

	Month (%)	Quarter (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (% p.a.)	Since Inception Cumulative [^] (%)
Perennial Better Future Fund (Managed Fund)	-4.0	-3.8	1.3	2.2	-0.8	4.9	5.3	34.9
S&P/ASX Small Ordinaries Accumulation Index	-2.8	-1.5	7.3	7.6	2.1	5.6	4.4	28.2
Value Added	-1.2	-2.3	-6.0	-5.4	-2.9	-0.7	0.9	6.7

[^]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

During February, the benchmark fell 2.8% as the market became concerned with the uncertainty created by the tariff policies of the new US Administration. Despite a generally positive reporting season the Trust fell 4.0%, underperforming by 1.2%.

Positive contributors to relative performance during the month included Australian Ethical (+24.8%), NIB Holdings (+15.6%) and Sims (+9.3%), each of which delivered better than expected results.

The main detractors included Integral Diagnostics (-31.7%), PolyNovo (-31.6%) and IDP Education (-24.7%) each of which sold-off after delivering a soft result the drivers of which, in our view, are unlikely to materially impact on valuation over the medium term.

Looking forward, our target price forecasts* suggest that the portfolio is well positioned with a preference for stocks with company-specific drivers that we expect to materialise in the short to medium term and/or are expected to be operationally resilient regardless of the macroeconomic environment.

**Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in materially positive or negative manner.*

Better Future Highlight

During February Meridian Energy announced that it had agreed to acquire NZ Windfarms Limited. This will allow the company to repower the Te Rere Hau Wind Farm in Manawatu on the North Island of NZ with a generation capacity of up to 170MW. The repowering project has the potential to generate seven times the energy production of the current turbines. During the month the company also announced that it had received consent for its 90MW Mt Munro Wind Farm on the North Island of NZ and its 120MW Ruakaka Solar Farm. The output from these developments will complement Meridian's other renewable energy assets, including the battery energy storage system at Ruakaka Energy Park.

Perennial 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 businesses that are making a positive contribution to creating a better future. IMPQ seeks to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index.

Portfolio Manager

Damian Cottier

IMPQ FUM

\$50 million

Distribution Frequency

Annually (if any)

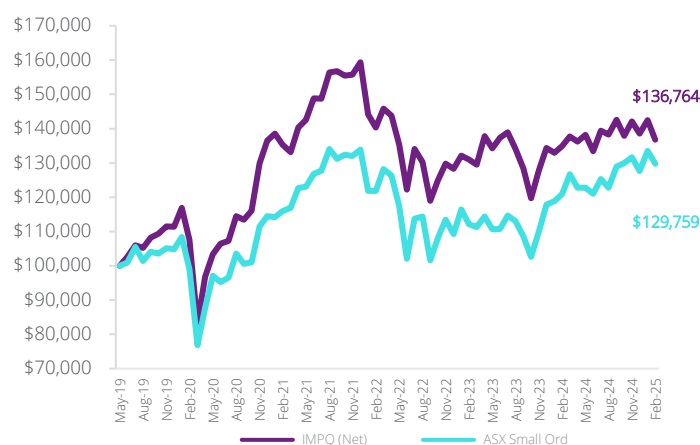
Fees

0.99% p.a. (incl of GST and RITC)
+ Performance fee

Inception Date

23 May 2019

Growth of \$100,000 Since Inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Better Future Stats



The portfolio is **84.2% less carbon intensive compared to the ASX300** and **82.9% less carbon intensive compared to the ASX Small Ords[^]**



109 dedicated ESG engagements in 2023 with management and boards about material risks and opportunities **across 44 portfolio companies**



8 female Directors were appointed to the board across 7 portfolio companies in 2023, typically following engagement, totalling **73 female Directors since inception** as at 31 December 2023



31% of portfolio companies have a Reconciliation Action Plan, compared to 20% of the ASX300 and 10% of the ASX Small Ords as at 31 December 2023

Fund Review

During February, the benchmark fell 2.8% as the market became concerned with the uncertainty created by the tariff policies of the new US Administration. Despite a generally positive reporting season the Trust fell 4.2%, underperforming by 1.4%.

Positive contributors to relative performance during the month included Australian Ethical (+24.8%), NIB Holdings (+15.6%) and Sims (+9.3%), each of which delivered better than expected results.

The main detractors included Integral Diagnostics (-31.7%), PolyNovo (-31.6%) and IDP Education (-24.7%) each of which sold-off after delivering a soft result the drivers of which, in our view, are unlikely to materially impact on valuation over the medium term. In the case of Integral Diagnostics, the operating leverage issues the market is concerned with are likely to be addressed as part of the implementation of the merger of Capitol Health which is a geographically complementary business. In the case of PolyNovo, the company has a number of levers to deliver growth as its innovative burns and wound products gain further traction in markets around the world. IDP Education is likely to resume growth once there is greater certainty for stakeholders in relation to the international student restrictions in Australia, the UK and Canada with there being early signs that the UK is benefiting from this greater certainty post the recent election.

During reporting season our more significant holdings, in general, demonstrated operational resilience which is a key focus. Impressive updates were delivered by Telix Pharmaceuticals, Australian Ethical, NIB Health and Charter Hall Social Infrastructure. Other resilient results were delivered by AUB Group, Charter Hall, Superloop and Smartgroup. Pleasingly, a number of these companies had underperformed the market in recent times and the results demonstrated that they remain on track. For instance, NIB Health's result was significant as the market had been concerned about the company's margins following the FY24 result and the stock's valuation multiple had de-rated. The performance demonstrated in the result provided greater confidence in the company's management of margin and provides a foundation for further re-rating to occur.

Looking forward, our target price forecasts* suggest that the portfolio is well positioned with a preference for stocks with company-specific drivers that we expect to materialise in the short to medium term and/or are expected to be operationally resilient regardless of the macroeconomic environment.

At month end, the portfolio held 46 stocks and cash of 7.5%. The weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the portfolio was 7.3 which is 29% higher than the benchmark ESGE Score of 5.7.

**Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in materially positive or negative manner.*

ESG Activity

ESG activity during the month included:

- Janison Education appointed Jodie Baker as a director following our engagement on board diversity. Jodie has extensive experience in risk and governance including as a Managing Partner of Blackhall & Pearl.
- Telix appointed Marie McDonald as a director and appointed existing director Tiffany Olson as Chair. Marie McDonald has experience as a director of healthcare companies including CSL;
- An Executive Director resigned from Alpha HPA. We have engaged with the company for some time on improving the independence of the board. We note that Alpha HPA have also improved the diversity on their board over the last several years.
- We discussed the companies' use of AI with Janison and NIB as part of our post-reporting meetings with the companies. The companies see the key contributor of AI being to allow them to improve productivity of administrative tasks as they grow.

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.8	0.0
Chorus	4.7	1.2
Australian Ethical Investment	4.6	0.3
AUB Group	4.5	1.3
Sims Ltd	4.3	0.9



Portfolio Manager:
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Deputy Portfolio Manager:
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