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

US Large-Cap Value Strategy Update

First Quarter, 2020

MARKET REVIEW

The Russell 1000 Value Index (the "Index") declined -26.7% during the first quarter, as the first few months of 2020 have witnessed the rapid expansion of the COVID-19 from a nascent concern in Wuhan, China into a global pandemic whose impact is still evolving. From all-time highs in January, the Index reversed its gains with February's (-9.7%) decline accelerating into March (-17.1%). Market volatility has been at extremes: the S&P 500 experienced a six-day stretch of moving either up or down by at least 4%, the longest such streak since November 1929. Global responses addressing the healthcare crisis have varied, while Central Banks have shown greater coordination to help ensure liquidity for markets. The Federal Reserve has lowered its Fed Funds Rate to 0% and taken other unprecedented measures such as open-ended Quantitative Easing. The rapid decline in interest rates has seen the yield curve steepen slightly and the ten-year Treasury yield end at 0.70%, a dramatically lower than year-end when the yield was 1.9%.

Defensive sectors outperformed this quarter. Healthcare (-12.5%) was one of the stronger performers, with companies offering potential solutions to the current healthcare crisis, from diagnostic testing to antivirals. Consumer Staples (-12.5%), Utilities (-14.2%), and Communication Services (-22.6%), characterized by many companies that investors perceive as having more stable business models, also declined significantly less than the general market. Benefiting from broad secular tailwinds and the evolving nature of remote work, Information Technology (-19.4%) outperformed. In the face of economic uncertainty, cyclical sectors underperformed: Consumer Discretionary (-35.5%), Materials (-29.1%), and Industrials (-28.6%). With elevated liquidity and credit concerns, the Financials (-34.3%) and Real Estate (-29.2%) sectors were negatively impacted. Energy (-51.3%) was the worst-performing sector, as a rift between Saudi Arabia and Russia escalated distress in the oil markets.

PORTFOLIO REVIEW

Boston Common's Tax-Exempt US Value Equity account composite declined -23.5% gross of fees, outperforming the Russell 1000 Value Index. During periods of severe market stress, our ESG-driven active management style guides sector and stock selection to mitigate the downside. This quarter, our portfolio held several names that rose in value despite the market turmoil.

PERFORMANCE

	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	-23.5%	-23.5%	-11.0%	0.9%	3.2%	6.6%	7.6%	8.2%
Net	-23.6%	-23.6%	-11.5%	0.3%	2.6%	5.9%	7.0%	7.5%
Russell 1000	-26.7%	-26.7%	-17.2%	-2.2%	1.9%	5.6%	7.7%	7.2%

CONTRIBUTORS & DETRACTORS

TOP 10	% OF CAPITAL	RETURN	RELATIVE CONTRIB.	SECTOR
GILEAD SCIENCES INC	2.9%	15.3%	1.03%	Healthcare
BIOGEN INC	2.6%	6.6%	0.84%	Healthcare
VERIZON COMMUNICATIONS INC	3.9%	-11.6%	0.60%	Communication Services
DIGITAL RLTY TR INC	1.2%	16.9%	0.46%	Real Estate
PROCTER & GAMBLE CO	2.4%	-10.2%	0.40%	Consumer Staples
KROGER CO	1.4%	4.4%	0.39%	Consumer Staples
MONDELEZ INTL INC	2.1%	-8.5%	0.39%	Consumer Staples
MERCK & CO INC	3.0%	-14.7%	0.38%	Healthcare
COLGATE PALMOLIVE CO	1.7%	-3.0%	0.37%	Consumer Staples
ORACLE CORP	1.8%	-8.4%	0.37%	Technology
			5.24%	

BOTTOM 10				
CITIGROUP INC	3.2%	-47.3%	-0.75%	Financials
KB HOME	1.0%	-51.4%	-0.69%	Consumer Discretionary
KEYCORP NEW	1.8%	-47.1%	-0.45%	Financials
MOHAWK INDS INC	1.8%	-44.0%	-0.42%	Consumer Discretionary
WEYERHAEUSER CO	1.9%	-43.2%	-0.39%	Real Estate
US BANCORP DEL	2.1%	-41.2%	-0.39%	Financials
PNC FINL SVCS GROUP INC	2.4%	-39.9%	-0.33%	Financials
TOPBUILD CORP	0.3%	-37.4%	-0.29%	Consumer Discretionary
HANNON ARMSTRONG SUST INFR	2.1%	-37.0%	-0.27%	Real Estate
ENVISTA HLDGS CORP	0.9%	-49.6%	-0.26%	Healthcare
			-4.23%	

