BOSTON COMMON
ASSET MANAGEMENT

BOSTON
200 State Street, 7th Floor
Boston, MA 02109
tel (617) 720-5557
fax (617) 720-5665

SAN FRANCISCO
225 Bush Street, Suite 1825
San Francisco, CA 94104
tel (415) 757-5760
fax (415) 233-4871

www.bostoncommonasset.com
invest@bostoncommonasset.com

Emerging Markets Strategy Update

First Quarter, 2020

EMERGING MARKETS REVIEW

The MSCI Emerging Market Index ("the Index") declined sharply (-23.6%) in the first quarter, slightly trailing the Developed Markets (-21.1%). In local currency terms, the Index fell -19.1% as a basket of EM currencies weakened against the US Dollar. Widespread social distancing and lockdowns, implemented as remedial measures to contain the spread of the Coronavirus (COVID-19) pandemic, caused global activity to come to an abrupt halt. Credit spreads widened dramatically and financial conditions tightened. Policymakers globally, including the US Federal Reserve, passed in a matter of weeks fiscal and monetary stimulus packages greater than measures taken during the '08 Financial Crisis. The Fed took interest rates to zero within 15 days, offered unlimited QE, and established enlarged swap lines with other central banks to help facilitate dollar liquidity.

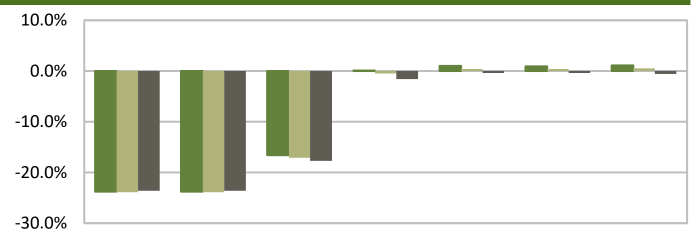
Emerging Asia (-18.1%) declined less than the Latin America (-45.6%) and EMEA (-33.9%) regions. China (-10.2%) was the best-performing country; economic activity gradually resumed as the dramatic lockdown in parts of the country was lifted. Taiwan (-19.1%) and Korea (-22.5%) also fared better, as both governments adopted effective containment measures. South and Southeast Asian countries underperformed, with Indonesia (-39.6%), Thailand (-33.8%), and India (-31.1%) all declining sharply. Brazil (-50.2%) led the decline in Latin America, as the Brazilian Real plummeted by -22.4%, the worst performing currency during the quarter. In EMEA, South Africa (40.3%) and Russia (-36.4%) lagged, weighed down by depreciating currencies and weak economic growth outlooks.

Energy (-39.9%) was the worst-performing sector, as global demand collapsed and a rift between Saudi Arabia and Russia caused crude oil prices to fall to an 18-year low. Financials (-31.1%) underperformed, as the weakening growth prospects and credit risks weighed on investors' sentiment. Healthcare (-8.5%) was the best-performing sector given its relative defensiveness. Communication Services (-9.6%) and Information Technology (-17.8%) outperformed the Index, supported by steady demand prospects. Domestic consumption sectors, such as Consumer Discretionary (-18.0%) and Consumer Staples (-19.7%), also declined less than the Index.

