

	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)	1.5	2.4	0.2	2.5	0.7	-1.2	6.1	6.9	52.1
S&P/ASX Small Ordinaries Accumulation Index	0.0	1.5	10.9	10.9	2.2	-0.1	4.2	4.3	30.5
<b>Value Added</b>	<b>1.5</b>	<b>0.9</b>	<b>-10.7</b>	<b>-8.4</b>	<b>-1.5</b>	<b>-1.1</b>	<b>1.9</b>	<b>2.6</b>	<b>21.6</b>

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

## Overview

The Trust finished the month up 1.5% in May, outperforming the flat benchmark by 1.5%.

The Responsible Investment Association of Australasia (RIAA) has recently enhanced its responsible investment classification system. The Trust was awarded the highest classification, **Sustainable Plus**, as part of this process.

Positive contributors to relative performance during the month included Meridian Energy (+14.5%), Telix Pharmaceuticals (+16.8%), PEXA Group (+19.3%) and Bendigo & Adelaide Bank (+11.8%).

Relative held detractors from performance included Sims Ltd (-12.0%), Smartgroup (-14.7%), Alpha HPA (-17.1%) and Spark NZ (-12.2%).

It is now over 6 years since inception of the Trust in January 2018. Since inception, the Trust has returned 6.9% p.a. after fees, outperforming the benchmark by 2.6%. Performance since 30 June 2023 has been weak with the Trust lagging the strong rebound in the market. This has impacted relative 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 be operationally resilient 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 Meridian Energy announced that it had signed a 20-year contract to supply electricity to the New Zealand Aluminium Smelter ("NZAS") at Tiwai Point.

A significant aspect of the contract is that Meridian has the right to reduce NZAS electricity consumption in certain circumstances, typically where rainfall has been low and impacted Meridian's hydro energy generation. This will provide greater flexibility for the NZ electricity grid with less need for fossil fuel generation in the broader network in these circumstances. This provides greater flexibility than is typically the case with similar agreements globally and there is potential for a similar mechanism to be adopted in other jurisdictions to assist in the energy transition.

The contracts were on much better financial terms for Meridian than the existing agreement and the was longer than expected. This will provide greater financial security for the local community in Invercargill, NZ and will allow NZAS to have long term certainty to invest in the smelter to improve efficiency and greenhouse gas emissions.

## 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.

<b>Portfolio Manager</b>	<b>APIR Code</b>
Damian Cottier	WPC5600AU
<b>Distribution Frequency</b>	<b>Minimum Initial Investment</b>
Annually (if any)	\$25,000
<b>Trust Inception Date</b>	<b>Fees</b>
1 February 2018	1.20% p.a. + Performance fee

## Growth of \$100,000 Since Inception



As at 31 May 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.

## Better Future Stats



The **portfolio is 84.2% less carbon intensive compared to the ASX300** and 82.9% less carbon intensive compared to the ASX Small Ords<sup>^</sup>



**109 dedicated ESG engagements in 2023** with management and boards about material risks and opportunities **across 44 portfolio companies**



**8 female Directors were appointed to the board across 7 portfolio companies in 2023**, typically following engagement, totalling **73 female Directors since inception** as at 31 December 2023



**31% of portfolio companies have a Reconciliation Action Plan**, compared to 20% of the ASX300 and 10% of the ASX Small Ords as at 31 December 2023

## Trust Review

The Trust finished the month up 1.5% in May, outperforming the flat benchmark by 1.5%.

Positive contributors to relative performance during May included Meridian Energy (+14.5%), Telix Pharmaceuticals (+16.8%), PEXA Group (+19.3%) and Bendigo & Adelaide Bank (+11.8%).

Relative held detractors from performance included Sims Ltd (-12.0%), Smartgroup (-14.7%), Alpha HPA (-17.1%) and Spark NZ (-12.2%).

