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Global Equity Strategy Update

Third Quarter, 2016

GLOBAL MARKET REVIEW

The MSCI ACWI Index (the "Index") gained a solid +5.3% in the quarter. In local currency terms, the Index rose +5.1% as a weaker U.S. Dollar added +0.2% from U.S. investors' returns. The MSCI U.S. Index rose +3.9%, while the MSCI ACWI ex. U.S. Index rose +6.9%. The British Pound depreciated by -2.8% relative to the U.S. Dollar, while the Yen (+2.1%) and Euro (+1.2%) appreciated.

The Eurozone's economic outlook held steady with manufacturing and service surveys pointing to modest but somewhat accelerating growth. The UK economy looked resilient with a surprisingly strong 6% increase in retail sales. Japan's economic activity remained muted, but the Bank of Japan's increasingly innovative policy boosted investor sentiment, helping Japan's performance (+8.6%). In the U.S., all of the performance was realized in July. With U.S. markets trading close to all-time highs, July and August returns were relatively flat.

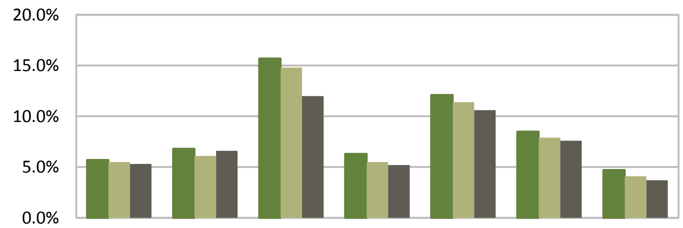
The MSCI Emerging Markets Index rose +9.0% as China's mini stimulus helped its industrial sectors and OPEC announced an agreement to cut output, prompting a rally in oil prices. In the Emerging Markets, China (+13.9%), Brazil (+11.3%) and Korea (+11.0%) did best, while Turkey (-5.3%), Philippines (-5.3%) and Mexico (-2.2%) were among the worst performers.

Technology (+13.5%) was the best performing sector thanks to acquisition activity and new product cycles. The Materials sector (+9.7%) outperformance was driven by higher industrial metal prices. The Utilities (-3.1%) sector was the worst performing sector, followed by Consumer Staples (-0.4%), as defensive sectors lagged. Australia (16.7%), New Zealand (+12.4%) and Canada (+4.9%) benefited from commodity exposure. Hong Kong (+11.9%) was bolstered by a rebound in its real estate sector. Denmark (-6.3%) and Israel (-2.0%) performed poorly weighed down by large pharmaceutical companies.

