Morphic Ethical Equities Fund Limited
Appendix 4E Preliminary Final Report
Year ended 30 June 2024

Details of Reporting Period

Current: Year ended 30 June 2024

Previous: Year ended 30 June 2023

Results for announcement to the market

	$	movement (up/down)	% movement*
Net investment income/(loss)	186,100	down	-98%
Profit/(Loss) for the year before income tax expense	(1,233,379)	down	-112%
Profit/(Loss) for the year	(950,349)	down	-113%

Dividend information

	Cents per share	Franked amount per share	Tax rate for franking
Quarterly dividend paid in September 2023 (cents per share)	3.5	3.5	25%
Quarterly dividend paid in November 2023 (cents per share)	3.5	3.5	25%
Quarterly dividend paid in March 2024 (cents per share)	3.5	3.5	25%
Quarterly dividend paid in June 2024 (cents per share)	1.5	1.5	25%

Net tangible assets

	30 June 2024	30 June 2023
Net Tangible Assets (per share) before tax	1.0703	1.1823
Net Tangible Assets (per share) after tax	1.0765	1.1905

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

The Annual General Meeting (AGM) is to be held on 18 November 2024.

Signed on behalf of Morphic Ethical Equities Fund Limited

Jack Lowenstein
Chairman

Sydney
27 August 2024

Morphic Ethical Equities Fund Limited
ASX: MEC

ABN 52 617 345 123

Annual report
For the year ended 30 June 2024

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Annual report
For the year ended 30 June 2024

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Chairman's Letter to Shareholders

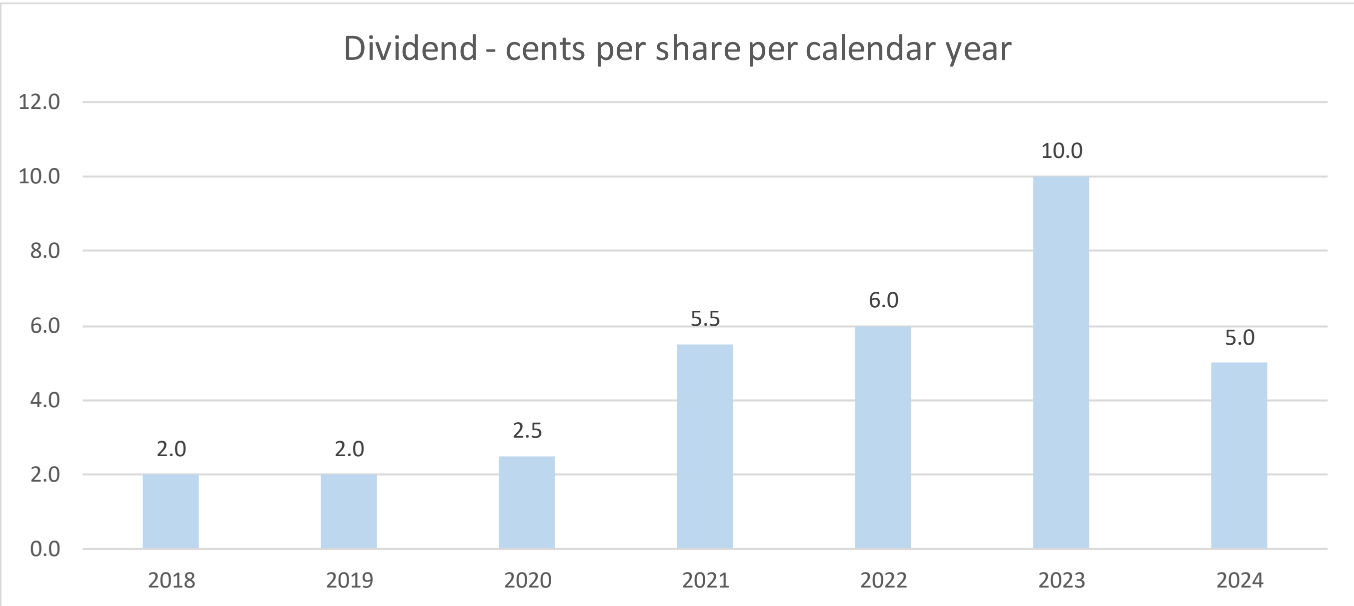
Dear fellow shareholder,

We share the Company's annual results, which cover our seventh full year since listing (on 2 May 2017) on the Australian Securities Exchange, and covers the period from 1 July 2023 to the financial year end 30 June 2024.

From an investment performance the 2024 financial year was disappointing, but on behalf of the Board of Directors, I thank all shareholders for their support of the Company and welcome shareholders who have joined us over the last year.

Commencing from the first quarter of the year 2022, the Company moved to quarterly dividend payments and paid 1.5c per quarter fully franked for the three quarters of 2022-2023. In July 2023, the Company announced an increase in quarterly dividends to 3.5c per share. At that point the Company had enough franking credits to cover three quarterly dividends at that level, and the Company paid 3.5c dividends in August 2023, October 2023 and February 2024. The Company also paid a 1.5c dividend in May 2024 which used-up substantially all of the Company's remaining franking credits.

Due to the lack of franking credits, the Board has resolved not to pay any dividend for the June 2024 period. Furthermore, the prospect of further dividend payments in the near future is uncertain.



As of 30 June 2024, the Company's profit reserve was 54.86 cps.

The Company remains committed 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. The Company does 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 Australia [1] reported that in 2021 approximately half of investment managers could demonstrate consideration of ESG factors when valuing assets, construction of portfolios and the allocation of capital. Australia's investment market continues to apply pressure on investment managers to integrate responsible investment, with 93% of all professionally managed funds publicly committing to responsible investment in 2022. The assets under management of leading practice responsible investors now position responsible investment with a 36% share of the total market (down from 43% in 2021). As an early leader in responsible investing, especially in the Listed Investment Company (LIC) category, the

[1] Responsible Investment Association Australasia, Responsible Investment Benchmark Report Australia 2022, p7. https://responsibleinvestment.org/wp-content/uploads/2022/09/Responsible-Investment-Benchmark-Report-Australia-2022-1.pdf

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, Morphic Asset Management, remains a signatory to the Principals for Responsible Investment (PRI).

COMPANY PERFORMANCE
During the period to 30 June 2024, the Company achieved a pre-tax operating loss of $1,233,379 and a post-tax operating loss of $950,349. It is also useful to consider the performance for a listed investment company from the following perspective:

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 2024, the portfolio returned 2.64% (before fees and taxes), compared to the benchmark return of 18.98%, in gross terms. The Investment Managers report provides further details on the drivers of this performance.

As at 30 June 2024 MEC's shares closed at $0.98, versus a $1.01 share price at 30 June 2023.

POSITIONING THE COMPANY FOR THE FUTURE

The unwarranted discount of the Company's share price to NTA earlier last financial year prompted the board to initiate a share buyback and announce a revision to the Company's dividend policy. Up to June 30, 2023 the company bought back a total of 14.54 million shares at an average price of $1.041. Between year end and 23 August 2024, the Company has bought back a further 569,259 shares at an average price of $0.99.

The changes to the capital management have been successful in substantially reducing the discount in the company's share price to its NTA per share, whilst also being accretive for continuing shareholders. For most of the past year the discount has been in the range of 5% to 9%.

At the Company's AGM in November 2024 shareholders will be asked to approve a further share buyback of up to 20% of the Company's shares outstanding at that date.

ANNUAL GENERAL MEETING

This year's Annual General Meeting (AGM) will be held at 11:30 am on 18 November 2024, relevant details for the AGM will be shared with shareholders in due course. The Directors encourage you to attend the meeting.

Regards,

Jack Lowenstein
Chairman

Investment Manager's Report

PORTFOLIO PERFORMANCE AND STATUS

MEC listed on May 3, 2017. The Manager effectively started managing the Fund mid-October 2020. From October 1, 2020 through to June 30, 2024 the MEC portfolio generated a cumulative Net Return of 27.33% against the MSCI ACWI benchmark cumulative return of 62.00%.

As at 30 June 2024	Gross	Net	Benchmark
FYTD	2.70%	1.12%	18.98%
2 years (p.a)	12.28%	10.59%	19.68%
3 years (p.a)	1.01%	-0.37%	9.63%
5 years (p.a)	8.20%	6.89%	11.86%
Since Inception (p.a)	7.96%	6.66%%	11.94%

Gross Return is before fees and taxes. Net Return is net of investment management fees, before company admin costs and taxes.

