

# Morphic – Ethical Equities Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: [www.ethicaladviserscoop.org/find-an-adviser.html](http://www.ethicaladviserscoop.org/find-an-adviser.html)

## Fund Overview

- ✘ This is a listed investment company actively investing in global companies. It has negative and positive filters. They can short-sell for additional impact.

## Ethical Concerns

### Investments

- ✘ Some investments in the Fund can be problematic for ethical investors, such as:
  - Panalpina Transport, a Swiss air and ocean freight and supply chain management company that supports mining, oil and gas industries. However, the company also has a proactive approach to sustainability in its business operations, including helping clients to improve the sustainability of their operations. Panalpina also offers its services to governments and non-profits for aid and relief.
  - Toyota Motor Group, a Japanese car company with direct exposure to oil and mining, and Service Corp International, an American funeral services company with some history of poor business practices.

### Other concerns

- ✘ Despite the mandate to invest in environmentally and socially positive companies, the Fund is only required to invest in 5% of assets according to this mandate. As such, it is possible for exposure to positively screened holdings to be limited.

## Good Points

- ✓ Fund excludes armaments, tobacco, alcohol, intensive farming, aquaculture, extraction of oil & gas, coal & uranium mining, gambling, and rainforest & old growth logging.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ 2.5% of management fees for the Fund are [donated](#) to Bush Heritage Australia, a non-profit protecting Australian Biodiversity.
- ✓ The [Morphic Ethical Charter](#) ensures at least 5% of the Fund's net assets are in five positive themed sectors 'aiming to find solutions to enhance the human experience without creating future problems for mankind or the environment.'
- ✓ Clear policy for resolution of grey areas involving board discretion. [Source \(pg 2\)](#)
- ✓ Morphic only specialise in ethical investments.

## About the 'Ethical Survey'

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### About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

### How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

### Further Research

#### *Does your fund walk the talk?*

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

#### *Is your fund investing in fossil fuels?*

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

#### *If the fund is certified by the Responsible Investment Association Australasia (RIAA)*

You can find more ethical and investment information for certified funds [here](#).

#### *More information on this fund*

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

*Vote based on information last updated 1<sup>st</sup> March 2019*