



Prospectus

MORPHIC ETHICAL EQUITIES FUND

MORPHIC ETHICAL EQUITIES FUND LIMITED

ACN (617 345 123)

Offer of up to 200 million fully paid ordinary Shares and Options (with the ability to accept Applications for up to a further 50 million Shares and Options in Oversubscriptions).

Important Information

This Prospectus contains important information for you as a prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Joint Lead Managers



TAYLOR COLLISON

AFS Licence 247083

Morgans IN ALLIANCE WITH **CIMB**

AFS Licence 235410

Co-Manager



AFS Licence 237504



IMPORTANT NOTICES

This replacement prospectus is dated 13 March 2017 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date (**Prospectus**). This document replaces the prospectus dated 6 March 2017 (**Original Prospectus**). This document is issued by Morphic Ethical Equities Fund Limited (ACN 617 345 123) (**Company**) and is an invitation to apply for up to 200,000,000 Shares at an Application Price of \$1.10 per Share together with an entitlement to 1 Option for every 1 Share subscribed for (with each Option exercisable at \$1.10 on or before November 30th, 2018).

None of ASIC, ASX or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Securities (other than Shares to be issued on the exercise of Options) will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of the Original Prospectus.

ASX Listing

The Company will apply within 7 days after the date of the Original Prospectus for admission to the official list of ASX and for the Securities to be quoted on ASX.

The fact that ASX may admit the Company to the official list and quote the Securities is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Securities will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Securities unless and until the Securities have been granted permission to be quoted on the ASX on terms acceptable to the Company. If permission is not granted for the Securities to be quoted before the end of 3 months after the date of the Original Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of 7 days after the date of the Original Prospectus, which may be extended by ASIC by a further period of 7 days (**Exposure Period**).

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and Taylor Collison Limited, the holder of an AFSL (Authorised Intermediary) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Securities by the Company under the Prospectus and the Company will only issue Securities in accordance with such offers if they are accepted.

The Joint Lead Managers will manage the Offer on behalf of the Company. The Joint Lead Managers are Taylor Collison Limited and Morgans Financial Limited. The Co-Manager is Macquarie Equities Limited.

The Authorised Intermediary's, Joint Lead Managers' and Co-Managers' functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. None of the Joint Lead Managers or Co-Managers guarantee the success or performance of the Company or the returns (if any) to be received by investors. None of the Joint Lead Managers or Co-Managers are responsible for, or have caused the issue of, this Prospectus.

Investment Decision

Applicants should read this Prospectus in its entirety before deciding whether to apply for Securities. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent

IMPORTANT NOTICES

legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the key risks that apply to an investment in the Company is set out in Section 6. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Securities.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements.

While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 6, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Offer to New Zealand investor Warning

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from www.morethical.com.au The Offer or invitation

to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia and New Zealand.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if requested before the Offer closes.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Securities to which the Electronic Prospectus relates will only be issued to Applicants who complete the Application Form accompanying the Prospectus and submit that form to the Company together with Application Monies.

How to Apply

You can only make an Application for Securities under the Offer by completing and submitting an Application Form. You can find detailed instructions on completing the Application Form on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum of 2,000 Shares at \$1.10 each (i.e. for a Minimum Subscription of \$2,200) and 2,000 Options. A larger number of Shares and Options may be applied for in multiples of 100 Shares and Options.

Applications

Applications and Application Monies for Securities under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Morphic Ethical Equities Fund Limited" and crossed "Not Negotiable".

No stamp duty is payable by Applicants.

Application Forms

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

Morphic Ethical Equities Fund Limited
C/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001

Alternatively, Applicants can apply online at **www.moreethical.com.au** and pay their Application Price by BPAY.

When to Apply

Completed Application Forms and Application Monies under the Offer must be received by 5:00pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

The Directors reserve the right to allocate any lesser number of Shares and Options than those for which the Applicant has applied. Where the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in Section 12.

HIGHLIGHTS OF THE OFFER

Important Dates

Lodgement of Original Prospectus with ASIC	6 March 2017
Lodgement of this Prospectus with ASIC	13 March 2017
Offer expected to open	9am on 14 March 2017
Broker Firm Offer expected to close	5pm on 12 April 2017
Priority and General Offer expected to close	5pm on 19 April 2017
Expected date of allotment / date of dispatch of holding statements	27 April 2017
Securities expected to commence trading ASX	3 May 2017
Options expiry date	5pm on 30 November 2018

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early,

extend the Closing Date or accept late Applications.

Key Offer Statistics

Company	Morphic Ethical Equities Fund Limited ACN 617 345 123
Proposed ASX codes	Shares: MEC Options: MECO
Securities offered	Fully paid ordinary Shares 1 Option for every Share issued under the Offer
Minimum number of Shares and Options available under the Offer	35,000,000 Shares 35,000,000 Options
Minimum proceeds from the Offer (before exercise of any Options)	\$38,500,000
Maximum number of Securities available under the Offer (before oversubscriptions and the exercise of any Options)	200,000,000 Shares 200,000,000 Options
Maximum proceeds from the Offer (before oversubscriptions and the exercise of any Options)	\$220,000,000
Maximum number of Securities available under the Offer assuming oversubscriptions are fully subscribed (before the exercise of any Options)	250,000,000 Shares 250,000,000 Options
Maximum proceeds from the Offer assuming oversubscriptions are fully subscribed (before the exercise of any Options)	\$275,000,000
Application Price per Share	\$1.10
Option exercise price	\$1.10
Pro forma Net Asset Value (NAV) backing per Share if the Minimum Subscription amount is raised (based on pro forma balance sheet set out in Section 7.2).	\$1.073
Pro forma NAV backing per Share if the Maximum Subscription amount is raised (before Oversubscriptions) (based on pro forma balance sheet set out in Section 7.2).	\$1.079
Pro forma NAV backing per Share if the Maximum Subscription amount and \$55,000,000 in Over Subscriptions is raised (based on pro forma balance sheet set out in Section 7.2).	\$1.079

Enquiries

Investors with questions relating to the Offer or who require additional copies of the Prospectus should contact Share Registry, on 1300 048 133 (within Australia) and +61 3 9415 4659 (outside Australia).

CHAIRMAN'S LETTER

13 March 2017

Dear Investor.

There is no Plan(et) B.

The aim of the Morpheic Ethical Equities Fund Limited (**Company**) is 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.

On behalf of the Directors of the Company, I am pleased to invite you to become a Shareholder in the Company. This will be an opportunity to invest in an ethical long/short equity fund providing you with diversified exposure to a portfolio predominantly comprised of global listed Securities and Derivatives that comply with the Company's social and environmental guidelines.

The Company is seeking to raise a minimum of \$38.5 million and a maximum of \$220 million under the offer with the ability to accept over-subscriptions to raise a further \$55 million. The issue price is \$1.10 per share. One option allowing investors to buy another share at \$1.10 at any time before 30 November 2018 will be issued for every share taken up in the Offer. Application will be made for the Company to be listed and the Shares and Options to be quoted on the ASX under the codes MEC and MECO.

Prior to the date of this Prospectus, Ascalon Capital Managers Limited as trustee for certain unit trusts controlled by Westpac Banking Corporation and which provide seed funding to investment vehicles, committed¹ to the Joint Lead Managers to invest \$5 million under this Prospectus at the Offer Price as a cornerstone investor².

Jack Lowenstein, Managing Director of the Manager, will also invest \$550,000. In addition an entity controlled by Geoff Wilson of Wilson Asset Management, one of Australia's most respected listed investment company investors, has indicated that it intends to invest \$1.1 million, and will help the Company ensure the Prospectus is distributed to a wide audience.

Company's Investment Objectives

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.

The portfolio will exclude 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.

1. This commitment is contingent on Ascalon completing an application form.

2. Subject to the Minimum Subscription amount being raised.

The Manager

Morphic Asset Management Pty Limited (**Morphic**) is a Sydney based investment manager that has a strong record for delivering high risk adjusted returns from investing in global equities. Investors who bought units in the Morphic Global Opportunities Fund at its launch in August 2012 have enjoyed compound annual returns of 17.29% since its inception.

Prior to establishing Morphic, the Managing Director, Jack Lowenstein, played a leading role in building one of Australia's premier ethical investment managers, Hunter Hall, which he joined in 1997. Jack took part in the launch of Australia's first ethically screened listed investment company, Hunter Hall Global Value Limited (HHV). Morphic's co-founder, Chad Slater was a portfolio manager at Hunter Hall from 2007 to 2012. Both Jack and Chad have extensive experience in managing ethically screened global Securities and Derivatives and were two of Hunter Hall's top performing portfolio managers.

It is the charitable goal of the Manager to help support the environment and it will give 2.5% of its fees from managing the Fund to Bush Heritage, a charity that focuses on Australian biodiversity through land conservation.

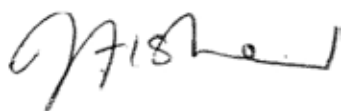
Risks

The Manager places risk control at the heart of its investment philosophy and using its mantra of being focussed on areas of risk potential; vigilant to see how they develop, and agile in responding.

Nevertheless, like all investments, an investment in the Company carries risk and the Directors ask potential investors to review carefully the risks associated with the Company. These are set out in detail in Section 6 of the Prospectus and in the summary in the Key Investment Risk section at the beginning of the Prospectus.

The Board encourages you to read the Prospectus in full as it contains detailed information about the Company and the Offer of Shares and Options.

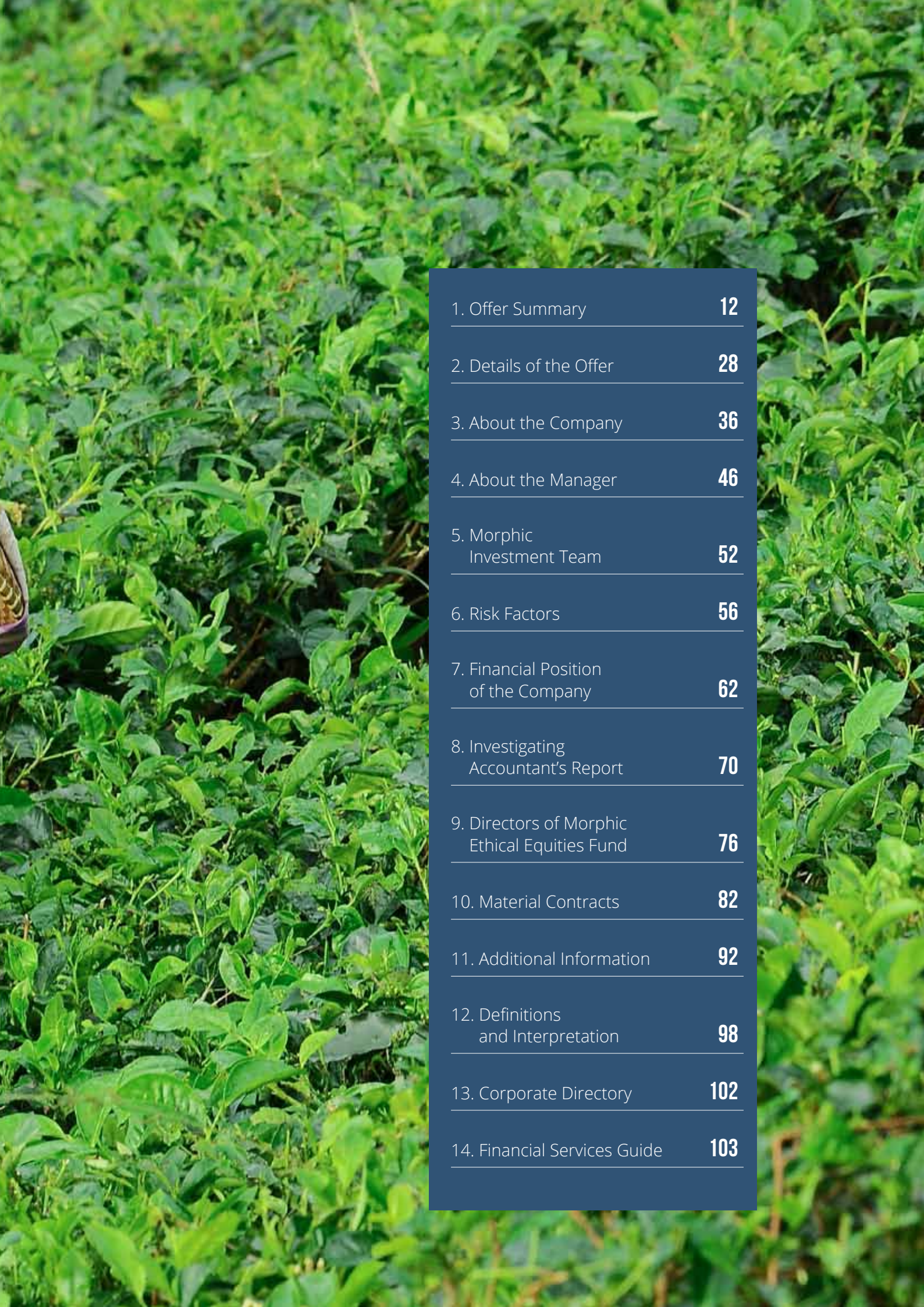
On behalf of the Board, I look forward to welcoming you as a Shareholder in the Company.



JoAnna Fisher
Chair

A woman wearing a traditional conical hat and a blue headscarf is harvesting tea leaves in a lush green field. She is using large scissors to cut the leaves and is holding a woven basket filled with harvested tea leaves. The background is a dense field of tea plants.

TABLE OF CONTENTS



1. Offer Summary	12
2. Details of the Offer	28
3. About the Company	36
4. About the Manager	46
5. Morphic Investment Team	52
6. Risk Factors	56
7. Financial Position of the Company	62
8. Investigating Accountant's Report	70
9. Directors of Morphic Ethical Equities Fund	76
10. Material Contracts	82
11. Additional Information	92
12. Definitions and Interpretation	98
13. Corporate Directory	102
14. Financial Services Guide	103

1. | **OFFER
SUMMARY**

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

QUESTION	ANSWER	MORE INFORMATION
----------	--------	------------------

A. Key investment highlights and key risks

What are the benefits of the Offer?	The Offer provides investors with access to The Morphic Ethical Equities Fund Limited (Company). The Company will hold an ethically screened portfolio predominantly comprised of global Securities and Derivatives. The Company's Portfolio will not include direct investments in Securities that are issued by entities in the following industries: – Armaments; – Tobacco and alcohol; – Gambling; – Coal and Uranium mining; – Oil and gas extraction; – Intensive animal farming and aquaculture; or – Logging of rainforest or old growth timber. The Manager intends to apply a “positive screen” by investing a minimum of 5% of the Company's Net Assets in Securities issued by companies which produce products or services that it considers are likely to improve the planet.	See Sections 3, 4, and 5.
--	--	----------------------------------

A. Key investment highlights and key risks

What is the business model of the Company?

The Company will aim to:

- deliver investors an ethically screened portfolio;
- deliver investors superior risk adjusted returns; and
- provide capital growth and consistent income.

The Manager will pursue this objective through a long and short equity strategy focusing on global Securities.

The Company will primarily invest in global listed Securities and Derivatives. The Company may also invest in cash, unlisted global 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.

See Section 3.2

Will the Company pay dividends?

The Board's current intention is to pay dividends franked to the maximum extent possible (payable at the end of the first full financial year, and after that semi-annually) to the extent permitted by the law and provided that payment is within prudent business practice.

The level of dividends paid will be determined by the Board and will depend on a number of factors including: available profit reserves and franking credits, retained earnings, capital requirements, financial conditions and any other factors deemed relevant.

See Section 3.7

What are the key risks associated with the business model and the Offer?

The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company include:

- (a) Manager risk: The success and profitability of the Company will largely depend on the Manager's ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant key personnel changes at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Further, if the Company does not perform well, it may be difficult to remove the Manager.
- (b) Investment Strategy risk: The success and profitability of the Company will largely depend upon the ability of the Manager to invest in a Portfolio that generates a return for the Company. The past performance of portfolios managed by the Manager is not a guide to future performance of the Company. There are risks inherent in the Investment Strategy that the Manager will employ.

See Section 6

QUESTION	ANSWER	MORE INFORMATION
What are the key risks associated with the business model and the Offer? (cont.)	(c) Market risk: The Portfolio will be exposed to market risk. The market risk of assets in the Company's Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors, such as: economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. The Manager will seek to manage market risks to the extent possible through its risk management approach. (d) Share price risk: The Company will be listed on the ASX and, as a result, the Shares and Options will be exposed to market movements. Further, the Share price may trade at a discount to its NTA. (e) Foreign issuer and market risk: The Company's investment objective and strategies are focused on investments relating to global Securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments. (f) Short selling risk: There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities (from a prime broker for a fee) that are then sold. If the price of the Securities falls, then the Company can buy those Securities at a lower price to transfer back to the prime broker. Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the prime broker and that positions may have to be liquidated at a loss and/or at a time other than that the Manager's would normally choose. (g) Liquidity risk: The Portfolio and the Shares and Options are each subject to liquidity risk as follows: – The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a Security cannot be bought or sold quickly enough to minimise potential loss, the Company may have difficulty satisfying commitments associated with financial instruments.	

QUESTION

ANSWER

MORE INFORMATION

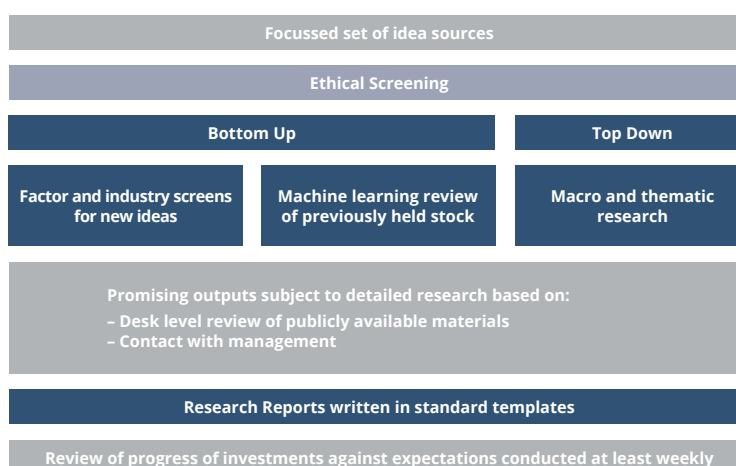
What are the key risks associated with the business model and the Offer? (cont.)

- The Shares and Options issued by the Company are also exposed to liquidity risk. The ability of investors in the Company to sell Securities will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Securities at the time, in the volumes or at the price they desire.
- (h) Derivatives risk: The Company may use both Exchange Traded Derivatives and Over-the-counter Derivatives (including options, particularly notes, futures and swaps, fixed income, currency, commodity and credit default exposures, currency forwards/contracts and related instruments) for risk management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with the value of the Derivatives failing to move in line with the underlying Security or as expected. Derivatives transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.
- (i) Leverage risk: The Manager can use debt to increase the scale of the Portfolio and the use of Derivatives and Short Selling may have an effect similar to leverage (in that it can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio). These risks give rise to the possibility that positions may have to be liquidated at a loss and not a time of the Manager's choosing.
- (j) Currency risk: Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio measured in Australian dollars. This is true also for liabilities denominated in foreign currencies.
- (k) Prime Broker Counterparty and Collateral Risk: The Company will use the services of the Prime Broker to facilitate the lending of Securities to short sell. Until the Manager returns a borrowed Security, it will be required to maintain assets with the Prime Broker as Collateral. As such, the Company may be exposed to certain risks in respect of that Collateral (including but not limited to insolvency risks relating to the Prime Broker).
- (l) Default risk: The Company will outsource key operational functions, including: investment management, custody, administration and valuation to a number of third party service providers. There is a risk that one or more of these counterparties may intentionally or unintentionally breach their obligations to the Company causing loss to the Company.

QUESTION	ANSWER	MORE INFORMATION
What are the key risks associated with the business model and the Offer? (cont.)	(m) Credit default risk: The Company may deposit its cash from time to time with counterparties. There is a risk that deposit-takers, issuers of interest rate securities and custodians of the Company's cash holdings may not repay the principal and/or interest when due.	

B. Key information about the Portfolio and Investment Strategy

What is the Company's Strategy?	The Company's Investment Strategy is to construct an ethically screened Portfolio, designed to provide superior risk adjusted returns by providing both capital growth and dividends. The Manager will pursue this objective through a long and short Investment Strategy.	See Sections 3.1 and 3.3
What will the Company invest in and what are the limits that apply?	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 Equity Exposure limit for each country will be based on the size of each relevant market. Similar rules will apply to managing Portfolio concentrations in individual sectors. Other Portfolio limits are set out in the table in section 3.4.	See Section 3.3 and 3.4
How will the Portfolio be constructed?	The Portfolio will mainly consist of long and short investments, carefully selected with a view to their own investment attributes, their resonance with the Manager's broader global economic and market analysis. Individual investments are reviewed through the following framework (after checking to ensure potential investments are not Excluded Securities) starting at the top and working downwards.	See Sections 3.3 and 3.4



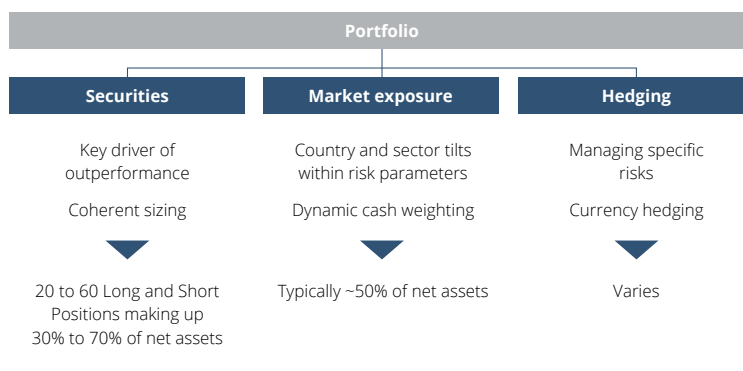
QUESTION

ANSWER

MORE INFORMATION

How will the Portfolio be constructed?
(cont.)

The Portfolio as a whole will be constructed using the following methodology:



What is the Company's leverage policy?

The Company may borrow money or Securities to generate financial leverage. The Company may also become leveraged through the use of Derivatives and Short Selling. The maximum total leverage for the Portfolio is 100% of its Net Asset value.

See Section 3.5

Since inception, the Manager's existing fund, the Morpnic Global Opportunities Fund (**MGOF**) has never had leverage of more than 40% of its net asset value. The Manager currently expects the maximum level of leverage will only be used in exceptional circumstances (if ever).

Please see Section 6 for a summary of the key risks associated with the Company's use of leverage. As an additional layer of risk management of leverage, the Portfolio will be monitored by the Manager using a combination of:

- Value at risk (**VAR**) calculations; and
- Stress and scenario analysis.

These processes are explained in Section 3.12.

