

All Country International Strategy Update

Fourth Quarter, 2019

INTERNATIONAL MARKET REVIEW

The MSCI ACWIxUS Index (the "Index") rose +8.9% in US Dollar terms thanks to improving economic data and greater policy clarity. In local currency terms, the Index rose +6.2% as a weaker Dollar added +2.7% to returns. The UK election result led to a sharp rally in the UK Pound (+7.5%) and also helped the Euro (+3.0%) strengthen. The countercyclical Yen (-0.6%) weakened against the Dollar. A basket of Emerging Market currencies appreciated +2.3% relative to the US Dollar. Asia Pacific (+9.5%) outperformed ACWI Europe (+9.0%), driven by Emerging Asia.

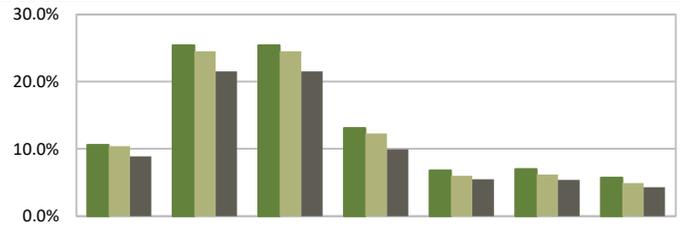
The Conservative Party's British victory reduced uncertainty related to economic policymaking and Brexit. In the Eurozone, an indicator of economic sentiment surged near a two-year high and both services and wages grew. Germany avoided a recession, but manufacturing continued to contract. The US and China agreed to a partial trade deal that included a reduction of some US tariffs. China's leading indicators pointed to an improving economic outlook. Japan's unemployment rate fell to 2.2%, even as retail sales were disrupted by October's consumption tax hike.

Technology (+15.5%) was the best-performing sector, led by the economically sensitive and trade-oriented semiconductor industry. Healthcare (+12.5%) also outperformed, led by pharmaceutical stocks, and the Consumer Discretionary (+11.4%) sector was supported by global growth prospects. The defensive Consumer Staples (+1.9%) and Utilities (+4.8%) sectors lagged. Encouraging geopolitical events were catalysts for the UK (+10.0%) and Germany (+9.9%), amongst the best-performing developed countries in the Index. Australia (+4.3%) was dragged down by its large banking sector, while Japan (+7.6%) lagged due to currency weakness. The MSCI Emerging Market ("EM") Index rose +11.8%. EM Asia (+12.5%) fared better than Latin America (+10.5%) and EMEA (+9.9%) this quarter. Taiwan advanced +17.9% on improving export outlook. Thailand (-0.9%) underperformed as economic data continue to signal softening growth. Hungary (+22.2%) was the best-performing country this quarter, as Eastern Europe outperformed. Chile (-8.8%) was the worst performer, weighed down by social unrest.

PORTFOLIO REVIEW

A composite of accounts invested in the Boston Common All Country International Equity strategy rose +10.6% before fees, significantly outperforming the Index. The strategy's 2019 calendar year return was +25.4%, also outpacing the Index's annual return of +21.5%.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	Since Inception*
Gross	10.6%	25.4%	25.4%	13.1%	6.8%	7.0%	5.7%
Net	10.4%	24.5%	24.5%	12.3%	6.0%	6.2%	4.9%
MSCI ACWIxUS	8.9%	21.5%	21.5%	9.9%	5.5%	5.4%	4.3%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
ALIBABA GROUP HLDG LTD	2.8%	26.8%	0.45%	Consumer Discretionary
FERGUSON	2.4%	26.0%	0.35%	Industrials
UMICORE	1.6%	28.9%	0.29%	Materials
YANDEX	1.9%	24.2%	0.27%	Communication Services
TAIWAN SEMICONDUCTOR MFG	1.6%	25.7%	0.24%	Technology
ATLAS COPCO	1.3%	29.0%	0.23%	Industrials
INFINEON TECHNOLOG	1.4%	25.8%	0.21%	Technology
KION GROUP	1.0%	31.4%	0.20%	Industrials
SAMSUNG ELECTRONIC	1.5%	17.3%	0.15%	Technology
RECRUIT HLDGS CO L	1.1%	24.0%	0.15%	Industrials
			2.56%	

