

Morphic Global Opportunities Fund

ARSN 159 465 157



Signatory of:



Product Disclosure Statement

Dated 11 December 2020

Important Notices and Disclaimer

This Product Disclosure Statement ("PDS" or "Product Disclosure Statement") is dated 11 December 2020.

Ellerston Capital Limited ABN 34 110 397 674 AFSL number 283000 ("Responsible Entity") is the responsible entity of the Morphic Global Opportunities Fund ARSN 159 465 157 ("Fund") available for investment through this PDS. The Responsible Entity is the issuer of the PDS and the Units in the Fund. Units to which this PDS relates will only be issued on the receipt of an application form attached or accompanying to this PDS. Application forms for the electronic PDS may be accessed only by printing out the entire PDS. The Responsible Entity is not bound to accept any application for Units.

Morphic Asset Management Pty Limited ABN 33 155 937 901 ("Morphic" and/or "Manager") has been appointed as the investment manager of the Fund. Morphic holds an AFSL number 419916 to provide certain financial services to retail and wholesale clients.

The Fund has been designed for longer term investments and is subject to investment and trading risks, including possible delays in repayment and loss of income and principal invested. Your investment does not represent deposits or other liabilities of the Responsible Entity, Morphic or any other person. None of the Fund, the Responsible Entity, Morphic or any member of the Ellerston Capital group of companies or any other person guarantees in any way the performance of the Fund, repayment of capital from the Fund or any particular return from, or any increase in the value, of the Fund. There are no forecasts or prospective financial information relating to the Fund in this PDS. No person other than Ellerston Capital Limited has caused or authorized the issue of this PDS nor do any of them take any responsibility for the preparation of this PDS or the establishment or performance of the Fund. ASIC takes no responsibility for the contents of this PDS.

All actions referred to in this PDS as being taken by the Fund are performed by Ellerston Capital Limited as responsible entity of the Fund or its delegates, as the case may be, in respect of the Fund.

None of the service providers have or will undertake any due diligence inquiries with respect to investments of the Fund for the benefit of the Fund or its prospective investors.

To the full extent permitted by law no:

- representation or warranty (express or implied) is given; and
- responsibility or liability (including in negligence) is accepted,

by any company or person, in the group of companies to which each service provider belongs, as to the truth, accuracy or completeness of any statement, opinion, forecast, information or other matter (whether expressed or implied) contained in this PDS or as to any other matter concerning it.

This PDS does not purport to contain all of the information that a prospective investor may require in evaluating an investment in the Fund. This PDS has been prepared without taking into account the investment objectives, financial situation or needs of any particular investor. You should obtain professional advice about an investment in the Fund having regard to your particular investment needs, objectives and financial circumstances before investing. If

you invest more than \$500,000 or you otherwise qualify as a wholesale client under the Corporations Act, you will be taken to invest under this PDS as a wholesale client.

Any information or representation not contained in this PDS must not be relied on as having been authorised by the Responsible Entity or the Manager.

This PDS was up to date at the date shown on the front cover. Information in this PDS may change from time to time. The Responsible Entity can change matters which are the subject of representations made in this PDS. If the Responsible Entity becomes aware of a misleading or deceptive statement in this PDS, an omission from this PDS, information in this PDS which is not up to date or other information that would be materially adverse from the point of view of a reasonable person considering investing in the Fund, the Responsible Entity will issue a supplementary PDS or a replacement PDS. Changes in information regarding the Fund that are not materially adverse will be available online at www.morphiccasset.com, or by contacting the Manager (please see contact details in the Corporate Directory at the back of this PDS) or a paper copy of this updated information is also available free of charge on request from the Manager.

This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Units or the offer or otherwise to permit a public offering of the Units in any jurisdiction outside Australia and New Zealand. The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by the laws of those jurisdictions.

If any applicant receives this PDS outside of Australia and New Zealand, that applicant must declare on the application form that they may subscribe for, and be issued with Units in the Fund in accordance, and compliance, with the laws of the jurisdiction in which they received the PDS.

A failure to comply with these restrictions may constitute a violation of the laws in those jurisdictions. The Responsible Entity reserves the right to change the terms and conditions in this PDS.

Terms used in this PDS are defined in the Glossary. All amounts are in Australian dollars unless otherwise specified and all references to legislation are to Australian law unless otherwise specified. All fees quoted in the PDS include goods and services tax ("GST") after allowing for an estimate for reduced input tax credit ("RITC").

The Responsible Entity authorises the use of this PDS as disclosure both for investors or prospective investors investing directly in the Fund, and investors who wish to access the Fund through a master trust, wrap account or an investor directed portfolio service (each, referred to as an "IDPS"). Persons who gain access to the Fund through an IDPS are referred to as "Indirect Investors" in this PDS. Indirect Investors who wish to access the Fund through the IDPS do not themselves become Unitholders in the Fund. Instead, the IDPS Operator invests for each Indirect Investor and so has the rights of a Unit holder. For example, Indirect Investors cannot attend member meetings or transfer Units in the Fund. The IDPS Operator may exercise the rights in accordance with their arrangements with the Indirect Investor. Indirect Investors can request reports on their investment from the IDPS Operator and should direct any

inquiries to them save for any complaints which should be made in accordance with the complaints section of this PDS. An Indirect Investor's inquiries should be directed to their IDPS Operator. Some provisions of the Constitution are not relevant to Indirect Investors.

The RIAA Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that the Morphic Global Opportunities Fund adheres to the strict disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia ("RIAA"). Detailed information about RIAA, the Symbol and Morphic Global Opportunities Fund's methodology, performance and stock holdings can be found at www.responsibleinvestment.org, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

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1. Investment Objective and Investment Strategy

Fund Objective

The Morphic Global Opportunities Fund (the “Fund”) seeks to provide longer term capital growth through investing in ethically screened Global shares and using other investments, including derivatives, to manage volatility and other risks in the portfolio.

The Fund aims to outperform the MSCI All Countries Total Return Daily Index (“the Index”) in Australian dollars, over rolling three year periods.

Investment Universe

The Fund will consist of long and short positions in Global equities.

In addition, the Fund may include fixed interest instruments, commodities, credit instruments and currencies for the purpose of hedging, all of which may be invested through assets, exchange traded funds or derivatives, including futures, options, forwards and swaps.

The Fund will be managed in accordance with Morphic’s Ethical Charter (which is available at www.morphicasset.com). This prohibits direct investments in entities involved in environmental destruction, including coal and uranium mining, oil and gas, intensive animal farming and aquaculture, tobacco and alcohol, armaments, gambling and rainforest and old growth logging. At least 5% of the Fund will generally be invested in entities that the Manager believes produce products or services likely to improve the planet. Please see 'Labour Standards, Environmental, Social and Ethical Considerations' in section 4 for more information.

Fund Investment Strategy

The Fund will primarily consist of Global listed shares, and will generally have at least 50% of its net assets invested in these. It may also have short positions in shares that the Manager believes are over-valued, and likely to fall in price.

2. Key Features of the Fund

This section summarises some of the key features of the Fund and provides references to other sections of the PDS where you can find further information. You should read the entire PDS for full details before deciding whether to invest in the Fund.

Fund	Summary	Further Information
Investment Objective	<p>The Morpic Global Opportunities Fund (the “Fund”) seeks to provide longer term capital growth through investing in Global shares and using other investments, including derivatives, to manage volatility and other risks in the portfolio.</p> <p>The Fund will aim to outperform the MSCI All Countries Total Return Daily Index (“the Index”) in Australian dollars, a broad index covering world share markets, over rolling three year periods.</p>	0
Investment Strategy	<p>The Fund will primarily consist of Global listed shares, and will generally have at least 50% of its net assets invested in these. It may also have short positions in shares that the Manager believes are overvalued, and likely to fall in price, as well as long and short positions in index futures and other derivatives, fixed interest instruments, commodities, credit instruments and currencies.</p>	0, 3, 4
Ethical Screen and Ethical Charter	<p>The Fund will be managed in accordance with Morpic’s Ethical Charter (which is available at www.morphicasset.com). This prohibits direct investments in entities (including their subsidiaries) involved in environmental destruction, including coal and uranium mining, oil and gas extraction, intensive animal farming and aquaculture, tobacco and alcohol production, armaments, gambling and rainforest and old growth logging. At least 5% of the Fund will generally be invested in entities that the Manager believes, having regard to the Ethical Charter and labour standards, environmental, social and ethical considerations, produce products or services likely to improve the planet. Please see 'Labour Standards, Environmental, Social and Ethical Considerations' in section 4 for more information.</p>	4
Fund Structure	<p>The Fund is an Australian registered managed investment scheme.</p> <p>The Responsible Entity has appointed a number of key service providers who are involved in the ongoing operation and administration of the Fund. Please see the relevant service providers listed in the table below.</p>	10, 11, 12
Valuation, location and custody of assets	<p>The assets of the Fund are valued daily by the Administrator and the net asset value is determined in accordance with the Constitution of the Fund. The assets of the Fund will be valued at the market value, a value determined from an independent source or by the Administrator in accordance with industry standards. For further information please refer to 'Valuation' in section 9. The Fund invests globally including in countries in Asia, Europe, Africa, North and South America and Australia. The assets of the Fund will therefore be located globally in the relevant countries. The information relating to asset class allocations are contained in section 4 under 'Investment Universe and Selection'. The assets of the Fund are held by an independent prime broker/custodian. This is outlined in section 12: 'Prime Broker and Custodian'.</p>	4, 10, 12, 13
Liquidity	<p>The Responsible Entity reasonably expects that it will be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the Fund’s net asset value, within 10 Business Days.</p>	4, 5

Fund	Summary	Further Information
Leverage	<p>The Investment Strategy of the Fund may involve borrowing money or securities to generate financial leverage.</p> <p>The Fund may also become leveraged through the use of derivatives and short selling which form part of the investment strategy of the Fund.</p> <p>Generally, the maximum leverage of the Fund will be 100% of the net asset value of the Fund. The risks associated with leverage are set out in section 5.</p>	4, 5
Derivatives	<p>The Fund may use derivatives for the purpose of hedging and to increase the liquidity of the portfolio as well as for outperformance. The types of derivatives used by the Fund include exchanged traded derivatives and over the counter derivatives. The risks associated with derivatives are set out in section 5.</p>	4, 5
Short selling	<p>Short selling is undertaken by the Fund for hedging purposes as well as part the investment strategy of the Fund to benefit from falling securities prices. The Fund engages in short selling by borrowing securities from the Prime Broker and providing collateral to the Prime Broker.</p> <p>The risks of short selling are set out in section 5.</p>	4, 5
Risks	<p>There are risks associated with investing in the Fund. Some of these risks and how these risks are managed are set out in this PDS. You should obtain professional advice before deciding to invest in the Fund.</p>	4, 5

Parties	Summary	Further information
Responsible Entity	Ellerston Capital Limited ABN 34 110 397 674.	11, 12
Manager	<p>Morphic Asset Management Pty Limited ABN 33 155 937 901.</p> <p>The investment team in respect of the Fund as at the date of this PDS comprises Bill Pridham, and James Tayler.</p> <p>Morphic has been appointed by the Responsible Entity as investment manager pursuant to an investment management agreement.</p>	3, 11, 12
Prime Broker & Custodian	Merrill Lynch International ARBN 125 336 567.	11, 12
Prime Broker and Custodian	Morgan Stanley & Co. International plc ARBN 613 032 705	11, 12
Financial Auditor and Tax Adviser	<p>Tax Adviser: Ernst & Young ABN 75 288 172 749</p> <p>Financial Auditor: Ernst & Young ABN 75 288 172 749</p>	11, 12
Administrator	Mainstream Fund Services Pty Limited ABN 81 118 902 891.	11, 12