QUESTION	ANSWER	MORE INFORMATION
What is the Company's Derivatives policy?	Derivatives are expected to be used for a range of reasons including, but not limited to: – hedging to reduce risk; – more efficiently gaining economic exposure to the underlying investment; – increasing the liquidity of the Portfolio; – achieving leverage and increase the Company's exposure to chosen investments; and – adjusting currency exposures. The Manager expects that most Derivatives used will be Exchange Traded Derivatives. However, Over-the-counter options, swaps and forwards are also permitted investments. The use of Derivatives may expose the Company to certain risks. Please see Section 6 for further information regarding the risks associated with use of Derivatives. Generally, Over-the-counter Derivatives transactions carry greater counterparty risk than Exchange Traded Derivatives (i.e. where the counterparty to the transaction is the exchange's clearing house). Trading in Over-the-counter Derivatives will generally require the lodgement of Collateral or credit support, such as a margin or guarantee with the counterparty, which in turn gives rise to counterparty risk. To mitigate counterparty risks in Over-the-counter Derivatives transactions, the Manager will seek to deal with counterparties with strong credit ratings.	See Section 3.5
Will the Company participate in Short Selling?	The Manager may short sell Securities issued by the Company, where it sees attractive risk-return opportunities or to manage specific risks it has identified. The Manager may also short sell Excluded Securities. The Manager will generally effect a Short Selling strategy by borrowing the desired Security and then selling it on market in which case the Company would need to purchase the underlying Security in the market and repay it to the lender to close the Short position. The Manager may also implement a Short sale through the use of equity and index Derivatives contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts. Short Selling may magnify the gains and losses achieved in the Portfolio. Short Selling may have a significant adverse impact on the Portfolio returns. When the Manager takes a Short Position, it is expecting that the price of that Security will fall. There is always the risk that the price of the Security will increase. If this happens, it is possible that the price to repurchase the Security could exceed the amount initially invested, generating a loss.	See Section 3.5

QUESTION	ANSWER	MORE INFORMATION
Will the Company hold currency positions?	The currency denomination of the Company's assets is dependent on the currency used in the location of the investment. The Manager will treat currency risk separately and may hedge currency exposures into Australian dollars or other currencies.	See Section 3.5
What is the time frame for Portfolio construction?	The Manager expects that the Portfolio will be fully invested or close to fully invested within one month of listing on the ASX. However, the pace at which investments are made will be dependent on a number of factors, including market conditions.	
What is the Company's valuation policy?	The assets of the Company will be valued by the Administrator on a daily basis using market accepted practices to accurately and independently price all Securities and other assets within the Portfolio.	See Section 3.11
What is the investment term?	Investors are strongly advised to regard any investment in the Company as a long term proposition (5+ years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period.	See Section 6.6

C. Key Information about the Company and Manager

Who are the Company's Directors?	The Directors of the Company are: – Independent Chairman: JoAnna Fisher – Non-independent Director: Jack Lowenstein – Independent Director: Mark Forstmann – Independent Director: Virginia Malley See Section 9.2 for further details regarding the background of the Directors.	See Section 9.2
What is the financial position of the Company?	The Company has no performance history, as it is yet to commence trading. Pro-forma balance sheets are set out in Section 7.	See section 7
Who will manage the Portfolio?	Morphic Asset Management Pty Limited ABN 33 155 937 901 has been appointed as the investment manager of the Company. The Manager holds AFSL number 419916. Jack Lowenstein, Chad Slater and Geoff Wood will have primary responsibility for the investment decisions of the Manager. The Manager will ensure that each member of the Morphic Investment Team will be available to devote the amount of time required for the Manager to properly perform its functions in managing the Company's Portfolio in accordance with the Investment Management Agreement.	See Section 4

QUESTION	ANSWER	MORE INFORMATION
Does the Board approve investments?	Board approval is not required for investments undertaken by the Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments agreed from time to time (initially being those summarised in this Prospectus). Any investments that the Manager proposes outside of these parameters must be approved in advance by the Board.	
What experience does the Manager have?	The Manager and its team members have a long track record in long/short investing and global equities, and ethically screening investments. Collectively the team has more than 80 years' experience in managing global Securities and Derivatives and more than 30 years of which has been spent in strategies involving Short Selling. The Managing Director of the Manager, Mr Jack Lowenstein played a leading role in launching Australia's first ethically screened global equities Listed Investment Company Hunter Hall Global Value Limited (HHV). He was a director of HHV and its manager, Hunter Hall International Limited, from HHV's listing in 2004 until late 2011. The Manager launched the MGOF in August 2012 to pursue a risk managed global long short equity strategy. The Manager now manages in excess of \$120 million as at 28 February 2017. The Board believes that its Directors and the Manager bring together the required experience and expertise in funds management, investment in global Securities and Derivatives and corporate governance. Please see Sections 4.5 and 5 for more information on the Manager's investment process and experience.	See Sections 4.5 and 5
What are the key terms of the Investment Management Agreement?	The Investment Management Agreement has an initial term of 5 years and, unless terminated, automatically extends for periods of 1 year at the end of the initial term and each subsequent term thereafter. The Company has applied to the ASX for a waiver to allow an initial term period of 10 years. If the ASX refuses the waiver application, the initial term of the Investment Management Agreement will be 5 years. The Manager will be responsible for managing the Portfolio in accordance with the Investment Strategy and the guidelines in Section 3 (as amended from time to time by the Company). The Manager is entitled to be paid certain fees under the Investment Management Agreement. These fees include Management Fees, Performance Fees and, in certain circumstances, termination fees. For details of these fees, how they are calculated and when they are payable, see below and Section 10.1.	See Section 10.1

QUESTION**ANSWER****MORE INFORMATION****What fees will the Manager receive?****Management Fee**

See Section 10.1

In return for the performance of its duties as Manager of the Portfolio, 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).

The Management Fee is to be paid to the Manager irrespective of the performance of the Company. Management Fees would increase as the Value of the Portfolio increases and decrease as the Value of the Portfolio decreases.

Management Fee worked example

Assuming an initial Value of the Portfolio of \$220,000,000 at 1 October 2017 and nil performance on the Portfolio each month after fees, the Management Fee payable on the Portfolio for the 12 month period from 1 October 2017 to 30 September 2018 would be approximately \$2,734,000 (plus GST).

The Manager intends to donate 2.5% of the Management Fee it receives each year to a charity with ethical goals. The initial recipient of this charitable donation will be Bush Heritage Australia, an Australian charity which exists to protect the natural environment.

Performance Fee

In addition to the Management 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.

The calculation of the Management Fee and the Performance Fee is explained in full in Section 10.1.

Performance Fee worked examples

Example 1: Outperformance against the Benchmark.

Assuming a Performance Calculation Period of 1 October 2016 to 30 September 2017, an initial Value of the Portfolio of \$220,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period of \$242,000,000 (representing a 10% higher value than at the beginning):

- (a) If the Benchmark return is 7.5% for the Performance Calculation Period, there would be an aggregate outperformance of \$5,500,000.

What fees will the Manager receive? (cont.)

- (b) In this instance, there would be a Performance Fee payable at 15% of this amount equating to \$825,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

Example 2: Underperformance against the Benchmark.

Assuming a Performance Calculation Period of 1 October 2016 to 30 September 2017, an initial Value of the Portfolio of \$220,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 10% higher than at the beginning of \$242,000,000:

- (a) If the Benchmark return is 12.5% for the Performance Calculation Period, there would be an aggregate underperformance of \$5,500,000.
- (b) In this instance, there would be no Performance Fee payable for the Performance Calculation Period as the Portfolio has underperformed the Benchmark.
- (c) The aggregate underperformance of \$5,500,000 is to be carried forward to the following Performance Calculation Periods until it has been recouped in full against future positive Portfolio performance.

Example 3: Recouping past underperformance.

Assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$242,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% higher than at the beginning of \$254,100,000:

- If the Benchmark return is 1.5% for the Performance Calculation Period, there would be an aggregate outperformance of \$8,470,000.
- (a) The aggregate underperformance of \$5,500,000 from prior Performance Calculation Period(s) as per Example 2 above, is to be recouped in full against the current Portfolio performance, resulting in aggregate outperformance of \$2,970,000 for the Performance Calculation Period.
- (b) In this instance, there would be a Performance Fee payable at 15% of this amount equating to \$445,500 (plus GST) for the Performance Calculation Period, as the Portfolio has outperformed the Benchmark and prior underperformance has been recouped in full against current Portfolio performance.

QUESTION	ANSWER	MORE INFORMATION
Will any related party have a significant interest in the Company or in connection with the Offer?	Each Director is a related party of the Company. The independent Directors, JoAnna Fisher, Mark Forstmann and Virginia Malley, will be remunerated for their services. See Section 9.8 for a summary of their annual salaries. Jack Lowenstein will not receive Directors' fees from the Company. In addition to their annual salary (if applicable), each of the Directors will be entitled to be reimbursed for certain costs and expenses. Full details of Director remuneration are set out in Section 9.8. The Directors, and entities associated with them, are permitted to participate in the Offer. The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus. At completion of the Offer, the Directors are expected to have a Relevant Interest in the following numbers of Securities: (a) JoAnna Fisher: 100,000 Shares and 100,000 Options; (b) Jack Lowenstein: 500,000 Shares and 500,000 Options; (c) Mark Forstmann: 40,000 Shares and 40,000 Options; and (d) Virginia Malley: 25,000 Shares and 25,000 Options. As a director and beneficial owner of shares in the Manager, Jack Lowenstein will indirectly benefit from the Management Fees and Performance Fees paid to the Manager in accordance with the Investment Management Agreement. Other than as set out above and in this Prospectus, there are no other existing or proposed agreements or arrangements between the Company and its related parties.	See Section 9.8 and 9.11

D. About the Offer

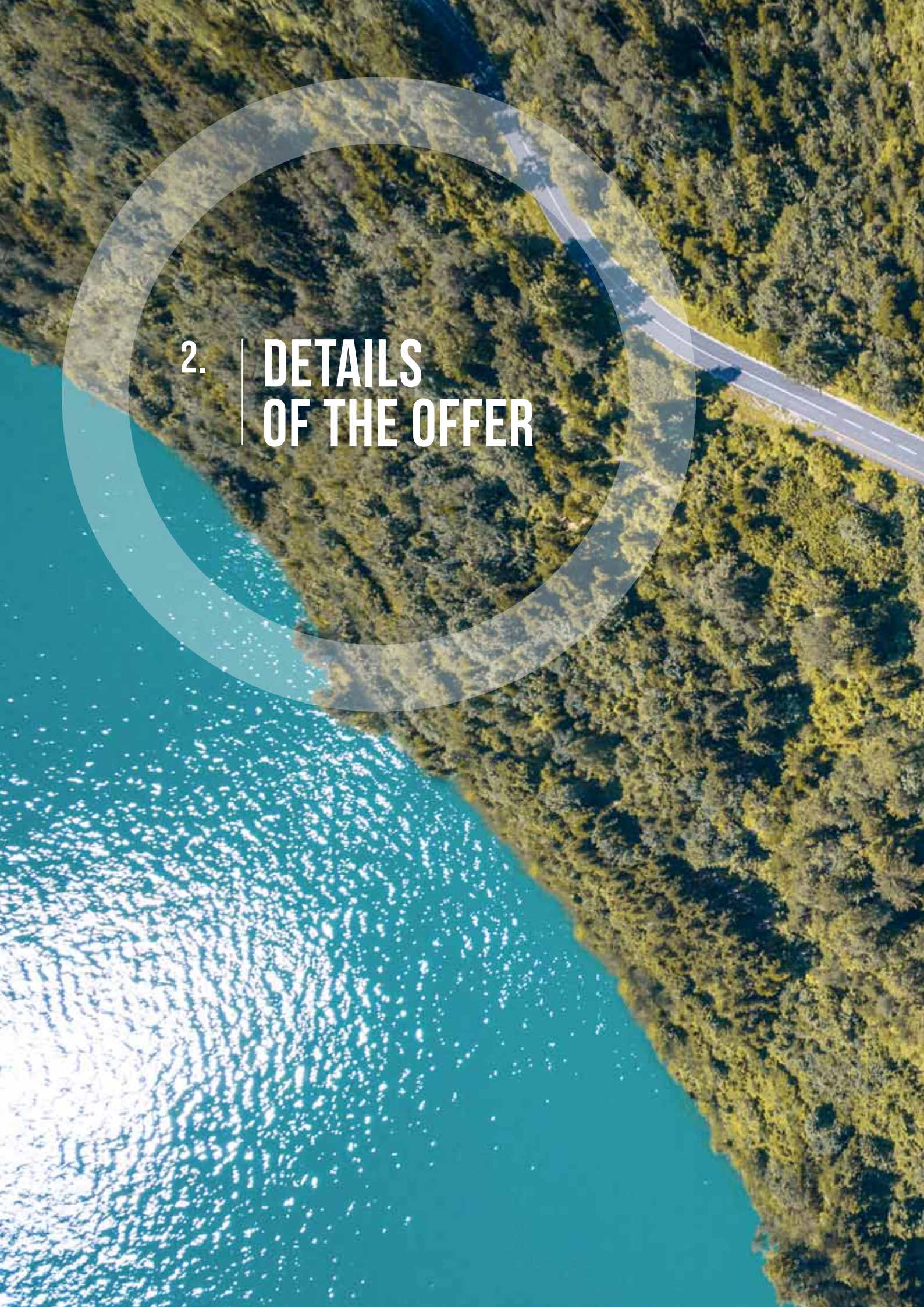
Who is the issuer of the Shares, and this Prospectus?	The Issuer is the Morphic Ethical Equities Fund Limited (ACN 617 345 123).	See Section 2
What is the Offer?	The Company is offering for subscription up to 200,000,000 Shares at an Application Price of \$1.10, with 1 attaching Option for every 1 Share subscribed, to raise up to \$220,000,000. Of the total Shares and Options available under the Offer 25,000,000 Shares and Options are available under the Priority Allocation to Priority Participants. The Offer also includes the Broker Firm Offer.	See Section 2

QUESTION	ANSWER	MORE INFORMATION
What are the Option terms?	For each Share issued to an Applicant, the Company will issue to that Applicant one Option. Applicants do not have to pay for Options under the Offer. Each Option is exercisable into one fully paid ordinary share at \$1.10 until 5.00pm (Sydney time) on 30 November 2018.	See Sections 2 and 11.4
How do I apply for Shares and Options?	The procedures for making an investment in the Company are described in Section 2. The Company or the Joint Lead Managers may be required to obtain identification information from certain Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.	See Section 2
How to participate in the Priority Allocation?	Priority Participants should refer to Section 2.3 and Section 2.7 for details of how to participate in the Priority Allocation.	See Sections 2.3 and 2.7
How to participate in the Broker Firm Offer?	Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus. Shares and Options will be allotted under the Broker Firm Offer provided the Broker Firm Application Forms are received or commitments are given to the Joint Lead Managers to lodge the Broker Firm Application Form by 5.00pm (Sydney time) on 12 April 2017.	
What is the purpose of the Offer?	The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives and paying the costs of the Offer, including obtaining a listing on ASX.	See Sections 3.2 and 3.3

QUESTION	ANSWER	MORE INFORMATION
What are the fees and costs of the Offer?	The Company will pay Taylor Collison Limited an arranger fee equal to 0.1% (plus GST) of the total proceeds raised under the Offer. The Company will pay the Joint Lead Managers a management fee equal to 1% (plus GST) of the total Australian proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager or Co Manager a Broker Firm selling fee of 1.50% (plus GST in Australia) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and Co-Manager. The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares and Options are estimated to be: (a) \$961,659, assuming the Minimum Subscription is achieved; (b) \$4,174,001, assuming the Maximum Subscription is achieved; and (c) \$5,162,584, assuming Over Subscription is achieved.	See Section 7.6
Is the Offer underwritten?	No	
Who is the Lead Arranger?	Taylor Collison Limited	
Who are the Joint Lead Managers?	Taylor Collison Limited Morgans Financial Limited	
Who is the Co-Manager	Macquarie Equities Limited	
Who is the Authorised Intermediary?	Taylor Collison Limited is the Authorised Intermediary of the Offer.	
Who will administer the Assets?	The Administrator will administer the Assets and calculate the NTA daily.	
Who can participate in the Offer?	Members of the general public that have a registered address in either Australia or New Zealand.	

QUESTION	ANSWER	MORE INFORMATION
Can superannuation funds invest?	Yes, subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
Is there a Minimum Subscription amount for the Offer to proceed?	Yes, the Company must receive valid Applications for 35,000,000 Shares and Options in order for the Offer to proceed.	
Is there a Minimum Subscription amount for each Application?	Yes, each Applicant must subscribe for a minimum of 2,000 Shares at the Application Price of \$1.10 per Share i.e. \$2,200. For every one Share issued under the Offer, Applicants will receive an attaching Option, exercisable at \$1.10 on or before 30 November 2018.	
Is there a cooling off period?	No	
How can I obtain further information in relation to the Offer?	Contact the Share Registry, on 1300 048 133 (within Australia) and +613 9415 4659 (outside Australia). If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.	

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares and Options.

An aerial photograph of a turquoise lake on the left and a dense green forest on the right. A paved road with white lane markings curves through the forest. A large, semi-transparent circular graphic is centered over the image, containing the text.

2. | DETAILS OF THE OFFER



This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Options.

2.1 The Offer

Shares

The Company is offering for subscription a minimum of 35,000,000 and a maximum of 200,000,000 fully paid ordinary Shares and Options. Shares will be issued at an Application Price of \$1.10 per Share. The Offer will raise between \$38,500,000 and \$220,000,000. The Company may accept Oversubscription for an additional 50,000,000 Shares. The rights attaching to the Shares are set out in Section 11.3.

Options

For each Share issued to an Applicant, the Company will issue to that Applicant one Option. Each Option is exercisable into one fully paid ordinary share at \$1.10 per Option until 5.00pm (Sydney time) on November 30, 2018. The terms of the Options are set out in Section 11.4.

The Offer

The Offer is made up of the Broker Firm Offer (detailed in Section 2.2), the Priority Allocation (detailed in Section 2.3) and the General Offer (detailed in Section 2.4).

The Offer will only be made to investors who have a registered address in Australia and New Zealand.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the Exposure Period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act. The Directors reserve the right to terminate the Offer at any time.

2.2 Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia or New Zealand.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

To participate in the Broker Firm Offer, your Application Form must be received by your Broker by 5:00pm Sydney time on the Broker Firm Offer Closing Date.

Applicants should contact their Broker to determine whether they may be allocated Shares and Options under the Broker Firm Offer.

2.3 Priority Allocation

Up to 25,000,000 Shares and 25,000,000 Options have been set aside for the Priority Allocation to Priority Participants. Priority Participants are unitholders of the Morphe Global Opportunities Fund, shareholders in one or more of WAM Capital Limited (ACN 086 587 395), WAM Research Limited (ACN 100 504 541), WAM Leaders Limited (ACN 611 053 751) and WAM Active Limited (ACN 126 420 719) with registered addresses in Australia or New Zealand (**Priority Participants**).

The Priority Allocation will be restricted to the Priority Participants and allocated at the Directors' discretion.

Priority Participants should use the Priority Allocation Application Form.

Early lodgement of your application is recommended as the Offer may be closed early at the Directors' discretion.

If the Company receives Applications from Priority Participants for more than 25,000,000 Shares and 25,000,000 Options, it intends to treat such additional Applications as being made under the General Offer on a General Offer Application Form.

Shares and Options offered under the Priority Allocations that are not taken up will be allocated by the Company under the General Offer or Broker Firm Offer. No Broker fees will be payable in relation to the Priority Allocation.

2.4 General Offer

The General Offer is open to all Applicants with a registered address in Australia or New Zealand. Staff of the Manager and Directors of the Company are able to participate in the General Offer. See Section 9.6 for details of the Directors' participation.

To participate in the Offer, your Application Form and Application Monies must be submitted to the Registry by 5:00pm (Sydney time) on the Closing Date.

2.5 Minimum Subscription

The Minimum Subscription amount payable by an individual Applicant under the Offer is \$2,200 (i.e. 2,000 Shares and Options). In addition, there is an aggregate minimum subscription required of \$38,500,000 for the Offer to proceed.

2.6 Offer not underwritten

The Offer is not underwritten.

2.7 Applications under the General Offer or Priority Allocation

Application Forms

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus.

The Application Form marked "General Offer" must be completed by Applicants who are not participating in the Broker Firm Offer or the Priority Allocation. The Application Form marked "Priority Allocation" must be completed by Priority Applicants who are not participating in the Broker Firm Offer or the General Offer.

"General Offer Application Forms" will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on the Closing Date (expected to be 19 April 2017). "Priority Allocation Application Forms" will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on 19 April 2017.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Applications under the Offer must be for a minimum of 2,000 Shares and 2,000 Options (i.e. \$2,200).

Applications and Application Monies for Shares and Options under the Offer received after 5:00pm (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date. Applications must be accompanied by payment in Australian currency.

Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "Morphic Ethical Equities Fund Limited Offer" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

Morphic Ethical Equities Fund Limited
c/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001

Payment by BPAY

You may apply for Shares and Options online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at **www.moreethical.com.au** and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

2.8 Applications under the Broker Firm Offer

If you are applying for Shares and Options under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 12 April 2017. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares and Options to Brokers will be determined by the Company. Securities that are allocated to Brokers for allocation to their Australian and New Zealand resident clients will be issued to the successful Applicants who have received a valid allocation of Securities from those Brokers.

It will be a matter for the Brokers how they allocate Securities among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Securities.

The Company and the Share Registry take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker or the Joint Lead Managers for further details.

2.9 Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of the Original Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.10 Allocation policy

The basis of allocation of Securities within the General Offer, the Priority Allocation and the Broker Firm Offer will be determined by the Company and the Joint Lead Managers.

Certain Applicants nominated by the Company may be given preference in the allocation of Securities. The Directors currently expect that certain shareholders, directors and employees of the Manager and the Company will participate in the Offer.

The Company reserves the right in its absolute discretion not to issue any Securities to Applicants under the Offer and may reject any Application or allocate a lesser number of Securities than those applied for at its absolute discretion.

2.11 Application Monies

All Application Monies received by the Company will be held by the Company on trust in a separate account until the Securities are issued to successful Applicants. The Company will retain any interest earned on the Application Monies held on trust pending the issue of Securities to successful Applicants.

2.12 Allotment

The Company will not allot Shares and Options until the Minimum Subscription has been received and ASX has granted permission for quotation of the Shares and Options unconditionally or on terms acceptable to the Company. The Company is not currently seeking quotation of its Securities on any financial market other than ASX. The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares and Options is not to be taken in any way as an indication of the merits of the Company or the Securities offered for issue under the Offer.

ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Securities to be quoted within three months after the date of the Original Prospectus, the Shares and Options will not be issued and all Application Monies will be refunded (without interest) as soon as practicable.

It is expected that the issue of Shares and Options under the Offer will take place by 27 April 2017.

An Application constitutes an Offer by the Applicant to subscribe for Shares and Options on the terms and subject to the conditions set out in this Prospectus. A binding contract to issue Shares and Options will only be formed at the time Shares and Options are allotted to Applicants.

Where the number of Shares and Options allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) within the time prescribed by the Corporations Act.

2.13 ASX and CHESS

The Company applied within 7 days of the date of the Original Prospectus for admission to the official list of the ASX and for the Shares and Options to be quoted.

The Company will apply to participate in the ASX's CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Securities quoted on the ASX under which transfers are affected in an electronic form.

When the Shares and Options become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. All other Shares and Options will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares and Options that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.14 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares and Options under the Offer.

