BOSTON COMMON ASSET MANAGEMENT

BOSTON
200 State Street, 7th Floor
Boston, MA 02109
CONTACT: Allyson O'Neill
tel (617) 960-3903
aoneill@bostoncommonasset.com

SAN FRANCISCO
225 Bush Street, Suite 1825
San Francisco, CA 94104
CONTACT: Ashley Lyon
tel (415) 813-1500
alyon@bostoncommonasset.com

Global Equity Strategy Update

First Quarter, 2018

INTERNATIONAL MARKET REVIEW

The MSCI ACWI Index (the "Index") fell -1.0% in the first quarter. In local currency terms, the Index fell -1.9% as the weaker US Dollar added +0.9% to US investor returns. The Yen (+5.9%) strengthened thanks in part to its attractiveness as a safe-haven currency relative to the broadly weakening Dollar during rising risk aversion. The UK Pound (+3.7%) also appreciated versus the Dollar on optimism over Brexit talks and expectations for an upcoming interest rate hike. The Euro (+2.4%) benefited from solid economic data. Japan's currency strength helped ACWI Asia Pacific (0.04%) outperform the European (-1.8%) region. The MSCI US Index fell -0.8%, while the MSCI ACWI ex-US Index fell -1.2%.

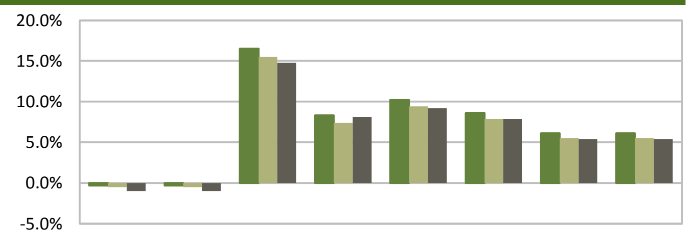
After a strong start to the year, a report of higher US inflation in February sparked a sharp increase in global interest rates and equity markets corrected from record highs. In March, the Trump administration imposed a set of tariffs that raised the threat of a trade war and dampened investor sentiment. Investors are concerned that escalating protectionist actions will disrupt supply chains and reduce global economic growth. Eurozone business confidence declined modestly after reaching its highest level in more than 30 years. Japanese manufacturers were also less optimistic as the strong Yen and Euro are likely weighing on exporters.

Technology (+3.2%) was the best performing sector in the Index, driven by strong earnings growth. The Consumer Discretionary (+1.0%) sector also performed well. Higher rates hurt Telecommunications (-5.4%), the worst performing sector in the Index. The Consumer Staples (-4.9%) sector also lagged.

Amongst the developed countries, Finland (+8.2%) was the best performer, buoyed by Nokia. Italy (+5.4%) also outperformed after the country's nascent recovery withstood inconclusive elections. The worst performers were Canada (-7.4%) and Australia (-6.2%), as their cyclically sensitive currencies depreciated.

The MSCI Emerging Markets Index rose +1.4%, including a +0.7% foreign exchange gain, as the US Dollar weakened against Emerging Market currencies in aggregate. Brazil (+12.4%) was the best performing Emerging Market this quarter as the economy continues to recover from a deep recession. Philippines was the worst performer (-11.6%) mostly driven by inflation concerns and worsening current account balance.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	-0.3%	-0.3%	16.5%	8.3%	10.2%	8.6%	6.1%	6.1%
Net	-0.5%	-0.5%	15.5%	7.4%	9.4%	7.9%	5.5%	5.5%
MSCI ACWI	-1.0%	-1.0%	14.8%	8.1%	9.2%	7.9%	5.4%	5.4%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
SHISEIDO CO LTD	1.5%	32.5%	0.45%	Consumer Staples
ITAU UNIBANCO HLDG SA	1.3%	25.1%	0.28%	Financials
BOOKING HOLDINGS	1.4%	19.7%	0.25%	Consumer Discretionary
ESTEE LAUDER COMPANIES	1.3%	18.0%	0.23%	Consumer Staples
ORSTED	1.1%	20.5%	0.21%	Utilities
MICROSOFT CORP	2.7%	7.2%	0.21%	Technology
YANDEX N V	1.1%	20.5%	0.20%	Technology
CME GROUP INC	1.7%	11.2%	0.20%	Financials
UMICORE	1.6%	11.4%	0.18%	Materials
ASML HOLDING N V	1.2%	14.2%	0.16%	Technology
			2.37%	

