

	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)	16.4	-17.3	-5.9	-3.1	3.4	-	3.7
S&P/ASX Small Ordinaries Accum. Index	14.3	-19.0	-13.0	-13.3	-3.6	-	-3.0
Value Added	2.2	1.7	7.1	10.3	7.0	-	6.7

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

Overview

- The Sustainable Future Trust finished the month up 16.4% net of fees, outperforming the benchmark return by 2.2%.
- Since the Trust's inception in February 2018, the Trust has delivered a 3.7% p.a. return net of fees, outperforming the benchmark by 6.7% p.a. during that time.
- Positive contributors this month included Mesoblast (+142.6%), City Chic Collective (+48.4%), Infigen Energy (+38.8%) and Telix Pharmaceuticals (+38.2%).
- Negative contributors this month included Calix (-9.5%), Fluence (-6.7%) and NIB Health (-4.1%).

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

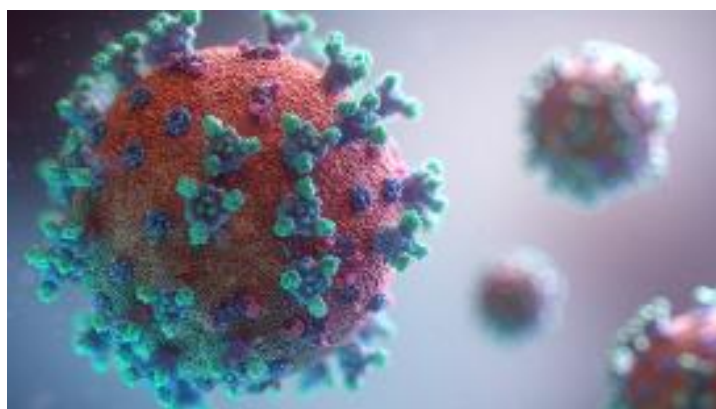
APIR Code
WPC5600AU

Distribution Frequency
Half yearly

Minimum Initial Investment
\$25,000

Trust Inception Date
1 February 2018

Fees
1.20% p.a. + Performance fee

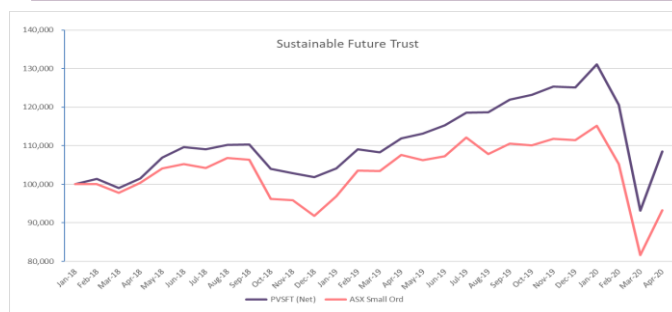


Sustainable Future Highlight

During the month Mesoblast made a number of significant announcements in relation to the use of the company's anti-inflammatory Remestemcel-L product for the potential treatment of ARDS. ARDS is a severe lung complication from COVID-19. Early in the month the US Food and Drug Administration provided clearance for the product to be used in seriously ill patients. Later in the month the company announced the results of a small sample of 12 patients at New York City's Mt Sinai hospital. 83% of the patients that had used the product had survived and 75% had successfully come off ventilator support. These figures compare to only 9% of cases at a major referral hospital network in New York being able to come off ventilator support when treated with standard of care.

The company subsequently announced the commencement of a 300 patient Phase 2/3 randomised controlled trial of the product in more than 20 medical centres across the United States to demonstrate the effectiveness of the product.

Performance Since Inception



Value of AS\$100,000 since inception (1 February 2018) of the Sustainable Future Trust as at 30 Apr 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 up 16.4% net of fees, outperforming the benchmark return by 2.2%.

Since the Trust's inception in February 2018, the Trust has delivered a 3.7% p.a. return net of fees, outperforming the benchmark by 6.7% p.a. during that time.

Positive contributors this month included Mesoblast (+142.6%), City Chic Collective (+48.4%), Infigen Energy (+38.8%) and Telix Pharmaceuticals (+38.2%).

Negative contributors this month included Calix (-9.5%), Fluence (-6.7%) and NIB Health (-4.1%).

As noted overleaf, Mesoblast benefitted as a result of positive early indications that the company's anti-inflammatory products may treat seriously ill COVID-19 patients. The Trust also holds Starpharma Pharmaceuticals (+36.4%). Starpharma was also the beneficiary of COVID-related news when it announced that one of the company's antiviral products had been shown to have significant activity against COVID-19 in laboratory studies and was looking at whether there may be commercial applications that can be fast-tracked as the product already has regulatory approval in a number of jurisdictions including Europe and South East Asia.

Janison Education (+30.6%) made several significant announcements during the month. The online assessment and learning company raised capital to invest to accommodate the significant growth in the company's sales pipeline. The pipeline has grown substantially due to the increase in interest in online assessment and education as a result of the COVID outbreak. After announcing a contract with a college from Toronto, Canada, the company announced an agreement with SCIO, a national exams provider in the Czech Republic to deliver up to 50,000 online university entrance exams. The company also announced one of the participants in the capital raising was John Baker, the founder of D2L which owns Brightspace, one of world's major global Learning Management Systems.

City Chic Collective and Infigen recovered some of the share price falls earlier in the year with no material company specific news although both are likely to benefit from a likely sooner than expected reopening of certain parts of the Australian economy.

Of the negative contributors, there was no additional news on Calix. Wastewater treatment company Fluence delivered a solid quarterly result but noted that COVID was having some impact on the signing of new contracts.

During the month we participated in capital raisings for Kathmandu, G8 Education, Janison Education and Vista Group. As noted above Janison raised capital to accelerate the company's sales pipeline. In each of the other cases the funds were raised to see the companies through COVID-related businesses interruptions. On our base case of Australia gradually and sensibly reducing COVID-related restrictions over the next few months and other jurisdictions gradually re-opening later in the year, we see good upside from each of the capital raisings.

During the month we reduced holdings in some of our better performing stocks over the last two months including Mesoblast, Synlait, Blackmores and NIB Health.

We used the funds to participate in the capital raisings referred to above and we increased holdings in a number of stocks that have lagged including Imricor and Fluence.

At month end the Trust held 46 stocks and cash was 7.9%.

For April, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.1 which is 28% higher than the benchmark ESGE Score of 5.6.

ESG Activity

ESG-related engagement was negatively impacted by coronavirus considerations, however we engaged with the following companies:

- Telix Pharmaceuticals – we engaged with the Company in relation to the appropriateness of the long term incentive plan and the composition of the Audit and Risk committee.
- Janus Henderson – we wrote to the company to encourage the company to improve the gender diversity of the Company's board (currently 20%). We have been engaging with the company on ESG at meetings with management for some time and there are early signs of improved focus, including some commentary on ESG during the most recent quarterly earnings call.
- Synlait – we discussed the work that the company was doing on reducing methane emissions on farm. The company has a target to reduce greenhouse gas emissions on farm by 35% per kilogram of milk solids by 2028. Key aspects of the strategies that the company is looking to deploy are being trialled in Europe and the company is commencing work on how this might adapt to the NZ environment.

Top 5 Positions

	Trust (%)	Index (%)
City Chic Collective Ltd	4.1	0.0
Mesoblast Ltd	4.0	0.9
Genetic Signatures Ltd	3.9	0.0
Infigen Energy Ltd	3.7	0.3
Integral Diagnostics Ltd	3.5	0.0

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