

# Triodos Global Equities Impact Fund

For professional investors and financial advisors only

## Quarterly Report Q1 2021

Triodos Global Equities Impact Fund aims to generate positive impact and competitive returns from a concentrated portfolio of global equity positions issued by large-cap companies offering sustainable solutions. The fund selects companies for their leading contribution to one or more of our seven sustainable transition themes, which are Sustainable Food and Agriculture, Sustainable Mobility and Infrastructure, Renewable Resources, Circular Economy, Prosperous and Healthy People, Social Inclusion and Empowerment, and Innovation for Sustainability. As per 10 March 2021, all Triodos IM funds available for investors have been classified as article 9 products under SFDR which means that sustainability is a binding and mandatory part of the investment process and the objectives for these products.

### Key figures as of 31-03-2021

Net assets EUR 1,055 million

Number of shares outstanding 21,584,964

Share class\* I-cap

NAV per share EUR 55.46

Ongoing charges\*\*

0.76% (incl. 0.60% management fee)

Morningstar rating™ ★★★★★

### Fund performance in brief

- Triodos Global Equities Impact Fund generated a return (after costs) of 5.2%, while the benchmark yielded 9.2%.
- Positive vaccine developments and optimism about reopening and economic growth, plus a massive US stimulus package supported global equity markets during the quarter.
- The portfolio remains focused on the long-term integrated financial and sustainability potential of companies.

\* This report is based on the I-cap share class. See [www.triodos-im.com](http://www.triodos-im.com) for a full overview of EUR, GBP, institutional and retail share classes.

\*\* The ongoing charges figure shown here is an estimate of the charges. Due to the amendments made to the fund charges as per 1 January 2021, the ex-post figure is no longer reliable. The UCITS' annual report for each financial year will include detail on the exact charges made.

### Return in % as of 31-03-2021

	3 months	YTD	1 year	3 year avg	5 year avg	3 year volatility	5 year volatility
Fund	5.2	5.2	33.6	12.6	9.7	13.1	11.2
Benchmark	9.2	9.2	43.8	14.6	12.6	16.7	13.7

All returns stated were calculated based on net asset value I-cap share. Past performance is not a reliable indicator for future performance. The stated volatility is measured as annualised standard deviation, based on monthly returns. Source: Triodos Investment Management

### Market developments

Global equity markets extended their upward trend during the first quarter of the year, mostly in response to vaccine rollouts and a massive US fiscal stimulus package. Increasing inflation expectations on the back of growing money supply and value chain bottlenecks, led to more volatility in equity markets. Upbeat investor sentiment was however unaltered, supported by highly accommodative policy stances by all major central banks. During the quarter, investors rotated from the pandemic winners in the tech and consumer sectors to sectors such as energy and financials, which usually benefit the most from an economic recovery.

Rapid vaccination campaigns in both the US and UK stood in sharp contrast with slow vaccine rollouts in the

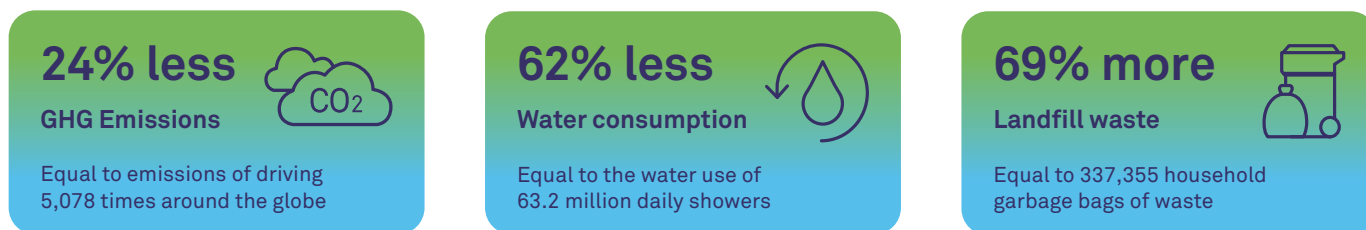
### Pieter-Jan Husken Fund Manager



"Triodos Global Equities Impact Fund invests globally in industry sustainability leaders, actively including companies that provide solutions to our seven sustainable transition themes."

EU. This led to divergence in business activity, with the US being the clear front runner and the eurozone falling behind.

## Ecological footprint relative to benchmark



The footprints are calculated using carbon emissions data from ISS ESG, and water and waste data from S&P Trucost (copyright © 2020 S&P Trucost Limited). For the MSCI World Index, coverage by weight is 98% for carbon emissions, 98% for water use data and 98% for waste produced. For the Triodos Global Equities Impact Fund portfolio, coverage of assets invested – by weight – is 100% for carbon, 100% for water, and 100% for waste.

