

# eInvest Better Future Fund (Managed Fund)

ASX:IMPQ  
MONTHLY REPORT FEBRUARY 2021

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since Inception <sup>^</sup> (% p.a.)
eInvest Future Impact Small Caps Fund (Managed Fund)	-2.3%	4.2%	27.1%	25.8%	17.6%
S&P/ASX Small Ordinaries Accum. Index	1.6%	4.1%	21.8%	17.2%	8.0%
<b>Value Added (Detracted)</b>	-3.9%	0.1%	5.3%	8.6%	9.6%

<sup>^</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

- After several months of strong performance, the Better Future Fund was down 2.3% net of fees in February, underperforming the benchmark return by 3.9%.
- It is a key goal of the Fund to demonstrate that there is no performance trade-off to invest with a focus on creating a better future. Since inception in May 2019, the Fund has delivered a 17.6% p.a. return net of fees, outperforming the benchmark by 9.6% p.a.
- Positive contributors this month included Calix (+30.6%), Bendigo Bank (+9.1%) and Janison Education (+6.6%).
- Negative contributors this month included Meridian Energy (-20.6%), Mercury Energy (-15.3%), EROAD (-17.2%) and 4D Medical (-21.4%).

## eInvest 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 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

\$8.3 million

### Distribution Frequency

Annually (if any)

### Management Cost

0.99% (incl of GST and RITC)

### Inception Date

23 May 2019

+ performance fee

## Top 5 Portfolio Positions

	IMPQ	Index
INTEGRAL DIAGNOSTICS	4.58%	0.33%
SPARK NEW ZEALAND	3.95%	0.46%
IRESS	3.80%	0.74%
JANISON EDUCATION GROUP	3.34%	0.00%
CITY CHIC COLLECTIVE	3.04%	0.40%

## Better Future Highlight

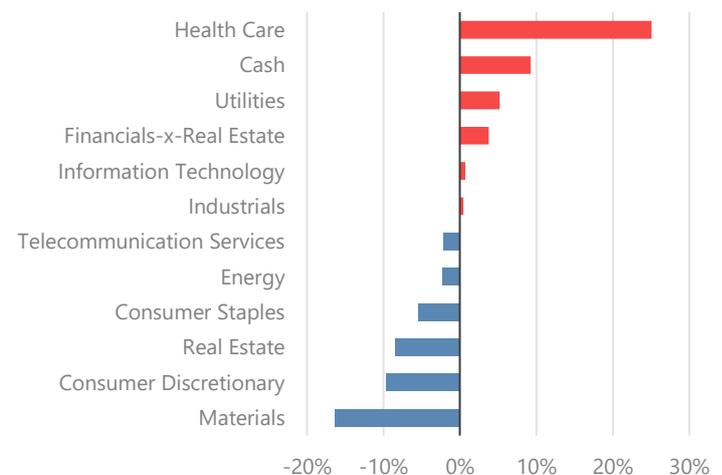
During the month we added Micro-X to the portfolio.

Micro-X has developed an ultralight weight mobile X-ray using a "cold cathode" nano X-ray tube. The Micro-X device is smaller and more agile than other x-ray units. The system weighs only 95kg and it has been designed to allow bedside imaging in emergency departments as it is easy to manoeuvre through small patient rooms, crowded hallways or tight ICU spaces.

The company has also developed a "Rover" version of the device for remote use and has recently signed a \$1.3m contract to provide the Rover to the Australian Defence force for use in field hospitals.

Subsequent to month end, Micro-X announced that the Australian Stroke Alliance, of which the company is a member, had been awarded \$40m as part of the Federal Government's Medical Research Future Fund program. Micro-X will receive \$8m of this funding to develop a "Ring Scanner" brain CT imager to be used in ambulances. The product will be designed to allow paramedics to detect strokes prior to a patient arriving in hospital to improve outcomes for stroke patients.

## Sector Active Exposure vs Index



## Fund Review

After several months of strong performance, the Better Future Fund was down 2.3% net of fees in February, underperforming the benchmark return by 3.9%.

May will mark two years since IMPQ began and we have decided to change the name of the Fund to the eInvest Better Future Fund (Managed Fund).

