

| | 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) | -2.1 | -1.8 | -1.9 | -1.9 | 5.2 | -3.3 | 5.2 | 6.4 | 48.9 |
| S&P/ASX Small Ordinaries Accumulation Index | -1.4 | -4.5 | 9.3 | 9.3 | 8.9 | -1.5 | 3.7 | 4.0 | 28.7 |
| Value Added | -0.7 | 2.7 | -11.2 | -11.2 | -3.7 | -1.8 | 1.5 | 2.4 | 20.2 |

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

Overview

The benchmark finished down 1.4% in June as renewed concerns around inflation impacted sentiment towards month end, despite more forward-looking data being generally softer. The Trust finished the month down 2.1%, underperforming by 0.7%.

Positive contributors to relative performance during the month included Steadfast Group (+12.0%), AUB Group (+7.2%) and Integral Diagnostics (+9.4%).

The main detractor from performance was Immutep (-33.8%). Other relative held detractors from performance included Meridian Energy (-7.5%) and 3P Learning (-19.4%).

It is now over 6 years since inception of the Trust in January 2018. Since inception, the Trust has returned 6.4% p.a. after fees, outperforming the benchmark by 2.4%. 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

During the month, portfolio holding Calix announced an update on its Direct Air Capture (DAC) projects in partnership with Heirloom. Under an exclusive technology license agreement, Calix's Leilac will provide its electric calcination and carbon capture technology to two Heirloom DAC facilities.

Heirloom will build co-located DAC facilities in Shreveport, Louisiana. The first facility will have a CO2 removal capacity of ~17,000 tonnes per year and is expected to be operational in 2026. The second ~300,000 tonnes per year facility will be built in phases, with the first ~100,000 tonnes expected to be operational in 2027. The second facility is Heirloom's contribution to Project Cypress, a US Department of Energy-supported DAC Hub eligible for up to US\$600m in government funding. The State of Louisiana will also contribute up to US\$10m in economic incentives for the projects, reflecting bipartisan support for DAC in the state. Both facilities are expected to create at least 1,000 construction jobs and over 80 permanent jobs.

Heirloom will be responsible for financing the remaining capex for the project and will pay Leilac for associated engineering services. In September 2023, Heirloom, backed by Bill Gates' Breakthrough Energy Ventures, signed a significant contract with Microsoft, in which Microsoft will purchase up to ~315,000 tonnes of CO2 removal from Heirloom over a decade. The newly announced DAC facilities will help in servicing long-term contracts such as this, with Leilac receiving a royalty from Heirloom per tonne of CO2 separated using its core kiln technology.

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**[^]



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

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

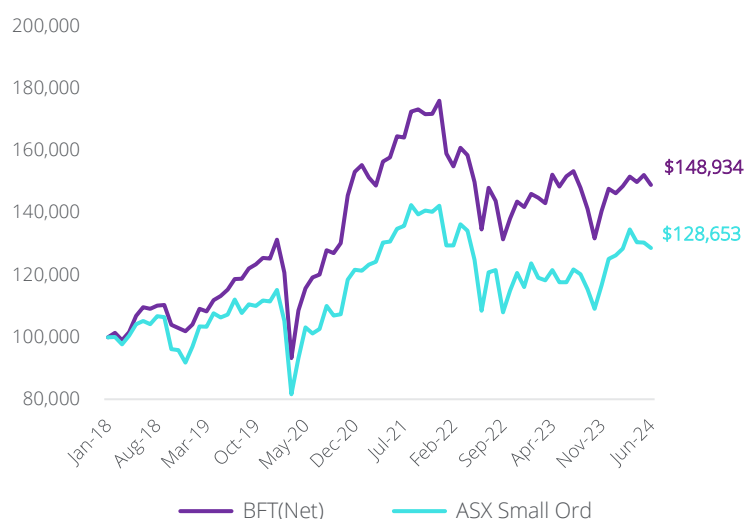
Trust Inception Date

1 February 2018

Fees

1.20% p.a. + Performance fee

Growth of \$100,000 Since Inception



As at 30 June 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.



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



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 benchmark finished down 1.4% in June as renewed concerns around inflation impacted sentiment towards month end despite more forward-looking data being generally softer. The Trust finished the month down 2.1%, underperforming by 0.7%.

Positive contributors to relative performance during the month included Steadfast Group (+12.0%), AUB Group (+7.2%) and Integral Diagnostics (+9.4%).

The main detractor from performance was Immutep (-33.8%). Other relative held detractors from performance included Meridian Energy (-7.5%) and 3P Learning (-19.4%).

Immutep was weaker after announcing preliminary "cohort A" Phase IIb trial data, for the use of the company's efti therapy, combined with existing standard of care - immunotherapy treatment Keytruda, in first line head and neck cancer. While the efti and Keytruda combination performed in line with expectations, the performance of Keytruda alone in one cohort of control patients was better than expected which clouded the outcome from the preliminary trial data. In our view the market reaction was out of proportion of the impact on the data for the prospects for the company, particularly in relation to separate trials on lung cancer, and "cohort B" of the head and neck cancer trial that relates to patients where Keytruda is not currently used given its limited effect. The company is presenting further "cohort B" data at European Society for Medical Oncology in mid-July at which it has indicated that it will announce substantially improved overall response rate for this data.

Meridian Energy gave back some of last month's gains despite presenting a positive outlook at the company's investor day during the month. Demand for the company's renewable energy is expected to grow due to factors including heat process conversion from fossil fuels which will provide Meridian with opportunities to invest in further battery and renewable energy projects. As part of the investor day, we visited the company's Manapouri hydro-electric power facility.

There were no material new announcements from 3P Learning during the month.

Steadfast announced at the investor day, that it expects FY24 earnings to be at the upper end of guidance and presented multiple potential growth opportunities.

Integral Diagnostics announced a proposed merger with Capitol Health. The proposed merger is expected to create a leader in diagnostic imaging across Australia and New Zealand, with a complementary geographical footprint, materially larger scale, an enhanced clinical offering and greater ability to invest in growth for the benefit of the group's stakeholders.

It is now over 6 years since inception of the Trust in January 2018. Since inception, the Trust has returned 6.4% p.a. after fees, outperforming the benchmark by 2.4%. 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 7.4%. 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.

*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:

- HUB announced the appointment of Michelle Tredenick as Non-Executive Director. She brings extensive experience as a company director across a broad range of industries, including banking, wealth management and education services. With over 30 years' experience in financial services, she has held senior executive roles at NAB, MLC and Suncorp, including Head of Strategy and Corporate Development.
- ImpediMed announced the appointment of Fiona Bones as Non-Executive Director. She is currently VP of Finance, International Controller at Google and has worked at Google for over 20 years. She is also a Fellow of the Association of Chartered Certified Accountants, UK and Ireland and brings global experience in finance, corporate governance and systems transformation.
- We engaged with Australian Ethical, Calix, G8 Education and NIB Holdings on the 40:40 Vision, as the lead investor on the executive gender diversity initiative for these portfolio holdings.
- Emilie attended a UN Principles of Responsible Investment (PRI) event on Investing for Sustainability Impacts and Advancing the UK Transition.
- Emilie attended the UBS Nature Finance Conference in London.

| Top 5 Active Positions | Trust (%) | Index (%) |
|------------------------|-----------|-----------|
| Meridian Energy | 5.8 | 0.0 |
| Steadfast | 4.3 | 0.0 |
| NIB Holdings | 4.1 | 0.0 |
| AUB Group | 4.0 | 1.3 |
| G8 Education | 3.8 | 0.4 |



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

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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 details¹.

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