



MORPHIC
ETHICAL
EQUITIES FUND

ASX: MEC

ANNOUNCEMENT

20 February 2023

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

2023 Half Year Results

Morphic Ethical Equities Fund Limited (ASX: MEC, "Company") has released its financial results for the half year ended on 31 December 2022.

1. Appendix 4D Statement for the half year ended 31 December 2022; and
2. Interim Financial Report for the half year ended 31 December 2022.

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

** Net of investment management fees, before Company administration costs and taxes.*

Level 11, 179 Elizabeth Street, Sydney NSW 2000

Morphic Ethical Equities Fund Limited
Appendix 4D
For the half-year ended 31 December 2022

Details of Reporting Period

Current: Half-year ended 31 December 2022

Previous: Half-year ended 31 March 2022

Results for announcement to the market

	\$	movement (up/down)	% movement*
Net investment income/(loss)	1,371,776	up	117%
Profit/(Loss) for the period before income tax expense	621,903	up	107%
Profit/(Loss) for the period	(9,201)	up	100%

Dividend information

	Cents per share	Franked amount per share	Tax rate for franking
Quarterly dividend paid in September 2022 (cents per share)	1.5	1.5	30%
Quarterly dividend paid in December 2022 (cents per share)	1.5	1.5	30%
Quarterly dividend payable in March 2023 (cents per share)	1.5	1.5	25%

December quarter dividend dates

Ex-dividend date	06 March 2023
Record date	07 March 2023
Last election date for the DRP	17 March 2023
Payment date	24 March 2023
Date for issue of shares under DRP	24 March 2023

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the recommended fully franked dividend of 1.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the issue price. The relevant issue price will be the volume weighted average price (VWAP) of shares sold on the ASX (on an ex-dividend basis) five days from the ex-dividend date inclusive of the ex-dividend date.

Net tangible assets

	31 December 2022	30 June 2022
Net Tangible Assets (per share) before tax	1.0233	1.0503
Net Tangible Assets (per share) after tax	1.0758	1.1062

Control gained or lost over entities during the half-year

The Company did not gain or lose control over any entities during the half-year.

Detail of associates and joint venture entities

The Company did not have any interests in any associates or joint ventures during the half-year.

Review

This report is based on the financial report which has been reviewed. All the documents comprise the information required by Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2022 Annual Financial Report.

Signed on behalf of Morpic Ethical Equities Fund Limited.



Jack Lowenstein
Chairman

Sydney
20 February 2023

Morphic Ethical Equities Fund Limited

ASX: MEC

ABN 52 617 345 123

Interim Financial Report

For the half-year ended 31 December 2022

Morphic Ethical Equities Fund Limited
ASX: MEC
ABN 52 617 345 123
Interim Financial Report
For the half-year ended 31 December 2022

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	15
Independent Review Report to the Members	16
Corporate Directory	18

Directors' Report

The Directors present their Report together with the Financial Report of Morphic Ethical Equities Fund Limited ("the Company") for the half-year ended 31 December 2022 ("the Period"). On 26 May 2022, the board of the Company resolved to change its financial year end from 30 September to 30 June. The financial statements cover the period from 1 July 2022 to 31 December 2022 and the comparative information in the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows cover the half-year ended 31 March 2022, therefore, the financial information presented is not comparable. This change was made to enable alignment of the Company's annual reports with the standard Australian financial year and to leverage operational efficiencies.

Information on Directors

The following persons were directors of the Company during the half-year and up to the date of this report (unless otherwise indicated):

JoAnna Fisher	Independent Chairman (resigned on 8 November 2022)
Jack Lowenstein	Non-Independent Chairman
Mark Forstmann	Independent Director
Kirstin Anne Hunter	Independent Director (appointed on 8 November 2022)

Principal Activity

The Company's principal activity is investing in global listed securities screened to exclude entities involved in environmentally damaging activities (including coal and uranium mining and oil and gas), intensive farming and aquaculture, tobacco, armaments, alcohol and gambling.

The Company's investment objectives are to: deliver investors an ethically screened portfolio; generate superior risk adjusted returns; and provide capital growth and consistent income. No change in this activity took place during the half-year or is likely to in the future.

Review of Operations

The portfolio was up 1.47% on a net basis during the period and underperformed its benchmark by 2.24%. Portfolio performance is announced monthly to the ASX and also available at the manager's website at www.morphicasset.com/fund-detail-mec.

