

# eInvest Future Impact Small Caps Fund (Managed Fund)

ASX:IMPQ  
MONTHLY REPORT AUGUST 2019

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception <sup>^</sup> (%)
eInvest Future Impact Small Caps Fund (Managed Fund)	-0.7	5.2	2.5	-	3.8
S&P/ASX Small Ordinaries Accum. Index	-3.9	1.4	0.5	-	0.1
<b>Value Added (Detracted)</b>	<b>3.2</b>	<b>3.8</b>	<b>2.0</b>	<b>-</b>	<b>3.7</b>

<sup>^</sup>Inception date was 23 May 2019. Performance shown above are net of fees. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. Past performance is not a reliable indicator of future performance.

## Overview

- The Fund finished the month down -0.7% net of fees, outperforming by 3.2%. Since inception in May 2019, the Fund has delivered a +3.8% p.a. return net of fees, outperforming by +3.7% p.a. the benchmark return of +0.1% p.a.
- Positive contributors this month included Imricor (+74.6%), Infigen Energy (+24.2%), City Chic Collective (+18.5%), Kathmandu (+18.5%) and Ingenia Communities (+15.5%).
- Negative contributors this month included Vista Group (-36.0%), Ooh Media (-30.5%) and Orora (-17.4%).

## eInvest Future Impact Small Caps Fund (Managed Fund)

The aim of IMPQ 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 conduct business in industries which have favourable characteristics having regard to ESG considerations. IMPQ seeks to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index.

### Portfolio Manager

Damian Cottier

### IMPQ FUM

<\$1 million

### Distribution Frequency

Half yearly

### SMSF Compliant

Yes

### Inception Date

23 May 2019

### Management Cost

0.99% (incl of GST and RITC)  
+ performance fee

## Fund Activity

In terms of Fund activity, during the month we added a position in Imricor, Phoslock and Next Science.

At month end, IMPQ held 39 stocks and cash is at 6.8%.

## Monthly Highlight

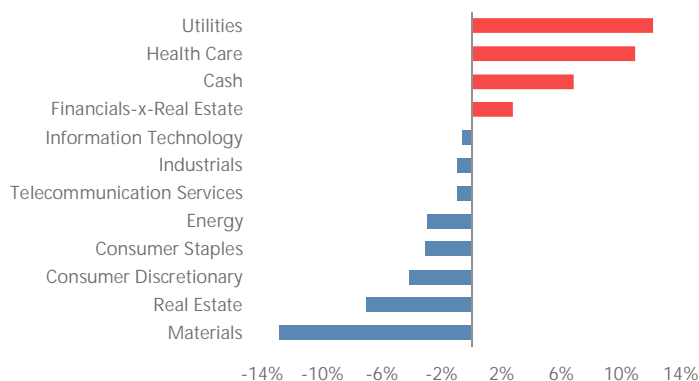
During the month the Fund participated in the initial public offering of Imricor. Imricor is a medical device company that is developing products that can be used to carry out MRI-guided cardiac catheter ablation procedures. The products are expected to greatly improve the accuracy of surgery to correct cardiac arrhythmias. This will result in far superior outcomes for patients, surgeons and hospitals involved in these procedures.

The IPO was conducted at \$0.83 and the stock closed the month at \$1.45, delivering the Fund a return of 74.6%.

## Top 5 Positions

	IMPQ	Index
CASH	6.8%	0.0%
INTEGRAL DIAGNOSTICS	4.8%	0.0%
MERCURY NZ	4.4%	0.0%
MERIDIAN ENERGY	4.0%	0.0%
SIMS METAL	4.6%	1.0%

## Sector Active Exposure vs Index



## Fund Review

The Fund finished the month down -0.7% net of fees, outperforming by 3.2%. Since inception in May 2019, the Fund has delivered a +3.8% p.a. return net of fees, outperforming by +3.7% p.a. the benchmark return of +0.1% p.a.

Positive contributors this month included Imricor (+74.6%), Infigen Energy (+24.2%), City Chic Collective (+18.5%), Kathmandu (+18.5%) and Ingenia Communities (+15.5%).

