

	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)	-0.7	6.6	6.6	4.1	7.2		9.4
S&P/ASX Small Ordinaries Accum. Index	-2.8	5.7	5.7	-3.3	0.2		2.6
Value Added	2.1	0.9	0.9	7.4	7.0		6.8

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

Overview

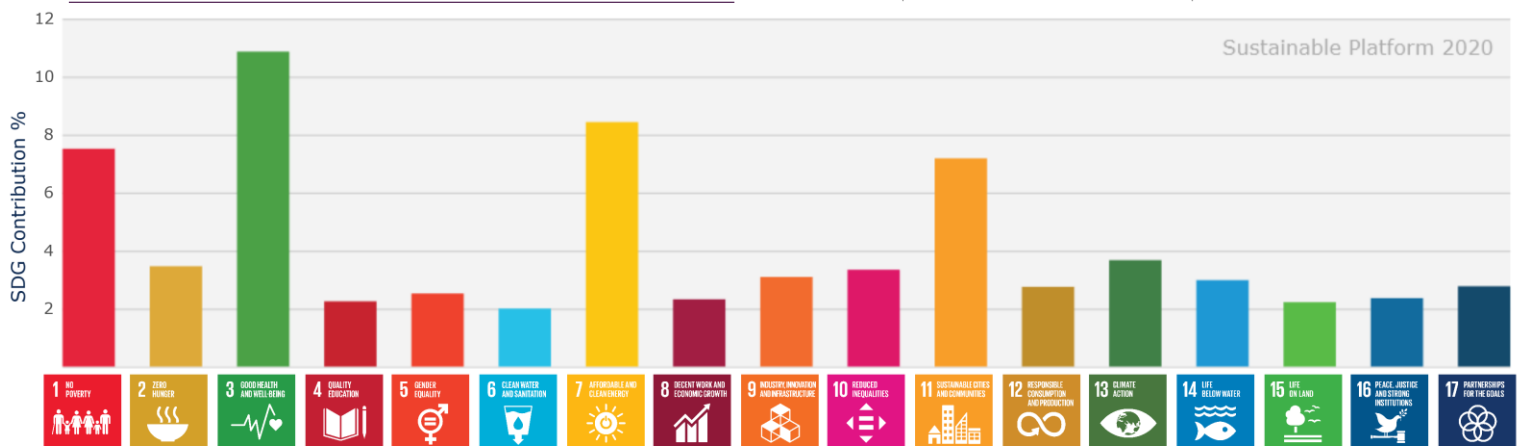
- The Sustainable Future Trust was down 0.7% net of fees, outperforming the benchmark return by 2.1%.
- It is a key goal of the Trust to demonstrate that there is no performance trade-off to invest with a focus on ESG and sustainability. Since inception in February 2018, the Trust has delivered a 9.4% p.a. return net of fees, outperforming the benchmark by 6.8% p.a.
- Positive contributors this month included Imricor (+62.0%), 4DMedical (+14.5%) and Janison Education (+3.9%).
- Negative contributors this month included Genetic Signatures (-25.0%), City Chic Collective (-11.0%) and NIB Health (-10.6%).

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

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

This month we released our second annual Sustainable Future Survey which is designed to check the "ESG Pulse" of ASX listed corporates.

The survey was sent to 250 Australian listed companies in June and we received responses from a range of industries and company sizes.

The survey suggested that corporates are shifting their focus away from governance towards environmental and social components of ESG.

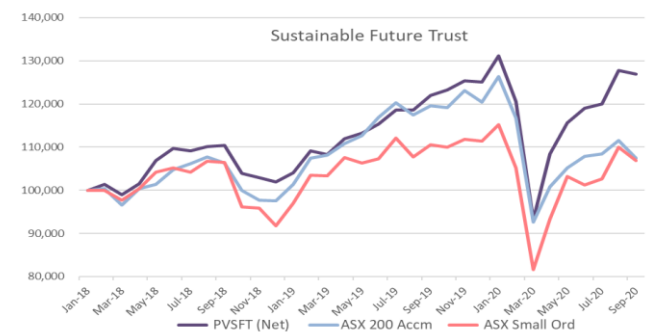
Respondents to the survey cited that in the next 12 – 18 months, greenhouse gas emissions, worker rights & modern slavery and Indigenous relations will become increasingly important to the business.

