

	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)	-0.9	+0.8	+7.5	-6.5	-2.2	+6.2	+7.4	+7.6	+44.9
8S&P/ASX Small Ordinaries Accumulation Index	-3.7	-1.2	+9.8	-8.0	-1.7	+4.2	+3.6	+3.5	+19.2
Value Added	+2.8	+2.0	-2.3	+1.5	-0.5	+2.0	+3.8	+4.1	+25.7

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

Overview

The benchmark fell 3.7% during February and gave back some of its gains from January as interest rate expectations increased following better than expected economic data. The fund was down 0.9% after fees, outperforming the benchmark by 2.8%.

It is now over 5 years since inception of the Trust and over this time the Trust has delivered a +7.6% p.a. return net of fees, outperforming the benchmark by 4.1% p.a.

Positive contributors to relative performance this month included AUB Group (+17.4%), Steadfast Group (+11.3%), Alpha HPA (+17.6%), Smartgroup (+13.1%) and Sims (+4.7%).

The key negative contributors to relative performance this month were Immutep (-18.6%), Integral Diagnostics (-14.1%) and Pexa Group (-2.5%).

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

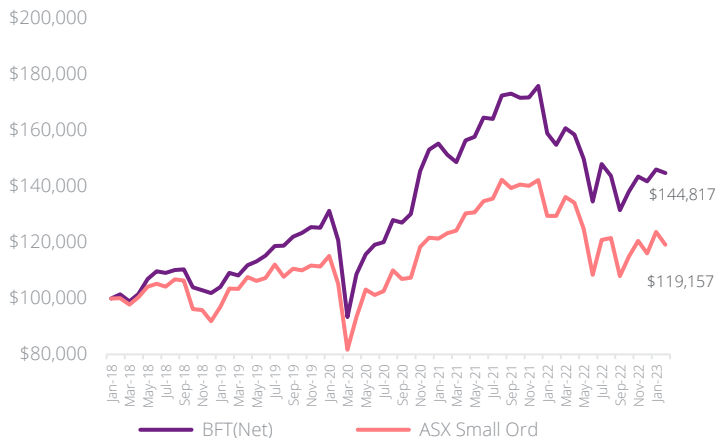
1.20% p.a. + Performance fee

Better Future Highlight

During the month, the first time analysis of the primary endpoints and secondary endpoints of Telix’s Phase III Ziron trial was delivered to the 2023 American Society of Clinical Oncology Genitourinary Cancers Symposium in San Francisco. The results were presented by Associate Professor Brian Such, MD, Director of the Kidney Cancer Program at the UCLA Institute of Urologic Oncology, who was a Principal Investigator of the trial. The trial examined the utility of Telix’s imaging product in detecting clear cell renal cell carcinoma (renal or kidney cancer). Existing imaging cannot reliably distinguish between benign or malignant renal masses. Telix’s Ziron product is designed to address this and help physicians manage renal cancer. The current method of determining whether a renal mass is malignant is to conduct an invasive biopsy on the patient.

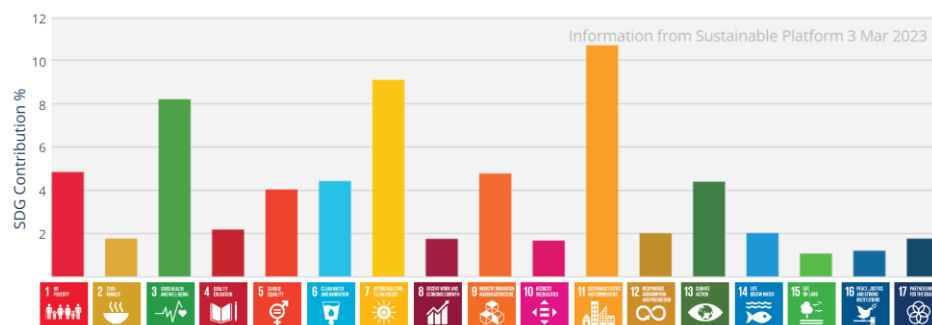
The primary and secondary endpoints of the trial were met and exceeded and the Ziron product is now well positioned to obtain US Food and Drug Administration approval likely early in 2024, with product launch expected soon after this. This product is Telix’s second imaging product, with the company’s first product, Illucix, being a game-changer for helping urologists detect and manage prostate cancer. It is expected that the Ziron renal cancer imaging product will also greatly assist urologists in detecting and treating renal cancer.

