

# eInvest Future Impact Small Caps Fund (Managed Fund)

ASX:IMPQ  
MONTHLY REPORT DECEMBER 2019

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception <sup>A</sup> (%)
eInvest Future Impact Small Caps Fund (Managed Fund)	-0.1	3.2	8.3	-	10.2
S&P/ASX Small Ordinaries Accum. Index	-0.3	0.8	3.9	-	3.5
<b>Value Added (Detracted)</b>	<b>0.2</b>	<b>2.4</b>	<b>4.4</b>	<b>-</b>	<b>6.7</b>

<sup>A</sup>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 Fund finished the month down 0.1% net of fees, outperforming the benchmark return by 0.2%. Since inception in February 2018, the Fund has delivered a 10.2% p.a. return net of fees, outperforming the benchmark by 6.7% p.a.
- Positive contributors this month included Ooh Media (+16.3%), Mesoblast (+14.9%), Carbon Revolution (13.3%) Kathmandu (+11.2%) and Meridian Energy (+8.2%).
- Negative contributors this month included Next Science (-13.4%), Healius (-10.1%), Phoslock Environmental Technologies (-10.1%) and Estia Health (-9.3%).

## 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

\$1.2 million

### Distribution Frequency

Half yearly

### Management Cost

0.99% (incl of GST and RITC)

+ performance fee

### Inception Date

23 May 2019

## Top 5 Positions

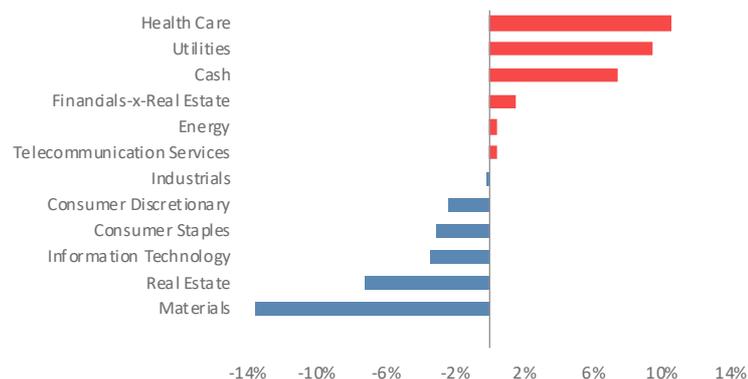
	IMPQ	Index
CASH	7.4%	0.0%
KATHMANDU	4.3%	0.0%
CITY CHIC	4.2%	0.0%
INTEGRAL DIAGNOSTICS	3.9%	0.0%
MERCURY NZ	3.0%	0.0%

## Monthly Highlight

The Fund holds clothing retailer City Chic Collective as an "Engaged Improver" stock. City Chic appeared as one of the "nice" retailers in Oxfam's 2019 "naughty or nice" Christmas List. This year the list was about brands' commitment to paying a living wage to workers in the supply chain. City Chic needs to work with suppliers in order to achieve this and to date at least 80% of workers in Tier 1 factories are paid a fair living wage with the goal to reach 90% by the end of 2019 and close this gap by 2020.

Other supply chain initiatives include publishing a list of factories for Tier 1 and Tier 2 suppliers, worker grievance hotlines, requiring factories to establish worker appointed safety committees and conducting independent surveys to gain direct worker feedback about their roles, working environment and well-being.

## Sector Active Exposure vs Index



Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst

## Fund Review

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Positive contributors this month included Ooh Media (+16.3%), Mesoblast (+14.9%), Carbon Revolution (+13.3%), Kathmandu (+11.2%) and Meridian Energy (+8.2%).

Negative contributors this month included Next Science (-13.4%), Healius (-10.1%), Phoslock Environmental Technologies (-10.1%) and Estia Health (-9.3%).

Ooh Media (+16.3%) was stronger after increasing profit guidance for the financial year due to improving market conditions in the fourth quarter, while Mesoblast (+14.9%) announced that the Phase 3 trial for the company's heart failure product had surpassed the number of primary endpoints needed to provide meaningful data for the trial. Carbon Revolution (+13.3%) continued to perform strongly following the recent IPO and announced that it had been awarded a Federal Government grant to adapt the Company's carbon fibre wheel technology to the aerospace sector.

Meridian Energy (+8.2%) announced that it had reached agreement with the NZ grid owner to enhance North and South Island power grid interconnection. This will allow Meridian to sell more renewable energy to North Island customers in the medium term, if it no longer supplies the Tiwai Point aluminium smelter.

Phoslock Environmental Technologies (-10.1%) announced preliminary sales guidance for FY20 which disappointed the market while "engaged improver" aged-care provider Estia Health (-9.3%) provided a weaker than expected occupancy and trading update.

During the month the Fund participated in the IPO of Limeade on the ASX. Limeade is a global software platform that is focused on providing large enterprises with tools to improve employee outcomes. Key aspects of the platform relate to employee well-being, employee engagement, communications, culture and inclusion. The platform both measures and seeks to improve well-being. The philosophy behind Limeade is that creating a workplace culture that is good for people is also good for business – including by reducing employee turnover and absences. The company has been growing rapidly with 33% compound revenue growth over the 5 years to 2018. Limeade's customers include a top 5 global tech company, 2 of the top 5 global airlines, ABB and the State of Washington, US.

At month end, the Fund held 45 stocks and cash is at 7.4%.

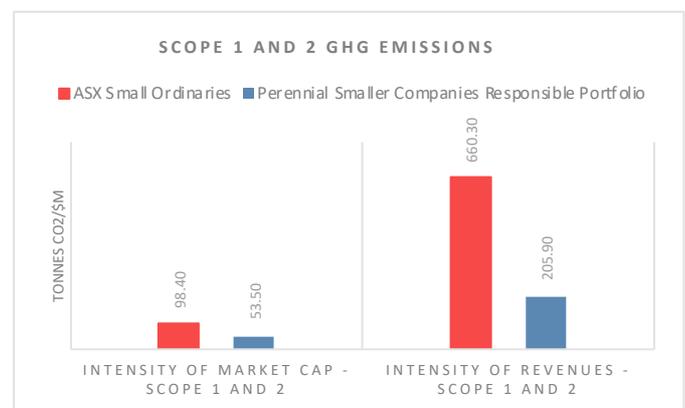
**Our focus continues to be on investing in companies that are making a positive contribution to creating a sustainable future.**

## ESG Activity

Given the quieter month of December, our ESG-related engagement was lower than usual:

- We met with aged-care provider Estia Health to discuss, amongst other things, resident satisfaction, the impact of the Royal Commission, pricing transparency, solar electricity use, one-off plastics reduction, waste targets and carbon footprinting.
- We met with Pental to discuss aspects of the company's remuneration report and responsible investing initiatives.
- We attended the PRI conference "Towards a resilient and sustainable economy" which covered a range of topics related to sustainability and finance.
- Red Earth Solutions (unlisted – not held) – we discussed the company's off-grid solar and battery products and the potential carbon savings from the products.
- Downunder Geoscience (unlisted – not held) – we discussed the company's innovative data centre products which save energy by immersing servers in a liquid.

## Portfolio Carbon Footprint



Source: CAER (Part of Vigeo Eris Network). Factset and Perennial as at 30 September 2019. Data for IMPQ is shown. Whilst due care has been used in preparation of the above, calculations are based on the information provided.

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