

Quarterly Performance Review

u ethical International Equities Trust - Wholesale

Quarterly highlights June 2024

- The March quarter market performance of 14% was a tough act to follow, but after a sell-off in April, the MSCI World Ex Australia Index still managed to finish the June quarter up 0.25%.
- The Trust provided a 2.0% return for the June quarter, outperforming the broader market index by 1.75%. Key drivers of the outperformance were stock selection within the Information Technology, Communication Services and Consumer Staples sectors. Sector allocation also contributed to performance, predominantly from the overweight position in Information Technology.
- During the quarter we added Nvidia to the portfolio and we now hold a benchmark weight in the stock. We also added to positions in BT Group, Apple and train manufacturer Alstom. We reduced the Trust's position in Novo Nordisk following its strong performance due to its GLP-1 weight loss drugs Ozempic and Weygovy. We also reduced holdings in pharmaceutical company Bristol-Myers Squibb, and cloud computing enterprise, ServiceNow.

Investment objective

The Trust seeks to achieve competitive market returns over the long term, while limiting harm and creating positive impact through the implementation of U Ethical's Ethical Investment Policy. The Trust is an actively managed high-conviction fund that's designed for investors who seek exposure to international equities aligned to UN SDGs and positive ESG ratings. 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.

Performance

	3 months %	6 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception % p.a.
U Ethical International Equities Trust - Wholesale[†]	1.99	14.09	16.95	9.14	11.08	13.90	14.12
Benchmark	0.28	14.37	19.92	11.18	13.01	13.13	13.52
Relative performance	1.71	-0.28	-2.97	-2.04	-1.93	0.77	0.60

Past performance is not indicative of future performance. [†]Based on exit price with distributions reinvested, including franking credits and net of all fees.

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

¹ 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.

² This figure contains \$26.530 million invested by the U Ethical Growth Portfolio product.

³ 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%.

Fund information

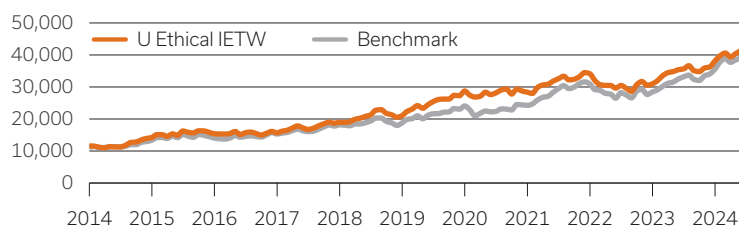


Assigned as of 31/05/2024
Analyst-Driven 0%
Data Coverage 80%

Out of 211 funds Australia & New Zealand Equity Funds as of 30/04/2024. Based on 88.95 percent of eligible corporate AUM and 0 percent of eligible sovereign AUM. Data is based on long positions only.

Portfolio manager	Cam Hardie
Chief investment officer	Jon Fernie
Inception date	1 August 2019 ¹
Total fund size (\$M)	\$33.421 ²
Benchmark	MSCI World Ex Australia TR Index (AUD)
Buy/sell spread	0.25%/0.25%
Management costs	Estimated up to 0.90% p.a. See Information Memorandum ³
Holdings range	20-50
Number of holdings	30
Targeted ESG rating	BBB

Growth of \$10,000 invested[†]



Market commentary

Global equity markets finished the June quarter slightly higher after pulling back in April. Contributing to this was global inflation trending lower and some central banks starting easing cycles.

We saw a divergence in monetary policy with the European Central Bank (ECB) cutting interest rates, while the Federal Reserve maintained its target at 5.25-5.50% for almost 12 months. However, US economic indicators weakened with Q1 GDP growth, retail sales, and recent employment figures below expectations, providing optimism that interest rates would be cut later this year. Geopolitical tensions and elections in developed economies added to uncertainty over the global outlook.

In Australia, inflation remained above target levels with the annual trimmed mean rising to 4.4% in May and the services component remaining elevated. While we saw a drop in job vacancies, the unemployment rate remained low at 4.0%. The Reserve Bank of Australia (RBA) has maintained the cash rate at 4.35% since November, although there is an increased likelihood the next move will be a hike depending on upcoming unemployment and inflation data.

While corporate earnings growth was robust, outlook statements were more cautious. The US equities rally this year has been driven by technology stocks, with other sectors facing more headwinds. We continue to see global equity valuations as stretched, given high earnings growth expectations and slowing economic growth.

Portfolio commentary

Stock selection within the Information Technology, Communication Services and Consumer Staples sectors were the key drivers of the Trust's outperformance in the June quarter. Sector allocation also contributed to performance, predominantly from the overweight position in Information Technology.