BOTTOM 10				
SOCIEDAD QUIMICA MINERA DE C	2.0%	-17.2%	-0.33%	Materials
NASPERS	2.5%	-12.4%	-0.28%	Consumer Discretionary
FACEBOOK INC	1.3%	-13.8%	-0.24%	Technology
CIMAREX ENERGY CO	0.9%	-23.3%	-0.23%	Energy
BIOGEN INC	1.4%	-13.5%	-0.19%	Healthcare
BEIJING ENTERPRISES WATER GR	0.5%	-27.9%	-0.17%	Utilities
8POINT3 ENERGY PARTNERS LP	0.4%	-20.6%	-0.11%	Utilities
PT KALBE FARMA	0.9%	-12.5%	-0.11%	Healthcare
ING GROEP	1.3%	-8.3%	-0.10%	Financials
3M CO	1.9%	-6.2%	-0.10%	Industrials
			-1.86%	

PORTFOLIO REVIEW

A composite of accounts invested in the Boston Common Global Equity strategy returned -0.3% before fees, outperforming the Index.

During the quarter, the Consumer Staples and Financial sectors were the largest positive contributors to relative results. Within Staples, cosmetics firms Shiseido (+32.5%) in Japan and Estee Lauder (+18.0%) in the US rallied on strong earnings reports. Within Financials, Itau Unibanco (+25.1%) in Brazil advanced on strong results, while Mexican bank Grupo Financiero Banorte (+10.5%) rose after fears of the US leaving NAFTA retreated. Japan was the largest regional contributor to performance with diverse leaders including Astellas Pharma (+20.3%) and sensor maker Keyence (+10.9%). Additional top contributors included semiconductor stocks Taiwan Semiconductor (+10.4%) in Asia and ASML (+14.2%) in Europe, Danish wind farm developer Orsted (+20.5%), and Belgian materials technology company Umicore (+11.4%).

Stock selection in the Industrials and Healthcare sectors was the primary detractor from relative results. Japanese industrial companies Kubota (-11.6%) and Daikin (-6.3%) declined due to the stronger Yen and mixed results. US diversified industrial 3M slipped (-6.2%) after a strong 2017. Within Healthcare, US biotech pioneer Biogen (-13.5%) and Indonesian pharma firm PT Kalbe (-12.5%) performed poorly after missing estimates.

*Since Inception: March 31, 2008

Our Emerging Markets holdings detracted from relative returns. Chilean lithium processor Sociedad Quimica (-17.2%) declined on a mixture of profit taking and rising supply assumptions. South African media holding Naspers (-12.5%) was affected by disappointing results, as was Chinese utility Beijing Enterprises Water (-27.9%).

PORTFOLIO ACTIVITY

We sold German media producer ProSiebenSat.1 because the company's broadcast TV business looks likely to decline faster than expected, and its digital business development has been disappointing. We sold US consumer discretionary holdings Chipotle Mexican Grill and Nielsen Media, having lost confidence in these companies' ability to turn around after major pitfalls, which impacted their core value proposition. We also eliminated utility holding 8Point3 Energy, after it agreed to be acquired at levels we view as disappointing.

In the quarter, we purchased Facebook (FB). FB is a dominant player in global (ex-China) social media. With multiple platforms (Facebook, Instagram, Messenger), FB should benefit as advertising moves online. The company is a member of the Global Network Initiative (GNI), which independently reviews members' adherence to a set of freedom of expression and privacy principles. We are cognizant of the risks - economic and reputational - around the recent data security and privacy controversies and are engaging with the company to reiterate investor concerns. At current levels, we believe FB remains the dominant player and is compelling on a risk/reward basis.

ECONOMIC & MARKET OUTLOOK

Healthy global growth is likely to support a favorable trajectory for international equities, but we are monitoring clouds on the horizon in the form of rising global trade tensions. The economies of Europe and Japan are expanding at above-average paces, while inflation expectations remain subdued. This improving backdrop has led to forecasts of interest rate increases next year and fostered strengthening currencies. Asia Pacific and Emerging Markets are more dynamic economies and include attractive secular trends, such as urbanization, financial deepening, and a burgeoning middle class. Rising barriers to trade represent a key risk to this constructive market outlook. In our view, recently proposed tariffs in the US and China are opening moves that will lead to diplomatic negotiations and likely end in a compromise. Trading at about 14x forward earnings with a 2.7% dividend yield, the MSCI ACWI Global appears attractively valued given projected earnings growth of nearly 8%.

