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All Country International Strategy Update

Second Quarter, 2017

INTERNATIONAL MARKET REVIEW

The MSCI ACWIxUS Index (the "Index") rose +5.8% in the second quarter. In local currency terms, the Index rose +3.3% as the weaker US Dollar added +2.5% to US investor returns. The Euro strengthened over 6% relative to the US Dollar. The Pound did not keep up with the Euro, though it was still up almost 4%. The Yen declined about 1%. ACWI Europe (+7.2%) outperformed the Asia Pacific (+5.8%) region.

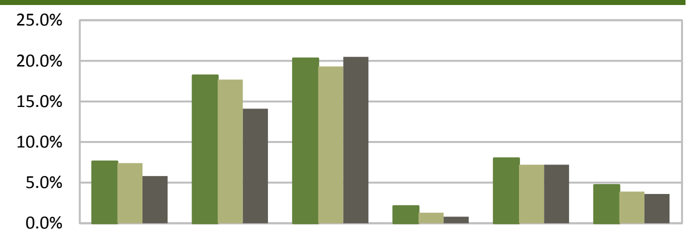
Improved political stability and positive economic data helped European markets outperform in the second quarter. Austria (+21.8%), Denmark (+15.3%), and Finland (+13.4%) were the best performing developed countries. Australia (-1.9%) and Canada (+0.6%) were hurt by deteriorating conditions for commodity stocks and were the worst performing developed countries. Portugal (+3.1%) and Ireland (+3.8%) also lagged.

Emmanuel Macron's victory in the French Presidential election helped boost confidence in Europe's political stability while Europe's economic outlook continued to improve. A key survey of Eurozone manufacturers reached a five-year high and the unemployment rate fell to 9.3%, its lowest level since March 2009. In the UK, the ruling Conservative party lost its parliamentary majority in a snap election, changing the political calculus of Brexit negotiations. Japan's labor market is robust with 3% unemployment, but structural factors appear to be keeping wage growth and inflation below 1%. Moody's downgraded China's credit rating based on concerns about rapidly growing debt and slowing GDP growth. Nevertheless, Chinese economic indicators broadly signaled stable growth and investors' concerns over its currency eased.

The MSCI Emerging Markets Index rose 6.3% led by Asia (+8.6%). South Korea and China each rose slightly over 10%, while Turkey rose 19.3%. Russia (-10.0%) was the worst performing major market.

The Technology (+12.9%) sector was boosted by healthy earnings prospects and led the Index in the second quarter. Improving fundamentals and sentiment helped Consumer Staples (+7.1%) and Health Care (+7.2%) outperform. Falling oil and industrial metal prices caused the Energy (-2.9%) and Materials (+1.7%) sectors to lag the Index.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	Since Inception*
Gross	7.6%	18.2%	20.3%	2.1%	8.0%	4.7%
Net	7.4%	17.7%	19.3%	1.3%	7.2%	3.9%
MSCI ACWIxUS	5.8%	14.1%	20.5%	0.8%	7.2%	3.6%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
ALIBABA GROUP HOLDINGS	2.0%	30.8%	0.45%	Technology
SHISEIDO CO LTD	1.3%	35.4%	0.36%	Consumer Staples
BANK RAKYAT	2.0%	16.2%	0.20%	Financials
NOVO NORDISK A/S	1.1%	23.9%	0.18%	Healthcare
HDFC BANK	1.7%	16.2%	0.16%	Financials
AIA GROUP LTD	1.5%	17.2%	0.16%	Financials
SPIRAX-SARCO	1.4%	17.6%	0.15%	Industrials
PANASONIC CORP	1.0%	20.2%	0.14%	Consumer Discretionary
RAKUTEN INC	1.3%	17.5%	0.14%	Consumer Discretionary
YANDEX N V	1.1%	19.7%	0.14%	Technology
			2.08%	

BOTTOM 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
ASTELLAS PHARMA INC	1.5%	-7.3%	-0.20%	Healthcare
BARCLAYS	1.4%	-6.4%	-0.18%	Financials
ITAU UNIBANCO HLDG SA	1.3%	-5.0%	-0.16%	Financials
JC DECAUX S A	1.2%	-6.0%	-0.15%	Consumer Discretionary
PROSIEBENSAT 1 MEDIA	1.6%	-2.5%	-0.14%	Consumer Discretionary
WOLSELEY	1.6%	-1.8%	-0.12%	Industrials
ROCHE HLDGS	2.0%	-0.3%	-0.11%	Healthcare
NAVER CORP	1.1%	-4.3%	-0.11%	Technology
SOCIEDAD QUIMICA MINERA DE C	1.2%	-3.4%	-0.10%	Materials
ORIGIN ENERGY	1.3%	-2.2%	-0.10%	Energy
			-1.37%	

