

NorthStar Impact

Australian Equities Fund

Monthly Report | May 2024



Fund performance as at 31 May 2024

	1m	3m	1yr	3yr p.a.	5yr p.a.	Inception p.a.
Fund (net of fees) %	7.18%	12.41%	8.26%	-3.89%	2.69%	6.15%
Index* %	-0.87%	-2.55%	11.37%	-1.42%	2.66%	5.84%
Active Return (net of fees) %	+8.05%	+14.96%	-3.11%	-2.47%	+0.03%	+0.31%

Source: Apex Group, NorthStar Impact.

*Index means the S&P/ASX Small Ordinaries Industrials TR Index. This index is used for performance reference purposes only. The S&P/ASX All Ordinaries Accumulation Index is the hurdle rate for the calculation of the Fund's performance fee. All returns are shown to two decimal places. Returns for periods of more than one year are annualised. Total returns include realised and unrealised gains and losses plus income and are time-weighted rates of return that adjust for external cash flows. Valuations are computed and performance reported in Australian dollars. Performance returns are presented after management and performance fees and all trading expenses. Past performance is not an indicator of future performance. Inception was 31 January 2017.

Fund overview

The Fund is invested in a diversified portfolio of 46 Australian companies and 5 international companies listed on recognised stock exchanges, across our impact focus areas. The Fund outperformed the S&P/ASX Small Industrials Index by +8.0%. The overall market continues to consolidate the strong gains since October 2023 as the timing of potential interest rate cuts keeps being extended. We retain our view that these are the early stages of a multi-year bull market in small companies due to the combination of compelling value and peaking of rates.

Biotech stocks were the main contributors to the Fund's return this month as investors are now rewarding positive newsflow in this sector.

The Fund has also been awarded the highest rating of "Sustainability Plus" under the Responsible Investment Association Australasia's new Sustainability ratings system. You can find out more about the RIAA's new sustainability classifications here: <https://responsibleinvestment.org/ri-certification/sustainability-classifications/>

Company highlights

During the month, we increased our position in **Frontier Energy (ASX: FHE)**, a developer of renewable energy generation and storage assets in Western Australia. Frontier has completed the feasibility study for the first stage of their project which includes 120MW solar energy generation and 80MW battery assets. The project is located close to a major connection point to WA's electricity network on high voltage (330kV) transmission lines in the least constrained part of the network. The target is for stage one to be operational by October 2026.

Dimerix (ASX: DXB) announced more good news, entering into an agreement with Taliba, a leading specialty distribution company in the MENA region, providing innovative treatments to patients suffering from orphan and rare diseases. Dimerix will receive up to A\$120.5m in upfront and milestone payments based on development and sales targets for their treatment of Focal Segmental Glomerulosclerosis (FSGS), a rare disease that attacks the kidney's filtering units.

TOP 5 HOLDINGS	PORTFOLIO WEIGHT
Clarity Pharma	8.4%
Probiotec	6.5%
Environmental Group	5.9%
Botanix	5.1%
Aspen Group	4.5%

Company profile: Clarity (ASX:CU6)

Clarity is a radio-pharmaceutical company that produces "theranostic" drugs using isotopes of copper. These can be used to both diagnose and treat various types of cancer.

Its flagship product, ⁶⁷Cu-SAR-bisPSMA is currently in phase II clinical trials to treat people with aggressive forms of prostate cancer (mCRPC) who have not responded to treatment with surgery or chemotherapy. Trial results have shown extremely strong safety and efficacy data, showing that the use of copper, a more stable isotope, can provide a safe, effective, cheaper, and more accessible option to treat mCRPC in future.

On the 30th of April, Clarity announced that one patient from their phase II trial had achieved a "complete response" to treatment after six months, meaning that their cancer was undetectable. In May, Clarity's share price has appreciated by 81%.

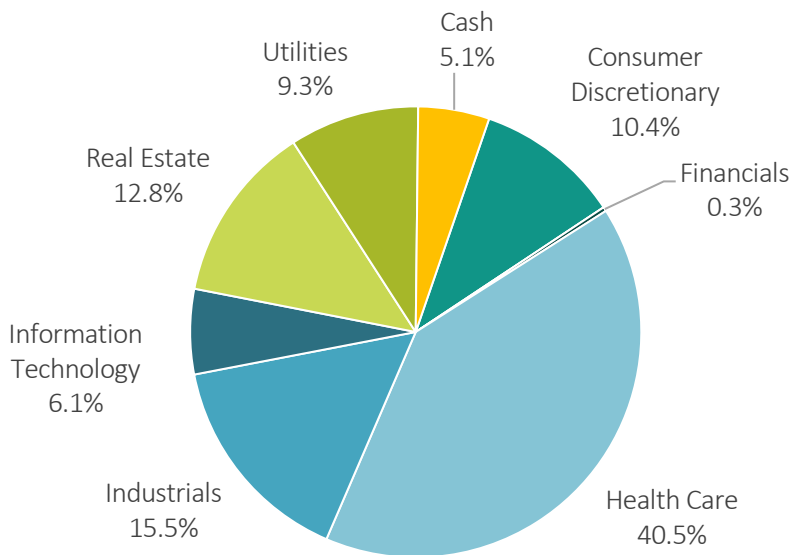
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Our Impact Focus Areas



Sector Allocation



Source: NorthStar Impact. Please note that NorthStar Impact may reallocate stocks' sector classifications where in their view it is appropriate to do so.

