

	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)	6.5	10.6	7.3	7.7	7.7	-	10.0
S&P/ASX Small Ordinaries Accum. Index	7.2	6.6	8.7	2.1	1.5	-	3.8
Value Added	-0.7	4.0	-1.4	5.6	6.2	-	6.2

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

Overview

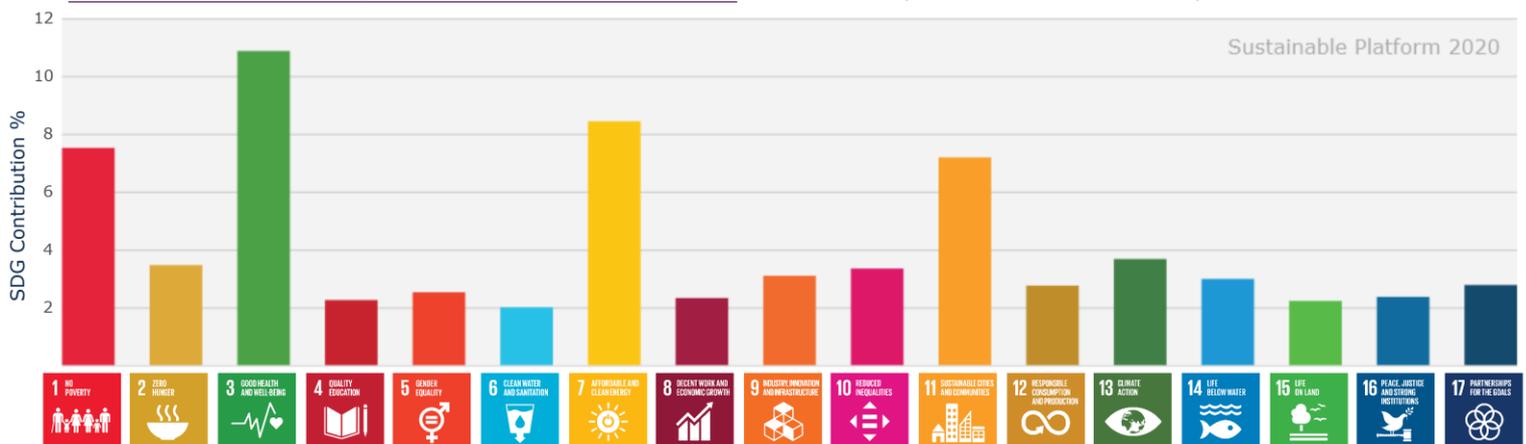
- The Sustainable Future Trust had a strong month, up 6.5% net of fees, albeit underperforming the benchmark return by 0.7%.
- Since inception in February 2018, the Trust has delivered a 10.0% p.a. return net of fees, outperforming the benchmark by 6.2% p.a.
- Positive contributors this month included 4D Medical (+104.1%), G8 Education (+28.0%), Telix Pharmaceuticals (+26.9%) and Cleanaway (+23.4%).
- Negative contributors this month included New Energy Solar (-19.0%), Resmed (-13.7%), Imricor (-13.2%) and Synlait (-12.1%).

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

Portfolios Contribution to the UN Sustainable Development Goals



Source: Data provided by the Sustainable Platform 29 Feb 2020; based on company revenues. Note: ~70% of holding companies revenue contributes to the UN SDGs

Better Future Highlight

4D Medical has been recently added to the portfolio.

4DX is an innovative company focused on commercialising its four-dimensional lung imaging technology.

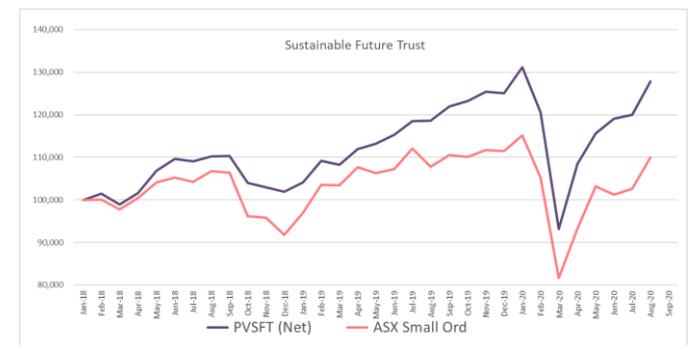
4DX's software has the ability to create a step change in the capacity of physicians to diagnose and manage patients with lung and respiratory disease.

The XV Ventilation product is software that couples traditional X-ray imaging with airflow analysis to identify respiratory deficiencies far earlier and with greater sensitivity in comparison to existing technologies. It also exposes the patient to less radiation and is fully compatible with existing hospital and clinic equipment. This provides benefits to physicians and patients with earlier intervention typically also reducing the cost of care.

