

**Morphic Ethical Equities Fund Limited**  
**Appendix 4E Preliminary Final Report**  
**For the period 1 October 2021 to 30 June 2022**

**Details of Reporting Period**

Current: Period ended 30 June 2022

Previous: Year ended 30 September 2021

**Results for announcement to the market**

	\$	movement (up/down)	% movement*
Net investment income/(loss)	(14,898,630)	down	-168%
Profit/(Loss) for the period before income tax expense	(16,218,643)	down	-182%
Profit/(Loss) for the period	(11,321,636)	down	-181%

\* Movement covers a nine month period from 1 October 2021 to 30 June 2022.

**Dividend information**

	Cents per share	Franked amount per share	Tax rate for franking
Quarterly dividend paid in March 2022 (cents per share)	1.5	1.5	30.0%
Quarterly dividend paid in June 2022 (cents per share)	1.5	1.5	30.0%
2021 Final dividend (cents per share)	3.0	3.0	30.0%
2021 Interim dividend (cents per share)	2.5	2.5	30.0%

**Final dividend dates**

Ex-dividend date	5 September 2022
Record date	6 September 2022
Last election date for the Dividend Reinvestment Plan (DRP)	16 September 2022
Payment date	23 September 2022
Date for issue of shares under DRP	23 September 2022

**Net tangible assets**

	30 June 2022	30 September 2021
Net Tangible Assets (per share) before tax	1.0503	1.5040
Net Tangible Assets (per share) after tax	1.1062	1.3791

**Dividend Reinvestment Plan (DRP)**

The DRP is in operation and the recommended fully franked dividend of 1.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the issue price. The relevant issue price will be the volume weighted average price (VWAP) of shares sold on the ASX (on an ex-dividend basis) five days from the ex-dividend date inclusive of the ex-dividend date.

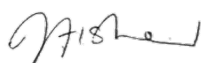
**Audit**

This report is based on the financial report which has been audited. All the documents comprise the information required by Listing Rule 4.3A.

**Annual General Meeting (AGM)**

The AGM is to be held on 8 November 2022.

Signed on behalf of Morpic Ethical Equities Fund Limited



JoAnna Fisher  
Chairman

Sydney  
22 August 2022

**Morphic Ethical Equities Fund Limited**

**ASX: MEC**

ABN 52 617 345 123

**Annual report**

**For the period 1 October 2021 to 30 June 2022**

# **Morphic Ethical Equities Fund Limited**

**ASX: MEC**

ABN 52 617 345 123

## **Annual report**

**For the period 1 October 2021 to 30 June 2022**

<b>Contents</b>	<b>Page</b>
Chairman's Letter to Shareholders	2
Investment Manager's Report	4
Directors' Report	8
Auditor's Independence Declaration	13
Statement of Profit or Loss and Other Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	32
Independent Audit Report to the Members	33
Shareholder Information	38
Corporate Directory	39

## Chairman's Letter to Shareholders

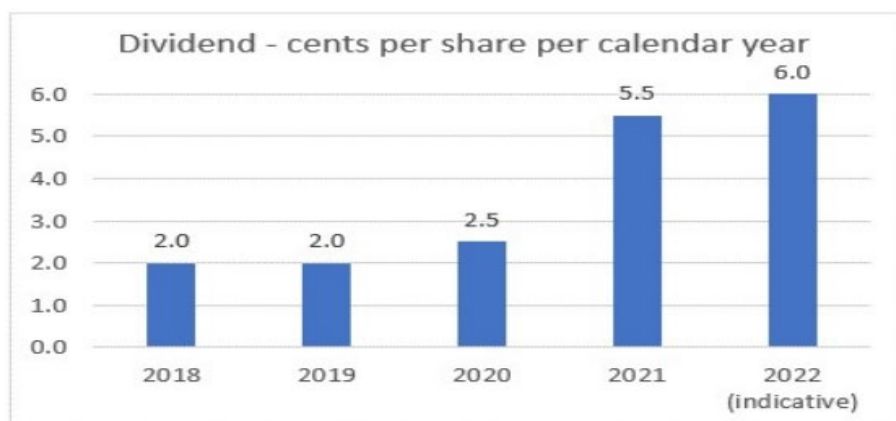
Dear fellow shareholder,

I am pleased to share the Company's annual results, which covers our fifth year since listing (on 2 May 2017) on the Australian Securities Exchange. In line with the announcement made on 20 July 2022, MEC's financial year end has been changed to 30 June, from 30 September. This change sees these results represent a nine-month transitional financial period beginning on 1 October 2021 and ending on 30 June 2022.

On behalf of the Board of Directors, I again thank all shareholders for their support of the Company and welcome shareholders who have joined us over the last year. MEC continues to deliver strong absolute portfolio performance, since inception.

Commencing from the first quarter of 2022 the Company moved to quarterly dividend payments and has paid 1.5c per quarter fully franked in the first two quarters of 2022.

I am pleased to announce that the Board has declared a fully franked quarterly dividend of 1.5 cents per share (cps), as the final dividend for the nine month period. This reflects an annualised dividend of 6.0 cps fully franked, a continuation of the increase from last year. Since inception, MEC has declared 16.5 cps in fully franked dividends.



Note: 2022 (Indicative) includes an indicative quarterly dividend of 1.5 cps for payment in December 2022 quarter.

The record date for this quarterly dividend will be 6 September 2022 and the payment date will be 23 September 2022.

As at 30 June 2022, the Company's profit reserve was 39.0 cps, before the payment of the fully franked dividend of 1.5 cps. After the payment of the fully franked dividend, the profit reserve balance of 37.5 cps represents over 6 years of dividend coverage at current annualised dividend of 6 cps. The Company will continue with quarterly dividend payments in FY23, expected to be at a rate of at least 1.5 cents fully franked, per quarter.

The Company remains steadfast and confident in its aim to provide investors with a way to grow their wealth in the longer term, without investing in businesses that harm the environment, people, and society. We do this by continuing to provide shareholders with the opportunity to benefit from an actively managed portfolio of global mid and small cap securities that have been screened to exclude companies involved in environmentally damaging activities including coal and uranium mining, oil and gas, animal cruelty, tobacco manufacture, armaments, alcohol and gambling.

The Responsible Investment Association of Australasia reported that in 2020 only a quarter of investment managers could demonstrate consideration of ESG factors when valuing assets, construction of portfolios and the allocation of capital<sup>1</sup>. In the same year, the market for responsible investments in Australia grew to \$1.2 trillion, 15 times the growth rate of Australian professionally managed investments. As an early leader in responsible investing, especially in the Listed Investment Company (LIC) category, the Company's screening rules continue to ensure that shareholders can be confident their investments are managed to maximise returns whilst doing so in an ethical manner. As a result, the Company remains certified by the Responsible Investment Association Australasia (RIAA) and the Manager, Morpheic Asset Management, remains a signatory to the Principles for Responsible Investment (PRI).

## COMPANY PERFORMANCE

During the period to 30 June 2022, the Company achieved a pre-tax operating loss of \$16.2m and a post-tax operating loss of \$11.3m. We consider it is also useful to consider performance for a listed investment Company from the following perspectives:

### 1. INVESTMENT PERFORMANCE

The Company's investment portfolio performance shows how the Manager has performed before deducting management fees and taxes, as compared to the Company's investment benchmark, the MSCI All Countries World Daily Total Return Net Index in AUD.

For the period to 30 June 2022, the portfolio returned -20.86% (pre-fee and taxes), compared to the benchmark return of -10.24%, in gross terms. The Investment Manager's report provides further details on the drivers of this underperformance, in what was a particularly difficult period for listed equity markets.

### 2. NTA PERFORMANCE

From a shareholder perspective, it is also useful to consider movements in the Company's NTA per share, which adjusts for the impact of management fees and other Company related expenses.

At 30 June 2022 MEC's pre-tax NTA was \$1.0515 per share and its post-tax NTA was \$1.1062 per share. Note that these figures are after a cash outlay of 6 cps for dividend paid from the NTA over the nine-month period. This compares to the pre-tax NTA of \$1.0623 and post-tax NTA of \$1.0736 at listing.

As at 30 June 2022 MEC's shares closed at \$1.000, versus a \$1.250 share price at 30 June 2021.

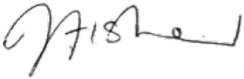
<sup>1</sup>Responsible Investment Association Australasia, Responsible Investment Benchmark Report Australia 2021, p8. <https://responsibleinvestment.org/wp-content/uploads/2021/09/Responsible-Investment-Benchmark-ReportAustralia-2021.pdf>

**ANNUAL GENERAL MEETING**

The Board continues to note concerns related to the the COVID-19 pandemic. With the welfare of our shareholders, directors and staff at the forefront of our minds, we have again decided that the Annual General Meeting (AGM) will be held as a virtual event.

The AGM will be held at 11:00am on 8 November 2022, virtually. Relevant dial-in details for the AGM will be shared with shareholders in due course. The Directors encourage you to attend the meeting.

Regards,

A handwritten signature in black ink, appearing to read 'J Fisher', written in a cursive style.

**JOANNA FISHER**  
Chairman

## Investment Manager's Report

Returns during the financial period ending June 30, 2022, can really be characterized as a tale of two periods. After a relatively solid start to the period from September to December, the onslaught of negative macro events began to unfold in early January 2022, impacting most asset classes around the globe.

We had the Omicron impact in late December and into January which shut down or hampered many industries globally while inflation, associated with supply chain inefficiencies, continued to mount. In January, Federal Reserve Chairman Jerome Powell capitulated on his previously held mantra that inflation would be transitory and signaled a much more aggressive interest rate policy than had been expected by the market.

