Trillium Asset Management

TRILLIUM GLOBAL SUSTAINABLE OPPORTUNITIES FUND - CLASS A

May 2025

FUND FACTS

Investment objective: To provide investors with long-term capital growth through investment in global companies driving the transition to a more sustainable economy. To outperform the benchmark (before fees and taxes) over a rolling 3 year period.

FUND BENEFITS

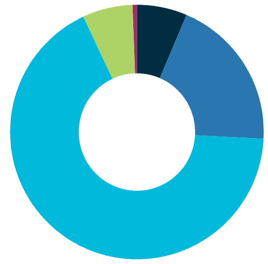
The diversified portfolio is constructed within a framework that is independent of the benchmark in terms of stock and sector weights. Added value is expected to come from the high conviction approach to stock selection.

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 World Net Total Return Index ($A)
Inception Date: August 2020
Size of Portfolio: $56.54 million as at 31 Mar 2025
APIR: PER4964AU
Management Fee: 0.99%*
Investment style: Thematic
Suggested minimum investment period: Seven years or longer

PORTFOLIO REGIONS

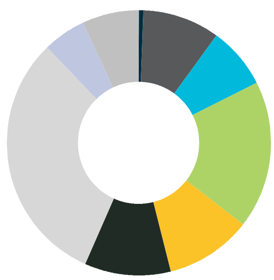


PERFORMANCE- periods ending 31 May 2025

	Fund	Benchmark	Excess
1 month	6.13	5.31	+0.82
3 months	-0.80	-1.34	+0.54
1 year	9.69	17.52	-7.83
2 year p.a.	7.23	19.52	-12.29
3 year p.a.	8.14	17.36	-9.22
4 year p.a.	4.46	13.51	-9.05
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep. p.a.	8.49	15.19	-6.69

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

PORTFOLIO SECTORS



PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	20.7	19.1
Dividend Yield*	1.9%	2.1%
Price / Book	3.5	3.2
Debt / Equity	34.9%	50.5%
Return on Equity*	17.3%	17.2%

^ 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.

TOP 10 STOCK HOLDINGS

	% of Portfolio
Microsoft Corporation	6.9%
NVIDIA Corporation	5.6%
Mastercard Incorporated	4.7%
ServiceNow, Inc.	4.0%
AstraZeneca PLC	3.5%
Infineon Technologies AG	3.0%
Ecolab Inc.	2.8%
Unilever PLC	2.8%
American Tower Corporation	2.7%
Alcon AG	2.6%

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 month of May continued with the trend of investors observing significant and shifting economic data, geopolitical headlines, and policy uncertainty that is starting to look like the norm for 2025. The rapid news flow regarding U.S. tariffs were met with more muted market reactions than April as investors are adjusting to some uncertainty. Even with the tariffs as a backdrop, global markets rallied with the U.S. leading other developed regions. Additionally, growth continued to gain momentum from April and outperformed value, reversing the trend observed in the first quarter, erasing most of the large relative losses from the first three months. Another early year trend that took a pause was developed and emerging markets outperforming U.S. equities due to the fact that the U.S. has a higher weight in growth sectors like Information Technology, although all major regions were up during the month. The big news in North America was not economic data, but the continued ramifications of tariffs on the economies of the U.S., Canada, and Mexico. U.S. markets experienced volatility in May but ultimately posted gains as the S&P 500 Index recovered above its pre-tariff announcement level by early May. Markets were buoyed by the announcement of a 90-day trade agreement with China that significantly reduced tariffs on both sides, easing recession fears, that has since all but fallen apart over rare earth mineral disputes already disrupting the automotive market. As we have seen over the past two years, a growth month dampened market breadth with the three growthiest sectors with mega-cap champions – Consumer Discretionary (i.e., Amazon), Information Technology (i.e., Microsoft and NVIDIA), and Communication Services (i.e., Alphabet and Meta)– all outperformed the index.

PORTFOLIO COMMENTARY

For the month ending May 31, 2025, the Trillium Sustainable Opportunities Fund reported a return of 6.13% net of fees versus the benchmark, MSCI World Index, which reported a return of 5.31% over the same period. The Fund's largest active overweight positions included Mastercard, ServiceNow, and AstraZeneca PLC. The Fund's largest underweight positions included Apple, Amazon, and Alphabet, all of which are not currently held in the fund.

The overweight position in Nextracker contributed to relative performance (+38.62%). Nextracker's performance was primarily driven by outstanding fourth quarter results, with both revenue and adjusted EPS meaningfully exceeding expectations. The company provided positive FY26 guidance, demonstrated strong free cash flow, and maintained a healthy financial position with no debt. It also highlighted an increasing backlog supported by strong demand around the globe.

The overweight position in Infineon Technologies contributed to relative performance (+17.69%). Although Infineon cut its fiscal 2025 outlook and provided lower than expected third quarter revenue guidance of €3.7 billion due to tariff uncertainty, it still beat both top and bottom lines for the second quarter, and management emphasized that order intakes were not slowing. The stock was further boosted by tariff de-escalation, Nvidia's strong earnings announcement, and by forming a strategic partnership with Nvidia to develop new power delivery infrastructure for AI data centers.

The overweight position in Alcon detracted from relative performance (-11.53%). Alcon's poor performance was primarily due to disappointing first-quarter results that missed expectations across all divisions, with constant currency sales growth of only 3% falling short of the expected 5%. The company reduced its full-year organic sales growth guidance and lowered its adjusted EPS guidance for FY2025.

The overweight position in American Tower Corporation detracted from relative performance (-5.35%). Although there were no major company-specific negative events or news in May, the stock was volatile and declined, likely reflecting its sensitivity to interest rate expectations rather than a shift in fundamentals. Despite its share movements, there were some positive developments, including Moody's changing the company's outlook to positive from stable and Bank of America reinstating coverage of the company with a buy rating, claiming that the multiples, investor sentiment, and estimates have all troughed.

OUTLOOK

Markets posted strong gains in May, fueled by better-than-expected earnings and hopes for tariff de-escalation, even as underlying macroeconomic signals remained mixed and geopolitical tensions re-emerged late in the month. The S&P 500 and Nasdaq had their best month since November 2023. European equities also surged, with the STOXX 600 having its best month since 1990. Asia broadly followed suit, led by gains in tech-heavy indices in Taiwan and South Korea. US Treasury yields rose across the curve, while Japanese yields spiked on reduced BOJ buying. The dollar index was flat, and gold fell marginally for the first time in five months. Markets rallied early in May after the US and China agreed to temporarily roll back tariffs (US to 30% from 145%, China to 10% from 125%), but momentum faded as the US imposed new export controls and visa restrictions and as Treasury Secretary Bessent acknowledged talks with China were "a bit stalled". Legal rulings on tariff authority added another layer of uncertainty, and US-EU negotiations also struggled. The macroeconomic landscape remained mixed, particularly in the US, where improved consumer sentiment and solid Q1 earnings (+12.9% y/y for S&P 500) were offset by slightly softening labor data and disappointing personal spending. Despite an increase of just 0.1% for core PCE inflation in April, signaling modest cooling, Treasury yields rose as investors responded to concerns over fiscal sustainability and shifting Fed expectations. The Fed held rates steady, but the statement acknowledged heightened risks of both inflation and unemployment. Overall, May felt like a temporary reprieve, rather than a resolution. Key points to watch include progress in trade issues, clarity on the Fed's next move, and the US Senate's deliberation of the reconciliation package passed by the House.

MORE INFORMATION

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