PORTFOLIO REVIEW

A composite of accounts invested in the Boston Common Global Equity strategy rose +5.5% during the quarter, before fees, slightly better than the Index. Stock selection in the Healthcare and Energy sectors were the primary contributors to relative returns. U.S. bio-technology holdings, Biogen (+29.6%) and Regeneron (+15.1%) rebounded after a weak first half. Indonesian pharmaceutical firm, PT Kalbe (+13.9%), continued its strong performance. U.S. energy exploration stocks, Cimarex (+12.7%), Apache (+15.2%) and EOG (+14.4%) performed well with oil and commodity prices. Emerging markets and Japan were the largest regional contributors with e-commerce stocks as four of our top ten performers. Alibaba in China (+33.0%), Naver in South Korea (+30.1%), Naspers in South Africa (+13.1%) and Rakuten in Japan (+20.5%). The Materials sector was the largest detractor from relative results, weighed down primarily by our lack of exposure to the rebounding metal and mining industry. Technology also detracted from relative performance. Solar panel maker First Solar (-18.5%) and IT services provider Cognizant (-16.6%) had poor results. From a regional perspective, North America was the biggest detractor due to stock selection in the Technology and Consumer Discretionary sectors.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	Since Inception*
Gross	5.7%	6.8%	15.7%	6.3%	12.1%	8.5%	4.7%
Net	5.5%	6.1%	14.8%	5.5%	11.4%	7.9%	4.1%
MSCI ACWI	5.3%	6.6%	12.0%	5.2%	10.6%	7.6%	3.7%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
ALIBABA GROUP HOLDINGS	1.4%	33.0%	0.34%	Technology
APPLE INC	2.8%	18.8%	0.32%	Technology
BIOGEN INC	1.3%	29.6%	0.28%	Healthcare
SAP SE -	1.4%	21.8%	0.20%	Technology
NAVER CORP	0.9%	30.1%	0.19%	Technology
PRICELINE GROUP, INC	1.5%	17.9%	0.17%	Consumer Discretionary
MICROSOFT CORP	2.1%	13.3%	0.16%	Technology
RAKUTEN INC	1.1%	20.5%	0.15%	Consumer Discretionary
ALPHABET INC	2.2%	12.3%	0.14%	Technology
NASPERS	1.8%	13.1%	0.13%	Consumer Discretionary
			2.08%	
BOTTOM 10				
LOWE'S COS INC	2.6%	-8.4%	-0.36%	Consumer Discretionary
FIRST SOLAR INC	1.0%	-18.5%	-0.27%	Technology
COGNIZANT TECHNOLOGY	1.0%	-16.6%	-0.22%	Technology
ROCHE HLDG	1.8%	-5.4%	-0.20%	Healthcare
VERIZON COMMUNICATIONS INC	1.7%	-6.0%	-0.19%	Telecommunications
CROWN CASTLE INTL CORP	1.5%	-7.0%	-0.18%	Real Estate
DISNEY WALT CO	1.6%	-4.4%	-0.16%	Consumer Discretionary
NOVARTIS A G	1.4%	-4.3%	-0.13%	Healthcare
ADVANCE AUTO PARTS INC	0.9%	-7.7%	-0.12%	Consumer Discretionary
JOHNSON & JOHNSON	1.6%	-2.0%	-0.12%	Healthcare
			-1.95%	

PORTFOLIO ACTIVITY

In the U.S., we acquired Chipotle Mexican Grill, which has a solid consumer franchise but is discounting near-term issues that have depressed its stock price. Chipotle still has a long runway for expansion opportunities. We expect consumer traffic to return as the company successfully communicates progress in addressing specific food safety issues with its loyal customer base. We also acquired Shiseido, Japan's largest cosmetics company, whose brands command premium pricing. The company's operating efficiency trails global peers and new management's strategy to restructure its sales network should improve profit margins. Additionally, we bought shares of Panasonic in Japan, since it is the sole supplier of batteries to Tesla, but the stock price does not appear to reflect the

*Since Inception: March 31, 2008

potential of this business, with investors seemingly focused on the legacy segments. We sold Japanese consumer companies Mazda and Unicharm due to our view that they have more challenging competitive positioning compared to alternative Japanese holdings. We also sold Malaysian wireless telecom firm Axiata, as it has been unable to improve its deteriorating competitive position, growth and margins.

ECONOMIC & MARKET OUTLOOK

The World Trade Organization recently cut its forecast for world trade growth in 2016 to 1.7%. This is the first time in fifteen years that global trade is likely to grow at a rate slower than the global economy. Trade has expanded at twice the rate of global GDP growth since the 1990s. Domestic demand could become a more important driver for economic growth in the years to come. Global growth remains anemic and major Central Banks and governments continue to act in creative ways to ignite demand and to counteract deflationary pressures. However, the U.S. is much further along in its recovery; we expect the Fed to increase interest rates later this year. Strong employment and early signs of inflation in the U.S. have made it possible for the Fed to take this next step. Wages have started to move up, and oil prices are higher. Global uncertainty is likely to keep further interest rate increases modest.

