Morphic Ethical Equities Fund Limited
Appendix 4E Preliminary Final Report
Year ended 30 June 2026

Details of Reporting Period

Current: Year ended 30 June 2026

Previous: Year ended 30 June 2025

Results for announcement to the market

	$	movement (up/down)	% movement
Net investment income/(loss)	10,969,010	up	1.32
Profit/(Loss) for the year before income tax expense	9,700,797	up	1.38
Profit/(Loss) for the year	7,320,988	up	1.34

Dividend information

	Cents per share	Franked amount per share	Tax rate for franking
Quarterly dividend paid in March 2026 (cents per share)	1.00	1.00	25%
Quarterly dividend paid in June 2026 (cents per share)	1.00	1.00	25%

Net tangible assets

	30 June 2026	30 June 2025
Net Tangible Assets (per share) before tax	1.6021	1.2942
Net Tangible Assets (per share) after tax	1.4764	1.2474

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 24 November 2026.

Signed on behalf of Morphic Ethical Equities Fund Limited

Jack Lowenstein
Chairman

Sydney
18 August 2026

Morphic Ethical Equities Fund Limited
ASX: MEC

ABN 52 617 345 123

Annual report
For the year ended 30 June 2026

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Annual report
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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 2025 to the financial year end 30 June 2026.

From an investment performance perspective, the 2026 financial year was pleasing, and on behalf of the Board of Directors, I thank all shareholders for their continued support of the Company.

On 18 August 2026, the Company declared a fully franked quarterly dividend of 1.4c per share. This dividend is not recognised as a liability at 30 June 2026 and will be paid on 15 September 2026. The Company's Dividend Reinvestment Plan (DRP) is still suspended and the DRP will not apply for this dividend. Prior to the declaration of this dividend, the Company had paid a total of 35 cents per share since listing.

This dividend is consistent with the Company's policy of paying fully franked dividends to shareholders, provided that the Company has distributable profits, franking credits and it is within prudent business practices. With a significant operating profit achieved for the 2026 financial year, the Company expects to be able to continue paying fully franked quarterly dividends in the near future as taxes are paid on these gains and franking credits emerge.

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.

COMPANY PERFORMANCE

During the period to 30 June 2026, the Company achieved a pre-tax operating profit of $9,700,797 and a post-tax operating profit of $7,320,988.

As of 30 June 2026, the Company's profit reserve was 109.9 (2025: 79.7) cents per share.

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 2026, the portfolio returned 29.11% (before fees and taxes), compared to the benchmark return of 16.99%, in gross terms. The Investment Managers report provides further details on the drivers of this performance.

As at 30 June 2026 MEC's shares closed at $1.335, versus a $1.09 share price at 30 June 2025. This rise represented both the significant gains over the year and some narrowing of the discount to post-tax Net Tangible Asset (NTA) per share.

CAPITAL MANAGEMENT

The previous unwarranted discount of the Company's share price to NTA prompted the board to initiate a share buyback in 2023. and announce a revision to the Company's dividend policy. During the year ended June 30, 2026, the company bought back a total of 3.04 million shares at an average price of $1.175. Between year end and 18 August 2026, the Company has bought back a further 154,604 shares at an average price of $1.244.

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) on 24 November 2026 shareholders will be asked to approve a further share buyback of up to 20% of the Company's shares outstanding at that date.

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ANNUAL GENERAL MEETING

This year's AGM will be held at 2:00 pm on 24 November 2026, relevant details for the AGM will be shared with shareholders in due course. The Directors encourage you to attend the meeting in person.

Regards,

JACK LOWENSTEIN
Chairman

Investment Manager's Report

PORTFOLIO PERFORMANCE AND STATUS

MEC listed on 3 May 2017. The Manager effectively started managing the Fund in mid-October 2020. From 1 October 2020 through to 30 June 2026, the MEC Portfolio generated a cumulative Net Return of 97.1% against the MSCI ACWI Benchmark cumulative return of 124.4%

AS AT 30 JUNE 2026	GROSS (%)[1]	NET (%)[2]	BENCHMARK (%)
1 Month	2.8	2.7	3.0
3 Months	25.0	24.6	13.6
6 Months	21.8	21.0	7.1
1 Year	29.1	27.4	17.0
3 Years (p.a.)	17.8	16.1	18.1
5 Years (p.a.)	10.4	8.9	12.8
Since Inception (p.a.)	11.7	10.3	13.2

[1]Gross return is before investment management fees, and after-tax provisions and dividend withholding tax.

[2]Net return is after investment management fees, tax provisions and dividend withholding tax.

FY26 PORTFOLIO COMMENTARY

In AUD terms, the MSCI ACWI Index (NR) increased ~17.0% in the 12 months to 30 June 2026. In USD terms, the S&P 500 (NR) and the MSCI ACWI index (NR) posted gains of ~14.7% and ~23.7% respectively, with nearly all indices touching all-time highs.

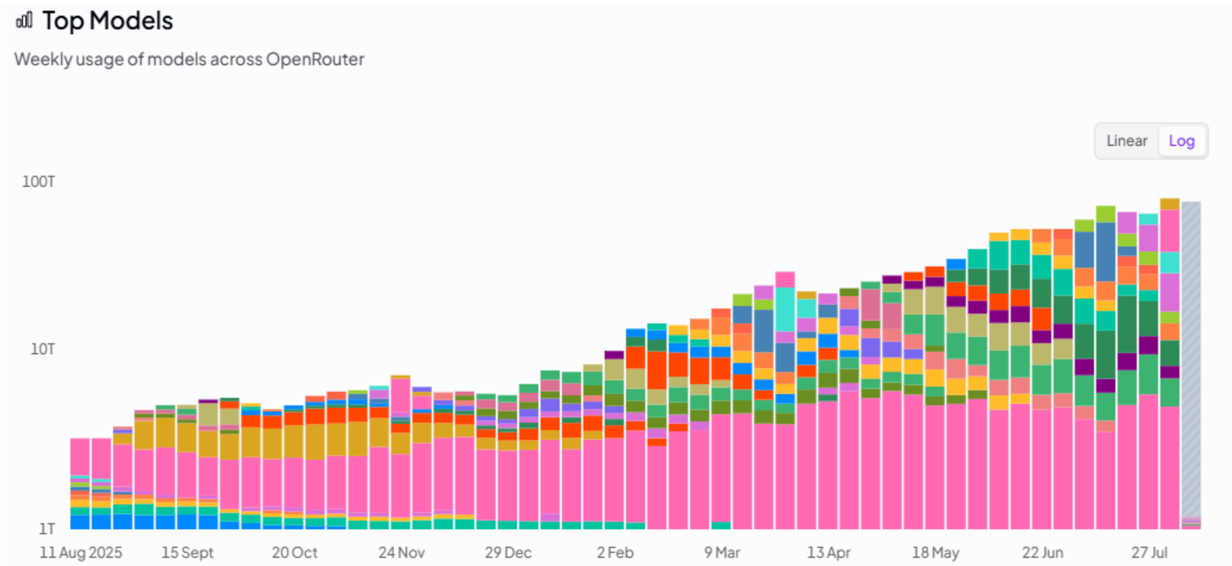
These strong returns mask the large number of extraordinary events the market has had to digest over this period, including the lagging impact of 2025 tariffs introduced by the US government, the boom of artificial intelligence stocks in the first half of the calendar year and the Iran War in March. Subsequent to the end of the financial year, there has also been a significant 'bust' in AI stocks experienced through July.

