

Quarterly Performance Review

u ethical International Equities Trust - Wholesale

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March 2025

A high-conviction and actively managed portfolio of international equities designed to combine positive impact with competitive financial returns.

Benefits and risks

- Targeted portfolio alignment with United Nations Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) ratings
- Suggested minimum investment horizon - 7 to 10 years
- High-risk profile

Investment objective

The Trust seeks to achieve competitive market returns over the long term, while limiting harm and creating positive impact through the implementation of U Ethical's Ethical Investment Policy. The Trust is an actively managed high-conviction fund that's designed for investors who seek exposure to international equities aligned to UN SDGs and positive ESG ratings. Through a focus on high quality companies with strong fundamentals that are trading at acceptable valuations the Trust aims to outperform the benchmark over a rolling 5-year period.

Performance

	3 months %	6 months %	1 year % p.a.	5 years % p.a.	10 years % p.a.	Since inception % p.a.
U Ethical International Equities Trust - Wholesale [†]	-1.51	11.55	15.37	11.76	11.97	14.36
Benchmark	-2.41	9.42	12.25	15.75	11.86	13.69
Relative performance	0.90	2.13	3.12	-3.99	0.11	0.67

Past performance is not indicative of future performance.

[†]Based on exit price with distributions reinvested, including franking credits and net of all fees.

Issued by Uniting Ethical Investors Limited trading as U Ethical ABN 46 102 469 821 AFSL 294147

1 On 1 August 2019, the Portfolio was transferred from a sub-account of the U Ethical Growth Portfolio into a unit trust, the U Ethical International Equities Trust (Trust). The Trust retains the same investment manager and investment strategy, and charges management cost of up to 0.90% p.a.

2 This figure contains \$26.530 million invested by the U Ethical Growth Portfolio product.

3 From inception to 30 June 2019, performance is that of the U Ethical International Equities Portfolio (the Portfolio) with management costs adjusted from 0.80% to 0.90%.

Fund information



Assigned as of 28/02/2025
Analyst-Driven 0%
Data Coverage 90%

Morningstar Sustainability Rating™



Out of 8319 Australia & New Zealand Equity Funds as of 31/01/2025. Based on 87.71 percent of eligible corporate AUM and 0 percent of eligible sovereign AUM. Data is based on long positions only.

MSCI
ESG RATINGS

CCC B BB BBB A AA AAA



Portfolio Manager	Cam Hardie
Chief investment officer	Jon Fernie
Inception date	1 August 2019 ¹
Total fund size (\$M)	\$76.04 ²
Benchmark	MSCI World Ex Australia TR Index(AUD)
Buy/sell spread	0.25%/0.25%
Management costs	Estimated up to 0.90% p.a. See Information Memorandum ³
Holdings range	20-50
Number of holdings	30
Targeted ESG rating	BBB

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Market Commentary

Since finalising this quarter's performance reports, markets have experienced extreme volatility largely driven by uncertainty surrounding proposed tariffs from President Donald Trump. Market reaction reflected concerns over potential trade disruptions and inflationary pressures. However, in recent days, a pause in tariffs for most trading partners contributed to a rebound across equity markets. Our portfolios have participated in this recovery, with several positions regaining ground lost earlier in the period.

Global equity markets were weaker in the March quarter as the US announced trade tariffs for China, Canada and Mexico increasing the risks of a global economic slowdown. In early April, 'Liberation Day' escalated this with a minimum 10% tariff on countries and additional measures where the US has large trade deficits such as the European Union and China. This led to the S&P 500 Index suffering its largest weekly drawdown since the pandemic. President Trump subsequently paused the additional tariffs on most trading partners for 90 days, although increased China duties to 125%. This in turn has seen China also raise tariffs significantly on US goods.

While certain companies will be more impacted, we view Australia as relatively well-placed given a 10% tariff level and the US only represents 5% of total exports. However, Australia will not be immune to a broader global slowdown and weaker Chinese activity is a concern given they are our largest trading partner.

