

# Quarterly Performance Review

## U Ethical Australian Equities Trust - Institutional

APIR UGF4955AU

June 2025

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

### Benefits and risks

- Twice-yearly distributions of fund net income
- Exposure to an actively managed portfolio
- Suggested minimum investment horizon - 7 to 10 years
- High-risk profile

### Investment objective

The U Ethical Australian Equities Trust - Institutional has been developed for the long-term investor, and aims to outperform the benchmark after fees over rolling 5-year periods. It invests primarily in Australian shares as well as up to 10 per cent in fixed interest and cash.

### Fund information



Assigned as of  
31/05/2025  
Analyst-Driven 0%  
Data Coverage 91%



Morningstar Sustainability  
Rating™



Out of 489 Australia & New Zealand Equity Funds as of 30/04/2025. Based on 99.7 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

Responsible  
Investment  
Leader 2024



Portfolio Manager	Cam Hardie
Chief investment officer	Jon Fernie
Inception date	24 January 2024
Total fund size (\$M)	\$12.251
Benchmark	S&P/ASX 300 Accumulation Index
Buy/sell spread	0.25%/0.25% <sup>1</sup>
Management costs	Estimated up to 0.80% p.a. See Product Disclosure Statement
Holdings range	Typically hold 20-40
Number of holdings	34

### Performance

	1 month %	3 months %	6 months % p.a.	1 year % p.a.	3 years % p.a.	Since inception % p.a.
U Ethical Australian Equities Trust - Institutional†	1.99	9.36	5.59	13.94	0.00	14.77
Benchmark	1.42	9.48	6.36	13.74	0.00	13.37
Relative performance	0.57	-0.12	-0.77	0.20	0.00	1.40

Past performance is not indicative of future performance.

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

<sup>1</sup>The buy/sell spread is set at 0.25 per cent per unit and is rounded to the nearest cent.

† Based on exit price with distributions reinvested and are net of all fees.

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## Market Commentary

Global equity markets rallied over the quarter as the US government paused the implementation of tariffs and trade negotiations continued with a number of countries including China and the UK. While providing more reason for optimism, effective tariffs remain substantially higher than at the start of 2025 and the 90-day pause period finishes in early July. During the quarter, conflict in the middle east also intensified and the US became directly involved by targeting Iranian nuclear facilities. This led to a spike in energy prices, although a recent ceasefire has seen a pullback from highs.

The Reserve Bank of Australia (RBA) cut interest rates for a second time this year to 3.85% in May as annual trimmed mean inflation hit 2.4%. Q1 GDP growth was subdued at annualised growth of 1.3% and recent retail sales highlight consumer weakness. In the US, the Federal Reserve left interest rates in a target range of 4.25-4.50% given uncertainty over the impact of tariffs. Market expectations are for further easing over the next 12 months, although inflationary risks will need to be balanced with the prospect of weaker economic growth.

Post the quarter end, US congress passed Trump's One Big Beautiful Bill Act which includes extending previous tax cuts, reducing healthcare spending and clean energy incentives, as well as increased defence and border spending. Longer-term bond yields have been volatile given concerns over rising US federal debt and fiscal deficits (as well as trade war concerns), although have eased back to 4.2%.

Corporate earnings have remained solid in aggregate and easing monetary policy may be supportive for equities. However, we continue to believe some caution is warranted given ongoing trade uncertainty, a challenging geopolitical backdrop and relatively full equity valuations.

## Portfolio Commentary

The Trust delivered a total return of 9.4% in the June quarter, marginally underperforming the market by 0.1%. Stock selection was positive with good performance from Lynas Rare Earths, Sandfire Resources, Resmed, Cochlear and Brambles. This was offset by our underweight positions in Commonwealth Bank, as well as the Tech and Consumer Discretionary sectors.

The market moved 17.5% trough to peak in the period as the market embraced the US tariff roll-out pause which saw the market go on to make a new record high. The Tech sector also shook off concerns around DeepSeek's potential disruption of AI development and went on to be the strongest performing sector in the period, up 26.9% for the quarter.

During the quarter the position in Pilbara Minerals was exited, and NextDC and Xero were added to the Trust. Positions in Brambles, Telstra and QBE were reduced following share price strength while positions in Transurban, Computershare, Woolworths and Coles.

