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Global Catholic Positive Equity Strategy Update

Third Quarter, 2016

GLOBAL MARKET REVIEW

The MSCI ACWI Index (the "Index") gained a solid +5.3% in the quarter. In local currency terms, the Index rose +5.1% as a weaker U.S. Dollar added +0.2% from U.S. investors' returns. The MSCI U.S. Index rose +3.9%, while the MSCI ACWI ex. U.S. Index rose +6.9%. The British Pound depreciated by -2.8% relative to the U.S. Dollar, while the Yen (+2.1%) and Euro (+1.2%) appreciated.

The Eurozone's economic outlook held steady with manufacturing and service surveys pointing to modest but somewhat accelerating growth. The UK economy looked resilient with a surprisingly strong 6% increase in retail sales. Japan's economic activity remained muted, but the Bank of Japan's increasingly innovative policy boosted investor sentiment, helping Japan's performance (+8.6%). In the U.S., all of the performance was realized in July. With U.S. markets trading close to all-time highs, July and August returns were relatively flat.

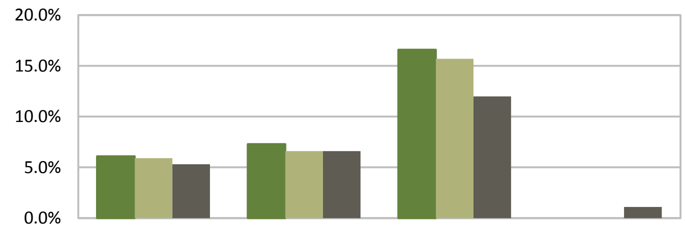
The MSCI Emerging Markets Index rose +9.0% as China's mini stimulus helped its industrial sectors and OPEC announced an agreement to cut output, prompting a rally in oil prices. In the Emerging Markets, China (+13.9%), Brazil (+11.3%) and Korea (+11.0%) did best, while Turkey (-5.3%), Philippines (-5.3%) and Mexico (-2.2%) were among the worst performers.

Technology (+13.5%) was the best performing sector thanks to acquisition activity and new product cycles. The Materials sector (+9.7%) outperformance was driven by higher industrial metal prices. The Utilities (-3.1%) sector was the worst performing sector, followed by Consumer Staples (-0.4%), as defensive sectors lagged. Australia (16.7%), New Zealand (+12.4%) and Canada (+4.9%) benefited from commodity exposure. Hong Kong (+11.9%) was bolstered by a rebound in its real estate sector. Denmark (-6.3%) and Israel (-2.0%) performed poorly weighed down by large pharmaceutical companies.

PORTFOLIO REVIEW

A composite of accounts invested in the Boston Common Global Catholic Strategy rose +6.1% during the quarter, before fees, outperforming the Index. Stock selection in the Healthcare and Consumer Staples sectors, were the primary contributors to relative returns. U.S. bio-technology holdings, Biogen +29.6% and Regeneron +15.1% rebounded after a weak first half. Not owning any pharmaceutical stocks also added to relative performance. Within Consumer Staples, German house-hold care firm Henkel (+11.7%) continued to deliver solid results and Japanese personal care firm Unicharm (+11.1%). Emerging markets and Europe ex-U.K. were the largest regional contributors with e-commerce and software stocks as six of our top ten performers. In Asian e-commerce, the top performers were, Alibaba +33.0%, Naver +30.1% and Rakuten +20.5%. German enterprise software firm SAP +21.8% was the top performer in Europe.The Materials sector was the largest detractor from relative results, weighed down primarily by our lack of exposure to the rebounding metal and mining industry. Technology also detracted from relative performance. Solar panel maker First Solar (-18.5%) and IT services provider Cognizant (-16.6%) had poor results. From a regional perspective, U.K. was the biggest detractor due to poor stock selection in the Healthcare sector.

PERFORMANCE



	QTD	YTD	1Yr	Since Inception*
Gross	6.1%	7.3%	16.6%	0.0%
Net	5.9%	6.6%	15.7%	0.0%
MSCI ACWI	5.3%	6.6%	12.0%	1.1%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
BIOGEN INC	2.0%	29.6%	0.42%	Healthcare
ALIBABA GROUP HOLDINGS	1.4%	33.0%	0.34%	Technology
APPLE INC	2.8%	18.9%	0.33%	Technology
SAP SE -	1.4%	21.8%	0.20%	Technology
NAVER CORP	0.8%	30.1%	0.18%	Technology
PRICELINE GROUP, INC	1.5%	17.9%	0.18%	Consumer Discretionary
MICROSOFT CORP	2.1%	13.3%	0.15%	Technology
RAKUTEN INC	1.1%	20.5%	0.15%	Consumer Discretionary
ALPHABET INC	2.2%	12.3%	0.14%	Technology
NASPERS	1.8%	13.1%	0.13%	Consumer Discretionary
			2.22%	

