

# All Country International Strategy Update



## Second Quarter, 2021

For professional investors only

### Portfolio Activity

Among our transactions this quarter we purchased Mirvac Group, a diversified Australian real estate company. Sydney and Melbourne office properties account for the largest portion of the company's asset value. While work-from-home is a structural headwind for office demand, Mirvac focuses on prime energy-efficient buildings that should continue to support high occupancy rates. Certified green buildings account for 43% of Mirvac's portfolio, almost double the industry average. Mirvac's retail business should recover post-pandemic, and its affordable residential property developments are leveraged to surging house prices.

During the quarter we sold Japanese telecom firm NTT, as the company is facing increased regulatory pressure and competition in the Japanese mobile market. Also, we have a full position in South Korean telecom provider, SK Telecom, where we see better prospects. SK Telecom is improving its governance practices and is undergoing corporate restructuring to unlock value.

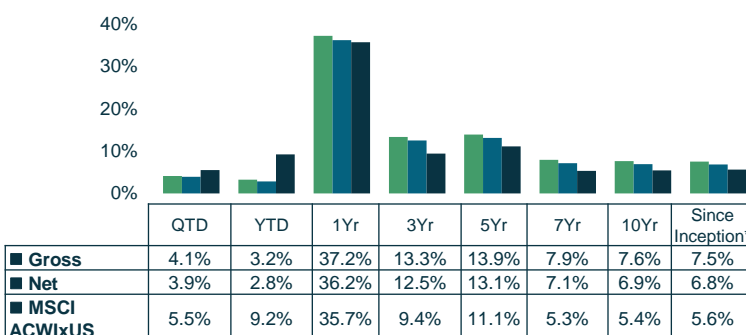
### Portfolio Review

A composite of accounts invested in the Boston Common All Country International Equity strategy rose +4.1% before fees, underperforming the MSCI ACWIxUS Index ("the Index"). Stock selection in the Financials sector was the largest detractor from performance. Our EM Financials, Ping An in China, HDFC Bank in India, Bank Rakyat in Indonesia, and Kasikornbank in Thailand, accounted for four of the top ten detractors. Ping An delivered weak earnings as restructuring of its agencies hurt short-term profitability but should result in more sustainable growth for the future. The appalling COVID situation pressured HDFC Bank and Bank Rakyat, while the decline in tourism continued to impact Kasikornbank. Stock selection in the Consumer Discretionary sector was also a major detractor. French auto parts manufacturer Valeo declined on concerns about its electric vehicle (EV) powertrain business. South African holding company Naspers sold off with regulatory pressure on its most valuable asset, Chinese ecommerce giant Tencent. UK housing developer Barratt gave back some of its recent gains. Industrials also hurt results with poor stock selection. Danish wind-turbine maker Vestas, Japanese air-conditioning supplier Daikin, and Chinese trucking firm Weichai Power had poor results. Regionally, Emerging Markets was the top detractor, driven by the Financials and other stocks mentioned above. Other key detractors included Danish wind farm developer Orsted and semiconductor companies, Infineon in Germany and SK Hynix in Korea.

Strong stock selection in the Healthcare sector was the top contributor to second quarter returns. Dechra, a UK-based companion animal pharmaceutical producer, has benefited from greater demand for and attention to pets during the pandemic. European drug companies Novo Nordisk and Roche have done well thanks to successful research and development. In Japan, Hoya reported earnings above expectations as its medical products complement its

technology division. The Materials sector also boosted performance. Belgian metal recycler and EV cathode producer Umicore reported a robust earnings outlook. British natural ingredient supplier Croda rallied after announcing its intention to sell its industrial chemical business. Good stock selection in the UK and Japan helped from a geographic perspective. Chinese firms Xinyi Solar and BYD were our top performers. Xinyi rallied as solar glass pricing outlook stabilized while new models and strong EV volumes in China helped BYD. Additional top contributors include British building products distributor Ferguson, German enterprise software company SAP, and Brazil's Itau Unibanco.