PORTFOLIO REVIEW

A composite of accounts invested in the Boston Common All Country International Equity strategy returned +7.6% before fees, meaningfully outperforming the Index. Relative results were driven by positive stock selection across various sectors, led by Consumer Staples and Financials. Japanese and Korean cosmetics companies Shiseido (+35.4%) and LG Household (+19.5%) delivered robust results. European household and personal care holdings Reckitt Benckiser (+12.3%) and Unilever (+11.3%) rallied on strategic changes. In the Financials sector, Pan-Asian life insurer AIA Group (+17.2%), Indonesian Bank Rakyat (+16.2%) and Indian HDFC Bank (+16.2%) performed particularly well. On a regional basis, Emerging Markets and Japan were the primary drivers of outperformance, led by Chinese and Japanese e-commerce firms Alibaba (+30.8%) and Rakuten (+17.5%), Russian online search leader Yandex (+19.7%), and Japanese conglomerate Panasonic (+20.3%). Other notable contributors include Danish biotech producer Novo Nordisk (+23.9%) and British industrial Spirax-Sarco (+17.6%).

Stock selection in the Technology sector hurt relative performance. Dutch semiconductor equipment producer ASML (-1.4%) and South Korean online search leader Naver (-4.3%) lagged. Hang Lung Properties (-1.1%) and the Real Estate sector were also small drags. Regionally, relative performance in Europe ex-UK was the only laggard. French and German media companies JCDecaux (-6.0%) and ProSiebenSat.1 (-2.5%) declined on slower growth projections for traditional advertisers. Other detractors include British bank Barclays (-6.4%) and Japanese pharmaceutical company Astellas (-7.3%).

*Since Inception: December 31, 2010

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PORTFOLIO ACTIVITY

During the quarter, we purchased Dutch bank ING Groep. After divesting its insurance and other businesses, ING is focused on retail and commercial banking in the Netherlands, Belgium, and Germany. The group has a solid balance sheet that positions it to benefit from rising loan demand and higher interest rates in the Eurozone and is an ESG leader among European banks. Trading at 1.1x book value with a 4.2% dividend yield, ING's valuation looks compelling. We also bought Umicore, a Belgian specialty chemical company that is the world's largest recycler of precious and valuable metals, a top three manufacturer of catalytic converters, and has a rapidly expanding energy and surface technologies business. Umicore's expertise and leading position in cathode technology should generate substantial value as lithium-ion batteries proliferate to power electric vehicles and to store renewable energy. Umicore's Enterprise Value-to-EBITDA ratio of 11.5x appears attractive relative to the company's long-term growth profile.

To fund our new purchases we sold Dutch paint company Akzo Nobel after losing confidence in its corporate governance. We were disillusioned by management and the Board of Director's unwillingness to discuss a takeover offer from competitor PPG Industries. We also sold British electric utility National Grid on valuation grounds. After the company monetized a key asset (UK gas distribution) and returned significant capital to shareholders, National Grid's remaining business appeared expensive.

