



TRILLIUM ESG GLOBAL EQUITY FUND A CLASS

August 2021

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 BENEFITS

The Fund is Fossil fuel free.

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: \$21.01 million as at 30 Jun 2021

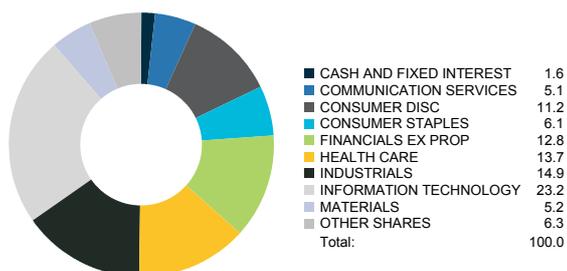
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Management Fee: 0.89%*

Investment style: Growth at a reasonable price

Suggested minimum investment period: Seven years or longer

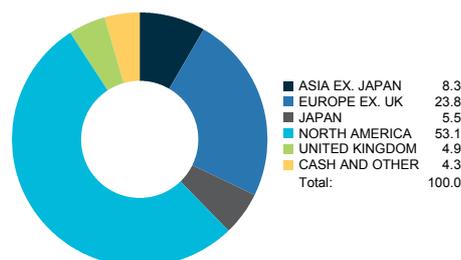
PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

Company	% of Portfolio
Microsoft Corporation	3.8%
Apple Inc.	3.6%
Alphabet Inc.	3.5%
Taiwan Semiconductor Manufacturing Co.	1.7%
NVIDIA Corporation	1.6%
PayPal Holdings Inc	1.6%
Adobe Inc.	1.4%
NIKE, Inc. Class B	1.2%
Roche Holding Ltd	1.2%
Applied Materials, Inc.	1.1%

PORTFOLIO REGIONS



PERFORMANCE- periods ending 31 August 2021

	Fund	Benchmark	Excess
1 month	3.65	3.09	+0.56
3 months	14.94	10.75	+4.19
FYTD	8.53	6.02	+2.51
1 year	37.73	30.17	+7.56
2 year p.a.	-	-	-
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	36.96	29.33	+7.63

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

PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	22.9	18.4
Dividend Yield*	1.8%	2.4%
Price / Book	3.8	2.8
Debt / Equity	51.8%	50.5%
Return on Equity*	17.5%	15.7%

[^] 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

Despite growing concerns over increasing COVID infections due to the Delta variant, combined with what appears to be peaking growth, the performance of markets in August was robust once again, with the MSCI AC World Total Return Index up 3.1%. US equities remained among the top-performing regions, as the S&P 500 topped an all-time high. Japanese equities performed well in August after lagging for much of the year. Similarly, emerging markets ended the month higher after a sell-off in early August on the back of Chinese regulatory concerns.

Although markets continue to perform strongly, high inflation levels in several countries are a cause for concern. The US consumer price index, for example, printed a decade-high year-on-year increase of 5.4%. Although the US Federal Reserve continues to talk of transitory inflation, risks of prolonged inflation remain top of mind. In addition, with the rise in COVID cases across the globe, fears of further lockdowns impacted equity market performance at the sector level as it shunned the more cyclical areas of the market in favour of more defensive sectors. While economic fundamentals such as PMIs have appeared to peak, they remain in expansionary territory. Further, economic growth has been constrained due to supply chain disruptions.

Classic defensive sectors such as Utilities, Health Care, Communication Services, and Information Technology were all favoured in the month. The Financials sector surprised, outperforming despite concerns over lower interest rates. Value stocks continued to come under pressure in August despite a strong performance by the Financials. On a year-to-date basis, the MSCI World Growth Index has closed the gap with the MSCI World Value Index and is now slightly ahead. The MSCI ACW Value Index continues to outpace its MSCI ACW Growth Index modestly, as value stocks from the emerging market have meaningfully outpaced their growth peers year-to-date.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions at the end of August 2021 included payment processor PayPal, Internet holding company, Alphabet, and global investment data provider and analytics company MSCI. Conversely, the Fund's largest underweight positions included Amazon.com, Facebook, and Tesla, all of which are not held in the Fund.

A top contributor for the month was packaging provider Ball Corporation (+19.6%), as demand for aluminium cans for beverages is currently benefiting from tight supply/demand conditions in the industry. The move away from environmentally unfriendly materials to more sustainable/recyclable aluminium materials, along with growth in key beverage categories (spiked seltzers, energy drinks, craft beers) is driving this dynamic. While more volatile COVID-related demand trends had weighed on shares earlier in the year, a recent solid quarter and a renewed focus on the positive secular trends for its product caused a bounce back in the stock.

Japan-based HR technology and staffing firm Recruit Holdings (+16.0%) was also a top contributor. The stock showed continued strength after its beating consensus expectation in its latest quarterly report. The Human Resources (HR) Technology division, consisting mainly of its INDEED platform and website, was the highlight as intensifying competition to recruit talent in the US post-COVID waves drove growth and profitability.

The top detractor in August was IPG Photonics (-21.3%), a market leader in fibre lasers. While the Company delivered solid quarterly results, it did not meet consensus expectations against a broader backdrop of increasing caution on China-driven markets and business models. While the near term may remain volatile, the secular trends toward laser adoption across several industries and end-markets remain attractive.

Despite delivering solid reported results in early August, Kering (-10.8%) stock was weak as the month progressed as concerns over further lockdowns related to the Delta variant intensified and China cracking-down on consumption by the ultra-wealthy. Looking beyond short-term developments, we continue to favour Kering's longer-term business prospects-term, as the company remains committed to sustainable design and sourcing.

OUTLOOK

The latest US jobs report shows the Delta variant is having a real impact on hiring in hospitality and retail, even as the unemployment rate reaches recent lows. Globally the lingering COVID threat is slowing manufacturing, reducing travel and tourism, and mangling supply chains. This "bad" news however is helping to stave off imminent threat of tapering by central banks. These conditions appear to be providing a significant level of support to markets, which continued to touch new highs in August, despite signs of monetary policy tightening by year-end. Progress on the US Senate passed infrastructure bill and larger reconciliation package appears stalled until progressives and moderate democrats can find a number to agree on, while debt funding discussions become elevated amongst both political parties. There continue to be many simmering geopolitical hot-spots, particularly with the US withdrawal from Afghanistan and China exerting influence over technology, education, and media companies in that country. Contentious national elections are looming in a number of countries, including Germany and Japan, which will set important directional signals for economic policies. A rising number of extreme weather events, such as the surprising strength of the remnants of Hurricane Ida on New York City, are stark reminders of the importance of international cooperation on climate policy and the disproportionate impact on lower income groups and communities of colour. We continue to focus on high-quality companies with proven management, strong balance sheets, and astute management of ESG related risks and opportunities to provide stability through these heightened periods of uncertainty.

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