The largest individual contributors to relative performance were in the healthcare space; biotechnology firms Gilead and Biogen rose, with the former supported by the belief that its strong R&D focus will be part of the solution to the COVID-19 pandemic, while the latter was buoyed by a positive regulatory outcome. Consumer Staples and Real Estate also supported relative performance.

*Since Inception: December 31, 2002

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Grocery chain Kroger, data warehouse REIT Digital Realty, cell tower REIT Crown Castle, and Alexandria Real Estate, a new specialty property REIT holding with a focus on technology and life sciences, all appreciated in value. Other holdings that saw smaller price declines and contributed to relative performance included companies with strong defensive profiles: telecommunications provider Verizon, household staples companies Procter & Gamble, Colgate, and Mondelez, as well as the large pharmaceutical Merck.

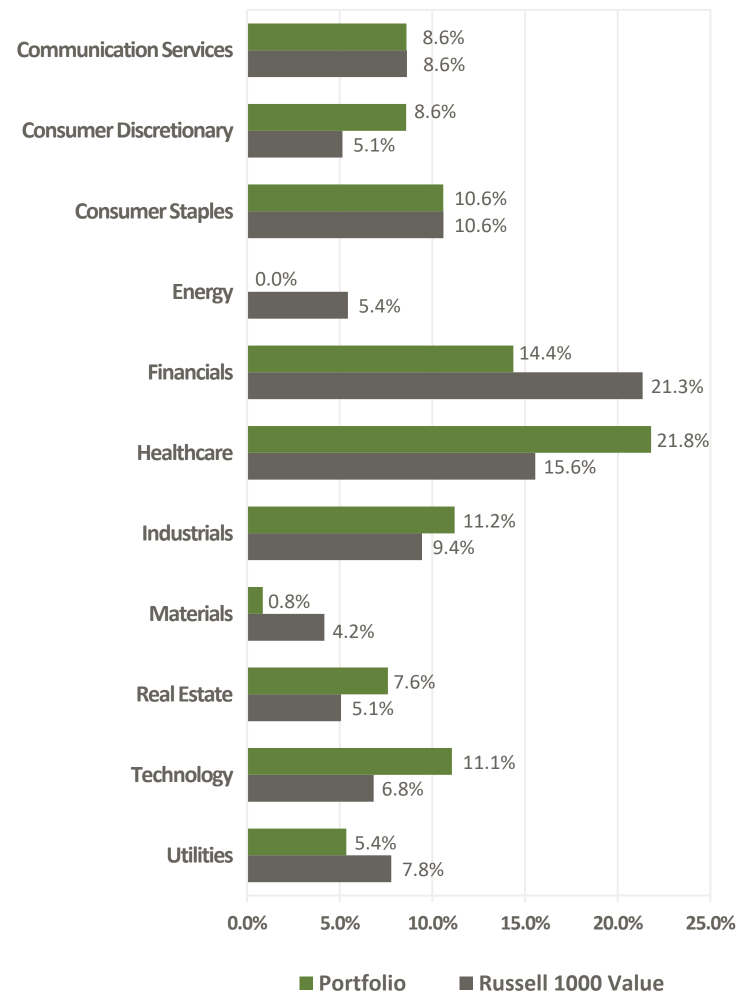
From an allocation perspective, our long-term view to overweight the Healthcare and Technology sectors and de-emphasize conventional Energy contributed to the quarter's relative return. Consumer Discretionary and Financials detracted from performance this quarter. In the former, our exposure to housing was hurt by the uncertainties caused by the pandemic. Green homebuilder KB Home and remodeling beneficiaries, flooring company Mohawk and insulation distributor TopBuild, all experienced significant stock price declines. Concerns about credit losses and lower interest margins hurt banks like Citigroup and regional banks KeyCorp, US Bancorp, and PNC Financial.

