U Ethical Growth Portfolio

Quarterly Performance Review | March 2026

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	$114.67m
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 p.a.	5 years p.a.	10 years p.a.	20 years p.a.	Since Inception p.a.
Fund	-6.09%	3.95%	8.96%	7.55%	8.98%	7.33%	9.84%
Benchmark	-3.67%	9.03%	9.37%	7.98%	8.76%	6.53%	N/A
Relative	-2.42%	-5.08%	-0.41%	-0.43%	0.22%	0.80%	N/A

As at 31/03/2026. 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

Volatility in global equity markets rose over the March quarter driven by conflict in the Middle East. Higher energy prices and the potential flow on effects for inflation, monetary policy and global economic growth remain key concerns for investors. The MSCI World Ex Australia TR Index (AUD) declined 6.2% over the quarter and the ASX 300 Accumulation Index retreated 2.0%.

In late February, there were joint US-Israeli strikes on Iranian nuclear and military infrastructure, which led to retaliation from Iran. Since that time there have been intense air campaigns, regional attacks by Iran (including on Saudi Arabia and Qatar) and an important energy shipping corridor, the Strait of Hormuz, has been largely closed. This has seen energy prices spike with Brent crude oil peaking close to US$120/barrel at the end of March. A fragile ceasefire was negotiated in early April with ongoing negotiations taking place as the US has increased its military presence in the region. The impact on global economic growth will depend on the duration of the war and the time to normalise energy production and supply chains afterwards.

Monetary policy over the quarter remained stable within major economies with the Federal Reserve, European Central Bank and Bank of Japan leaving target rates unchanged. However, the Reserve Bank of Australia (RBA) increased the cash rate by 25 basis points (bps) at both the February and March meetings with inflation remaining above target levels. Trimmed mean inflation in Australia remained steady in February rising 3.3% year-on-year with housing, recreation and food continuing to be key drivers. The market is currently pricing in two further cash rate hikes this year. Australian GDP growth over 2025 lifted to 2.6% supported by solid private and public demand, while the unemployment rate remains relatively low at 4.3%.

In the US, the federal funds rate target range was maintained at 3.50-3.75% during the quarter. The Federal Open Market Committee (FOMC) statement continued to highlight elevated economic uncertainty including from the conflict in the Middle East. Kevin Warsh is expected to take over as Federal Reserve Chair in mid-May and has more recently advocated for further easing despite a "hawkish" reputation during his previous stint as a Federal Reserve Governor. Core inflation (excluding food and energy) in the US rose to 2.6% over the 12 months to March. US GDP growth for the December quarter was below expectations, leading to 2025 growth below prior years at 2.1% supporting the case for further easing if inflation can be contained.

In China, a GDP growth target range of 4.5% to 5.0% has been set for 2026 as the country continues to navigate a challenging property market and weak domestic consumption. European Union GDP growth was modest at 1.6% for 2025 with Germany, France and Italy economic activity remaining subdued. Global longer-term government bond yields were volatile over the quarter although generally finished higher. US 10-year Treasury yields ranged from 3.9% to 4.4% during the period and finished at 4.2%.

Corporate earnings growth has been solid with AI investment remaining strong from large tech companies. Earnings revisions have been positive over the quarter, despite companies perceived to be at risk of AI disruption continuing to selloff. The recent pullback in equity markets has seen valuations moderate, although a prolonged and/or escalating conflict in Iran remains a risk for earnings and will likely mean further central bank easing is pushed out. While markets have generally brushed off geopolitical events historically, given this backdrop we are slightly more cautious on the near-term outlook for equities.

Portfolio commentary

The Growth Portfolio delivered a total return of -6.1% for the March quarter, which was 2.4% below the composite benchmark. Asset allocation has been positive for relative returns over the quarter given more defensive positioning and underperformance within Australian and international equities has been the key drag. Over the last 12 months, the Portfolio has provided a total return of 4.0%, underperforming the composite benchmark by 5.1%. During that period, underperformance within Australian equities has been the main detractor with asset allocation also a drag given more defensive positioning as equity markets continued to rally.

For the Australian equities exposure, substantial underperformance over the last year was primarily driven by sector allocation due to being overweight Health Care (which underperformed the broader market) and underweight the Materials sector (outperformed as commodity prices remains robust). Ethical exclusions were a 3.2% headwind for relative performance due to strong returns for both the Energy sector and BHP. Holding no exposure to gold stocks was also a 1.5% headwind compared to the benchmark. Stock selection was positive over the year with top contributors being Lynas Rare Earths ResMed and NextDC.