Investor Information	Summary	Further information
Class of Units	Currently, there is only one class of Units offered under this PDS.	9
Applications	<p>Units will be available for issue on each Business Day.</p> <p>Units will be issued at the Current Unit Value (plus the buy spread).</p> <p>Applications must be received and accepted by the Administrator by 12:00 noon Sydney time on a Business Day in order for Units to be issued as at the price calculated as at that day. Applications received after that time will generally be issued at the price calculated as at the following Business Day.</p> <p>Indirect Investors should not complete the application form attached to or accompanying the PDS. Instead, they should complete any relevant forms provided by the IDPS Operator or contact their IDPS Operator to make an application for Units.</p>	9
Minimum Investment	AU\$10,000 or such other amount as the Responsible Entity determines.	9
Minimum Additional Investment	AU\$5,000 or such other amount as the Responsible Entity determines.	9
Minimum Balance	AU\$5,000 or such other amount as the Responsible Entity determines.	9
Withdrawals	<p>Withdrawal requests are processed on each Business Day.</p> <p>Withdrawal requests must be received by the Administrator by 12:00 noon Sydney time on a Business Day in order for Units to be processed using the withdrawal price calculated as at that day. Withdrawal requests received after that time will generally be processed using the withdrawal price calculated as at the following Business Day.</p> <p>Provided the Administrator has received your original signed withdrawal request form, withdrawal proceeds will generally be paid within 10 Business Days from the relevant withdrawal day. However, the Responsible Entity may delay or stagger withdrawal requests and withdrawals may be suspended in exceptional circumstances.</p> <p>Indirect Investors should not complete a withdrawal request form for the Fund. Instead, they should complete any relevant forms provided by the IDPS Operator or contact their IDPS Operator to make a withdrawal of Units.</p>	6, 9
Minimum Withdrawal	AU\$5,000 or such other amount as the Responsible Entity determines.	9
Valuations	Daily pricing or such other times as the Responsible Entity determines.	9
Distribution Frequency	Semi-annually, as at 30 June and 31 December.	9
Payment Method	Paid into your nominated bank account or reinvested in additional Units.	9

Fees	Summary	Further Information
Contribution Fee and Withdrawal Fee	Nil	6
Management Fee	1.05% per annum ("p.a.") of net asset value ("NAV")	6
Performance Fee	15% of excess performance above the Hurdle Return	6
Expense Recovery Fee	Capped at 0.20% p.a. of the NAV	6
Buy/Sell Spread	0.25% (Buy) / 0.25% (Sell)	6

Disclosure Benchmarks	Summary	Further Information
Benchmark 1: Valuation of Assets	<p>The Fund meets this benchmark.</p> <p>The valuation of all of the Fund assets are provided by the Fund's Administrator, Mainstream Fund Services Pty Ltd which is unrelated to both the Responsible Entity and the Investment Manager.</p> <p>The Responsible Entity intends to comply with this benchmark going forward.</p>	12
Benchmark 2: Periodic Reporting	<p>The Fund meets this benchmark.</p> <p>Unitholders will receive periodic disclosure on key information about the Fund on an annual, semi-annual and monthly basis. All reports are available on the Morpic website www.morphicasset.com.</p> <p>The Responsible Entity intends to comply with this benchmark going forward.</p>	13

3. Manager

Background

Morphic was established in 2012 by a team of proven global fund managers with a background in ethical investing.

Ellerston Capital Limited acquired a controlling interest in Morpic in June 2019. This enabled Morpic to gain access to Ellerston Capital Limited's broad experience, wider analyst pool, and operational infrastructure.

Investment Philosophy

The Manager expects the best returns to come from successful stock picking on both the long and short side. However it intends to manage risk where required, through the use of index futures and individual stock options.

In addition Morpic expects to continue to find that some market or economic anomalies will be better exploited by investments in currency, commodity and fixed income assets and derivatives.

Investment Team

Bill Pridham (Portfolio Manager)

Bill Pridham joined Ellerston Capital Limited in November 2015 and has 22 years financial markets experience.

Prior to Ellerston Capital Limited, Bill was an Investment Manager at JGL Investments. At JGL, he managed a listed equity portfolio with a global mandate and absolute return focus.

Prior to JGL Investments, Bill worked as an Investment Analyst at Kira Capital, Senior Research Analyst at QIC and CIO at MMC Asset Management. Bill started his career at UBS Australia as a Senior Research Analyst.

Bill holds a Bachelor of Commerce from Bond University and has been awarded the CFA Charter.

James Tayler (Head of ESG)

James joined Morphic as the Head of Research in 2016. He was previously Head of Investment Research at Knight Vinke, a leading activist investor focused on European companies, based in Zurich and London.

Prior to this, James was Head of Investment Research for a single-family office in Zug, Switzerland following more than 10 years at Swiss Reinsurance Company.

James has a B.A (Hons) in Industrial Economics from Nottingham University and has been involved in the research and investment of global equities for more than 10 years.

The Morphic team is based in Sydney, Australia.

There have been no adverse regulatory findings against Bill Pridham, James Tayler or the Manager.

4. Morphic Global Opportunities Fund

Investment Universe and Selection

The Fund will mainly consist of long and short positions in Global equities.

Index futures may be used to hedge overall risk in the portfolio

The Fund invests globally, including in countries on the continents of Asia, Europe, Africa, North America, South America and Australia. For equity exposures, the exposure limit for each country is based on the size of each relevant market.

The currency denomination of the assets of the Fund is dependent on the currency used in the location of the assets, whilst the currency may be hedged into the Australian dollar or other currencies.

The asset allocation ranges for different types of assets that the Fund may invest in are set out in the following table:

Type of Asset	Allocation Range
Australian listed equities	0-200%*
Australian unlisted equities	0-200%
International listed equities	0-200%
International unlisted equities	0-200%
Australian government bonds	0-200%
Australian corporate bonds	0-200%
International government bonds	0-200%
International corporate bonds	0-200%
Exchange-traded derivatives	0-200%
Over-the-counter (OTC) derivatives	0-200%
Cash equivalent investments	0-200%

* As a result of short trading, the Fund may hold a net short position on Australian Listed Equities from time to time.

Derivatives

The Fund uses derivatives for hedging purposes and as part of its investment strategy to achieve some of its exposures to equities as well as to fixed interest, commodity, foreign exchange and credit assets.

Derivatives are used for a range of reasons including, but not limited to the purposes below:

- To more efficiently gain economic exposure to the underlying physical securities
- To increase the liquidity of the portfolio as the underlying physical securities often have higher transaction costs and less liquidity
- To achieve leverage and thereby amplify the Fund's exposure to investment themes

- To adjust currency exposures without having to buy and sell underlying assets which may have higher transaction costs.

The types of derivatives that may be used are exchange traded futures and options, and over the counter options, swaps and forwards. The use of derivatives may expose the Fund to certain risks. Please see section 5 for further information regarding the risks associated with derivatives including the collateral requirements for derivative counterparties.

As at the date of this PDS the only counterparties used are Merrill Lynch International and Morgan Stanley & Co. International, the Fund's Prime Brokers. As at the date of this PDS, the Fund only engages with counterparties with a minimum Standard & Poor's issuer rating of A- (or Moody's Investors Service equivalent).

Short Selling

The Fund may engage in short selling.

Short selling by the Fund may involve individual equities as well as exchange traded funds ("ETFs") or exchange traded futures ("futures").

In some instances securities may be short sold to hedge other assets in the Fund. In other cases short-selling may be used as part of the investment strategy of the Fund to benefit from anticipated falls in the prices of securities following research by the Manager that the securities are over-valued or likely to experience selling pressure for other reasons.

The Fund engages in short selling by borrowing securities from the Prime Broker and providing collateral to the Prime Broker.

For example, the Fund may borrow a share and sell that share for \$100. If the price of that share decreases to \$80, then the Fund will make a profit of \$20 when it buys that share and returns it to the person the original share was borrowed from. On the other hand, if the price of the share increases to \$110, then the Fund will make a loss of \$10. Short selling may be achieved physically (as described above) or through the use of Derivatives.

See section 5 for a summary of the key risks associated with short selling and how they are managed.

Risk Management Framework

The preservation of capital is at the centre of the risk management policy of Morphic. The investment team employs qualitative and quantitative methods to manage the level of risk in the Fund.

The investment team uses the following investment guidelines as part of the risk management process¹:

- Maximum exposure limits to single stock positions
- Limited number of positions

- Stop-loss guidelines which set maximum loss tolerance for each individual position
- Internal limits for aggregate exposures to individual countries, industries, and asset classes

Leverage

The investment strategy of the Fund may involve borrowing money or securities to generate financial leverage.

The Fund may also become leveraged through the use of derivatives and short selling which form part of the investment strategy of the Fund.

The maximum total leverage for the portfolio is 100% of the Fund's net asset value for equity related positions (for example, for every \$1 of the Fund's net asset value up to \$1.00 of that exposure may be funded by leverage).

For \$1 of the Fund's net asset value invested, if the general market rose 10% over a specified period it may be expected that the net asset value would rise to \$1.10 without the use of leverage. Under the same scenario, if the general market fell by 10% it may be expected that the net asset value would fall to \$0.90.

For \$1 of Fund's net asset value invested, if the general market rose 10% over a specified period it may be expected that the net asset value would rise to \$1.20 under the maximum anticipated leverage that would generally be expected. Conversely under the same general leverage scenario, if the general market fell by 10% then it may be expected that the net asset value would fall to \$0.80.

The only providers of leverage as at the date of this PDS is the Fund's Prime Brokers, Merrill Lynch International and Morgan Stanley & Co. International, entities regulated by the Financial Conduct Authority under the laws of the United Kingdom.

When the Fund employs leverage the Prime Broker may encumber some or all of the assets of the Fund and the Fund may be exposed to set-off rights by the Prime Broker.

Please note the leverage level referred to above is the maximum that might be employed by the Fund. Since inception the Fund has never been highly levered, and the Manager anticipates the maximum level of leverage will only be used in exceptional circumstances, if ever.

Please see section 5 for a summary of the key risks associated with the Fund's use of leverage.

As an additional layer of risk management of leverage in the Fund, the Fund will be monitored by the Manager using a combination of:

- Value at Risk ("VAR") calculations;
- Stress and scenario analysis; and
- Portfolio stop-loss guidelines which set maximum loss tolerance for the portfolio as a whole.

¹ These guidelines are part of the current risk management framework and are reviewed periodically for appropriateness. At times these guidelines may be

breached due to market volatility. As such, the guidelines may change from time to time.

Liquidity

The Responsible Entity reasonably expects that it will be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 Business Days.

Liquidity tests are carried out to ensure the majority of the Fund assets are available to meet redemptions, or can be redeployed to meet changing market opportunities. To manage liquidity risks, the Manager carries out daily tests to ensure it can meet its obligations above. These tests include analysis of how long it would take to close out all positions in the Fund without unduly influencing the prices of the underlying assets.

Access to Liquidity

Due to the nature of the assets of the Fund (i.e. the majority of the assets are transparent and highly traded), investors will generally be able to withdraw from the Fund on a daily basis while the Fund is liquid. See section 9: 'Applications, Withdrawals and Distributions' for more information.

Labour Standards, Environmental, Social and Ethical Considerations

The Fund will be managed in accordance with Morpic's Ethical Charter (which can be downloaded free of charge at www.morphicasset.com) and labour standards, environmental, social and governance considerations. To achieve the objectives embodied by Morpic's Ethical Charter, the Manager will seek to build the Portfolio by applying a "negative screen" that prohibits direct investments issued by entities (including their subsidiary entities) in the following industries ("Excluded Securities"):

- Armaments;
- Tobacco and alcohol production;
- Gambling;
- Coal and uranium mining;
- Oil and gas extraction;
- Intensive animal farming and aquaculture; or
- Logging of rainforest or old growth timber.