2.15 Lead Arranger, Joint Lead Managers and Co-Managers

Offers under this Prospectus will be made under an arrangement between the Company and the Authorised Intermediary, under Section 911A(2) (b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares and Options by the Company under the Prospectus and the Company will only issue Shares and Options in accordance with Applications made under such offers if they are accepted. No fees are payable by the Company with respect to the arrangement with the Authorised Intermediary.

The Lead Arranger's, the Authorised Intermediary's, the Joint Lead Managers' and the Co-Managers' functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Neither the Joint Lead Managers nor the Co-Managers guarantees the success or performance of the Company or the returns (if any) to be received by the Shareholders.

Neither the Joint Lead Managers nor the Co-Managers is responsible for or caused the issue of this Prospectus.

2.16 Overseas investors

The Offer is an offer to Australian investors and New Zealand investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration

under the US Securities Act and applicable state Securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these Securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.17 Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
 - (ii) third parties if that disclosure is required by law; and
 - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Manager.

2.18 Tax implications of investing in the Company

The taxation consequences of any investment in the Securities will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company is set out in Section 11.7 and is based on current tax law and ATO tax rulings. The information in Section 11.7 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.19 Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, Manager or Joint Lead Managers may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

A photograph of two women riding a bicycle on a city street. The woman in the foreground is wearing a black jacket and black pants, and is riding a black bicycle with a basket on the front. The woman behind her is also wearing a black jacket and is looking forward. The background is blurred, showing a city street with a brick wall and a blue sky. A large, semi-transparent circle is overlaid on the image, containing the text "3. ABOUT THE COMPANY".

3. | ABOUT THE COMPANY

3.1 Overview of Morpich Ethical Equities Fund Limited

The Company will seek to invest in an ethically screened global investment Portfolio to meet the investment objectives set out below.

The Manager will apply the investment guidelines and policies detailed in the remainder of Section 3 in constructing and making changes to the Portfolio.

The Manager will seek to build the Portfolio by applying a “negative screen” that prohibits direct investments in Securities that are issued by entities in the following industries:

- Armaments;
- Tobacco and alcohol;
- Gambling;
- Coal and Uranium mining;
- Oil and gas Extraction;
- Intensive animal farming and aquaculture; or
- Logging of rainforest or old growth timber.

If the Company has indirect exposure to Excluded Securities by investing in Derivatives (including Exchange Traded Funds, the Company will seek to hedge this indirect exposure using Short sales.³

The Manager intends to apply a “positive screen” by investing a minimum of 5% of the Company's Net Assets in Securities issued by companies which produce products or services that it considers are likely to improve the planet.

The Company will also use a variety of investment instruments including Derivatives to manage volatility.

3.2 Investment objectives

The Company will aim to:

- deliver investors an ethically screened portfolio;
- deliver investors superior risk adjusted returns; and
- provide capital growth and consistent income.

The Index is a broad index covering world share markets.

Over the long term the Company expects to benefit from avoiding investments in Excluded Securities. However, investors need to be aware that in some business cycles such as portfolio might have done less well than broad global equities markets for several years in a row, and may do so in the future.

3. The Company notes that it may not always be possible to cost effectively reduce total indirect exposure to Excluded Securities.

3.3 Portfolio composition and Strategy

The Portfolio will mainly consist of investments constructed using a long and short investment strategy. The investments will be carefully selected by the Manager with a view to their specific attributes and their resonance with the Manager's broader global economic and market analysis.

The Manager expects a quick deployment of capital given the breadth of investment opportunities available within the Company's Investment Strategy. However, the pace of the Company's capital deployment will be dependent on market conditions. Accordingly, the Manager estimates that it may take up to a month from the Company's listing on the ASX to fully, invest the net proceeds of the Offer and to construct the initial Portfolio.

Consistent with the Company's ethical objectives the Portfolio will not include direct investments in Excluded Securities. It may include Short Positions in Excluded Securities.

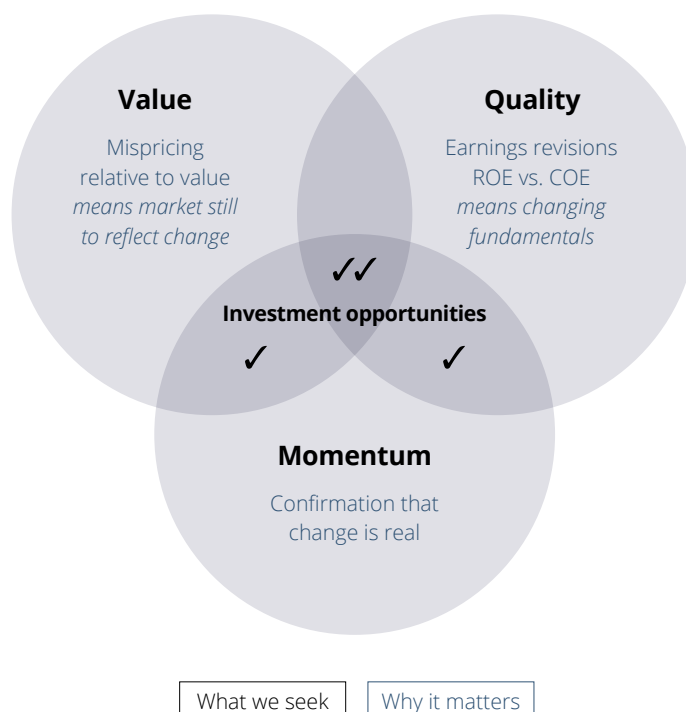
The Company will invest primarily in global listed Securities and Derivatives. The Company may also invest in cash, unlisted Securities, fixed interest instruments, commodities, credit instruments and currencies. The Equity Exposure limit for each country is based on the size of each relevant market. Similar rules apply to managing Portfolio concentrations in individual sectors (see Section 3.4).

Index futures may be used to hedge overall risk in the portfolio or to amplify returns at sudden market turning points.

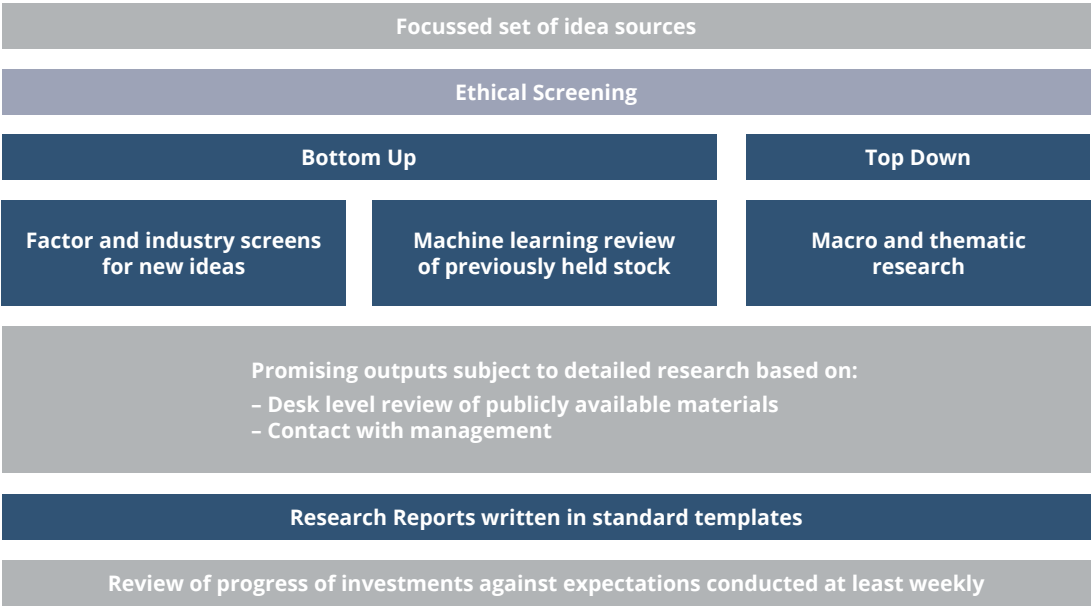
The currency denomination of the assets of in the Portfolio is dependent on the currency used in the location of the assets, but the currency risk is treated separately and the currency may be hedged into the Australian dollar or other currencies.

In general, the Manager favours investments that display attractive value, growth and momentum characteristics.

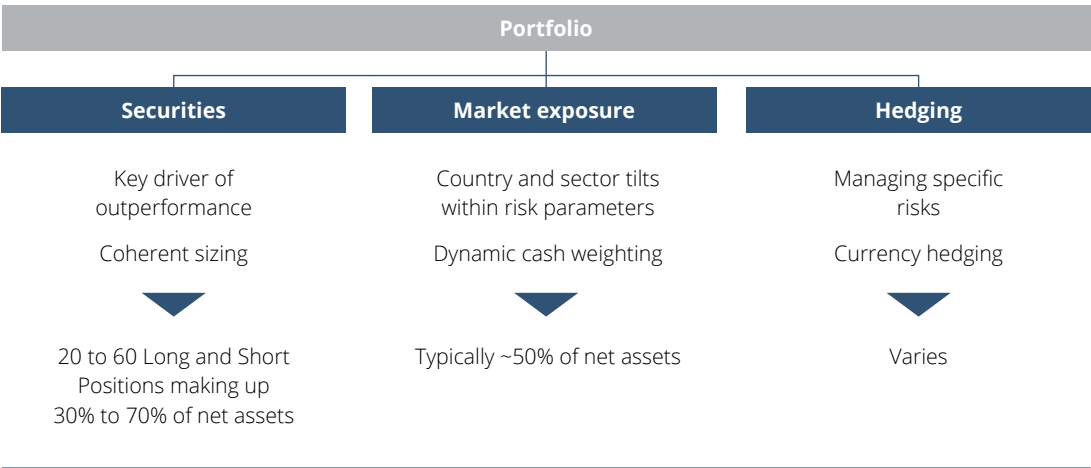
The way that the Manager considers the interplay of these attributes can be understood from the following schematic:



The Manager sees the best investment opportunities as those with “v”. In identifying opportunities, the Manager uses the following research process (starting at the top and working downwards):



In building a Portfolio from these ideas, the Manager uses the following methodology:



3.4 Investment Guidelines

The Investment Guidelines for the Portfolio will be governed by the following principles:

Exposure	Guidelines
Number of Long and Short Positions	20–60 positions typically, making up 30% to 70% of Net Assets. Maximum of 100 positions.
Geographic Equity Exposure limits	US: 75%; Other G7: 25%; All others:15%; Emerging Markets total: 40%
Industry/Sector Equity Exposure limits	Four times each General Industry Classification Segment (GICS) of the MSCI Index.
Single Security Long Position (inception limit)	5% of Net Assets
Single Security Long Position (market value limit)	15% of Net Assets (after any change from acquisition)
Single Security Short Position (inception limit)	5% of Net Assets
Single Security Short Position (market value limit)	6% of Net Assets(after any change from acquisition)
Net Equity Exposure	0% to 200% (typically 100%)
Portfolio value at risk limit	5% of the Portfolio (typically 2%)
Limits on unlisted Securities	Typically 0% but up to 10% of Portfolio's value at risk limit. Refer to Section 3.13 for a definition of value at risk limit.
Limits on gold bullion and other physical commodities	10% of Portfolio's value at risk limit. Refer to Section 3.13 for a definition of value at risk limit.
Currency hedging	Allowed
Short Selling	Allowed

3.5 Relevant Policies

(i) Leverage policy

The Company may borrow money or Securities to generate financial leverage.

The Portfolio may also be leveraged through the use of Derivatives and Short Selling.

The maximum total leverage for the Portfolio is 100% of its net asset value (for example, for every \$1 of the net asset value of the Portfolio up to \$1.00 of that exposure may be funded by leverage).

Examples of Leverage which may be used by the Company are as follows:

For \$1 of the Portfolio's net asset value invested, if the general market rose 10% over a specified period it may be expected that the net asset value would rise to \$1.10 without the use of leverage. Under the same scenario, if the general market fell by 10% it may be expected that the net asset value would fall to \$0.90.

For \$1 of Company's net asset value invested, if the general market rose 10% over a specified period it may be expected that the net asset value would rise to \$1.20 under the maximum allowed leverage. Conversely under the same general leverage scenario, if the general market fell by 10% then it may be expected that the net asset value would fall to \$0.80.

It is intended that the only providers of leverage in the Company will be the Company's Prime Brokers.

When the Company employs leverage the Prime Broker may encumber some or all of the assets of the Company and the Company may be exposed to set-off rights by the Prime Broker.

Please see Section 6 for a summary of the key risks associated with the Company's use of leverage. As an additional layer of risk management of leverage in the Company, the Company will be monitored by the Manager using a combination of:

- Value at risk (**VAR**) calculations;
- Stress and scenario analysis; and
- Stop-loss rules which set maximum loss tolerance for Individual Securities and the Portfolio as a whole.

For further explanations on VAR and stress analysis please see Section 3.12.

(ii) Derivatives Policy

The Company uses Derivatives for hedging purposes and as part of its investment strategy to achieve some of its exposures to equities as well as to fixed interest, commodity, foreign exchange and credit assets.

Derivatives will be used for a range of reasons including, but not limited to the purposes below:

- To more efficiently gain economic exposure to the underlying physical Securities;
- To increase the liquidity of the Portfolio;
- To achieve leverage and thereby amplify the Company's exposure to investment themes;
- To adjust currency exposures.

The use of Derivatives may expose the Company to certain risks. Please see Section 6 for further information regarding the risks associated with Derivatives including the collateral requirements for Derivatives counterparties.

However, the Company has the following restrictions on its ability to use Derivatives (other than Exchange Traded Funds):

- the effective exposure via the Derivatives (other than Exchange Traded Funds) within the Portfolio may not exceed 100% of the Portfolio's NAV. If the Portfolio has a 100% Net Assets exposure to Derivative positions, it is theoretically possible that the Company could lose its entire Portfolio from losses on its Derivative positions; and
- The maximum total leverage for the Portfolio is 100% of its net asset value. See Section 3.4 for further details.

Generally, Over-the-counter Derivatives transactions carry greater counterparty risk than Exchange Traded Derivatives (i.e. where the counterparty to the transaction is the exchange's clearing house). Trading in over-the-counter Derivatives will generally require the lodgement of collateral or credit support, such as a margin or guarantee with the counterparty, which in turn gives rise to counterparty risk. To mitigate counterparty risks in over-the-counter Derivative transactions, the Manager will seek to deal with counterparties with strong credit ratings.

The Manager holds an AFSL and is authorised to provide general financial product advice to wholesale clients for, amongst other things, Securities, Derivatives and foreign exchange contracts. The Manager's investment team members have experience in financial markets and trading Securities including Derivatives and Short Selling (see Section 5.2 for details).

(iii) Short Selling Policy

The Manager may use Short Positions to achieve the Company's ethical screen requirements, where it sees attractive risk-return opportunities and to manage specific risks it has identified.

The Manager will generally effect a Short Selling strategy by borrowing the desired Security and then selling it on market in which case the Company would need to purchase the underlying Security in the market and repay it to the lender to close the Short Position. The Manager may also effect a short sale through the use of equity and index Derivative contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts.

Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. When the Manager takes a Short Position, it is expecting that the price of that Security will fall. There is always the risk that the price will increase instead. If this happens, it is possible that the price to repurchase the Security could exceed the amount initially invested, generating a loss. Refer to the examples below and Section 6 for risk considerations relating to Short Selling.

The following examples illustrate how a Short Position may result in a loss or a profit. Both examples assume the Manager short sells 10,000 shares of XYZ Limited (XYZ Shares) at \$100 per XYZ Share and later closes the Short Position by entering into an equal and opposite trade. We have assumed that all costs and interest associated with the Short Position in each example are the same (i.e. borrowing costs and commissions totalling \$200 and \$250 in interest receivable).

Example 1: Potential gain

The Company short sells 10,000 XYZ Shares @ \$100 and closes the Short Position when the XYZ Share price falls to \$80.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income/Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$80	(\$800,000)
Profit			\$200,050

Example 2: Potential loss

The Company short sells 10,000 XYZ Shares @ \$100 and closes the Short Position when the XYZ Share price rises to \$120 by entering into an equal and opposite trade.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income / Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$120	(\$1,200,000)
Loss			(\$199,950)

Note: changes in other variables such as such as assuring movements are not factored into these exemptions.

(iv) Currency

The currency denomination of the assets of the Company is dependent on the currency used in the location of the assets, but the currency risk is treated separately and the currency may be hedged into the Australian dollar or other currencies.

3.6 Permitted investments

The Manager may make other investments without the prior approval of the Board provided they comply with the investment objectives, strategies, policies and guidelines of the Company as amended from time to time (initially being the investment strategy and guidelines detailed in this Prospectus).

In the unlikely event that a proposed investment opportunity does not meet the Company's investment objective, strategies, policies and guidelines or is not a permitted investment, the Manager must obtain Board approval to make the investment.

3.7 Dividend objective

The Company recognises that most investors wish to receive income as well as capital gains from their investments.

The Board's current intention is to pay dividends franked to the maximum extent possible (payable after the end of the first full financial year, and after that semi-annually) to the extent permitted by the law and provided that payment is within prudent business practice.

The level of dividends paid will be determined by the Board and will depend on a number of factors including: available profit reserves and franking credits, retained earnings, capital requirements, financial conditions and any other factors deemed relevant. However, it is important for investors in the Company that especially initially it may take time for the Company to accumulate profits from which to pay these dividends and that even when the Company is well established, adverse market movements may mean the Company has no distributable profits over certain periods.

3.8 Engagement with Shareholders

The Company and Manager intend to take an active approach to engaging with shareholders and communicating with them about activities and performance. Regular communications are proposed including monthly investment updates and NTA announcements, yearly and half yearly profit announcements and semi-annual shareholder briefings. Access to all relevant information, such as independent research reports, will be available on www.moreethical.com.au.

The Company and Manager intend to conduct bi-annual shareholder briefings, with presentations held in Sydney, Melbourne, Adelaide, Brisbane, Perth and Auckland.

3.9 Capital management policy

The Board will require the Manager to regularly review the capital structure of the Company. Where the Board considers the Manager's recommendations appropriate, the Company may undertake capital management initiatives which may involve:

- (a) the issue of other Securities (through bonus options issues, placement, pro rata issues, etc.); and / or
- (b) the buy-back of its Securities.

The Board of the Company believes the capacity of the Manager's strategy, including the Fund is up to US\$3 billion, and that the Company will benefit from scale advantages including lower transaction costs and greater access to brokers and investee companies. Any issue of new Securities will always be made only after careful consideration of the impact on existing shareholders. The Company will not permit the Company's own funds to be used for the underwriting of the issue of any new Securities.

3.10 Allocation policy

The Manager is also the manager of the MGOF. The Manager will employ the same investment process and strategy for the Company that it currently uses in managing the MGOF other than application of the ethical screen. The Manager will use its portfolio management system to manage the allocation of trades and investments across its different portfolios.

The Manager has an allocation policy that has been designed to pre-allocate trades on a fair and equitable basis. Under this policy, trades will be allocated across the Manager's portfolios on a pro rata basis (based on each portfolio's NAV), having regard to their respective composition, cash flows and targets from time to time. Transactions may be specific to a particular portfolio, in which case they will not be allocated pro rata.

3.11 Valuation, location and custody of assets

The Portfolio's NAV will be calculated daily (released to the ASX at least monthly) by the Administrator, using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

The assets of the Company will be valued using market accepted practices to accurately and independently price all Securities and other assets within the Portfolio from time to time. The value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:

- (a) cash (including income) – the amount of such cash (in Australian dollars);
- (b) Securities – the market value of such Securities determined in accordance with Australian Accounting Standards (unless otherwise agreed by the Company and the Manager); and
- (c) other investments – if any investment is not included in (a) or (b) above, the value of that investment determined in accordance with Australian Accounting Standards.

See Section 7.2 for further details. The Company may request that the value of an investment be determined by a duly qualified valuer independent of both the Company and the Manager (Approved Valuer), which is recommended by the Manager having regard to the particular type or types of investment which are the subject of the valuation.

The Company has delegated Administration of the Portfolio to its Administrator, in accordance with the terms of the Administration Agreement.

The Company has delegated custody of its Portfolio to its Prime Broker.

3.12 Risk management philosophy and approach

Risk Management is at the centre of the Manager's investment process. The Manager considers investment risk to be the risk of permanent loss of capital and unforeseen volatility.

Risks associated with volatility within the Portfolio will be managed through the active management of the Portfolio. The Manager may use hedging, or adjust the number of positions, the type of positions, the size of positions and leverage to manage risk.

The Manager will employ qualitative and quantitative methods to manage the level of risk in the Company. The Company will manage risk by monitoring the Manager to ensure that the investment guidelines (initially these are the guidelines in Section 3.4) are implemented

The investment team uses the following investment guidelines as part of the risk management process:

- Maximum exposure limits to single Securities 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
- Value at Risk (**VAR**) calculations
- Stress and scenario analysis

VAR calculates the maximum loss expected on an investment, over a given time period at a specified level of confidence. For example, at a daily VAR of 3% of net asset value of the Portfolio at 95% confidence would mean that there is a 1 in 20 chance that the Portfolio may suffer a loss of 3% or more of its net asset value in one trading day.

VAR calculations are monitored daily by the Manager to ensure compliance with set limits. The Manager will also conduct stress and scenario analysis of price movements of the Portfolio to monitor the impact of such movements on the Portfolio valuation. Portfolio risk limits are monitored daily and any breaches are to be fixed as soon as possible by adjusting the interests in the Portfolio. Since the MGOF was set up, there have been no material breaches of the Portfolio risk limits.

Under the Investment Management Agreement, the Manager must report to the Board on a regular basis. These reports will allow the Board to monitor the Manager and the Portfolio to ensure ongoing compliance with the Investment Strategy and investment guidelines.

3.13 Changes to Investment Strategy

The Investment Strategy outlined in this Section is expected to be implemented by the Manager upon listing of the Company on the ASX.

While no material changes to the Investment Strategy are presently contemplated, if there are changes, these changes would be made with the approval of the Board, after consultation with the Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's Investment Strategy.

3.14 Status as a Listed Investment Company

It is intended that the Company will qualify as a listed investment company (**LIC**) under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in Section 115 290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of another company or trust that is not another listed investment company), financial instruments, Derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

3.15 Reports to Securityholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to Securityholders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company may also release to the ASX (and place on its website) reports, prepared by the Manager from time to time, to keep Securityholders informed about the current activities of the Company, the performance of the Company's Portfolio and the investment outlook.

An aerial photograph of a lush green landscape. A road runs horizontally across the middle of the frame. Below the road, a dark, irregularly shaped lake or pond is visible. The top half of the image is dominated by a large, semi-transparent white circle. Inside this circle, the text '4. ABOUT THE MANAGER' is written in white, bold, sans-serif font. The background shows various shades of green, indicating different types of vegetation or crops. A small blue car is visible on the road near the lake.

4. ABOUT THE MANAGER

4.1 Overview of the Manager

The Manager was established in 2012 by a team of global fund managers with more than 80 years of combined investment experience. This experience, which spans senior management and transactional experience in fund management, economics, investment banking and global research, covering most of the world, multiple business cycles and across a range of asset classes, has allowed them to form what the founders believe is a durable but adaptive approach to building and preserving investment wealth.

The Manager's founders and joint Chief Investment Officers Jack Lowenstein and Chad Slater were two of the most successful portfolio managers at Hunter Hall Investment Management Ltd (Hunter Hall), a subsidiary of Hunter Hall International Ltd, a company listed on the Australian Securities Exchange, which at its peak managed nearly \$3 billion in assets.

