

ANNOUNCEMENT

4 December 2020

Market Announcements Platform Australian Securities Exchange 20 Bridge Street Sydney NSW 2000

AGM Chairman's Address and Presentation

Please find attached the following documents to be delivered at MEC's AGM today:

- Chairman's address; and
- AGM Presentation.

Please contact MEC's Investor Relations team on 02 9021 7701, if you require more information about this announcement.

Level 11, 179 Elizabeth Street, Sydney NSW 2000





2020 ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen.

On behalf of the Board, I would like to welcome all Morphic Ethical Equities Fund shareholders, invited guests and other visitors to our 2020 Annual General Meeting.

My name is Joanna Fisher and I am Chairman of Morphic Ethical Equities Fund Limited and Chairman of the Meeting. As there is a quorum present, I declare the meeting open.

Our Board and Management here today include Virginia Malley, Mark Forstmann and Jack Lowenstein. MEC's Portfolio Manager, Bill Pridham is also present along with other members of the Manager's team:

- Brian O'Sullivan, Director of Morphic Asset Management and its parent Ellerston Capital;
- Chris Hall, Chief Investment Officer;
- James Tayler, Head of ESG; and
- Nadeem Ali, Head of Finance.

Bill will provide an update on the portfolio immediately after the conclusion of the formal business of the AGM.

Also present with us is our auditor for the 2020 financial year, Scott Whiddett from Pitcher Partners. Scott is available to take questions relevant to the conduct of the audit and the preparation and content of the Independent Audit Report.

Richard Powell, representative of MEC's share registry, Computershare, is also present to assist in the poll process for the meeting and will be acting as the returning officer for the purposes of today's meeting.

During the coronavirus pandemic, we are focused on the health of our shareholders, and therefore this meeting is being held virtually via the share registry's online platform, Lumi. This allows Shareholders, Proxies and Guests to attend the meeting virtually. All attendees can watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes. We recognise the limitations of holding the AGM in this format, and we look forward to seeing you all in person when it is safe to do so.

The Corporations Act requires that the Company make copies of relevant questions received available. No written questions were received.

Copies of the Notice of Meeting and an online virtual meeting guide which explains how shareholders can participate in the meeting were sent to shareholders in advance of this meeting, and are also available on the Company website and on the ASX announcements platform.

Questions can be submitted at any time. To ask a question press on the speech bubble icon. This will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing please hit the arrow symbol to send.

Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting. Please also note that if we receive multiple questions on one topic, these may be amalgamated together. If there are any portfolio related questions, these will be addressed by Bill during or following his portfolio update.

If you require assistance before or during the meeting please call 03 9415 4024.

If we experience any technical issues today, a short recess or an adjournment may be required. If this occurs, I will advise you accordingly.

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I will shortly open voting for all resolutions.

At that time, if you are eligible to vote at this meeting, a new polling icon will appear. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote simply select one of the options. There is no need to hit the submit or enter button as the vote is automatically recorded.

You do, however, have the ability to change your vote, up until immediately after the second resolution.

I confirm that where undirected proxies have been given to me (the Chairman), I will vote in favour of the resolution to the extent permitted. During the meeting we will display on the presentation slides the number of direct and proxy votes received prior to the meeting.

If you are a proxy, you must direct your votes according to the instructions received. If you choose not to vote, I, as Chairman will be taken to have been appointed as the proxy and I must vote as directed in the instructions given.

If you are a proxy and you have not been instructed to vote in a particular manner in respect of the relevant Resolution, you may vote in favour of or against or abstain from voting on the relevant Resolution as you see fit by completing your online proxy holder voting card.

I now declare voting open on all items of business. The polling icon will soon appear, please submit your votes at any time.

Before I turn to the formal business for today, I would like to express my thanks to non-executive director Virginia Malley, who retires at this meeting and will not be seeking re-election. Virginia has been a director of the company since its inception in 2017, and has been a great contributor, particularly as chairman of the audit and risk committee. We wish her well for the future.

The board intends to appoint Mark Forstmann as the chairman of the audit and risk committee. Mark has been a director of the company and member of the audit and risk committee since inception.

I would now like to turn to the formal business of the meeting.

The first item of business is the results for the period to 30 September 2020. The Company recorded a pre-tax operating profit of \$3.5million and a net profit after tax of \$2.4 million.

At September 30th, MEC's pre-tax NTA was \$1.19 and its post-tax NTA was \$1.16 per share. Please note that these NTA figures are after deducting two cents per share from the NTA paid as dividends over the year.

Since our listing in mid-2017 we have been paying 2c per share per annum and we are pleased to now increase our final dividend to 1.5 cents a share, fully franked. This rise reflects the fact that we now have enough profits in our reserves to maintain this new level of semi-annual dividends for at least another three years.

Resolutions

As mentioned before, the Notice of Meeting was sent to shareholders. I propose that the Notice of Meeting be taken as read.

