

**Morphic Ethical Equities Fund Limited**  
**Appendix 4E Preliminary Final Report**  
**Year ended 30 June 2025**

**Details of Reporting Period**

Current: Year ended 30 June 2025

Previous: Year ended 30 June 2024

**Results for announcement to the market**

|  | \$        | movement<br>(up/down) | % movement |
|--|-----------|-----------------------|------------|
| Net investment income/(loss)                         | 8,340,472 | up                    | 4,382      |
| Profit/(Loss) for the year before income tax expense | 7,046,822 | up -                  | 671        |
| Profit/(Loss) for the year                           | 5,444,085 | up -                  | 673        |

**Dividend information**

The Company did not declare dividends during the year.

**Net tangible assets**

|  | 30 June 2025 | 30 June 2024 |
|--|--------------|--------------|
| Net Tangible Assets (per share) before tax | 1.2942       | 1.0703       |
| Net Tangible Assets (per share) after tax  | 1.2474       | 1.0765       |

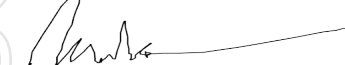
**Audit**

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 20 November 2025.

Signed on behalf of Morpic Ethical Equities Fund Limited



Jack Lowenstein  
Chairman

Sydney  
22 August 2025

**Morphic Ethical Equities Fund Limited**

**ASX: MEC**

ABN 52 617 345 123

**Annual report**

**For the year ended 30 June 2025**

For personal use only

# Morphic Ethical Equities Fund Limited

**ASX: MEC**

ABN 52 617 345 123

## Annual report

For the year ended 30 June 2025

### Contents

|  | Page |
|--|------|
| Chairman's Letter to Shareholders                          | 2    |
| Investment Manager's Report                                | 3    |
| Directors' Report  | 6    |
| Auditor's Independence Declaration                         | 12   |
| Statement of Profit or Loss and Other Comprehensive Income | 13   |
| Statement of Financial Position                            | 14   |
| Statement of Changes in Equity                             | 15   |
| Statement of Cash Flows                                    | 16   |
| Notes to the Financial Statements                          | 17   |
| Consolidated Entity Disclosure Statement                   | 29   |
| Directors' Declaration                                     | 30   |
| Independent Audit Report to the Members                    | 31   |
| Shareholder Information                                    | 35   |
| Corporate Directory  | 36   |

The Annual General Meeting (AGM) is to be held on 20 November 2025.

## Chairman's Letter to Shareholders

Dear fellow shareholder,

We share the Company's annual results, which cover our eighth full year since listing (on 2 May 2017) on the Australian Securities Exchange, and covers the period from 1 July 2024 to the financial year end 30 June 2025.

From an investment performance perspective the 2025 financial year was pleasing, and 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 2025 period. The prospect of further dividend payments in the near future is uncertain, however if the Company crystallises its current unrealised gains, franking credits will be generated, enabling the Company to restart dividend payments.

As of 30 June 2025, the Company's profit reserve was 79.7 cents per share.

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 investing in 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, intensive farming and aquaculture, tobacco production, armaments, alcohol and gambling.

The Responsible Investment Association of Australia<sup>[1]</sup> reported that in 2023 approximately 80% of investment managers could demonstrate integration of Environmental, Social and Governance (ESG) factors when valuing assets, construction of portfolios and the allocation of capital. The assets under management of leading practice responsible investors now position responsible investment with a 41% share of the total market (up from 36% in 2022). As an early leader in responsible investing, especially in the Listed Investment Company (LIC) category, the Company's screening rules 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, Morpich Asset Management, remains a signatory to the Principals for Responsible Investment (PRI).

### COMPANY PERFORMANCE

During the period to 30 June 2025, the Company achieved a pre-tax operating profit of \$7,046,822 and a post-tax operating profit of \$5,444,085.

### 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 2025, the portfolio returned 23.44% (before fees and taxes), compared to the benchmark return of 18.38%, in gross terms. The Investment Managers report provides further details on the drivers of this performance.

As at 30 June 2025 MEC's shares closed at \$1.09, versus a \$0.98 share price at 30 June 2024.

### POSITIONING THE COMPANY FOR THE FUTURE

The previous unwarranted discount of the Company's share price to NTA prompted the board to initiate a share buyback, and announce a revision to the Company's dividend policy. During the year ended June 30, 2025 the company bought back a total of 14.54 million shares at an average price of \$1.0287. Between year end and 21 August 2025, the Company has bought back a further 420,363 shares at an average price of \$1.1220.

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 to the post-tax NTA per share has been in the range of 5% to 9%.

At the Company's Annual General Meeting (AGM) in November 2025 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 AGM will be held at 10:00 am on 20 November 2025, 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

<sup>[1]</sup>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>

## Investment Manager's Report

### PORTFOLIO PERFORMANCE AND STATUS

MEC listed on 3 May 2017. The Manager effectively started managing the Fund mid-October 2020. From 1 October 2020 through to 30 June 2025 the MEC portfolio generated a cumulative Net Return of 55.38% against the MSCI ACWI Benchmark cumulative return of 91.78%.

| As at 30 June 2025     | Gross <sup>1</sup> | Net <sup>2</sup> | Benchmark |
|------------------------|--------------------|------------------|-----------|
| 1 Month                | 7.33%              | 7.20%            | 2.61%     |
| 3 Months               | 15.45%             | 15.03%           | 6.05%     |
| CYTD (6 Months)        | 9.37%              | 8.47%            | 3.97%     |
| 1 Year                 | 23.44%             | 21.51%           | 18.38%    |
| 3 Years (p.a.)         | 15.90%             | 14.11%           | 19.25%    |
| 5 Years (p.a.)         | 11.60%             | 10.12%           | 14.78%    |
| Since Inception (p.a.) | 9.55%              | 8.38%            | 12.71%    |

<sup>1</sup>Gross Return is before investment management fees, and after tax provisions and dividend withholding tax.

<sup>2</sup>Net Return is after investment management fees, tax provisions and dividend withholding tax.

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

### FY25 PORTFOLIO COMMENTARY

Global equity markets posted another solid financial year, gaining ~18% in AUD terms. In USD terms the S&P 500 (NR) and the MSCI ACWI Index (NR) produced similar returns, posting gains of ~15% and ~16% respectively.

This performance was however broken up into two distinct and eventful halves. Over 1H25, global equity markets increased 13% in a seemingly straight line. Bullish sentiment increased further post Trump's re-election as US President with a more traditional 'business friendly' Republican party agenda - lower taxes and less red tape.

This optimism however proved short lived, with the second half of the financial year marked by drawdowns and volatility not seen since 2022. There were two major bouts of volatility. The first occurred in late January with the advent of DeepSeek, a Chinese developed artificial intelligence (AI) model, which was seemingly able to produce similar results to its western competitors (Google, Meta, OpenAI) at far less compute power (i.e. cost). This saw technology indices and AI related equities fall significantly through late January and February, reflecting the overbought nature of many stocks, as well as concerns of potential cuts to capital expenditure and cost to support AI growth.

The defining event of the year, however, came in early April with the unveiling of sweeping new tariffs as part of US president Trump's 'Liberation Day'. Despite having signalled the use of tariffs for months, the breadth (applied to every country) and bizarre formulaic application of these tariffs stunned markets. This effectively raised average tariff rates from ~2.5% to over 20%, levels not seen since the 1930s. China itself was hit with a 145% tariff rate after the US matched retaliatory tariffs.

By early April, markets were in panic mode, with global equities experiencing a 20% drawdown from February highs. U.S. consumer sentiment fell sharply, and credit markets began to show signs of stress. Analysts at the time estimated that the announced tariffs could have added up to 2.3% of core PCE inflation, complicating the Federal Reserve's ability to cut rates, despite mounting economic pressure.

