

U Ethical International Equities Trust - Wholesale

Quarterly Performance Review | September 2026

A high-conviction and actively managed portfolio of international equities

Fund information

Portfolio Manager	Sam Wyatt
Chief Investment Officer	Jon Fernie
Inception date	1 August 2019*
Fund size**	\$92.81m
Benchmark	MSCI ACWI ex Australia Net Total Return 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)

* 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%.

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.

Benchmark update

As part of our ongoing commitment to positioning the Trust for long-term investment opportunities, U Ethical has updated the benchmark for the International Equities Trust - Wholesale. From 1 August 2026 the benchmark changed from the MSCI World ex Australia Net Total Return Index (AUD) to the MSCI ACWI ex Australia Net Total Return Index (AUD).

Performance summary

	3 Months	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception p.a.
Fund	1.68%	6.50%	17.06%	11.80%	13.78%	14.20%
Benchmark	1.62%	10.05%	18.60%	12.85%	14.01%	13.87%
Relative	0.06%	-3.55%	-1.54%	-1.05%	-0.23%	0.33%

As at 30/09/2026. 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.** On 1 August 2019, the International Equities 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 0.90% p.a.



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 the 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 policy rate by 0.25 percentage points, citing persistent inflationary 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, inflation has remained persistent as there are signs of slowing economic 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, which 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 highlighted a difficult domestic backdrop, with underlying inflation remaining elevated even as higher interest rates weighed on economic activity.

China's economic activity remained uneven, with resilient exports and 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, 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.



Portfolio commentary

The Trust delivered a total return of 1.68% for the September quarter, broadly performing in line with the blended benchmark return of 1.62%. The blended benchmark reflects the MSCI World ex-Australia Index for July and the MSCI ACWI ex-Australia Index from 1 August following the product's benchmark change.

Relative performance was primarily driven by stock selection, with sector allocation also contributing modestly. Allocation benefits came from the portfolio's zero weight to Utilities, underweight positioning in Consumer Discretionary and overweight exposure to Information Technology, partly offset by the absence of Energy and an overweight position in Industrials.

Stock selection was strongest within Information Technology, reversing some of the weakness experienced in the prior quarter. Microsoft and SAP rebounded strongly, while positioning across memory and semiconductor equipment also added value.

These gains were partly offset by weaker selection in Consumer Discretionary, Communication Services, Industrials and Health Care. Hermès and TJX lagged amid softer consumer sentiment, while Vinci was affected by concerns around potential French concession taxation and CATL underperformed amid weaker Chinese automotive volumes and concerns over greater battery-supplier diversification by vehicle manufacturers.

For the 12 months to 30 September 2026, the Trust returned 6.50% versus 10.05% for the blended benchmark, representing relative underperformance of ~3.55%. Over the full 12 months, stock selection was the principal driver of relative performance. Strong contributions from Communication Services and Health Care earlier in the period, including TSMC, Alphabet and Eli Lilly, were more than offset by weaker selection later in Industrials, Communication Services, Information Technology and Health Care. Sector allocation had a more limited overall impact, with the absence of Energy detracting, partly offset by positioning in Utilities and Real Estate.

Portfolio activity during the quarter remained focused on improving earnings durability, competitive quality and long-term return potential. We exited Home Depot, BNY Mellon, Nordea Bank, Danone and The TJX Companies, while initiating positions in JPMorgan, London Stock Exchange Group, Marsh & McLennan, ASML, CATL, Midea Group and Arca Continental. These changes increased exposure to businesses with durable competitive advantages and attractive reinvestment opportunities across capital markets, insurance and risk services, advanced semiconductors, electrification, automation and emerging-market consumption.

The Trust remains positioned toward companies with strong balance sheets, resilient cash generation, disciplined capital allocation and the ability to compound returns through the cycle.

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.

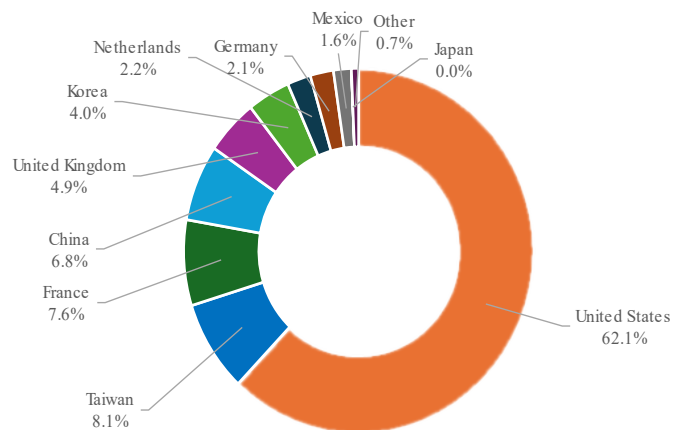
During the quarter, we held meetings or discussions with Tencent and Arca Continental. The meetings were held to both introduce U Ethical and our investment and stewardship process to the respective companies and to discuss topics including climate action and strategies, circular economy and recycling, online safety of minors and ethical sourcing.

