

	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	5.7	5.7	10.5	-	-	12.7
S&P/ASX Small Ordinaries Accum. Index	2.6	3.1	3.1	4.0	-	-	6.3
Value Added (Detracted)	0.2	2.6	2.6	6.5	-	-	6.4

*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, outperforming the benchmark by 0.2%. Since inception in February 2018, the Trust has delivered +12.7% p.a. return net of fees, outperforming the benchmark by +6.4% p.a after fees.
- Positive contributors this month included Kathmandu Holdings (+20.2%), Netwealth Group (+19.4%), Blackmores (+18.8%), City Chic Collective (+16.6%) and Genex Power (+16.3%).
- Negative contributors this month included Bravura Solutions (-14.5%), Imricor Medial (-9.7%) and Sims Metal Management (-9.5%).

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



Kathmandu is now a certified B Corporation Source: Kathmandu

Sustainable Future Highlight

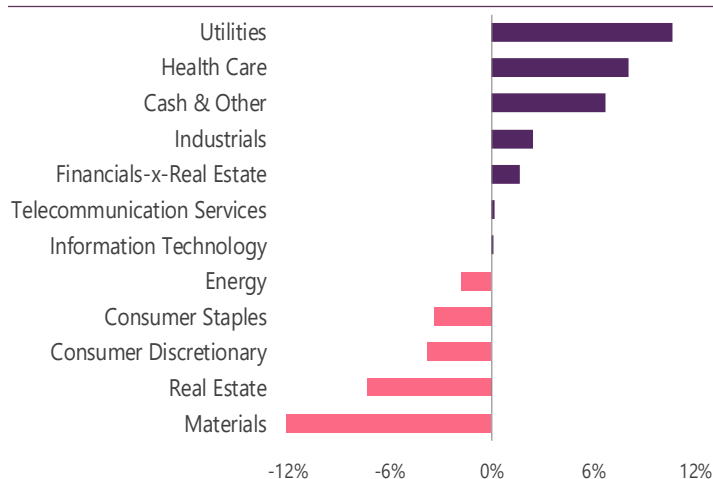
During the month Trust holding Kathmandu announced that it is now a "Certified B Corporation". Certification is carried out by B Lab that is a global non-profit that promotes the use of profits and growth as a means to a greater end.

The B Corp website states "Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy." Kathmandu is the largest Certified B Corp in Australia and New Zealand.

Top 5 Positions

	Trust (%)	Index (%)
CASH	6.7	0.0
INTEGRAL DIAGNOSTICS LTD	3.9	0.0
MERIDIAN ENERGY LTD	3.9	0.0
SIMS METAL MANAGEMENT LTD	3.8	0.9
CITY CHIC COLLECTIVE LTD	3.6	0.0

Sector Active Exposure



Portfolio Characteristics – FY20

	Trust	Index
Price to Earnings (x)	20.6	17.5
Price to Free Cash Flow (x)	19.5	16.2
Net Interest Cover (x)	22.5	8.4
3 Year EPS Growth (%)	12.1	12.0

Source: Perennial Value Management. As at 30 September 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

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Positive contributors this month included Kathmandu Holdings (+20.2%), Netwealth Group (+19.4%), Blackmores (+18.8%), City Chic Collective (+16.6%) and Genex Power (+16.3%).

Negative contributors this month included Bravura Solutions (-14.5%), Imricor Medical (-9.7%) and Sims Metal Management (-9.5%).

In addition to announcing that it had achieved B Corp certification (see page 1), Kathmandu delivered a better than expected full year 2019 result with NPAT +14.0%. Pleasingly, FY20 is off to a solid start with same store sales growth running at 6.0% for the Group.

The Company's CEO Xavier Simonet highlighted that the company's focus on sustainability was a key part of the success, saying in the Australian Financial Review "We think it adds value and we think it's a hugely motivational factor for team members...We don't see any direct contradiction between being a profitable company listed on the stock market that delivers value to its shareholders and at the same time [being] a company that is focused on ethical practices and sustainability."

Genex Power (+16.3%) confirmed that construction on the company's 50MW Jemalong Solar project is expected to commence in September and the company's K2 Hydro Battery project is on track to commence construction this year pending finalization of the recently announced transmission line arrangements and partner final board approvals.

Sims Metal Management (-9.5%) fell after providing a trading update which suggested that the company's first half result will be materially lower than last year due to the impact of trade wars on the pricing of the company's recycled iron and aluminum products.

In terms of trading activity, during the month we took profits in Mercury Energy, Imricor, Netwealth and NIB Health and added to positions in Sims Metals Management, Orora and Pandal.

The Trust participated in a capital raising for Calix. Calix raised capital to acquire Inland Environmental Resources, a U.S business which complements the company's Australian Magnesium Hydroxide Liquid business in the environmentally friendly treatment of waste water.

At month end, the Trust held 42 stocks and cash is at 6.7%.

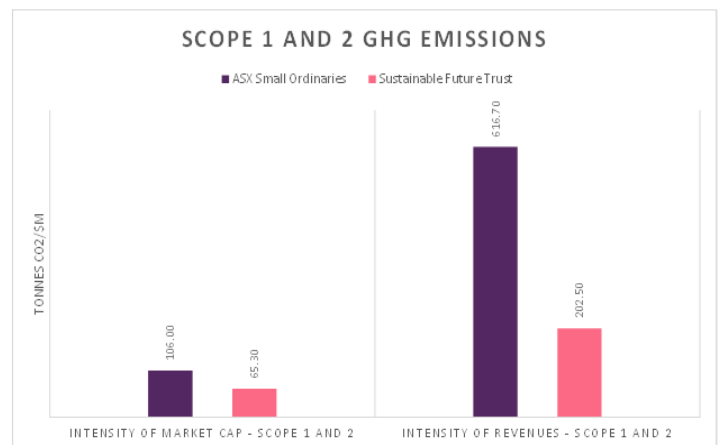
Our focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.

[Invest Online Now](#)

ESG Activity

Recent ESG-related engagement included:

- Synlait (held) – discussed the company's approach to reducing on-farm GHG emissions and the company's recent ESG linked-loan under which the interest rate paid by the company varies according to the company's independently assessed ESG performance.
- Cleanaway (held) – we engaged in relation to the company's approach to the circular economy and recycling projects, efforts on waste-to-energy and landfill energy projects, improvements in relation to sustainability disclosure, key safety issues and governance.
- Kathmandu (held) – discussed the company's approach to sustainability in product design and due diligence on the supply chain of Rip Curl as part of the company's acquisition of the business.
- Genex (held) – engaged with the company in relation to improving board structure.
- Ingenia (held) – discussed the company's approach to supply chain and initiatives to install solar panels in villages.
- Baby Bunting (not held) – we engaged with the company in relation to remuneration and provided the company with suggestions for consideration.
- Nearmap (not held) – we discussed the company's approach to improve ESG reporting.
- Adairs (not held) – discussed the company's approach to Modern Slavery Act reporting and phasing out the use of plastics in the business.



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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