As it relates to our Portfolio as well as the broader direction of the equity markets, the biggest event over the last 12 months has been the boom in the AI trade, and subsequent bust in July – a record-breaking event on the way up, and same again on the way down (for many of the wrong reasons). For context, over the last 6 months to June, more than the entirety of the S&P 500's gains was attributed to AI linked stocks, implying the Non-AI part of the index had a negative contribution. Below we will discuss the reasons for the rally and subsequent bust in the AI trade, as well as the outlook for AI, and how the Portfolio is positioned.

The US AI basket (proxied through the Morgan Stanley TMT Momentum Long Index) increased 139% in the FY26 financial year, though with most of the gains coming in the final quarter of the year. We believe the rally was catalysed by the first 'proof of concept' for AI in January – the release of commercially useful AI applications, namely advanced agentic coding tools. The usefulness of these tools resulted in rapid growth in token demand (the input/output currency of AI models), rising GPU rental prices, and further upgrades to the capital expenditure outlooks of the key AI spenders through 2026/27 to support this demand. The largest frontier models, namely Anthropic and OpenAI, also saw a sharp rise in their reported annual recurring revenue (ARR), with Anthropic alone currently tracking around ~$74b of ARR (from $9bin Dec-25) and turning cashflow positive in the quarter.

Below we highlight where AI fundamentals are tracking. To do this, we track three key items:

(1) Demand for tokens, the input/output currency of models, continues to grow strongly (note the log scale on the chart below). This would indicate to us that real world 'usage' is continuing apace and also responding positively to the declining price of tokens themselves (i.e. lower token prices in turn stimulates more demand).



Source: OpenRouter.ai

Investment Manager's Report (Continued)

(2) GPU pricing continues to rise, particularly for older GPU models, suggesting demand remains in excess of supply, as well as potentially higher value cases for tokens - i.e as models get smarter and can do more tasks, users are incentivised to bid higher prices for tokens/gpus. Of note is that GPU rental prices continued to rise through July, when the market sell-off accelerated. the most recent Coreweave and Nebius results also highlighted revenue per mw of GPU capacity up 2-3x (depending on contract duration/prepayments).

Source: Silicon Data

(3) Hyperscaler cloud revenues, as evidenced in the most recent quarterly results, are both accelerating YoY, QoQ with margins growing at the same time. This is a very healthy trend and points to the strong ROIC on sunk Capex, and we believe at this level of profitability, the hyperscalers remain incentivised to keep expanding their cloud businesses (i.e. spending more money), though within the bounds and graces of the bond market.

Cloud					
In millions USD	2Q25	3Q25	4Q25	1Q26	2Q26
Google	13,624	15,157	17,664	20,028	24,765
- growth YoY	31.7%	33.5%	47.8%	63.4%	81.8%
- growth QoQ	11.1%	11.3%	16.5%	13.4%	23.7%
- OPM	20.7%	23.7%	30.1%	32.9%	35.6%
Microsoft	29,880	30,900	32,900	34,700	39,306
- growth YoY	25.6%	28.3%	28.8%	29.7%	31.5%
- growth QoQ	11.7%	3.4%	6.5%	5.5%	13.3%
- OPM	40.6%	43.4%	42.2%	39.8%	40.6%
Amazon	30,873	33,006	35,579	37,587	42,232
- growth YoY	17.5%	20.2%	23.6%	28.4%	36.8%
- growth QoQ	5.5%	6.9%	7.8%	5.6%	12.4%
- OPM	32.9%	34.6%	35.0%	37.7%	39.4%

Source: Company Data

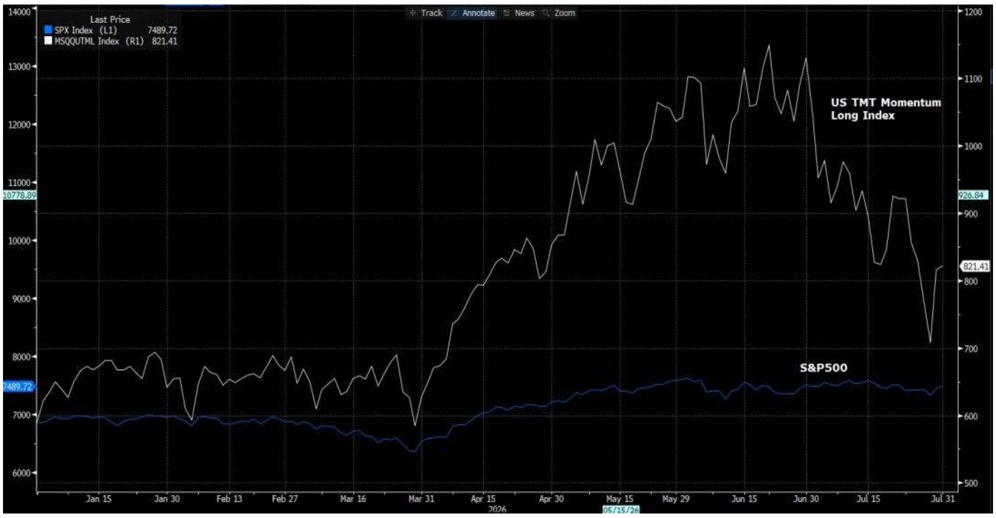
Investment Manager's Report (Continued)

The strong performance of ai led to very healthy returns in the Portfolio given the substantial AI holdings, focused in power and infrastructure (as discussed previously).

While not captured in the financial year, it would be remiss of us not to discuss the AI ‘bust’ that occurred in July given its sharp impact on the Portfolio.

By the end of June, there was significant crowding in certain names, which was compounded by the continued breakdown in previous momentum ‘safe harbours’ such as software, meaning ‘momentum’ investors had few options to choose from outside of AI.

The AI trade nearly went full circle through July. the Morgan Stanley US Telecom, Media, Technology (TMT) Momentum Long Index (an effective proxy for the AI trade) fell 38% from the peak in mid-June to the July trough. at the time of writing, the index remains nearly 20% below its highs.



