



The Fossil Fuel Free Core strategy performed above its benchmark for the second quarter, net of fees.

At quarter end, the portfolio contained 76 stocks representing ten of the eleven economic sectors comprising the S&P 1500 index, all except Energy. Due to the lack of Energy exposure, the Fossil Fuel Free portfolio typically has an overweight to most other sectors. This quarter, the portfolio had the largest overweights in Materials and Financials. The portfolio's only large underweight was in Telecommunications.

During the quarter, we remained watchful of both macroeconomic and political dimensions domestically and globally. We continue to be skeptical that the single-party government will be able to accomplish many of their priorities, as demonstrated by their failure (again) to strip health care from 20 million Americans late in the quarter. While the market continued to grind higher during the quarter and remains near record levels as of the end of the quarter, general optimism seems tinged with nervousness. Therefore, we are maintaining a generally neutral positioning, with sector exposures close to our benchmark.

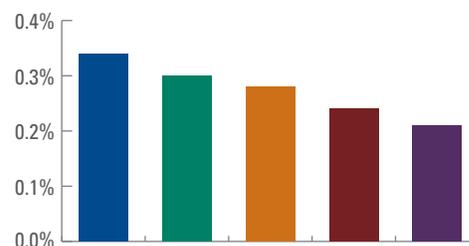
As in recent quarters, we were pleased with our positioning this quarter; trading was fairly light and there was no major

movement between the sectors. More than half of our turnover this quarter was in anticipation of the announced acquisitions of Panera Bread and NXP Semiconductors, as we decided for both stocks that the current and announced takeover prices were close enough that we preferred to move on rather than wait for the arbitrage gap to close. To replace Panera, we increased our position in fellow restaurant Starbucks, and bought a position in athletic apparel company Nike, where we believe brand strength and international growth will overcome a competitive threat that we think is overblown. In Technology, we purchased a position in semiconductor Analog Devices to replace NXP, as we believe that the company is well positioned and is trading at a relative valuation gap to other semi companies. We also trimmed software company Adobe after strong performance, and bought a small position in cloud-based software platform provider Blackbaud, which targets education and non-profit organizations, areas that we believe will continue to be a successful niche for the small company.

There was one other trade where we swapped out an entire position intra-sector. We closed our position in electronic health record provider Cerner Corp. Cerner's stock had fallen last summer and immediately after the election, after weak operating results, tepid guidance, and fear about what health

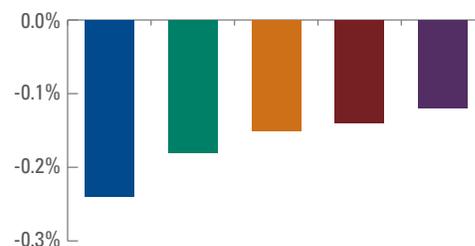
Top 5 Contributors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
Whole Foods Market, Inc.	1.10	42.95	0.34
Panera Bread Company Class A	1.11	19.71	0.30
First Solar, Inc.	0.80	47.16	0.28
PayPal Holdings Inc	1.51	24.76	0.24
Cigna Corporation	2.17	14.27	0.21



Top 5 Detractors (%)

	AVERAGE WEIGHT	PORTFOLIO RETURN	RELATIVE CONTRIBUTION
F5 Networks, Inc.	1.60	-10.88	-0.24
United Natural Foods, Inc.	0.93	-15.11	-0.18
Middleby Corporation	1.07	-10.95	-0.15
Stifel Financial Corp.	1.11	-8.39	-0.14
SVB Financial Group	1.42	-5.53	-0.12



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care changes would mean to the company. While we had concerns about the company's ability to find a next leg of growth, we felt the stock's tumble had been overdone. With that fall mostly reversed, we decided to invest instead in pharmaceutical company Shire, as we believe the company will soon begin showing the benefits of integrating their acquisition of Baxalta. In addition, we closed our position in retail real estate firm Acadia Realty Trust, as we fear the closing of retail stores will pressure retail rental rates. We reinvested in existing yield-oriented positions in utility American Water and health care real estate firm HCP, Inc.

Relative to the S&P 1500, the contribution from sector weighting was significantly positive, due almost entirely to our avoidance of Energy, one of only two negative contributors to the benchmark. We were also underweight Telecom, the only other negative performing sector in the benchmark. We had a small overweight in the best performing sector in the 1500, Health Care.

The bulk of our outperformance during the quarter came from stock selection, particularly in Technology, in a reverse from last quarter. Our largest contributing tech positions were in First Solar (up 47.2% during the quarter) and PayPal (+24.8%). Solar photovoltaic equipment manufacturer First Solar benefitted from a combination of stronger than expected quarterly results, not as weak as expected market conditions, and the filing of an international trade case that would benefit First Solar by harming competitors, if successful. Electronic payment provider Paypal outperformed due to strong quarterly results, driven by continued market share gains and better than expected margins, which helped alleviate fears that pricing pressure would drag down profits longer term. We were impacted to a lesser extent by weak stock selection in Health Care and Industrials. Our new position in Shire (down 10.6% during the quarter) suffered as expectations increased for future competition for some of its higher revenue generation branded medications, particularly in the treatment of hemophilia. In Industrials, restaurant equipment

maker Middleby (-11.0%) slid on fears of Amazon's entrance into the food market, which could dampen restaurant sales and therefore investment.

First Solar was our third for contributor this quarter. The top two were acquisitions of consumer companies. Panera Bread (+19.7% during the quarter) benefitted in Q1 from rumors of acquisition and in Q2 from the news, after which we closed our position. Frequent top contributor and detractor Whole Foods Market was the top contributor this quarter, for the last time, as it agreed to be acquired by Amazon and was up 43.0% during the quarter. On the flip side, our second detractor was Whole Foods' primary distributor, United Natural Foods (-15.1%), which fell on fears of what the acquisition could mean to their relationship with their largest customer. Our top detractor was F5 Networks (-10.9%), which underperformed due to worse than expected new product sales in the quarter, partly due to the timing of the closing of some deals which will be booked next quarter.

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. Leading economic indicators remain positive, portending continued growth, but we are concerned that growth may not be strong enough to justify much of the optimism we feel is priced into stocks. At the same time, valuations for typically defensive sectors such as Staples and Utilities remain persistently elevated, which we believe demonstrates some of the uncertainty we feel. We will continue to be mindful of valuation while seeking companies with solid growth prospects. With the portfolio beta and sector exposure near the benchmark's, we intend to stay relatively close to benchmark exposure until we find less uncertainty or better value. We do not see an immediate catalyst for a market decline, but may see an extended period of uninspiring returns while earnings growth catches up to expectations.

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