In Europe and Japan, policymakers are pursuing unconventional approaches to boosting growth beyond the current 1% to 2% pace. Japan's plan to combine government spending on infrastructure and human capital investment with central bank purchases of government bonds may be a potent stimulus mix. Emerging Markets are growing more than twice as fast as developed economies and could again boost global demand. Improving growth expectations at home and abroad should help European corporations expand profitability from still depressed levels. Aggregate valuations look reasonable at 15x forward earnings, but there are key differences by industry and region. We believe political risks and the slow growth backdrop warrant a portfolio strategy focused on long-term opportunities related to environmental solutions, enablers of efficiency improvements, and management-led profit recovery.

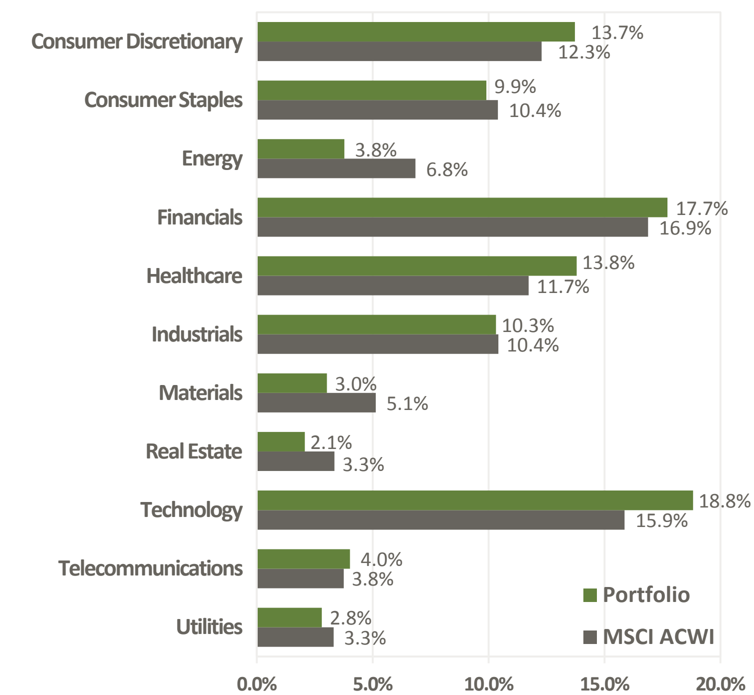
U.S. & Canada

The U.S. economy looks set for another year of muted but steady growth. Consumer confidence continues to rise to post recession highs, fueled by higher employment, wage gains, and strong household balance sheets. Unemployment is holding steady at just under 5% even as the participation rate has started to increase. Households' net worth has been bolstered by a higher savings rate, strong equity market, and appreciated housing prices. Household formation, which had collapsed after the Financial Crisis, has recovered nicely off the bottom, and looks set to grow steadily. Combined, this has created a "wealth effect" supporting consumer spending on autos, housing, and services and gives us confidence that the economy can continue to grow at a slow and steady pace for an extended period of time. On the other hand, even as corporate profits remain near all-time highs, companies are holding back on capital spending with private non-residential fixed investment actually declining slightly in the most recent month. A longer-term trend is declining capital intensity, as services and software become greater parts to the mix. Still, the tepid recovery following the Financial Crisis has made corporate managements risk averse, and they have opted to use profits and low-cost debt for equity buybacks rather than capital spending. One outcome from the current election cycle is that infrastructure spending looks likely to be a focus of the next Administration. This may spur manufacturing sector investments.

