The U Ethical Australian Equities Trust
ABN 20 580 668 924
ARSN 610 023 606

The U Ethical Australian Equities Trust is a registered managed investment scheme, domiciled in the state of Victoria in Australia.

The Responsible Entity of the Trust is: Uniting Ethical Investors Limited
ABN 46 102 469 821
AFSL 294147

The Responsible Entity of the Trust is wholly owned by The Uniting Church in Australia Property Trust (Victoria) & The Uniting Church in Australia Property Trust (Tas.)

The Manager of the Trust is: Uniting Ethical Investors Limited
ABN 46 102 469 821

The Responsible Entity’s registered office is: Level 5, 130 Little Collins Street
Melbourne
Victoria 3000
Australia

Auditor: Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne
Victoria 3000
Australia

Custodian & Administrator: Northern Trust Corporation
Level 47, 80 Collins Street
Melbourne
Victoria 3000
Australia
Directors' Report

The directors of Uniting Ethical Investors Limited, the Responsible Entity of the U Ethical Australian Equities Trust (“the Trust”) present their report together with the financial report of the Trust for the 6 months ended 31 December 2019.

Principal activities
The Trust invests in accordance with an Asset Allocation Range as set out in its current Product Disclosure Statement, Additional Information Booklet and in accordance with the provisions of its governing documents.

The Trust’s investment strategy is to invest in Australian listed shares, cash, listed property trusts, fixed interest securities, mortgages and community impact loans.

Directors
The following persons held office as directors of the Responsible Entity of the Trust during the period and up to the date of this report.

J Bell  Non-Executive Director
M Browning  Executive Director and Chief Executive Officer
D Cousins  Non-Executive Director - Chairperson
  Chairperson - People & Nomination Committee
L Mann  Non-Executive Director, Chairperson - Investment Committee
T McCredden  Non-Executive Director
Z Pavri  Non-Executive Director
F Pearse  Non-Executive Director
D Ralston  Non-Executive Director
D Watson*  Non-Executive Director - Chairperson - Audit, Risk & Compliance Committee
K Williams  Non-Executive Director

* D Watson retired as a partner of Deloitte in May 2013, at which time Deloitte was the auditor of the Responsible Entity (Uniting Ethical Investors Limited), and was appointed a Director on 1 February 2016

Information on Company Secretary

Ms Leeanne Lukaitis B Bus, ASA
Company Secretary. Ms Lukaitis also fills the role of Director Finance.

Review of operations
The performance of the Trust, as represented by the results of its operations, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended 31 December 2019</th>
<th>6 months period ended 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) attributable to unitholders ($)</td>
<td>3,817,226</td>
<td>(5,362,072)</td>
</tr>
<tr>
<td>Distributions paid/payable ($)</td>
<td>1,151,246</td>
<td>1,172,125</td>
</tr>
</tbody>
</table>

Total Performance
The total return of the Trust for the reporting period ended 31 December 2019 was 5.88% (2018: -8.86%).

Significant changes in state of affairs
In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the period under review.

Environmental regulation
The Trust is not subject to any particular or significant environmental regulation under a Commonwealth, State or Territory law.
Matters subsequent to the end of the reporting period
Since the end of the half-year, there has been an increase in market volatility primarily driven by speculation arising from
the outbreak of the Novel Coronavirus (COVID-19). The current situation with regards to COVID-19 is emerging and
therefore there are challenges in assessing its impact to financial markets. Notwithstanding this, the Trust’s unit price, which
is based on the valuation of its assets and liabilities, has experienced an increase in volatility in the period subsequent to
half-year end.

Other than the above significant event, no other matter or circumstances have occurred since the end of the reporting
period which would impact on the financial position of the Trust as disclosed in the statement of financial position as at
31 December 2019 or on the results and cash flows of the Trust for the half-year ended on that date that have significantly
affected, or may significantly affect:

(i) the operations of the Trust in future financial periods, or
(ii) the results of those operations in future financial periods, or
(iii) the state of affairs of the Trust in future financial periods.

Likely developments and expected results of operations
The results of the Trust’s operations will be affected by a number of factors, including the performance of investment
markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past
returns. Since investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors
No insurance premiums are paid out of the assets of the Trust in relation to insurance cover provided to either the officers
of the Responsible Entity of the Trust or the auditor of the Trust.

Under clause 4.11.2 of the Regulations of The Uniting Church in Australia, a member of a Church Council or other body
responsible for the management and administration of property shall be indemnified against liability for any matter or thing
done or liability incurred in the performance of functions as a member thereof except in the case of fraud, criminal act,
gross negligence or wilful misconduct.

