Perennial Smaller Companies Sustainable Future Trust

MONTHLY REPORT JANUARY 2020

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	2 Years (% p.a.)	5 Years (% p.a.)	Since Inception^ (%p.a.)
Perennial Smaller Companies Sustainable Future Trust (Net)	4.8	6.5	13.7	26.0	14.5	-	14.5
S&P/ASX Small Ordinaries Accum. Index	3.4	4.7	7.4	18.8	7.3	-	7.3
Value Added	**1.4**	**1.8**	**6.3**	**7.2**	**7.2**	**-**	**7.2**

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

Overview

- The Sustainable Future Trust finished the month up 4.8% net of fees, outperforming the benchmark return by 1.4%. It has now been 2 years since the Trust's Inception in February 2018, delivering a 14.5% p.a. return net of fees and outperforming the benchmark by 7.2% p.a. during that time.
- Positive contributors this month included Mesoblast (+44.2%), Next Science (+43.1%), City Chic (+21.7%), Infigen Energy (+21.5%) and Imricor (+20.1%).
- Negative contributors this month included NIB Health (-13.7%), Phoslock Environmental Technologies (-11.2%), New Energy Solar (-9.6%) and Kathmandu (-8.8%).

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	APIR Code
Damian Cottier	WPC5600AU

Distribution Frequency	Minimum Initial Investment
Half yearly	$25,000

Trust Inception Date	Fees
1 February 2018	1.20% p.a. + Performance fee

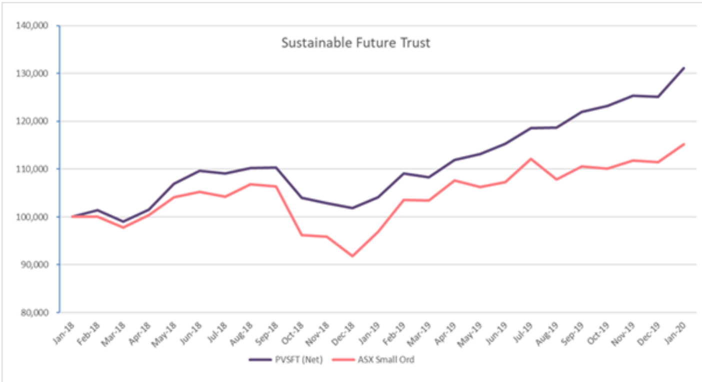
Source: Genetic Signatures Ltd

Sustainable Future Highlight

The Sustainable Future Trust acquired a position in Genetic Signatures in a capital raising in late 2019. Genetic Signatures is a molecular diagnostics company that uses its 3base™ technology to detect a wide array of infectious diseases. The rapid 3base™ technology generates results within one day and allows for high throughput.

There are currently three products approved under the EasyScreen™ brand in Australia and Europe, with two more to enter the market in FY20. In the US, the EasyScreen™ kits are available as Antigen-specific reagents to be used in Lab Developed Tests and FDA submission is anticipated mid-2020. Due to the unique capabilities of 3base™, the Respiratory EasyScreen™ kit can identify coronavirus (20190-nCoV strain) which may be useful given the current outbreak in China.

Performance Since Inception



Value of A$100,000 since inception (1 February 2018) of the Sustainable Future Trust as at 31 January 2020.

Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Sustainable Future and ESG Team

Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst

Trust Review

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Positive contributors this month included Mesoblast (+44.2%), Next Science (+43.1%), City Chic (+21.7%), Infigen Energy (+21.5%) and Imricor (+20.1%).

Negative contributors this month included NIB Health (-13.7%), Phoslock Environmental Technologies (-11.2%), New Energy Solar (-9.6%) and Kathmandu (-8.8%).

Mesoblast (MSB) continued its strong run, driven by their maturing pipeline with the submission of its completed Biologics License Application (BLA) to the USA Food and Drug Administration (FDA) at the end of January. The company has also requested a Priority Review of the BLA by the FDA which, if accepted and successfully completed, could lead to the launch of Ryoncil in Q4-20.

Ryoncil would be approved for the treatment of steroid refractory acute graft vs host disease (aGVHD) in children whose cells are attacking themselves following a bone marrow transplant, most commonly carried out during treatment for blood cancers. Subsequently this leads to tissue damage in the skin, gut and liver which has mortality rates of up to 90% in the most severe cases. Currently there are no FDA approved products on the market for the treatment of aGVHD in children and therefore Ryoncil would address a clear unmet medical need. Overall, this is an extremely promising step towards commercialisation and could be the precursor to additional inflexion points validating the pipeline in Q3/4-20 when Phase III trials for back pain and late stage heart failure, which could be blockbuster products (US$1bn+ in revenue), are due.

The Trust participated in the IPO of Imricor in August 2019. During January, Imricor announced that it received European CE mark approval for its products for performing cardiac catheter ablations guided by real-time MRI. The products are expected to greatly improve the accuracy of surgery to correct cardiac arrhythmias. The CE approval allows the company to sell products in Europe with the first heart surgery procedures using the product performed in Dresden, Germany in early February.

On the negative side, NIB and Phoslock Environmental Technologies both delivered weaker than expected updates during January and New Energy Solar announced a delay in the sale process for a number of its non-core US solar assets.

At month end the Trust held 46 stocks and cash was 9.4%.

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ESG Activity

Given the Australian summer holidays, January was a quiet month for company engagement.

However, climate change became topical following the devastating bushfires that occurred through many areas in Australia.

The Trust is supporting the shift away from coal based power by investing in a number of listed renewable energy companies.

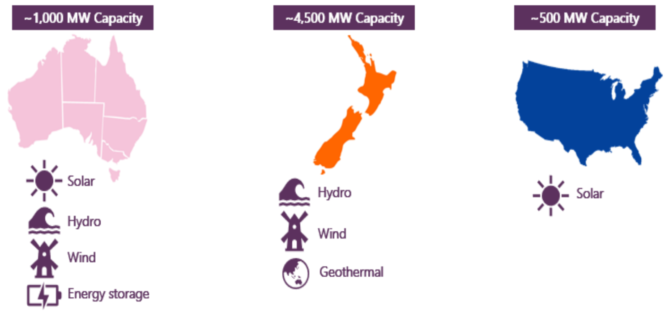
The combined capacity of the renewable energy companies that we hold is over 6,000 MW, which has the potential to power up to ~1.8 million homes.

Our holdings provide a diversified exposure across a number of states in Australia, both the north and south Island of New Zealand and the east and west coast of the United States.

The assets include solar, wind, hydro, geothermal and energy storage.

Renewable Energy Assets of our Holdings

REDUCING GHG IN BROAD ECONOMY



Top 5 Positions	Trust (%)	Index (%)
City Chic Collective Ltd	4.1	0.0
Integral Diagnostics Ltd	4.0	0.0
Kathmandu Holdings Ltd	3.8	0.0
Bendigo and Adelaide Bank	3.8	0.0
Meridian Energy Ltd	3.0	0.0

Contact Us

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