4DX has received clearance from the US Food and Drug Administration (FDA) and is now seeking approval in Australia and Europe.

The company is in the process of launching the XV Ventilation product in the US following this approval and is investing in ongoing product development.

Performance Since Inception



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

Trust Review

The Sustainable Future Trust delivered a strong absolute performance, up 6.5% net of fees, underperforming a very strong benchmark return by 0.7%.

It is a key goal of the Trust to demonstrate that there is no performance trade-off to invest with a focus on ESG and sustainability. Since inception in February 2018 the Trust has delivered a 10.0% p.a. return net of fees, outperforming the benchmark by 6.2% p.a.

Positive contributors this month included 4D Medical (+104.1%), G8 Education (+28.0%), Telix Pharmaceuticals (+26.9%) and Cleanaway (+23.4%).

Negative contributors this month included New Energy Solar (-19.0%), Resmed (-13.7%), Imricor (-13.2%) and Synlait (-12.1%).

New Energy Solar announced reduced valuations for the company's solar assets due to the lower electricity price assumptions adopted as part of the annual valuation process. This outcome is disappointing however we continue to see value in the company given the long-term power purchase agreements that it has in place with large institutions such as Stanford University.

Resmed announced a weaker than expected result due to the impacts of COVID-19 on sales. Imricor fell after last month's strong performance but pleasingly announced that the company's sales pipeline is improving as the impact of COVID on the sales process reduces in the company's key European markets. Synlait was impacted by key customer A2 Milk announcing a proposal to acquire a stake in a competing manufacturer to reduce the company's reliance on Synlait in the medium term.

4DX (discussed overleaf) performed strongly after listing during the month. G8 Education announced a better than feared result as occupancy of the company's childcare centres demonstrated gradual improvement in attendance levels.

Telix Pharmaceuticals announced that the FDA had granted orphan drug designation for the company's treatment for multiple myeloma which is a form of blood cancer. This will assist with obtaining further support for development of company's treatment.

In a follow-up to last month's commentary, Mesoblast announced the Oncology Drugs Advisory Committee of the US Food and Drug Administration ("FDA") voted 9 to 1 in relation to the efficacy of the Company's RYONCIL product for the treatment of acute graft versus host disease (aGVHD) in children. aGVHD is a serious condition which typically impacts children who are being treated for leukemia. Following this vote it is likely that the treatment will be approved by the US FDA during September.

During the month we accepted the takeover offer for Infigen Energy and reduced our holdings in City Chic, Cleanaway and Netwealth after strong performance.

We increased our holdings in Calix, Equity Trustees and M7 Technologies as the results presentations of each of the companies suggested that there are interesting growth opportunities ahead.

At month end the Trust held 41 stocks and cash was 9.2%.

For August, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.2 which is 28% higher than the benchmark ESGE Score of 5.6.

Invest Online Now

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



Proud member of the Responsible Investment Association Australia (RIAA)



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website www.perennial.net.au.

ESG Activity

Our ESG activities during the month included:

- We engaged with Meridian Energy to discuss the company's approach to the Tiwai smelter closure including potential new demand for renewable energy from businesses converting from coal fired energy to renewable energy. We also engaged in relation to the circumstances around the regulators preliminary finding of an "undesirable trading situation" in relation to the company's management of the company's hydro assets during flooding in the south island of New Zealand earlier in the year.
- We engaged with Cleanaway after we discovered press reports that they were fined at the Unanderra operation for poor waste practices by the Environmental Protection Agency (EPA) to better understand the issues raised and the steps that it takes to monitor such issues.
- During a management meeting with Netwealth, we asked about their approach to cybersecurity given the increasing frequency of attacks on Australian government and corporates.
- During a meeting with Perpetual Investments, we discussed the company's approach to cybersecurity. We also discussed their plans for the Trillium ESG investment management acquisition earlier in the year.
- We engaged with New Energy Solar in relation to renewable energy demand broadly and the potential for commercialisation of green hydrogen. We also discussed whether they would be able to support green hydrogen if the demand presented itself.
- We engaged with Calix in relation to gender diversity both on the company's board and executive team. The company informed us that it had recently appointed a number of senior female appointments, including as project leader of the company's LEILAC carbon emissions mitigation project in Europe.

Top 5 Positions	Trust (%)	Index (%)
Integral Diagnostics	4.5	0.3
Mercury Energy	3.5	0.0
Steadfast Group Ltd	3.3	1.5
Janison Education	3.1	0.0
Kathmandu	3.0	0.1

Sustainable Future and ESG Team

Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst

