



MORPHIC ETHICAL EQUITIES FUND

EQUITY CHARTER

We avoid investments that involve:



Armaments



Tobacco
& alcohol



Intensive farming
& aquaculture



Extraction
of oil & gas



Coal & uranium
mining



Gambling



Rainforest & old
growth logging

We seek out positive investments that support:



Water quality



Air quality



Conservation



Renewable
energy

Morphic Ethical Equities excludes investments which have as a significant part of their business activities that:

1. Create un-remediated damage to land, air or water.
2. Mine coal or uranium.
3. Extract oil and gas.
4. Manufacture:
 - Armaments
 - Tobacco products
 - Alcohol.
5. Engage in, or are reliant on, logging of rainforest or old growth timber.
6. Are involved in gambling.
7. Use cruel or unsustainable methods to farm or produce fish.

Morphic Ethical Equities seeks to invest in businesses which:

1. Find solutions for reducing the emission of greenhouse gases.
2. Reduce damage to water supplies.
3. Work to improve air quality.
4. Provide alternatives to deforestation.
5. Otherwise enhance the human experience without creating future problems for mankind or the environment.

At all times the Manager will ensure that at least 5% of the Fund's net assets are in these sectors.

As far as is practicable Morphic will also ensure that it eliminates indirect holdings in these industries from use of Exchange Traded Funds and futures, by hedging out these exposures.

Shorting

Morphic may from time to time sell short securities of companies it would be excluded from investing in, where it believes this will generate good investment returns for shareholders in the Fund.

We believe shorting excluded stocks and sectors can be a part of our ethical investing as it may increase the cost of capital for excluded companies or sectors, and publicize the shortcomings of these companies.

Other environmental, social and governance (ESG) issues

We believe the financial industry can leverage capitalist principles to create a better world.

Our ESG investing philosophy is driven by the objective to increase investment returns while integrating ethical considerations. Where we identify that companies we have invested in conduct their business in an unethical manner, we will remove them from our portfolio.

Collaborative approach with other ethical investors

We believe the ethical investor community can work collaboratively.

We regularly review the work done by other ethical investors on their excluded screens.

We note in particular the publications of Norges Bank, which manages the world's largest ethically screen sovereign wealth fund on behalf of the Norwegian government. Any stock excluded by Norges Bank will automatically be excluded from the Fund, including where possible eliminating any indirect exposures we may have.

Resolving "grey areas"

Our long experience in ethical investing means we are very aware that from time to time there will be ambiguity about what should be an excluded security.

When the Manager believes it has found a potential "grey area", it will immediately refer this to the Board. Similarly the Board is mandated to ask questions on any stock it has concerns about. Where the Board deems any security should be excluded, its ruling will be final.

Investor feedback

We believe that our shareholder base is a valuable resource for understanding the world. We welcome investor feedback on any securities we may hold in our portfolio.

Charitable giving

Morphic has a longstanding commitment to charitable giving. As part of this we have donated nearly \$250,000 in fees from managing a tranche of the Future Generations Global Fund since its launch in 2015.

Morphic will also be donating 2.5% of the fees from managing Morphic Ethical Equities Fund to Charity. The initial recipient of these donations will be Bush Heritage Australia.