The underperformance of the fund during the year was disappointing with the majority of the impact felt in September and October 2023. The global bond market came under severe pressure over these two months with particular stress coming in the US where 10-year yields increased from 4.1% at the start of September before peaking out at 5.0% by late October. Credit spreads were also increasing during this time as the fears of a recession gained traction. Mid Small Caps materially underperformed during this period as the cohort is generally viewed as more economically sensitive, while carrying higher leverage than their larger peers.

We discuss the larger contributors and detractors later in the report however with bond yields rising, longer duration, higher levered assets such as Cellnex Telecom and GFL Environmental came under pressure. We are pleased that both have rebounded strongly as yield concerns have disappated. More cyclical exposed stocks such as Wilscott Mobile Mini and GXO Logistics were also impacted and while we have reduced exposure to Wilscott to account for future activity risk, we took the opportunity to add to GXO as the largest contract logistics player globally will benefit from the long term outsourcing trends firmly in place.

With a focus on price discovery around individual stock fundamentals, the Company has been shown to underperform during periods dominated by high momentum and concentration. We saw this environment unfold over the past 12 months as the MSCI World Momentum Index outperformed the MSCI World Index by almost 17% during the 12 months ending June 30 2024. Additionally, our skew towards higher earnings certainty, tangible asset businesses that do carry relatively higher levels of leverage has been a headwind as this factor had been out of favour during the past year.

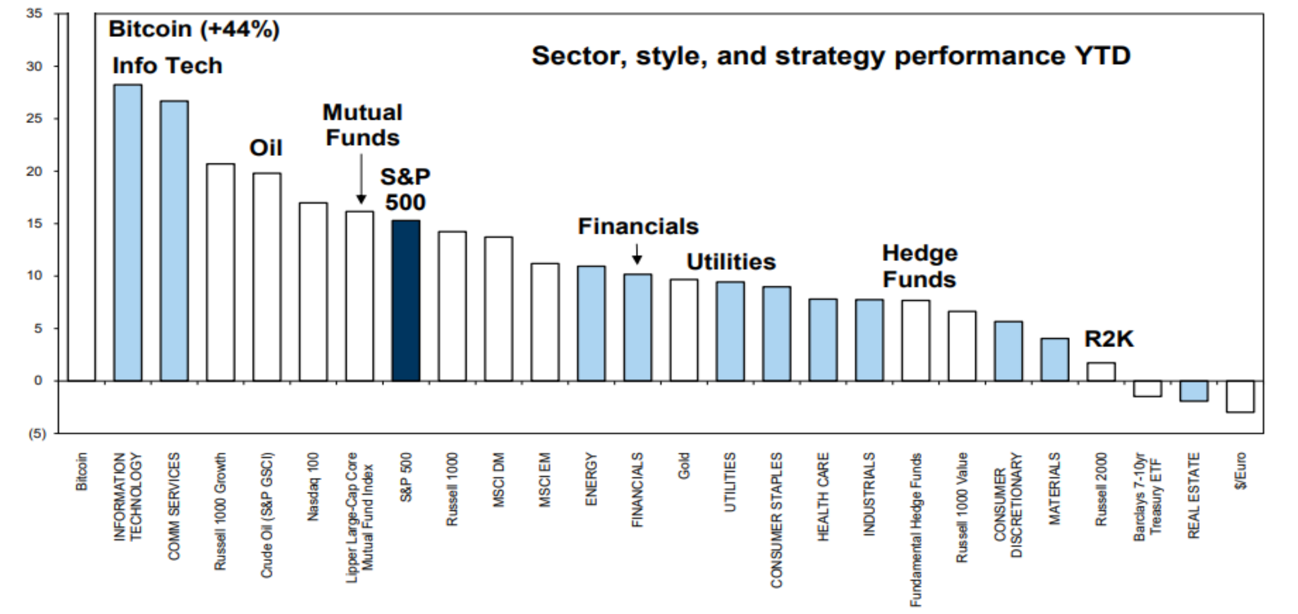
While short-term performance has not met expectations and market conditions will continue to provide opportunities, as well as risks, the investment process and conviction around positions remains our key focus. As we discuss later, with low to stable economic growth coupled with inflation remaining under control, equity market returns should broaden out, thereby benefiting our portfolio returns going forward.

Global growth has slowed somewhat since the start of the calendar year 2024, however, risk assets were well underpinned by expectations for central bank easing and mega cap optimism, particularly anything exposed to AI.

The S&P 500 was very strong during the first half of the calendar year 2024 with the largest stocks (MSFT, NVDA, AAPL, GOOG, AMZN and META) contributing over 60% of total returns, which according to Goldman Sachs represented 10% outperformance relative to the equal weighted S&P 500. The markets continue to be driven by a small number of stocks as concentration in th e large meg-caps remains the investment strategy of choice.

The market in 2024

Exhibit 1: What sectors, styles, and strategies are working in 2024?
as of June 30, 2024



Source: FactSet, MSCI, Lipper, HFR, Goldman Sachs Global Investment Research

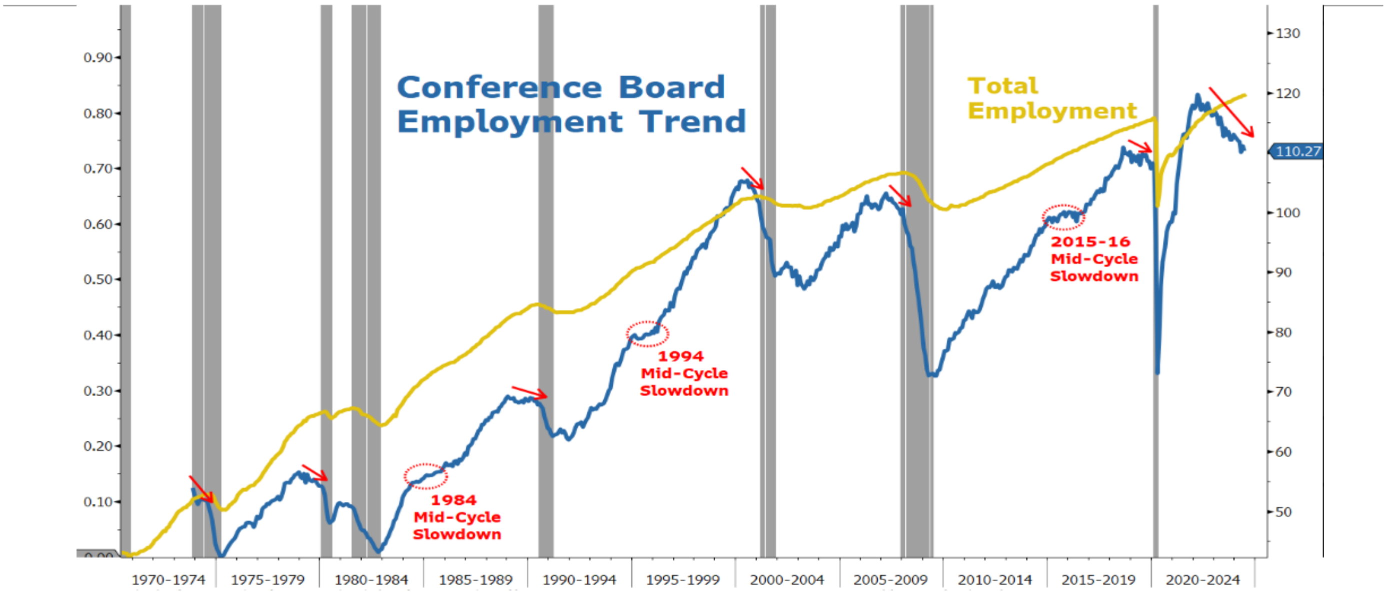
The tech outperformance is clearly being driven by the secular theme associated with AI, as the potential economic and earnings impact associated with its adoption remains a north star for the sector. The capex buildout required for expanding AI infrastructure is maintaining its momentum however we will need to see some real time consumer and enterprise use cases to drive the next phase of adoption.

The carrot associated with the spending boom in AI capabilities lies in next generation applications which should drive a rebound in productivity, similar to what was experienced with other "disruptive technologies" such as the use of steam engines, which morphed into electricity enabled mass production and more recently, the internet.