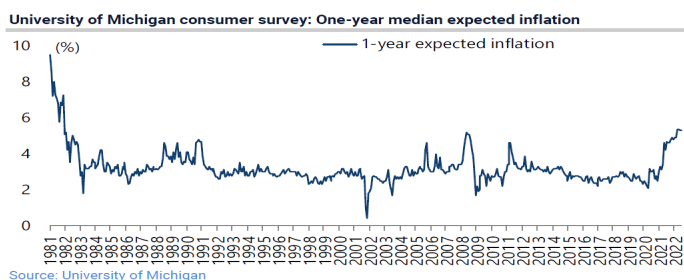
In February, the atrocities in Ukraine really came to the fore as Russia's aggression, both on the battlefield and in the headlines, highlighted Putin's desire to leave a "legacy". What became apparent was the reliance the rest of the world had on Ukraine soft and hard commodities, manufacturing capabilities and in Europe, Russian gas.

The limitation of supply, coupled with Ukraine shutdowns, created a commodity bull market and increased focus on energy security. A prime example of this was WTI oil which increased from US\$72.17 a barrel in January to almost \$120.00 at its peak or >66% within several months. Many other commodities such as aluminum, lumber, corn and wheat skyrocketed as well, creating significant food and fuel inflation for the consumer.

Given the Fund's focus on investing in industries and companies "that do not harm" our ESG process screens out chemicals, commodities, fossil fuels etc. meaning the Fund did not participate in this commodity bull market. The average stock return of the screened industries (which includes the Norges Exclusion List<sup>1</sup>) included in the MSCI World Mid Cap Index from the beginning of January 2022 to the end of June 2022 was minus 10.4%. While this is not great, it is certainly better than the negative 26.5% recorded by the remaining stocks – a 1610 bps differential.

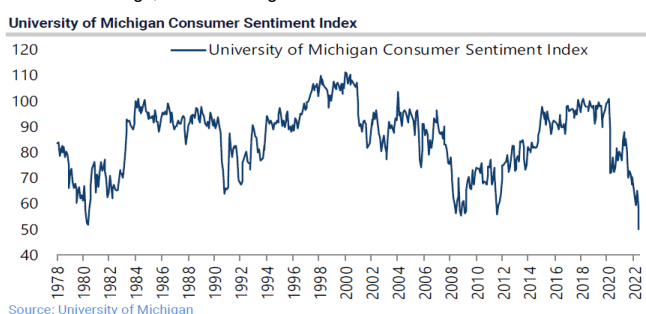
Not to be outdone by all the negative macro influences, China also threw a spanner the works with its Covid suppression policy escalating in early March. Lockdowns in Shenzhen and Shanghai, combined with other rolling lockdowns, resulted in an estimated 345m people across 46 cities in full or partial lockdown by April, a population accounting for 40% of GDP. While we have seen some relief with Shanghai re-opened on June 1st, the pandemic influence has certainly not gone away and still influences demand while complicating the global supply chain.

We consider substantial monetary and fiscal stimulus, which were injected to combat the pandemic economic impact, are the primary sources of our inflation problem. Central Banks (outside of China) are now raising rates and reducing liquidity to combat inflation as real-world inflation expectations have broken out of a long-term trend in the past several months:



The key push by authorities is to dampen the risk of wage price spirals getting out of control, and as such, are focused on dampening economic activity and subsequently the labour market which would, in theory, bring inflation expectations back to long term averages.

While March and April were encumbered by all the same previously discussed macro variables, in May and June the narrative switched from just inflation to now mounting recession risks on the back of demand destruction as stubbornly high inflation prints, rising mortgage rates and a significant increase in petrol prices at the pump weighed on consumer sentiment readings, which are at generational lows:

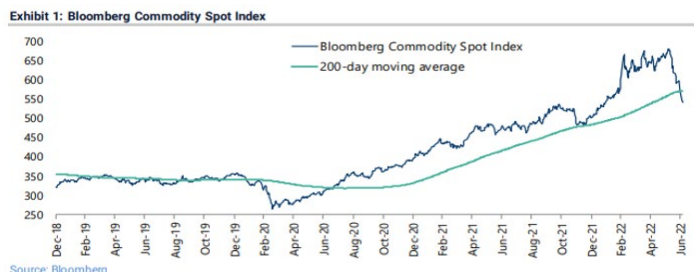


Retail sales have flattened out in the US and Europe and while part of the softening is likely attributable to the shift from goods to services spending, consumer confidence and associated demand destruction from surging inflation is also a key driver.

<sup>1</sup>The Norges Exclusion List is a list of companies determined by Norges Bank Executive Board or by Norges Bank Investment Management for exclusion from the Norwegian Government Pension Fund. The list is based on assessments and recommendations from the Independent Council of Ethics set-up by the Norwegian Ministry of Finance and is recognised globally as an ESG standard.

## Investment Manager's Report (Continued)

While supply chain constraints and the Russian aggression created a bull market in commodities over the past several months, they have recently come off the boil in quite a material way. At the time of writing, the Bloomberg Commodity Spot Index is currently reflecting the narrative shift from inflation to recession which is reflecting demand destruction concerns. Lumber, aluminum, steel and soft commodities are well off recent highs and if these are inputs into your company end product, and the demand around your products is relatively intact, we could see some idiosyncratic examples of strong margin improvements from companies that have been pricing to offset these costs.



The largest contributor to the Fund over the period was Option Care Health which is the largest independent provider of at home infusion services in the US (reaching 96% of the US population) delivering critical therapies at a much lower cost which benefits both patients, and payors, alike. It continues to benefit from the shift of infusion services from the hospital setting to the more convenient and significantly less costly at home setting. Management indicated it will accelerate its M&A strategy as its balance sheet is in great shape and the business is generating accelerating free cash flow. Additionally, it will increase the number of infusion suites available (stop in on your way home) which will help with labour efficiency.

Insurer Assurant represented the next largest contributor to the Fund over the period. The Company is a global leader operating under a business to business to consumer model partnering with some of the world's largest consumer brands offering protection and integrated services across mobile devices, automobiles, and homes. It is developing global scale in repair, refurbishment and recycling of electronic devices, predominantly our mobile phones, and is becoming a key player in reducing our electronic waste burden on society. It has a very large investment float which will benefit from rising interest rates and its lender placed housing insurance arm is a great countercyclical hedge as its benefits in times of economic stress.

The largest detractor to the Fund over the period was GXO Logistics which is the largest pure play contract logistics provider globally. It spun out of XPO Logistics in August 2021 and is a relatively new member of the listed market as a standalone company. It benefits from long term secular growth trends including ecommerce adoption, automation and outsourcing as its customers look to GXO to help solve complex supply chain challenges. Given its largest end markets include ecommerce and geographically, Europe, the business has been marked down due to growth concerns with these exposures. We consider the long-term growth profile as quite robust and therefore have maintained our position.

Azek Group was the next largest detractor to the Fund performance and similar to GXO, we have maintained our position in the business. Azek operates in an effective duopoly in the composite decking market in the US. Composite decking provides durable total cost of ownership benefits compared with typical wood decking, while additionally attracting consumer awareness due to its strong recycling attributes. As a result, we are seeing a structural shift from wood decking to that of composite products and this trend should remain entrenched for years to come.

## OUTLOOK

There are a number of macro forces still weighing on the economy and subsequently investor sentiment. These include consumer sentiment at generational lows, persistent inflation resulting in negative real wage growth, Fed Chairman Jerome Powell intent on reigning in said inflation with rate increases, continued geopolitical concerns with Russia/Ukraine, while China's "Covid Zero" policy creates uncertainty for global supply chains and domestic consumption.

That said, none of these macro call outs are new information and have generally been discounted by the market. According to JP Morgan, the S&P 500 has already seen the second sharpest valuation de-rating over the past 30 years as the PE drawdown of 6.7x has surpassed the average compression of 4.5x seen during prior recessions.



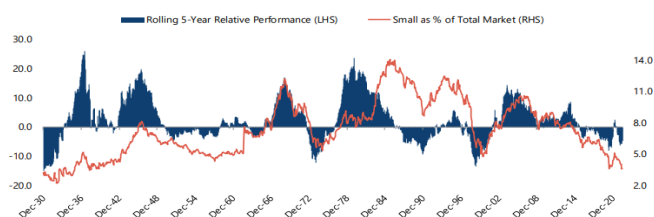
## Investment Manager's Report (Continued)

### OUTLOOK (continued)

Globally, smaller companies have been hit even harder with the US investment bank Jefferies intimating that the start of calendar year 2022 was the worst half for small caps since 1973. The sector has been impacted by the flight to safety to larger companies (higher liquidity) and a recessionary scenario seemingly fully priced in to the more economically sensitive mid small cap sector.

This has created a very interesting set up for potential outperformance as the size segment is now less than 4% of the US stock market, back to 2020 levels and below that of 2000. If you are a believer in mean reversion, the following chart sets up strongly for relative outperformance over the coming period.

Small 3.8% of US market, below '99; Rolling 5-year relative performance 12<sup>th</sup> percentile...

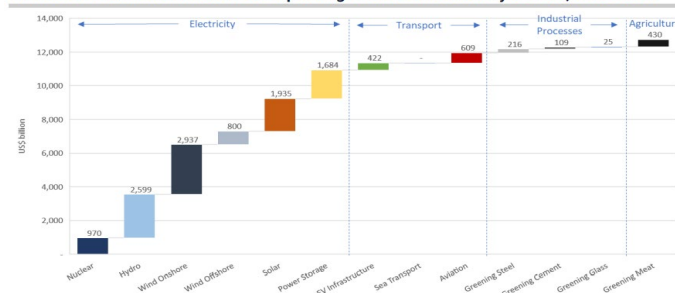


We continue to deploy an active global investment strategy with exposure to megatrends providing secular growth. These include a significant exposure to those companies enabling 5G, data growth and Industry 4.0. Some of the key players we have invested in include Cellnex Telecom, PTC, TKH Group, Ciena and Soitec. These companies provide physical infrastructure or capabilities that most companies globally rely on for their digital strategies.

Another megatrend we are exposed to is global decarbonisation which has support from pretty much every government, business and consumer body in the world. We are currently falling behind the Paris Agreement objective which aims to hold world temperature increases at 1.5 degrees above preindustrial levels. The volatility in energy markets and supply chain disruptions across the globe is driving an accelerated adoption of electric vehicles, alternative energy, and industrial

The only way we can decarbonise is with electrification and renewables, however to fully decarbonise our society, the spend is estimated at \$50tr+ over the coming decades with significant buildouts in wind, solar, electric vehicle infrastructure and hydrogen capabilities required.