PORTFOLIO REVIEW

The Boston Common Sustainable Emerging Markets strategy declined -23.8% during the quarter before fees, slightly behind the Index. Stock selection in the Financials sector was the largest detractor from relative performance. Banks in Emerging Markets sold off indiscriminately, driven by concerns over rising credit losses, lower interest margins, and the need to retain capital.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	Since Inception*
Gross	-23.8%	-23.8%	-16.6%	0.1%	1.0%	0.9%	1.1%
Net	-23.9%	-23.9%	-17.1%	-0.5%	0.4%	0.4%	0.5%
MSCI EM	-23.6%	-23.6%	-17.7%	-1.6%	-0.4%	-0.4%	-0.6%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
ALIBABA GROUP HLDG LTD	5.9%	-8.7%	1.06%	Consumer Discretionary
TENCENT HLDGS LTD	2.4%	0.2%	0.74%	Communication Services
TAIWAN SEMICONDUCTOR MFG	5.5%	-17.0%	0.47%	Technology
BYD COMPANY LTD	1.7%	4.8%	0.40%	Consumer Discretionary
LG CHEMICAL	1.8%	-10.0%	0.40%	Materials
NASPERS	4.1%	-12.8%	0.39%	Consumer Discretionary
SK HYNIX INC	4.1%	-15.9%	0.36%	Technology
AIRTAC INTERNATION	1.8%	-4.2%	0.36%	Industrials
DR REDDYS LABS LTD	1.5%	-0.6%	0.36%	Healthcare
KWG GROUP HLDGS LT	1.2%	1.6%	0.31%	Real Estate
			4.84%	

BOTTOM 10				
ITAU UNIBANCO HLDG SA	2.3%	-49.6%	-0.77%	Financials
PTT GLOBAL CHEMICA	1.8%	-50.3%	-0.62%	Materials
AXIS BANK	1.3%	-52.5%	-0.61%	Financials
HDFC BANK LTD	2.8%	-39.3%	-0.58%	Financials
GROWTHPOINT PROPS	1.3%	-54.4%	-0.56%	Real Estate
OTP BANK	1.8%	-44.3%	-0.49%	Financials
STANDARD BK GR LTD	1.2%	-52.3%	-0.47%	Financials
KASIKORNBANK PCL	1.5%	-44.7%	-0.43%	Financials
SBERBANK OF RUSSIA	1.5%	-42.4%	-0.39%	Financials
PAGSEGURO DIGITAL LTD	1.5%	-43.5%	-0.36%	Technology
			-5.28%	

Our portfolio suffered from poor performance by bank holdings in India (HDFC, Axis Bank), South Africa (Standard bank), Brazil (Itau Unibanco), and Thailand (Kasikornbank). Stock selection in Technology was another area of weakness. Digital payments company Pagseguro in Brazil declined on profit worries. Our underweight of the outperforming Communication Services sector was also a detractor. Other notable detractors include Thai chemical company PTT Global Chemical and South African REIT Growthpoint Properties. From a country standpoint, China and Thailand were the primary detractors.

*Since Inception: December 31, 2012

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Our underweight to the Energy sector was a key contributor to relative results. Stock selection in Industrials also added value. Taiwanese industrial automation company Airtac outperformed on solid demand prospects despite the sudden drop in industrial activities in China. Stock selection in Consumer Discretionary was another area of strength. Chinese Internet giant Alibaba declined less than the market, benefiting from increased ecommerce activity due to social distancing. Chinese electric vehicle and battery manufacturer BYD was bolstered by expanded policy support from the Chinese government. Other notable contributors include Korean specialty chemical company LG Chem and Indian pharmaceutical company Dr. Reddy. Stock selection in Brazil and South Africa were key contributors from a country perspective.

PORTFOLIO ACTIVITY

Among our portfolio actions this quarter, we purchased Shenzhou, the world's largest vertically integrated manufacturer of sportswear and knitwear based in China. As an indispensable partner to leading sportswear brands such as Nike, Adidas, Anta and Li Ning, Shenzhou is well positioned to benefit from secular growth thanks to its scale, R&D prowess, superior production flexibility and, increasingly, its strong ESG practices. The recent market sell-off provides an attractive buying opportunity for this high-quality franchise.

