



# TRILLIUM GLOBAL SUSTAINABLE OPPORTUNITIES FUND - CLASS A

March 2024

## 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

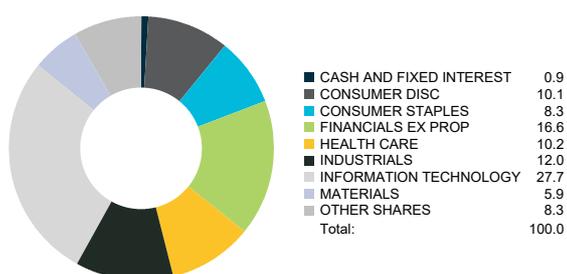
The diversified portfolio is constructed within a framework that is independent of the benchmark in terms of stock and sector weights. Added value is expected to come from the high conviction approach to stock selection.

## 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:** \$56.11 million as at 31 Dec 2023  
**APIR:** PER4964AU  
**Management Fee:** 0.99%\*  
**Investment style:** Thematic  
**Suggested minimum investment period:** Seven years or longer

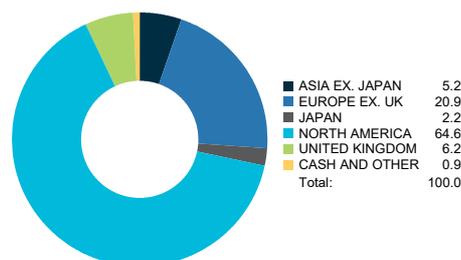
## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

Stock Holding	% of Portfolio
Microsoft Corporation	5.9%
Mastercard Incorporated	3.5%
AstraZeneca PLC	3.4%
NVIDIA Corporation	3.2%
Eaton Corp. Plc	3.0%
Unilever PLC	2.8%
ASML Holding NV	2.7%
American Tower Corporation	2.6%
Adobe Inc.	2.6%
McCormick & Company, Incorporated	2.6%

## PORTFOLIO REGIONS



## PERFORMANCE- periods ending 31 March 2024

	Fund	Benchmark	Excess
1 month	1.57	3.02	-1.45
3 months	7.87	13.88	-6.01
FYTD	3.14	19.49	-16.35
1 year	7.01	28.44	-21.42
2 year p.a.	4.59	15.71	-11.13
3 year p.a.	3.68	14.36	-10.67
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	8.76	15.72	-6.96

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

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

	Portfolio	Benchmark
Price / Earnings*	20.3	18.8
Dividend Yield*	2.2%	2.3%
Price / Book	3.0	3.1
Debt / Equity	55.2%	49.4%
Return on Equity*	16.1%	16.8%

<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 first quarter of 2024 took off from the starting line quick, adding another consecutive quarter of strong equity returns for global indexes with the MSCI World Index up more than 8%. A combination of continued hope for central bank rate cuts and declining fears over a recession fueled the global equity rally. Markets made new all-time highs not just in the U.S., but across Europe and Japan as well. While the top-level index returns were strong, under the hood, much of those gains were driven by a narrow handful of high momentum and mega-tech companies. Although some modest broadening occurred, the concentrated nature of the markets continued to reach greater extremes as the weight of the highest momentum stocks in the MSCI World Index reached new highs. Buoyed in part by the euphoria for artificial intelligence (AI), this small cohort continued to drive the overall U.S. and global indices even as most stocks have not kept pace with the torrid move higher to start the year.

## PORTFOLIO COMMENTARY

For the quarter ended March 31, 2024, the Trillium Sustainable Opportunities fund reported a return of 8.2% versus the benchmark, MSCI World Index, which reported a return of 13.9% over the same period. The Fund's largest active overweight positions included AstraZeneca, Mastercard Incorporated, and Eaton Corporation. The Fund's largest underweight positions included Apple Inc., Alphabet Inc., and Amazon.com, all of which are not currently held in the fund.

The overweight position in Taiwan Semiconductor Manufacturer (+37.5%) contributed to relative performance. Taiwan Semiconductor Manufacturing was a top performer as overall market conditions for the global semiconductor market continue to improve. AI-related capacity constraints have also led to elevated pricing and strong margins for the company. Long term, we continue to view the company as a critical player in the production of leading-edge semiconductors. The company's strong management team and overall market position should also be noted.

The overweight position in Eaton Corporation (+36.2%) contributed to relative performance. Eaton continues to benefit from secular drivers including electrification, grid hardening, climate policy, data center growth, and U.S. reshoring. Given the strong recent backlog and guidance raises, market growth is expected to sustain well above historical levels for the foreseeable future with secular tailwinds still in early innings.

The overweight position in renewable energy producer EDP Renovaveis (-30.8%) detracted from relative performance. The company's shares dropped during the quarter on a disappointing earnings report. Higher costs related to several non-recurring items helped send the share price lower. Higher interest rates remain a headwind over the near-term, but a well-proven track record of accomplishing operating efficiencies and delivering newly installed capacity targets help reinforce the company's long-term appeal.

The overweight position in Adobe Inc. (-11.5%) detracted from relative performance. Adobe provided weak quarterly guidance relative to expectations and shares underperformed for the quarter. Valuation had been stretched and this compounded the price dynamic. Core business trends remain healthy, and we view this correction as better aligning investor expectations with operating results.

## OUTLOOK

We expect that for much of the next quarter recent themes will continue to dominate, notably interest rates, artificial intelligence, and elections. While interest rate and inflation expectations have fluctuated over the last few quarters, we've noted continued signs of disinflation traction coupled with stronger-than-expected economic conditions. We expect continued volatility in the markets related to changing expectations for rate cuts as the market continues to debate no landing, a soft landing, or a hard landing. In the meantime, the impact of higher for longer interest rates will continue to weigh more heavily on small businesses and consumers over the coming quarters. Whether or not these effects trickle up through the economy remains to be seen, and hence the market continues to follow interest rate policy closely. AI themes continue to drive robust global technology investment and market interest. We expect that most of the significant economic and societal benefits from AI remain years away and that the list of organizations experiencing the most intense benefits will evolve and broaden over the coming years, which presents an exciting opportunity for us as an active manager. We continue to have robust discussions internally relating to risks and opportunities with all our colleagues across the investment team, ESG, and advocacy and look forward to ongoing discussions with our portfolio holdings as the technology evolves. The upcoming U.S. congressional and presidential election is likely to start driving up volatility over the near-term as investors strategically shift capital in preparation for potential changes to fiscal policy and the regulatory agenda. As always, we continue to research stock ideas that meet our strict fundamental criteria and show the qualities of ESG leadership looking beyond the ebullient markets of today, though poised to benefit from and bring sustainability trends into the future.

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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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