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



Source: Data provided by the Sustainable Platform 3 March 2023; based on company revenues

Trust Review

The benchmark fell 3.7% during February and gave back some of its gains from January as interest rate expectations increased following better than expected economic data. The fund was down 0.9% after fees, outperforming the benchmark by 2.8%.

It is now over 5 years since inception of the Trust and over this time the Trust has delivered a +7.6% p.a. return net of fees, outperforming the benchmark by 4.1% p.a.

While the February reporting season was, in general, lackluster, a number of portfolio companies delivered strong results which was a driver of the outperformance over the month.

Positive contributors to relative performance this month included AUB Group (+17.4%), Steadfast Group (+11.3%), Alpha HPA (+17.6%), Smartgroup (+13.1%) and Sims (+4.7%).

The key negative contributors to relative performance this month were Immutep (-18.6%), Integral Diagnostics (-14.1%) and Pexa Group (-8.8%).

The results for insurance brokers AUB Group and Steadfast benefited from higher insurance premiums as a result of the increasing incidence of climate-related perils claims for insurers. In addition, AUB's acquisition of the UK-based Tyser's group is performing better than expected. The Smartgroup result was better than feared and indicated that the new year had started better than expected.

The Sims result benefited from the markets for recycled scrap metal materials improving towards the end of last year. Management also managed cashflow extremely well in what was a challenging six month period for the business given volatile end markets.

Immutep was weaker despite there being no surprises from its result. The Integral Diagnostics result was significantly weaker than expected as COVID-related impacts on diagnostic imaging volumes continued longer than expected and COVID-related sick leave early in the half and inflation had an impact on costs. On a more positive note, the new year appears to be off to a stronger start than last half and we expect volumes to recover this year.

The PEXA result was weaker due to higher than expected investment associated with entry into the UK market. During the month, while visiting the UK we conducted meetings with four participants in the UK conveyancing market to better understand the progress that PEXA is making in the UK. We came away from the meetings with greater confidence in the opportunity that the UK presents for PEXA and the headway that it is making.

During the month, portfolio company Calix announced two interesting developments. Firstly, it announced that Innovate UK had awarded GBP5M to a project led by Windship Technology Ltd in partnership with Calix to demonstrate a novel route to zero carbon shipping. This involves combining renewably powered propulsion and a lime-based carbon capture solution for remaining emissions. Calix also announced a memorandum of understanding with Heirloom Carbon Technologies. The MOU relates to a proposed license agreement for the use of Calix's kiln technology in the Direct Air Capture technology that Heirloom is developing to permanently remove carbon dioxide from the atmosphere. The investors in Heirloom include entities associated with Bill Gates and Microsoft.

At month end, the portfolio held 44 stocks and cash of 8.0%.

At February 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.

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Signatory of:



Principles for Responsible Investment



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ESG Activity

Our ESG activity during the month included:

- Calix appointed a female director, Alison Deans, to the board. We have been engaging with Calix on improving the gender diversity on the board for some time and are pleased to see a very strong appointment. Ms Deans is currently the chair of Cochlear and previously the CEO of Ebay Australia.
- Met with Arena REIT to discuss modern slavery, RAP, solar panels and Sustainability linked loans.
- Discussed gender diversity and ESG strategies with Perpetual.
- Attended meetings in London with global ESG teams at Citi and Morgan Stanley to discuss Inflation Reduction Act (IRA), cyber security, nature-based solutions and alternative energy technologies.
- We discussed ESG with Nanosonics including minimising the environmental footprint of products and modern slavery in the supply chain. The company is focused on measuring Scope 1, Scope 2 and Scope 3 emissions and a program in place to recycle the Trophon product at end of life.

Top 5 Active Positions

	Trust (%)	Index (%)
Meridian Energy	5.0	0.0
Telix Pharmaceuticals	5.3	0.7
Sims Ltd	4.6	1.1
Spark New Zealand	3.9	0.5
AUB Group	4.1	1.1



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

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