

eInvest Future Impact Small Caps Fund (Managed Fund)

ASX:IMPQ
MONTHLY REPORT APRIL 2020

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception [^] (%)
eInvest Future Impact Small Caps Fund (Managed Fund)	16.7	-17.2	-5.7	-	-4.5
S&P/ASX Small Ordinaries Accum. Index	14.3	-19.0	-13.0	-	-13.3
Value Added (Detracted)	2.4	1.8	7.3	-	8.8

[^]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 Future Impact Small Caps Fund finished the month up 16.7% net of fees, outperforming the benchmark return by 2.4%.
- Since the Fund's inception in May 2019, the Fund has delivered a -4.5% return net of fees, outperforming the benchmark by 8.8% during that time.
- Positive contributors this month included Mesoblast (+142.6%), City Chic Collective (+48.4%), Infigen Energy (+38.8%) and Telix Pharmaceuticals (+38.2%).
- Negative contributors this month included Calix (-9.5%), Fluence (-6.7%) and NIB Health (-4.1%).

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

\$1.0 million

Distribution Frequency

Half yearly

Management Cost

0.99% (incl of GST and RITC)

+ performance fee

Inception Date

23 May 2019

Top 5 Positions

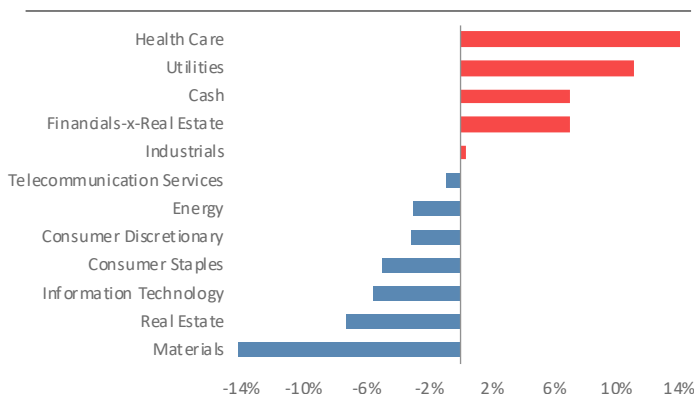
	IMPQ	Index
CASH	6.96%	0.00%
MESOBLAST	4.30%	0.91%
CITY CHIC COLLECTIVE	4.14%	0.00%
INFIGEN ENERGY	3.72%	0.34%
INTEGRAL DIAGNOSTICS	3.67%	0.00%

Monthly Highlight

During the month Mesoblast made a number of significant announcements in relation to the use of the company's anti-inflammatory Remestemcel-L product for the potential treatment of ARDS. ARDS is a severe lung complication from COVID-19. Early in the month the US Food and Drug Administration provided clearance for the product to be used in seriously ill patients. Later in the month the company announced the results of a small sample of 12 patients at New York City's Mt Sinai hospital. 83% of the patients that had used the product had survived and 75% had successfully come off ventilator support. These figures compare to only 9% of cases at a major referral hospital network in New York being able to come off ventilator support when treated with standard care.

The company subsequently announced the commencement of a 300 patient Phase 2/3 randomized controlled trial of the product in more than 20 medical centres across the United States to demonstrate the effectiveness of the product.

Sector Active Exposure vs Index



Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst

Fund Review

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Positive contributors this month included Mesoblast (+142.6%), City Chic Collective (+48.4%), Infigen Energy (+38.8%) and Telix Pharmaceuticals (+38.2%).

Negative contributors this month included Calix (-9.5%), Fluence (-6.7%) and NIB Health (-4.1%).

As noted overleaf, Mesoblast benefitted as a result of positive early indications that the company's anti-inflammatory products may treat seriously ill COVID-19 patients. The Fund also holds Starpharma Pharmaceuticals (+36.4%). Starpharma was also the beneficiary of COVID-related news when it announced that one of the company's antiviral products had been shown to have significant activity against COVID-19 in laboratory studies and was looking at whether there may be commercial applications that can be fast-tracked as the product already has regulatory approval in a number of jurisdictions including Europe and South East Asia.

