

	Month (%)	Quarter (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception <sup>^</sup> (% p.a.)	Since Inception Cumulative <sup>^</sup> (%)
Perennial Better Future Fund (Managed Fund)	2.0	2.5	6.3	-2.8	1.1	6.5	35.8
S&P/ASX Small Ordinaries Accumulation Index	4.8	7.5	13.8	-0.6	2.7	4.7	25.2
<b>Value Added</b>	<b>-2.8</b>	<b>-5.0</b>	<b>-7.5</b>	<b>-2.2</b>	<b>-1.6</b>	<b>1.8</b>	<b>10.6</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 benchmark had a strong month during March, rising 4.8%. The Fund was up 2.0% after fees, underperforming by 2.8% as the portfolio lagged a strong market.

Positive contributors to relative performance during March included Arena REIT (+15.7%), Genetic Signatures (+21.4%), NIB Holdings (+7.4%) and Charter Hall (+9.8%).

Relative detractors from performance included Calix (-23.1%), Smartgroup (-11.5%), AUB Group (-1.6%) and G8 Education (-5.1%).

Since inception, the Fund has returned 6.5% p.a. after fees, outperforming the benchmark by 1.8%. Performance since 30 June 2023 has been weak with the Fund 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 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 materially positive or negative manner.

## Perennial Better Future 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 businesses that are making a positive contribution to creating a better future. 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

\$47 million

### Distribution Frequency

Annually (if any)

### Fees

0.99% p.a. (incl of GST and RTC)  
+ Performance fee

### Inception Date

23 May 2019

## Better Future Highlight

Portfolio holding Alpha HPA released an update during the month which touched on recent developments in potential applications for the company's high purity alumina and associated products. Existing end markets for products from the company's low carbon process include the sapphire glass (used in screens for mobile phones), LED lighting and semi-conductor industries.

One of the more interesting recent developments is in the lithium-ion battery anode sector.

A number of global customers are testing aluminium oxide coated graphite anode materials using Alpha's "Ultracoat" process. The Ultracoat process provides for higher capacity, faster cycling and replaces the traditional carbon-pitch coat which is the incumbent graphite anode coating process. Significantly, the process has also been shown to provide an almost 100% reduction in thermal runaway (battery fires) under industry standard nail-penetration testing.

This is another potential application for products produced by Alpha HPA as it moves towards finalising Stage 2 of the company's HPA First facility in Gladstone, Queensland.

## Growth of \$100,000 Since Inception



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



**Total Contribution: 65.85%**  
(equal to 52.5% social impact contribution and 13.35% environmental impact contribution)

Source: Data provided by the Sustainable Platform 4 April 2024; based on company revenues

## Fund Review

The benchmark had a strong month during March, rising 4.8%. The Fund was up 2.0% after fees, underperforming by 2.8% as the portfolio lagged a strong market.

Positive contributors to relative performance during March included Arena REIT (+15.7%), Genetic Signatures (+21.4%), NIB Holdings (+7.4%) and Charter Hall (+9.8%).

Relative detractors from performance included Calix (-23.1%), Smartgroup (-11.5%), AUB Group (-1.6%) and G8 Education (-5.1%).

There were no material announcements from Genetic Signatures during the month. Arena REIT and Charter Hall benefited from improved sentiment towards REITs in response to signs that commercial property transaction activity is increasing. NIB Holdings was stronger as approved industry pricing increases were better than expected.

Calix was weaker despite announcing a new site for the LEILAC2 (Low Emissions Intensity Lime and Cement) project at Heidelberg Materials' cement plant in Ennigerloh, Germany. This follows the announcement in January that Heidelberg had decided to end clinker production at the original site where the LEILAC2 plant was to be built. The announcement of the new location was sooner than expected and, importantly, the announcement confirmed that minimal delay and cost is expected. This is possible as the LEILAC2 plant is designed to be rapidly integrated with operational cement plants. In our view, Calix has been significantly oversold in recent months and we have added to our position. There were no material updates from Smartgroup, G8 Education or AUB Group.

Since Inception, the Fund has returned 6.5% p.a. after fees, outperforming the benchmark by 1.8%. Performance since 30 June 2023 has been weak with the Fund 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 resilient over the medium term regardless of the macroeconomic environment.

We have recently released our Better Future Impact Statement for 2023, that highlights the non-financial outcomes for both the portfolio and portfolio holdings including significant outcomes and milestones during 2023 for our Better Future Enabler companies. Some interesting snippets from the report are set out below (the full report can be found [here](#)):

- The portfolio is 82.9% less carbon intensive compared to the ASX Small Ordinaries benchmark and 84.2% less carbon intensive than the ASX300 (based on Scope 1 and Scope 2 emissions).
- During the 2023 year we had 109 dedicated ESG engagements with management and boards about material ESG risks and opportunities across 44 portfolio companies.
- An area of focus for engagement since inception has been improving gender diversity on company boards. During 2023, 8 female directors were appointed to the board across portfolio companies and since inception, 73 female directors have been appointed to portfolio companies. In addition, 18% of portfolio companies have a female Chair (compared to 12% for the ASX Small Ordinaries benchmark).
- 31% of portfolio companies have a Reconciliation Action Plan (up from 15% in 2022 and compared to 10% of the ASX Small Ordinaries benchmark). This has been another area of focus for our engagements in the last 18 months.

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

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At month end, the Portfolio held 45 stocks and cash of 8.4%.

At March end, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Fund was 7.4 which is 31% higher than the benchmark ESGE Score of 5.6.

## ESG Activity

ESG activity during the month included:

- Emilie collaborated on an [article](#) with Assistant Professor Lauren Kaufmann, Darden School of Business, University of Virginia and Dr Tracey Dodd, Adelaide Business School, University of Adelaide on "Intersectional: The next frontier in diversity".
- We undertook dedicated engagement plans with Sims, Chorus and two unheld companies.
- We initiated engagement on the WGEA gender pay gap data with AUB, Integral Diagnostics, Charter Hall, Perpetual, IDP Education, Resmed, Bendigo Bank and Sims.
- We discussed improving ESG disclosures with Janison, including GHG emissions, the environmental impacts of online exams and gender diversity.
- Bendigo Bank announced the appointment of Abi Cleland as a Non-Executive Director who has global experience in strategy, digital, supply chain, marketing and operations and currently holds board positions with Coles, Orora, and Computershare.
- We hosted a webinar discussing companies that we expect to be resilient and grow over the medium term and whether recent market movements presented an opportunity in business resilient sectors.

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.8	0.0
AUB Group Ltd	5.3	1.1
Telix Pharmaceuticals	4.6	1.3
Sims Ltd	4.3	0.8
G8 Education	4.1	0.4



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