

	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)	-6.9	-14.1	-13.2	-4.7	-12.4	+0.4	+4.9	+4.9	+31.8
S&P/ASX Small Ordinaries Accumulation Index	-5.5	-10.5	-7.3	-5.1	-12.0	+0.5	+2.5	+1.5	+9.1
<b>Value Added</b>	<b>-1.4</b>	<b>-3.6</b>	<b>-5.9</b>	<b>+0.4</b>	<b>-0.4</b>	<b>-0.1</b>	<b>+2.4</b>	<b>+3.4</b>	<b>+22.7</b>

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

### Overview

Global equity markets were again generally weak during October in response to the Israel/Hamas conflict and rising bond yields resulting in the benchmark ending down 5.5% during the month. The Trust was down 6.9% after fees in October and underperformed by 1.4%.

A significant contributor to weak absolute and relative performance during the month was the weak performance of the Smalls Industrial portion of the index which was down 7.0% and the relatively strong performance of the Small Resources index, which was down 1.0%. While the performance of the Trust since 30 June has been weaker than expected, in our view the portfolio is well positioned going forward. Our target price forecasts suggest that as at the end of the month there is significant upside across the portfolio.

Positive held contributors to relative performance during October included Immutep (+12.5%), Smartgroup (+3.6%), APM Human Services (+13.3%) and Spark NZ (+1.8%).

Negative contributors to relative performance during the month included Janison Education (-41.5%), Impedimed (-34.3%), Telix Pharmaceuticals (-22.5%) and Next Science (-54.0%).

### 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

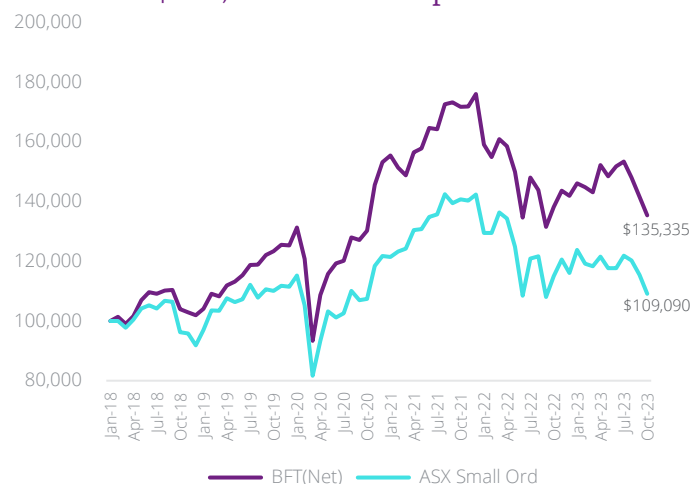
#### Fees

1.20% p.a. + Performance fee

### Better Future Highlight

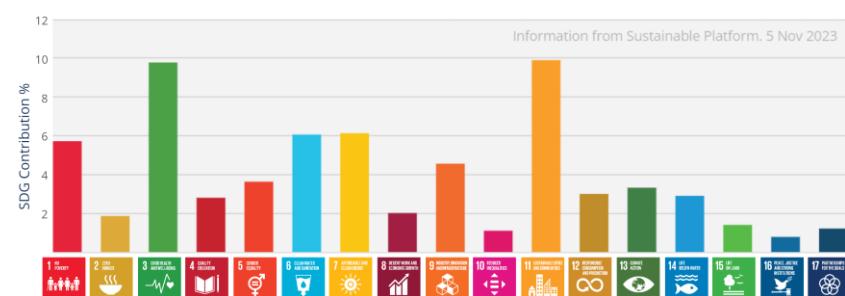
During the month, portfolio holding Immutep announced very positive data from the company's Phase II trial using the company's Efti product in conjunction with Merck & Co's immunotherapy cancer treatment Keytruda in patients with non-small cell lung cancer (“NSCLC”). In the trial, patients who have cancers that are more likely to respond to immunotherapy experienced a median overall survival (mOS) of 35.5 months, which is significantly greater than previous trials using just Keytruda where the mOS was 16.4 months. It was also higher than in trials where Keytruda has been used in combination with chemotherapy (23.3 months). Importantly, the efti + Keytruda combination which does not involve chemotherapy had a better patient safety profile that resulted in around half the number of patients having to drop out of the treatment due to adverse side effects compared to trials where chemotherapy was involved. If confirmed in future trials, these results bode well for the company given the estimated US\$10bn market size for efti + Keytruda in NSCLC. Efti has also demonstrated promising results in trials for head and neck squamous cell carcinoma which is another significant market.

