



# TRILLIUM ESG GLOBAL EQUITY FUND - CLASS A

September 2024

## FUND FACTS

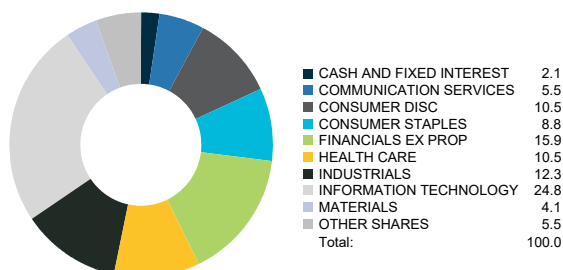
**Investment objective:** To provide investors with long-term capital growth through investment in quality global shares. To outperform the benchmark (before fees and taxes) over a rolling 3 year period.

## FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

**Benchmark:** MSCI AC World Net Total Return Index (AUD)  
**Inception Date:** August 2020  
**Size of Portfolio:** \$31.24 million as at 30 Jun 2024  
**APIR:** PER2095AU  
**Management Fee:** 0.89%\*  
**Investment style:** Core  
**Suggested minimum investment period:** Seven years or longer

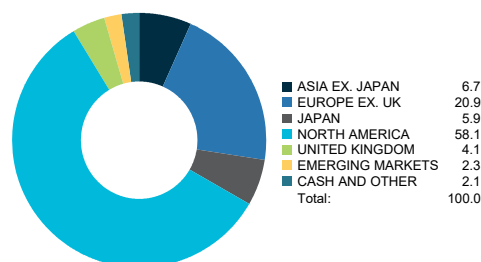
## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

Stock Holding	% of Portfolio
Microsoft Corporation	5.3%
Alphabet Inc.	4.1%
NVIDIA Corporation	4.0%
Apple Inc.	3.1%
Taiwan Semiconductor Manufacturing Co.	2.3%
Visa Inc.	2.0%
Unilever PLC	1.8%
TJX Companies Inc	1.6%
Novo Nordisk A/S	1.6%
Target Corporation	1.5%

## PORTFOLIO REGIONS



## PERFORMANCE- periods ending 30 September 2024

	Fund	Benchmark	Excess
1 month	-1.19	0.07	-1.26
3 months	0.91	2.63	-1.73
1 year	17.78	22.57	-4.79
2 year p.a.	17.21	21.45	-4.25
3 year p.a.	5.10	9.55	-4.46
4 year p.a.	11.03	13.55	-2.52
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	11.45	13.31	-1.86

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	19.2	17.7
Dividend Yield*	2.2%	2.2%
Price / Book	3.8	2.8
Debt / Equity	46.1%	47.9%
Return on Equity*	21.2%	16.4%

<sup>^</sup> Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Trillium's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the fund.

\* Forward looking 12-month estimate.

Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

## MARKET COMMENTARY

The third quarter was marked by significant market-moving headlines, with major global indices reaching new all-time highs, including in the U.S. Unlike the previous quarter, where a limited number of stocks drove gains, the MSCI World Equal-Weighted Index outperformed the MSCI World Index, with the S&P 500 Equal-Weighted Index similarly surpassing the S&P 500. Value stocks outperformed growth stocks by over 600 basis points, while small-cap stocks rallied despite trailing year-to-date performance. The Federal Reserve ended a 14-month pause, making headlines with a larger-than-expected 50 basis point rate cut, instead of the anticipated 25 basis points. This move steepened the previously inverted yield curve, as the Fed projected an additional 200 basis points of cuts through 2024 and 2025. Amid rising recession fears, cooling consumer price index data in June and July allowed the Fed to shift focus from inflation to addressing employment concerns. In contrast, the Bank of Japan unexpectedly raised rates, causing increased volatility and a drop of over 25% in the MSCI Japan Index peak-to-trough, ultimately closing down 6.0% in local currency. In China, negative sentiment persisted due to a sluggish economy, but a significant stimulus package announced at the quarter's end boosted market optimism, leading to the MSCI China Index's strongest weekly gain since 2008 and a quarterly return of +23.5%.