Exhibit 9: Incremental infrastructure spending of decarbonization by sectors, 2020-2030



Source: Jefferies

This thematic represents at least a decade long investing opportunity and we look to benefit from exposure in companies such as Flex which owns the largest solar tracking business globally, Sensata which provides mission critical sensors in electric vehicles and charging stations and Chart Industries which is the world's leading provider of production, storage and transportation solutions for hydrogen.

It is this nexus of interesting stock stories, coupled with a strong ESG focus, that the portfolio continues to seek out globally and where we continue to believe that ethical investing can be rewarding for both the investor and the world alike as our companies generally "do good" for the environment and society.

As always in investing there are risks and opportunities, we try to be cognizant of both in our investing decisions in growing your capital with a firm eye on capital preservation

There are many unknowns in the world however the one constant is our appreciation of our shareholders and continued support.



## Portfolio Composition

### Investment Portfolio at 30 June 2022

EQUITIES	FAIR VALUE (\$)
Assurant Inc	3,116,904
WillScot Mobile Mini Holdings	2,857,052
Cellnex Telecom SAU	2,785,322
Sensata Technology Holding	2,505,453
Graphic Packaging Holding Company	2,391,195
PTC INC	2,366,032
Flexitronics Intl Ltd	2,348,363
GXO Logistics Inc	2,077,199
Webster Financial Corporation	2,047,277
TKH Group NV	2,041,089
Chart Industries INC	2,036,601
Rentokil Initial Plc	2,025,861
Option Care Health Inc	2,000,120
Advantest Corp	1,965,361
DigitalBridge Group	1,917,581
S.O.I.T.E.C.	1,880,814
XPO Logistics	1,553,460
Comerica Inc	1,408,589
Olaplex Holdings Inc	1,314,951
Bureau Veritas SA	1,306,964
Ciena Corporation	1,275,666
First Watch Restaurant Group	1,167,818
Liveramp Holdings Inc	1,141,172
AZEK CO INC	1,066,258
Zillow Group Inc Class A	1,034,814
Floor & Decor Holdings Inc	827,686
Coupa Software Inc	799,060
PVH Corp	789,724
Workiva INC	729,330
Tempur-Pedic International	543,876
	<b>51,321,592</b>
FX Futures and Forward Currency Contracts	227,891
<b>Total Portfolio</b>	<b>51,549,483</b>

## Directors' Report

The Directors present their Report together with the Financial Report of Morpheic Ethical Equities Fund Limited ("Company") for the period ended 30 June 2022. On 26 May 2022, the board of the Company resolved to change its financial year end from 30 September to 30 June. The financial statements cover the period from 1 October 2021 to 30 June 2022 and the comparative information cover the year ended 30 September 2021 therefore the financial information presented is not comparable. This change was made to enable alignment of the Company's annual reports with the standard Australian financial year and to leverage operational efficiencies.

### Information on directors

The following persons were directors of the Company from registration date and up to the date of this report (unless otherwise indicated):

#### JoAnna Fisher

#### Independent Chairman

##### **Experience and Expertise**

JoAnna has a long-standing and international career in the financial sector in investment management, wholesale banking and capital markets. Her more than 20 years of experience encompasses business performance improvement, governance, compliance and risk management.

JoAnna spent 12 years at Bankers Trust Corporation in the USA, Japan, the UK and Australia, managing funds and developing the institutional funds management businesses. She is also a former General Manager - Strategy and Marketing for the Commonwealth Bank. JoAnna is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Arts (Asian Studies) and a Bachelor of Economics from The Australian National University.

JoAnna is a Non-Executive Director and Chairman of Colonial First State Investments Limited.

JoAnna is a member of the Investment Committee of the Australian Catholic Superannuation and Retirement Fund. She is also a trustee of the Australian Chamber Orchestra (ACO), the Chairman of the ACO Instrument Fund and a member of the ACO Finance, Audit and Risk Committee.

##### **Other Current Directorships**

Colonial First State Investments Limited.

##### **Former directorships in the last 3 years**

Mainstream Group Holdings Limited.

##### **Special responsibilities**

Chairman of the Board and member of the Audit & Risk Committee.

##### **Interests in shares**

Details of JoAnna's interests in shares of the Company are included later in this report.

##### **Interest in contracts**

JoAnna has no interests in contracts of the Company.

#### Jack Lowenstein

#### Non-Independent Director

##### **Experience and Expertise**

Jack had careers in corporate finance and as an international financial journalist and has been involved in the research and investment of global equities and other Securities for more than 30 years.

He was the founding Managing Director and Joint Chief Investment Officer of Morpheic Asset Management until 2020. Prior to that he was the Deputy Chief Investment Officer at Hunter Hall, responsible for risk management and portfolio construction. He joined Hunter Hall when it had just \$13m under management in 1997 and played a key role in building it to a peak of just under \$3 billion in FUM. In his ten years as a Portfolio Manager with Hunter Hall he generated substantial out-performance.

Jack has a BA and a MA from Oxford University and in 2009 he completed the three year part time Owner/President Management Course at Harvard Business School.

##### **Other Current Directorships**

Morpheic Asset Management Pty Limited.  
Tissue Repair Limited.

##### **Former directorships in the last 3 years**

Fiji Kava Limited.

##### **Special responsibilities**

Member of the Audit & Risk Committee.

##### **Interests in shares and options**

Details of Jack's interests in shares of the Company are included later in this report.

##### **Interest in contracts**

Jack has no interests in contracts of the Company.

## Mark Forstmann

## Independent Director

### Experience and Expertise

Mark has 28 years' experience in investment markets including equities, currencies and fixed interest. His career spans investment markets and film and television production. He holds a B.Sc. from Sydney University, a Graduate Diploma from AFTRS, and has studied B.A.Communications at University of Technology Sydney.

Mark worked at BankAmerica in Sydney, Banque Indosuez in both Sydney and Paris. He was also a director at Hunter Hall International for 15 years. He was a fund manager at Future Super and Grosvenor Pirie from 2016 to 2019.

Mark served on the Board of the Nature Conservation Trust of NSW between December 2009 and May 2015.

### Other Current Directorships

Mark is not currently serving as a director of any other listed companies.

### Former directorships in the last 3 years

Nil.

### Special responsibilities

Mark is Chairman of the Audit & Risk Committee.

### Interests in shares

Details of Mark's interests in shares of the Company are included later in this report.

### Interest in contracts

Mark has no interests in contracts of the Company.

## Company Secretary

The following person held the position of Company Secretary at the end of the period:

### Ian Kelly

### Experience and Expertise

Ian Kelly is the Head of Legal and Compliance for Ellerston Capital Limited and the Company Secretary for Ellerston Asian Investments Limited. He is admitted as a solicitor and barrister in the Supreme Court of NSW and High Court of Australia and is also a Public Notary. Mr Kelly holds a Bachelor of Arts (Political Science and Economics) and Law (Hons), a Graduate Diploma Legal Practice from the College of Law and a Grad Diploma in Notarial Practice.

## Attendance at Meetings

### Board of Directors Meetings

	Meetings Held and Entitled to Attend	Meetings Attended
Director		
JoAnna Fisher	3	3
Jack Lowenstein	3	3
Mark Forstmann	3	3

### Audit & Risk Committee Meetings

	Meetings Held and Entitled to Attend	Meetings Attended
Director		
JoAnna Fisher	3	3
Jack Lowenstein*	2	2
Mark Forstmann	3	3

\*Jack Lowenstein was eligible to attend 2 meetings as he was appointed to the Audit & Risk Committee following the first meeting held during the period.

## Principal activity

The Company's principal activity is investing in global listed securities screened to exclude entities involved in environmentally damaging activities (including coal and uranium, mining and oil and gas), intensive farming and aquaculture, tobacco, armaments, alcohol and gambling.

The Company's investment objectives are to: deliver investors an ethically screened portfolio; generate superior risk adjusted returns; and provide capital growth and consistent income. No change in this activity took place during the period or is likely to in the future.

## Review of Operations

The Company's investments during the period resulted in operating loss of \$16,218,643 (30 September 2021: profit of \$19,839,781) before tax and \$11,321,636 (30 September 2021: profit of \$13,937,960) after tax. This reflects the performance of the investment portfolio over the year as outlined below.

Investment Returns	Returns Over the period 1 October 2021 to 30 June 2022		Returns Since Inception 2 May 2017 to 30 June 2022	
	Gross	Net	Gross	Net
Investment Portfolio	(20.86%)	(21.55%)	6.31%	5.19%
MSCI All Countries Total Return Daily Index	(10.24%)	(10.56%)	9.63%	9.08%
Outperformance	(10.62%)	(11.00%)	(3.32%)	(3.89%)

### Investment Returns (Continued)

Gross return is before fees and taxes.

Net return is net of investment management fees, before Company administration costs and taxes.

### Dividends Paid or Recommended

On 3 November 2021, the Directors declared a fully franked dividend of 3.0 cents per share which amounted to \$1,591,513 and was paid on 15 December 2021.

On 9 March 2022, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to \$797,470 and was paid on 31 March 2022.

On 26 May 2022, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to \$798,472 and was paid on 24 June 2022.

Since the end of the financial period, on 22 August 2022 the Directors declared a fully franked quarterly dividend of 1.5 cents per share to be paid on 23 September 2022.

The Board is committed to paying fully franked dividends to shareholders and raising the dividend over time, provided the Company has distributable profits, franking credits and it is within prudent business practices.

### Net Assets

As at 30 June 2022 the net assets of the Company were \$58,963,827 (30 September 2021: 73,162,880). Please refer to the Statement of Financial Position for further details.

### State of Affairs

During the period there was no significant change in the state of affairs of the Company.

