BOSTON COMMON
ASSET MANAGEMENT

BOSTON
200 State Street, 7th Floor
Boston, MA 02109
CONTACT: Allyson O'Neill
tel (617) 720-5557
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 Catholic Positive Equity Strategy Update

Third Quarter, 2018

GLOBAL MARKET REVIEW

The MSCI ACWI Index (the "Index") rose +4.3% in the third quarter. In local currency terms, the Index rose +4.7%, but the stronger US Dollar subtracted -0.4% from US investor returns. The Euro (-0.5%), the UK Pound (-1.2%), and the Yen (-2.5%) all declined against the US Dollar as the Federal Reserve raised short-term interest rates for the third time in 2018. ACWI Europe (+0.9%) outperformed the Asia Pacific (+0.5%) region. The MSCI US Index rose 7.4%, while the MSCI ACWI ex-US Index rose 0.7%.

In recent quarters, market strength was supported by investor expectations that base line US economic growth would rise, fueled by fiscal stimulus, deregulation, consumption, and global corporate profit growth. Political considerations exacerbated market volatility once again this quarter, as investors worried about trade war escalations and Italian politics. The Trump administration levied two sets of tariffs on China, provoking retaliatory counter measures. The Italian government proposed a fiscal budget deficit above the European Union's expectations, prompting concerns about more tension between national and supranational control. After being reelected as head of his political party, Shinzo Abe will likely remain Prime Minister of the world's third largest economy for another three years, making him Japan's longest serving democratic leader.

Healthcare (+10.9%) was the best performing sector, led by US & Japan. The Technology sector (+6.1%) also outperformed, led primarily by the US. The defensive Real Estate sector (-1.6%) was the worst performer, while Utilities was nearly flat (+0.6%), as bond proxies were hurt by higher interest rates.

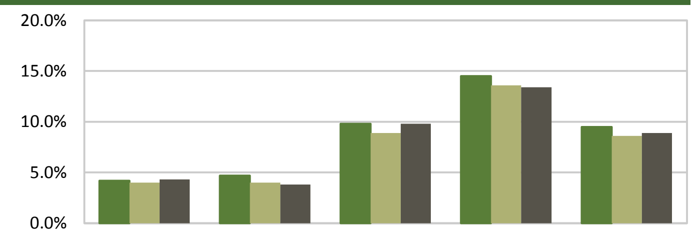
Within developed countries, Switzerland (+7.3%) and Sweden (+7.0%) were the top performing countries in the Index. Norway (+6.7%) was also strong, led by energy companies. Belgium (-5.2%) was the worst performing country in the Index. Italy (-4.5%) and Spain (-2.4%) were pressured by political uncertainty.

The MSCI Emerging Markets Index declined -1.1% almost entirely from foreign exchange loss, as the US Dollar strengthened against Emerging Market (EM) currencies in aggregate. EM Latin America (+4.8%) was more resilient, led by Mexico (+6.9%), while EMEA (-1.6%) and Asia Pacific (-1.8%) lagged with underperformance from both India (-2.3%) and China (-7.5%).

PORTFOLIO REVIEW

The Boston Common Global Catholic Fund returned +4.2% this quarter before fees, slightly below the Index. During the quarter, the Industrials and Financial sectors were the largest positive contributors to relative results. Within the US, auto tools maker SnapOn (+14.8%), heavy duty engine manufacturer Cummins (+6.8%), and commercial roofing supplier Carlisle (+12.8%) all rebounded after solid results. Similarly, Japanese manufacturers Daikin (+11.7%) and Kubota (+8.0%) and British steam specialist Spirax-Sarco (+10.6%) were strong performers. Within Financials, Thai bank Kasikornbank (+11.9%) saw strong gains, as they delivered solid earnings results. Mexican bank Grupo Financiero Banorte (+21.5%) and Brazilian bank Itau Unibanco (+7.6%) rebounded, as investor sentiment improved and currencies