Markets bottomed on the 8th of April before rallying sharply, after Trump announced a 90 day pause on reciprocal tariffs to allow for negotiations. The cause of this was unclear, though it is likely due to concerns around US treasuries selling off (in favour of gold), increasing the difficulty of the US funding its existing deficit (7% annualised!) and the refinancing of 25% of its bonds due over the next 12 months. In the following months, the continued public threat of tariffs, and then subsequent walk back became known as the 'TACO' trade ('Trump Always Chickens Out'), with investors essentially calling his bluff and buying industrial/consumer businesses that had previously sold off.

At the same time, the AI trade found its feet through the 1Q25 reporting season, with the large hyperscalers (Amazon, Meta, Microsoft, Google) all raising their AI capex spending guidance, as well as commenting on exponentially growing AI demand and continued tightness in datacentre capacity. As a result, many of the hot AI stocks bounced sharply off their lows, with many finishing the financial year at record highs.

We used the volatility over these months to add selectively to high quality names that fell, yet were unlikely to be impacted by tariffs or a potential slow down in the economy. We also used the volatility to increase our exposure to select AI related names that became inexpensive with structural growth opportunities.

Despite the eventfulness of the financial year, it finished like many in the past – with the 'Magnificent 7' outperforming the S&P500 by a wide margin, and small/mid companies underperforming.

### KEY FY25 CONTRIBUTORS

Greatland Resources Ltd (GGP ASX) contributed 3.18% to performance. At the time of purchase, Greatland Gold was a London listed gold explorer, with interests in the Havieron project in Western Australia. We participated in a capital raise in September, allowing the company to acquire the Tefer project and the remaining interest in Haiveron on highly favourable terms from Newmont, a motivated seller. Since our purchase, the stock increased more than two-fold, reflecting a favourable gold price and recent IPO in Australia. Despite a recent negative update concerning stockpile grades (a short term issue), the business trades at a significant discount to NPV and we believe the re-listing in Australia will result in higher liquidity as the stock becomes eligible for index inclusion in Australia, as well as gold mining ETFs.

TKO Group (TKO US) contributed 2.73% to performance. TKO Group Holdings is a sports and entertainment company formed in 2023 through the merger of WWE (World Wrestling Entertainment) and UFC (Ultimate Fighting Championship), under majority ownership of Endeavor Group. We initially acquired the business in mid-2024, on account of the quality of the business (high contracted earnings growth with minimal capex) and sensible valuation, which we believe was a function of the market's lack of familiarity, given the company's short listed history and complex capital structure.

Nebius Group (NBIS US) contributed 2.37% to performance. Nebius is a cloud infrastructure company that provides AI-optimised compute, storage, and networking solutions for enterprises and developers. Originally listed as Yandex (Russia's Google equivalent), Nebius has since divested its Russian assets, with a majority focus on high-performance AI GPU cloud. We bought this stock opportunistically after it unexpectedly resumed trading at less than the value of net cash on balance sheet. Since then, the company has received equity investment from NVDA, and now has a favoured relationship with the GPU maker, giving them preferential access to GPUs to support its growth.

## Investment Manager's Report (Continued)

### KEY FY25 DETRACTORS

Montrose Environmental Group (MEG US) detracted -1.38% from performance. Montrose Environmental Group is an environmental services company that provides air measurement, environmental laboratory, and remediation solutions to industrial and government clients. It operates across three main segments: Assessment, Permitting and Response; Measurement and Analysis; and Remediation and Reuse. We exited the position on account of disappointing financial weakness and potential changes to the US Regulatory landscape following the election of Trump.

GXO Logistics (GXO US) detracted -1.35% from performance. GXO Logistics is a global leader in contract logistics, specialising in warehousing, e-commerce fulfillment, reverse logistics, and supply chain optimisation. Spun off from XPO Logistics in 2021, GXO operates over 1,000 facilities in more than 25 countries, serving major clients like Apple, Nike, and Nestlé. The company differentiates itself through advanced automation, robotics, and AI-driven technologies to enhance operational efficiency and scalability. We exited the business following a downgrade to their organic growth profile in the face of significant tariff related uncertainty.

KBR Inc detracted -1.02% from performance. KBR is a global engineering, technology, and solutions company serving government, defence, space, and energy markets. It operates through two main segments: Government Solutions, which provides mission-critical services to defence and space agencies, and Sustainable Technology Solutions, which delivers services in energy transition and chemical processing. The company fell heavily after news that the Trump administration was seeking to make significant cuts to defence budgets. KBR has so far been untouched by any defence budget cuts, though the business continues to have a valuation overhang.

### OUTLOOK

As with our previous updates, we continue to believe the outlook for global equity markets heading into the FY26 remains highly uncertain. Trump continues to threaten tariffs (most recently on India and Switzerland), industrial activity remains weak, equities markets are at record highs, and the market remains unforgiving for earnings misses. Offsetting this, inflation continues to remain muted, with the possibility of rate cuts spurring short cycle names.

In this environment, we are trying to limit our downside, but also seek to capture upside by doing the following:

- Holding a wide mix of assets – 11% of portfolio is in cash and gold proxies which we are flexing/drawing as we find compelling ideas.
- Owning a mix of businesses in broad geographies – the portfolio is currently underweight in the US and overweight in the UK and Canada.
- Limiting exposure to tariff losers – only one holding is directly impacted by tariffs.
- Holding a large number of defensive assets with pricing power - i.e. waste management, telecommunications & infrastructure.
- Structural growers – large focus on AI, power and electrification as well as other idiosyncratic ideas.

### MEC Portfolio Positioning at 30 June 2025:

#### Top 10 Equity Holdings

|                                  |               |
|----------------------------------|---------------|
| Core Scientific Inc              | 6.20%         |
| Corpay, Inc.                     | 5.58%         |
| GFL Environmental Inc            | 4.57%         |
| Cellnex Telecom S.A.             | 4.49%         |
| Greatland Resources Limited      | 4.20%         |
| AerCap Holdings NV               | 3.92%         |
| TKO Group Holdings, Inc. Class A | 3.15%         |
| Nexans SA                        | 3.13%         |
| Galaxy Digital Inc. Class A      | 3.02%         |
| Clean Harbors, Inc.              | 2.94%         |
| <b>Total</b>                     | <b>41.20%</b> |

#### Equity Exposure by Geography

|                |                |
|----------------|----------------|
| North America  | 66.07%         |
| Western Europe | 22.28%         |
| Pacific Rim    | 9.14%          |
| Cash           | 2.51%          |
| <b>Total</b>   | <b>100.00%</b> |

**Portfolio Composition**

**Investment Portfolio at 30 June 2025**

| EQUITIES                            | FAIR VALUE<br>(\$) |
|-------------------------------------|--------------------|
| Core Scientific Inc                 | 2,672,540          |
| Corpay Inc                          | 2,405,043          |
| GFL Environmental Inc               | 1,971,663          |
| Cellnex Telecom SAU                 | 1,934,951          |
| Greatland Resource Npv              | 1,811,706          |
| Aercap Holdings                     | 1,692,470          |
| TKO Group Holdings Inc              | 1,360,426          |
| NEXANS SA                           | 1,350,765          |
| Clean Harbors Inc                   | 1,269,929          |
| NEBIUS GROUP NV                     | 1,230,118          |
| Wheaton Precious Metals Corp        | 1,218,814          |
| Bureau Veritas SA                   | 1,216,091          |
| Itron Inc Com Npv                   | 1,158,931          |
| Curtiss Wright Corp                 | 1,125,674          |
| Advantest Corp                      | 1,100,145          |
| TELECOM ITALIA RSP                  | 1,069,000          |
| Kbr Inc Com Usd0.001                | 1,056,311          |
| Iron Mountain Inc                   | 1,055,046          |
| Tradeweb Markets Inc-Class A        | 1,027,604          |
| Galaxy Digital INC A                | 972,408            |
| AtkinsRealis Group Inc              | 958,064            |
| PTC INC                             | 931,980            |
| Resona Holdings Inc                 | 910,401            |
| Kodiak Gas Services Inc             | 901,003            |
| Aritzia Inc                         | 870,056            |
| Intercontinental Hotels Group       | 868,192            |
| Graphic Packaging Holding Company   | 803,158            |
| Warner Music Group Corp.            | 785,589            |
| Daifuku Co Ltd                      | 779,692            |
| RadNet Inc                          | 722,501            |
| HeidelbergCement AG                 | 714,502            |
| GDS Holdings Ltd-CI A               | 670,338            |
| Zillow Group Inc Class A            | 665,723            |
| Iris Energy Ltd                     | 662,525            |
| Vail Resorts Inc                    | 647,366            |
| Melrose Industries                  | 644,860            |
| SBI Holdings Inc                    | 478,228            |
| Galaxy Digital A US                 | 327,489            |
| <b>Total listed equities</b>        | <b>42,041,302</b>  |
| Forward currency exchange contracts | (1,964)            |
| <b>Total Portfolio</b>              | <b>42,039,338</b>  |

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 2025.

