

	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)	2.8	5.9	2.8	8.7	-	-	12.0
S&P/ASX Small Ordinaries Accum. Index	4.5	4.1	4.5	7.6	-	-	7.9
<b>Value Added (Detracted)</b>	<b>-1.7</b>	<b>1.8</b>	<b>-1.7</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>4.1</b>

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

## Overview

- The Trust finished the month up 2.8% net of fees, underperforming by 1.8% the very strong benchmark return of 4.5%
- Positive contributors this month included Calix Ltd (+24.8%), Resmed (+10.7%), Janison Education (+10.0%) and Synlait Milk (+8.5%)
- Negative contributors this month included Longtable Group (-11.9%), Windlab (-5.0%) and G8 Education (-4.0%)

## 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



Project LEILAC, Belgium Source: Project LEILAC

## Sustainable Future Highlight

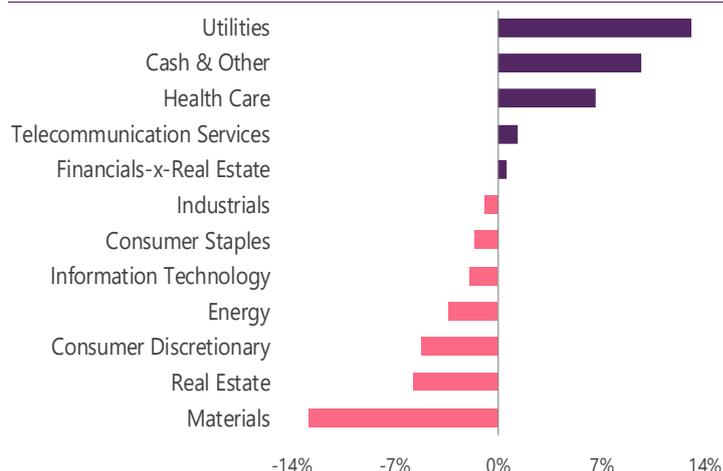
Calix Ltd is trialling its carbon dioxide capture technology for lime and cement as part of Project LEILAC (Low Emissions Intensity Lime and Cement) at Heidelberg Cement's plant at Lixhe, Belgium.

During the month Calix announced that the pilot plant had successfully demonstrated separation of carbon dioxide with more than 95.0% purity and that testing will continue at full design capacity over the next 12 months. The aim of Project LEILAC is to enable Europe's cement and lime industries to reduce their carbon dioxide emissions dramatically without significant energy or capital imposts.

## Top 5 Positions

	Trust (%)	Index (%)
CASH	9.7	0.0
SIMS METAL MANAGEMENT LTD	4.7	0.9
MERIDIAN ENERGY LTD	4.4	0.0
MERCURY NZ LIMITED	4.2	0.0
INTEGRAL DIAGNOSTICS LTD	3.9	0.0

## Sector Active Exposure



Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	18.8	17.5
Price to Free Cash Flow (x)	16.7	16.4
Net Interest Cover (x)	21.6	9.2
3 Year EPS Growth (%)	9.8	11.1

Source: Perennial Value Management. As at 31 July 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 2.8% net of fees, underperforming by 1.8% the very strong benchmark return of 4.5%.

Positive contributors this month included Calix Ltd (+24.8%), Resmed (+10.7%), Janison Education (+10.0%) and Synlait Milk (+8.5%).

Negative contributors this month included Longtable Group (-11.9%), Windlab (-5.0%) and G8 Education (-4.0%). There were no incremental announcements from these companies.

Readers may recall that we added Calix to the Trust last month. Calix announced that the pilot plant for the company's innovative carbon dioxide capture technology which is situated in Belgium has been successful in separating carbon dioxide from the emissions from the lime and cement production process. This is an encouraging step in proving that the process works at scale.

Resmed (+10.7%) announced a result ahead of market expectations with strong sales momentum in all regions.

Janison (+10.0%) released a positive trading update and the company confirmed that it had signed an agreement with the OECD to become the exclusive provider of the PISA-based test for schools internationally. The PISA-based test for schools is a voluntary program to measure and compare student performance across geographies. The roll-out of the test will commence in Brazil with other countries expected to be announced in due course.

Synlait Milk (+8.5%) held an investor day at which it outlined the company's strategy. A key part of the strategy is to have a net positive impact on the planet and communities. To achieve this goal it has set targets of a 35.0% reduction of on-farm greenhouse gases per kilogram of milk solids by 2028 and a 50.0% off-farm reduction in total greenhouse gases per kilogram of milk solids.

In terms of Trust activity, during the month we added a position in Telix to the portfolio. Telix is a company focussed on developing molecularly-targeted radiation for the treatment of prostate, kidney and brain cancers.

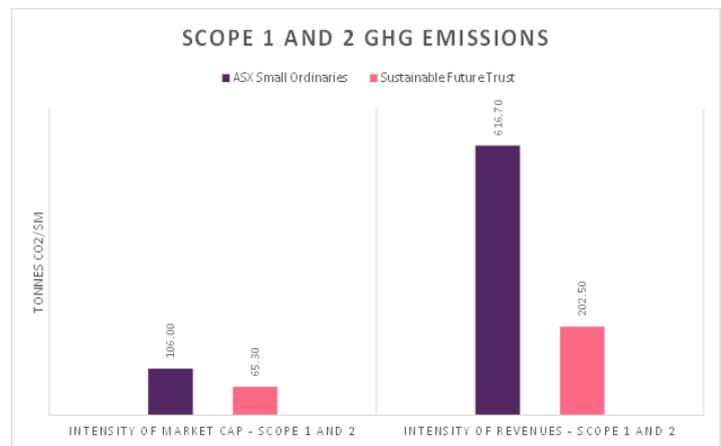
At month end, the Trust held 37 stocks and cash is at 9.7%.

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

## ESG Activity

ESG meeting activity was more limited this month with companies in pre-reporting "blackout":

- Retail Industrial Relations – we attended a meeting with Deloitte to better understanding recent developments in Industrial Relations in the retail environment.
- Climate Change – we attended a lecture at UNSW delivered by Scientia Professor Rosemary Rayfuse on Climate Change and International Fisheries. The inverse relationship between rising sea temperatures and fish size was stressed, along with the implications for food security.



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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