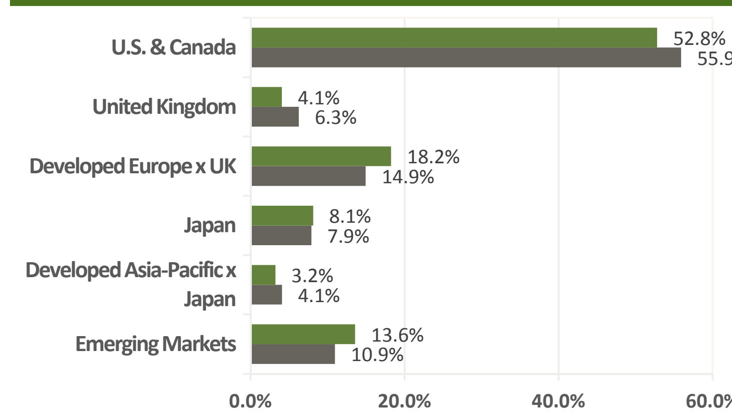
Europe

Corporate profitability in Europe is showing signs of recovering from the weight of a long period of recessionary conditions. Earnings estimates are ticking up on a top-down and bottom-up basis and real growth in the region remains steady at 1.7%. Inflation is slowly edging up, but remains low enough to justify continued

SECTOR ALLOCATION



REGIONAL ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	MSCI ACWI
# HOLDINGS	88	2470
Valuation		
Next 12m Price to Earnings	17.2	15.4
Price to Book Value	2.8	2.1
Price to Sales	2.3	1.4
Dividend Yield	1.8%	2.6%
Growth		
5yr Sales Growth	3.1%	-1.0%
5yr EPS Growth	7.7%	6.1%
Risk		
Wtd Avg Mkt Cap	104,427	99,333
LT Debt/Cap	31.7%	39.3%
Beta	1.02	1.00

monetary support. In some countries the economic outlook is stronger; Spain, Ireland, and Sweden are growing faster than 3%. Eurozone unemployment is expected to fall below 10% for the first time since 2009 and the jobless rate is at or below pre-crisis levels in Germany (4.2%), the Netherlands (5.8%), and Switzerland (3.2%).

The UK's solid economic performance (5.0% unemployment) relative to the Eurozone probably gave some citizens confidence to vote for a separation from the European Union (EU). The UK referendum exemplifies the broader backlash against global integration. Political uncertainty is a key risk to the market outlook and the UK's negotiation with the EU raises many questions for European businesses. Concerns about the hardline stance of Prime Minister Theresa May's government caused the British Pound to fall to a 31-year low relative to the U.S. Dollar. The UK currency has also declined to a five-year low relative to the Euro, suggesting Britain needs the Eurozone more than the other way around. The weaker Pound helps exporters, which have propelled the UK's stock market near all-time highs in local currency. Smaller, domestically-oriented companies are more affected by the unclear future. We anticipate protracted negotiations between the UK and EU as the two sides look to reconcile Britain's desire for continued access to the single market with its resistance to the required free movement of people.

With declining impact from expansionary monetary policy in Europe, government spending or lower taxes could help to offset headwinds from political uncertainty. This near-term boost in demand could complement accommodative monetary policy that, alone, has not been able to spark the long-awaited increase in investment spending. Policy support would also be welcome for the banking system, which continues to dampen confidence despite substantially stronger balance sheets compared with a decade ago. We believe a combination of monetary and fiscal stimulus could eventually catalyze earnings, which need to grow by 40% to get back to its 10-year average level. Valuations, in line with long-term averages, look reasonable given our expectations for profit growth. We remain underweight the UK, but overweight Europe ex. UK, especially in the Technology and Consumer sectors. We favor Northern Europe where there are financially strong ESG leaders and solid macro prospects.