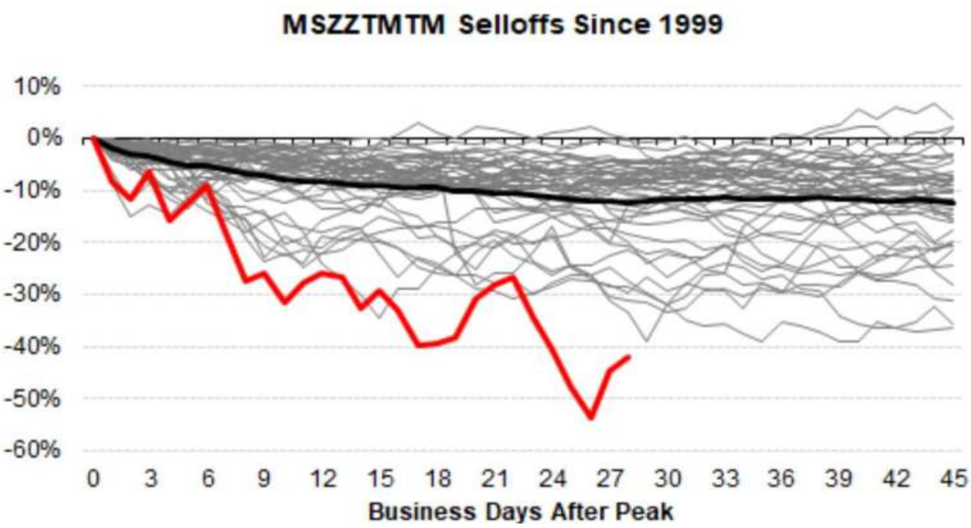
Source: Bloomberg

The catalyst for the sell-off initially was news that meta was aiming to set up a new cloud business to sell ‘excess’ compute, which the market interpreted as the company potentially being in ‘oversupply’ – an assumption that has largely been debunked post their recent result. The second catalyst was the widening credit spreads of the hyperscalers, as the market began to question the sustainability of their spending commitments and weak free cashflow as us yields began climbing (though these have now started compressing). The final major catalyst was the release of a new Chinese open-source model named ‘KIMI K3’, which achieved near frontier performance on many metrics at lower cost – something that should be considered broadly positive for AI demand. despite this, the KIMI K3. Release still triggered another mini “deep seek” moment, with AI stocks broadly trading lower, with the concern this time around the potential impact to frontier lab economics (despite their healthy ARR run-rates discussed above), and their ability to meet their growing compute commitments (particularly OpenAI).

Our take on the above is that rather than a single individual, material event, the market was simply fatigued and looking for reasons to trim/exit an historic bull run.

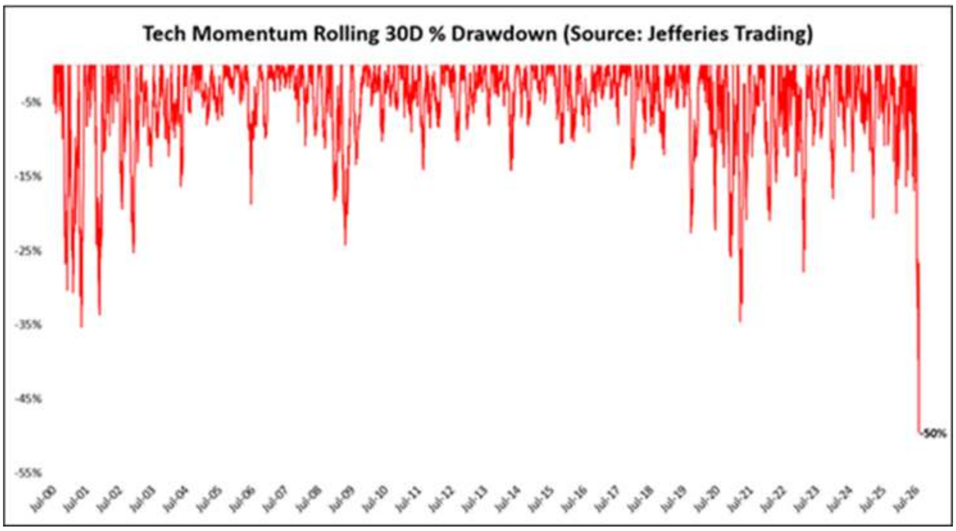
The more damaging, and less noticeable impact to the July sell-off was the rapid hedge fund deleveraging. This turned into forced deleveraging for a high-profile hedge fund called ‘situational awareness’, with much of its public equity book eventually acquired by Citadel. the fund had a $40b entirely AI focused Portfolio at its peak, though we have subsequently learned the fund was levered roughly four times (i.e. >$120b in gross exposure its public book), with risk amplified by its short book mostly consisting of AI disrupted software companies (essentially the same trade as its long book). The rapid liquidation of this fund meant a high correlation amongst AI stocks as they were indiscriminately sold (i.e little recognition of individual stock traits). The fund’s liquidation also had a direct, negative impact on our Portfolio given situational awareness was a substantial shareholder (>5%) in many of the names that we also hold– NBIS, CORZ and SHAZ to name a few.

All told, the TMT momentum sell-off in July was the most rapid in the factor’s history, down 40% in 30 days, which was faster and deeper than even the initial sell-off of the dot-com bubble of 2000/01.



Source: Morgan Stanley

Investment Manager's Report (Continued)



Source: Jefferies

in short, this has been a brutal and historic sell-off, though we would argue much of it is technical rather than fundamental. in hindsight, we could have been more active in trimming winners, or using the strategy's broad mandate to short sell or protect the Portfolio through other instruments.

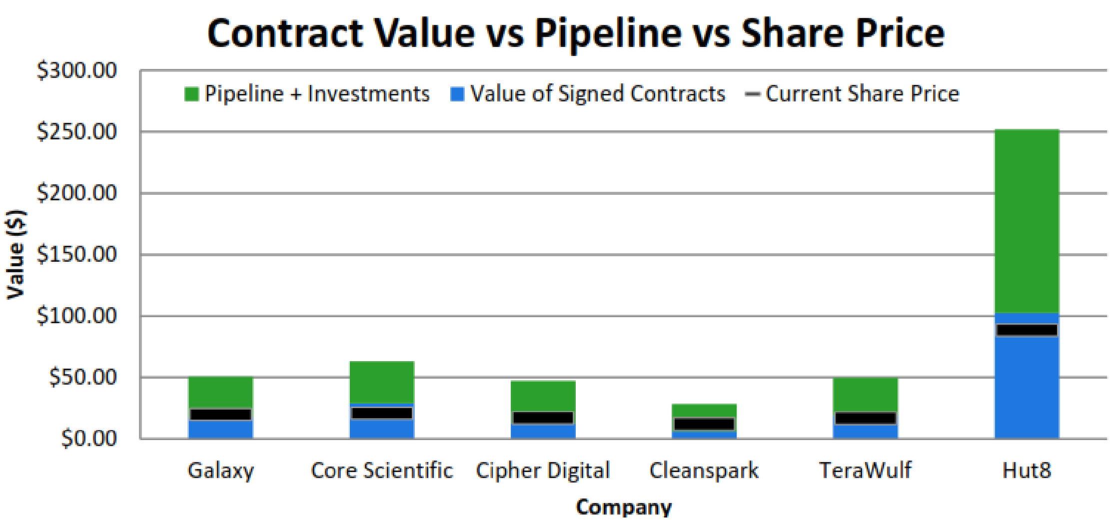
How is our Portfolio Positioned?

Despite the recent drawdown, we continue to remain bullish on the outlook for certain pockets of the AI trade.