The Manager applies a "positive screen" by generally investing a minimum of 5% of the Fund in entities which produce products or services that it considers are likely to improve the planet. The criteria for investments that would fall within the scope of the "positive screen" is set out in the Manager's Ethical Charter.

The Manager will monitor and review investments made by the Fund for consistency with the Manager's Ethical Charter and labour standards, environmental, social and ethical considerations on a regular basis (and at least annually).

If, as part of its review process, the Manager decides any investment made by the Fund is inconsistent with the scope of the "negative screen" or the Manager's Ethical Charter, the Manager will exit this investment as quickly as practically possible.

The Manager is also a signatory to the Principles of Responsible Investment ("PRI") which entails an explicit commitment to, and the adoption of, six principles which it believes will improve its ability to meet commitments to investors as well as better align our investment activities with the broader interests of society.

These six principles are as follows:

Principle 1

Incorporating Environmental, Social and Governance ("ESG") issues into investment analysis and decision-making processes

Principle 2

Being active owners and incorporating ESG issues into ownership policies and practices

Principle 3

Seeking appropriate disclosure on ESG issues by the entities in which the Fund invests

Principle 4

Promoting acceptance and implementation of the principles within the investment management industry

Principle 5

Working together to enhance effectiveness in implementing the principles

Principle 6

Reporting on the Manager's activities and progress towards implementing the principles

Decisions about the selection, retention or realisation of investments for the Fund will have regard to the above principles.

The Manager does take into account labour standards when making decisions about the selection, retention or realisation of investments of the Fund. The Manager has no pre-determined view about which or how far labour standards will be taken into account for an investment as each investment of the Fund will be decided on a case by case basis.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Changes to the investment objective and strategy

The Manager may change at any time the investment objective and strategy to meet current market conditions. Where a change is not materially adverse to Unit holders the information may be made available at: www.morphicasset.com. Otherwise Unit holders will be given 30 days written notice.

5. Risks

All investments involve risk and there can be no guarantee against loss resulting from an investment in the Fund, nor is there any assurance that the Fund's investment objectives will be achieved or you will get any of your money back. While it is not possible to identify every risk that is relevant to the Fund, the main categories of risk are summarised below.

Market Risk

Market risk represents the risk of adverse movements in markets (including asset prices, volatility, changes in yield curve, changes in interest rates or other market variables) impacting upon assets held by the Fund.

Liquidity Risk

There is a risk that a particular position will not be able, or will not easily be able, to be unwound or offset at or near the previous market price, due to inadequate market depth or to disruptions in the marketplace. There is also a risk that the Fund may become illiquid. If this were to happen, the Responsible Entity could not process withdrawal requests and could only give effect to withdrawals in accordance with the Corporations Act. The Fund is not listed and there is not expected to be a secondary market.

Counterparty (Credit) and Service Provider Risk

Counterparty risk is the risk that a counterparty to a contract will fail to perform contractual obligations (e.g. default in either whole or part) under the contract.

Counterparties may include brokerage and trading firms, banks, and the Prime Broker.

The Fund's investments may be borrowed, lent or otherwise used by the Fund's prime brokers and custodians. Any cash which a Prime Broker and Custodian receives on the Fund's behalf will not typically be subject to the client protections conferred by relevant laws. The Fund will rank as an unsecured creditor to the Prime Broker and Custodian in case of their insolvency. Accordingly, the Fund may not be able to recover equivalent assets in full should the Prime Brokers and Custodians become insolvent. Counterparties and service providers may also hold security over the Fund's assets so that they rank ahead of Unit holders in recovering the assets of the Fund. The Manager will seek counterparties and service providers which have a low risk of defaulting, although these risks cannot be eliminated entirely. See section 12 for further details regarding the Prime Brokers and Custodians.

Derivative Risk

Derivative contracts are subject to particular risks listed below:

➤ Market Risk

Significant losses from derivatives contracts may occur in the event of extreme market movements.

➤ Counterparty Risk

In derivative transactions, there is a risk that a counterparty to a transaction may wholly or partially fail to perform their contractual obligations under contract. The trading of all OTC derivatives is governed by market standard ISDA agreements. Where credit support agreements exist with the derivative counterparty, exposures to the derivative counterparty are also collateralised to minimise residual exposure of the Fund to that counterparty. However, the counterparty's assets used as collateral may decrease in value over time, which may increase the exposure of the Fund to that counterparty.

➤ Operations Risk

Information systems or internal controls may be less than effective or not entirely accurate and this can result in material loss.

➤ Leverage/Gearing

The Fund may borrow money to make investments, in addition, a derivative or foreign exchange contract typically involves leverage. This is due to the notional size of the derivatives portfolio being able to be larger than the total deposits needed to be placed with the broker to support the exposures. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. The overall notional exposure of the Fund will be effectively monitored by the Value-At-Risk ("VAR") calculations. While the Fund may borrow up to 100%, leverage will generally be more limited than this.

Foreign Markets Risk

Foreign markets risk is the potential adverse political, economic or social developments affecting the returns on investments in a country which may reduce the value of assets in that country.

Currency Risk

Part of the Fund's strategy will be to take foreign currency positions so as to produce a beneficial outcome in Australian dollar terms. Consequently, the value of the Fund will fluctuate in accordance with changes in the foreign exchange rates between the Australian dollar and the currencies in which the Fund has positioned into.

Legal Risk

The Fund may be affected by the actions of governments and regulatory bodies. Legislation (including legislation relating to tax) or regulation may be introduced which may have an impact on the Fund or on its investments.

Fund Risk

Risks particular to the Fund may include the termination of the Fund, the fees and expenses could change, and the Responsible Entity may retire or be removed. There is also a risk that the investment manager could change. The success of Morphic's trading and the investment performance is to a large degree dependent upon the services of its senior portfolio management team. The loss of the services of these individuals could result in Morphic's inability to trade effectively for the Fund's accounts. In addition, there is no guarantee that any of the current employees of Morphic will continue to work with Morphic in the future.

Operational Risk

Disruptions to administrative procedures or operational controls may challenge day to day operations. Adverse impacts may arise internally through human error, technology or infrastructure changes or through external events such as regulatory changes.

Short Selling Risk

The Fund may establish short positions in securities (including derivatives). To make delivery to the buyer, the Fund must borrow the security, and the Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Fund. Lenders may rescind the loan of securities at any time and cause the borrower to repurchase shares at inflated prices, resulting in a loss. Taking short positions in an asset involves a higher level of risk than buying an asset since the loss with buying an asset is generally limited to the purchase amount, whereas the loss with short positions, is unlimited (i.e. there is no upper limit on the price of the asset). Diversification of the short portfolio minimises the risks involved in short selling securities. A review of any position that has a 10% adverse price movement is carried out by Morphic and such positions will be reassessed.

Leverage Risk

Leverage generally involves the use of borrowed money or securities, or use of derivatives to increase the potential return from an investment. Leverage occurs where the level of exposure to investments exceeds the amount of cash invested. As a result leverage magnifies both potential investment gains and losses. Losses from leveraged investments can be substantial and can exceed the original amount invested.

Rehypothecation Risk

The Responsible Entity has appointed both Merrill Lynch International and Morgan Stanley & Co. International, as the Prime Brokers under the terms of an International Prime Brokerage Agreement (the "IPBA"). The Prime Broker will be responsible for the safekeeping of all the investments and other assets of the Fund which the Prime Broker has agreed with the Responsible Entity to take custody of under the terms of the IPBA, including assets that may subsequently be transferred to the Prime Broker or its affiliates as margin (the "Custody Assets").

Under the IPBA, the Custody Assets may be borrowed, lent, pledged, charged, rehypothecated, disposed of or otherwise used by the Prime Broker for its own purposes, whereupon such Custody Assets will become the absolute property of the Prime Broker (or that of its transferee) or become subject to the charge created by such charge, pledge or rehypothecation, as the case may be. The Responsible Entity will have a right against the Prime Broker for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. As such, as is normal in prime broker agreements, there is a risk that the Responsible Entity may not be able to recover such equivalent assets in full in the event of the insolvency of the Prime Broker.

Taxation Risk

There will be tax implications for investors in the Fund. A general description of the Australian taxation consequences for investors has been set out in section 7. Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the tax liabilities of the Fund and its investors. Under current Australian income tax legislation, 'flow-through' trusts are generally not liable for Australian income tax, including capital gains tax ("CGT"), provided investors are attributed all of the income of the trust each year. Should the actions or activities of a 'flow-through' trust (their controlled entities or funds in which they hold an interest) result in the trust falling within the operative provisions of Division 6B or 6C of Part III of the Income Tax Assessment Act 1936 (Cth), the relevant trust would be taxed on its net (i.e. taxable) income at a rate which is currently equivalent to the corporate income tax rate of 30 per cent.

Past Performance and History

There can be no assurance that the Fund will achieve its investment objective. The Fund's past performance information should not be relied upon as (and is not) an indicator of future performance.

Valuation

Investments may not have a readily ascertainable market price and may have valuations that differ from their true and actual realization value. Adjustments may be made having regard to what the Manager considers to be fair value for those assets. Further adjustments may be made on the basis of a number of matters including contingencies such as litigation expenses and fee waivers, deferrals and accruals. Redemptions and applications for Units (and the calculation of fees) may occur on the basis of these valuations.

Distributions

The Fund is not designed for Unit holders seeking regular income payments. While the Fund must pay its distributable income semi-annually, there is no guarantee that there any income will be generated. In certain circumstances, Unit holders may be liable for tax on distributions even if they have not received any distribution in cash.

Pandemic Risk

The impact of pandemics may have adverse implications on the Fund's ability to achieve its investment objectives.

6. Fees and Other Costs

The Corporations Act requires the following standard consumer advisory warning set out below. The information in the consumer advisory warning is standardised across all product disclosure statements and is not specific to information on fees and costs in this Fund.

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable.

Ask the fund or your financial adviser.

To Find Out More

If you would like to find out more or see the impact of fees based on your own circumstances, the **Australian Securities and Investments Commission ("ASIC")** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged from your account balance, the returns on your investment or from the Fund's assets as a whole.

Further information about taxes is set out in section 7 of this PDS. You should read all information about fees and costs because it is important to understand their impact on your investment.

Morphic Global Opportunities Fund		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil ¹	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil ¹	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable
Management costs		

¹ There is, however, a buy/sell spread. Refer to the section on 'Transaction Costs' under the 'Additional Explanation of Fees and Costs' heading below.

Morphic Global Opportunities Fund		
Type of fee or cost	Amount	How and when paid
The fees and costs for managing your investment.	1.52% per annum of net asset value	The management costs of the Fund consist of the following components: 1. Management Fee ² : 1.05% per annum of the net asset value of the Fund, calculated daily, paid monthly and reflected in the daily Unit price. 2. Performance Fee ³ : 15% of excess performance above the Hurdle Return, calculated and accrued daily and paid in arrears at the end of a Performance Period from the assets of the Fund and reflected in the daily Unit price. The performance fee payable is currently estimated at nil. 3. Expense recoveries ⁴ : 0.20% per annum of the net asset value of the Fund, calculated daily, paid monthly and reflected in the daily Unit price. 4. Indirect costs ⁵ : 0.27% per annum of the net asset value of the Fund, paid from the assets of the Fund and reflected in the daily Unit price.
Service fees ⁶		
Investment Switching fee The fee for changing investment options	Nil ¹	Not applicable

Note: The Management Fee, the Performance Fee and the Expense recoveries are the only fees paid to the Manager.

² Inclusive of GST and net of any RITC. Please refer to the section on 'Management Fee' under the 'Additional Explanation of Fees and Costs' heading below.