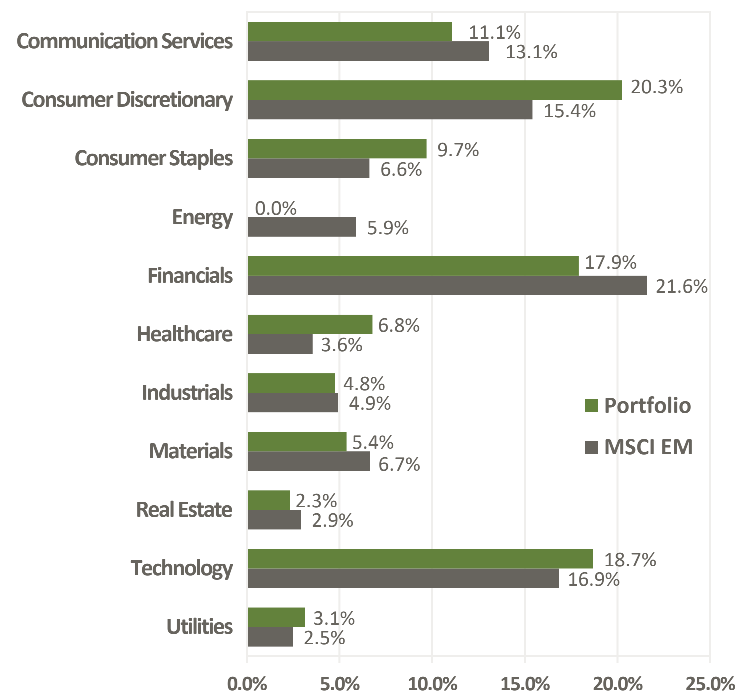
Another purchase during the quarter was Xinyi Solar, the world's largest solar glass manufacturer. We see double-digit solar demand growth driven by soon-to-be-reached grid parity as well as favorable regulatory initiatives, including the European Green Deal. With a dominant market share and profit margin leadership, Xinyi is set to benefit from the strong solar demand and industry consolidation. We also purchased Chinasoft, a leading Chinese IT service company with revenue from both traditional IT outsourcing as well as emerging cloud intelligence services. We expect Chinasoft to benefit from fast-growing China IT spending as the government continues to invest in domestically-sourced technology platforms.

During the quarter, we sold two financial holdings, Mexican Grupo Banorte and Russian Sberbank, where we anticipate that the challenging macroeconomic outlook will pressure business fundamentals. Mexico is particularly vulnerable to the negative impact from COVID-19 given its high exposure to travel and global supply chains. Weak governance and policy uncertainty in both countries also reduced our investment conviction. We also closed our position in Huaneng Renewables, China's leading wind farm operator, as it was taken private by its parent company at approximately a 50% premium.

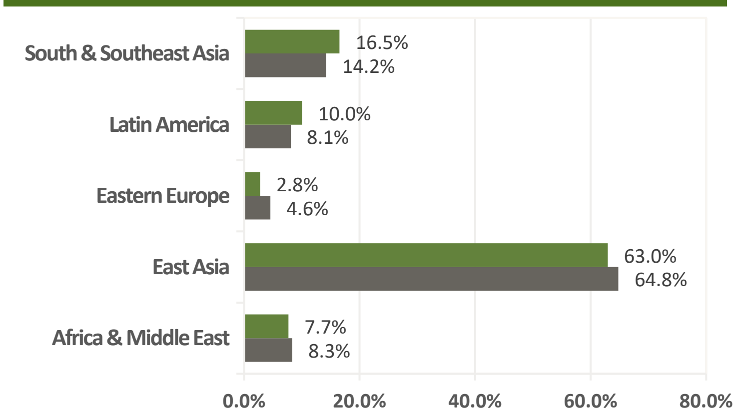
ECONOMIC & MARKET OUTLOOK

Global economies are likely to experience sizable contractions in the near term, especially for those EM countries that are faced with less robust healthcare infrastructure, weak governance, and high external funding needs. Large informal workforces, crowded and precarious living conditions, and inadequate public health resources could portend catastrophe. The spread of COVID-19 and corresponding measures to limit contagion will determine the length and depth of this once-in-a-century economic shock. It is important to note that the current crisis is a health crisis rather than a prolonged depression, if appropriate public health measures are applied.