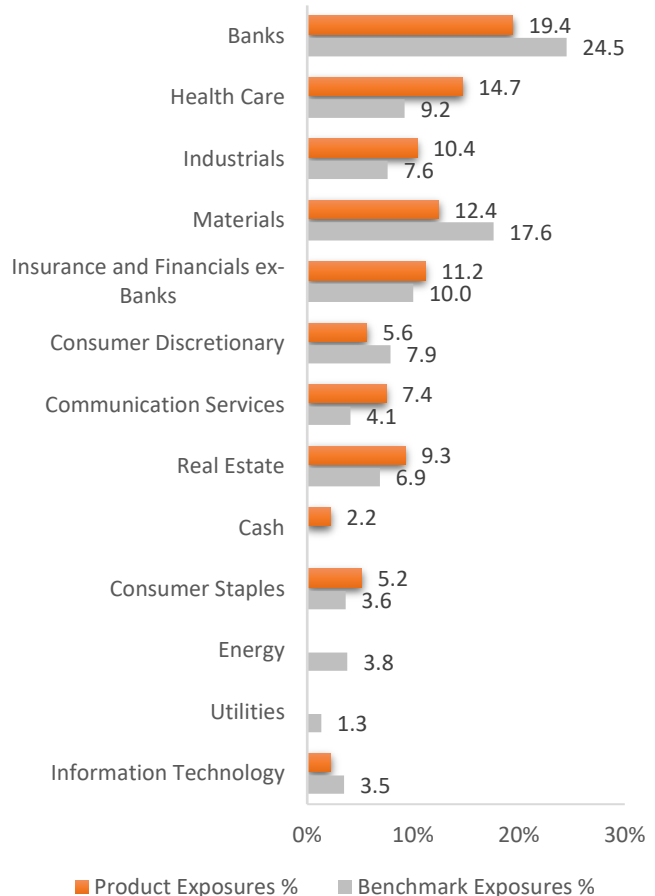
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## Top 10 holdings

## Weight %

Commonwealth Bank Of Australia	7.6
CSL Limited	7.0
Telstra Corporation	5.6
Goodman Group	5.6
Macquarie Group	4.7
National Australia Bank	4.3
ResMed	4.2
Fortescue Metals Group	4.2
Westpac Banking Corporation	3.9
Brambles	3.7
<b>Total</b>	<b>50.8</b>

## Sector exposure



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## Ethical view

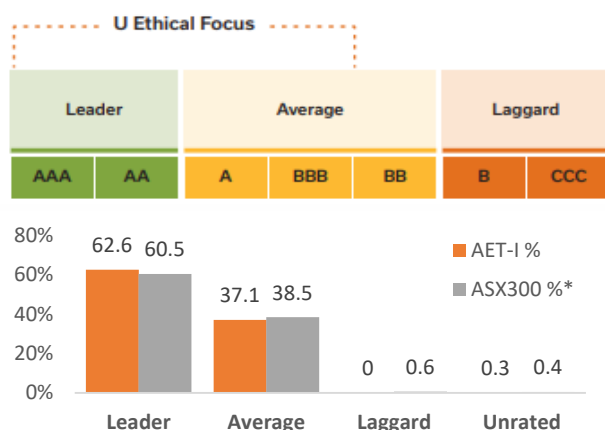
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

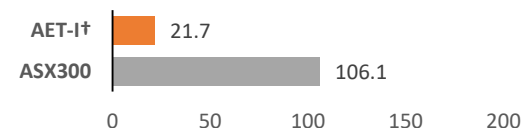


† This is based on a combination of company reported and MSCI estimated carbon data. Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission.\* Constituent-level scores might be affected by MSCI ESG Research's ESG Rating model enhancements introduced on the 10th of November 2020.

## Carbon footprint

Absolute emissions Scope 1&2.

Tonnes CO2 equivalents per \$ million invested.



Carbon Metrics as of 30/04/2025. Based on 99.7% 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.

During the quarter, we held meetings or discussions with the Wesfarmers, NEXTDC and Seek. U Ethical has also continued to step up its activity within collaborative engagement groups covering portfolio companies in the Australian and International Equities Trusts. This quarter, U Ethical became the lead investor in the collaborative engagement with Woolworths via Climate Action 100+. U Ethical also joined the Climate Action 100+ engagement group with Wesfarmers, a new addition to the list of companies covered by the initiative.

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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.



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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.

This document dated 30 June 2025 is provided by Uniting Ethical Investors Limited (ABN 46 102 469 821 AFSL 294147), trading as U Ethical the responsible entity of the U Ethical Australian Equities Trust (the "Fund").

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