

U Ethical International Equities Trust - Wholesale

Quarterly Performance Review | March 2026

A high-conviction and actively managed portfolio of international equities

Fund information

Portfolio Manager	Cam Hardie
Chief Investment Officer	Jon Fernie
Inception date	1 August 2019*
Fund size**	\$74.16m
Benchmark	MSCI World ex Australia TR Index (AUD)
Buy/sell spread	0.25% / 0.25%
Management costs	Estimated up to 0.90% p.a.***
Holdings range	20-50
APIR code	UGF1996AU
Risk level	High
Suggested minimum investment horizon	7-10 years
Distribution frequency	Half yearly (June & December)

Investment objective

The Trust aims to achieve competitive risk adjusted returns over the long term in accordance with our ethical investment policy and ethical investment and stewardship approach.

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.

* 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.

** This figure contains funds invested by the U Ethical Growth Portfolio product.

*** See Information Memorandum. 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%.

Performance summary

	3 Months	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception p.a.
Fund	-7.55%	9.91%	15.38%	11.50%	12.89%	13.99%
Benchmark	-6.22%	8.14%	16.04%	12.71%	13.19%	13.24%
Relative	-1.33%	1.77%	-0.66%	-1.21%	-0.30%	0.75%

As at 31/03/2026. Benchmark: MSCI World ex Australia TR Index (AUD). Inception date: 01/08/2019. 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 Trust delivered a total return of -7.6% in the March quarter, underperforming the benchmark by 1.3%. Despite positive stock selection, the underperformance was primarily driven by sector allocation where no Energy sector exposure was a 1.3% drag on performance. Being underweight the Materials sector was also a headwind for the Trust.

While the Tech sector underperformed the broader benchmark, the overweight position in TSMC was a standout, outperforming the Tech sector by 20%. Overweight positions in GSK and CME Group were also good contributors to performers, outperforming the benchmark by 15% and 14% respectively.

The Energy sector rallied strongly during the period which saw the Brent crude price rally 88% due to the Middle East conflict which has restricted global oil supply and impacted the flow of liquefied natural gas (LNG) from Qatar, the second largest LNG producer globally.

Over the last 12 months, the Trust has delivered a total return of 9.9%, which was 1.8% ahead of the benchmark. The outperformance was mainly driven by good stock selection across Communication Services (Alphabet and

BT), Health Care (Eli Lilly and GSK), and Consumer Discretionary (TJX Companies). Taiwan Semiconductor Manufacturing Company continued to be a strong contributor, although offset by weaker performance from other Information Technology holdings including Microsoft, Broadcom, ServiceNow and SAP. After a period of solid performance in 2025, Visa and Mastercard were both detractors due to concerns arising around regulatory scrutiny of the US payments industry.

Sector allocation was a detractor to relative performance over the year due to the underweight position in the Energy sector which has performed well due to higher oil price. In addition Financials and Industrials both detracted due to regulatory concerns weighing on Financials and heavy machinery outperforming in the Industrials sector.

During the quarter, we exited DHL, Service Now, Vestas Wind Systems and Novo Nordisk. We also reduced holdings in a range of companies including TSMC due to valuation strength. We continued to add to our position in Hermès as we consider it to be a preferred exposure in the Consumer Discretionary sector.

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 has begun participating in the 2026 cycle of the World Benchmarking Alliance's Collective Impact Coalition for Ethical AI (AI CIC). This collaborative engagement group "seeks to ensure that digital technology companies integrate human rights and ethical considerations into the development, deployment, and

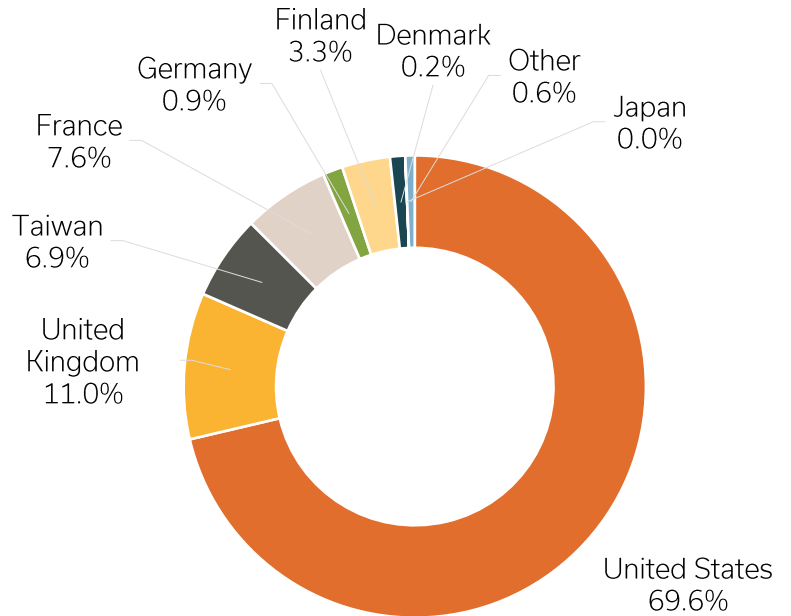
procurement of AI. The AI CIC brings together investors, civil society organisations (CSOs), and other stakeholders to press companies for stronger policies, governance structures, and disclosures that can shed light on their commitments and operationalisation of responsible AI." (Plugging the AI transparency gap: Collective Impact Coalition for Ethical AI 2025 Progress Report | World Benchmarking Alliance).

