

	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)	-3.3	-1.0	15.2	5.1	-3.9	4.8	5.8	36.0
S&P/ASX Small Ordinaries Accumulation Index	0.8	3.8	26.6	9.6	-0.6	4.7	4.7	28.5
Value Added	-4.1	-4.8	-11.4	-4.5	-3.3	0.1	1.1	7.5

[^]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 rose 0.8%, driven largely by the resources sector. The Fund finished down 3.3%, underperforming the market by 4.1% as a number of portfolio holdings were weaker in a higher bond yield environment.

Positive contributors to relative performance during the month included HUB24 (+18.4%), AUB Group (+3.9%) and Integral Diagnostics (+5.4%). Relative performance also benefitted from not holding weaker consumer discretionary related index stocks including WEB Travel (-45.2%), Super Retail (-20.0%), ARB Corp (-11.9%) and Lovisa (-16.9%).

The main detractor from relative performance was not holding Arcadium Lithium (+94.1%) which received a takeover offer from RIO Tinto. The main held detractors from performance were Calix (-23.4%), Immutep (-12.3%) and PolyNovo (-21.1%).

Since inception, the Fund has returned 5.8% p.a. after fees, outperforming the benchmark by 1.1%. The Trust lagged the strong rebound in the market over the last 12 months. 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 with company-specific drivers that we expect to materialise in the short to medium term and/or are expected to be operationally resilient 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 company Telix Pharmaceuticals announced that the US Food and Drug Administration (FDA) accepted a new drug application for the company's Pixlara product which is an imaging agent for glioma (brain cancer).

The FDA granted the company's application priority review given the critical need to improve the diagnosis and management of gliomas, particularly in a post treatment setting. Conventional MRI techniques have several limitations including an inherent inability to differentiate between tumour progression or treatment-related causes. This can yield inconclusive results and delay time-sensitive treatment decisions.

Subject to regulatory approval, Pixlara has the potential to address this need, enabling patients to receive greater clarity in their diagnosis and treatment decision-making.

The FDA designated a goal date for the approval decision of 26 April 2025, paving the way for a US commercial launch in 2025. This follows the successful commercial launch of the company's Illucix imaging agent for prostate cancer which launched in 2022 and is expected to generate over \$745m revenue in 2024.

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)

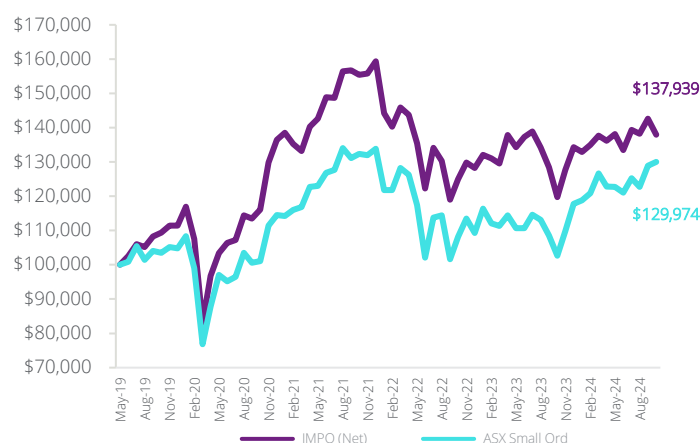
Fees

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[^]**



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



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



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 rose 0.8%, driven largely by the resources sector (largely Arcadium Lithium and gold stocks) of which the portfolio is underweight. The Trust finished down 3.3%, underperforming the market by 4.1% as a number of portfolio holdings were weaker in a higher bond yield environment. Bond yields moved higher despite Australian company updates during the month being generally softer than expected due to a weaker demand environment.

Positive contributors to relative performance during the month included HUB24 (+18.4%), AUB Group (+3.9%) and Integral Diagnostics (+5.4%). Relative performance also benefitted from not holding weaker consumer discretionary related index stocks including WEB Travel (-45.2%), Super Retail (-20.0%), ARB Corp (-11.9%) and Lovisa (-16.9%).

The main detractor from relative performance was not holding Arcadium Lithium (+94.1%) which received a takeover offer from RIO Tinto. The main held detractors from performance were Calix (-23.4%), Immutep (-12.3%) and PolyNovo (-21.1%).

Calix was weaker after announcing that the joint venture between Pilbara Minerals and the company had decided to pause construction of the joint venture's mid-stream lithium processing plant pending an improvement in the lithium market. The joint venture expects to resume construction when the market improves. While this delay represents a short-term setback, this is one of several opportunities that the company is progressing. In our view, the current valuation is largely supported by the company's core water treatment business with little in the valuation for any of these other opportunities.

There were no material negative announcements by Immutep and PolyNovo, with PolyNovo confirming at its annual general meeting that it is tracking to budget.

HUB24 announced a quarterly update in which net funds under administration flows were stronger than expected and AUB Group confirmed guidance for underlying net profit after tax growth of 11.1 -16.9%.

Since inception, the Fund has returned 5.8% p.a. after fees, outperforming the benchmark by 1.1%. The Trust lagged the strong rebound in the market over the last 12 months. 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 with company-specific drivers that we expect to materialise in the short to medium term and/or are expected to be operationally resilient regardless of the macroeconomic environment.

At month end, the portfolio held 48 stocks and cash of 7.9%. 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.

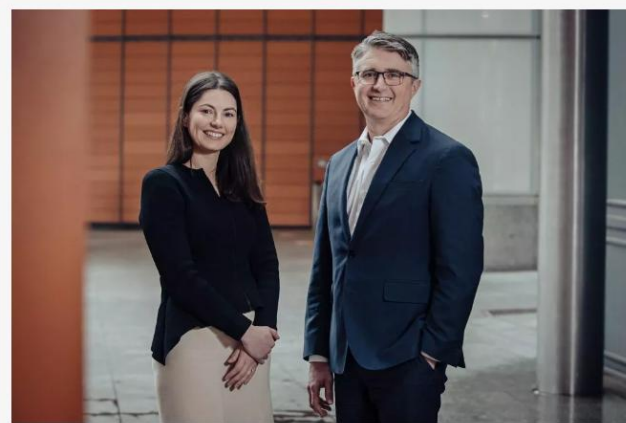
**Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in materially positive or negative manner.*

ESG Activity

ESG activity during the month included:

- Emilie O'Neill attended the Global Impact Investing Network (GIIN) Forum in Amsterdam. A summary of the key themes at Forum is discussed in an article [here](#).
- AUB Group appointed Tonianne Dwyer as a director. Tonianne is an experienced non-executive director and is currently a director of ALS Limited and Growthpoint Properties Australia Limited. We have previously engaged with AUB Group on improving gender diversity of its board.
- We engaged with a number of companies regarding remuneration as part of AGM season. These included IDP Education, Perpetual and Steadfast. In each case we voted against resolutions in circumstances where we were concerned about the outcomes.
- We attended a number of interesting ESG-related presentations, The Superpower Institute presentation on the Open Methane measurement platform and a presentation on First Nations Equity & Engagement with First Nations Equity Partners and Stonecrab.

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.5	0.0
AUB Group Ltd	5.3	1.4
Chorus Ltd	4.8	1.3
G8 Education	4.3	0.4
PEXA Group	4.0	0.7



Emilie O'Neill (left) and Damian Cottier (right)

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