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U.S. Large-Cap Value Strategy Update

Fourth Quarter, 2019

MARKET REVIEW

In the fourth quarter, the Russell 1000 Value Index (the "Index") rose +7.4%. For 2019, the Index finished +26.5%, the best annual return since 2013. A year ago, investors were facing a tightening Fed policy and distressing trade and tariff talk, all leading to fears that the economic expansion would end. Today, there is an easing of Sino-US trade tensions, employment remains robust, and interest rates are lower after the Federal Reserve cut rates for a third time this year in October. The 10-year Treasury yield ended the year at 1.9%, significantly lower compared to December 2018's yield of 2.7%. As the year progressed, the yield curve briefly inverted but has now steepened; the spread between the 2-year and 10-year Treasury yields now stands at its widest point in the last 14 months. The market continues to look through ongoing geopolitical turmoil and closed out the year at record highs.

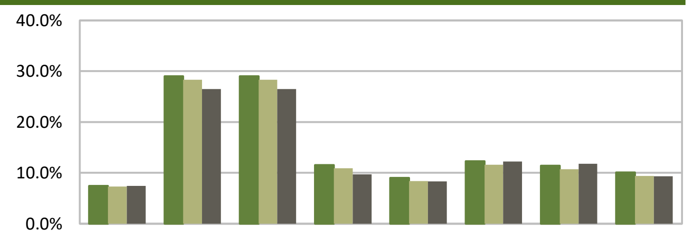
For the quarter, Technology (+12.2%) was the best-performing sector, buoyed by a strong rebound by semiconductor stocks. Healthcare (+12.0%) and Financials (+10.0%) also posted double-digit gains. The cyclical Materials (+8.0%) and Industrials (+9.0%) sectors were outperformers, while Communication Services (+6.8%), Energy (+5.7%), and Consumer Discretionary (+4.1%) lagged the Index. With a total return that was essentially flat for the quarter, Real Estate (-0.0%) was the worst performing sector, while defensive Utilities (+0.5%) and Consumer Staples (+3.5%) also lagged.

Drivers of full-year performance were impacted by the strong Technology sector (+41.3%) followed by Industrials (+35.1%), Financials (+30.7%), Communication Services (+29.0%), and Real Estate (+27.1%). Consumer Staples (+26.4%), Consumer Discretionary (+26.1%), and Utilities (+25.5%) were basically in line with the benchmark, while Materials (+20.8%) and Healthcare (+20.1%) lagged. Energy (+11.0%) was weak for most of the year.

PORTFOLIO REVIEW

Boston Common's Tax-Exempt US Value Equity account composite rose in line with the Russell 1000 Value Index, gross of fees, for the quarter. For the calendar year 2019, returns were strong on an absolute and relative basis, comfortably outperforming the Index net of fees. Given our integrated ESG and active management approach, stock selection gave us the edge this calendar year.

PERFORMANCE



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	7.4%	29.0%	29.0%	11.5%	9.0%	12.3%	11.4%	10.1%
Net	7.3%	28.3%	28.3%	10.9%	8.4%	11.6%	10.7%	9.4%
Russell 1000	7.4%	26.5%	26.5%	9.7%	8.3%	12.2%	11.8%	9.3%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
MORGAN STANLEY	3.1%	20.6%	0.38%	Financials
BIOGEN INC	2.3%	27.5%	0.38%	Healthcare
TARGET CORP	2.7%	20.7%	0.37%	Consumer Discretionary
AMGEN INC	2.2%	25.4%	0.35%	Healthcare
CITIGROUP INC	3.4%	16.5%	0.28%	Financials
APPLIED MATLS INC	1.9%	22.7%	0.26%	Technology
PNC FINL SVCS GROUP INC	2.5%	14.6%	0.17%	Financials
EMERSON ELEC CO	2.2%	15.0%	0.17%	Industrials
FIFTH THIRD BANCORP	2.2%	13.3%	0.13%	Financials
DISNEY WALT CO	2.6%	11.7%	0.13%	Communication Services
			2.62%	

BOTTOM 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
COLGATE PALMOLIVE CO	1.9%	-5.7%	-0.33%	Consumer Staples
DIGITAL RLTY TR INC	1.4%	-6.9%	-0.28%	Real Estate
FIRST SOLAR INC	1.8%	-3.7%	-0.20%	Technology
ORACLE CORP	1.8%	-3.3%	-0.19%	Technology
VERIZON COMMUNICATIONS INC	4.0%	2.8%	-0.18%	Communication Services
MONDELEZ INTL INC	1.5%	-0.5%	-0.16%	Consumer Staples
PORTLAND GEN ELEC CO	2.0%	-0.3%	-0.15%	Utilities
BAXTER INTL INC	1.2%	-4.3%	-0.15%	Healthcare
AVANGRID INC	1.6%	-1.4%	-0.14%	Utilities
UNILEVER	1.0%	-5.2%	-0.14%	Consumer Staples
			-1.92%	

For the quarter, stock selection was a slightly positive contributor to relative performance. An emphasis on capital market players, like Morgan Stanley, and banks, like Citigroup, PNC Financial, and Fifth Third, supported strong stock selection in Financials. During the quarter, biotech firm Biogen received positive news on its Alzheimer research, while Amgen was also among the top performers as investor sentiment towards Healthcare improved.

*Since Inception: December 31, 2002

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From a sector perspective, Consumer Discretionary was the strongest relative performer, helped by general goods retailer Target, a brick and mortar retailer successfully navigating internet competition. Improving industry outlooks boosted semiconductor equipment manufacturer Applied Materials and electrical equipment maker Emerson Electric. Media giant Disney continues to benefit from its ability to develop superior content.

Many of the poorly performing holdings this quarter were defensive equities, as investors favored economically sensitive opportunities. Holdings like telecom provider Verizon, utilities Portland General and Avangrid, along with confectioner Mondelēz and consumer products companies Colgate and Unilever detracted from relative returns. Stock selection in the Tech sector was the largest drag on relative performance. Overall, strong absolute performance was hampered by declines in photovoltaic solar energy company First Solar and enterprise technology company Oracle. Other poor performers included medical devices company Baxter and data storage REIT Digital Realty Trust.

