

eInvest Better Future Fund (Managed Fund)

ASX:IMPQ
MONTHLY REPORT MARCH 2021

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since Inception [^] (% p.a.)	Since Inception Cumulative [^] (%)
eInvest Better Future Fund (Managed Fund)	-1.6	-2.5	25.1	60.5	15.8	31.3
S&P/ASX Small Ordinaries Accum. Index	0.8	2.1	22.8	52.2	8.1	15.5
Value Added (Detracted)	-2.4	-4.6	2.3	8.3	7.7	15.8

[^]Inception date was 23 May 2019. Performance shown above are net of fees. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. Past performance is not a reliable indicator of future performance.

Overview

- The Better Future Fund was down 1.6% net of fees in March, underperforming the benchmark return by 2.4%.
- Performance this month was impacted by weaker than expected trading updates from CleanSpace (-67.2%) and Limeade (-41.8%). As discussed further below, we remain comfortable with the medium-term outlook for both businesses.
- Positive contributors this month included Immutep (+19.1%), Telix (+11.7%) and Janison Education (+8.5%).
- It is almost two years since the inception of the Fund. It is a key goal of the Fund to demonstrate that there is no performance trade-off to invest with a focus on creating a 'better future'. Since inception in May 2019, the Fund has delivered a 15.8% p.a. return net of fees, outperforming the benchmark by 7.7% p.a.

eInvest Better Future Fund (Managed Fund)

The aim of IMPQ is to grow the value of your investment over the long term by investing in companies predominantly outside the S&P/ASX Top 50 Index that conduct business taking into account environmental, social and governance ("ESG") considerations and/or conduct business in industries which have favourable characteristics having regard to ESG considerations. IMPQ seeks to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index.

Portfolio Manager	IMPQ FUM
Damian Cottier	\$10.4 million
Distribution Frequency	Management Cost
Annually (if any)	0.99% (incl of GST and RITC)
Inception Date	+ performance fee
23 May 2019	

Top 5 Portfolio Positions

	IMPQ	Index
INTEGRAL DIAGNOSTICS	4.31%	0.31%
SPARK NEW ZEALAND	3.80%	0.37%
IRESS	3.38%	0.71%
JANISON EDUCATION GROUP	3.27%	0.00%
CHARTER HALL SOCIAL REIT	3.01%	0.41%

Better Future Highlight

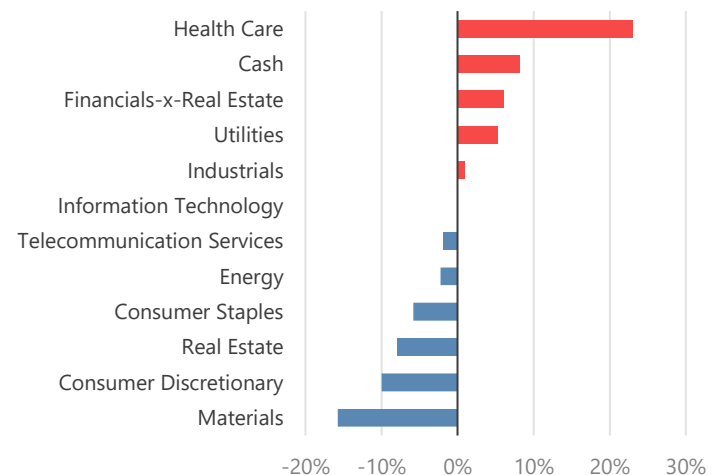
During the month, 4D Medical announced that the Australian Lung Health Initiative Consortium, which is led by the company, was awarded \$28.9m in funding over 5 years. The funding is part of the Federal Government's Medical Research Future Fund Frontier Health and Medical Research initiative. As mentioned in last month's report, portfolio holding Micro-X also received funding under this initiative.

The funding will be used to develop two generations of world first, dedicated lung function scanners. The scanners will provide safe, easy and rapid lung analysis of children and adults.

The new scanners will be integrated with 4D Medical's existing XV Lung Ventilation Analysis Software. This software takes traditional scan data and provides physicians with enhanced granularity of the lung function of patients.