As at 28 February 2017 the Manager managed in excess of \$120 million in the MGOF. Since its inception in August 2012, the MGOF has earned investors a compound annual return in excess of 17%.

4.2 Role of the Manager

The Manager will be responsible for making investment and divestment decisions for the Company and to implement the Investment Strategy as per the terms and conditions set out in the Investment Management Agreement (a summary of the agreement is set out in Section 10.1).

The Manager will:

- (a) implement the Investment Strategy, including actively manage and supervise the Portfolio's investments;
- (b) manage the Portfolio's exposure to markets, Derivatives and cash; and
- (c) regularly update the Company regarding the Portfolio.

4.3 Investment philosophy

The Manager's investment philosophy is based on the following core beliefs about the role of investment managers, particularly those investing in global markets:

- (a) Managers need to focus on achieving absolute returns rather than just relative returns for investors.
- (b) Rigorous and highly disciplined portfolio construction and risk management processes assist in potentially achieving sustainable higher returns.
- (c) To manage risk and enhance returns managers investing predominantly in listed shares need the flexibility to invest in other asset classes as listed under "Investment Universe" above at some points in the investment cycle.

- (d) Use of a flexible and varying blend of investment strategies may assist investors in enhancing returns and mitigating risk because no single strategy is likely to be best suited for all markets or at all times.
- (e) Capacity to invest anywhere in the world, rather than just certain regions is vital if investors are to potentially achieve sufficient diversification of their portfolio, because returns from more narrowly defined investable markets may be unacceptably correlated to the Australian market and economy.

The Manager believes that:

- (f) only funds with flexible hedging strategies will be able to deliver acceptable steady real absolute returns for investors over the next decade;
- (g) slavish adherence to any single investment style, such as “value”, “growth” or “momentum” is unlikely to be in the interests of investors through all investment and economic cycles;
- (h) while buying lower priced Securities with reasonable growth prospects is more often a good strategy than simply buying either pure “value” Securities or pure “growth” Securities, it is also important to consider price momentum to increase confidence that returns from these investments will not be too far away in the future.

4.4 Selection of Ethical Screens – Both Negative and Positive

The Manager believes the Negative Screen criteria effectively eliminates substantially all investments normally excluded from similarly screened portfolios, with the added element of Short Selling of Excluded Securities which seeks to, as far as practical, remove indirect exposures to Excluded Securities generated by Exchange Traded Funds.

The Manager believes inclusion of a minimum of 5% of the Company's Net Assets invested in companies that it believes are working to make a positive future for the world we live in is in accordance with the proactive approach generally appreciated by investors in ethical funds.

4.5 The Investment Team's Experience

The Manager and its team members have a long track record in long/short investing and global equities, including ethically screened global equities.

The Managing Director and Joint Chief Investment Officer of the Manager, Jack Lowenstein played a leading role in launching Australia's first ethically screened global equities Listed Investment Company Hunter Hall Global Value Limited (HHV). He was a director of HHV and its manager Hunter Hall from 2004 until late 2011.

Jack Lowenstein joined Hunter Hall in 1997, three years after its launch when it had just \$13m under management and helped build the business to nearly \$3bn under management. At various times at Hunter Hall he held the roles of Deputy Chief Investment Officer and Deputy Chairman of the ASX listed parent company.

The Executive Director and Joint Chief Investment Officer of the Manager, Chad Slater, was a Portfolio Manager and Head of Currency and Macroeconomics at Hunter Hall for five years. In his five years with Hunter Hall (which were dominated by the global financial crisis), he generated substantial out-performance.

Prior to this, he was an Investment analyst at BT Financial Group including a secondment to Putnam Investments in Boston.

The Manager launched the MGOF in August 2012, to pursue a risk managed long biased global long short equity strategy and now manages in excess of \$120 million as at the date of this Prospectus.

The Board believes that its Directors and the Manager bring together the required experience and expertise in funds management, global Securities and Derivatives and corporate governance.

4.6 The Investment Strategy: Relevant Experience

However, there are structural differences between MGOF, a registered managed investment scheme, and the Company. These differences impact, among other things, cash flows within the difference portfolio. As a result, the composition of the Company's Portfolio and the weighting of individual positions will be similar, but not identical to that of MGOF.

Structural and cash flow differences between MGOF and the Company

- (a) MGOF is an open-ended structured entity. As such, its cash flows, and hence investment decisions, are affected by applications and redemptions by investors and unitholders. The entity, being open-ended, may receive cash inflows via investments from clients or purchases of units by investors and is accordingly able to redeploy capital without necessarily selling down any Securities it already holds. The entity can also be subject to cash outflows due to clients and investors redeeming investments and units that may need to be funded by the entity having to sell down Security positions. The Company is a closed-end investment vehicle and there are no redemptions by investors. The Company's investment decisions will not be affected by considerations of cash reserves for the purpose of meeting redemption requests and the Company will not be required to sell down positions in the Portfolio under disadvantageous market conditions for that purpose.
- (b) MGOF and the Company have different dividend/distribution policies. MGOF makes distributions annually on 30 June and is required to distribute to investees and unitholders all of their taxable income and realised net capital gains. This could lead to fluctuations in the amount of distributions made from year to year. In contrast, while the current intention of the Company is to pay dividends to Shareholders, whether a dividend will be paid in respect of any period and the amount of any dividend to be paid will be at the discretion of the Board and will depend on factors such as cash flows and the availability of franking credits (see Section 3.7 for details on the Company's dividend objective). The Company's dividend objective has a higher degree of flexibility and allows the Board to determine dividends from period to period, subject to available profits and franking credits.
- (c) The Company will also have a different capital structure. The Company will issue Options to investors that participate in the Offer. Options that are exercised may dilute the NTA of the Portfolio. This may lead to variations in performance.
- (d) The Company will apply ethical screens. MGOF does not.

Differences in tax treatments between MGOF and the Company

The Company, as a company, and the MGOF, as a trust structure, are subject to different taxation rules and treatments which are not reflected in the performance figures set out in Section 7.

For example:

- (a) As a company, the Company's income (including any realised gains on the disposal of assets) is generally subject to income tax at the prevailing company tax rate, which is currently 30%. The MGOF, on the other hand, is a trust structure that is generally considered as a flow through vehicle for taxation purposes. Its income is therefore generally not subject to income tax. However, investees and unitholders are generally subject to income tax in respect of the taxable distributions they receive from the entities at the income tax rate applicable to them. See Section 11.7 for details of the Australian taxation implications of investing under the Offer.
- (b) Distributions from MGOF may include concessional tax capital gains, whereas distributions from the Company will typically be taxable as dividends.
- (c) Distributions from MGOF may include foreign tax offsets whereas distributions from the Company will not. Rather, foreign tax offsets arising on the Company's Portfolio are applied by the Company to reduce its Australian tax payable.
- (d) Distributions made by MGOF generally do not carry franking credits while dividends made by the Company are likely to carry franking credits, as the Company's income and realised gains are generally subject to income tax.

This discussion is not intended to provide a comprehensive analysis of the taxation differences between a company and a trust. Investors are recommended to seek advice from a tax advisor prior to making any investment decision.

Differences in cost structures between the MGOF and the Company

Although the management fees paid by the Company of 1.25% is lower than the 1.35% paid by MGOF, their total costs will vary. This is largely because the Company will incur certain costs, given its status as an ASX listed entity that may be higher or lower than the 0.27% p.a. of the NAV expense cap that applies to MGOF, depending on the final amount raised under the Offer.

4.7 Historical performance of the Manager and the Investment Strategy

This Section 4.7 contains details in relation to the historic performance of the MGOF. The Company considers the performance of the important in assessing the record and capabilities of the Manager. It is therefore relevant for investors in assessing an investment in the Company⁴.

As at the 28 February 2017, the MGOF had returned 17.29% compound returns to investors after all fees since its launch on 2 August 2012.

Table 1 below shows MGOF's returns over various periods:

**Table 1: MGOF Performance
(net of all fees and taxes) up to 28 February 2017**

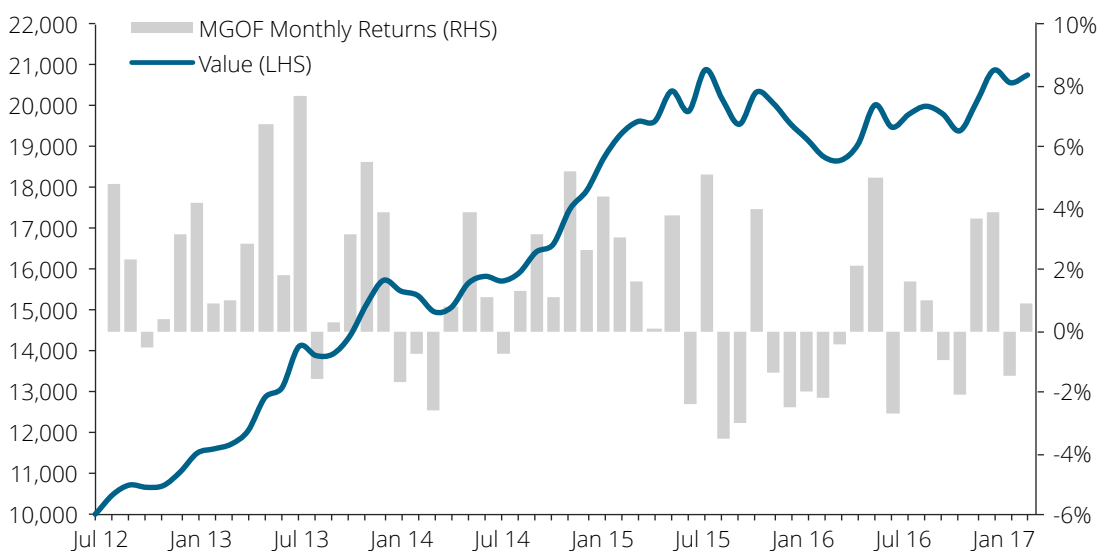
1 Year (Ann.)	2 Years (Ann.)	3 Years (Ann.)	4 Years (Ann.)	ITD. (Ann.)
10.71%	3.69%	10.55%	15.65%	17.29%

Note: 1. The performance of MGOF is based on MGOF's daily unit prices, after ongoing fees, expenses and taxes and assuming all distributions are reinvested. 2. ITD means inception to date, being 2 August 2012 to 28 February 2017. 3. The performance period of 1 year, 2 years, 3 years, 4 years and ITD (inception to date) are calculated over the relevant period ending 28 February 2017, showing compound annualised returns.

As can be seen from the bar and line chart below, investors of \$10,000 in the MGOF from inception (who had reinvested all distributions) would own units worth \$20,767.58 as at 28 February 2017.

The light blue bars on this chart shows how those investors would have benefited from the Manager's focus on risk management. The chart shows that since inception monthly losses in MGOF (blue lines below 0% on the right hand index) have been lower than monthly gains⁵. The Manager also understand that those losses were generally lower than broad market losses over the relevant monthly periods where losses were incurred⁶.

Performance of AUD \$10,000*. AUD, Aug 2012 – Feb 2017



*Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Fund Inception 2 August 2012. Note: 1. The left hand index shows the total value of the portfolio in \$. 2. The right hand index shows the percentage gain or loss in each month since July 2012.

4. Past performance of MGOF, whilst relevant, is not an indication of the Company's likely performance. Also see Section 4.5 for difference between MGOF and the Company.
5. The fact that historical monthly losses by MGOF are of a smaller magnitude than monthly gains since inception is not an indication that the monthly gains and losses of the Company will have similar attributes.
6. The fact that historical monthly losses by MGOF are of a smaller magnitude than broad market losses is not an indication that any monthly losses of the Company will have similar attributes.

In the three years to the end of January 2017, MGOF has outperformed the MSCI ex-Australia Index⁷, by 0.48%, compared to the average for the category of funds available to retail investors, which underperformed by 1.07%⁸.

The MGOF is managed to tight risk management parameters, which in the generally rising market since its inception, has resulted in significant hedging costs. The Manager believes that the benefits of this hedging is shown in the risk adjusted returns of the MGOF since its inception compared to similar funds available to Australian investors, as measured by the Sharpe Ratio. The Sharpe Ratio adjusts absolute return by volatility to create a consistent measure of risk adjusted returns. The higher the ratio, the greater return has been earned per unit of risk.

MGOF took less risk to achieve its returns than the average for the category of funds available to investors, as measured by Sharpe Ratio.

MGOF has a Sharpe Ratio of 0.82, substantially higher than an average for the category of funds Sharpe Ratio of 0.68⁹.

The Manager believes the MGOF has the highest risk adjusted returns among its nearest competitors, as measured by Sharpe Ratio over the full period of its existence.¹⁰

4.8 Expected impact of an Ethical Screen

The Manager does not believe application of an ethical screen on the MGOF would have materially impacted MGOF's returns, as the MGOF's exposure to Excluded Securities has been limited and in total unprofitable. In fact, the Manager believes that the application of an ethical screen to MGOF would have increased MGOF's returns.¹¹

The graphs and charts detailed in this Section are not forecasts and do not represent the future behaviour of the Company or its Investment Strategy and processes. Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance of the MGOF and Hunter Hall portfolios in the past.

There can be no certainty that the performance of the Company will be similar to the historic performance of the MGOF and Hunter Hall. Investors should note that, given the Company and the funds referred to have different legal structures, variations in cash flows and other possible factors, the composition of the Company's Portfolio and the weighting of individual positions within it will not be identical to the portfolio of the MGOF or the Hunter Hall funds (see Section 4.6 for details key differences between MGOF and the Company's corporate structures).

Further, a portfolio's composition is constantly changing as new Securities are purchased and old Securities sold. References in this Section 4.7 to the portfolio composition of the MGOF are for illustrative purposes only and should not be relied on as an indication of the Company's future Portfolio.

7. The index against which Morningstar, Inc uses. MGOF compares its performance against a different index to the index used by Morningstar, Inc.

8. <http://www.morningstar.com.au/1/funds/6669--morphic-global-opportunities.html>. The category is Equity World Large Blend category used by Morningstar, Inc. Morningstar, Inc has not consented to the use of this data in this Prospectus.

9. <http://www.morningstar.com.au/1/funds/6669--morphic-global-opportunities.html>. The category is Equity World Large Blend category used by Morningstar, Inc. Morningstar, Inc has not consented to the use of this data in this Prospectus.

10. <http://www.morningstar.com.au/1/funds/6669--morphic-global-opportunities.html>. The category is Equity World Large Blend category used by Morningstar, Inc. Morningstar, Inc has not consented to the use of this data in this Prospectus.

11. Past performance is not indicative of the future performance of the Company. The fact that an ethical screen may have increased the MGOF/returns should not be considered an indication of the future performances of the Company or the impact of applying an ethical screen as part of the investment process.

5. MORPHIC
INVESTMENT
TEAM

HOI
Potatoes
all kinds
TC 080

Melão
Galva
TC 20

5.1 Introduction

The Morphic investment team presently comprises seven investment professionals whose details are below:

Analyst	Title	Areas of focus	Years with Manager	Investment Management Experience
Jack Lowenstein	Portfolio Manager	US & Asia	5	20+
Chad Slater	Portfolio Manager	US & Europe	5	16
Geoff Wood	Head of Macro and Risk	Global	5	15
James Tayler	Head of Research	US & Europe	1	20+
Mike Walpole	Analyst	Global	4	5
Irene Kardasis	Portfolio Specialist	Global	3	3
Cameron Halkett	Analyst	Global	1	1

The investment team is based in Sydney, Australia.

As at the date of this Prospectus, the Manager's investment team (**Morphic Investment Team**) comprises seven highly experienced investment professionals with deep expertise across different industries (See Section 5.2 for details of senior members' experience). The Company will be able to draw upon and benefit from this depth and breadth of experience in the construction and maintenance of the Portfolio.

The Manager considers that each member of the Morphic Investment Team will be available to devote the amount of time required for the Manager to properly perform its functions in managing the Company's Portfolio in accordance with the Investment Management Agreement.

There have been no material adverse regulatory findings against the Manager or any member of the Morphic Investment Team.

5.2 Morphic Investment Team senior members

The background of the four senior members is presented below.

Jack Lowenstein

Jack Lowenstein, Joint CIO and Managing Director of Morphic which was established in 2012, 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.

Prior to joining Hunter Hall, 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

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.

Chad Slater

Chad Slater, Joint CIO and Executive Director of Morphic, was a Portfolio Manager and the Head of Currency and Macroeconomics at Hunter Hall. In his five years with Hunter Hall (which were dominated by the global financial crisis), he generated substantial out-performance.

Prior to joining Hunter Hall, he worked for BT Financial Group as an Investment Analyst including a secondment with Putnam Investments in Boston, USA and previously worked as an Economist for the Australian Federal Treasury.

Chad has been involved in the research and investment of global equities for more than 15 years.

Chad has a B.Comm and B.Econ (Hons) from the University of Queensland and has completed the Chartered Financial Analyst ("CFA") program and been awarded the CFA Charter.

Geoff Wood

Geoff Wood, the Head of Risk and Macro, previously worked in Sydney at Global Trading Strategies, a global macro hedge fund that managed in excess of US\$1 billion through the global financial crisis. He was responsible for risk management.

Prior to this Geoff worked at Barclays Capital in London managing the risk on their hedge fund business.

Geoff has been involved in the research and risk management of global equities and other Securities for over 15 years.

He holds an M.Sc Financial Engineering (Distinction) from the University of London as well as an M.Sc in Computer Science (Distinction) from the University of Birmingham and a B.Eng Mechanical Engineering (1st Class) from the University of Birmingham.

James Tayler

James Tayler, the Head of Research, joined Morphic in 2016. He was previously Head of Investment Research at Knight Vinke, a leading activist investor focused on European companies, based in Zurich and London.

Prior to this, James was Head of Investment Research for a single-family office in Zug, Switzerland following more than 10 years at Swiss Reinsurance Company.

He has been involved in the research and investment of global equities for more than 20 years.

He has a B.A (Hons) in Industrial Economics from Nottingham University.

5.3 Alignment of Interests

As at the date of this Prospectus, senior members of the Morphe Investment Team are substantial investors in the MGOF, and Jack Lowenstein has confirmed his intention to invest in the Company, aligning his interests with Shareholders.

Further, the Company must out-perform the Index, and generate positive absolute returns, before a performance fee becomes payable to the Manager. A performance fee is not payable to the Manager unless the value of the Portfolio

increases over the relevant period. The Manager will still receive a management fee regardless of Portfolio changes.

In addition, one third of any bonuses earned by the Morphe Investment Team will be invested in the Fund or the Company for a minimum period of three years from the day they are paid, meaning that the Morphe Investment Team will be committed to the long term as well as short term performance of the Manager's portfolios.

As at the date of this Prospectus, the Morphe Investment Team own more than half of the equity in the Manager.

5.4 Governance of the Manager

The Manager is governed by six person board, of whom only two members, Jack Lowenstein and Chad Slater, are executives.

The non-executive directors are:

Position	Name	Background and Qualifications
Non-Executive Chairman	Nick Minogue	Independent Board Member, Export Finance & Insurance Corporation and Social Enterprise Finance Australia. Former Head of Risk, Macquarie Group.
Non-Executive Director	Gerard Minack	Principal of Minack Advisers. Former Managing Director and Head of Morgan Stanley Developed Markets Strategy.
Non-Executive Director	Chuak Chan	CEO of Ascalon Capital.
Non-Executive Director	George Gabriel	Executive Chairman, Heritage Care. Former Partner at Evans and Partners.

6. | RISK FACTORS





6.1 Introduction

There are certain risks generally associated with investing in the Securities of publicly listed companies, some of which are set out in Section 6 below. There are also other risks associated more specifically with the Company, including its investment objective and strategies and the Manager.

Key specific risks are set out in Sections 6.2 and 6.3 below.

Some of the events and circumstances described below may negatively impact the Company's investment performance and NTA backing per Share, which may in turn cause the market price of the Company's Shares and Options to fall and may result in the loss of income and the principal you invested. The market price of the Shares and Options may also be directly affected by some of the events and circumstances described below.

While the Company and the Manager have put in place various corporate governance, compliance and risk management systems (see Section 3.12 for details) to mitigate risks, neither the Company nor the Manager can guarantee that these safeguards and systems will be effective. Some risks are outside the control of the Company, the Directors, the Manager and its directors and employees, and cannot be mitigated.

Before making a decision on whether to apply for any Securities under the Offer, you are urged to carefully consider the risks described in this Section 6, which is not an exhaustive list of all the possible risks associated with investing in the Company, as well as any other risk factors

that you may consider relevant to such investments. Your financial adviser can assist you in determining the risks of investing in the Company and whether it is suited to your needs and circumstances.

6.2 Key Investment Strategy risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some of them as being particularly relevant to its Investment Strategy, namely:

- (a) The Company's performance depends on the expertise and investment decisions of the Manager. Its opinion about the intrinsic worth of a company or Security may be incorrect, the Company's investment objective may not be achieved and the market may continue to undervalue the Securities within the Portfolio from time to time. The past performance of the Investment Strategy (represented by the performance of MGOF from August 2012) is not necessarily a guide to future performance of the Company.
- (b) The success and profitability of the Company in part depends upon the retention of the Manager as manager of the Portfolio of the Company and the retention of key personnel with the Manager with responsibility for managing the Portfolio. See Section 10.1 for detail on the Investment Management Agreement terms. The ability of the Manager to continue to manage the Portfolio may be compromised by such events as

the loss of its AFSL or its non-compliance with conditions under its AFSL or the Corporations Act. If the Manager ceases to manage the Portfolio or the Investment Management Agreement is terminated, the Company will need to identify and engage a suitably qualified and experienced manager to implement the Company's Investment Strategy.

6.3 Significant risks of investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

Derivative risk

The Company may use Derivatives which may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also changes in the value of a Derivative may not correlate perfectly with the underlying asset. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction. When the Company enters into a Derivative that requires it to deliver Collateral or other credit support to the Derivative counterparty, the Company will be exposed to the following additional risks in respect of that Collateral. The Company:

- (a) may be required to post upfront margin/collateral with the Derivative counterparty (whether cash or other Securities). The Company will need to have sufficient liquid assets to satisfy this obligation;
- (b) may, from time to time if the value of the Derivative moves against it, be required to post additional Collateral with the Derivative counterparty. The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the Derivative counterparty may have the right to terminate such Derivative; and
- (c) will be subject to credit risk on the Derivative counterparty. In the event the Derivative counterparty becomes insolvent at a time

it holds margin/collateral posted with it by the Company, the Company will be an unsecured creditor of the Derivative counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law. Generally, Over-the-counter Derivatives transactions carry greater counterparty risk than Exchange Traded Derivatives (i.e. where the counterparty to the transaction is the exchange's clearing house). Trading in over-the-counter Derivatives will generally require the lodgement of Collateral or credit support, such as a margin or guarantee with the counterparty, which in turn gives rise to counterparty risk. To mitigate counterparty risks in Over-the-counter Derivative transactions, the Manager will seek to deal with counterparties with strong credit ratings. In selecting counterparties, consideration will be given to the financial position and credit rating of the counterparty.

In light of the above risks, the Company has adopted the Derivatives policy in Section 3.5.