As discussed in the Better Future Highlight section, Meridian announced long-term contracts with NZAS on better-than-expected terms.

Telix Pharmaceuticals made two positive announcements during the month. Firstly, positive interim data from the ProstACT SELECT Trial of the company's TLX591 prostate cancer therapy. Telix is planning to further evaluate the therapy in a Phase III trial which is expected to commence later this year. Secondly, it announced it had submitted a New Drug Application to the US Food and Drug Administration for a new form of the company's prostate cancer imaging agent. This will expand the availability of the product and volumes as well as likely extending the period during which the product has favourable reimbursement status.

PEXA Group announced a strategic partnership with NatWest Bank that will see the UK lender utilise PEXA's technology to deliver 48-hour remortgage transactions to its customers, before extending its use of the PEXA platform to speed-up the handling of sale and purchase transactions. This is a significant milestone for PEXA's UK business, with NatWest being one of the largest lenders in the UK. Natwest's involvement is likely to encourage other lenders to use the platform. Remortgage transactions currently ordinarily take months and Natwest sees the PEXA technology as an opportunity to improve customer outcomes and improve its competitive position.

Bendigo Bank announced a better-than-expected trading update and held an Investor Day during which it outlined the good progress it is making with its "Up" online bank which is building a strong market position and now has over 800,000 customers and \$2.0bn in deposits.

Sims Limited provided a weaker-than-expected trading update as the company's end markets remain soft, particularly in the US. Spark NZ also provided a weaker than expected trading update. Smartgroup was weaker despite announcing a solid quarterly trading update.

Alpha HPA conducted a capital raising to fund the construction of Stage 2 of the company's HPA (high purity alumina) First Project after having secured concessional loan financing last month. Alpha's production process results in HPA which has around 70% lower total emissions compared to incumbent processes and the product will also be cheaper than product produced by incumbent processes. While the capital raising has weighed on the share price in the near term, our forecasts suggest good valuation upside over the medium term.

It is now over 6 years since inception of the Trust in January 2018. Since inception, the Trust has returned 6.9% p.a. after fees, outperforming the benchmark by 2.6%. Performance since 30 June 2023 has been weak with the Trust lagging the strong rebound in the market. This has impacted relative 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 be operationally resilient over the medium term regardless of the macroeconomic environment.

At month end, the portfolio held 45 stocks and cash of 7.8%.

At May 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.

\*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.

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## ESG Activity

ESG activity during the month included:

- Spark announced the appointment of Lisa Nelson as a Non-Executive Director. She brings over 25 years' experience across the technology and financial services industries globally, including 15 years in executive finance and business development roles with Microsoft, where she co-founded and served as Managing Director of Microsoft's first venture fund.
- Emilie attended the Goldman Sachs Electrify Europe Utilities and Green Energy Conference in London which discussed the rising power demand from data centres, the investment in grid infrastructure required, and the regulatory landscape.
- We undertook an ESG engagement meeting with a green materials and technology company to understand supply chain, environmental benefits, water use and worker safety.
- We attended the annual Responsible Investment Association Australasia (RIAA) conference and launch of the new RIAA classification system. The Perennial Better Future Trust and the Perennial Better Future Fund (Managed Fund) (ASX: IMPQ) were awarded the highest classification, Sustainable Plus. Read more [here](#).
- As part of National Reconciliation Week (27 May to 3 June), Perennial staff attended the Aboriginal Harbour Heritage Tour at the Royal Botanic Garden in Sydney.

Top 5 Active Positions	Trust (%)	Index (%)
Meridian Energy	6.4	0.0
Immutep	4.7	0.0
AUB Group	4.5	1.1
NIB Holdings	3.9	0.0
Steadfast	3.7	0.0



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

## Invest Online Now



CERTIFIED BY RIAA



SUSTAINABLE PLUS  
CERTIFIED BY RIAA



Signatory of:  
PRI Principles for Responsible Investment



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.responsibleinvestments.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.