

MORPHIC ETHICAL EQUITIES FUND

Monthly Report
July 2025



A proud founder of:



Fund Objective

The Morpheic Ethical Equities Fund Limited (MEC) seeks to provide investors a way to grow their wealth and feel confident they do so without investing in businesses that harm the environment, people, and society.

MEC 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.

	Investment returns*						
	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	ITD (p.a.)^
MEC ¹	-0.2%	13.7%	7.0%	14.7%	10.6%	9.5%	8.3%
Index ²	3.2%	11.3%	4.6%	17.5%	18.4%	15.2%	13.0%

Source: Ellerton Capital

Performance Summary

MEC returned **-0.2%** net during the month, versus the MSCI All Countries World Daily Total Return Net Index which returned **+3.2%** over the same period.

Portfolio Commentary

Equity markets posted uniformly strong returns through July, with the S&P500 and NASDAQ posting new record highs. Similar to the prior months, the rally was driven by easing trade tensions, benign economic data as well as a strong early start to earnings season, particularly from AI related names. Like prior months, the market was led by cyclical sectors like Technology and Industrials, with defensive sectors such as staples and healthcare lagging.

Of particular note was the continued bullish sentiment around artificial intelligence. This was led 'picks and shovels' names such as Comfort Systems and GE Vernova (which reported exceptional growth and expanding backlogs) as well as the hyperscalers (Meta, Google, MSFT etc), which saw accelerating cloud growth, better monetisation of AI, and increases to their capital expenditure budgets. The Morgan Stanley "AI Tech beneficiaries" basket finished the 12 months to July up 70%, and 107% from its April 2025 lows.

Key Monthly Contributors and Detractors

Galaxy Digital (GLXY US) contributed 0.91% to performance. Galaxy Digital is a diversified financial services firm focused on digital assets, cryptocurrencies, and blockchain technology. It operates across investment banking, asset management, trading, and principal investments, serving institutional clients and counterparties. The stock increased 30% through the month, reflecting the broad-based rally of cryptocurrencies, continued enthusiasm for its data centre business as well as the passage of the Genius Act through US congress.

Core Scientific (CORZ US) detracted -1.10% from performance after the stock fell 20% through the month. CORZ holds significant power assets, which are in the process of being developed into data centres and leased to AI hyper-scalers such as Coreweave (CRWV US). The company rallied sharply in June (+60%) on Wall Street Journal speculation that Coreweave (CRWV US) was looking to acquire the business. A formal acquisition offer was received and accepted by CORZ management in early July, though with disappointing terms – including an all equity offer, no collar, and significant volatility/valuation concerns in the acquirer's (CRWV's) equity valuation. Despite this rollercoaster, the stock price still finished July 30% above its June starting price. Whilst we have sold a large part of our position, we still retain a smaller holding, believing the equity remains significantly undervalued, trading at a discount to CRWV's implied offer price (16% at the time of writing). We believe there is a reasonable chance the deal may be rejected by shareholders, with CRWV potentially having to offer sweetened terms.

Greatland Resources Ltd (GGP ASX) detracted -1.07% from performance. We first acquired Greatland Gold as a London listed gold explorer, with interests in the Haverton project in Western Australia. We participated in a capital raise in September, allowing the company to acquire the Telfer mine and the remaining interest in Haiveron on highly favourable terms from Newmont, a motivated seller. Since our purchase, the stock has more than doubled, reflecting a favourable gold price and recent IPO in Australia. However, a negative update in late July concerning existing above ground stockpile grades (a short-term impact to cashflow) saw the stock price fall 25%. This was compounded by the short timing from its Australian IPO (only a few weeks prior), with new holders likely exiting quickly. Despite this fall, we think the business remains a compelling opportunity, with high quality assets trading at a significant discount to NPV and the stock likely the recipient of higher liquidity as it becomes eligible for index inclusion in Australia, as well as gold mining ETFs.

Top 10 Positions*

Stocks	Industry	Region
AerCap Holdings NV	Industrials	North America
Aritzia, Inc.	Consumer Discretionary	North America
Cellnex Telecom S.A.	Communication Services	Europe
Clean Harbors, Inc.	Industrials	North America
Corpay, Inc.	Financials	North America
Galaxy Digital Inc. Class A	Financials	North America
GFL Environmental Inc	Industrials	North America
Greatland Resources Limited	Materials	Australia
Nexans SA	Industrials	Europe
TKO Group Holdings, Inc. Class A	Communication Services	North America

Source: Ellerston Capital *Alphabetical Order

Risk Measures	
Net Exposure ³	92.39%
Gross Exposure ⁴	92.39%
VAR ⁵	6.45%
Best Month	9.59%
Worst Month	-8.94%
Average Gain in Up Months	2.74%
Average Loss in Down Months	-2.92%
Annual Volatility	13.23%
Index Volatility	10.58%