³ This is the Responsible Entity's reasonable estimate at the time of this PDS of the prospective performance fee for the current and next financial year, and has been estimated based on the Fund's performance being below the Hurdle Return for the current Performance Period as at the date of this PDS. This estimate is inclusive of GST and net of any RITC. Past performance is not a reliable indicator of future performance. The actual Performance Fee payable (if any) will depend on the performance of the Fund over the relevant period. Please refer to the section on 'Performance Fees' under the 'Additional Explanation of Fees and Costs' heading below.

⁴ This is the Responsible Entity's reasonable estimate at the time of this PDS of the prospective expense recoveries for the current and next financial year. This is inclusive of GST and net of any RITC. Please refer to the section on 'Expense Recoveries' under the 'Additional Explanation of Fees and Costs' heading below.

⁵ This is inclusive of GST and net of any RITC. This figure represents an estimate of the indirect costs for the Fund in the previous financial year ending June 2019. Please refer to the section on 'Indirect costs' under the 'Additional Explanation of Fees and Costs' heading below.

⁶ Please refer to the section on 'Adviser Service Fees' under the 'Additional Explanation of Fees and Costs' heading below.

Example of Annual Fees and Costs

The following table gives an example of how the fees and costs in the Fund can affect your investment over a 1 year period. You should use this table to compare the Fund with other managed investment products.

This table assumes you will have invested in the Fund and have an average annual balance of \$50,000 throughout the entire year.

Example		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution Fees	0.00%	Nil
Plus Management Costs	1.52% per annum of net asset value	For every \$50,000 you have in the Fund you will be charged \$760 in Management Costs each year.
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$836* What it costs you will depend on the fees you negotiate.

***This example assumes that management costs were calculated on a balance of \$50,000. It does not take account of management costs that would be charged on the additional \$5,000 contributed during the year. For other fees please refer to the section entitled 'Transaction Costs' and 'Adviser Service Fee' under the heading 'Additional Explanation of Fees and Costs' below.**

This example is illustrative only and does not represent any actual, past or future performance of the Fund. They are not a forecast of the expected investment return for the Fund. No assurance is provided that the Fund will achieve any particular performance and you should not rely on this as an indication of performance when deciding whether to invest in the Fund. The actual performance fee will vary, depending on the actual return of the Fund. See "Examples of Performance Fees" below for an illustration of this. Further, this calculation is actually performed daily and the performance fee is an aggregate of the daily amounts and is payable at the end of each Performance Period. The figure used for the Management Costs (consisting of the Management Fee, Performance Fees, indirect costs and expense recoveries in the example above reflects the Responsible Entity's reasonable estimates at the time of this PDS of the typical ongoing amounts. The reasonable estimate of the Performance Fees (being nil) is estimated based on the Fund's performance being below the Hurdle Return for the current Performance Period as at the date of this PDS. These estimates are inclusive of GST less reduced input tax credits.

Additional Explanation of Fees and Costs

Management Costs

Management Fee

The Fund will be charged a management fee of 1.05% p.a. of the net asset value of the Fund. This management fee includes the costs of managing the investments of the Fund (apart from the performance fee, expense recoveries). Management fees are calculated daily and reflected in the Unit price. They are payable out of the Fund within 30 days of the end of each month.

Although the current management fee payable in respect of the Units is only 1.05% p.a. of the net asset value of the Fund, the Constitution allows for a management fee of up to 3.00% p.a. of the gross asset value of the Fund to be paid to the Responsible Entity.

Performance Fees

A performance fee for the Fund is calculated and accrued daily and payable to the Manager. The performance fee is calculated as the sum of the daily performance fee accrual of the Fund during a Performance Period, taking into account any performance fee accrual from any previous Performance Periods that may be carried forward into the current Performance Period.

The Fund will be charged a performance fee of 15% of the excess performance by the Fund over the Hurdle Return during each Performance Period if the performance during the Performance Period outperforms the Hurdle Return. As the Unit price will fall after a distribution payment, the Unit value and the Hurdle Return will be adjusted to reflect this.

In the event that the return on the Fund is less than the Hurdle Return during a Performance Period, no performance fee will be payable for that Performance Period

and the difference (i.e. the underperformance) will be carried forward to subsequent Performance Periods. This continues in all subsequent periods until a performance fee becomes payable in respect of the Fund.

Generally, the greater the investment performance of the Fund, the greater the performance fees and therefore the greater the overall management costs for the Fund. As per the table on page 16, the performance fees are estimated as nil, calculated based on actual performance fees payable for the year ended June 2019. Past performance is not a reliable indicator of future performance. The actual performance fees payable (if any) will depend on the performance of the Fund over the relevant period.

For withdrawals during a Distribution Period, any performance fees accrued in respect of Units being withdrawn will already have been calculated and included in the valuation of the Units as at the time of withdrawal.

As the Hurdle Return is based on the Index (compounded daily), it may not always be positive. This means a Performance Fee may be accrued even if the Fund has a negative return. However, unlike some other funds with performance fees, a performance fee will not be payable if the Fund has a negative return. In this case the Performance Fee accrual will be carried forward to subsequent Performance Periods and a performance fee will only be payable when the Fund outperforms the Hurdle Return and the performance becomes positive again.

Scenario	Fund	Hurdle	Performance Fee
Outperform and positive return	+10%	+8%	$15\% * (10\% - 8\%) = 0.30\%$
Outperform and negative return	-5%	-7%	$15\% * (-5\% - -7\%) = 0.30\%$ *Accrued but not paid until above highwater mark
Underperform and positive return	+5%	+7%	0%
Underperform and negative return	-7%	-5%	0%

The performance fee payable is currently estimated at nil.

Expense Recoveries

Under the Constitution, the Responsible Entity may recover certain expenses in establishing and operating the Fund that are reasonably and properly incurred. These expenses include, but are not limited to the fees payable to the Responsible Entity, the costs associated with fund

administration, accounting, audit, tax administration, reporting, legal expenses, and reasonable research expenses. The amount that the Responsible Entity can recover from the Fund is limited to 0.20% p.a. of the net asset value of the Fund (excluding abnormal expenses, extraordinary expenses, management fee and performance fee). If these expenses exceed 0.20% p.a., they will be borne by the Manager.

Any abnormal or extraordinary expenses such as legal proceeding costs, costs associated with running investor meetings, and costs associated with changes to the Constitution, changing the Responsible Entity or Investment Manager may also be incurred and are recoverable from the Fund as long as those expenses are properly incurred in operating the Fund.

As set out in the table in section 6, the expense recoveries of the Fund is estimated by the Manager to be 0.20% per annum of net asset value of the Fund.

Indirect costs

Indirect costs are any amounts paid from the Fund's assets that the Responsible Entity knows or estimates will reduce the Fund's returns, other than the management fee, performance fees and recoverable expenses as set out elsewhere in this section. As set out in the table in section 6 the indirect costs of the Fund for the previous financial year ending June 2019 were estimated as being 0.27% per annum of net asset value of the Fund.

Transactional and Operational Costs

Certain expenses are incurred in buying and selling the Fund's investments, such as brokerage, bank charges and government duties and custody ("transaction costs"). These transactional and operational costs are paid directly from the Fund and are therefore reflected in the Unit price.

The Responsible Entity's estimate of the Fund's transactional and operational costs for the previous financial year ending June 2019 is 1.29% pa of the net asset value of the Fund.

Some of these transactional and operational costs are recovered by charging an amount to investors when they enter or exit the Fund. This is often referred to as a "buy/sell spread". A buy/sell spread is charged because applications or withdrawals may involve the purchase or sale of Fund assets, thereby incurring transactional and operational costs. Imposing a buy/sell spread aims to ensure that existing investors do not bear a disproportionate amount of any costs associated with investment of funds from applications or realisations of Fund assets on withdrawals.

The buy/sell spread for investing in the Fund is currently set at 0.25% of the issue price and 0.25% of the withdrawal price. The Constitution allows for the Responsible Entity to calculate and fix the buy/sell spread in accordance with the Responsible Entity's estimate of the transaction costs involved in buying or selling underlying assets of the Fund.

Separately, the transactional and operational costs noted above do not take into account the buy/sell spread as a result of Unitholders coming into and out of the Fund, which may reduce these costs.

Buy/sell spreads are retained by the Fund and not paid to the Responsible Entity or Morphic. Buy/sell spreads do not apply to Units issued through the reinvestment of distributions. Buy/sell spreads are in addition to the management fees, performance fees and expenses stated above.

Under ASIC Corporations (Managed investment product consideration) Instrument 2015/847 the Responsible Entity is required to prepare certain documents, including documents describing how the Responsible Entity will exercise discretions when calculating Unit prices. These documents are available from the Responsible Entity at no charge.

In the event that a withdrawal is effected by way of a buy-back (as opposed to a redemption), stamp duty of 60 cents per \$100 (being \$300 for a redemption of \$50,000) will also be incurred. The redemption proceeds a Unitholder receives where a buy-back is effected will be net of such stamp duty costs. The stamp duty amount is an additional cost which is paid to the New South Wales Office of State Revenue.

Contribution Fee

The Constitution allows for a contribution fee of up to 5.00% of the issue price of a Unit. The Responsible Entity does not currently charge a contribution fee.

Withdrawal Fee

The Constitution allows for a withdrawal fee of up to 5.00% of the withdrawal price of a Unit to be paid to the Responsible Entity. The Responsible Entity does not currently charge a withdrawal fee.

Taxation

Government taxes which include GST, stamp duty, withholding or transfer taxes will be a cost to the Fund. The amount of fees and costs disclosed in the table and examples above are inclusive of GST and take into account any reduced input tax credits, where applicable. Investors should be aware that the adviser fee will be subject to GST, however, an input tax credit or a reduced input tax credit may not be available to investors. Investors should seek their own advice in this regard, as this will depend upon each investor's circumstances.

Adviser Service Fee

The Responsible Entity does not pay any commissions to financial advisers or advisory firms. Your adviser may, however, charge you an advice fee for facilitating your investment into the Fund. Morphic may receive non-monetary benefits from the Prime Broker or other stockbroking service providers such as business and technical support, professional development and incidental entertainment.

Fee Changes and Differential Fees

Should there be a decision to increase fees or charges, investors will be given 30 days written prior notice.

All estimates of fees and costs in this section 6 are based on information available as at the date of this PDS. You should refer to the Fund's website at www.morphicasset.com from time to time for any updates which are not materially adverse to investors.

The Responsible Entity also has the discretion to apply differential management fees and performance fees to certain wholesale investors subject to compliance with legal requirements and any applicable ASIC relief.

The Responsible Entity may charge lower management fees or performance fees or rebate a significant portion of these fees in respect of investments made by the Manager's employees or associated parties of either and may accept investments lower than the minimum contribution limit. Any differential fee arrangements will not adversely impact upon the fees that are paid by other investors as set out in the previous fee table.

Fee Waiver and Deferral

The Responsible Entity may defer the receipt of any fees from time to time. If the Responsible Entity does so, this will not affect the Responsible Entity's right to receive the applicable fee.

Investing through an IDPS

Investors investing through an IDPS should note that fees outlined in this section are in addition to any other fees and costs imposed by the IDPS operator. Those fees and costs are stated in the offer document provided by your IDPS operator.

7. Tax

The following information provides a general summary of some of the Australian tax issues that may arise for individual investors in the Fund who are residents of Australia for taxation purposes and who hold their Units in the Fund on capital account. It does not deal with the particular circumstances of individual investors nor does it constitute advice and cannot be relied upon as such. Investors should seek their own independent tax advice in relation to the taxation implications which may arise from investing in the Fund, taking into account their particular circumstances, before making any investment or other decision in relation to the Fund.