PORTFOLIO ACTIVITY

As we entered 2020, our portfolios were positioned to benefit from cyclical strength in an economy that was experiencing high employment, modest wage gains, and rising confidence. Our early additions reflected initial modest purchases that would participate in this growing consumer opportunity. We invested in KB Home, a green homebuilder, and TopBuild, an insulation distributor. Instead, the pandemic and steps taken to limit the contagion brought about deep health and economic crises across the globe. In the face of uncertainty about the depth and duration of the pending recession, we took steps to decrease exposure to more economically sensitive industries, including leisure and travel. We sold materials company PPG Industries, airliner Alaska Air, and corporate travel company American Express. At the same time, we reduced positions in regional banks that have large exposure to commercial & industrial activity.

We emphasized the defensive tilt of the portfolio, adding to both the Healthcare and Consumer Staples sectors. Innovation and strong R&D programs put biotech firms in the forefront of solutions. We added to existing holdings such as Gilead given its attractive valuation and a strong 4% dividend yield. We see an upward shift in demand for certain consumable staples and medical supplies, as households and healthcare facilities remain vigilant in anticipation of a recurring threat. We also bought Cerner, a leading medical software company whose health record technology is well positioned to provide efficiency and efficacy to the total healthcare system. With most customers based in the US and several large government contracts, the company's revenue stream should be relatively insulated from global recessionary pressures.

SECTOR ALLOCATION



PORTFOLIO CHARACTERISTICS

	BOSTON COMMON	RUSSELL 1000 VALUE
# HOLDINGS	49	766
Valuation		
Next 12m Price to Earnings	12.3	12.4
Price to Book Value	1.9	1.5
Price to Sales	1.8	1.3
Dividend Yield	2.8%	3.3%
Growth		
3yr EPS Consensus Growth	4.7%	-9.5%
3yr Sales Consensus Growth	2.6%	1.8%
Risk		
Wtd Avg Mkt Cap	75,985	105,784
LT Debt/Cap	41.8%	40.3%
Beta*	0.88	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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The current sell-off also gave us the opportunity to repurchase Thermo Fisher Scientific, a maker of diagnostic and analytical equipment for the scientific and medical research community. In a related space, we began an initial position in Alexandria Real Estate, an office REIT specializing in healthcare and technology campuses.

Our portfolios remain in a "barbell" with a balance of defensive and cyclical exposures. We are decisively underweight commodities and Financials, have added meaningfully to Consumer Staples and Healthcare, but retain selective cyclical exposure in Technology. As our assessment of the economic situation gains clarity, we anticipate adding to existing holdings and new ideas that meet our financial and ESG characteristics and will also be beneficiaries from an eventual recovery.

ECONOMIC & MARKET OUTLOOK

The timeline and path of the pandemic and our measures to limit contagion will determine the duration and depth of the recession, and its human and economic cost. We expect economic activity, employment, and corporate profits to decline, with especially extreme numbers in the second quarter of 2020. While February's unemployment data confirmed the underlying strength of the US labor market with solid non-farm payrolls and a return to the 3.5% level of unemployment, the situation has deteriorated significantly since. The latest data in March revealed an unprecedented surge in unemployment claims over the final two weeks to nearly 10 million, the largest on record. This is likely just a first glimpse of the disruptive effects that the necessary and urgent public health policies recently enacted are having on the country's economic activity.

Significant and prompt stimulative actions have been taken by both monetary and fiscal authorities in order to support the market and the economy during this time. The Federal Reserve has moved quickly, helping to address liquidity and credit market concerns by lowering rates and reintroducing Quantitative Easing. The US Congress has passed bills totaling more than $2.2 trillion with great speed, and we are encouraged by the provisions for healthcare and supplements to individuals and small businesses. This record high fiscal stimulus is intended to moderate the economic impact on households and corporations. And, importantly, monetary and fiscal authorities have indicated that they stand ready to do more.

