For personal use only

MORPHIC ETHICAL EQUITIES FUND

ASX: MEC

ANNOUNCEMENT

2 November 2021

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

2021 Full Year Results

Morphic Ethical Equities Fund Limited (ASX: MEC, "Company") has released its financial results for the financial year ended on 30 September 2021.

In light of the portfolio's strong performance of 32.73%* over the year, the Board of Directors declared a fully franked final dividend of 3.0 cents per share, representing a 100% increase on the FY2020 fully franked final dividend. The final dividend represents an annualised fully franked dividend yield of 4.6% (based on the 30 September 2021 share price of $1.295 per share).

The Company's profits reserve at the end of the period was 38.6 cents per share, before the payment of the fully franked dividend of 3.0 cents per share. After the payment of the fully franked dividend, the profit reserve balance of 35.6 cents per share represents almost 6 years of dividend coverage at current annualised dividend of 6 cents per share. The reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments. The payment of franked dividends depends on the rate the portfolio realises taxable profits and generates franking credits.

Reflecting this strong position, and the Board's keen understanding of the desire of many shareholders for regular income, the Company now plans to move to quarterly dividends with payments commencing from the first quarter of 2022. This is expected to initially be at a rate of at least 1.5 cents per share fully franked per quarter. The Board is committed to paying fully franked dividends to shareholders and raising the dividend over time, provided the Company has distributable profits, franking credits and considers it prudent business practice to pay fully franked dividends.

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.