

International Catholic Update

First Quarter, 2021

For professional investors only



Portfolio Review

The Boston Common Catholic International strategy returned +0.5% before fees, underperforming the MSCI EAFE Index (“the Index”). Rising commodity prices and an increase in long-term interest rates pressured some of our high-quality growth holdings and aided depressed cyclical value stocks, more heavily weighted in the Index. These market conditions have been challenging for our relative performance.

Stock selection in the Technology sector was the largest detractor from performance. Xinyi Solar declined sharply on concerns about peaking solar glass prices. Japanese electronic component supplier TDK and machine vision provider Keyence also sold off. Stock selection in Consumer Discretionary, especially autos, was the next major detractor. Our auto parts holding Valeo declined while the auto companies in the Index rallied. Adidas faced pressure in China related to its supply chain policy on human rights and underperformed its peers. Consumer Staples was also a drag, as household and personal care companies Kao and Unilever and food ingredient producer Kerry faced headwinds from investors’ shifting sentiment. Japan, including specialty lens manufacturer Hoya, was the largest regional detractor. Additional detractors included European wind energy holdings Orsted and Vestas and German affordable housing owner Vonovia.

Stock selection in the Financials sector was the top contributor to returns. Dutch bank ING and French insurer AXA benefited from rising interest rates and the style rotation. Japanese diversified financial provider Orix was also strong. Stock selection in Healthcare was also positive, led by European medical device holdings Alcon (eye care) and Sonova (hearing aids) in Switzerland as well as Dutch imaging and consumer health conglomerate Philips. Industrial holdings accounted for three of the top ten individual contributors. Swedish entrance systems producer Assa Abloy and compressor manufacturer Atlas Copco gained with the improving cyclical outlook, while German warehouse equipment provider Kion was also strong. Additional key contributors included European semiconductor company ASML, UK housing developer Barratt, and South African internet holding company Naspers.

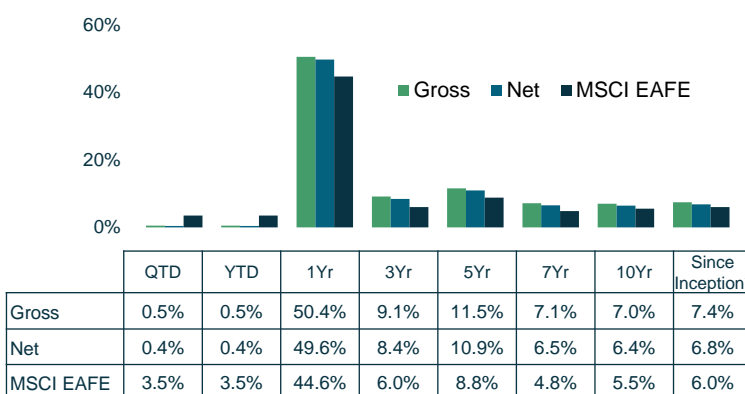
Portfolio Activity

Among our transactions this quarter we purchased Oversea-Chinese Banking Corporation (OCBC), a high-quality Singaporean bank with exposure to emerging Asia. Singapore’s banking market is attractive based on the country’s political and legal stability and position as an Asian trading hub levered to an improving global economy. OCBC has strong wealth management and life insurance franchises that complement its business and household lending operations. The bank has demonstrated prudent credit underwriting, including attention to environmental impact, and supports micro and small businesses in underserved markets, especially in Indonesia and Malaysia. OCBC is trading at just over 1x book value with a dividend yield over 4% at a suppressed payout rate..

We also bought Volvo, the world’s third-largest truck manufacturer and a top ten construction equipment producer. The company is poised to benefit from the economic recovery as well as global infrastructure development. With over five years of experience selling electric buses and last year’s launch of its electric truck line, Volvo is effectively managing the transition away from internal combustion engines. Volvo has improved its profitability and strengthened its balance sheet, and its valuation looks attractive at 14.5x earnings.

During the quarter we sold two technology holdings, ASML and Keyence, after a long period of outperformance. In both cases, we believe price to earnings ratios of about 50x appear excessive relative to the companies’ leadership in the fundamentally attractive semiconductor equipment and machine vision industries. We also exited our position in Japanese personal care company Unicharm.