90% of respondents agreed that engaging with investors on ESG and sustainability is beneficial to their business, up from 85% in 2019.

While gender diversity was less of a focus for respondents this year, gender diversity at the executive and manager level remained important.

The findings of the report will assist us in our engagements with corporates over the next 12 months.

Performance Since Inception



Value of A\$100,000 since inception (1 February 2018) of the Sustainable Future Trust as at 30 September 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

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Positive contributors this month included Imricor (+62.0%), 4DMedical (+14.5%) and Janison Education (+3.9%).

Negative contributors this month included Genetic Signatures (-25.0%), City Chic Collective (-11.0%) and NIB Health (-10.6%).

Imricor performed strongly after making a number of positive announcements during the month. It announced that it had signed Leipzig Heart Centre and Bad Neustadt Compus, both in Germany, as hospitals that will use the company's MRI-guided cardiac ablation products. It also announced that it had signed Maastricht University Medical Centre in the Netherlands – pleasingly through the distribution agreement that it has with Philips which is one of the world's leading manufacturers of MRI equipment. The company is continuing to develop new products and announced that it had been awarded a contract from the US National Institutes of Health to develop an MRI compatible myocardial biopsy system that will biopsy the inner walls of the heart while using MRI imaging to guide the procedure.

4DMedical was up after announcing that it had received Therapeutics Goods Administration Approval in Australia for the company's XV Lung Ventilation Analysis software.

Janison Education announced a positive quarterly sales update. Importantly, the company's Janison Insights online exam platform has been integrated with BrightSpace, a leading global education platform which makes the product readily available to a wider audience of potential clients - both secondary schools and universities.

There was no new announcement from Genetic Signatures during the month, although post month end the company announced a strong quarterly update which at the time of writing had resulted in the share price regaining some of the September fall. City Chic announced that it was unsuccessful in acquiring the Catherine's business as part of the bankruptcy auction process in the US. While this is disappointing in the short term, it demonstrates the capital discipline of management and leaves the company with a very strong balance sheet to pursue other opportunities.

During the month Cleanaway announced that it had conducted an internal review in relation to bullying claims and a number of other allegations that had been made against the Company's CEO Vik Bansal. We engaged with the company in relation to the allegations and the company's response. After considering the company's response, our other recent engagements with the company and the company's prospects we decided to sell the portfolio's position in the company.

We also sold out of Carbon Revolution following recent share price strength and added EROAD to the portfolio. EROAD operates an in-vehicle telematics product which is used in Australia, New Zealand and the United States. An important aspect of the EROAD product is to monitor vehicle movements to improve drive safety and increase fuel efficiency in motor vehicle fleets.

At month end the Trust held 42 stocks and cash was 7.4%.

For August, 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.

ESG Activity

Our ESG activities during the month included:

- We were pleased to be recognised by the Responsible Investments Association Australasia (RIAA) as being a leader in responsible investment.
- During the month, the media had highlighted numerous cultural concerns at Cleanaway (ASX: CWY). We engaged with the company on the nature of the allegations and the company's response to the issues.
- Calix (ASX: CXL) appointed an additional female director to the board after we had engaged to encourage greater gender diversity.
- During our post-result call with Kathmandu management (ASX: KMD), we enquired about the sustainability credentials of the newly acquired Rip Curl business, the progress on B Corp certification and the results of the Ethical Fashion Report across business divisions.
- We engaged with Janus Henderson (ASX: JHG) on their ESG / sustainability updates including their new ESG website, TCFD reporting, ESG metrics, Responsible Investment policy and engagement & voting stewardship review.
- Engaged with Janison Education (ASX: JAN) on their remuneration structure and board composition. They had made progress since our discussion last year including a more sophisticated LTI plan with a relative TSR targets and ROE target.
- We became aware of a fire at a Sims recycling plant (ASX: SGM) and we wrote to the company enquiring about the cause and subsequent changes to process to prevent it from happening in the future.
- We met with the Chair of New Energy Solar to discuss the company's approach to governance and the company's strategic review.

Top 5 Positions

	Trust (%)	Index (%)
Imricor	4.7	0.0
Integral Diagnostics	4.1	0.3
Janison Education	3.7	0.0
Mercury Energy	3.7	0.0
Calix	3.2	0.0

Sustainable Future and ESG Team

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