over the medium to long term.

Suggested investment horizon 5 years
Capital growth focused
Medium to high risk profile

Australian Equities Trust

A diversified portfolio of ethically screened Australian shares designed to provide income and long-term capital growth.

Suggested investment horizon - 7 to 10 years
Income and growth focused
High risk profile

International Equities Trust

A high-conviction, ethically screened and actively managed portfolio for investors seeking tangible positive impact and competitive financial returns.

Targeted alignment with UN Sustainable Development Goals and minimum Environmental, Social and Governance ratings
High risk profile

Our investing process

A credible ethical investing framework requires the consistent application of both values and process. In terms of values, U Ethical's long standing commitment to investing with purpose, our advocacy work to drive meaningful change in company behaviour, and our status as a social enterprise should give you comfort that our ethical approach is authentic.

Our ethical authenticity is also supported by the way we conduct our investment process. In every investment we make, we seek to avoid harm and do good, in addition to delivering competitive returns. This involves using global data platforms to conduct an initial negative screen to exclude companies with harmful attributes. Those companies which remain constitute our investable universe.

Unlike many other ethical investors, we then run a positive screen, which seeks out those companies which promote human welfare and dignity, or environmental sustainability. Examples include companies producing goods or services that enhance the health and welfare of individuals and communities, as well as companies producing goods or services that protect our environment. Specifically targeting those companies which we believe are doing good, reflects U Ethical's vision of investing for a better world.

What we do and don't invest in

This process is consistent with UN Principles for Responsible Investment and RIAA ethical certification requirements.

U Ethical avoids investing in companies that:



cause unacceptable damage to the natural environment



infringe on human rights



have unacceptable occupational health and safety practices



support oppressive regimes



cause or perpetuate injustice and suffering



do not comply with the United Nations Global Compact Principles

Our screening approach means we systematically exclude the following industries due to their inherent negative impacts:



fossil fuels



uranium for non-medical uses



controversial, civilian and conventional weapons



adult entertainment



gambling



animal cruelty



alcohol production



tobacco manufacturing

Our positive screen seeks out companies that promote human welfare and dignity or environmental sustainability. We screen positively for sectors such as:



clean energy



sustainable agriculture



recycling and reuse



employment



community and education services



health care

Our impact

As a not-for-profit social enterprise, most of our surplus goes to community programs and social justice advocacy initiatives. Since 1995, we have made over \$60 million in charitable grants.



Family support



Asylum seekers



Environmental protection



Payday lender legislation



Domestic violence



Helping the homeless



Affordable housing



Restricting credit card gambling



Pensioner support



Aboriginal and Torres Strait Islander support



Modern slavery advocacy

To find out more about investing with U Ethical, visit www.uethical.com or contact our Client Services Team on **1800 996 888**



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Important information

This document has been prepared by Uniting Ethical Investors Limited (a registered business name of Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147) in relation to the U Ethical Cash Management Trust, U Ethical Australian Equities Trust, U Ethical Cash Management Trust - Wholesale, U Ethical Enhanced Income Trust - Wholesale, U Ethical Diversified Income Trust - Wholesale, U Ethical Australian Equities Trust - Wholesale, U Ethical International Equities Trust - Wholesale and U Ethical Growth Portfolio (collectively, Funds).

The information provided is general information only. It does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any of the U Ethical Funds for which U Ethical is the issuer, trustee, responsible entity, manager or administrator. It does not take into account your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a Fund(s), you should seek independent financial advice and read the applicable product disclosure statement, information memorandum or offer document, which can be found on our website or by calling us on 1800 996 888.

Debentures in the U Ethical Growth Portfolio are issued by UCA Growth Fund Limited ABN 39 075 948 435 (UCA Growth) and managed by U Ethical.

U Ethical Growth Portfolio is not prudentially supervised by the Australian Prudential Regulation Authority (APRA) and operate under APRA's Banking Exemption No.1 as religious charitable development funds. Therefore, an investor in the Portfolio will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. Investments in the Portfolios will be used to support the charitable purposes of the Portfolio.

UCA Growth relies on the exemptions under section 5(1) and 5 (2) of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813. Investors are notified that the debentures in the Portfolio and their offering, are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC, and have not been approved or examined by ASIC. Investors in the Portfolios may be unable to get some or all of their money back when the investor expects or at all. Investment in the Portfolios is not comparable to investments with banks, finance companies or fund managers.

