

U Ethical Australian Equities Trust - Retail

Quarterly Performance Review | September 2026

A diversified portfolio of ethically screened Australian shares designed to provide income and long-term capital growth

Fund information

Portfolio Managers	Cam Hardie & Jon Fernie
Chief Investment Officer	Jon Fernie
Inception date	7 July 2003
Fund size	$65.10m
Benchmark	S&P/ASX 300 Accumulation Index
Buy/sell spread	0.25% / 0.25%*
Management costs	Estimated up to 1.315% p.a.**
Holdings range	20-40
Number of holdings	32
APIR code	UGF0001AU
Risk level	High
Suggested minimum investment horizon	7 to 10 years
Distribution frequency	Half yearly (June & December)

*The buy/sell spread is set at 0.25 per cent per unit and is rounded to the nearest cent.
**Please read the Product Disclosure Statement.

Investment objective

The U Ethical Australian Equities Trust – Retail has been developed for the long-term investor and aims to outperform the benchmark after fees over rolling 5-year periods.

It invests primarily in Australian shares and listed property trusts, as well as up to 10 per cent in cash.

Performance summary

	3 months	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception p.a.
Fund	-0.35%	-7.09%	8.19%	5.16%	8.00%	7.93%
Benchmark	1.26%	2.39%	11.33%	7.47%	8.98%	9.07%
Relative	-1.61%	-9.48%	-3.14%	-2.31%	-0.98%	-1.14%

As at 30/09/2026. Benchmark: S&P/ASX 300 Accumulation Index. Inception date: 07/07/2003. Performance based on exit price with distributions reinvested and is net of fees. From 1 October 2015, the Trust moved to a 100% Australian equities fund from previously having an 80% Australian equities and 20% cash allocation. Australian dollars. **Past performance is not indicative of future performance.**

Market commentary

Global equity markets remained volatile, although ultimately moved higher for the quarter ending 30 September 2026 with the MSCI ACWI Ex Australian TR Index (AUD) returning 1.2%. The S&P/ASX 300 Accumulation Index provided a total return of 1.3%. Global equities were supported by continued AI investment and resilient earnings expectations, although renewed energy price pressures, higher bond yields and tighter monetary policy created a more challenging backdrop towards quarter-end. US market gains became increasingly concentrated in large technology companies, with weaker participation across the broader market. Markets also began to position ahead of the November US mid-term elections, with investors increasingly considering the potential implications for fiscal policy, regulation and the broader policy agenda.

Geopolitical developments in the Middle East remained a major influence on markets. The easing in oil prices during prior quarter proved temporary with Brent crude trading above US$100 per barrel in late September as uncertainty surrounding US–Iran negotiations and shipping through the Strait of Hormuz persisted. Higher energy costs renewed concerns about inflation, household spending and corporate margins, particularly for energy-intensive businesses.

AI-related investment continued to support global equity markets, although performance became more differentiated. Investor attention increasingly focused on companies demonstrating tangible revenue growth from AI adoption, alongside those supplying computing capacity and infrastructure. Enterprise software attracted renewed interest, while some infrastructure suppliers faced scrutiny over margins, capacity constraints and the returns on rapidly expanding capital expenditure. The investment cycle also became increasingly reliant on debt financing, adding funding costs and balance sheet discipline to the risks investors were assessing.

Monetary policy shifted towards renewed tightening. The Federal Reserve raised its policy rate by 0.25 percentage points in September to a range of 3.75–4.00%, its first increase under new Chair Kevin Warsh. The European Central Bank also raised its key interest rates by 0.25 percentage points, citing persistent inflation pressures from the Middle East conflict. US government bonds came under significant pressure, with the 10-year Treasury yield rising to 5.3% at the end of the quarter.

In Australia, persistent inflation was at odds with signs of slowing activity. The Reserve Bank of Australia (RBA) raised the cash rate to 4.60% in late September, its fourth increase of the year. Trimmed mean inflation for July at 3.6% annualised remains well above the RBA's 2–3% target. GDP growth for the June quarter came in at 0.4% and 2.1% over the year, while unemployment rose to 4.6% in August. This highlights a difficult domestic backdrop: underlying inflation remained elevated even as higher interest rates weighed on economic activity.