Outperformance within international equities over the last 12 months was mainly due to stock selection with strong contributions from Taiwan Semiconductor Manufacturing, Alphabet, GSK, Bank of New York Mello, and TJX Companies. Detractors included Information technology stocks Microsoft, Broadcom, ServiceNow and SAP. After a period of solid performance in 2025, Visa and Mastercard also underperformed due to concerns on regulatory scrutiny of the US payments industry. Sector allocation was a detractor over the 12 months given an underweight position in the Energy sector (outperformed) and underweight Financials (underperformed).

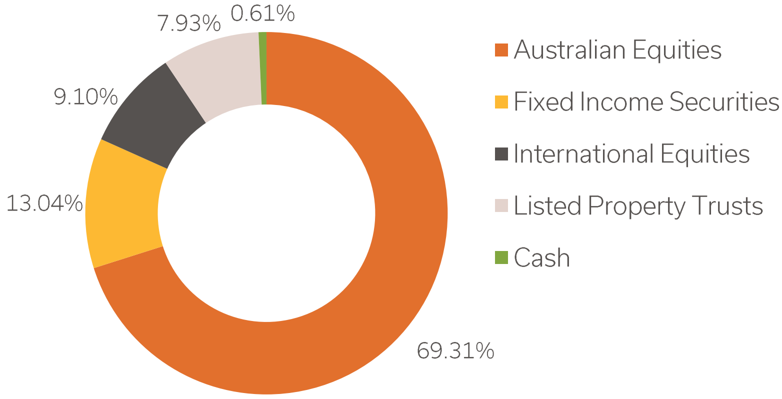
Global corporate earnings have remained solid, despite ongoing concerns over an AI bubble and private market risks. Earnings revisions have continued to be positive, although a prolonged conflict in the Middle East will have flow on effects for economic growth and inflation. Further monetary policy easing in the US may be pushed out and we believe there are likely to be more RBA cash rate hikes this year, which will be less supportive for equities. Given ongoing uncertainty, we have increased our overweight exposure to fixed income and remained slightly underweight Australian equities, international equities and listed property.

Top 10 holdings

Holdings	%
GOODMAN GROUP	6.1
COMMONWEALTH BANK OF AUSTRALIA	5.7
TELSTRA CORPORATION LIMITED	4.7
FORTESCUE METALS GROUP LTD	3.9
WESTPAC BANKING CORPORATION	3.7
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIM	3.6
NATIONAL AUSTRALIA BANK LIMITED	3.6
MACQUARIE GROUP LIMITED	3.2
WOOLWORTHS GROUP LIMITED	3.2
CSL LIMITED	3.1
Total	40.7

As at 31/03/2026.

