

Quarterly Performance Review

u ethical International Equities Trust - Wholesale

APIR UGF1996AU

December 2024

A high-conviction and actively managed portfolio of international equities designed to combine positive impact with competitive financial returns.

Benefits and risks

- Targeted portfolio alignment with United Nations Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) ratings
- Suggested minimum investment horizon - 7 to 10 years
- High-risk profile

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	5 years	10 years	Since inception
	%	%	% p.a.	% p.a.	% p.a.	% p.a.
U Ethical International Equities Trust - Wholesale†	13.27	14.86	31.05	11.75	13.04	14.85
Benchmark	12.12	14.70	31.18	14.14	13.16	14.26
Relative performance	1.15	0.16	-0.14	-2.39	-0.12	0.59

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 30/11/2024
Analyst-Driven 0%
Data Coverage 80%

Morningstar Sustainability Rating™



Out of 8311 Australia & New Zealand Equity Funds as of 30/11/2024. Based on 87.34 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)	\$91.48 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

u ethical International Equities Trust - Wholesale

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

The Trust delivered a total return of +13.3% in the December quarter, outperforming the market benchmark by +1.2%. Outperformance was driven by positive stock selection in the Information Technology and Health Care sectors. Sector allocation contributed to relative performance through the portfolio's overweight exposure to the Financials and Communication Services sectors and having no exposure to the Materials, Utilities and Real Estate sectors.

The falling Australian dollar had a positive impact on the portfolio's return on an Australian dollar basis. The AUD-USD cross-rate 69c to 62c over the quarter as expectations on the speed and magnitude of future cuts in the US Fed rate reduced.

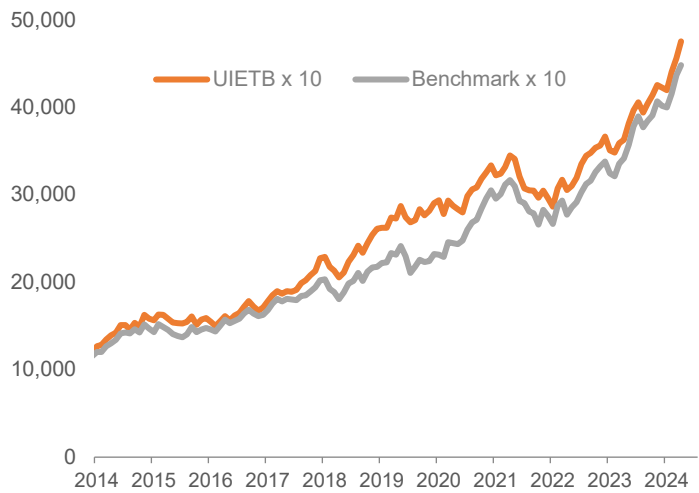
The portfolio remains overweight Financials and Information Technology stocks. During the quarter portfolio changes included adding to Alphabet (Google) and Microsoft as confidence grows on the trajectory of these companies' AI-related revenues; and reducing exposure Mercedes-Benz.

Looking into 2025, financial markets will be focussed on the impact of Donald Trump's second Presidency, the trajectory of global interest rates, and the AI-trade. The latter has been a driving force in the US stock market's consecutive years of total returns in excess of 25%.

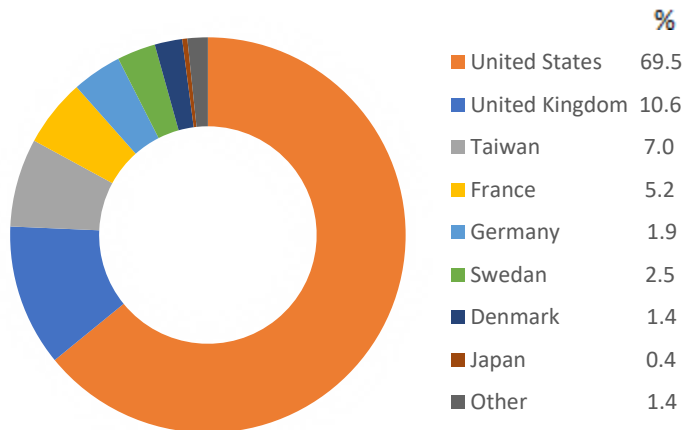
u ethical International Equities Trust - Wholesale

