

5 December 2018

Market Announcement – Share Purchase Plan and Placement

Morphic Ethical Equities Fund Limited (ASX: MEC) is pleased to announce a Share Purchase Plan (SPP) and closing of a successful capital raising through a placement of shares to professional and sophisticated investors (Placement).

SPP

The SPP will be offered to existing shareholders at the fixed price of \$0.93 per share. MEC's pre-tax net tangible asset value per share (NTA) as at 30 November 2018 was \$1.11 and post-tax NTA was \$1.10. The share price closed at \$0.96 on 3 December 2018 (being the trading date before the announcement of the SPP). The issue price represents a 3.1% discount to the closing price of 3 December 2018 and a 5.4% discount to the volume weighted average price (VWAP) over the 5 trading days ending on 3 December 2018.

Under the SPP eligible MEC shareholders will have the opportunity to acquire up to \$15,000 worth of ordinary shares in MEC at a discount to the current market price without incurring any brokerage or other costs. The SPP is open to Australian and New Zealand shareholders on the MEC register as at 7.00 pm (Sydney time) on 4 December 2018.

Shares issued under the SPP will rank equally with existing ordinary shares. The SPP will not be underwritten. Shareholder approval is not required for the SPP. The terms and conditions of the SPP will be contained in an offer booklet which will be issued on Thursday, 6 December 2018.

The maximum number of shares that can be issued under the SPP is 13,664,228 shares to raise a maximum of \$12,707,732 without shareholder approval.

The key dates for the SPP are:

SPP Record Date (Sydney time)	Tuesday, 4 December 2018
Issue of SPP offer booklet	Thursday, 6 December 2018
SPP Opens	Thursday, 6 December 2018
SPP Closes	Friday, 18 January 2019
Issue date of shares	Tuesday, 29 January 2019

Shareholders who have questions about the SPP prior to receiving the SPP offer booklet may call MEC's Non-Independent Director, Jack Lowenstein on +61 2 9194 6707 or consult their financial adviser or stockbroker.

Results of Placement

Yesterday MEC offered professional and sophisticated investors the ability to participate in the Placement of fully paid ordinary MEC shares (Placement Shares) at \$0.93 per share, being the same price as the SPP.

The Placement, which closed today, saw strong demand. MEC has accepted commitments for a total of 6,832,000 Placement Shares, which will raise \$6,353,760. The Placement Shares will rank equally with existing MEC shares. The Placement did not require shareholder approval as MEC utilised its existing placement capacity under ASX Listing Rule 7.1.

Allotment of Placement Shares is scheduled to occur on Thursday 13 December 2018 with Placement Shares scheduled to commence trading on Friday 14 December 2018.

Taylor Collison Limited acted as the broker to the Placement. Placement fees will be paid by MEC's Investment Manager, Morphic Asset Management Pty Limited, not MEC.

Use of Funds and Benefits to Shareholders

The proceeds raised through the SPP and Placement will be invested by MEC's Investment Manager, Morphic Asset Management, in accordance with its investment mandate.

The SPP has been offered at same price as the Placement so all shareholders can benefit. Nevertheless the Board is conscious that the SPP and the Placement will result in dilution of the NTA per share for any shareholders who will not participate.

The decision to proceed with the SPP and Placement was made after balancing this potential dilution against the opportunity to make a permanent saving in the per share operating costs of running the Company by increasing its size. Additionally, the Board hopes that as the Company increases in size, the on-market liquidity for its shares will improve.

The Board expects that improved liquidity may in turn result in increased interest from financial planners and direct investors. Over time the Board also hopes to see the Company attain broker and research coverage.

For further information about this announcement, please contact Jack Lowenstein or Irene Kardasis on +612 9194 6707.