

U Ethical Growth Portfolio

Quarterly Performance Review | September 2025

A diversified portfolio of ethically screened Australian shares, international shares, listed property trusts and enhanced income designed specifically for not-for-profit and charitable organisations.

Fund information

Portfolio Manager	Jon Fernie
Chief Investment Officer	Jon Fernie
Inception date	1 July 1985*
Fund size	\$137.09m
Benchmark	70% S&P/ASX 300 Accumulation Index 10% MSCI World Ex Australia Net Total Return Index AUD (unhedged) 10% S&P/ASX 300 Real Estate Accumulation Index 5% Bloomberg AusBond Bank Bill Index 5% Bloomberg AusBond Composite 0-3 Yr Index
Buy/sell spread	0.20% / 0.20%
Management costs	Estimated up to 0.80% p.a.**
APIR code	UGL0002AU
Risk level	Medium to high
Suggested minimum investment horizon	5 years
Distribution frequency	Half yearly (June & December)

*Figure represents the sum of the underlying products within which it invests and includes franking credits.

**See Offer Document.

Investment objective

The U Ethical Growth Portfolio is more suitable for medium to long-term investment, and aims to provide a total return of 3 per cent above the rate of inflation (CPI +3%) over a rolling 5-year period.

It combines a strategic mix of Australian and international shares, listed property trusts, fixed interest and cash to achieve income and capital stability.

The Portfolio is available to not-for-profit organisations that are registered for charity tax concessions.

Performance summary

	3 months	1 year	3 years	5 years	10 years	20 years	Since inception
Fund	4.09%	9.73%	15.59%	11.52%	10.51%	8.35%	10.19%
Benchmark	4.66%	10.63%	15.04%	12.07%	9.60%	7.36%	N/A
Relative	-0.57%	-0.90%	0.55%	-0.55%	0.91%	0.99%	N/A

As at 30/09/2025. Benchmark: Composite benchmark 70% S&P/ASX 300 Accumulation Index, 10% MSCI World Ex Australia Net Total Return Index (AUD) (unhedged), 10% S&P/ASX 300 Real Estate Accumulation Index, 5% Bloomberg Ausbond Bank Bill Index, and 5% Bloomberg Ausbond Composite 0-3 Year Index. Inception date: 01/07/1985. Based on exit price with distributions reinvested, including franking credits and net of all fees. Australian dollars. **Past performance is not indicative of future performance.**



Market commentary

Global equity markets rose strongly over the quarter as further progress was made on trade negotiations and corporate earnings were ahead of expectations. While markets have largely shrugged off the impact of a higher US tariffs, this continues to be a risk for near-term US inflation and global growth.

The Reserve Bank of Australia (RBA) cut the target cash rate for a third time this year to 3.60% in August, but then left it unchanged at the September meeting. Domestic headline inflation for August came in above market forecasts at 3.0% with non-volatile items surprising to the upside; this has reduced expectations for further monetary policy easing this year. Australian GDP grew by 1.3% over the financial year ending 30 June, which was the weakest growth since the early 1990s (excluding the pandemic). However, the unemployment rate remains relatively low at 4.3%.

In the US, the federal funds rate target range was reduced by 25 basis points to 4.00-4.25% in September. While annualised inflation increased to 2.9% in August, the Federal Reserve appears to be looking through any near-term impact from tariffs and focus on the employment part of its mandate. The Federal Open Market Committee (FOMC) statement highlighted elevated economic uncertainty and downside risks to employment. Longer-term bond yields have remained volatile, although 10-year US Treasury yields finished the quarter modestly lower at 4.2%.

Post the end of the quarter, US government services have been partially suspended as Republicans and Democrats could not agree to pass a spending bill. The shutdown has led to some key September employment data not being published, which further complicates the task of the Federal Reserve. In China, the manufacturing purchasing managers' index (PMI) improved slightly in August, but had its sixth consecutive month in contractionary territory as the impact of higher US tariffs continues to bite.

US corporate earnings remained solid in aggregate with double-digit year-on-year growth in the second quarter being well ahead of expectations. However, this growth continues to be substantially driven by the Information Technology and Communication Services sectors that are benefitting from ongoing AI investment. The Australian reporting season was more mixed with some encouraging signs for domestic focussed companies, but more challenges for those with offshore operations. Overall, we saw negative earnings revisions, as well as significant share price volatility for companies that beat or missed expectations.

Looking ahead, further monetary policy easing may be supportive for equities, although any reacceleration in inflation will be a concern. We continue to believe some caution is warranted given high earnings growth expectations in a slowing economic environment and stretched equity valuations.



Portfolio commentary

The Growth Portfolio delivered a total return of 4.1% for the September quarter, which was 0.6% below the composite benchmark. Over the last 12 months, the Portfolio has provided a total return of 9.7%, underperforming the composite benchmark by 0.9%. Asset allocation slightly detracted from relative performance over the last year given more defensive positioning and being overweight fixed income. From an underlying asset class performance, international equities, listed property and fixed income outperformed their respective benchmarks while Australian equities underperformed.

Strong relative performance within international equities over the last 12 months was driven by a combination of sector allocation (benefitting from being overweight Financials and Communication Services) and stock selection. This included strong contributions from BNY Mellon, Taiwan Semiconductor Manufacturing and Alphabet. Novo Nordisk was the key disappointment due to lower earnings guidance.

Underperformance within Australian equities over the year was primarily driven by being overweight Health Care with the earnings outlook for CSL in particular underwhelming the market. Not holding any gold stocks was also a significant drag. Stock selection detracted slightly with good performance in the Materials sector (Lynas Rare Earths and Sandfire Resources) being more than offset by Financials (holding HMC Capital and being underweight Commonwealth Bank), Industrials (Computershare and Cleanaway Waste Management) and Real Estate (DigiCo and Goodman Group) sectors.

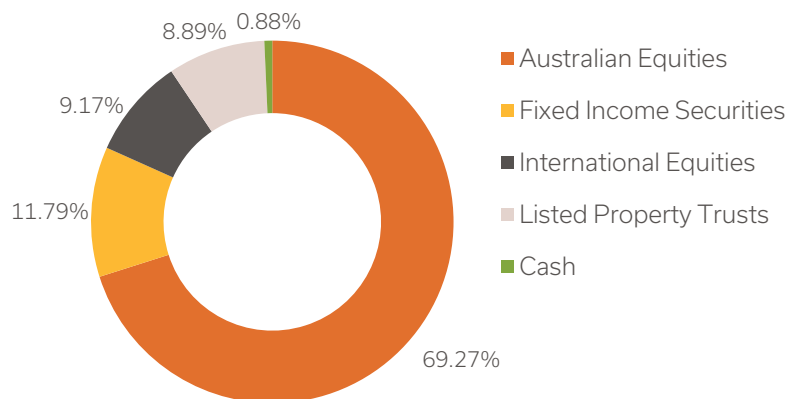
Global corporate earnings have been better than expected and further easing from central banks may provide support for equities. However, market expectations for earnings growth remains high for the next couple of years, adding to risk if this fails to materialise. Given equity market valuations also remain stretched, we remain marginally overweight fixed income and underweight Australian equities, international equities and listed property.

Top 10 holdings

Holdings	%
GOODMAN GROUP	7.1
COMMONWEALTH BANK OF AUSTRALIA	4.3
CSL LIMITED	3.9
FORTESCUE METALS GROUP LTD	3.6
WESTPAC BANKING CORPORATION	3.4
NATIONAL AUSTRALIA BANK LIMITED	3.2
TELSTRA CORPORATION LIMITED	3.2
MACQUARIE GROUP LIMITED	3.2
AUSTRALIA AND NEW ZEALAND BANKING I	3.1
RESMED INC.	2.9
Total	37.6

As at 30/09/2025.