### 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 and is the Chairman of the Investment Committee of the Sisters of the Good Samaritan.

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**

Nil

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

Tissue Repair 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 and is currently a member of the investment committee for Ethical Investment Funds Management

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

Nil

##### **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 Chief Executive Officer of Birchal, Australia's leading Crowd Sourced Funding platform, providing access for retail and wholesale investors to invest in privately held companies through the Australian Crowd Sourced Funding regime. Prior to this role Kirstin was the Managing Director (NSW) at Techstars and 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.

**Information on directors (continued)**

**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 | 4                                    | 4                 |
| Mark Forstmann  | 4                                    | 4                 |
| Kirstin Hunter  | 4                                    | 4                 |

**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.

**Review of Operations**

The Company's investments during the year resulted in operating profit of \$7,046,822 (30 June 2024: loss of \$1,233,379) before tax and \$5,444,085 (30 June 2024: loss of \$950,349) after tax. This reflects the performance of the investment portfolio over the year as outlined below.

**Investment Returns**

|   | Returns Over the year<br>1 July 2024 to 30 June 2025 |        | Returns Since Inception<br>2 May 2017 to 30 June 2025 |        |
|---|--|--------|---|--------|
|   | Gross  | Net    | Gross   | Net    |
| Investment Portfolio                        | 23.44%   | 21.51% | 9.75%   | 8.38%  |
| MSCI All Countries Total Return Daily Index | 18.92%   | 18.38% | 13.26%  | 12.71% |
| Outperformance/(Underperformance)           | 4.52%  | 3.13%  | -3.51%  | -4.33% |

Gross return is before fees and taxes.

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

The following table presents the number of shares bought back since the commencement of the Company's buy back program.

| Date of announcement on ASX | Shares on issue | Maximum number of securities to be bought back | Period                           | Number of shares bought back during the period | Average price |
|-----------------------------|-----------------|--|----------------------------------|--|---------------|
| 18 April 2023               | 53,572,420      | 5,323,144                                      | 18 April 2023 to 18 October 2023 | 5,061,226                                      | 1.03          |
| 18 October 2023             | 48,926,716      | 10,174,837                                     | 19 October 2023 to 16 May 2024   | 10,174,387                                     | 1.04          |
| 17 May 2024                 | 38,885,472      | 8,145,379                                      | 17 May 2024 to 18 November 2024  | 2,395,065                                      | 1.00          |
| 18 November 2024            | 36,490,407      | 7,447,531                                      | 19 November 2024 to 30 June 2025 | 3,217,301                                      | 1.04          |

The Company's Net Tangible Asset Value (NTA) per share at the end of the financial year was \$1.2942 before tax and \$1.2474 after tax.

**Dividends Paid or Recommended**

No quarterly dividend has been declared during the year.

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 is within prudent business practices.

**Net Assets**

As at 30 June 2025, the net assets of the Company were \$41,506,418 (30 June 2024: \$41,341,534). 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 2025 and 21 August 2025, the Company has bought back a further 420,363 shares at an average price of \$1.1220.

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 2025, 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 2025 was \$140,000 (30 June 2024: \$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 2025 |                          | Short-term<br>employee<br>benefits<br>Cash salary | Post-<br>employment<br>benefits<br>Superannuation | Total          |
|---------------------------------|--------------------------|---|---|----------------|
| Director                        | Position                 | \$  | \$  | \$             |
| Jack Lowenstein                 | Non-Independent Chairman | 53,812  | 6,188   | 60,000         |
| Mark Forstmann                  | Independent Director     | 35,874  | 4,126   | 40,000         |
| Kirstin Hunter                  | Independent Director     | 35,874  | 4,126   | 40,000         |
|                                 |                          | <b>125,561</b>                                    | <b>14,440</b>                                     | <b>140,000</b> |

| For the year ended 30 June 2024 |                          | Short-term<br>employee<br>benefits<br>Cash salary | Post-<br>employment<br>benefits<br>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         |
|                                 |                          | <b>126,126</b>                                    | <b>13,874</b>                                     | <b>140,000</b> |

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

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

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

|  | 2025       | 2024       | 2023       | 2022*        |
|--|------------|------------|------------|--------------|
| Operating profit/(loss) after tax (\$) | 5,444,085  | (950,349)  | 7,558,999  | (11,321,636) |
| Dividends (cents per share)            | -          | 12.0       | 6.0        | 4.5**        |
| Share price (\$ per share)             | 1.090      | 0.980      | 1.010      | 1.000        |
| NTA after tax (\$ per share)           | 1.2474     | 1.0765     | 1.1905     | 1.1062       |
| Total Directors remuneration (\$)      | 140,000    | 140,000    | 140,000    | 105,000      |
| Shareholders equity (\$)               | 41,506,418 | 41,341,534 | 62,648,121 | 58,963,827   |

\*2022 reflects a nine-month transition period.

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

**Remuneration Report (Audited)**

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<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|---|----------------------------------|----------------------------------|
| Management fees expense during the year | 521,208                          | 636,804                          |
| Management fees payable at year end     | 44,025                           | 43,677                           |

There were no performance fees earned or paid during the year (30 June 2024: 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 2025**

| Director        | Opening balance | Acquisitions | Disposals | Number of shares |
|-----------------|-----------------|--------------|-----------|------------------|
| Jack Lowenstein | 900,938         | -            | -         | 900,938          |
| Mark Forstmann  | 27,439          | -            | -         | 27,439           |
| Kirstin Hunter  | -               | -            | -         | -                |

There has been no movement in the equity instruments held by Directors between 30 June 2025 and the date of the Director's report.

As at 30 June 2025, there were no outstanding options or issued during the year.

**Shares as at 30 June 2024**

| Director        | Opening balance | Acquisitions | Disposals | Number of shares |
|-----------------|-----------------|--------------|-----------|------------------|
| Jack Lowenstein | 862,080         | 38,858       | -         | 900,938          |
| Mark Forstmann  | 94,241          | 3,198        | (70,000)  | 27,439           |
| Kirstin Hunter  | -               | -            | -         | -                |

As at 30 June 2024, 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 12.

Signed in accordance with a resolution of the directors.



