Trillium Asset Management

TRILLIUM ESG GLOBAL EQUITY FUND A CLASS

March 2022

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

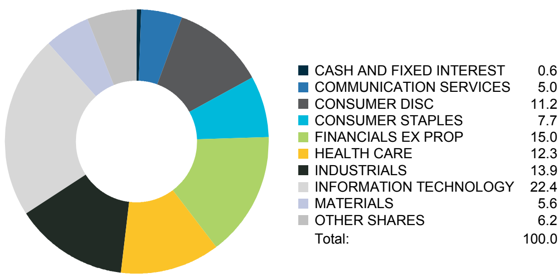
The Fund is Fossil fuel free.

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:	$23.91 million as at 31 Mar 2022
APIR:	PER2095AU
Management Fee:	0.89%*
Investment style:	Growth at a reasonable price
Suggested minimum investment period:	Seven years or longer

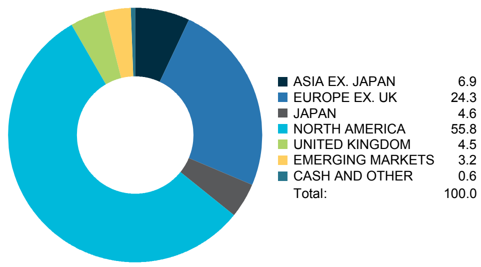
PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Apple Inc.	4.9%
Microsoft Corporation	4.0%
Alphabet Inc.	3.4%
NVIDIA Corporation	1.7%
United Parcel Service, Inc. Class B	1.4%
Novo Nordisk A/S Class B	1.3%
Target Corporation	1.2%
Visa Inc. Class A	1.2%
Applied Materials, Inc.	1.2%
CVS Health Corporation	1.2%

PORTFOLIO REGIONS



PERFORMANCE- periods ending 31 March 2022

	Fund	Benchmark	Excess
1 month	-1.48	-1.28	-0.21
3 months	-12.16	-8.37	-3.79
FYTD	-1.62	-0.13	-1.49
1 year	8.64	8.81	-0.17
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.	15.57	13.97	+1.60

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

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	19.4	16.7
Dividend Yield*	2.1%	2.5%
Price / Book	3.5	2.6
Debt / Equity	51.2%	47.1%
Return on Equity*	18.1%	16.1%

^ 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

Few markets or asset classes escaped the downdraft in the first quarter of 2022. Additional bricks were stacked on an already high "wall of worry" during the quarter, including the addition of the central banks' high-wire act of taming the rapid rise in inflation without slowing economic growth too quickly. Additionally, Russia's invasion of Ukraine, pushed commodity prices higher and further disrupted global supply chains. Against this backdrop, U.S. equities declined nearly 5%, yet fared better than most markets around the world. Continental European stocks were pushed lower as expected higher energy costs added to already slowing growth, creating concerns of a near-term recession in the region. Emerging markets fared the worst in the quarter. After what looked like a promising start to the year, Chinese stocks fell precipitously, as China continued to pursue a zero COVID policy and introduced major lockdowns in cities such as Shenzhen and Shanghai. Conversely, the U.K., with its higher exposure to commodities (Energy and Materials), actually posted positive returns in the quarter. At a sector level, there was a meaningful bifurcation in performance as the Energy sector was up over the quarter on the back of crude oil up 33% and natural gas up more than 51%. Conversely, the Communication Services, Consumer Discretionary, and Information Technology sectors were down more than -10%.

PORTFOLIO COMMENTARY

At March 31, 2022, the Fund's largest overweight positions included global logistics and package delivery company United Parcel Services (UPS), infrastructure provider Quanta Services and US general merchandise retailer Target Corporation. The Fund's largest underweight positions included Amazon.com, Tesla and Meta Platforms (prior Facebook), all of which are not held in the fund.

The top relative performer for the quarter was not owning Meta Platforms (formerly Facebook), which declined 36% in the quarter. Meta has been under pressure along with high growth technology names, but its sell-off was compounded by what was viewed as a less than stellar Q4 report and conservative 2022 guidance. It has investors questioning the staying power of its social media platforms and whether newer apps, such as Tik Tok, are causing its relevance to wane.

In terms of what we owned, the top contributor for the quarter was Brazilian bank, Itau Unibanco (+48%). From a macro perspective, its home countries' commodity and raw materials sectors are seeing demand tailwinds from the global inflationary pressures created by the Russian/Ukraine war and supply chain disruptions. At a company specific level, Itau Unibanco significantly accelerated loan growth into the close of 2021 (beyond the expected post-pandemic bounce), with management providing guidance indicating that this expansion should continue into FY2022. Furthermore, the bulk of this growth was in higher-yielding consumer lines which should translate to strong Net Interest Income expansion as long as credit trends continue to be solid.

The bottom performer for the quarter was Japanese healthcare equipment maker, Sysmex Corporation (-47%). The Company generates the majority of sales from blood and urine diagnostics analysis instruments and consumables/reagents that it develops for these instruments. The stock saw selling pressure after 3Q results due to slightly weaker than expected China sales (25% of total). In addition, financial troubles for one of its China distributors will likely compound the problem as Sysmex searches for a new distributor. Positively, its China consumables/reagent revenues grew solidly. Longer term, we continue to like the stability of the Company's razor (diagnostic equipment), razor blade (reagents/consumables) model.

Another detractor was Japanese Company, Nidec Corporation (-34%), a global leader in producing energy-efficient, small motors for a variety of industries, including automotive, and a leader in producing Silicon Carbide inverters for the EV market. In addition to being pressured by a sell-off in high-growth technology stocks, Nidec missed its Q3 Operating profits expectations, though it left full-year guidance intact. The Company said the 3Q miss for operating profits is attributable to the timing of when higher costs for steel will be passed through to selling prices, and that sales price hikes should have a positive effect from 4Q onward. As supply chain disruptions ease as the year progresses, Nidec should be a beneficiary of pent-up demand for autos, particularly electric vehicles.

OUTLOOK

The Russian invasion of Ukraine shook global markets already tense over rising global inflation and the prospect of central banks tightening. The events in Russia, on balance, raised expectations for growing inflation, particularly given the sharp rise in commodity prices, including agricultural goods, metals, and oil and gas. As a result, a major risk-off move, particularly with European equities, has punished many companies. Midway through the quarter, certain technology and clean energy stocks saw some relief, although this proved short-lived as inflation readings continued to come in ahead of expectations and the Fed signals even more hawkish moves than anticipated. In the US, a flattening yield curve, which has at points inverted, has led to concerns about a potential recession. In Europe, the case is even stronger given the dependence on Russian energy and expected supply chain shocks. China is not helping the situation, as renewed COVID outbreaks have tested the effectiveness of the "No-COVID" policy and spurred new lock-downs in major cities. The labour market in the US continues to be strong, although this raises the prospect of a wage-price spiral. Consumer spending so far has been resilient in the face of rising gas prices, and we have seen a rebound in travel and experience-related spending. With the increase in global volatility, we are reviewing our portfolio exposures to minimise potential risks given the emerging threats. We continue to invest in the long-term, focusing on high-quality companies with proven management, strong balance sheets, and astute management of ESG related risks.

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