The timing and nature of a recovery, as well as the appropriate valuations in the market, are difficult to predict at this point. Assuming the massive monetary and fiscal stimulus supports economic participants during the shutdown, our base case scenario expects that the extraordinary stress on developed world health systems should subside in the summer, thereby enabling relaxed restrictions on activity.

NEW & CLOSED POSITIONS

CLOSED	SECTOR	% OF PORT.
ALASKA AIR GROUP INC COM	Industrials	1.3%
AMERICAN EXPRESS CO COM	Financials	1.7%
FIFTH THIRD BANCORP COM	Financials	2.3%
HD SUPPLY HLDGS INC COM	Industrials	1.0%
KEYCORP NEW COM	Financials	2.0%
PORTLAND GEN ELEC CO COM NEW	Utilities	1.9%
PPG INDS INC COM	Materials	1.0%
ZIONS BANCORPORATION COM	Financials	2.1%
TOTAL CLOSED		**13.4%**

NEW	SECTOR	% OF PORT.
ALEXANDRIA REAL ESTATE EQ INC COM	Real Estate	1.0%
CERNER CORP COM	Healthcare	2.0%
EVERSOURCE ENERGY COM	Utilities	2.0%
KB HOME COM	Consumer Discretionary	1.2%
THERMO FISHER SCIENTIFIC INC COM	Healthcare	1.9%
TOPBUILD CORP COM	Consumer Discretionary	1.1%
TOTAL NEW		**9.1%**

COMPANY SPOTLIGHT: HANNON ARMSTRONG

Integrated Investment Thesis

Hannon Armstrong plays a pivotal role in the financing of sustainable development projects necessary for a successful transition to a low-carbon society. Building on its proprietary partnerships with an increasingly broad lineup of leading corporate entities, management looks to leverage its expertise to expand into attractive pockets of growth too small for larger players, such as land for utility-scale solar installations. HASI manages a $6.2 billion portfolio of high-quality long dated 15-year assets that is primarily non-cyclical in nature. Their assets are typically supported by contracted cash flows from high quality counterparties, including governments and other investment grade entities. Some 50% of their portfolio is oriented to "behind-the-meter" projects, such as energy efficiency, distributed solar, and energy storage. An example of public-private partnerships includes a current project between the University of Iowa, ENGIE, Meridiam and Hannon Armstrong, to operate and upgrade the university's energy and water utilities, enabling the university to meet its zero carbon energy transition objectives. HASI's ability to focus on niche energy-efficiency assets should allow for continued attractive rates of return; HASI's managed assets has seen an 18% growth rate over the last 5 years and increased return on equity towards 10%. Given its long-term leadership in green energy initiatives, cash flow stability, and a solid balance sheet backed in part by governmental obligations, Hannon Armstrong offers an appealing divided yield and investment opportunity. Its pipeline at year end appears strong with more than $2.5 billion in real estate opportunities.

ESG Engagement Opportunities

Compared to its peers, HASI shows better transparency and disclosure on workforce diversity. However, we find further opportunity for the company to refine its human capital management strategy by setting gender and racial diversity targets, particularly at the senior and middle management levels.

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If the trajectory of the pandemic improves, we could see economic activity revive, reversing the sharp declines to support modest global growth by year end. Sequential improvement may prove erratic and, despite record monetary and fiscal stimulus, we do not expect inflation to be a concern.The crisis has revealed the acceleration of some ongoing trends. The sharp supply/demand imbalance in the energy markets has been exacerbated by the dramatic decline in demand and ongoing tensions between producer nations. Trends towards ecommerce are stronger, further clouding the future of bricks and mortar retailing. Another important trend is the growth of household savings, which expect to continue amidst deeper uncertainty, potentially dampening the extent of a consumer-driven recovery. Our assessment of these trends helps shape portfolio positioning. regions. We will continue to monitor the news on the pandemic, lockdowns, and medical developments in the US and globally. Markets are likely to remain volatile in coming months. For sustainability-focused active managers, market turmoil presents opportunities to upgrade the quality of our portfolios at better valuations. Mindful of the negative consequences and uncertain nature of the disease progression, as well as the historic and continuing policy action, we remain focused on identifying companies with strong or improving ESG profiles, sustainable product/service offerings, credible management execution, and modest valuation.

Shareowner 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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