### Performance



### Annual Returns

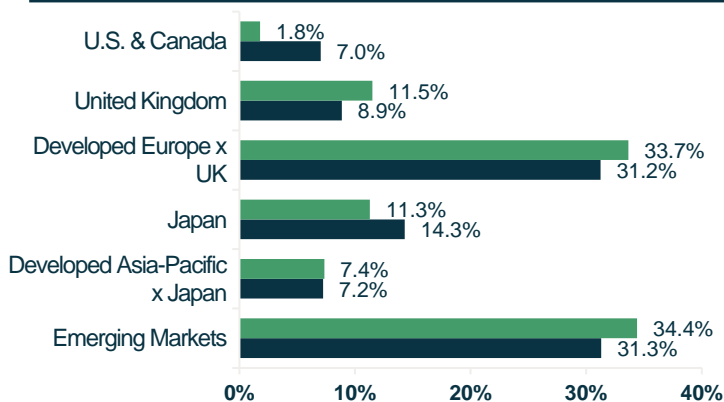
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross	3.2%	26.3%	25.4%	-12.3%	31.5%	1.0%	-4.7%	-1.8%	17.5%	17.6%
Net	2.8%	25.4%	24.5%	-13.0%	30.5%	0.1%	-5.4%	-2.5%	16.7%	16.9%
MSCI ACWIxUS	9.2%	10.7%	21.5%	-14.2%	27.2%	4.5%	-5.7%	-3.9%	15.3%	16.8%

### Portfolio Characteristics

	Boston Common	MSCI ACWIxUS
# Holdings	62	2,347
<b>Valuation</b>		
Price/EPS (NTM)	17.2	16.0
Enterprise Value/EBITDA (NTM)	11.4	9.5
Price/Book	2.4	2.3
Price/Sales	2.1	1.8
Dividend Yield	1.6%	2.0%
<b>Growth</b>		
3yr EPS Consensus Growth	14.3%	2.6%
3yr Sales consensus Growth	7.3%	5.9%
<b>Quality</b>		
Beta**	1.04	1.00
LT Debt to Cap.	27.8%	28.3%
Net Debt to EBITDA	2.6	1.5
Return on Equity	12.9%	12.9%
Earnings Variability***	21.3%	27.5%
Free Cash Flow Yield	3.5%	5.0%

Source: APX Advent Portfolio Exchange. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal  
 \*Since Inception: December 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



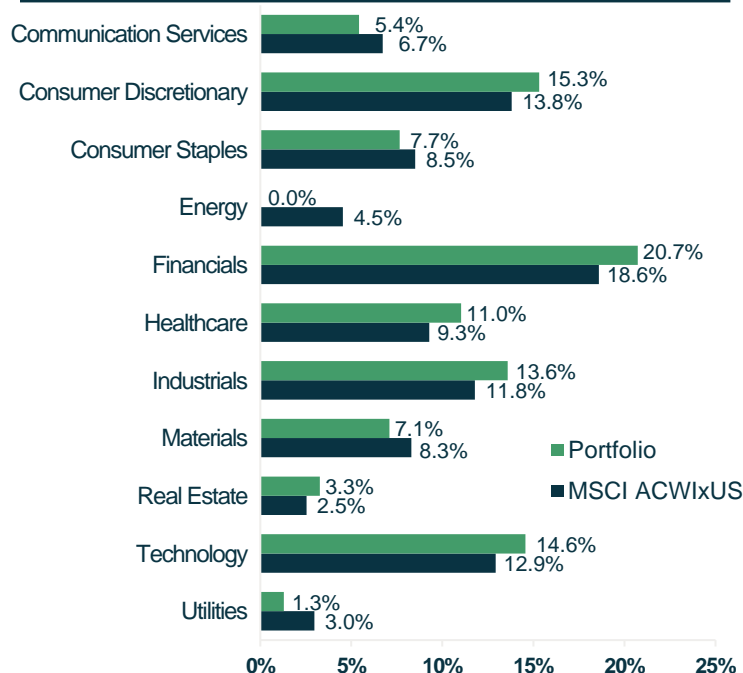
## Portfolio Activity

Closed	Sector	% of Port.
NIPPON TEL&TEL CP	Communication Services	1.3%
Total Closed		1.3%
New	Sector	% of Port.
MIRVAC GROUP	Real Estate	1.0%
Total New		1.0%

## Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
XINYI SOLAR HOLDINGS LTD	1.6%	32.9%	0.42%	Technology
BYD COMPANY LTD	1.1%	41.1%	0.36%	Consumer Discretionary
ADIDAS	1.9%	20.1%	0.25%	Consumer Discretionary
SAP SE	2.5%	16.3%	0.23%	Technology
DECHRA PHARMA	1.2%	27.6%	0.22%	Healthcare
ROCHE HLDGS	2.1%	16.2%	0.21%	Healthcare
NOVO NORDISK A/S	1.2%	23.4%	0.20%	Healthcare
ITAU UNIBANCO HLDG SA	1.3%	21.8%	0.19%	Financials
UMICORE	1.8%	15.7%	0.16%	Materials
FERGUSON	1.6%	16.1%	0.15%	Industrials
			<b>2.38%</b>	
Bottom 10				
PING AN INSURANCE	1.9%	-16.3%	-0.44%	Financials
NASPERS	2.0%	-12.2%	-0.38%	Consumer Discretionary
KASIKORNBANK PCL	1.2%	-19.6%	-0.33%	Financials
HDFC BANK LTD	2.1%	-5.9%	-0.25%	Financials
BANK RAKYAT INDONESIA	1.7%	-8.6%	-0.25%	Financials
ORSTED A/S	1.2%	-13.3%	-0.24%	Utilities
INFINEON TECHNOLOG	1.7%	-5.7%	-0.23%	Technology
VALEO SA	1.0%	-11.5%	-0.23%	Consumer Discretionary
SK HYNIX INC	2.1%	-3.5%	-0.22%	Technology
VESTAS WIND SYSTEM	1.9%	-4.7%	-0.21%	Industrials
			<b>-2.77%</b>	

## Sector Allocation



## Shareowner Engagement Highlights

We released our [Fifth annual Impact Report](#), “Delivering Equitable, Ethical, and Environmental Returns” representing the impact of our ESG engagement efforts in 2020.

- Fifth Third Bank announced it joined the Partnership for Carbon Accounting Financials (PCAF) a key ask of our long-term engagement.
- Regeneron enhanced its disclosure around pricing decisions on its COVID-19 antibody cocktail.
- We are engaging holdings that manufacture refrigeration and air conditioning appliances to advocate adoption of alternatives to hydrofluorocarbon (HFC) refrigerants, increased refrigerant efficiency, and proper end-of-life disposal of refrigerants.
- Boston Common and Mercy Investment Services sent an investor letter to AT&T regarding CNN and anti-Native bias and recommended steps CNN can take to improve programming, staffing, and contributions related to Native Americans.

## Strategy Vehicle Options

Separate Account, Commingled Fund, Model/ADR, Mutual Fund\*\*

\*\*Subadvised by Boston Common

**Source: APX Advent Portfolio Exchange. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal.** The information in this document should not be considered a recommendation to buy or sell any security. There is no assurance that any securities we discuss will remain in a strategy at the time you receive this document. The securities discussed do not represent a strategy's entire portfolio and may represent only a small portion of a strategy's holdings. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. A different company is selected each quarter to be featured in our Company Spotlight. The company is chosen based on any potential updates to our investment thesis and/or ESG case. Composite returns are presented in U.S. dollars, net of transaction costs, management fees and withholding taxes, with interest and dividends accrued. Returns for periods greater than one year are annualized. This product invests in foreign securities, which are subject to special currency, political and economic risks. The MSCI ACWI ex. U.S. Index is a free-float adjusted, market capitalization weighted index of the largest publicly traded companies listed on the exchanges of developed and emerging market countries around the world, excluding U.S.-based companies. The index is unmanaged and does not incur management fees, transaction costs, or other expenses associated with separately managed accounts. The composition of our composite is different from the composition of these indices because of differences in sector and industry exposure, risk, volatility and holdings. Boston Common claims compliance with Global Investment Performance Standards (GIPS®). For a full listing of Boston Common's composites and to request a GIPS® Compliant presentation, please call the Compliance department at 617-720-5557.