PERFORMANCE



	QTD	YTD	1Yr	3Yr	Since Inception*
Gross	4.2%	4.7%	9.8%	14.5%	9.5%
Net	4.0%	4.0%	8.9%	13.6%	8.6%
MSCI ACWI	4.3%	3.8%	9.8%	13.4%	8.9%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
APPLE INC	4.6%	22.4%	0.73%	Technology
MICROSOFT CORP	3.1%	16.4%	0.34%	Technology
BIOGEN INC	1.4%	21.7%	0.21%	Healthcare
ROYAL CARIBBEAN CRUISES	1.1%	26.1%	0.21%	Consumer Discretionary
TAIWAN SEMICONDUCTOR MFG	1.3%	20.7%	0.19%	Technology
VISA INC	2.1%	13.5%	0.18%	Technology
ADVANCE AUTO PARTS INC	1.0%	24.1%	0.18%	Consumer Discretionary
REGENERON PHARMACEUTICALS	1.2%	16.9%	0.13%	Healthcare
ZIMMER BIOMET HLDGS INC	1.2%	18.2%	0.12%	Healthcare
GRUPO FINANCIERO BANORTE	0.8%	21.5%	0.12%	Financials
			2.41%	

BOTTOM 10				
NASPERS	2.1%	-15.2%	-0.43%	Consumer Discretionary
CTRIP COM INTL	1.2%	-22.0%	-0.35%	Consumer Discretionary
FACEBOOK INC	1.7%	-15.4%	-0.34%	Technology
ALIBABA GROUP HOLDINGS	1.9%	-11.2%	-0.31%	Technology
ORIGIN ENERGY	0.9%	-19.4%	-0.23%	Energy
MOHAWK INDS INC	0.9%	-18.2%	-0.22%	Consumer Discretionary
AMS	0.5%	-24.4%	-0.16%	Technology
HDFC BANK	1.1%	-10.4%	-0.16%	Financials
ING GROEP	1.2%	-8.3%	-0.15%	Financials
SHISEIDO CO LTD	1.5%	-2.4%	-0.14%	Consumer Staples
			-2.49%	

*Since Inception: June 30, 2015

stabilized. Swedish bank Svenska Handelsbanken (+13.4%) outperformed as a defensive holding within European Financials. Regionally, the US and the UK contributed the most to relative performance.

The Consumer Discretionary sector was the largest negative contributor to returns. US-based flooring tiles maker Mohawk (-18.2%) fell, as near-term cost pressures and its own ambitious expansion plans could hold back earnings more than expected. Social media and e-commerce stocks Naspers (-15.2%) and Ctrip (-22.0%) declined due to slower revenue momentum. Regionally, Emerging Markets were the greatest detractor from relative performance. Additional key detractors included Alibaba (-11.2%), which was hurt by the overall China slow down and trade fears, and India based HDFC Bank (-10.4%), which fell with Emerging Markets.

PORTFOLIO ACTIVITY

During the quarter, we acquired HD Supply (HDS), which is a distributor of specialized tools and maintenance products to construction contractors. The company has a nationwide branch network and a rapidly growing online presence. HDS has improved profitability consistently over the past several years, sold underperforming segments, and dramatically deleveraged the balance sheet. We also acquired Cummins (CMI), which is a manufacturer of the most efficient heavy- & medium-duty truck engines. Sales of these trucks have rebounded but are not back to cycle highs. The increase in ecommerce supports ongoing growth in trucking activity, and the trend towards tighter emission standards should require fleet upgrades. Cummins has exposure to China and benefits from its expanding consumer class

We sold fragrance & make-up manufacturer Estee Lauder (EL) on valuation concerns, after the stock had performed exceptionally well over the last 18 months. We also sold Southwest Airlines (LUV), a leading operator, due to fears that airlines would have difficulty in passing through rising oil prices.