Longer-term US bond yields have been volatile given fears of an increasing fiscal deficit and inflationary pressures. Given a significant rise in the 10-year yield to 4.4% in early April, this may have contributed to the pause in tariffs. The Federal Reserve has left interest rates in a target range of 4.25-4.50% since December, although will face a difficult balancing act if the US economy weakens and inflation rises. In Australia, the Reserve Bank of Australia (RBA) cut interest rates to 4.10% in February as domestic inflation continued to come down.

A pause in tariffs for most trading partners means the situation is not resolved and a slowdown in US and Chinese growth is a concern for the global economy. While a broad market sell-off may create longer-term opportunities for investors, earnings uncertainty means some caution is warranted. We expect markets will remain volatile near-term unless there is significant headway made in trade negotiations.

Portfolio Commentary

The Trust delivered a total return of -1.5% in the March quarter, outperforming the benchmark by 0.9%. Outperformance was driven by good stock selection, particularly in the Financials and Consumer Discretionary sectors. Sector allocation – no Energy exposure and an overweight Information Technology sector position – detracted from performance.

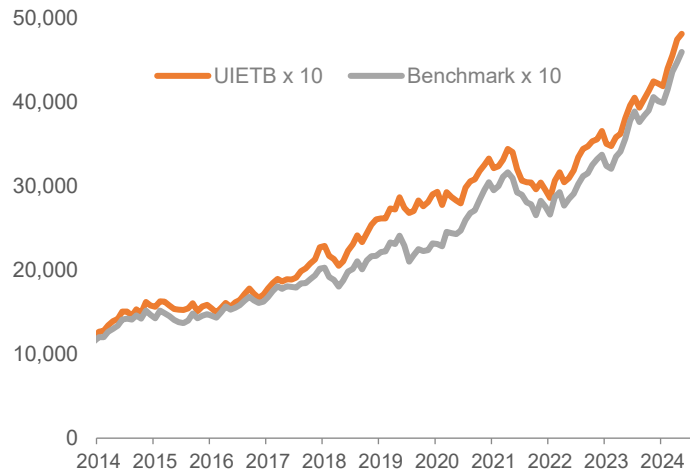
At the end of the quarter the Trust remained overweight Financials and Information Technology stocks. During the quarter Costco was added to the portfolio, while the position in Kimberly Clark was exited on valuation grounds. The position in financial services provider CME Group was increased as it should benefit from current market volatility. Positions in semiconductor companies TSMC and Nvidia were reduced, as well as rolling stock manufacturer Alstom following the positive share price response to the announcement of Germany's infrastructure fund.

Following the end of the March quarter global share markets have sold off significantly following the announcement of US government's global tariffs and uncertainty around economic implications. This is a very fluid situation at the time of writing, and has seen significant declines in share prices, particularly in the US.

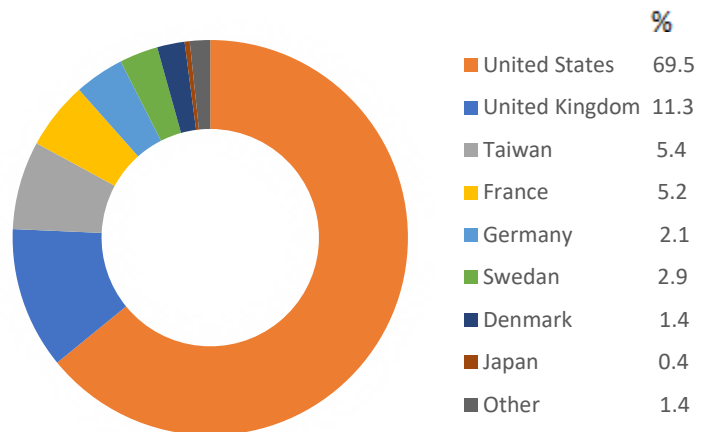
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Company	Weight %
Microsoft	7.8
Apple	6.4
Alphabet	6.2
Bank New York Mellon	6.0
BT Group	5.7
CME Group	5.7
TJX Companies	5.6
Visa	5.5
Mastercard	5.4
Taiwan Semiconductor Manufacturing	4.9
Total	59.3