The information in this PDS is based upon Australian income tax law contained in the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 as at the date of this PDS. The Australian income tax law is subject to change at any time and any such changes could adversely affect the information provided herein.

Taxation of the Fund

The Fund has been established as an Australian resident unit trust. The Fund has elected to be an Attribution Managed Investment Trust ("AMIT"). The AMIT election should continue to apply to the Fund while the Fund qualifies as a managed investment trust ("MIT"). It is intended that investors will be properly attributed all of the income of the Fund under the AMIT regime for each financial year such that no taxation liability will accrue to the Responsible Entity. In addition, it is the Responsible Entity's intention that the Fund's investments will not cause the Fund to be taxed as a public trading trust.

Tax losses incurred by the Fund cannot be distributed to investors for tax purposes, but may accumulate in the Fund and may be offset against future assessable income or gains provided certain loss recoupment tests are satisfied.

The Fund has made a capital account election for the purposes of the managed investment trust regime under Australian income tax law. This election means gains and losses on the disposal of certain assets (such as shares in companies and units in unit trusts, rights and options over such assets but excluding financial arrangements that are subject to the 'taxation of financial arrangements' regime) by the Fund will be subject to Capital Gains Tax treatment.

Taxation of Investors

As it is the Fund's intention to attribute all income of the Fund to investors during each financial year, the Fund should not be subject to any Australian income tax.

Investors will be entitled to receive distributions from the Fund provided the income referable to their Units is greater than nil. Proceeds from withdrawals may also contain a component of income as determined by the Responsible Entity. The attribution of taxable income by the Responsible Entity will be made in proportion to the distributions received or the income determined to form part of withdrawal proceeds.

The taxable components attributed to investors should be taxable in the hands of the investors for the financial year to which the taxable components relate. That is, investors will include taxable amounts attributed to them in their assessable income for that year.

To the extent that an investor's share of the income of the Fund is attributable to a capital gain made by the Fund, the investor will be treated as having made a capital gain equal to that amount. Where such an amount is a discounted capital gain, the investor is treated as making a discount capital gain equal to twice the amount that is attributable to the discount capital gain. Certain investors may be entitled to apply the relevant Capital Gains Tax discount percentage to the discount capital gain to the extent to which it is included in a net capital gain made for the income year. The Government has announced that the manner in which the Capital Gains Tax discount applies to trusts will be subject to change. This change may affect the amount of net capital gains subject to tax for some investors if the change is legislated by the Government.

Any foreign taxes paid by the Fund may be available to be passed on to investors. Investors may generally be able to claim a foreign income tax offset for these amounts where they satisfy certain requirements.

Any franking credits derived by the Fund may also generally be available to be distributed to investors in the Fund. The eligibility of the Fund to distribute franking credits is subject to certain conditions such as the holding period rule. An investor's individual circumstances may also be relevant in determining whether an entitlement to franking credits exists.

Investors will be provided with a distribution and taxation statement (called an AMMA statement for each year that the Fund qualifies as an AMIT) each year outlining the various taxable and non-taxable components attributed to the investor. For example the components of the attribution may include dividends, trading or capital gains, any foreign taxes paid or franking credits received.

Investors who hold their Units on capital account may crystallise a capital gain or capital loss on disposal or redemption of their Units in the Fund. Any Capital Gains Tax liability that arises may be reduced by the applicable Capital Gains Tax discount where the Units disposed of or redeemed have been held for more than 12 months. The Capital Gains Tax discount varies depending on whether the investor is an individual, trust or complying superannuation fund. Investors should seek their own taxation advice in relation to the capital gains implications that arise on disposal or redemption of Units.

Cost Base Adjustments

The cost base of the investor's Units in the Fund will generally be the amount the investor paid for the Units (including incidental costs of acquisitions and disposals). However, changes to the cost base will be required to be calculated by each of the investors of the Fund on an annual

basis. Where the Fund qualifies as an AMIT, broadly, the cost base will increase where the Fund attributes an amount of assessable income (including grossed up capital gains) or non-assessable non-exempt income and the cost base will decrease for amounts of cash distribution to which an investor becomes entitled to or tax offsets attributed to the investor by the Responsible Entity.

The annual AMIT cost base net adjustment amount will be provided to Unit holders as part of the Attribution MIT Member Annual (AMMA) statement.

Similarly, where the Fund does not qualify as an AMIT, investors' cost bases should also be required to be reduced where an investor's cash distribution entitlement exceeds their share of taxable income of the Fund.

Where an investor's cost base is reduced to nil, further reductions in the cost base will be taken to be a capital gain for the investor at that time.

Tax File Number ("TFN") or Australian Business Number ("ABN")

Investors who have not provided a TFN, ABN or alternatively provided exemption details may have tax deducted from their distributions at the highest marginal tax rate plus the Medicare Levy (currently 47%).

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is expected to be a 'Financial Institution' under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your units in the Fund) to the Australian Tax Office ("ATO"). In order for the Fund to comply with its obligations, we will request that you provide certain information and certifications to us for the Fund's compliance with the CRS. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the "CRS

Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS. The CRS will apply to the Fund with effect from 1 July 2017.

US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the ATO, which may then pass the information on to the US Internal Revenue Service ("IRS"). If you do not provide this information, we will not be able to process your application.

In order to comply with these obligations, the Responsible Entity will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

Indirect Investment in the Fund

A Unit holder may invest indirectly in the Fund through an IDPS. In this case, it is the IDPS and not the investor that will be the Unit holder in the Fund.

The nature of the relationship between investors and an IDPS and of the indirect interest held by investors may differ between IDPS depending on the arrangements and terms governing the IDPS.

Investors should seek their own independent advice regarding the effect that holding their investment in the Fund via a particular IDPS has on the applicable income tax (including Capital Gains Tax) treatment.

8. Class of Units

All the fees and costs quoted in this PDS, the calculation of unit price (including Current Unit Value), income distributions and the right to stagger and delay withdrawal requests are disclosed with reference to the single class of Units which is currently offered under this PDS. As there is only one class currently on offer in this PDS, they have been described with reference to the whole Fund.

In accordance with the Constitution and without the consent of investors, the Responsible Entity has the power to create and issue additional classes of Units in the future or to withdraw them. Such classes may be offered under a different disclosure document. The terms of investment of any future class of Units may differ from the class of Units offered under this PDS.

9. Applications, Withdrawals and Distributions

How to Invest

For initial investments, you need to complete the application form attached to this PDS. Investments must be made by EFT, cheque or direct debit. The minimum investment amount is AU\$10,000. The Responsible Entity may waive or change this amount in its absolute discretion. Your original signed completed application form, payment and required client identification information should be forwarded to:

Mainstream Fund Services Pty Ltd – Morpich Global Opportunities Fund
GPO Box 4968
Sydney NSW 2001

IDPS Operators may have different minimum investment amounts. Indirect Investors should refer to the IDPS Operator's disclosure document or contact their IDPS Operator to find out whether a different minimum investment amount applies for their IDPS. Indirect Investors should complete any relevant forms provided by the IDPS Operator or contact their IDPS Operator for instructions on how to invest. Indirect Investors should not send applications directly to the Administrator.

Units will be issued as at each Business Day. Provided completed applications and cleared funds are received and accepted at the offices of the Administrator by 12:00 noon (Sydney time) on a Business Day (the "cut off time"), Units will be issued at the price calculated as at that day. Units in respect of applications received after the application cut off time will, unless the Responsible Entity determines otherwise, be issued at the price calculated as at the following Business Day. The Responsible Entity may reject an application for Units in whole or in part in its absolute discretion.

A confirmation note will be sent to the applicant confirming that the applicant has been entered on the register. Unit certificates will not be issued. No interest will be paid to investors on application monies received. Application monies will be held in an application account and any interest earned will not be paid to the investors but will be paid to the Responsible Entity who will transfer it to the Fund. Application amounts paid in respect of rejected or any scaled back portion of applications will be returned to applicants without interest.

Issue Price

The issue price for Units will be the Current Unit Value, plus the buy spread. The Current Unit Value of Units is calculated by determining the net asset value of the Fund and dividing it by the number of Units on issue. See below under "Unit Prices" for more information on the calculation of Unit values.

Issue of Units

The number of Units issued to an applicant will be equal to the application amount divided by the issue price.

Additional Investments

The minimum additional investment amount is AU\$5,000. The Responsible Entity may waive or change this amount in its absolute discretion. You will need to complete the Additional Investment Form available online at www.morphicasset.com.

IDPS Operators may have different minimum additional investment amounts. Indirect Investors should refer to the IDPS Operator's disclosure document or contact their IDPS Operator to find out whether a different additional investment amount applies for their IDPS.

Additional investments are made subject to the PDS current as at the time of the investment. An electronic copy of the current PDS is available online at www.morphicasset.com.

Cooling Off Period

For persons who are retail clients (as defined in the Corporations Act) a 14 day cooling off period applies, during which you may change your mind about investing in the Fund and request that your application money be returned. The 14 day cooling off period commences on the earlier of:

- confirmation of the application form being received; or
- the fifth Business Day after the day when the Units were issued.

Cooling off rights do not apply to Wholesale Clients or where Units are issued to investors as a result of distribution reinvestments.

A retail client may exercise his/her cooling off rights by notifying the Administrator in writing using the address provided under the "Corporate Directory" at the back of this PDS. A retail client is entitled to the return of his/her application money adjusted for any transaction costs and any increase or decrease in the value of their investment incurred as a result of the application for, and termination of, the investment. Any contribution fees or taxes will be refunded.

Investments repaid may create a taxable gain or loss so we recommend that you see your tax adviser.

No cooling-off rights apply in respect of any investment in the Fund acquired by an IDPS Operator on behalf of an Indirect Investor. Indirect Investors should contact their IDPS Operator directly or refer to the IDPS Operator's disclosure document for information about any cooling off rights they may have in relation to their IDPS.

Investing through an IDPS

The Responsible Entity has authorised the use of this PDS as disclosure to persons seeking access to the Fund indirectly through an IDPS. Investors investing in the Fund via an IDPS do not themselves become Unitholders in the Fund, and accordingly have no rights as a Unitholder. The offer document for your IDPS should have further details. Your rights and liabilities will be governed by the terms of

the relevant IDPS, which you should read carefully prior to directing the relevant operator to invest in the Fund.

Withdrawals

You may request to withdraw all or part of your investment by providing the Administrator with a withdrawal request form, subject to maintaining the minimum account balance of AU\$5,000. The minimum withdrawal amount is AU\$5,000 or the balance of a Unit holder's holding if less than \$5,000. The Responsible Entity may waive or change these amounts in its absolute discretion.

IDPS Operators may have different minimum withdrawal and account balance amounts. Indirect Investors should refer to the IDPS Operator's disclosure document or contact their IDPS Operator to find out whether a different minimum withdrawal and account balance amount applies for their IDPS. Indirect Investors should complete any relevant forms provided by the IDPS Operator or contact the IDPS Operator to make a withdrawal from the Fund. Indirect Investors should not send withdrawal requests directly to the Administrator. In addition, the time it takes to process withdrawal requests made through an IDPS Operator may vary from the time frames specified in this section due to their processing requirements (please refer to the IDPS Operator's disclosure document for details).

Withdrawal requests received by the Administrator by 12:00 noon (Sydney time) on a Business Day (the "cut off time") will generally be processed at the withdrawal price calculated as at that day. Withdrawal requests received after the withdrawal cut off time will generally be processed using the withdrawal price calculated as at the following Business Day. The Responsible Entity may at its discretion accept withdrawal requests which are received after the withdrawal cut off time and may change the notice periods and the place at which withdrawal requests must be sent.