The next item of business listed in the Notice of Meeting is to receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company for the financial year ended 30 September 2020.

There is no requirement for shareholders to approve these reports. This item gives you the opportunity to ask questions about or make comment on these reports.

I will now open to questions received through the online platform in relation to these reports. We will give participants 30 seconds to enter any questions (unless of course more time is required).

RESOLUTION 1 - REMUNERATION REPORT

The next item of business, Resolution 1, is the Adoption of the Remuneration Report. The Corporations Act requires a resolution be put to vote at the Company's annual general meeting that the remuneration report be adopted. The vote on this resolution is advisory only and does not bind the directors of the Company. The Remuneration Report to shareholders is contained on pages 20 to 24 of the 2020 Annual Report.

This item gives you the opportunity to ask questions about or make comment on MEC's remuneration policies.

We will give participants 30 seconds to enter any questions.

If there are no further questions, I will ask you to complete your voting on Resolution 1.

We will move to the next item of business.

RESOLUTION 2 - RE-ELECTION OF DIRECTOR

The next item of business to consider and if thought fit to pass the following resolution

"That Mr Mark Forstmann, who retires by rotation in accordance with rule 6.7 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

The Board (with Mr Forstmann abstaining in respect of this resolution) recommends the re-election of Mr Forstmann.

I will now invite Mr Forstmann to say a few words

If there are no further questions, I will ask you to complete your voting on Resolution 2.

On the screen are the details of the total valid proxies both resolutions.

Ladies and gentlemen that concludes our discussion on the items of business. We will give participants 30 seconds to finalise the voting.

The results of today's AGM will be released to the market and made available on the ASX website later today.

I will now allow an opportunity for questions in relation to the management and/or general business of the company. We will give shareholders a minute to enter any questions. Any portfolio related questions will be addressed by Bill in his presentation following this meeting.

Ladies and gentlemen, this concludes the business of the AGM. I declare the meeting closed.

I will now hand over to Bill Pridham for the portfolio update. I would like thank you all for participating and for your support of MEC.



Signatory of:



A proud founder of:



AGM Agenda

- Consideration of Financial Statements and Reports
- Resolution 1: Remuneration Report
- Resolution 2: Re-election of Mark Forstmann as a Director
- Portfolio Update







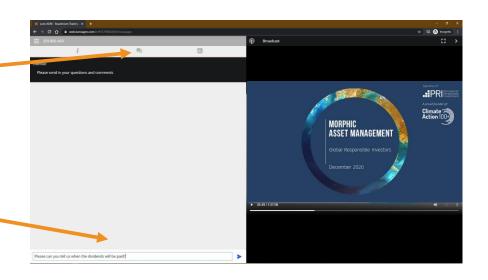


Online Attendees – Question Process

 When the Question function is available, the Q&A icon will appear at the top of the app.

 To send in a question, simply click in the 'Ask a question' box, type your question and the press the send arrow

Your question will be sent immediately for review







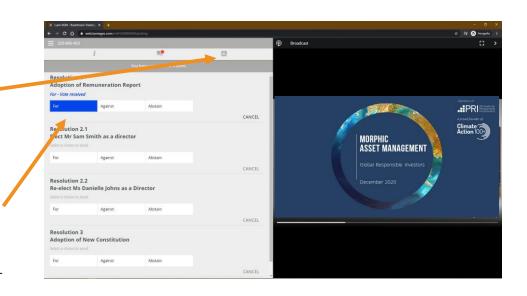


Online Attendees – Voting Process

 When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



- To vote simply select the direction in which you would like to cast your vote, the selected option will change colour.
- There is no submit or send button, your selection is automatically recorded.









Company Results

Company Performance

_	Year ended 30 September 2019		
Pre-Tax Operating Profit	\$ 1.96m	\$ 3.50m	
Post-Tax Operating Profit	\$ 1.41m	\$ 2.43m	
-			

Dividends

	Amount	
Total Dividend 2020	2.5 c per share	
Interim Dividend (Payment date: 31st July 2020)	1 c per share	
Final Dividend (Payment date: 17 th December 2020)	1.5 c per share	
Profits reserve*	\$ 6.75m	
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Past performance is not indicative of future performance.

^{*}As at 30 September 2020.







Financial Statements

To receive the Financial Report, Directors' Report and Auditor's Report for the Company for the financial year ended 30 September 2020.

There is no requirement for shareholders to approve these reports.







RESOLUTION 1 – Remuneration report

"That the Remuneration Report of the Company (which forms part of the Directors' Report) for the financial year ended 30 September 2020 be adopted."







RESOLUTION 2 – Re-election of Mark Forstmann

"That Mr Mark Forstmann, who retires by rotation in accordance with rule 6.7 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."