Growth of \$10,000 invested†



Geographic exposure



U Ethical International Equities Trust - Wholesale

Ethical view

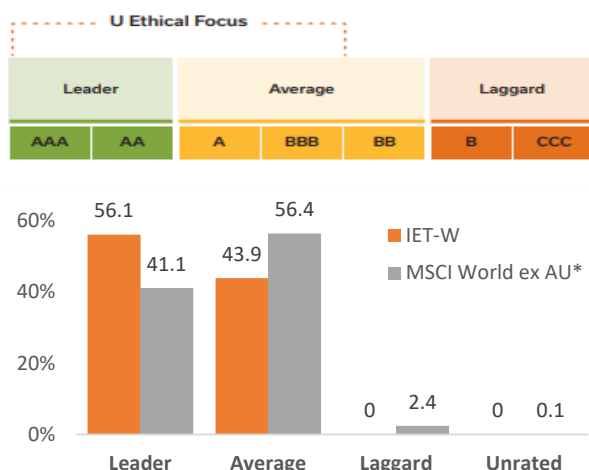
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

U Ethical pursues a values-based, risk-adjusted and, where possible for equities, SDG-aligned approach to investing. Our investment process seeks to ensure that our portfolio holdings are aligned with our clients' financial and ethical expectations.

U Ethical's investment process integrates ESG considerations with the aim of minimising investment risk and identifying investment opportunities. Informed by our ethical investment philosophy, we seek out companies producing goods or providing services that appropriately manage their impact on society and the environment according to industry best practice, industry standards and/or voluntary frameworks.

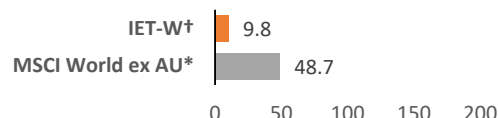
ESG ratings

ESG Ratings are designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. This helps identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.



Carbon footprint

Absolute emissions Scope 1&2. Tonnes CO2 equivalents per \$ million invested.



Carbon Metrics as of 31/01/2025. Based on 90% percent of eligible portfolio covered. Data is based on long positions only.

Engagement Update

U Ethical communicates with portfolio companies for a number of reasons, including to gain greater insight on ESG-related issues, communicate our preferences for best practice management of ESG risks and opportunities, and seek commitments for enhanced performance on ESG matters. U Ethical believes that stewardship and engagement is part of our responsibility as ethical investors.

This quarter, U Ethical wrote to portfolio companies SAP and Danone to garner additional insights into sources of revenue and compliance with our Ethical Investment Policy (EIP). Both companies responded and we continue to be satisfied with their performance as relates to the EIP.

U Ethical also signed a joint letter in support of proposed modern slavery legislation in New Zealand via our membership in Investors Against Slavery and Trafficking APAC (IAST-APAC). Participating in collaborative work such as this allows us to lend our voice regarding systemic ESG issues where regulation and/or legislation can contribute to lifting progress.

† This is based on a combination of company reported and MSCI estimated carbon data. Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission.* Constituent-level scores might be affected by MSCI ESG Research's ESG Rating model enhancements introduced on the 10th of November 2020.

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About U Ethical and your team

**U Ethical is an investment manager with a difference.
We believe in creating a better world by investing with
purpose—today and into the future.**

With the creation of our first funds in 1985, we have become one of the largest ethical investment managers in Australia with over \$1 billion in funds under management. We are also one of the few investment businesses in Australia to have been certified as a B Corporation. As a not-for-profit social enterprise, we grant the majority of our operating surplus to community programs.



U Ethical

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U Ethical is recognised as a Responsible Investment Leader 2024 by the Responsible Investment Association Australasia (RIAA). We are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

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Sustainability Rating as of 31/01/2025. Corporate and Sovereign Sustainability Score and Investment Style as of 31/01/2025. Morningstar's Sustainability Score incorporates Sustainalytics' company and country-level analysis.

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