

Item 1 – Cover Page

Trillium Asset Management, LLC  
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March 30, 2020

This Brochure provides information about the qualifications and business practices of Trillium Asset Management, LLC (“Trillium” or “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (617) 423-6655. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Trillium Asset Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about Trillium Asset Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This Brochure dated March 30, 2020 is an update that amends our previous Brochure dated May 16, 2019. Specifically, we updated certain items and added information to keep you up to date about our business practices and affiliations.

### Material Changes:

Item 4 – Advisory Business: Updated Managed Assets  
Added Notice of an Important Event, pending ownership change

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss: Updated  
Methods of Analysis

Item 12 – Brokerage Practices: Updated Research and Soft Dollar Benefits

Item 13 – Review of Accounts: Updated

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

To request our Brochure free of charge, please contact Michelle McDonough, Managing Partner at (617) 423-6655 or [mmcdonough@trilliuminvest.com](mailto:mmcdonough@trilliuminvest.com).

Additional information about Trillium Asset Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Trillium Asset Management, LLC who are registered investment adviser representatives of Trillium Asset Management, LLC.

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#### Item 4 – Advisory Business

Trillium Asset Management, LLC (“Trillium”, “the firm” or “we”) was founded in 1982 and provides investment management services to individuals and institutions. The employees of the firm own Trillium, and Matthew W. Patsky, CFA, Managing Partner and Chief Executive Officer, is the largest shareholder.

Trillium manages equity, fixed income, and balanced separate accounts for individuals, foundations, endowments, religious institutions and other non-profit and for-profit institutional clients. The firm is dedicated to serving the long-term financial, environmental and social goals of these clients. Trillium is the advisor to the Trillium ESG Global Equity Fund and the Trillium ESG Small/Mid Cap Fund, publicly available mutual funds. The Trillium ESG Global Equity Fund is available in retail (PORTX) and institutional (PORIX) share classes. The Trillium ESG Small/Mid Cap Fund is available in an institutional (TSMDX) share class. The firm believes that examining environmental, social, and governance (ESG) factors as an integrated part of the investment process can lower portfolio risk and help identify the best-managed companies.

Each client can impose reasonable restrictions on the management of their accounts, including restricting particular securities or types of securities. Trillium observes the investment policies, limitations and restrictions of the clients for which it advises.

In addition to working directly with clients, Trillium participates in wrap fee programs, but does not sponsor such programs. Trillium provides different level of service to these clients, depending on the program. Some clients accessing Trillium through a wrap program will have limited access to Trillium’s full range of products, and limited ability to direct Trillium to customize their account. Trillium receives a portion of the wrap fee for management services.

Trillium acts as a “Model Manager” for several separately managed account (“SMA”) and Unified Managed Account (“UMA”) platforms. Trillium manages the model portfolios in accordance with its investment management philosophy and policies as set forth in each investment agreement. Trillium does not have any relationship with the underlying clients. Platform sponsors are responsible for assuring implementation of a client’s particular investment objectives and restrictions in accordance with Rule 3a-4 of the Investment Company Act.

Investment advisory services represent 100% of total revenue as of December 31, 2019.

Trillium publishes “Investing for a Better World”, a quarterly newsletter. The newsletter is distributed free of charge to Trillium’s investment advisory clients and to prospective clients and advisors. It is also available through our website at [www.trilliuminvest.com](http://www.trilliuminvest.com).

Trillium hires Chicago Clearing Corporation (“CCC”) to assist in processing claims and obtaining distributions from securities class action settlements for advisory clients. CCC receives a fee of 15% of the pro rata share of any such distribution.

Trillium conducts an ongoing enterprise risk assessment to evaluate material risks associated with its businesses and operations. The Managing Partners, with input from the department heads, are responsible for assessing Trillium's level of risk. A Managing Partner periodically coordinates and oversees an assessment of Trillium's business risk.

### **Services to Registered Investment Companies**

Trillium provides investment management services to the Trillium ESG Global Equity Fund and the Trillium ESG Small/Mid Cap Fund (the "Funds"), each a series of Professionally Managed Portfolios, a Massachusetts business trust, and registered with the SEC under the Investment Company Act of 1940 as an open-end management investment company. The Trillium ESG Global Equity Fund follows our Global Equity Strategy using the same or a similar approach used for certain separately managed account clients. The Trillium ESG Small/Mid Cap Fund follows our Small Mid Cap Strategy using the same or a similar approach used for certain separately managed account clients. The Fund prospectus contains additional information regarding each Fund's investment strategy. The prospectus is available upon request.

### **Services to Private Funds**

Trillium provides discretionary investment advisory services to a private fund of private funds ("Private Fund") for which Trillium Impact GP, LLC ("General Partner") serves as general partner. The General Partner, an affiliate of the firm, offers the Private Fund to institutions and eligible high net worth individuals. The Private Fund invests in a mix of private funds and is managed according to the objectives and policies described in its offering document (discussed more fully in Item 8). We may manage other funds in the future with investment strategies that may or may not be similar to those of the Private Fund.

### **Managed Assets**

As of December 31, 2019, Trillium managed approximately \$3,296 million in assets for 1,590 accounts on a discretionary basis. Trillium managed approximately \$36 million in assets for 2 accounts on a non-discretionary basis.

### ***NOTICE OF AN IMPORTANT EVENT***

*On or about June 30, 2020, we will become a wholly-owned subsidiary of Perpetual Limited ("Perpetual"), one of Australia's most trusted and experienced investment managers, wealth managers and trustees, with a heritage of service and trust spanning over 130 years. Perpetual fully supports and respects our firm's legacy, mission and values, which are critical to our business since its founding in 1982 by Joan Bavaria. After the transaction, Trillium will not be owned by our current shareholders that include many of our employees, and our CEO, Matt Patsky, will report to Perpetual. Importantly, this transaction both enhances our capabilities*

*while continuing to allow our clients an opportunity to invest their money in alignment with their values.*

*Perpetual is an Australian Stock Exchange (ASX)-listed investment management, financial advice and trustee group, offering a range of managed investment, wealth management, superannuation and trustee services for individuals and institutional investors. The company was founded in 1886 and has a longstanding reputation as one of the most trusted providers of financial services in Australia. Perpetual is committed to Trillium, our clients, employees other stakeholders and principles and anticipates making a significant investment in marketing and distribution in Australia, the U.S. and Europe to accelerate growth.*

## **Item 5 – Fees and Compensation**

Trillium manages assets for clients seeking discretionary portfolio management services. Each client receives personalized investment management services based on an analysis of the client's financial circumstances, income requirements, risk tolerance, investment objectives and social concerns.

### **Standard Fee Schedule**

#### Annual Fee for Equity and Balanced Relationships

0.85% for amounts up to \$5 million

0.50% for amount over \$5 million

Fees are payable quarterly in advance.

In lieu of the standard fee, above, a 15 basis points oversight fee will be charged for unaffiliated mutual funds or exchange-traded funds (ETFs) used to implement your asset allocation. Mutual funds and ETFs also charge internal management fees and other expenses that those funds disclose in their respective prospectus. Money market funds and sweep instruments are subject to the standard fee. No additional oversight or management fee will be charged for any affiliated mutual funds, where Trillium is managing the fund assets.

Fees are subject to negotiation depending on account size and service requirements. Trillium accepts certain accounts under \$3 million that pay a negotiated fee based on assets under management. Such accounts typically have similar investment goals and require limited service by Trillium.

Trillium charges advisory fees quarterly in advance based on assets under management as of the last day of the previous calendar quarter. If the client approves, the custodian deducts Trillium's fees from the client's accounts. Alternatively, clients can choose to be billed for the fees. When determining the assets under management, we use a third party pricing service to determine portfolio value. The pricing service prices alternative investments at par or maturity value because such investments do not trade in an existing market and because ordinary instruments are not comparable with the alternative investments due to

their charitable nature. If it becomes apparent that the issuer of the alternative investment is in financial distress and could default on payment, Trillium's Valuation Committee shall determine the markdown to the value of the investment.

Trillium will refund a pro rata portion of any fees paid in advance that are subject to refund if the account terminates by written notice.

### **Wrap Fee Schedule**

For clients working with Trillium through a wrap sponsor, the wrap sponsor pays Trillium a portion of the wrap fee collected. The investment management fee that Trillium collects from the sponsor varies, but in most cases is lower than Trillium's standard fee. In some cases, clients' overall fees paid to the sponsor will be higher than Trillium's standard fee.

### **Model Fee Schedule**

Trillium collects a fee from the separately managed account ("SMA") and Unified Managed Account ("UMA") platforms for which we provide model portfolios. The fees are calculated and payable in arrears on a quarterly basis based on the value of assets using the model portfolios as determined by the platform sponsor based on the individual sponsor's fee schedule.

### **Private Fund Fee Schedule**

In consideration for investment management services performed under the Investment Management Agreement, the Private Fund shall pay Trillium the Management Fee collected from underlying investors. The management fee will be paid quarterly in advance and will not exceed 1.25% per annum of the aggregate unreturned Capital Contributions of the Limited Partners of the Private Fund. The Management Fee shall be prorated for any calendar quarter that is less than a full quarter. The General Partner and employees of Trillium invest in the Private Fund and, in certain cases, do not meet the minimum investment requirements. Trillium clients who choose to invest in the Private Fund will pay a lower management fee than investors who are not clients of Trillium.

### **Additional Fee Information**

Trillium's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that clients will incur. Clients will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees that those funds disclose in their respective prospectus. Such charges, fees and commissions are exclusive of and in addition to Trillium's fee. Trillium shall not receive any portion of these commissions, fees and costs unless Trillium is the advisor or sub-advisor to such funds.

Trillium hires Chicago Clearing Corporation ("CCC") to assist in processing claims and obtaining distributions from securities class action settlements for advisory clients. CCC receives a fee of 15% of the pro rata share of any such distribution.

In addition, Trillium receives benefits including research products and services through its trading relationships with certain brokers in consideration of commissions paid by clients. At times, this will cause the price the firm pays in a security transaction to be higher than the lowest possible price. Item 12 further describes the factors that Trillium considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Trillium does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Trillium provides portfolio management services to various types of clients, including individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, for-profit and non-profit institutional clients, foundations, endowments, registered mutual funds, pooled investment vehicles, private investment funds and trust programs. As noted in response to Item 4 above, Trillium also provides investment management services to a private fund for which an affiliate serves as general partner.

The minimum relationship size for a managed separate account is \$3,000,000. Trillium provides limited services for relationships under the minimum. Wrap accounts and model accounts are not subject to the minimum relationship size.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### ***METHODS OF ANALYSIS***

Trillium believes that integrating ESG data into the investment process can help identify the companies we believe are positioned best to deliver long-term investment performance. Currently, we have two primary ways that we pursue this integration. 1) By examining basic quantitative ESG characteristics as part of our front-end process to determine the companies available in our universe 2) by incorporating ESG data into the bottom-up fundamental research conducted by our analysts. In addition to negative screens, we employ positive ESG integration, shareholder advocacy, proxy voting, and public policy work as an integral part of our strategy.



At Trillium, we believe that the incorporation of Environmental, Social, and Governance (ESG) factors into fundamental financial analysis can help identify companies that appear best positioned to deliver risk-adjusted, long-term investment performance. We have focused on bringing these factors into our analysis since our founding in 1982. Trillium's investment approach goes well beyond traditional exclusionary screening to focus instead on the positive integration of quantitative and qualitative environmental, social, and governance (ESG) data alongside financial analysis. We evaluate and score companies on their ESG performance, which our analysts use to determine the companies available in our universe and the companies we wish to include in our buy-list. In addition to our ESG performance assessments based on various positive and negative screens, we consider shareholder advocacy, proxy voting, and public policy work as integral parts of our strategy.

Generally, we invest client assets in our strategies. Some client assets are invested in externally managed mutual funds and exchange-traded funds in cases where we do not have specific expertise in an asset class, or an appropriate internal strategy.

### **General Equity Investment Process**

Our general investment process includes several components including: a quality-driven research process through which ideas are generated for our Buy List (Idea Generation), a thorough analysis and review of recommendations for our buy list (In-depth Integrated Research), and a portfolio construction process led by the insights of our Portfolio Managers that consider a macroeconomic input and a review of adherence to risk control parameters (Portfolio Construction).

