



Invests in small and mid cap stocks that are well-diversified across economic sectors and meet Trillium’s sustainability criteria.

PORTFOLIO COMMENTARY

The Small/Mid Cap Core strategy outperformed its benchmark for the quarter and YTD, net of fees.

At quarter end, the portfolio contained 76 stocks, representing ten of the eleven economic sectors comprising the S&P 1000 index. The portfolio currently does not have a Telecommunications holding. During the quarter, relative to the sector weights in the S&P 1000, the portfolio was overweight the Information Technology, Financials, Healthcare, and Industrials sectors. The portfolio was underweight Energy, Real Estate, and Consumer (both Discretionary and Staples). We were essentially market weight in Materials and Utilities.

During the quarter we initiated a few new positions including iRhythm Technologies and Nevro, two small-cap medical devices growth companies. iRhythm Technologies was incorporated in 2006 and completed its IPO last October. The company’s first product, ZIO XT patch, which detects symptomatic atrial fibrillation (AF), the most common type of cardiac arrest, came to market in 2014. The product is gradually taking market share from the decades old standard of care, the Holter monitor, which patients find uncomfortable to wear, inconvenient to use, and is

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PERFORMANCE (as of 6/30/2017)

| | | FUND | S&P 1000 | RUSSELL 2500 |
|---------------------------|------------|---------|----------|--------------|
| Quarter | Return (%) | 3.90% | 1.9% | 2.1% |
| YTD | Return (%) | 6.11% | 5.0% | 6.0% |
| 1 Year | Return (%) | 19.48% | 19.7% | 19.8% |
| Since Inception (8/31/15) | Return (%) | 8.62% | 14.5% | 11.9% |
| Gross Expense Ratio (%) | | 11.10%* | | |

Performance data quoted represents past performance; past performance does not guarantee future results. The Russell 2500 is provided as supplemental information. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. The fund imposes a redemption fee of 2.00% on shares held for 90 days or less. Performance data does not reflect the redemption fee. If it had, returns would be reduced. Performance data current to the most recent month end may be obtained by calling 800-853-1311.

*Total Annual Fund Operating Expenses Ratio after Fee Waiver and/or Expense Reimbursement for TSMDX is 1.00%. This is what the investor has paid. Trillium Asset Management, as advisor to TSMDX, has contractually agreed to reduce our fees to 0.98% through July 30, 2017.

INVESTMENT ADVISOR OVERVIEW

- Trillium Asset Management is a Boston based firm started in 1982
- Over \$2 billion in assets under management
- \$300 million in model-driven platform assets
- Employee owned, with broad distribution of shares
- Deep expertise in domestic equities with a focus on full Environmental, Social, and Governance (ESG) integration

INSTITUTIONAL

| | |
|--------------------------|-----------|
| Symbol..... | TSMDX |
| Inception Date..... | 08.31.15 |
| Minimum Investment..... | \$100,000 |
| Gross Expense Ratio..... | 11.10%* |

(Registered Investment Advisors may aggregate client accounts to meet the minimum)

INVESTMENT ADVISOR

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SECTOR WEIGHTINGS

| SECTOR | PORTFOLIO % | S&P 1000 % |
|--------------------|-------------|------------|
| Consumer Disc. | 11.2% | 13.0% |
| Consumer Staples | 2.8% | 3.5% |
| Energy | 2.2% | 3.0% |
| Financial Services | 17.2% | 16.4% |
| Health Care | 10.9% | 10.2% |
| Industrial Goods | 17.2% | 16.2% |
| Materials | 7.3% | 6.9% |
| Real Estate | 8.3% | 8.9% |
| Technology | 17.7% | 16.8% |
| Telecommunications | 0.0% | 0.5% |
| Utilities | 4.8% | 4.7% |