Outside of AI, the economy continues to look mixed, with notable weaknesses in the US consumer outlook, which appears to be running at two speeds. American Express and Mastercard have pointed to a reasonable overall picture of consumer spending, though some cracks are appearing, with many bellwether companies such as LVMH, McDonalds, Amazon, Starbucks and Diageo pointing to weakening sales and more discerning spend. Given the price increases pushed through by many of these companies over the last three years. This raises the question of whether price cuts may be required to stimulate demand in the months ahead. The common thread here is particular weakness in the low-end consumer which remains under pressure from the sustained high cost of living and depletion of pandemic induced cash infusions.

The global economic surprise indicator is at the lowest level seen in a couple of years as weakening macro data continues to underperform expectations. Over the past several months, bad economic data had been greeted positively as this meant a lower risk of overheating and a positive backdrop for rate cuts. Recently this has flipped as bad economic data is raising the risks of recession, however, this still seems like a low probability event.

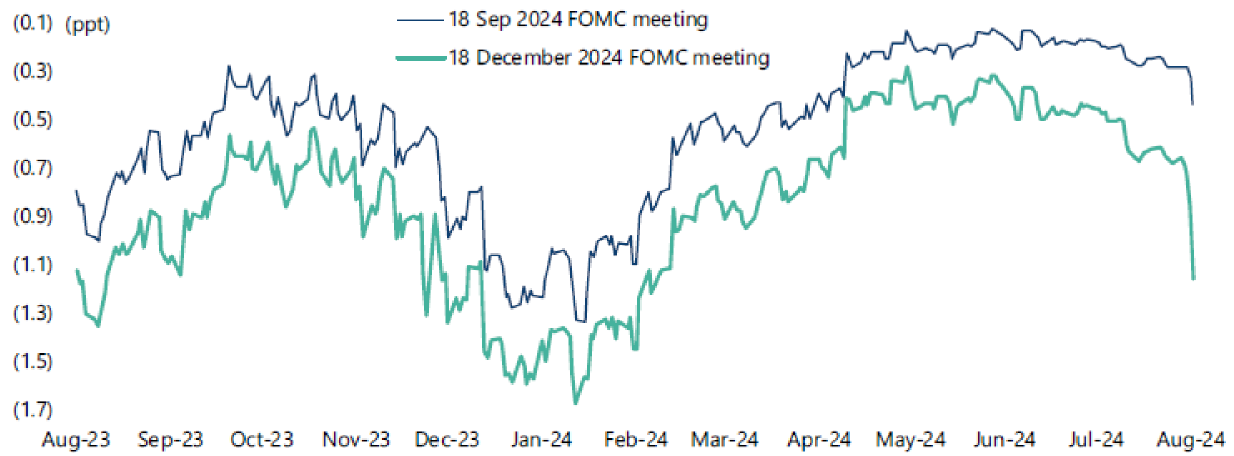
The slowing growth backdrop is being accompanied by lower inflation prints and a continuing trend of a weaker labour market. As shown below, the the Conference Board Employment Trends Index has been in a downward trend for over 2 years and likely a key variable now for the Fed to monitor and potentially address with future rate cuts:



Source: Bloomberg, Morgan Stanley Research

The softness in the macro has brought forward expectations of a Fed rate cut with September now viewed as a certainty, the only question is the magnitude. There is clear evidence in many company results that pricing power has been fading, and outright reversing for those that took advantage of the inflationary environment over the past couple years.

Exhibit 1: Fed funds futures implied rate moves by September and by the end of 2024



Source: Bloomberg

While 2024 has been peppered with a plethora of elections globally, the one that is on the mind of every investor is the US election given the significant policy disparity between the two parties. The big differences lie in immigration, regulation and trade with the Republicans focused on higher tariffs, lower taxes, lower support for clean energy spending and potentially an easier regulatory environment while Democrats will support clean energy spending, maintain tariffs, potentially higher taxes and greater scrutiny of mega cap tech dominance.

We have no edge in predicting election outcomes however it is important to understand the policy nuances associated with each scenario and will adjust as need be.

12 month Contributors/Detractors

The largest contributor to the Company over the past 12 months was Radnet which is the largest independent provider of radiology services in the US with over 375 locations providing a one-stop shop for referral sources and health plans. Radnet is benefiting from its lower cost offering relative to a hospital setting and is seeing a continued shift out of the hospital setting into independent players such as Radnet. It is also benefiting from AI as it enables greater efficiency with its radiologists as well as developing an AI powered medical imaging platform which could become the operating system for the industry over time.

The second largest contributor was XPO Logistics which is one of the largest less than truckload (LTL) players in the US. The LTL market has proven very resilient with industry capacity growth quite muted in the face of better than expected volumes, thus leading to strong industry pricing. The LTL industry benefited from the bankruptcy of highly indebted Yellow Trucking which resulted in the removal of almost 10% of capacity from the system. The assets of Yellow have gone to auction and XPO was successful in acquiring 28 service centers for about $870m which was finalised in mid December 2023. The stock has gone through a material re-rating over the past several months and with economic conditions seemingly slowing down and several comparable companies providing negative trading updates, we have exited the position for now.

The largest detractor to the Fund over the period was Rentokil Initial which is one of the largest pest and hygiene companies globally. The pest control market provides a very defensive earnings stream while hygiene was benefiting from the post covid needs for sanitation. Where the company tripped up was its large acquisition of Terminix in the US which created integration and market share issues. While the business operated in an attractive market we deemed the integration risks around customer attrition as too great and exited the position.

Soitec was the next largest detractor to Fund performance. It designs and manufactures innovative semiconductor materials offering unique and competitive solutions for miniaturizing chips, improving their performance and reducing their energy usage. It has been caught up with excess inventory in its end markets while smartphone production remains subdued. Recent trading updates have continued to highlight a delay in recovery however we maintain our exposure to the business as semiconductor content growth in smartphones and auto will resume and subsequently benefit Soitec.

OUTLOOK

Equity volatility has been quite low for the past several months with the VIX touching a recent low of 12pts in early July. The combination of weak US payroll data, escalation in Middle East tensions and more importantly the Bank of Japan raising rates , which set off a wild rally in the Japanese Yen and decimation of associated carry trade strategies , has certainly injected risk back into the markets.

Nevertheless, Outside of a serious extraneous event, we do not think the Fed will cut inter meeting or will deliver a 50bp cut in September, rather 25bps with steady messaging. The global economies (outside of China) appear to be holding in quite well, and despite a clear slowing of activity, we do not see a recession in the cards at this point. While US growth is slowing, recent company reports are showing decent pick ups in UK and Europe with further rate cuts likely to underpin these regions.

With US inflation now seemingly under control, the so-called "Fed put" is now back in play, with stock markets likely to be buoyed by easing US interest rates. We believe the first US Federal Reserve interest rate cut of this cycle is now imminent, even though we expect a slowing economy in America rather than an outright recession. The global economy (outside of China) appears to be holding up quite well, despite a clear slowing of activity. Outside the US growth we note that recent company reports are showing decent pick ups in UK and Europe with further rate cuts likely to underpin these regions."

