



## **2017 Annual General Meeting – Chairman's Address**

Good morning ladies and gentlemen.

My name is JoAnna Fisher. I am the chairman of Morphic Ethical Equity Fund and of your meeting today.

As a quorum is present, I formally open the inaugural Morphic Ethical Equity Ltd AGM.

Welcome to all of you joining us today.

Joining me on the stage today are Jack Lowenstein, a Non-Independent Director of the company and Managing Director of our investment manager Morphic Asset Management. Jack and his colleagues will provide an update on the performance of your fund since listing, and their views on the market outlook immediately after the formal part of this meeting. To Jack's left is Virginia Malley, non-executive Director and Chair of the Audit and Risk Management Committee. Seated Next to Virginia is Mark Forstmann, also a non-executive Director. Next to Mark is Justin O'Donnell, the Company Secretary

The company was established to provide shareholders with the opportunity to benefit from an actively managed portfolio of global securities that have been screened to exclude companies involved in environmentally damaging activities (including coal and uranium mining and oil and gas), animal cruelty, tobacco, armaments, alcohol and gambling.

The Morphic Ethical Equities Fund is Australia's first new ethical Listed Investment Company in over a decade, but investor interest in the ethical and sustainable investing area continues to grow.

Investors globally are discovering that if they are good to the planet and to people, they also end up on average benefiting themselves. There is growing evidence that funds that include ESG factors in their strategies tend to outperform those that don't.

The ESG phenomenon has blossomed in spite of an absence of detailed, globally agreed definitions on what constitutes ESG standards. Much thought went into designing the Company's ethical screening rules to ensure that users of our Fund could be confident their investments are managed to maximise returns whilst doing this in an ethical manner. Details of our ethical charter can be found on our website. I do encourage you to read them if you have not done so already.

During the five months between its listing on May 2nd, 2017 to our financial year end of September 30th, 2017, the Company achieved a pre tax operating profit of \$438,139 and a post tax operating profit of \$286,094.

During this same period, the Portfolio achieved pre-fee returns of 1.77% compared to the benchmark which rose 2.93%.

At September 30th, 2017 MEC's pre tax NTA was \$1.074 and its post tax NTA was \$1.081 per share. This compares to the pre tax NTA of \$1.06 and post tax NTA of \$1.074 at listing. Since September 30th, the fund has performed well and as at October 31st, the pre and post tax NTAs were \$1.133 and \$1.124 respectively.

As at November 23rd the pre-tax NTA was \$1.155 and post-tax NTA was \$1.140. We will be releasing the November month-end NTAs in the next few days.

In the Prospectus for our listing, we foreshadowed our intention to commence paying dividends, subject to availability of distributable profits, after the end of our first full year of operation.

As we indicated in our annual report, although the company had only been trading for a short period, by year end, we had already been able to transfer the amount of 1.56c a share, based on the shares on issue at the end of the year, to our quarantined profits reserve. Since financial year end we have been able to make further transfers.

Accordingly we now expect to be able to declare a maiden dividend of 1 cent per share as an interim dividend in respect of the first half of this financial year.

Our future ability to pay dividends will always be dependent on having sufficient distributable profits, but our intention will be to slowly raise the dividend per share over time, while retaining enough profits to make payments in future years.

We will now turn to the formal business of the meeting.