

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception <sup>^</sup> (% p.a.)	Since Inception Cumulative <sup>^</sup> (%)
Perennial Better Future Trust (Net)	-3.5	-0.2	-2.4	+2.9	-7.4	+5.0	+6.1	+7.3	+48.1
S&P/ASX Small Ordinaries Accumulation Index	-1.3	+2.2	+2.2	-1.1	-8.1	+3.0	+2.4	+3.4	+20.2
<b>Value Added</b>	<b>-2.2</b>	<b>-2.4</b>	<b>-4.6</b>	<b>+4.0</b>	<b>+0.7</b>	<b>+2.0</b>	<b>+3.7</b>	<b>+3.9</b>	<b>+27.9</b>

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

### Overview

The benchmark gave back some of July's gains during August, finishing down 1.3%. The Trust was down 3.5% after fees in August and underperformed by 2.2%.

The weak performance from the Trust was driven by a range of factors working against the portfolio. We remain comfortable with the positioning of the Trust and are becoming incrementally more positive from a broader market perspective as earnings expectations now seem more realistic after the recent reporting season.

Positive held contributors to relative performance during August included AUB Group (+7.5%), Australian Ethical (+8.7%), EQT Holdings (+3.7%) and G8 Education (+2.7%).

Negative contributors to relative performance during the month included Meridian Energy (-7.1%), PEXA Group (-12.8%), Genetic Signatures (-28.7%) and Iress (-38.3%).

### Better Future Highlight

During the month, Calix announced that the final investment decision ("FID") had been made for the construction and operation of a Mid-Stream Demonstration Plant ("Project") in joint venture with Pilbara Minerals. The Project aims to demonstrate the benefits of producing a mid-stream lithium enriched product using Calix's electric kiln technology. Independent studies estimate that converting spodumene using electric calcination when using 100% renewable energy has the potential to reduce calcination emissions intensity by greater than 80% which materially reduces carbon emissions in one of the most energy intensive steps of the lithium battery materials production process. It is expected this will contribute up to 25% reduction in the carbon intensity of the total lithium hydroxide process.

Calix will contribute 21% of the \$104.9m cost of construction and will have a 45% holding in the Project.

This is a significant milestone for the application of Calix's technology to the lithium processing industry. The Project is expected to generate 3,000 tonnes per annum of lithium phosphate and generate meaningful cashflows when the Project commences production in early 2026, with the potential to licence the technology globally.