The new scanners will be dedicated to pulmonary scans and will provide higher detail and greater accuracy than existing scans. The scanners will provide better unit economics for medical institutions by combining rapid throughput, broader patient populations and increasing scanning frequency of individual patients due to lower radiation. In particular, it will be far easier to conduct lung scans for children and people with disabilities.

Sector Active Exposure vs Index



Fund Review

The Better Future Fund was down 1.6% net of fees in March, underperforming the benchmark return by 2.4%.

Performance this month was impacted by weaker-than-expected trading updates from two stocks - CleanSpace (-67.2%) and Limeade (-41.8%). As discussed below, we remain comfortable with the medium-term outlook for both businesses.

Positive contributors this month included Immutep (+19.1%), Telix (+11.7%) and Janison Education (+8.5%).

It is almost two years since the inception of the Fund. It is a key goal of the Fund to demonstrate that there is no performance trade-off to invest with a focus on creating a better future. Since inception in May 2019, the Fund has delivered a 15.8% p.a. return net of fees, outperforming the benchmark by 7.7% p.a.

Immutep announced that it would be conducting a new Phase IIb trial of the company's "efti" product in conjunction with Merck & Co's KEYTRUDA product as a first-line treatment for patients with head and neck cancer. This is after promising results from trials to date.

Telix made a number of announcements indicating that it is preparing to ramp up production and distribution of the company's Ilucix product for the imaging of prostate cancer, subject to receiving US Food and Drug Administration approval later in the year.

Janison Education announced that it had been appointed by the OECD as sole provider in Australia of the PISA for Schools assessment and that the company's online examination platform had been appointed as platform provider for the assessment in China. Janison has now been appointed as the platform provider or service provider in 10 jurisdictions including the US and Japan.

CleanSpace announced a significantly weaker-than-expected quarterly update due to weakness in the company's North American health segment, as US hospitals are focussed on implementation of the US vaccination program rather than other procurement activities. This has impacted the company's healthcare sales in the US although we see a significant global opportunity over the medium term for the company's powered air-purifying respirators that protect the health of industrial and healthcare workers. We note that the company has net cash of over \$30m on the balance sheet to weather any ongoing short-term volatility.

Limeade announced a weaker-than-expected outlook for the financial year in late February as COVID-19 restrictions had impacted conversion of the company's sales pipeline. We expect this situation will improve as the US economy starts to open up following the accelerated vaccination program. We see a large global market opportunity for the company's employee engagement and well-being platform as employers seek to re-connect with a likely more decentralised workforce post-COVID.

During the month we added Alpha HPA to the portfolio. Alpha HPA has developed a proprietary technology to produce high-purity alumina from an industrial chemical feedstock in a process that is significantly less carbon intensive than traditional processes and does not use mined ore as feedstock. The end-product high purity alumina is then used in LED lighting and lithium-ion cell batteries. Another interesting aspect of the process is that it uses as inputs reagents which are by-products of other chemical processes and generates by-products that can be re-used in other chemical processes. It is also expected that significant parts of the process will be powered by renewable energy. We visited the company's demonstration plant in Brisbane which it is looking to scale-up at the conclusion of the current process in which it is seeking to secure off-take agreements with key customers.

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Fund Activity

During the month, we reduced our holdings in Calix, City Chic and Telix and we added to holdings in Immutep and 4D Medical. At month end the Fund held 45 stocks and cash was 8.2%.

At March end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Fund was 7.1 which is 25% higher than the benchmark ESGE Score of 5.7.

ESG Activity

Our ESG activity during the month included:

- We engaged with CleanSpace in relation to modern slavery risks in the company's supply chain, including the extent to which components come from China and the level of manual labour used in the production process. While the risk is lower than other industries as the products are assembled in Sydney and there is little manual labour in component manufacture, it is an area which we will continue to monitor and encourage the company to increase disclosure.
- We discussed with Kathmandu the steps the company is taking to further improve the management of supply chain risks in the relatively recently acquired Rip Curl business.
- We participated in a panel on investments in the water sector with Triple Impact Advisory.
- Emilie O'Neill was a guest lecturer for the Responsible Investing course at the University of NSW.
- We participated in a survey by the Alliance for Human Rights on how investors perceive their role in relation to human rights and environmental matters.



Better Future and ESG Team

Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst