

# Sustainable Opportunities Strategy

As of December 31, 2011

## Objective

The Sustainable Opportunities Strategy seeks to provide long-term investment growth by investing in companies positioned to thrive as we transition to a more sustainable economy. Sustainable Opportunities is a growth-seeking sustainability-themed investment discipline for investors with a long-term time horizon and a willingness to accept higher-than-average volatility relative to standard equity benchmarks. This high conviction strategy is designed to provide higher benchmark tracking error and no set sector constraints.

## Sustainability Strategy:

Drawing from Trillium's overall buy-list of companies with strong sustainability profiles, Sustainable Opportunities has an additional thematic requirement that companies must be addressing one of the following themes through their core business: Green Solutions, Economic Empowerment, and Healthy Living. Specifically, we look to invest in companies that are directly providing products and services to address the theme or that are leading their industry in developing a more sustainable business model related to the theme.

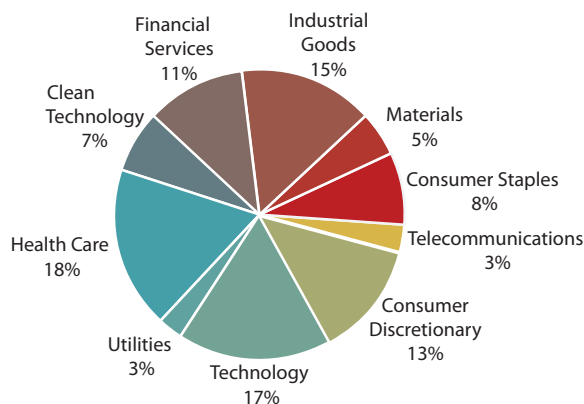
Sustainability Criteria (must fulfill at least one)	
<b>Green Solutions</b>	<b>Economic Empowerment</b>
Green Commerce	Fair Trade Certified
Clean Technology Product/Investment	Access to Capital
Environmental Services	Access to Tech/Infrastructure
Resource Conservation/Efficiency	Access to Health/Social Services
Sustainable Agriculture/Forestry	<b>Healthy Living</b>
Clean Water	Organics
Green Building	Natural Foods
Sustainable Investment & Lending	Preventive Medicine
Environmental Education	Non-toxic Products

## Investment Process:

The Sustainable Opportunities investment process begins with our overall economic outlook, assessment of risk/return expectations for each economic sector, and identification of risks and opportunities related to key sustainable economy themes. In addition to the sustainability criteria, the stock selection process involves rigorous financial analysis by sector analysts designed to uncover superior long-term investment attractiveness. Financial analysis follows a growth-at-a-reasonable-price methodology seeking stocks with superior sustainable earnings growth prospects, that are available at a reasonable price. To add names to our buy-list, analysts make recommendations to Trillium's Investment Management Committee (IMC), comprised of portfolio managers and analysts. A sub-committee of the IMC determines which companies from Trillium's buy-list qualify for the specific themes in this strategy. Based on the final buy-list, Trillium uses optimization software to identify a proposed portfolio using a propriety alpha score. The strategy team, led by Laura McGonagle, constructs a final portfolio using the model driven recommendation as a guide. The team meets periodically to review fundamentals, monitor valuation, and make revisions to the final model portfolio.

The Sustainable Opportunities sell discipline is governed by both portfolio strategy and stock-specific analysis. Securities may be sold because of a top-down change in asset or sector allocation guidelines, or due to a negative change in our sustainability assessment, company fundamentals, or excessive relative valuation. No single issuer can be more than 10% of total portfolio value.

## Sector Allocation\*



## Equity Characteristics\*

	TRILLIUM ASSET MANAGEMENT®	S&P 1500
Market Capitalization (weighted avg. in billions)	\$49.3	\$82.6
Dividend Yield	1.6%	2.1%
Price/Earnings Ratio	13.5x	12.0x
Price/Book Ratio	2.7x	2.0x
Est. 3-5 Yr. EPS Growth	14.7%	11.7%
Return on Equity	23.8%	21.0%
Operating Margin	19.1%	19.7%
LT Debt/Capital	30.4%	34.1%

\* Statistics and data shown for portfolios as of 12/31/2011.