### 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

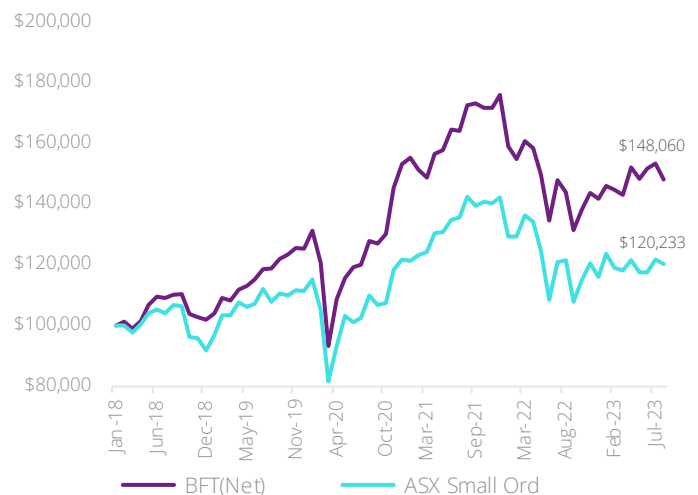
#### Trust Inception Date

1 February 2018

#### Fees

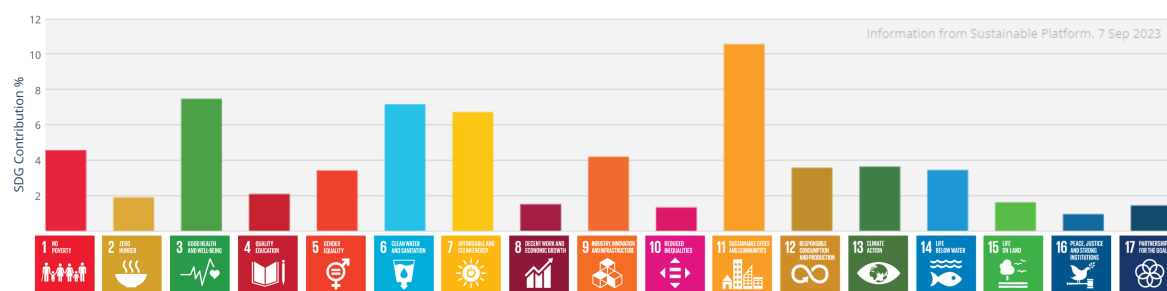
1.20% p.a. + Performance fee

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



As at 31 August 2023. 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: 65.49%**  
(equal to 50.72% social impact contribution and 14.77% environmental impact contribution)

Source: Data provided by the Sustainable Platform 7 September 2023; based on company revenues

## Trust Review

The benchmark gave back some of July's gains during August, finishing down 1.3%. The Trust was down 3.5% after fees in August and underperformed by 2.2%.

The weak performance from the Trust was driven by a range of factors working against the portfolio, including outperformance from the consumer discretionary sector, which we are underweight and general weakness in healthcare stocks, which we are overweight. We remain comfortable with the positioning of the Trust and are becoming incrementally more positive from a broader market perspective as earnings expectations now seem more realistic after the recent reporting season.

It is now over 5 years since the inception of the Trust and over this time the Trust has delivered a 7.3% p.a. return net of fees, outperforming the benchmark by 3.9% p.a.

Positive held contributors to relative performance during August included AUB Group (+7.5%), Australian Ethical (+8.7%), EQT Holdings (+3.7%) and G8 Education (+2.7%).

Negative contributors to relative performance during the month included Meridian Energy (-7.1%), PEXA Group (-12.8%), Genetic Signatures (-28.7%) and Iress (-38.3%).

AUB Group upgraded guidance early in the month and delivered a good result. One of the many unfortunate outcomes of increased natural disasters is that insurers must continue to increase insurance premiums for commercial clients, which insurance brokers such as AUB benefit from. Australian Ethical, EQT, and G8 Education all delivered solid results.

Meridian Energy was weaker despite delivering a solid result as cost guidance was a little higher than expected. PEXA Group delivered a solid result in the company's Australian business despite softer market conditions. However, there were delays in progress with the company's early stage UK business which disappointed the market.

Genetic Signatures was weaker after announcing that some issues with the results of the company's test for Influenza B would impact revenue in the current quarter and a delay in lodging the US FDA application for the company's innovative test for gastroenteritis. The company announced in early September that it had now lodged the FDA application and at the time of writing the share price had recovered a significant portion of the weakness in August.

Iress delivered a significantly weaker-than-expected result, backtracked from guidance given at the company's Investor Day in April and suspended the company's dividend. While the market reaction was severe, the impact on portfolio performance was mitigated by the relatively small position size.

At month end, the portfolio held 43 stocks and cash of 7.0%.

At August end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.3 which is 29% higher than the benchmark ESGE Score of 5.7.

Top 5 Active Positions	Trust (%)	Index (%)
Meridian Energy	5.1	0.0
AUB Group	5.7	1.2
Sims Ltd	5.1	1.1
Integral Diagnostics	3.7	0.3
G8 Education	3.7	0.4

## ESG Activity

ESG activity during the month included:

- We emailed portfolio companies regarding the proposed International Sustainability Standards Board standards to provide some initial guidance on what reporting requirements may be required.
- We discussed 40:40 Vision and executive gender diversity with Netwealth and following a number of years of engaging on measuring GHG emissions, they confirmed they expect to release corporate GHG emissions disclosures in FY24.
- Integral Diagnostics announced the appointment of Ingrid Player as NED. Ingrid is currently on the boards of Cleanaway and Cogstate. Following these changes, the board is now majority female and independent. Ms Player has over 20 years of experience in the healthcare industry including Group Executive – Legal, Governance and Sustainability at Healthscope.
- Chorus announced a restructured management team which increased the percentage of females in leadership positions in line with our engagement efforts as part of the 40:40 Vision.
- Nanosonics announced that it will release its first Reconciliation Action Plan in FY24.
- We met with a private carbon soil measurement technology company to discuss approaches to carbon measurement in soils.



Emilie O'Neill (left), Damian Cottier (middle) and Madeleine Huynh (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>.

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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