

# **Morphic Global Opportunities Fund**

ARSN 159 465 157

## **Interim financial statements**

**For the half-year ended 31 December 2018**

# Morphic Global Opportunities Fund

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## Interim financial statements

### For the half-year ended 31 December 2018

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These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made in respect of the Morpheic Global Opportunities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial statement covers the Morpheic Global Opportunities Fund as an individual entity.

The Responsible Entity of Morpheic Global Opportunities Fund is Perpetual Trust Services Limited (ABN 48 000 142 049, AFSL number 236648). The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000.

## Directors' report

The Directors of Perpetual Trust Services Limited ("the Responsible Entity" of the Morpheic Global Opportunities Fund), present their report together with the financial statements of the Morpheic Global Opportunities Fund (the "Fund"), for the half-year ended 31 December 2018.

### Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The Fund was constituted on 12 July 2012 and commenced operations on 2 August 2012.

The Fund did not have any employees during the period (31 December 2017: Nil).

There were no significant changes in the nature of the Fund activities during the period ended 31 December 2018 (31 December 2017: Nil).

### Directors

The following persons held office as Directors of the Responsible Entity during the half-year or since the end of the half-year and up to the date of this report:

<b>Name</b>	<b>Date of appointment/resignation</b>
Glenn Foster	
Christopher Green	Resigned as Director on 17 October 2018
Michael Vainauskas	
Andrew McIver	Alternate Director for Michael Vainauskas
Vicki Riggio	
Gillian Larkins	Resigned as Alternate Director for Glenn Foster on 12 October 2018
Phillip Blackmore	Appointed as Alternate Director for Christopher Green and Vicki Riggio on 6 July 2018 Resigned as Alternate Director for Christopher Green on 17 October 2018
Richard McCarthy	Appointed as a Director on 17 October 2018

### Review and results of operations

During the half-year the Fund invested in global shares and other investments, including derivatives, to manage volatility and other risks in the portfolio in accordance with the provisions of the Fund's Product Disclosure Statement and the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	<b>Half-year ended</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
Net profit/(loss) for the half-year (\$)	(5,632,838)	10,320,988
Distribution paid and payable (\$)	1,867,189	2,058,730
Number of units	48,375,587	84,742,059
Distribution (cents per unit)	19.5033	2.4294

## **Directors' report (continued)**

### **Significant changes in state of affairs**

During the half-year, investors redeemed \$46m. The Fund continues to operate as a going concern after the redemption.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial half-year under review.

### **Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years,
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

### **Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

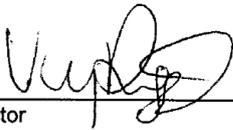
### **Environmental regulation**

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

**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 5.

This report is made in accordance with a resolution of the Directors of Perpetual Trust Services Limited made pursuant to s306 of the *Corporations Act 2001*.



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Director  
Perpetual Trust Services Limited

Sydney  
13 March 2019

The Board of Directors  
Perpetual Trust Services Limited  
Level 18, Angel Place  
123 Pitt Street  
Sydney NSW 2000

14 March 2019

Dear Board Members,

### **Morphic Global Opportunities Fund**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Perpetual Trust Services Limited (the "Responsible Entity").

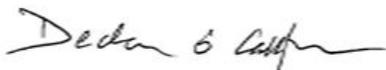
As lead audit partner for the review of the financial statements of the Morpheic Global Opportunities Fund for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants

**Statement of Profit or Loss and Other Comprehensive Income**

	Half-year ended	
	31 December 2018	31 December 2017
	\$	\$
<b><i>Investment income</i></b>		
Interest income	21,036	5,974
Dividend income	1,046,401	1,515,844
Net gains/(losses) on financial instruments at fair value through profit or loss	(5,369,552)	10,204,235
Net gains/(losses) on foreign exchange	(141,481)	107,674
Other income	1	1,968
<b>Total investment income</b>	<b>(4,443,595)</b>	<b>11,835,695</b>
<b><i>Expenses</i></b>		
Management fees and expense recoveries (MER)	744,383	1,055,800
Dividend expense	17,465	38,100
Withholding tax expense	156,162	205,267
Interest expense	205,231	133,046
Amortisation expense	-	2,676
Other operating expenses	66,002	79,818
<b>Total expenses</b>	<b>1,189,243</b>	<b>1,514,707</b>
<b>Net profit/(loss) for the half-year</b>	<b>(5,632,838)</b>	<b>10,320,988</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the half-year</b>	<b>(5,632,838)</b>	<b>10,320,988</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Statement of Financial Position**

	Note	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>Assets</b>			
Cash and cash equivalents	4	29,212,354	29,725,659
Receivables		260,989	1,181,055
Financial assets at fair value through profit or loss	6	78,115,520	135,599,072
<b>Total assets</b>		<b>107,588,863</b>	<b>166,505,786</b>
<b>Liabilities</b>			
Bank overdraft	4	29,088,407	22,520,770
Financial liabilities at fair value through profit or loss	6	4,789,150	20,857,407
Distributions payable	5	-	4,603,922
Payables		102,094	168,103
<b>Total liabilities</b>		<b>33,979,651</b>	<b>48,150,202</b>
<b>Net assets attributable to unitholders - equity</b>	3	<b>73,609,212</b>	<b>118,355,584</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