To make a withdrawal request, please complete the withdrawal request form available online at www.morphicasset.com. Withdrawal requests may be sent electronically, however, payment of withdrawal proceeds will not be made until the original completed withdrawal request is received.

Withdrawal proceeds will be paid net of any bank charges to your nominated bank account. Generally withdrawal proceeds will be paid within 10 Business Days of the day on which your withdrawal request was processed. However under the Constitution, the Responsible Entity has up to 30 days to pay withdrawal proceeds. Furthermore, where the Fund is not liquid as defined in the Corporations Act, then withdrawals can only be made in accordance with the procedures set out in the Corporations Act.

The Responsible Entity has the right to delay and stagger processing withdrawal requests where withdrawal requests on any single Business Day in aggregate exceed 5% of the number of Units on issue, or where withdrawal requests over five consecutive Business Days in aggregate exceed 10% of the number of Units on issue. In this case, the Responsible Entity may refuse to withdraw all such Units which are subject to these withdrawal requests and may scale down the amounts to be withdrawn pro rata in response to such extent as the Responsible Entity considers necessary.

The Responsible Entity is not permitted to process withdrawal requests after it commences winding up the Fund. The Responsible Entity may also determine that it is desirable for the protection of the Fund or in the interests of investors (as a whole) to suspend the issue or withdrawal of Units or the calculation of issue or withdrawal prices or the payment of proceeds of any withdrawal whilst:

- an emergency (including an emergency caused by a mechanical or electronic malfunction) exists as a result of which it is not reasonably practicable for the Responsible Entity to acquire or dispose of assets or to determine fairly the issue or withdrawal price; or
- any relevant financial, stock, bond note derivative or foreign exchange market is restricted; or
- trading on any such market is restricted; or
- any state of affairs exists as a result of which it is not reasonably practicable for the Responsible Entity to acquire or dispose of the assets or to determine fairly the issue or withdrawal price; or
- any moratorium declared by a government of any country in which a significant proportion of the Fund is invested exists.

In the unlikely event that the Fund becomes illiquid (ie liquid assets do not account for at least 80% of the value of the assets of the Fund), withdrawals may only be made in accordance with an offer made under the Corporations Act.

Withdrawal proceeds could contain an element of taxable income as determined by the Responsible Entity which may represent a share of distributable income of the Fund for the Distribution Period during which the Unit is redeemed.

Unit holders will be notified in writing of any material changes to withdrawal rights.

Buy-backs

We may also agree at our discretion to buy-back your Units in the Fund. This option is mainly relevant to New Zealand investors.

The withdrawal value that you'll receive for Units under the buy-back method will be reduced by duties and other costs that arise using this method, so it's likely that you'll receive less for the withdrawal of your units than using the direct withdrawal method. Please refer to the 'Transaction Costs' description in section 6 for more information. You should seek financial and/or tax advice before requesting a buy-back of your units. A buy-back request form is available from the Administrator.

Distributions

Unless an investor indicates otherwise on their application form, distributions will be reinvested back into the Fund as at the first day on which Units are issued following the relevant distribution date. Units will be taken to be issued at the issue price (no buy spread) applicable for that date. Investors can elect to receive their distribution in cash by indicating this on the application form or by contacting the Administrator at least 10 Business Days prior to a distribution.

The Fund expects to make distributions semi-annually, however the Fund may make interim distributions at any time. The net income of the Fund available for distribution to investors will be determined as at 30 June and 31 December each year. Distributions are generally expected to be paid within 20 Business Days after 30 June and 31 December

The nature of distribution payments may, subject to the Constitution, change in the sole discretion of the Responsible Entity. The Responsible Entity or Morphic will advise you in writing of any expected material changes. The Fund does not guarantee that distributions will be made semi-annually or that any distribution will be made at all.

The Unit price generally falls by the amount of any distribution per Unit immediately after the distribution date.

Investors will only be entitled to receive income from their Units if the income referable to their Units is greater than nil. To the extent that the income referable to Units is less than or equal to nil, investors in Units shall not be entitled to receive any distribution of income.

Valuation

The valuation of all Fund assets is provided by the Fund's Administrator, Mainstream Fund Services Pty Ltd which is unrelated to both the Responsible Entity and the Manager.

The majority of the assets of the Fund will be invested in long and short positions in Global equities, fixed interest instruments, commodities, credit instruments and currencies.

The Fund's assets will be valued at the market value, a value determined from an independent source or by the Administrator in accordance with industry standards.

The Fund's assets will be valued during hours in which global exchanges are open for business. For Unit pricing purposes, the Fund's assets will be valued at or around the close of business day for the relevant exchange. Whenever exchange prices are available, futures contracts will be valued at the last traded price. For non-Australian dollar denominated contracts, the valuations back to the Australian dollar will be done based on the closing foreign exchange price at 4:00pm London time. All options contracts are traded on global exchanges and will use the valuation methods prescribed by the relevant exchange. All

equities positions will be valued at their last traded price on the exchange.

If the market values are not available or if the Responsible Entity reasonably believes that the market values do not represent a fair value, then the Responsible Entity may use another valuation method provided that it can be verified.

Unit Prices

The Fund's net asset value is the market value of its assets less its liabilities valued using the methods specified above as at each Business Day and using prices in each market around the world as they close during that date. Due to the time delay with some markets closing overseas, Unit prices as at a particular day will generally only be available on the first or second Business Day following the day as at which the prices are current.

Liabilities include accruals for management costs, provisions and contingent liabilities.

The Unit price is adjusted by the transaction costs (i.e. buy/sell spread) to calculate the issue and withdrawal price.

Units are issued on a forward priced basis which means that investors will only know their issue or withdrawal price after applications are accepted and processed.

Transfers

Investors may not sell or transfer (or agree to do so) any Units to another person without the Responsible Entity's prior written consent. The Responsible Entity may impose certain terms and conditions or delay or withhold our consent.

To apply, complete and send to the Administrator the transfer document. This is available from the Administrator. If investor does not obtain the Responsible Entity's consent, the Responsible Entity may compulsorily redeem the relevant Units.

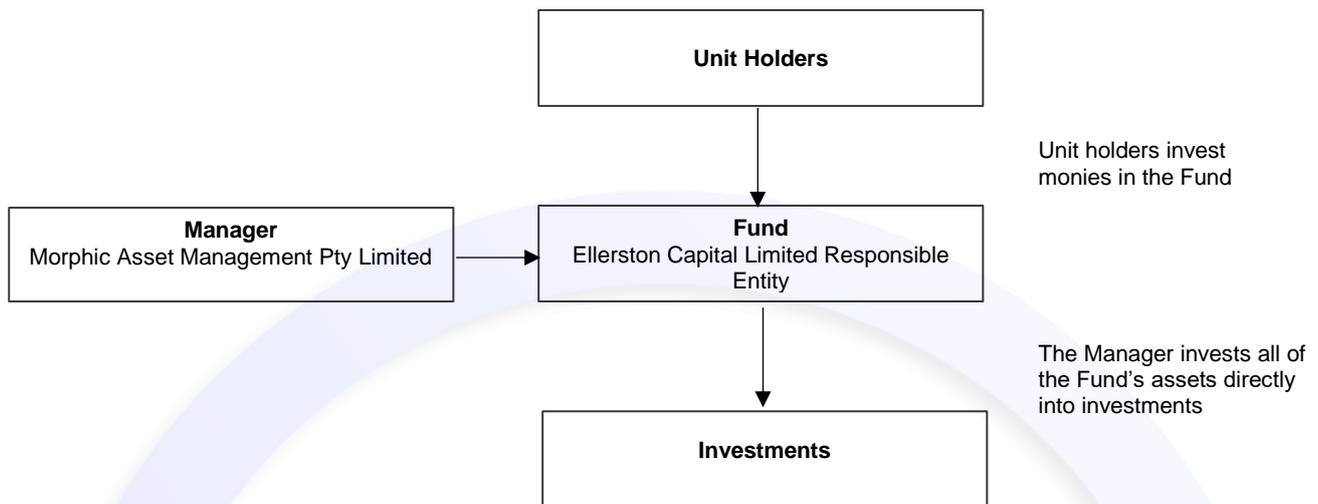
The sale or transfer of Units will have tax consequences. Stamp duty may also be payable unless an exemption applies. Investors should obtain tax and stamp duty advice before requesting a transfer.

10. Fund Structure

The Fund is a registered managed investment scheme. Investors' funds are pooled and managed in accordance with a set objective and strategy. When you

invest in the Fund, you acquire units in the Fund which entitles you to a proportionate beneficial interest in the Fund's portfolio of assets.

The diagram below indicates how the Fund invests in assets.



The risks associated with this structure are set out in section 5. The Responsible Entity ensures its service providers comply with their obligations through operating a risk based review program of the service providers to ensure that performance is monitored independently and tested on an ongoing basis. The frequency of these reviews is determined by risk information which is reviewed on a quarterly basis through the service provider review

schedule. Further information on the Fund's service providers refer to section 12.

Related Parties

The Manager and the Responsible Entity are related parties. Further information on how the Fund manages related party transactions is available in section 13.

11. Responsible Entity

Ellerston Capital Limited ("Responsible Entity") is the Responsible Entity for the Fund.

The Responsible Entity holds Australian Financial Services License number 283000 issued by ASIC, which authorises it to operate the Fund.

The Responsible Entity is bound by the Constitution and the Corporations Act. The Responsible Entity is bound by a compliance plan that has been lodged with ASIC that sets out the key measures which the Responsible Entity will apply to comply with the Constitution and the Corporations Act. The Responsible Entity has established a Compliance Committee with a majority of external members. The compliance plan is overseen by the Compliance Committee and is audited annually with the audit report being lodged with ASIC.

The Responsible Entity has the power to delegate certain aspects of its duties. The Responsible Entity has appointed Morpich Asset Management Pty Limited as the investment

manager of the Fund. There are no unusual or materially onerous terms in the investment management agreement under which the Manager has been appointed. The Responsible Entity is able to terminate the Manager's appointment under the investment management agreement at any time in circumstances, including but not limited to:

- fraud, misconduct, dishonesty or gross negligence on the part of the Manager;
- where the Manager enters into receivership, liquidation, ceases to conduct business, sells the business or is legally unable to operate as an Manager; or
- where the Manager is in breach of any representations or warranties to the Responsible Entity.

Termination in these circumstances is without payment of any penalty.

The Responsible Entity has also appointed Merrill Lynch International and Morgan Stanley & Co. International as Custodians and Prime Brokers to the Fund and Mainstream

Fund Services Pty Limited ("Mainstream") as the Administrator of the Fund.

12. Other Service Providers

Manager

For more information, please see section 3.

Administrator

Mainstream is a fund administration and processing specialist and is a wholly owned subsidiary of Group Ltd ABN 48 112 252 114. Its business is the provision of 'back-office' functions for fund managers and financial institutions. It employs dedicated and experienced operational management and process personnel for Unit registry, investment administration and fund accounting services. The Responsible Entity has appointed Mainstream to provide all back office fund administration processes including investor services, Unit pricing, fund accounting and valuation of assets of the Fund. Mainstream has given and not withdrawn its consent to be named as the Administrator in this PDS. It has not been involved in the preparation of any part of this PDS. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this PDS. Other than reference to its name it takes no responsibility for the contents of this PDS.

