

Quarterly Performance Review

u ethical Growth Portfolio

Quarterly highlights March 2024

- Global equity markets extended their rally over the quarter with lower inflation providing scope for central bank easing later this year.
- The Portfolio delivered a total return of 9.5%, outperforming the benchmark by 2.8%. This was primarily due to strong relative performance in Australian equities.
- We remain slightly defensively positioned given stretched equity market valuations and optimistic consensus earnings expectations.
- Stronger economic data also means the timing of monetary policy easing remains uncertain.

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

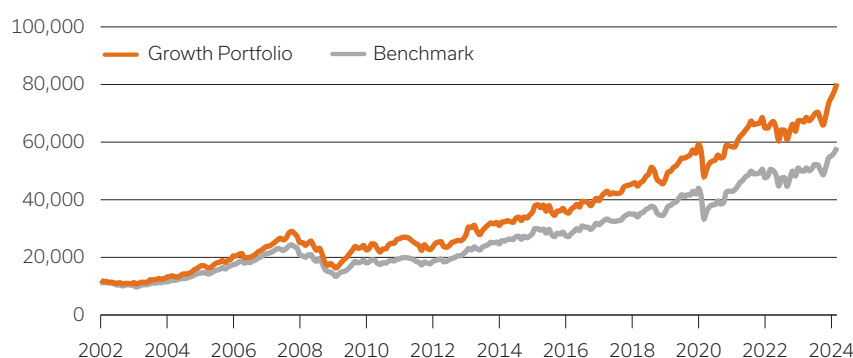


Assigned as of 29/2/2024
Analyst-Driven 0%
Data Coverage 91%

Out of 7074 Australia & New Zealand Equity Funds as of 31/1/2024. 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)	\$280.320 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[†]	9.51	17.90	19.97	10.10	9.99	9.53	9.30	10.16
Benchmark	6.76	15.44	16.51	9.36	8.85	8.52	8.20	N/A
Relative performance	2.75	2.46	3.46	0.74	1.14	1.01	1.10	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 extended their rally in the March quarter with the MSCI World Ex Australia Index (AUD) delivering a total return of 14.0% (partly driven by a weaker Australian dollar). While US inflation has trended lower, expectations for interest rate cuts have been pushed out given stronger economic data.

The US Manufacturing Purchasing Managers' Index (PMI) increased to 50.3 in March ahead of forecasts and up from 47.8 in the prior month. Recent nonfarm payrolls figures have also surprised to the upside. The federal funds target range has remained at 5.25-5.50% since July, although we have seen US 10-year treasury yields rise well above 4% during the quarter.

Australian inflation excluding volatile items declined to 3.9% in February and despite services inflation remaining sticky the trend lower has continued. The Reserve Bank of Australia (RBA) has maintained the cash rate at 4.35% since November, although minutes revealed a shift to more dovish stance. The domestic labour market remains tight with the seasonally adjusted unemployment rate declining slightly to 3.7%.

Corporate earnings were better than expected during the quarter, although stretched equity market valuations leave little room for disappointment. Stronger economic data will likely mean central banks are reluctant to ease monetary policy near-term and we view this as a key driver of equity markets in recent months.

Portfolio commentary

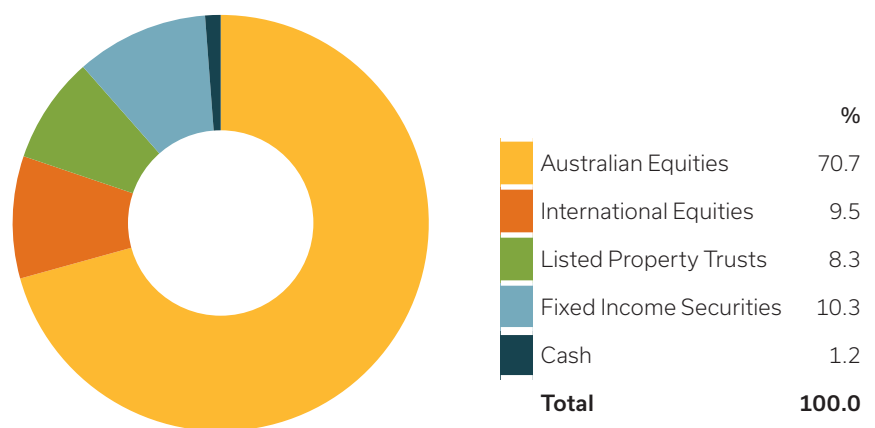
The Growth Portfolio delivered a total return of 9.5% over the March quarter, outperforming the benchmark by 2.8%. Strong returns have been driven by optimism over easing global inflation providing scope for central banks to cut interest rates. However, stronger economic data means central banks will be cautious around cutting too early.