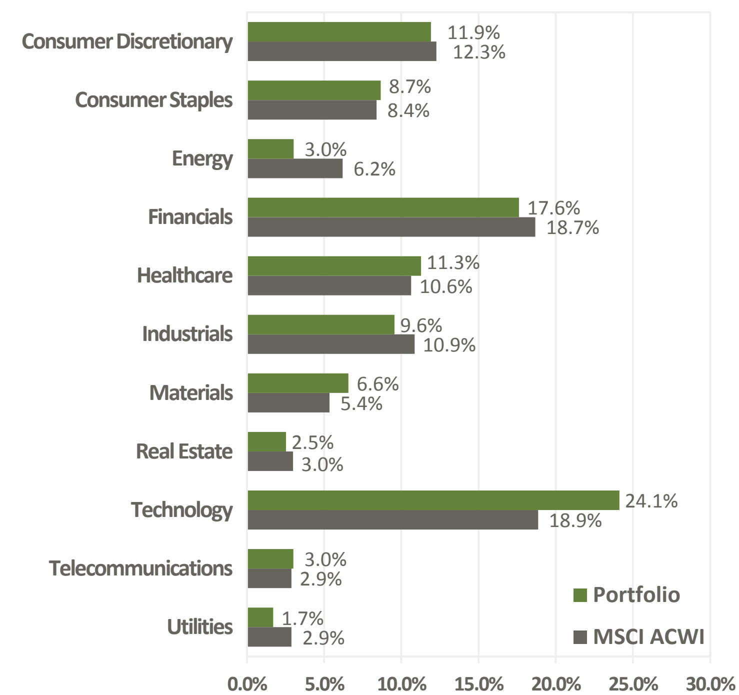
Our portfolios have more exposure to industrial cyclical sectors compared to the Index based on our net positive scenario analysis. Within these areas we continue to favor semiconductors, energy efficient industrial equipment, and green chemicals. We balance the portfolio with an overweight of the defensive sectors, especially Telecommunications. We are underweight Energy and Financials.

US & Canada

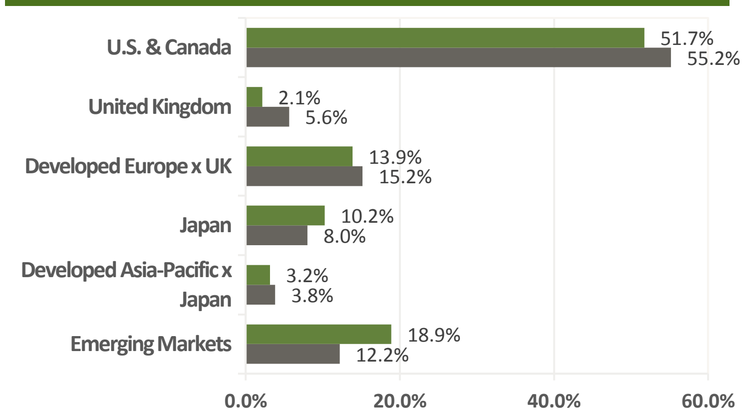
The US economy remains on a positive growth trajectory. Consumption remains strong with low unemployment and incremental signs of wage growth. Last year's tax bill and the recently passed Federal Budget Resolution support increased fiscal spending, creating additional stimulus for an already strong economy and solidifying near-term confidence in the longevity of the current economic expansion.

There are many factors supporting a positive, near-term view on the economy and profitability. Corporate earnings are set to grow, helped by the tax bill. Corporations are expected to redeploy some of the savings into share repurchases, providing an additional boost to earnings per share.

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWI
# HOLDINGS	78	2,495
Valuation		
Next 12m Price to Earnings	17.2	14.9
Price to Book Value	3.3	2.2
Price to Sales	2.8	1.6
Dividend Yield	1.6%	2.5%
Growth		
5yr Sales Growth	5.1%	1.3%
5yr EPS Growth	10.3%	7.3%
Risk		
Wtd Avg Mkt Cap	158,626	132,454
LT Debt/Cap	29.7%	38.5%
Beta	1.02	1.00

One estimate of the size of the potential buybacks came to $850 Billion, or slightly more than 3% of the US market's public capitalization. In addition, corporate profitability remains near all-time highs partially helped by the weakening US Dollar. Our underweight in Canada continues, given we are generally not constructive on commodities this late in the business cycle.

Europe

Economic data broadly paint a sunny picture of Europe. Over the past six months Eurozone GDP growth forecasts have steadily increased to over 2% for 2018 and 2019. Germany's unemployment rate recently fell to 5.3%, the lowest jobless rate since reunification in 1990. In France, stronger growth has brought its budget deficit below 3% of GDP (the Eurozone's stated limit) for the first time in a decade. Despite greater economic activity, core inflation is expected to remain close to 1%. As a result, the European Central Bank can take a measured approach to normalizing monetary policy, and short-term interest rates are thus expected to remain below zero all year.