On 21 July 2022, the Company announced to change its financial year end from 30 September to 30 June. The financial statements cover the period from 1 October 2021 to 30 June 2022 and the comparative information cover the year ended 30 September 2021 therefore the financial information presented is not comparable.

### Events Subsequent to Balance Date

Since the end of the financial period, on 22 August 2022 the Directors declared a fully franked quarterly dividend of 1.5 cents per share to be paid on 23 September 2022.

No other matter or circumstance has arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

### Likely Developments

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 13 March 2017.

### Insurance of officers

During the financial period, the Company paid a premium for an insurance policy insuring all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

### Environmental Regulations

The Company's operations are not subject to any significant environmental regulations.

### Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

### Remuneration Report (Audited)

This remuneration report sets out information about the remuneration of the Company's directors for the period ended 30 June 2022, under the requirements of Section 300A of the Corporations Act.

#### Key Management Personnel

The directors and other key management personnel of the Company during the whole of the financial period, and up to the date of this report are (unless otherwise indicated):

JoAnna Fisher  
Jack Lowenstein  
Mark Forstmann

#### Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of the Company in accordance with the Corporations Act and the Company's Constitution.

The Company's board comprises of three directors of whom two are Independent Directors and one is a Non-Independent Director. The Board from time to time determines remuneration of Directors within the maximum amount approved by the Company at general meetings.

The Directors Remuneration reflects the demands that are made on them and their responsibilities. The performance of Directors is reviewed by the Board annually. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors.

## Remuneration Report (continued)

The maximum total remuneration of the Directors has been set at \$140,000 per annum. The amount paid for the financial period ended 30 June 2022 was \$105,000 (30 September 2021: \$133,899), reflecting a pro-rata amount for nine months.

Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration is not directly linked to the Company's performance.

The following table shows details of the remuneration received or receivable by the Directors of the Company for the current period.

For the period 1 October 2021 to 30 June 2022		Short-term employee benefits Cash salary	Post- employment benefits Superannuation	Total
Director	Position	\$	\$	\$
JoAnna Fisher	Independent Chairman	40,909	4,091	45,000
Jack Lowenstein	Non-Independent Director	27,273	2,727	30,000
Mark Forstmann	Independent Director	27,273	2,727	30,000
		<b>95,455</b>	<b>9,545</b>	<b>105,000</b>

Year ended 30 September 2021		Short-term employee benefits Cash salary	Post- employment benefits Superannuation	Total
Director	Position	\$	\$	\$
JoAnna Fisher	Independent Chairman	54,732	5,268	60,000
Jack Lowenstein	Non-Independent Director	24,312	2,355	26,667
Mark Forstmann	Independent Director	36,488	3,512	40,000
Virginia Malley (resigned 4 December 2020)	Independent Director	6,605	627	7,232
Chad Slater (resigned 19 October 2020)	Alternate Director	-	-	-
		<b>122,137</b>	<b>11,762</b>	<b>133,899</b>

The Company has no employees other than the Directors and therefore does not have a remuneration policy for employees.

The Directors are the only people considered to be key management personnel of the Company.

The following table reflects the Company's performance and Directors remuneration over four years:

	2022*	2021	2020	2019
Operating profit/(loss) after tax (\$)	(11,321,636)	13,937,960	2,432,846	1,407,789
Dividends (cents per share)	4.5**	5.5	2.5	2.0
Share price (\$ per share)	1.000	1.295	0.985	0.895
NTA after tax (\$ per share)	1.1062	1.3791	1.1563	1.1299
Total Directors remuneration (\$)	105,000	133,899	140,000	140,000
Shareholders equity (\$)	58,963,827	73,162,880	61,136,790	59,579,544

\*2022 reflects a nine-month transition period.

\*\*Total dividends declared in relation to the financial period from 1 October 2021 to 30 June 2022.

As outlined above, Directors fees are not directly linked to the Company's performance.

## Director Related Entity Remuneration

Morphic Asset Management Pty Limited ("Morphic") (ABN 33 155 937 901, AFSL 419916) has been appointed as the Investment Manager of the Company. The Manager is privately owned and incorporated in 2012. Jack Lowenstein is a director of the Manager.

### (a) Management fee

The Manager is entitled to be paid monthly a Management Fee equal to 1.25% (plus GST) per annum of the Value of the Portfolio (payable monthly in arrears and calculated on the last business day of each month).

### (b) Performance fee

The Manager is entitled to be paid by the Company a fee (Performance Fee) equal to 15% (plus GST) of the Portfolio's outperformance relative to the MSCI All Countries Total Return Daily Index ("the Index") in Australian dollars (Benchmark) over the 12 month period, subject to the Portfolio generating absolute gains since inception and the recoupment of prior underperformance.

Management and performance fees paid to the Manager during the period were as follows:

	For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
Management fees paid and payable during the period	669,917	913,267
Management fees payable at period end	61,304	86,428

## Remuneration Report (continued)

There were no performance fees earned or paid during the period (30 September 2021: nil).

### Equity Instrument Disclosures Relating to Directors

The relevant interests of the Directors and their related entities in the Securities of the Company were:

Shares as at 30 June 2022	Opening balance	Acquisitions	Disposals	Number of shares
Director				
JoAnna Fisher	109,020	5,385	-	114,405
Jack Lowenstein	806,121	39,818	-	845,939
Mark Forstmann	84,424	4,171	-	88,595

There has been no movement in the equity instruments held by Directors between 30 June 2022 and the date of the Director's report.

As at 30 June 2022 there were no outstanding options or issued during the period.

Shares as at 30 September 2021	Opening balance	Acquisitions	Disposals	Number of shares
Director				
JoAnna Fisher	105,331	3,689	-	109,020
Jack Lowenstein	778,850	27,271	-	806,121
Mark Forstmann	42,133	42,291	-	84,424

As at 30 June 2022 there were no outstanding options or issued during the period.

### End of remuneration report.

### Proceedings on behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

### Non-Audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 13 did not compromise the external auditor's independence for the following reasons:

- (a) all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- (b) none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

### Audit and Non-Audit services

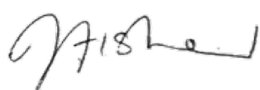
Details of the amounts paid or payable to Ernst & Young for audit and non-audit services provided during the period are set out in Note 13 to the financial statements on page 28 of this report.

The directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Signed in accordance with a resolution of the directors.



JoAnna Fisher  
 Chairman  
 Morpheic Ethical Equities Fund Limited

Sydney, 22 August 2022



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## **Auditor's independence declaration to the directors of Morphic Ethical Equities Fund Limited**

As lead auditor for the audit of the financial report of Morphic Ethical Equities Fund Limited for the financial period ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Rita Da Silva  
Partner  
22 August 2022

## Statement of Profit or Loss and Other Comprehensive Income

		For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
<b>Investment income</b>			
Interest income		-	502
Dividend income		336,892	626,588
Net realised and unrealised gains/(losses) on financial instruments at fair value through profit or loss		(15,563,335)	21,204,661
Net gains/(losses) on foreign exchange		327,813	(53,383)
Other income		-	354
<b>Net Investment income/(loss)</b>		<b>(14,898,630)</b>	<b>21,778,722</b>
<b>Expenses</b>			
Audit and tax	13	60,236	73,185
Administration fees		64,764	82,700
Directors' fees	15 (b)	105,000	133,899
Dividends on borrowed stock		1,178	46,254
Interest expense (including on borrowed stock)		73,040	50,547
Management fees	15 (a)	669,917	913,267
Transaction costs		142,320	360,503
Withholding tax expense		47,328	80,275
Other expense		156,230	198,311
<b>Total expenses</b>		<b>1,320,013</b>	<b>1,938,941</b>
<b>Profit/(Loss) for the period before income tax expense</b>		<b>(16,218,643)</b>	<b>19,839,781</b>
Income tax expense/(benefit)	4(a)	(4,897,007)	5,901,821
<b>Profit/(Loss) for the period</b>		<b>(11,321,636)</b>	<b>13,937,960</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(11,321,636)</b>	<b>13,937,960</b>
<b>Basic earnings/(losses) per share</b>	5	<b>(21.3) cents</b>	<b>26.32 cents</b>
<b>Diluted earnings/(losses) per share</b>	5	<b>(21.3) cents</b>	<b>26.32 cents</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.*



**Statement of Financial Position**

	Note	As at 30 June 2022 \$	As at 30 September 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14(a)	178,097	207,582
Receivables	6	41,211	162,467
Prepayments		85,007	41,105
Due from brokers		7,417,971	15,888,452
Investments	7	51,943,397	73,689,557
Current tax asset	4(c)	166,455	-
<b>Total current assets</b>		<b>59,832,138</b>	<b>89,989,163</b>
<b>Non-current assets</b>			
Net deferred tax asset	4(d)	2,814,731	-
<b>Total non-current assets</b>		<b>2,814,731</b>	<b>-</b>
<b>Total assets</b>		<b>62,646,869</b>	<b>89,989,163</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Due to brokers		3,150,046	10,055,310
Payables	10	139,082	137,228
Investments	7	393,914	8,091
Current tax liability	4(b)	-	3,822,853
<b>Total current liabilities</b>		<b>3,683,042</b>	<b>14,023,482</b>
<b>Non-current liabilities</b>			
Net deferred tax liability	4(d)	-	2,802,801
<b>Total non-current liabilities</b>		<b>-</b>	<b>2,802,801</b>
<b>Total liabilities</b>		<b>3,683,042</b>	<b>16,826,283</b>
<b>Net assets</b>		<b>58,963,827</b>	<b>73,162,880</b>
<b>Equity</b>			
Issued capital	11(a)	56,205,154	55,895,116
Accumulated losses	12(a)	(18,043,839)	(3,224,077)
Profits reserve	12(b)	20,802,512	20,491,841
<b>Total equity</b>		<b>58,963,827</b>	<b>73,162,880</b>

