

US Large-Cap Value Strategy Update

Third Quarter, 2020



Portfolio Review

Boston Common's Tax-Exempt US Value Equity account composite rose +9.7% gross of fees, significantly outpacing the Index. Year-to-date, our composite has retraced almost all of the March decline and is now only down -1.5% for 2020, while the Index is still down -11.6%. Portfolio construction and stock selection based on low valuation, improving ESG, and catalysts for re-rating continue to drive our positive relative performance.

This quarter, stock selection in the Industrial, Consumer Discretionary, and Real Estate sectors helped relative performance. Green infrastructure financier Hannon Armstrong was the strongest individual performer; housing-related stocks (sustainable insulation installer TopBuild, home improvement retailer Lowe's, lumber REIT Weyerhaeuser) were also strong. Other significant contributors were utility-scale solar manufacturer First Solar, logistics and package deliverer UPS, diversified retailer Target, and agriculture and construction equipment company Deere. The Financials sector was the largest detractor from performance even though the portfolio remains underweight; Technology holdings had mixed results.

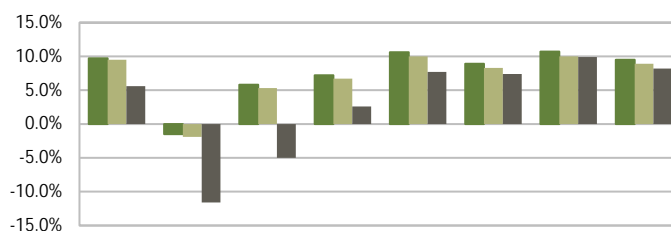
Portfolio Activity

In US Value portfolios, our emphasis is on stock selection and careful portfolio construction. We remain focused on selecting sustainable companies that are attractively valued, with catalysts for re-rating. The potential for re-rating may come from improving fundamentals, trends in the industry structure, corporate restructuring, or rising ESG performance and solutions-driven products. Our portfolio construction is focused on avoiding areas where low valuation is not necessarily "value" -- we are actively managing sector weights to navigate the short term, even as we look to invest in areas of long-term business-model transition led by forward-thinking managements.

The portfolio remains positioned as a "barbell", balancing defensive and cyclical exposure. As the financial markets advanced and the economy recovered, we retained this positioning and there was minimal activity this quarter. Keeping an eye on valuation, we took profits from outperforming names in Healthcare (Danaher, Thermo Fisher) and Consumer Staples (Mondelez). We also added to relatively new portfolio holdings: diversified financial services provider Ameriprise and generic health products company Perrigo.

This quarter we initiated a position in a new holding, Iron Mountain (IRM), a company historically focused on document storage that is successfully redefining its business in the digital age. A Real Estate Investment Trust (REIT), IRM has an attractive yield that we believe is supported by the company's strong cash position. As 96% of Fortune 1000 companies use IRM's storage and ancillary services, the company is well positioned to cross-sell data center exposure as they expand into this area. In addition, IRM is powering its data centers 100% with renewable energy.