BOTTOM 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
NOKIA OYJ	0.7%	-27.0%	-0.34%	Technology
SHISEIDO CO LTD	1.4%	-10.0%	-0.28%	Consumer Staples
UNILEVER	2.0%	-3.7%	-0.25%	Consumer Staples
KASIKORN BANK PCL	1.6%	-2.7%	-0.16%	Financials
DEUTSCHE TELEKOM	1.4%	-2.5%	-0.16%	Communication Services
HANG LUNG PROP	1.2%	-3.3%	-0.16%	Real Estate
RED ELECTRICA CORP	1.3%	-1.0%	-0.13%	Utilities
LG HOUSEHOLD&HEALT	1.4%	0.5%	-0.12%	Consumer Staples
SOCIEDAD QUIMICA MINERA DE C	0.5%	-9.3%	-0.12%	Materials
ADVANCED INFO SERV	1.2%	-1.1%	-0.12%	Communication Services
			-1.85%	

Strong stock selection in Industrials, Communication Services, and Financials, as well as in Japan and Emerging Markets, was the leading contributor to annual performance. The Materials and Consumer Discretionary sectors were the largest detractors from calendar year relative returns.

For the quarter, strong stock selection in the Industrials sector was the largest contributor to performance. European producers of energy-efficient machinery benefited from strong financial results and rising demand prospects: Kion, Atlas Copco, and Spirax-Sarco.

All Country International Strategy Update

Fourth Quarter, 2019

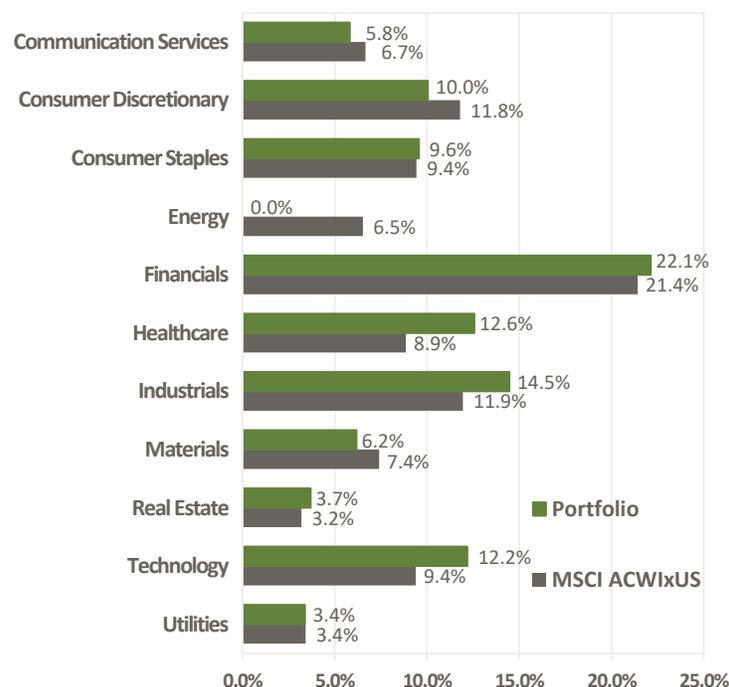
British building products distributor Ferguson gained on restructuring progress, while positive profit developments boosted Japanese professional services company Recruit. The Consumer Discretionary sector was the next largest performance factor, led by Chinese ecommerce giant Alibaba. Developed Europe ex. UK was the leading regional performer driven by Belgian environmental solutions company Umicore and semiconductor firm Infineon, besides previously mentioned Atlas and Kion. Other key contributors included Russian Internet search provider Yandex and Asian semiconductor makers Samsung Electronics and TSMC. Stock selection in the Real Estate sector modestly detracted from relative returns. Commercial property company Hang Lung was weighed down by Hong Kong protests. The Healthcare sector was also a small negative, as PT Kalbe lagged on disappointing sales. Emerging markets were the leading regional detractor, led by Thai bank Kasikorn, South Korean cosmetics maker LG Household, and Chilean lithium producer Sociedad Quimica y Minera, as all three had weaker-than-expected operating results. Finnish telecom equipment producer Nokia faced profit pressures and was the largest detractor from performance. Consumer Staples holdings Shiseido and Unilever also had relatively weak returns. Additional key detractors included Deutsche Telekom and Spanish electric utility Red Electrica.