We begin with a universe of liquid, publicly traded, U.S. stocks and ADRs with market capitalizations greater than \$250 million and that pass our base exclusionary ESG criteria

### **Baseline business Involvement & controversy Screening:**

Trillium avoids companies that derive significant revenues from producing, distributing or marketing firearms, tobacco, gaming, weapons, or pornography. We avoid companies that have demonstrated a systematic disregard for the environment, workers, and human rights. We avoid investing in the hard rock mining or nuclear power industries. For certain of our strategies, we use a "best in sector" approach to review the environmental performance of oil and gas production and distribution companies, as well as electric power generation companies. Contact us for a detailed description of our ESG criteria. Exclude from consideration companies with material involvement in businesses that have higher risk, such as:

- Agricultural Biotechnology
- Coal Mining
- Hard Rock Mining
- Nuclear & Coal Power (\*based on % generation capacity)
- Private Prisons
- Tar Sands

- Tobacco
- Weapons & Firearms

Restrict companies with major recent or ongoing controversies in areas such as:

- Animal Welfare
- Environmental
- Governance
- Human Rights
- Product Safety

### **Positive ESG Criteria and Qualitative Considerations:**

Trillium also integrates positive ESG criteria in the investment process. Relevant criteria is industry or sector specific and is based on benchmarking corporate performance in the key ESG issues identified by analyst teams for each industry they cover. In addition to the ESG benchmarking process that provides meaningful insights into how well companies perform relative to their peers on the critical factors that can be quantitatively evaluated, Trillium analysts also incorporate in-depth qualitative research and analysis, such as interviews with personnel from corporations, trade associations, non-governmental organizations as well as our analysts' interpretations of relevant sector and secular trends.

### **Idea Generation**

Trillium's fundamental equity analysts, who divide coverage by sector, are responsible for providing in-depth analysis of companies and generating new buy ideas consistent with our high-quality approach. We conduct a financial and business model review, evaluating the following characteristics:

- Financial Returns on Investment
- Business Strategy Strength
- Growth and Earnings Quality
- Profitability and Efficiency
- Financial Leverage

We seek to identify companies that we believe are strategic leaders, based on business models that we think are superior and that demonstrate the ability to create consistent earnings growth. In addition, we look to identify companies with strong board and management quality, transparent and conservative financial reporting, and better management of ESG risks. We use a variety of sources to identify these companies. We frequently conduct benchmark analyses relative to cap tier, country, and industry or sub-industry to see where we need additional exposure based on our current Buy List. We also often use a thematic approach to identify companies that are taking advantage of high growth ESG trends, such as healthy living, energy efficiency, data security, and sustainable foods. We look at key metrics of Financial Operating Performance including ROIC, ROE and ROA, as well as supporting metrics such as revenue growth, margin performance, operating efficiency, earnings quality, return of capital to shareholders, and balance sheet strength and stability. Our Financial Statement Quality Tool calculates a variety of financial statement ratios and metrics to help analysts monitor financial health, including: B/S and

C/F statement accruals ratios, revenues to cash collected, Gross PP&E to Depreciation Expense and Depreciation Expense to Sales, DSO, DIO and Cash Conversion Cycle, Gross Margin, and Core Operating Margin. Analysts also attend company investor meetings, sell-side conferences, and industry conferences where they seek to identify potential names through their network of professional connections.

### In-depth Integrated Research

Once analysts determine that specific names look promising for further research, they begin an in-depth fundamental research process that includes full ESG integration. As part of this research process analysts prepare or update an industry ESG materiality review. This includes a “materiality matrix” which helps identify the specific ESG issues that are most material to a particular sub-industry, based on having both high stakeholder concern and financial risk. Some issues are specific to a particular industry, such as “access to medicine” for drug companies. Other issues are pertinent across many industries, such as “executive compensation” and “board diversity.” Once the primary issues are identified, analysts will determine the best source of information for the particular issue and identify leading practices. Then analysts will conduct a comparative analysis to determine a ranking of companies in selected subgroups. Analysts conduct a thorough valuation assessment, generally using a blend of valuation approaches and assigning percentage weights based on the best fit for the industry under review. Approaches may include a discounted cash flow analysis, P/E, price to book, and price to free cash flow. As analysts work through this review, they may decide that a name is not worth further work, based on financial or ESG concerns they uncover.

### Buy List Approval

Once analysts gain conviction with a particular name, they prepare a full company write-up to present to Trillium’s Investment Management Committee (IMC). Our IMC, chaired by our CIO, is made up of all portfolio managers and analysts and a majority vote is required to approve new names to our company Buy List. The research report includes the key strategic aspects of a company’s business, the financial operations review, valuation and risk assessment, and ESG analysis.

From this Buy List, portfolio managers will engage in a portfolio construction process that includes adherence to specific risk control parameters. The specifics of the portfolio construction process vary somewhat based on the strategy.

### **Fixed Income Investment Process**

Trillium’s Fixed Income Strategy combines a macro-view with individual fixed income security selection and incorporates both negative and positive Environmental, Social, and Governance (ESG) criteria. The strategy offers both taxable and tax-exempt options, depending on the needs of the client.

Agency and municipal bonds are selected with consideration of the positive aspects of funding provided: education, sanitation, clean energy, etc. Corporate bonds are selected, in part, based on the ESG profile of the issuing company. The portfolio typically holds bonds

until maturity or call. It may use structured notes at attractive Option Adjusted Spread to pick up yield and protect against rising rates.

The portfolio seeks to identify high quality bond holdings with the following characteristics:

- High credit quality
- Intermediate duration
- Agency and municipal bonds selected in part based on positive aspects of funding provided: education, sanitation, clean energy, etc.
- Proactively includes “Green Bond” exposure, including World Bank and IFC Green Bonds

### **Private Fund Investment Process**

The Private Fund seeks to invest in private equity and debt, venture equity and debt, and real estate and real estate related assets in sustainable enterprises across three broad thematic areas: climate solutions, economic empowerment and healthy living.

### ***INVESTMENT STRATEGIES***

Trillium offers the following investment strategies:

#### **LARGE CAP CORE**

Large Cap Core invests in large cap stocks that are well diversified across economic sectors and meet Trillium’s sustainability criteria. The strategy draws from a sub-set of Trillium’s Buy List: US and ADR companies generally larger than \$1.5 billion in market cap. The equity benchmark is the S&P 500.

#### **ALL CAP CORE**

All Cap Core invests across the range of market capitalizations and economic sectors in companies that meet Trillium’s sustainability criteria. The equity benchmark is the S&P 1500.