*The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements which follow.*

## Statement of Changes in Equity

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 30 September 2020</b>		<b>55,690,082</b>	<b>(1,302,229)</b>	<b>6,748,937</b>	<b>61,136,790</b>
Profit for the year		-	13,937,960	-	13,937,960
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>13,937,960</b>	<b>-</b>	<b>13,937,960</b>
<b>Other</b>					
Transfer to profits reserve	12(a)(b)	-	(15,859,808)	15,859,808	-
		-	(15,859,808)	15,859,808	-
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	11(a)	205,034	-	-	205,034
Dividends provided for or paid	17(a)	-	-	(2,116,904)	(2,116,904)
		<b>205,034</b>	<b>-</b>	<b>(2,116,904)</b>	<b>(1,911,870)</b>
<b>Balance at 30 September 2021</b>		<b>55,895,116</b>	<b>(3,224,077)</b>	<b>20,491,841</b>	<b>73,162,880</b>
Loss for the period		-	(11,321,636)	-	(11,321,636)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(11,321,636)</b>	<b>-</b>	<b>(11,321,636)</b>
<b>Other</b>					
Transfer to profits reserve	12(a)(b)	-	(3,498,126)	3,498,126	-
		-	(3,498,126)	3,498,126	-
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	11(a)	310,038	-	-	310,038
Dividends provided for or paid	17(a)	-	-	(3,187,455)	(3,187,455)
		<b>310,038</b>	<b>-</b>	<b>(3,187,455)</b>	<b>(2,877,417)</b>
<b>Balance at 30 June 2022</b>		<b>56,205,154</b>	<b>(18,043,839)</b>	<b>20,802,512</b>	<b>58,963,827</b>

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

## Statement of Cash Flows

		For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		54,617,530	114,322,765
Payments for purchase of investments		(46,989,067)	(106,581,938)
Dividends received		452,925	545,806
Interest received		-	502
Other income received		-	354
Interest paid		(73,040)	(50,547)
Amount received from/(paid to) brokers for collateral		706,852	(3,343,220)
Dividends on borrowed stock		(1,178)	(64,283)
Management fees paid		(695,041)	(892,369)
Directors' fees paid		(105,000)	(133,899)
Withholding tax paid		(47,328)	(80,275)
Other operating expenses paid		(292,931)	(376,265)
Transaction costs paid		(142,320)	(360,503)
Income tax paid		(4,709,833)	(909,506)
<b>Net cash inflow/(outflow) from operating activities</b>	14(b)	<b>2,721,569</b>	<b>2,076,622</b>
<b>Cash flows from financing activities</b>			
Dividends paid net of dividend reinvestment		(2,877,417)	(1,911,870)
<b>Net cash outflow from financing activities</b>		<b>(2,877,417)</b>	<b>(1,911,870)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(155,848)</b>	<b>164,752</b>
Effect of exchange rate fluctuations on cash and cash equivalents		126,363	(121,158)
Cash and cash equivalents at beginning of the financial period		207,582	163,988
<b>Cash and cash equivalents at end of the financial period</b>	14(a)	<b>178,097</b>	<b>207,582</b>
<b>Non-cash financing activities</b>			
Ordinary shares issued under dividend reinvestment plan	14(c)	310,038	205,034

*The above Statement of Cash Flows should be read in conjunction with  
the Notes to the Financial Statements which follow.*

## 1. General information and summary of significant accounting policies

Morphic Ethical Equities Fund Limited ("the Company") is a publicly listed company, incorporated and domiciled in Australia. The Company was incorporated with the Australian Securities and Investments Commission ("ASIC") on 13 February 2017. The registered office and principal place of business of the Company is Level 11, 179 Elizabeth Street, Sydney NSW 2000.

These general purpose financial statements are for the period ended 30 June 2022, and were authorised for issue by the Directors on 22 August 2022.

The Company's principal objectives are to:

- deliver investors an ethically screened portfolio;
- deliver investors superior risk adjusted returns; and
- provide capital growth and consistent income.

The Manager achieves this through a long and short equity strategy focusing on global securities.

The Company primarily invests in global listed securities. It may also invest in cash, unlisted global securities, fixed interest instruments, commodities, credit instruments and currencies through assets, exchange traded funds or other derivatives, including futures, options, forwards and swaps.

The material accounting policies adopted by the Company in the preparation of the financial statements are set out below:

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standard.

On 26 May 2022, the board of the Company resolved to change its financial year end from 30 September to 30 June. The financial statements cover the period from 1 October 2021 to 30 June 2022 and the comparative information cover the year ended 30 September 2021 therefore the financial information presented is not comparable.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected assets and liabilities.

The financial statements present reclassified comparative information where required for consistency with the current period's presentation. The Company has reclassified proceeds from sale and payments for purchase of investments as cash flows from investing activities to operating activities. The Company has reclassified collateral against open derivative positions and outstanding overdrafts from cash and cash equivalents and borrowings to amounts due to/from brokers.

### (b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### (c) Investments

#### i) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

#### ii) Classification and Measurement

The Company's investments are classified as held at fair value through profit or loss. They comprise:

##### *Financial instruments held at fair value through profit or loss (financial instruments held for trading)*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

Derivative financial instruments such as futures, foreign exchange forward contracts, options and interest rates swaps are included under this classification. For accounting purposes, the Company does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

##### *Financial instruments designated at fair value through profit or loss upon initial recognition*

These include financial assets and liabilities that are not held for trading purposes and which may be sold. These are investments in listed equity securities. The fair value through profit or loss classification is available for the majority of financial assets and financial liabilities held by the Company.

Financial assets and liabilities designated at fair value through profit or loss at inception are those managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy as outlined in the Prospectus. The Company's policy is for the Investment Manager to evaluate information about these financial instruments on a fair value basis together with other related financial information.

#### iii) Fair Value

When a financial asset is measured at fair value for recognition or disclosure purposes the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

## 1. General information and summary of significant accounting policies (continued)

### (c) Investments (continued)

#### iii) Fair Value (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued.

If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

#### iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (d) Foreign currency translation

#### i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

#### ii) Transactions and balances

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains on investments.

### (e) Income tax

The charge for current income tax expense is based on the taxable income for the period. It is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred taxes are recognised in profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### (f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as being part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (g) Income

Revenue is measured at the fair value of the consideration received or receivable.

Dividend income is recognised in profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues using the effective interest method, taking into account the effective yield on the financial asset.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. This may also include foreign exchange gains and losses when applicable.

## 1. General information and summary of significant accounting policies (continued)

### (h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (i) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

### (j) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

Receivables are reviewed at the end of each reporting period to determine the need to raise a loss allowance for expected credit losses. The entity has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, review is undertaken of the nature of the receivables, the counterparty, the days overdue and the economic environment.

### (k) Payables

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Amounts payable for securities purchased are recorded when the purchase has occurred.

### (l) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains/(losses) on investments.

### (m) Amounts due to/from brokers

Amounts due to/from brokers represent receivables for securities sold and payables for securities purchased that have not yet been settled at the year end and outstanding overdrafts when applicable. Due from broker also includes collateral against open derivative positions. Trades are recorded on trade date, and normally settled within two business days. Expected credit losses on amounts due to/from brokers are assessed utilising the simplified approach outlined in Note 1(j).

### (n) Profit Reserve

The profit reserve is made up of amounts transferred from current and retained earnings/accumulated losses that are preserved for future dividend payments.

### (o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (p) Earnings per share

#### i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

#### ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

### (q) Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

### (r) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(c) to these financial statements. Judgement was also exercised in determining the recoverability of deferred tax assets for the accounting period, with reference to expected market performance.

### (s) New and amended standards adopted

There are no new accounting standards and interpretations that have been published and have been adopted for the 30 June 2022 reporting period that are material to the financial statements.

## 1. General information and summary of significant accounting policies (continued)

### (t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

### (u) Rounding of amounts to nearest dollar

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

## 2. Financial risk management

### (a) Objectives, strategies, policies and processes

The Company's Investment Strategy is to construct a portfolio of ethically screened global Securities and Derivatives, designed to provide superior risk adjusted returns to Shareholders. This return will comprise a combination of capital growth and income, thus allowing franked dividends to be paid to Shareholders when prudent, and provided the Company has sufficient profit reserves and franking credits available.

The Company will primarily invest in global listed Securities and Derivatives. The Company may also invest in unlisted Securities, fixed interest instruments, commodities, credit instruments and currencies, all of which may be invested through assets, Exchange Traded Funds or other Derivatives, including futures, options, forwards and swaps.

The portfolio excludes 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. A minimum of 5% of the portfolio will be invested in the Securities of entities that the Manager believes are working to make a positive future for the world we live in.

The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's Prospectus dated 13 March 2017. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

The Company's activities are exposed to different types of financial risks. These risks include credit risk, liquidity risk and market risk (including price risk, foreign currency risk and interest rate risk). The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks.

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets is therefore limited to the amount carried in the Statement of Financial Position.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager minimises the Company's concentration of credit risk by undertaking transactions in global listed securities with a number of approved brokers. Payment is only made once a broker has received securities and delivery of securities only occurs once the broker received payment.

The majority of the Company's cash and broker balances are held with financial institutions that have a Standard and Poor's credit rating of BBB+. The maturities are within three months. The weighted average interest rate of the Company's due from broker at 30 June 2022 is 0.36% (30 September 2021: 0.17%).

### (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

#### Maturity analysis for financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2022	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Due to brokers	3,150,046	-	-	-	3,150,046
Payables	139,082	-	-	-	139,082
Financial liabilities at fair value through profit or loss	-	393,914	-	-	393,914
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<b>3,289,128</b>	<b>393,914</b>	<b>-</b>	<b>-</b>	<b>3,683,042</b>

## 2. Financial risk management (continued)

### (c) Liquidity risk (continued)

As at 30 September 2021	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Due to brokers	10,055,310	-	-	-	10,055,310
Payables	137,228	-	-	-	137,228
Financial liabilities at fair value through profit or loss	-	8,091	-	-	8,091
Current tax liability	-	3,822,853	-	-	3,822,853
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<b>10,192,538</b>	<b>3,830,944</b>	<b>-</b>	<b>-</b>	<b>14,023,482</b>

The table below analyses the Company's derivative financial assets and liabilities, that are included in the investments balances into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2022	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Futures	(2,980,586)	-	-	-	(2,980,586)
Forward currency exchange contracts	-	14,976,684	-	-	14,976,684
<b>Total</b>	<b>(2,980,586)</b>	<b>14,976,684</b>	<b>-</b>	<b>-</b>	<b>11,996,098</b>

As at 30 September 2021	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Futures	(4,673,676)	-	-	-	(4,673,676)
Forward currency exchange contracts	-	15,406,066	-	-	15,406,066
<b>Total</b>	<b>(4,673,676)</b>	<b>15,406,066</b>	<b>-</b>	<b>-</b>	<b>10,732,390</b>

### (d) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company is exposed to market risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets and liabilities at fair value through profit or loss.