As a reminder, our core AI holdings are largely levered to token demand, not the price of tokens, or the success of an individual model. producing a token requires a power connection (preferably to the grid), a datacentre shell (with power and cooling equipment), and GPU's. If demand for tokens continues at its current rate, the current physical bottlenecks (power, cooling, and datacentre capacity) will take many years to resolve. The vast majority our AI Portfolio holdings are levered to this specific theme, namely AI cloud (SharonAI, NBIS), datacentres (CORZ, GLXY, CIFR) and other companies levered to AI capital spend (MTZ, FPS, Anritsu, AAOI).

To give a sense of the valuation disconnect after the recent sell-off in July, many of our datacentre holdings are now trading below the npv of already signed contracts, with the market ascribing no value to their respective power backlogs, which continue to grow, and we believe are valuable given the continued squeeze on power (see chart below).

At the time of writing, nearly all of our holdings have reported 2qtr earnings, with nearly all meeting or exceeding expectations. of note is the recent NBIS result, which continues to demonstrate many of the strong AI fundamentals translating through to revenue, margins and cashflow.



Source: Ellerston Capital

Investment Manager's Report (Continued)

KEY FY26 CONTRIBUTORS

Nebius (NBIS-US) increased 399.1% over FY26, contributing 9.5% to performance in local terms. Nebius is a 'neocloud' that operates contracted cloud capacity for hyperscale customers and AI labs. revenue continues to accelerate, with the business now generating healthy >50% EBITDA margins, which believe are likely to accelerate given operating leverage, as well as growing sales of high margins revenue streams such as their inference product and software.

SharonAI increased 286.9% over FY26, contributing 8.0% to performance in local terms. similar to Nebius, SharonAI operates as a 'neocloud', though with a pure focus on contracted cloud capacity. We opportunistically participated in a capital raise through convertible notes. subsequent to our participation, the business has continued to expand its power footprint and has also signed a transformational deal with NVIDIA, which acts as both a revenue and credit backstop, whilst also feeding customers into the business.

Mastec (MTZ-US) increased 144.1% over FY26, contributing 3.4% to performance in local terms. MTZ is a leading US infrastructure engineering/construction contractor. A large portion of the business is levered to AI through its power, utility and datacentre business lines. Despite recent weakness post the financial year, the business continues to grow its backlog, with EBITDA also expected to compound at 20%p.a, with the stock trading at 13x EBITDA, its long term multiple.

KEY FY26 DETRACTORS

GFL Environmental (GFL-US) fell 27.0%, detracting -1.5% from performance in local terms. GFL is a North American solid waste and environmental services company, providing collection, transfer, recycling and disposal services across the US and Canada. The poor share price performance is likely an outcome of the generally poor performance of 'quality' businesses, as well as the acquisition of secure waste infrastructure (announced at the end of the financial year), which has been poorly received by the market. We continue to see GFL as attractively valued – growing FCF in the high teens, while trading at a low historic multiple. post quarter, the management team announced the business is potentially exploring a take private transaction, with the CEO willing to entertain $50 per share (vs $41 at the time of writing).

Monotaro (3064-JP) fell 33.7%, detracting -1.1% from performance in local terms. Monotaro is a Japan - based distributor of maintenance, repair, and operations (MRO) products, supplying factories, contractors, and small businesses through an online platform with centralized logistics. The stock was impacted by the recent broad sell - off in online businesses, as well as on concerns around the sustainability of recent revenue growth given the share gains from a competitor going through a temporary disruption. we exited the stock in 4qFY26.

Zillow Group (ZG-US) fell 54.2% detracting -1.0% from performance in local terms. Zillow is the dominant US online real estate marketplace (~200m monthly visitors, 80% organic traffic), generating $2.6b in revenue in 2025 (+16% YoyY despite a sluggish housing market). It is attempting to evolve from a listings portal into a fully integrated "housing super app" spanning search, agent connections, mortgage origination and transaction software, targeting $5b revenue and 45% EBITDA margins at mid-cycle. We exited the stock as we believe the mid-term targets will be more difficult to achieve given the ai disruption risk, as well as reduced chances of US interest rate cuts being priced into the market.

OUTLOOK

As with our previous updates, we continue to believe the outlook for global equity markets remains highly uncertain. Trump's policy direction is at best erratic, equity markets are at record highs (despite the AI sell off), and the market remains unforgiving for earnings misses. inflation also remains uncertain.

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 asset types
- Owning a mix of businesses in broad geographies
- Limiting exposure to tariff/energy losers.
- Holding a large number of defensive real assets with pricing power - structural growers.

Investment Manager's Report (Continued)

Portfolio as at 30 June 2026

As at 30 June, the Portfolio has 28 equity positions and was 83.50% net invested.

RISK MEASURES AS AT 30 JUNE 2026:

	Value	Limit
Net Exposure	83.50%	200%
Gross Exposure	83.50%	200%
1-Year Tracking Error	9.42%	N/A
VAR (1 day with 95% confidence level)	1.58%	
Liquidity % of Portfolio	92.07%	≥ 80%
Annual Volatility (1-Year)	14.60%	N/A
Index Volatility (1-Year)	9.07%	N/A

MEC PORTFOLIO POSITIONING AT 30 JUNE 2026:

Top 10 Equity Holdings	%
SharonAI	7.94
Nebius Group	6.49
Corpay	6.17
GFL Environmental	4.38
AerCap Holdings	4.09
Core Scientific	4.07
MasTec	3.70
Clean Harbors	3.63
Galaxy Digital	3.59
InterContinental Hotels Group	3.52
Total	**47.58**

Equity Exposure by Geography %	
North America	57.47
Western Europe	10.51
Pacific Rim	7.58
Other	7.94
Cash	16.50
Total	**100.0%**

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 2026.

Information on directors

The following persons were directors of the Company from the start of the financial year 2026 and up to the date of this report (unless otherwise indicated):

Jack Lowenstein **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
US Masters Residential Property Fund (Independent Director / Joined June 2024)

Former directorships in the last 3 years
Tissue Repair Limited (August 2021 to October 2024)

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 30 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:

Sushma Kejriwal (Appointed 14 April 2026)

Experience and Expertise
Ms Kejriwal is a Fellow of the Governance Institute of Australia (FGIA) and a Fellow of the Institute of Chartered Secretaries and Administrators (FICSA). She is currently a Corporate Governance Manager at Acclime Australia, managing a portfolio of listed and unlisted clients. She has an extensive experience for more than 15 years both in Australia and India, in corporate secretarial services including ASX and ASIC compliance, corporate restructuring, implementation of corporate governance practices and providing secretariat support to Board and Board Committees. Ms Kejriwal holds a master's degree in business law and bachelor's degree in commerce.

The following person held the position of Company Secretary during the financial year ending 30 June 2026:

Mark Licciardo

Experience and Expertise (Resigned 14 April 2026)

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 $9,700,797 (30 June 2025: profit of $7,046,822) before tax and $7,320,988 (30 June 2025: profit of $5,444,085) after tax. This reflects the performance of the investment portfolio over the year as outlined below.