Company	Weight %
Microsoft	8.6
Alphabet	7.4
Apple	7.0
Taiwan Semiconductor Manufacturing	6.7
Nvidia	6.1
Bank New York Mellon	5.6
TJX Companies	5.4
Visa	5.0
Mastercard	4.8
BT Group	4.8
Total	61.4

Growth of \$10,000 invested†



Geographic exposure



u ethical International Equities Trust - Wholesale

Ethical view

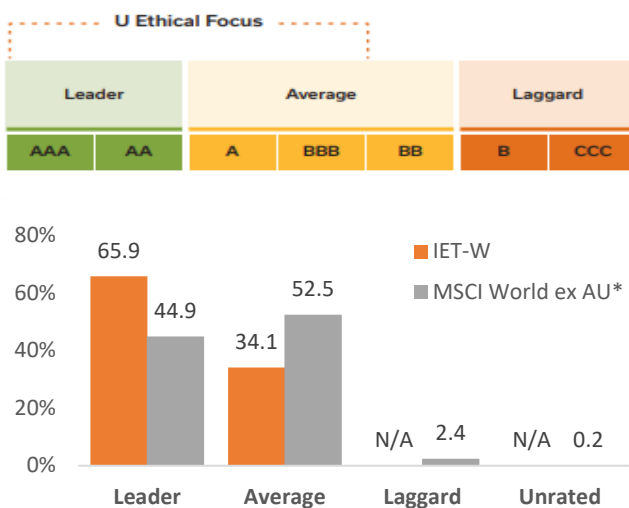
Environmental, Social, and Governance (ESG) refers to the central factors in measuring and tracking the sustainable and societal impact of an investment. These factors include climate risk management and preparedness, human rights considerations, and modern slavery risk.

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.

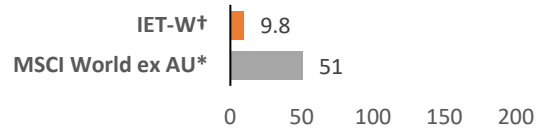
ESG ratings

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.



Carbon footprint

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



Carbon Metrics as of 31/12/2024. Based on 100% percent of eligible portfolio covered. Data is based on long positions only.

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. We also vote at all portfolio company AGMs. U Ethical believes that stewardship and engagement is part of our responsibility as ethical investors.

During this quarter, Microsoft held its AGM. U Ethical supported several shareholder resolutions seeking enhanced information on Microsoft operations, including a resolution calling for a report to assess risks related to Microsoft's involvement in the development of weapons for the military, a separate resolution calling for a report on the risk of siting Microsoft cloud datacentres in countries of significant human rights concern, and a third resolution calling for a report on the risks of using AI and machine-learning tools for oil and gas development and production. We supported these resolutions on the grounds that additional information of this nature will help inform our view on Microsoft as an investment, and the cost imposed on Microsoft would be minimal.

† 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.

u ethical International Equities Trust - Wholesale

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.

U Ethical

Level 6
130 Lonsdale Street
Melbourne VIC 3000

Email info@uethical.com

Freecall 1800 996 888



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.

This document dated December 2024 is issued by Uniting Ethical Investors Limited for the U Ethical International Equities Trust - Wholesale. All data within this document is published as at 31 December 2024. U Ethical (a registered business name of Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147) is the Trustee, Manager and Administrator of the U Ethical International Equities Trust - Wholesale. 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 product 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 Information Memorandum (IM) 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 its products, see IM. 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 product will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any U Ethical product.

Sustainability Rating as of 30/11/2024. Corporate and Sovereign Sustainability Score and Investment Style as of 30/11/2024. Morningstar's Sustainability Score incorporates Sustainalytics' company and country-level analysis.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.