

# MORPHIC ETHICAL EQUITIES FUND

Monthly Report  
November 2025



## Fund Objective

The Morphic 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.) <sup>^</sup>
MEC <sup>1</sup>	-2.3%	2.4%	12.6%	11.6%	13.2%	9.2%	8.6%
Index <sup>2</sup>	-0.2%	5.7%	12.8%	17.4%	19.5%	14.6%	13.3%

\* Past Performance is not an indication of future performance. <sup>^</sup> Fund listing on the ASX 3 May 2017

Source: Ellerstyn Capital.

## Performance Summary

MEC returned **-2.3%** net during the month, versus the MSCI All Countries World Daily Total Return Net Index which returned **-0.2%** over the same period.

## Portfolio Commentary

The month was marked by significantly higher volatility, sparked by changes in expectations for interest rate cuts following the FOMC meeting, coupled with ongoing nervousness around the sustainability of AI related spending by large companies, and the associated impacts on the AI supply chain.

As a result, highly crowded stocks with high leverage to interest rate expectations and the AI trade suffered significant falls. Reflecting this, the Nasdaq-100 fell 1.6% (in USD) and the US Momentum Long Index fell 10.5%, though with the latter having been down nearly 20% at its November trough, making it one of the 6 largest drawdowns in this factor over the last 10 years! The flipside to this was strength in previously lagging parts of the market such as healthcare, materials, staples and energy. We think this reflects more of a short-term market rotation into less crowded stocks rather than a fundamental change in the market regime.

Looking ahead, while the market has open questions around the sustainability of some AI spend, we continue to see a bright outlook for certain parts of the AI trade. The AI market remains starved of readily available power, which we view as the main pinch point to industry growth. This is where the majority of our portfolio's AI investments are concentrated – namely in datacentres and neoclouds that have access to existing and future power and are likely to keep growing.

## Select Monthly Contributors and Detractors

**Corpay (CPAY-US)** rallied 13.6% through the month, adding 67bps to performance. Corpay provides commercial payment cards (e.g corporate cards, fleet cards, virtual cards), accounts payable solutions, and cross border FX services. The company posted a strong 3Q25 result, and gave reassuring early guidance for FY26, including an organic growth guide of 9-11%. We used the weakness through the start of the month to add to our position.

**Sigma Lithium (SGML-US)** rallied 74.3% through the month, contributing 40bps of performance from our re-entry point. We re-entered Sigma Lithium following the 3Q update, where the company announced new offtake agreements with upfront payments that meaningfully increase liquidity and allow for the restart of production.

**Nebius (NBIS-US)**, an emerging AI neo-cloud business, fell 27.5% through the month, detracting 139bps from performance. The company posted a solid 3Q25 result and announced a new \$3b AI infrastructure contract with Meta. Despite this the stock fell alongside declines in other AI names. Nebius remains a core holding and we believe it is likely to continue to benefit from the strong demand environment for GPU compute capacity.

**Galaxy Digital (GLXY-US)** fell 24.1% through the month, detracting 99bps from performance. Galaxy Digital is a diversified financial services firm focused on digital asset trading, with a significant 800MW AI data centre development as well. The company fell alongside declines in digital asset prices such as Bitcoin, as well as the broader fall in AI proxies. We continue to see the business as well placed for increasing adoption of digital assets (given its role as a market maker) and growth in AI given its data centre development, and potential to expand power up to 3.5GW.

Top 10 Positions\*

Stocks	Industry	Region
AerCap Holdings NV	Industrials	North America
Cellnex Telecom S.A.	Communication Services	Europe
Clean Harbors, Inc.	Industrials	North America
Corpay, Inc.	Financials	North America
GFL Environmental Inc	Industrials	North America
Greatland Resources Limited	Materials	Australia
InterContinental Hotels Group PLC	Consumer Discretionary	Europe
Nebius Group N.V. Class A	Information Technology	North America
Nexans SA	Industrials	Europe
TKO Group Holdings, Inc. Class A	Communication Services	North America

Source: Ellerston Capital. \*Alphabetical Order.