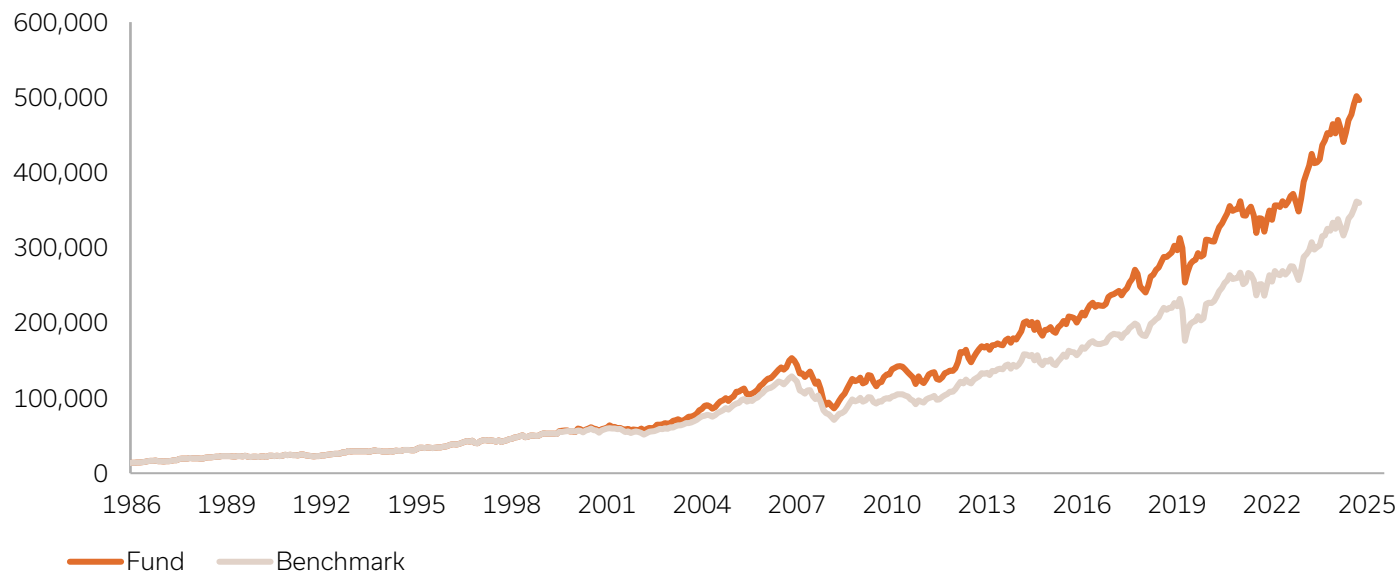
Asset allocation



As at 30/09/2025. The asset allocation breakdown relates to investment in underlying trusts and is not on a look-through basis. Cash represents cash held at bank.

Long-term performance

Growth of \$10,000 invested



As at 30/09/2025. Benchmark: Composite benchmark 70% S&P/ASX 300 Accumulation Index, 10% MSCI World Ex Australia Net Total Return Index (AUD) (unhedged), 10% S&P/ASX 300 Real Estate Accumulation Index, 5% Bloomberg Ausbond Bank Bill Index, and 5% Bloomberg Ausbond Composite 0-3 Year Index. Inception date: 01/07/1985. Based on exit price with distributions reinvested, including franking credits and net of all fees. Australian dollars. Past performance is not indicative of future performance.

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.

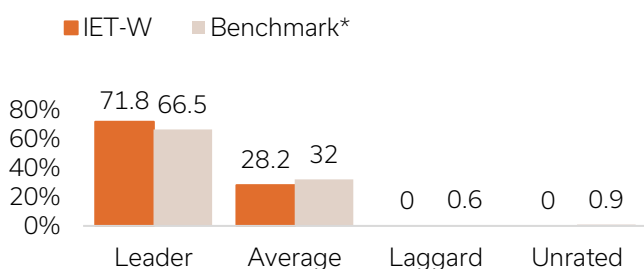
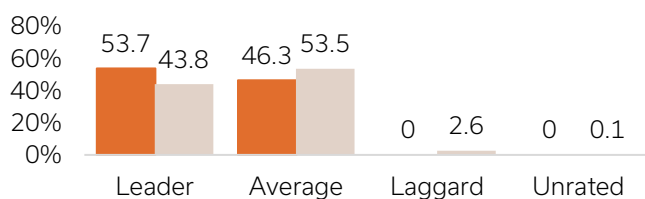
ESG ratings

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.

