



Trillium Asset Management

**TRILLIUM ESG GLOBAL EQUITY FUND - CLASS A**

October 2024

**FUND FACTS**

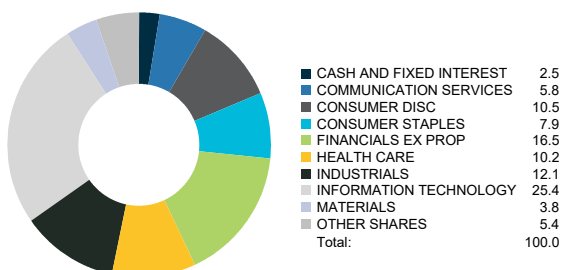
**Investment objective:** To provide investors with long-term capital growth through investment in quality global shares. To outperform the benchmark (before fees and taxes) over a rolling 3 year period.

**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:** \$31.85 million as at 30 Sep 2024  
**APIR:** PER2095AU  
**Management Fee:** 0.89%\*  
**Investment style:** Core  
**Suggested minimum investment period:** Seven years or longer

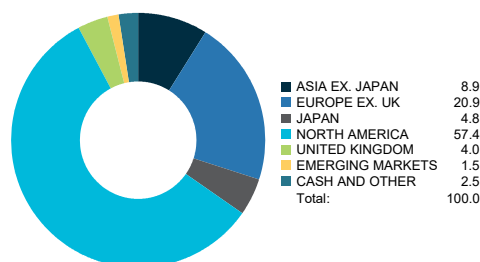
**PORTFOLIO SECTORS**



**TOP 10 STOCK HOLDINGS**

	% of Portfolio
Microsoft Corporation	5.2%
NVIDIA Corporation	4.5%
Alphabet Inc.	4.3%
Apple Inc.	3.2%
Taiwan Semiconductor Manufacturing Co.	2.6%
Visa Inc.	2.1%
Unilever PLC	1.7%
TJX Companies Inc	1.6%
Novo Nordisk A/S	1.5%
ServiceNow, Inc.	1.5%

**PORTFOLIO REGIONS**



**PERFORMANCE- periods ending 31 October 2024**

	Fund	Benchmark	Excess
1 month	2.27	3.54	-1.27
3 months	-0.03	2.25	-2.28
1 year	22.53	28.36	-5.83
2 year p.a.	14.70	19.69	-4.99
3 year p.a.	5.12	10.43	-5.32
4 year p.a.	11.49	14.66	-3.17
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	11.80	13.96	-2.16

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

**PORTFOLIO FUNDAMENTALS<sup>^</sup>**

	Portfolio	Benchmark
Price / Earnings*	18.9	17.5
Dividend Yield*	2.2%	2.2%
Price / Book	3.8	2.8
Debt / Equity	45.9%	47.9%
Return on Equity*	21.4%	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

October was marked by significant activity as the U.S. election season concluded, while geopolitical concerns persisted. Early in the month, U.S. job openings declined to three-year lows, and job additions were minimal at 12,000, impacted by weather and strikes. Following the Federal Reserve's 50-basis-point rate cut in September, U.S. yields rose over inflation and deficit concerns. Globally, western central banks continued rate cuts, except for Japan, which raised rates. The U.S. economy demonstrated resilience with 2.8% growth in Q3, while Europe saw 0.4% growth but still faces demand challenges, prompting the European Central Bank to adopt a more accommodative stance. In Asia, China issued additional bonds to address local debt, though markets anticipate more stimulus for sustained recovery. Geopolitics intensified as Israel's potential response against Iran initially raised oil prices, though they later stabilized as fears eased. The Russia-Ukraine conflict remains an ongoing flashpoint for markets. While October concluded with a negative global equity performance, November's U.S. election results spurred some optimism. Donald Trump's victory, alongside a unified government, suggests possible large-scale policy shifts. Uncertainty looms over trade, particularly with China and Mexico, with potential tariffs on the horizon.

## PORTFOLIO COMMENTARY

For the month ended October 31, 2024, the Trillium Global Equity Fund reported a return of 2.3% versus the benchmark, MSCI All Country World Index (ACWI), which reported a return of 3.5% over the same period. At month-end, the Fund's largest overweight positions included Alphabet Inc, Taiwan Semiconductor Manufacturing, and Visa. The Fund's largest underweight positions include Amazon.com and Meta, neither of which is held in the portfolio due to sustainability and ESG related concerns, and Apple.

The overweight position in Taiwan Semiconductor Manufacturing (+16.2%), contributed to relative performance. The company continues to dominate its peers and gain market share driven by AI-related strength at key end customers such as NVIDIA and Advanced Micro Devices.

The overweight position in Visa (+11.7%) contributed to relative performance. Reporting its fourth quarter results during the period, the company's shares rose on EPS and revenue beats driven by stronger operating margins and volume growth, although expenses were slightly above estimates.

The overweight position in Cie Generale des Etablissements Michelin (-12.3%) detracted from relative performance. Shares of the French car-parts manufacturer fell after the company cut its guidance for the year on weaker demand due to high interest rates which weighed on sales over the past year.

The overweight position in AIA Group (-7.6%) detracted from relative performance. The company underperformed during the month as stimulus measures announced during the prior month failed to fully offset negative sentiment towards China's economy.

## OUTLOOK

Recent market trends continued through October. The Fed continues to signal that it's dual-mandate goals are roughly in balance, as the labor market has cooled down and inflation is trending downward. The market's expectation of another 25 basis points (bps) cut in November has been well anchored throughout October. Hard data suggests that overall consumers and businesses are still in good shape. Households' income and spending continue to rise, even with the unemployment rate rising off of its low base. Businesses continue to grow their earnings and make new investments. However, many soft data suggest otherwise. ISM Manufacturing PMI, which is cyclically sensitive, has been in contraction territory for the past 6 months, and consumer sentiment has not recovered to its pre-Covid level. Moreover, the Conference Board's Leading Economic Index has once again signaled recession. Treasury notes and bonds sold off heavily with heightened volatility mainly due to a blowout beat on the September jobs number, rising deficit concerns, and election uncertainties. A surge in Treasury volatility is often associated with equity market volatility given stocks' sensitivity to interest rates. However, despite this backdrop and ongoing geopolitical uncertainties, major indices have gone sideways and have not shown meaningful signs of weakness. Overall, companies are reporting better than expected earnings growth, and with corporate buyback windows reopening and markets entering a cyclically strong season, investors may be cautious, but do not seem particularly concerned. In this environment of continued, heightened uncertainties, we continue to monitor our strategies carefully to preserve shareholder capital, while seeking companies that exhibit fundamental and responsible investing qualities in line with our investment approach.

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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.

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## MORE INFORMATION

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