BOTTOM 10				
LOWE'S COS INC	2.6%	-8.4%	-0.35%	Consumer Discretionary
FIRST SOLAR INC	0.8%	-18.5%	-0.22%	Technology
COGNIZANT TECHNOLOGY SOLUTI	1.0%	-16.6%	-0.22%	Technology
VERIZON COMMUNICATIONS INC	1.6%	-6.0%	-0.19%	Telecommunications
CROWN CASTLE INTL CORP	1.5%	-7.0%	-0.19%	Real Estate
GILEAD SCIENCES INC	1.8%	-4.6%	-0.19%	Healthcare
SMITH & NEPHEW	1.4%	-4.6%	-0.14%	Healthcare
UNILEVER	2.1%	-1.1%	-0.14%	Consumer Staples
ADVANCE AUTO PARTS INC	1.0%	-7.7%	-0.13%	Consumer Discretionary
CVS HEALTH CORP	1.1%	-6.6%	-0.13%	Consumer Staples
			-1.88%	

PORTFOLIO ACTIVITY

In the U.S., we acquired Chipotle Mexican Grill, which has a solid consumer franchise but is discounting near-term issues that have depressed the stock. Chipotle still has a long runway for expansion opportunities. We expect consumer traffic to return as the company successfully communicates progress in addressing specific food safety issues with its loyal customer base. We also acquired PNC Financial in the U.S. given its attractive valuation relative to peers, minority ownership of Blackrock and strong sustainability profile. Similarly, we began a position another strong banking franchise, Svenska Handelsbanken in Sweden.

*Since Inception: June 30, 2015

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We sold Fifth Third Bank in the U.S. and HSBC in Europe as we saw our above mentioned purchases to be more desirable long term holdings. We also sold Malaysian wireless telecom firm Axiata, as it has been unable to improve its deteriorating competitive position, growth and margins.

ECONOMIC & MARKET OUTLOOK

The World Trade Organization recently cut its forecast for world trade growth in 2016 to 1.7%. This is the first time in fifteen years that global trade is likely to grow at a rate slower than the global economy. Trade has expanded at twice the rate of global GDP growth since the 1990s. Domestic demand could become a more important driver for economic growth in the years to come.

Global growth remains anemic and major Central Banks and governments continue to act in creative ways to ignite demand and to counteract deflationary pressures. However, the U.S. is much further along in its recovery, and we expect the Fed to increase interest rates later this year. Strong employment and early signs of inflation in the U.S. have made it possible for the Fed to take this next step. Wages have started to move up, and oil prices are higher. Global uncertainty is likely to keep further interest rate increases modest.

In Europe and Japan, policymakers are pursuing unconventional approaches to boosting growth beyond the current 1% to 2% pace. Japan's plan to combine government spending on infrastructure and human capital investment with central bank purchases of government bonds may be a potent stimulus mix. Emerging Markets are growing more than twice as fast as developed economies and could again boost global demand. Improving growth expectations at home and abroad should help European corporations expand profitability from still depressed levels. Aggregate valuations look reasonable at 15x forward earnings, but there are key differences by industry and region. We believe political risks and the slow growth backdrop warrant a portfolio strategy focused on long-term opportunities related to environmental solutions, enablers of efficiency improvements, as well as management-led profit recovery.

