

US Large-Cap Value Strategy Update

First Quarter, 2021

For professional investors only



Portfolio Review

Boston Common's Tax-Exempt US Value Equity account composite returned +10.5%, gross of fees for the first quarter, lagging the Russell 1000 Index ("the Index") modestly in a period of strong cyclical performance. Our lack of exposure to the conventional Energy sector challenged relative returns this quarter. However, stock selection and portfolio construction continue to provide positive relative performance and, on a trailing twelve month basis, the composite (+64.8%) remains comfortably ahead of the Index (+56.1%).

Stock selection in the Technology and Materials sectors contributed positively, buoyed by semiconductor equipment manufacturer Applied Materials and steel maker Steel Dynamics, respectively. Housing beneficiaries KB Home and Mohawk and bank holdings Citigroup, Fifth Third Bank, PNC Financial, and US Bancorp were also strong. Financial services provider Ameriprise and agricultural equipment manufacturer Deere also provided robust results.

As investors looked towards economic normalization, companies that were crucial during the Pandemic-induced shutdown, like UPS, P&G, and Colgate-Palmolive, lagged. Healthcare names like pharmaceutical company Merck and medical information company Cerner declined. After stellar performances in 2020, renewables financier Hannon Armstrong and utility-scale solar module manufacturer First Solar pulled back a little this quarter.

Portfolio Activity

We made several changes to the portfolio as we gained more clarity on the economic and vaccination trajectory. We increased exposure to sustainable investment spending by adding to eco-efficiency leaders in the Materials (Steel Dynamics) and Industrials (Carrier) sectors. We reduced exposure to asset gatherers and increased exposure to more economically sensitive bank holdings (Fifth Third Bank) and credit card companies (American Express).

We initiated new positions in cyclical names, Valmont Industries and Magna International. Valmont is a beneficiary of anticipated infrastructure spending on roads and ongoing investments by Utility companies to update the transmission electricity grid as increased renewables come on-stream. Valmont is particularly strong in addressing water conservation with its efficient irrigation products. Magna International is the 3rd largest auto components supplier globally. Its powertrain technology can easily be transitioned to EVs and ongoing work to reduce vehicle weight and driver assisted electronics positions Magna well to continue to supply its diverse customer base of global auto manufacturers.

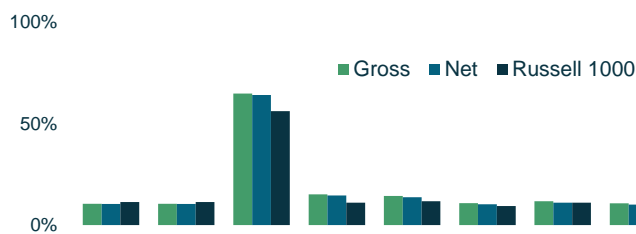
We also initiated positions in two appealing niche companies, Sprouts Farmers Markets and biotech company Regeneron. Sprouts Farmers Market is a healthy grocer alternative to the more traditional food retailers. Recent weakness in sales is being addressed with an updated strategy that includes smaller stores and a refocus on their loyal customer base. Regeneron, after

reaching new heights during the pandemic, has retraced much of the enthusiasm created by its COVID therapeutic solutions. It has strong R&D-driven opportunities and now trades at attractive valuation levels.

To fund these new positions, we sold out of confectioner Mondelez and biotech Gilead. We scaled back our overweight to Technology by trimming Applied Materials and Micron Technologies. We sold out of utility company Avangrid as its pending acquisition of New Mexico-based PNM resources presented ESG challenges.

Our equity portfolios have a more modest "barbell" of economically-sensitive and defensive names, and we have reduced exposure to "bond-proxy" sectors. In Balanced accounts, Fixed Income is focused toward shorter duration bonds.

Performance



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	10.5%	10.5%	64.8%	15.1%	14.3%	10.8%	11.7%	10.7%
Net	10.4%	10.4%	64.1%	14.6%	13.7%	10.2%	11.0%	10.1%
Russell 1000	11.3%	11.3%	56.1%	11.0%	11.7%	9.4%	11.0%	9.5%