In light of the new EU SFDR regulation, Triodos Investment Management has conducted a review of the model used to calculate the relative ecological footprint of our Impact Equities and Bonds funds. Much to our regret we found an oversight in the methodology used, which has resulted in reporting of incorrect numbers. This oversight has been addressed and the correct numbers are now included in this quarterly report.

For some indicators, the recalculated and correct numbers display a higher ecological footprint than expected, especially for waste generated relative to the benchmark. The main cause for this is that our Impact Equities and Bonds funds have a concentrated number of holdings relative to the benchmark, hence higher relative weights in individual positions, resulting in relatively large deviations in ecological footprint exposure.

Furthermore, while we select companies based on overall positive impact, not all of this impact is measured, disclosed or reported on. Whereas the model calculations for the ecological footprint figures only take into account current (negative) impact (Scopes 1-2 as defined by the GHG Protocol for water, waste and emissions generated), the positive impact of many of our portfolio companies is transitional (such as water, waste and emissions avoided), for which data is still hardly available and thus not used in the calculations. For instance, as we invest in companies promoting the transition from plastic to paper packaging, the model calculations only measure Scopes 1-2 (waste-generating manufacturing operations), leaving out the indirect positive impact (such as plastic waste avoided, Scope 4).

In order to meet the requirements of the new SFDR regulation by the end of this year, we will further improve our impact management reporting in the coming months, which will entail both direct and indirect positive impact of our portfolios.

# Financial review Q1 2021

## Portfolio developments

Global equity markets continued to trend higher during the first quarter of 2021. However, due to expectations of higher US inflation, the long end of the US yield curve rose which also had some spill-over effects on European long-term interest rates. The steepening of global yield curves triggered a significant investor rotation from growth stocks into value stocks. The former group is considered to have a long duration and therefore is vulnerable to a higher interest rate environment. Value stocks often have a more cyclical character and benefit from a rise in long-term interest rates and/or a yield curve steepening, given this is seen as a forebode of economic growth and hence reflation. Furthermore, the continued focus on rolling out Covid-19 vaccinations stimulated interest for companies benefitting from economic re-opening. Outside of fundamental developments, individual stocks and sectors in equity markets got impacted by a variety of technical turbulences at unprecedented scale. Hedge fund activity and social media made sure that penny stocks, heavily shorted stocks, lower quality stocks etc. all got their moment of glory causing a lot of volatility in the equity markets.

During this market turmoil, the fund continued to focus on the long-term integrated financial and sustainability potential of companies in the portfolio. The steepening of yield curves triggered a massive investor rotation from growth stocks to value stocks, which typically have a more cyclical character and benefit from a rise in long-term interest rates and/or a yield curve steepening. We continue to be of the view that equity markets will sooner or later correct to reflect more normalised cashflow-based valuations.

### Companies added to the portfolio during the quarter:

- **Pearson**, a British company providing education products and services, was added as part of the Social Inclusion and Empowerment theme. Pearson has refocused its business, hired a new CEO with in-depth digitalisation knowledge and we believe the company is undervalued and has strong growth potential, supported by a strong balance sheet. Pearson is focused on growing its business in virtual learning, higher education, English language learning, workforce skills and assessments & qualifications.

### Companies sold during the quarter:

- **Baxter International**, a US medical technology company, was sold from the portfolio due to lack of clear theme fit and falling confidence in the execution of its strategy and business model.
- **Symrise**, a German flavor and fragrance company, was removed from the portfolio due to increased risk of disappointing short-term growth outlook despite being fully valued.

## Performance Analysis

The MSCI World Net Total Return rose by 5.2% over the quarter, whereas the fund rose by 9.2% (I-cap). Energy was the best performing sector during the quarter, closely followed by the Financials sector as investors sharply rotated from growth companies – especially in Big Tech – to value/cyclical companies and/or companies closely related to the reopening of economies. Consequently, the Industrials, Communication Services, Real Estate and Materials sectors outperformed, while Consumers Staples, Utilities, Healthcare and Information Technology underperformed.