Jack Lowenstein  
Chairman  
Morphic Ethical Equities Fund Limited

Sydney, 22 August 2025



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

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

**Shape the future  
with confidence**

## 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 2025, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Rita Da Silva  
Partner  
22 August 2025

**Statement of Profit or Loss and Other Comprehensive Income**

|  | Note   | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|--|--------|----------------------------------|----------------------------------|
| <b>Investment income</b>   |        |                                  |                                  |
| Interest income on financial assets at amortised cost                            |        | 107,785                          | 117,833                          |
| Dividend income  |        | 326,041                          | 322,810                          |
| Net gains/(losses) on financial instruments at fair value through profit or loss |        | 7,936,612                        | (803)                            |
| Net gains/(losses) on foreign exchange   |        | (29,966)                         | (253,740)                        |
| <b>Net Investment income/(loss)</b>  |        | <b>8,340,472</b>                 | <b>186,100</b>                   |
| <b>Expenses</b>  |        |                                  |                                  |
| Audit and tax  | 11     | 67,452                           | 64,900                           |
| Administration fees  |        | 96,804                           | 88,485                           |
| Directors' fees  | 13 (b) | 140,000                          | 140,000                          |
| Management fees  | 13 (a) | 521,208                          | 636,804                          |
| Transaction costs  |        | 142,919                          | 130,139                          |
| Withholding tax expense  |        | 137,797                          | 55,620                           |
| Other expense  |        | 187,470                          | 303,531                          |
| <b>Total expenses</b>  |        | <b>1,293,650</b>                 | <b>1,419,479</b>                 |
| <b>Profit/(Loss) for the year before income tax expense</b>                      |        | <b>7,046,822</b>                 | <b>(1,233,379)</b>               |
| Income tax expense/(benefit)   | 4(a)   | 1,602,737                        | (283,030)                        |
| <b>Profit/(Loss) for the year</b>  |        | <b>5,444,085</b>                 | <b>(950,349)</b>                 |
| Other comprehensive income   |        | -                                | -                                |
| <b>Total comprehensive income/(loss) for the year</b>                            |        | <b>5,444,085</b>                 | <b>(950,349)</b>                 |
| <b>Basic earnings/(losses) per share</b>   | 5      | <b>15.12 cents</b>               | <b>(2.06) cents</b>              |
| <b>Diluted earnings/(losses) per share</b>                                       | 5      | <b>15.12 cents</b>               | <b>(2.06) cents</b>              |

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

Statement of Financial Position

|  | Note  | As at<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|--|-------|-----------------------------|-----------------------------|
| <b>Assets</b>  |       |                             |                             |
| <b>Current assets</b>                                      |       |                             |                             |
| Cash and cash equivalents                                  | 12(a) | 88,394                      | 1,777,132                   |
| Receivables  |       | 44,944                      | 26,092                      |
| Prepayments  |       | 41,732                      | 45,936                      |
| Due from brokers   |       | 1,924,855                   | 1,804,013                   |
| Financial assets at fair value through profit or loss      | 6     | 42,041,302                  | 37,656,880                  |
| Current tax asset  |       | 115,284                     | 305,000                     |
| <b>Total current assets</b>                                |       | <b>44,256,511</b>           | <b>41,615,053</b>           |
| <b>Non-current assets</b>                                  |       |                             |                             |
| Net deferred tax asset                                     | 4(b)  | -                           | -                           |
| <b>Total non-current assets</b>                            |       | <b>-</b>                    | <b>-</b>                    |
| <b>Total assets</b>  |       | <b>44,256,511</b>           | <b>41,615,053</b>           |
| <b>Liabilities</b>   |       |                             |                             |
| <b>Current liabilities</b>                                 |       |                             |                             |
| Due to brokers   |       | 994,293                     | 120                         |
| Payables   |       | 82,639                      | 204,939                     |
| Financial liabilities at fair value through profit or loss | 6     | 1,964                       | -                           |
| <b>Total current liabilities</b>                           |       | <b>1,078,896</b>            | <b>205,059</b>              |
| <b>Non-current liabilities</b>                             |       |                             |                             |
| Net deferred tax liability                                 | 4(b)  | 1,671,197                   | 68,460                      |
| <b>Total non-current liabilities</b>                       |       | <b>1,671,197</b>            | <b>68,460</b>               |
| <b>Total liabilities</b>                                   |       | <b>2,750,093</b>            | <b>273,519</b>              |
| <b>Net assets</b>  |       | <b>41,506,418</b>           | <b>41,341,534</b>           |
| <b>Equity</b>  |       |                             |                             |
| Issued capital   | 9     | 35,445,700                  | 40,724,901                  |
| Accumulated losses   | 10(a) | (20,451,191)                | (20,451,191)                |
| Profits reserve  | 10(b) | 26,511,909                  | 21,067,824                  |
| <b>Total equity</b>  |       | <b>41,506,418</b>           | <b>41,341,534</b>           |

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

Statement of Changes in Equity

|   | Note     | Issued capital<br>\$ | Accumulated<br>losses<br>\$ | Profits reserve<br>\$ | Total equity<br>\$  |
|---|----------|----------------------|-----------------------------|-----------------------|---------------------|
| <b>Balance at 30 June 2023</b>                              |          | <b>55,533,828</b>    | <b>(18,043,839)</b>         | <b>25,158,132</b>     | <b>62,648,121</b>   |
| Loss for the year   |          | -                    | (950,349)                   | -                     | (950,349)           |
| <b>Total comprehensive income for the year</b>              |          | <b>-</b>             | <b>(950,349)</b>            | <b>-</b>              | <b>(950,349)</b>    |
| <b>Other</b>  |          |                      |                             |                       |                     |
| Transfer to profits reserve                                 | 10(a)(b) | -                    | (1,457,003)                 | 1,457,003             | -                   |
|   |          | -                    | (1,457,003)                 | 1,457,003             | -                   |
| <b>Transactions with owners in their capacity as owners</b> |          |                      |                             |                       |                     |
| Shares issued during the year                               | 9        | 425,355              | -                           | -                     | 425,355             |
| Shares acquired under buy-back                              | 9        | (15,234,282)         | -                           | -                     | (15,234,282)        |
| Dividends provided for or paid                              | 15(a)    | -                    | -                           | (5,547,311)           | (5,547,311)         |
|   |          | <b>(14,808,927)</b>  | <b>-</b>                    | <b>(5,547,311)</b>    | <b>(20,356,238)</b> |
| <b>Balance at 30 June 2024</b>                              |          | <b>40,724,901</b>    | <b>(20,451,191)</b>         | <b>21,067,824</b>     | <b>41,341,534</b>   |
| Profit for the year   |          | -                    | 5,444,085                   | -                     | 5,444,085           |
| <b>Total comprehensive income for the year</b>              |          | <b>-</b>             | <b>5,444,085</b>            | <b>-</b>              | <b>5,444,085</b>    |
| <b>Other</b>  |          |                      |                             |                       |                     |
| Transfer to profits reserve                                 | 10(a)(b) | -                    | (5,444,085)                 | 5,444,085             | -                   |
|   |          | -                    | (5,444,085)                 | 5,444,085             | -                   |
| <b>Transactions with owners in their capacity as owners</b> |          |                      |                             |                       |                     |
| Shares acquired under buy-back                              | 9        | (5,279,201)          | -                           | -                     | (5,279,201)         |
|   |          | <b>(5,279,201)</b>   | <b>-</b>                    | <b>-</b>              | <b>(5,279,201)</b>  |
| <b>Balance at 30 June 2025</b>                              |          | <b>35,445,700</b>    | <b>(20,451,191)</b>         | <b>26,511,909</b>     | <b>41,506,418</b>   |

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

**Statement of Cash Flows**

|   | Note  | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|---|-------|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>   |       |                                  |                                  |
| Proceeds from sale of financial instruments at fair value through profit or loss    |       | 45,996,404                       | 52,137,230                       |
| Payments for purchase of financial instruments at fair value through profit or loss |       | (42,440,133)                     | (34,624,423)                     |
| Dividends received  |       | 306,205                          | 345,316                          |
| Interest received   |       | 107,785                          | 117,833                          |
| Amount received from brokers for collateral   |       | 848,249                          | 4,567,150                        |
| Management fees paid  |       | (520,860)                        | (657,213)                        |
| Directors' fees paid  |       | (140,000)                        | (140,000)                        |
| Withholding tax paid  |       | (137,797)                        | (55,620)                         |
| Other operating expenses paid   |       | (382,085)                        | (409,354)                        |
| Transaction costs paid  |       | (142,919)                        | (122,936)                        |
| Income tax refund   |       | 189,716                          | 473,307                          |
| <b>Net cash inflow/(outflow) from operating activities</b>                          | 12(b) | <b>3,684,565</b>                 | <b>21,631,290</b>                |
| <b>Cash flows from financing activities</b>   |       |                                  |                                  |
| Payments for shares repurchased through buy-back                                    |       | (5,366,302)                      | (15,364,877)                     |
| Dividends paid net of dividend reinvestment   |       | -                                | (5,121,956)                      |
| <b>Net cash inflow/(outflow) from financing activities</b>                          |       | <b>(5,366,302)</b>               | <b>(20,486,833)</b>              |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                         |       |                                  |                                  |
| Effect of exchange rate fluctuations on cash and cash equivalents                   |       | (1,681,737)                      | 1,144,457                        |
| Cash and cash equivalents at beginning of the financial year                        |       | (7,001)                          | (51,606)                         |
|   |       | 1,777,132                        | 684,281                          |
| <b>Cash and cash equivalents at end of the financial year</b>                       | 12(a) | <b>88,394</b>                    | <b>1,777,132</b>                 |
| <b>Non-cash financing activities</b>  |       |                                  |                                  |
| Ordinary shares issued under dividend reinvestment plan                             | 12(c) | -                                | 425,355                          |

*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 2025, and were authorised for issue by the Directors on 22 August 2025.