CHARACTERISTICS

| | |
|--|-----------------|
| Benchmark | S&P 1000 |
| Inception Date | August 31, 2015 |
| Fund Assets | \$8.2 million |
| Holdings | 70-80 |
| Max Position Sizes | 5% |
| Target tracking Error | 4-5% |
| Sector Deviation +/- | 3% |
| Asset Allocation: | |
| Equities: | 96.6% |
| Cash: | 0.4% |
| Weighted Avg Market Cap (\$ bil): | |
| Portfolio: | \$6.4m |
| S&P 1000: | \$4.3m |
| Weighted Harmonic Avg fwd P/E (x) | |
| Portfolio: | 20.7 |
| S&P 1000: | 19.5 |
| Weighted Avg P/B (x): | |
| Portfolio: | 2.9 |
| S&P 1000: | 2.3 |

TOP TEN HOLDINGS

| COMPANY | % OF FUND | SECTOR |
|----------------------------|-----------|------------------------|
| Cambrex Corp | 2.5 | Health Care |
| Wabtec Corp | 2.5 | Industrial Goods |
| East West Bancorp Inc | 2.2 | Financial Services |
| Ansys Inc | 2.2 | Technology |
| Logmein Inc | 2.1 | Technology |
| Hologic Inc | 2.1 | Health Care |
| Lululemon Athletica Inc | 2.1 | Consumer Discretionary |
| Reinsurance Group Amer Inc | 2.0 | Financial Services |
| Minerals Technologies Inc | 2.0 | Materials |
| Hexcel Corp New | 2.0 | Industrial Goods |

less accurate in detecting AF, thereby resulting in increased patient risk and likely higher healthcare system/payer costs. In a partnership with the Mayo Clinic, Nevro has developed an innovative and market share taking spinal cord stimulation (SCS) product, branded Senza, with superior efficacy and a better safety profile than what is currently approved to treat individuals suffering from back and leg pain. Additionally, we believe the product can be extended into other therapeutic areas. Given the speculative nature of both names we initiated with smaller than usual position sizes. We exited our position in Panera (+19.7%), our largest and top performer for the quarter, as it was going to be taken private by JAB Holdings. The deal was not expected to close until some point in the third quarter and the price had such a narrow gap with the acquisition price, that it made sense to allocate the funds to other names where we felt there was more upside potential, such as lululemon and Tractor Supply.

Relative to the S&P 1000, the contribution from sector weighting was positive. Our continued underweight to the Energy sector was once again a tailwind as that sector continued to significantly underperform the index (-20.6% versus the S&P 1000 +1.9%). We also benefited from our Healthcare overweight, given the strength in that sector.

Overall, we saw positive impact from stock selection, with Information Technology and Financials leading the performance. Top performers in the IT sector were Rogers Corporation (+26.5%) and Palo Alto Networks (+18.8%). Rogers continues to post strong sales and gross margins on cellular phone and telecommunication network upgrade cycles. Palo Alto rallied on strong quarterly results. The key in the quarter was that sales productivity increased significantly after the recent salesforce reorganization. There was a lot of concern and fear around this, given the recent earnings

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| Top 5 Contributors (%) | PORTFOLIO RETURN | RELATIVE CONTRIBUTION |
|----------------------------------|------------------|-----------------------|
| Panera Bread Company Class A | 19.71 | 0.53 |
| Rogers Corporation | 26.49 | 0.35 |
| Westinghouse Air Brake Tech Corp | 17.45 | 0.31 |
| Lululemon Athletica Inc | 15.04 | 0.30 |
| Palo Alto Networks, Inc. | 18.75 | 0.28 |

| Top 5 Detractors (%) | PORTFOLIO RETURN | RELATIVE CONTRIBUTION |
|--------------------------------|------------------|-----------------------|
| IMAX Corporation | -35.29 | -0.70 |
| United Natural Foods, Inc. | -15.11 | -0.35 |
| F5 Networks, Inc. | -10.88 | -0.25 |
| Middleby Corporation | -10.95 | -0.24 |
| Superior Energy Services, Inc. | -26.86 | -0.24 |

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 6/30/2017 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.

PORTFOLIO COMMENTARY *Continued*

misses. In a reverse from last quarter, lululemon (+15.0%), recovered as it delivered strong sales as innovation and color recaptured the consumer's attention. Westinghouse Air Brake Technologies (+17.5%), a manufacturer of components and provider of aftermarket services to railcars and locomotives for freight and transit, was a top contributor in the quarter. The Company is benefiting from a record backlog in its transit business combined with improving rail freight volumes, which bodes well for future trends in that business.