Prime Broker and Custodian

The Responsible Entity has appointed Merrill Lynch International ("MLI")¹ as Prime Broker and Custodian pursuant to an International Prime Brokerage Agreement ("IPBA") supplemented by MLI's standard Terms and Conditions of Business. Under the terms of the IPBA the services provided by MLI will include the clearing and settlement of transactions, and securities lending and in connection therewith MLI will act as custodian of the Fund's assets. Merrill Lynch International Australia Limited ABN 31 002 892 846 ("MLIA"), which is an affiliate of MLI, is also a party to the IPBA and will provide cash financing and may also provide securities lending to the Fund under the terms of the IPBA.²

MLI will, in accordance with the rules of the Financial Conduct Authority ("FCA"), identify, record and hold the Fund's investments in such a manner that the identity and location of the investments can be identified at any time and so that such investments are readily identifiable as

belonging to a customer of MLI and are separately identifiable from MLI's own investments, and should therefore be unavailable to the creditors of MLI. However, owing to the nature of the law or market practice of jurisdictions outside the United Kingdom, MLI may believe that, in certain situations, either it is in the Fund's best interest for the relevant investments to be registered or recorded in the name of MLI or in the name of a third party or, for reasons of applicable law and market practice, it is not feasible to do otherwise. In such circumstances, the Fund's investments will or may be so registered or recorded. As a consequence, such investments may not be segregated from MLI's own investments and, in the event of MLI's default, may not be as well protected.

Any cash which MLI holds or receives on the Fund's behalf will not be treated as client money and will not be subject to the client money protections conferred by the FCA's client money rules. As a consequence, the Fund's cash will not be segregated from MLI's own cash and will be used by MLI in the course of its business, and the Fund will therefore rank as one of MLI's general creditors in relation thereto.

MLI may hold the Fund's investments with any person appointed by MLI as sub-custodian, including affiliates of MLI. MLI and such sub-custodian may deposit the Fund's investments with any securities depositories on such terms as such systems customarily operate.

MLI shall exercise reasonable skill, care and due diligence in the selection of any sub-custodian. MLI shall be responsible, for the duration of the sub-custody arrangement, for satisfying itself as to the ongoing appropriateness of any such sub-custodian to provide custodial services to the Fund. MLI will periodically assess such sub-custodian and will make appropriate enquiries to confirm that the obligations of such sub-custodian continue to be competently discharged.

MLI shall not be liable for losses arising out of the acts or omissions of any sub-custodian that is not an affiliate of MLI, save where MLI has been negligent in the selection of any

¹ The investor acknowledges that MLI is exempt from the Australian requirement to hold an Australian financial services licence under the Corporations Act by Class Order 03/1099 issued by ASIC. MLI is regulated by the Financial Services Authority under the laws of the United Kingdom, which differ from Australian Laws.

² The obligations arising from the financial services provided by MLI, Merrill Lynch Australia and any of their related entities

(other than Bank of America NA, Australia Branch (**BANA Australia**), do not represent deposits or other liabilities of BANA Australia. None of MLI, Merrill Lynch Australia, nor any of their related entities (other than BANA Australia) are an Authorised Deposit-taking Institution under the Banking Act 1959 (Cth) or regulated by the Australian Prudential Regulatory Authority.

such sub-custodian. MLI shall not be liable for the insolvency of any sub-custodian.

As security for the payment and discharge of all liabilities of the Fund to MLI, all investments and cash held by MLI will be charged by the Fund in favour of MLI and will therefore constitute collateral for the purposes of the FCA rules. Investments and cash may also be deposited by the Fund with MLI as margin and will also constitute collateral for the purposes of the FCA rules. In certain circumstances, investments which constitute collateral for the purposes of the FCA rules will not be segregated from MLI's own investments and may be available to creditors of MLI.

The Fund's investments held by MLI may be used by MLI for its own purposes or the purposes of any third party, whereupon such investments will become the property of MLI and the Fund will have a right against MLI for the return of equivalent assets. The Fund will rank as an unsecured creditor in relation thereto and, in the event of the insolvency of MLI, the Fund may not be able to recover such equivalent assets in full.

MLI will not be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the IPBA, unless such loss results from the negligence, wilful default or fraud of MLI or any of its affiliates. MLI will not be liable for the acts or omissions of any sub-custodian or other agent which is not an affiliate of MLI, save where MLI has been negligent in the selection of any such sub-custodian. The Fund has agreed to indemnify MLI and its affiliates against any loss suffered by, and any claims made against, them, save where such loss or claims result from the negligence, wilful default or fraud of MLI or any of its affiliates.

MLI is wholly owned indirect subsidiary of Bank of America Corporation³, a publicly traded company which, together with its affiliates, provide a range of banking, investing, asset management and other financial and risk-management products and services. Bank of America Corporation stock is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange. At the date of this document, Bank of America Corporation has a rating of A-. MLI is regulated in the United Kingdom by the FCA and authorised by the Prudential Regulation Authority ("PRA").

MLI is a service provider to the Fund and neither it nor any of its affiliates are responsible for the preparation of this document or the activities of the Fund and therefore neither it nor its affiliates accepts any responsibility for any information contained in this document. Neither MLI nor its affiliates will participate in the investment decision-making process.

The Responsible Entity reserves the right to change the prime brokerage and custodian arrangements described above by agreement with MLI and/or, in its discretion, to appoint additional or alternative prime broker(s) and custodian(s) without notice to investors. Investors will be

notified in due course of any change to, or appointment of additional, prime broker(s) and custodian(s).

The Responsible Entity has appointed Morgan Stanley & Co. International plc as the Fund's second Prime Broker.

Morgan Stanley & Co. International PLC ("Morgan Stanley"), a member of the Morgan Stanley Group of companies, based in London, has been engaged to act as a prime broker and custodian to the Fund under the terms of the International Prime Brokerage Agreement (Morgan Stanley Agreement) between the Fund and Morgan Stanley, for itself and as agent for certain other members of the Morgan Stanley Group of companies ("Morgan Stanley Companies"). These services may include the provision to the Fund of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Fund may also authorise Morgan Stanley, other members of the Morgan Stanley group of companies and other brokers and dealers for the purposes of executing transactions for the Fund.

Morgan Stanley will also provide a custody service for the Fund's investments, including documents of title or certificates evidencing title to investments, held on the books of Morgan Stanley as part of its prime brokerage function in accordance with the terms of the Morgan Stanley Agreement and the rules of the Financial Conduct Authority (FCA) of the United Kingdom. Morgan Stanley is authorized and regulated by the FCA. Morgan Stanley may appoint sub-custodians, including the Morgan Stanley Companies, of such investments.

Assets held by Morgan Stanley may be borrowed, lent, charged or otherwise used by the Morgan Stanley for its own purposes, whereupon such assets will become the property of Morgan Stanley or become subject to a charge in favour of Morgan Stanley. The Fund will have a right against Morgan Stanley for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. In the event of the insolvency of Morgan Stanley, the Fund may not be able to recover such equivalent assets in full.

Neither Morgan Stanley nor any Morgan Stanley Company will be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the Morgan Stanley Agreement unless such loss results directly from the negligence, wilful default or fraud of Morgan Stanley or any Morgan Stanley Company. Morgan Stanley will not be liable for the solvency, acts or omissions of any sub-custodians or other third party (other than nominees) by whom or in whose control any of the Fund's investments or cash may be held.

The Fund has agreed to indemnify Morgan Stanley and the Morgan Stanley Companies against any loss suffered by, and any claims made against, them arising out of the Morgan Stanley Agreement, save where such loss or claims arises directly from the negligence, wilful default, fraud or breach of applicable law or regulation of the indemnified person.

Morgan Stanley is a service provider to the Fund and is not responsible for the preparation of this document or the

³ Bank of America Corporation is not an Authorised Deposit-taking Institution within the meaning of the Banking Act 1959 of

Australia nor is it regulated by the Australian Prudential Regulation Authority.

activities of the Fund. Morgan Stanley will not participate in the investment decision-making process.

Auditor

The Responsible Entity has appointed Ernst & Young as the independent auditor of the financial statements of the Fund.

Ernst & Young acts as the auditor of the Fund's Compliance Plan.

Service Providers

The Fund may from time to time change or appoint additional service providers and enter into agreements with

those providers where the Fund indemnifies the service provider and limits their liability to the Fund.

13. Additional Information

Keeping you Informed

Morphic prefers to use email as the delivery method for all investor communications. Investors are encouraged to provide their email addresses so that communications can be made in the most efficient, effective and environmentally friendly manner.

When you invest in the Fund you will receive the following information according to your chosen method of delivery:

- **A confirmation note** for each investment or withdrawal.
- **Monthly** and semi-annual **performance reports** which include Fund facts and updates including Fund's net asset value, Unit prices, redemption prices, Fund review, fund performance and net return, and material changes in risks or fund strategy and changes to management or key service providers (if any).
- **Annual reports** which include asset allocations, liquidity profile, maturity profile of liabilities, leverage ratio, derivative counterparties, monthly/annual investment returns, and changes in key service providers (if any).
- **A distribution statement** at the end of each Distribution Period.
- **A tax statement** on an annual basis.

Indirect Investors will receive information and reports from their IDPS Operator and not the Responsible Entity. Indirect Investors should contact their IDPS Operator to determine which reports will be sent to them.

If the Fund becomes a disclosing entity under the Corporations Act, the Responsible Entity will be subject to regular reporting and continuous disclosure obligations. This includes the requirement to prepare annual and half yearly financial reports for the Fund and disclose information to investors which may have a material effect on the price or value of Units or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of Units.

ASIC has issued Regulatory Guide 198 Unlisted Disclosing Entities: Continuous Disclosure which includes a good practice guide for website disclosure. The Responsible Entity intends to comply with its continuous disclosure obligations by posting on the website (www.morphicasset.com) all continuous disclosure information.

In addition to this, you have a right to request a copy of the annual financial report most recently lodged with ASIC and, if available, any half-yearly financial report and continuous disclosure notices that have been lodged. We are required to send you a copy (free of charge) within five days of receiving your request.

A copy of the annual financial report detailing the financial position of the Fund for the financial year will be available online at www.morphicasset.com. You may elect to receive a copy by email or post by completing the appropriate section of the application form.

Updated Information

Information that is not materially adverse information is subject to change from time to time. Updated information on the Fund is available online at www.morphicasset.com. The information available includes investment performance history, Unit prices, fund updates and the current offer document. A paper copy of any updated information will be given to a person without charge upon request.

Anti-Money Laundering

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("AML Act") and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity ("AML Requirements"), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ("AUSTRAC").

In order to comply with the AML Requirements, the Responsible Entity and the Administrator (the "Entities") are required to, amongst other things:

- verify your identity and source of your application monies before providing services to you, and to re-

identify you if they consider it necessary to do so; and

- where you supply documentation relating to the verification of your identity, keep a record of this documentation for seven years.

If you are investing indirectly through an IDPS, you will need to satisfy your IDPS Operator's requirements for verifying your identity.

The Entities reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the Applicant for any loss suffered by the Applicant as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- an Entity may from time to time require additional information from you to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC.

The Entities are not liable for any loss you may suffer as a result of any compliance with the AML Requirements.

Constitution

The Fund is governed by a Constitution which, together with the Corporations Act and other relevant laws, regulates the Fund and the legal relationship with investors.

This PDS sets out certain elements of the Constitution. To the extent that any inconsistencies exist between this PDS and the Constitution, the terms of the Constitution prevail. A copy of the Constitution is available on request from the Responsible Entity.

The Constitution seeks to limit investors' liability to the Fund. However, these provisions have not been determined by the courts and as such no assurance can be given to limit investors' liability.

The Responsible Entity may amend the Constitution from time to time, provided that it does not adversely affect investors' rights; otherwise approval will be required by special resolution.

Other provisions in the Constitution also deal with:

- duties and rights of the Responsible Entity;
- calculations applicable to investors including Unit prices, net asset value of the Fund and performance fees;
- investor's rights, including rights to receive distributions and to make withdrawals from the Fund;
- the Responsible Entity's right to withdraw Units;
- limits on fees and charges and the Responsible Entity's indemnity from the Fund;
- termination and winding up of the Fund, and
- investor meetings; and procedure to handle complaints.