Source: Ellerston Capital

Key Facts	
ASX code / share price	MEC / 1.150
Listing Date	3 May 2017
Profit Reserve ⁷	\$0.803
Management Fee	1.25%
Performance Fee ⁸	15%
Market Capitalisation	\$38.0m
Shares Outstanding	33,029,387
Dividend per share ⁹	\$0.00

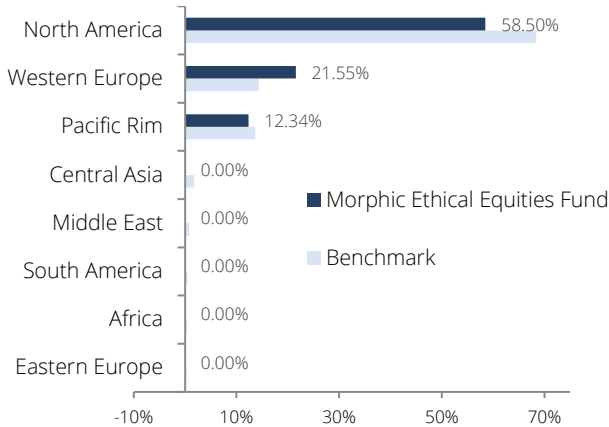
Source: Ellerston Capital

Net Tangible Assets (NTA)

NTA value before tax ⁶	\$1.2916
NTA value after tax ⁶	\$1.2455

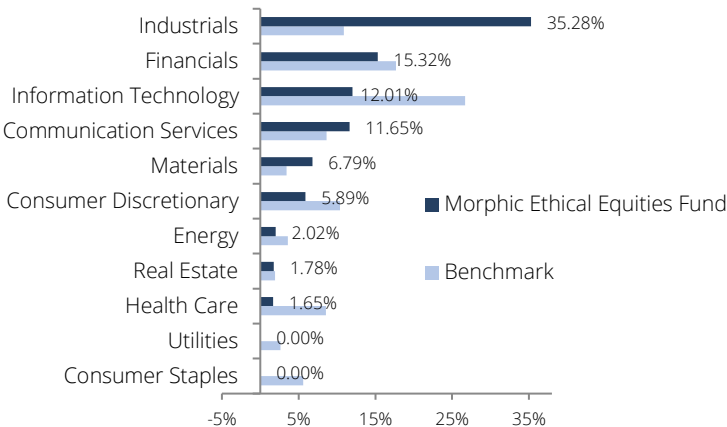
Source: Ellerston Capital

Equity Exposure Summary¹⁰ By region



Source: Ellerston Capital

Equity Exposure Summary¹⁰ By sector



Source: Ellerston Capital

Morphic Asset Management Pty Ltd

Level 11, 179 Elizabeth St

Sydney 2000

New South Wales

Australia

[Ellerston Capital – Morphic Ethical](#)

[Equities Fund](#)

Investor Relations

Phone: +61 2 9021 7701

Email: info@ellerstoncapital.com

This communication has been prepared by Morphic Ethical Equities Fund Limited ("MEC") (ACN 617 345 123) and its Manager, Morphic Asset Management Pty Ltd ("Morphic") (ACN 155 937 901) (AFSL 419916). The information contained in this Newsletter is current as of the date of this report, is for information purposes only, is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this communication, MEC and Morphic have not considered the objectives, financial position or needs of any particular recipient. MEC and Morphic strongly suggest that investors consult a financial advisor prior to making an investment decision. No warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this communication. To the maximum extent permitted by law, none of MEC, its related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this communication. If this communication includes "forward looking statements", such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of MEC and its officers, employees, agents or associates that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. MEC and Morphic assume no obligation to update such information. This communication is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this communication nor anything contained in it forms the basis of any contract or commitment. The Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Morphic Ethical Equities Fund adheres to the strict disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Morphic Ethical Equities Fund's methodology, performance and stock holdings can be found at www.responsibleinvestment.org, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed.

¹ Performance is net of investment management fees, before company admin costs and taxes; ² The Index is the MSCI All Countries World Daily Total Return Net Index (Bloomberg code NDUEACWF) in AUD; ³ Includes Equities and Commodities - longs and shorts are netted; ⁴ Includes Equities, Commodities and 10 year equivalent Credit and Bonds - longs and shorts are not netted; ⁵ Monthly VAR, gross return; ⁶ The figures are estimated and unaudited; ⁷ The reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments. The payment of franked dividends depends on the rate MEC realises taxable profits and generates franking credits; ⁸ The Performance Fee is payable annually in respect of MEC's out-performance of the Index. Performance Fees are only payable when MEC achieves positive absolute performance and is subject to a high water mark; ⁹ Annual dividend per share. ¹⁰ Exposure Summary charts do not take into account derivative positions.