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



As at 31 October 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



Source: Data provided by the Sustainable Platform 5 November 2023; based on company revenues

**Total Contribution: 66.13%**  
(equal to 52.9% social impact contribution and 13.23% environmental impact contribution)

## Trust Review

Global equity markets were again generally weak during October in response to the Israel/Hamas conflict and rising bond yields resulting in the benchmark ending down 5.5% during the month. The Trust was down 6.9% after fees in October and underperformed by 1.4%.

A significant contributor to weak absolute and relative performance during the month was the weak performance of the Smalls Industrials portion of the index which was down 7.0% and the relatively strong performance of the Small Resources index, which was down 1.0% - the portfolio is materially underweight resource stocks. There was also general weakness in the healthcare sector (Small cap Healthcare index down 10.5%) over global concerns about the potential impact that weight loss drugs like Ozempic may have on demand for healthcare over the medium term. In our view, the impacts are likely to be less than some have suggested, particularly for the healthcare stocks that are held in the portfolio and that many of the stocks have been oversold.

Positive held contributors to relative performance during October included Immutep (+12.5%), Smartgroup (+3.6%), APM Human Services (+13.3%) and Spark NZ (+1.8%).

Negative contributors to relative performance during the month included Janison Education (-41.5%), Impedimed (-34.3%), Telix Pharmaceuticals (-22.5%) and Next Science (-54.0%).

As mentioned in the Better Future Highlight section, Immutep announced very positive data from the company's Phase II trial in patients with non-small cell lung cancer. Smartgroup was higher after a trading update from listed peer McMillan Shakespeare (not held) highlighted 28% growth in novated lease unit sales in 1Q24. EV sales (now 36% of unit sales) were the main driver of the increase.

Janison Education delivered a weaker than expected quarterly update and announced that the CEO had resigned. The weakness was confined to the company's ICAS business due a weaker economic environment with the company confirming good growth in the "solutions" business following new client wins including Oxford University Press and a large pipeline of major deals in the tender phase. Impedimed also announced a weaker than expected quarterly update and pushed out the timeline for securing reimbursement from US private health insurers. Interestingly, after month end the company announced that it had made progress on reimbursement with the largest private health insurer in the US. Telix was down after a marginally weaker than expected quarterly update and some confusion in the market as to the correct interpretation of trial results in relation to the company's prostrate cancer therapeutic product. In our view the share price reaction for each of these companies was disproportionate to the impact on the medium term outlook of the announcements.

Next Science materially downgraded recent guidance for the six months to 31 December given lower than expected sales in the US market. This was a disappointing outcome, however, the impact on the portfolio was limited by the small position size of the holding.

While the performance of the Trust since 30 June has been weaker than expected, in our view the portfolio is well positioned going forward. Our target price forecasts suggest that as at the end of the month there is significant upside in many stocks in the portfolio.

At month end, the portfolio held 44 stocks and cash of 5.8%.

At October end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.4 which is 31% higher than the benchmark ESGE Score of 5.6.

## ESG Activity

ESG activity during the month included:

- We engaged with AUB Group on board gender diversity.
- We engaged with APM on the company's remuneration report and on balance, decided to vote against the report at the AGM based on the comparatively high level of compensation.
- Met with Perpetual's Head of Sustainability to discuss the FY23 ESG report including Indigenous relations, gender diversity, gender pay gap, ESG products and employee indicators. We also engaged with the company on the executive remuneration structure and voted against the company's remuneration report at the AGM.
- Discussed Modern Slavery, environment and gender diversity in a dedicated ESG call with Fisher & Paykel Healthcare as part of our engagement plan with the company.
- Met with a carbon market investor to learn about ACCUs, global carbon markets & carbon pricing.
- Released an article on our RAP framework [here](#).



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.

Top 5 Active Positions	Trust (%)	Index (%)
Meridian Energy	5.3	0.0
Steadfast	4.2	0.0
Sims Ltd	4.9	0.9
AUB Group	5.2	1.2
Immutep	3.9	0.0

## Contact us



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