MORPHIC ETHICAL EQUITIES FUND

Monthly Report
August 2026

A proud founder of: Climate Action 100+

Signatory of: PRI Principles for Responsible Investment

Fund Objective

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

MEC excludes direct investments in entities involved in environmental destruction, including coal and uranium mining, oil and gas, intensive animal farming and aquaculture, tobacco and alcohol, armaments, gambling and rainforest and old growth logging.

Investment returns*

	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	ITD (p.a.)^
MEC[1]	-3.7%	-13.2%	0.6%	5.0%	8.7%	4.0%	8.1%
Index[2]	0.6%	2.3%	9.0%	11.7%	16.5%	11.3%	12.8%

* Past Performance is not an indication of future performance. ^ Fund listing on the ASX 3 May 2017
Source: Ellerston Capital.

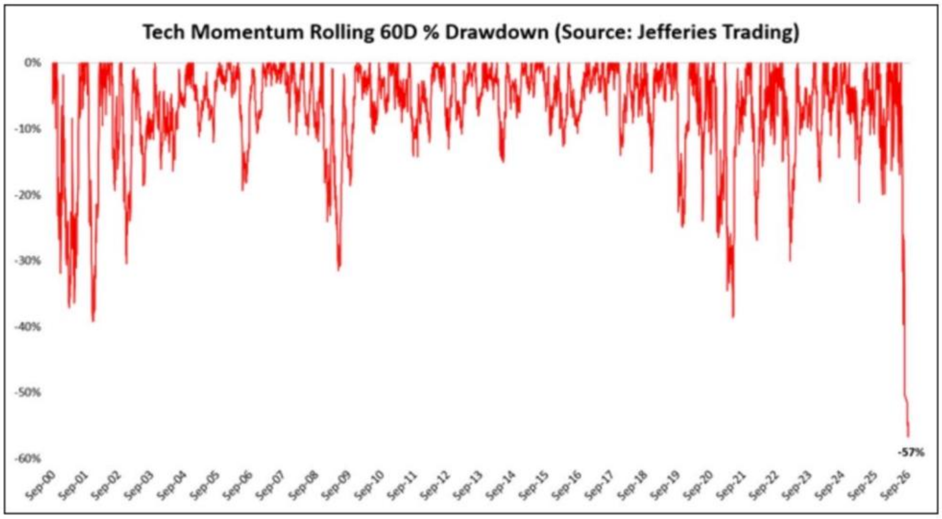
Performance Summary

MEC returned -3.7% net during the month, versus the MSCI All Countries World Daily Total Return Net Index which returned +0.6% over the same period. For the 12 months rolling, MEC returned +5.0% vs the Benchmark return of +11.7%.

Market Commentary

Following an historic drawdown in the technology sector in July (covered in prior updates), US equity markets posted a recovery in August, led by the 'Magnificent Seven' and Technology sector on the back of strong 2Q26 results. Other notable movers included energy (+7.0%) and materials (+5.9%).

Despite the Technology sector's broader recovery, the US technology momentum factor, which we see as a useful proxy for the AI trade, continued its historic drawdown, with the index down 55% from its June highs, and 20% through the month of August alone. This was an outcome of anaemic performance of the long book (largely AI) and strong performance of shorts (AI disrupted software). Given the strong fundamentals in the AI space (i.e exponential token demand growth, short paybacks on GPUs), we continue to view much of the recent decline in AI trade as technically driven – i.e likely continued de-grossing by hedge funds.



Source: Jefferies

MEC has a large weighting to AI related stocks, and as a result, was impacted by the continued weakness in AI sentiment. For our portfolio specifically, many of our data centre holdings (CIFR, HUT, CORZ, WULF) had a poor month, reflecting delays around expected approvals for base load power in Texas. Post month end, we have subsequently learned that nearly all of our holdings, with the exception of CIFR, have received their expected conditional power approvals in the preliminary allocation process, with these approvals expected to be fully confirmed by the end of the year (likely after the US mid-term elections). We continue to see these companies as cheap on signed customer agreements, and highly compelling when factoring the value attached to their power backlogs.

Select Monthly Contributors and Detractors

Key contributors:

SharonAI increased 11% within the Portfolio during the month, largely on the broader recovery in select technology names, as well as strong results from peers such as Nebius.