As at the date of this report, Uniting Ethical Investors Limited has paid a premium in respect of a contract insuring the
Directors and Officers of the company (as named above) and of any other related body corporate against any liability
incurred as such a Director or Officer to the extent permitted by the Corporations Act 2001. Due to the confidentiality
undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

The Responsible Entity has not otherwise, during or since the end of the reporting period, except to the extent permitted by
law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate
against a liability incurred as such an officer or auditor.

Interests in the Trust
The movement in units on issue in the Trust during the period is set out in Note 4 of the financial statements.

Value of assets
The value of the Trust’s total assets at 31 December 2019 was $74,877,090 (30 June 2019: $63,694,322).

Options granted
No options were granted at the trust level during the period.

Rounding of amounts
The Trust is a trust of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument
2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors’ report and
the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.
Auditor’s Independence Declaration

Auditor’s Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of directors of the Responsible Entity of the Trust, Uniting Ethical Investors Limited.

D Cousins
Director
Melbourne
12 March 2020

M Browning
Director
12 March 2020

The Board of Directors
Uniting Ethical Investors Limited
130 Little Collins Street
MELBOURNE VIC 3000

Dear Board Members,

**Independence Declaration – U Ethical Australian Equities Trust**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Uniting Ethical Investors Limited, the Responsible Entity, regarding the half-year financial report for U Ethical Australian Equities Trust.

As lead audit partner for the review of the financial statements of U Ethical Australian Equities Trust for the financial half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) Any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants
Directors’ Declaration

The directors of the Responsible Entity declare that:

(a) In the directors’ opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) In the directors’ opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 of the financial statements; and

(c) In the directors’ opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, Unitiing Ethical Investors Limited.

D Cousins
Director

M Browning
Director

Melbourne
12 March 2020
## Statement of Profit and Loss and Other Comprehensive Income

<table>
<thead>
<tr>
<th>Notes</th>
<th>6 months period ended 31 December 2019</th>
<th>6 months period ended 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td></td>
</tr>
</tbody>
</table>

### Investment income

- **Interest income from UCA Cash Management Fund Limited**<br> 69 45
- **Dividend income**<br> 1,304 1,111
- **Net gain/(loss) on financial assets at fair value through profit or loss**<br> 3 2,901 (6,161)

**Total investment income/(loss)**<br> 4,274 (5,005)

### Expenses

- **Management fee – Uniting Ethical Investors Limited**<br> 419 328
- **Recoverable expenses – Uniting Ethical Investors Limited**<br> 17 14
- **Other operating expenses**<br> 20 15

**Total expenses**<br> 456 357

### Profit/(loss) attributable to unitholders

3,818 (5,362)

### Other comprehensive income for the reporting period

**Other comprehensive income for the reporting period**<br> - -

**Total comprehensive income for the reporting period**<br> 3,818 (5,362)

The above Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.
### Statement of Financial Position

<table>
<thead>
<tr>
<th>Notes</th>
<th>As at 31 December 2019</th>
<th>As at 30 June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>5,965</td>
<td>3,962</td>
</tr>
<tr>
<td>Income receivable</td>
<td>179</td>
<td>292</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Listed equities</td>
<td>7</td>
<td>68,733</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>74,877</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions payable</td>
<td>5</td>
<td>1,151</td>
</tr>
<tr>
<td>Other payables</td>
<td>84</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total liabilities (excluding net assets attributable to unitholders)</strong></td>
<td></td>
<td>1,235</td>
</tr>
<tr>
<td><strong>Net assets attributable to unitholders-equity</strong></td>
<td>4</td>
<td>73,642</td>
</tr>
</tbody>
</table>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
Statement of Cash Flows