Japan

Japan was facing low growth and deflation for two decades before the question of secular stagnation was raised in Europe. Although Japan did experiment with quantitative easing in 2001, it has substantially expanded creative policy initiatives to promote growth. Most recently, the Bank of Japan set a 0% target yield for 10-year Japanese Government Bonds in an effort to control both short- and long-term interest rates and motivate investing without further damage to banks' earnings prospects. In addition to expansionary monetary policy, Japan is pursuing fiscal stimulus and structural reform. In August, the Japanese cabinet approved a 28 trillion Yen package (over 6% of GDP) including spending on infrastructure and childcare. Although new and near-term projects are only a small fraction of the plan, Japan is expected to have more than a 5% budget deficit over the next year, larger than any other major advanced nation. Japan's workforce has long been noted for its homogeneity as its population is made up of only 2% foreigners, one-sixth that of its OECD counterparts. To counter the deflationary effects of its shrinking supply of labor, the Japanese government has been easing its immigration policy. As a result, there has been a notable increase in temporary and permanent foreign residents. Similarly, policies directed toward childcare have helped to increase female participation in the formal labor market. While we are encouraged by Japan's policy determination and have increased our exposure accordingly, it remains to be seen if their aggressive policy experiment shows progress toward their long-term growth and inflation objectives.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
AKBANK T.A.S.	Financials	0.7%
AXIATA GROUP BHD	Telecommunications	0.5%
HSBC HLDGS PLC SPON ADR NEW	Financials	0.8%
LINKEDIN CORP COM CL A	Technology	1.3%
MAZDA MOTOR CORP	Consumer Discretionary	0.4%
QINQIN FOODSTUFFS GROUP CAYM	Consumer Staples	0.0%
STATOIL ASA SPONSORED ADR	Energy	0.6%
UNICHARM CORP ORD	Consumer Staples	1.1%
TOTAL CLOSED		5.5%

NEW	SECTOR	% OF PORT.
CHIPOTLE MEXICAN GRILL INC COM	Consumer Discretionary	0.8%
COWAY CO LTD	Consumer Discretionary	0.5%
EOG RES INC COM	Energy	0.8%
HANG LUNG PPTYS LTD	Real Estate	0.7%
PANASONIC CORP.	Consumer Discretionary	0.5%
SHISEIDO CO. LTD.	Consumer Staples	1.1%
SVENSKA HANDELSBANKEN A SHS	Financials	0.9%
TOTAL NEW		5.2%

COMPANY SPOTLIGHT: PANASONIC

Description

Osaka-based Panasonic is a diversified conglomerate historically focused on electronics. In the Automotive and Industrial Systems (33% of sales) business segment, products include multimedia equipment, electrical components, and batteries. Air conditioners and refrigerators are key product lines in the Appliances (27%) division. The Eco solutions (18%) segment includes LED lighting, solar power systems, air purifiers, and smart grid technology. Audio/Video Networks (13%) include in-flight entertainment systems. Revenues are split among Japan (48%), U.S. (15%), China (13%), Europe (9%), and Other (13%).

Integrated Investment Thesis

Panasonic should benefit from trends including electrification and autonomous driving, increasing connectivity, and rising attention to energy efficiency. Panasonic's management team narrowed its focus in the highly competitive consumer electronics industry and expanded into more profitable industrial businesses. The company is one of three major global suppliers of lithium ion batteries, and its partnership with Tesla could be a key future profit contributor. Panasonic's clean technology products should see rising demand as consumers and businesses seek economic approaches to environmental challenges. In our view, the company's favorable financial outlook is a function of end-market growth, improved business mix, and effective management. Trading at 14x forward earnings and 4x EBITDA, Panasonic's valuation would suggest the overall market has lower expectations for continued fundamental progress.

ESG Highlights

Panasonic derives significant revenue from a wide range of environmental solutions related to solar energy, air and water quality, battery technology, and efficient buildings. Aligned with its strong commitment to providing quality green solutions, Panasonic has strong environmental practices including take-back programs for post-consumer electronic waste. In 2014, the company took back 144,000 tons of household products in Japan, the US and Europe. Panasonic has adopted a materials sourcing policy that prohibits the use of conflict minerals, but the company could still increase its supply chain transparency.