U.S. & Canada

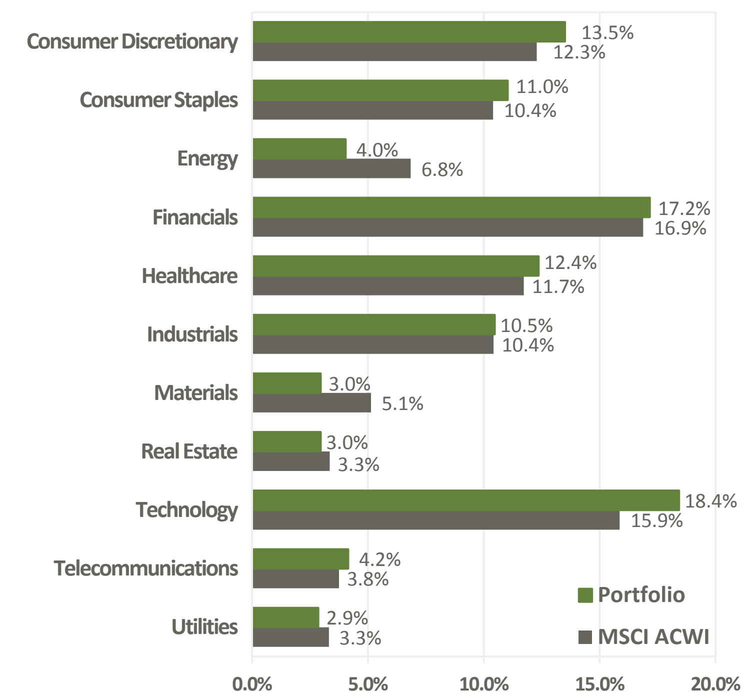
The U.S. economy looks set for another year of muted but steady growth. Consumer confidence continues to rise to post recession highs, fueled by higher employment, wage gains, and strong household balance sheets. Unemployment is holding steady at just under 5% even as the participation rate has started to increase. Households' net worth has been bolstered by a higher savings rate, strong equity market, and appreciated housing prices. Household formation, which had collapsed after the Financial Crisis, has recovered nicely off the bottom, and looks set to grow steadily. Combined, this has created a "wealth effect" supporting consumer spending on autos, housing, and services and gives us confidence that the economy can continue to grow at a slow and steady pace for an extended period of time.

On the other hand, even as corporate profits remain near all-time highs, companies are holding back on capital spending with private non-residential fixed investment actually declining slightly in the most recent month. A longer-term trend is declining capital intensity, as services and software become greater parts to the mix. Still, the tepid recovery following the Financial Crisis has made corporate managements risk averse, and they have opted to use profits and low-cost debt for equity buybacks rather than capital spending. One outcome from the current election cycle is that infrastructure spending looks likely to be a focus of the next Administration. This may spur manufacturing sector investments.

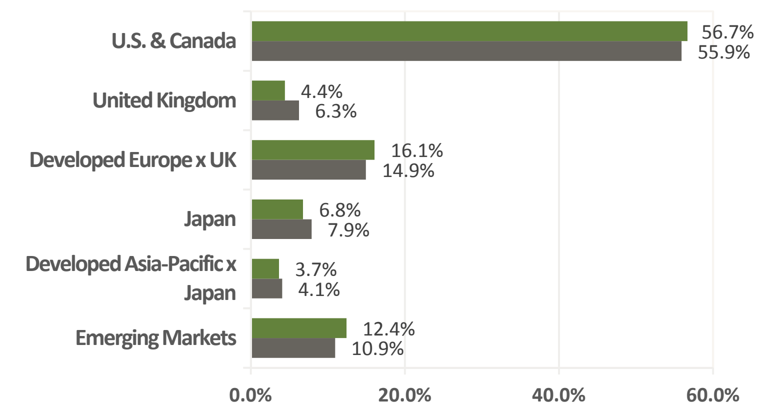
Europe

Corporate profitability in Europe is showing signs of recovering from the weight of a long period of recessionary conditions. Earnings estimates are ticking up on a top-down and bottom-up basis and real growth in the region remains steady

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWI
# HOLDINGS	85	2470
Valuation		
Next 12m Price to Earnings	17.1	15.4
Price to Book Value	2.9	2.1
Price to Sales	2.4	1.4
Dividend Yield	1.8%	2.6%
Growth		
5yr Sales Growth	3.4%	-1.0%
5yr EPS Growth	7.7%	6.1%
Risk		
Wtd Avg Mkt Cap	96,743	99,333
LT Debt/Cap	33.8%	39.3%
Beta	1.02	1.00

at 1.7%. Inflation is slowly edging up, but remains low enough to justify continued monetary support. In some countries the economic outlook is stronger; Spain, Ireland, and Sweden are growing faster than 3%. Eurozone unemployment is expected to fall below 10% for the first time since 2009 and the jobless rate is at or below pre-crisis levels in Germany (4.2%), the Netherlands (5.8%), and Switzerland (3.2%).

The UK's solid economic performance (5.0% unemployment) relative to the Eurozone probably gave some citizens confidence to vote for a separation from the European Union (EU). The UK referendum exemplifies the broader backlash against global integration. Political uncertainty is a key risk to the market outlook and the UK's negotiation with the EU raises many questions for European businesses. Concerns about the hardline stance of Prime Minister Theresa May's government caused the British Pound to fall to a 31-year low relative to the U.S. Dollar. The UK currency has also declined to a five-year low relative to the Euro, suggesting Britain needs the Eurozone more than the other way around. The weaker Pound helps exporters, which have propelled the UK's stock market near all-time highs in local currency. Smaller, domestically-oriented companies are more affected by the unclear future. We anticipate protracted negotiations between the UK and EU as the two sides look to reconcile Britain's desire for continued access to the single market with its resistance to the required free movement of people.

