

Quarterly Performance Review

u ethical Growth Portfolio

Quarterly highlights June 2024

- Global equity markets finished the June quarter slightly higher after pulling back in April with global inflation trending lower and some central banks starting easing.
- The Portfolio delivered a total return of -1.7% for the quarter, underperforming the benchmark by 0.3%.
- Underperformance for the quarter was due to weaker relative performance in Australian equities, which was partly offset by outperformance in international equities and asset allocation.
- We remain slightly cautious on the outlook for equities given stretched valuations, high earnings growth expectations and increased concentration in the US market.

Investment objective

The U Ethical Growth Portfolio is more suitable for medium to long-term investment and aims to provide a total return of 3 per cent above the rate of inflation (CPI +3%) over a rolling 5-year period. It combines a strategic mix of Australian and international shares, listed property trusts, fixed interest and cash to achieve income and capital stability. The Portfolio is available to not-for-profit organisations that are registered for charity tax concessions.

Fund information

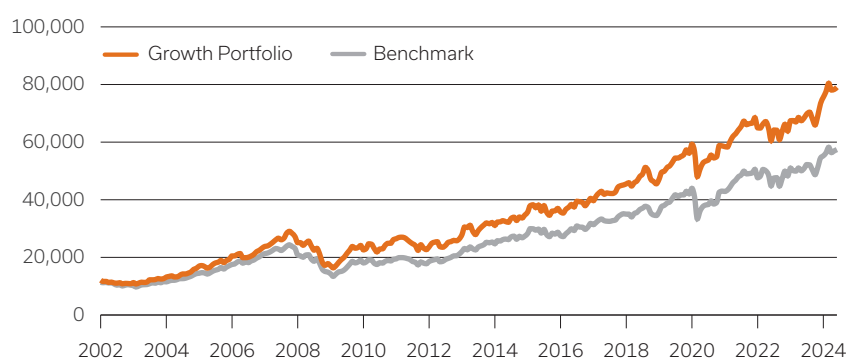


Assigned as of 30/11/2023
Analyst-Driven 0%
Data Coverage 91%

Out of 109 Australia & New Zealand Equity Funds as of 31/12/2023. Based on 100 percent of eligible corporate AUM and 0 percent of eligible sovereign AUM. Data is based on long positions only.

Portfolio manager/ Chief investment officer	Jon Fernie
Inception date	1 July 1985
Total fund size (\$M)	\$274.470 ¹
Benchmark	Refer below ²
Buy/sell spread	0.20%/0.20%
Management costs	Estimated up to 0.80% p.a. See Offer Document

Growth of \$10,000 invested[†]



Performance

	3 months %	6 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	20 years % p.a.	Since inception % p.a.
U Ethical Growth Portfolio[†]	-1.68	7.67	15.68	7.18	8.27	9.40	9.13	10.04
Benchmark	-1.34	5.33	12.97	6.18	7.17	8.17	7.87	N/A
Relative performance	-0.34	2.34	2.71	1.00	1.10	1.23	1.26	N/A

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 UCA Growth Fund Limited ABN 39 075 948 435. Managed and administered by Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147

¹ Figure represents the sum of the underlying products within which it invests and includes franking credits.

² The Portfolio's composite benchmark reflects the strategic asset allocation of the Portfolio: 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.

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

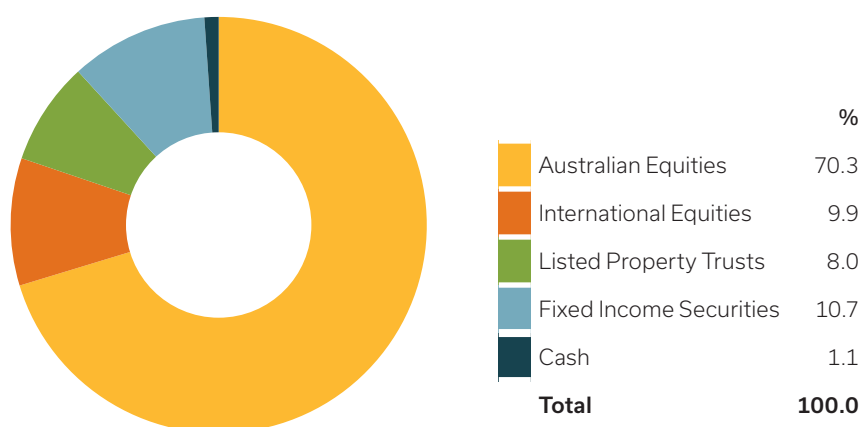
The Growth Portfolio delivered a total return of -1.7% over the June quarter, underperforming the benchmark by 0.3%. Over the last 12 months the Portfolio has delivered a total return of 15.7%, which was 2.7% above the benchmark.

The underperformance for the quarter was primarily due to weaker relative performance in Australian equities; while sector allocation was positive, stock selection across a few sectors detracted from returns. This was partly offset by outperformance in international equities, which benefitted from good stock selection in the information technology sector, as well as underweight the materials and energy sectors. Asset allocation added to performance with the Portfolio being overweight fixed income and cash and underweight listed property (worst performing asset class).

