

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Better Future Trust (Net)	+3.0	+5.7	+8.5	-8.2	-3.0	+3.6	+7.9	+7.9	+46.0
S&P/ASX Small Ordinaries Accumulation Index	+6.6	+7.6	+14.1	-4.4	+1.0	+2.4	+4.4	+4.4	+23.7
<b>Value Added</b>	<b>-3.6</b>	<b>-1.9</b>	<b>-5.6</b>	<b>-3.8</b>	<b>-4.0</b>	<b>+1.2</b>	<b>+3.5</b>	<b>+3.5</b>	<b>+22.3</b>

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

### Overview

The benchmark rose a very strong 6.6% during January as earnings preannouncements were generally better than feared and the market pursued cyclical stocks. The fund was up 3.0% after fees, underperforming the benchmark by 3.6%. Key contributors to the relative underperformance were our underweight position in cyclical exposures, including resources, while a number of our defensive holdings lagged the rally.

It is now 5 years since inception of the Trust and over this time the Trust has delivered a +7.9% p.a. return net of fees, outperforming the benchmark by 3.5% p.a.

Positive contributors to relative performance this month included Sims Ltd (+16.6%), G8 Education (+13.6%), Calix Ltd (+24.2%) and Charter Hall (+14.9%).

The key negative contributors to relative performance this month were Spark NZ (-4.4%), Meridian Energy (-1.4%), Telix Pharmaceuticals (-2.5%) and Steadfast Group (-4.2%).

### Better Future Highlight

During the month Calix announced that the Solar Methanol Project of which it is a consortium member has been awarded approximately \$40m funding from the Australian Renewable Energy Agency and Germany's Federal Ministry of Education and Research to develop the production of sustainable fuels from captured carbon dioxide emissions.

Part of the project will also involve Calix working with Adbri to make zero emissions lime with electrification and the capture of unavoidable carbon dioxide emissions as part of the production process using Calix technology. This carbon dioxide will then be used as an input to the production of green methanol. This is significant as it develops another use for the carbon dioxide which is captured as part of Calix's LEILAC process.

The green methanol produced by the Project will be developed into sustainable fuels for the maritime and aviation sectors, two of the hardest-to-abate transport sectors responsible for 4.3% of global carbon dioxide emissions.

The funding from the German government for the project highlights the potential to use Australian renewable energy to assist with the decarbonisation of global industry with the demonstration plant to be constructed in Port Augusta, South Australia.

### 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

Annually (if any)

