Perennial Better Future Trust

Monthly Report January 2024

	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	+11.0	-3.6	+0.1	-4.1	-2.0	+7.0	+6.6	+46.3
S&P/ASX Small Ordinaries Accumulation Index	+0.9	+15.8	+7.4	+2.1	-1.2	+1.3	+5.4	+4.0	+26.3
Value Added	**-1.8**	**-4.8**	**-11.0**	**-2.0**	**-2.9**	**-3.3**	**+1.6**	**+2.6**	**+20.0**

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

Overview

The benchmark rose 0.9% during January, consolidating recent gains. The Trust was down 0.9%, underperforming by 1.8%.

Positive held contributors to relative performance during January included AUB Group (+10.5%), Telix Pharmaceuticals (+14.1%) and NIB Holdings (+10.1%).

The most significant relative detractor was Calix (-50.9%) after unexpectedly announcing that the company's LEILAC-2 (Low Emissions Intensity Lime and Cement) project will be delayed. Due to economic conditions, the company's partner Heidelberg Materials has decided to cease production at the site where LEILAC-2 is commencing construction in Hanover, Germany. As discussed further overleaf, in our view, the share price movement is an overreaction given the other projects in Calix's pipeline. Other relative detractors included Impedimed (-24.1%) and G8 Education (-10.2%).

It is now 6 years since inception of the Trust in January 2018. Since inception the Trust has returned 6.6% p.a. after fees, outperforming the benchmark by 2.6%. Performance since 30 June 2023 has been weak, impacting performance across longer time periods. Looking forward, our target price forecasts* suggest that there remains good upside in the portfolio with a preference for stocks that have stock-specific drivers that we expect to materialise in the short to medium term and/or are expected to grow over the medium term regardless of the macroeconomic environment.

**Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in a materially positive or negative manner.*

Better Future Highlight

Portfolio holding PolyNovo has developed the NovoSorb biodegradable polymer matrix that is being used globally to improve complex wound outcomes for patients. The product is now available in 37 countries and has been used in over 37,000 patients.

The product assists patient outcomes by, in effect, organizing a large wound into a series of small wounds that the body is more easily able to heal. NovoSorb is synthetic compared to existing competitive "biologic" products that are animal based and that, among other issues, carry greater risk of infection.

The product is typically used in patients with burns or complex wounds, although surgeons are continuing to find new use cases.

Novosorb has been used recently in conflict zones to improve outcomes for patients impacted by the conflicts in Ukraine and the Middle East.

During the month PolyNovo provided a trading update with global revenue up 66% to $49m which was ahead of market expectations.

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

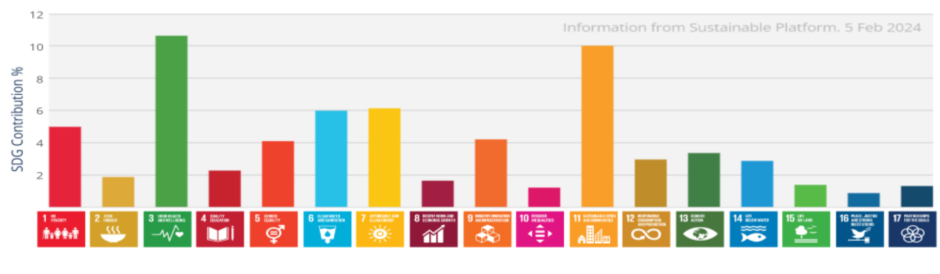
Trust Inception Date
1 February 2018

Fees
1.20% p.a. + Performance fee

Growth of $100,000 Since Inception

As at 31 January 2024. 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 February 2024; based on company revenues

Total Contribution: 65.68%
(equal to 52.57% social impact contribution and 13.11% environmental impact contribution)

Trust Review

The benchmark rose 0.9% during January, consolidating recent gains. The Trust was down 0.9%, underperforming by 1.8%.

The most significant relative detractor was Calix (-50.9%) after unexpectedly announcing that the company's LEILAC-2 (Low Emissions Intensity Lime and Cement) project will be delayed. Due to economic conditions, the company's partner Heidelberg Materials has decided to cease clinker production at the site where LEILAC-2 is being constructed in Hanover, Germany. This will require the project to proceed at another Heidelberg Materials site and result in at least a 6 month delay. LEILAC-2 aims to demonstrate an efficient, economic and scalable solution for the cement and lime industries to capture their unavoidable process emissions. While this project is the most advanced of the company's LEILAC projects, this is just one of a number of LEILAC projects in Calix's pipeline globally.

In addition, the Calix technology has multiple additional applications to reduce greenhouse gas impacts in other industries. It is currently progressing projects in industries including lithium processing (with Pilbara Minerals), direct air capture (with Heirloom Inc), zero emissions iron and steel and alumina production. While the LEILAC delay is disappointing, in our view, the significant share price movement is an overreaction.

Other relative detractors included Impedimed (-24.1%) and G8 Education (-10.2%).

Impedimed announced a weaker than expected quarterly revenue update, however, the company is continuing to make progress in securing reimbursement from US health insurers for the company's SOZO product which measures lymphedema risk in breast cancer patients. It expects that the 11 most important US states will have critical mass in health insurer coverage by April which is expected to drive a significant improvement in sales and revenue.

Positive held contributors to relative performance during January included AUB Group (+10.5%), Telix Pharmaceuticals (+14.1%) and NIB Holdings (+10.1%).

Telix provided a better than expected trading update with sales of $148m in the December quarter, an 11% increase on the prior quarter and 89% higher than the December 2023 quarter. Telix also announced that it is considering a listing on the NASDAQ market in the United States.

Other updates during the month included PolyNovo (+15.1%) which is discussed in more detail in the Better Future Highlight section overleaf and Resmed (+10.6%). Resmed announced a strong quarterly update with revenue up 12% and improved gross margins as key competitor Philips continues to have issues with its products.

It is now 6 years since inception of the Trust in January 2018. Since inception the Trust has returned 6.5% p.a. after fees, outperforming the benchmark by 2.5%. Performance since 30 June 2023 has been weak, impacting performance across longer time periods. Looking forward, our target price forecasts* suggest that there remains good upside in the portfolio with a preference for stocks that have stock-specific drivers that we expect to materialise in the short to medium term and/or are expected to grow over the medium term regardless of the macroeconomic environment.

At month end, the portfolio held 45 stocks and cash of 8.7%.

**Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in a materially positive or negative manner.*

At January 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 5.7.

ESG Activity

ESG activity during the month included:

- Alpha HPA appointed Marghanita Johnson as an independent, non-executive director following our engagement on board gender diversity. Marghanita is an environmental engineer with 25 years experience in the Australian mining and manufacturing sectors, predominantly with Rio Tinto's aluminium assets.
- RIAA certified Perennial Better Future Fund (Managed Fund) ASX:IMPQ as a Responsible Investment Product, alongside the Perennial Better Future Trust. Read more here.
- Emilie attended the CFA New York 10th Annual Sustainable Investing Conference and met with the UBS US ESG team and Morgan Stanley ESG research team.

Top 5 Active Positions	Trust (%)	Index (%)
Meridian Energy	5.6	0.0
AUB Group	4.5	1.2
Steadfast	4.4	0.0
Sims Group	3.9	0.9
Immutep	3.8	0.0

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

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CERTIFIED BY RIAA

Signatory of:

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[1].

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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