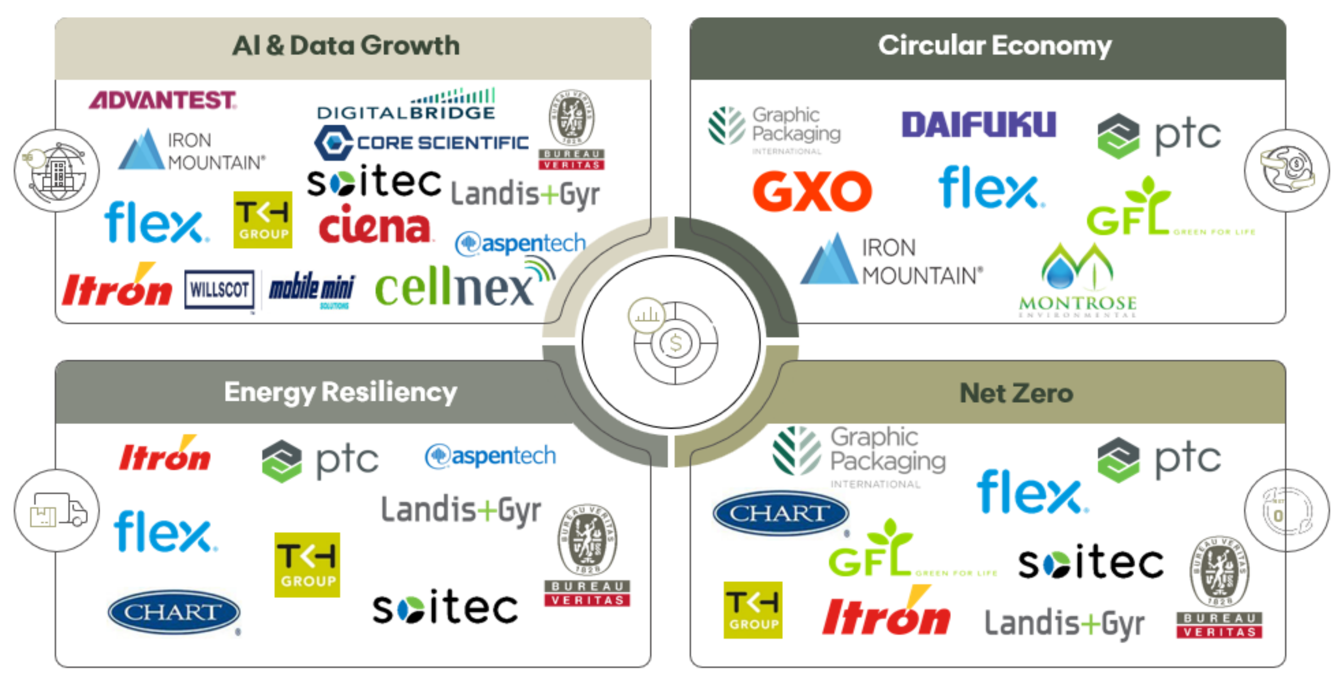
Geopolitical concerns remain forefront of potential risks and we must be mindful of the potential for further escalations as well as reconciliations.

Election uncertainty will be a feature over the next few months and the market internals will gyrate depending on which party is leading in the "news flow".

Many equity valuations appear full however there remains significant opportunities for stock specific investors rather than an index approach. Generative AI will drive revenues up and costs down for those early adopters which will drive earnings growth well ahead of expectations. On the flip side, those that either don't adopt or are disrupted, will show meaningful declines. If the world wants to electrify, the grid will need to get bigger and smarter – this is a long tail theme being built upon.

We remain steadfast in our approach in identifying and investing in businesses with strong secular or structural growth opportunities. While these companies will not be totally immune from a slowing economy, they should be relatively insulated and come out the other side in an even stronger competitive position.

We continue to have differentiated exposure to some pretty powerful long term thematics which should drive long term compounding benefits to us all as investors. These include AI and the growth in data as Industrial IoT and large language networks such as ChatGPT and next generation applications drive data demand, companies that enable our push to a circular economy, beneficiaries of deglobalisation as well as those helping to improve the resilience of our energy grids as the world looks to electrify and companies which are levered to the multi trillion-dollar spending required for our "Road to Net Zero".



Top 10 Holdings

Stocks	Industry	Region	Position Weighting %
GFL Environmental Inc	Industrials	North America	4.87
Cellnex Telecom S.A.	Communication Services	Europe	4.68
Option Care Health Inc	Health Care	North America	4.10
GXO Logistics Inc	Industrials	North America	4.03
PTC Inc.	Information Technology	North America	3.85
Webster Financial Corporation	Financials	North America	3.61
Zillow Group, Inc. Class A	Real Estate	North America	3.21
Chart Industries, Inc.	Industrials	North America	2.98
Bureau Veritas SA	Industrials	Europe	2.97
Acadia Healthcare Company, Inc.	Health Care	North America	2.91

Portfolio Composition

Investment Portfolio at 30 June 2024

EQUITIES	FAIR VALUE ($)
GFL Environmental Inc	2,686,843
Cellnex Telecom SAU	1,934,129
Option Care Health Inc	1,693,564
GXO Logistics Inc	1,663,623
PTC INC	1,589,698
Webster Financial Corporation	1,493,423
Zillow Group Inc Class A	1,326,551
Chart Industries INC	1,229,759
Bureau Veritas SA	1,226,725
Acadia Healthcare Co Inc	1,203,453
WillScot Mobile Mini Holdings	1,145,291
Pinterest Inc- Class A	1,127,073
TKH Group NV	1,108,342
Itron Inc Com Npv	1,077,247
OBIC Business Consultants	1,058,859
TKO Group Holdings Inc	1,051,037
Iron Mountain Inc	1,038,779
Aspen Technolohy	1,031,442
Montrose Environmental Group Inc	1,026,845
DigitalBridge Group INC	1,017,269
Alight Inc Com Usd0.0001 Cl A	1,008,790
Ciena Corporation	878,689
Gerresheimer Ag	856,302
Warner Music Group Corp.	821,494
Liveramp Holdings Inc	815,369
Landis+Gyr Group AG	809,315
RadNet Inc	804,597
Resona Holdings Inc	791,709
Flexitronics Intl Ltd	738,873
Advantest Corp	710,139
Kinaxis Inc	700,194
Graphic Packaging Holding Company	614,229
Core Scientific Inc	554,783
S.O.I.T.E.C.	493,794
Daifuku Co Ltd	328,651
Total Portfolio	**37,656,880**

For complete details of other assets and liabilities of the Company, please refer to Statement of Financial Position and Notes to the Financial Statement.

Directors' Report

The Directors present their Report together with the Financial Report of Morphic Ethical Equities Fund Limited ("Company") for the year ended 30 June 2024.

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):

Jack Lowenstein **Non-Independent Chairman**

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 Morphic 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 resigned as a non-remunerated, non-shareholder Director of Morphic Asset Management in May 2023. Jack is a Responsible Manager and non-executive director of US Masters Responsible Entity Ltd, Responsible Entity for the US Masters Residential

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
Tissue Repair Limited.

Former directorships in the last 3 years
Fiji Kava Limited.

Special responsibilities
Chairman of the Board and 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 Bank of America 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
Totem Films Pty Ltd
Moebius Right Pty Ltd

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.

Kirstin Hunter **Independent Director**

Experience and Expertise
Kirstin is the Managing Director (NSW) at Techstars, the world's largest pre-seed technology investor. Between 2017 and 2021 Kirstin was a Director and Chief Executive Officer of Future Super, a retail superannuation fund established in 2014, with a focus on consumer engagement through ethical and fossil fuel free investing.

Outside of these roles Kirstin has held executive, board and mentoring roles in several businesses within the Australian start-up technology ecosystem, including Chief People, Risk and Legal Officer at Brighte, Chief of Staff at Human, Director and Accelerator Mentor at Startmate, and Founding Chairperson at Ocean Impact Organisation. Previously she worked at management consultants Bain and Company in Australia and Canada, and at Freehills law firm in Sydney.
Kirstin holds degrees in arts, law and medical science. She was admitted as a solicitor to the Supreme Court of NSW in 2008 and is a graduate of the Australian Institute of Company Directors.

Other Current Directorships
Nil.

Former directorships in the last 3 years
Nil.

Interests in shares
Kirstin has no interests in shares.

Interest in contracts
Kirstin has no interests in contracts of the Company.

Company Secretary

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

Mark Licciardo

Experience and Expertise
Mark is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia's Listed Services Division.

He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors.

He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies.

During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited.

Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

Attendance at Meetings
Board of Directors Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Jack Lowenstein	**5**	**5**
Mark Forstmann	**5**	**5**
Kirstin Hunter	**5**	**5**

Audit & Risk Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Jack Lowenstein	**2**	**2**
Mark Forstmann	**2**	**2**
Kirstin Hunter	**2**	**2**

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 year or is likely to in the future.

Review of Operations

The Company's investments during the year resulted in operating loss of $1,233,379 (30 June 2023: profit of $10,724,204) before tax and $950,349 (30 June 2023: profit of $7,558,999) after tax. This reflects the performance of the investment portfolio over the year as outlined below.

