

Quarterly Performance Review

u ethical Cash Management Trust - Wholesale

December 2024

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The U Ethical Cash Management Trust - Wholesale is a portfolio of cash and cash equivalents aiming to provide capital stability and ready access to your funds.

Benefits and risks

- Suggested minimum investment horizon - 6 months
- Very low-risk profile

Investment objective

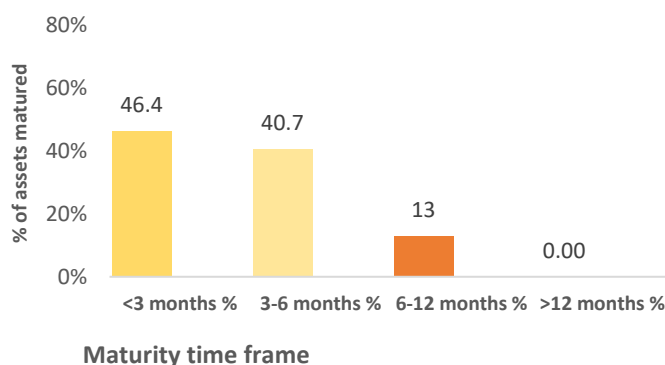
The U Ethical Cash Management Trust - Wholesale aims to compare favourably with comparable cash management trusts through a combination of cash and cash equivalent investments.

It is a very low risk investment option and suitable for short- term investment, while aiming to maintain a high level of capital stability. It aims to outperform the benchmark after fees over a rolling one-year period.

Fund information

Portfolio Managers	Dandan Huang & Joshua Nappa
Chief investment officer	Jon Fernie
Inception date	1 July 2020
Total fund size (\$M)	\$91.081
Benchmark	The Reserve Bank of Australia (RBA) cash rate
Buy/sell spread	N/A
Management costs	Estimated up to 0.30% p.a. (See Information Memorandum)

Maturity Profile



Performance

	3 months %	6 months %	1 year % p.a.	3 years % p.a.	Since Inception % p.a.
Cash Management Trust - Wholesale†	1.18	2.36	4.76	3.43	2.31
Benchmark*	1.10	2.21	4.45	3.24	2.19
Relative performance	0.08	0.15	0.31	0.19	0.12

Past performance is not indicative of future performance.

Performance figures stated ending 31 December 2022 were overstated by 0.07% 3months, 0.08% 6months, 0.09% 1year and 0.04% since Inception due to a calculation error. These have now been corrected in the above table.

† Based on exit price with distributions reinvested, and are net of all fees.

* Reserve Bank of Australia cash rate.

Market Commentary

Global equity markets moved higher during the December quarter as central banks further eased monetary policy and corporate earnings remained solid. A Trump presidential victory in the US buoyed markets given scope for deregulation and lower corporate taxes. However, the re-escalation of trade tensions and potential implications for inflation and economic growth remains a concern.

The Federal Reserve reduced interest rates for a third consecutive time in December to a target range of 4.25-4.50%, although signalled a slower pace of easing moving forward. While US inflation has significantly lowered over the last 12 months, we saw a tick up in November to 2.7%. The European Central Bank also continued to cut interest rates during the quarter with growth remaining subdued in the region.

In Australia, the Reserve Bank of Australia (RBA) maintained interest rates at 4.35%, although market expectations are for an interest rate cut in the first half of 2025. Domestic headline inflation continued to decline during the quarter, although benefitted from various subsidies and rebates. The labour market also remains robust with seasonally adjusted unemployment declining to 3.9% in November.

Further stimulus measures were announced in China during the quarter and the country looks set to hit its target of 5% GDP growth for 2024. However, the potential for increased trade tensions under Trump clouds the outlook for the region and also has implications for the Australian economy

Despite expectations for strong earnings growth in aggregate, we continue to see global equity market valuations as stretched. While further central bank easing may be supportive for equity markets, the pace of cuts will likely to be slower than previously forecast. Uncertainty over the impact of a second Trump presidency also remains high.

Portfolio Commentary

Over the December quarter, the Bank Bill Swap (BBSW) curve flattened as longer-term rates declined, driven by weaker domestic economic data. The slowdown in the economy led the market to bring forward expectations for rate cuts.

Longer-term BBSW rates declined over the quarter, with the 6-month tenor dropping by 12.9 bps and the 5-month tenor by 8.5 bps, as market expectations for the timing of the RBA's next rate cut shifted. Meanwhile, the 3-month tenor remained relatively steady, recording a slight decrease of 1.8 bps.

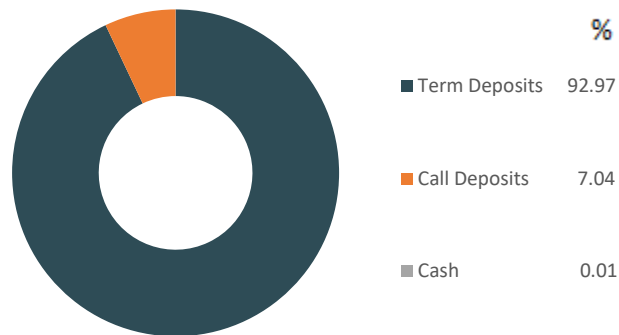
The premium across term deposit curves is particularly pronounced in the 6 to 12-month range, as banks still seek to secure longer-term funding. The Trust capitalized on deposits offering rates above 4.80%, maintaining a strategic position to benefit from the favorable rates. Throughout the quarter, the Trust primarily invested in 6-month terms, locking in higher yields where overall yields were maximized.

As a result, the Trust's gross yield remained stable at 4.97% for the quarter.

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Top 5 issuers	%
National Australia Bank	37.72
Bendigo Bank	20.93
Westpac Banking Corporation	20.85
BankVic	13.15
Bank of Queensland	7.34
Total	99.99

Asset allocation by securities' type



About U Ethical and your team

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.



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