#### Minimum Initial Investment

\$25,000

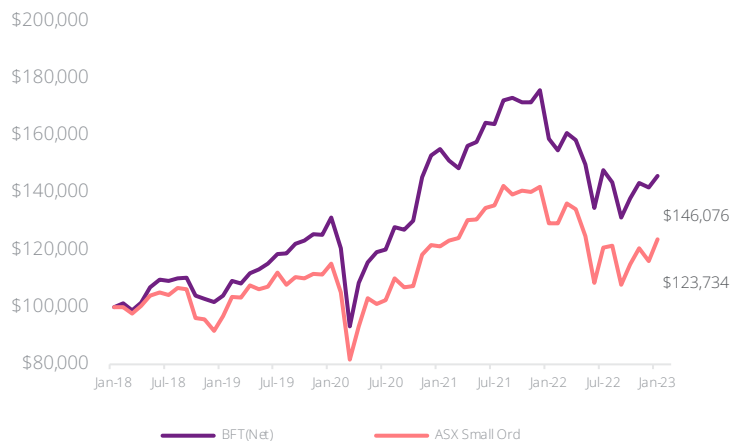
#### Trust Inception Date

1 February 2018

#### Fees

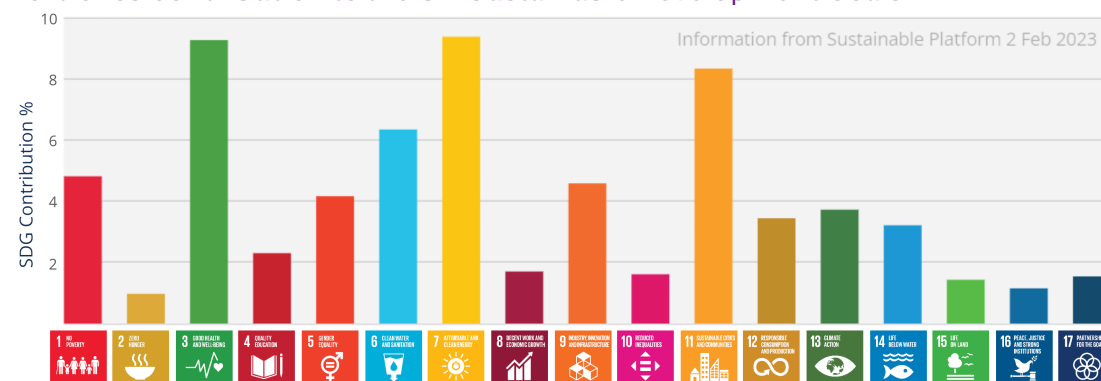
1.20% p.a. + Performance fee

### Growth of \$100,000 Since Inception



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.

### Portfolios Contribution to the UN Sustainable Development Goals



**Total Contribution: 67.93%**

**(equal to 52.64% social impact contribution and 15.29% environmental impact contribution)**

Source: Data provided by the Sustainable Platform 2 February 2023; based on company revenues

## Trust Review

The benchmark rose a very strong 6.6% during January as earnings preannouncements were generally better than feared. The fund was up 3.0% after fees, underperforming the benchmark by 3.6%.

Key contributors to the relative underperformance were our underweight position in cyclical exposures, including resources, while a number of our defensive holdings lagged the rally. Also contributing to this performance outcome were some of our non-index stocks which in general lagged the initial stages of the rally. We remain comfortable with the broad balance that we have in the portfolio in the current environment.

This month marks the fifth anniversary of the commencement of the Trust. Over the 5 years since inception, the Trust has delivered a +7.9% p.a. return net of fees, outperforming the benchmark by 3.5% p.a.

Positive contributors to relative performance this month included Sims Ltd (+16.6%), G8 Education (+13.6%), Calix Ltd (+24.2%) and Charter Hall (+14.9%).

The key negative contributors to relative performance this month were Spark NZ (-4.4%), Meridian Energy (-1.4%), Telix Pharmaceuticals (-2.5%) and Steadfast Group (-4.2%).

There were no updates during the month from Sims, with the stock benefiting from the move to more cyclical exposures during the month. G8 Education was stronger after a better-than-expected update in December.

As mentioned overleaf, Calix announced significant grants from Australian and German government agencies to advance the Solar Methanol Project which presents an interesting use of the byproducts of Calix's LEILAC process to capture carbon dioxide from the lime production process.

There were no updates from Spark NZ or Steadfast during the month. Meridian Energy provided its usual monthly update which was largely in line with expectations.

Telix Pharmaceuticals was weaker despite providing a quarterly sales update which was ahead of consensus expectations, with sales of \$76.8m for the second full quarter of sales for the company's Illucix prostate cancer imaging product. This was 39% higher than the strong first full quarter of sales.

One stock that provided a disappointing update was Impedimed. Impedimed fell 22.8% after announcing that the US National Comprehensive Cancer Network (NCCN) had not amended its guidelines to more directly refer to the company's process to monitor lymphoedema in breast cancer survivors which was expected to facilitate health fund reimbursement for the use of the company's SOZO product in the US. This was a disappointing result albeit the company is pursuing a number of other avenues to reimbursement, including inclusion in the NCCN Survivorship Panel guidelines which are expected to be updated later in the year.

At month end, the portfolio held 45 stocks and cash of 7.0%.

At January end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.3 which is 28% higher than the benchmark ESGE Score of 5.7.

## ESG Activity

As usual, January was a quieter month. Our ESG activity during the month included:

- Climate Active Certification for Perennial's operational carbon neutral status: Read more [here](#).
- Participated in a survey for Pacific Edge on sustainability standards.
- Perpetual merger with Pendal resulted in a greater proportion of females on the board now at 44%.

### Top 5 Active Positions

	Trust (%)	Index (%)
Meridian Energy	5.1	0.0
Telix Pharmaceuticals	5.3	0.7
Spark New Zealand	4.0	0.5
Sims Ltd	4.4	1.0
Integral Diagnostics	3.5	0.3



Emilie O'Neill (left) and Damian Cottier (right)

## Invest Online Now



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 <http://www.responsiblereturns.com.au/> for details<sup>1</sup>.

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