	Note	Half-year ended	
		31 December 2018	31 December 2017
		\$	\$
<b>Total equity at the beginning of the financial half-year</b>		118,355,584	-
Reclassification due to AMIT tax regime implementation*		-	122,210,987
<b>Comprehensive income for the half-year</b>			
Profit/(loss) for the half-year		(5,632,838)	10,320,988
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<b>(5,632,838)</b>	<b>10,320,988</b>
<b>Transactions with unitholders</b>			
Applications	3	7,347,158	13,500,864
Redemptions	3	(45,940,397)	(6,141,919)
Units issued upon reinvestment of distributions	3	1,346,894	2,058,499
Distributions paid and payable	3	(1,867,189)	(2,058,730)
<b>Total transactions with unitholders</b>		<b>(39,113,534)</b>	<b>7,358,714</b>
<b>Total equity at the end of the financial half-year*</b>		<b>73,609,212</b>	<b>139,890,689</b>

\*Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity. Refer to Note 3 for further detail. As a result, equity transactions, including distributions have been disclosed in the above statement for the half-year ended 31 December 2018 and 31 December 2017.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

	Note	Half-year ended	
		31 December 2018 \$	31 December 2017 \$
<b>Cash flows from operating activities</b>			
Proceeds from maturity/sales of financial instruments at fair value through profit or loss		71,801,997	43,406,679
Purchase of financial instruments at fair value through profit or loss		(34,882,304)	(40,786,486)
Dividends received		1,075,283	1,497,719
Interest received		21,036	5,974
Dividends paid		(17,465)	(56,165)
Interest paid		(205,231)	(139,929)
Other operating income received		-	1,968
Net receipts/(payments) on foreign exchange activities		(529,938)	179,699
Management fees paid		(810,639)	(1,204,346)
RITC (paid)/received		17,676	(13,281)
Withholding tax paid		(156,455)	(205,267)
Other operating expenses paid		(66,002)	(129,467)
<b>Net cash inflow from operating activities</b>		<b>36,247,958</b>	<b>2,557,098</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		7,346,717	13,500,864
Payments for redemptions by unitholders		(45,939,857)	(6,141,919)
Distributions paid		(5,124,217)	(1,950,661)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(43,717,357)</b>	<b>5,408,284</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,469,399)</b>	<b>7,965,382</b>
Cash and cash equivalents at the beginning of the half-year		7,204,889	(1,013,280)
Effect of exchange rate fluctuations on cash		388,457	(72,025)
<b>Cash and cash equivalents at the end of the half-year</b>	4	<b>123,947</b>	<b>6,880,077</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1 Basis of preparation of half-year financial statements

These general purpose financial statements for the interim half-year ended 31 December 2018 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made in respect of the Morpheic Global Opportunities Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on 13 March 2019. The directors of the Responsible Entity have the power to amend the financial statements after they have been issued.

### Comparatives

Where required by the Accounting Standards and / or for improved presentation purposes, certain comparative figures have been adjusted to conform to changes in presentation for the current period.

Except as disclosed below, the accounting policies adopted are consistent with those of the previous financial year.

#### *Standards and Interpretations affecting the reported results or financial position*

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting.

### Financial instruments

#### (i) Classification

- Financial assets

The Fund classifies its investments based on its business model for managing those financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

### Due from/to brokers

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

## 1 Basis of preparation of half-year financial statements (continued)

### Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a material impact on the Fund's accounting policies or the amounts recognised in the interim financial statements.

## 2 Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The table below presents the Fund's assets measured and recognised at fair value by level of the following fair value measurement hierarchy:

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

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 31 December 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value through profit or loss</b>				
Listed equities	77,524,332	-	-	77,524,332
Futures	365,508	-	-	365,508
Forward currency exchange contracts	-	48,574	-	48,574
Swap contracts	-	177,106	-	177,106
<b>Total financial assets at fair value through profit or loss</b>	<b>77,889,840</b>	<b>225,680</b>	<b>-</b>	<b>78,115,520</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Listed equities	(4,545,971)	-	-	(4,545,971)
Futures	(243,179)	-	-	(243,179)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(4,789,150)</b>	<b>-</b>	<b>-</b>	<b>(4,789,150)</b>

## 2 Fair value measurement (continued)

At 30 June 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at fair value through profit or loss</b>				
Listed equities	134,813,940	-	-	134,813,940
Futures	511,655	-	-	511,655
Options	43,821	-	-	43,821
Forward currency exchange contracts	-	8,697	-	8,697
Swap contracts	-	220,959	-	220,959
<b>Total financial assets at fair value through profit or loss</b>	<b>135,369,416</b>	<b>229,656</b>	<b>-</b>	<b>135,599,072</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Listed equities	(20,129,450)	-	-	(20,129,450)
Futures	(727,957)	-	-	(727,957)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(20,857,407)</b>	<b>-</b>	<b>-</b>	<b>(20,857,407)</b>