## Performance attribution in % (gross returns vs. benchmark)\*

Q1 2021	Average weight		Total return		Total attribution vs. Benchmark	Allocation	Selection	Currency
	Portfolio	Benchmark	Portfolio	Benchmark				
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>5.33</b>	<b>9.34</b>	<b>-4.01</b>	<b>-1.87</b>	<b>0.75</b>	<b>-2.89</b>
Communication Services	10.92	9.02	8.85	11.28	-0.15	0.03	0.12	-0.30
Consumer Discretionary	15.02	12.13	5.68	7.82	-0.26	-0.02	0.26	-0.51
Consumer Staples	10.94	7.20	3.34	3.65	-0.07	-0.13	0.22	-0.16
Energy	0.00	3.07		27.19	-0.58	-0.45	0.00	-0.13
Financials	0.00	13.31		18.01	-1.50	-1.07	0.00	-0.43
Health Care	16.17	12.73	4.05	5.03	-0.20	-0.13	0.20	-0.26
Industrials	11.25	10.57	5.14	12.23	-0.76	0.02	-0.35	-0.43
Information Technology	16.46	21.78	6.83	5.62	0.23	0.24	0.40	-0.40
Materials	10.29	4.57	6.76	10.12	-0.11	0.08	-0.10	-0.10
Real Estate	0.00	2.62		10.56	-0.11	-0.03	0.00	-0.08
Utilities	0.00	3.00		4.80	0.05	0.14	0.00	-0.09
Cash	8.95	0.00	0.00		-0.55	-0.55	0.00	0.00

\* Returns stated are quarterly gross returns, thus before any charges are deducted. Returns stated elsewhere are net returns.  
Source: Bloomberg/Triodos Investment Management

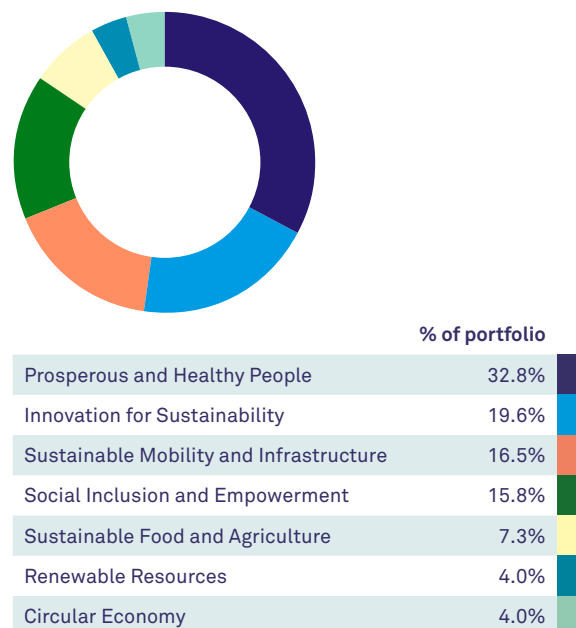
Currency allocation contributed negatively as the US dollar gained strength on the back of stronger US interest rates compared to most other major interest rates, while especially the Japanese yen and some Scandinavian currencies weakened. Sector allocation contributed negatively to relative performance given the fund's zero-weighted positions in Energy and Financials, as did the overweight position in the lagging Healthcare and Consumer Staples sector. Due to the brisk performance of global equity markets, cash allocation had a negative impact on relative performance during the quarter. Stock selection was positive in all sectors, excluding in the Industrials and Materials sector.

- Rising inflation expectations resulting in sudden rises in bond yields form an additional risk for equity markets. We assume that central banks can't keep financial assets inflated forever.

## Impact

Our investment selection centers around positive impact. We select companies that contribute to the progress of our seven sustainable transition themes and that meet our strict minimum standards. The breakdown of exposure across themes are as follows:

### Breakdown by transition theme



## Investment outlook

- Most advanced economies will have administered vaccines to the majority of their citizens in the first half of 2021. The coming months will therefore be a transition phase, in which restrictions can gradually be lifted and global economic activity can start picking up; Successful vaccination campaigns in the US and UK mean that these countries can lift restrictions earlier than eurozone countries;
- Monetary and fiscal policies will remain extremely accommodative;
- Equity valuations are still elevated and the US equity market continues to look expensive compared to its European and Asian counterparts;
- We believe that current earnings expectations are still relatively high and that negative earnings surprises are lurking, in which case lower equity prices and valuations would be entirely warranted;