With declining impact from expansionary monetary policy in Europe, government spending or lower taxes could help to offset headwinds from political uncertainty. This near-term boost in demand could complement accommodative monetary policy that, alone, has not been able to spark the long-awaited increase in investment spending. Policy support would also be welcome for the banking system, which continues to dampen confidence despite substantially stronger balance sheets compared with a decade ago. We believe a combination of monetary and fiscal stimulus could eventually catalyze earnings, which need to grow by 40% to get back to its 10-year average level. Valuations, in line with long-term averages, look reasonable given our expectations for profit growth. We remain underweight the UK, but overweight Europe ex. UK, especially in the Technology and Consumer sectors. We favor Northern Europe where there are financially strong ESG leaders and solid macro prospects.

Japan

Japan was facing low growth and deflation for two decades before the question of secular stagnation was raised in Europe. Although Japan did experiment with quantitative easing in 2001, it has substantially expanded creative policy initiatives to promote growth. Most recently, the Bank of Japan set a 0% target yield for 10-year Japanese Government Bonds in an effort to control both short- and long-term interest rates and motivate investing without further damage to banks' earnings prospects. In addition to expansionary monetary policy, Japan is pursuing fiscal stimulus and structural reform. In August, the Japanese cabinet approved a 28 trillion Yen package (over 6% of GDP) including spending on infrastructure and childcare. Although new and near-term projects are only a small fraction of the plan, Japan is expected to have more than a 5% budget deficit over the next year, larger than any other major advanced nation. Japan's workforce has long been noted for its homogeneity as its population is made up of only 2% foreigners, one-sixth that of its OECD counterparts. To counter the deflationary effects of its shrinking supply of labor, the Japanese government has been easing its immigration policy. As a result, there has been a notable increase in temporary and permanent foreign residents. Similarly, policies directed toward childcare have helped to increase female participation in the formal labor market. While we are encouraged by Japan's policy determination and have increased our exposure accordingly, it remains to be seen if their aggressive policy experiment shows progress toward their long-term growth and inflation objectives.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
AKBANK T.A.S.	Financials	0.7%
AXIATA GROUP BHD	Telecommunications	0.6%
FIFTH THIRD BANCORP COM	Financials	0.5%
HSBC HLDGS PLC SPON ADR NEW	Financials	0.9%
LINKEDIN CORP COM CL A	Technology	1.3%
QINQIN FOODSTUFFS GROUP CAYM	Consumer Staples	0.0%
STATOIL ASA SPONSORED ADR	Energy	0.7%
UNICHARM CORP ORD	Consumer Staples	1.2%
TOTAL CLOSED		5.8%

NEW	SECTOR	% OF PORT.
CHIPOTLE MEXICAN GRILL INC COM	Consumer Discretionary	0.7%
COWAY CO LTD	Consumer Discretionary	0.5%
EOG RES INC COM	Energy	0.8%
HANG LUNG PPTYS LTD	Real Estate	0.7%
PNC FINL SVCS GROUP INC COM	Financials	1.1%
SVENSKA HANDELSBANKEN A SHS	Financials	0.9%
TOTAL NEW		4.8%

COMPANY SPOTLIGHT: PNC FINANCIAL

Description

PNC Financial Services (PNC) is a regional bank based in Pittsburgh engaged in retail banking, corporate and institutional banking, asset management and residential mortgage banking, as well as other products and services. Augmented by the 2008 acquisition of National City, PNC maintains a strong franchise concentrated in the Mid-Atlantic region. PNC owns a 33% stake in asset manager BlackRock. Boston Common has spearheaded a multi-year investor dialogue with PNC encouraging the bank to increase transparency on its approach to environmental and climate risk. PNC has since agreed to restrict funding of mountaintop removal coal mining and enhance its due diligence around financing of environmentally intensive projects.

Integrated Investment Thesis

Thanks to conservative underwriting and a focus on commercial lending, the bank's asset quality has held up well relative to peers. We would expect the high quality asset profile to continue as PNC incorporates environmental stress testing and is committed to embedding environmental and social (E&S) management across the organization. The company's acquisition of National City looks highly opportunistic based on the very low price paid. PNC's valuation looks fair at 1.0x book value given a high quality legacy PNC franchise, accrual benefits of its NCC acquisition, and its valuable stake in BlackRock.