KEY FACTS

Inception	31/01/2017
Domicile & Status	Registered Managed Investment Scheme domiciled in Australia
Holdings	51 stocks
Liquidity	Daily
Base currency	Australian dollars
Distributions	Paid annually, shortly after 30 June; reinvested unless otherwise instructed
Minimum investment	\$10,000
Fund identifier	APIR: ETL6826AU

FEES & CHARGES

Investment management fee	1.03% pa
Other fees & expenses	Up to 0.36% pa
Total management costs	1.39% pa
Performance fee	20.5% over benchmark
Performance hurdle	S&P All Ordinaries Accum Index

Important Information

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298) AFSL 240975, is the Responsible Entity for the NorthStar Impact Australian Equities Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is North Star Impact Pty Ltd ("NorthStar") (ABN 56 635 773 974), an Authorised Representative of Longreach Alternatives Pty Ltd ("Longreach") (ABN 25 082 852 364) AFSL 246747. This publication has been prepared by NorthStar to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information.

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The Fund's Target Market Determination is available here: [NorthStar-Target-Market-Determination.pdf](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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Engagement

NorthStar Impact's work is guided by our 3 pillars of impact investing: Intentional Positive Impact, Active Contribution (also known as "additionality"), and Impact Measurement. Our engagement strategy is focused on understanding our companies' purpose (intent), helping them accelerate, scale, or extend their impact, and developing impact metrics. Furthermore, we engage with other Stakeholders in order to create positive impact.

This month, our engagement included:

- Participation in cornerstone discussions for a capital raise for a biotech company requiring additional funding to complete phase 3 trial.
- Meeting with the co-founder of Learn Capital, a US-based edtech VC fund, to discuss investment opportunities in Australia.
- Presented at the SUISS "Careers in Impact" event at Sydney University.
- Engaging with a range of stakeholders, including portfolio companies, on the barriers to the faster roll-out of PFAS clean up and prevention solutions.

Portfolio Managers

Kerry Series



Portfolio Manager

Kerry is Founder and CIO. With over 30 years' experience in the stock-market, he is recognised as a pioneer of impact investing in listed equities.

Claudia Kwan



Assistant PM

Claudia is Partner and Assistant PM. She joined NorthStar in 2021 and has over 15 years' industry experience.

Impact Insights

Accessible and affordable high-quality childcare

NorthStar is advocating for universal and affordable high-quality childcare through engagement and activism with our portfolio companies and broader networks. We're also part of Thrive by Five, an advocacy campaign run by Minderoo Foundation. Earlier this year, we spoke about the need to address the childcare industry's ability to attract and retain workers, due to low workforce pay. This isn't the only barrier the industry faces, however, and it's positive to see the conversation continuing to develop to support the many families and communities in Australia who live in "childcare deserts". We've just signed a submission to call on State and Territory Governments to address the problem of access in our regional, rural and remote areas. As stated in this submission: "The lack of local childcare options not only deprives children of essential educational, social, health, and wellbeing benefits but also hinders parents from securing employment, leading to workforce deficits and economic decline in these regions." Making change requires many stakeholders. We'd love to mobilise our community to co-submit this submission, so if you're interested in learning more and signing, visit https://accg.good.do/access/Access_For_Every_Child/.

70% of Australia's childcare industry is made up of private operators. They are integral in the delivery of high quality, accessible childcare. NorthStar currently has investments in Nido, Mayfield and G8. We also talk about childcare deserts and our own approach to addressing these issues in our NorthStar Theory of Change, which you can find in our 2023 Impact Report.

Neoen acquisition premium

North Star is advocating for a transition to renewable energy sources. A key long-term trend we expect to see develop further is "acquisitions for impact". Our thesis is that companies who are solving critical problems will trade at a premium valuation, as they become acquisition targets for larger companies. This investment thesis has been playing out with a recent slew of acquisitions driving share prices higher. Neoen is the latest of our portfolio companies to be targeted. In May, Brookfield reached an agreement to acquire a majority stake in Neoen for \$10 billion or a >20% premium to the previous closing price. Brookfield's Connor Teskey noted "Neoen has built one of the world's greatest renewable energy development platforms." The acquisition will see Brookfield – a highly reputable renewable investor - become the largest owner and operator of renewable energy assets in Australia. We hope to see this acquisition offer a bigger platform to expand their renewables offering in Australia

NorthStar identified Neoen as one of the highest quality independent pure renewables developers – a global company with multiple sources of energy (wind, solar and storage) and an integrated execution strategy (develops, finances, builds and operates assets). This differentiated Neoen from other renewable developers, allowing them to accelerate their ability to increase MW of installed capacity, driving earnings and impact outcomes. Neoen operates six big batteries in Australia, bringing its total Australian storage assets to over 1.1 GW in operation or under construction, cementing its position as Australia's leading developer, owner and operator of Australian batteries.