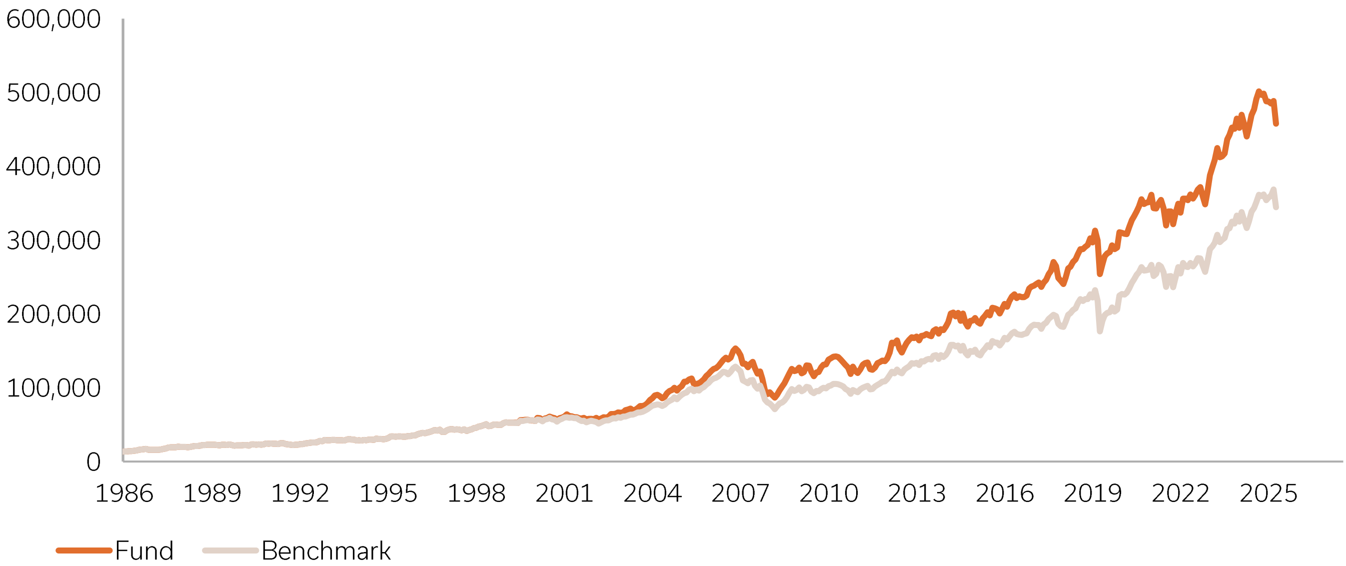
Asset allocation



As at 31/03/2026. 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



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Issued by UCA Growth Fund Limited ABN 39 075 948 435.
Managed and administered by Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147

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.

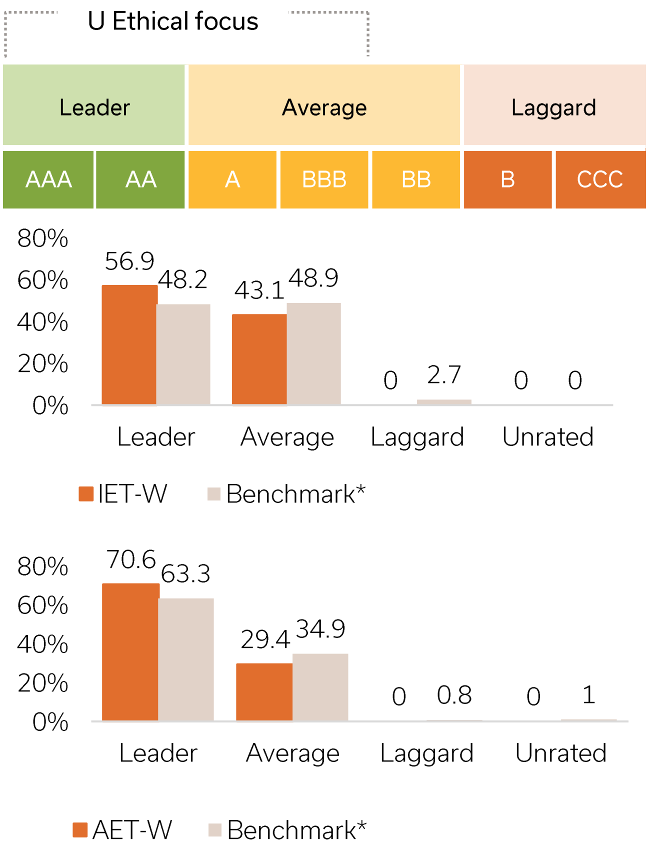
U Ethical pursues a values-based, risk-adjusted and, where possible for equities, SDG-aligned approach to investing. Our investment process seeks to ensure that our portfolio holdings are aligned with our clients' financial and ethical expectations.

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.

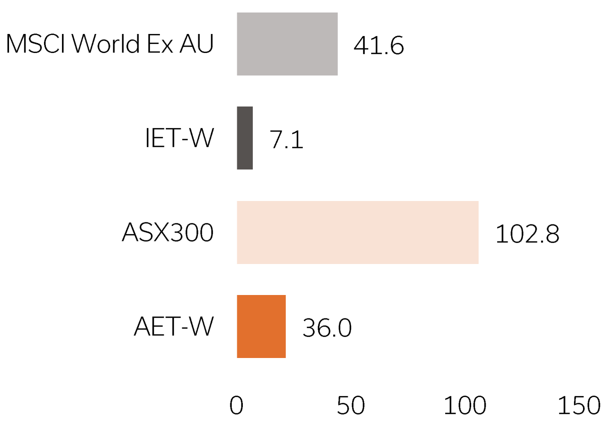
This helps identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.



As at 31/03/2026. *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 31/03/2026.
Portfolio data based on a combination of company reported and MSCI estimated carbon data. Certain information ©2025 MSCI ESG Research LLC. Reproduced by permission.

Low Carbon

Source: Morningstar. Carbon Metrics as of 30/11/2025. Based on 100% percent coverage of the AET-W portfolio and 95% 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

CERTIFIED RESPONSIBLE INVESTMENT
SUSTAINABLE PLUS
CERTIFIED BY RIAA

Responsible Investment Leader 2024
A proud RIAA member

Certified B Corporation

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.uethical.com/disclaimers for further information and disclaimers on these ratings.

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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.

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