Risk Measures	
Net Exposure <sup>3</sup>	94.00%
Gross Exposure <sup>4</sup>	94.00%
VAR <sup>5</sup>	5.50%
Best Month	9.59%
Worst Month	-8.94%
Average Gain in Up Months	2.73%
Average Loss in Down Months	-2.90%
Annual Volatility	13.07%
Index Volatility	10.42%

Source: Ellerston Capital.

Key Facts	
ASX code / share price	MEC / 1.160
Listing Date	3 May 2017
Profit Reserve <sup>7</sup>	\$0.899
Management Fee	1.25%
Performance Fee <sup>8</sup>	15%
Market Capitalisation	\$36.9m
Shares Outstanding	31,818,688

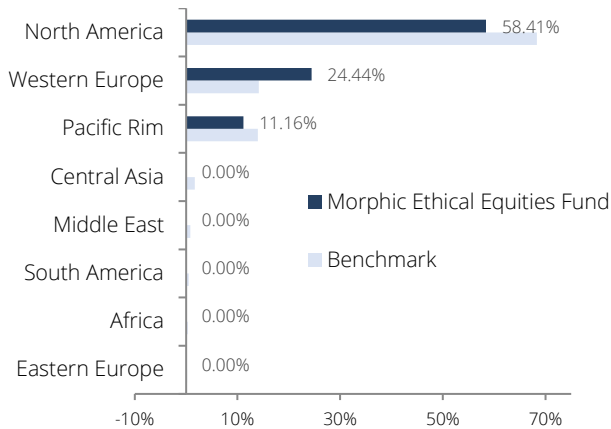
Dividend per share<sup>9</sup> \$0.00

Source: Ellerston Capital.

Net Tangible Assets (NTA)	
NTA value before tax <sup>6</sup>	\$1.3468
NTA value after tax <sup>6</sup>	\$1.2913

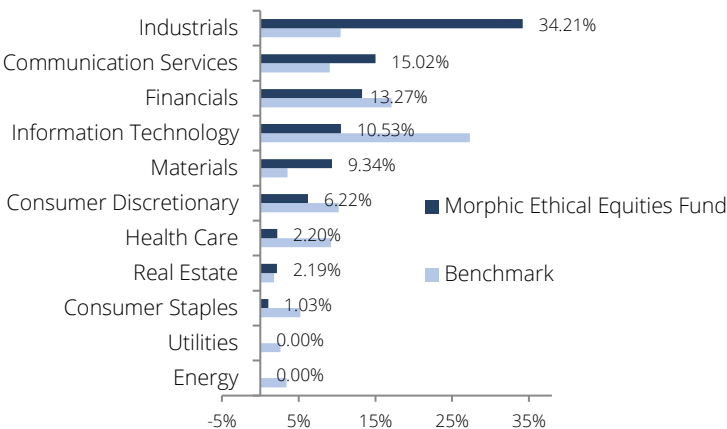
Source: Ellerston Capital.

Equity Exposure Summary<sup>10</sup> By region



Source: Ellerston Capital.

Equity Exposure Summary<sup>10</sup> By sector



Source: Ellerston Capital.

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<sup>1</sup> Performance is net of investment management fees, before company admin costs and taxes; <sup>2</sup> The Index is the MSCI All Countries World Daily Total Return Net Index (Bloomberg code NDUEACWF) in AUD; <sup>3</sup> Includes Equities and Commodities - longs and shorts are netted; <sup>4</sup> Includes Equities, Commodities and 10 year equivalent Credit and Bonds - longs and shorts are not netted; <sup>5</sup> Monthly VAR, gross return; <sup>6</sup> The figures are estimated and unaudited; <sup>7</sup> 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; <sup>8</sup> 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; <sup>9</sup> Annual dividend per share. <sup>10</sup> Exposure Summary charts do not take into account derivative positions.