

International Equity Strategy Update

Third Quarter, 2020



Portfolio Review

A composite of Boston Common's International portfolios returned +8.2% before fees, significantly outperforming the Index. Stock selection in the Industrials sector was the largest contributor to returns. Danish wind turbine manufacturer Vestas Wind benefited from robust global demand for renewable energy. German electric fork lift and warehouse automation supplier Kion Group was boosted by rebounding factory activity, while healthy housing markets aided British building product distributor Ferguson. Producers of energy-efficient capital equipment also rallied on favorable fundamental prospects: Spirax-Sarco, Daikin, Atlas Copco, and Schneider Electric. The Technology sector was the next largest contributor to returns, driven by strong semiconductor holdings. Taiwan Semiconductor gained market share in outsourced chip production and Infineon was aided by exposure to electric vehicles and renewable energy. Our Financial and Healthcare holdings also helped us outperform. Europe was the primary source of regional outperformance with key contributions from German residential real estate company Vonovia, British sustainable ingredient supplier Croda, and Danish offshore wind farm developer Orsted.

Poor stock selection in the Materials and Communication Services sectors was the primary detractor from returns. Belgian catalyst producer Umicore and British packaging company DS Smith declined on disappointing financial results. Singapore Telecommunications and NTT in Japan faced challenging operating conditions. Kasikornbank was the top detractor, as limited tourism hampered the Thai economy. Japan was the only region with negative relative performance; constrained cosmetics markets weighed on Japanese Consumer Staples companies Kao and Shiseido. European pharmaceutical holdings GlaxoSmithKline and Roche also dragged on results.

Portfolio Activity

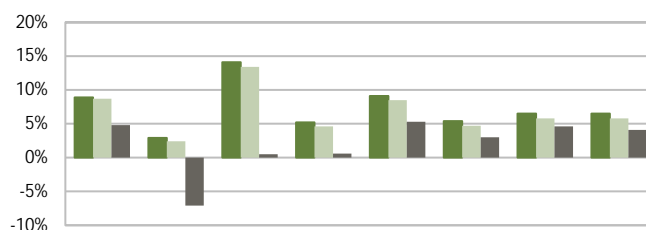
Among our transactions this quarter, we purchased French auto parts supplier Valeo based on the company's burgeoning position in the electric vehicle supply chain. The company sells lights, sensors, powertrains, and thermal systems to global auto manufacturers. The long-term shift from internal combustion engines to electric vehicles should be a net positive for Valeo, primarily through its high voltage powertrain joint venture. The company actively manages its own GHG emissions with significant historical and active energy efficiency projects at its plants.

Valeo is a particularly inexpensive stock, trading at 0.6x sales, given our expectations of rebounding core earnings and strengthening JV partnership. We also purchased Grifols, a pioneer and global leader in producing essential therapies from blood plasma to treat rare diseases. Based in Spain, the company's primary product, intravenous immunoglobulin, has an attractive growth profile driven by expanding diagnoses and new immune system indications. The company also takes appropriate steps to

guarantee the safety and dignity of blood donors, in our view. Given a solid fundamental outlook, Grifols appears attractively valued, trading at 15.9x EBITDA.

During the quarter, we sold Panasonic due to persistently poor execution in translating its leading EV battery supply business into profits, as well as its involvement in several structurally-challenged consumer and industrial businesses. We also sold Spanish electric grid operator Red Electrica as it faced a more challenging regulatory backdrop that is constraining its earnings and cash flow outlook.

Performance



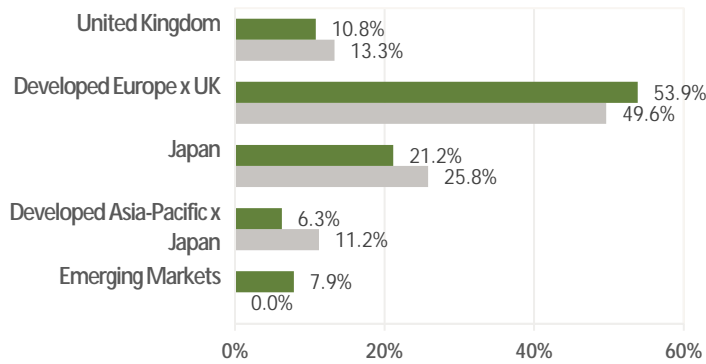
	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	8.9%	2.9%	14.1%	5.2%	9.1%	5.4%	6.5%	6.5%
Net	8.7%	2.4%	13.4%	4.6%	8.5%	4.7%	5.8%	5.8%
MSCI EAFE	4.8%	-7.1%	0.5%	0.6%	5.3%	3.0%	4.6%	4.1%