The change of name is to more accurately reflect IMPQ's strong focus on investing in companies that are making a positive contribution to a better future.

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Positive contributors this month included Calix (+30.6%), Bendigo Bank (+9.1%) and Janison Education (+6.6%).

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Calix delivered a strong first-half result and announced continued strong interest from potential global clients in the company's calcination technology which allows mineral and chemical processes to be conducting using renewable energy rather than traditional energy sources.

Bendigo Bank announced a better-than-expected result. Bendigo's strong community focus has resulted in the company having a "net promoter" score of 29.0 compared to the industry average of 2.2. This appears to have assisted with loan growth with the bank reporting lending growth of 9.2% compared to "system" growth of 0.1%.

Meridian Energy was weaker after a softer than expected start to the year, resulting from lower storage water levels in the company's hydro generation assets in the South Island of New Zealand. Interestingly, the company announced that it is constructing a 176MW wind farm in Hawke's Bay, New Zealand. It also has a 20MW battery energy storage system at the Hume power station in NSW and a 130MW wind farm and battery storage system in northern NSW as part of the company's development pipeline.

Mercury Energy was weaker after announcing delays to construction of the company's Turitea wind farm and downgrading guidance due to dry weather in the catchment for the company's Taupo hydro generation on the north island of New Zealand.

EROAD delivered a weaker than expected quarterly update due to COVID-19 interruptions on the company's sales process in North America. There are a number of companies in the portfolio which have been impacted by COVID interruptions and we expect the outlook for these companies to improve significantly if COVID infection rates in the northern hemisphere continue to improve as vaccination programs progress.

4D Medical delivered a weaker-than-expected result, albeit post month end announced a \$29m grant to develop the world's first dedicated lung function scanner. We will discuss this further next month.

## Fund Activity

During the month we added a number of new stocks to the portfolio, including Micro-X (discussed on first page) and MedAdvisor. MedAdvisor is a medication management platform with operations in Australia and the US. The MedAdvisor software allows users to manage their medication requirements and improve adherence by linking the software to the user's preferred pharmacy.

During the month, we reduced our holdings in Calix, M7 Technologies, New Energy Solar and Netwealth and added to holdings in CleanSpace, Fluence, Bendigo Bank and Sims Ltd.

At month end the Fund held 44 stocks and cash was 9.2%.

At February, the weighted average Perennial-derived Environmental, Social, Governance and Engagement ("ESGE") Score of the Fund was 7.2 which is 26% higher than the benchmark ESGE Score of 5.7.

## ESG Activity

Our ESG activity during the month included:

- We met with EY who was asked by Bendigo Bank to engage with us as a key stakeholder in relation to the company's ESG and sustainability reporting. Key areas that we encouraged the company to improve included climate disclosure, climate commitments and more clearly highlighting sustainability-related data. During the company's results presentation the company announced that it has committed to reduce absolute emissions by 50% by 2030.
- We met with Telix at their request to discuss ESG and sustainability more broadly. The topics that we discussed included diversity, remuneration targets and how the company can improve ESG related disclosures, including explaining how the company's products contribute to a better future.
- We met with Integral Diagnostics who indicated that after our previous discussions on the topic, the company had conducted a carbon footprint analysis and will be disclosing carbon emissions data in the annual report. An interesting outcome from management's point of view was the carbon footprint of some of the consumables that the company uses and the company has already put in place procedures to be more efficient in the use of the consumables for improved environmental and cost outcomes.



## Better Future and ESG Team

Damian Cottier – Portfolio Manager

Emilie O'Neill – ESG & Equities Analyst

## Contact Us

📍 Level 27, 88 Phillip Street Sydney NSW 2000

☎ 1300 088 660

✉ hello@invest.com.au

🌐 www.invest.com.au

The Responsible Entity is Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. The Investment Manager is Perennial Value Management Limited ABN 22 090 879 904 AFSL: 247293. This report has been prepared by ETF Investments Australia Pty Ltd trading as eInvest Australia ('eInvest') ABN: 88 618 802 912, as the corporate authorised representative of Perennial Investment Management Limited. This report is for information purposes only. Accordingly, reliance should not be placed on this information as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. The current relevant product disclosure statement can be found at [www.invest.com.au/IMPQ](http://www.invest.com.au/IMPQ)