We remain slightly cautious on the outlook for equities given stretched valuations, high earnings growth expectations and increased concentration in the US market. While weaker economic data provides scope for the Federal reserve to cut interest rates later this year, higher domestic inflation means interest rates may remain higher for longer in Australia.

Top 10 holdings	Weight %
Goodman Group	7.7
CSL Limited	6.8
Commonwealth Bank Of Australia	4.5
Telstra Corporation	4.1
National Australia Bank	3.9
Macquarie Group	3.6
Fortescue Metals Group	3.3
Resmed Inc.	3.2
Brambles	3.0
Westpac Banking Corporation	2.8
Total	43.0

Asset allocation*



* The asset allocation breakdown relates to investment in underlying trusts and is not on a look-through basis. Cash represents cash held at bank.

Ethical view

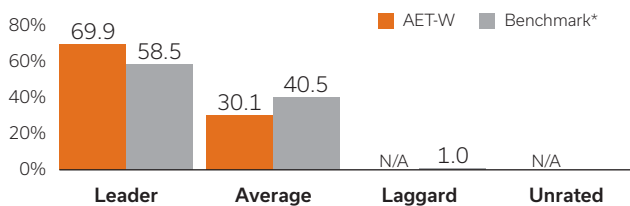
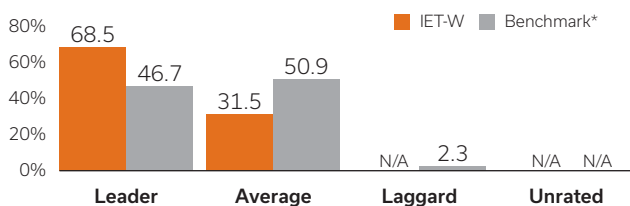
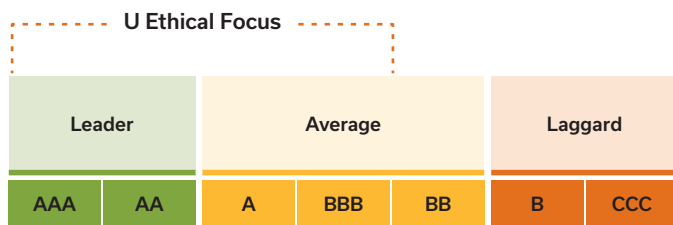
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

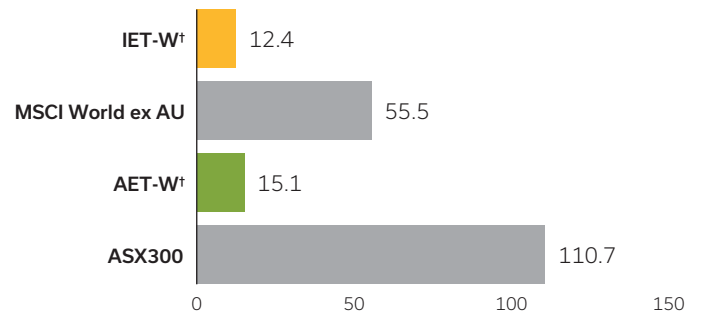


* This is based on a combination of company reported and MSCI estimated carbon data. Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission.

* 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 31/10/23. Based on 83.02% percent of eligible portfolio covered. Data is based on long positions only.

Top pick for sustainable impact this quarter

Company:

Cleanaway Waste Management

Weight: 0.17%

Industry classification:

Environmental and Facilities Services

ESG Rating: A

Company SDG alignment:



Cleanaway is a waste management provider and demonstrates strong governance and is acknowledged as leading peers in workplace safety practices. Whilst CWY is an emissions-intensive company, it has set a net zero target of 2050 for carbon emissions, with a 43% cut in CO2 by 2030 and a commitment to reducing methane by 43% by 2030 and 57% by 2050.

This document dated 30 June 2024 is issued by UCA Growth Fund Limited (UCA Growth) for the U Ethical Growth Portfolio (the Portfolio). All data within this document is published as at 30 June 2024. U Ethical (a registered business name of Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147) is the Manager and Administrator of the Portfolio. 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 any fund of which U Ethical is the Manager, Administrator, Issuer, Trustee or Responsible Entity. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the Offer Documents which can be found on our website www.uethical.com or by calling us on 1800 996 888. U Ethical may receive management costs from the Portfolio, see the Offer Documents. U Ethical, its affiliates, and associates accept 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 any U Ethical fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any U Ethical Fund. Past U Ethical fund performance is not indicative of future performance.

The Portfolio is not prudentially supervised by the Australian Prudential Regulation Authority (APRA). Therefore, an investor in the Portfolio will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. The Portfolio is listed as a religious charitable development fund under APRA's Banking Exemption. Investments in the Portfolio will be used to support the charitable purposes of the Portfolio. UCA Growth is required to notify investors that the debentures in the Portfolio and their offering, are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC and have not been approved or examined by ASIC. Investors in the Portfolio may be unable to get some or all of their money back when the investor expects or at all. Investment in the Portfolio is not comparable to investments with banks, finance companies or fund managers. UCA Growth relies on the exemptions under section 5(1) and 5(2) of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

Sustainability Rating as of 30/04/2024. Corporate and Sovereign Sustainability Score and Investment Style as of 30/04/2024. Morningstar's Sustainability Score incorporates Sustainability's 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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