Janison Education (+30.6%) made several significant announcements during the month. The online assessment and learning company raised capital to invest to accommodate the significant growth in the company's sales pipeline. The pipeline has grown substantially due to the increase in interest in online assessment and education as a result of the COVID outbreak. After announcing a contract with a college from Toronto, Canada, the company announced an agreement with SCIO, a national exams provider in the Czech Republic to deliver up to 50,000 online university entrance exams. The company also announced one of the participants in the capital raising was John Baker, the founder of D2L which owns Brightspace, one of world's major global Learning Management Systems.

City Chic Collective and Infigen recovered some of the share price falls earlier in the year with no material company specific news although both are likely to benefit from a likely sooner than expected reopening of certain parts of the Australian economy.

Of the negative contributors, there was no additional news on Calix. Wastewater treatment company Fluence delivered a solid quarterly result but noted that COVID was having some impact on the signing of new contracts.

During the month we participated in capital raisings for Kathmandu, G8 Education, Janison Education and Vista Group. As noted above Janison raised capital to accelerate the company's sales pipeline. In each of the other cases the funds were raised to see the companies through COVID-related businesses interruptions. On our base case of Australia gradually and sensibly reducing COVID-related restrictions over the next few months and other jurisdictions gradually re-opening later in the year, we see good upside from each of the capital raisings.

During the month we reduced holdings in some of our better performing stocks over the last two months including Mesoblast, Synlait, Blackmores and NIB Health.

We used the funds to participate in the capital raisings referred to above and we increased holdings in a number of stocks that have lagged including Imricor and Fluence.

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 088 660

hello@einvest.com.au

www.einvest.com.au

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Fund Activity

At month end the Fund held 46 stocks and cash was 7.0%.

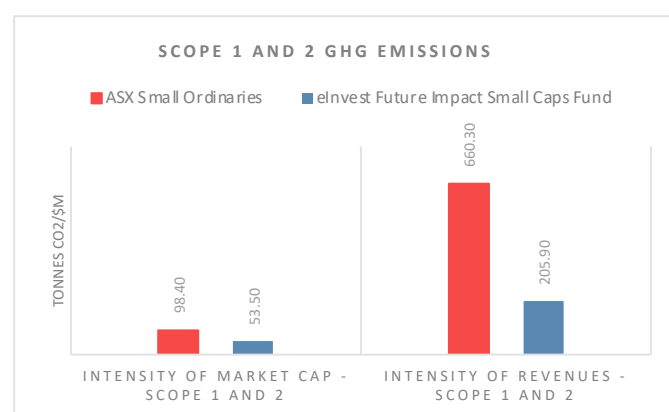
For March, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Fund was 7.1 which is 28% higher than the benchmark ESGE Score of 5.6.

ESG Activity

ESG-related engagement was negatively impacted by coronavirus considerations, however we engaged with the following companies:

- Telix Pharmaceuticals – we engaged with the Company in relation to the appropriateness of the long term incentive plan and the composition of the Audit and Risk committee.
- Janus Henderson – we wrote to the company to encourage the company to improve the gender diversity of the Company's board (currently 20%). We have been engaging with the company on ESG at meetings with management for some time and there are early signs of improved focus, including some commentary on ESG during the most recent quarterly earnings call.
- Synlait – we discussed the work that the company was doing on reducing methane emissions on farm. The company has a target to reduce greenhouse gas emissions on farm by 35% per kilogram of milk solids by 2028. Key aspects of the strategies that the company is looking to deploy are being trialled in Europe and the company is commencing work on how this might adapt to the NZ environment.

Portfolio Carbon Footprint



Source: CAER (Part of Vigeo Eris Network). Factset and Perennial as at 30 September 2019. Data Perennial Smaller Companies Sustainable Futures Trust shown. Whilst due care has been used in preparation of the above, calculations are based on the information provided.