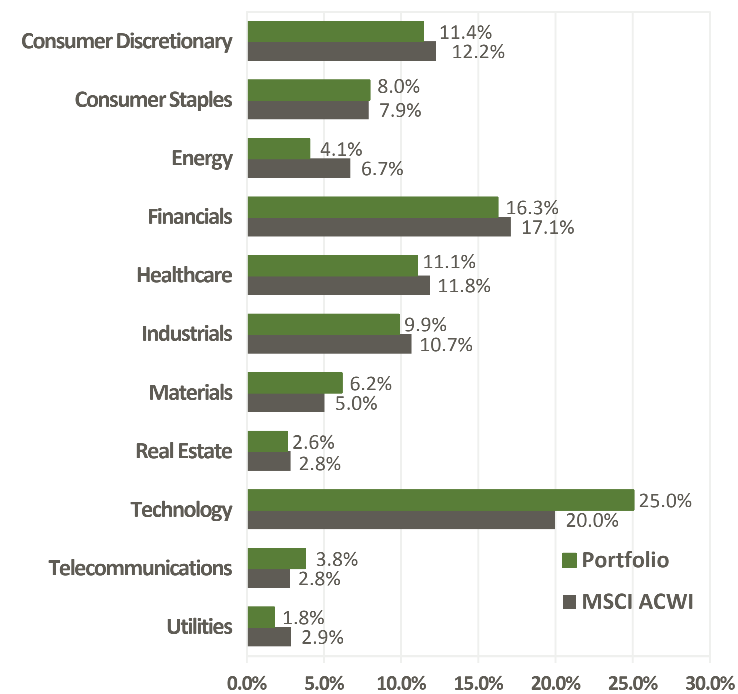
ECONOMIC & MARKET OUTLOOK

The global economy is forecast to grow around 4% over the next year; Emerging Markets are set to expand at nearly twice the pace of developed economies, as growth estimates have decelerated slightly of late. Europe's labor market recovery is gaining momentum, while Japan benefits from political stability and improving microeconomic performance. On balance in the US, we believe economic growth will moderate but continue at a more sustainable 2% level. Key risks to the market include geopolitical shocks and rising protectionism. The MSCI ACWI is trading at 14.8x forward earnings, reflecting a favorable balance between long-term risks and opportunities, in our view.

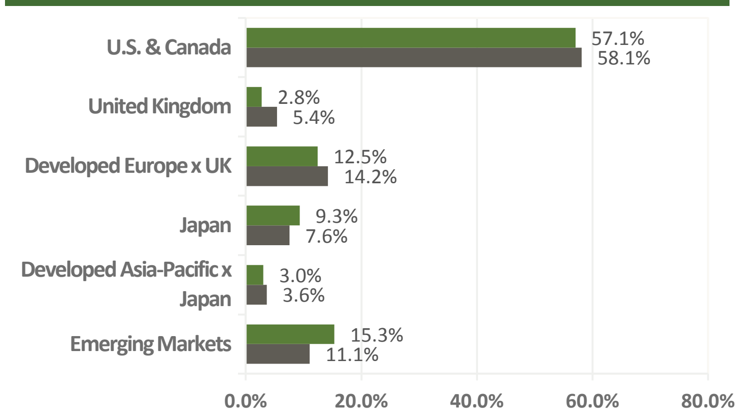
US & Canada

In the US, tax changes have incentivized capital spending by effectively creating full deduction of capital purchases in the first year through bonus depreciation. In addition, the cost of borrowing still remains very attractive even after the recent increases in interest rates. Rising wages, labor shortages, and skill mismatches exacerbated by low immigration will propel the trend towards automation and technological use across all sectors, including services. In the medium term, this could keep capital spending high, avoiding the capacity constraints that normally characterize the end of business cycles. In the long run, this may lead to a higher level of productivity and prolonged potential for growth without accelerating inflation.

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWI
# HOLDINGS	79	2,791
Valuation		
Next 12m Price to Earnings	17.3	14.8
Price to Book Value	3.3	2.4
Price to Sales	3.1	1.7
Dividend Yield	1.6%	2.4%
Growth		
5yr Sales Growth	4.7%	1.7%
5yr EPS Growth	11.7%	11.7%
Risk		
Wtd Avg Mkt Cap	191,130	160,927
LT Debt/Cap	31.2%	38.4%
Beta	1.01	1.00

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North American trade risks took a back seat after the newly re-negotiated NAFTA included Canada and mostly maintains the previous structure. Our underweight in US & Canada is primarily driven by lower ownership in the Financials and Energy sectors where we are underweight, finding more attractive bottom-up ideas in other regions.