#### **GLOBAL EQUITY**

Global Equity invests in developed or emerging market equities of any capitalization, with a minimum of 40% of net assets in non-U.S. companies. This strategy is specifically designed to be Fossil Fuel Free. The performance benchmark is the MSCI All Country World Index.

#### **SMALL/MID CAP CORE**

Small/Mid Cap Core invests in small and mid cap stocks that are well diversified across economic sectors and meet Trillium’s sustainability criteria. The equity benchmark is the S&P 1000.

#### **FOSSIL FUEL FREE CORE**

Fossil Fuel Free Core invests across a range of market capitalizations and economic sectors in companies that meet Trillium's sustainability criteria. This strategy has no direct exposure to fossil fuels. The benchmark for the strategy is the S&P 1500.

#### SUSTAINABLE OPPORTUNITIES

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. The equity benchmark is the S&P 1500.

#### GROWTH AND INCOME

Growth and Income invests in larger cap stocks that are well diversified across economic sectors, have higher dividend yields, and meet Trillium's sustainability criteria. The equity benchmark is the S&P 500.

#### FIXED INCOME

Fixed Income is a well-diversified, actively managed, US-core bond strategy — managed for all market environments. Trillium's Fixed Income Strategy combines a macro-view with individual fixed income security selection and incorporates both negative and positive Environmental, Social, and Governance (ESG) criteria.

#### OTHER

We also manage accounts with community investments, other types of cash, and private equity. Trillium manages a fund of funds consisting primarily of private equity and debt, venture equity and debt and real estate and real estate related investments in sustainable enterprises.

Trillium occasionally offers advice on community loan funds, loan fund participations and similar alternative investments. Clients investing in such instruments receive a separate disclosure document.

#### **Domestic Equity Portfolio Construction**

The portfolio management team for each domestic equity strategy will engage in a portfolio construction process that includes adherence to specific risk control parameters. The specifics of the portfolio construction process vary somewhat based on the strategy. There is a formal rebalancing session each quarter; although the model portfolio is changed more often if necessary based on concerns about a specific holding or a change in the macroeconomic view. We are long-term investors, with a three- to five-year investment horizon. Our aim is to keep portfolio turnover to roughly 20-40% per year.

For our core strategies, the emphasis of portfolio construction is on diversification of "bets" within a rigorous risk-control framework. Risk controls include a maximum size position,

maximum sector weight deviations, an ex-ante tracking error target range, and ongoing review of portfolio in comparison with key benchmark characteristics. We make use of optimization software which allows us to create a tailored portfolio with the highest possible expected alpha for a given level of benchmark-relative risk, while meeting the various portfolio-specific constraints. Analysts create alpha scores which combine multiple inputs, including internally generated fundamental, valuation, and momentum factors, into a relative ranking based on a medium-term outlook. The optimization process balances our proprietary composite alpha score, with information about stock-specific and factor-based risk.

As the team works to construct a portfolio, they review the suggested portfolio's expected alpha and tracking risk, and they use the optimization software to ensure that they are not taking excessive bets in sector weights, portfolio characteristics, or overall tracking error. The portfolio team for each domestic equity strategy engages in a discussion and review based on their own view of the market and expectations for specific portfolio names. Some of the factors that portfolio managers consider when making buys or additions to existing positions are valuation, analyst conviction, and the impact of a company on overall portfolio characteristics. The portfolio team determines a final portfolio from the available names in the Buy List. Portfolio size can range from 50-120 stocks, depending on the strategy. While we do use a team-based approach for portfolio construction, if the portfolio team as a whole cannot make an agreement, the lead portfolio manager has the final decision making responsibility. On occasion analysts are also be asked to recommend a specific stock swap idea in between modeling sessions to help make interim adjustments to the portfolio (such as shifting sector weights).

An important step in the portfolio construction process is the consideration and construction of our macro-economic analysis, as overseen by our Managing Partner Cheryl Smith, PhD. This formal quarterly analysis (or more frequently as events require) concludes with disseminated recommendations via email to portfolio managers and other IMC members to under or overweight sector (each of the 11 major sectors of the equity market) allocations. Daily, weekly and monthly, our fixed income and macro team led by Cheryl Smith monitors the current macroeconomic environment, developing cycles, and related trends by evaluating insights from independent research providers along with internally-derived insights and observations. As such, she regularly consults with senior members of Trillium's IMC, including our CIO, in constructing her analysis.

The key inputs into the macro-economic analysis are strategy cycle, valuation, and structural factors. The portfolio team then integrates the findings of the macroeconomic review into the quarterly rebalancing process or more often if interim repositioning is recommended. The resulting portfolio's sector allocation will be based on an integration of this top-down view with the bottom-up assessment of opportunity at the stock level. The review also helps us identify which types of companies (such as defensive) we wish to emphasize within a sector at any particular point in time. While some strategies are more macro driven than others, all strategies seek to add value primarily through stock selection.

## **Global Equity Portfolio Construction**

Trillium Global Equity strategy is specifically designed to be Fossil Fuel Free. The investment team for the Global Equity strategy looks for a specific definition of “global leaders” as they draw from the Trillium Buy List. This assessment of leadership includes both financial criteria and environmental criteria. The financial criteria include high ROIC, positive economic returns, cash flows greater than or equal to net income, high relative margins, earnings growth and stability, and low relative debt levels. The environmental criteria include life-cycle analysis, sustainable raw material sources, environmental management system and strategies, climate change policy, and research and development. Companies must meet specific minimum hurdles related to these criteria to be included in the final portfolio.

From our Buy list, Portfolio Managers select companies with improving fundamentals, attractive valuation, impending catalysts for growth, and appropriate diversification. Our Global Equity strategy is evaluated against the benchmark to identify and optimize the risk/return profile of the portfolio but the strategy does not use optimization software as a risk management tool. The Portfolio is constructed with consideration for key guiderails for sector weights, country weights, regional exposure, and market cap breakdowns and generally holds 70-150 names. The global macro environment is considered when determining appropriate geographical exposures.

The Portfolio Managers regularly review the portfolio to determine whether companies represent their best ideas at any particular point in time and looking at key portfolio exposures and characteristics versus the benchmark. The sell discipline results in a trade when the Portfolio Managers 1) see a breakdown in fundamentals 2) believe a holding require trimming based on rising valuation beyond expectations 3) identify better relative opportunities or 4) recognize major new concerns with a company’s ESG profile.

