

	Month (%)	Quarter (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (% p.a.)	Since Inception Cumulative [^] (%)
Perennial Better Future Fund (Managed Fund)	2.9	-2.3	0.4	2.0	-2.1	5.6	6.3	37.5
S&P/ASX Small Ordinaries Accumulation Index	3.5	-2.0	9.3	4.9	-0.6	3.5	4.2	23.8
Value Added	-0.6	0.3	-8.9	-2.9	-1.5	2.1	2.1	13.7

[^]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 finished up 3.5% in July as inflation concerns eased towards month end. The Fund finished the month up 2.9%, underperforming by 0.6%.

Positive contributors to relative performance during the month included Immutep (+16.9%), EQT Holdings (+10.9%) and G8 Education (+10.1%).

The main detractors from performance were Calix (-28.9%), Australian Ethical (-7.9%) and Integral Diagnostics (-7.1%).

Since inception, the Fund has returned 6.3% p.a. after fees, outperforming the benchmark by 2.1%. 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 the portfolio is well positioned 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 materially positive or negative manner.*

Better Future Highlight

Portfolio holding Immutep reported a positive update of results from Cohort B of the company's Phase IIb trial evaluating the company's "efti" product in combination with Merck & Co's cancer therapy KEYTRUDA in patients with head and neck cancer. Cohort B of the trial was for patients, with in effect, "cold" tumors where leading cancer therapy KEYTRUDA has not previously been shown to be effective.

The results from the trial were encouraging with an objective response rate of 35.5% which are among the highest recorded for a chemotherapy-free approach in "cold" tumor patients. Additionally, there was a high complete response rate of 9.7%.

The data was presented by Robert Metcalf, MD, from The Christie NHF Foundation Trust in Manchester, UK who stated "The high response rate from this novel immunotherapy combination is well above other treatment approaches without chemotherapy. It matches historical response rates from chemotherapy-based treatments but without the associated toxicities. This is really significant for patients with head and neck squamous cell carcinomas who have a CPS less than one [cold tumors] and for whom chemotherapy is the current first line treatment...."

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)

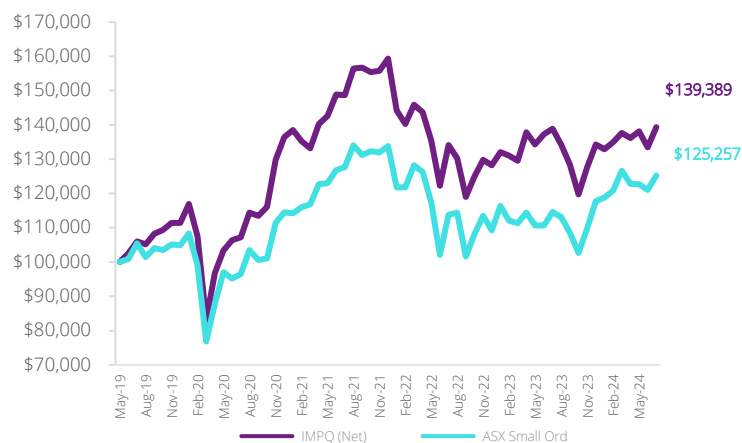
Fees

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

Inception Date

23 May 2019

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.

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



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

Fund Review

The benchmark finished up 3.5% in July as inflation concerns eased towards month end. The Fund finished the month up 2.9%, underperforming by 0.6%.

Positive contributors to relative performance during the month included Immutep (+16.9%), EQT Holdings (+10.9%) and G8 Education (+10.1%).

The main detractors from performance were Calix (-28.9%), Australian Ethical (-7.9%) and Integral Diagnostics (-7.1%).

Immutep rebounded from June's weakness after reporting a positive update of results from Cohort B of the company's Phase IIb trial evaluating the company's "efit" product in combination with Merck & Co's cancer therapy KEYTRUDA in patients with head and neck cancer. This is discussed in greater detail in the Better Future Highlights section of the report.

There were no material incremental announcements in relation to EQT or G8 Education.

Calix was weaker despite the only material announcement being incrementally positive. Calix announced that it had been awarded a \$15m grant from the Australian Government's Carbon Capture Technologies Program. The grant will support the construction of a world-first renewably powered commercial demonstration plant in South Australia to produce near zero emissions lime and supply captured industrial carbon dioxide emissions to the HyGATE Solar Methanol 1 project ("SM1"). The Company's LEILAC (Low Emissions Intensity Lime and Cement) process will be used to capture carbon dioxide that is produced unavoidably in the manufacture of lime. The carbon dioxide captured will be sold to SM1 to produce green methanol for use as marine fuel. This is an innovative use of the carbon dioxide that is captured through unavoidable emissions of industrial processes. While incrementally positive, this is just one of a number of projects utilising the core components of the Leilac technology that Calix is involved in.

Australian Ethical was weaker despite announcing a solid quarterly update. Integral Diagnostics gave back some of last month's gains with the only material announcement being confirmation that the company had formally signed a Merger Implementation Deed with Capitol Health. We see this as being positive given the likely synergies in combining the complementary businesses.

Since inception, the Fund has returned 6.3% p.a. after fees, outperforming the benchmark by 2.1%. 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 the portfolio is well positioned 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 8.2%. The weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Trust was 7.3 which is 30% 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 materially positive or negative manner.

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ESG Activity

ESG activity during the month included:

- We engaged with several portfolio companies on GHG emissions disclosures, including Telix, Immutep, Alpha HPA, 4D Medical, Genetic Signatures and Neuren Pharmaceuticals. In response to our email, multiple companies expressed their intention to begin the process of measuring and disclosing their emissions footprint. We had a dedicated engagement meeting with Immutep and introduced them to a GHG emissions consultant to assist them in measuring their emissions profile.
- We met with the Chair of Alpha HPA to discuss governance and the company's remuneration structure.
- We signed a PRI letter to expand the ACCC definition of sustainability in Australia's draft guidance on sustainability collaborations and Australian competition law. The definition of sustainability in the framework focuses on environmental stability and does not consider social or human rights dimensions.
- We were interviewed by a Cambridge University student on Perennial's climate approach to equity investing which will assist in a research paper.

Top 5 Portfolio Positions

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.8	0.0
AUB Group Ltd	5.4	1.3
Telix Pharmaceuticals	4.6	0.0
G8 Education	4.5	0.4
Steadfast	4.3	0.0



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

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