SECTOR ALLOCATION



SUB-REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI EM
# HOLDINGS	53	1,404
Valuation		
Next 12m Price to Earnings	13.6	11.2
Price to Book Value	1.8	1.4
Price to Sales	1.7	1.1
Dividend Yield	2.6%	3.0%
Growth		
3yr EPS Consensus Growth	12.3%	8.0%
3yr Sales Consensus Growth	7.6%	5.3%
Risk		
Wtd Avg Mkt Cap	99,239	116,816
LT Debt/Cap	21.5%	22.5%
Beta*	1.00	1.00

**The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio's strategy.*

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Extensive quarantines, widespread testing, and contact tracing have proven to slow the transmission in the span of weeks. That China and Korea have curbed the spread suggests the virus and its impact is containable. At the same time, policymakers globally have taken historic actions to provide disaster relief for businesses and households, which should enable a bridge across the shutdown and support economic recovery once activities resume. While the path ahead is highly uncertain, including subsequent waves of outbreaks and potential risk of financial instability, our base-case scenario assumes that the new infections should peak in the summer, enabling relaxed restrictions on activity. The early stages of recovery will likely be intermittent, as officials practice extreme vigilance to quell renewed outbreaks. There will be substantial near-term earnings downgrades, although valuations have dramatically adjusted to reflect this deteriorating growth outlook. The MSCI EM Index is now trading at 1.4x trailing price-to-book, a level last seen during the 2009 global financial crisis.

Given the negative consequences and uncertain nature of the disease progression, our portfolios remain overweight in defensive sectors such as Consumer Staples, Healthcare and Utilities. We are underweight cyclical sectors such as commodities and Financials. From a regional perspective, we have increased exposure to Asia, where countries that went through the SARs epidemic appear to be better prepared in responding to COVID-19 and are likely to recover sooner. Meanwhile, we have reduced cyclical exposure in commodity-oriented countries such as Mexico and Russia given our more cautious view on oil demand. Looking beyond near-term uncertainties, our portfolios remain focused on secular growth areas, including sustainable consumption, electrification, renewable energy and industrial automation. The market sell-off provides opportunities to add to companies in these areas, with strong balance sheets and leading ESG profiles, which should benefit from the eventual recovery.

China has taken dramatic measures to contain the spread of COVID-19, locking down Hubei province, where the novel coronavirus first emerged, and strictly limiting the mobility of approximately 60 million people. This appears to have brought the domestic outbreak under control, although at the cost of sharp disruption to economic activity. For the first two months of the year, industrial production, retail sales, and fixed investment declined by 13.5%, 20.5%, and 24.5% respectively. By the end of March however, work had resumed for 96.6% of above-scale enterprises and 76.8% for SMEs. The PBOC has taken a more measured approach to support SME and consumption with targeted easing when compared with the fast and aggressive easing by the Fed. We expect the government to step up fiscal stimulus, with a focus on infrastructure and 5G spending, the digital economy, and public health schemes. Among the various stimulus initiatives, it is encouraging to note that China has expanded the subsidies to support solar photovoltaic and Electric Vehicle supply chains. While China still faces risks from a second wave of infections and weakening external demand, China's resumption of activities, albeit from depressed levels, will likely provide much needed support for regional and global growth given its size and economic dynamism.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
GPO FIN BANORTE	Financials	1.4%
HUANENG RENEWABLES	Utilities	0.9%
SBERBANK OF RUSSIA SPONSORED ADR	Financials	2.0%
TOTAL CLOSED		4.2%

NEW	SECTOR	% OF PORT.
CHINASOFT INTL LTD	Technology	0.8%
SHENZHOU INTERNATIONAL GROUP	Consumer Discretionary	1.5%
XINYI SOLAR HOLDINGS LTD	Technology	1.0%
TOTAL NEW		3.2%

COMPANY SPOTLIGHT: CTCM

Company Profile

China Traditional Chinese Medicine (CTCM) is a dominant player within traditional medicine. A foundational element of China's culture, the practice seeks to treat chronic and acute ailments such as respiratory diseases, allergies, and arthritis by incorporating various forms of herbal medicine, acupuncture, massage, and dietary therapy. The company generates revenues from all three medicinal segments: finished drugs (packaged pills), decoction pieces (raw ingredients), and granules (single ingredients sold in concentrated, powdered form), though granules account for the majority of both revenues and profit.