Compliance Plan

The Fund has a compliance plan which sets out the procedures for the Responsible Entity to comply with the Corporations Act and the Constitution. This plan is overseen by a Compliance Committee and is audited annually and lodged with ASIC.

Consents

Morphic has given and not withdrawn as at the date of this PDS its consent to the use of statements about it appearing in this PDS in the form and context as they appear.

Mainstream has given and not withdrawn as at the date of this PDS its consent to be named as the Administrator in this PDS. It has not been involved in the preparation of any part of this PDS. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this PDS. Other than reference to its name it takes no responsibility for the contents of this PDS.

MLI has given and not withdrawn as at the date of this PDS its consent to be named as Prime Broker and Custodian in this PDS. MLI is a service provider to the Responsible Entity and is not responsible for the preparation of this PDS or the activities of the Responsible Entity and therefore accepts no responsibility for any information contained in this PDS.

Morgan Stanley & Co. International plc has given and not withdrawn as at the date of this PDS its consent to be named as Prime Broker and Custodian in this PDS. Morgan Stanley & Co. International plc is a service provider to the Responsible Entity and is not responsible for the preparation of this PDS or the activities of the Responsible Entity and therefore accepts no responsibility for any information contained in this PDS.

Ernst and Young has given and not withdrawn as at the date of this PDS its consent to be named as the Financial Auditors and Tax Adviser in this PDS.

Ernst and Young has also given and not withdrawn as at the date of this PDS its consent to be named as the Compliance Plan Auditor in this PDS.

Privacy

By completing the application form you agree to the Responsible Entity and the Administrator collecting and using your personal information for the purposes of processing your application and providing you with information. If you choose not to provide the information required, the Responsible Entity may not be able to supply your investments or services to you.

By completing the application form you also agree that the information collected about you can be supplied to external third parties to notify you of other products. If you do not want your personal information to be used in this way, or if you require further information about the use of your personal information obtained in connection with investing in the Fund, please contact the Responsible Entity.

The Responsible Entity will give you access to the personal information collected about you upon your request, unless it is entitled under the Privacy Act 1988 (Cth), and chooses, not to do so.

The Responsible Entity must give access to your information, which is entered on the Fund's registers, to others as required by the Corporations Act or under relevant tax laws.

If an investor provides details about his/her financial adviser, the Responsible Entity will disclose personal information to the adviser or staff of the adviser unless instructed otherwise.

The Responsible Entity will not collect or hold personal information about Indirect Investors or in connection with your investment in the Fund. Indirect Investors should contact their IDPS Operator for a copy of their privacy policy or in relation to privacy issues.

Complaints

The Responsible Entity has an established procedure for dealing with complaints.

If Investors wish to make a complaint they should write to:

Ellerston Capital Limited
Level 11 179 Elizabeth Street
Sydney NSW 2000, Australia

The Responsible Entity must acknowledge any complaint in writing immediately. The Responsible Entity must within 45 days investigate, properly consider, decide what action (if any) to take or offer regarding the complaint and communicate its decision including providing a final written response to the Investor.

If you are ultimately dissatisfied with the outcome of your complaint you may refer the matter, free of charge, to the Australian Financial Complaints Authority ("AFCA") which is an external dispute resolution scheme:

Tel 1800 931 678
Fax +61 3 9613 6399
Email info@afca.org.au
Website www.afca.org.au

Mail GPO Box 3
Melbourne VIC 3001

If you are a Wholesale Client as defined under section 761G of the Corporations Act, AFCA may at its discretion decide whether or not it will deal with your complaint. If you are not satisfied with the outcome, the complaint can be referred to the AFCA.

For Indirect Investors, any inquiries or complaints about your investment through the IDPS or about the IDPS should be directed to your IDPS Operator.

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via a Platform) are able to access the Responsible Entity's complaints procedures outlined above. If investing via a Platform and your complaint concerns the operation of the Platform then you should contact the Platform operator directly.

Further Information

The information contained in this PDS does not purport to be comprehensive. Prospective investors and investors should read the Constitution for all of the rights and obligations of being a member in the Fund.

Indirect Investors should contact their IDPS Operator for further information.

Offer Changes

The Responsible Entity reserves the right to cancel the offer of Units, reject an application (in full or in part) and return application monies for whatever reason.

Key Corporate Governance Policies

Related party transactions

The Responsible Entity has a related party transactions policy which sets out the requirement that related party dealings be on not less than "arm's length terms" or that an exemption applies to the transaction or that the dealings be approved by the members of the entity giving the benefit to the related party or otherwise comply with Corporations Act requirements.

Conflicts of interest

The Responsible Entity has established internal policies and procedures to ensure that any conflicts of interest arising in relation to the Fund are adequately identified and appropriately managed.

Where the Responsible Entity considers that a particular conflict of interest is likely to have a materially adverse effect on Unit holders the Responsible Entity will seek to implement adequate arrangements to mitigate and prevent (where practicable) these adverse effects on Unit holders. In certain cases, the Responsible Entity may disclose the conflict of interest to Unit holders and obtain their consent for the Responsible Entity (and other persons if relevant) to proceed in the context of that conflict of interest.

Group activities

Subject to the Corporations Act and the Manager's compliance policies, each of the the Responsible Entity Manager and other members of the Manager's Group and their associates may from time to time:

- invest in the Fund, any such investment will be on the same terms as other Unit holders. The Manager's Group reserves the right to add to or withdraw its investment without further notice;
- act in various capacities (such as manager and responsible entity) in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be in competition with the interests of Unit holders;
- deal with each other in relation to the Fund (such as the Fund acquiring investments from the Manager's Group) in which case the dealing will generally be on arm's length terms or approved by Unit holders;
- invest in and deal in any capacity, with the same investments as that of the Fund, on similar or different terms; and/or
- recommend that investments be purchased or sold, on behalf of the Fund, regardless of whether at the same time it may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to itself or other clients.

14. Important Additional Information for New Zealand Investors

Warning Statement for New Zealand Investors

- This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
- This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
- There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

- The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
- The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

Investors should seek professional advice, having regard to their particular circumstances, and satisfy themselves as to the tax implications, both in Australia and New Zealand, of investing in the Fund.

Distribution reinvestment plan

Units allotted as a result of distribution reinvestment will be allotted in accordance with this PDS (see "Distributions" on page 22 for further details) and the Constitution. The Responsible Entity will send you a statement showing the amount of the distribution and the number of reinvested Units that have been allocated to your investment in the Fund within 30 days from when those Units were allocated.

The following documents are available from us, free of charge on request:

- the most recent annual report of the Fund (if any);
- the most recent financial statement of the Fund (if any);
- the current PDS relating to Units in the Fund; or
- the Constitution of the Fund and any amendments.

15. Defined Terms and Glossary

Defined term	Meaning
Absolute Return	The objective of achieving positive returns over a period of time regardless of market conditions within any single asset class benchmark.
Administrator	Mainstream Fund Services Pty Ltd ABN 81 118 902 891.
AML Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
ASIC	Australian Securities and Investments Commission.
AU\$	Australian dollars.
Business Day	A day, other than a Saturday or Sunday, on which trading banks are open for general banking business in Sydney.
Capital Gains Tax	Capital gains tax in Australia applies when a profit is made on the disposal of a capital asset that was acquired after 20 September 1985. Capital assets are defined in the legislation to be "any kind of property" or "a legal or equitable right that is not property."
Constitution	The trust deed establishing the Fund dated 12/07/2012 as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Current Unit Value	Net asset value of the Fund divided by the number of units on issue. This is used to determine the issue price and the withdrawal price.
Custodians	Merrill Lynch International & Morgan Stanley & Co. International.
Cut Off Time	12:00 noon (Sydney time) on a Business Day or any other time prescribed by the Responsible Entity from time to time.
Distribution Period	A semi-annual period ending at midnight on June 30 th and December 31 st of each year.
Excluded Securities	<p>Excluded Securities means Securities issued by entities which are participants in the following industries</p> <ul style="list-style-type: none"> ➤ Armaments; ➤ Tobacco and alcohol, ➤ Gambling; ➤ Coal and Uranium mining; ➤ Oil and gas Extraction; ➤ Intensive animal farming and aquaculture; or ➤ Logging of rainforest or old growth timber.
Fund	Morphic Global Opportunities Fund ARSN 159 465 157
Global	International and Australian

Defined term	Meaning
Hurdle Return	The return on the Fund by the end of a Performance Period if it had earned the return achieved by the Index from the start of the Performance Period, compounded daily.
IDPS	Investor directed portfolio service: an IDPS is a vehicle through which investors access a range of underlying investment options, consolidated reporting and streamlined transaction statements.
IDPS Operator	An entity that operates and offers an IDPS.
Index	The MSCI All Countries Total Return Daily Index (Bloomberg Code: NDUEACWF) in Australian dollars.
Indirect Investor	A person who invests indirectly in Units in the Fund through an IDPS.
Performance Period	A semi-annual period ending at midnight on 30 June and 31 December of each year or such other period as the Responsible Entity may determine from time to time where: <ul style="list-style-type: none"> ➢ the first performance period will be the period between the commencement date of the Fund and 31 December 2012; ➢ the last performance period will be the period between the last occurring 1 July or 1 January, whichever is the later and finishing on the final distribution of the Fund; and ➢ in respect of the term of the Manager's appointment, includes any part period arising thereof.
Prime Brokers	Merrill Lynch International & Morgan Stanley & Co. International.
Responsible Entity	Ellerston Capital Limited ABN 34 110 397 674.
Unit	An undivided beneficial interest in the assets (subject to the liabilities) of the Fund as provided for in the Constitution.
Value-At-Risk	Value-At-Risk ("VAR") calculates the maximum loss expected on an investment, over a given time period at a specified level of confidence. The Fund's daily VAR limit of 5% of gross asset value of the Fund at 95% confidence means that there is a 1 in 20 chance that the Fund may suffer a loss of 5% or more of its gross asset value in one trading day.
Wholesale Client	Has the meaning given to it in the Corporations Act.

Glossary term	Meaning
Derivative	A security whose price is dependent upon or derived from one or more underlying assets. The value of a derivative is influenced by fluctuations in the underlying asset and would be reasonably expected to be determined with respect to the underlying asset. The most common types of derivatives are forward contracts, futures, options and swaps. Derivatives may be traded on exchanges (exchange-traded derivatives) or contractual arrangements between 2 parties (over-the-counter, or OTC derivatives).
Long or Long Position	Investing in an asset with the belief that the asset will appreciate in monetary value.

Options	A derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).
Short Selling	Borrowing an asset to sell on the market with the belief that the asset will diminish in monetary value so that the asset may be subsequently bought to repay the lender at a profit.



Corporate Directory

Responsible Entity

Ellerston Capital Limited
Level 11
179 Elizabeth Street
Sydney NSW 2000
Australia

Tel +612 9021 7701
Fax +612 9261 0528
www.ellerstoncapital.com

Investment Manager

Morphic Asset Management Pty Limited
Level 11
179 Elizabeth Street
Sydney NSW 2000
Australia

Tel +612 9021 7701
www.morphicasset.com

Administrator

Mainstream Fund Services Pty Limited
Level 1
51-57 Pitt Street
Sydney NSW 2000

GPO Box 4968
Sydney NSW 2001
Australia

Tel +612 9247 3326
Fax +612 9251 3525
Call Centre +61 1300 133 451
Email registry@mainstreamgroup.com
www.mainstreamgroup.com

Financial Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Tax Adviser

Ernst & Young
200 George Street
Sydney NSW 2000

Compliance Plan Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Prime Brokers and Custodians

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Morgan Stanley & Co. International plc
25 Cabot Square / Canary Wharf
London E14 4QA



Morphic

Asset Management