China's economy remained uneven, with resilient exports and advanced manufacturing contrasting with softer domestic demand and ongoing property weakness. Towards quarter-end, authorities signalled additional fiscal and credit support aimed at stabilising housing, employment and household incomes. For Australia, the effectiveness of these measures remained important to the outlook for commodity demand and resources earnings.

Overall, the quarter highlighted the tension between strong AI-related investment and earnings opportunities, and a less supportive inflation and interest rate environment. Renewed energy pressures and rising bond yields constrained the scope for valuation expansion, while there were signs of slowing economic activity domestically.

Quarterly stock attribution

Top 3 contributors	Total return %	Attribution %
CSL Ltd	62.7	0.93
Sandfire Resources Ltd	15.7	0.58
Resmed Inc - CDI	11.1	0.31

Bottom 3 contributors	Total return %	Attribution %
NextDC Ltd	-25.7	-0.62
Fortescue Limited	-11.9	-0.47
Goodman Group	-12.7	-0.45

Source: Bloomberg. Attribution shown is for the quarter ended 30/09/2026. Attribution based on a representative Australian Equities portfolio (Wholesale). Relative to the S&P/ASX Accumulation Index.

Portfolio commentary

The Trust delivered a total return of -0.35% in the September quarter. Key highlights from the quarter include:

- We saw a strong rebound in the Health Care sector in the quarter with the sector outperforming the broader market by over 24%.
- Industrials underperformed the index by 5% however good stock selection in the sector saw this sector add to overall performance.
- Consumer Discretionary sector reversed last quarters outperformance and was one of the poorer performing sectors for the September quarter. However the Trusts' underweight position added to relative performance.
- REITs were impacted by broader macro concerns around interest rate increases and the rising US 10-year Treasury yield. Aside from this, the Trusts' company holdings continue to have solid underlying businesses.
- The Energy and Materials sectors were strong performers in the period and were +17.3% and +4.8% respectively. This resulted in a -1.6% drag on relative performance.

Over the last 12 months, the Trust provided a total return of -7.1%. Key highlights for the period include:

- The Financials sector contributed +0.9% to performance given the underweight position in an underperforming sector. During the period the Trusts' only bank overweight was ANZ which was the best performing big four bank over the period.
- Consumer Staples contributed +1.0% to performance with the supermarkets performing strongly.
- The Trust is underweight Consumer Discretionary which was one of the poorest performing sectors over the period.
- Health Care declined 11.3% over the period, although this was improved by a strong September rebound.
- Materials and Energy were +31.5% and +34.2% respectively creating a 5.5% drag on performance.

During the quarter we added to existing positions in Evolution Mining, James Hardie and Brambles and reduced holdings in Goodman Group, Woolworths and QBE Insurance.

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.

During the quarter, we held meetings or discussions with Wesfarmers, Woolworths and Brambles.

We engaged with Wesfarmers directly and as part of the Investors Against Slavery and Trafficking (IAST APAC), discussing a variety of topics including their latest climate-related financial disclosures, their actions to reduce instances of physical and verbal violence against frontline retail staff and their most recent modern slavery statement.

We engaged with Woolworths as the lead investor of Climate Action 100+'s Woolworths engagement group and a member of the Nation Action 100 engagement group. U Ethical spearheaded the initiative to bring both collaborative groups together to reflect the fact that Woolworths has set a combined climate and nature strategy for 2030, and to reflect the fact that many of the same assert owners/asset managers are in both groups and it is more efficient to address climate and nature in the same meeting. Reflecting the enhanced efficiency of this call, Woolworths gave an extended meeting block to the combined group. Questions centred on Woolworths' new strategy and implementation.

We also contributed to government consultations on AI safety in the workplace and the federal government consultation on modern slavery reforms with Uniting Church Synod of Victoria and Tasmania Justice and International Mission Senior Social Advocate Mark Zirnsak. We contribute to government consultations on these topics because they are issues that cross portfolio companies and industry sectors and the risks they pose cannot be managed through divestment or avoidance.