Europe
Eurozone inflation has recovered from depressed levels and is expected to be 2% over the next year. While higher energy costs have helped boost prices, labor market data suggest sustainable pricing power could be on the horizon. Unemployment has dropped from 12.1% to 8.1% over the past five years, and negotiated wage changes have increased to 2.2%, a six-year high. In Germany, collective bargaining, which covers over half of the country's workers, obtained a 3% increase in represented salaries this year. Higher incomes should have a positive feedback effect through greater consumption and aggregate demand for goods and services.

Politics has sporadically undermined investor sentiment for Europe. Italy's populist coalition brings unwelcome instability, but their call for fiscal stimulus could be appropriate for a persistently stagnant economy. We currently do not hold any Italian stocks, because we find better risk and reward balances elsewhere. We have a large underweight to the UK market based on our concern about the disruptive effects of Brexit. While we are relatively optimistic about Europe ex. UK overall, we are underweight the market but maintain significant exposure to the Materials and Technology sectors. Throughout Europe, we find companies that are global leaders in environmental solutions like energy efficient products, clean technologies, and green chemicals, as well as labor practices and governance structures.

Japan
Japan's recent experience suggests full employment may not automatically lead to excessive inflation. A shrinking labor force and economic expansion have resulted in a shortage of workers; unemployment is 2.4%, and there are 1.6 job offers for every applicant, the highest ratio in over 40 years. Excess labor demand has led to a 2.5% increase in private sector employees' incomes. However, Japanese core inflation remains stuck below 1%.

While Japan's aging and shrinking population will likely hold back economic growth, we are encouraged by corporate profit growth, rising female labor force participation, and increased transparency and independence of board directors. Strong global brands, exemplary environmental stewardship, and attractive valuations have contributed to our increased allocations to the Japanese market. We are overweight the Index, especially the Consumer Staples and Healthcare sectors.

Asia Pacific and Emerging Markets
The US trade war is a key risk to our global outlook. The disruption to the flow of goods and cross-border supply chains is particularly challenging for trade-oriented Emerging Markets. The US has agreed to new deals with Mexico, Canada, and Korea that mostly retain the status quo. However, negotiations with China have floundered. The Chinese

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
BECTON DICKINSON & CO COM	Healthcare	1.9%
ESTEE LAUDER COMPANIES-CL A	Consumer Staples	1.1%
SOUTHWEST AIRLS CO COM	Industrials	0.9%
TOTAL CLOSED		**3.9%**

NEW	SECTOR	% OF PORT.
CUMMINS INC COM	Industrials	1.0%
HD SUPPLY HLDGS INC COM	Industrials	0.8%
TOTAL NEW		**1.7%**

COMPANY SPOTLIGHT: MICROSOFT CORP.

Company Profile
A household name, Microsoft Corporation develops and supports software, services, devices, and solutions, with products ranging from operating systems to server applications to personal electronics. The company generated $110 billion in revenues for its fiscal year ending June 2018 within the following segments: More Personal Computing (38% of sales), Productivity and Business Processes (33%), and Intelligent Cloud (29%). Microsoft is pursuing significant energy and emissions reductions throughout its operations, from carbon neutrality since 2012 to 50% renewable energy sourcing by 2018. Externally, Microsoft offers energy efficiency solutions that underpin "smart grid" technology. This allows electric utilities to upgrade outdated systems and support renewable power distribution as well as generate significant energy savings through efficient delivery.

Investment Thesis
Microsoft Corporation, known for its ubiquitous Windows and Office products, continues to balance its core software business while accessing new avenues for growth. Its cloud business, Azure, has become the number two provider. Leveraging the Windows operating system, Azure can communicate easily with a company's existing infrastructure. Though datacenters are energy intensive, they offer important environmental benefits. Their centralized nature significantly reduces overall energy requirements compared with self-hosted solutions, especially as Microsoft increasingly relies on renewable energy sources. Microsoft is harnessing its massive customer base to transition to a more profitable Software as a Service (SaaS) model. Additionally, the company is complementing its core products with a suite of business management offerings such as SQL Database, Customer Relations Management, and LinkedIn. With revenue growth accelerating into the mid-teens and earnings growing at a mid-20% annualized rate, the stock appears attractively priced at 15x next-twelve-months EV/EBITDA. Risks include slower cloud services adoption and supply chain sourcing.