Blue Wave

- Increase Corporate Tax to 28%
- Increased Regulations
- Aggressive Fiscal Stimulus potentially >\$3.0tr
- Accelerate Climate Agenda

Blue Ripple

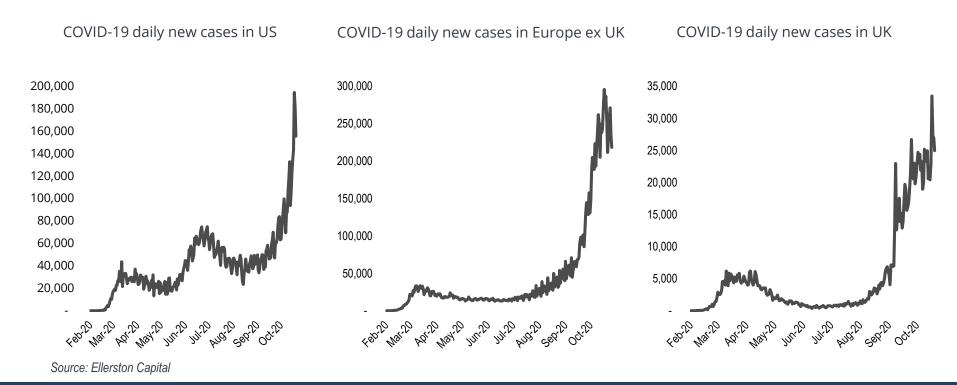
- Minimal change to Tax
- Minimal Regulatory change
- Fiscal Stimulus dependent on economy and vaccine
- Climate Agenda with longer tail







Covid-19 Cases Spiking in Northern Hemisphere









Positive Vaccine news

- Pfizer/BioNTech 90% efficacy
- Longer term data required
- Pfizer shots need to be stored at -70°C or cooler logistics
- Will still take several months for distribution









Current Backdrop

- ✓ Political Gridlock in the US
- ✓ Accommodative Central Banks
- Prospects of further fiscal stimulus
- ✓ Further vaccine progress
- Economic rebound much quicker than expected
- X Risks of further lockdowns
- X Stimulus may not get passed
- X Messy handover in the US







Portfolio Positioning

- Global leader in the €200bn testing, inspection and certification (TIC) market with dominant market share in many industries
- 3 megatrends providing considerable opportunities, and all driven by sustainability
- Q3 trading update provided an encouraging turnaround in organic revenue growth
- Trading at 10x forward EBITDA which is a 5-point discount to its listed peers and 20-30% discount to its recent history









Portfolio Positioning

- Category leader in sustainable building products focused on recycling plastic waste, preserving natural resources and utilizing energyefficient manufacturing processes
- Large, high growth markets benefitting from long-term material conversion, favorable secular trends in Outdoor Living and stable R&R demand through economic cycles
- In 2019, it recycled 300 million pounds of waste that otherwise would have ended up in a landfill
- High quality company that has the capacity to grow at double digits for a long period with secular tailwinds and margin expansion



STATE-OF-THE-ART RECYCLING FACILITY









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Portfolio positioning

As at October 2020 by country, sector and stock

Stocks (<i>Shorts</i>)	Theme	Region	Weighting
Fujitsu	Information Technology	Asia Pacific	3.8%
Assurant Inc	Financials	North America	3.7%
Keysight Technologies	Information Technology	North America	3.7%
New Oriental Education	Consumer Discretionary	Asia Pacific	3.6%
Cellnex	Telecom	Europe	3.4%
Tempur Sealy	Consumer Discretionary	North America	3.1%
Bureau Veritas	Industrials	Europe	3.1%
Sensata Technologies	Industrials	North America	3.0%
Anritsu	Information Technology	Asia Pacific	3.0%
Groupe SEB	Consumer Discretionary	Europe	2.9%

Positions weighting are as at October 2020 in the Morphic Ethical Equities Fund



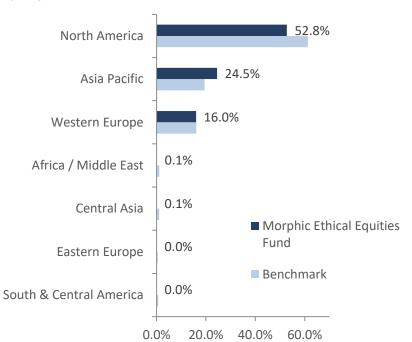




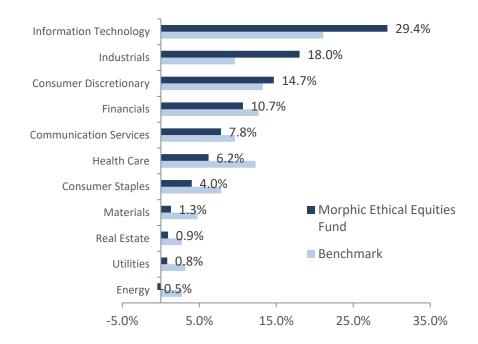
Portfolio positioning

As at October 2020 by country, sector and stock

By Region



By Sector









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