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.

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.

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

### (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 income 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.

### (i) Margin accounts

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

### (j) Receivables

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

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

### (k) Payables

These amounts represent liabilities for amounts owing by the Company at 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).

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

### (n) Profit Reserve

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

### (o) Issued capital

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

### (p) Earnings per share

#### i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial 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

There are no new accounting standards and interpretations that have been published and have been adopted for the 30 June 2025 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 has 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)

AASB 18 was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual years beginning on or after 1 January 2027 and will apply to the Company for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the statement of comprehensive income and statement of financial position line items are presented as well as some additional disclosures in the notes to the financial statements. The Management is in the process of assessing the impact of the new standard.

Certain amendments to accounting standards have been published that are not mandatory for the 30 June 2025 reporting year and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Fund in the current or future reporting years and on foreseeable future transactions.

Other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025, 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.

## 2. Financial risk management (continued)

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

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

The portfolio excludes direct investments in entities involved in environmental destruction, including coal and uranium mining, oil and gas, intensive animal farming and aquaculture, tobacco and alcohol, armaments, gambling and rainforest and old growth logging. A minimum of 5% of the portfolio will be invested in the Securities of entities that the Manager believes are working to make a positive future for the world we live in.

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

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

### (b) Credit risk

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

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

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

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

The majority of the Company's cash and broker balances are held with financial institutions that have a Standard and Poor's credit rating of A-. The maturities are within three months. The weighted average interest rate of the Company's due from broker at 30 June 2025 is 1.45% (30 June 2024: 1.10%).

### (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.

|   | Less than<br>1 month<br>\$ | 1-6 months<br>\$ | 6-12 months<br>\$ | Over 12 months<br>\$ | Total<br>\$      |
|---|----------------------------|------------------|-------------------|----------------------|------------------|
| <b>As at 30 June 2025</b>   |                            |                  |                   |                      |                  |
| Due to brokers  | 994,293                    | -                | -                 | -                    | 994,293          |
| Payables  | 82,639                     | -                | -                 | -                    | 82,639           |
| <b>Contractual cash flows (excluding gross settled derivatives)</b> | <b>1,076,932</b>           | -                | -                 | -                    | <b>1,076,932</b> |
| <b>As at 30 June 2024</b>   |                            |                  |                   |                      |                  |
| Due to brokers  | 120                        | -                | -                 | -                    | 120              |
| Payables  | 204,939                    | -                | -                 | -                    | 204,939          |
| <b>Contractual cash flows (excluding gross settled derivatives)</b> | <b>205,059</b>             | -                | -                 | -                    | <b>205,059</b>   |

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

|                                     | Less than<br>1 month<br>\$ | 1-6 months<br>\$ | 6-12 months<br>\$ | Over 12 months<br>\$ | Total<br>\$    |
|-------------------------------------|----------------------------|------------------|-------------------|----------------------|----------------|
| <b>As at 30 June 2025</b>           |                            |                  |                   |                      |                |
| Forward currency exchange contracts | (1,964)                    | -                | -                 | -                    | (1,964)        |
| <b>Total</b>                        | <b>(1,964)</b>             | -                | -                 | -                    | <b>(1,964)</b> |

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

### (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; and
- 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.

## 2. Financial risk management (continued)

### (d) Market risk (continued)

#### (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 22.

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 2025   | Weighted Average<br>Effective Interest<br>Rate<br>% | Floating<br>Interest Rate<br>\$ | Fixed Interest Rate<br>\$ | Non-Interest<br>Bearing<br>\$ | Total<br>\$       |
|--|---|---------------------------------|---------------------------|-------------------------------|-------------------|
| <b>Financial Assets</b>                                    |   |                                 |                           |                               |                   |
| Cash and cash equivalents                                  |   | -                               | -                         | 88,394                        | 88,394            |
| Receivables  |   | -                               | -                         | 44,944                        | 44,944            |
| Prepayments  |   | -                               | -                         | 41,732                        | 41,732            |
| Due from brokers   | 1.45%   | 740,700                         | -                         | 1,184,155                     | 1,924,855         |
| Financial assets at fair value through profit or loss      |   | -                               | -                         | 42,041,302                    | 42,041,302        |
| <b>Total Financial Assets</b>                              |   | <b>740,700</b>                  | <b>-</b>                  | <b>43,400,527</b>             | <b>44,141,227</b> |
| <b>Financial Liabilities</b>                               |   |                                 |                           |                               |                   |
| Due to brokers   | -   | -                               | -                         | 994,293                       | 994,293           |
| Payables   |   | -                               | -                         | 82,639                        | 82,639            |
| Financial liabilities at fair value through profit or loss |   | -                               | -                         | 1,964                         | 1,964             |
| <b>Total Financial Liabilities</b>                         |   | <b>-</b>                        | <b>-</b>                  | <b>1,078,896</b>              | <b>1,078,896</b>  |

| As at 30 June 2024                                    | Weighted Average<br>Effective Interest<br>Rate<br>% | Floating<br>Interest Rate<br>\$ | Fixed Interest Rate<br>\$ | Non-Interest<br>Bearing<br>\$ | Total<br>\$       |
|---|---|---------------------------------|---------------------------|-------------------------------|-------------------|
| <b>Financial Assets</b>                               |   |                                 |                           |                               |                   |
| 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        |
| <b>Total Financial Assets</b>                         |   | <b>800,807</b>                  | <b>-</b>                  | <b>40,509,246</b>             | <b>41,310,053</b> |
| <b>Financial Liabilities</b>                          |   |                                 |                           |                               |                   |
| Due to brokers  | -   | -                               | -                         | 120                           | 120               |
| Payables  |   | -                               | -                         | 204,939                       | 204,939           |
| <b>Total Financial Liabilities</b>                    |   | <b>-</b>                        | <b>-</b>                  | <b>205,059</b>                | <b>205,059</b>    |

#### (ii) Other Price Risk

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

#### (iii) Foreign currency risk

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

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

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

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

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

#### As at 30 June 2025

|   | USD<br>\$         | JPY<br>\$        | EURO<br>\$       | CAD<br>\$        | Other<br>Currencies<br>\$ | Total<br>\$       |
|---|-------------------|------------------|------------------|------------------|---------------------------|-------------------|
| Receivables   | 25,603            | 6,702            | -                | -                | -                         | 32,305            |
| Due from brokers                                      | 740,700           | 22,826           | -                | 830,271          | 12,349                    | 1,606,146         |
| Financial assets at fair value through profit or loss | 24,473,090        | 3,268,466        | 6,285,308        | 4,019,341        | 2,183,391                 | 40,229,596        |
| Due to brokers  | -                 | -                | (994,293)        | -                | -                         | (994,293)         |
|   | <b>25,239,393</b> | <b>3,297,994</b> | <b>5,291,015</b> | <b>4,849,612</b> | <b>2,195,740</b>          | <b>40,873,754</b> |
| Net fair value of foreign currency forward contracts  | -                 | -                | (1,393)          | (571)            | -                         | (1,964)           |
| <b>Net fair value</b>                                 | <b>25,239,393</b> | <b>3,297,994</b> | <b>5,289,622</b> | <b>4,849,041</b> | <b>2,195,740</b>          | <b>40,871,790</b> |