Improving political stability is an important psychological factor driving increasing consumer spending and business investment in Europe. Nearly six months after a national election, Germany's two main political parties formed a coalition government leaving Angela Merkel as Chancellor, a position she has held since 2005. Italy's election in March also resulted in a hung parliament. Anti-establishment parties did best but did not win a majority and are now struggling to form a coalition government. This should have little impact, however, as Italians are likely desensitized to persistent political uncertainty. Importantly, the newly empowered populist parties have refrained from calling for some of the more radical economic policies. Overall, we are encouraged by the policy backdrop and by the prospects for earnings growth in Europe. Britain has made progress in setting terms for its exit from the European Union, but we remain underweight the UK due to concerns over the ensuing disruption.

Japan

The Japanese economy is in the midst of its longest expansion since 1989, with eight consecutive quarters of growth. While 0.5% underlying inflation remains well below the 2% target, the tight labor market (2.5% unemployment rate) is showing signs of lifting wages. After the annual spring labor negotiations, Toyota agreed to 3.3% wage increases for its workforce, and small employers are reportedly boosting salaries at a greater rate than last year.

The Bank of Japan is likely to maintain its quantitative easing, most notably a 0% target yield for its 10-year bond, while other central banks are normalizing policy and raising short-term interest rates. Relative monetary policy suggests a weaker Yen, which would boost Japanese profits and inflation. However, the Yen is one of the least expensive currencies in the world on a real effective exchange rate basis (inflation-adjusted weighted average of a basket of currencies compared to the Yen). In our view, the Japanese market is appealing based on policymakers' commitments to foster growth and improve corporate governance as well as inexpensive valuations. We are modestly overweight Japan.

Asia Pacific and Emerging Markets

In our view, emerging Asia is home to the most dynamic global economies and we remain optimistic on fundamental prospects for the region. However, Asia Pacific and Emerging Markets include many open economies that could be particularly vulnerable if rising global trade tensions extend beyond what we believe are symbolic opening moves. Singapore and Hong Kong are two of the world's most trade-oriented

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
8POINT3 ENERGY PARTNERS LP	Utilities	0.6%
APPLIED MATLS INC COM	Technology	0.7%
AXA	Financials	1.3%
CHIPOTLE MEXICAN GRILL INC COM	Consumer Discretionary	0.6%
EDP RENOVAVEIS SA	Utilities	0.2%
LOWES COS INC COM	Consumer Discretionary	1.3%
NIELSEN HLDGS PLC SHS EUR	Industrials	0.7%
PEPSICO INC COM	Consumer Staples	0.9%
PROSIEBENSAT 1 MEDIA AG	Consumer Discretionary	0.6%
TOTAL CLOSED		7.0%

NEW	SECTOR	% OF PORT.
CUMMINS INC COM	Industrials	1.0%
FACEBOOK INC CL A	Technology	1.6%
HOME DEPOT INC COM	Consumer Discretionary	1.6%
TOTAL NEW		4.2%

COMPANY SPOTLIGHT: WEYERHAEUSER

ESG Integrated Investment Thesis

Sustainable forestry is a core tenet of Weyerhaeuser's business, recognizing in trees a remarkable resource that meets human needs while providing vital ecosystem benefits. With over half a century of forest management expertise, WY's unparalleled scale and efficient operations set it apart from its peers.

The company demonstrates a strong approach to biodiversity and land management issues. WY certifies all forests to sustainable management standards and conducts community and biodiversity impact assessments. It also keeps harvesting rates within sustainable levels by using regeneration methods specific to each site and species. The company's notable efficiency goals show environmental and financial synergies. The company generates over 70% of its energy needs from biomass waste from its manufacturing operations and has made important modifications to reduce other sources of waste and emissions.

The US timberland market is highly fragmented and WY owns only 12% of privately held timberlands. Further market consolidation could be an important source of growth. WY's historical stock correlation with lumber prices has decoupled of late as US housing strength and protectionist policies drove lumber prices to near all-time highs. Rising prices should translate into growing earnings and rising quarterly dividends. With an attractive dividend yield, improving financial metrics, reasonable valuation, and important diversification benefits, the company's investment profile looks attractive.

Company Profile

Founded in 1900 and headquartered in Seattle, Weyerhaeuser is North America's largest timber REIT. After the merger with Plum Creek in 2015, the company solidified its position as one of the world's foremost manufacturers and producers of wood products. Four times larger than its next competitor, the company controls over 12 million acres and generated $7.2 billion in revenues in 2017 in the following segments: Wood Products (69% of sales), Timberlands (27%), and Real Estate, Energy, and Natural Resources (4%).