The Company's investments during the half-year resulted in operating profit before tax of \$621,902 (March 2022: loss of \$8,893,051) and loss after tax of \$9,202 (March 2022: loss of \$6,208,588). This reflects the performance of the investment portfolio over the period as outlined below.

Investment Returns	Returns over the period		Returns since inception (PA)	
	1 July 2022 to 31 December 2022		2 May 2017 to 31 December 2022	
	Gross	Net	Gross	Net
Investment Portfolio	2.31%	1.47%	6.16%	4.98%
MSCI All Countries Total Return Daily Index	3.95%	3.71%	9.48%	8.94%
Outperformance/(Underperformance)	(1.63%)	(2.24%)	(3.32%)	(3.95%)

Gross return is before fees and taxes.

Net return is net of investment management fees, before Company administration costs and taxes.

The Company's Net Tangible Asset Value (NTA) per share at the end of the period was \$1.0233 before tax and \$1.0758 after tax.

Dividends Paid or Recommended

On 22 August 2022, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to \$799,523 and was paid on 23 September 2022.

On 4 November 2022, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to \$800,602 and was paid on 8 December 2022.

Since the end of the half-year, on 20 February 2023 the Directors declared a fully franked quarterly dividend of 1.5 cents per share to be paid on 24 March 2023.

This dividend is consistent with the Company's policy of paying fully franked dividends to shareholders and raising the dividend over time, provided the Company has distributable profits, franking credits and it is within prudent business practices.

Directors' Report (continued)

Rounding of Amounts to Nearest Dollar

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the directors.



Jack Lowenstein
Chairman

Sydney, 20 February 2023



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Morpich Ethical Equities Fund Limited

As lead auditor for the review of the half-year financial report of Morpich Ethical Equities Fund Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive style.

Rita Da Silva
Partner
20 February 2023

Statement of Profit or Loss and Other Comprehensive Income

	Note	Half-year ended 31 December 2022 \$	Half-year ended 31 March 2022 \$
Investment income			
Interest income		59,089	-
Dividend income		197,690	172,535
Net gains/(losses) on financial instruments at fair value through profit or loss		1,574,429	(8,357,978)
Net gains/(losses) on foreign exchange		(459,432)	188,583
Net investment income/(loss)		1,371,776	(7,996,860)
Expenses			
Audit and tax		53,499	13,029
Administration fees		44,894	44,225
Directors' fees		70,355	70,000
Dividends on borrowed stock		-	2,084
Interest expense (including on borrowed stock)		1,277	53,610
Management fees		364,329	483,295
Transaction costs		49,247	111,298
Withholding tax expense		26,026	23,641
Other expenses		140,246	95,009
Total expenses		749,873	896,191
Profit/(Loss) for the half-year before income tax expense		621,903	(8,893,051)
Income tax expense/(benefit)	3	631,104	(2,684,463)
Profit/(Loss) for the half-year		(9,201)	(6,208,588)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year		(9,201)	(6,208,588)
Basic earnings/(losses) per share	4	(0.02) cents	(11.69) cents
Diluted earnings/(losses) per share	4	(0.02) cents	(11.69) cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

Statement of Financial Position

	Note	As at 31 December 2022 \$	As at 30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	165,519	178,097
Receivables		63,272	41,211
Prepayments		25,002	85,007
Due from brokers		6,071,154	7,417,971
Financial assets at fair value through profit or loss	2	49,290,033	51,943,397
Current tax asset	3	622,127	166,455
Total current assets		56,237,107	59,832,138
Non-current assets			
Net deferred tax asset	3	2,182,778	2,814,731
Total non-current assets		2,182,778	2,814,731
Total assets		58,419,885	62,646,869
Liabilities			
Current liabilities			
Due to brokers		718,488	3,150,046
Payables		139,067	139,082
Financial liabilities at fair value through profit or loss	2	58,053	393,914
Total current liabilities		915,608	3,683,042
Net assets		57,504,277	58,963,827
Equity			
Issued capital	5	56,354,930	56,205,154
Accumulated losses		(21,761,827)	(18,043,839)
Profits reserve		22,911,174	20,802,512
Total equity		57,504,277	58,963,827

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements which follow.