U Ethical is a participating investor in the SAP engagement group and will participate in this year's meetings to gain greater transparency and insights on SAP's management of ethical AI.

Top 10 holdings

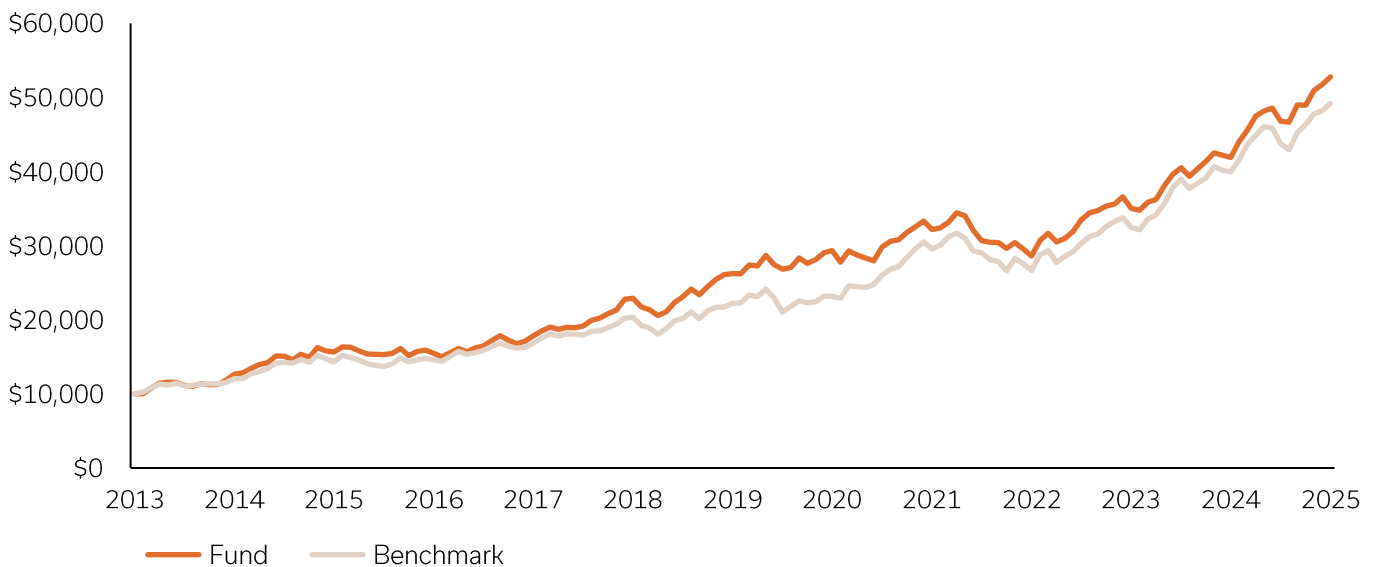
Holdings	%
ALPHABET INC	8.1
TAIWAN SEMICONDUCTOR MANUFACTU	6.8
APPLE INC	6.4
MICROSOFT CORP	6.3
TJX COS INC NEW	5.9
NVIDIA CORP	5.7
BANK NEW YORK MELLON CORP	4.8
GSK PLC	4.5
CME GROUP INC	4.3
BT GROUP	4.2
Total	57.0

Geographic exposure



Long-term performance

Growth of \$10,000 invested



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.

Ethical view

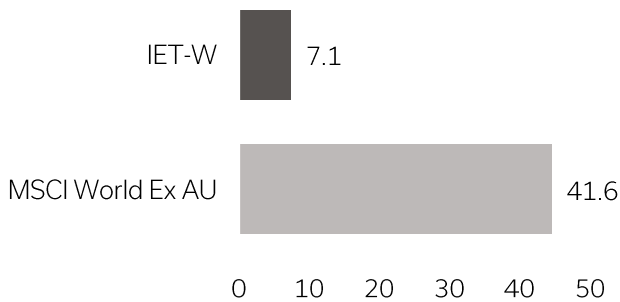
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

Carbon footprint

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



Source: MSCI ESG Research.
Portfolio data based on a combination of company reported and MSCI estimated carbon data. Certain information ©2025 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.

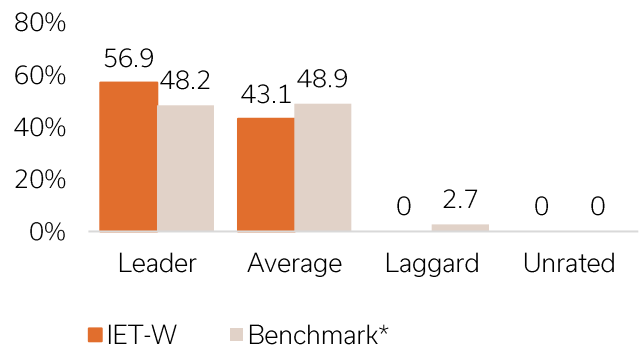
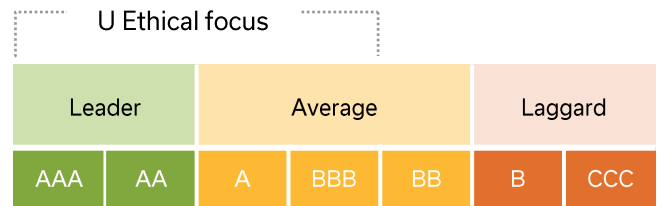


Source: Morningstar. Carbon Metrics as of 30/11/2025. Based on 95.0% percent of eligible portfolio covered. Data is based on long positions only.

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.



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




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.

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