

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception <sup>^</sup> (%p.a.)	Since Inception Cumulative <sup>^</sup> (%)
Perennial Better Future Trust (Net)	-1.7	-2.9	24.7	59.4	17.1	14.5	13.3	48.4
S&P/ASX Small Ordinaries Accum. Index	0.8	2.1	22.8	52.2	9.6	8.3	7.1	24.3
<b>Value Added</b>	<b>-2.5</b>	<b>-5.0</b>	<b>1.9</b>	<b>7.2</b>	<b>7.5</b>	<b>6.2</b>	<b>6.2</b>	<b>24.1</b>

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

## Overview

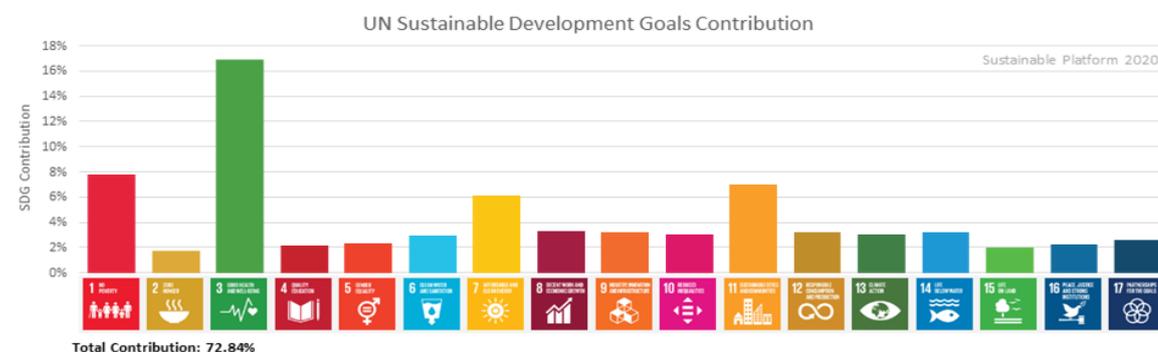
- The Better Future Trust was down 1.7% net of fees in March, underperforming the benchmark return by 2.5%.
- Performance this month was impacted by weaker than expected trading updates from CleanSpace (-67.2%) and Limeade (-41.8%). As discussed further below, we remain comfortable with the medium-term outlook for both businesses.
- Positive contributors this month included Immutep (+19.1%), Telix (+11.7%) and Janison Education (+8.5%).
- It is over three years since the inception of the Trust. It is a key goal of the Trust to demonstrate that there is no performance trade-off to invest with a focus on creating a better future. Since inception in February 2018, the Trust has delivered a 13.3% p.a. return net of fees, outperforming the benchmark by 6.2% p.a.

## Perennial Better 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 businesses that are making a positive contribution to creating a better future. 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 (if any)	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 30 Sept 2020; based on company revenues. Note: ~70% of holding companies revenue contributes to the UN SDGs

## Better Future Highlight

During the month, 4D Medical announced that the Australian Lung Health Initiative Consortium, which is led by the company, was awarded \$28.9m in funding over 5 years. The funding is part of the Federal Government's Medical Research Future Fund Frontier Health and Medical Research initiative. As mentioned in last month's report, portfolio holding Micro-X also received funding under this initiative.

The funding will be used to develop two generations of world first, dedicated lung function scanners. The scanners will provide safe, easy and rapid lung analysis of children and adults.

The new scanners will be integrated with 4D Medical's existing XV Lung Ventilation Analysis Software. This software takes traditional scan data and provides physicians with enhanced granularity of the lung function of patients.

The new scanners will be dedicated to pulmonary scans and will provide higher detail and greater accuracy than existing scans. The scanners will provide better unit economics for medical institutions by combining rapid throughput, broader patient populations and increasing scanning frequency of individual patients due to lower radiation. In particular, it will be far easier to conduct lung scans for children and people with disabilities.

## Performance Since Inception



Value of A\$100,000 since inception (1 February 2018) of the Better Future Trust as at 31 March 2021.

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 Better Future Trust was down 1.7% net of fees in March, underperforming the benchmark return by 2.5%.