Galaxy Digital (GLXY US) increased 17% through the month, likely on the back of the strong rally in crypto currencies over the same period. GLXY earns money on crypto has both an institutional dealer/market maker, as well as through balance sheet and treasury holdings.

Key detractor:

CIFR Digital (CIFR US) and Core Scientific (CORZ US) declined 31% and 21% respectively through the month, reflecting the impact of delays to power approval discussed previously. Subsequent to month end, we used a particularly strong trading day in CIFR to exit the position and concentrate our capital in other datacentre holdings.

Top 10 Positions*

Stocks	Industry	Region
AerCap Holdings NV	Industrials	North America
Clean Harbors, Inc.	Industrials	North America
Core Scientific Inc	Information Technology	North America
Corpay, Inc.	Financials	North America
Galaxy Digital Inc.	Financials	North America
GFL Environmental Inc	Industrials	North America
InterContinental Hotels Group	Consumer Discretionary	Europe
Nebius Group N.V.	Information Technology	North America
Nexans SA	Industrials	Europe
TKO Group Holdings	Communication Services	North America

*Source: Ellerston Capital. *Listed positions in alphabetical order.*

Risk Measures	
Net Exposure[3]	93.84%
Gross Exposure[4]	93.84%
VAR[5]	8.40%
Best Month	11.36%
Worst Month	-12.22%
Average Gain in Up Months	2.84%
Average Loss in Down Months	-2.91%
Annualised Volatility	14.14%
Annualised Index Volatility	10.39%

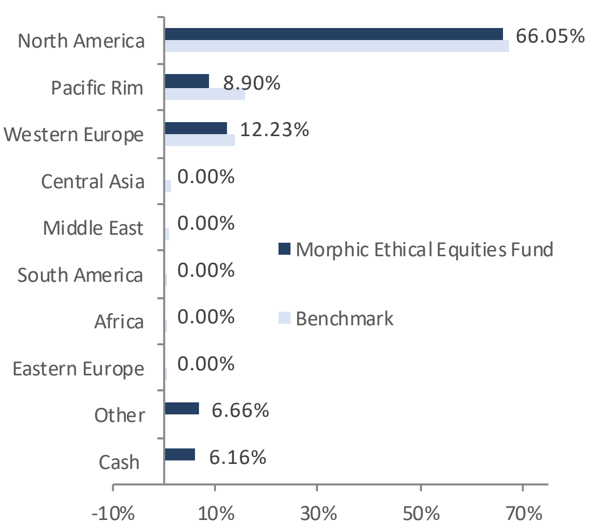
Net Tangible Assets (NTA)	
NTA value before tax[6]	$1.3364
NTA value after tax[6]	$1.2753

Source: Ellerston Capital.

Key Facts	
ASX code / share price	MEC / 1.195
Listing Date	3 May 2017
Profit Reserve[7]	$1.090
Management Fee	1.25%
Performance Fee[8]	15%
Market Capitalisation	$35.9m
Shares Outstanding	30,083,488
Dividend per share[9]	$0.01

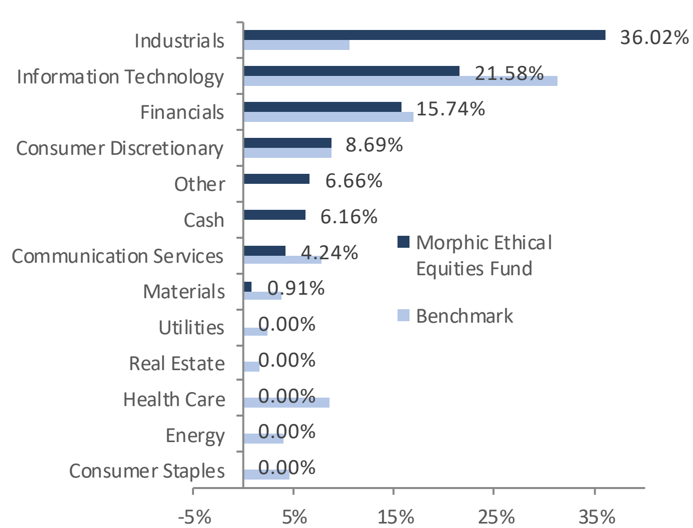
Source: Ellerston Capital.

Equity Exposure Summary[10] By region



Source: Ellerston Capital.

Equity Exposure Summary[10] By sector



Source: Ellerston Capital.

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