ECONOMIC & MARKET OUTLOOK

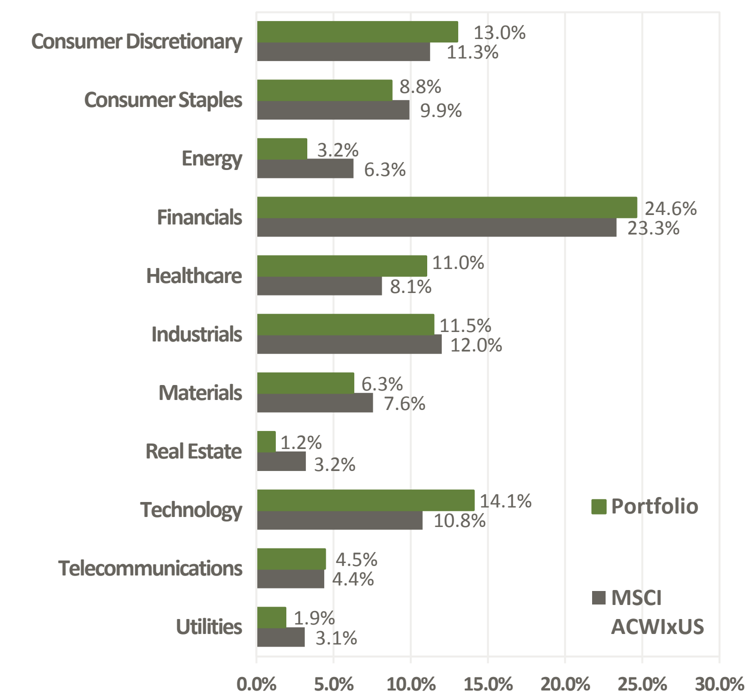
We expect global economic growth to sustain momentum over the next two years. In Europe, the business cycle is in an early stage as profit margins are almost one quarter below the last peak level, suggesting scope for earnings expansion. Japan's economy is operating near full employment with modest wage and price increases. Central banks in Europe and Japan will likely keep their pro-growth monetary policy stance, contributing to favorable conditions for international equities. Emerging markets include dynamic economies that can boost long-term growth for local and multinational companies. The MSCI ACWIxUS is trading at 14.1x forward earnings, below its 20-year average. Risks to our outlook include rising geopolitical tensions, protectionism, and a sharp increase in long-term interest rates.

We have positioned our portfolios to benefit from a cyclical rebound in Europe. Our exposure to Japan and Emerging Markets adds country-specific opportunities. Our portfolios include environmental, social, and governance (ESG) leaders in every sector, which reflects our belief that ESG is an integral factor defining investment quality.

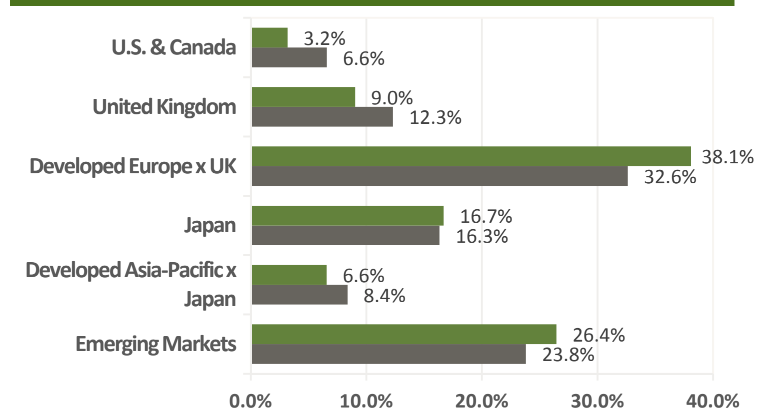
Europe

While Europe's economic recovery has been gaining momentum over the past three years, political uncertainty has weighed on investor sentiment for the region. This past quarter may have been a positive inflection point in the continent's political stability. In the French election, Emmanuel Macron, who founded a centrist party last year, easily beat the far right candidate Marine Le Pen. While Le Pen was calling for France to leave the Eurozone, Macron is in favor of European integration, social inclusion, and liberal economic reforms. Macron is the youngest President in France's history and his party, En Marche, upset the traditional political parties with a resounding Parliamentary victory that consolidates legislative power. The more stable political backdrop has helped boost Eurozone consumer confidence to a nearly 10-year high. Improved sentiment looks likely to translate into stronger corporate earnings.

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWIXUS
# HOLDINGS	74	1,866
Valuation		
Next 12m Price to Earnings	16.3	14.1
Price to Book Value	2.6	1.7
Price to Sales	2.0	1.3
Dividend Yield	2.2%	2.8%
Growth		
5yr Sales Growth	1.7%	0.5%
5yr EPS Growth	7.9%	1.8%
Risk		
Wtd Avg Mkt Cap	58,646	62,101
LT Debt/Cap	26.5%	32.7%
Beta	1.03	1.00

The European banking system also looks healthier after a long period of fragility. For several years Eurozone banks have been selling assets, raising capital, and cutting costs. The resolution of troubled banks in Italy and Spain this past month should help the healing process by demonstrating effective regulatory structure. After contracting from 2012 to 2015, Eurozone private loans increased 2.6% in May, a post-crisis high. Stronger financial institutions should offer access to credit that will enable households and companies to make productive capital expenditures.