Statement of Changes in Equity

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 30 September 2021		55,895,116	(3,224,077)	20,491,841	73,162,880
Loss for the half-year		-	(6,208,588)	-	(6,208,588)
Total comprehensive income for the half-year		-	(6,208,588)	-	(6,208,588)
Other					
Transfer to profits reserve		-	(3,498,126)	3,498,126	-
		-	(3,498,126)	3,498,126	-
Transactions with owners:					
Shares issued during the half-year	5	234,349	-	-	234,349
Dividends provided for or paid	7	-	-	(2,388,983)	(2,388,983)
Balance at 31 March 2022		56,129,465	(12,930,791)	21,600,984	64,799,658
Balance at 30 June 2022		56,205,154	(18,043,839)	20,802,512	58,963,827
Loss for the half-year		-	(9,201)	-	(9,201)
Total comprehensive income for the half-year		-	(9,201)	-	(9,201)
Other					
Transfer to profits reserve		-	(3,708,787)	3,708,787	-
		-	(3,708,787)	3,708,787	-
Transactions with owners:					
Shares issued during the half-year	5	149,776	-	-	149,776
Dividends provided for or paid	7	-	-	(1,600,125)	(1,600,125)
Balance at 31 December 2022		56,354,930	(21,761,827)	22,911,174	57,504,277

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

Statement of Cash Flows

	Note	Half-year ended 31 December 2022 \$	Half-year ended 31 March 2022 \$
Cash flows from operating activities			
Proceeds from sale of investments		15,416,151	47,858,556
Payments for purchase of investments		(12,850,266)	(37,938,143)
Dividends received		179,829	236,946
Amount received from/(paid to) brokers for collateral		(226,031)	(2,293,910)
Interest received		59,089	-
Interest paid		(1,277)	(53,610)
Dividends on borrowed stock		-	(1,278)
Management fees paid		(364,344)	(498,768)
Directors' fees paid		(70,355)	(70,000)
Withholding tax paid		(26,026)	(23,641)
Other operating expenses paid		(182,834)	(262,261)
Transaction costs paid		(49,247)	(111,298)
Income tax paid		(454,824)	(4,455,759)
Net cash inflow from operating activities		1,429,865	2,386,834
Cash flows from financing activities			
Dividends paid net of dividend reinvestment		(1,450,349)	(2,154,634)
Net cash outflow from financing activities		(1,450,349)	(2,154,634)
Net increase in cash and cash equivalents		(20,484)	232,200
Effect of exchange rate fluctuations on cash and cash equivalents		7,906	(52,968)
Cash and cash equivalents at beginning of the half-year		178,097	207,582
Cash and cash equivalents at end of the half-year	6	165,519	386,814
Non-cash financing activities			
Ordinary shares issued under dividend reinvestment plan	5	149,776	234,349

The above Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements which follow.

1. General information and summary of significant accounting policies

Morphic Ethical Equities Fund Limited ("the Company") is a publicly listed company, incorporated and domiciled in Australia. The Company was incorporated with the Australian Securities and Investments Commission ("ASIC") on 13 February 2017. The registered office and principal place of business of the Company is Level 11, 179 Elizabeth Street, Sydney NSW 2000.

These condensed interim financial statements are for the half-year ended 31 December 2022, and were authorised for issue by the Directors on 20 February 2023.

The Company's principal objectives are to:

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

The Manager achieves this through a long and short equity strategy focusing on global securities.

The Company primarily invests in global listed securities. It may also invest in cash, unlisted global securities, fixed interest instruments, commodities, credit instruments and currencies through assets, exchange traded funds or other derivatives, including futures, options, forwards and swaps.

A summary of the material accounting policies adopted by the Company in the preparation of the interim financial statements is set out below:

(a) Basis of preparation

These condensed interim financial statements for the half-year ended 31 December 2022 have been prepared in accordance with accounting standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001* in Australia. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

On 26 May 2022, the board of the Company resolved to change its financial year end from 30 September to 30 June. The financial statements cover the period from 1 July 2022 to 31 December 2022 and the comparative information in the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows cover the half-year ended 31 March 2022, therefore, the financial information presented is not comparable.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the 30 June 2022 annual financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The condensed interim financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of investment assets and liabilities.

The accounting policies adopted are consistent with those applied to the Company's financial statement for the year ended 30 June 2022.

(b) New and revised accounting requirements applicable to the current reporting period

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2022 that have a material impact on the Company.