economy has been slowing due to a variety of factors, including slowing exports, natural maturing, and government policies to clean up the environment, reduce leverage, and dampen the real estate market. China is responding to the softer economic data and trade tensions by lowering taxes, easing reserve requirements for banks, and cutting tariffs on European and Japanese imports. While we are concerned about the US-China clash, we believe that China has the financial resources and tools to stimulate its economy amidst the disruption.

India has supplanted China as the fastest growing large economy and appears relatively insulated from trade tensions, since exports are a relatively small portion of GDP. However, crude oil prices have surpassed 2008 highs in Rupee terms, as its currency has depreciated about 50% versus the Dollar over the past decade and 15% in 2018 alone. Looking forward, India appears to have ample growth prospects given favorable demographics, improving business efficiency, and world-class technological knowledge. Rampant inequality is an impediment, but progress could broaden with more inclusive social policies like the recently launched universal health coverage initiative. Domestic consumer-related companies appear to have the most dynamic fundamentals in India and other Emerging Markets. Our portfolios are overweight Emerging Markets with emphasis in the technology, ecommerce, and financial industries.

Shareholder Engagement Highlights

Milestones	**Achieving Impact in Global Equities:** We published our second annual Engagement Impact report, Achieving Impact in Global Equities, which details **60 measurable impacts** and improvements in corporate policies, processes, or products in our global engagement efforts in 2017. We also shine a spotlight on our **alignment with the UN Sustainable Development Goals**.
	Lobbying Disclosure: We commended **Verizon Communications** for leaving the **American Legislative Exchange Council (ALEC),** a powerful lobbying group and will now urge Verizon to advance its transparency and accountability by adopting **comprehensive lobbying disclosure**. We called on Verizon to report its direct spending of shareholder resources on lobbying, including its indirect funding and support for ALEC. **Our resolution** at Verizon's May 2018 annual meeting received **strong support from shareholders (36.3% in favor).**
	Climate Change: Standard Chartered published a revised **Position Statement on Power Generation** and acknowledged Boston Common's input and review, which helped inform the company's position.
Work in Progress	**Tax Transparency:** A recent Oxfam America report, "Prescription for Poverty", concluded that some US pharma companies could be using tax havens to avoid paying up to $100 million in taxes every year to numerous Emerging Market countries. Our collaborative engagement focused on responsible tax management and transparency seeks to shine light on this topic. In our role as lead investor, we sent letters to Dr. Reddy's and Johnson & Johnson and will also engage Biogen, GlaxoSmithKline, Microsoft, and Novartis on this issue.
	Advancing Engagement in Emerging Markets: We urged **HDFC**, a bank in India, to recommit to responding to the **CDP** questionnaire in 2018, which aligns with the **Taskforce on Climate-related Financial Disclosures (TCFD**). We are leading an engagement with **Grupo Bimbo** on performance gaps identified in its **Access to Nutrition** policies and practices as part of the **2018 ATNI Global Index**. We met with the managements of South Korean companies to discuss material sustainability issues: With **Coway**, we discussed product safety protocols after nickel was found in its water purification products. With **SK Telecom** we engaged on the rights of users and data security.
New Initiatives	**Banks & Human Rights Due Diligence:** We initiated another layer of dialogue with global banks, intentionally integrating human rights due diligence into our meetings with **Barclays, ING, Morgan Stanley, PNC Financial, Standard Chartered,** and **TD Bank**. We are urging banks to: **address gun violence** and **Indigenous peoples' rights** with fossil fuel projects in the US, apply the **Equator Principles** beyond developing countries, and **respect human rights by adhering to the UN Guiding Principles**. We engage standard setting bodies (e.g. OECD) with the **aim of ensuring the integration of human rights into corporate lending and project finance oversight**. **ING** has one of the most advanced human rights policies supported by formal oversight with a Steering Committee across business lines and a transparent human rights policy.