## 2. Financial risk management (continued)

### (d) Market risk (continued)

#### (iii) Foreign currency risk (continued)

As at 30 June 2024

|   | USD<br>\$         | JPY<br>¥         | EURO<br>€        | CAD<br>\$        | Other<br>Currencies<br>\$ | Total<br>\$       |
|---|-------------------|------------------|------------------|------------------|---------------------------|-------------------|
| Receivables   | 12,469            | -                | -                | -                | -                         | 12,469            |
| Due from brokers                                      | 800,807           | 185,649          | 1,067            | -                | 26,442                    | 1,013,965         |
| Financial assets at fair value through profit or loss | 26,963,342        | 2,889,359        | 5,619,292        | 1,375,571        | 809,316                   | 37,656,880        |
| Due to brokers  | -                 | -                | -                | -                | (120)                     | (120)             |
|   | <b>27,776,618</b> | <b>3,075,008</b> | <b>5,620,359</b> | <b>1,375,571</b> | <b>835,638</b>            | <b>38,683,194</b> |
| Net fair value of foreign currency forward contracts  | -                 | -                | -                | -                | -                         | -                 |
| <b>Net fair value</b>                                 | <b>27,776,618</b> | <b>3,075,008</b> | <b>5,620,359</b> | <b>1,375,571</b> | <b>835,638</b>            | <b>38,683,194</b> |

#### (iv) Sensitivity analysis

The following table shows the sensitivity of the Company's operating profit/(loss) and equity 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<br>Impact on operating profit or loss and equity            |           | Interest rate risk<br>Impact on operating profit or loss and equity |          |                        |         |
|--------------|--|-----------|---|----------|------------------------|---------|
|              | -10%   | +10%      | -100 bps  | +100 bps |                        |         |
| 30 June 2025 | (4,203,934)  | 4,203,934 | (107)   | 107      |                        |         |
| 30 June 2024 | (3,765,688)  | 3,765,688 | (88)  | 88       |                        |         |
|              | Foreign exchange risk<br>Impact on operating profit or loss and equity |           |   |          |                        |         |
|              | USD<br>\$  |           | JPY<br>¥  |          | EURO<br>€              |         |
| 30 June 2025 | -10%   | +10%      | -10%  | +10%     | -10%                   | +10%    |
|              | (2,523,939)  | 2,523,939 | (329,799)   | 329,799  | (528,962)              | 528,962 |
|              |  |           | CAD<br>\$   |          | Other currencies<br>\$ |         |
|              |  |           | -10%  | +10%     | -10%                   | +10%    |
| 30 June 2025 |  |           | (484,904)   | 484,904  | (219,573)              | 219,573 |
|              | USD<br>\$  |           | JPY<br>¥  |          | EURO<br>€              |         |
|              | -10%   | +10%      | -10%  | +10%     | -10%                   | +10%    |
| 30 June 2024 | (2,777,662)  | 2,777,662 | (307,501)   | 307,501  | (562,036)              | 562,036 |
|              |  |           | CAD<br>\$   |          | Other currencies<br>\$ |         |
|              |  |           | -10%  | +10%     | -10%                   | +10%    |
| 30 June 2024 |  |           | (137,557)   | 137,557  | (83,440)               | 83,440  |

## 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 and prior reporting period.

#### Fair value hierarchy

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

Level 1 - measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability; and

Level 3 - measurements based on unobservable inputs from the asset or liability.

### 3. Fair value measurement (continued)

(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 2025 and 30 June 2024.

|   | Level 1<br>\$     | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$       |
|---|-------------------|---------------|---------------|-------------------|
| <b>As at 30 June 2025</b>   |                   |               |               |                   |
| <b>Financial assets</b>   |                   |               |               |                   |
| Listed equities   | 42,041,302        | -             | -             | 42,041,302        |
| <b>Total financial assets at fair value through profit or loss</b>      | <b>42,041,302</b> | -             | -             | <b>42,041,302</b> |
| <b>Financial liabilities</b>  |                   |               |               |                   |
| <b>Derivatives</b>  |                   |               |               |                   |
| Forward currency exchange contracts                                     | -                 | 1,964         | -             | 1,964             |
| <b>Total financial liabilities at fair value through profit or loss</b> | -                 | <b>1,964</b>  | -             | <b>1,964</b>      |
| <b>As at 30 June 2024</b>   |                   |               |               |                   |
| <b>Financial assets</b>   |                   |               |               |                   |
| Listed equities   | 37,656,880        | -             | -             | 37,656,880        |
| <b>Total financial assets at fair value through profit or loss</b>      | <b>37,656,880</b> | -             | -             | <b>37,656,880</b> |

(ii) *Transfer between levels*

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2024: nil).

(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<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|--|-----------------------------|-----------------------------|
| <b>(a) Numerical reconciliation of income tax expense/(benefit)</b>  |                             |                             |
| Prima facie tax payable on profit/(loss) before income tax at 25% (FY24: 30%)  | 1,761,706                   | (370,014)                   |
| Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:                                 |                             |                             |
| Withholding tax on dividends received  | 34,450                      | 16,686                      |
| Foreign income tax offset (FITO)   | (137,798)                   | -                           |
| Tax effect on income tax rate change to 25% (FY24: 30%)  | (55,621)                    | 70,298                      |
| Income tax expense/(benefit)   | <b>1,602,737</b>            | <b>(283,030)</b>            |
| Applicable weighted average effective tax rate   | 22.7%                       | 22.9%                       |
| The income tax expense/(benefit) results from movement in a:   |                             |                             |
| Deferred tax asset   | 356,536                     | 766,452                     |
| Deferred tax liability   | 1,246,201                   | (1,049,482)                 |
| Income tax expense/(benefit)   | <b>1,602,737</b>            | <b>(283,030)</b>            |
| <b>(b) Deferred taxes</b>  |                             |                             |
| <b>Deferred tax liabilities</b>  |                             |                             |
| Deferred income tax comprises the estimated tax payable at the current income tax rate of 25% (FY24: 30%) on the following items:    |                             |                             |
| Tax on unrealised gains on investment portfolio  | (1,745,644)                 | (496,555)                   |
| Other  | (1,653)                     | (4,541)                     |
| <b>Deferred tax liabilities</b>  | <b>(1,747,297)</b>          | <b>(501,096)</b>            |
| <b>Movements:</b>  |                             |                             |
| Opening balance  | (501,096)                   | (1,550,578)                 |
| Adjust opening balance to change in corporate tax rate from 30% to 25% (FY24: 25% to 30%)  | 83,516                      | (310,116)                   |
| Charged / credited to profit or loss   | (1,329,717)                 | 1,359,598                   |
| <b>Closing balance</b>   | <b>(1,747,297)</b>          | <b>(501,096)</b>            |
| <b>Deferred tax assets</b>   |                             |                             |
| Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 25% (FY24: 30%) on the following items: |                             |                             |
| Tax losses   | 76,100                      | 392,996                     |
| Other  | -                           | 39,640                      |
| <b>Deferred tax assets</b>   | <b>76,100</b>               | <b>432,636</b>              |
| <b>Movements:</b>  |                             |                             |
| Opening balance  | 432,636                     | 1,199,088                   |
| Adjust opening balance to change in corporate tax rate from 30% to 25% (FY24: 25% to 30%)  | (72,106)                    | 239,818                     |
| Charged / credited to profit or loss   | (284,430)                   | (1,006,270)                 |
| <b>Closing balance</b>   | <b>76,100</b>               | <b>432,636</b>              |
| <b>Net deferred tax assets/(liabilities)</b>   | <b>(1,671,197)</b>          | <b>(68,460)</b>             |