<table>
<thead>
<tr>
<th>Notes</th>
<th>6 months period ended 31 December 2019</th>
<th>6 months period ended 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received from UCA Cash Management Fund Limited</td>
<td>69</td>
<td>30</td>
</tr>
<tr>
<td>Dividends received</td>
<td>1,421</td>
<td>1,454</td>
</tr>
<tr>
<td>Purchase of financial assets</td>
<td>(24,912)</td>
<td>(11,705)</td>
</tr>
<tr>
<td>Sale of financial assets</td>
<td>16,517</td>
<td>9,785</td>
</tr>
<tr>
<td>Management fees paid</td>
<td>(404)</td>
<td>(331)</td>
</tr>
<tr>
<td>Recoverable fees paid</td>
<td>(17)</td>
<td>(14)</td>
</tr>
<tr>
<td>Other operating expenses paid</td>
<td>(20)</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td>(7,346)</td>
<td>(796)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions paid to unitholders</td>
<td>(675)</td>
<td>(225)</td>
</tr>
<tr>
<td>Proceeds from applications by unitholders</td>
<td>4</td>
<td>10,844</td>
</tr>
<tr>
<td>Payments for redemptions by unitholders</td>
<td>4</td>
<td>(2,823)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from financing activities</strong></td>
<td>7,346</td>
<td>796</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of the reporting period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the reporting period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash operating and financing activities</td>
<td>4</td>
<td>1,887</td>
</tr>
</tbody>
</table>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.
## Statement of Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended 31 December</th>
<th>6 months period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 $'000</td>
<td>2018 $'000</td>
</tr>
<tr>
<td>Total equity at the beginning of the reporting period</td>
<td>61,067</td>
<td>57,745</td>
</tr>
</tbody>
</table>

### Comprehensive income for the reporting period

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) for the reporting period attributable to unitholders</td>
<td>3,818</td>
<td>(5,362)</td>
</tr>
<tr>
<td>Other comprehensive income for the reporting period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the reporting period</strong></td>
<td>3,818</td>
<td>(5,362)</td>
</tr>
</tbody>
</table>

### Transactions with unitholders

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications</td>
<td>4</td>
<td>10,844</td>
</tr>
<tr>
<td>Redemptions</td>
<td>4</td>
<td>(2,823)</td>
</tr>
<tr>
<td>Distributions reinvested</td>
<td>4</td>
<td>1,887</td>
</tr>
<tr>
<td>Distributions paid and payable</td>
<td>5</td>
<td>(1,151)</td>
</tr>
<tr>
<td><strong>Total transactions with unitholders</strong></td>
<td>8,757</td>
<td>420</td>
</tr>
<tr>
<td><strong>Total equity at the end of the reporting period</strong></td>
<td>73,642</td>
<td>52,803</td>
</tr>
</tbody>
</table>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
Note 1: General Information

This general purpose financial report includes the financial statements and notes of the U Ethical Australian Equities Trust ("the Trust") for the 6 month reporting period ended 31 December 2019 (the "reporting period").

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent financial report.

This financial report covers the Trust as an individual entity.

The Responsible Entity of the Trust is Uniting Ethical Investors Limited (U Ethical). The Responsible Entity of the Trust’s registered office and principal place of business is Level 5, 130 Little Collins Street, Melbourne, Victoria 3000.

The financial statements were authorised by the directors of the Responsible Entity of the Trust on 12 March 2020.

The Trust does not guarantee an income stream or return of capital.

Unitholders

The Trust is a growth fund for retail and wholesale investors. It is designed for investors wishing to invest according to socially responsible and ethical principles.

Note 2: Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation

This condensed consolidated financial report has been prepared in accordance with Australian Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Trust, comprising the financial statements and notes hereto complies with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value with changes in fair value recognised through the Statement of Profit and Loss and Other Comprehensive Income.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Trust’s annual financial report for the financial year ended 30 June 2019. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Net assets attributable to unitholders

Units are redeemable at the unitholders’ option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Trust at any time for cash based on the redemption price, which is equal to a proportionate share of the Trust’s net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercised the right to put the unit back to the Trust. This amount represents the expected cash flows on redemption of these units.

-11-
Units are classified as equity when they satisfy the following criteria under AASB 132 Financial Instruments: Presentation:

- The puttable financial instrument entitles the holder to a pro-rata share of the net assets in the event of the Trust's liquidation;
- The puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- The puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instruments; and
- The total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(c) Critical accounting judgements and key sources of estimation uncertainty

There have not been any critical accounting judgements or estimations made in the preparation of the financial statements for the reporting period.

For the majority of the Trust's financial instruments, current observable prices are readily available. When current observable prices are not readily available, the fair value of such instruments are determined by using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel independent of the area that created them. Where models are relied upon, they use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of the Trust's financial instruments.

