

	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)	-0.8	6.3	-1.3	9.4	-	-	7.1
S&P/ASX Small Ordinaries Accum. Index	-0.1	12.6	-1.8	5.8	-	-	2.9
Value Added (Detracted)	-0.7	-6.3	0.5	3.6	-	-	4.2

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

Overview

- The Trust finished the month down 0.8% net of fees, underperforming the benchmark by 0.7%. Over the 12 months to the end of February 2019 the Trust is up 9.4% net of fees, outperforming the Index by 3.6%
- Positive contributors this month included Meridian Energy (+12.2%), Mercury NZ (+10.2%) and Vista Group (+11.0%).
- Negative contributors this month included Longtable Group (-43.9%), NIB (-9.2%), Polynovo (-7.0%) and Integral Diagnostics (-5.1%).

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

WPC5600AU

Distribution Frequency

Semi Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2018

Fees

1.20% + Perf fee



Source: Windlab

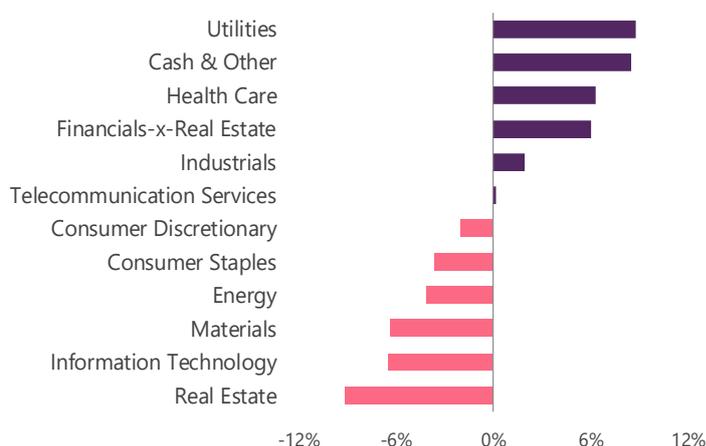
Sustainable Future Highlight

During the month Trust holding Mercury NZ announced it will operate a new wind farm at Turitea, near Palmerston North in New Zealand. The 119MW wind farm is expected to generate 470GWh of electricity per annum which is enough to power 210,000 cars. Mercury, which has a market share of around 15%-20% of New Zealand's electricity market generates 100% of electricity from renewable sources. Following the completion of this development it will operate hydro, geothermal, solar and wind assets.

Top 5 Positions

	Trust (%)	Index (%)
Trade Me Group	4.5	0.8
Integral Diagnostics	3.9	0.0
NIB Holdings Limited	3.8	1.3
Vista Group Int Ltd	3.6	0.0
Mercury NZ Limited	3.2	0.0

Sector Active Exposure



Portfolio Characteristics – FY20

	Trust	Index
Price to Earnings (x)	15.8	15.8
Price to Free Cash Flow (x)	14.3	16.5
Net Interest Cover (x)	30.9	14.1
3 Year EPS Growth (%)	12.7	12.6

Source: Perennial Value Management. As at 31 March 2019

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 benchmark Index was down slightly (-0.1%) during March after a strong January and February. The Trust was down 0.8%, after fees, underperforming the benchmark by 0.7%. Over the 12 months to the end of March 2019 the Trust is up 9.4% net of fees, outperforming the Index by 3.6%.

Two key positive contributors to performance in March were Meridian Energy (+12.2%) and Mercury NZ (+10.2%). Each of Meridian and Mercury is a NZ based electricity company which has 15%-20% market share and which generates 100% of electricity from renewable sources. In the case of Meridian this is largely hydro energy while Mercury generates predominantly hydro and geothermal energy. The stocks have benefited recently from higher electricity prices in NZ and a preference for defensive "yield stocks".

Another contributor was City Chic Collective (+11.5%) after a strong result announcement in February. City Chic is a retailer providing plus size clothing in Australia and the United States. A focus of the company is also on responsible sourcing and ensuring a sustainable supply chain, with the company recently being recognized by Oxfam for its commitment to a living wage for workers in its supply chain.

The key detractor from the Trust during the month was Longtable Group (-43.9%). Longtable announced a discounted rights issue to acquire the remaining 52.0% of the Maggie Beer business that it did not own. While this news was poorly received by the market we continue to hold the stock as the company has built a solid management team and in our view the management team is well placed to deliver on the plans to increase distribution of the company's organic and biodynamic products.

Other detractors included NIB (-9.2%), Polynovo (-7.0%) and Integral Diagnostics (-5.1%). There was no material news flow in relation to these stocks.

In terms of Trust activity, during the month we participated in a rights issue by Janison Education (-2.6%) to acquire an examination services provider. We view the acquisition positively as the business is complementary to Janison's digital examinations platform and will allow university customers to transition to Janison's digital examination platform over time.

We reduced our holdings in "Engaged Improver" stocks Oz Minerals and Bluescope and added Mineral Resources as an "Engaged Improver".

A key feature of Mineral Resources is the company's lithium assets. Lithium is a key component in the manufacture of batteries for electric vehicles and the company's Wodgina project is exposed to the growing demand for electric vehicles. Other key attributes of Mineral Resources is a focus on reducing greenhouse gas emissions from its operations, including the installation of a battery system at one of its projects.

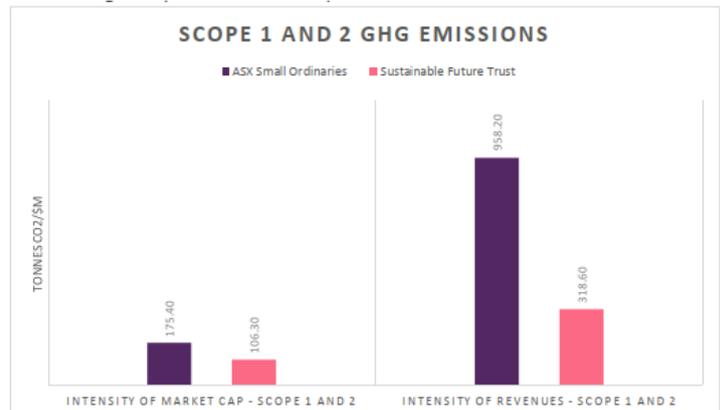
At month end, the Trust held 45 stocks and cash of 8.5%

Our focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.

ESG Activity

We met with a number of companies during reporting season with some of the ESG-related discussions highlighted below:

- We discussed with MacMahon Holdings (not held) the circumstances around the recent fatality at its Indonesian operations.
- We discussed with City Chic Collective its approach to employee remuneration following negative press in relation to the policies of a competitor.
- We met with Meridian Energy and discussed the steps it is taking to expand the company's renewables portfolio in Australia and its "Power Shop" renewable retail offering in Australia and the UK.
- We met with Mercury NZ and discussed its initiative to replace the company's light vehicle fleet with electric vehicles and its project which is seeking to replace part of the heavy vehicle fleet with electric.
- We met with Infigen Energy and discussed progress on the 25MW battery that it is developing in South Australia.
- We met with Genex Power and discussed the company's Kidston Hydro Battery Project and Jemalong Solar Project.



Source: CAER (Part of Vigeo Eris Network), Factset and Perennial as at 31 December 2018. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



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