

	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)	1.2	3.7	3.2	5.9	-	-	9.8
S&P/ASX Small Ordinaries Accum. Index	-1.3	2.7	1.0	2.1	-	-	4.7
Value Added (Detracted)	2.5	1.0	2.2	3.8	-	-	5.1

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

Overview

- The Trust finished the month up 1.2% net of fees, outperforming the benchmark by 2.5%. Since inception in February 2018, the Trust has returned 9.8% p.a. net of fees, outperforming the benchmark by 5.1% p.a.
- Positive contributors this month included Longtable (+20.0%), NIB Holdings (+19.1%), Polynovo (+15.9%), Vista Group (+15.3%) and City Chic Collective (+10.8%).
- Negative contributors this month included Link Market services (-21.4%), Janus Henderson (-14.0%) and Janison Education (-12.8%).

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
Half yearly

Minimum Initial Investment
\$25,000

Trust Inception Date
February 2018

Fees
1.20% + Perf fee

The Diversion Prize – maximising the value of resource recovery



Cleanaway's approach to resource recovery Source: Cleanaway Waste Management Ltd

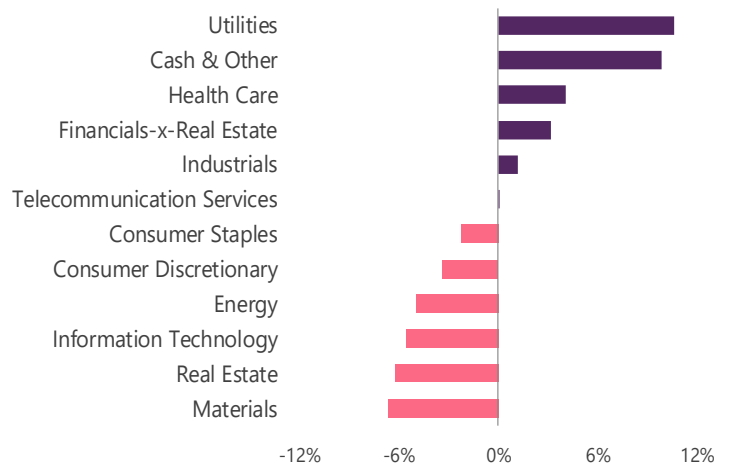
Sustainable Future Highlight

During the month we attended a presentation by holding Cleanaway Waste Management at which the company discussed the company's mission "to make a sustainable future possible". The company is investing in assets to maximise resource recovery across the waste hierarchy and maximise value across the value chain. In particular, it is focussing on the development of recycling and waste-to-energy assets.

Top 5 Positions

	Trust (%)	Index (%)
CASH	9.9	0.0
SIMS METAL MANAGEMENT LTD	3.8	1.8
NIB HOLDINGS LTD	3.7	1.7
MERIDIAN ENERGY LTD	3.6	0.0
INTEGRAL DIAGNOSTICS LTD	3.5	0.0

Sector Active Exposure



Portfolio Characteristics – FY20

	Trust	Index
Price to Earnings (x)	17.0	16.2
Price to Free Cash Flow (x)	15.0	15.3
Net Interest Cover (x)	24.7	9.2
3 Year EPS Growth (%)	12.7	11.2

Source: Perennial Value Management. As at 31 May 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 Trust finished the month up 1.2% net of fees, outperforming the benchmark by 2.5%. Since inception in February 2018, the Trust has returned 9.8% p.a. net of fees, outperforming the benchmark by 5.1% p.a.

Positive contributors this month included Longtable (+20.0%), NIB Holdings (+19.1%), Polynovo (+15.9%), Vista Group (+15.3%) and City Chic Collective (+10.8%).

Health insurer NIB Holdings was higher as the unexpected Coalition federal election victory is expected to be less negative for the private health insurance industry than the Opposition's policy to limit premium increases.

PolyNovo is a healthcare company that developed the NovoSorb polymer skin matrix in conjunction with the CSIRO. The NovoSorb product greatly improves outcomes for severe burns and wounds patients. The stock was higher after announcing that sales have been ramping up strongly in both April and May with each month delivering more than A\$1m in revenue. These represent key milestones for the company and indicate the traction that the product is gaining.

Global cinema software developer Vista Group confirmed that it is continuing to target 20.0% revenue growth for the year at the company's AGM.

Negative contributors this month included Link Market Services (-21.4%) which announced disappointing earnings guidance due in part to ongoing Brexit delays, fund manager Janus Henderson (-14.0%) which delivered a weak quarterly result and Janison Education (-12.8%).

In terms of Trust activity, during the month we sold out of Redbubble which is a global online platform that enables independent artists to sell products which feature their art. We sold in part due to a recent slowdown in the company's sales and in part due to the negative press coverage that the company has received following a number of instances of inappropriate artwork being featured on the site which increased reputational risk associated with our investment.

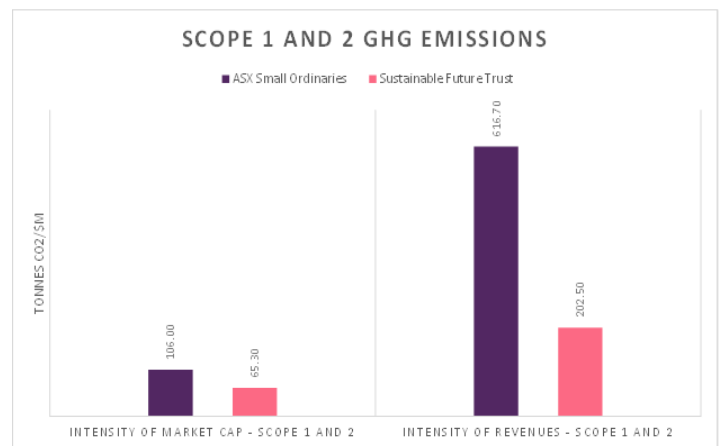
At month end, the Trust held 41 stocks and cash is at 9.9%.

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

ESG Activity

Our ESG-related meetings during the month included:

- Kathmandu – we engaged with the company in relation to corporate governance and the extent to which sustainability and ESG are incorporated into KPIs.
- Starpharma (not held) – we engaged with the company in relation to procedures around animal testing of the company's medical products.
- Freedom Foods (not held) – we engaged in relation to the nutritional value of the company's products.
- Cleanaway Waste Management – we attended a presentation where Cleanaway discussed how it is placing sustainability at the core of the company's strategy.
- City Chic – we engaged with the company to understand more about the company's supply chain initiatives and processes around staff safety.
- Geo40 (not held) – we attended a meeting with this early stage NZ company to learn how they make geothermal power processes more efficient.



Source: CAER (Part of Vigeo Eris Network), Factset and Perennial as at 31 May 2019. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

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