Short Selling risk

There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. If the price of the Securities falls then the Company can buy those Securities at a lower price to transfer back to the lender of the Securities.

Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. The use of Short Selling may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also changes in the value of a Short Position may not correlate perfectly with the underlying asset.

Short Positions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction. Short Positions may also be subject to liquidity risk or counterparty risk. Depending on market conditions, Short Positions can be costly or difficult to reverse. Short Selling exposes the Portfolio to the risk that investment flexibility

could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing. In light of these risks, the Company has adopted the Short Selling policy in Section 3.5.

Leverage risk

The Manager can use debt to increase the scale of the Portfolio and the use of Derivative and Short Selling may have an effect similar to leverage in that it can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing. In light of these risks, the Company has adopted the leverage policy in Section 3.5.

Indirect Exposure risk

The Company will not hold direct investments in Excluded Securities. However, the Company may invest in Derivative (including Exchange Traded Funds) which indirectly include exposure to Excluded Securities (for example as part of an index fund). The Company will seek to Short sell these indirect exposures. However, this may not be cost effective as an instrument to offset this indirect exposure may not be readily available. There is therefore a risk that the Portfolio may include, from time to time, indirect exposure to Excluded Securities.

Market risk (at the Portfolio level)

The Portfolio will be exposed to market risks. Broad market risks include movements in domestic and international Securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager will seek to minimise market and economic risks but cannot eliminate them entirely as part of its Investment Strategy. The value of the Portfolio may be impacted by such factors.

Equity risk

There is a risk that Securities will fall in value over short or extended periods of time. Security markets tend to move in cycles, and individual

share prices may fluctuate and underperform other asset classes over extended periods of time. Holders of Securities in the Company are exposed to this risk both through their holdings in Shares and Options in the Company as well as through the Portfolio. In respect of the equity risk within the Portfolio, the Company aims to minimise this risk through the Manager's careful analysis of each Security the Company invests in and the Manager's strategy of constructing a diversified Portfolio.

Currency risk

Investing in assets denominated in a currency other than the Australian dollar may cause losses resulting from exchange rate fluctuations. For example, if the Australian dollar rises, the value of international investments expressed in Australian dollars can fall. The Manager may, from time to time, seek to actively manage the Company's currency exposure using Derivative (for example, foreign exchange forwards swaps, "non-deliverable" forwards, and currency options) and cash foreign exchange trades.

Foreign investment risk

The Company's investment objective and strategies are primarily focused on investments in global Securities and Derivatives. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments. Investments in foreign companies may decline in value because of sovereign, political, economic or market instability; the absence of accurate information about the companies; risks of unfavourable government actions such as expropriation and nationalisation. Other countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency. These risks may be higher when investing in emerging markets.

The Company aims to minimise this risk through the Manager's careful analysis of each Security the Company invests in and the Manager's strategy of constructing a diversified Portfolio.

Interest rate risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a Security. The Company is exposed to movements in Australian interest rates as

well as movements to interest rates in each jurisdiction it holds investments. The Manager's careful analysis of macroeconomic issues and detailed research in combination with diversified holdings, aims to minimise this risk.

Counterparty risk

Investment in Securities and financial instruments generally involves third parties as counterparties to contracts. Use of third parties carries risk of default which could adversely affect the value of the Company.

The Company will outsource key operational functions including investment management, custody, and administrative support services (i.e. accounting and company secretarial services) to a number of third party service providers. There is a risk that third party service providers may breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company.

The Company aims to keep this risk to a minimum by regularly monitoring its key service providers.

There is a risk of loss resulting from the insolvency or bankruptcy of a counterparty used by the Manager to execute trades. The Manager aims to keep this risk to a minimum by regularly monitoring the counterparties. The Company may enter into additional prime brokerage agreement to allow it to allocate counterparty risk associated with such arrangements.

Credit default risk

The Company may deposit its cash from time to time with counterparties. There is a risk that deposit-takers, issuers of interest rate securities and custodians of the Company's cash holdings may not repay the principal and/or interest when due.

The Company aims to keep this risk to a minimum by regularly monitoring its key cash holding counterparties.

Liquidity risks

There is a risk that one or more of the Securities in the Portfolio (from time to time) may become illiquid. This can result in a loss if the Company needs to sell it within a particular time frame.

The Manager will seek to minimise liquidity risks by:

- (a) ensuring that there is no significant exposure to illiquid or thinly traded financial

instruments; and

- (b) being aware of liquidity when constructing and managing the Portfolio to ensure that there is no undue concentration of liquidity risk to a particular counterparty or market.

Compensation fee structure risk

The Manager will receive compensation based on the Company's performance. Performance Fee arrangements may create an incentive for the Manager to make more speculative or higher risk investments than might otherwise be the case.

Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations, especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments. The Manager's careful analysis of each company it invests in, as well as maintaining a diversified portfolio of companies, aims to minimise this risk.

Concentration risk

The Company's typical portfolio is expected to hold 20 to 60 Securities which in the Manager's view represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility. The Manager's Investment Strategy is focused on constructing a Portfolio of investments with uncorrelated sources of return. This is aimed at managing this risk and ensuring diversification.

Company risk

The Company is a new entity with no operating history and no proven track record.

6.4 Risks associated with investment in Shares and Options

The prices at which Shares and Options will trade on the ASX are subject to a number of risks, including:

Operational costs

Operational costs for the Company as a proportion of total assets will be affected by the level of acceptance of the Offer. Operational costs representing a greater proportion of total assets will reduce the operating results of the Company and its ability to make

dividend payments.

Dividend risk

The Company's ability to pay a fully or partly franked dividend is contingent on it making taxable profits. No guarantee can be given concerning the future earnings of the Company, the earnings and capital appreciation of the Company's Portfolio or the return of your investment. The Manager may make poor investment decisions which may result in the Portfolio's return being inadequate to pay dividends to Shareholders.

Market risk

Share markets tend to move in cycles, and individual Securities prices may fluctuate and underperform other asset classes over extended periods of time. The value of Shares and Options listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares and Options as well as through the Company's Portfolio.

Economic risk

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to the legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

Liquidity risk

The Company will be a listed entity, therefore the ability to sell Shares and Options will be a function of the turnover of the Shares and Options at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any

one point in time.

Discount to NTA

The Company will be listed on the ASX and may not trade in line with the underlying value of the Portfolio. The Company may trade at a discount or a premium to its NTA.

6.5 Other risk factors

Before deciding to subscribe for Securities, investors should consider whether Shares and Options are a suitable investment.

There may be tax implications arising from the application for Shares and Options, the receipt of dividends (both franked and unfranked) from the Company, participation in any on market share buy-back and on the disposal of Shares or Options. Investors should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares and Options, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

6.6 Time frame for investment

The Company's objective is to achieve returns in excess of the Benchmark over a full investment cycle (which the Manager and the Company consider to be a period of typically 3 to 5 years).

Investors are strongly advised to regard any investment in the Company as a long term proposition (5+ years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Securities.

You should consider that an investment in the Company is speculative and consult your professional adviser before deciding whether to apply for the Securities.



7. FINANCIAL POSITION OF THE COMPANY



7.1 Proceeds of the Issue

The Board intends to use the funds raised from the Offer for investment consistent with the investment objectives and investment process set out in Section 3.

7.2 Unaudited pro forma statement of financial position

The pro forma statements of financial position set out below have been prepared to illustrate the effects of the pro forma adjustments described below for the different subscription amounts as if they had occurred on 13 February 2017 being the incorporation date of the Company, including:

- completion of the Offer based on each of the amounts indicated being raised; and
- payment of expenses (which have been deducted from the cash amount) which consist of the Offer related expenses in accordance with Section 7.6 below.

It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Offer.

The pro forma statements of financial position have been prepared in accordance with the accounting policies set out in Section 7.7 below.

Morphic Ethical Equities Fund Limited Unaudited Pro Forma Balance Sheet Assumes completion of the Offer

The unaudited pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the Risk Factors set out in Section 6 and other information contained in this Prospectus.

	Minimum Subscription \$38.5 million (\$'000)	Subscription \$110 million (\$'000)	Maximum Subscription \$220 million (\$'000)	Over Subscription \$275 million (\$'000)
Assets				
Cash	37,063	106,733	213,666	267,157
Receivables	63	177	371	467
Deferred Tax Asset	412	927	1,789	2,213
Total Assets	37,538	107,837	215,826	269,837
Total Liabilities	-	-	-	-
Net Assets	37,538	107,837	215,826	269,837
Equity				
Contributed Equity	38,500	110,000	220,000	275,000
Less: Capitalised costs of the offer	(961)	(2,162)	(4,173)	(5,162)
	37,539	107,838	215,827	269,838
Costs not eligible to be Capitalised	(1)	(1)	(1)	(1)
Total Equity	37,538	107,837	215,826	269,837
NAV Backing Per Share (\$)	1.073	1.078	1.079	1.079

7.3 Capital structure

The anticipated capital structure of the Company on completion of the Issue is set out below:

	Minimum Subscription \$38.5 million	Subscription \$110 million	Maximum Subscription \$220 million	Over Subscription \$275 million
Shares on issue	35,000,001	100,000,001	200,000,001	250,000,001
Options on issue	35,000,000	100,000,000	200,000,000	250,000,000

As at the date of this Prospectus, Jack Lowenstein holds the sole Share on issue in the Company.

7.4 Cash

A reconciliation of the pro forma statements of financial position for cash is as below:

	Minimum Subscription \$38.5 million \$	Subscription \$110 million \$	Maximum Subscription \$220 million \$	Over Subscription \$275 million \$
Initial Subscriber Share	1	1	1	1
Proceeds of Offer	38,500,000	110,000,000	220,000,000	275,000,000
Expenses of Offer – refer to Section 7.6	961,659	2,162,568	4,174,001	5,162,584
Deferred Tax Asset	412,139	926,815	1,788,857	2,212,536
GST Receivable	63,188	177,563	371,438	468,375
Estimated net cash position	37,063,015	106,733,055	213,665,705	267,156,505

7.5 Assumptions

These unaudited pro forma statements of financial position and the information in Sections 7.2, 7.3 and 7.4 have been prepared on the basis of the following assumptions:

- (a) Application of the proposed accounting policies and notes to the accounts set out in Section 7.7.
- (b) In the unaudited pro forma statement of financial position entitled "Minimum Subscription \$38,500,000", the reference is to issuing 35,000,000 Shares and Options to Applicants under this Prospectus.
- (c) In the unaudited pro forma statement of financial position entitled "Subscription \$110,000,000", the reference is to issuing 100,000,000 Shares and Options to Applicants under this Prospectus.
- (d) In the unaudited pro forma statement of financial position entitled "Maximum Subscription \$220,000,000", the reference is to issuing 200,000,000 Shares and Options to Applicants under this Prospectus.
- (e) In the unaudited pro forma statement of financial position entitled "Over Subscription \$275,000,000", the reference is to issuing 250,000,000 Shares and Options to Applicants under this Prospectus.
- (f) The Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset for the capital raising costs.
- (g) The costs incurred by the Company in respect of the Offer referred to in this Section are net of deferred tax asset, in accordance with accounting standards and the accounting policy note in Section 7.7. This means that the tax benefit (a 30% tax deduction) is applied to these costs to reduce them by 30%. The cash outlay of an expense is gross of this tax benefit. For example, an outlay described in this Section as \$70 (net of tax) is a cash outlay of \$100 less the tax benefit of a \$30 income tax deduction.
- (h) Expenses of the Offer have been paid and are recognised in equity net of tax (refer to Section 7.6).
- (i) The Company will pay a Broker Firm selling fee equal to 1.50% (plus GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares and Options are allotted under the Broker Firm Offer and the Applications or commitments to lodge Application Forms (with respect to the Broker Firm Offer) are received before the Closing Date. No fee will be payable on General Offer or Priority Allocation Applications.
- (j) For the purpose of the unaudited pro forma statement of financial position, it has been assumed that the Broker Firm selling fee of 1.50% (plus GST) will be paid on:
 - (i) 79% of Applications in respect of the Minimum Subscription of \$38,500,000;
 - (ii) 77% of Applications in respect of the Subscription of \$110,000,000;
 - (iii) 83% of Applications in respect of the Maximum Subscription of \$220,000,000; and
 - (iv) 85% of Applications in respect of the Over Subscription of \$275,000,000.
- (k) The Company will pay Taylor Collison Limited an Arranger fee equal to 0.10% (plus GST) of the total proceeds raised under the Offer. The Company will pay each of the Australian Joint Lead Managers a management fee equal to 0.50% (plus GST) of the total Australian proceeds raised under the Offer. In addition, the Company will pay to each Australian Joint Lead Manager or Co-Manager a Broker Firm selling fee of 1.50% (plus GST in Australia) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and Co-Managers.

7.6 Expenses of the Offer

The Company will pay from the proceeds of the Offer the expenses of the Offer including legal, accounting and taxation, printing and initial ASX listing fees.

These expenses have been estimated at \$961,659 (net of tax) assuming the Minimum Subscription is achieved, \$4,174,001 (net of tax) assuming the Maximum Subscription is achieved and \$5,162,584 (net of tax) assuming the Over Subscription is achieved.

A breakdown of these expenses (including GST), assuming the Minimum Subscription of Applications for \$38,500,000, Subscription of Applications for \$110,000,000, Maximum Subscription of Applications for \$220,000,000 and oversubscription of Applications for

\$275,000,000 is provided below:

	Minimum Subscription \$38.5 million \$	Subscription \$110 million \$	Maximum Subscription \$220 million \$	Over Subscription \$275 million \$
Joint Lead Manager fees (both the management fee and the Arranger fee)	969,100	2,725,250	5,689,750	7,172,000
Legal fees	181,500	181,500	181,500	181,500
Investigating accountant fees	34,100	34,100	34,100	34,100
ASX fees	141,790	215,600	318,450	345,400
ASIC lodgement fees	2,320	2,320	2,320	2,320
Other expenses	108,176	108,176	108,176	108,176
Total estimated gross expenses of the Offer	1,436,986	3,266,946	6,334,296	7,843,496
Less: Deferred tax asset	(412,139)	(926,815)	(1,788,857)	(2,212,536)
Less: GST Receivable	(63,188)	(177,563)	(371,438)	(468,375)
Total estimated expenses of the Offer	961,659	2,162,568	4,174,001	5,162,584

7.7 Proposed significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of unaudited pro forma statements of financial position set out in Section 7.2 or that will be adopted and applied in preparation of the financial statements of the Company for the period ended 30 September 2017 and subsequent periods is set out as follows:

(a) Basis of preparation

The pro forma statement of financial position has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (**AASB**) and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by

the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 7.5.

The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

(b) Investments

Classification

The category of financial assets and financial liabilities comprises:

Financial instruments held for trading

These include Exchange Traded Funds, futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Measurement

Financial instruments designated at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the statement of profit or loss. 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.

Listed Equities

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 Security 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.

Derivative financial instruments

Derivative financial instruments are classified as held for trading, as the Company does not designate any Derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a Derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market prices in active markets. All Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of financial instruments at a predetermined price. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the statement of profit or loss.

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. Futures over listed equities and indices are accounted for on the same basis as the underlying investment exposure. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the statement of profit or loss.

If a quoted market price is not available on a recognised Security exchange or from the brokers/dealers for non-exchange-traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or valuation techniques, which include use of 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 technique that provides a reliable estimate of prices obtained in actual market transactions.

Income and Expenditure

Interest income and expenses, including interest income and expenses from non-Derivative financial assets, are recognised in the statement of profit or loss as they accrue, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if any.

Dividend income relating to exchange-traded equity instruments is recognised in the statement of profit or loss on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis and recognised in the statement of profit or loss on the day the distributions are announced.

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accrual basis.

(c) Fair Value Measurement

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 three 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.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

(f) 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.

(g) Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

(h) Share option reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.

**8. | INVESTIGATING
ACCOUNTANT'S
REPORT**



Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia
Tel: +61 2 9221 209
Fax: +61 2 9223 1762
Pitcher Partners is an association of independent firms

Postal Address:
GPO Box 1615
Sydney NSW 001
Australia
www.pitcher.com.au
sydneypartners@pitcher.com.au

13 March 2017

The Directors
Morphic Ethical Equities Fund Limited
Level 5, 175 Macquarie Street
Sydney NSW 2000

Dear Directors

PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON MORPHIC ETHICAL EQUITIES FUND LIMITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

8.1 Introduction

The Directors of Morpheic Ethical Equities Fund Limited (the “*Company*”) have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd (“*Pitcher Partners*”) to report on the pro forma historical financial information of the Company as at 17 January 2017.

We have prepared this Independent Limited Assurance Report (“*Report*”) to be included in a Prospectus dated on or about 13 March 2017 and relating to the Offer of up to 250,000,000 fully paid ordinary Shares at an offer price of \$1.10 per share to raise up to \$275,000,000 should the Maximum Subscription be raised and all over subscriptions be accepted.

The Minimum Subscription is 35,000,000 fully paid ordinary Shares. The Offer is not underwritten.

Under the Offer, there will also be an entitlement to one Option for every one ordinary Shares subscribed for, which will be exercisable at an exercise price of \$1.10 per Option, on or before 30 November 2018.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (“AFSL”) under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.



Pitcher Partners Sydney Corporate Finance Pty Ltd, ABN 77 122 561 184, is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd, AFS License No. 336950, ABN 85 135 817 766. A member of Pitcher Partners, a national association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.

8.2 Background

The Company was incorporated on 13 February 2017 and has not traded. As at the date of this Report, the Company has 1 Share and no Options on issue and has net assets of \$1.

8.3 Scope

This Report deals with the pro forma financial information included in Section 7 of the Prospectus (*"Financial Information"*). The Financial Information consists of the pro forma statements of financial positions as at 13 February 2017 and related notes as set out in section 7 of the Prospectus.

The unaudited pro forma statements of financial position in Section 7.2 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 7.5 of the Prospectus, as if those events had occurred as at 13 February 2017. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

The pro forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

8.4 Director's Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and the notes included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

8.5 Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the pro forma historical financial information included in Section 7 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the pro forma historical financial information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any financial information used as a source of the financial information.

8.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information (being the pro forma statements of financial position of the Company) are not presented fairly, in all material respects, in accordance with the assumptions described in Section 7.5 of the Prospectus and the stated basis of preparation as described in Section 7.2 of the Prospectus.

8.7 Restriction on Use

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 6 of the Prospectus.

8.8 Legal Proceedings

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

8.9 Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8.10 Sources of Information

Pitcher Partners has made enquiries of the Directors, the Manager and other parties as considered necessary during the course of our analysis of the pro forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

8.11 Independence or Disclosure of Interest

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

8.12 Liability

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

8.13 Financial Services Guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett

Director

PART 2 : FINANCIAL SERVICES GUIDE

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("*Licence Holder*") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "*Authorised Financial Products*"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide ("*FSG*") in connection with its provision of an Investigating Accountant's Report ("*Report*") which is included in the Prospectus provided by Morphic Ethical Equities Fund Limited (the "*Entity*").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("*AFSL*") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly

connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$31,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

By phone: (02) 9221 2099

By fax: (02) 9223 1762

By mail: GPO Box 1615, SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

A photograph of several small green seedlings with two leaves each, growing out of dark brown soil. A large, semi-transparent grey circle is centered over the image, containing the text. The background is slightly blurred, showing more seedlings in the distance.

9. **DIRECTORS OF
MORPHIC ETHICAL
EQUITIES FUND
LIMITED**

9.1 Introduction

The Company believes that the Manager investment team has the skill, depth of knowledge and history of achieving results using the Investment Strategy and processes to manage this Portfolio.

The Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

Director	Position	Independence
JoAnna Fisher	Non Executive Chairman	Yes
Jack Lowenstein	Executive Director	No
Mark Forstmann	Non Executive Director	Yes
Virginia Malley	Non Executive Director	Yes

9.2 Background of the Non Executive Directors¹²

JoAnna Fisher

JoAnna has a long-standing and international career in the financial sector in investment management, wholesale banking and capital markets.

She is presently a Member of the Investment Committee Australian Catholic Superannuation and Retirement Fund, a Member of the Finance Audit and Risk Committee of the Australian Chamber Orchestra and a Non Executive Director of Quantum Funds Management.

She is a former General Manager – Strategy and Marketing for the Commonwealth Bank. She also spent 12 years at Bankers Trust Corporation in the USA, Japan, the UK and Australia, managing funds and developing the institutional funds management businesses.

Her more than 20 years of experience encompasses business performance improvement, governance, compliance and risk management.

She holds a Bachelor of Economics (Accounting) and Bachelor of Arts (Asian Studies), and is a graduate of the Australian Institute of Company Directors.

¹² Jack Lowenstein's background is set out in Section 5.2.

Mark Benedict Forstmann

Mark was a Non-executive Director of Hunter Hall International Limited from 2001 until September 2016.

He has 27 years' experience in investment markets including equities, currencies and fixed interest.

He has worked at Bank of America, and Banque Indosuez in both Sydney and Paris.

He currently works as a portfolio manager at Grosvenor Pirie, which offers a range of retail superannuation funds.

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.

Mark served on the Board of the Nature Conservation Trust of NSW between December 2009 and May 2015.

Virginia Malley

Virginia has worked in the financial services sector for 30 years.

In 1987, she joined Macquarie Bank as a credit analyst and became Chief Risk Officer of the Funds Management Group in 2003. During this period, she developed and implemented risk management frameworks for the domestic and Asian joint venture funds management businesses.

Following her executive career at Macquarie, Virginia served as a non-executive director on a number of subsidiary boards including Macquarie Investment Management Limited until 2012.

Virginia is currently a director of Perpetual Superannuation Limited and Perpetual Equity Investment Company Limited, and is a member of the Clean Energy Regulator and the Nature Conservation Trust of New South Wales.

Virginia is a Fellow of the Australian Institute of Company Directors and completed the Company Director Course in 2007. She holds a Bachelor of Arts and a Master of Applied Finance from Macquarie University, a Juris Doctor from the University of Technology Sydney, and a Graduate Diploma of Environmental Law and a Master of Law from the University of Sydney. In November 2016, she was recognised with a Faculty Award for excellence and ongoing contribution to the gold standard in governance education by the Australian Institute of Company Directors.

9.3 Independent Directors

JoAnna Fisher, Mark Forstman and Virginia Malley, being independent Directors, are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the person's judgement.

9.4 Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

9.5 The role of the Board

The Directors will ensure the Company has corporate governance procedures and that those procedures are followed. In addition, the Board will be responsible for reviewing the Manager's performance and ensuring compliance with the Investment Management Agreement terms. The members of the Board may implement capital management strategies (in line with the policy set out in Section 3.9) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio.

The Company has outsourced its investment management functions to the Manager in accordance with the Investment Management Agreement. The accounting, custody and share registry have been outsourced to various service providers. The Board will oversee the performance of the Manager and other service providers.

Each Director has confirmed that, notwithstanding their other commitments, they will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

9.6 Participation by Directors

Jack Lowenstein currently holds one Share in the Company, which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer. At completion of the Offer the Directors are expected to have a Relevant Interest in the following numbers of Securities:

Director	Shares	Options
JoAnna Fisher	100,000	100,000
Jack Lowenstein	500,000	500,000
Mark Forstmann	40,000	40,000
Virginia Malley	25,000	25,000

9.7 No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce them to become or to qualify them as a Director or otherwise, for services rendered by them in connection with the promotion or formation of the Company.