PORTFOLIO ACTIVITY

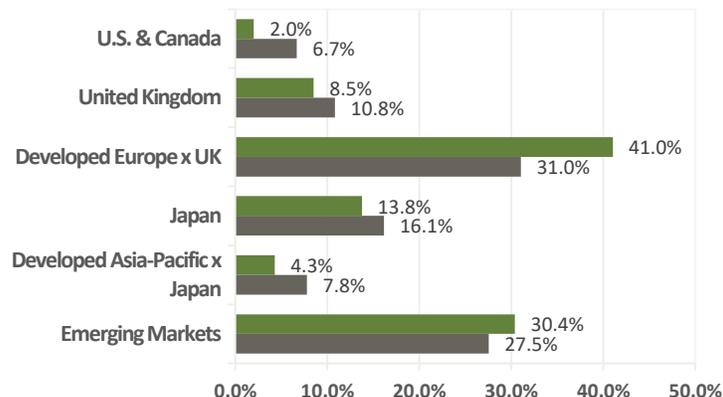
Among our transactions this quarter, we purchased Denmark-based Vestas Wind Systems, the largest wind turbine manufacturer in the world. Development of larger turbines has helped reduce wind energy costs without subsidies to a level competitive with fossil fuels, in many locations. We expect wind to account for a greater share of global power generation over time. Vestas has a large installed base and a high margin service franchise that should help smooth cyclical demand volatility. In our view, valuation at 8x EV/EBITDA is compelling considering Vestas is a global leader in an industry with tremendous long-term potential. We also purchased UK packaging company DS Smith. As Europe's largest cardboard and paper recycler, the company is well positioned to benefit from a shift from plastic to paper-based packaging and an evolving retail landscape in favor of ecommerce. DS Smith looks particularly inexpensive, trading at 7x EV/EBTIDA with a 4.2% dividend yield. We also purchased SK Hynix, a leading Korean manufacturer of memory semiconductors. We have a favorable outlook for the memory chip cycle given consolidated supply and recovering demand. Our proprietary research has found the company supports a circular economy, including increased waste management recycling rates and marketing of two eco-labeled products.

During the quarter, we sold our small positions in European oil & gas companies Equinor and Repsol. With rising climate action and the burgeoning electric vehicle industry, our long-term oil demand expectations continue to shift downwards, while supply appears abundant, led by the US shale industry.

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWIxUS
# HOLDINGS	65	2,412
Valuation		
Next 12m Price to Earnings	16.6	14.2
Price to Book Value	2.6	1.7
Price to Sales	2.0	1.3
Dividend Yield	2.5%	3.0%
Growth		
3yr EPS Consensus Growth	4.6%	4.4%
3yr Sales Consensus Growth	4.1%	2.8%
Risk		
Wtd Avg Mkt Cap	80,776	79,718
LT Debt/Cap	29.3%	30.7%
Beta*	1.01	1.00

All Country International Strategy Update

Fourth Quarter, 2019

We also exited Samsung Electronics as we view SK Hynix as more leveraged to the memory up-cycle as well as exhibiting positive ESG momentum.

ECONOMIC & MARKET OUTLOOK

Economic activity is likely to improve thanks to supportive global central bank policy, fiscal stimulus, and easing trade tensions. International equity valuations have expanded but look inexpensive relative to other asset classes. In particular, Europe's valuations are near 50-year lows compared to the US market and 100-year lows relative to European bond yields. We are mindful of geopolitical risks, such as a recurrence of political instability in Europe or military conflict in the Middle East. Given these uncertainties and expectations of modest economic growth, we have focused our portfolios on companies that should benefit from secular growth areas, including sustainable consumption, electrification, and renewable energy. Our cyclical exposure is balanced with an overweight of the defensive sectors.