U Ethical focus

Leader		Average			Laggard	
AAA	AA	A	BBB	BB	B	CCC

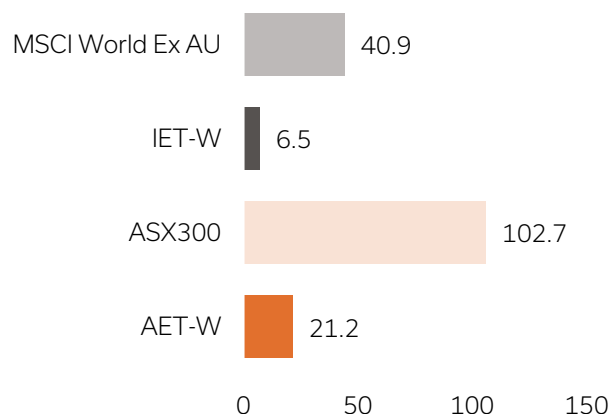


■ AET-W ■ Benchmark*

As at 30/09/2025. *Constituent-level scores might be affected by MSCI ESG Research's ESG Rating model enhancements introduced on 10/11/2020.

Carbon footprint

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



Source: MSCI ESG Research. As at 30/09/2025. Portfolio data based on a combination of company reported and MSCI estimated carbon data. Certain information ©2025 MSCI ESG Research LLC. Reproduced by permission.



Source: Morningstar. Carbon Metrics as of 31/08/2025. Based on 99.7% percent coverage of the AET-W portfolio and 100% coverage of the IET-W portfolio. Data is based on long positions only.

About U Ethical

Founded in 1985, U Ethical is one of Australia's first not-for-profit ethical fund managers. For over 40 years, our mission has remained the same: to invest with purpose. Today we manage over \$1.5 billion in funds under management, and our flagship Australian Equities strategy is a multi award-winner.

As a not-for-profit, we contribute our operating surplus to the Uniting Church to indirectly fund community and outreach programs. It is a powerful formula we call 'compounding good' – the better we do, the more we give.

Ratings and affiliations



Morningstar rating assigned 31/08/2025 (Analyst-driven 0%, Data coverage 91%). U Ethical was named a Responsible Investment Leader by Responsible Investment Association Australasia (RIAA) as of end 2024. Refer to the disclaimers page on our website www.ueethical.com/disclaimers for further information and disclaimers on these ratings.

Contact us

 info@ueethical.com

 1800 996 888

 www.ueethical.com

 Level 6, 130 Lonsdale Street
Melbourne VIC 3000

This document is issued by UCA Growth Fund Limited ("UCA Growth"), which issues debentures that are managed as U Ethical Growth Portfolio (the "Portfolio"). UCA Growth is a subsidiary of Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147, trading as U Ethical. U Ethical is the manager and administrator of the Portfolio.

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 the Portfolio. This information does not take into account your personal objectives, financial situation or needs.

Before acting on the information or deciding whether to acquire or hold interest in the Portfolio, you should consider whether the Portfolio is appropriate for you given your own objectives financial situation and needs. You should also consider the offer document and identification statement for the Portfolio. These documents are available on our website www.ueethical.com or by can be provided by calling us on 1800 996 888.

U Ethical and UCA Growth accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information.

All investments carry risks. There can be no assurance that the Portfolio will achieve its targeted rate of return. There is no guarantee against loss resulting from an investment in the Portfolio. Past performance is not indicative of future performance.

The Portfolio is not prudentially supervised by the Australian Prudential Regulation Authority. 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 Portfolio are intended to be a means for investors to support the charitable purposes of the Portfolio. Investment funds will be used to support the charitable purpose of the Portfolio, in the manner disclosed in the offer document. UCA Growth is required by law to notify you that an investment in the Portfolio is not subject to the usual protections for investors under the Corporations Act and regulations by ASIC, UCA Growth does not hold an Australian Financial Services Licence. The Portfolio is only intended to attract investors whose primary purpose for making an investment is to support the charitable purpose of the Portfolio. Investors may be unable to get some or all of their money back when they expect or at all. Investments in the Portfolio are not comparable to investments with banks, finance companies or fund managers.

Cover image credits: Unsplash.