Investment Returns	**Returns Over the year 1 July 2023 to 30 June 2024**		**Returns Since Inception 2 May 2017 to 30 June 2024**	
	Gross	**Net**	**Gross**	**Net**
Investment Portfolio	2.70%	1.12%	7.96%	6.66%
MSCI All Countries Total Return Daily Index	19.53%	18.98%	12.49%	11.94%
Outperformance/(Underperformance)	(16.83%)	(17.86%)	(4.53%)	(5.27%)

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

Between 18 April 2023 and 30 June 2023, the company's buy back program bought back 1,072,538 shares and between 1 July 2023 and 18 October 2023, the Company bought back and additional 3,988,688 shares. At the Company's AGM on 18 October 2023, Shareholders approved for the Company to extend the buy back program to purchase up to 10,174,837 shares. At the Companyt's EGM on 17 May 2024, Shareholders approved for the company to increase the buy back programme to purchase up to a further 8,145,379 shares. Between 19 October 2023 and up to 30 June 2024, the Company bought back a total of 10,654,641 shares at an average price of $1.03.

Dividends Paid or Recommended

On 18 August 2023, the Directors declared a fully franked quarterly dividend of 3.5 cents per share which amounted to $1,787,711 and was paid on 14

On 18 October 2023, the Directors declared a fully franked quarterly dividend of 3.5 cents per share which amounted to $1,711,885 and was paid on 15 November 2023.
On 19 February 2024, the Directors declared a fully franked quarterly dividend of 3.5 cents per share which amounted to $1,464,583 and was paid on 18 March 2024.
On 17 May 2024, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to $583,132 and was paid on 14 June 2024.

No quarterly dividend has been declared as at 30 June 2024. 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 2024 the net assets of the Company were $41,341,534 (30 June 2023: $62,648,121). Please refer to the Statement of Financial Position for further details.

State of Affairs

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

Events Subsequent to Balance Date

Between 1 July 2024 and 23 August 2024, the Company has bought back a further 569,259 shares at an average price of $0.99.

No other matter or circumstance has arisen since the end of the financial year 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.

Indemnification and insurance of officers and auditors

During the financial year, 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.

So long as the Directors and officers act in accordance with the Company's Constitution and the Law, the officers remain indemnified out of the assets of the Company against losses incurred while acting on behalf of the Company. The auditors of the Company are not indemnified out of the assets of the Company.

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 year ended 30 June 2024, 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 year, and up to the date of this report are (unless otherwise indicated):

Jack Lowenstein
Mark Forstmann
Kirstin Hunter

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 two Independent Directors and one is a Non-Independent Chairman. The Board from time to time determines remuneration of Directors and Chairman 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.
The maximum total remuneration of the Directors has been set at $140,000 per annum. The amount paid for the financial year ended 30 June 2024 was $140,000 (30 June 2023: $140,000).

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 year.

For the year ended 30 June 2024		Short-term employee benefits	Post-employment benefits	
		Cash salary	Superannuation	Total
Director	**Position**	**$**	**$**	**$**
Jack Lowenstein	Non-Independent Chairman	54,054	5,946	60,000
Mark Forstmann	Independent Director	36,036	3,964	40,000
Kirstin Hunter	Independent Director	36,036	3,964	40,000
		126,126	**13,874**	**140,000**

For the year ended 30 June 2023		Short-term employee benefits	Post-employment benefits	
		Cash salary	Superannuation	Total
Director	**Position**	**$**	**$**	**$**
JoAnna Fisher	Independent Chairman (resigned on 8 November 2022)	19,329	2,030	21,359
Jack Lowenstein	Non-Independent Chairman (appointed on 8 November 2022)	47,856	5,024	52,880
Mark Forstmann	Independent Director	36,199	3,801	40,000
Kirstin Hunter	Independent Director (appointed on 8 November 2022)	23,313	2,448	25,761
		126,697	**13,303**	**140,000**

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:

	2024	2023	2022*	2021
Operating profit/(loss) after tax ($)	(950,349)	7,558,999	(11,321,636)	13,937,960
Dividends (cents per share)	12.0	6.0	4.5**	5.5
Share price ($ per share)	0.980	1.010	1.000	1.295
NTA after tax ($ per share)	1.0765	1.1905	1.1062	1.3791
Total Directors remuneration ($)	140,000	140,000	105,000	133,899
Shareholders equity ($)	41,341,534	62,648,121	58,963,827	73,162,880

*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.

(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 year were as follows:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Management fees expense during the year	636,804	730,846
Management fees payable at year end	43,677	64,086

There were no performance fees earned or paid during the year (30 June 2023: 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 2024 **Director**	**Opening balance**	**Acquisitions**	**Disposals**	**Number of shares**
Jack Lowenstein	899,849	41,571	-	941,420
Mark Forstmann	94,241	3,198	(70,000)	27,439
Kirstin Hunter	-	-	-	-

There has been no movement in the equity instruments held by Directors between 30 June 2024 and the date of the Director's report.

As at 30 June 2024 there were no outstanding options or issued during the year.

Shares as at 30 June 2023 **Director**	**Opening balance**	**Acquisitions**	**Disposals**	**Number of shares**
JoAnna Fisher (resigned on 8 November 2022)	114,405	7,291	-	121,696
Jack Lowenstein	845,939	53,910	-	899,849
Mark Forstmann	88,595	5,646	-	94,241
Kirstin Hunter (appointed on 8 November 2022)	-	-	-	-

There has been no movement in the equity instruments held by Directors between 30 June 2023 and the date of the Director's report.

As at 30 June 2023 there were no outstanding options or issued during the year.

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 year 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).*

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 17.

Signed in accordance with a resolution of the directors.

Jack Lowenstein
Chairman
Morphic Ethical Equities Fund Limited

Sydney, 27 August 2024

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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 year ended 30 June 2024, 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
23 August 2024

Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Investment income			
Interest income on financial assets at amortised cost		117,833	143,665
Dividend income		322,810	456,463
Net gains/(losses) on financial instruments at fair value through profit or loss		(803)	12,072,160
Net gains/(losses) on foreign exchange		(253,740)	(527,964)
Net Investment income/(loss)		**186,100**	**12,144,324**
Expenses			
Audit and tax	13	64,900	63,878
Administration fees		88,485	91,720
Directors' fees	16 (b)	140,000	140,000
Interest expense (including on borrowed stock)		-	326
Management fees	16 (a)	636,804	730,846
Transaction costs		130,139	103,945
Withholding tax expense		55,620	60,802
Other expense	14	303,531	228,603
Total expenses		**1,419,479**	**1,420,120**
Profit/(Loss) for the year before income tax expense		**(1,233,379)**	**10,724,204**
Income tax (benefit)/expense	4(a)	(283,030)	3,165,205
Profit/(Loss) for the year		**(950,349)**	**7,558,999**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(950,349)**	**7,558,999**
Basic earnings/(losses) per share	5	**(2.06) cents**	**14.15 cents**
Diluted earnings/(losses) per share	5	**(2.06) cents**	**14.15 cents**

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 2024 $	As at 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	15(a)	1,777,132	684,281
Receivables	6	26,092	56,910
Prepayments		45,936	71,839
Due from brokers		1,804,013	6,345,983
Financial assets at fair value through profit or loss	7	37,656,880	55,725,310
Current tax asset		305,000	778,307
Total current assets		**41,615,053**	**63,662,630**
Non-current assets			
Net deferred tax asset	4(b)	-	-
Total non-current assets		**-**	**-**
Total assets		**41,615,053**	**63,662,630**
Liabilities			
Current liabilities			
Due to brokers		120	308,031
Payables	10	204,939	335,393
Financial liabilities at fair value through profit or loss	7	-	19,595
Total current liabilities		**205,059**	**663,019**
Non-current liabilities			
Net deferred tax liability	4(b)	68,460	351,490
Total non-current liabilities		**68,460**	**351,490**
Total liabilities		**273,519**	**1,014,509**
Net assets		**41,341,534**	**62,648,121**
Equity			
Issued capital	11	40,724,901	55,533,828
Accumulated losses	12(a)	(20,451,191)	(18,043,839)
Profits reserve	12(b)	21,067,824	25,158,132
Total equity		**41,341,534**	**62,648,121**