9.8 Directors' remuneration

The Company's non-executive Directors are entitled to receive Directors' fees of up to \$200,000 per annum to be shared among the independent (non-executive) Directors.

Additional remuneration may be paid in accordance with the Company's Constitution. As at the date of the Prospectus, the Company has agreed to pay the independent (non-executive) Directors' the following annual fees:

Director	Director's Fees
Chairman	\$60,000
Non-Executive Directors	\$40,000
Executive Director	Nil

For the year ending 30 June 2017 Directors will be paid a pro rata amount calculated by reference to the date the Company is admitted to the Official List.

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

9.9 Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 10.4 for details.

9.10 Corporate governance policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (ASX Recommendations) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the section of the Manager's website dedicated to the Company, at **www.morethical.com.au**.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

9.11 Related party disclosures

Each Director has entered into a director protection deed with the Company pursuant to which the Company has agreed to, amongst other things, indemnify (to the extent permitted by law) each Director in respect of certain liabilities incurred in their capacity as Directors. These deeds contain standard commercial terms and are consistent with market practice (see Section 10.4).

Jack Lowenstein is a director and shareholder in the Manager and as such will benefit from the entry by the Manager into the Investment Management Agreement through the payment of fees under the Investment Management Agreement. Details of the financial benefit payable under the Investment Management Agreement are included in Section 10.1. In light of this benefit, the Company has agreed that Jack Lowenstein will not receive Directors' fees from the Company.

Other than as set out above or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

A person with blonde hair, wearing a dark hoodie and brown pants, stands on a rocky ridge in the foreground, looking towards a massive, snow-capped mountain peak. The mountain is covered in patches of snow and dark rock, with a large glacier or snowfield at its base. The sky is a clear, vibrant blue. A large, light blue circular graphic is overlaid on the upper half of the image, framing the text.

10. | MATERIAL CONTRACTS



The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. This Section contains a summary of the material contracts and their substantive terms.

10.1 Investment Management Agreement

The Company has entered into the Investment Management Agreement with the Manager on 6 March 2017 with respect to the investment management of the Company's Portfolio. Set out below is a summary of the material terms of the Investment Management Agreement.

Services

The Manager must manage and supervise the Portfolio and all investments within the Portfolio.

Permitted investments

The Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with the approved Investment Strategies, Board approval for the investment is required. The Board may approve changes to the approved investment strategies from time to time.

To the extent the Manager's AFSL does not include the authorisations required for the Manager to provide advice or deal in certain investments, the Manager may engage external advisors with the appropriate AFSL authorisations.

Powers of the Manager

Subject to the Corporations Act, the Listing Rules and Investment Strategy agreed with the Company from time-to time, the Manager has the powers necessary to, on behalf of the Company, invest money constituted in or available to the Portfolio, and make, hold, realise and dispose of investments within the Portfolio. Any investment outside the Investment Strategy of the Board requires Board approval.

Subject to an obligation to liquidate the Portfolio to meet the Company's operating costs, dividend payments, capital returns, buybacks or other distributions the Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) investigation, negotiation, acquisition, or disposal of every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- (c) enter into Derivatives, short sell or use leverage in relation to the Portfolio;

- (d) if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
 - (i) to convert that investment into some other investment;
 - (ii) to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment;
- (e) retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from the amalgamation or reconstruction of any entity; and
- (f) to sell all or some of the rights to subscribe for new Securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for Securities or to subscribe for Securities pursuant to those rights.

Valuations

The Company must arrange for calculation of the value of the Portfolio daily. All costs incurred in arranging this calculation are to be paid by the Company. See Section 7.6 for details.

Delegation

The Manager may, with the prior approval of the Company (not to be unreasonably withheld), appoint or employ any person, including any related body corporate of the Manager, to be a sub-contractor for the Manager to perform any or all of the duties and obligations imposed on the Manager by the Investment Management Agreement.

Non-exclusivity and conflict management

The Manager may from time to time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Investment Management Agreement, provided the Manager does not prejudice or otherwise derogate its responsibilities specified in the Investment Management Agreement.

To manage potential conflicts of interest, the Manager must comply with the allocation policy set out in Section 3.10 (as amended in consultation with the Company from time to time).

Confidentiality

To protect the confidentiality of information related to the Company and its assets under management, the Manager has provided various confidentiality undertakings in the Investment Management Agreement. These undertakings are consistent with market practice. Importantly these undertakings:

- (a) effectively prohibit the Manager from using the Company's information for any purpose other than in its role as the Company's Manager; and
- (b) require the Manager to take all reasonable, proper and effective precautions to maintain the confidential nature of the Company's information.

Related party protocols

The Manager is not prohibited under the Investment Management Agreement from acquiring assets from, or disposing assets to, a related party. However, if the Manager does ever propose that the Company acquire assets from or dispose of assets to a related party of the Manager, the Company must approve that acquisition or disposal to the extent required by the Corporations Act or the Listing Rules.

Amendment

The Investment Management Agreement may only be altered by the agreement of the Company and the Manager. The Company and the Manager have agreed that they will only make material changes to the Investment Management Agreement if the Company has obtained shareholder approval for these material changes.

Change of control provisions

The Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Company.

Similarly, the Company has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager.

The Investment Management Agreement does not contain any pre-emptive rights over the Portfolio which are exercisable by either the Company, the Manager or a related entity of the Manager in the event of a change of control of either the Company or the Manager.

Company indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses) incurred in connection with the Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees.

The indemnity continues to operate after the termination of the Investment Management Agreement.

Manager's liability

Subject to the Corporations Act, the Listing Rules and the Investment Management Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise.

In the absence of negligence, default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

Manager indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with any negligence, default, fraud or dishonesty of the Manager or its officers. The indemnity continues to operate after the termination of the Investment Management Agreement.

Management Fee

In return for the performance of its duties as Manager of the Portfolio, the Manager is entitled to be paid a Management Fee equal 1.25% exclusive of GST. The Management Fee is payable monthly in arrears.

The Management Fee is to be paid to the Manager regardless of the performance of the Company. Management Fees would increase if the Value of the Portfolio increases, and decrease if the Value of the Portfolio decreases, over the period.

Assuming an initial Value of the Portfolio of \$220,000,000 at 1 October 2017 and nil performance on the Portfolio each month after fees, the Management Fee payable on the Portfolio for the 12 month period from 1 October 2017 to 30 September 2018 would be approximately \$2,734,000 (plus GST).

The Manager intends to donate 2.5% of the Management Fee it receives each year to a charity with ethical goals. The initial recipient of this charitable donation will be Bush Heritage Australia, an Australian charity which exists to protect the natural environment.

Performance Fee

The Manager is entitled to be paid by the Company a fee equal to 15% plus GST (**Performance Fee**). The Performance Fee for each Performance Calculation Period is calculated in accordance with the following formula.

Example 1: Outperformance against the Benchmark

Assuming a Performance Calculation Period of 1 October 2016 to 30 September 2017, an initial Value of the Portfolio of \$220,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period of \$242,000,000 (representing a 10% higher value than at the beginning):

- (a) If the Benchmark return is 7.5% for the Performance Calculation Period, there would be an aggregate outperformance of \$5,500,000.
- (b) In this instance, there would be a Performance Fee payable at 15% of this amount equating to \$825,000 (plus GST) for the Performance Calculation Period as the Portfolio has outperformed the Benchmark.

Example 2: Underperformance against the Benchmark.

Assuming a Performance Calculation Period of 1 October 2016 to 30 September 2017, an initial Value of the Portfolio of \$220,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 10% higher than at the beginning of \$242,000,000:

- (a) If the Benchmark return is 12.5% for the Performance Calculation Period, there would be an aggregate underperformance of \$5,500,000.
- (b) In this instance, there would be no Performance Fee payable for the Performance Calculation Period as the Portfolio has underperformed the Benchmark.
- (c) The aggregate underperformance of \$5,500,000 is to be carried forward to the following Performance Calculation Periods until it has been recouped in full against future positive Portfolio performance.

Example 3: Recouping past underperformance

Assuming a Performance Calculation Period of 1 July 2017 to 30 June 2018, an initial Value of the Portfolio of \$242,000,000, and a Value of the Portfolio at the end of the Performance Calculation Period that is 5% higher than at the beginning of \$254,100,000:

- (a) If the Benchmark return is 1.5% for the Performance Calculation Period, there would be an aggregate outperformance of \$8,470,000.
- (b) The aggregate underperformance of \$5,500,000 from prior Performance Calculation Period(s) as per Example 2 above, is to be recouped in full against the current Portfolio performance, resulting in aggregate outperformance of \$2,970,000 for the Performance Calculation Period.
- (c) In this instance, there would be a Performance Fee payable at 15% of this amount equating to \$445,500 (plus GST) for the Performance Calculation Period, as the Portfolio has outperformed the Benchmark and prior underperformance has been recouped in full against current Portfolio performance.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager for the fees, costs and expenses approved by the Board provided they were properly incurred in connection with the investment and management of the Portfolio of the Company or the acquisition, disposal or maintenance of any investment, including:

- (a) fees payable to any Securities exchange, ASIC, or any other regulatory body the share register, Portfolio administrator, and any approved valuer; and
- (b) all costs, custody fees, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager in connection with:
 - (i) the acquisition, management and negotiation of any investment or proposed investment;
 - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - (iii) the receipt of income or other entitlements from the investments within the Portfolio;
 - (iv) the engagement of a custodian to hold an investment on behalf of the Company;
- (c) outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums; and
- (d) all accounting and audit costs of the Company whether or not in relation to the Portfolio.

Notwithstanding the above, the Manager is solely responsible for payment of the fees of any manager engaged by the Manager to assist it in undertaking its duties under the Investment Management Agreement.

Assignment

The Manager may assign the Investment Management Agreement to a third party with the prior consent in writing of the Company, which must not be unreasonably withheld or delayed.

Term of Agreement

The initial term of the Investment Management Agreement is currently 5 years, which will be automatically extended for successive five year periods, unless terminated earlier in accordance with the Investment Management Agreement.

However, the Company has applied to the ASX for a waiver to extend the initial 5 year term to 10 years (with automatic extensions of five year periods unless terminated earlier in accordance with the Investment Management Agreement). If the waiver application is refused, the initial term of the Investment Management Agreement will remain 5 years.

Termination and termination fees

The Investment Management Agreement gives the Company certain termination rights including the right to immediately terminate if the Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach. No termination fee is payable to the Manager if the Investment Management Agreement is terminated in accordance with these rights.

The Company may also terminate the Investment Management Agreement following the initial term on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Manager's appointment. If the Company terminates the Investment Management Agreement in this way, it must pay to the Manager a fee equal to the sum of:

- (a) all Management Fees that accrued in the 12 month period up to the date of termination; and
- (b) all Performance Fees that accrued in the 12 month period up to termination capped at an amount equal to 2 times the amount of Management Fees over that period.

This fee must be paid by the Company to the Manager in addition any accrued but unpaid Performance and Management Fees as at the termination date.

The Manager may terminate the Investment Management Agreement at any time after the initial term by giving the Company at least six months written notice.

10.2 Offer Management Agreement

The Company and the Manager have entered into an offer management agreement dated 6 March 2017 2017 (**Offer Management Agreement**) with the Joint Lead Managers pursuant to which the Joint Lead Managers will manage the Offer. Under the Offer Management Agreement, the Company appoints the Authorised Intermediary to make offers to arrange for the issue of the Shares and Options under the Offer.

In return for providing the services under the Offer Management Agreement, the Company will pay:

- (a) Taylor Collison an arranger fee of 0.10% plus GST of the amount raised under the Offer
- (b) Each of the Joint Lead Managers a management fee of 0.5% plus GST of the amount raised under the Offer

In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and its brokers (including associated Co-Managers). The Joint Lead Managers will have sole responsibility to pay any commissions and fees payable to a Co-Manager or Broker.

The Company has agreed to pay or reimburse the Joint Lead Managers for all reasonable legal costs and expenses incurred by them in connection with the Offer, of up to \$30,000 (plus GST and disbursements), as well as other additional out-of-pocket expenses.

The Offer Management Agreement is conditional on a number of things including the Company obtaining any ASX waivers in in-principle form and any ASIC modifications (in a form and substance acceptable to the Joint Lead Managers) to enable the Offer to proceed in accordance with the timetable in the Offer Management Agreement and the Prospectus.

In accordance with the Offer Management Agreement and as is customary with these types of arrangements:

- (a) the Company and the Manager have (subject to certain usual limitations) agreed to indemnify the Joint Lead Managers, their related bodies corporate, their directors, officers, advisers and employees against any losses arising directly or indirectly in connection with the Offer (including for publicity, regulatory reviews or non-compliance of the Prospectus), or a breach by the Company and the Manager of any provision, including representation or warranty of, the Offer Management Agreement;
- (b) the Company and the Manager have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer and content of the Prospectus;

- (c) the Joint Lead Managers are entitled to appoint co-lead managers and Brokers to the Offer; and
- (d) the Joint Lead Managers may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Offer Management Agreement and be released from their obligations under it on the occurrence of certain events on or prior to the final settlement date of the Offer, including (but not limited to) where:
 - (i) a statement contained in the offer materials is or becomes materially misleading or deceptive or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements);
 - (ii) the ASX does not approve the listing of the Company;
 - (iii) there are changes in senior management of the Manager or the Board of Directors of the Company;
 - (iv) material adverse changes to the financial markets, political or economic conditions of key countries, trading halts on all Securities listed on certain Security exchanges, banking moratoriums, hostilities commence or escalate in key countries or a major terrorist act is perpetrated in key countries;
 - (v) subject to a materiality threshold, the Company or the Manager breaches any law or regulatory requirements or the Company fails to conduct the Offer in accordance with the law;
 - (vi) there is, or is likely to be, a material adverse change, or event involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company;
 - (vii) subject to a materiality threshold, a regulatory investigation or legal action is commenced against the Company or the Manager; or
 - (viii) subject to a materiality threshold, a breach of the representations, warranties and undertakings or default of the Offer Management Agreement.

Please note that the above is not an exhaustive list of the termination events in the Offer Management Agreement.

10.3 Prime Broker Agreement

Morgan Stanley & Co. International plc. (**Prime Broker**), a member of the Morgan Stanley Group of companies, based in London, will provide prime brokerage services to the Company under the terms of the International Prime Brokerage Agreement (**Agreement**) entered into between the Company and the Prime Broker for itself and as agent for certain other members of the Morgan Stanley Group of companies (**Morgan Stanley Companies**). These services may include the provision to the Company of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Company may also utilise the Prime Broker, other Morgan Stanley Companies and other brokers and dealers for the purposes of executing transactions for the Company. The Prime Broker is authorised by the Prudential Regulatory Authority (**PRA**) and regulated by the Financial Conduct Authority (FCA) and the PRA.

The Prime Broker will also provide a custody service for all the Company's investments, including documents of title or certificates evidencing title to investments, held on the books of the Prime Broker as part of its prime brokerage function in accordance with the terms of the Agreement and the rules of the FCA. The Prime Broker may appoint sub-custodians, including the Morgan Stanley Companies, of such investments.

In accordance with FCA rules, the Prime Broker will record and hold investments held by it as custodian in such a manner that the identity and location of the investments can be determined at any time and that such investments are readily identifiable as belonging to a customer of the Prime Broker and are separately identifiable from the Prime Broker's own investments. Furthermore, in the event that any of the Company's investments are registered in the name of the Prime Broker where, due to the nature of the law or market practice of jurisdictions outside the United Kingdom, it is in the Company's best interests so to do or it is not feasible to do otherwise, such investments may not be segregated from the Prime Broker's own investments and in the event of the Prime Broker's default may not be as well protected.

Any cash which the Prime Broker holds or receives on the Company's behalf will not be treated by the Prime Broker as client money and will not be subject to the client money protections conferred by the FCA's Client Money Rules (unless the Prime Broker has specifically agreed with or notified the Company that certain cash will be given client money protection). As a consequence, the Company's cash will not be segregated from the Prime Broker's own cash and will be used by the Prime Broker in the course of its investment business, and the Company will therefore rank as one of the Prime Broker's general creditors in relation thereto.

As Security for the payment and discharge of all liabilities of the Company to the Prime Broker and the Morgan Stanley Companies, the investments and cash held by the Prime Broker and each such Morgan Stanley Company will be charged by the Company in their favour and will therefore constitute collateral for the purposes of the FCA rules. Investments and cash may also be deposited by the Company with the Prime Broker and other members of the Morgan Stanley Group of companies as margin and will also constitute collateral for the purposes of the FCA rules.

The Company's investments may be borrowed, lent or otherwise used by the Prime Broker and the Morgan Stanley Companies for its or their own purposes, whereupon such investments will become the property of the Prime Broker or the relevant Morgan Stanley Company and the Company will have a right against the Prime Broker or the relevant Morgan Stanley Company for the return of equivalent assets. The Company will rank as an unsecured creditor in relation thereto and, in the event of the insolvency of the Prime Broker or the relevant Morgan Stanley Company, the Company may not be able to recover such equivalent assets in full.

Neither the Prime Broker nor any Morgan Stanley Company will be liable for any loss to the Company resulting from any act or omission in relation to the services provided under the terms of the Agreement unless such loss results directly from the negligence, wilful default or fraud of the Prime Broker or any Morgan Stanley Company. The Prime Broker will not be liable for the solvency, acts or omissions

of any sub-custodians or other third party by whom or in whose control any of the Fund's investments or cash may be held. The Prime Broker and the Morgan Stanley Companies accept the same level of responsibility for nominee companies controlled by them as for their own acts. The Company has agreed to indemnify the Prime Broker and the Morgan Stanley Companies against any loss suffered by, and any claims made against, them arising out of the Agreement, save where such loss or claims result primarily from the negligence, wilful default or fraud of the indemnified person.

The Prime Broker is a service provider to the Company and is not responsible for the preparation of this document or the activities of the Company and therefore accepts no responsibility for any information contained in this document. The Prime Broker will not participate in the investment decision-making process.

10.4 Director protection deeds

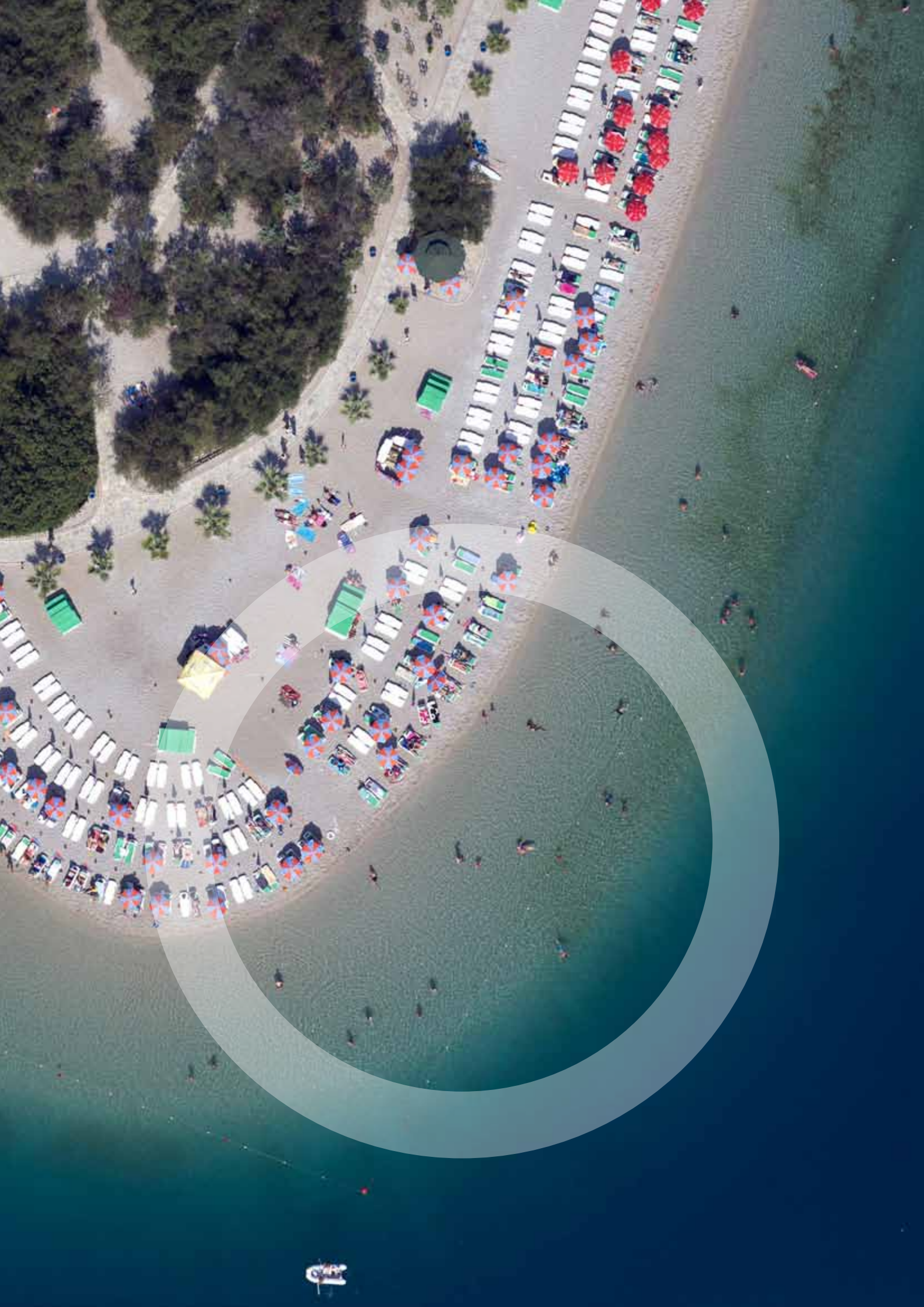
The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

10.5 Assignment by the Manager

The Manager has assigned the right to receive 22.5% of all fees payable under the Management Agreement to Boutique Investment Management Pty Limited (**BIM**), an entity associated with Geoff Wilson. The Company owes no other obligations to BIM. Shareholders in entities associated with Mr Wilson are entitled to apply for Shares as Priority Participants (see Section 2.3) and have agreed to invest at least \$1.1 million¹³.

13. Subject to the issue of the Prospectus and completion by those entities of an application form.





11. ADDITIONAL INFORMATION

11.1 Incorporation

The Company was incorporated on 13 February 2017.

11.2 Balance date and company tax status

The accounts for the Company will be made up to 30 September annually.

The Company will be taxed as a public company.

11.3 Rights attaching to the Shares

The following information is a summary of the Constitution. Shareholders have the right to acquire a copy of the Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and

- (d) subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

11.4 Rights attaching to the Options

The terms and conditions of the Options are as follows:

Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

Transfer / transmission

Options may be transferred or transmitted in any manner approved by the ASX.

Exercise

On exercise, the Company will issue a Share for each Option exercised. Options may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the Options, together with payment to the Company of \$1.10 per Option being exercised.

An Option may be exercised on any Business Day from issue to 30 November 2018 but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend entitlement

Options do not carry any dividend entitlement. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from issue.

Participating rights

For determining entitlements to the issue, Option holders may only participate in new issues of Securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least 4 business days' notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.

If, between the date of issue and the date of exercise of an Option, the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E [P - (S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which 1 Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

ASX listing

Options are expected to be quoted on the ASX.