The outperformance for the quarter was primarily due to strong relative performance in Australian equities, which benefitted from good security selection in the Industrials and Healthcare sectors. This was partly offset by underperformance in international equities largely due to not holding chip developer Nvidia. Asset allocation detracted from performance with the Portfolio being overweight fixed income and cash (the worst performing asset class) and underweight listed property (top performing).

We remain slightly defensively positioned given we see equity valuations as full and the timing of monetary policy easing remains uncertain. While economic growth has proven more resilient and we have seen positive earnings revisions over the quarter, we also continue to see earnings growth forecasts as optimistic.

Top 10 holdings	Weight %
Goodman Group	7.3
CSL Limited	6.1
Commonwealth Bank of Australia	4.2
Macquarie Group	3.8
National Australia Bank	3.8
Telstra Corporation	3.7
Fortescue Metals Group	3.4
Resmed Inc.	3.3
Brambles	3.2
Sandfire Resources	2.9
Total	41.7

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

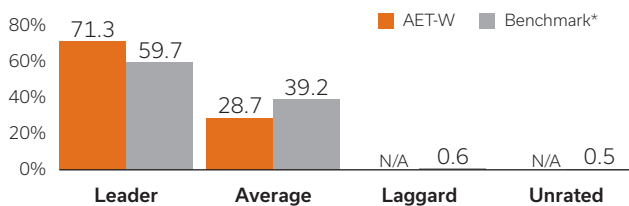
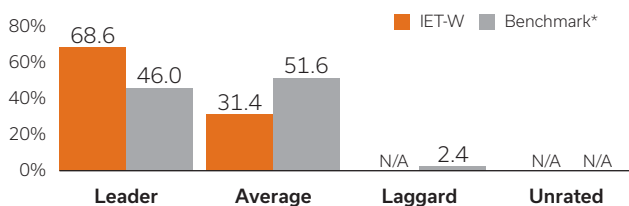
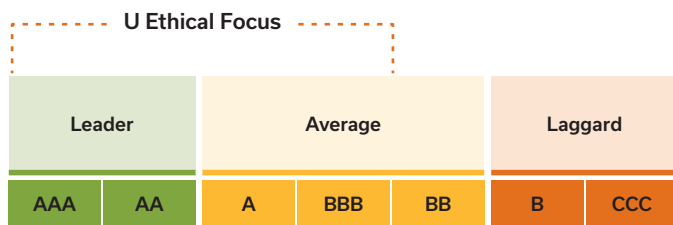
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

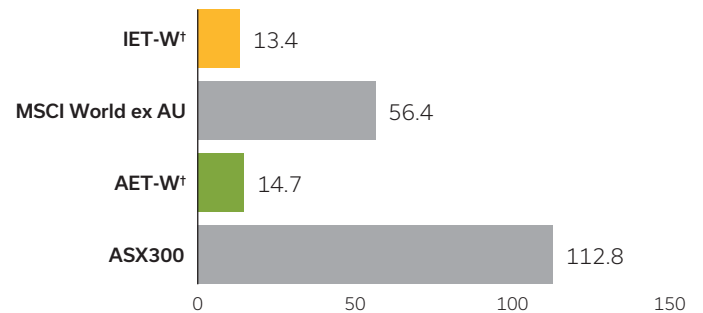


* This is based on a combination of company reported and MSCI estimated carbon data. Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission.

* 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 31/01/2024. Based on 83.63% percent of eligible portfolio covered. Data is based on long positions only.

Top pick for sustainable impact this quarter

Company:

Novo Nordisk

Weight: 0.4%

Industry classification:

Pharmaceuticals

ESG Rating: AAA

Company SDG alignment:



Novo Nordisk is a Danish company that develops and produces insulin and other products for diabetes and other serious chronic diseases, including Wegovy and Ozempic. Novo Nordisk leads global peers in executive pay practices and is on par with peers in product quality management. By producing drugs to manage diabetes and obesity, Novo Nordisk aligns with SDG 3 (Good Health and Wellbeing).

This document dated March 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 31 March 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.ueethical.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 31/1/2024. Corporate and Sovereign Sustainability Score and Investment Style as of 31/1/2024. 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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