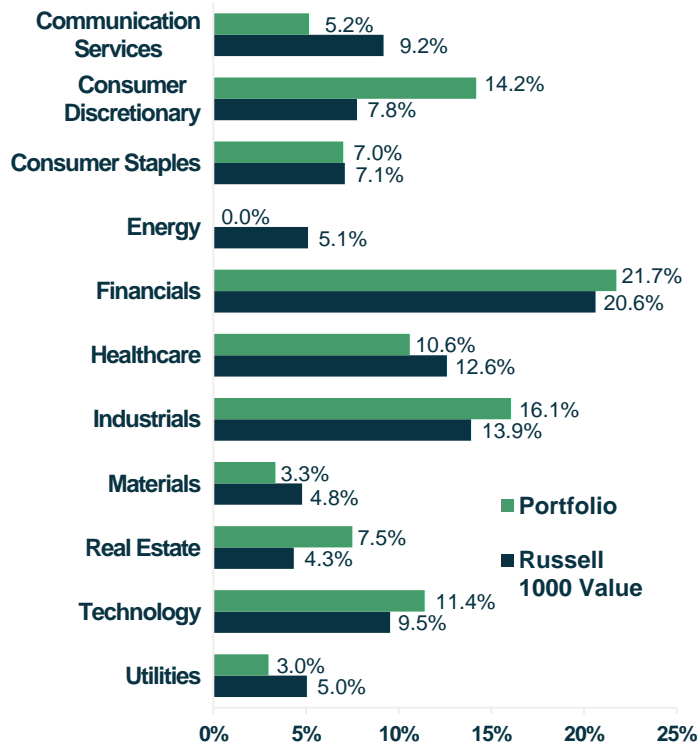
Portfolio Characteristics

	Boston Common	Russell 1000 Value
# Holdings	54	835
Valuation	Portfolio	Russell 1000 Value
Price/EPS (NTM)	16.6	18.3
Enterprise Value/EBITDA (NTM)	11.8	12.5
Price/Book	3.4	2.6
Price/Sales	2.6	2.4
Dividend Yield	1.7%	1.8%
Growth		
3yr EPS Consensus Growth	8.1%	10.1%
3yr Sales consensus Growth	5.7%	5.4%
Quality		
Beta**	0.90	1.00
LT Debt to Cap.	44.6%	40.6%
Net Debt to EBITDA	1.7	2.5
Return on Equity	8.0%	14.1%
Earnings Variability***	21.3%	23.0%
Free Cash Flow Yield	6.13%	4.58%

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

*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, ***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

Sector Allocation



Contributors & Detractors

Top 10	% of Capital	% of Return	Relative Contrib.	Sector
APPLIED MATLS INC	2.9%	55.3%	1.02%	Technology
DEERE & CO	2.2%	39.4%	0.52%	Industrials
STEEL DYNAMICS INC	2.0%	35.4%	0.44%	Materials
MOHAWK INDS INC	1.5%	36.4%	0.33%	Consumer Discretionary
CITIGROUP INC	3.9%	19.0%	0.29%	Financials
KB HOME	1.2%	39.3%	0.27%	Consumer Discretionary
FIFTH THIRD BANCORP	1.8%	26.5%	0.26%	Financials
PNC FINL SVCS GROUP INC	3.5%	18.6%	0.24%	Financials
IRON MTN INC	1.6%	27.7%	0.22%	Real Estate
AMERIPRISE FINANCIAL INC	2.8%	20.2%	0.22%	Financials
			3.81%	
Bottom 10				
HANNON ARMSTRONG SUST	2.1%	-11.6%	-0.50%	Real Estate
MERCK & CO. INC	2.8%	-4.9%	-0.48%	Healthcare
FIRST SOLAR INC	1.4%	-12.1%	-0.34%	Technology
CERNER CORP	1.7%	-8.6%	-0.33%	Healthcare
TJX COS INC	1.8%	-3.3%	-0.31%	Consumer Discretionary
VERIZON COMMUNICATIONS	2.5%	0.0%	-0.29%	Communication Services
COLGATE PALMOLIVE CO	1.4%	-7.3%	-0.29%	Consumer Staples
PROCTER & GAMBLE CO	1.8%	-2.1%	-0.25%	Consumer Staples
FIDELITY NATL INFO SVC	1.5%	-0.8%	-0.19%	Technology
UNITED PARCEL SERVICE	1.7%	1.6%	-0.17%	Industrials
			-3.15%	

Portfolio Activity

Closed	Sector	% of Port.
AVANGRID INC COM	Utilities	0.8%
CARLISLE COS INC COM	Industrials	1.2%
GILEAD SCIENCES INC COM	Healthcare	1.7%
MONDELEZ INTL INC CL A	Consumer Staples	1.3%
NORTHERN TR CORP COM	Financials	1.8%
Total Closed		6.8%
New	Sector	% of Port.
AMERICAN EXPRESS CO COM	Financials	1.0%
FIFTH THIRD BANCORP COM	Financials	2.3%
MAGNA INTL INC CL A	Consumer Discretionary	1.0%
REGENERON PHARMACEUTICALS	Healthcare	1.5%
SPROUTS FMRS MKT INC COM	Consumer Staples	1.0%
VALMONT INDS INC COM	Industrials	1.0%
Total New		7.7%

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 disclosures**
- ✓ 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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