Europe

European politics tends to be considered an investment liability, but we believe the continent's commitment to environmental solutions is one of the market's most appealing characteristics. In the 2019 EU parliamentary elections, Green parties finished in 2nd and 3rd place in Germany and France respectively and were favored by about 40% of all voters under 25 years old. This month, the Green Party will join with a conservative party to form a coalition government in Austria. A rising political voice has coincided with deepening fiscal and regulatory support for environmental progress. Britain's new Conservative government's agenda favors new spending on areas including high-speed rail and decarbonization. In December, the European Commission published a plan to cut emissions by 50% in 2030 from a 1990 baseline and achieve carbon neutrality by 2050. The heads of the European Central Bank and the Bank of England have both stated climate change is an important part of their economic oversight.

Beyond public support, we find European companies are global leaders in incorporating environmental risks and opportunities in their products and practices. Our European industrial cyclical holdings include suppliers of energy-efficient equipment, green chemicals, wind power, and electric vehicle components. In the Healthcare, Financial, and Consumer sectors, we emphasize companies that have best-in-class approaches to holistic ESG management.

Japan

Structural reform and improving corporate governance make Japan an alluring market, in our view. To address the headwinds from the country's aging and shrinking population, the government has changed policies to encourage more women and immigrants to enter the workforce.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
ALCON AG	Healthcare	0.8%
EQUINOR ASA	Energy	1.8%
NOVOZYMES A/S	Materials	0.9%
REPSOL SA	Energy	1.0%
SAMSUNG ELECTRONIC	Technology	1.6%
SOCIEDAD QUIMICA MINERA DE CHILE	Materials	1.2%
SVENSKA HANDELSBKN	Financials	1.0%
TORONTO DOMINION BK ONT COM NEW	Financials	0.0%
TOTAL CLOSED		8.4%

NEW	SECTOR	% OF PORT.
DS SMITH PLC	Materials	1.4%
PAGSEGURO DIGITAL LTD COM CL A	Technology	1.0%
SK HYNIX INC	Technology	1.5%
VESTAS WIND SYSTEM	Industrials	1.5%
TOTAL NEW		5.3%

COMPANY SPOTLIGHT: ING GROEP

Company Profile

ING Groep is the largest bank in the Netherlands, accounting for roughly 40% of the country's deposits. The bank has developed a stringent and extensive Environmental and Social Risk policy framework that guides its daily business decisions across all products and services. ING is a founding signatory to the Principles for Responsible Banking (PRB), has CEO-level endorsement of the TCFD recommendations, and has committed to align its loan book below the 2 degrees Celsius scenario of the Paris Agreement. The bank's loan book totals over 700 billion Euros, of which nearly 90% is focused in European markets.

Investment Thesis

ING Groep has transformed from a globally diversified financial conglomerate into a strongly rooted European banking institution with a well-established retail franchise, improved earnings consistency, and a focus on sustainability. Its digital platform is a key differentiator for the bank and should enable market share gains. ING's net interest margin has been pressured by negative interest rates in the Eurozone, but its acute focus on efficiencies has led to impressive profitability in markets such as Germany, where its 40% cost/income ratio is nearly 30 percentage points better than most of its competitors. ING is a global leader in incorporating environmental risks into its credit underwriting process, and it has committed to refrain from funding all coal, oil sands, mountaintop removal, and the use of protected areas (e.g. UNESCO World Heritage Sites and critical natural habitats). The bank's above average loan demand, strong capital position, and modest payout ratio support our expectations for attractive dividend and book value growth. Given valuation near six-year lows (Price/book value of 0.8x and a dividend yield of ~6.5%), we find ING compelling. Risks: sluggish European macro, adverse regulatory developments

All Country International Strategy Update

Fourth Quarter, 2019

Over the last seven years, Japan's female labor force participation rate increased from 60% to over 71%, higher than the US and Eurozone levels. During the same period, the inflow of foreign workers into Japan expanded from nearly zero to almost 0.3% of its workforce, in-line with the 20-year average of the US and Germany. Japanese corporate practices are also starting to converge with global best practices. The number of independent directors has marched higher, while managers have productively allocated excess cash towards acquisitions and back to shareholders. Over the past 10 years, the dividend and share buyback payout ratio has more than doubled to nearly 60%. Japan is the largest country weight in our portfolios, with an emphasis on global franchises in the Consumer Staples, Industrial, and Technology sectors.