(c) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the interim period beginning 1 July 2022, and have not been early adopted by the Company. The directors have considered these standards and interpretations and have concluded that they will not have a material impact on the financial report of the Company.

(d) Rounding amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

(e) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 2 to these financial statements. Judgement was also exercised in determining the recoverability of deferred tax assets for the accounting period, with reference to expected market performance.

2. Fair value measurement

The Company measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

AASB 13: Fair value measurement requires disclosure of fair value measurements by level of the fair value hierarchy:

Level 1 - measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability; and

Level 3 - measurements based on unobservable inputs from the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments and derivatives in accordance with the accounting policies set out in Note 1 to the annual financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Company is the last-traded prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by management. Management consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

2. Fair value measurement (continued)

Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value as at 31 December 2022 and 30 June 2022.

As at 31 December 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed equities	49,255,911	-	-	49,255,911
Forward currency exchange contracts	-	34,122	-	34,122
Total financial assets at fair value through profit or loss	49,255,911	34,122	-	49,290,033
Financial liabilities				
Forward currency exchange contracts	-	58,053	-	58,053
Total financial liabilities at fair value through profit or loss	-	58,053	-	58,053
As at 30 June 2022				
Financial assets				
Listed equities	51,321,592	-	-	51,321,592
Futures	248,789	-	-	248,789
Forward currency exchange contracts	-	373,016	-	373,016
Total financial assets at fair value through profit or loss	51,570,381	373,016	-	51,943,397
Financial liabilities				
Forward currency exchange contracts	-	393,914	-	393,914
Total financial liabilities at fair value through profit or loss	-	393,914	-	393,914

(iii) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(iv) Fair value measurements using significant unobservable inputs (level 3)

The Company did not hold any financial instruments with fair value measurements using significant unobservable inputs as at 31 December 2022 or at 30 June 2022.

(v) Fair value of financial instruments not carried at fair value

The carrying value of cash and cash equivalents, due to/from brokers, trade receivables and trade payables approximate their fair value because of the short-term nature of the instruments and low credit risk.

	As at 31 December 2022 \$	As at 31 March 2022 \$
3. Taxation		
(a) Numerical reconciliation of income tax expense/(benefit)		
Prima facie tax payable on profit/(loss) before income tax at 25% (FY22: 30%)	155,476	(2,667,915)
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Withholding tax on dividends received	6,507	7,091
Tax effect on income tax rate drop to 25%	469,121	-
Other differences	-	(23,639)
	631,104	(2,684,463)
Income tax expense/(benefit)		
Applicable weighted average effective tax rate	101.5%	30.2%
The income tax expense/(benefit) results from movement in a:		
Current tax asset	(455,671)	(3,070,426)
Current tax liability	454,822	4,455,759
Deferred tax asset	700,323	(1,162,923)
Deferred tax liability	(68,370)	(2,906,874)
	631,104	(2,684,463)
Income tax expense/(benefit)		
	As at	As at
	31 December 2022	30 June 2022
	\$	\$
(b) Movement in current tax liability		
Opening balance	-	3,822,853
Income tax payment made	(454,822)	(4,709,833)
Charged / credited to profit or loss	454,822	886,980
Closing balance	-	-
	As at	As at
	31 December 2022	30 June 2022
	\$	\$
(c) Movement in current tax asset		
Opening balance	166,456	-
Charged / credited to profit or loss	455,671	166,456
Closing balance	622,127	166,456
	As at	As at
	31 December 2022	30 June 2022
	\$	\$
(d) Deferred taxes		
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 25% (FY22: 30%) on the following items:		
Other	(2,878)	(71,248)
Deferred tax liabilities	(2,878)	(71,248)
Movements:		
Opening balance	(71,248)	(2,923,231)
Charged / credited to profit or loss	68,370	2,851,983
Closing balance	(2,878)	(71,248)
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 25% (FY22: 30%) on the following		
Transaction costs on equity issue	435,985	523,181
Reduction in transaction costs on equity issue	(434,286)	(518,086)
Tax on unrealised losses on investment portfolio	1,074,595	2,831,249
Tax losses	1,086,428	-
Other	22,934	49,635
Deferred tax assets	2,185,656	2,885,979
Movements:		
Opening balance	2,885,979	120,430
Charged / credited to profit or loss	(696,927)	2,768,606
Charged / credited to equity	(3,396)	(3,057)
Closing balance	2,185,656	2,885,979
Net deferred tax assets/(liabilities)	2,182,778	2,814,731