The Company employs qualitative and quantitative methods to manage the level of risk in the Company. The following investment guidelines are used as part of the risk management process:

- Maximum exposure limits to single security 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;
- Value at Risk (VAR) calculations.

VAR calculations are monitored by the Manager to ensure they are within guidelines. Portfolio risk limits and guidelines are monitored daily and any breaches are to be fixed as soon as possible by adjusting the interests in the Portfolio.

### (i) Interest rate risk

The Company's interest bearing financial instruments expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on page 24.

The table below summarises the Company's exposure to interest rates risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity date.

As at 30 June 2022	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents		-	-	178,097	178,097
Receivables		-	-	41,211	41,211
Prepayments		-	-	85,007	85,007
Due from brokers	0.36%	7,417,971	-	-	7,417,971
Financial assets at fair value through profit or loss		-	-	51,943,397	51,943,397
<b>Total Financial Assets</b>		<b>7,417,971</b>	<b>-</b>	<b>52,247,712</b>	<b>59,665,683</b>
<b>Financial Liabilities</b>					
Due to brokers	0.71%	3,150,046	-	-	3,150,046
Payables		-	-	139,082	139,082
Financial liabilities at fair value through profit or loss		-	-	393,914	393,914
<b>Total Financial Liabilities</b>		<b>3,150,046</b>	<b>-</b>	<b>532,996</b>	<b>3,683,042</b>



## 2. Financial risk management (continued)

### (d) Market risk (continued)

#### (i) Interest rate risk (continued)

As at 30 September 2021	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents		-	-	207,582	207,582
Receivables		-	-	162,467	162,467
Prepayments		-	-	41,105	41,105
Due from brokers	0.17%	15,888,452	-	-	15,888,452
Financial assets at fair value through profit or loss		-	-	73,689,557	73,689,557
<b>Total Financial Assets</b>		<b>15,888,452</b>	<b>-</b>	<b>74,100,711</b>	<b>89,989,163</b>
<b>Financial Liabilities</b>					
Due to brokers	1.13%	10,055,310	-	-	10,055,310
Payables		-	-	137,228	137,228
Financial liabilities at fair value through profit or loss		-	-	8,091	8,091
<b>Total Financial Liabilities</b>		<b>10,055,310</b>	<b>-</b>	<b>145,319</b>	<b>10,200,629</b>

#### (ii) Other Price Risk

Other Price Risk is the risk that fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting the broader market. Other price risk exposure arises from the Company's investment portfolio.

#### (iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. For accounting purposes, the Company does not designate foreign exchange forward contracts as hedges in a hedging relationship.

The Company uses forward foreign exchange contracts to reduce currency risk on specific investments within the portfolio.

The following table summarises the Company's assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar as per below.

#### As at 30 June 2022

	USD \$	JPY \$	Euro \$	GBP \$	Other Currencies \$	Total \$
Receivables	21,802	-	-	-	-	21,802
Due from brokers	1,001,279	-	-	-	-	1,001,279
Investments	39,564,970	1,965,361	8,014,189	2,025,861	-	51,570,381
Due to brokers	(2,178,207)	(125,315)	(675,419)	(106,541)	-	(3,085,482)
	<u>38,409,844</u>	<u>1,840,046</u>	<u>7,338,770</u>	<u>1,919,320</u>	<u>-</u>	<u>49,507,980</u>
Net fair value of foreign currency forward contracts	(177,071)	10,016	(82,476)	9,254	219,380	(20,897)
<b>Net fair value</b>	<b>38,232,773</b>	<b>1,850,062</b>	<b>7,256,294</b>	<b>1,928,574</b>	<b>219,380</b>	<b>49,487,083</b>

#### As at 30 September 2021

Receivables	20,240	38,709	-	78,958	(72)	137,835
Due from brokers	239,311	-	3,940,272	-	-	4,179,583
Investments	54,853,520	4,874,744	9,283,843	4,563,864	-	73,575,971
Due to brokers	(7,473,930)	(624,416)	-	(1,956,787)	(177)	(10,055,310)
	<u>47,639,141</u>	<u>4,289,037</u>	<u>13,224,115</u>	<u>2,686,035</u>	<u>(249)</u>	<u>67,838,079</u>
Net fair value of foreign currency forward contracts	19,800	707	(2,301)	(3,283)	90,571	105,494
<b>Net fair value</b>	<b>47,658,941</b>	<b>4,289,744</b>	<b>13,221,814</b>	<b>2,682,752</b>	<b>90,322</b>	<b>67,943,573</b>

## 2. Financial risk management (continued)

### (d) Market risk (continued)

#### (iv) Sensitivity analysis

The following tables show the sensitivity of the Company's operating profit/(loss) to price risk, interest rate risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the securities in which the Company invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Interest rate risk		Foreign exchange risk	
	Impact on operating profit/(loss)		Impact on operating profit/(loss)		Impact on operating profit/(loss)	
	-10%	+10%	-100 bps	+100 bps	-10%	+10%
30 June 2022	(5,154,948)	5,154,948	216	(216)	(4,948,708)	4,948,708
30 September 2021	(7,368,147)	7,368,147	866	(866)	(6,794,357)	6,794,357

## 3. Fair value measurement

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### Fair value hierarchy

AASB 13: *Fair value measurement* requires disclosure of fair value measurements by level of the fair value hierarchy:

Level 1 - measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 - measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability; and  
Level 3 - measurements based on unobservable inputs from the asset or liability.

#### (i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value as at 30 June 2022.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2022</b>				
<b>Financial assets</b>				
Listed equities	51,321,592	-	-	51,321,592
Futures	248,789	-	-	248,789
Forward currency exchange contracts	-	373,016	-	373,016
<b>Total financial assets at fair value through profit or loss</b>	<b>51,570,381</b>	<b>373,016</b>	<b>-</b>	<b>51,943,397</b>
<b>Financial liabilities</b>				
Forward currency exchange contracts	-	393,914	-	393,914
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>393,914</b>	<b>-</b>	<b>393,914</b>
<b>As at 30 September 2021</b>				
<b>Financial assets</b>				
Listed equities	73,370,168	-	-	73,370,168
Futures	205,803	-	-	205,803
Forward currency exchange contracts	-	113,586	-	113,586
<b>Total financial assets at fair value through profit or loss</b>	<b>73,575,971</b>	<b>113,586</b>	<b>-</b>	<b>73,689,557</b>
<b>Financial liabilities</b>				
Forward currency exchange contracts	-	8,091	-	8,091
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>8,091</b>	<b>-</b>	<b>8,091</b>

#### (ii) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

#### (iii) Fair value of financial instruments not carried at fair value

The carrying value of cash and cash equivalents, due to/from broker, trade receivables and trade payables approximate their fair value because of the short-term nature of the instruments and low credit risk.

#### 4. Taxation

##### (a) Numerical reconciliation of income tax expense/(benefit)

	As at 30 June 2022 \$	As at 30 September 2021 \$
Prima facie tax payable on profit/(loss) before income tax at 30% (FY21: 30% )	(4,865,593)	5,951,934
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Withholding tax on dividends received	14,199	24,082
Other differences	(45,613)	(74,195)
Income tax expense/(benefit)	<b>(4,897,007)</b>	<b>5,901,821</b>
Applicable weighted average effective tax rate	30.2%	29.7%
The income tax expense/(benefit) results from movements in:		
Current tax asset	(166,456)	-
Current tax liability	886,980	3,918,180
Deferred tax asset	(2,765,548)	25,045
Deferred tax liability	(2,851,983)	1,958,596
Income tax expense/(benefit)	<b>(4,897,007)</b>	<b>5,901,821</b>

##### (b) Movement in current tax liability

	As at 30 June 2022 \$	As at 30 September 2021 \$
Opening balance	3,822,853	814,179
Income tax payment made	(4,709,833)	(909,506)
Charged / credited to profit or loss	886,980	3,918,180
Closing balance	<b>-</b>	<b>3,822,853</b>

##### (c) Movement in current tax asset

	As at 30 June 2022 \$	As at 30 September 2021 \$
Opening balance	-	-
Charged / credited to profit or loss	166,456	-
Closing balance	<b>166,456</b>	<b>-</b>

##### (d) Deferred taxes

###### Deferred tax liabilities

Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% on the following items:

Tax on unrealised gains on investment portfolio	-	(2,787,819)
Other	(71,248)	(135,412)
Deferred tax liabilities	<b>(71,248)</b>	<b>(2,923,231)</b>

###### Movements:

Opening balance	(2,923,231)	(964,635)
Charged / credited to profit or loss	2,851,983	(1,958,596)
Closing balance	<b>(71,248)</b>	<b>(2,923,231)</b>

###### Deferred tax assets

Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:

Transaction costs on equity issue	523,181	523,181
Reduction in transaction costs on equity issue	(518,086)	(515,029)
Tax on unrealised losses on investment portfolio	2,831,249	-
Other	49,635	112,278
Deferred tax assets	<b>2,885,979</b>	<b>120,430</b>

###### Movements:

Opening balance	120,430	145,475
Charged / credited to profit or loss	2,768,606	79,591
Charged / credited to equity	(3,057)	(104,636)
Closing balance	<b>2,885,979</b>	<b>120,430</b>

###### Net deferred tax assets/(liabilities)

	<b>2,814,731</b>	<b>(2,802,801)</b>
--	------------------	--------------------

	As at 30 June 2022 \$	As at 30 September 2021 \$
<b>5. Earnings/(losses) per share</b>		
<b>Basic earnings/(losses) per share</b>	<b>(21.3) cents</b>	<b>26.32 cents</b>
<b>Diluted earnings/(losses) per share</b>	<b>(21.3) cents</b>	<b>26.32 cents</b>
Profit/(loss) used in calculating basic earnings per share	(11,321,636)	13,937,960
Profit/(loss) used in calculating diluted earnings per share	(11,321,636)	13,937,960
Weighted average number of ordinary shares used in the calculation of basic earnings per share	53,157,061	52,952,837
Weighted average number of shares used in the calculation of diluted earnings per share	53,157,061	52,952,837

The weighted average number of shares used as a denominator in calculating basic and diluted earnings per share is based on the weighted average number of shares from 1 October 2021 to 30 June 2022.