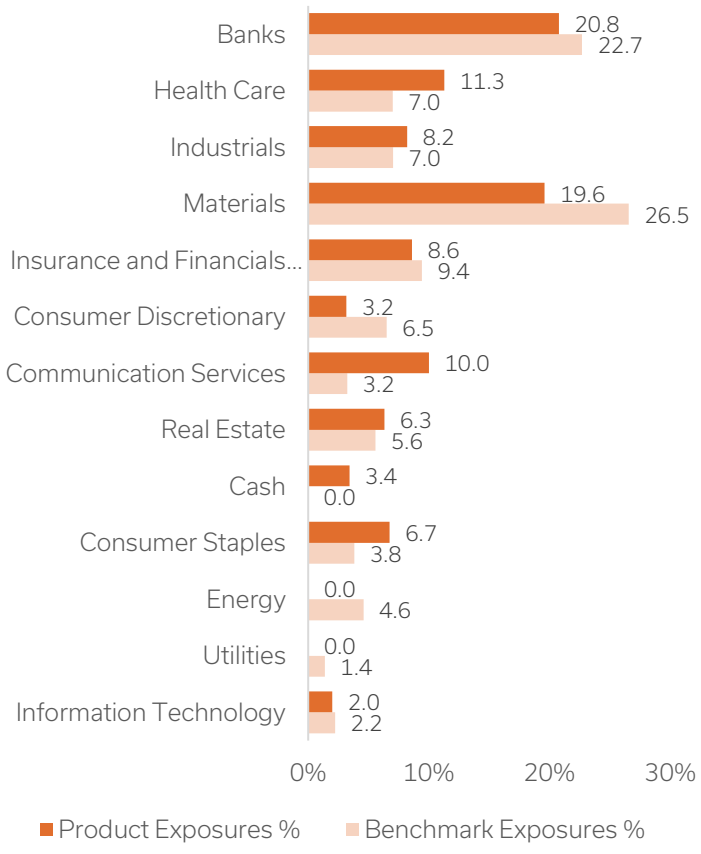
Issued by Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147

Top 10 holdings

Holdings	%
COMMONWEALTH BANK OF AUSTRALIA	7.6
TELSTRA GROUP LIMITED	5.8
CSL LTD	5.7
MACQUARIE GROUP LIMITED	5.1
ANZ GROUP HOLDINGS LIMITED	4.8
SANDFIRE RESOURCES LTD	4.8
EVOLUTION MINING LTD	4.5
FORTESCUE LTD	4.5
NATIONAL AUSTRALIA BANK	4.4
RESMED INC	4.1
Total	51.4

As at 30/09/2026

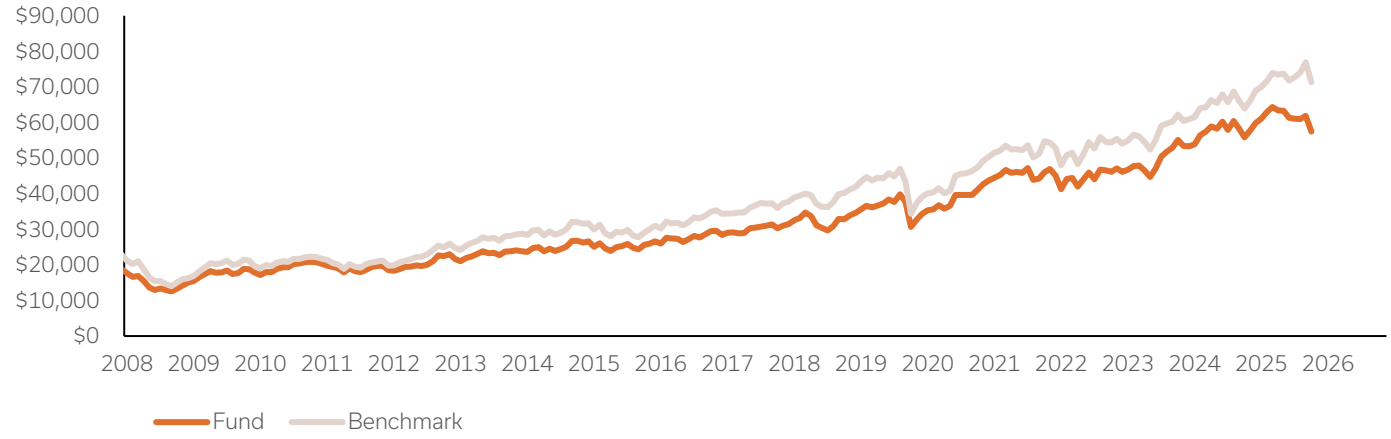
Sector exposure



As at 30/09/2026

Long-term performance

Growth of $10,000 invested



As at 30/09/2026. Benchmark: S&P/ASX 300 Accumulation Index. Inception date: 07/07/2003. Performance based on exit price with distributions reinvested and is net of fees. From 1 October 2015, the Trust moved to a 100% Australian equities fund from previously having an 80% Australian equities and 20% cash allocation. Australian dollars. **Past performance is not indicative of future performance.**

ethical
investing with purpose

Issued 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.