WY has linked employee compensation, including for senior management, on meeting its environmental targets and is overall an industry leader on labor management. Among global peers, WY is a leader in carbon emissions management. Through its annual "diaper drive" campaign the company provides aid to low-income families with young children.

economies; as key Asian hubs, total trade accounts for over 300% of GDP of the respective city states. In contrast, China's massive domestic market dilutes the importance of trade for its economy (only 37% of its GDP).

Anti-trade policies are rising in popularity in parallel with political gains made by populist parties in many countries. This shift is partly driven by the failure of governments to adequately redistribute some of the gains from globalization to displaced workers. After blaming Mexico for trade imbalances and threatening to back out of NAFTA, the US enacted and proposed tariffs singling out China. Not surprisingly, China has retaliated with tariffs on targeted US goods.

Conventional economic wisdom rejects protectionism because rising trade barriers tend to spread and cause collateral damage. The most notorious example of the negative consequences would be the beggar-thy-neighbor tariffs in the 1930s, which exacerbated the Great Depression. The world is now even more interconnected with global supply chains and rapid cross-border flows of information, capital, and technology. For example, a significant portion of many countries' exports are assembled from imported intermediate goods. We expect these deep mutual dependencies will ultimately lead to a negotiated agreement and avert a full-scale trade war, but nevertheless are monitoring the situation closely. In light of the structural appeal of the region's economies, we remain overweight emerging Asia with an emphasis on consumer and financial companies.

Shareholder Engagement Highlights

Milestones	**Banks & Climate Change:** We published a new report, Banking on a Low-Carbon Future, which examines **climate management by 59 of the world's largest banks; urgent shortcomings threaten to undermine efforts to support the transition to a low-carbon economy.** The report, the latest in our series of analyses undertaken since 2014, finds that: **Only 54%** of banks support the **Taskforce on Climate-related Financial Disclosures (TCFD)**. **Less than half (49%)** of banks are implementing climate risk assessments or **2ºC scenario** analysis. **A majority of banks (61%)** have **failed to restrict the financing of coal** – the most carbon intensive energy source. However, as a result of this collaborative engagement led by Boston Common, **95% of Banks** have now **adopted some degree of governance for climate issues and provide some disclosure** on low-carbon products and services.
	Eco-Efficiency: We negotiated successfully two agreements related to Eco-Efficiency and climate change: In March, **Lowe's Companies** announced its commitment to explore **expanding its renewable energy use in 2018** for its US and Canadian operations to further its **goal of reducing total carbon emissions by 20% from its stores by 2020**. In February, **Kansas City Southern** committed to **expand its reporting in 2018** on its efforts to **improve energy efficiency and reduce GHG emissions of its freight rail operations** in US and Mexico, following withdrawal of a shareholder proposal by Calvert and Boston Common.
Work in Progress	**Gender Diversity:** In 2018, we updated our proxy voting guidelines on Gender Diversity in accordance with the 30% Coalition to vote against company boards in Australia, Canada, Europe, and the US **unless women comprise at least 30% of the Board after the election**. Women hold only 21% of board seats among the largest listed companies in the US as of 2017. We hosted a conference call with **Northern Trust** as part of our ongoing engagement on Gender Equality with key portfolio holdings. Among Northern Trust's top executives, women make up 38%, a level significantly higher than the 27% observed among S&P 500 companies. At the board level however, women represent only 14% of directors. The company is a founding member of the CEO Action for Diversity and Inclusion initiative, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace.
	Shareholder resolutions: Given the ongoing **threat to the shareholder resolution process** under the current Administration, companies have been emboldened to submit a record number of no-action letters to the SEC to ask that shareholder resolutions be omitted from their proxies. Our resolutions with **Gilead Sciences** (renewable energy targets) where we are the lead filer and with **Johnson & Johnson** (separation of chair and CEO), which we co-filed met this fate. However, co-filed resolutions with **Bristol Meyers Squibb** and **Biogen** on drug pricing transparency will be on the ballot (after the SEC would not allow them to be omitted) and thus far, **our lead filer resolutions on lobbying disclosure with American Water Works and Verizon Communications will come to a vote**.
New Initiatives	**Climate Change:** As part of the Climate Action 100+ that was launched in December, Boston Common has committed to actively engage **ConocoPhillips, Cummins, Daikin Industries, Ford, Panasonic, PepsiCo, Philips, Repsol** and **Statoil** with other investors.