



For the quarter and year-to-date period ended June 30, 2019 (and for the last year and three years), the Sustainable Opportunities Strategy continued to outperform (net of fees) our primary benchmark, the S&P 1500.

During the quarter and given the new all-time highs in the U.S. equity markets, we tilted to a more defensive position in the portfolio. We believe the 49 portfolio holdings in our core themes of **Climate Solutions, Healthy Living, and Economic Empowerment** provide a solid balance between capital preservation and secular growth in the transformation to a more sustainable economy.

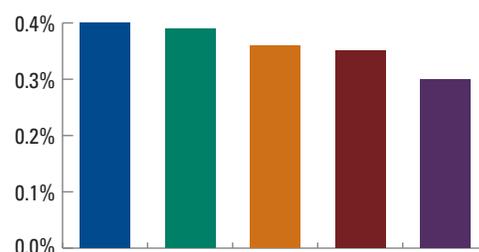
Our companies represent all eleven of the sectors comprising the S&P 1500 index except traditional Energy, as we eschew fossil fuel holdings. During the quarter we were overweight the Consumer Discretionary, Health Care, Industrials, Real Estate, Technology, and Utilities sectors, underweight Communication Services, Financials, and Materials, and roughly market weight in Consumer Staples. At quarter end, roughly 14% of the holdings were international names as defined by country of risk.

During the quarter, we sold our holding in Biogen, after the company failed to meet expected endpoints for its Alzheimer's franchise, and closed-out our position in intermodal transportation company JB Hunt, as we looked to reduce exposure to industrials. We also sold Royal Bank of Canada in favor of a new position in Belgian bank KBC Group, which has an impressive commitment to sustainability, as evidence by its recent green bond offering and ambitious sustainability goals. As well, we initiated a position in Ecolab, a company with a strong sustainability story focused in part on helping corporate clients reduce water and energy consumption, often with a desirable recurring revenue model. We increased positions in AO Smith, Aptiv, and TPI Composites, taking advantage of recent weakness in these names to continue to build-out our exposure to these high-conviction climate solutions companies.

Overall, sector allocation was positive in the quarter. With the -4% decline in traditional energy names in the benchmark, avoiding fossil fuels was a benefit (42 bp) to the portfolio for the quarter, as it has been for longer-term time

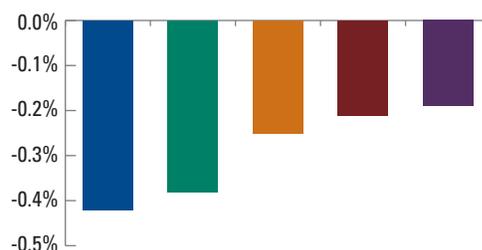
#### Top 5 Contributors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
Ingersoll-Rand Plc	3.30	17.84	0.40
First Solar, Inc.	2.15	24.30	0.39
Itron, Inc.	1.41	34.13	0.36
MSCI Inc. Class A	2.46	20.40	0.35
Illumina, Inc.	2.22	18.49	0.30



#### Top 5 Detractors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
Waters Corporation	1.96	-14.49	-0.42
Palo Alto Networks, Inc.	1.73	-16.11	-0.38
Alphabet Inc. Class A	3.37	-7.99	-0.25
TPI Composites, Inc.	1.21	-13.63	-0.21
A. O. Smith Corporation	1.30	-11.20	-0.19



This information is not intended as investment advice or a recommendation to purchase or sell specific securities. Sector and stock performance included in portfolio commentary reflects a representative account as of 06/30/2019 and excludes cash. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities/sectors listed. Additional information regarding the calculation methodology, as well as each holding's contribution to the strategy's performance is available on request.

periods. Our overweight to Consumer Discretionary also contributed to relative performance, while our overweights to the underperforming Real Estate and Health Care sectors detracted from relative performance.

Stock selection was positive or neutral in all but three sectors. Information Technology, Utilities, and Industrials were our top performing sectors by this measure, while Communication Services, Materials, and Financials were our biggest relative detractors. In Technology, First Solar (up 24%) moved along with the rapidly ascending solar energy group, and utility technology provider Itron (up 34%), bounced in relief with its earnings release that provided evidence of synergies from its recent integration of Silver Spring Networks. In Utilities, Ormat regained momentum (up 15%) with a solid earnings report and expectations for a restart of its volcano-impacted Puna location in FY20. In Industrials, Ingersoll-Rand (up 18%) continued to execute and announced a reorganization to focus exclusively on climate control solutions by spinning off its industrials business to Gardner Denver.

Within Industrials, wind blade supplier TPI Composites (-14%) fell on concerns about a strike at its Mexico plant and the bankruptcy of a key client. AO Smith (-11%) sold off after a negative short report and concerns about slowing growth in China, which represents a sizable portion of sales of its energy efficient water heaters and other products. In Communication Services, Alphabet (-8%), fell back after earnings showed slowing in its ad growth. Financial sector performance was negatively impacted as SVB financial stock

(up only 1.0%) was penalized on a lowered interest rate outlook, even as MSCI continued to jump (up 20%) along with rising equity markets, which benefits its index business.

For Health Care, shares in Illumina (up 18%) gained driven by robust sales of its genetic testing tools. Waters Corporation gave back the gains from last quarter (-14% during Q2/2019), as sales reflected slowing growth from Chinese generic manufacturers and tempered budget releases from key customers. Palo Alto Networks was down (-16%), as a shift to cloud based subscriptions hurt billings growth.

Given the strong performance in U.S. equity markets against a relatively uncertain economic backdrop, with no resolution to major issues such as the China trade war and Brexit at present, we conclude that our more cautious positioning is prudent. That said, we continue to believe that our core secular growth sustainability holdings that address the needs for Climate Solutions, Healthy Living, and Economic Empowerment provide a solid footing in the face of short-term disruptions.

## CONTACT INFORMATION

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Past performance is no guarantee of future results. Every investment carries the potential for both profit and loss.

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. 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.



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