Stock selection was weakest in Consumer Staples and Healthcare. Within Staples, United Natural Foods (-15.1%) took a leg down on concerns over the long term trajectory of its largest distribution client, Whole Foods, now that it is expected to be acquired by Amazon. While there is a contract in place through 2025, the fact that there are limited details (though lots of speculation) around Amazon's plans for Whole Foods, the uncertainty is currently an overhang. In tertiary fallout, restaurant equipment maker Middleby (-11.0%)

experienced pressure from Amazon's entrance into the food market over fears that it could dampen restaurant sales and therefore cause Middleby's customers to pullback on capital expenditures. The biggest detractor in the quarter was IMAX (-35.3%) owing largely to sluggish box office numbers in H1 2017 and concerns that these trends will continue in the back half of the year. Given a strong backlog of theatre signings and continued traction in China, we remain constructive on the stock. F5 Networks (-10.9%) was also a drag on the portfolio, as it did not participate in the strength experienced across the Technology sector.

Similar to our economic outlook last quarter, we continue to see mixed signals in the economy and stock market. The market remains at near record levels. We believe the tax reform the market is anticipating is very unlikely to be accomplished this year. Therefore, we are maintaining a generally neutral positioning, with sector exposures generally close to our benchmark.

PORTFOLIO MANAGERS



Laura L. McGonagle, CFA

- Former Equity Research Analyst at Adams, Harkness, and Hill as sell-side analyst in "Healthy Living" group, covering specialty consumer stocks addressing the consumers' growing awareness of the impact of nutrition, environment, and lifestyle choices on their well-being
- B.A., Quantitative Economics, Tufts University



Matthew W. Patsky, CFA

- Former Director of Research, Chairman of the Investment Committee, and PM at Winslow Management Company
- First sell-side analyst in U.S. to publish on the topic of socially responsible investing in 1994
- Serves on the Boards of Environmental League of Massachusetts (ELM), Shared Interest, and Pro Mujer
- Member of the Social Venture Network (SVN)
- B.S., Economics, Rensselaer Polytechnic Institute

The Weighted Average Market Capitalization is a stock market index weighted by the market capitalization of each stock in the index. **The Weighted Harmonic Avg fwd P/E** is the ratio of the portfolio's total market value to the total earnings of the portfolio. **The Weighted Avg P/B** is the weighted average of the price/book ratios of all the stocks in a portfolio.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and it may be obtained by calling 866-209-1962, or visiting trilliummutualfunds.com. Read it carefully before investing.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. **Earnings growth is not a measure of the Fund's future performance.**

References to other mutual funds should not to be considered an offer to buy or sell these securities.

Trillium's Small / Mid Cap Fund may invest in foreign securities, which are subject to the risks of currency fluctuations, political and economic instability and differences in accounting methods. Investing in foreign securities is riskier than investing in domestic securities. The Fund invests in smaller and medium companies, which involve additional risks such as limited liquidity and greater volatility. Trillium's Small / Mid Cap Fund environmental policy could cause it to make or avoid investments that could result in the portfolio underperforming similar funds that do not have an environmental policy. There are no assurances that the fund will achieve its objective and/or strategy. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Diversification does not assure a profit or protect against a loss in a declining market.

The S&P Indices are widely recognized, unmanaged indices of common stock. The S&P 1000 combines the S&P MidCap 400 and the S&P SmallCap 600, to form a benchmark for the small-mid cap universe of the U.S. equity market. Returns reported reflect the net total return index, which reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

The S&P 400 Index serves as a barometer for the U.S. mid-cap equities sector. The S&P 600 Index covers a broad range of small cap stocks in the United States.

The Russell 2500 is a market cap weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities.

An investment cannot be made directly in an index.

Trillium Asset Management is the advisor to the Trillium Small/Mid Cap Fund and the Portfolio 21 Global Equity Fund which are distributed by Quasar Distributors, LLC.



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