

	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)	2.8	3.3	7.2	3.9	-0.4	4.0	6.2	40.6
S&P/ASX Small Ordinaries Accumulation Index	4.6	2.7	12.3	7.1	3.1	4.3	5.0	31.9
Value Added	-1.8	0.6	-5.1	-3.2	-3.5	-0.3	1.2	8.7

[^]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

During January, the benchmark rebounded strongly, finishing up 4.6%. The Fund was up 2.8% after fees, underperforming by 1.8%. A key focus for the month were the policies of the newly-elected US President. The portfolio has minimal direct exposure to the policy announcements made to date, albeit like all investors we are subject to the potential for uncertainty and unintended consequences as a result of the policy approach of the new Administration.

Positive contributors to relative performance during the month included Telix Pharmaceuticals (+19.2%), Sims (+11.8%) and G8 Education (+6.5%).

The main detractor from relative performance during the month was not holding gold stocks which rallied strongly during the month and accounted for the vast majority of the underperformance. The main held detractors included Calix (-20.7%), Immutep (-5.5%) and Australian Ethical (-7.2%).

Since inception, the Fund has returned 6.2% p.a. after fees, outperforming the benchmark by 1.2%. 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 January portfolio holding Meridian Energy announced that it had signed a Power Purchase Agreement with Harmony Energy and First Renewables in respect of their joint venture to build the 150MW Tauhei Solar Farm. The project is situated near Te Aroha in the Waikato on the North Island of New Zealand.

Once completed in late 2026, the Tauhei Solar Farm will be New Zealand's largest to date, generating 280 gigawatt hours of electricity each year, enough to power around 35,000 homes.

Meridian will purchase 100% of the output from the farm for its first 10 years of operation, facilitating the financing of the construction. The output from the solar farm will complement Meridian's other renewable energy assets, including the battery energy storage system which is being developed at Ruakaka Energy Park.

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

\$50 million

Distribution Frequency

Annually (if any)

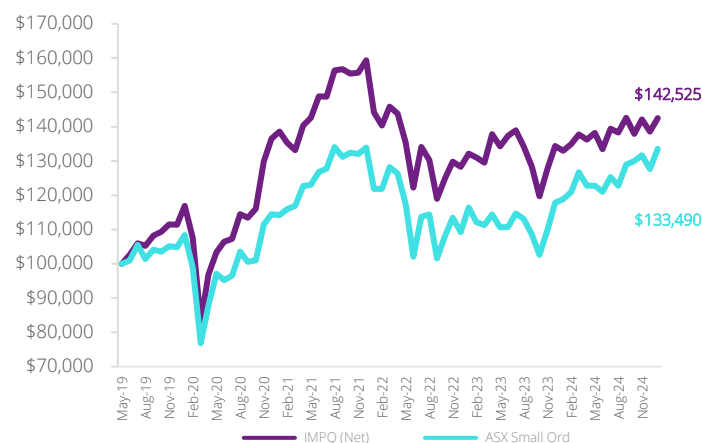
Fees

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 January, the benchmark rebounded strongly, finishing up 4.6%. The Fund was up 2.8% after fees, underperforming by 1.8%.

A key focus for the month were the policies of the newly-elected US President. The portfolio has minimal direct exposure to the policy announcements made to date, albeit like all investors we are subject to the potential for uncertainty and unintended consequences as a result of the policy approach of the new administration.

Positive contributors to relative performance during the month included Telix Pharmaceuticals (+19.2%), Sims (+11.8%) and G8 Education (+6.5%).

The main detractor from relative performance during the month was the portfolio not holding gold stocks which rallied strongly during the month. The main held detractors included Calix (-20.7%), Immutep (-5.5%) and Australian Ethical (-7.2%).

Telix released a positive trading update with fourth quarter revenue of approximately USD142m or AUD218m, an increase of 46% over the prior year corresponding quarter with full year revenue of USD517m or AUD783m exceeding guidance. During the month Telix also announced that the company's Illucix prostate cancer imaging product had received regulatory authorization which will permit commercial sales of the product in Europe.

Sims was a beneficiary of improved sentiment on the basis that the US domestic steel makers, who used the company's recycled metals as inputs, will be positively impacted by the policies of the new US Administration.

Conversely, Calix was weaker as a result of negative sentiment resulting from the policies of the new US Administration. This was despite a number of positive announcements during the month – most importantly, a \$15m grant from the West Australian Government for the company's lithium processing joint venture with Pilbara Minerals and comments from Pilbara Minerals on the company's quarterly conference call which suggest the project is likely to recommence. Calix also announced the receipt of grants from the US Department of Energy for 2 projects in the US – one project led by the Mississippi Lime Company in St Louis, Missouri and another led by the Roanoke Cement Company in Roanoke, Virginia. Interestingly, Amazon is one of the parties involved in the Roanoke cement project.

Since inception, the Fund has returned 6.2% p.a. after fees, outperforming the benchmark by 1.2%. 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 46 stocks and cash of 8.2%. The weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the portfolio was 7.3 which is 28% 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

As is typically the case, ESG activity was more muted during January. Activity this month included:

- Perennial's "Innovate" Reconciliation Action Plan was conditionally endorsed by Reconciliation Australia; and
- We released the Perennial ESG and Engagement Report for 2024. Click [here](#) for further information.

Top 5 Portfolio Positions	IMPQ (%)	Index (%)
Meridian Energy	5.5	0.0
AUB Group	5.1	1.3
Chorus	4.6	1.2
G8 Education	4.2	0.4
Telix Pharmaceuticals	4.2	0.0




Portfolio Manager:
Damian Cottier



Deputy Portfolio Manager:
Marco Correia

Contact us

 Level 27, 88 Phillip Street
Sydney NSW 2000

 1300 420 094

 invest@perennial.net.au

 www.perennial.net.au

Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. The current relevant product disclosure statement and target market determination can be found on Perennial's website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.