4. Earnings/(losses) per share	Half-year ended 31 December 2022 \$	Half-year ended 31 March 2022 \$
Basic earnings/(losses) per share	(0.02) cents	(11.69) cents
Diluted earnings/(losses) per share	(0.02) cents	(11.69) cents
Profit/(Loss) used in calculating basic earnings/(losses) per share	(9,201)	(6,208,588)
Profit/(Loss) used in calculating diluted earnings/(losses) per share	(9,201)	(6,208,588)
Weighted average number of ordinary shares used in the calculation of basic earnings/(losses) per share	53,350,402	53,120,496
Weighted average number of shares used in the calculation of diluted earnings/(losses) per share	53,350,402	53,120,496

The weighted average number of shares used as a denominator in calculating basic and diluted earnings per share is based on the weighted average number of shares during the period.

Basic and diluted earning per share is the same as there are no potentially dilutive securities outstanding as at balance date.

5. Issued Capital

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors regularly monitor NTA results, investment performance and share price movements. The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

	Half-year ended 31 December 2022		For the period 1 October 2021 to 30 June 2022	
	Shares	\$	Shares	\$
Movements in ordinary share capital				
Opening balance	53,301,524	56,205,154	53,050,432	55,895,116
Ordinary shares issued under dividend reinvestment plan	151,102	149,776	251,092	310,038
Closing balance	53,452,626	56,354,930	53,301,524	56,205,154

6. Cash flow information

Components of cash and cash equivalents

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	As at 31 December 2022	As at 30 June 2022
Cash at bank	165,519	178,097
	165,519	178,097

	Half-year ended 31 December 2022	Half-year ended 31 March 2022
	\$	\$
7. Dividends		
Dividends paid in the current period		
A fully franked final dividend on ordinary shares in respect of the 2022 financial year of 3.0 cents per share was paid on 15 December 2021	-	1,591,513
A fully franked dividend on ordinary shares for the quarter ended 31 March 2022 of 1.5 cents per share was paid on 31 March 2022	-	797,470
A fully franked dividend on ordinary shares for the quarter ended 30 June 2022 of 1.5 cents per share was paid on 23 September 2022	799,523	-
A fully franked dividend on ordinary shares for the quarter ended 30 September 2022 of 1.5 cents per share was paid on 8 December 2022	800,602	-
	1,600,125	2,388,983

On 20 February 2023, the Directors declared a fully franked quarterly dividend of 1.5 cents per share which amounted to \$801,789 and will be paid on 24 March 2023.

8. Contingent liabilities and commitments

As at 31 December 2022 and 30 June 2022, the Company had no contingent liabilities or commitments.

9. Segment information

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 2 Fair Value Measurement.

10. Events subsequent to reporting date

Since the end of the half-year, the Directors declared a fully franked quarterly dividend of 1.50 cents per share to be paid on 24 March 2023.

No other matters or circumstances have arisen since the end of the half-year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Declaration

The Directors declare that:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, and:
 - i) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii) giving a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance for the financial half-year ended on that date.
- (b) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Company.

On behalf of the Directors



Jack Lowenstein
Chairman
Morphic Ethical Equities Fund Limited

Sydney, 20 February 2023



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's review report to the members of Morpich Ethical Equities Fund Limited

Conclusion

We have reviewed the accompanying half-year financial report of Morpich Ethical Equities Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report 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 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva'.

Rita Da Silva
Partner
Sydney
20 February 2023

Corporate directory

Directors

Jack Lowenstein
Mark Forstmann
Kirstin Anne Hunter

Company Secretary

Ian Kelly

Registered Office

Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Contact Details

P: (02) 9021 7701
www.morphicasset.com

Manager

Morphic Asset Management Pty Limited
ACN 155 937 901
Level 11, 179 Elizabeth Street
SYDNEY NSW 2000

Auditor

Ernst & Young
200 George Street
SYDNEY NSW 2000
GPO Box 2646 Sydney NSW 2001

Share Registry

Computershare
Level 4, 60 Carrington Street
SYDNEY NSW 2000
P: (02) 9221 2099

Securities Exchange Listing

ASX code (ordinary shares): MEC