The fair value of financial instruments traded in active markets (listed domestic and international equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and financial liabilities held by the Fund is the current closing price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise derivative financial instruments.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

## 3 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Prior to 1 July 2017 the Fund classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. On 1 July 2017, the Fund has elected into the AMIT tax regime. The Fund's Constitution has been amended on the same date and it no longer has a contractual obligation to pay distributions to unitholders. Therefore the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity from 1 July 2017 onwards.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity from 1 July 2017 onwards, the Fund's distributions are no longer classified as finance costs in the statement of comprehensive income, but rather as dividends paid in the statement of changes in equity.

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. The Constitution of the Fund allows the Responsible Entity to issue different classes of units with special rights or restrictions. In these instances, the Corporations Act requires the Responsible Entity to treat all investors within a class of units equally and investors in different classes fairly.

### 3 Net assets attributable to unitholders (continued)

Movements in number of units and net assets attributable to unitholders during the period were as follows:

	Half-year ended 31 December 2018		Year ended 30 June 2018	
	No.	\$	No.	\$
<b>Net assets attributable to unitholders</b>				
Opening balance	71,825,271	118,355,584	-	-
Reclassification due to AMIT tax regime implementation	-	-	78,863,814	122,210,987
Applications	4,436,156	7,347,158	14,113,501	23,226,121
Redemptions	(28,703,216)	(45,940,397)	(22,790,847)	(37,886,615)
Units issued upon reinvestment of distributions	817,376	1,346,894	1,638,803	2,571,407
Distributions paid and payable	-	(1,867,189)	-	(7,237,089)
Net profit/(loss) for the half-year	-	(5,632,838)	-	15,470,773
<b>Closing balance</b>	<b>48,375,587</b>	<b>73,609,212</b>	<b>71,825,271</b>	<b>118,355,584</b>

#### Capital risk management

The Fund manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The Fund's strategy is to hold a certain portion of the net assets attributable to unitholders in liquid investments. Liquid assets include cash and cash equivalents and listed equities. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units, if the exercise of such discretion is in the best interests of unitholders.

### 4 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 2018 \$	As at 30 June 2018 \$
Cash at broker	29,212,354	29,725,659
Bank overdraft	(29,088,407)	(22,520,770)
	<b>123,947</b>	<b>7,204,889</b>

### 5 Distribution to unitholders

The distributions paid/payable during half-year were as follows:

	Half-year ended 31 December 2018		Half-year ended 31 December 2017	
	\$	Cents per unit	\$	Cents per unit
Special distribution, 4 September	577,967	6.3208	-	-
Special distribution, 7 September	1,289,222	13.1825	-	-
31 December (payable)	-	-	2,058,730	2.4294
	<b>1,867,189</b>	<b>19.5033</b>	<b>2,058,730</b>	<b>2.4294</b>

## 6 Financial instruments at fair value through profit or loss

	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>Financial assets at fair value through profit or loss</b>		
Listed equities	77,524,332	134,813,940
Futures	365,508	511,655
Options	-	43,821
Forward currency exchange contracts	48,574	8,697
Swap contracts	177,106	220,959
<b>Total financial assets at fair value through profit or loss</b>	<b>78,115,520</b>	<b>135,599,072</b>
<b>Financial liabilities at fair value through profit or loss</b>		
Listed equities	(4,545,971)	(20,129,450)
Futures	(243,179)	(727,957)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(4,789,150)</b>	<b>(20,857,407)</b>

## 7 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2018 and 30 June 2018.

## 8 Events occurring after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years,
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

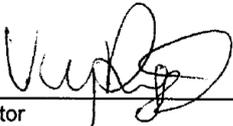
## Directors' declaration

The Directors of Perpetual Trust Services Limited, the Responsible Entity of Morphic Global Opportunities Fund, declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position as at 31 December 2018 and performance of the Fund for the half-year ended on that date.

This declaration is signed in accordance with a resolution of the directors, made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity.



Director  
Perpetual Trust Services Limited

Sydney  
13 March 2019

## **Independent Auditor's Review Report to the Unitholders of Morphic Global Opportunities Fund**

We have reviewed the accompanying half-year financial report of Morphic Global Opportunities Fund, which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory, and the directors' declaration.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the responsible entity, Perpetual Trust Services Limited, are responsible for the preparation of a 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 a 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 Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Morphic Global Opportunities Fund's financial position as at 31 December 2018 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*. As the auditor of Morphic Global Opportunities Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Perpetual Trust Services Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

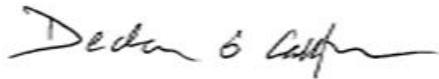
## *Conclusion*

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 Morphic Global Opportunities Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the fund's financial position as at 31 December 2018 and of its 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*.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 14 March 2019