The Company must make an application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

11.5 ASX waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The Company will apply for an 'in-principle' waiver of ASX Listing Rule 15.16 to allow for a maximum term of 10 years under the Investment Management Agreement, which may be renewed with the approval of Shareholders for a further period of up to 10 years. The waiver is expected to be granted prior to the inclusion of the Company in ASX's Official List.

11.6 investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares and Options to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of Securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

11.7 Taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian Securityholders who hold their Securities on capital account. Different tax implications apply to non-resident Securityholders or Securityholders whose Securities are held on revenue account.

The comments in this Section 11.7 are general in nature on the basis that the tax implications for each Securityholder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Securityholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 11.7 are based on the Income Tax Assessment Act 1936, and the Income Tax Assessment Act 1997, A New Tax System (Goods and Services Tax) Act 1999 and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 11.7 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 30.0% for businesses with an aggregate turnover of more than \$2,000,000).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank dividends at 100.0%, or to the maximum extent possible.

Income tax position of Australian resident Securityholders

A general outline of the tax implications associated with the Offer for Australian resident Securityholders who hold their Securities on capital account are set out below.

Treatment of Shares and Options

The Offer comprises the issue of Shares and an entitlement or right (Right) to receive Options in the Company. To determine the Capital Gains Tax (CGT) cost base of each asset, an investor's subscription price may need to be apportioned between the Shares and Right based on their respective value.

On disposal of Shares or Rights in the Company, an investor will realise a capital gain if the capital proceeds it receives or is deemed to have received for the disposal of the Shares or Rights exceeds their respective cost base.

Where a Right held in the Company is not exercised or expires, a capital loss may arise equal to the cost base of the Right at the time of expiry. Where a Right is exercised and results in the issue of Options, no capital gain or loss arises from the exercise of the Right, but the cost base of the Rights will rollover into the Options.

Upon the exercise of the Options, no capital gain or loss arises but the cost base of the Options will be added to the exercise price to be included in the cost base of the Shares acquired.

A CGT discount may be available where the Shares, Rights or Options have been held for twelve months or more. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50.0% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30.0% for companies with an annual turnover of \$2,000,000 or more and 28.5% for companies with an annual turnover of less than \$2,000,000).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15.0%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100.0% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Status as a Listed Investment Company (LIC)

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in Section 115 290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of the entity in which it holds the permitted investment) financial instruments, Derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

New Zealand resident investors

New Zealand resident Securityholders and Option holders will not be subject to Australian Capital Gains Tax on a capital gain (or loss) on the disposal of shares in the Company unless:

- The New Zealand resident holds more than 10% of the company or has held more than 10% for at least 12 months in the prior two years; and
- More than 50% of the Company's assets (by market value) are represented by "taxable Australian real property". When assessing a company's assets, it is necessary to trace through other entities in which the company has a 10% or greater interest.

On the basis that New Zealand does not impose taxation on capital gains, capital gains made by New Zealand resident Securityholders or Option holders in respect of their Shares or Options in the Company are not subject to taxation in New Zealand.

Dividends received by New Zealand resident Securityholders from the Company would be subject to taxation in New Zealand. However, the Shares held by New Zealand resident Securityholders in the Company should be exempted from the foreign investment fund rules in New Zealand on the basis that the Shares would be listed in Australia.

New Zealand resident Securityholders and Option holders should seek their own professional advice regarding the New Zealand taxation implications associated with the Offer.

Goods and Services Tax (GST)

Securityholders should not be liable to GST in Australia in respect of the acquisition of Securities under the Offer. Securityholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Securities under the Offer.

Stamp duty

Securityholders should not be liable to stamp duty in Australia in respect of the acquisition of Securities under the Offer.

11.8 Legal proceedings

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

11.9 Consents and Responsibility Statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

Name	Role / Responsible
Morphic Asset Management Pty Limited	Manager All information about it, including its investment process in Section 4 and Section 5 and elsewhere in this Prospectus
KardosScanlan Pty Limited	Australian solicitor to the Offer
Webb Henderson	New Zealand lawyers to the Offer
Pitcher Partners Sydney Corporate Finance Pty Ltd	Investigating accountant for the Company The Investigating Accountant's Report on Pro Forma Financial Information in Section 8
FundBPO Pty Limited	Administrator
Computershare Investor Services Pty Limited	Share registrar for the Company
Taylor Collison Limited Morgans Financial Limited	Joint Lead Managers to the Offer
Taylor Collison Limited	Authorised Intermediary to the Offer
Macquarie Equities Limited	Co-Manager to the Offer

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named. Except to the extent indicated above, none of the above parties have authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

Each of the Joint Lead Managers and the Co-Managers has consented to being named as specified above, but does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by that Joint Lead Manager or Co-Manager.

11.10 Offer expenses

The Company will pay all of the costs associated with the Offer. These costs are fully described in Section 7.

11.11 Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

KardosScanlan Pty Limited has acted as Australian solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totaling approximately \$120,000 (plus GST and disbursements) to KardosScanlan Pty Limited.

Webb Henderson has provided New Zealand legal advice (but not tax advice) in relation to the Offer and provided the Company with an address for service in New Zealand. In respect of this Prospectus, the Company estimates that it will pay amounts totaling approximately NZ\$7,500 (plus GST and disbursements) to Webb Henderson.

Pitcher Partners Sydney Corporate Finance Pty Limited has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates that it will pay amounts totaling approximately **\$31,000** (plus GST and disbursements) to Pitcher Partners Sydney Corporate Finance Pty Limited.

In accordance with the Offer Management Agreement, the Company will pay the Joint Lead Managers a management fee of 1% (plus GST) of the total proceeds raised under the Offer. The fees of the Co-Manager will be paid out of this fee.

The Company will pay Taylor Collison Limited an arranger fee of 0.10% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager or Co Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and Co-Managers.

Certain partners and employees of the above firms may subscribe for Shares and Options in the context of the Offer.

12. DEFINITIONS & INTERPRETATION

12.1 Defined Terms

In this Prospectus:

Administrator means FundBPO Pty Limited (ACN 118 902 891).

AFSL means Australian Financial Services License.

Applicant means an applicant for Shares and Options under this Prospectus.

Application means an application for Shares and Options under this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Monies means the Application Price of \$1.10 multiplied by the number of Shares applied for.

Application Price means \$1.10 per Share.

ASIC means the Australian Securities & Investments Commission.

ASX or **Australian Securities Exchange** means the ASX Limited or the Securities exchange operated by ASX Limited.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendation (third edition, March 2014).

Authorised Intermediary means Taylor Collison Limited, in its capacity as the authorised intermediary of the Offer.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Offer.

Broker Firm Application Form means the Application Form to be used by Applicants who are participating in the Broker Firm Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.2.

Broker Firm Offer Closing Date means the closing date of the Broker Firm Offer, expected to be 5.00pm, 12 April 2017 or such other date as the Company may determine in its discretion.

Closing Date means the date by which valid Application Forms must be received being 19 April 2017 or such other dates as the Company may determine in its discretion.

COE means the costs of equity.

Collateral means such Securities or financial instruments or cash which the Company delivers or is required to deliver to the Prime Broker for the purpose of meeting any margin requirement in accordance with the International Prime Brokerage Agreements, and includes any certificate or other documents of title and transfer in respect of such Securities, financial instruments or cash.

Company means Morphic Ethical Equities Fund Limited (ACN 617 345 123).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Custodian means the custodian of the Company, initially being the Prime Broker and any sub-custodians appointed by it in accordance with the International Prime Brokerage Agreements.

Derivatives or Derivative means a security, investment or other instrument, such as an Exchange Traded Fund, option or futures contract whose value depends on the performance of an underlying asset and includes Exchange Traded Derivatives and Over-the-counter Derivatives.

Directors or Board means the directors of the Company.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at www.moreethical.com.au.

Equity Exposure means net exposure to equity Securities and Exchange Traded Funds.

Exposure Period means the period of 7 days after the date of lodgement of the Original Prospectus with ASIC, which may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Exchange Traded Derivatives means a Derivative that is quoted and may be traded on a regulated exchange.

Exchange Traded Fund means a Derivative that is quoted on a regulated exchange and that tracks an index, a commodity, bonds, or a basket of assets like an index fund.

Excluded Securities means Securities issued by entities which are participants in the following industries:

- Armaments;
- Tobacco and alcohol;
- Gambling;
- Coal and Uranium mining;
- Oil and gas Extraction;
- Intensive animal farming and aquaculture; or
- Logging of rainforest or old growth timber.

General Offer means the offer referred to in Section 2.4.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer.

GST means Goods and Services Tax and has the same meaning as contact in A New Tax Systems (Goods and Services Tax) Act 1999 (Commonwealth).

HIN or Holding Identification Number

means the unique identifier of holders of shares on the CHESS subregister issued by ASX Settlement.

International Prime Brokerage Agreement

means the agreement between the Company, the Manager and the Prime Broker (as applicable), the terms of which are summarised in Section 10.3.

Investment Management Agreement

means the investment management agreement between the Manager and the Company, the terms of which are summarised in Section 10.1.

Investment Strategy means the strategy to be used by the Manager in relation to the Portfolio, summarised in Section 3.3, involving actively managing the Portfolio in accordance with the guidelines set out in Section 3.4, (as amended from time to time).

Joint Lead Managers means Taylor Collison Limited and Morgans Financial Limited.

Listing Rules means the listing rules of the ASX.

LIC means a listed investment company.

Long and Short Positions means Long Positions and Short Positions.

Long Position means holding positive amount of an asset in the expectation that the value of that asset will appreciate (and excludes Derivatives).

Long Equity Position means holding, either physically or via Derivatives, a positive amount of an equity investment in the expectation that the value of the equity will appreciate.

Manager means the manager of the Portfolio appointed under the terms of the Investment Management Agreement, being Morpich Asset Management Pty Limited (ABN 33 155 937 901).

Management Fee means the management fees payable to the Manager in accordance with the Investment Management Agreement.

Maximum Subscription means the maximum subscription being sought by the Company under the Offer, being 200,000,000 Shares and Options.

Minimum Subscription means the minimum subscription being sought by the Company under the Offer, being 35,000,000 Shares and Options.

Morphic Global Opportunities Fund or MGOFF means Morphic Global Opportunities Fund (ARSN 159 465 157), the responsible entity of which is Perpetual Trust Services Limited (ABN 48 000 142 049).

MSCI Index or Index means the index with the Bloomberg code of NDUEACWF

NAV or Net Assets means the value of the Company's total assets less the value of any liabilities.

NTA or Net Tangible Assets means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities.

Offer means the offer of up to 200,000,000 fully paid ordinary Shares (at an Application Price of \$1.10 per Share) and 200,000,000 Options (exercisable at \$1.10 on or before 30 November 2018) to raise up to \$220,000,000 (with the ability to accept oversubscriptions to raise up to a further \$55,000,000).

Offer Management Agreement means the offer management agreement between the Joint Lead Managers, the Manager and the Company, the terms of which are summarised in Section 10.2.

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 14 March 2017.

Option means an option to be issued a Share with an exercise price of \$1.10 on the terms set out in Section 11.4.

Original Prospectus means the prospectus issued by the Company and dated 6 March 2017 replaced in full by this replacement Prospectus.

Oversubscriptions means Applications for up to 50,000,000 Shares and Options over and above the maximum subscription amount of \$220,000,000.

Over-the-counter Derivatives means a Derivative that is not quoted on a regulated exchange and so may only be traded in an unregulated, or over-the-counter fashion.

Performance Calculation Period means:

- (a) subject to paragraph (c) below, for the first Performance Calculation Period, the period from the Commencement Date to Financial Year End in 2017;
- (b) thereafter and subject to paragraph (c) below, each full 12 Month period;
- (c) if the Term expires on a day other than the Financial Year End, the last Performance Calculation Period is the period from the first day after the preceding Performance Calculation Period or, if there is no preceding Performance Calculation Period, the Commencement Date to the last date of the Term.

Performance Fees means the performance fees payable to the Manager in accordance with the Investment Management Agreement.

Portfolio means the portfolio of investments of the Company.

Portfolio's NAV means the net asset value of the Portfolio less the value of its liabilities from time to time.

Prime Broker means Morgan Stanley & Co. International plc.

Priority Allocation means the allocation of up to 25,000,000 Shares and 25,000,000 Options to Eligible Participants on the terms set out in Section 2.3.

Priority Allocation Application Form means the Application Form to be used by an Eligible Participant who is not participating in the Broker Firm Offer.

Priority Participants means an applicant that is at the date of this Prospectus:

1. unitholder of the Morphic Global Opportunities Fund; or
2. shareholder in one or more of WAM Capital Limited (ACN 086 587 395), WAM Research Limited (ACN 100 504 541), WAM Leaders Limited (ACN 611 053 751), and WAM Active Limited (ACN 126 420 719);

in each case with a registered address in Australia or New Zealand.

Prospectus means this replacement prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

Relevant interest has the meaning set out in the Corporations Act.

ROE means the return on equity.

Securities or **Security** have the meaning given in Section 92 of the Corporations Act.

Securityholder means a registered holder of Securities in the Company.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Shareholder Reference Number or **SRN** is the unique identifier of holders of shares on the issuer sponsored sub-register.

Share Registrar or Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

Short Equity Position means holding, either physically or via a Derivative, a negative amount of an equity investment in the expectation that the value of that equity investment will decrease.

Short Position means holding, either physically or via a Derivative, a negative amount of an asset in the expectation that the value of that asset will decrease.

Short Selling or **Shorting** means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date. Short Selling also includes achieving this outcome through the use of Derivatives.

Value of the Portfolio is defined in the Investment Management Agreement as the aggregate sum of the gross value of each investment less any liability directly or indirectly attributable to the acquisition, maintenance or disposal of any investment or the management and administration of the Portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration accrued legal or other expenses, brokerage, stamp duty, borrowings or other liabilities).

12.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) The singular includes the plural and vice versa;
- (c) A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) A reference to any gender includes both genders;
- (e) A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) A reference to “dollars”, “AUD” or “\$” is to Australian currency;
- (g) In this document, headings are for ease of reference only and do not affect its interpretation; and
- (h) Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

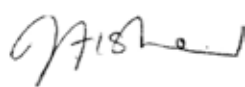
12.3 Governing Law

This Prospectus is governed by the laws of New South Wales.

12.4 Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: 13 March 2017



JoAnna Fisher
Chairman

13. | CORPORATE DIRECTORY

Directors

JoAnna Fisher (Chairman)
Jack Lowenstein
Mark Forstmann
Virginia Malley

Company Secretary

Justin O' Donnell

Administrator

FundBPO Pty Limited
Level 1, 51–57 Pitt Street Sydney
Ph 61 2 9247 3326

Solicitors to the Offer

KardosScanlan Pty Limited
Level 5, 151 Castlereagh Street
Sydney NSW 2000
Ph (02) 9146 5290
Fax: (02) 9146 5299

New Zealand Lawyer to the Offer

Webb Henderson
Level 3, 110 Customs Street West
Auckland 1010, New Zealand
Ph +64 9 970 4410

Registered Office

Level 3, 139 Macquarie Street
Sydney NSW 2000

Investigating Accountant

Pitcher Partners Sydney Corporate
Finance Pty Ltd
Level 22, MLC Centre. 19 Martin Place
Sydney NSW 2000
Ph (02) 9221 2099
Fax (02) 9223 1762

Share Registry

Computershare Investor Services Pty Limited
Level 4, Carrington Street
Sydney NSW 2000
Ph 1300 048 133 (within Australia)
(03) 9415 4659 (outside Australia)

Joint Lead Managers

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
Morgans Financial Limited
Level 21, Aurora Place, 88 Phillip Street
Sydney NSW 2000

Co-Manager

Macquarie Equities Limited
Level 6, 50 Martin Place
Sydney NSW 2000

14. FINANCIAL SERVICES GUIDE (FSG)

This FSG provides you with information about Taylor Collison Limited ("Taylor Collison", "we", "us" or "our") to help you decide whether to use the financial services we offer.

The FSG includes information about:

1. who we are and how we can be contacted
2. the services we offer
3. how we are remunerated
4. potential or actual conflicts of interest
5. our internal and external complaints handling procedures and how you can access them
6. our privacy statement; and
7. relationships and associations that we have.

This FSG relates only to financial services provided by Financial Services Representatives of Taylor Collison Limited and our Representatives to retail investors.

Taylor Collison was established in 1928 and provides a broad range of advisory and execution services to a diverse client base.

Taylor Collison Limited is licensed to provide financial services under the Corporations Act 2001. You should also note that Taylor Collison is obligated under the Anti-Money Laundering and Counter Terrorism Financing Act not to execute any trades for a client unless the client has been properly identified and verified to our satisfaction. Taylor Collison is a Sponsoring Broker in the Clearing House Electronic Sub-Register System (CHES) operated by ASX Settlement Corporation.

Our contact details are as follows:

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
Ph: +61 8 8217 3900

1 Who is Taylor Collison and how can we be contacted

Taylor Collison is a holder of an Australian Financial Services Licence (AFSL #247083) and is a Trading Participant of more than one Relevant Exchange, including the Australian Securities Exchange, CHI-X, NSXA and the SIM Venture Securities Exchange.

As a participant of these relevant exchanges, all transactions are subject to the ASIC Market Integrity Rules and the regulatory directions, decisions and requirements of the Relevant Exchanges, collectively the "Regulatory Rules".

2 The Services We Offer

Taylor Collison is a specialist provider of stockbroking services. We provide transactions execution and settlement services, supported by research and other advice:

- Access to fixed interest securities and managed funds
- Access to non-standard and standard margin lending facilities
- Access to short-selling facilities
- Access to IPO's and other capital raisings
- Portfolio Management Services
- Assistance with deceased estates and off-market transfers

- Portfolio advice and reviews
- Depending on your requirements, advice personalised to your objectives, situation and needs, or general advice based solely on the investment or trading merits of the particular product.
- Direct trading in domestic Equities, warrants and debt securities on ASX
- Direct trading in Equities and warrants on CHI-X
- Direct trading in Equities on the National Stock Exchange of Australia
- Access to trading in international securities traded on recognised overseas exchanges

Our corporate finance division, TC Corporate Pty Ltd (an authorised representative of Taylor Collison), provides advisory services in relation to mergers and acquisitions, business divestments and restructuring, company IPO's, rights issues, placements, financing, capital management and corporate governance.

Taylor Collison is authorised to give advice (both general and personal) and deal in:

- Basic and non-basic deposit products
- Foreign exchange contracts
- Managed investment schemes
- Retirement savings accounts
- Superannuation
- Derivatives (limited)
- Government debentures, stocks and bonds
- Managed investment warrants
- Securities
- Margin lending facilities

Taylor Collison is authorised to deal in foreign exchange contracts in order to facilitate settlement of international transactions, and to provide custodial services. The custodial services however are usually incidental to our dealing services.

2.1 Statement of Advice

In addition to this Guide, you may receive a Statement of Advice (SOA) from us when we provide you with personal advice (unless the advice is Further Advice). Personal advice is advice which takes into account your investment objectives and financial situation. An SOA is a written record of the advice provided by us to you, and includes information about fees, commissions and associations that may have influenced our advice. SOA's are only relevant in the context of personalised advice.

Further Advice is personal advice that is provided on an ongoing basis. If we provide you with Further Advice, we will not give you an SOA, but you can request a copy either verbally or in writing of the Record of Advice (ROA) up to 7 years after the advice was given.

A record of your 'relevant personal circumstances' will be maintained and a SOA, detailing these personal circumstances and any agreed investment strategy and advice, will be provided to new retail clients. Thereafter, a new SOA will only be provided if you advise that your circumstances have changed materially.

2.2 Client responsibilities and personalised advice

You need to provide us with details of your personal objectives, risk profile, current financial situation and any other relevant information, so that we can offer you the most appropriate advice possible.

You have the right not to provide this information. However, if you choose not to provide any or all of the information requested, the advice you receive from us will be limited accordingly and may not be appropriate to your needs, objectives and financial situation. In these circumstances you should consider the appropriateness of our advice in the light of your own objectives, financial situation or needs prior to making any scaled advice investment decision.

2.3 Product Disclosure Statement

If we recommend to you a particular financial product (other than listed securities), you may receive a Product Disclosure Statement prepared by the financial product issuer. This document contains significant information necessary for you to make an informed decision about that product.

2.4 Personal Financial Product Advice

In order to provide you with personal advice you will need to provide us with details of your personal investment objectives and current financial situation. We can then make recommendations that are appropriate for your personal investment profile. The provision of this information is voluntary. Naturally, if you do supply this information, it will be strictly confidential. Should you choose not to provide this information, then you are acknowledging and accepting that any advice you receive will be based on our consideration of the investment opportunity or the financial product alone (general advice) and without reference to its appropriateness to your investment objectives, financial situation and particular needs. Under these circumstances it would become your responsibility to assess the appropriateness of any advice to your particular circumstances before acting upon it.

2.5 Who is Responsible for the Financial Services Provided?

Your Adviser will be acting on our behalf. Taylor Collison is responsible for the financial services provided to you.

When providing advisory services, dealing or other services to you, we will be acting on your behalf as your agent. From time to time we may even be acting as agent for another client who is the counterparty to your transaction. Rarely we may act 'as principal' on our own account on the other side of the transaction with you, and in such circumstances we can not charge you brokerage. We may also accumulate and price-average a number of transactions on one Confirmation. We will seek your consent to these scenarios and may ask you to sign acknowledgments or consents.

When your Adviser or Taylor Collison, its directors and/or employees collectively hold a significant interest in a financial product recommended to you, this interest will be disclosed prior to you entering the transaction.

2.6 Limitations of Research

The research undertaken by stockbrokers is basically the opinion of specialist analysts. It can never be guaranteed, is only valid for a limited time and is often subject to market movements. For example, for short term investors a buy recommendation could turn into a sell recommendation where the market price of a stock appreciated by a small amount. Past performance is not a reliable indication of future performance.

For a prospective longer term investor this market movement may not be significant, although a larger movement might be. The mere fact that a stock is recommended by an analyst as a Buy or Hold does not necessarily mean that the stock is a suitable investment for you and you should consult with your Adviser before acting on any research report.

2.7 Best Execution

When you trade through Taylor Collison, we will always seek to achieve the best outcome for you when handling and executing your orders. For more information please visit our website, and review the Best Execution Policy.

2.8 General Risk Disclosure

Guidance for investors

We will endeavour to explain to you any significant risks of investments and strategies which we recommend to you. If we do not do so, you should ask us to explain those risks to you.

General investment risks

Generally, there are a number of inherent risks associated with any investment in the stock market. These include, but are not limited to, movements in domestic and international markets, the current and future economic environment, company liquidity, investor sentiment, interest rates and market volatility.

Market traded products in common with all other asset classes (e.g. real property and government bonds) can decline in value as well as appreciate. The measure of this change in value is often referred to as volatility. That is the more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. In general the less volatile an asset is, the less likelihood there is for any significant short term capital gain or loss from investing in that asset.

Market traded products are generally more volatile than other asset classes, however, the markets for other asset classes are not as efficient or transparent as the stock market in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset.

For this reason the real volatility of those other assets is often not fully appreciated. In general, the risks of investing in market traded products can be categorised in the following manner. (Please note that the list below does not purport to be complete, as it would not be feasible to list all the possible risks in each category).