## **Fixed Income Portfolio Construction**

During portfolio construction, we develop a model portfolio, with a laddered approach, where we invest in issues across the duration spectrum in order to achieve our overall duration target. This leads to more or less concentration at certain duration ranges depending on our target.

On at least a quarterly basis, our fixed income team, led by Cheryl Smith PhD, determines:

- Duration targets
- Market sector targets
- Credit quality goals
- Maturity structure

Our typical position range is between 5-10%, with a max position size of 15%.

## **Private Fund Portfolio Construction**

Investments in the Private Fund are subject to the following limits:

- Not more than twenty percent (20%) of the Private Fund as calculated at the Final Closing Date, will be invested in Partnership Investments (measured at the time of investment) in Investment Funds managed by a single general partner and/or manager or private equity sponsor.
- Not more than twenty percent (20%) of the Private Fund as calculated at the Final Closing Date will be invested in Partnership Investments (measured at the time of investment) in the first Investment Fund managed by a general partner and/or manager or private equity sponsor.
- Not more than ten percent (10%) of the Private Fund as calculated at the Final Closing Date will be invested in Partnership Investments (measured at the time of investment) representing high impact, below market rate return investments.

Notwithstanding the foregoing, the General Partner has the discretion to direct Trillium to exceed the percentage limitations in clauses above if it makes a good faith determination that such additional investment is in the best interests of the Private Fund.

## ***RISK OF LOSS***

Trillium does not guarantee the future performance of any client account. Client accounts are subject to a variety of market, currency, economic, political and business risks, and there is a risk that an account will lose money. Investing in securities involves risk of loss that clients should be prepared to bear.

The following principal risks can also affect the value of your investment:

### *General Market Risk*

Economies and financial markets throughout the world are increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issues in other countries or regions. General market risk may affect a single issuer, industry, sector of the economy or the market as a whole. In the recent past, global financial markets experienced severe uncertainty and stress, which resulted in extreme volatility in the equity markets and in the prices of individual stocks. In some cases, the prices of stocks of individual companies were negatively impacted even though there may have appeared to be little or no degradation in a company's financial conditions or prospects. These market conditions could recur and add significantly to the risk of short-term volatility of investments.

### *Liquidity Risk*

Traditionally liquid investments may experience periods of diminished liquidity that may impair our ability to sell such investments at reasonably expected values.

### *Regulatory Risk*



Governmental and regulatory actions, including tax law changes, may also impair portfolio management and have unexpected or adverse consequences on particular markets, strategies, or investments.

#### *Private Fund Risk*

Investments in private funds are speculative and involve substantial risk, including the risk that the investor could lose some or all of its investment in such funds. The main areas of risk include:

- **Liquidity Risk.** There is a risk that due to market conditions, the Private Fund or one or more underlying funds may be unable to honor a withdrawal request and will, as a result, suspend withdrawals, or take other actions that limit the ability to obtain the cash required to fund withdrawals.
- **Valuation Risk.** Investments held by the Private Fund or underlying funds are not publicly traded or are illiquid. The fair value of such investments may not be readily determinable and will require the exercise of some measure of discretion in arriving at a valuation. Whenever the Fair Value is required to be determined, the General Partner, in its sole discretion, shall determine such Fair Value in a reasonable manner, and it shall be reasonable for the General Partner to rely upon any valuation of property furnished by an Investment Fund. Determinations of fair value may differ materially from the values that would have been used if a ready market for the investments existed. Moreover, the actual price at which an investment is sold (or could be sold) may differ from the determined Fair Value.

#### *Equity Risk*

This is the risk that stock prices will fall over short or extended periods. Although the stock market has historically outperformed other asset classes over the long term, the stock market tends to move in cycles. Individual stock prices may fluctuate drastically from day-to-day and may underperform other asset classes over an extended period. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments and the prices of securities issued by such companies may suffer a decline in response. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. Investor perceptions may impact the market and are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. If you hold common stocks of any given issuer, you would generally be exposed to greater risk than if you hold preferred stock or debt obligations of the issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors of such issuers.

#### *Investment Management Risk*

We may fail to implement the investment strategies and/or meet an account's investment objectives.

#### *Large Companies Risk*

Large company stock risk is the risk that stocks of larger companies may underperform relative to those of small and mid-sized companies. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Many larger companies may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

#### *Small and Mid-Sized Company Risk*

Investments in smaller and mid-size companies may be speculative and volatile and involve greater risks than are customarily associated with investments in larger companies. Many small to mid-size companies are more vulnerable than larger companies to adverse business or economic developments. Securities of these types of companies may have limited liquidity and their prices may be more volatile. They may have limited product lines, markets or financial resources. New and improved products or methods of development may have a substantial impact on the earnings and revenues of such companies. Any such positive or negative developments could have a corresponding positive or negative impact on the value of their shares.

#### *Foreign Securities and Emerging Markets Risk*

Foreign securities, including ADRs, GDRs, tend to be more volatile and less liquid than U.S. securities. Further, foreign securities may be subject to increased risks due to differences in the political, social, and economic environment abroad, as well as due to differences between United States and foreign regulatory, accounting, and auditing standards and, in the case of foreign currency denominated securities, fluctuations in currency exchange rates. These risks are increased in emerging markets. In addition, foreign markets can, and often do, perform differently than U.S. markets. Given the global interrelationships of today's economy, volatility or threats to stability of any significant currency, such as occurred in the recent past with the European Monetary Union, or significant political instability, may affect other markets and affect the risk of an investment in a Fund. Changes in foreign tax laws, exchange controls, investment regulations and policies on nationalization and expropriation as well as political instability may affect the operations of foreign companies and the value of their securities

#### *Environmental, Social, and Governance Policy Risk*

ESG policies could cause an account to perform differently compared to similar portfolios that do not have such policies. The application of ESG standards may affect a portfolio's exposure to certain issuers, industries, sectors, and factors that may impact the relative financial performance of the portfolio – positively or negatively – depending on whether such investment are in or out of favor.

