TRILLIUM

Small/Mid Cap Core

STRATEGY COMMENTARY

March 31, 2019 (1st Quarter)

The Small/Mid Cap Core strategy outperformed its benchmark (S&P 1000) for the quarter net of fees.

At quarter end, the portfolio contained 75 stocks, representing all of the eleven economic sectors comprising the S&P 1000 index. During the quarter, relative to sector weights in the S&P 1000, the portfolio was overweight the Health Care, Information Technology, Industrials, Consumer Staples and Utilities sectors. The portfolio was underweight Energy, Real Estate, Communication Services and Materials and was essentially market weight in Financials and Consumer Discretionary.

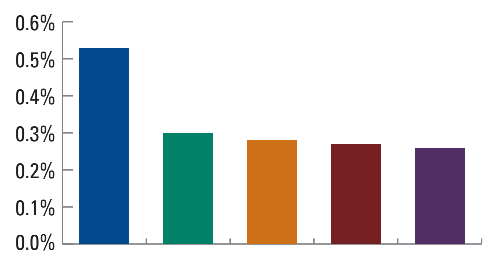
During the quarter, in addition to maintaining our historical practice that seeks to add exposure to attractive companies which experience share price weakness (Cambrex, Wabtec) while also trimming on strength (lululemon, F5 Networks), we moved portfolio construction to be slightly more stability-focused. For example, we repurchased multi utility Avista Corporation, after its failed merger. The Company was intended to be acquired by Canadian utility, Hydro One, and we had exited the position in the middle of last year as it neared its acquisition price. However, the merger was terminated in January due to an inability to obtain the necessary regulatory approvals, sending the stock back to pre-merger levels; providing an opportunity for us to reinvest. We also added to food manufacturer, Lamb Weston and healthcare consumables supplier, West Pharmaceuticals.

Relative to the S&P 1000, the contribution from sector weighting was slightly positive. The majority of the benefit was from our continued overweight in Information Technology which was one of the strongest sectors in the quarter. This was offset some by the negative effect of our underweight to Energy, which saw a solid rally back from the selloff it experienced coming out of 2018.

Overall, we saw positive impact from stock selection in the quarter. The strongest selection was in Healthcare and Information Technology. The top performer in the portfolio was Zendesk (+46%), a customer service software provider. The company's core customer engagement platform continues to outpace high expectations and this has led to excellent sales growth and faster than expected free cash flow generation. Zendesk continues to take market share and execute on its long-term strategic vision. Rogers Corporation (+60%), an engineered materials and components manufacturer, was also a strong contributor within Technology. The Company reported better than expected earnings and gave a bullish outlook on growth prospects driven by secular trends such as the 5G upgrade cycle in China and the US and greater adoption of EV/HEV technologies and Advanced Driver-Assistance Systems

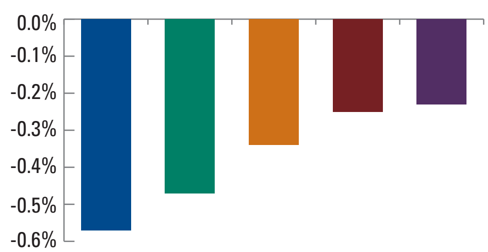
Top 5 Contributors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
Zendesk, Inc.	2.04	45.62	0.53
MSCI Inc. Class A	1.67	35.32	0.30
Hanesbrands Inc.	1.16	43.84	0.28
Lululemon Athletica Inc.	1.59	34.75	0.27
Rogers Corporation	0.84	60.39	0.26



Top 5 Detractors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
Tailored Brands, Inc.	0.81	-41.25	-0.57
Weight Watchers International, Inc.	0.59	-47.73	-0.47
Newell Brands Inc.	1.17	-16.33	-0.34
Hanover Insurance Group, Inc.	2.24	2.51	-0.25
International Flavors & Fragrances Inc.	1.29	-3.52	-0.23



TRILLIUM ASSET MANAGEMENT®

(ADAS) by auto OEMs. This quarter, within Consumer Discretionary, there was deep variation in performance with two names in our top performers and three in our bottom. On the positive side were two of our apparel names, Hanesbrands (+44%) and lululemon (+35%). Luluemon provided initial 2019 guidance that was ahead of bullish Street expectations indicating business momentum remains strong. Hanesbrands delivered its strongest top line growth in a number of quarters based on strength in its DTC business and the athletic Champion brand. Another top contributor was MSCI (+35%), an index and analytics provider, that reached new highs coming out of a bullish investor day. Increased growth expectations for businesses such as ESG and Real Estate along with expanded margin targets should generate industry leading growth rates.

The weakest stock selection was in Consumer Discretionary and Materials. The bottom performer this quarter was Tailored Brands (-41%), a retailer of men's clothing. After appearing to have gotten traction back after digesting a large acquisition last year, sales in its core men's clothing seems to have stalled again, with the Company reporting negative same store sales in the quarter. A new CEO has taken the helm, but we will monitor it to see if the secular industry challenges may just be too difficult to overcome. The other two detractors in the sector were Weight Watchers (-48%), a wellness company, and Newell Brands (-16%), a household durables play. A poorly timed rebrand to WW (from Weight Watchers) and the recent popularity in the Keto diet created a major drop off in new subscribers in the critical January recruitment period. The Company has quickly made modifications to its brand messaging including a clearer bridge between WW and "Weight Watchers reimagined" and Oprah will again be featured prominently in its advertising which should lead to improved subscription trends. And, after a number of starts and stops, Newell reset guidance once again this past quarter as it tries to fully digest the Jarden acquisition. While core sales have showed improving trends, slower than expected divestments and increased pricing pressures related to raw materials and tariffs have hindered execution keeping up with Street expectations. Given solid brands and activist involvement, we believe the current valuation is not reflective of the Company's potential. Within Materials, specialty chemical player, International Flavors and Fragrances (-4%), was a detractor to performance. The Company reported a disappointing quarter due to disruption from the integration of a recently closed acquisition, Frutarom, as well as raw material cost inflation. The acquisition is expected to be accretive to earnings longer term as it increases IFF's share in the faster growing naturals and organics segment of the flavors and fragrances market. The current valuation for the stock looks attractive and does not reflect the longer term improved growth profile of IFF, in our view. Rounding out the bottom five was property and casualty insurance provider, The Hanover Insurance Group (+3), whose more defensive characteristics were not rewarded in the market snap back.

As the expansionary cycle reaches new records for length, investors (including ourselves) closely monitor the economic landscape for signs that may indicate when this upward trajectory may end. As such, equity performance is likely to remain volatile, as each data point is scrutinized to determine whether it is short term "noise" or the first signs of a weaker trend. In this environment, our stock and ESG centric investment philosophy remains consistent as the strategy stays fairly close to our benchmark. And, as always, we will continue to monitor valuations; looking to monetize certain winners and reallocating the funds to SMID names that we feel have been overly penalized by this broader market volatility.

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