Performance

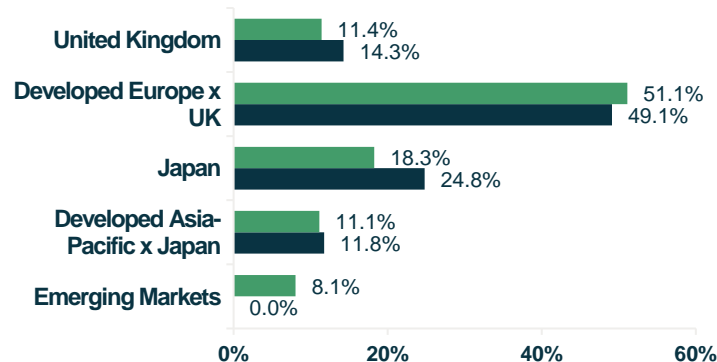


Portfolio Characteristics

	Boston Common	MSCI EAFE
# Holdings	61	876
Valuation		
Price/EPS (NTM)	19.3	17.8
Enterprise Value/EBITDA (NTM)	12.7	11.5
Price/Book	2.4	2.1
Price/Sales	1.9	1.7
Dividend Yield	1.7%	2.1%
Growth		
3yr EPS Consensus Growth	10.1%	7.5%
3yr Sales Growth	4.9%	3.5%
Quality		
Beta**	0.92	1.00
LT Debt to Cap.	30.8%	32.1%
Net Debt to EBITDA	1.7	1.7
Return on Equity	12.8%	12.8%
Earnings Variability***	20.5%	26.0%
Free Cash Flow Yield	4.3%	5.4%

Source: Internal Portfolio Data. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal
 *Since Inception: March 31, 2010 **The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio’s strategy, ***Variability 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



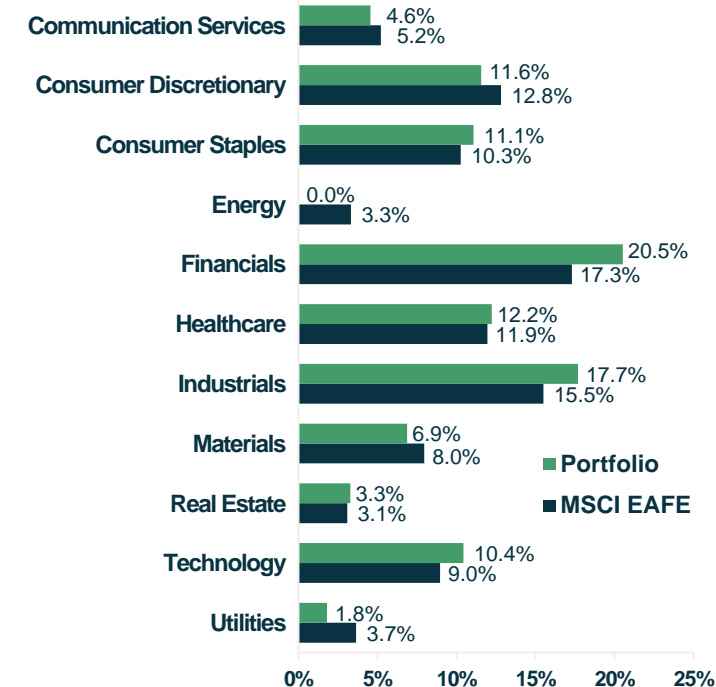
Portfolio Activity

Closed	Sector	% of Port.
ASML HOLDING NV	Technology	1.2%
KEYENCE CORP	Technology	1.2%
UNICHARM CORP	Consumer Staples	1.1%
Total Closed		3.6%
New	Sector	% of Port.
OVERSEA-CHINESE BANKING CORP	Financials	1.6%
VOLVO AB	Industrials	1.2%
Total New		2.7%

Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
ING GROEP N.V.	3.0%	32.2%	0.79%	Financials
AXA	2.8%	12.0%	0.26%	Financials
ORIX CORP	2.6%	12.6%	0.21%	Financials
ASSA ABLOY	1.5%	16.9%	0.20%	Industrials
ASML HOLDING	0.7%	19.8%	0.18%	Technology
ATLAS COPCO AB	1.6%	16.3%	0.18%	Industrials
BARRATT DEVEL	2.0%	12.7%	0.17%	Consumer Discretionary
KION GROUP	1.5%	13.1%	0.16%	Industrials
NASPERS	1.4%	16.2%	0.16%	Consumer Discretionary
DEUTSCHE TELEKOM	1.9%	10.3%	0.14%	Communication Services
			2.44%	
Bottom 10				
XINYI SOLAR HOLDINGS LTD	1.6%	-38.1%	-0.70%	Technology
ORSTED A/S	1.7%	-20.3%	-0.39%	Utilities
HOYA CORP	1.8%	-14.9%	-0.36%	Healthcare
VESTAS WIND SYSTEM	1.9%	-13.1%	-0.33%	Industrials
KAO CORP	1.7%	-14.4%	-0.33%	Consumer Staples
ADIDAS	1.6%	-14.4%	-0.33%	Consumer Discretionary
KERRY GROUP	1.8%	-13.5%	-0.33%	Consumer Staples
TDK CORP	2.5%	-7.3%	-0.29%	Technology
VALEO SA	1.5%	-13.5%	-0.27%	Consumer Discretionary
VONOVIA SE	1.7%	-10.5%	-0.27%	Real Estate
			-3.60%	

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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