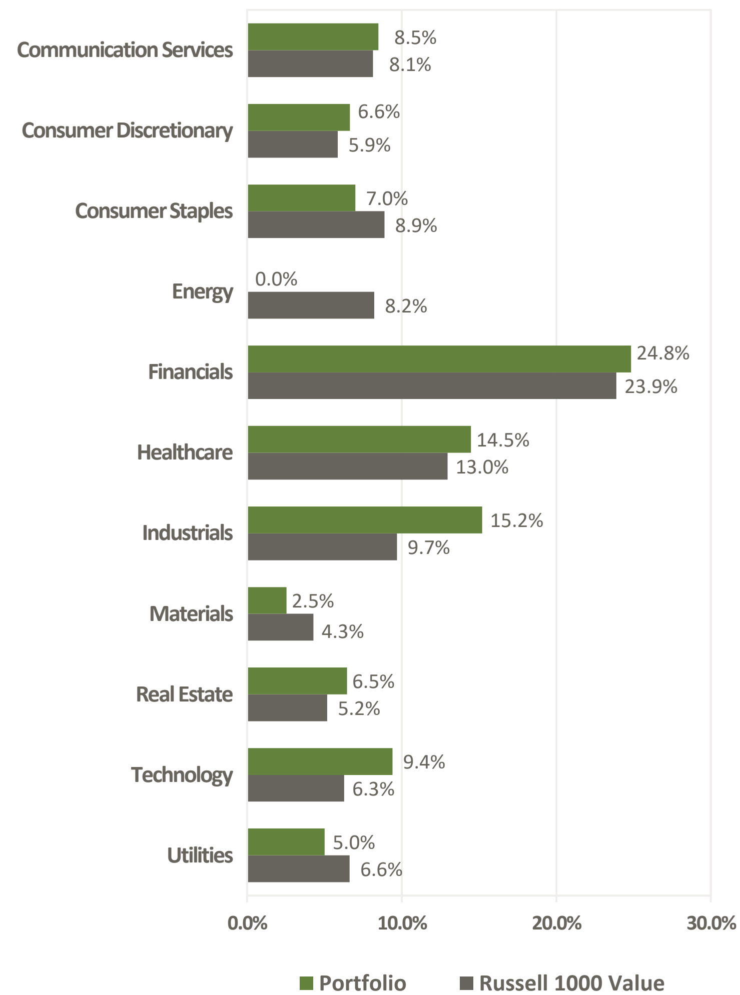
PORTFOLIO ACTIVITY

We are mindful of geopolitical risks such as a recurrence of a military conflict in the Middle East, trade tensions with American partners, and potential political instability in Europe. However, the US economy remains on a steady course for growth and low inflation that frames our positive view of equities. We continue to focus our portfolios on companies with improving Environmental, Social, and Governance (ESG) practices and maintain a preference for companies that are leading in the products of tomorrow, including electrification and renewable energy.

With markets at all-time highs, this quarter saw a heightened focus on valuation. Several holdings were sold from the portfolio, including medical devices company Baxter International, tech giants Apple and Microsoft, and commodity exchange CME Group, where valuation multiples seemed to fully reflect the company's intrinsic value. Many trades were intra-sector, by which we took gains from one holding to redeploy to another that offered better long-term value. We sold out of Intel and bought Micron, the latter providing opportunistic exposure to a rebound in semiconductor memory pricing. Specialty chemical supplier Ecolab was sold and painting and coatings company PPG Industries was added.

With a more normal yield curve, we added additional exposure to the Financials sector with new positions in regional banks KeyCorp and Zions Bancorp. KeyCorp, based in Ohio, has strongly embedded diversity initiatives within its corporate culture under the leadership of a highly regarded CEO, who remains the only woman CEO among the top 20 US banks. Located in Utah, Zions' strong corporate governance structures position the bank to manage risk well.

SECTOR ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	RUSSELL 1000 VALUE
# HOLDINGS	51	764
Valuation		
Next 12m Price to Earnings	15.0	14.2
Price to Book Value	2.4	2.0
Price to Sales	2.4	1.7
Dividend Yield	2.2%	2.4%
Growth		
3yr EPS Consensus Growth	5.4%	3.0%
3yr Sales Consensus Growth	3.0%	2.4%
Risk		
Wtd Avg Mkt Cap	82,940	121,345
LT Debt/Cap	41.7%	40.6%
Beta*	0.91	1.00

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After long-term engagements with JPMorgan's management on a variety of issues, from pay disparity to financing of coal-fired power plants, we saw diminished likelihood of further improvements and sold the remaining position in this banking conglomerate this quarter. NextEra Energy Partners (NEP) is a new holding and continues to advance the portfolio's exposure to clean energy. The company has both wind and solar projects across the US and provides an attractive yield. NEP's relationship with major shareholder NextEra Energy provides access to a strong pipeline of projects, and the long-term nature of contracts with counterparties provides good cash flow visibility.

We see both an investment and sustainability rationale for selling our small energy allocation this quarter, including ConocoPhillips and Equinor. As macro trends in energy efficiency accelerate, and the world's populace endeavors to meet reductions necessary for a world with a 2 degree warmer threshold, the focus on stranded assets grows as a very real, long-term investment concern. We continue to see long-term pressure on crude and natural gas pricing, especially as production in the Permian Basin has allowed the US to become nearly self-sufficient. Looking forward, we anticipate investment dollars will have much better growth potential in technologies that will facilitate a sustainable, low-carbon future. Current valuations in the US keep us mindful that looking forward, returns expectations for the following year will most likely be positive but muted. On balance, we remain positive towards equities relative to fixed income and maintain a tilt in this direction for balanced accounts.

ECONOMIC & MARKET OUTLOOK

This year, the current economic cycle became the longest expansion in US history, and we continue to forecast a continuation of moderate growth at a 1.5% to 2.0% rate. The consumer balance sheet is healthy as the labor market remains resilient, with the latest unemployment reading remaining at a 50-year low. Although wage growth has been modest it has begun to gain momentum, helping to support the current virtuous growth cycle as core inflation remains muted.