For personal use only

## 5. Earnings/(losses) per share

|  | As at<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|--|-----------------------------|-----------------------------|
| <b>Basic earnings/(losses) per share</b>   | <b>15.12 cents</b>          | <b>(2.06) cents</b>         |
| <b>Diluted earnings/(losses) per share</b>   | <b>15.12 cents</b>          | <b>(2.06) cents</b>         |
| Profit/(loss) used in calculating basic earnings per share                                     | 5,444,085                   | (950,349)                   |
| Profit/(loss) used in calculating diluted earnings per share                                   | 5,444,085                   | (950,349)                   |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 36,014,431                  | 46,126,366                  |
| Weighted average number of shares used in the calculation of diluted earnings per share        | 36,014,431                  | 46,126,366                  |

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. Financial instruments at fair value through profit or loss

|   | As at<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|---|-----------------------------|-----------------------------|
| <b>Financial assets</b>   |                             |                             |
| Listed equities   | 42,041,302                  | 37,656,880                  |
| <b>Total financial assets at fair value through profit or loss</b>      | <b>42,041,302</b>           | <b>37,656,880</b>           |
| <b>Financial liabilities</b>  |                             |                             |
| <b>Derivatives</b>  |                             |                             |
| Forward currency exchange contracts                                     | 1,964                       | -                           |
| <b>Total financial liabilities at fair value through profit or loss</b> | <b>1,964</b>                | <b>-</b>                    |

## 7. 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.

The Company's derivative financial instruments at 30 June 2025 are detailed below.

### As at 30 June 2025

|                                     | Contractual/<br>notional<br>value<br>\$ | Fair values<br>Assets<br>\$ | (Liabilities)<br>\$ |
|-------------------------------------|---|-----------------------------|---------------------|
| Forward currency exchange contracts | 1,825,396                               | -                           | 1,964               |
|                                     | <b>1,825,396</b>                        | <b>-</b>                    | <b>1,964</b>        |

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

## 8. 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<br>\$                  | Gross amounts set off in the statement of financial position<br>\$ | Net amount of financial assets/(liabilities) presented in the statement of financial position<br>\$ | Amounts subject to master netting arrangement<br>\$ | Net amount<br>\$ |
| <b>As at 30 June 2025</b>    |  |  |   |   |                  |
| <b>Financial assets</b>      |  |  |   |   |                  |
| <b>Derivatives</b>           |  |  |   |   |                  |
| Forward currency contracts   | -  | -  | -   | -   | -                |
| <b>Total</b>                 | -  | -  | -   | -   | -                |
| <b>Financial liabilities</b> |  |  |   |   |                  |
| <b>Derivatives</b>           |  |  |   |   |                  |
| Forward currency contracts   | (1,964)  | -  | (1,964)   | -   | (1,964)          |
| <b>Total</b>                 | <b>(1,964)</b>   | -  | <b>(1,964)</b>  | -   | <b>(1,964)</b>   |

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.

## 9. 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<br>30 June 2025 |                   | Year ended<br>30 June 2024 |                   |
|---|----------------------------|-------------------|----------------------------|-------------------|
|   | Shares                     | \$                | Shares                     | \$                |
| <b>Movements in ordinary share capital</b>              |                            |                   |                            |                   |
| Opening balance   | 38,405,218                 | 40,724,901        | 52,625,205                 | 55,533,828        |
| Ordinary shares issued under dividend reinvestment plan | -                          | -                 | 423,342                    | 425,355           |
| Ordinary shares acquired under buy-back                 | (5,132,112)                | (5,279,201)       | (14,643,329)               | (15,234,282)      |
| <b>Closing balance</b>                                  | <b>33,273,106</b>          | <b>35,445,700</b> | <b>38,405,218</b>          | <b>40,724,901</b> |

The following table presents the number of shares bought back since the commencement of the Company's buy back program.

| Date of announcement on ASX | Shares on issue | Maximum number of securities to be bought back | Period                           | Number of shares bought back during the period | Average price |
|-----------------------------|-----------------|--|----------------------------------|--|---------------|
| 18 April 2023               | 53,572,420      | 5,323,144                                      | 18 April 2023 to 18 October 2023 | 5,061,226                                      | 1.03          |
| 18 October 2023             | 48,926,716      | 10,174,837                                     | 19 October 2023 to 16 May 2024   | 10,174,387                                     | 1.04          |
| 17 May 2024                 | 38,885,472      | 8,145,379                                      | 17 May 2024 to 18 November 2024  | 2,395,065                                      | 1.00          |
| 18 November 2024            | 36,490,407      | 7,447,531                                      | 19 November 2024 to 30 June 2025 | 3,217,301                                      | 1.04          |

## 10. Reserves and accumulated losses

|  | As at<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|--|-----------------------------|-----------------------------|
| <b>(a) Accumulated losses</b>  |                             |                             |
| Balance at the beginning of the year   | (20,451,191)                | (18,043,839)                |
| Net profit/(loss) attributable to members of the Company   | 5,444,085                   | (950,349)                   |
| Transfer to profit reserve   | (5,444,085)                 | (1,457,003)                 |
| <b>Balance</b>   | <b>(20,451,191)</b>         | <b>(20,451,191)</b>         |
| <b>(b) Profits reserve</b>   |                             |                             |
| The reserve is made of amounts transferred from current profits that are preserved for future dividend payments. |                             |                             |
| Balance at the beginning of the year   | 21,067,824                  | 25,158,132                  |
| Transfer of profits during the year  | 5,444,085                   | 1,457,003                   |
| Dividends provided for or paid   | -                           | (5,547,311)                 |
| <b>Balance</b>   | <b>26,511,909</b>           | <b>21,067,824</b>           |

## 11. 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<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|--|----------------------------------|----------------------------------|
| <b>Ernst &amp; Young</b>                       |                                  |                                  |
| Audit and other assurance services             | 62,920                           | 60,500                           |
| Taxation Services                              | 4,532                            | 4,400                            |
| <b>Total Audit and taxation services</b>       | <b>67,452</b>                    | <b>64,900</b>                    |
| Other consulting and advisory services         | -                                | -                                |
| <b>Total remuneration of Ernst &amp; Young</b> | <b>67,452</b>                    | <b>64,900</b>                    |

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

## 12. Cash flow information

|   | As at<br>30 June 2025<br>\$ | As at<br>30 June 2024<br>\$ |
|---|-----------------------------|-----------------------------|
| <b>(a) Components of cash and cash equivalents</b>  |                             |                             |
| 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  | 88,394                      | 1,777,132                   |
|   | <b>88,394</b>               | <b>1,777,132</b>            |

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

|   | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|---|----------------------------------|----------------------------------|
| Profit/(loss) attributable to members of the Company                                | 5,444,085                        | (950,349)                        |
| Proceeds from sale of financial instruments at fair value through profit or loss    | 45,996,404                       | 52,137,230                       |
| Payments for purchase of financial instruments at fair value through profit or loss | (42,440,133)                     | (34,624,423)                     |
| Net (gains)/losses on financial instruments at fair value through profit or loss    | (7,936,612)                      | 803                              |
| Net (gains)/losses on foreign exchange  | 29,966                           | 253,740                          |
| Amount received from brokers for collateral   | 848,249                          | 4,567,150                        |
| Net change in prepayments   | 4,204                            | 25,903                           |
| Net change in receivables   | (18,852)                         | 30,818                           |
| Increase/(decrease) in deferred tax liabilities                                     | 1,602,737                        | (283,030)                        |
| (Increase)/decrease in current tax assets   | 189,716                          | 473,307                          |
| Net change in payables  | (35,199)                         | 141                              |
| <b>Net cash inflow/(outflow) from operating activities</b>                          | <b>3,684,565</b>                 | <b>21,631,290</b>                |

### (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 |
|--|---|---------|

## 13. 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% (30 June 2024: 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% (30 June 2024: 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 and payable to the Manager during the year and as at year-end were as follows:

|  | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|--|----------------------------------|----------------------------------|
| Management fees paid and payable during the year | 521,208                          | 636,804                          |
| Management fees payable at year end              | 44,025                           | 43,677                           |

There were no performance fees earned or paid during the year (30 June 2024: nil).