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 $
Balance at 30 June 2022		**56,205,154**	**(18,043,839)**	**20,802,512**	**58,963,827**
Profit for the year		-	7,558,999	-	7,558,999
Total comprehensive income for the year		**-**	**7,558,999**	**-**	**7,558,999**
Other					
Transfer to profits reserve	12(a)(b)	-	(7,558,999)	7,558,999	-
		-	(7,558,999)	7,558,999	-
Transactions with owners in their capacity as owners					
Shares issued during the year	11	379,798	-	-	379,798
Shares acquired under buy-back	11	(1,051,124)	-	-	(1,051,124)
Dividends provided for or paid	18(a)	-	-	(3,203,379)	(3,203,379)
		(671,326)	**-**	**(3,203,379)**	**(3,874,705)**
Balance at 30 June 2023		**55,533,828**	**(18,043,839)**	**25,158,132**	**62,648,121**
Loss for the year		-	(950,349)	-	(950,349)
Total comprehensive income for the year		**-**	**(950,349)**	**-**	**(950,349)**
Other					
Transfer to profits reserve	12(a)(b)	-	(1,457,003)	1,457,003	-
		-	(1,457,003)	1,457,003	-
Transactions with owners in their capacity as owners					
Shares issued during the year	11	425,355	-	-	425,355
Shares acquired under buy-back	11	(15,234,282)	-	-	(15,234,282)
Dividends provided for or paid	18(a)	-	-	(5,547,311)	(5,547,311)
		(14,808,927)	**-**	**(5,547,311)**	**(20,356,238)**
Balance at 30 June 2024		**40,724,901**	**(20,451,191)**	**21,067,824**	**41,341,534**

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

	Note	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		52,137,230	35,764,486
Payments for purchase of financial instruments at fair value through profit or loss		(34,624,423)	(28,978,212)
Dividends received		345,316	449,383
Interest received		117,833	143,665
Interest paid		-	(326)
Amount received from/(paid to) brokers for collateral		4,567,150	(1,219,671)
Dividends on borrowed stock		-	(6,093)
Management fees paid		(657,213)	(728,064)
Directors' fees paid		(140,000)	(140,000)
Withholding tax paid		(55,620)	(60,802)
Other operating expenses paid		(409,354)	(398,974)
Transaction costs paid		(122,936)	(103,945)
Income tax refund/(paid)		473,307	(610,836)
Net cash inflow/(outflow) from operating activities	15(b)	**21,631,290**	**4,110,611**
Cash flows from financing activities			
Payments for shares redeemed		(15,364,877)	(832,180)
Dividends paid net of dividend reinvestment		(5,121,956)	(2,823,581)
Net cash inflow/(outflow) from financing activities		**(20,486,833)**	**(3,655,761)**
Net increase in cash and cash equivalents		**1,144,457**	**454,850**
Effect of exchange rate fluctuations on cash and cash equivalents		(51,606)	51,334
Cash and cash equivalents at beginning of the financial year		684,281	178,097
Cash and cash equivalents at end of the financial year	15(a)	**1,777,132**	**684,281**
Non-cash financing activities			
Ordinary shares issued under dividend reinvestment plan	15(c)	425,355	379,798

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 material 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 year ended 30 June 2024, and were authorised for issue by the Directors on 23 August 2024.

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.

A summary of 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.

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 investment assets and liabilities.

The financial statements present reclassified comparative information where required for consistency with the current period's presentation.

(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) Financial instruments
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.

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.

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

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 or 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 year 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 year. 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 year 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.

(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.

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

(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 ocurred.

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 year 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 profits 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 year, adjusted for bonus elements in ordinary shares issued during the year.

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future years. 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

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].* This standard has had no material impact on the Company.

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

(s) New and amended standards adopted (continued)

There are no other new accounting standards and interpretations that have been published and have been adopted for the 30 June 2024 reporting period that are material to the financial statements.

(t) New Standards and Interpretations not yet adopted

The following new and revised Australian Accounting Standard, Interpretation and amendment that as been issued but not yet effective is in the process of assessment by the Company:

- AASB 18 Presentation and Disclosure in Financial Statements (application date 1 January 2027)

Other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, 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.

2. Financial risk management (continued)

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

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 A-. The maturities are within three months. The weighted average interest rate of the Company's due from broker at 30 June 2024 is 1.10% (30 June 2023: 2.16%).

(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 year at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2024	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Total $
Due to brokers	120	-	-	-	120
Payables	204,939	-	-	-	204,939
Contractual cash flows (excluding gross settled derivatives)	**205,059**	**-**	**-**	**-**	**205,059**
As at 30 June 2023					
Due to brokers	308,031	-	-	-	308,031
Payables	335,393	-	-	-	335,393
Financial liabilities at fair value through profit or loss	-	19,595	-	-	19,595
Contractual cash flows (excluding gross settled derivatives)	**643,424**	**19,595**	**-**	**-**	**663,019**

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 gross cash outflow of the derivatives.

As at 30 June 2024, the Company did not hold derivative financial instruments.

As at 30 June 2023	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Total $
Forward currency exchange contracts	-	493,397	-	-	493,397
Futures	**-**	**493,397**	**-**	**-**	**493,397**

2. Financial risk management (continued)

(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 27.

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 2024	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents		-	-	1,777,132	1,777,132
Receivables		-	-	26,092	26,092
Prepayments		-	-	45,936	45,936
Due from brokers	1.10%	800,807	-	1,003,206	1,804,013
Financial assets at fair value through profit or loss		-	-	37,656,880	37,656,880
Total Financial Assets		**800,807**	**-**	**40,509,246**	**41,310,053**
Financial Liabilities					
Due to brokers	-	-	-	120	120
Payables		-	-	204,939	204,939
Total Financial Liabilities		**-**	**-**	**205,059**	**205,059**
As at 30 June 2023					
Financial Assets					
Cash and cash equivalents		-	-	684,281	684,281
Receivables		-	-	56,910	56,910
Prepayments		-	-	71,839	71,839
Due from brokers	2.16%	5,226,335	-	1,119,648	6,345,983
Financial assets at fair value through profit or loss		-	-	55,725,310	55,725,310
Total Financial Assets		**5,226,335**	**-**	**57,657,988**	**62,884,323**
Financial Liabilities					
Due to brokers	3.31%	3,143	-	304,888	308,031
Payables		-	-	335,393	335,393
Financial liabilities at fair value through profit or loss		-	-	19,595	19,595
Total Financial Liabilities		**3,143**	**-**	**659,876**	**663,019**

(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.

2. Financial risk management (continued)

(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 2024

	USD $	JPY $	EURO $	GBP $	Other Currencies $	Total $
Receivables	12,469	-	-	-	-	12,469
Due from brokers	800,807	185,649	1,067	1,239	25,203	1,013,965
Financial assets at fair value through profit or loss	26,963,342	2,889,359	5,619,292	-	2,184,887	37,656,880
Due to brokers	-	-	-	-	(120)	(120)
	27,776,618	3,075,008	5,620,359	1,239	2,209,970	38,683,194
Net fair value of foreign currency forward contracts	-	-	-	-	-	-
Net fair value	**27,776,618**	**3,075,008**	**5,620,359**	**1,239**	**2,209,970**	**38,683,194**

As at 30 June 2023

	USD $	JPY $	EURO $	GBP $	Other Currencies $	Total $
Receivables	34,975	-	-	-	-	34,975
Due from brokers	3,602,116	544,417	1	171	613	4,147,318
Financial assets at fair value through profit or loss	36,779,016	2,444,592	9,611,588	2,190,981	4,699,133	55,725,310
Due to brokers	(308,031)	-	-	-	-	(308,031)
	40,108,076	2,989,009	9,611,589	2,191,152	4,699,746	59,599,572
Net fair value of foreign currency forward contracts	-	(19,595)	-	-	-	(19,595)
Net fair value	**40,108,076**	**2,969,414**	**9,611,589**	**2,191,152**	**4,699,746**	**59,579,977**

(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 Impact on operating profit/(loss)		Interest rate risk Impact on operating profit/(loss)		Foreign exchange risk Impact on operating profit/(loss)	
	-10%	**+10%**	**-100 bps**	**+100 bps**	**-10%**	**+10%**
30 June 2024	(3,765,688)	3,765,688	(88)	88	(3,868,319)	3,868,319
30 June 2023	(5,570,572)	5,570,572	(1,126)	1,126	(5,957,998)	5,957,998

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.

3. Fair value measurement (continued)

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 2024 and 30 June 2023.