Basic and diluted earning per share is the same as there are no potentially dilutive securities outstanding as at balance date.

	As at 30 June 2022 \$	As at 30 September 2021 \$
<b>6. Receivables</b>		
Dividends receivable	21,802	137,835
GST receivable	19,409	24,632
<b>Total receivables</b>	<b>41,211</b>	<b>162,467</b>

	As at 30 June 2022 \$	As at 30 September 2021 \$
<b>7. Investments</b>		
<b>Financial assets</b>		
Listed equities	51,321,592	73,370,168
Futures	248,789	205,803
Forward currency exchange contracts	373,016	113,586
<b>Total financial assets at fair value through profit or loss</b>	<b>51,943,397</b>	<b>73,689,557</b>
<b>Financial liabilities</b>		
Forward currency exchange contracts	393,914	8,091
<b>Total financial liabilities at fair value through profit or loss</b>	<b>393,914</b>	<b>8,091</b>

## 8. Derivative financial instruments

In the normal course of business the Company enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as swaps, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Company against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

The Company holds the following derivative instruments:

### (a) Forward currency contracts

Forward currency contracts are primarily used by the Company to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Company agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing closing price at the end of each reporting period. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

## 8. Derivative financial instruments (continued)

### (b) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts values are usually settled net daily with the exchange.

The Company's derivative financial instruments at 30 June 2022 are detailed below.

#### As at 30 June 2022

	Contractual/ notional value \$	Fair values Assets \$	(Liabilities) \$
Futures	(2,980,586)	248,789	-
Forward currency exchange contracts	14,976,684	373,016	393,914
	<b>11,996,098</b>	<b>621,805</b>	<b>393,914</b>

#### As at 30 September 2021

Futures	(4,673,676)	205,803	-
Forward currency exchange contracts	15,406,066	113,586	8,091
	<b>10,732,390</b>	<b>319,389</b>	<b>8,091</b>

## 9. Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the following table:

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts of financial instrument \$	Gross amounts set off in the statement of financial position \$	Net amount of financial assets/(liabilities) presented in the statement of financial position \$	Amounts subject to master netting arrangement \$	Net amount \$
<b>As at 30 June 2022</b>					
<b>Financial assets</b>					
Futures	248,789	-	248,789	-	248,789
Forward currency contracts	373,016	-	373,016	-	373,016
<b>Total</b>	<b>621,805</b>	<b>-</b>	<b>621,805</b>	<b>-</b>	<b>621,805</b>
<b>Financial liabilities</b>					
Forward currency contracts	(393,914)	-	(393,914)	-	(393,914)
<b>Total</b>	<b>(393,914)</b>	<b>-</b>	<b>(393,914)</b>	<b>-</b>	<b>(393,914)</b>
<b>As at 30 September 2021</b>					
<b>Financial assets</b>					
Futures	205,803	-	205,803	-	205,803
Forward currency contracts	113,586	-	113,586	-	113,586
<b>Total</b>	<b>319,389</b>	<b>-</b>	<b>319,389</b>	<b>-</b>	<b>319,389</b>
<b>Financial liabilities</b>					
Forward currency contracts	(8,091)	-	(8,091)	-	(8,091)
<b>Total</b>	<b>(8,091)</b>	<b>-</b>	<b>(8,091)</b>	<b>-</b>	<b>(8,091)</b>

## 10. Payables

	As at 30 June 2022 \$	As at 30 September 2021 \$
Other accruals	65,478	38,500
Management fees payable	61,304	86,428
Administration fees payable	12,300	12,300
	<b>139,082</b>	<b>137,228</b>

## 11. Issued capital

### Ordinary shares

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

### Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors regularly monitor NTA results, investment performance and share price movements. The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

	For the period 1 October 2021 to 30 June 2022		Year ended 30 September 2021	
	Shares	\$	Shares	\$
<b>Movements in ordinary share capital</b>				
Opening balance	53,050,432	55,895,116	52,871,147	55,690,082
Ordinary shares issued under dividend reinvestment plan	251,092	310,038	179,285	205,034
<b>Closing balance</b>	<b>53,301,524</b>	<b>56,205,154</b>	<b>53,050,432</b>	<b>55,895,116</b>

	As at 30 June 2022 \$	As at 30 September 2021 \$
<b>12. Reserves and accumulated losses</b>		
<b>(a) Accumulated losses</b>		
Balance at the beginning of the period	(3,224,077)	(1,302,229)
Net profit/(loss) attributable to members of the Company	(11,321,636)	13,937,960
Transfer to profit reserve	(3,498,126)	(15,859,808)
<b>Balance</b>	<b>(18,043,839)</b>	<b>(3,224,077)</b>
<b>(b) Profits reserve</b>		
The reserve is made of amounts transferred from current and retained earnings that are preserved for future dividend payments.		
Balance at the beginning of the period	20,491,841	6,748,937
Transfer from retained earnings/(losses)	3,498,126	15,859,808
Dividends provided for or paid	(3,187,455)	(2,116,904)
<b>Balance</b>	<b>20,802,512</b>	<b>20,491,841</b>

## 13. Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
<b>Pitcher Partners</b>		
Audit and other assurance services	-	65,535
Taxation Services	-	7,650
<b>Total Audit and taxation services</b>	<b>-</b>	<b>73,185</b>
Other consulting and advisory services	-	1,100
<b>Total remuneration of Pitcher Partners</b>	<b>-</b>	<b>74,285</b>
<b>Ernst &amp; Young</b>		
Audit and other assurance services	56,056	-
Taxation Services	4,180	-
<b>Total Audit and taxation services</b>	<b>60,236</b>	<b>-</b>
Other consulting and advisory services	5,242	-
<b>Total remuneration of Ernst &amp; Young</b>	<b>65,478</b>	<b>-</b>

The Company's Audit and Risk Committee oversees the relationship with the Company's External Auditors. The Audit and Risk Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by the audit firm, to ensure that they do not compromise independence.

#### 14. Cash flow information

##### (a) Components of cash and cash equivalents

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash at bank

As at 30 June 2022 \$	As at 30 September 2021 \$
178,097	207,582
<b>178,097</b>	<b>207,582</b>

For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
--	---------------------------------------

##### (b) Reconciliation of net profit/(loss) attributable to members of the Company to net cash outflow from operating activities

Profit/(loss) attributable to members of the Company	(11,321,636)	13,937,960
Proceeds from sale of financial instruments at fair value through profit or loss	54,617,530	114,322,765
Payments for purchase of financial instruments at fair value through profit or loss	(46,989,067)	(106,581,938)
Net realised and unrealised (gains)/losses on financial instruments at fair value through profit or loss	15,563,335	(21,204,661)
Net (gains)/losses on foreign exchange	(327,813)	53,383
Amount received from/(paid to) brokers for collateral	706,852	(3,343,220)
Net change in prepayments	(43,902)	(10,619)
Net change in receivables	121,256	(83,829)
(Increase)/decrease in deferred tax assets	(2,814,731)	25,045
Increase/(decrease) in deferred tax liabilities	(2,802,801)	1,958,596
(Increase)/decrease in current assets	(166,455)	-
Increase/(decrease) in current tax liabilities	(3,822,853)	3,008,674
Net change in payables	1,854	(5,534)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,721,569</b>	<b>2,076,622</b>

For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
--	---------------------------------------

##### (c) Non-cash financing activities

During the period, the following dividend payments were satisfied by the issue of shares under the dividend reinvestment plan

310,038                      205,034

#### 15. Related party transactions

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

##### (a) Management and Performance Fees

Morphic Asset Management Pty Limited (Morphic) (ABN 33 155 937 901, AFSL 419916) has been appointed as the Investment Manager of the Company. The Manager is a wholly owned subsidiary of Ellerston Capital Limited and was incorporated in 2012. Jack Lowenstein is a director of the Manager.

##### (i) Management fee

the Manager is entitled to be paid monthly a Management Fee equal to 1.25% (plus GST) per annum of the Value of the Portfolio (payable monthly in arrears and calculated on the last business day of each month).

##### (ii) Performance fee

the Manager is entitled to be paid by the Company a fee (Performance Fee) equal to 15% (plus GST) of the Portfolio's outperformance relative to the MSCI All Countries Total Return Daily Index ("the Index") in Australian dollars (Benchmark) over the 12 month period, subject to the Portfolio generating absolute gains since inception and the recoupment of prior underperformance.

Management fees paid to the Manager during the period were as follows:

	For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
Management fees paid and payable during the period	669,917	913,267
Management fees payable at period end	61,304	86,428

There were no performance fees earned or paid during the period (30 September 2021: nil).

## 15. Related party transactions (continued)

### (b) Remuneration of Directors and Other Key Management Personnel

In accordance with Section 300A of the *Corporations Act 2001*, all detailed information regarding the remuneration of Directors and other key management personnel has been included in the Remuneration Report in the Directors' Report of the Annual Report.