### 13. Related party transactions (continued)

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

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

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

|                                     | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|-------------------------------------|----------------------------------|----------------------------------|
| Cash salary, fees and commissions   | 125,561                          | 126,126                          |
| <b>Short-term employee benefits</b> | <b>125,561</b>                   | <b>126,126</b>                   |
| Superannuation                      | 14,440                           | 13,874                           |
| <b>Post-employment benefits</b>     | <b>14,440</b>                    | <b>13,874</b>                    |
| <b>Total employment benefits</b>    | <b>140,000</b>                   | <b>140,000</b>                   |

#### (c) Shareholdings

| 2025                   | Opening balance | Acquisitions | Disposals | Balance at<br>30 June 2025 |
|------------------------|-----------------|--------------|-----------|----------------------------|
| <b>Ordinary Shares</b> |                 |              |           |                            |
| Jack Lowenstein        | 900,938         | -            | -         | 900,938                    |
| Mark Forstmann         | 27,439          | -            | -         | 27,439                     |
| Kirstin Hunter         | -               | -            | -         | -                          |
|                        |                 |              |           |                            |
| 2024                   | Opening balance | Acquisitions | Disposals | Balance at<br>30 June 2024 |
| <b>Ordinary Shares</b> |                 |              |           |                            |
| Jack Lowenstein        | 862,080         | 38,858       | -         | 900,938                    |
| Mark Forstmann         | 94,241          | 3,198        | (70,000)  | 27,439                     |
| Kirstin Hunter         | -               | -            | -         | -                          |

#### (d) Options to acquire shares

There were no options acquired or disposed during the year ended 30 June 2025 and 30 June 2024.

### 14. Contingent liabilities and commitments

As at 30 June 2025 and 30 June 2024, the Company had no contingent liabilities or commitments.

### 15. Dividends

|  | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
|--|----------------------------------|----------------------------------|
| <b>(a) Dividends paid in the current year</b>  |                                  |                                  |
| 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                          |
|  | -                                | <b>5,547,311</b>                 |
|  |                                  |                                  |
|  | Year ended<br>30 June 2025<br>\$ | Year ended<br>30 June 2024<br>\$ |
| <b>(b) Dividend franking account</b>   |                                  |                                  |
| Opening balance of franking account  | 26,652                           | 1,875,944                        |
| Franking credits on dividends paid   | -                                | (1,849,289)                      |
| Tax payments made  | 115,284                          | 304,997                          |
| Tax refundable   | (115,284)                        | (305,000)                        |
| Closing balance of franking account  | <b>26,652</b>                    | <b>26,652</b>                    |

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

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

**16. 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 Financial instruments at fair value through profit or loss, and Note 3 Fair Value Measurement.

**17. Events subsequent to reporting date**

Between 1 July 2025 and 21 August 2025, the Company has bought back a further 420,363 shares at an average price of \$1.1220.

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.

For personal use only

**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.

For personal use only

## 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 2025 and performance of the Company, for the year ended 30 June 2025;
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated on Note 1(b) of the financial statements;
- (d) The Directors have been given the declarations required by S.295A of the *Corporations Act 2001*;
- (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, 22 August 2025



**Shape the future  
with confidence**

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

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

## 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 2025, 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 2025 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.

For personal use only

**Shape the future  
with confidence**

### Investment existence and valuation

| Why significant   | How our audit addressed the key audit matter  |
|---|---|
| <p>The Company has a significant investment portfolio consisting primarily of listed equity securities. As at 30 June 2025, the value of these financial assets was \$42,041,302, which represented 95% of the total assets of the Company.</p> <p>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 requirement of Australian Accounting Standards.</p> <p>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.</p> | <p>Our audit procedures included the following:</p> <p>We assessed the effectiveness of the controls relating to the existence and valuation of investments.</p> <p>We obtained and assessed the assurance report on the controls of the Company's administrator, in relation to the administration services for the year ended 30 June 2025 and assessed the auditor's qualifications, competence, their objectivity and the results of their procedures.</p> <p>We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2025.</p> <p>We assessed the fair value of all investments in the portfolio held at 30 June 2025. For listed securities, the values were verified against independently sourced market prices.</p> <p>We assessed the adequacy and appropriateness of the disclosures in Notes 3 and 7 of the financial report.</p> |

### 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 2025 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (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
- ▶ 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:

- ▶ 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
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

For personal use only

**Shape the future  
with confidence**

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

**Auditor's responsibilities for the audit of the financial report**

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



**Shape the future  
with confidence**

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

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 and 12 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Morpich Ethical Equities Fund Limited for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva'.

Rita Da Silva  
Partner  
Sydney  
22 August 2025

For personal use only

## Shareholder Information

The Shareholder information set out below was applicable at 31 July 2025.

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        | 71,807            | 0.22          |
| 1001 to 5000    | 229        | 679,014           | 2.05          |
| 5001 to 10000   | 134        | 1,102,993         | 3.33          |
| 10001 to 100000 | 293        | 9,994,415         | 30.21         |
| 100001 and Over | 37         | 21,233,581        | 64.19         |
| <b>Total</b>    | <b>843</b> | <b>33,081,810</b> | <b>100.00</b> |

### B. Equity security holders

#### Twenty largest equity security holders

| Name   | Shares    | %     |
|--|-----------|-------|
| FUTURE GENERATION GLOBAL LIMITED   | 6,289,849 | 19.01 |
| SYSHA PTY LTD <SYDNEY GOODMAN FAMILY A/C>  | 2,391,000 | 7.23  |
| LEKK PTY LTD <HILTON GORDON FAMILY A/C>  | 1,800,000 | 5.44  |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2  | 1,202,910 | 3.64  |
| STERDA PTY LTD   | 1,020,000 | 3.08  |
| JORLYN PTY LTD <ROBERT JORDAN FAMILY A/C>  | 900,000   | 2.72  |
| MR JACK THESEUS LOWENSTEIN   | 629,126   | 1.90  |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED  | 579,576   | 1.75  |
| NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>   | 416,075   | 1.26  |
| MR JAMES WILLIAM TAYLER  | 412,518   | 1.25  |
| MR MALCOLM JAMES DOIG + MRS LISA JOY DOIG <DOIG FUTURESUPER FUND A/C>                            | 380,180   | 1.15  |
| EVJ HOLDINGS PTY LTD <EDWINA A/C>  | 376,365   | 1.14  |
| MR RONALD GORDON SINCLAIR + MR SCOTT SINCLAIR + MISS SAMANTHA SINCLAIR <RON SINCLAIR S/FUND A/C> | 367,000   | 1.11  |
| JOS LUCK PTY LTD <JOS LUCK FAMILY A/C>   | 321,390   | 0.97  |
| MR ROBERT RAYMOND JAMES + MRS MARGARET HELEN JAMES <RR & MH JAMES FAMILY A/C>                    | 320,000   | 0.97  |
| NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>  | 319,308   | 0.97  |
| LUDWIGSON HOLDINGS PTY LTD   | 271,812   | 0.82  |
| GERANN PTY LTD   | 270,000   | 0.82  |
| MR JOHN SCOTT THOMPSON + MRS SHARON VERA THOMPSON <ZINZANZEN S/F A/C>                            | 265,000   | 0.80  |
| MRS MARGARET GWENDOLINE MAYO   | 250,000   | 0.76  |

### C. Substantial shareholders

|  | %     |
|--|-------|
| Future Generation Global Investment Company Limited and its associated entities. | 19.01 |

### D. Voting rights

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

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

### E. Stock exchange listing

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

### F. Unquoted securities

There are no unquoted securities.

### G. Investment transactions

There were 262 investment transactions during the year, total brokerage paid on these transactions was \$145,141.

## 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 9194 6707/ 02 9194 6707  
<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 Investor Services Pty Limited  
6 Hope Street, Ermington, NSW, Australia, 2115  
Sydney NSW 2000  
P: 02 8234 5000

### Stock Exchange Listings

ASX code (ordinary shares):

MEC

For personal use only