Integrated Investment Thesis

Traditional Chinese Medicine plays an integral part within China's healthcare system, offering quality herbal and naturally derived products that meet a cultural desire for alternatives to modern medicines. The company, CTCM, has a diversified portfolio across the major medicinal implementations, importantly holding a leading position within granules, the fastest-growing segment of the traditional market. Granules offer the consumer standardization of product and ease of use that is adapted to today's modern lifestyle while retaining the flexibility of individualized recipes that are the hallmark of traditional practitioners. CTCM excels in supply chain management and quality control, key attributes that should lead to continued market share gains within an ever-tightening regulatory environment to ensure product safety. The company's recent efforts to expand into upstream raw material supply have pressured margins. We view this step positively as part of a longer-term strategy to vertically integrate granule production. Given its leadership in modernizing a culturally important sector through scalable industrial practices, expectations for high-teens revenue growth, and valuation multiples near the low end of its historical range, we view CTCM as an attractive investment opportunity.

ESG/Engagement Opportunities

CTCM has begun to certify its facilities according to internationally recognized standards, a trend that must continue as quality standards in the production of traditional medicines rise. We see opportunity for the company to solidify its leadership and urge it to certify its remaining facilities to structurally prevent product quality and safety issues.

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Thailand and Indonesia have faced severe selling pressure. The COVID-19 pandemic negatively impacted exports and tourism in Thailand, while the Indonesian Rupiah has been pressured by capital outflows despite sound macroeconomic policies. Both countries have applied a strong set of public and private policies to contain the virus spread, which is resulting in a slower development of infections when compared to Western countries. Both countries have solid external balances with ample FX reserve assets to cover their short-term debt requirements. In addition, the Indonesian government temporarily lifted the 3% fiscal deficit cap to allow for a concerted fiscal stimulus package (5% of GDP). Many local banks, including our portfolio holding Bank Rakyat, have stepped up to provide relief programs to micro borrowers. Looking forward, we continue to view both countries as key beneficiaries of the realignment of the global supply chain, a trend already started before the current healthcare crisis. We have remained overweight Southeast Asia, with our portfolio geared towards high-quality consumer and financial companies with leading ESG practices.

Shareholder Engagement Highlights

Milestones	We were named to the Real Leaders 100 list of Top Impact Companies for the second consecutive year, following our appearance on the inaugural list in 2019. RL100 ranks the "top companies applying capitalism for greater profit and greater good."
	We became the first US asset manager to join the Platform for Carbon Accounting Financials (PCAF), a global, industry-led initiative enabling financial institutions to assess and disclose greenhouse gas emissions.
Proxy Season Highlights	HD Supply has taken the first step to setting GHG emission reduction goals by agreeing to conduct a feasibility study to be issued by the end of November 2020.
	American Water Works committed to expanding their lobbying disclosure.
	Boston Common was also the lead in filing resolutions with Oracle (Lobbying Disclosure) and Carlisle Companies (Board Diversity). Both were successfully withdrawn.
Portfolio Company Progress	Unilever announced improvements to their marketing to children policy. For over a decade Boston Common has engaged all food and beverage company holdings on nutrition and well-being, including marketing to children practices.
	Melia Hotels has committed to becoming carbon neutral in 2020, establishing a board committee on corporate responsibility and an executive committee to drive sustainability efforts.
	Mondelēz has prioritized four commodities: palm, cocoa, soy and paper. The company has committed to 100% sustainable soy sourcing by the end of 2020.

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