

Emerging Markets Equity Strategy Update

Second Quarter, 2020



Emerging Markets Portfolio Review

The Boston Common Sustainable Emerging Market model portfolio returned +18.8% during the quarter, before fees, outperforming the Index. Stock selection in the Materials sector was the largest driver of relative performance. South Korea specialty chemical company LG Chem benefited from an improving Electric Vehicle outlook, while PTT Global Chem in Thailand bounced back. The Technology sector was another source of strength. Taiwanese industrial automation company Delta Electronics, Brazilian payment company PagSeguro Digital, and Chinese solar glass company Xinyi Solar all gained on better-than-expected business fundamentals. Ongoing demand from remote work and ecommerce helped Yandex and Tencent in the Communication Services sector. From a country perspective, China, Taiwan, and Indonesia all helped contribute to relative results. Other notable contributors included Chinese EV company BYD and Indian pharmaceutical producer Dr. Reddy's Labs.

Our overweight and poor stock selection in Consumer Staples was a major detractor this quarter. Drugstore operators Clicks in South Africa and Raia Drogasil in Brazil could not keep up with the rally despite their stable business outlook. Stock selection in Healthcare also weighed on relative performance, as Chinese traditional medicine company China TCM and Brazilian pharma Hypera lagged. Our underweight in Energy was another drag on relative results. From a country perspective, Brazil and South Africa were the major detractors, as our holdings in these regions did not keep pace with their more-cyclical peers. Additional detractors include South Korean memory chip manufacturer SK Hynix, Internet giant Alibaba, and Chinese insurance company Ping An.

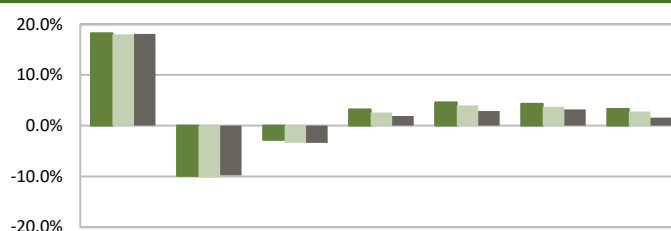
Portfolio Activity

Among our portfolio actions this quarter, we purchased two Indian positions: Biocon and Bharti Airtel. Biocon is the best-placed Indian company within the attractive biosimilars market. The company provides access to cutting-edge therapies at much more affordable prices, to the benefit of patients, payers, and governments. Meanwhile, the company's small molecule and research services businesses offer a stable foundation with opportunities for further expansion. Valuation looks particularly compelling relative to industry peers. Bharti Airtel is the largest pure-play mobile communications provider in India. After many years of severe competition, the country's mobile industry is experiencing structural improvements as industry consolidation is leading to improved pricing dynamics and lower spectrum costs. With a premium customer base and a strong balance sheet, Airtel is well positioned to see a sharp improvement in earnings growth and profitability. To fund these new ideas, we exited Dr. Reddy's Laboratories, a company with solid business fundamentals but a less compelling risk-reward profile.

This quarter, we also initiated a position in Lojas Renner, a leading fast-fashion retail company in Brazil with strong sustainability practices.

Store openings, operating efficiencies, and a well-executed omni-channel strategy have allowed Lojas to rapidly gain market share. Impressively, the company follows global standards in all key ESG issues facing the retail industry, which should add to its competitive advantage relative to EM peers. While recent sales growth was weighed down by weak foot traffic due to the COVID-19 lockdown, long-term drivers remain in place, and the company should be able to deliver solid low-to-mid teen earnings growth as activities normalize. Finally, we sold Thai chemical company PTT Global after a strong rally, as we remain cautious on demand for global commodities.

Performance



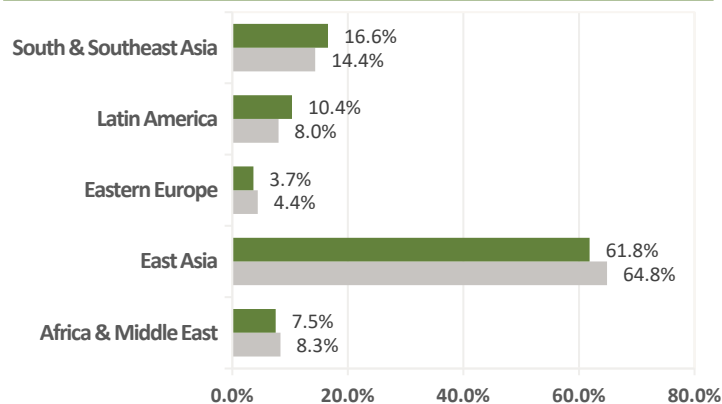
	QTD	YTD	1Yr	3Yr	5Yr	7Yr	Since Inception*
Gross	18.2%	-9.9%	-2.8%	3.2%	4.6%	4.3%	3.3%
Net	18.0%	-10.2%	-3.4%	2.6%	4.0%	3.7%	2.8%
MSCI EM	18.1%	-9.8%	-3.4%	1.9%	2.9%	3.2%	1.6%

Portfolio Characteristics

	Boston Common	MSCI EM
# Holdings	54	1,385
Valuation		
Price/EPS (NTM)	16.5	15.6
Enterprise Value/EBITDA (NTM)	9.6x	8.3x
Price/Book	2.3	2.0
Price/Sales	2.1	1.5
Dividend Yield	2.0%	2.4%
Growth		
3yr EPS Consensus Growth	10.3%	7.4%
3yr Sales consensus Growth	9.0%	7.2%
Quality		
Beta**	1.01	1.00
LT Debt to Cap.	23.0%	21.8%
Net Debt to EBITDA	0.6x	0.3x
Return on Equity	10.8%	11.6%
Earnings Stability***	24.4%	27.3%
Free Cash Flow Yield	1.5%	4.5%