Asia Pacific and Emerging Markets

We believe we are two decades into the Asian century as China, India, and Southeast Asia have been the engine of global economic growth. For the past 20 years, emerging Asian economies have grown at more than twice the global rate, and their contribution to global GDP has consequently mushroomed from 6.6% to 23.5%. With robust economic activity, millions of people have escaped extreme poverty and experienced more access to education and healthcare. A large and rising population of consumers and entrepreneurs forms the foundation of a dynamic region with myriad long-term opportunities.

Shareholder Engagement Highlights

Milestones

Board Diversity: We successfully withdrew our resolution with **Carlisle Companies** on its approach to [diversity at the board level](#)! As part of our dialogue, the company agreed to amend its Corporate Governance Guidelines to acknowledge the relevance of gender & racial diversity as one of the factors to consider in board appointments.

Climate Change: Released our fifth annual study, [Banking on a Low-Carbon Future: Finance in a Time of Climate Crisis](#), of how global banks are managing climate risks and opportunities. We shared the findings and call to action with all 58 banks including holdings **Bank Rakyat, Citi, ING, JPMorgan Chase, Fifth Third, Morgan Stanley, Standard Chartered, and US Bank.**

Work in Progress

Eco-Efficiency: This fall, we launched another phase of our flagship Eco-Efficiency engagement with a special focus on waste management including plastics. We sent letters to 15 companies, and we have received robust written responses or held initial discussions with **Portland General Electric, PTT Global Chemical, Taiwan Semiconductor, and Verizon Communications.**

Responsible Mineral Sourcing for Renewable Energy: As 2019 ended we re-engaged with **Microsoft** and **Panasonic** on responsible cobalt sourcing practices including expanding supplier traceability and addressing child labor. We reached out to lithium producers **SQM** and **Albemarle**, and since then Albemarle has stepped up their water monitoring activities and enhanced disclosure on indigenous community engagement.

New Initiatives

Board Diversity: In a new phase of our diversity engagement, we will use company responses from our 2019 engagement to inform our 2020 voting process. We reached out to nearly 120 companies explaining why we have voted against their boards in 2019 given they did not meet our gender and ethnic diversity criteria. Our diversity threshold in the US and Europe is 30% women and at least one ethnic or racial minority. In Asia, we vote 'against' if there are no women on the board.

Workplace Equality: In 2020, building on our long history of engaging companies on board gender and racial diversity, we will expand our focus to workplace practices and diversity and inclusion measures for women, racial and ethnic minorities, and LGBTQ+ employees.

*The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio's strategy. Source: Bloomberg & Factset. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal. The information in this document should not be considered a recommendation to buy or sell any security. There is no assurance that any securities we discuss will remain in a strategy at the time you receive this document. The securities discussed do not represent a strategy's entire portfolio and may represent only a small portion of a strategy's holdings. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. A different company is selected each quarter to be featured in our Company Spotlight. The company is chosen based on any potential updates to our investment thesis and/or ESG case. Composite returns are presented in U.S. dollars, net of transaction costs, management fees and withholding taxes, with interest and dividends accrued. Returns for periods greater than one year are annualized. This product invests in foreign securities, which are subject to special currency, political and economic risks. The MSCI ACWI ex. U.S. Index is a free-float adjusted, market capitalization weighted index of the largest publicly traded companies listed on the exchanges of developed and emerging market countries around the world, excluding U.S.-based companies. The index is unmanaged and does not incur management fees, transaction costs, or other expenses associated with separately managed accounts. The composition of our composite is different from the composition of these indices because of differences in sector and industry exposure, risk, volatility and holdings. Boston Common claims compliance with Global Investment Performance Standards (GIPS®). For a full listing of Boston Common's composites and to request a GIPS® Compliant presentation, please call the Compliance department at 617-720-5557.