

	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)	-8.1	-3.8	4.6	10.5	9.0	-	9.4
S&P/ASX Small Ordinaries Accum. Index	-8.7	-5.9	-1.9	1.6	2.6	-	2.5
Value Added	0.6	2.0	6.5	8.9	6.5	-	7.0

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

Overview

- The Sustainable Future Trust finished the month down 8.1% net of fees, outperforming the benchmark return by 0.6%. During the month global markets fell given concerns about the impact of the Coronavirus (COVID-19) outbreak on global growth.
- Since the Trust's inception on 1 February 2018, the Trust has delivered a 9.4% p.a. return net of fees, outperforming the benchmark by 7.0% p.a. during that time.
- Positive contributors this month included Imricor (+18.1%), Cleanaway (+11.3%) and Healius (+2.7%).
- Negative contributors this month included Synlait (-33.2%), Next Science (-31.6%) and Fluence (-26.6%).

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

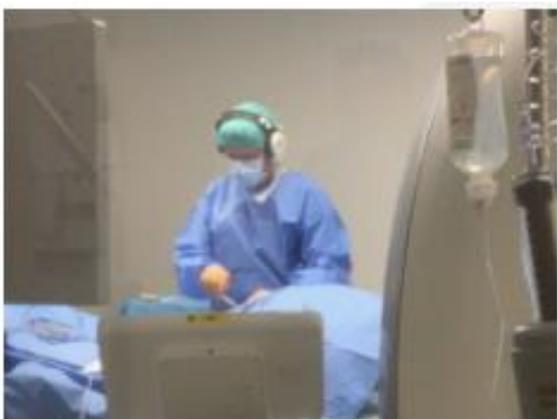
\$25,000

Trust Inception Date

1 February 2018

Fees

1.20% p.a. + Performance fee



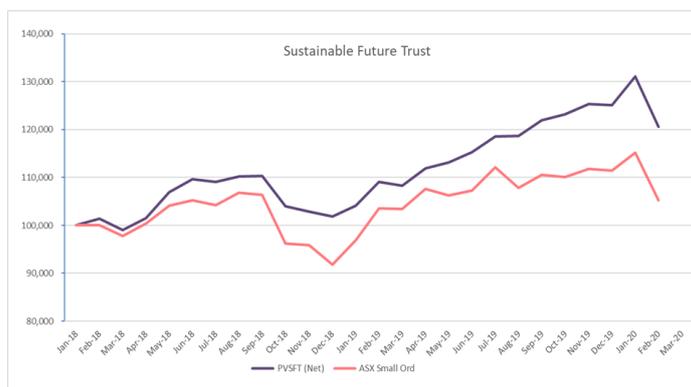
Surgeon performing first procedure with Imricor's products outside of a clinical trial following CE Mark approval Source: Imricor

Sustainable Future Highlight

During the month we met with Calix. Readers may recall that Calix is developing interesting technology to mitigate carbon dioxide released during the cement and lime production process as part of Project LEILAC. However, the company has a number of other products and projects that are tackling global issues.

The company has developed Booster-Mag which is an environmentally-friendly solution to crop protection that can eliminate or reduce by more than 50% the need for traditional fungicides and pesticides. Further, the company has joined the Future Batteries Initiative CRC which is looking to develop high performance, low-cost, fast charge-discharge lithium hybrid batteries for use in applications such as energy storage and electric vehicles.

Performance Since Inception



Value of AS\$100,000 since inception (1 February 2018) of the Sustainable Future Trust as at 29 Feb 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

The Sustainable Future Trust finished the month down 8.1% net of fees, outperforming the benchmark return by 0.6%. During the month global markets fell given concerns about the impact of the Coronavirus (COVID-19) outbreak on global growth which caused a flurry of selling in the last week of the month.

Since the Trust's inception on 1 February 2018, the Trust has delivered a 9.4% p.a. return net of fees, outperforming the benchmark by 7.0% p.a. during that time.