Investment Returns	Returns Over the year 1 July 2025 to 30 June 2026		Returns Since Inception 2 May 2017 to 30 June 2026	
	Gross	Net	Gross	Net
Investment Portfolio	29.11%	27.37%	11.71%	10.31%
MSCI All Countries Total Return Daily Index	17.45%	16.99%	13.71%	13.16%
Outperformance/(Underperformance)	11.66%	10.38%	-2.00%	-2.86%

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 18 November 2025	4,630,451	1.08
20 November 2025	31,859,956	6,475,300	20 November 2025 to 30 June 2026	1,621,864	1.19

The Company's Net Tangible Asset Value (NTA) per share at the end of the financial year was $1.6021 before tax and $1.4764 after tax.

Dividends Paid or Recommended

On 17 February 2026, the Company declared a fully franked quarterly dividend of 1 cent per share and was paid on 18 March 2026.

On 18 May 2026, the Company declared a fully franked quarterly dividend of 1 cent per share and was paid on 15 June 2026.

The Company's Dividend Reinvestment Plan (DRP) remained suspended and did not apply to either dividend.

This dividend is consistent with the Company's policy of paying fully franked dividends to shareholders and raising the dividend over time, provided the Company has distributable profits, franking credits and it is within prudent business practices.

Net Assets

As at 30 June 2026, the net assets of the Company were $44,644,243 (30 June 2025: $41,506,418). 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 2026 and 18 August 2026, the Company has bought back a further 154,604 shares at an average price of $1.244.

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.

On the date of this report, the Board of Directors have not made any decisions in relation to the end of the initial term of the Investment Management Agreement (IMA) on 26 April 2027.

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 2026/183,* 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 2026, 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 an 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 2026 was $140,000 (30 June 2025: $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 2026		Short-term employee benefits	Post-employment benefits	
		Cash salary	**Superannuation**	**Total**
Director	**Position**	**$**	**$**	**$**
Jack Lowenstein	Independent Chairman	53,571	6,429	60,000
Mark Forstmann	Independent Director	35,714	4,286	40,000
Kirstin Hunter	Independent Director	35,714	4,286	40,000
		125,000	**15,000**	**140,000**

For the year ended 30 June 2025		Short-term employee benefits	Post-employment benefits	
		Cash salary	**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
		125,561	**14,440**	**140,000**

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

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

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

	2026	**2025**	**2024**	**2023**
Operating profit/(loss) after tax ($)	7,320,988	5,444,085	(950,349)	7,558,999
Dividends (cents per share)	2.0	-	12.0	6.0
Share price ($ per share)	1.335	1.090	0.980	1.010
NTA after tax ($ per share)	1.4764	1.2474	1.0765	1.1905
Total Directors remuneration ($)	140,000	140,000	140,000	140,000
Shareholders equity ($)	44,644,243	41,506,418	41,341,534	62,648,121

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 30 June 2026 $	Year ended 30 June 2025 $
Management fees expense during the year	549,756	521,208
Management fees payable at year end	50,899	44,025

There were no performance fees earned or paid during the year (30 June 2025: 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 2026

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 2026 and the date of the Director's report.

As at 30 June 2026, there were no outstanding options or issued during the year.

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	-	-	-	-

As at 30 June 2025, 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, 18 August 2026

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

As lead auditor for the audit of the financial report of Morphic Ethical Equities Fund Limited for the financial year ended 30 June 2026, 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

Ernst & Young

R Da Silva

Rita Da Silva
Partner
18 August 2026

Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 30 June 2026 $	Year ended 30 June 2025 $
Investment income			
Interest income on financial assets at amortised cost		83,548	107,785
Dividend income		326,294	326,041
Net gains/(losses) on financial instruments at fair value through profit or loss		10,779,512	7,936,612
Net gains/(losses) on foreign exchange		(220,344)	(29,966)
Net Investment income/(loss)		**10,969,010**	**8,340,472**
Expenses			
Audit and tax	11	77,123	67,452
Administration fees		100,266	96,804
Directors' fees	13 (b)	140,000	140,000
Management fees	13 (a)	549,756	521,208
Transaction costs		116,947	142,919
Withholding tax expense		60,521	137,797
Other expense		223,600	187,470
Total expenses		**1,268,213**	**1,293,650**
Profit/(Loss) for the year before income tax expense		**9,700,797**	**7,046,822**
Income tax expense/(benefit)	4(a)	2,379,809	1,602,737
Profit/(Loss) for the year		**7,320,988**	**5,444,085**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**7,320,988**	**5,444,085**
Basic earnings/(losses) per share	5	**23.13 cents**	**15.12 cents**
Diluted earnings/(losses) per share	5	**23.13 cents**	**15.12 cents**

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

Statement of Financial Position

	Note	As at 30 June 2026 $	As at 30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents	12(a)	1,919,472	88,394
Receivables		34,055	44,944
Prepayments		34,052	41,732
Due from brokers		5,902,138	1,924,855
Financial assets at fair value through profit or loss	6	40,696,645	42,041,302
Current tax asset		-	115,284
Total current assets		**48,586,362**	**44,256,511**
Non-current assets			
Net deferred tax asset	4(b)	-	-
Total non-current assets		**-**	**-**
Total assets		**48,586,362**	**44,256,511**
Liabilities			
Current liabilities			
Due to brokers		-	994,293
Payables		141,904	82,639
Financial liabilities at fair value through profit or loss	6	-	1,964
Current tax liability		1,221,343	-
Total current liabilities		**1,363,247**	**1,078,896**
Non-current liabilities			
Net deferred tax liability	4(b)	2,578,872	1,671,197
Total non-current liabilities		**2,578,872**	**1,671,197**
Total liabilities		**3,942,119**	**2,750,093**
Net assets		**44,644,243**	**41,506,418**
Equity			
Issued capital	9	31,878,045	35,445,700
Accumulated losses	10(a)	(20,451,191)	(20,451,191)
Profits reserve	10(b)	33,217,389	26,511,909
Total equity		**44,644,243**	**41,506,418**

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

Statement of Changes in Equity

	Note	Issued capital $	Accumulated losses $	Profits reserve $	Total equity $
Balance at 30 June 2024		**40,724,901**	**(20,451,191)**	**21,067,824**	**41,341,534**
Profit for the year		-	5,444,085	-	5,444,085
Total comprehensive income for the year		**-**	**5,444,085**	**-**	**5,444,085**
Other					
Transfer to profits reserve	10(a)(b)	-	(5,444,085)	5,444,085	-
		-	(5,444,085)	5,444,085	-
Transactions with owners in their capacity as owners					
Shares acquired under buy-back	9	(5,279,201)	-	-	(5,279,201)
		(5,279,201)	**-**	**-**	**(5,279,201)**
Balance at 30 June 2025		**35,445,700**	**(20,451,191)**	**26,511,909**	**41,506,418**
Profit for the year		-	7,320,988	-	7,320,988
Total comprehensive income for the year		**-**	**7,320,988**	**-**	**7,320,988**
Other					
Transfer to profits reserve	10(a)(b)	-	(7,320,988)	7,320,988	-
		-	(7,320,988)	7,320,988	-
Transactions with owners in their capacity as owners					
Dividends paid	15	-	-	(615,508)	(615,508)
Shares acquired under buy-back	9	(3,567,655)	-	-	(3,567,655)
		(3,567,655)	**-**	**(615,508)**	**(4,183,163)**
Balance at 30 June 2026		**31,878,045**	**(20,451,191)**	**33,217,389**	**44,644,243**

