

Global Impact Equity Strategy Update

First Quarter, 2021

For professional investors only



Portfolio Review

Boston Common's Global Impact strategy rose +2.2% before fees. Following a period of strong performance, the strategy could not keep up with a faster rising MSCI ACWI Index ("the Index") strongly driven by cyclical exposures and reopening beneficiaries. Rising commodity prices, a gradual increase in long-term interest rates, and price momentum reversal pressured several of our eco-efficiency and renewable energy holdings while aiding depressed cyclical value stocks. These market conditions have been challenging for our relative performance.

Stock selection in the Industrials and Technology sectors, specifically among solutions providers advancing the energy transition, was the largest detractor from performance. Danish wind turbine maker Vestas, Japanese air-conditioning firm Daikin, and Norwegian circular economy leader Tomra all declined. Xinyi Solar declined sharply on concerns about peaking solar glass prices, while solar module manufacturer First Solar in the US, machine vision provider Keyence in Japan, and electronic payments firm PagSeguro in Brazil gave up some earlier strong gains. Regionally, Europe ex. UK and Emerging Markets were the primary detractors, weighed down by Danish wind farm operator Orsted, Irish flavors & organic ingredient specialist Kerry Group, and Chinese Electric Vehicle maker BYD, in addition to previously mentioned names.

The Consumer Discretionary sector was the top contributor to relative performance led by sustainable housing leaders: US builder KB Home, flooring tiles maker Mohawk, insulation specialist TopBuild, and British developer Barratt. Stock selection in Healthcare also contributed positively, as Chinese herbal medicine leader China TCM rallied upon reports that its parent would take the company private, and US analytical instrument maker Waters continued to gain momentum. Materials holdings also helped, notably recent purchase Borregaard, a Norwegian chemical company specializing in petrochemical alternatives. On a regional basis, the US contributed positively to relative performance, aided by semiconductor equipment manufacturer Applied Materials and efficient engine producer Cummins, along with above-mentioned holdings.

Portfolio Activity

After a long period of outperformance, we sold Japanese machine vision manufacturer Keyence, as we believed there was hardly any further re-rating potential for this high-quality eco-efficient, yet expensive (50x P/E) stock. We used the proceeds to buy US-based Sprouts Farmers Market. We see this grocery retail chain as a solutions name in the Health & Nutrition impact category, as it offers mostly fresh and natural foods ("Health & Value") to support consumer demand for healthier eating and lifestyles. Almost a third of Americans are diabetic or pre-diabetic, and Sprouts encourages lower sugar content products. What really distinguishes SFM in our view is its sourcing from local farms, ensuring that food does not travel too far before reaching the company shelves. Sprouts offers

an extensive produce and bulk section that encourages consumers to purchase fresh or unpackaged options and minimize plastic waste from packaging. While historically SFM has traded at a large premium to its peers, recent weakness in the Consumer Staples sector provided a long-awaited entry opportunity. Late last year we identified that SFM was already showing early signs of a turnaround under new management with a more focused strategy.

Performance



	QTD	YTD	1Yr	Since Inception*
Gross	1.9%	1.9%	63.7%	16.1%
Net	1.7%	1.7%	62.8%	15.5%
MSCI ACWI	4.6%	4.6%	54.6%	12.5%

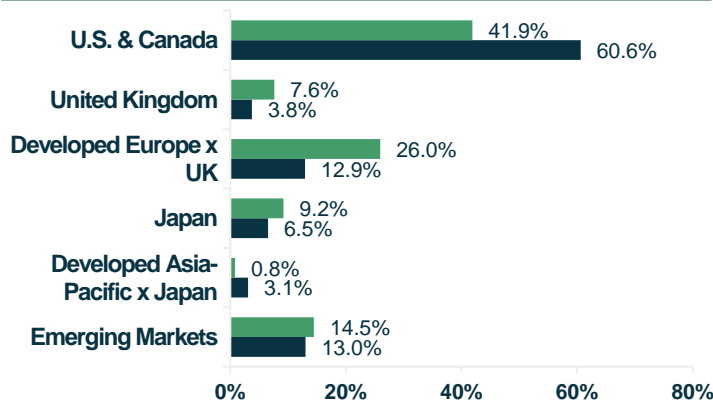
Annual Returns

	2021	2020	2019	2018
Gross	1.9%	25.8%	27.8%	-11.3%
Net	1.7%	25.0%	27.1%	-11.4%
MSCI ACWI	4.6%	16.3%	26.6%	-12.8%

Portfolio Characteristics

	Boston Common	MSCI ACWI
# Holdings	52	2,978
Valuation		
Price/EPS (NTM)	19.9	19.5
Enterprise Value/EBITDA (NTM)	13.2	13.2
Price/Book	3.2	3.1
Price/Sales	2.4	2.4
Dividend Yield	1.1%	1.6%
Growth		
3yr EPS Consensus Growth	9.4%	10.5%
3yr Sales Growth	7.1%	5.4%
Quality		
Beta**	0.91	1.00
LT Debt to Cap.	32.4%	35.8%
Net Debt to EBITDA	2.1	1.1
Return on Equity	8.7%	15.5%
Earnings Variability***	20.3%	23.7%
Free Cash Flow Yield	4.1%	4.3%