Global Equity Strategy Update
Third Quarter, 2016

Asia Pacific & Emerging Markets

Investor sentiment has improved for Emerging Markets. In Brazil, the political situation has stabilized and its deep recession is projected to end next year. This modest turn in the tide has driven a strong recovery in Brazilian equities and its currency. In Turkey, an attempted military coup caused volatility until Prime Minister Erdogan regained control. The subsequent crackdown on actual and perceived conspirators has swelled to 100,000 arrests. While Turkish civil liberties may be trampled by the emboldened and increasingly authoritarian Erdogan regime, the market is primarily focused on stability in the short-term. China focuses intensely on overall economic growth as a means to full employment and social stability. Chinese policymakers responded to rising economic risks this past year with new credit-fueled fiscal stimulus, delaying the structural reform needed to transition its economic growth engine to consumption. Mobile e-commerce is one of the fastest growing areas of consumption in China driven by broad adoption of social media platforms and online payments, and the country has leapfrogged much of the developed world. The online channel accounts for more than 20% of total retail sales, with over two thirds transacted on mobile devices. These metrics are more than double both the levels in the U.S. and global averages. China could parlay its mobile e-commerce success into more innovative research and development, which should promote greater economic productivity. India, once derided as the "Permit Raj" for its excessive bureaucracy, has made strides in politically-challenging but economically-enhancing structural reform. The country recently approved a national goods and services tax (GST), an easy-to-administer value-added tax to replace a complex system of state and local taxes. The change should improve India's long-term growth prospects by simplifying the movement of goods between Indian states, reducing inefficiencies, and improving tax compliance.

Our Asia Pacific and Emerging Markets holdings are geared to the rising middle class in emerging Asia. Given robust sales and earnings growth and reasonable valuations, we have some exposure to Chinese e-commerce leaders. We have less exposure to commodity-oriented sectors and countries based on our cautious view of the supply and demand dynamics for industrial metals and fossil fuels.

Shareholder Engagement Highlights

Milestones	**Corporate Lobbying:** Boston Common's lobbying disclosure resolution received a 34.6% in favor - one of 50 resolutions filed during the 2016 proxy season with **Oracle** and **Verizon Communications**, encouraging **increased disclosure on their lobbying practices**. We voted in favor of 26 shareholder proposals focused on political and lobbying disclosure during the 2016 proxy season. Lauren Compere co-authored an International Corporate Governance Network (ICGN) Viewpoint "Corporate Lobbying Practices in the U.S."
Work in Progress	**Eco-Efficiency: 3M's** new 2025 Sustainability Goals address further reductions in energy, water, waste, and GHG emissions and it has made substantial reductions since 2005. 3M's 40-year old Pollution Prevention Pays program has prevented over 2.1 million tons of pollutants and saved 3M nearly $2 billion. **Panasonic's** Green Plan 2018 focuses on CO2 reduction, resources recycling, water, chemical substances, and biodiversity. Panasonic has extensive initiatives to promote Eco-conscious Products and Factories. Panasonic's Green Factories initiative directs each factory to reduce its environmental impacts plus share best practices worldwide. **Origin** said it was the first energy company to adopt all 7 climate change commitments of the We Mean Business coalition. Origin Energy said its business, and its products and services, are centrally positioned around delivering more energy for less carbon. Origin aims to be the renewable and low carbon energy leader for Australia.
	Banks and Climate Change: Boston Common will issue an update to **"Are Banks Prepared for Climate Change?"** during the fourth quarter to highlight progress made in 2016 post COP21 across the **45 global banks** covered in the initial report.
New Initiatives	**Food Waste and Sustainable Protein:** We joined other investors in withdrawing the **food waste proposal** filed at **Costco** after the company discussed its current efforts, including leadership in California, and its commitment to include food waste in its next Sustainability Report. We encouraged Costco to adopt specific metrics and report on its progress, including aggregate, company-wide data on the quantity and final destination (i.e. donations, animal feed, industrial uses, compost, or landfill). We also joined an initiative organized by ShareAction and FAIRR with 35 investors and more than USD $1.25 trillion AUM to engage 16 food manufacturers and retailers, including **Mondelez** and **Unilever**, on the **development of sustainable protein supply chains** in supermarkets, food retailers, and multinational food manufacturers.