Performance this month was impacted by weaker-than-expected trading updates from two stocks - CleanSpace (-67.2%) and Limeade (-41.8%). As discussed below, we remain comfortable with the medium-term outlook for both businesses.

Positive contributors this month included Immutep (+19.1%), Telix (+11.7%) and Janison Education (+8.5%).

It is over three years since the inception of the Trust. It is a key goal of the Trust to demonstrate that there is no performance trade-off to invest with a focus on creating a better future. Since inception in February 2018, the Trust has delivered a 13.3% p.a. return net of fees, outperforming the benchmark by 6.2% p.a.

Immutep announced that it would be conducting a new Phase IIb trial of the company's "efti" product in conjunction with Merck & Co's KEYTRUDA product as a first-line treatment for patients with head and neck cancer. This is after promising results from trials to date.

Telix made a number of announcements indicating that it is preparing to ramp up production and distribution of the company's Ilucix product for the imaging of prostate cancer, subject to receiving US Food and Drug Administration approval later in the year.

Janison Education announced that it had been appointed by the OECD as sole provider in Australia of the PISA for Schools assessment and that the company's online examination platform had been appointed as platform provider for the assessment in China. Janison has now been appointed as the platform provider or service provider in 10 jurisdictions including the US and Japan.

CleanSpace announced a significantly weaker-than-expected quarterly update due to weakness in the company's North American health segment, as US hospitals are focussed on implementation of the US vaccination program rather than other procurement activities. This has impacted the company's healthcare sales in the US although we see a significant global opportunity over the medium term for the company's powered air-purifying respirators that protect the health of industrial and healthcare workers. We note that the company has net cash of over \$30m on the balance sheet to weather any ongoing short-term volatility.

Limeade announced a weaker-than-expected outlook for the financial year in late February as COVID-19 restrictions had impacted conversion of the company's sales pipeline. We expect this situation will improve as the US economy starts to open up following the accelerated vaccination program. We see a large global market opportunity for the company's employee engagement and well-being platform as employers seek to re-connect with a likely more decentralised workforce post-COVID.

During the month we added Alpha HPA to the portfolio. Alpha HPA has developed a proprietary technology to produce high-purity alumina from an industrial chemical feedstock in a process that is significantly less carbon intensive than traditional processes and does not use mined ore as feedstock. The end-product high purity alumina is then used in LED lighting and lithium-ion cell batteries. Another interesting aspect of the process is that it uses as inputs reagents which are by-products of other chemical processes and generates by-products that can be re-used in other chemical processes. It is also expected that significant parts of the process will be powered by renewable energy. During the month we visited the company's demonstration plant in Brisbane which it is looking to scale-up at the conclusion of the current process in which it is seeking to secure off-take agreements with key customers.

During the month, we reduced our holdings in Calix, City Chic and Telix and we added to holdings in Immutep and 4D Medical.

At March end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESG") Score of the Trust was 7.1 which is 25% higher than the benchmark ESG Score of 5.7.

## ESG Activity

Our ESG activity during the month included:

- We engaged with CleanSpace in relation to modern slavery risks in the company's supply chain, including the extent to which components come from China and the level of manual labour used in the production process. While the risk is lower than other industries as the products are assembled in Sydney and there is little manual labour in component manufacture, it is an area which we will continue to monitor and encourage the company to increase disclosure.
- We discussed with Kathmandu the steps the company is taking to further improve the management of supply chain risks in the relatively recently acquired Rip Curl business.
- We participated in a panel on investments in the water sector with Triple Impact Advisory.
- Emilie O'Neill was a guest lecturer for the Responsible Investing course at the University of NSW.
- We participated in a survey by the Alliance for Human Rights on how investors perceive their role in relation to human rights and environmental matters.

## Top 5 Active Positions Trust (%) Index (%)

Top 5 Active Positions	Trust (%)	Index (%)
Janison Education	3.7	0.0
Integral Diagnostics	3.9	0.3
Spark NZ	3.8	0.4
Charter Hall Social Infrastructure	3.0	0.4
Kathmandu	2.6	0.0

## Better Future and ESG Team

Damian Cottier  
Portfolio Manager

Emilie O'Neill  
ESG & Equities  
Analyst



CERTIFIED BY RIAA



The Perennial Better Future Trust has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details<sup>1</sup>.

1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

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