Regional Allocation



Portfolio Activity

Closed	Sector	% of Port.
KEYENCE CORP	Technology	1.1%
Total Closed		1.1%

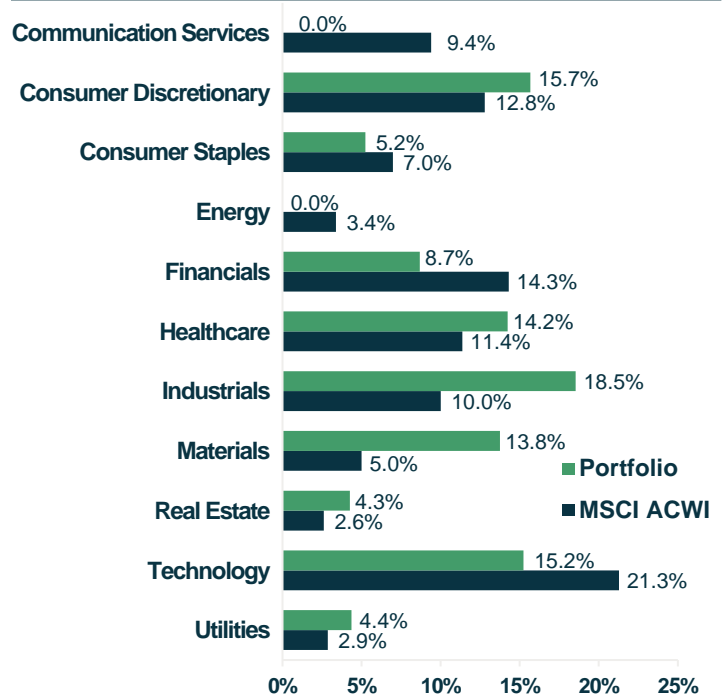
New	Sector	% of Port.
SPROUTS FMRS MKT INC COM	Consumer Staples	1.7%
Total New		1.7%

Contributors & Detractors

Top 10	% of Capital	Relative Return	Contrib. Sector
KB HOME	2.5%	39.3%	0.72% Consumer Discretionary
APPLIED MATLS INC	1.8%	57.3%	0.68% Technology
MOHAWK INDS INC	2.3%	36.3%	0.62% Consumer Discretionary
BORREGAARD ASA SHS	2.4%	30.8%	0.54% Materials
CHINA TRAD CHINESE	2.1%	26.0%	0.40% Healthcare
TOPBUILD CORP	2.7%	13.5%	0.22% Consumer Discretionary
WATERS CORP	2.0%	15.1%	0.20% Healthcare
CARRIER GLOBAL CORPORATION	2.6%	11.7%	0.20% Industrials
BARRATT DEVEL	2.2%	12.7%	0.19% Consumer Discretionary
CUMMINS INC	1.8%	15.1%	0.18% Industrials
		3.94%	

Bottom 10	% of Capital	Relative Return	Contrib. Sector
XINYI SOLAR HOLDINGS LTD	2.6%	-36.6%	-1.26% Technology
PAGSEGURO DIGITAL LTD	2.0%	-18.7%	-0.47% Technology
VESTAS WIND SYSTEM	2.3%	-13.7%	-0.46% Industrials
HANNON ARMSTRONG SUST INFR	2.7%	-11.5%	-0.43% Real Estate
ORSTED A/S	1.8%	-20.5%	-0.39% Utilities
TOMRA SYS A / S	2.1%	-12.0%	-0.37% Industrials
KERRY GROUP	1.9%	-13.4%	-0.37% Consumer Staples
FIRST SOLAR INC	2.0%	-11.8%	-0.34% Technology
BYD COMPANY LTD	1.5%	-18.4%	-0.33% Consumer Discretionary
HOYA CORP	1.3%	-14.5%	-0.29% Healthcare
		-4.70%	

Sector Allocation



Shareowner Engagement Highlights

Corporate Political & Lobbying Practices

We asked several US portfolio holdings to stop political donations to representatives who opposed the election results and to close their corporate Political Action Committees.

Human Rights in the Xinjiang Uyghur Autonomous Region

We joined the Investor Alliance on Human Rights (IAHR) in leading outreach to apparel and technology companies on addressing human rights abuses in the region.

We came to agreements with half of the companies we filed shareholder proposals with, withdrawing from the companies below:

- ✓ [Citigroup committed to net-zero GHG emissions by 2050](#) and joined PCAF
- ✓ 3M enhanced its **lobbying disclosure**
- ✓ Gilead & Regeneron increased **COVID therapeutics access strategies disclosures**
- ✓ Booking.com improved its **climate-related disclosures**
- ✓ Advanced Auto Parts committed to joining the [Science-Based Targets Initiative](#)

Source: Internal Portfolio Data. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal.

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