(a) Overall Market Risks

The risk of loss by reason of movements in the share market generally. These can be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, political changes, changes in taxation or superannuation laws, international crises or natural disasters.

(b) Domestic versus International Factors

The vulnerability of a given company to international events or market factors. These would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets.

(c) Sector Specific Factors

These would include demand for the product the company produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology.

(d) Stock Specific Factors

These would include the company's directors, the strength of the company's management and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, drill results, competition from within the sector, and whether the company already has a profitable business or whether it is exploring for resources or is developing a new product.

3 How we are remunerated

3.1 Brokerage

When securities are bought or sold, brokerage is charged as a percentage of the total consideration. Our broker rates are largely dependent on the type and level of service required, and the size and frequency of transactions. Your Adviser will inform you of your brokerage rate. You may also have to pay GST on brokerage. The applicable brokerage rate will be disclosed in your Statement of Advice (SOA), and on your confirmation.

3.2 Fixed Interest

We may receive commissions and/or handling fees from financial institutions with whom we place funds. The interest rates quoted to you at the time of dealing are net of those commissions.

3.3 Portfolio Management, Administration & Capital Gains Tax (CGT) Reporting Services

Our Portfolio Management, Administration and Capital Gains Tax Reporting services provide a range of administration, tax and investment reporting functions which are designed to ease the workload and enhance overall performance.

Ongoing fees are charged for the above service(s) calculated as a percentage of the worth of your portfolio. For example, if you were using the Portfolio Management Service and agreed a rate of 0.825% (incl GST) with your advisor, the annual fee for a \$600,000 portfolio would be \$4,950 (GST inclusive). Your transactional brokerage rate may be reduced from the standard rate when using one of these services.

There are three levels of services and fees charged will depend on the level of service chosen and the complexity of your portfolio. Minimum annual fees apply to the above services. A one off establishment fee may also apply to new accounts.

3.4 Advisers

Our employees and directors may receive salaries, bonuses, commission and other benefits from us. Advisers receive a percentage share of the commission/fees and other benefits earned by Taylor Collison. This percentage varies depending on the nature of the activity and the Financial Product, but typically ranges from 20%–50% of the fees.

3.5 Corporate Services

TC Corporate Pty Ltd earns retainers and other payments in relation to the provision of corporate services.

3.6 Referrals

Where you have been referred to us by a third party such as a financial planner, accountant or other professional, we may pay an introductory fee or commission rebate in relation to that referral. The fee or commission paid in respect of the referral depends on the particular circumstances of the arrangement with the third party.

3.7 Further Information

Where we provide you with personal advice (this may be provided orally), the actual amount of commissions or other benefits that would be earned by us or your Adviser, if you act on the advice, will be detailed in the SOA or noted in the ROA.

3.8 Associations between Taylor Collison and Financial Product Issuers

Taylor Collison acts in its own capacity when recommending financial products to clients. Taylor Collison is not owned or controlled by any product issuer, nor is it bound to recommend a certain product over another to you.

3.9 Trust Account

Our Clearing Participant is required by law to maintain a trust account on your behalf in order to hold funds which are to be used for your share trading account. Our Clearing Participant will retain any interest that may be earned on this account.

4 Complaint Handling Procedures

Taylor Collison is committed to providing a high standard of client service and to maintaining its reputation for honesty and integrity. If you have a complaint about the service provided to you, you should take the following steps:

1. Firstly, contact your Adviser and discuss your concerns.
2. If your concerns are not resolved to your satisfaction, please contact our Complaints Manager on 08 8217 3900 or put your complaint in writing and send it to our Complaints Manager, Level 16, 211 Victoria Square SA 5000. We will endeavour to resolve your complaint fairly and in a timely fashion.
3. If the complaint is not resolved to your satisfaction, you have the right to refer the matter to the Financial Ombudsman Service (FOS), of which Taylor Collison is a member.

FOS can be contacted on:

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399

Website: www.fos.org.au

Email: info@fos.org.au

Mail: GPO Box 3, Melbourne VIC 3001

4.1 Compensation Arrangements

Taylor Collison Limited holds a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act and section D of ASIC Regulatory Guide 126. Subject to the terms and conditions, the Policy provides cover for the provisions of products and services under AFSL 247083 by Taylor Collison Limited and civil liability resulting from third party claims concerning the professional services provided by Taylor Collison and its employees and representatives. This policy continues to provide coverage for past employees and representatives in respect of professional services performed whilst engaged by Taylor Collison, subject to ASIC Regulatory Guidelines regarding time limits.

Taylor Collison Limited is also a member of the Financial Ombudsman Service.

5. Privacy Statement/Policy - Privacy of your personal information

Privacy principles

We are bound by the Australian Privacy Principles (APPs) and will provide you with financial services in a secure and confidential manner. This policy applies to information collected by Taylor Collison (and its related bodies). In it we advise how we collect and use personal information provided by you in accordance with the Privacy Act.

Personal Information

We will only collect and use personal information about you:

- To provide you with products, services or information that you might request or reasonably expect
- To manage our rights and obligations under applicable laws and regulations
- To conduct research, planning, product development, risk assessment and marketing
- For other purposes required or authorised by law.

Failure to provide the personal information referred to above may expose you to higher risks in respect of the recommendations made to you and may affect the adequacy or appropriateness of advice given. It may also prevent or restrict our ability to provide particular services to you.

Collection Policies

We will not collect any personal information about you except when you have knowingly provided that information or authorised a third party to provide that information to us.

Generally your personal information will be collected in either a face-to-face interview, over the telephone, or by way of a client engagement form. From time to time, additional and/or updated personal information may be collected through one or more of those methods.

We will only collect, maintain and use personal information in order to provide the services you have requested, including:

- making securities and investment recommendations;
- portfolio services;
- advice in relation to options, warrants and other derivative products;
- equity financing (margin lending);
- reviewing securities and investment recommendations.

Any Law that Requires the Particular Information to be collected.

We are required by law to collect certain information in order to open accounts (e.g.: AUSTAC AML/CTF Act 2006, Corporations Act, 2001 and the operating rules of the ASX Group).

Disclosure Policies

We will not use or disclose Personal Information collected by us for any purpose other than:

- the purposes for which it was provided or secondary related purposes in circumstances where you would reasonably expect such use or disclosure; or,
- where you have consented to such disclosure; or,
- where the National Privacy Principles authorise use or disclosure where required or authorised under law, in circumstances relating to public health and safety and in connection with certain operations by or on behalf of an enforcement body.

We are required under the Rules and Regulations of the Relevant Exchanges to make certain information available for inspection to ensure ongoing compliance. This may involve the disclosure of your personal information. We are also obliged, pursuant to the Corporations Act 2001, to maintain certain transaction records and make those records available for inspection by the Australian Securities and Investments Commission (ASIC) and AUSTAC.

We may use the personal information collected from you for the purpose of providing you with material such as articles that may be of interest to you, however you may request not to receive such information and we will comply with that request.

Document Storage and Security Policies and Practices

Your personal information is generally held in your client file or a computer database. We will at all times seek to ensure that the personal information collected and held by us is protected from misuse, loss, unauthorised access, modification or disclosure.

At all times your personal information is treated as confidential and any sensitive information is treated as highly confidential. All computer-based information is protected through the use of access passwords on each computer. Data is backed up each evening and stored securely off-site.

In the event you cease to be a client of this organisation, any personal information which we hold will be maintained in a secure storage facility for a period of seven years in order to comply with legislative and professional requirements, following which time hardcopy information will be destroyed.

Gaining Access to Your Personal Information

You may at any time, by contacting us by any of the methods detailed below, request access to your personal information and we will provide you with access to that information either by providing you with copies of the information requested, allowing you to inspect the information requested or providing you with an accurate summary of the information held. We will, prior to providing access in accordance with this policy, require you to provide evidence of your identity. If particular circumstances apply, we are permitted by the Privacy Act to deny your request for access, or limit the access we provide. (In the event we refuse you access to your personal information, we will provide you with an explanation for that refusal.)

Information Access and Correction Policies and Procedures

We will endeavour to ensure that, at all times, the personal information we hold is up to date and accurate. In the event that you become aware, or believe, that any personal information which we hold is inaccurate, incomplete or outdated, you may contact us by any of the methods detailed below and provide to us evidence of the inaccuracy or incompleteness. If we agree that the information requires correcting, we will take all reasonable steps to correct the information.

If we do not agree that your personal information requires correcting, we must, if you request, take reasonable steps to ensure that whenever your personal information is accessed or handled in the future, it is apparent that you are not satisfied as to the accuracy or completeness of that information.

We will endeavour to respond to any request for access within 14-28 days depending on the complexity of the information and/or the request. If your request is urgent, please make this clear to us.

Our website — Cookies

A cookie is a small file placed on your computer that contains information about your visit to our website. A cookie identifies your computer to our web server when you visit the site. We do not use the cookie to collect or store personal information about you. If you do not wish to use cookies, you can adjust the settings on your browser to reject cookies or notify you when they are being used. Our site may contain links to other websites and Taylor Collison is not responsible for the privacy practices or the content of these websites.

How You Can Make a Privacy Complaint

If you wish to complain about any breach or potential breach of this privacy policy or the National Privacy Principles, you should contact us by any of the methods detailed below and request that your complaint be directed to the Privacy Officer. Your complaint will be considered within seven days and responded to. It is our intention to use our best endeavours to resolve any complaint to your satisfaction; however, if you are unhappy with our response, you are entitled to contact the Office of the

Privacy Commissioner who may investigate your complaint further.

Contact Details: Privacy Officer

Address:
Level 16, 211 Victoria Square
Adelaide SA 5000

Email: broker@taylorcollison.com.au

Telephone: (08) 8217 3900

Facsimile: (08) 8231 3506

6 Relationships and associations

Taylor Collison's Group of Companies includes;

- Taylor Collison Limited
- TC Corporate Pty Ltd
- Taycol Nominees Pty Ltd
- Tayscrip Nominees Pty Ltd

6.1 Taylor Collison and Pershing

Taylor Collison has entered into an agreement with Pershing Securities Australia Pty Ltd AFS Licence 338264 and ABN 60 136 184 962 ("Pershing") to settle and clear all traded transactions executed by Taylor Collison. Together with this FSG you will have received the FSG of Pershing. Refer Part F. You should read both this FSG and the Pershing FSG before deciding whether to use the services we provide.

Morphic Ethical Equities Fund Limited

ACN 617 345 123

General Offer - Return your form to:

Morphic Ethical Equities Fund Limited
c/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001

For all enquiries:

(within Australia) 1300 048 133
(outside Australia) +61 3 9415 4659
Monday to Friday 8.30am to 5.00pm (Sydney time)
www.morethical.com.au

General Offer Application Form

General Offer closes 5.00 pm (Sydney time) on Wednesday, 19 April 2017

This Application Form relates to the General Offer Morphic Ethical Equities Fund Limited (the "Company") of fully paid ordinary shares ("Shares") and Options ("Options") in the Company, made under the prospectus ("Prospectus") lodged with the Australian Securities and Investments Commission on 6 March 2017 (or any supplementary or replacement prospectus).

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

By applying under the General Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus.

STEP 1 Shares and Options applied for

Enter the number of Shares and Options you wish to apply for. The Application must be for a minimum of 2,000 Shares and Options (A\$2,200.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares and Options applied for by the offer price which is A\$1.10.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the Company's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

The Company will apply to ASX for Shares and Options to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS subregister of securityholdings and an electronic issuer sponsored subregister of securityholdings.

Together, the two subregisters will make up the Company's principal register of Shares and Options. The Company will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares and Options allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares and Options issued will be held on the issuer sponsored subregister.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS), as registry for Morphic Ethical Equities Fund Limited for the purpose of maintaining registers of securities and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of CIS, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Morphic Ethical Equities Fund Limited in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Application Form or e-mail privacy@computershare.com.au.

STEP 4 Application payment

Applicants under the General Offer must return this Application Form and Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable to "Morphic Ethical Equities Fund Limited". Cash is not accepted.

Lodgement instructions

The General Offer is expected to close at 5.00pm (Sydney time) on Wednesday, 19 April 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules. You can lodge your application online and pay by BPAY or return this Application Form. You should allow sufficient time for postage. Return the Application Form with cheque(s) attached to: Morphic Ethical Equities Fund Limited c/- Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne VIC 3001. Neither Computershare nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

General Offer Application Form

Enter the number of Shares and Options you wish to apply for

Application payment

[illegible]

Applicant names(s) and postal address

Individual / joint applications - refer to naming standards for correct form of registrable title(s)

[illegible]

Surname

[illegible][illegible]

Postal address

[illegible]

Street name or PO box

[illegible]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----

Postcode

_____ (_____) _____

[illegible]

**CHESS Holdings Only -
supply your Holder Identification Number**

[illegible]

Cheque(s) must be crossed 'Not Negotiable' and made payable to "Morphic Ethical Equities Fund Limited" or in accordance with the directions of your Broker

				A\$
--	--	--	--	-----

Amount of payment

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that each applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia or New Zealand, not acting for the account or benefit of any person in the United States;
- you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- you provide authorisation to be registered as the holder of Shares and Options issued to you and agree to be bound by the Constitution and the Prospectus;

you apply for the number of Shares and Options set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares and Options, a lesser number or none; you agree to become a member of the Company and to be bound by and comply with the terms of its Constitution;

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement prospectus) is not investment advice or a recommendation that Shares and Options are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares or options is not guaranteed by the Company;
- your Application to acquire Shares and Options is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise the Company to complete or correct this Application Form; and
- you acknowledge that if you are not issued any Shares and Options or you are issued fewer Shares and Options than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act.

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of investor	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Morphic Ethical Equities Fund Limited

ACN 617 345 123

Priority Offer - Return your form to:

Morphic Ethical Equities Fund Limited
c/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001

For all enquiries:

(within Australia) 1300 048 133
(outside Australia) +61 3 9415 4659
Monday to Friday 8.30am to 5.00pm (Sydney time)
www.morethical.com.au

Priority Offer Application Form

Priority Offer closes 5.00pm (Sydney time) on Wednesday, 19 April 2017

This Application Form relates to the Priority Offer by Morpheic Ethical Equities Fund Limited (the "Company") of fully paid ordinary shares ("Shares") and Options ("Options") in the Company, made under the prospectus ("Prospectus") lodged with the Australian Securities and Investments Commission on 6 March 2017 (or any supplementary or replacement prospectus).

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

By applying under the Priority Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus.

STEP 1 Shares and Options applied for

Enter the number of Shares and Options you wish to apply for. The Application must be for a minimum of 2,000 Shares and Options (A\$2,200.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares and Options applied for by the offer price which is A\$1.10.

Otherwise, leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

STEP 2 Eligibility for Priority Offer

To be eligible for the Priority Offer you need to mark one of the two categories on the back of this application form. If you do not fall under any of the two categories of eligibility for Priority Offer, you must complete the General Offer Application Form.

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares and Options issued will be held on the issuer sponsored subregister.

STEP 3 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the Company's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 5 Application payment

Applicants under the Priority Offer must return this Application Form and Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable to "Morpheic Ethical Equities Fund Limited". Cash is not accepted.

STEP 4 CHESS holdings only

The Company will apply to ASX for Shares and Options to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS subregister of securityholdings and an electronic issuer sponsored subregister of securityholdings.

Together, the two subregisters will make up the Company's principal register of Shares and Options. The Company will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares and Options allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Lodgement instructions

The Priority Offer is expected to close at 5.00pm (Sydney time) on Wednesday, 19 April 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules. You can lodge your application online and pay by BPAY or return this Application Form. You should allow sufficient time for postage. Return the Application Form with cheque(s) attached to: Morpheic Ethical Equities Fund Limited c/- Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne VIC 3001. Neither Computershare nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS), as registry for Morpheic Ethical Equities Fund Limited for the purpose of maintaining registers of securities and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of CIS, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Morpheic Ethical Equities Fund Limited in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Application Form or e-mail privacy@computershare.com.au.

Reference Number:

Enter the number of Shares and Options you wish to apply for

Application payment

Two supply ton					Price per share					Appropriation payment				
					A\$1.10					A\$				

[illegible]

Surname

[illegible][illegible][illegible]

Street name or PO box

[illegible][illegible]

Postcode

()

☒[illegible]

				AS	.
--	--	--	--	----	---

Amount of payment

Type of investor	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Broker Firm Offer Application Form

Broker Firm Offer closes 5.00pm (Sydney time) on Wednesday, 12 April 2017

Broker Firm Offer applicants must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Application Form relates to the Broker Offer by Morphic Ethical Equities Fund Limited (the "Company") of fully paid ordinary shares ("Shares") and Options ("Options") in the Company, made under the prospectus ("Prospectus") lodged with the Australian Securities and Investments Commission on 6 March 2017 (or any supplementary or replacement prospectus).

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

By applying under the Broker Firm Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus.

STEP 1 Shares and Options applied for

Enter the number of Shares and Options you wish to apply for. The Application must be for a minimum of 2,000 Shares and Options (A\$2,200.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares and Options applied for by the offer price which is A\$1.10.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the Company's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

The Company will apply to ASX for Shares and Options to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS subregister of securityholdings and an electronic issuer sponsored subregister of securityholdings.

Together, the two subregisters will make up the Company's principal register of Shares and Options. The Company will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares and Options allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares and Options issued will be held on the issuer sponsored subregister.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS), as registry for Morphic Ethical Equities Fund Limited for the purpose of maintaining registers of securities and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of CIS, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Morphic Ethical Equities Fund Limited in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Application Form or e-mail privacy@computershare.com.au.

STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the applicant received a firm allocation.

Lodgement instructions

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on Wednesday, 12 March 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules. Applicants under the Broker Firm Offer must submit their Applications and payment in accordance with instructions from their Broker. Please contact your Broker for instructions.

1234567890+-*/%^1/x1/x^21/x^31/x^41/x^51/x^61/x^71/x^81/x^91/x^101/x^111/x^121/x^131/x^141/x^151/x^161/x^171/x^181/x^191/x^201/x^211/x^221/x^231/x^241/x^251/x^261/x^271/x^281/x^291/x^301/x^311/x^321/x^331/x^341/x^351/x^361/x^371/x^381/x^391/x^401/x^411/x^421/x^431/x^441/x^451/x^461/x^471/x^481/x^491/x^501/x^511/x^521/x^531/x^541/x^551/x^561/x^571/x^581/x^591/x^601/x^611/x^621/x^631/x^641/x^651/x^661/x^671/x^681/x^691/x^701/x^711/x^721/x^731/x^741/x^751/x^761/x^771/x^781/x^791/x^801/x^811/x^821/x^831/x^841/x^851/x^861/x^871/x^881/x^891/x^901/x^911/x^921/x^931/x^941/x^951/x^961/x^971/x^981/x^991/x^1001/x^1011/x^1021/x^1031/x^1041/x^1051/x^1061/x^1071/x^1081/x^1091/x^1101/x^1111/x^1121/x^1131/x^1141/x^1151/x^1161/x^1171/x^1181/x^1191/x^1201/x^1211/x^1221/x^1231/x^1241/x^1251/x^1261/x^1271/x^1281/x^1291/x^1301/x^1311/x^1321/x^1331/x^1341/x^1351/x^1361/x^1371/x^1381/x^1391/x^1401/x^1411/x^1421/x^1431/x^1441/x^1451/x^1461/x^1471/x^1481/x^1491/x^1501/x^1511/x^1521/x^1531/x^1541/x^1551/x^1561/x^1571/x^1581/x^1591/x^1601/x^1611/x^1621/x^1631/x^1641/x^1651/x^1661/x^1671/x^1681/x^1691/x^1701/x^1711/x^1721/x^1731/x^1741/x^1751/x^1761/x^1771/x^1781/x^1791/x^1801/x^1811/x^1821/x^1831/x^1841/x^1851/x^1861/x^1871/x^1881/x^1891/x^1901/x^1911/x^1921/x^1931/x^1941/x^1951/x^1961/x^1971/x^1981/x^1991/x^2001/x^2011/x^2021/x^2031/x^2041/x^2051/x^2061/x^2071/x^2081/x^2091/x^2101/x^2111/x^2121/x^2131/x^2141/x^2151/x^2161/x^2171/x^2181/x^2191/x^2201/x^2211/x^2221/x^2231/x^2241/x^2251/x^2261/x^2271/x^2281/x^2291/x^2301/x^2311/x^2321/x^2331/x^2341/x^2351/x^2361/x^2371/x^2381/x^2391/x^2401/x^2411/x^2421/x^2431/x^2441/x^2451/x^2461/x^2471/x^2481/x^2491/x^2501/x^2511/x^2521/x^2531/x^2541/x^2551/x^2561/x^2571/x^2581/x^2591/x^2601/x^2611/x^2621/x^2631/x^2641/x^2651/x^2661/x^2671/x^2681/x^2691/x^2701/x^2711/x^2721/x^2731/x^2741/x^2751/x^2761/x^2771/x^2781/x^2791/x^2801/x^2811/x^2821/x^2831/x^2841/x^2851/x^2861/x^2871/x^2881/x^2891/x^2901/x^2911/x^2921/x^2931/x^2941/x^2951/x^2961/x^2971/x^2981/x^2991/x^3001/x^3011/x^3021/x^3031/x^3041/x^3051/x^3061/x^3071/x^3081/x^3091/x^3101/x^3111/x^3121/x^3131/x^3141/x^3151/x^3161/x^3171/x^3181/x^3191/x^3201/x^3211/x^3221/x^3231/x^3241/x^3251/x^3261/x^3271/x^3281/x^3291/x^3301/x^3311/x^3321/x^3331/x^3341/x^3351/x^3361/x^3371/x^3381/x^3391/x^3401/x^3411/x^3421/x^3431/x^3441/x^3451/x^3461/x^3471/x^3481/x^3491/x^3501/x^3511/x^3521/x^3531/x^3541/x^3551/x^3561/x^3571/x^3581/x^3591/x^3601/x^3611/x^3621/x^3631/x^364	

Broker code: Adviser code:

[illegible][illegible][illegible]

Joint applicant 2 or account designation

[illegible][illegible][illegible]

City/Suburb/Town	State	Postcode
------------------	-------	----------

Contact details
[][][][][][][][][][][][][][][] ([][]) [][][][][][][][][][][][][][][]

Contact name

[illegible]

				A\$	.
--	--	--	--	-----	---

Drawer	Cheque number	BSB number	Account number	Amount of payment

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that each applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia or New Zealand, not acting for the account or benefit of any person in the United States;
- you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- you provide authorisation to be registered as the holder of Shares and Options issued to you and agree to be bound by the Constitution and the Prospectus;

- you apply for the number of Shares and Options set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares and Options, a lesser number or none; you agree to become a member of the Company and to be bound by and comply with the terms of its Constitution;

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement prospectus) is not investment advice or a recommendation that Shares and Options are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares or options is not guaranteed by the Company;

- your Application to acquire Shares and Options is irrevocable and may not be varied or withdrawn except as allowed by law;

- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise the Company to complete or correct this Application Form; and

- you acknowledge that if you are not issued any Shares and Options or you are issued fewer Shares and Options than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act.

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of investor	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



Morphic Asset Management Pty Ltd

Level 3, 139 Macquarie Street, Sydney, NSW Australia 2000

www.morethical.com