# Portfolio as of 31-03-2021

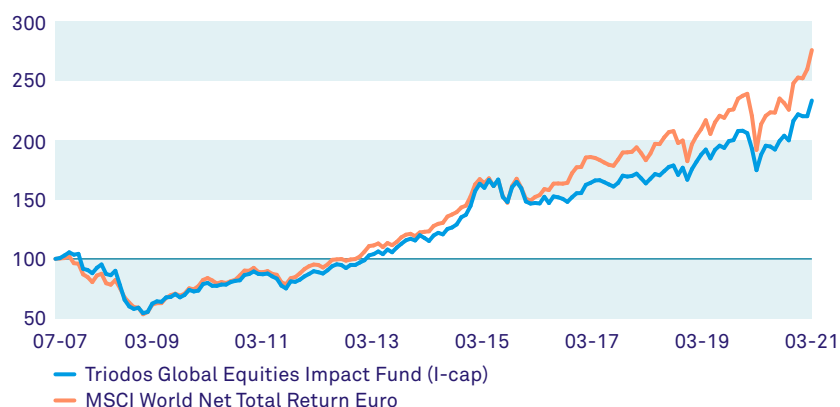
## Breakdown by country\*

As per end of March 2021



	% of NAV
Japan	27.0%
United States	19.9%
Germany	10.7%
Denmark	5.4%
Switzerland	4.5%
Sweden	4.3%
Netherlands	4.1%
France	3.1%
Taiwan	3.1%
Others	9.5%
Liquidities	8.6%

## Return chart since inception\*



## Market caps (USD)\*

	% of portfolio
Large cap >16bln	79.2%
Mid cap 6-16bln	14.7%
Small cap 3-6bln	4.1%
Small cap 600mln-3bln	2.1%
Mini cap 300-600mln	0.0%
Micro cap 50-300mln	0.0%
Nano cap <50mln	0.0%

## Breakdown by sector\*

As per end of March 2021



	% of NAV
Health Care	16.7%
Information Technology	16.0%
Consumer Discretionary	14.5%
Consumer Staples	11.8%
Communication Services	11.4%
Industrials	11.1%
Materials	10.0%
Liquidities	8.6%

\* Source: Triodos Investment Management, RBC Investor Services

## Return last calendar years in %

	2020	2019	2018	2017	2016
Fund	6.7	24.7	-1.9	9.4	-2.6
Benchmark	6.5	30.2	-4.2	7.4	10.8

All returns stated were calculated based on net asset value I-cap share, including reinvestment of dividends where applicable. Past performance is not a reliable indicator for future performance. Source: Triodos Investment Management

## Liquidity profile

Term required for liquidation at 10% market participation	% of portfolio liquid within term
Less than 1 day	66.9
1 - 5 days	98.1
6 - 30 days	100.0

Source: Triodos Investment Management, Bloomberg, based on average traded volume of last 20 days of March 2021.

## Top 10 holdings\*

Company name	Country	Sector	% of NAV
1. KDDI	Japan	Communication Services	3.8%
2. Taiwan Semiconductor	Taiwan	Information Technology	3.1%
3. Roche Holding	Switzerland	Health Care	2.9%
4. Danone	France	Consumer Staples	2.9%
5. Anthem	United States	Health Care	2.9%
6. Central Japan Railway	Japan	Industrials	2.6%
7. Essity	Sweden	Consumer Staples	2.6%
8. Toyota Motor	Japan	Consumer Discretionary	2.5%
9. Bridgestone	Japan	Consumer Discretionary	2.5%
10. Vestas Wind Systems	Denmark	Industrials	2.5%
Total top 10 holdings (out of 57 equity holdings)			28.1%

## Sustainability in the spotlight Renewable Resources



The fund invests in seven transition themes that are key to helping society overcome systematic sustainability challenges.

In the below case study on

**Vestas**, we zoom in to the theme 'Renewable Resources'. Learn more about how we invest in this theme [here](#).

### Case Study: Vestas

In February, Danish wind turbine manufacturer **Vestas** launched its new super-sized offshore wind turbine. A characteristic of offshore turbines is that they are taller, heavier and can generate more energy than onshore turbines. The hub height of Vestas' new offshore turbine (i.e. the distance from the turbine platform to the rotor) will be at least 10 meters more than the hub height of the largest competitor turbines. With a turbine diameter of 236 meters, this is the largest offshore wind turbine currently announced, reducing the cost unit of capacity installed and offering exponential production growth. The first prototype of this new offshore model is expected to be installed in 2022, while serial production is scheduled for 2024.