### *Fixed-Income Risk*

Fixed-Income Portfolios and fixed-income securities generally have four main areas of risk:

- **Credit or Default Risk.** An account may lose money if an issuer of a bond is unable or unwilling to make timely principal and/or interest payments or to honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations may decline and/or experience greater volatility. A change in financial condition or credit rating of a fixed-income security can also affect its liquidity and make it more difficult for an account to sell.
- **Interest Rate Risk.** The value of a bond may decline due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve or any other interest rate relationship. Longer-term bonds are generally more sensitive to interest rate changes than shorter-term bonds. Generally, the longer the average maturity of the bonds held by an account, the more the account's value will fluctuate in response to interest rate changes.
- **Prepayment Risk.** An account may experience losses when an issuer exercises its right to pay principal on an obligation held by the account earlier than expected. This may happen during a period of declining interest rates. Under these circumstances, the account may be unable to recoup all of its initial investment and will suffer from having to reinvest in lower yielding securities. The loss of higher yielding securities and the reinvestment at lower interest rates can reduce an account's income, total return, and share price. Rates of prepayment, faster or slower than expected, could reduce an account's overall yield, increase the volatility of the account and/or cause a decline in value.
- **Municipal Securities Risk.** The yields of municipal securities may move differently and adversely compared to yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate current federal income tax exemption on municipal securities and otherwise adversely affect the current federal or state tax status of municipal securities. Such changes also may adversely affect the value of municipal securities owned by an account and, as a result, the overall value of the account.

### *Community Investment Risk*

#### **Promissory Notes Issued by Loan Funds and Non-Profit Organizations**

Promissory notes issued by loan funds and non-profit organizations typically involve an uncollateralized and uninsured promise to pay. The issuer is only obligated to repay the principal at maturity with interest payable at stated

times. The promissory notes are not securities registered with the Securities and Exchange Commission and rating agencies do not normally rate them. They are illiquid, do not trade on an open market and are not considered investment grade securities. The interest rates they carry are typically below market rates although they may be competitive with short-term instruments. Accordingly, you should not expect these promissory notes to generate returns that are competitive with equities or other long-term debt investments.

Trillium will price these notes at “par,” the original amount of the loan made to the organization. Trillium does not adjust the stated value of the note to reflect risk, duration and relationship to market interest rates. This may over-value the notes on your Trillium statements. Accordingly, the value of your portfolio used to calculate management fees includes these notes at par or maturity and not at a fair market value, which may be lower. Trillium believes this is appropriate because of the effort required to locate, screen and monitor the notes that do not trade publicly.

#### Certificates of Deposit Issued by Development Banks and Credit Unions

Development banks and credit unions issue certificates of deposit (“CDs”) that are not registered with the Securities and Exchange Commission. CDs do not trade on an open market and, once you invest in a CD, you usually hold it until maturity. Interest earned on a CD will be a market rate or below as determined at the outset of the investment. A CD may be “broken” or redeemed at any time. However, the issuing institution may charge a penalty for such an early withdrawal. The Federal Deposit Insurance Corporation or another insurer may insure certain CDs for up to \$250,000.

Trillium will price these CDs at face value or “par,” the original amount of the investment. Trillium does not adjust the stated value of the CD to reflect risk, duration and relationship to market interest rates. This may over-value the CDs on your Trillium statement. Accordingly, the value of your portfolio used to calculate management fees includes these CDs at face value, not at a fair market value, which may be lower.

#### Potential Conflict of Interest

As part of Trillium’s social commitment, representatives of Trillium often sit on the Boards of Directors of non-profits and other mission related organizations. Trillium also permits an employee to serve on other Boards of Directors. Trillium will inform a client of any such relationship, if relevant, before investing the client’s assets in instruments issued by an organization or company that has a Trillium representative on its Board.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Trillium or the integrity of Trillium's management. Neither Trillium, nor its personnel, has any disciplinary, administrative, regulatory, criminal, civil or otherwise reportable history to disclose.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Certain clients receive information from Trillium's Advocacy team that identifies the policies and practices of corporate managements concerning such issues as employment policies, environmental policies, investment in third world countries, product quality and type, minority ownership and management participation, women in management, or charitable gifting. Trillium procures information from non-profit research entities, public information provided by companies, for-profit independent research, print or other media, questionnaires and direct research into companies.

### **Affiliations**

Trillium Impact GP, LLC is an affiliate of Trillium and is the general partner to the Private Fund. Some Trillium clients (who are "accredited investors" within the meaning of the U.S. Securities Act of 1933, as amended, and "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended) are invested in the Private Fund. The general partner appointed Trillium to provide investment management services to the Private Fund.

### **Clients investing in Organizations where Trillium employee is on the board**

As part of Trillium's mission, it encourages its employees to participate in and support community-based activities. As a result, from time to time, an employee of Trillium sits on the board and/or a key decision making committee of a non-profit and/or a community development type organization in which a client has made an investment. Trillium managing partner and CEO Matthew Patsky is a member of the board of directors of Shared Interest, an organization that Trillium has invested assets in on behalf of certain clients. Mr. Patsky will abstain from any votes of the Board of Shared Interest that directly and specifically relate to an investment of a client of Trillium. It is usually Shared Interest's practice to pool funds received from supporters. Trillium does not consider that decisions made by the Board of Shared Interest concerning the overall management of the organization directly impact investments or loans of any Trillium client's investment.

### **Organizations utilizing Trillium as an Investment Manager where a Trillium employee is on the board**

Certain non-profit clients have sought the expertise and experience of Trillium employees for their Boards or standing committees. Trillium managing partner and CEO Matthew W. Patsky serves on the Board of the Environmental League of Massachusetts (ELM). ELM is an investment management client of Trillium. Mr. Patsky will abstain from any votes of the Board of ELM related to its contract with Trillium for investment management services.

## **Item 11 – Code of Ethics**

Trillium adopted a Code of Ethics ("the Code") to set certain guidelines requiring all employees to act in accordance with their fiduciary duty to Trillium's clients and to comply with applicable laws and regulations. The Code requires that employees conduct themselves with high ethical standards based on integrity, honesty and trust. The Code prohibits transactions that benefit the employees at the expense of any client. Employees must pre-clear (1) personal trades greater than \$5,000 in covered securities with market capitalizations up to \$4 billion, (2) personal trades greater than \$100,000 in covered securities with market capitalizations over \$4 billion and (3) any transaction involving a limited offering or initial public offering. Certain employee trades are subject to blackout periods. Certain securities, such as U.S. government obligations, bonds, mutual funds and exchange-traded derivatives are not subject to the personal trade restrictions and pre-clearance requirements. All employees and partners as well as directors, who have access to certain nonpublic information or provide investment advisory services to clients, must acknowledge the terms of the Code of Ethics annually, or as amended.