Top 10 holdings

%

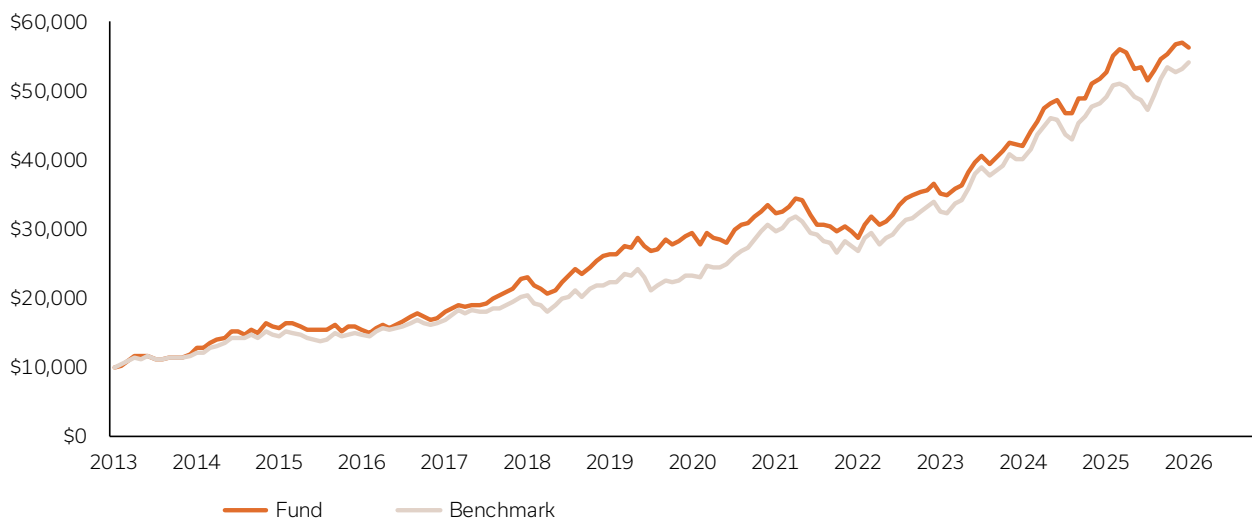
TAIWAN SEMICONDUCTOR MANUFACTURING	8.1
ALPHABET INC	7.3
MICROSOFT CORP	6.7
NVIDIA CORP	5.0
APPLE INC	4.4
VISA INC	4.2
SAMSUNG ELECTRS LTD	4.0
S&P GLOBAL INC	3.3
MASTERCARD INCORPORATED	2.9
VINCI	2.9
Total	48.8

Geographic exposure



Long-term performance

Growth of \$10,000 invested



As at 30/09/2026. Benchmark: Composite benchmark 70% S&P/ASX 300 Accumulation Index, 10% MSCI ACWI Ex Australia Net Total Return Index AUD (unhedged), 10% S&P/ASX 300 Real Estate Accumulation Index, 10% Bloomberg AusBond Bank Bill 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

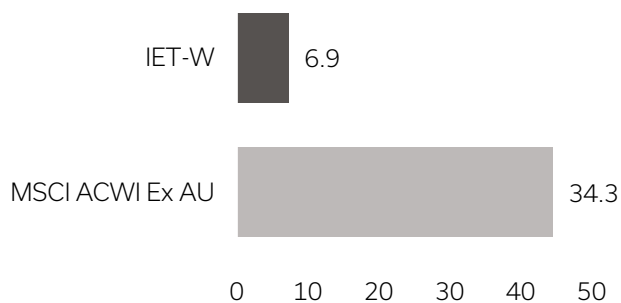
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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 ©2026 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.



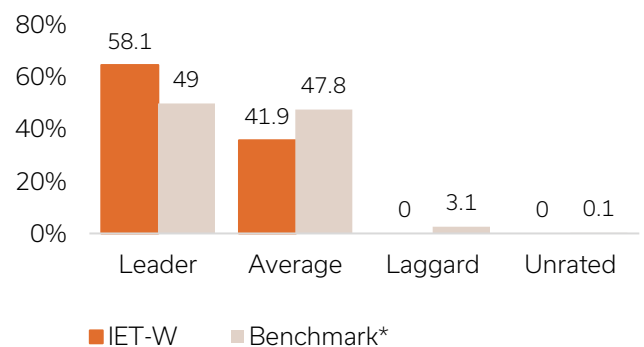
Source: Morningstar. Carbon Metrics as of 31/08/2026. Based on 91.87% percent of eligible portfolio covered. Data is based on long positions only.

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.

U Ethical focus						
Leader		Average			Laggard	
AAA	AA	A	BBB	BB	B	CCC



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 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

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