

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Smaller Companies Sustainable Future Trust (Net)	-1.0	-6.6	-6.1	-	-	-	2.9
S&P/ASX Small Ordinaries Accum. Index	-0.4	-10.3	-8.9	-	-	-	-4.2
<b>Value Added (Detracted)</b>	<b>-0.6</b>	<b>3.7</b>	<b>2.8</b>	-	-	-	<b>7.1</b>

\*Since inception: 1 February 2018. Past performance is not a reliable indicator of future performance.

## Overview

- The Trust finished the month down 1.0% net of fees, underperforming the Index by 0.6%
- Positive contributors this month included Trade Me Group (+27.3%), G8 Education (+36.6%) and Meridian Energy (+8.3%) and not holding either of oil services company WorleyParsons (-9.5%) or oil company Beach Energy (-13.3%)
- Negative contributors this month included Windlab (-30.0%), Longtable (-12.5%) and AUB Group (-8.3%)

## Perennial Smaller Companies Sustainable Future Trust

The aim of the Trust 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. The Trust seeks to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index measured on a rolling three-year basis.

**Portfolio Manager**  
Damian Cottier

**APIR Code**  
WPC3982AU

**Distribution Frequency**  
Semi Annual

**Minimum Initial Investment**  
\$25,000

**Trust Inception Date**  
February 2018

**Fees**  
1.20% + Perf fee



Marni visiting St David's Dairy, owed Longtable Group Source: Perennial Value Management.

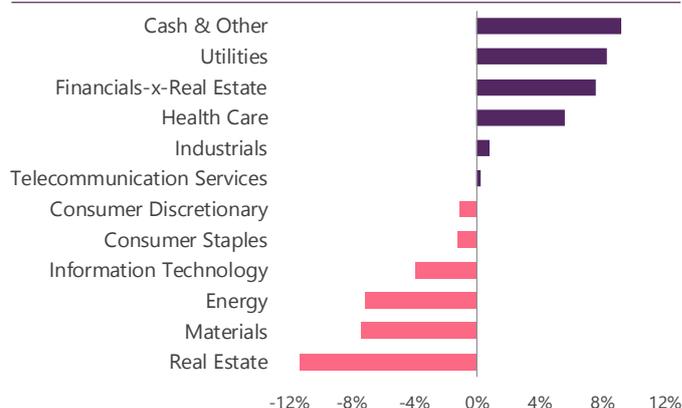
## ESG Highlight

The team attended a number of ESG-related events during November. These events included a presentation by the Migrant Workers Justice Initiative on underpayment of wages and the likely impact of state and federal Modern Slavery legislation. We also attended a panel discussion at the Australian Institute of Company Directors concerning the rise of ESG criteria.

## Top 5 Positions

	Trust (%)	Index (%)
Trade Me Group	4.6	0.8
Integral Diagnostics	4.6	0.0
NIB Holdings Limited	3.5	1.3
Bendigo and Adelaide	3.4	0.0
Imdex Limited	3.1	0.3

## Sector Active Exposure



## Portfolio Characteristics – FY19

	Trust	Index
Price to Earnings (x)	15.6	16.3
Price to Free Cash Flow (x)	14.4	17.1
Net Interest Cover (x)	34.4	11.5
3 Year EPS Growth (%)	19.0	12.3

Source: Perennial Value Management. As at 30 November 2018

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

## Trust Review

The Sustainable Future Trust was down 1.0%, net of fees, underperforming the benchmark by 0.6%.

Better performing holdings over the month included **Trade Me**, childcare provider **G8 Education** and NZ renewable energy utility **Meridian Energy** (+8.3%).

Trade Me (+27.3%) is a successful NZ business which started life as a digital platform for trading second hand goods. The company announced a positive trading update early in the month after which we added to our position. Towards the end of the month it announced that it had received an indicative takeover proposal from private equity firm Apax Partners.

Child care provider G8 Education (+36.6%) held an investor day during the month at which it indicated that trading conditions had improved.

The Trust also benefited from not holding oil and gas company **Beach Energy** (-13.3%).

On the negative side was wind farm developer **Windlab** (-30.0%) which announced that the equity investor for the Lakeland Wind Farm Project had withdrawn from the project. This was a disappointing outcome and as a result we reduced the position in the Trust on the day of the announcement. **Longtable** (-12.5%) was down despite delivering a solid AGM update late in the month.

During the month we added **Sims Metal Management** to the Trust. Sim's is one of the world's leading metal and electronics recyclers. The opening statement in the company's recent annual report states "Our purpose is to put the planet first, and we are committed to closing the loop on recycling for a more sustainable future". It is seeking to do this through improving the efficiency of its recycling processes.

We also added packaging company **Orora** to the Trust as an "engaged improver" after a meeting with the company (further discussed below).

At month end, the Trust held 42 stocks and cash of 9.3%

## ESG Activity

The team attended a number of ESG events during the month including:

- A presentation on the National Temporary Migrant Work Survey by the Migrant Worker Justice Initiative which highlighted likely underpayment of international student and working holiday-maker visa holders in a number of industries as well as discussing the impact of State and Federal modern slavery legislation.
- A panel discussion on the rise of ESG criteria organised by the Australian Institute of Company Directors.

We also had a number of other ESG engagements during the month including:

- Attending sustainability report briefings for Transurban and Wesfarmers (neither held in the Trust).
- Meeting with the Sims Metals management team in the US and, amongst other things, discussing the interesting initiatives that the company has in the pipeline to reduce its carbon footprint.
- Meeting with the Orora management team at which Orora discussed its initiatives in relation to renewable energy, use of recycled materials and waste water treatment plant which is used to generate energy for use in the plant.
- Visited PolyNovo's facility in Port Melbourne. When inquiring about current environmental impacts, the company advised that its cool room will be altered in time such that air-conditioning usage will decline materially.
- Completed a site tour of St. David Dairy in Fitzroy, Melbourne (part of Longtable). We were impressed by the introduction of re-filling milk bottles for local customers.
- Spoke with Calix (held in Microcap Opportunities Trust) regarding expanding its Board to appoint a non-executive independent director that is female and with extensive accounting experience.

**Our focus will be to invest in companies that are making a positive contribution to creating a sustainable future.**

## Global, Currency & Commodities (%)

S&P500	+1.8
Nikkei225	+2.0
FTSE100	-2.1
Shanghai Composite	-0.6
RBA Cash Rate	1.50
AUD / USD	+3.0
Iron Ore	-15.1
Oil	-22.2
Gold	+0.5
Copper	+4.1

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-0.4
Energy	-13.6
Materials	-1.5
Industrials	-4.2
Consumer Discretionary	+0.2
Health Care	-1.7
Financials-x-Real Estate	+0.5
Real Estate	+0.7
Information Technology	+5.5
Telecommunication Services	-3.1
Utilities	+1.5

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