Prime Minister Theresa May called an early election in June that resulted in her conservative party losing its majority in Parliament. The vote can be viewed as a rebuke to the Prime Minister's plan for a complete exit from the European Union, otherwise known as a "hard Brexit." We expect protracted negotiations with the EU will hinder investment and activity in Britain and our portfolios are correspondingly underweight the UK.

Given our favorable view of profit growth and valuation, we are overweight European software and semiconductors, electrical equipment, and specialty chemical stocks. We are also overweight the Nordic region based on a sound macroeconomic foundation, efficient well-managed corporations in a variety of industries, and ESG leadership.

Japan

Earlier this month, Japan and the EU announced a trade agreement that represents an important symbolic achievement after the US administration's rejection of the Trans-Pacific Partnership (TPP). Prime Minister Abe, looking to bolster his lagging approval ratings, characterized the deal as "the world's largest, free, advanced, industrialized economic zone." Importantly, the trade deal will be accompanied by a separate agreement solidifying cooperation and global leadership on important issues such as cybercrime and climate change even without the United States.

The Bank of Japan's (BOJ) determination to promote inflation will likely lead to looser monetary policy in Japan compared to Europe and the US. The BOJ was unequivocal in its response to recently rising long-term interest rates, offering to buy an unlimited amount of Japanese Government Bonds at the prevailing interest rate of 0.11%. While that rate is exceptionally low, it is above the BOJ's target of 0% and was the highest level in nearly 18 months. Going forward, we expect Japan's monetary policy will lead to a weaker Yen.

A depreciating currency can spur earnings and stock prices in the short term, but sustainable growth continues to be held back by structural limitations (i.e. an aging, shrinking population and a shift to temporary employment). These demographic factors limit domestic growth opportunities, so our exposure to Japan is concentrated in exporters. However, we have been selectively buying inexpensive Japanese stocks with potential for improved corporate governance.

Asia Pacific & Emerging Markets

In June, Australia reported its 26th consecutive year without a recession, surpassing the record held by the Netherlands that ended in 2008. Australia's impressive achievement was partially driven by China's industrial development and its accompanying booming demand for commodities. A very strong housing market also contributed to growth in the financial and construction industries. Looking ahead, Australia's house price-to-rent ratio is among the most expensive in the world and demand for industrial metals looks likely to soften. We remain underweight Australia and commodities.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
AKZO NOBEL	Materials	0.8%
NATIONAL GRID PLC	Utilities	0.8%
TOTAL CLOSED		**1.7%**

NEW	SECTOR	% OF PORT.
ING GROEP NV	Financials	1.3%
NIPPON TEL & TEL CORP ORD	Telecommunications	0.4%
UMICORE	Materials	1.0%
TOTAL NEW		**2.8%**

COMPANY SPOTLIGHT: JCDECAUX

Description

JCDecaux is the world's largest outdoor advertising company. Based in Paris, the company operates in three segments: street furniture (45% of revenue), transportation (40%), and billboards (15%). JCDecaux invented the street furniture advertising model, in which it typically builds and maintains public infrastructure, such as bus shelters, automatic toilets, and self-service bicycle racks, in exchange for the exclusive right to sell the advertising space. The company's revenues are generated in Europe (56%), Asia Pacific (24%), North America (8%), and the rest of world (12%).

Integrated Investment Thesis

Outdoor advertising appears to be an attractive niche in the shifting global advertising market. JCDecaux should benefit from growing demand for outdoor advertising and is levered to strengthening European economies, especially France, which accounts for over 18% of revenues. JCDecaux's profit margins should expand in the street furniture business as initial expenses related to recent contract wins and digital panel installations foster broadening sales. JCDecaux provides useful public infrastructure in a cost-effective and environmentally conscious manner. The company has implemented several initiatives to reduce energy use through LED lighting and solar technology. JCDecaux's Cyclocity bike shares help prevent vehicle emissions by encouraging people to cycle. With a strong and sustainable franchise and expected improvement in earnings momentum, the stock's valuation (10x NTM EV/EBITDA) looks compelling.