Portfolio Characteristics

	Boston Common	MSCI EAFE
# Holdings	58	901
Valuation		
Price/EPS (NTM)	20.2	17.3
Enterprise Value/EBITDA (NTM)	12.4x	10.4x
Price/Book	2.3	1.8
Price/Sales	1.9	1.3
Dividend Yield	2.1%	2.9%
Growth		
3yr EPS Consensus Growth	5.9%	3.0%
3yr Sales Growth	3.0%	0.4%
Quality		
Beta**	0.96	1.00
LT Debt to Cap	30.3%	33.3%
Net Debt to EBITDA	0.9x	1.5x
Return on Equity	12.2%	10.8%
Earnings Stability***	16.9%	23.9%
Free Cash Flow Yield	4.2%	5.0%

*Since Inception: December 31, 2004 **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



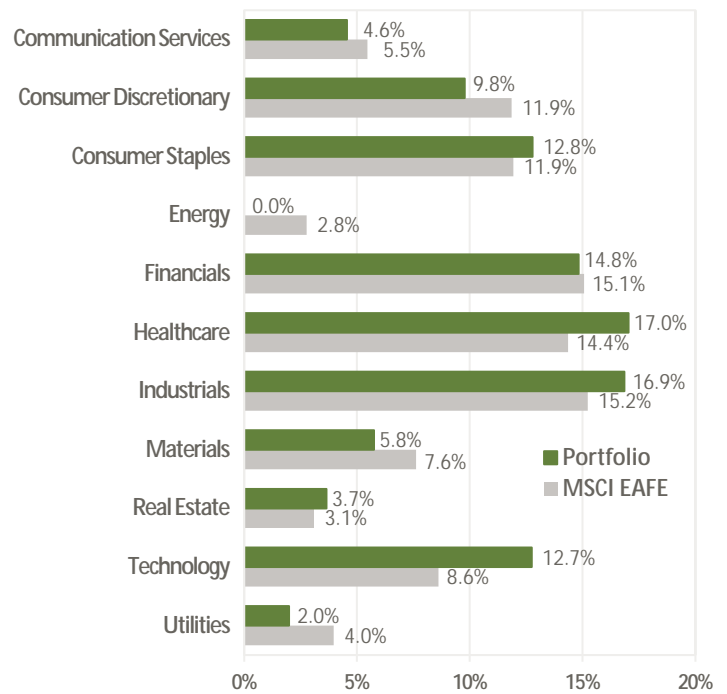
Portfolio Activity

Closed	Sector	% of Port.
PANASONIC CORP	Consumer Discretionary	0.9%
RED ELECTRICA CORP	Utilities	1.4%
Total Closed		2.3%
New	Sector	% of Port.
GRIFOLS SA	Healthcare	1.1%
VALEO SA	Consumer Discretionary	1.0%
Total New		2.1%

Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
VESTAS WIND SYSTEM	2.0%	59.4%	0.82%	Industrials
ALIBABA GROUP HLDG LTD	1.8%	36.3%	0.47%	Consumer Discretionary
KION GROUP	1.5%	39.5%	0.41%	Industrials
TAIWAN SEMICONDUCTOR MFG	1.2%	43.4%	0.37%	Technology
FERGUSON	1.9%	23.6%	0.33%	Industrials
VONOVIA SE	2.6%	15.1%	0.29%	Real Estate
CRODA INTL	1.6%	25.2%	0.28%	Materials
UNILEVER	3.0%	14.7%	0.28%	Consumer Staples
INFINEON TECHNOLOG	1.9%	20.6%	0.27%	Technology
ORSTED A/S	2.0%	19.6%	0.26%	Utilities
			3.79%	
Bottom 10				
KASIKORNBANK PCL	0.9%	-20.8%	-0.25%	Financials
SINGAPORE TELECOMM	1.7%	-9.9%	-0.25%	Communication Services
KAO CORP	2.3%	-5.7%	-0.24%	Consumer Staples
AXA	1.8%	-8.6%	-0.24%	Financials
SHISEIDO CO LTD	1.5%	-9.9%	-0.24%	Consumer Staples
UMICORE	1.5%	-11.0%	-0.24%	Materials
GLAXOSMITHKLINE PLC	1.8%	-6.6%	-0.20%	Healthcare
NIPPON TEL&TEL CP	1.1%	-10.9%	-0.20%	Communication Services
ROCHE HLDGS	3.1%	-0.5%	-0.17%	Healthcare
DS SMITH	1.2%	-6.1%	-0.16%	Materials
			-2.18%	

Sector Allocation



Shareowner Engagement Highlights

We sent letters to nine companies on **addressing racial equity across the value chain**, including board and executive accountability, corporate culture, and reporting. We have already received positive responses from Kroger, Novartis, GSK, and TJX.

Bank Rakyat responded to our Banks and Climate Change survey with updates in key areas, including **green bonds and their improving risk management practices with high carbon sector clients like palm oil producers**. Citigroup and Morgan Stanley joined the Partnership for Carbon Accounting Financials (PCAF).

Boston Common contributed to the development of PCAF's global standards for six assets classes, including listed equities. PCAF is supported by more than 70 financial institutions with close to \$10 trillion in assets.

Taiwan Semiconductor joined RE100, a global initiative that brings together companies committed to 100% renewable electricity.

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