Globally, industrial activity stalled in 2019, hurt by trade tensions, uncertainty over Brexit, and an economic slowdown of emerging Asian countries, including China. Inflation expectations are the major factor driving supportive global central bank policy. The three interest rate cuts by the US Federal Reserve, along with the resolution of trade tensions, are expected to reinvigorate capital spending and thus provide another leg to the current economic expansion. As economic activity picks up, capital flows that have strengthened the US Dollar and helped depress US long-term interest rates may start to unwind.

The strength of the US economy reflects its diverse labor force, ample natural resources, and strong legal and financial framework.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
AMERICAN WTR WKS CO INC	Utilities	1.4%
APPLE INC	Technology	1.1%
BAXTER INTL INC	Healthcare	2.2%
CME GROUP INC	Financials	1.9%
CONOCOPHILLIPS	Energy	1.0%
ECOLAB INC	Materials	1.0%
EQUINOR ASA	Energy	1.0%
GALLAGHER ARTHUR J & CO	Financials	2.1%
INTEL CORP	Technology	1.1%
JPMORGAN CHASE & CO	Financials	1.0%
MICROSOFT CORP	Technology	1.2%
UNILEVER N V N Y	Consumer Staples	1.2%
TOTAL CLOSED		**16.2%**

NEW	SECTOR	% OF PORT.
AGILENT TECHNOLOGIES INC	Healthcare	1.1%
CIENA CORP	Technology	1.0%
ENVISTA HLDGS CORP	Healthcare	1.0%
KEYCORP NEW	Financials	2.0%
MICRON TECHNOLOGY INC	Technology	2.5%
NEXTERA ENERGY PARTNERS LP	Utilities	2.0%
PPG INDS	Materials	1.0%
UNITED PARCEL SERVICE INC	Industrials	1.5%
ZIONS BANCORPORATION	Financials	2.1%
TOTAL NEW		**14.1%**

COMPANY SPOTLIGHT: APPLIED MATERIALS

Company Profile

Founded in 1967, Applied Materials makes the equipment necessary for the production of computer chips, flat-screen TVs, and renewable solar technology. AMAT's environmental management system is established to best-in-class ISO 14001 standards. Onsite renewable energy production and green energy purchases have allowed the company's overall energy use to remain flat, despite significant operational expansion. AMAT is a member of the Responsible Business Alliance and has adopted its Code of Conduct.

Investment Thesis

As a leading equipment company in a concentrated sector, AMAT benefits from the growing digitalization of modern life. Increasingly, big data aggregation shapes commercial decisions, powered by a massive increase in data generation and storage. With core expertise in deposition and etching, Applied Materials enjoys leading market share in a crucial step in wafer fabrication, the building blocks that power this data wave. Increasingly, AMAT is leveraging its impressive installed base to provide additional services such as production optimization. Clean technology opportunities are also woven throughout the company's products, including in solar energy systems and eco-efficiency through automation. While the semiconductor industry remains cyclical, diversification of end demand, including into next generation data-driven applications such as Virtual Reality and Artificial Intelligence, has muted the cycle relative to its history. In addition, growing adoption of OLED displays, in which Applied Materials expects to take equipment share from incumbents, should serve to steady earnings growth. Given its leadership in a consolidated niche market, we find current valuations reasonable. Risks: semiconductor cyclicality, relatively high concentration of customers.

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With these building blocks in place, the US economy has been able to thrive despite a variety of headwinds during the last ten years: recession in the oil patch, financial uncertainty in the European Union, and two periods of economic slowdown in China's economy. During this time, growing geopolitical uncertainties have driven countries towards more nationalist tones that, for some, even eschew global interdependency.

Rising inequality has become a major challenge. Focus on building an inclusive and diverse work force and flexibility of staffing will become a necessity if the US is to avoid the same fate as Japan.

The transition to a service-based economy and an increased use of automation means educating the workforce of tomorrow differently. This is one example of how long-term thinking by both investors and managements can work towards creating an environment that allows for solutions.

Equity markets, including in the US, have rebounded, anticipating (and discounting!) future growth. The Russell 1000 Value Index ended the year enthusiastically but, at 14x 2020 earnings, still appears to provide areas of value, especially when compared to the more momentum-driven parts of the market. We expect stock selection and active management to continue to add value after a prolonged period of correlated returns.

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 to 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.