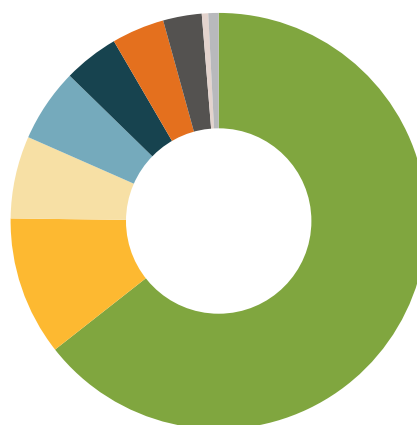
We recently added Nvidia to the portfolio and at the time of writing, it was the world's largest company by market cap. Nvidia now exceeds the value of all listed stocks in Germany, France and the UK combined. This serves as an example of how outperformance in the market has been very narrow, with it and the remaining Mag-7 stocks largely responsible for the broader markets' earnings growth.

The Trust is overweight the Information Technology sector. More specifically, we are overweight stocks where we see the ability for AI to be monetized as relatively straightforward.

We have reduced the Healthcare sector exposure by selling down some of the Trust's holdings in Novo Nordisk and Edwards Lifesciences into share price strength. We also reduced the position in Bristol-Myers Squibb due to it resetting its business focus.

Top 10 holdings	Weight %
Microsoft	8.7
Alphabet	7.1
Apple	6.6
Taiwan Semiconductor Manufacturing	6.3
TJX Companies	5.9
Bank New York Mellon	5.0
Nvidia	4.8
Visa	4.4
Mastercard	3.7
BT Group	3.5
Total	55.7

Geographic exposure



	%
United States	64.4
United Kingdom	10.8
Taiwan	6.4
Germany	5.7
Denmark	4.3
France	4.1
Finland	3.0
Japan	0.5
Other	0.8
Total	100.0

Note: Total may not add due to rounding

Ethical view

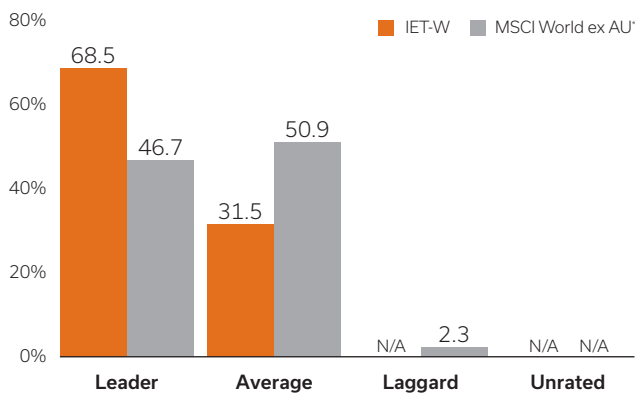
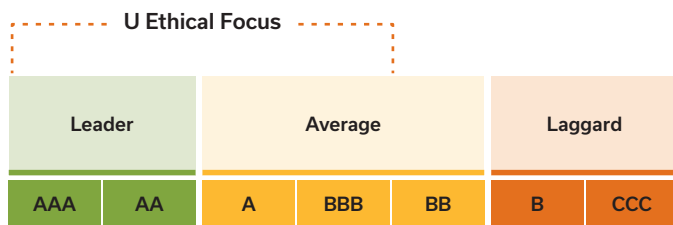
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

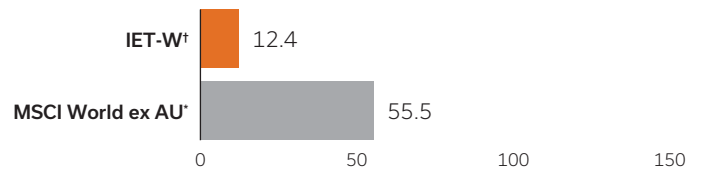


* This is based on a combination of company reported and MSCI estimated carbon data. Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission.

* Constituent-level scores might be affected by MSCI ESG Research's ESG Rating model enhancements introduced on the 10th of November 2020.

Carbon footprint

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



Carbon Metrics as of 30/04/2024. Based on 83.78 % percent of eligible portfolio covered. Data is based on long positions only.

Top pick for sustainable impact this quarter

Company:
NVIDIA

Weight: 4.89%

Industry classification:
Semiconductors &
Semiconductor Equipment

ESG Rating: AAA

Company SDG alignment:

NVIDIA develops advanced computing tools to support AI. The company demonstrates strong human capital management compared to industry peers as a means to attract and retain talent. It has the highest ESG rating. NVIDIA leads peers on business ethics practices and its corporate governance practices are average compared to peers.



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Sustainability Rating as of 31/05/2024. Corporate and Sovereign Sustainability Score and Investment Style as of 31/05/2024. Morningstar's Sustainability Score incorporates Sustainalytics' company and country-level analysis.

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U Ethical is recognised as a Responsible Investment Leader 2023 by the Responsible Investment Association Australasia (RIAA). We are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

U Ethical is an investment manager with a difference. We believe in creating a better world by investing with purpose—today and into the future.

With the creation of our first funds in 1985, we have become one of the largest ethical investment managers in Australia with over \$1 billion in funds under management.

We are also one of the few investment businesses in Australia to have been certified as a B Corporation. As a not-for-profit social enterprise, we grant the majority of our operating surplus to community programs.

U Ethical

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