## PORTFOLIO COMMENTARY

For the quarter ended September 30, 2024, the Trillium Global Equity fund reported a return of 0.91% versus the benchmark, MSCI All Country World Index (ACWI), which reported a return of 2.63% over the same period. The Fund's largest overweight positions at quarter end included Alphabet Inc, Unilever, and TJX Companies. The Fund's largest underweight positions include Amazon.com, Meta, and Apple. Amazon.com and Meta are not held in the portfolio due to sustainability and ESG-related concerns.

The overweight position in Jones Lang LaSalle Incorporated (JLL) (+26.5%) contributed to relative performance. JLL outperformed in the quarter on a combination of interest rate support, with the Fed delivering a larger-than-expected initial cut, and as the company reported much better-than-forecasted earnings through the most recent quarter end. JLL's strong earnings were driven by its high margin leasing business, a segment where the company's management provided a positive outlook.

The overweight position in Brambles Limited (+33.0%) contributed to relative performance. Brambles performed well in the quarter with fiscal year earnings coming in above expectations and guidance indicating an improved cash flow outlook, which allowed the company to announce an increase to its dividend payout ratio and a substantial share buyback. The results alleviated investor concerns around earnings and cash flow stability for the company.

The overweight position in Novo Nordisk (-21.2%) detracted from relative performance. Novo Nordisk underperformed in the quarter after it reported mixed financial results highlighted by lower-than-expected product revenues from its GLP-1 obesity treatment Wegovy. While competition in the GLP-1 space has started to become a headwind for Novo, we remain optimistic about the company's opportunities for sales growth with the total addressable market for GLP-1 products rapidly expanding. Although Novo experienced product development setbacks during the period, though they remain a leader in the obesity treatment segment and we see the upcoming release of CagriSema, a potentially more competitive GLP-1 product, Phase III study results as a potential catalyst for outperformance.

The overweight position in Edwards Lifesciences Corporation (-31.2%) detracted from relative performance. Edwards Lifesciences underperformed in the quarter after lowering their full year outlook due to slower-than-expected sales growth for its Transcatheter Aortic Valve Replacement (TAVR) product. We believe TAVR growth headwinds are attributable to increasing competition but looking towards the future we see Edwards' in a favorable position to seize opportunities from expanded usage of TAVR products.

## OUTLOOK

As we look ahead, we anticipate a dynamic economic environment influenced by several key factors. U.S. employment conditions have softened but remains solid relative to historical levels. Signs of slowing job creation have emerged, and wage growth is moderating, suggesting the potential for continued easing in consumer spending. The 2024 U.S. presidential election will be a significant driver of market sentiment in the near term. As election day approaches, we expect increased market volatility, driven by uncertainty over policy outcomes. Investors will closely watch for clues on the candidates' economic policies, particularly regarding taxation, regulation, and fiscal spending. Elections tend to inject volatility into equity markets, and this cycle is likely to follow suit, especially as it coincides with economic uncertainty and corporate earnings and commentary during the quarter. We are preparing for periods of heightened volatility as polls fluctuate and new political developments emerge. Another key focus is the Federal Reserve's expected shift in monetary policy. With inflation showing signs of moderating and the economy cooling, markets are anticipating further Fed rate cuts. If inflation continues to trend downward and economic growth weakens, a rate cut would be a supportive factor for markets, particularly stocks of companies whose financial results are more rate sensitive. However, further cuts also introduce risk: if inflation proves sticky, the Fed could pivot back to a more restrictive stance, hampering economic growth. Global events, including China's large stimulus package as well as ongoing conflict between Ukraine and Russia as well as conflict between Israel and Hamas, Hezbollah, and Iran remain critical variables influencing energy prices, trade, and global investor sentiment. We see the related potential for rising oil prices (and any resultant slowing in economic activity) as the most proximate risk for the portfolio.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website [www.perpetual.com.au](http://www.perpetual.com.au). No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

## MORE INFORMATION

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email [investments@perpetual.com.au](mailto:investments@perpetual.com.au)

[www.perpetual.com.au/trillium](http://www.perpetual.com.au/trillium)