ESG Profile

JCDecaux is an industry leader in minimizing environmental impacts. In addition to helping cities improve energy efficiency and reduce emissions, the company seeks to minimize its carbon footprint through measures such as clean vehicle fleets and carbon offsets. JCDecaux is targeting 100% of electricity consumption from green power by 2022, up from 47% in 2016. The company has wisely adopted a responsible advertising policy and has mechanisms in place to ensure that advertising content respects local cultures and does not cause offense. JCDecaux also regularly offers free advertisement space for humanitarian and charity organizations.

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While China's construction and industrial activity was boosted this past year by government stimulus, large capital investment projects have slowed. China's ability to manage the balancing act between ensuring financial stability and maintaining growth is a key debate for global markets. Credit rating agency Moody's recently downgraded Chinese sovereign debt based on concern about the country's debt buildup. At the same time index provider MSCI announced it will include Shanghai-traded (A shares) Chinese stocks in its influential Emerging Markets index for the first time. Hong Kong- and US-listed Chinese stocks currently account for over 25% of the EM index.

While the A shares initially added will be weighted less than 1%, the allocation is expected to rise such that China could eventually account for almost 40% of the EM index.

China is likely to continue gradually opening its financial markets to global investors, consolidating and restructuring state owned enterprises, and expanding its consumer, healthcare, and environmental service sectors. This view leaves us cautious on industrial metal demand and optimistic about the long-term future for China's economy. Our portfolios are overweight Emerging Markets with an emphasis on e-commerce, environmental solutions, and financial services.

Shareholder Engagement Highlights

Milestones	**Chemical Safety –** In April, **CVS Health** announced its intention to **remove all parabens, phthalates and the most prevalent formaldehyde donors across nearly 600 beauty and personal care products** from store brand CVS Health, Beauty 360, Essence of Beauty, and Blade product lines by the end of 2019. The company is also publishing a full list of chemicals restricted from use in current store brands by product category. We are encouraging CVS to expand this effort beyond its private brands.
	Corporate Governance & Shareholder Rights - Alphabet (Google) class A shareholders receive only one vote per share owned, while class B holders (typically insiders) outweigh "outsiders" with 10 times the voting rights. Boston Common co-filed an **equal voting rights shareholder proposal** at Alphabet, which received an overall "for" vote of 28.9% when counting both voting classes (A and B) together. **Almost 99% of class A shareholders supported the proposal.**
Work in Progress	**Global Health -** We are leading an investor engagement on improving the nutritional practices of 13 leading Food & Beverage companies benchmarked by the **Access to Nutrition Index (ATNI)**, including **Mondelēz** and **Unilever.** As of 2016, 35% of Unilever's portfolio by volume met the highest nutritional standards (based on globally recognized dietary guidelines), and the company is on track to achieve its 60% goal by 2020. We encouraged Unilever to add more positive nutrients under its product reformulation efforts. With Mondelēz, we discussed nutritional performance in the context of promoting health of consumers and links to a more sustainable food system.
	Eco-Efficiency – We met with the CEO of electric and gas utilities **Origin Energy** and **National Grid** staff to discuss **GHG emissions and Eco-Efficiency**. Origin plans to retire coal-fired power plants and replace them with wind and solar power. National Grid plans to replace leaky gas pipes in New York and expand regional transmission lines to carry renewable power. We are continuing to encourage **BMW** to join the EP100.
	Supply Chain Management & Workplace Safety – Four years following the collapse of Rana Plaza, we continue to support the **Bangladesh Accord on Fire and Building Safety** in a coalition of global investors representing over U.S. $4.3 trillion, which issued a recent statement on its success. We are also engaging **VF Corp (Timberland)** on a new aspect of Bangladesh where **egregious labor and environmental practices were discovered in the $1 billion-per-year tannery industry including widespread child labor and no water effluent treatment** for 150 tanneries in Hazaribag.
New Initiatives	**Gender Equality –** We launched our **Gender Equality initiative** this quarter and evaluated 8 portfolio companies held in both our US Core and Value strategies, including **CME Group, Mohawk Industries** and **Oracle**. We became a signatory to the Women's Empowerment Principles in 2015 and are urging companies to: **improve disclosure on board level oversight of diversity initiatives, provide internal research on the gender pay gap, and develop metrics to measure progress on how equal opportunities are upheld**. We have written to each company, highlighting examples of good management practices on gender equality, wherever possible.

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