

## Quarterly Performance Review

# u ethical Cash Management Trust - Wholesale

June 2025

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The U Ethical Cash Management Trust - Wholesale is a portfolio of cash and cash equivalents aiming to provide capital stability and ready access to your funds.

### Benefits and risks

- Suggested minimum investment horizon - 6 months
- Very low-risk profile

### Investment objective

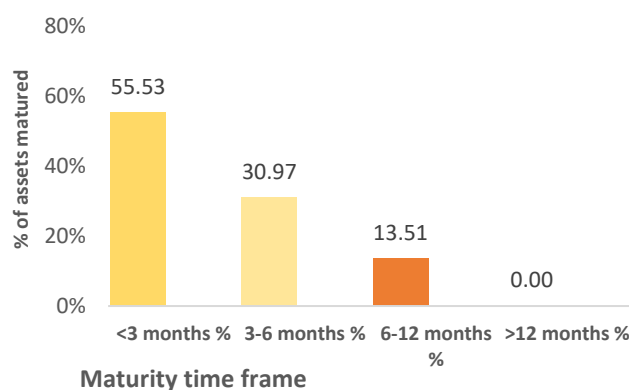
The U Ethical Cash Management Trust - Wholesale aims to compare favourably with comparable cash management trusts through a combination of cash and cash equivalent investments.

It is a very low risk investment option and suitable for short- term investment, while aiming to maintain a high level of capital stability. It aims to outperform the benchmark after fees over a rolling one-year period.

### Fund information

Portfolio Managers	Dandan Huang & Joshua Nappa
Chief investment officer	Jon Fernie
Inception date	1 July 2020
Total fund size (\$M)	\$101.342
Benchmark	The Reserve Bank of Australia (RBA) cash rate
Buy/sell spread	N/A
Management costs	Estimated up to 0.30% p.a. (See Information Memorandum)

### Maturity Profile



### Performance

	3 months %	6 months %	1 year % p.a.	3 years % p.a.	Inception % p.a.
Cash Management Trust - Wholesale†	1.09	2.23	4.65	4.12	2.55
Benchmark*	1.00	2.06	4.31	3.88	2.38
Relative performance	0.09	0.17	0.34	0.24	0.17

Past performance is not indicative of future performance.

Performance figures stated ending 31 December 2022 were overstated by 0.07% 3months, 0.08% 6months, 0.09% 1year and 0.04% since Inception due to a calculation error. These have now been corrected in the above table.

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

\* Reserve Bank of Australia cash rate.

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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 returned 1.09% for the quarter, outperforming the benchmark by 0.09% after fees. The outperformance was delivered via strategic positioning in longer-dated term deposits that locked in higher rates before the broad decline in BBSW rates.

Over the June quarter, the Bank Bill Swap (BBSW) curve shifted lower in a largely parallel fashion following continued market expectations of further RBA easing. All tenors declined by approximately 50 basis points, with the 1-month, 3-month and 6-month rates falling to 3.61%, 3.60% and 3.78% respectively. Notably, term premia compressed during the quarter, with the 6-month premium over 1-month BBSW narrowing from 20 basis points to 16 basis points.

The Trust tactically responded to the compressed term structure by reducing exposure to longer-dated deposits where the premium for extending maturity had diminished. This approach allowed the Trust to optimize returns as the relative value across the maturity spectrum evolved. Banks continued to offer competitive rates, but the flatter term structure reduced the incentive to extend duration significantly.

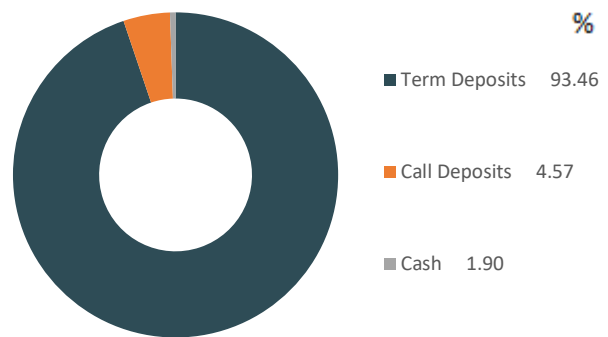
As a result, a combination of the Trust's responsive positioning to compressed term premia and longer-dated higher yield deposits, supported outperformance relative to the benchmark over the period.

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## Top 5 issuers

	%
National Australia Bank	38.10
Westpac Banking Corporation	18.10
Bendigo Bank	17.45
Bank of Queensland	13.12
BankVic	11.26

## Asset allocation by securities' type



## 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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