

	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)	-2.5	-2.8	3.2	3.9	-4.5	4.5	5.7	36.7
S&P/ASX Small Ordinaries Accumulation Index	-3.1	-1.0	8.4	8.1	-1.6	4.0	4.2	26.1
Value Added	0.6	-1.8	-5.2	-4.2	-2.9	0.5	1.5	10.6

[^]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

During December, the benchmark fell 3.1% as the market reacted to the likely slowing of US Federal Reserve rate cuts even though the RBA indicated during the month that rates cuts are becoming more likely in Australia. The Fund finished down 2.5%, outperforming the benchmark by 0.6%.

Positive contributors to relative performance during the month included Immutep (+12.3%), Australian Ethical (+6.5%) and Micro-X (+52.7%).

The main detractors from relative performance included Alpha HPA (-13.2%), Calix (-16.7%) and Sims Group (-9.4%).

Since inception, the Fund has returned 5.7% p.a. after fees, outperforming the benchmark by 1.5%. 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

During December portfolio holding Micro-X announced that it had been awarded a contract to develop a prototype lightweight and portable Full Body CT scanner by the United States Advanced Research Projects Agency for Health (ARPA-H). The scanner is being developed to provide enhanced care to people in regional and remote communities in the US.

The contract is for US\$8.2m (A\$12.5m) over 2 years with the potential for a further US\$8.2m contract to develop the scanner through to FDA approval (up to A\$25m in total). The scanner will build on the core technology platform that the company has developed for the Head CT programme developed with funding from the Australian Medical Research Future Fund and the Baggage Scanner developed in conjunction with the US Department of Homeland Security.

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

\$48 million

Distribution Frequency

Annually (if any)

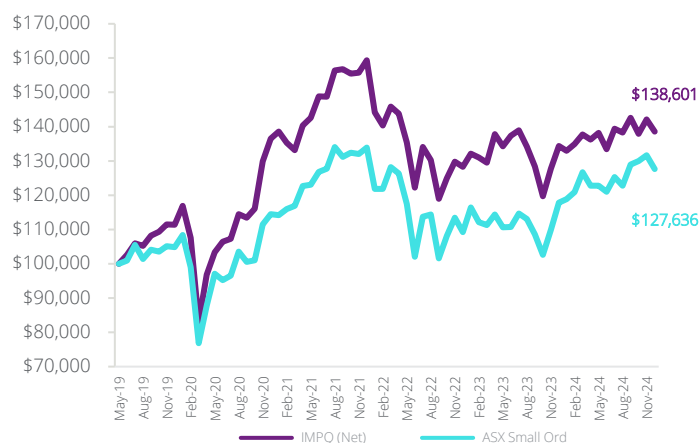
Fees

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

During December, the benchmark fell 3.1% as the market reacted to the likely slowing of US Federal Reserve rate cuts even though the RBA indicated during the month that rates cuts are becoming more likely in Australia. The Trust finished down 2.5%, outperforming the benchmark by 0.6%.

Positive contributors to relative performance during the month included Immutep (+12.3%), Australian Ethical (+6.5%) and Micro-X (+52.7%).

The main detractors from relative performance included Alpha HPA (-13.2%), Calix (-16.7%) and Sims Group (-9.4%).

Immutep made a number of announcements during the month. Firstly, it announced new data in cohort B of its Phase IIb trial in relation to the use of the company's 'efti' product in combination with Merck & Co's KEYTRUDA therapy in Head and Neck Cancer. Cohort B of the trial relates to patients that currently have limited treatment options. The new data showed continued promising survival and durability outcomes for the patients in the trial. Immutep also announced the initiation of the company's Phase III clinical trial which is being undertaken in partnership with Merck & Co for the treatment of first line metastatic non-small cell lung cancer. This is a significant milestone for the company.

As discussed in the Better Future Highlight section, Micro-X announced that it had been awarded a contract to develop a prototype lightweight and portable Full Body CT Scanner by the United States Advanced Research Projects Agency for Health. During the month the company also announced that its Head CT test bench has successfully generated CT images to complete the next milestone of the Australian Medical Research Future Fund program. This program relates to the development of a Head CT for use inside ambulances to better diagnose a stroke during the critical first hour following the occurrence of a stroke which will lead to better outcomes for stroke patients.

Alpha HPA announced delays in the final investment decision for the company's Alpha Sapphire project albeit construction of the more significant HPA First Stage 2 facility remains on track. Calix was weaker after raising capital to ensure that it is well placed to proceed with the company's various projects including in relation to Zero Emissions Iron & Steel and Low-intensity Lime and Cement. Pleasingly during the month the company's partner Heirloom Inc completed a US\$150m Series B funding round which will leave it well placed to proceed with Heirloom's direct air capture projects in Louisiana, USA which will utilise Calix's technology.

In other portfolio news, Meridian Energy announced that it intends to form a joint venture with Nova Energy to build and operate the 400 MW Te Rahui solarfarm at Rangitāiki near Taupō on the North Island of New Zealand. The project will produce enough electricity to power around 100,000 homes. Importantly, the project complements Meridian's other energy assets including the Ruakākā grid-scale battery that is under construction on the North Island.

Since inception, the Fund has returned 5.7% p.a. after fees, outperforming the benchmark by 1.5%. 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 47 stocks and cash of 8.4%. The weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the portfolio 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:

- Engaging with Reconciliation Australia as we seek to complete the conditional endorsement process for Perennial's "Innovate" Reconciliation Action Plan; and
- Immutep released Scope 1 and Scope 2 Greenhouse Gas Emissions data following our engagement with the company.

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.7	0.0
AUB Group	5.1	1.4
Chorus	4.9	1.3
G8 Education	4.1	0.4
Immutep	4.0	0.2



Portfolio Manager:
Damian Cottier



Deputy Portfolio Manager:
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