Note 3: Net realised and unrealised gain/(loss)

(a) Net unrealised gain/(loss) on financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December</td>
<td>31 December</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td></td>
</tr>
<tr>
<td>Listed Australian Equities</td>
<td>3,130</td>
<td>570</td>
<td></td>
</tr>
<tr>
<td>Net unrealised gain/(loss) on financial assets at fair value through profit or loss</td>
<td><strong>3,130</strong></td>
<td><strong>570</strong></td>
<td></td>
</tr>
</tbody>
</table>

(b) Net realised gain/(loss) on financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December</td>
<td>31 December</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td></td>
</tr>
<tr>
<td>Listed Australian Equities</td>
<td>(229)</td>
<td>(6,731)</td>
<td></td>
</tr>
<tr>
<td>Net realised gain/(loss) on financial assets at fair value through profit or loss</td>
<td><strong>(229)</strong></td>
<td><strong>(6,731)</strong></td>
<td></td>
</tr>
<tr>
<td>Net realised and unrealised gain/(loss)</td>
<td><strong>2,901</strong></td>
<td><strong>(6,161)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note 4: Net Assets Attributable to unitholders

Under AASB 132 Financial Instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Trust shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.
Movements in unitholders' funds during the reporting period were:

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended</th>
<th></th>
<th>6 months period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December 2019</td>
<td></td>
<td>31 December 2018</td>
</tr>
<tr>
<td>No. of Units '000</td>
<td>$'000</td>
<td>No. of Units '000</td>
<td>$'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>37,426</td>
<td>$61,067</td>
<td>36,324</td>
</tr>
<tr>
<td>Applications</td>
<td>6,407</td>
<td>10,844</td>
<td>2,272</td>
</tr>
<tr>
<td>Redemptions</td>
<td>(1,696)</td>
<td>(2,823)</td>
<td>(1,699)</td>
</tr>
<tr>
<td>Distributions reinvested</td>
<td>1,157</td>
<td>1,887</td>
<td>359</td>
</tr>
<tr>
<td>Distributions paid and payable</td>
<td>-</td>
<td>(1,151)</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(loss) for the reporting period</td>
<td>-</td>
<td>3,818</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td>43,294</td>
<td>73,642</td>
<td>37,256</td>
</tr>
</tbody>
</table>

As stipulated within the Trust’s Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Units are redeemed on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

**Note 5: Distributions to unitholders**

|                                | 6 months period ended |                                | 6 months period ended |
|                                | 31 December 2019      |                                | 31 December 2018      |
| The distributions were made as follows: | $'000 | CPU* | $'000 | CPU* |
| 31 December                    | 1,151                | 2.66                           | 1,172                 | 3.15                  |

*CPU = cents per unit

**Note 6: Fair value measurement**

<table>
<thead>
<tr>
<th></th>
<th>Amount at 31 December 2019</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>5,965</td>
<td>-</td>
<td>5,965</td>
<td>-</td>
</tr>
<tr>
<td>Listed equities</td>
<td>68,733</td>
<td>68,733</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>74,698</td>
<td>68,733</td>
<td>5,965</td>
<td>-</td>
</tr>
</tbody>
</table>
Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date, without any deduction for transaction costs.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments that trade in markets that are not considered active but values are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified with Level 2. These include the Investment in UCA Cash Management Fund Limited which is a financial instrument that trades in markets that are not considered active but the underlying asset values are mainly based on quoted market prices and cash equivalents.

Level 3 fair value measurements are those derived from valuation techniques that included inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The Directors have classified the investment in the UCA Cash Management Fund Limited as Level 2 on the basis that active markets with significant trading frequency and market volume do not exist.

Note 7: Events occurring after balance sheet date

Since the end of the half-year, there has been an increase in market volatility primarily driven by speculation arising from the outbreak of the Novel Coronavirus (COVID-19). The current situation with regards to COVID-19 is emerging and therefore there are challenges in assessing its impact to financial markets. Notwithstanding this, the Trust’s unit price, which is based on the valuation of its assets and liabilities, has experienced an increase in volatility in the period subsequent to half-year end.

Other than the above, no other significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust as disclosed in the statement of financial position as at 31 December 2019 or on the results and cash flows of the Trust for the half-year ended on that date.

Note 8: Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2019.
Independent Auditor’s Review Report to the
unitholders of U Ethical Australian Equities Trust


We have reviewed the accompanying half-year financial report of U Ethical Australian Equities Trust (the “Trust”), which comprises the statement of financial position as at 31 December 2019, and statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the Trust.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity of the Trust (the “Directors”) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Trust’s financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor’s Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor’s review report.
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Trust is not in accordance with the Corporations Act 2001, including:

(a) Giving a true and fair view of the Trust’s financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and


DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants
Melbourne, 12 March 2020