Positive contributors this month included Imricor (+18.1%), Cleanaway (+11.3%) and Healius (+2.7%).

Negative contributors this month included Synlait (-33.2%), Next Science (-31.6%) and Fluence (-26.6%).

Imricor performed strongly after announcing at the end of January that it received European CE mark approval for its products which allow heart surgeons to perform certain procedures in an MRI environment, which is more accurate than the X-ray environment that is traditionally used. The first heart surgery procedures using the product were performed in Dresden, Germany in early February.

Cleanaway delivered a better than expected half-year result while Healius announced during the month that it had received an unsolicited indicative offer to acquire the company. This offer is at \$3.40 compared to the month-end closing price of \$3.04.

On the negative side, Synlait announced a disappointing outlook statement. This was exacerbated by an announcement that the company's key customer which has a supply agreement with the company until 2025 - A2 Milk - is looking at supplementing Synlait's infant formula manufacturing with other production. While this news is disappointing, we continue to hold the stock as in our view valuation is undemanding at current levels even taking these headwinds into account.

The Next Science share price retraced after performing strongly during January. We met with the company post reporting season and, in our view, the company is making good progress in developing and marketing its various products designed to combat bacterial infections associated with biofilm bacteria. Fluence delivered a weaker-than-expected near-term outlook statement - although the company announced a significant sales contract with the Cambodian government in early March which we will discuss in more detail in our next commentary.

During the month we sold the Trust's position in ALS Ltd. ALS is a global testing, inspection and certification business with a diverse business mix, including a large and growing Life Sciences business which now represents over 50% of revenue. During December we had reduced our position substantially and during the month we decided to sell the remainder of the position after ALS announced that it was conducting an investigation into the amendment of analysis certificates in the coal superintending unit which represented approximately 3% of the company's profit last year.

During the month we participated in the capital raising for Envirosuite. Envirosuite operates a software platform that was developed for real-time air quality management and has expanded to manage water, noise and vibration issues. The company used the funds raised to acquire EMS Bruel & Kjaer which specialises in environmental noise and vibration monitoring and is a market leader in addressing airport noise globally.

At month end the Trust held 45 stocks and cash was 9.3%.

For February, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.2 which is 29% higher than the benchmark ESGE Score of 5.6.

Invest Online Now

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ESG Activity

Recent ESG-related engagement included:

- Attended the Climate Action 100+ investor group engagement working day, brainstorming and engaging with other members on the approach to collaborative engagement with companies on Climate Change.
- Went to the Kathmandu investor day where we learnt about the recently acquired Rip Curl business. The Rip Curl business is rated "B+" in the Baptist World Aid Ethical Fashion Guide. This compares to "C-" for key competitors Billabong and Quiksilver and "A" for Kathmandu.
- We attended a meeting with City Chic where it discussed the company's approach to supply chain and Living Wage.
- We met with Starpharma (not held) where we discussed the company's animal testing policies in relation to its pharmaceutical products.
- We discussed with Next Science the regulatory process relating to the company's wound care product pipeline.
- Met with Janus Henderson to discuss the company's ESG initiatives and progress in developing a firm wide responsible investing framework.
- Joined the RIAA IMMCOP Webinar on assessing and measuring climate impacts.
- Had a meeting with Telix Pharmaceuticals where we discussed the company's molecularly targeted radiation oncology treatment and risks and benefits compared to traditional oncology radiation treatment.
- Met with Sealink (not held) where we discussed the initiatives it has in place to improve fuel efficiency in the company's public transit operations.
- Discussed with New Energy Solar (held) the companies Scope 1 and 2 emissions for 2019.

Top 5 Positions

	Trust (%)	Index (%)
Integral Diagnostics Ltd	4.2	0.0
Kathmandu Holdings Ltd	4.1	0.0
Sims Ltd	3.6	0.8
City Chic Collective Ltd	3.4	0.0
Mercury Energy	3.0	0.0