ESG Profile

PNC supports its employees through strong training, compensation, and benefit programs, and has therefore managed to maintain positive labor relations. The company has been recognized as a top place to work for executive women, working mothers, and LGBT equality. PNC is aggressively pursuing green building development, and in 2012, the company opened its first net-zero energy bank branch. PNC has more than 115 LEED-certified projects throughout the eastern U.S.

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Asia Pacific & Emerging Markets

Investor sentiment has improved for Emerging Markets. In Brazil, the political situation has stabilized and its deep recession is projected to end next year. This modest turn in the tide has driven a strong recovery in Brazilian equities and its currency. In Turkey, an attempted military coup caused volatility until Prime Minister Erdogan regained control. The subsequent crackdown on actual and perceived conspirators has swelled to 100,000 arrests. While Turkish civil liberties may be trampled by the emboldened and increasingly authoritarian Erdogan regime, the market is primarily focused on stability in the short-term. China focuses intensely on overall economic growth as a means to full employment and social stability. Chinese policymakers responded to rising economic risks this past year with new credit-fueled fiscal stimulus, delaying the structural reform needed to transition its economic growth engine to consumption. Mobile e-commerce is one of the fastest growing areas of consumption in China driven by broad adoption of social media platforms and online payments, and the country has leapfrogged much of the developed world. The online channel accounts for more than 20% of total retail sales, with over two thirds transacted on mobile devices. These metrics are more than double both the levels in the U.S. and global averages. China could parlay its mobile e-commerce success into more innovative research and development, which should promote greater economic productivity. India, once derided as the "Permit Raj" for its excessive bureaucracy, has made strides in politically-challenging but economically-enhancing structural reform. The country recently approved a national goods and services tax (GST), an easy-to-administer value-added tax to replace a complex system of state and local taxes. The change should improve India's long-term growth prospects by simplifying the movement of goods between Indian states, reducing inefficiencies, and improving tax compliance.

Our Asia Pacific and Emerging Markets holdings are geared to the rising middle class in emerging Asia. Given robust sales and earnings growth and reasonable valuations, we have some exposure to Chinese e-commerce leaders. We have less exposure to commodity-oriented sectors and countries based on our cautious view of the supply and demand dynamics for industrial metals and fossil fuels.

Shareholder Engagement Highlights

Milestones	**Corporate Lobbying:** Boston Common's lobbying disclosure resolution received a 34.6% in favor - one of 50 resolutions filed during the 2016 proxy season with **Oracle** and **Verizon Communications**, encouraging **increased disclosure on their lobbying practices**. We voted in favor of 26 shareholder proposals focused on political and lobbying disclosure during the 2016 proxy season. Lauren Compere co-authored an International Corporate Governance Network (ICGN) Viewpoint "Corporate Lobbying Practices in the U.S."
Work in Progress	**Eco-Efficiency: 3M's** new 2025 Sustainability Goals address further reductions in energy, water, waste, and GHG emissions and it has made substantial reductions since 2005. 3M's 40-year old Pollution Prevention Pays program has prevented over 2.1 million tons of pollutants and saved 3M nearly $2 billion. **Panasonic's** Green Plan 2018 focuses on CO2 reduction, resources recycling, water, chemical substances, and biodiversity. Panasonic has extensive initiatives to promote Eco-conscious Products and Factories. Panasonic's Green Factories initiative directs each factory to reduce its environmental impacts plus share best practices worldwide. **Origin** said it was the first energy company to adopt all 7 climate change commitments of the We Mean Business coalition. Origin Energy said its business, and its products and services, are centrally positioned around delivering more energy for less carbon. Origin aims to be the renewable and low carbon energy leader for Australia.
	Banks and Climate Change: Boston Common will issue an update to **"Are Banks Prepared for Climate Change?"** during the fourth quarter to highlight progress made in 2016 post COP21 across the **45 global banks** covered in the initial report.
New Initiatives	**Food Waste and Sustainable Protein:** We joined other investors in withdrawing the **food waste proposal** filed at **Costco** after the company discussed its current efforts, including leadership in California, and its commitment to include food waste in its next Sustainability Report. We encouraged Costco to adopt specific metrics and report on its progress, including aggregate, company-wide data on the quantity and final destination (i.e. donations, animal feed, industrial uses, compost, or landfill). We also joined an initiative organized by ShareAction and FAIRR with 35 investors and more than USD $1.25 trillion AUM to engage 16 food manufacturers and retailers, including **Mondelez** and **Unilever**, on the **development of sustainable protein supply chains** in supermarkets, food retailers, and multinational food manufacturers.