Trillium anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Trillium has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Trillium, its affiliates and/or clients, directly or indirectly, have a position of interest. Trillium's employees and persons associated with Trillium are required to follow Trillium's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, managing partners and employees of Trillium and its affiliates are permitted to trade for their own accounts in securities that Trillium recommends to and/or purchases for clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Trillium will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code designates certain classes of securities as exempt transactions, based upon a determination that these would not interfere materially with the best interest of Trillium's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Trillium regularly monitors employee trading under the Code of Ethics to try to prevent conflicts of interest between Trillium and its clients.

Trillium's clients or prospective clients can request a copy of the firm's Code of Ethics by contacting us.

It is Trillium's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. Trillium will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### **Trade execution and Brokerage Allocation**

It is the policy of Trillium's Trading Department to seek to obtain best execution of all transactions. While Trillium endeavors to obtain the best combination of price and execution for its clients, "best execution" does not necessarily mean that the client will pay the lowest commission or spread. Clients who choose to use retail brokers pay the commission rate they negotiate with that particular broker and advise Trillium by means of a selection in the Investment Management Agreement of that decision. Trillium has full discretion over the securities and amount of securities traded in a client account, subject to any limitations or guidelines contained in the advisory agreement.

Trillium seeks competitively priced brokerage services where the broker-dealer provides value-added, company-specific and thematic investment research, including meetings with management and conferences. In addition, factors considered by Trillium in the selection of brokers and the placement of trades include the liquidity of the market for the securities traded, promptness of execution, financial stability of the broker-dealer; efficiency in handling and settling trades; ability to handle the proposed block trade, and quality of settlement.

### **Research and Soft Dollar Benefits**

Subject to Section 28(e) of the Exchange Act, Trillium obtains services relevant to its investment decision-making process from full-service broker-dealers using client commissions. Such services include economic research, company and industry research, and other broker services. Trillium benefits from the use of client commissions because Trillium does not have to produce or pay for the research and services.

Subject to its obligation to seek best execution, Trillium directs trades through such brokers in order to obtain the services. Trillium has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or services, rather than on

clients' interest in receiving most favorable execution. Trillium directs trades to brokers based on its investment team's evaluation of the brokers' services and execution ability.

Research benefits are not limited to those clients who have generated a particular commission although certain commission allocations connect to particular clients or groups of clients. Trillium, does not proportionally allocate research benefits to any accounts that generate different amounts of the commission allocation. Such research benefits all of Trillium's clients, although it is possible that a client will pay a higher commission than that obtainable from brokers who provide only execution.

Trillium did not direct client commissions to soft dollar credits in 2019.

### **Directed Brokerage/Custody**

Trillium believes that best execution starts with client selection of a competitive discount broker as custodian of the account assets. The majority of clients prefer to have assets held in custody with broker-dealers. Trillium discloses to all clients that clients may achieve lower transaction costs by selecting discount brokers, but the individual client has the final choice. It is the policy of Trillium to deal with established reputable brokerage firms.

Trillium does not maintain custody of your assets although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, qualified custodian. Trillium is independently owned and operated and is not an affiliate of Schwab. Schwab will hold your assets in a brokerage account, and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. Not all advisers recommend or require their clients to direct brokerage or custody services. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

Schwab provides Trillium with access to its institutional trading and custody services that are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them if a minimum of \$10 million of the advisor's client assets are in accounts at Schwab Advisor Services. Some of those services help us manage or administer our client' accounts, while other help us manage and grow our business. For Trillium's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but receives compensation from account holders through commissions and other transaction-related or asset-based fees for securities trades executed through Schwab or that settle into Schwab accounts.



In evaluating whether to recommend that clients custody their assets at Schwab, Trillium takes into account the availability of products and services and other arrangements with Schwab as part of the total mix of factors it considers, and does not consider solely the nature, cost or quality of custody and brokerage services provided by Schwab. This creates a potential conflict of interest because Trillium may not be able to achieve most favorable execution of client transactions, and this would cost clients more money.

### **Client Directed Custody/Brokerage**

When a client instructs Trillium to direct securities transactions to a particular brokerage firm, the client should note that such directed brokerage might result in such client paying higher commissions than would be the case if Trillium were able to select brokers freely. Directed brokerage in many cases limits Trillium's ability to negotiate commissions for the client and its ability to aggregate orders and results in an inability to obtain volume discounts or best execution for the client in some transactions. The higher cost associated with a directed brokerage arrangement will be disclosed to the relevant client promptly after the time a broker is designated and the broker advises Trillium of its commission rates. Trillium includes similar disclosure in the management contracts of its clients with directed brokerage. Additionally, some clients choosing directed brokerage will have trades executed after those where Trillium has full discretion over broker selection.

### **Trade Allocation and Aggregation**

Trillium shall aggregate or block equity trades for a client whenever appropriate with the trades in the same security submitted for other Trillium clients. Trillium receives executions from brokers either electronically, or by phone or fax, and enters such into Trillium's trading system. Trillium allocates filled orders according to detail provided by the portfolio manager(s). The traders on a pro rata basis allocate partially filled orders using the trading system software. The trading system apportions trades in accordance with the percentage of any given account in the overall block. It is of paramount importance to Trillium that no one client or group of clients has an advantage over, or is at a disadvantage to, any other clients(s). When client equity transactions are not subject to block trades (for example, because a client does not want to block its trades), the traders will execute such orders immediately in the sequence in which they are entered into the system as approved trades by portfolio managers.

Trillium's traders or individual investment managers (for their respective client accounts) may execute fixed-income trades. Investment managers attempt to block bond transactions for similar accounts and similar purchase parameters, and seek to prioritize transactions in a fair and equitable manner so as not to give advantage over time to any one client or group of clients.

### **Trade Rotation Policy**

Trillium's policy is to provide a fair and equitable method of trade rotation in placing trades for clients' accounts. Generally, Trillium rotates accounts on a quarterly basis or when the equity strategies are rebalanced. We alternate trading in two groups: 1) model delivered portfolios and 2) direct traded on model accounts. Within these two groups, we

also have an internal rotation. Off-model accounts are traded after these groups. Trillium does not take responsibility for ensuring trading of model portfolios where we do not receive communication on completion, although we will upload the models according to the rotation.

