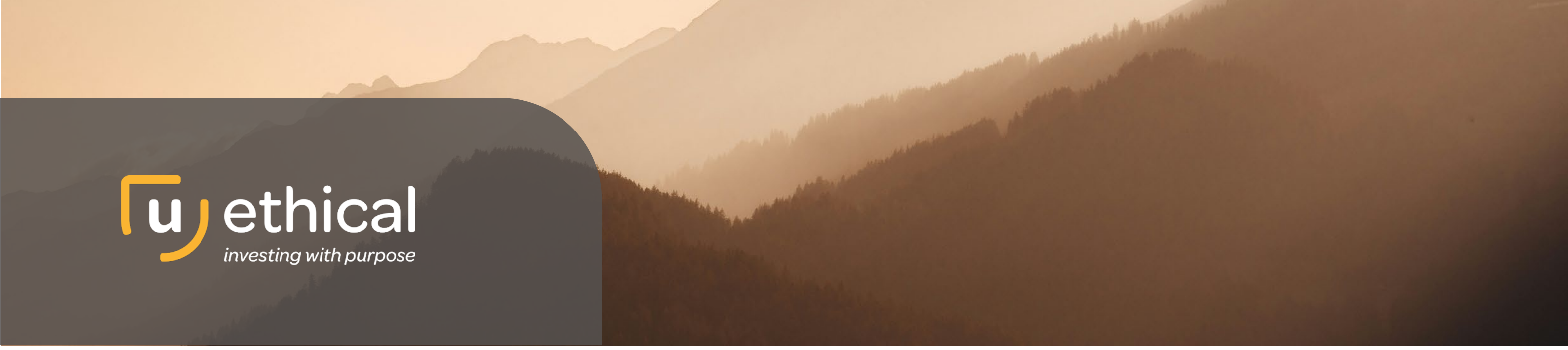


U Ethical Enhanced Income Trust - Wholesale

Quarterly Performance Review | June 2026

A diversified portfolio of cash and fixed-income securities designed to provide consistent income

Fund information

Portfolio Manager	Joshua Nappa & Dandan Huang
Chief Investment Officer	Jon Fernie
Inception date	1 July 2020*
Fund size	$162.48m
Benchmark	Bloomberg Ausbond Bank Bill Index
Buy/sell spread	0.05% / 0.05%
Management costs	Estimated up to 0.70% p.a.**
APIR code	UGF1128AU
Risk level	Low
Suggested minimum investment horizon	2 years

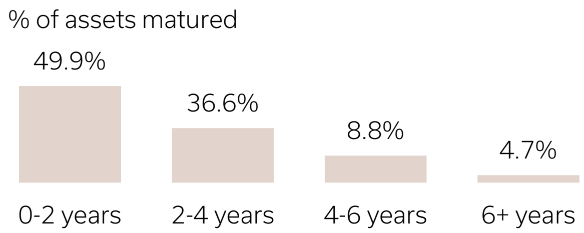
*See performance and benchmark notes below.
**See Information Memorandum.

Investment objective

The U Ethical Enhanced Income Trust – Wholesale aims to generate income and preserve capital, in accordance with our Ethical Investment Policy and Ethical Investment and Stewardship Approach.

The Trust aims to outperform the benchmark after fees over rolling two-year periods.

Maturity profile



Performance summary

	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Since Inception p.a.
Fund	1.46%	2.08%	4.11%	5.05%	3.23%	6.50%
Benchmark	1.07%	1.99%	3.86%	4.87%	4.07%	5.72%
Relative	0.39%	0.09%	0.25%	0.18%	-0.84%	0.78%

As at 30/06/2026. Benchmark: Bloomberg Ausbond Bank Bill Index. From March 1990 to 30 June 2020, performance is that of the U Ethical Enhanced Cash Portfolio (the Portfolio) calculated upon distributions reinvested quarterly, including franking credits and benchmarked against 50% Bloomberg AusBond Bank Bill index / 50% AusBond composite 0-3year index.

On 1 July 2020, the Portfolio was transferred into a unit trust, the U Ethical Enhanced Income Trust (Wholesale) benchmarked against the 3 month Bank Bill Swap Rate +1.00% index, excluding franking credits.

On 1 July 2025, the benchmark was changed to the Bloomberg AusBond Bank Bill Index. Where time horizons require, performance reflected is a blend of the two products and benchmarks stated.

Inception date: 01/07/2020. 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

The MSCI World ex Australia Index returned 12.6% for the quarter ending 30 June 2026, rebounding from a 6.2% decline in the prior quarter. The recovery reflected improved risk appetite, supported by easing energy market pressure, continued strength in AI-related investment themes, and renewed investor confidence in structural growth sectors. The ASX 300 Accumulation Index rose by 4.0% over the period.

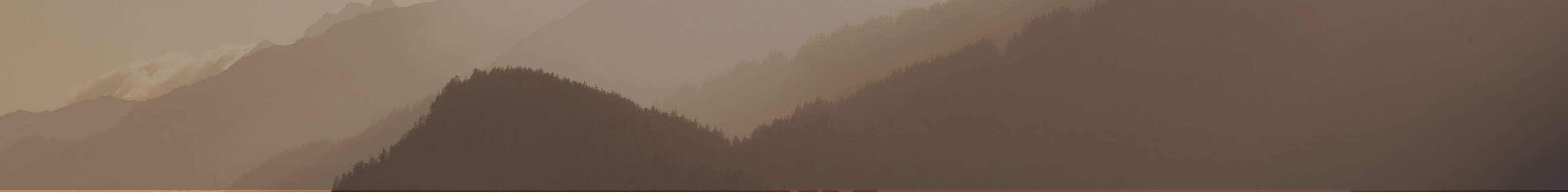
The quarter began with heightened geopolitical risk in the Middle East. The closure of the Strait of Hormuz pushed Brent crude above US$120 per barrel in April, raising concerns that higher energy prices could add to inflationary pressure and weigh on consumer spending and corporate margins. However, as the quarter progressed, tentative de-escalation in the region and optimism around a possible US-Iran agreement contributed to a reversal in oil prices. Brent crude declined nearly 20% through May and June, helping reduce near-term concerns around a broader energy-driven inflation shock.