As at 30 June 2024	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Listed equities	37,656,880	-	-	37,656,880
Total financial assets at fair value through profit or loss	**37,656,880**	**-**	**-**	**37,656,880**

(i) Recognised fair value measurements (continued)

As at 30 June 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Listed equities	55,725,310	-	-	55,725,310
Total financial assets at fair value through profit or loss	**55,725,310**	**-**	**-**	**55,725,310**
Financial liabilities				
Forward currency exchange contracts	-	19,595	-	19,595
Total financial liabilities at fair value through profit or loss	**-**	**19,595**	**-**	**19,595**

(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

	As at 30 June 2024 $	As at 30 June 2023 $
(a) Numerical reconciliation of income tax expense/(benefit)		
Prima facie tax payable on profit/(loss) before income tax at 30% (FY23: 25%)	(370,014)	2,681,051
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Withholding tax on dividends received	16,686	15,200
Tax effect on income tax rate change to 30% (FY23: 25%)	70,298	468,954
Income tax expense/(benefit)	**(283,030)**	**3,165,205**
Applicable weighted average effective tax rate	22.9%	29.5%
The income tax expense/(benefit) results from movement in a:		
Current tax asset/(liability)	-	(1,016)
Deferred tax asset	766,452	1,686,891
Deferred tax liability	(1,049,482)	1,479,330
Income tax (benefit)/expense	**(283,030)**	**3,165,205**

(b) Deferred taxes

	As at 30 June 2024 $	As at 30 June 2023 $
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% (FY23: 25%) on the following items:		
Tax on unrealised gains on investment portfolio	(496,555)	(1,532,898)
Other	(4,541)	(17,680)
Deferred tax liabilities	**(501,096)**	**(1,550,578)**
Movements:		
Opening balance	(1,550,578)	(71,248)
Adjust opening balance to change in corporate tax rate from 25% to 30% (FY 23: 30% to 25%)	(310,116)	11,875
Charged / credited to profit or loss	1,359,598	(1,491,205)
Closing balance	**(501,096)**	**(1,550,578)**
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% (FY23: 25%) on the following items:		
Tax losses	392,996	1,166,236
Other	39,640	32,852
Deferred tax assets	**432,636**	**1,199,088**
Movements:		
Opening balance	1,199,088	2,885,979
Adjust opening balance to change in corporate tax rate from 25% to 30% (FY 23: 30% to 25%)	239,818	(480,997)
Prior year tax adjustment	-	(1,016)
Charged / credited to profit or loss	(1,006,270)	(1,203,179)
Charged / credited to equity	-	(1,699)
Closing balance	**432,636**	**1,199,088**
Net deferred tax assets/(liabilities)	**(68,460)**	**(351,490)**

5. Earnings/(losses) per share

	As at 30 June 2024 $	As at 30 June 2023 $
Basic earnings/(losses) per share	**(2.06) cents**	**14.15 cents**
Diluted earnings/(losses) per share	**(2.06) cents**	**14.15 cents**
Profit/(loss) used in calculating basic earnings per share	(950,349)	7,558,999
Profit/(loss) used in calculating diluted earnings per share	(950,349)	7,558,999
Weighted average number of ordinary shares used in the calculation of basic earnings per share	46,126,366	53,418,710
Weighted average number of shares used in the calculation of diluted earnings per share	46,126,366	53,418,710

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 during the year.

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

6. Receivables

	As at 30 June 2024 $	As at 30 June 2023 $
Dividends receivable	12,469	34,975
GST receivable	13,623	21,935
Total receivables	**26,092**	**56,910**

7. Financial instruments at fair value through profit or loss

	As at 30 June 2024 $	As at 30 June 2023 $
Financial assets		
Listed equities	37,656,880	55,725,310
Total financial assets at fair value through profit or loss	**37,656,880**	**55,725,310**
Financial liabilities		
Forward currency exchange contracts	-	19,595
Total financial liabilities at fair value through profit or loss	**-**	**19,595**

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 mitigate 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)

As at 30 June 2024, the Company did not hold derivative financial instruments.

The Company's derivative financial instruments at 30 June 2023 are detailed below.

	Contractual/ notional value $	Fair values Assets $	Fair values (Liabilities) $
As at 30 June 2023			
Forward currency exchange contracts	493,397	-	19,595
	493,397	**-**	**19,595**

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 $
As at 30 June 2023					
Financial liabilities					
Forward currency contracts	(19,595)	-	(19,595)	-	(19,595)
Total	**(19,595)**	**-**	**(19,595)**	**-**	**(19,595)**

As at 30 June 2024, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position

10. Payables

	As at 30 June 2024 $	As at 30 June 2023 $
Other accruals	48,313	46,213
Management fees payable	43,677	64,086
Administration fees payable	24,600	6,150
Buyback payable	88,349	218,944
	204,939	**335,393**

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.

	Year ended 30 June 2024		Year ended 30 June 2023	
	Shares	**$**	**Shares**	**$**
Movements in ordinary share capital				
Opening balance	52,625,205	55,533,828	53,301,524	56,205,154
Ordinary shares issued under dividend reinvestment plan	423,342	425,355	396,219	379,798
Ordinary shares acquired under buy-back	(14,643,329)	(15,234,282)	(1,072,538)	(1,051,124)
Closing balance	**38,405,218**	**40,724,901**	**52,625,205**	**55,533,828**

On 18 April 2023, the Company announced the implementation of an on-market buy-back of up to 5,323,144 of its shares, commencing on 3 May 2023 and continuing until 3 May 2024 unless the maximum number of shares were bought back prior to this date or MEC decided to cease the buy-back. At the Company's AGM on 18 October 2023, Shareholders approved for the Company to extend the buy back program to purchase up to 10,174,837 shares. At the Companyt's EGM on 17 May 2024, Shareholders approved for the company to increase the buy back programme to purchase up to a further 8,145,379 shares. During the year ended 30 June 2024, the Company had bought back 14,643,329 shares (FY23: 1,072,538), 38.00% (FY23: 2.00%) of its issued ordinary shares.

12. Reserves and accumulated losses

		As at 30 June 2024 $	As at 30 June 2023 $
(a)	**Accumulated losses**		
	Balance at the beginning of the year	(18,043,839)	(18,043,839)
	Net profit/(loss) attributable to members of the Company	(950,349)	7,558,999
	Transfer to profit reserve	(1,457,003)	(7,558,999)
	Balance	**(20,451,191)**	**(18,043,839)**
(b)	**Profits reserve**		
	The reserve is made of amounts transferred from current profits that are preserved for future dividend payments.		
	Balance at the beginning of the year	25,158,132	20,802,512
	Transfer of profits during the year	1,457,003	7,558,999
	Dividends provided for or paid	(5,547,311)	(3,203,379)
	Balance	**21,067,824**	**25,158,132**

13. Auditor's remuneration

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

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Ernst & Young		
Audit and other assurance services	60,500	59,488
Taxation Services	4,400	4,390
Total Audit and taxation services	**64,900**	**63,878**
Other consulting and advisory services	-	-
Total remuneration of Ernst & Young	**64,900**	**63,878**

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. Other expenses

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
ASIC fees	6,506	8,947
ASX fees	54,526	56,886
Corporate secretarial services fees	42,322	-
Insurance expense	92,264	114,880
Investor digitial platform fees	2,530	2,470
Legal fees	55,087	2,024
Marketing fees	-	2,898
Membership & certification fees	12,153	-
Registry fees	34,513	36,217
Other expense	3,630	4,281
Total other expenses	**303,531**	**228,603**

15. Cash flow information

	As at 30 June 2024 $	As at 30 June 2023 $
(a) Components of cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash at bank	1,777,132	684,281
	1,777,132	**684,281**
(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	(950,349)	7,558,999
Proceeds from sale of financial instruments at fair value through profit or loss	52,137,230	35,764,486
Payments for purchase of financial instruments at fair value through profit or loss	(34,624,423)	(28,978,212)
Net (gains)/losses on financial instruments at fair value through profit or loss	803	(12,072,160)
Net (gains)/losses on foreign exchange	253,740	527,964
Amount received from/(paid to) brokers for collateral	4,567,150	(1,219,671)
Net change in prepayments	25,903	13,168
Net change in receivables	30,818	(15,699)
(Increase)/decrease in deferred tax assets	-	2,814,731
Increase/(decrease) in deferred tax liabilities	(283,030)	351,490
(Increase)/decrease in current tax assets	473,307	(611,852)
Net change in payables	141	(22,633)
Net cash inflow/(outflow) from operating activities	**21,631,290**	**4,110,611**

15. Cash flow information (continued)

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
(c) Non-cash financing activities		
During the year, the following dividend payments were satisfied by the issue of shares under the dividend reinvestment plan	425,355	379,798

16. 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.