Negative contributors this month included Vista Group (-36.0%), Ooh Media (-30.5%) and Orora (-17.4%).

We added a number of stocks to the portfolio during the month. One of these was Imricor, which is discussed in greater detail on page 1. We also added Phoslock Environmental Technologies and Next Science to the portfolio.

Phoslock is a water remediation company with global operations. The Phoslock product was developed by the CSIRO to reduce excess phosphate from water environments. Phoslock has a number of projects globally with the most significant involving improving water quality in China. The company is currently undertaking trials to improve water quality in the Everglades in the United States.

Next Science has developed a number of products using its Xbio technology that reduces biofilm bacterial infection in hospital environments. The company's products are currently being distributed in the US by 3M and are expected to be available for sale in Europe shortly.

In addition to Imricor, the positive contributors for the month included Infigen (+24.2%) which delivered a solid result and announced the acquisition of peaking gas firming capacity in South Australia as a risk management tool which will allow it to increase sales of renewable energy to commercial and industrial customers.

City Chic Collective (+18.5%) delivered a strong full year result, particularly in the company's online and US operations while Kathmandu (+18.5%) announced better than expected full year earnings guidance. Ingenia Communities (+15.5%) also delivered a strong full year earnings result.

The detractors for the month included Vista Group (-36.0%) which delivered a weak result and announced that it would be fast-tracking the adoption of a software-as-a-service business model. While this is likely to benefit the business in the medium-term, the market was disappointed by the near-term earnings impact.

Other detractors included Ooh Media (-30.5%) and "engaged improver" Orora (-17.4%) both of which had disappointing earnings announcements.

At month end, the Fund held 39 stocks and cash is at 6.8%.

Our focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.

## Contact Us

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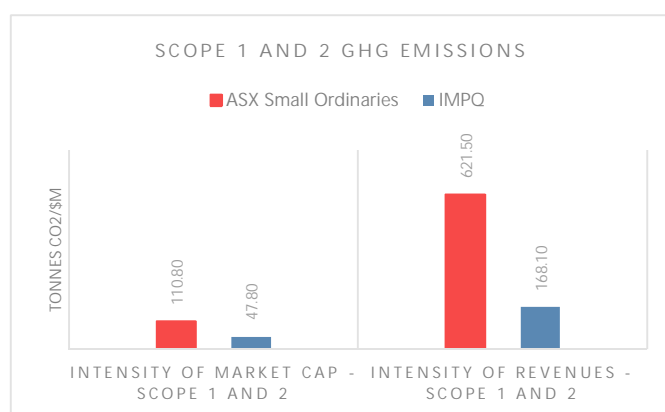
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## ESG Activity

Recent ESG-related engagement included:

- City Chic Collective – we discussed the company's supply chain management, including the approach taken with suppliers who are not complying with the company's responsible sourcing policies and the steps the company is taking in relation to Modern Slavery Act.
- Genex Power – we discussed the company's board structure and the appointment of further independent directors to the board.
- Freedom Foods (not held) – we discussed the company's approach to improving the nutritional value of food products.
- Costa Group (not held) – we discussed the company's approach to water rights and water usage.
- G8 Education – we discussed the sustainability initiatives that the company has in place, particularly the sustainability aspects of the curriculum.
- IAG (not held) – we discussed the company's approach to managing the impacts of climate change.
- S32 (not held) – we discussed the company's approach to managing tailings dam risk.
- Santos (not held) – we discussed the company's approach to reducing greenhouse gas emissions.

## Portfolio Carbon Footprint



Source: CAER (Part of Vigeo Eris Network). Factset and Perennial as at 30 June 2019. Data for IMPQ is shown. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

## Portfolio

### Characteristics – FY20 Fund Market

Price to Earnings (x)	20.2	16.8
Price to Free Cash Flow (x)	18.1	16.0
Net Interest Cover (x)	21.5	8.5
3 Year EPS Growth (%)	11.0	11.4
ESG&E Rating	7.0	5.6

Source: Perennial Value Management. As at 31 August 2019.

The above figures are forecasts only from the Perennial Smaller Companies Sustainable Futures Trust, a similarly run unlisted managed investment scheme. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.