## Active engagement with companies in portfolio

As part of our engagement project on excessive remuneration, American technology company **Cisco Systems** was identified as having a generous compensation package. This has prompted us to set up call with the company to discuss their executive remuneration structure and incentives, asking for clarification on the Individual Performance Factor for the CEO bonus. When we expressed transparency was lacking on a more detailed level, the company responded that possible improvement on this would be discussed with the remuneration committee. We also discussed whether the executive bonus should be returned in case of ethical misconduct, which Cisco confirmed. Finally, we highlighted the lack of ESG metrics as part of executive compensation. When asked for our input on this matter, we expressed that we consider metrics relating to circular economy most suitable for Cisco as these would directly fit their current strategy and business model. Cisco stated that they are considering the implementation of ESG metrics and that a commitment on this may be expected in the next proxy statement.

See how Triodos Investment Management maximises its influence on the companies we invest in through deliberate shareholder action: [www.triodos-im.com](http://www.triodos-im.com)



# Triodos Investment Management

Triodos Investment Management (Triodos IM) is a globally active impact investor. We see impact investing as a driving force in the transition to a green, inclusive and resilient economy.

We have built up in-depth knowledge throughout our 25+ years of impact investing in sectors such as Energy & Climate, Financial Inclusion and Sustainable Food & Agriculture. Triodos IM also invests in listed companies that support sustainable solutions for the future. Assets under management as per end of December 2020: EUR 5.4 billion. Triodos IM is a wholly owned subsidiary of Triodos Bank, a leading expert in sustainable banking.

## Contact

We welcome you to contact our Investor Relations team to learn more about our impact investment opportunities.

E: [TriodosIm@triodos.com](mailto:TriodosIm@triodos.com)  
T: +31 (0)30 693 6500

## Fund facts

Fund inception date July 2007

I-cap launch date July 2007

Asset type Long-only global equities

Benchmark MSCI World Net Total Return Euro

ISIN code LU0309381191

Bloomberg code TRVEFIC LX

Investment manager  
Triodos Investment Management

Fund manager Pieter-Jan Husken

Currency EUR

Valuation Daily

Domicile Luxembourg

Legal status Open-ended sub fund of SICAV I

Supervisor CSSF in Luxembourg

Risk level based on European guideline  
5 (1= low 7= high risk)

Investment Horizon Long term

Custodian, paying agent, registrar, transfer agent  
RBC Investor Services Bank SA

Auditor PwC Luxembourg

## Disclaimer

Triodos Global Equities Impact Fund is a sub-fund of Triodos SICAV I, which is established in Luxembourg. Triodos SICAV I, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). Triodos Investment Management BV is a wholly-owned subsidiary of Triodos Bank NV. Triodos Investment Management BV is the advisor of Triodos Global Equities Impact Fund. The information contained in this report (hereinafter "information") is based on sources considered to be reliable, but unless otherwise indicated, all figures are unaudited and are not guaranteed. This information has been compiled with care by Triodos Investment Management BV. The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions and with regard to certain nationalities. Please refer to the Prospectus for further details. Investment decisions must only be made on the basis of the Prospectus, and not on any information provided in this communication. Investing in shares is not the same as investing money in a bank account as your capital is at risk and you may not get back the full amount that you invested. Past performance is not a reliable indicator of future results. The value of Triodos Global Equities Impact Fund is determined in part by the developments on the financial markets or other markets. This report is for information purposes only and is intended for international distribution. No rights can be derived from this information. Any action derived from this information is always at the investors' own risk. The information does not release a (potential) investor from making his/her own assessment. In particular, the (potential) investor is advised to assess the information, with the assistance of an advisor if necessary, with regard to its compatibility with his/her own circumstances in view of any legal, regulatory, tax, and other implications. The information included in this document does not constitute investment advice or an investment recommendation in any way or form. Please refer to the prospectus in connection with the most recent annual and semi-annual financial statements for further information about the expenses and risks that apply specifically to Triodos Global Equities Impact Fund. Avoid unnecessary risks. Please read the KIID. The prospectus and KIID for Triodos SICAV I, which includes information about Triodos Global Equities Impact Fund (in English) may be obtained free of charge from Triodos IM in Zeist, telephone +31 (0)30 694 24 00 or via [www.triodos-im.com](http://www.triodos-im.com). In Germany, for Triodos SICAV I, the Prospectus and the KIID (both in German) as well as the financial statements (in English) may be obtained free of charge from Triodos Bank in Frankfurt, telephone +49 (0) 69 7171 9100 or via [www.triodos.de](http://www.triodos.de). This financial promotion has been approved by Triodos Bank NV (incorporated under the laws of the Netherlands with limited liability, registered in England and Wales BR3012). Authorised by the Dutch Central Bank and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. Registered office: Triodos Bank, Deanery Road, Bristol, BS1 5AS. VAT reg no 793493383.