AI-related investment remained a major driver of equity market performance. US hyperscalers raised 2026 capital expenditure guidance for AI and data centre infrastructure to more than US$700 billion, reinforcing expectations that investment in AI computing capacity, cloud infrastructure and related supply chains will remain significant. This was supportive for semiconductor, memory, foundry, networking, power equipment and data centre-exposed companies. Regional performance was particularly strong in Asia, with South Korea rising 68% and Taiwan rising 42%, reflecting their importance in the AI hardware and semiconductor supply chain.

Investor appetite for long-duration growth was also evident in the historic SpaceX IPO, which was associated with a valuation of around US$2 trillion. While SpaceX is not directly representative of listed global equity indices, the transaction was notable as a broader signal of market willingness to fund large-scale innovation themes, even against a more challenging interest rate backdrop.

Inflation and monetary policy remained important constraints. Core US inflation (excluding food and energy) climbed to 2.9% in May, while trimmed mean inflation in Australia rose to 3.6% for the same period. In response, the Federal Reserve and Bank of England kept interest rates higher for longer, while the European Central Bank (ECB) has maintained a more hawkish posture than previously expected. The Reserve Bank of Australia (RBA) raised the cash rate by 0.25% during the quarter. In the US, under new Fed Chair Kevin Warsh, investors also began to reassess the policy framework, with less emphasis on explicit forward guidance, a continued focus on the 2% inflation objective, and limited scope for near-term easing.

Overall, the quarter was characterised by a recovery in global equities despite a still restrictive monetary policy backdrop. AI-related capital spending and improving geopolitical conditions supported market gains, while persistent inflation and central bank caution limited the case for broad-based valuation expansion.



Portfolio commentary

The Trust returned 1.46% (after fees) for the quarter to the end of June, outperforming the benchmark by 0.39%. The absolute (gross) outperformance for the quarter was predominantly driven by carry (+134bps), followed by curve (+16bps), security selection (+11bps) and credit (+0.54bps).

Over the June quarter, the RBA continued its tightening cycle, lifting the cash rate from 4.10% to 4.35%. Bond yields rallied in the second half of the quarter on hopes of a peace deal, as the conflict in the Middle East dragged on longer than initially anticipated. The closure of the Strait of Hormuz during the conflict resulted in the worst oil shock seen since the 1990s, driving yields to a peak in April. Yields rallied as markets grew increasingly reassured that the conflict would not become a protracted campaign and oil would flow after the signing of a temporary peace agreement. This was echoed in breakeven inflation, with the 5-year breakeven declining as inflation expectations eased back from their April peak, at the height of the conflict.

Duration positioning added +16bps to the Trust's return over the quarter. The Trust's positioning in the belly and long end of the curve captured the bulk of the rally, reflecting a preference for the segment offering the strongest risk-adjusted carry.

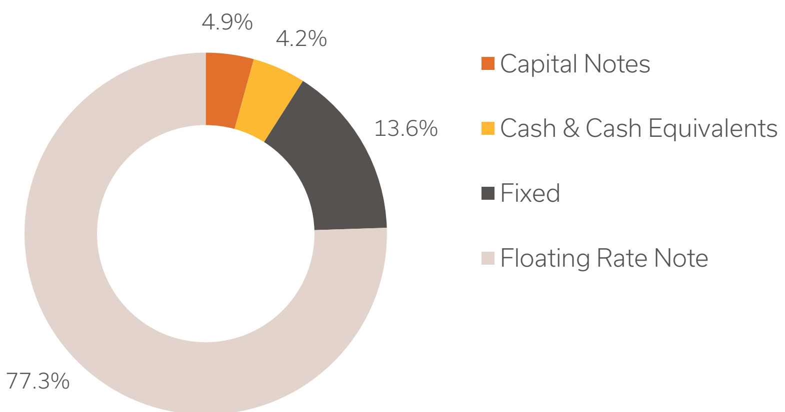
Credit added 0.50bps to the Trust's return over the quarter. The Trust's underweight positioning in higher-rated names, particularly AA-, was the main driver of this modest contribution, as risk sentiment worsened and the market rotated out of lower-rated credit and into higher-rated names. Security selection was also a notable contributor for the quarter, adding +11bps to the Trust's return.

As a result, the Trust's outperformance for the period was driven by strong carry, followed by duration and security selection. The Trust outperformed the benchmark by 0.39% after fees.

Top 5 issuers

National Australia Bank Ltd	12.5
Commonwealth Bank of Australia	10.1
Australia & New Zealand Banking Group Ltd	5.1
Bendigo & Adelaide Bank Ltd	3.7
Bank of Queensland Ltd	3.6

Asset allocation by securities' type



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

Responsible Investment Leader 2026

A proud RIAA member

Certified B Corporation

U Ethical is recognised as a Responsible Investment Leader 2026 by the Responsible Investment Association Australasia (RIAA). This acknowledges our leadership in responsible investment commitment, ESG integration, stewardship and transparency. Refer to the disclaimers page on our website www.uethical.com/disclaimers for further information and disclaimers on these ratings.

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