Performance



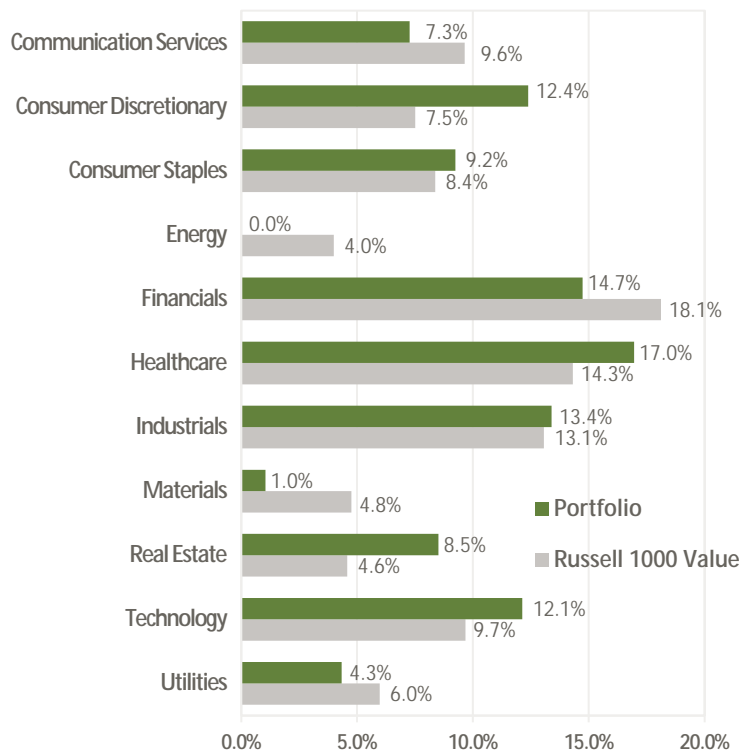
	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	9.7%	-1.5%	5.8%	7.2%	10.6%	8.9%	10.7%	9.5%
Net	9.5%	-1.9%	5.3%	6.7%	10.0%	8.3%	10.0%	8.9%
Russell 1000	5.6%	-11.6%	-5.0%	2.6%	7.7%	7.4%	9.9%	8.2%

Portfolio Characteristics

	Boston Common	Russell 1000 Value
# Holdings	53	823
Valuation	Portfolio	Russell 1000 Value
Price/EPS (NTM)	16.1	17.1
Enterprise Value/EBITDA (NTM)	11.2x	11.7x
Price/Book	2.7	2.1
Price/Sales	2.3	1.9
Dividend Yield	2.3%	2.5%
Growth		
3yr EPS Consensus Growth	4.5%	1.6%
3yr Sales consensus Growth	2.3%	1.4%
Quality		
Beta**	0.90	1.00
LT Debt to Cap.	45.1%	41.4%
Net Debt to EBITDA	2.3x	2.1x
Return on Equity	24.9%	11.9%
Earnings Stability***	20.3%	19.9%
Free Cash Flow Yield	4.8%	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
HANNON ARMSTRONG SUST INFR	2.6%	50.3%	0.92%	Real Estate
FIRST SOLAR INC	2.4%	33.9%	0.71%	Technology
UNITED PARCEL SERVICE INC	1.9%	50.8%	0.67%	Industrials
TARGET CORP	2.4%	31.9%	0.57%	Consumer Discretionary
DEERE & CO	1.6%	41.5%	0.49%	Industrials
TOPBUILD CORP	1.3%	50.0%	0.47%	Consumer Discretionary
PROCTER & GAMBLE CO	4.2%	17.0%	0.44%	Consumer Staples
CUMMINS INC	2.6%	22.6%	0.40%	Industrials
LOWES COS INC	2.2%	23.2%	0.36%	Consumer Discretionary
WEYERHAEUSER CO MTN BE	1.9%	27.0%	0.35%	Real Estate
			5.38%	

Bottom 10

CIENA CORP	1.9%	-26.7%	-0.61%	Technology
GILEAD SCIENCES INC	2.3%	-17.0%	-0.59%	Healthcare
CITIGROUP INC	2.6%	-14.8%	-0.54%	Financials
MICRON TECHNOLOGY INC	2.3%	-8.9%	-0.36%	Technology
PERRIGO CO	1.1%	-17.0%	-0.32%	Healthcare
AT&T INC	2.4%	-4.1%	-0.23%	Communication Services
APPLIED MATLS INC	2.4%	-1.3%	-0.16%	Technology
IRON MTN INC	0.4%	-10.2%	-0.16%	Real Estate
MORGAN STANLEY	3.3%	0.8%	-0.15%	Financials
MOHAWK INDS INC	1.0%	-4.1%	-0.13%	Consumer Discretionary
			-3.25%	

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Portfolio Activity

NEW	Sector	% of Port.
IRON MTN INC COM	Real Estate	1.1%

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.