A summary of the remuneration of Directors and other key management personnel for the period is set out below:

	For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
Cash salary, fees and commissions	95,455	122,137
<b>Short-term employee benefits</b>	<b>95,455</b>	<b>122,137</b>
Superannuation	9,545	11,762
<b>Post-employment benefits</b>	<b>9,545</b>	<b>11,762</b>
<b>Total employment benefits</b>	<b>105,000</b>	<b>133,899</b>

### (c) Shareholdings

2022	Opening balance	Acquisitions	Disposals	Balance at 30 June 2022
<b>Ordinary Shares</b>				
JoAnna Fisher	109,020	5,385	-	114,405
Jack Lowenstein	806,121	39,818	-	845,939
Mark Forstmann	84,424	4,171	-	88,595

There has been no movement in the equity instruments held by the Directors between 30 June 2022 and the date of the Director's report.

2021	Opening balance	Acquisitions	Disposals	Balance at 30 September 2021
<b>Ordinary Shares</b>				
JoAnna Fisher	105,331	3,689	-	109,020
Jack Lowenstein	778,850	27,271	-	806,121
Mark Forstmann	42,133	42,291	-	84,424

### (d) Options to acquire shares

There were no options acquired or disposed during the period ended 30 June 2022 and year ended 30 September 2021.

## 16. Contingent liabilities and commitments

As at 30 June 2022, the Company had no contingent liabilities or commitments.



## 17. Dividends

	For the period 1 October 2021 to 30 June 2022 \$	Year ended 30 September 2021 \$
<b>(a) Dividends paid in the current period</b>		
A fully franked final dividend on ordinary shares in respect of the 2021 year was declared by the Directors on 3 November 2021 of 3.00 cents per share and was paid on 15 December 2021 (2021: A fully franked final dividend on ordinary shares in respect of the 2020 year was declared by the Directors on 4 November 2020 of 1.50 cent per share and was paid on 17 December 2020).	1,591,513	793,067
A fully franked interim dividend on ordinary shares was declared by the Directors on 18 May 2021 of 2.5 cents per share and was paid on 29 July 2021.	-	1,323,837
A fully franked dividend on ordinary shares for the quarter ended 31 March 2022 of 1.5 cents per share was paid on 31 March 2022 (2021: nil).	797,470	-
A fully franked dividend on ordinary shares for the quarter ended 30 June 2022 of 1.5 cents per share was paid on 24 June 2022 (2021: nil).	798,472	-
	<b>3,187,455</b>	<b>2,116,904</b>
<b>(b) Dividend franking account</b>		
Opening balance of franking account	72,511	70,249
Franking credits on dividends paid	(1,366,052)	(907,244)
Tax payments made	4,709,833	909,506
Tax refundable	(166,455)	-
Closing balance of franking account	<b>3,249,837</b>	<b>72,511</b>

This disclosure is for the franking credits available for use in subsequent reporting periods and is calculated as per paragraph 14 of AASB 1054.

The Company's ability to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

## 18. Segment information

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 7 Investments, and Note 3 Fair Value Measurement.

## 19. Events subsequent to reporting date

Since the end of the financial period, on 22 August 2022 the Directors declared a fully franked quarterly dividend of 1.5 cents per share to be paid on 23 September 2022.

No other matters or circumstances have arisen since the end of the period which significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

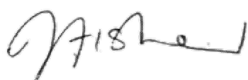
## Directors' Declaration

The Directors declare that:

- (a) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position as at 30 June 2022 and performance of the Company, for the period ended 30 June 2022;
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated on Note 1(b) of the financial statements;
- (d) The Directors have been given the declarations required by S.295A of the *Corporations Act 2001*; and
- (e) The remuneration disclosures contained in the Remuneration Report comply with S300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the *Corporations Act 2001*.

On behalf of the Directors



**JoAnna Fisher**  
Chairman  
Morphic Ethical Equities Fund Limited

Sydney, 22 August 2022

## Independent Auditor's Report to the Members of Morpic Ethical Equities Fund Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Morpic Ethical Equities Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 October 2021 to 30 June 2022, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Morpic Ethical Equities Fund Limited is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the period from 1 October 2021 to 30 June 2022; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Investment Existence and Valuation

### Why significant

The Company has a significant investment portfolio consisting primarily of listed equity securities and derivatives. As at 30 June 2022, the values of these financial assets and financial liabilities were \$51,943,397 and \$393,914, which represented 83% and 11%, of the total assets and total liabilities respectively of the Company.

As detailed in the Company's accounting policy, described in Note 1(c) of the financial report, these financial assets and financial liabilities are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and financial liabilities, and the financial report. Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.

### How our audit addressed the key audit matter

We assessed the effectiveness of the controls relating to the existence and valuation of investments.

We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the period 1 October 2021 to 30 June 2022 and considered the auditor's credentials, their objectivity and the results of their procedures.

We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2022.

We assessed the fair value of all investments in the portfolio held at 30 June 2022. For listed securities, the values were verified against independently sourced market prices. For unlisted derivatives, the values were verified using independently sourced observable market inputs applied to appropriate valuation models.

We assessed the adequacy of the disclosures in Note 3 of the financial report.

## 2. Recognition of Deferred Tax Assets

### Why significant

As at 30 June 2022, the Company recognised \$2,814,731 of net deferred tax assets ("DTA") relating predominantly to unrealised losses on investments. The analysis of the recognition and recoverability of the DTA was considered a key audit matter because its value is significant, the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions.

The Company recognised the DTA to the extent that it is probable that future taxable profits will allow the DTA to be recovered as disclosed in Note 4 of the financial report.

Accordingly, this was considered a key audit matter. The probability of recovery is impacted by uncertainties regarding the likely timing and level of future taxable profits.

### How our audit addressed the key audit matter

We considered the Company's determination of future taxable income and hence the recoverability of DTA. We performed sensitivity analyses and evaluated the key assumptions with reference to historical data and available market information.

We assessed the adequacy of the disclosures in Note 4 of the financial report.

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the period from 1 October 2021 to 30 June 2022.

In our opinion, the Remuneration Report of Morphic Ethical Equities Fund Limited for the period from 1 October 2021 to 30 June 2022, complies with section 300A of the Corporations Act 2001.



## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature of 'Ernst &amp; Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'Rita Da Silva' in black ink.

Rita Da Silva  
Partner  
Sydney  
22 August 2022

## Shareholder Information

The Shareholder information set out below was applicable at 30 June 2022.

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report, is listed below.

### A. Distribution of securities

#### Distribution of equity securities

Holding Ranges	Investors	Shares	Percentage %
1 to 1000	145	75,907	0.14
1001 to 5000	298	904,845	1.70
5001 to 10000	180	1,496,013	2.81
10001 to 100000	593	20,491,522	38.44
100001 and Over	91	30,333,237	56.91
<b>Total</b>	<b>1,307</b>	<b>53,301,524</b>	<b>100</b>

### B. Equity security holders

#### Twenty largest equity security holders

Name	Shares	%
FUTURE GENERATION GLOBAL INVESTMENT COMPANY LIMITED	5,343,842	10.03
SYSHA PTY LTD <SYDNEY GOODMAN FAMILY A/C>	2,350,000	4.41
LEKK PTY LTD <HILTON GORDON FAMILY A/C>	1,800,000	3.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,202,909	2.26
JORLYN PTY LTD <ROBERT JORDAN FAMILY A/C>	900,000	1.69
NATIONAL NOMINEES LIMITED	887,054	1.66
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	772,844	1.45
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	702,754	1.32
MR JACK THESEUS LOWENSTEIN	572,024	1.07
CITICORP NOMINEES PTY LIMITED	552,837	1.04
MRS CATHERINE ANNE MARSON + MR JOSEPH MARSON <THE MARSON FAMILY S/F A/C>	522,261	0.98
STERDA PTY LTD	480,000	0.90
GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	472,000	0.89
DURNANDCO PTY LTD <DURNANDCO P/L SUPER FUND A/C>	417,366	0.78
NAMBIA PTY LTD <ANTHON FAMILY S/F A/C>	416,075	0.78
MR MALCOLM JAMES DOIG + MRS LISA JOY DOIG <DOIG FUTURE SUPER FUND A/C>	380,180	0.71
G W HOLDINGS PTY LTD <EDWINA A/C>	376,365	0.71
BURKE SUPER FUND PTY LIMITED <BURKE SUPER FUND A/C>	375,000	0.70
MR RONALD GORDON SINCLAIR + MR SCOTT SINCLAIR + MISS SAMANTHA SINCLAIR <RON SINCLAIR S/FUND A/C>	367,000	0.69
MR JAMES WILLIAM TAYLER	361,823	0.68

### C. Substantial shareholders

	%
Future Generation Global Investment Company Limited and its associated entities.	10.03

### D. Voting rights

The voting rights attaching to each class of equity security are set out below:

Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options do not have any voting rights until they vest and are exercised.

### E. Stock exchange listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member exchanges of the ASX Limited.

### F. Unquoted securities

There are no unquoted securities.

### G. Investment transactions

There were 260 investment transactions during the period, total brokerage paid on these transactions was \$183,895.



## Corporate Directory

<b>Directors</b>	JoAnna Fisher (Chairman) Jack Lowenstein Mark Forstmann
<b>Company Secretary</b>	Ian Kelly
<b>Registered Office</b>	Level 11 179 Elizabeth Street Sydney NSW 2000
<b>Contact Details</b>	P: (02) 9021 7701 <a href="http://www.ellerstoncapital.com/funds/morphic-ethical-equities-fund">www.ellerstoncapital.com/funds/morphic-ethical-equities-fund</a>
<b>Manager</b>	Morphic Asset Management Pty Ltd ACN 155 937 901 Level 11, 179 Elizabeth Street SYDNEY NSW 2000
<b>Auditor</b>	Ernst & Young 200 George Street SYDNEY NSW 2000 GPO Box 2646 Sydney NSW 2001
<b>Share Registry</b>	Computershare Level 3, 60 Carrington Street Sydney NSW 2000 P: (02) 9221 2099
<b>Stock Exchange Listings</b>	Morphic Ethical Equities Limited shares are listed on the Australian Stock Exchange under the following exchange code:  MEC