

US Large-Cap Value Strategy Update

Second Quarter, 2020



Portfolio Review

Boston Common's Tax-Exempt US Value Equity account composite rose 17.4% gross of fees, outperforming the Russell 1000 Value Index. For year-to-date, the composite is down -10.2%, losing less than the Index which declined -16.3%. Stock selection continues to drive positive relative performance and reflects our ESG-driven active management style.

The Consumer Discretionary and Financials sectors were major contributors to the quarter's relative performance thanks to both positive selection and allocation. Our overweight to the consumer reflects expectations for continued growth in housing-related spending, supported by demographics and improved affordability metrics. Green home builder KB Home, insulation specialist Top Build, and Do-It-Yourself retailer Lowe's were all strong contributors to this quarter's returns. Our underweight in banks reflects our pessimism about the challenging operating environment they face during a period of historically low interest rates. In contrast, asset manager Morgan Stanley was the top performing holding. Compelling secular tailwinds continue to benefit Technology holdings. Optical components provider Ciena Corp, utility-scale solar manufacturer First Solar, and semiconductor equipment manufacturer Applied Materials rebounded sharply this quarter. Other top contributors were green infrastructure financier Hannon Armstrong, mobility solutions provider Aptiv plc, and energy efficient engine manufacturer Cummins.

Reversing the strong performance of the previous quarter, several Healthcare holdings lagged as the market surged higher, including biopharma firm Gilead Sciences and global pharma Merck. Biogen was particularly hurt when it lost patent protection on a key drug to generic competition earlier than was widely expected. Defensive holdings such as telecommunications names AT&T and Verizon, household brand companies Mondelez and Procter & Gamble, and utility Avangrid, which had provided relative performance stability during February and March did not keep up this quarter. Other laggards included roofing company Carlisle and financial services provider Northern Trust. Lastly, we did not participate in the conventional Energy sector's rebound this quarter, given our fossil-fuel-free approach.

Portfolio Activity

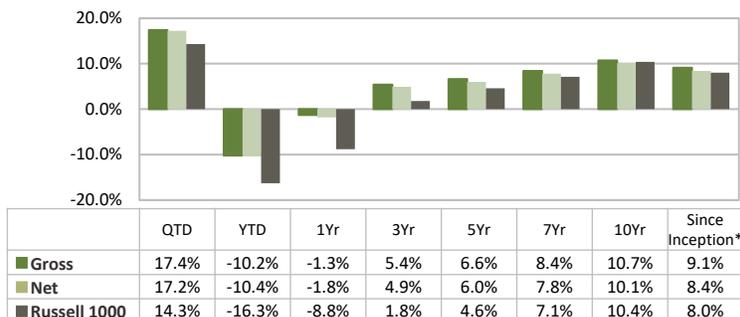
Given the uncertainties around the pandemic and the trajectory of economic recovery, our portfolio remains in a "barbell" position, balancing defensive and cyclical exposures. This quarter, as investors flipped from panic to optimism, we fine-tuned our "barbell" stance, taking profits in some places to take advantage of new opportunities in strong ESG companies that had either fallen to attractive valuation levels or reflected exciting new prospects. Overall, in these uncertain times, a significant portion of the portfolio remains in companies with improving financial and ESG profiles that can successfully navigate near-term disruptions.

In our search for undervalued sustainable companies with catalysts for re-rating, we found several candidates this quarter. We purchased Do-It-Yourself retailer Lowe's to expand the portfolio's exposure to housing-related spending. Lowe's should be a prime beneficiary of more home-based remodeling activity.

We purchased Perrigo, a leader in generic consumer health products with a growing presence in the over-the-counter self-care market. We view the company's pivot away from the competitive generic prescription business to focus on expanding its private label partnerships as positive. We also added Ameriprise, a diversified financial services company focused primarily on wealth management. We find its strong ESG fund offering and the improving productivity of its financial advisors attractive.

We also purchased Deere, a leading provider of agricultural and construction equipment. Deere's environmental performance has been improving, and the company stands out for adopting public eco-efficiency targets. Finally, we added financial processor Fidelity National Information Services (FIS) a leading provider of global payments processing solutions, benefiting from the secular move to more e-commerce transactions. This quarter, we took profits from Digital Realty, a data center REIT, that moved higher this year as it benefited from increasing use of the internet and cloud computing. We felt its valuation adequately reflected its positive business model.

