eInvest Future Impact Small Caps Fund (Managed Fund)

ASX:IMPQ

MONTHLY REPORT MAY 2019

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	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception^ (%)
eInvest Future Impact Small Caps Fund (Managed Fund)	-1.4	-	-	-	-1.4
S&P/ASX Small Ordinaries Accum. Index	-1.2	-	-	-	-1.2
Value Added (Detracted)	-0.2	-	-	-	-0.2

^Inception date is 23 May 2019. 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

- We are very pleased to see IMPQ begin trading on the exchange this month. Trading began on 23 May 2019.
- IMPQ finished the month slightly down net of fees for the seven days it was trading in May.
- Positive contributors since listing included Polynovo, Integral Diagnostics and Mercury NZ.
- Negative contributors this month included Link Administration Holdings, City Chic Collective and Synlait Milk.

eInvest Future Impact Small Caps 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 conduct business in industries which have favourable characteristics having regard to ESG considerations. 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
<$1 million

Distribution Frequency
Half yearly

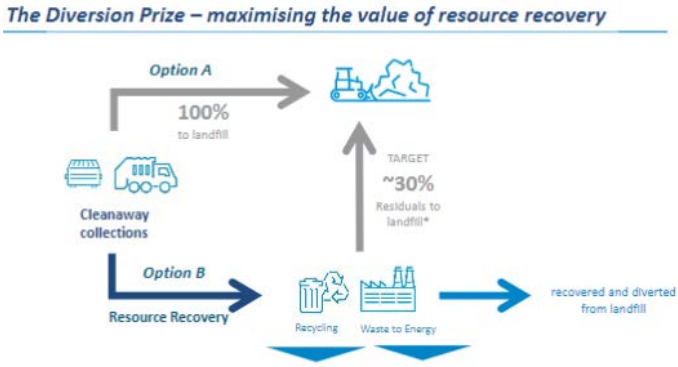
SMSF Compliant
Yes

Inception Date
23 May 2019

Management Cost
0.99% (incl of GST and RITC) + performance fee

Monthly Highlight

During the month we attended a presentation by Cleanaway Waste Management at which the company discussed the company's mission "to make a sustainable future possible". The company is investing in assets to maximise resource recovery across the waste hierarchy and maximise value across the value chain. In particular, it is focussing on the development of recycling and waste-to-energy assets.

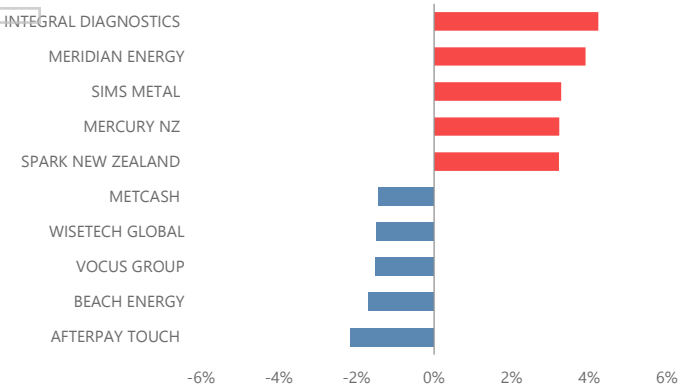


Cleanaway's approach to resource recovery Source: Cleanaway Waste Management Ltd

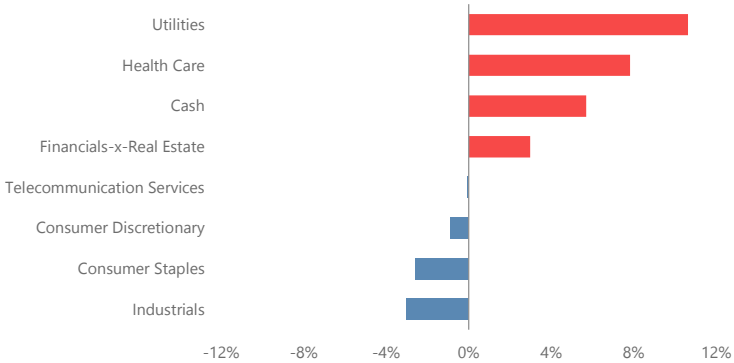
Top 5 Positions

	IMPQ	Index
CASH	5.7%	0.00%
NIB HOLDINGS	4.3%	1.7%
INTEGRAL DIAGNOSTICS	4.2%	0.0%
SIMS METAL MANAGEMENT	4.1%	0.8%
MINERAL RESOURCES	4.0%	1.3%

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



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Fund Review

IMPQ only recently started trading on the market on the 23rd May 2019. The performance since listing was -1.4%.

Positive contributors this month included PolyNovo, Integral Diagnostics and Mercury NZ.

PolyNovo is a healthcare company that developed the NovoSorb polymer skin matrix in conjunction with the CSIRO. The NovoSorb product greatly improves outcomes for severe burns and wounds patients. The stock was higher after announcing that sales have been ramping up strongly in both April and May with each month delivering more than A$1m in revenue. These represent key milestones for the company and indicate the traction that the product is gaining.

Negative contributors this month included Link Administration Holdings which announced disappointing earnings guidance due in part to ongoing Brexit delays.

IMPQ's focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.

Fund Activity

In terms of Fund activity, as it was our inaugural month of trading, we are pleased to say that we are fully invested.

At month end, IMPQ held 35 stocks and cash is at 5.7%.

Portfolio Characteristics – FY20	Fund	Market
Price to Earnings (x)	17.0	16.2
Price to Free Cash Flow (x)	15.0	15.3
Net Interest Cover (x)	24.7	9.2
3 Year EPS Growth (%)	12.7	11.2
ESG&E Rating	6.9	5.5

Source: Perennial Value Management. As at 31 May 2019.

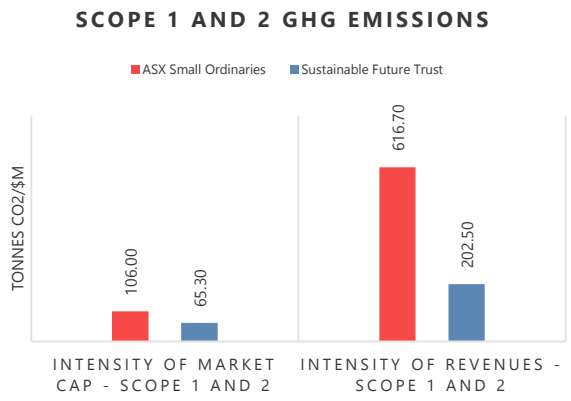
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

ESG Activity

Our ESG-related meetings during the month included:

- Kathmandu – we engaged with the company in relation to corporate governance and the extent to which sustainability and ESG are incorporated into KPIs.
- Starpharma (not held) – we engaged with the company in relation to procedures around animal testing of the company's medical products.
- Freedom Foods (not held) – we engaged in relation to the nutritional value of the company's products.
- Cleanaway Waste Management – we attended a presentation where Cleanaway discussed how it is placing sustainability at the core of the company's strategy.
- City Chic – we engaged with the company to understand more about the company's supply chain initiatives and processes around staff safety.
- Geo40 (not held) – we attended a meeting with this early stage NZ company to learn how they make geothermal power processes more efficient.

Portfolio Carbon Footprint



Source: CAER (Part of Vigeo Eris Network). Factset and Perennial as at 31 May 2019. Data for the Perennial Sustainable Future Trust is shown. This fund in managed in a similar nature as to IMPQ by the same team and Portfolio Manager. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

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