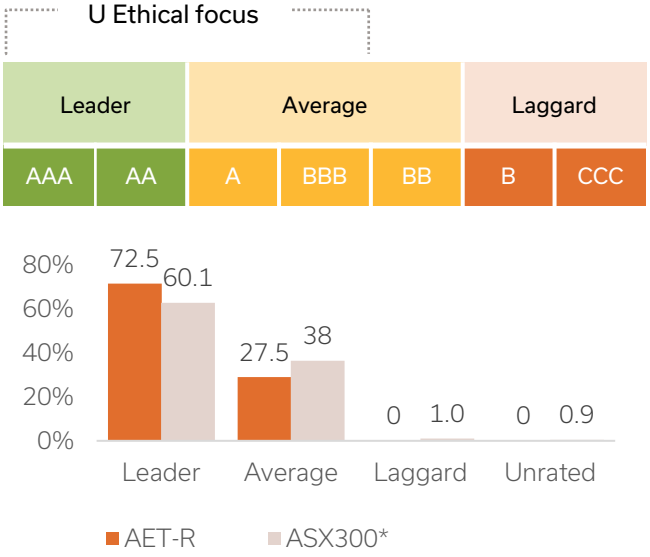
U Ethical pursues a values-based, risk-adjusted and, where possible for equities, SDG-aligned approach to investing. Our investment process seeks to ensure that our portfolio holdings are aligned with our clients' financial and ethical expectations.

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.

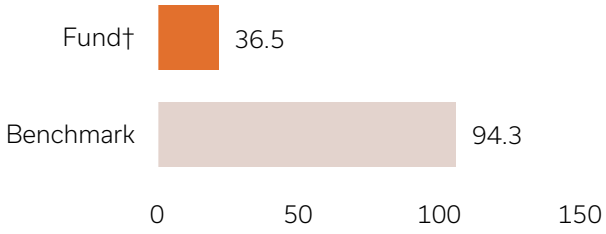
This helps identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.



As at 30/09/2026. *Constituent-level ratings may be affected due to MSCI ESG Rating model updates introduced in March 2026.

Carbon footprint

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



Source: MSCI ESG Research. As at 30/09/2026.
†Based on a combination of company-reported and MSCI-estimated carbon data. Certain information ©2026 MSCI Inc. All rights reserved.

Low Carbon

Source: Morningstar. Carbon Metrics as of 31/08/2026. Based on 100% percent of eligible portfolio covered. 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 grant 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

SUSTAINABLE PLUS
CERTIFIED BY RIAA

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.

Contact us

info@uethical.com
1800 996 888
www.uethical.com
Level 6, 130 Lonsdale Street
Melbourne VIC 3000

All informationis current as at 30 September 2026. This document is provided by Uniting Ethical Investors Limited (ABN 46 102 469 821 AFSL 294147), trading as U Ethical the responsible entity of the U Ethical Australian Equities Trust (the "Fund").

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 Fund. It does not take into account your personal objectives, financial situation or needs.

Before acting on the information or deciding whether to acquire or hold units in the Fund, you should consider whether the Fund is appropriate for you given your own objectives, financial situation and needs. You should also consider the relevant Product Disclosure Statement (PDS), Additional Information Booklet (AIB) and Target Market Determination (TMD) for the Fund. These documents are available on our website www.uethical.com or can be provided by calling us on 1800 996 888.

U Ethical may receive fees in respect of investments in U Ethical products. U Ethical directors and employees do not receive commissions from investments in the products and are remunerated on a salaried basis.

U Ethical believes that the information contained in this document is accurate at the time of compilation. That information may subsequently change. You should make your own enquiries before acting on the information.

U Ethical accepts 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 Fund will achieve its targeted rate of return. There is no guarantee against loss resulting from an investment in the Fund. Past performance is not indicative of future performance. © 2026 U Ethical Investors. All Rights Reserved.

Cover image credits: Unsplash.

u ethical
investing with purpose