Performance



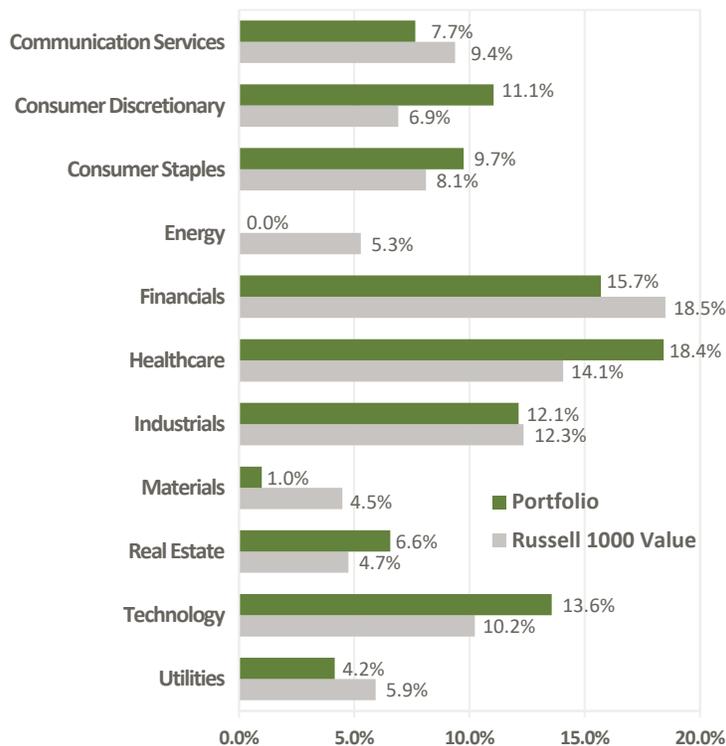
Portfolio Characteristics

	Boston Common	Russell 1000 Value
# Holdings	52	816
Valuation	Portfolio	Russell 1000 Value
Price/EPS (NTM)	16.1	17.5
Enterprise Value/EBITDA (NTM)	11.1x	11.7x
Price/Book	2.3	2.0
Price/Sales	2.1	1.7
Dividend Yield	2.4%	2.7%
Growth		
3yr EPS Consensus Growth	2.8%	-2.9%
3yr Sales consensus Growth	1.5%	1.0%
Quality		
Beta**	0.90	1.00
LT Debt to Cap.	43.3%	40.6%
Net Debt to EBITDA	2.0x	2.1x
Return on Equity	21.9%	11.4%
Earnings Stability***	19.6%	18.7%
Free Cash Flow Yield	5.0%	4.4%

*Since Inception: December 31, 2002. **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

Sector Allocation*



Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
MORGAN STANLEY	3.1%	43.3%	0.76%	Financials
KB HOME	1.5%	70.6%	0.76%	Consumer Discretionary
TOPBUILD CORP	1.2%	59.7%	0.48%	Consumer Discretionary
CIENA CORP	2.2%	35.9%	0.45%	Technology
HANNON ARMSTRONG SUST INFR	2.1%	41.8%	0.44%	Real Estate
APTIV PLC	1.3%	58.2%	0.44%	Consumer Discretionary
FIRST SOLAR INC	2.1%	37.3%	0.40%	Technology
APPLIED MATLS INC	2.4%	32.5%	0.39%	Technology
LOWES COS INC	1.4%	42.6%	0.39%	Consumer Discretionary
CUMMINS INC	2.3%	29.1%	0.31%	Industrials
			4.81%	
Bottom 10				
BIOGEN INC	2.6%	-15.0%	-0.79%	Healthcare
VERIZON COMMUNICATIONS INC	4.2%	3.7%	-0.41%	Communication Services
MERCK & CO. INC	3.2%	1.3%	-0.39%	Healthcare
GILEAD SCIENCES INC	3.2%	3.9%	-0.30%	Healthcare
MONDELEZ INTL INC	2.2%	2.7%	-0.25%	Consumer Staples
CARLISLE COS INC	1.2%	-4.0%	-0.23%	Industrials
AT&T INC	2.7%	5.5%	-0.23%	Communication Services
AVANGRID INC	1.0%	-3.2%	-0.18%	Utilities
PROCTER & GAMBLE CO	4.1%	9.4%	-0.18%	Consumer Staples
NORTHERN TR CORP	2.0%	6.0%	-0.15%	Financials
			-3.10%	

*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 Russell 1000 Value Index is a capitalization-weighted index of the largest publicly-traded U.S. companies that have a low price-to-book, price-to-earnings, and price-to-cash-flow valuations relative to a broader universe of 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.

Portfolio Activity

Closed	Sector	% of Port.
DIGITAL RLTY TR INC COM	Real Estate	1.5%
ENVISTA HLDGS CORP COM	Healthcare	0.7%
Total Closed		2.2%

New	Sector	% of Port.
AMERIPRISE FINANCIAL INC	Financials	2.0%
DEERE & CO COM	Industrials	1.4%
FIDELITY NATL INFO SVC COM	Technology	1.8%
LOWES COS INC COM	Consumer Discretionary	2.1%
PERRIGO CO PLC	Healthcare	0.9%
Total New		8.3%

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.