*Since Inception: December 31, 2012, **The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio's strategy, ***Stability is calculated as the mean absolute difference between actual earnings per share and a five-year historical growth trendline, expressed as a percentage of trendline

Regional Allocation



Portfolio Activity

Closed	Sector	% of Port.
DR REDDYS LABS LTD ADR	Healthcare	1.8%
PTT GLOBAL CHEMICA	Materials	1.5%
Total Closed		3.3%

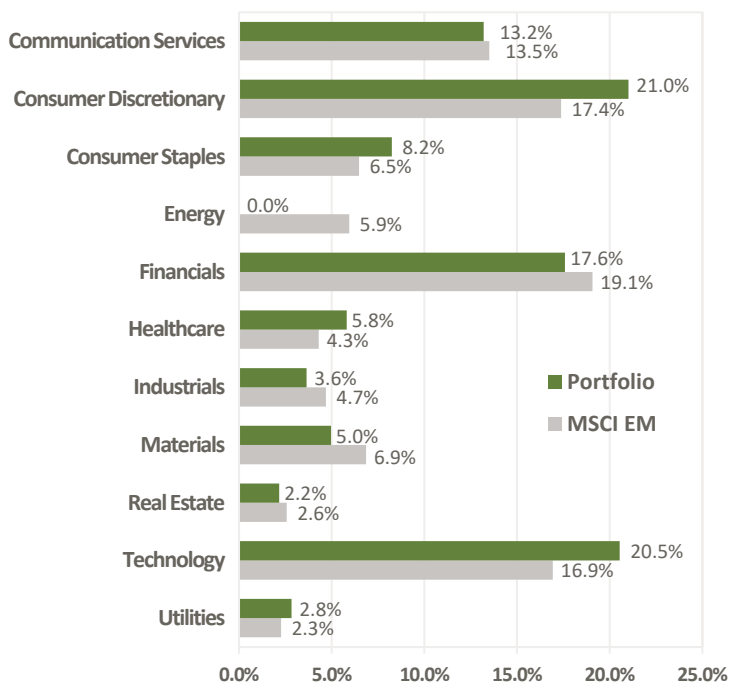
New	Sector	% of Port.
BHARTI AIRTEL LTD	Communication Services	1.5%
BIOCON LTD	Healthcare	1.0%
LOJAS RENNER S.A.	Consumer Discretionary	0.7%
Total New		3.2%

Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
LG CHEMICAL	2.5%	60.8%	0.86%	Materials
PAGSEGURO DIGITAL LTD	1.5%	82.8%	0.70%	Technology
TENCENT HLDGS LTD	5.3%	31.5%	0.63%	Communication Services
DELTA ELECTRONIC	3.1%	42.5%	0.62%	Technology
PTT GLOBAL CHEMICA	1.4%	54.7%	0.60%	Materials
XINYI SOLAR HOLDINGS LTD	1.3%	71.7%	0.54%	Technology
YANDEX	2.1%	46.9%	0.53%	Communication Services
BYD COMPANY LTD	2.0%	47.9%	0.51%	Consumer Discretionary
DR REDDYS LABS LTD	0.6%	27.8%	0.39%	Healthcare
KALBE FARMA	1.7%	40.5%	0.30%	Healthcare
			5.68%	

Bottom 10	% of Capital	Return	Relative Contrib.	Sector
SK HYNIX INC	4.0%	2.9%	-0.63%	Technology
ALIBABA GROUP HLDG LTD	7.3%	11.1%	-0.49%	Consumer Discretionary
PING AN INSURANCE	2.8%	3.5%	-0.39%	Financials
BANK OF COMMUNICAT	2.3%	0.6%	-0.39%	Financials
CLICKS GROUP LTD	0.9%	-16.1%	-0.34%	Consumer Staples
ADVANCED INFO SERV	1.2%	-2.5%	-0.25%	Communication Services
NOAH HLDGS LTD	1.2%	-1.5%	-0.24%	Financials
LOJAS RENNER	0.2%	-20.3%	-0.22%	Consumer Discretionary
RAIA DROGASIL	1.5%	2.7%	-0.22%	Consumer Staples
ITAU UNIBANCO HLDG	1.6%	4.5%	-0.22%	Financials
			-3.41%	

Sector Allocation*



Shareowner Engagement Highlights

We jumped into action this quarter with sector-specific asks to address both immediate and long term COVID impacts on business models, including with pharmaceuticals, food and beverage companies, retailers, personal care products, and apparel. We have had robust responses or dialogue with Novartis, GlaxoSmithKline, Mondelez, PepsiCo, Unilever, Kroger, Target, PVH, Essity and Colgate-Palmolive.

Google AGM, June 2020: Boston Common co-filed a shareholder resolution encouraging the establishment of a board level human rights risk oversight committee to mitigate the evolving risks that Google's technology poses to the company, consumers, shareholders, and society at large.

ConocoPhillips AGM, May 2020: We supported the advancement and ambition of the company's climate goals. We commend the steps ConocoPhillips has taken to protect its employees and other stakeholders during the COVID-19 pandemic.

Boston Common was a part of the investor group, which holds more than 1.9 trillion in assets, that **called on drug makers** to set aside rivalries and short-term interests and **cooperate on finding solutions to the coronavirus**. As part of this effort we are leading engagements with Novartis and GlaxoSmithKline.

*As a % of Equities. 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 (Net) Emerging Markets Index captures large and mid-cap representation across the emerging market countries, as defined by Morgan Stanley. 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.