Performance on back

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**TRILLIUM ASSET MANAGEMENT® Investment Returns**  
**Sustainable Opportunities Strategy**

	Equity Net of Fee	Equity Gross of Fee	S&P 1500
Q4 2011	7.02	7.17	12.10
2011	0.04	0.57	1.75
2010	12.60	13.26	16.38
2009	43.42	44.42	27.25
<b>Annualized Returns (through 12/31/11)</b>			
1 Year	0.04	0.57	1.75
3 Year	17.34	18.05	14.64

**Disclosures**

1. The Sustainable Opportunities Strategy composite includes all tax-exempt and taxable portfolios over \$1,000,000 that meet the described investment guidelines. The composite includes the equity performance of all fully discretionary, separately managed portfolios with multiple social screening criteria, with a beginning market value greater than \$1,000,000, managed in a Sustainable Opportunities style. We show the S&P 1500 for comparison purposes.
2. All composite returns presented above are equity only; they do not include cash and may include the equity portion of balanced accounts.
3. If a portfolio in the composite falls below the minimum market value for more than one quarter it is removed from the composite from that time forward, but past performance for that account remains as part of the composite performance. Figures include performance for portfolios under our management for three full months since inception, including those clients no longer with the firm. No alterations of composites as presented here have occurred because of changes in personnel at any time. Composite results presented reflect all portfolios meeting the composite guidelines in each period.
4. Equity dividends are treated on a cash-received basis. No selective periods for presentation have been used. Data from all portfolios included have been continuous from after the first three months since their inception to the present or to the cessation of the client relationship with the firm.
5. Performance for each portfolio is calculated monthly, and portfolios are weighted in the composite by monthly beginning market value.
6. Performance is presented for all periods net of trading costs and both net and gross of management fees, and is vested and calculated on a trade date basis. Individual performance will vary from that of the composite.
7. All portfolios included in the composites are fee-paying portfolios, and no leverage has been used.
8. A list of all TRILLIUM ASSET MANAGEMENT® performance composites is available.
9. Past performance is no guarantee of future results. Every investment carries the potential for both profit and loss.
10. The S&P Indices are widely recognized, unmanaged indices of common stock. It is not possible to invest directly in an index. The S&P 1500 combines three indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600 to cover approximately 90% of the U.S. market capitalization.
11. Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons, such as narrower markets, limited financial resources and less liquid stock.

**Sustainability Profiles of Largest Holdings\***

**IBM** ~ IBM is a leader in developing energy efficient products and data centers—its mainframes consume 1/12th the electricity of a distributed server farm providing comparable computing power. IBM's efforts to reduce company CO2 emissions have resulted in a 44% reduction from 1990 levels.

**Starbucks** ~ Starbucks encourages their suppliers to participate in its Coffee and Farmer Equity program, which works towards more sustainable coffee growing. The company has programs to address their energy and water use, waste and biodiversity impacts, and has made reducing greenhouse gas emissions and conversion to renewable energy a goal.

**Donaldson** ~ Donaldson is a leader in filtration systems. The company manufactures a wide range of products designed to reduce industrial noise and air pollution.

**Ecolab** ~ Ecolab offers environmentally sensitive products including water conservation consulting services and non-chlorinated sanitizers. Ecolab has also eliminated persistent organochlorines from its insecticides.

**Kansas City Southern** ~ Kansas City Southern emphasizes employee health and safety, and has won numerous industry awards for their programs. In addition, 90% of their facilities have received external safety certifications.

**UPS** ~ UPS, a domestic and international shipping company, has taken great strides to reduce their emissions and increase fleet efficiency, including helping to develop alternative energy vehicles, and offering Carbon Neutral shipping options.

**Whole Foods** ~ Whole Foods offers a wide range of organic and environmentally preferable products and has been a strong voice in lobbying for stringent national organic standards. According to Greenpeace, Whole Foods is the number one retailer in seafood sustainability.

**Apple** ~ Apple incorporates environmental design to increase product efficiency, undertakes full life-cycle analyses of its products and has take-back programs in 95% of the regions where its products are sold.

**ITC Holdings** ~ ITC Holdings, an electric utility company, developed Green Power Express as a network of transmission lines set to help the movement of solar, wind and hydro power from lower density areas where the clean energy is generated to higher density areas where it is demanded.

**Oracle** ~ Oracle has a number of programs to address the accessibility of the internet, such as working with the National Federation of the Blind to develop better software for the blind, and providing grants for equipment and training to disadvantaged schools.

\* The ten securities listed represent the largest holdings in the composite. Discussions of such holdings are not meant to be a recommendation to purchase these securities. Trillium's investment team and process continuously and regularly supervise holdings to determine entry and exit prices for all holdings. This sheet contains only a small portion of the composite holdings.