(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 year were as follows:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Management fees paid and payable during the year	636,804	730,846
Management fees payable at year end	43,677	64,086

There were no performance fees earned or paid during the year (30 June 2023: nil).

(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 year is set out below:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Cash salary, fees and commissions	126,126	126,697
Short-term employee benefits	**126,126**	**126,697**
Superannuation	13,874	13,303
Post-employment benefits	**13,874**	**13,303**
Total employment benefits	**140,000**	**140,000**

(c) Shareholdings

2024	Opening balance	Acquisitions	Disposals	Balance at 30 June 2024
Ordinary Shares				
Jack Lowenstein	899,849	41,571	-	941,420
Mark Forstmann	94,241	3,198	(70,000)	27,439
Kirstin Hunter	-	-	-	-

There has been no movement in the equity instruments held by the Directors between 30 June 2024 and the date of the Director's report.

16. Related party transactions (continued)

(c) Shareholdings (continued)

2023	Opening balance	Acquisitions	Disposals	Balance at 30 June 2023
Ordinary Shares				
JoAnna Fisher (resigned on 8 November 2022)	114,405	7,291	-	121,696
Jack Lowenstein	845,939	53,910	-	899,849
Mark Forstmann	88,595	5,646	-	94,241
Kirstin Hunter (appointed on 8 November 2022)	-	-	-	-

(d) Options to acquire shares

There were no options acquired or disposed during the year ended 30 June 2024 and 30 June 2023.

17. Contingent liabilities and commitments

As at 30 June 2024 and 30 June 2023, the Company had no contingent liabilities or commitments.

18. Dividends

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
(a) Dividends paid in the current year		
A fully franked dividend on ordinary shares for the quarter ended 30 June 2022 of 1.5 cents per share was paid on 23 September 2022.	-	799,523
A fully franked dividend on ordinary shares for the quarter ended 30 September 2022 of 1.5 cents per share was paid on 8 December 2022.	-	800,602
A fully franked dividend on ordinary shares for the quarter ended 31 December 2022 of 1.5 cents per share was paid on 24 March 2023.	-	801,789
A fully franked dividend on ordinary shares for the quarter ended 31 March 2023 of 1.5 cents per share was paid on 23 June 2023.	-	801,465
A fully franked dividend on ordinary shares for the quarter ended 30 June 2023 of 3.5 cents per share was paid on 14 September 2023.	1,787,711	-
A fully franked dividend on ordinary shares for the quarter ended 30 September 2023 of 3.5 cents per share was paid on 15 November 2023.	1,711,885	-
A fully franked dividend on ordinary shares for the quarter ended 31 December 2023 of 3.5 cents per share was paid on 18 March 2024.	1,464,583	-
A fully franked dividend on ordinary shares for the quarter ended 31 March 2024 of 1.5 cents per share was paid on 14 June 2024.	583,132	-
	5,547,311	**3,203,379**

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
(b) Dividend franking account		
Opening balance of franking account	1,875,944	3,249,837
Franking credits on dividends paid	(1,849,289)	(1,372,877)
Tax payments made	304,997	610,836
Tax refundable	(305,000)	(611,852)
Closing balance of franking account	**26,652**	**1,875,944**

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.

19. 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.

20. Events subsequent to reporting date

Between 1 July 2024 and 23 August 2024, the Company has bought back a further 569,259 shares at an average price of $0.99.

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.

Consolidated Entity Disclosure Statement

Disclosure of subsidiaries and their country of tax residency, as required by the *Corporations Act 2001,* does not apply to the Company as the Company is not required by Australian Accounting Standards to prepare consolidated financial statements.

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 2024 and performance of the Company, for the year ended 30 June 2024;

(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

(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 consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct; and

(f) 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

JACK LOWENSTEIN
Chairman
Morphic Ethical Equities Fund Limited

Sydney, 27 August 2024

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Independent auditor's report to the members of Morphic Ethical Equities Fund Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Morphic Ethical Equities Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2024 and of its financial performance for the year ended on that date; 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.

Investment Existence and Valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equity securities. As at 30 June 2024, the value of these financial assets was $37,656,880, which represented 91% of the total assets of the Company. As disclosed in the Company's accounting policy, Note 1(c) of the financial report, these financial assets 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 the financial report. Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of the controls relating to the existence and valuation of investments. We obtained and assessed the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2024 and considered the auditor's qualifications, competence, their objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2024. We assessed the fair value of all investments in the portfolio held at 30 June 2024. For listed securities, the values were verified against independently sourced market prices. We assessed the adequacy of the disclosures in the Notes 3 and 7 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 2024 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:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii The consolidated entity disclosure statement that is true and correct and is free of 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.

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- 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 page 10 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Morphic Ethical Equities Fund Limited for the year ended 30 June 2024, 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.

Ernst & Young

Rita Da Silva
Partner
Sydney
27 August 2024

Shareholder Information

The Shareholder information set out below was applicable at 31 July 2024.

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	150	73,440	0.19
1001 to 5000	261	769,883	2.01
5001 to 10000	165	1,360,050	3.56
10001 to 100000	401	13,513,806	35.36
100001 and Over	53	22,495,848	58.87
Total	**1,030**	**38,213,027**	**100.00**

B. Equity security holders

Twenty largest equity security holders

Name	**Shares**	**%**
FUTURE GENERATION GLOBAL LIMITED	4,281,451	11.20
SYSHA PTY LTD <SYDNEY GOODMAN FAMILY A/C>	2,391,000	6.26
LEKK PTY LTD <HILTON GORDON FAMILY A/C>	1,800,000	4.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,202,909	3.15
STERDA PTY LTD	1,020,000	2.67
JORLYN PTY LTD <ROBERT JORDAN FAMILY A/C>	900,000	2.36
MR JACK THESEUS LOWENSTEIN	629,126	1.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	621,377	1.63
MRS CATHERINE ANNE MARSON + MR JOSEPH MARSON <THE MARSON FAMILY S/F A/C>	522,261	1.37
GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	472,000	1.24
NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>	416,075	1.09
MR JAMES WILLIAM TAYLER	412,518	1.08
MR MALCOLM JAMES DOIG + MRS LISA JOY DOIG <DOIG FUTURE SUPER FUND A/C>	380,180	0.99
EVJ HOLDINGS PTY LTD <EDWINA A/C>	376,365	0.98
MR RONALD GORDON SINCLAIR + MR SCOTT SINCLAIR + MISS SAMANTHA SINCLAIR <RON SINCLAIR	367,000	0.96
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	344,898	0.90
MR ROBERT RAYMOND JAMES + MRS MARGARET HELEN JAMES <RR & MH JAMES FAMILY A/C>	320,000	0.84
JOS LUCK PTY LTD <JOS LUCK FAMILY A/C>	274,290	0.72
LUDWIGSON HOLDINGS PTY LTD	271,812	0.71
GERANN PTY LTD	270,000	0.71

C. Substantial shareholders

	%
Future Generation Global Investment Company Limited and its associated entities.	11.20
Harvest Lane Asset Management Pty Ltd	-

D. Voting rights

The voting rights attaching to each class of equity security are set our 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 285 investment transactions during the year, total brokerage paid on these transactions was $122,936.

Corporate Directory

Directors	Jack Lowenstein Mark Forstmann Kirstin Hunter
Company Secretary	Mark Licciardo
Registered Office	Level 11 179 Elizabeth Street Sydney NSW 2000
Contact Details	P: (02) 9021 7701 https://ellerstoncapital.com/funds/morphic-ethical-equities-fund/
Manager	Morphic Asset Management Pty Ltd ACN 155 937 901 Level 11, 179 Elizabeth Street SYDNEY NSW 2000
Auditor	Ernst & Young 200 George Street SYDNEY NSW 2000 GPO Box 2646 Sydney NSW 2001
Share Registry	Computershare Level 4, 60 Carrington Street Sydney NSW 2000 P: (02) 9221 2099
Stock Exchange Listings	ASX code (ordinary shares): MEC