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

Statement of Cash Flows

	Note	Year ended 30 June 2026 $	Year ended 30 June 2025 $
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		47,423,634	45,996,404
Payments for purchase of financial instruments at fair value through profit or loss		(35,563,469)	(42,440,133)
Dividends received		340,424	306,205
Interest received		83,548	107,785
Amount received/(paid) from brokers for collateral		(4,971,576)	848,249
Management fees paid		(542,882)	(520,860)
Directors' fees paid		(140,000)	(140,000)
Withholding tax paid		(60,521)	(137,797)
Other operating expenses paid		(342,911)	(382,085)
Transaction costs paid		(116,947)	(142,919)
Income tax refund/(paid)		(135,507)	189,716
Net cash inflow/(outflow) from operating activities	12(b)	**5,973,793**	**3,684,565**
Cash flows from financing activities			
Dividends paid		(615,508)	-
Payments for shares repurchased through buy-back		(3,568,903)	(5,366,302)
Net cash inflow/(outflow) from financing activities		**(4,184,411)**	**(5,366,302)**
Net increase/(decrease) in cash and cash equivalents		**1,789,382**	**(1,681,737)**
Effect of exchange rate fluctuations on cash and cash equivalents		41,696	(7,001)
Cash and cash equivalents at beginning of the financial year		88,394	1,777,132
Cash and cash equivalents at end of the financial year	12(a)	**1,919,472**	**88,394**
Non-cash financing activities			
Ordinary shares issued under dividend reinvestment plan	12(c)	-	-

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.

On the date of this report, the Board of Directors have not made any decisions in relation to the end of the initial term of the IMA on 26 April 2027.

These general purpose financial statements are for the year ended 30 June 2026, and were authorised for issue by the Directors on 18 August 2026.

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 Standards.

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 provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forseeable future

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 assessed at the end of each reporting period for expected credit losses. The loss allowance is determined using a forward-looking approach that incorporates historical experience, current conditions and reasonable and supportable forecasts of future economic conditions. 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.

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

(m) Amounts due to/from brokers

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

(n) Profit Reserve

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

(o) Issued capital

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

(p) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial 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 2026 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 2025 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. Management is in the process of assessing the impact of the new standard.

Certain other amendments to accounting standards have been published that are not mandatory for the 30 June 2026 reporting year and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Company in the current or future reporting years and on foreseeable future transactions.

(u) Rounding of amounts to nearest dollar

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183,* 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-. Cash balances are available on demand and broker balances have maturities of less than three months. The weighted average interest rate on the the Company's amounts due from broker as at 30 June 2026 was 0.76% (30 June 2025: 1.45%).

(c) Liquidity risk

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

Maturity analysis for financial liabilities

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

As at 30 June 2026	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Total $
Payables	141,904	-	-	-	141,904
Contractual cash flows (excluding gross settled derivatives)	**141,904**	**-**	**-**	**-**	**141,904**
As at 30 June 2025					
Due to brokers	994,293	-	-	-	994,293
Payables	82,639	-	-	-	82,639
Contractual cash flows (excluding gross settled derivatives)	**1,076,932**	**-**	**-**	**-**	**1,076,932**

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

The Fund did not hold any derivative financial instruments as at 30 June 2026.

	Less than 1 month $	1-6 months $	6-12 months $	Over 12 months $	Total $
As at 30 June 2025					
Forward currency exchange contracts	(1,964)	-	-	-	(1,964)
Total	**(1,964)**	**-**	**-**	**-**	**(1,964)**

(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.

2. Financial risk management (continued)

(d) Market risk (continued)

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

(i) Interest rate risk
The Company's interest bearing financial instruments expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on Note 2(iv).

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 2026	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents		-	-	1,919,472	1,919,472
Receivables		-	-	34,055	34,055
Prepayments		-	-	34,052	34,052
Due from brokers	0.76%	2,236,992	-	3,665,146	5,902,138
Financial assets at fair value through profit or loss		-	-	40,696,645	40,696,645
Total Financial Assets		**2,236,992**	**-**	**46,349,370**	**48,586,362**
Financial Liabilities					
Payables		-	-	141,904	141,904
Total Financial Liabilities		**-**	**-**	**141,904**	**141,904**

As at 30 June 2025	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
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
Total Financial Assets		**740,700**	**-**	**43,400,527**	**44,141,227**
Financial Liabilities					
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
Total Financial Liabilities		**-**	**-**	**1,078,896**	**1,078,896**

(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 2026

	USD $	JPY $	EURO $	CAD $	Other Currencies $	Total $
Receivables	1,840	6,340	-	-	9,995	18,175
Due from brokers	2,236,992	826,528	615,953	549,712	953,122	5,182,307
Financial assets at fair value through profit or loss	28,464,645	3,375,151	2,715,270	1,261,418	1,011,566	36,828,050
	30,703,477	4,208,019	3,331,223	1,811,130	1,974,683	42,028,532
Net fair value	**30,703,477**	**4,208,019**	**3,331,223**	**1,811,130**	**1,974,683**	**42,028,532**

2. Financial risk management (continued)

(d) Market risk (continued)

(iii) Foreign currency risk (continued)

As at 30 June 2025

	USD $	JPY $	EURO $	CAD $	Other Currencies $	Total $
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)
	25,239,393	3,297,994	5,291,015	4,849,612	2,195,740	40,873,754
Net fair value of foreign currency forward contracts	-	-	(1,393)	(571)	-	(1,964)
Net fair value	**25,239,393**	**3,297,994**	**5,289,622**	**4,849,041**	**2,195,740**	**40,871,790**

(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 Impact on operating profit or loss and equity		Interest rate risk Impact on operating profit or loss and equity	
	-10%	**+10%**	**-100 bps**	**+100 bps**
30 June 2026	(4,069,665)	4,069,665	(170)	170
30 June 2025	(4,203,934)	4,203,934	(107)	107

Foreign exchange risk
Impact on operating profit or loss and equity

	USD $		JPY $		EURO $	
	-10%	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**
30 June 2026	(3,070,348)	3,070,348	(420,802)	420,802	(333,122)	333,122

	CAD $		Other currencies $	
	-10%	**+10%**	**-10%**	**+10%**
30 June 2026	(181,113)	181,113	(197,468)	197,468

	USD $		JPY $		EURO $	
	-10%	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**
30 June 2025	(2,523,939)	2,523,939	(329,799)	329,799	(528,962)	528,962

	CAD $		Other currencies $	
	-10%	**+10%**	**-10%**	**+10%**
30 June 2025	(484,904)	484,904	(219,573)	219,573

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund values its investments in accordance with the accounting policies set out in Note 1 to the financial statements.

3. Fair value measurement (continued)

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

(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 2026 and 30 June 2025.