### **Item 13 – Review of Accounts**

Trillium's portfolio and investment managers (managers) periodically review all accounts for which they are responsible. The review typically includes investment policy guidelines, client circumstances and account objectives. The managers often review accounts when meeting or talking with clients or if the account circumstances trigger an additional review. Each investment manager will manage approximately 200 separately managed account relationships. Trillium often manages and reviews advisor relationships, family accounts or single beneficiaries of multiple trusts as a whole.

Trillium provides written quarterly reports to separately managed accounts that include a summary of account holdings and investment performance. Special appraisals and additional account reporting information are available to clients upon request. Clients have the option to receive quarterly reports or any account information electronically.

#### **Trillium ESG Global Equity Fund and Trillium ESG Small Mid/Cap Fund**

Trillium monitors the holdings of the Funds daily to ensure compliance with diversification policies and to determine whether investment changes should be made. Trillium provides investment and performance reports for the Funds to the Board of Trustees quarterly. Shareholders in the Fund receive prospectuses, supplements, annual reports, and semi-annual reports. These reports discuss economic outlook, portfolio positions, asset allocation, changes in portfolio value, and investment returns. In addition, the Funds' annual report discusses market conditions and investment strategies that significantly affected the Fund's performance during the previous fiscal year.

#### **Private Fund**

The Portfolio Manager and investment managers periodically review the Private Fund and its underlying investments. The review includes investment guidelines as set forth in the fund documents and investment objectives.

### **Item 14 – Client Referrals and Other Compensation**

Trillium has an arrangement with Wilson & Browning Financial Services, Inc. Trillium pays a portion of advisory fees to Wilson & Browning Financial Services, Inc. for clients referred by the firm.

Trillium is a party to various wrap fee arrangements. Please see disclosure relating to Item 4 and Item 5 above.

We receive an economic benefit from Schwab in the form of the support products and services available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above.

### **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets, if, for example, you authorize us to instruct your custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account.

Schwab or the custodian of your choice maintains actual custody of your assets. You will receive at least quarterly account statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. You should carefully review those statements promptly when you receive them. We also urge you to compare such official custodial records with the periodic account statements and portfolio reports you will receive from us. Our statements will sometimes vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

#### **Private Fund**

The General Partner has custody of client asset because it serves as general partner of the Private Fund. An independent third-party custodian holds the assets of the Private Fund by registering the ownership of each underlying fund in which the Private Fund invests with the custodian for the benefit of the Fund.

### **Item 16 – Investment Discretion**

Unless otherwise agreed in writing with the client, the client grants Trillium discretionary authority at the outset of an advisory relationship to select the identity and amount of securities to buy or sell. In all cases, however, Trillium exercises such discretion in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Trillium observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, certain federal securities and tax laws, that require diversification of investments and favor the holding of investments once made, may limit Trillium's authority to trade securities.

Clients must provide investment guidelines and restrictions to Trillium in writing.

In very limited instances, Trillium will take direction from a client to buy or sell a particular security, or to refrain from doing so.

Trillium may maintain a small position in a security in a client's account in order to pursue advocacy on environmental, social, or governance issues. As a result, the investment performance of these client accounts may differ from the investment performance of other client accounts that do not hold such positions.

### **Item 17 – Voting *Client* Securities**

Our policy is to seek to vote our clients' proxies in accordance with both their financial interest and their values. Trillium's Proxy Policy Committee refines our proxy voting policy on an annual basis. While the specific details of the policy will change in accordance with current and upcoming issues, Trillium bases the underlying decisions on the belief that proxy-voting decisions must incorporate environmental, social and governance considerations. Trillium does not borrow or lend shares for the primary purpose of voting them.

Trillium seeks to identify any conflicts of interests in voting proxies including identifying any Funds affiliate of a public company in which the Funds invest. Any such conflicts will be reviewed by the Director of Advocacy or a Managing Partner to determine how to mitigate the conflict. The conflict will be reported to a Managing Partner or the CCO to determine if the Funds need to be notified. If there is a conflict of interest between Trillium and a client or Fund in respect to voting a proxy, Trillium will vote directly in line with the proxy voting policy.

The Director of Advocacy has primary responsibility for coordinating the voting of client and Funds proxies. Trillium engages a third-party provider to assist with the administration of proxy voting.

Trillium usually votes proxies on behalf of clients although an individual client may direct their proxy votes by contacting Trillium or may retain the right to vote all proxies for their account. Clients may request a copy of how Trillium voted the proxies for their account by contacting us at 617-423-6655.

A copy of Trillium's Proxy Voting Policy is available on Trillium's website [www.trilliuminvest.com](http://www.trilliuminvest.com) or upon request by calling 617-423-6655.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Trillium Asset Management, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Trillium does not require prepayment of fees six months or more in advance. Accordingly, it is not required to provide a balance sheet pursuant to this Item 18.

## **OTHER INFORMATION - Summary of Privacy Policy**

Maintaining the confidentiality of the personal information of our current and prospective customers is one of Trillium Asset Management LLC's highest priorities. Trillium collects personal information from you in order to offer or provide you with products or services, process transactions on your behalf and comply with legal and regulatory requirements.

We do not, and do not intend to, sell or distribute personal information about current or former customers to nonaffiliated third parties except as set forth below. We share your personal information as follows:

- a. We will reveal or share your personal information where the law requires it, such as for tax reporting purposes or pursuant to a court order.
- b. We share your personal information with our affiliated private fund general partner in order to offer investment opportunities or to provide services related to your investment in the private fund.
- b. We reveal or share your personal information with unaffiliated service providers such as brokers, fund administrators, custodians and transfer agents in connection with processing transactions for your account. Trillium provides your personal information to attorneys, accountants or auditors in order to enable us to provide requested services to you and to comply with legal and regulatory requirements.

Our employees periodically have access to your personal information in order to provide services to you. We restrict access to non-public personal financial information to those employees who need to know that information in order to provide you with products and services. All employees are subject to the terms of our Company's compliance manual, which requires employees to treat confidentially all information obtained from or about you or your account. We also maintain certain physical, electronic and procedural safeguards designed to protect nonpublic personal financial information.