

15 September 2021

Dear Investor,

**Re: Significant Event Notice for Morphic Global Opportunities Fund (ARSN 159 465 157) (APIR Code: PER0673AU)**

Further to our correspondence dated 16 December 2020, Ellerston Capital Limited (ACN 110 397 674) in its capacity as Responsible Entity (RE) for the Morphic Global Opportunities Fund (ARSN 159 465 157) (MGOF or the "Fund"), has assessed the ongoing viability of the Fund and **determined it is not possible to continue to execute its investment strategy due to the size of its funds under management (FUM).**

The Fund continues to operate in line with its mandate and provides daily liquidity. Initial and additional applications will cease to be accepted from Wednesday 15 September 2021 onwards. Switches and redemptions will continue to be offered to investors up to and including 12pm (Sydney time) on Friday 15 October 2021. **After this date, there will be a compulsory redemption of all unit holders, where outstanding balances will be redeemed from the Fund.**

In line with our previous communications (on 25 October 2020 and 16 December 2020), we advise that investors may elect to switch their holding into the Ellerston Global Mid Small Cap Fund – Class A (EGMS) (APIR Code: ECL8388AU). Investors should note the two funds hold the same underlying portfolio assets, with EGMS having a materially lower management and performance fee than MGOF. A summary of the differences is shown below.

Item	Morphic Global Opportunities Fund (MGOF)	Ellerston Global Mid Small Cap Fund (EGMS)
Fund size (as at 31 August)	AUD\$11.85m	AUD\$159.39m
Benchmark	MSCI All Countries World Daily Total Return Net Index in AUD	MSCI World Mid Cap Index (AUD)
Management Fee	1.05% p.a.	0.75% p.a.
Performance Fee	15%	10%
Indirect Costs* (estimated)	0.27% p.a.	0.34% p.a.
Long exposure (typical)	95%+	100%
Shorting permissible	Yes	No
Net equity exposure	50 – 200% limit	Typically ~90%
Cash	0 – 50% limit	0 – 20% limit
Maximum position size	5% (inception), max 15%	10%
Valuation frequency	Daily	Daily
Redemption frequency	Daily	Daily
ESG overlay	Yes – Ethical Investment, RIAA <sup>^</sup> certified	Yes

\*Indirect costs consist of over the counter (OTC) derivative costs where used for non-hedging, order bid spreads as costs of disposal and any other indirect costs.

<sup>^</sup>Responsible Investment Association Australasia.

Performance for both strategies is outlined below, as at 31 August 2021:

Performance (Net)	1 month (%)	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception^ (% p.a.)
Morphic Global Opportunities Fund	6.41%	11.82%	39.70%	15.08%	14.30%	16.16%
Benchmark*	3.09%	10.75%	30.17%	13.94%	14.93%	16.58%
Value added / detracted	3.32%	1.07%	9.53%	1.14%	-0.64%	-0.42%

\*Benchmark is the MSCI All Countries World Daily Total Return Net Index in AUD. ^Note: Inception date for the strategy is 2 August 2012. Past performance is not a reliable indication of future performance.

Performance (Net)	1 month (%)	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception^ (% p.a.)
Ellerston Global Mid Small Cap Fund – Class A	6.19%	11.10%	42.99%	19.60%	-	19.23%
Benchmark*	3.12%	10.16%	37.38%	12.55%	-	14.37%
Value added / detracted	3.06%	0.95%	5.60%	7.05%	-	4.87%

\*Benchmark is the MSCI World Mid Cap Index (AUD). ^Note: Inception date of the Fund is 30 March 2017. Past performance is not a reliable indication of future performance.

If you wish to facilitate this switch in advance of the compulsory redemption, please complete the enclosed pre-populated switch form and return it to Registry (i.e. Mainstream Fund Services Pty Limited) by Friday 15 October 2021

Investors should refer to the [Product Disclosure Statement](#) for the Ellerston Global Mid Small Cap Fund – Class A for further information regarding the product. For investors electing to switch, the standard 0.25% buy spread into the Ellerston Global Mid Small Cap Fund – Class A will be waived. Note: the standard sell spread of 0.25% will be charged on your redemption out of the Morpheic Fund.

Tax consequences may arise for investors who switch or have their investments redeemed. In particular, investors may realise a capital gain or loss as a result of the switch or redemption. Investors may also be attributed a share of the Fund's income for the year as part of their redemption or switch proceeds. The attribution of any income to investors will be communicated following the end of the financial year. Investors should seek their own professional tax advice regarding the consequences of any redemption or switch of their investment.

### What happens now?

To summarise, you have the choice to:

1. Switch your investment into the Ellerston Global Mid Small Cap Fund – Class A by completing the enclosed pre-populated switch form and return it to Registry (i.e. Mainstream Fund Services Pty Limited) by Friday 15 October 2021;
2. Redeem your investment via the process outlined in the PDS dated 11<sup>th</sup> December 2020. If you elect to do so, proceeds will be paid into your account within the nominated timeframe outlined in the PDS; or
3. Wait until the compulsory redemption on Friday 15<sup>th</sup> of October 2021. At which point, your investment will be redeemed on your behalf and the redemption proceeds will be paid to your nominated bank account. If you would like to confirm or amend your bank account details, please contact us at [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com).

### Questions?

If you should have any questions on this process, please don't hesitate to contact Ellerston's Investor Relations team on (02) 90217701 or via email at [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com).

Yours sincerely,

Ellerston Investor Relations.

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DISCLAIMER

This letter has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, responsible entity of the Morpheic Global Opportunities Fund (ARSN 159 465 157) and Ellerston Global Mid Small Cap Fund – Class A (ARSN 609 725 868)) without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Funds, persons should read the Funds' Product Disclosure Statements which can be obtained by contacting [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com), consider the information in the Product Disclosure Statements having regard to their own personal circumstances and obtain advice from an appropriate financial adviser. Units in the Funds are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

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Past performance is not a reliable indicator of future performance.