As at 30 June 2026	Level 1 $	Level 2* $	Level 3 $	Total $
Financial assets				
Listed equities	36,828,049	3,868,596	-	40,696,645
Total financial assets at fair value through profit or loss	**36,828,049**	**3,868,596**	**-**	**40,696,645**

As at 30 June 2025	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Listed equities	42,041,302	-	-	42,041,302
Total financial assets at fair value through profit or loss	**42,041,302**	**-**	**-**	**42,041,302**
Financial liabilities				
Derivatives				
Forward currency exchange contracts	-	1,964	-	1,964
Total financial liabilities at fair value through profit or loss	**-**	**1,964**	**-**	**1,964**

*The Level 2 investment represents a publicly traded security subject to markerability restrictions arising from pending registration requirements. The fair value of the investment is determined based on the quoted market price of the underlying security, adjusted for a discount for lack of marketability associated with the restriction.

(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 2025: 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 30 June 2026 $	As at 30 June 2025 $
(a)	**Numerical reconciliation of income tax expense/(benefit)**		
	Prima facie tax payable on profit/(loss) before income tax at 25% (FY25: 25%)	2,425,199	1,761,706
	Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Withholding tax on dividends received	15,130	34,450
	Foreign income tax offset (FITO)	(60,520)	(137,798)
	Tax effect on income tax rate change to 25% (FY25: 25% from 30%)	-	(55,621)
	Income tax expense/(benefit)	**2,379,809**	**1,602,737**
	Applicable weighted average effective tax rate	24.53%	22.74%
	The income tax expense/(benefit) results from movement in a:		
	Deferred tax asset	53,841	356,536
	Deferred tax liability	853,834	1,246,201
	Provision for income tax	1,472,134	-
	Income tax expense/(benefit)	**2,379,809**	**1,602,737**

(b) Deferred taxes

	As at 30 June 2026 $	As at 30 June 2025 $
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 25% (FY25: 25%) on the following items:		
Tax on unrealised gains on investment portfolio	(2,589,891)	(1,745,644)
Other	(11,240)	(1,653)
Deferred tax liabilities	**(2,601,131)**	**(1,747,297)**
Movements:		
Opening balance	(1,747,297)	(501,096)
Adjust opening balance to change in corporate tax rate to 25% (FY25: 30% to 25%)	-	83,516
Charged / credited to profit or loss	(853,834)	(1,329,717)
Closing balance	**(2,601,131)**	**(1,747,297)**
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 25% (FY25: 25%) on the following items:		
Tax losses	22,259	76,100
Deferred tax assets	**22,259**	**76,100**
Movements:		
Opening balance	76,100	432,636
Adjust opening balance to change in corporate tax rate to 25% (FY25: 30% to 25%)	-	(72,106)
Charged / credited to profit or loss	(53,841)	(284,430)
Closing balance	**22,259**	**76,100**
Net deferred tax assets/(liabilities)	**(2,578,872)**	**(1,671,197)**

5. Earnings/(losses) per share

	As at 30 June 2026 $	As at 30 June 2025 $
Basic earnings/(losses) per share	**23.13 cents**	**15.12 cents**
Diluted earnings/(losses) per share	**23.13 cents**	**15.12 cents**
Profit/(loss) used in calculating basic earnings per share	7,320,988	5,444,085
Profit/(loss) used in calculating diluted earnings per share	7,320,988	5,444,085
Weighted average number of ordinary shares used in the calculation of basic earnings per share	31,648,198	36,014,431
Weighted average number of shares used in the calculation of diluted earnings per share	31,648,198	36,014,431

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 30 June 2026 $	As at 30 June 2025 $
Financial assets		
Listed equities	40,696,645	42,041,302
Total financial assets at fair value through profit or loss	**40,696,645**	**42,041,302**
Financial liabilities		
Derivatives		
Forward currency exchange contracts	-	1,964
Total financial liabilities at fair value through profit or loss	**-**	**1,964**

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 2026 are detailed below.

The Fund did not hold any derivative financial instruments as at 30 June 2026.

As at 30 June 2025

	Contractual/ notional value $	Fair values Assets $	Fair values (Liabilities) $
Forward currency exchange contracts	1,825,396	-	1,964
	1,825,396	**-**	**1,964**

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:

No offsetting financial assets and liabilities as at 30 June 2026.

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts of financial instrument $	Gross amounts set off in the statement of financial position $	Net amount of financial assets/(liabilities) presented in the statement of financial position $	Amounts subject to master netting arrangement $	Net amount $
As at 30 June 2025					
Financial assets					
Derivatives					
Forward currency contracts	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Financial liabilities					
Derivatives					
Forward currency contracts	(1,964)	-	(1,964)	-	(1,964)
Total	**(1,964)**	**-**	**(1,964)**	**-**	**(1,964)**

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 30 June 2026		Year ended 30 June 2025	
	Shares	$	Shares	$
Movements in ordinary share capital				
Opening balance	33,273,106	35,445,700	38,405,218	40,724,901
Ordinary shares acquired under buy-back	(3,035,014)	(3,567,655)	(5,132,112)	(5,279,201)
Closing balance	**30,238,092**	**31,878,045**	**33,273,106**	**35,445,700**

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 18 November 2025	4,630,451	1.08
20 November 2025	31,859,956	6,475,300	20 November 2025 to 30 June 2026	1,621,864	1.19

10. Reserves and accumulated losses

		As at 30 June 2026 $	As at 30 June 2025 $
(a)	**Accumulated losses**		
	Balance at the beginning of the year	(20,451,191)	(20,451,191)
	Net profit/(loss) attributable to members of the Company	7,320,988	5,444,085
	Transfer to profit reserve	(7,320,988)	(5,444,085)
	Balance	**(20,451,191)**	**(20,451,191)**

(b) **Profits reserve**
The reserve is made of amounts transferred from current profits that are preserved for future dividend payments.

	As at 30 June 2026 $	As at 30 June 2025 $
Balance at the beginning of the year	26,511,909	21,067,824
Dividends paid	(615,508)	-
Transfer of profits during the year	7,320,988	5,444,085
Balance	**33,217,389**	**26,511,909**

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 30 June 2026 $	Year ended 30 June 2025 $
Ernst & Young		
Audit and other assurance services	64,865	62,920
Taxation services	4,532	4,532
Total audit and taxation services	**69,397**	**67,452**
Total remuneration of Ernst & Young	**69,397**	**67,452**

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 30 June 2026 $	As at 30 June 2025 $
(a)	**Components of cash and cash equivalents**		
	Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
	Cash at bank	1,919,472	88,394
		1,919,472	**88,394**

12. Cash flow information (continued)

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

	Year ended 30 June 2026 $	Year ended 30 June 2025 $
Profit/(loss) attributable to members of the Company	7,320,988	5,444,085
Proceeds from sale of financial instruments at fair value through profit or loss	47,423,634	45,996,404
Payments for purchase of financial instruments at fair value through profit or loss	(35,563,469)	(42,440,133)
Net (gains)/losses on financial instruments at fair value through profit or loss	(10,779,512)	(7,936,612)
Net (gains)/losses on foreign exchange	220,344	29,966
Amount received/(paid) from brokers for collateral	(4,971,576)	848,249
Net change in prepayments	7,680	4,204
Net change in receivables	10,889	(18,852)
Increase/(decrease) in deferred tax liabilities	907,675	1,602,737
(Increase)/decrease in current tax assets	115,284	189,716
(Increase)/decrease in current tax liabilities	1,221,343	-
Net change in payables	60,513	(35,199)
Net cash inflow/(outflow) from operating activities	**5,973,793**	**3,684,565**

(c) Non-cash financing activities

There were no non-cash financing activities during the year ended 30 June 2026 and 30 June 2025.	-	-

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 2025: 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 2025: 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 30 June 2026 $	Year ended 30 June 2025 $
Management fees paid and payable during the year	549,756	521,208
Management fees payable at year end	50,899	44,025

There were no performance fees earned or paid during the year (30 June 2025: nil).

(b) Remuneration of Directors and Other Key Management Personnel

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

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

	Year ended 30 June 2026 $	Year ended 30 June 2025 $
Cash salary, fees and commissions	125,000	125,561
Short-term employee benefits	**125,000**	**125,561**
Superannuation	15,000	14,440
Post-employment benefits	**15,000**	**14,440**
Total employment benefits	**140,000**	**140,000**

13. Related party transactions (continued)

(c) Shareholdings

2026	Opening balance	Acquisitions	Disposals	Balance at 30 June 2026
Ordinary Shares				
Jack Lowenstein	900,938	-	-	900,938
Mark Forstmann	27,439	-	-	27,439
Kirstin Hunter	-	-	-	-

2025	Opening balance	Acquisitions	Disposals	Balance at 30 June 2025
Ordinary Shares				
Jack Lowenstein	900,938	-	-	900,938
Mark Forstmann	27,439	-	-	27,439
Kirstin Hunter	-	-	-	-

(d) Options to acquire shares

There were no options acquired or disposed during the year ended 30 June 2026 and 30 June 2025.

14. Contingent liabilities and commitments

As at 30 June 2026 and 30 June 2025, the Company had no contingent liabilities or commitments.

15. Dividends

(a) Dividends paid in the current year

	Date of declaration	Date of payment	Year ended 30 June 2026 $	Dividend per share (Cent per share)
March	17 February 2026	18 March 2026	311,176	1.00
June	18 May 2026	15 June 2026	304,332	1.00
			615,508	**2.00**

The Company did not declare any dividends during the year ended 30 June 2025.

	Year ended 30 June 2026 $	Year ended 30 June 2025 $
(b) Dividend franking account		
Opening balance of franking account	26,652	26,652
Franking credits on dividends paid	(205,169)	-
Tax payments made	1,472,131	115,284
Tax refundable	-	(115,284)
Closing balance of franking account	**1,293,614**	**26,652**

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 2026 and 18 August 2026, the Company has bought back a further 149,126 shares at an average price of $1.247.

On the date of this report, the Board of Directors have not made any decisions in relation to the end of the initial term of the IMA on 26 April 2027.

On 18 August 2026, the Company declared a fully franked quarterly dividend of 1.4c per share. This dividend is not recognised as a liability at 30 June 2026 and will be paid on 15 September 2026. The Company's Dividend Reinvestment Plan (DRP) is still suspended and the DRP will not apply for this dividend.

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

Consolidated Entity Disclosure Statement

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

Directors' Declaration

The Directors declare that:

(a) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including compliance with Accounting Standards, and giving a true and fair view of the financial position as at 30 June 2026 and performance of the Company, for the year ended 30 June 2026;

(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, 18 August 2026

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Morphic Ethical Equities Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2026, 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 2026 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 of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

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

Investment existence and valuation

Why significant	How our audit addressed the key audit matter
The Company has a significant investment portfolio consisting primarily of listed equity securities. As at 30 June 2026, the value of these financial assets was $40,696,645, which represented 84% of the total assets of the Company. As disclosed in the Company's accounting policy, Note 1(c) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with requirements of Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.	Our audit procedures included the following: • We assessed the effectiveness of the controls relating to the existence and valuation of investments. • We obtained and assessed the assurance report on the controls of the Company's administrator, in relation to the administration services for the year ended 30 June 2026 and assessed the auditor's qualifications, competence, their objectivity and the results of their procedures. • We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2026. • We assessed the fair value of all investments in the portfolio held at 30 June 2026. For listed securities, the values were verified against independently sourced market prices. For the listed security with trading restrictions, we assessed the reasonableness of the valuation assumptions, including externally sourced observable market prices and the discount rate. • We assessed the adequacy and appropriateness of the disclosures included in Note 3 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 Annual Report, other than 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.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 and 13 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Morphic Ethical Equities Fund Limited for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner
Sydney
18 August 2026

Shareholder Information

The Shareholder information set out below was applicable at 31 July 2026.

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	138	60,193	0.20
1001 to 5000	194	570,480	1.89
5001 to 10000	117	939,727	3.11
10001 to 100000	225	7,632,148	25.38
100001 and Over	36	20,992,055	69.52
Total	**710**	**30,194,603**	**100.00**

B. Equity security holders

Twenty largest equity security holders

Name	Shares	%
FUTURE GENERATION GLOBAL LIMITED	6,494,758	21.51
SYSHA PTY LTD <SYDNEY GOODMAN FAMILY A/C>	2,391,000	7.92
LEKK PTY LTD <HILTON GORDON FAMILY A/C>	1,800,000	5.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,202,910	3.98
STERDA PTY LTD	1,070,000	3.54
JORLYN PTY LTD <ROBERT JORDAN FAMILY A/C>	900,000	2.98
MR JACK THESEUS LOWENSTEIN	629,126	2.08
CITICORP NOMINEES PTY LIMITED	495,725	1.64
NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>	416,075	1.38
MR JAMES WILLIAM TAYLER	412,518	1.37
EVJ HOLDINGS PTY LTD <EDWINA A/C>	376,365	1.25
MR RONALD GORDON SINCLAIR + MR SCOTT SINCLAIR + MISS SAMANTHA SINCLAIR <RON SINCLAIR S/FUND A/C>	367,000	1.22
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	337,918	1.12
JOS LUCK PTY LTD <JOS LUCK FAMILY A/C>	321,390	1.06
MR ROBERT RAYMOND JAMES + MRS MARGARET HELEN JAMES <RR & MH JAMES FAMILY A/C>	320,000	1.06
LUDWIGSON HOLDINGS PTY LTD	271,812	0.90
GERANN PTY LTD	270,000	0.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	258,235	0.86
MR MALCOLM JAMES DOIG + MRS LISA JOY DOIG <DOIG FUTURE SUPER FUND A/C>	250,000	0.83
MRS MARGARET GWENDOLINE MAYO	250,000	0.83

C. Substantial shareholders

	%
Future Generation Global Investment Company Limited and its associated entities.	21.51

D. Voting rights

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

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

E. Stock exchange listing

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

F. Unquoted securities

There are no unquoted securities.

G. Investment transactions

There were 155 investment transactions during the year, total brokerage paid on these transactions was $116,947.

Corporate Directory

Directors	Jack Lowenstein Mark Forstmann Kirstin Hunter
Company Secretary	Sushma Kejriwal
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 Level 4, 44 Martin Place SYDNEY NSW 2000 P: 02 8234 5000
Stock Exchange Listings	ASX code (ordinary shares): MEC