

# 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.

We also purchased SK Telecom, the leading mobile service provider in South Korea. The company's wireless business is stable with expansion opportunities in 5G and broadband. SK Telecom is improving its corporate governance practices. Its corporate restructuring plan should unlock value by listing its portfolio of leading public and private technology companies, most notably memory chip leader SK Hynix.

During the quarter we sold two telecom companies, SingTel and NTT. SingTel has been unresponsive to shareholders regarding its holding company structure that undervalues important Asian affiliates. NTT is facing increased regulatory pressure and competition in the Japanese mobile market.

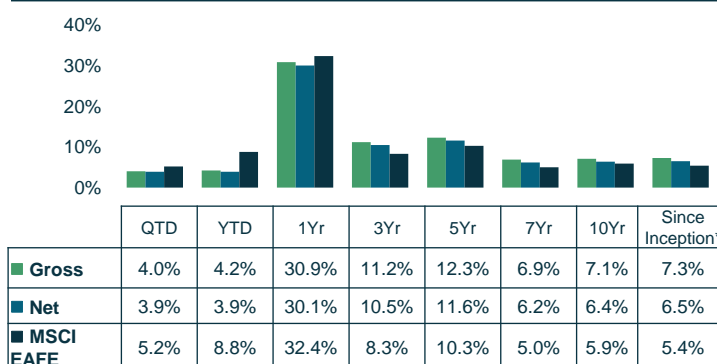
### Portfolio Review

In the second quarter, a composite of Boston Common's International portfolios returned +4.0% before fees, underperforming the MSCI EAFE Index ("the Index"). Stock selection in the Consumer Discretionary sector was the largest detractor from performance. 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. Consumer Staples also hurt results, driven by adverse stock selection. Lower expectations weighed on our Japanese holdings, household and personal care producer Kao and convenience store operator Sundrug, and we lacked exposure to the strong Beverage producers and Food Retailers in the Index. Emerging Market banks caused relative underperformance in the Financials sector. The appalling COVID situation pressured HDFC Bank in India and Bank Rakyat in Indonesia. Europe excluding the UK accounted for our regional underperformance with key detractors: Dutch healthcare equipment manufacturer Philips, Danish wind farm developer Orsted, and German semiconductor company Infineon.

Strong stock selection in the Materials sector was the top contributor to second quarter returns. 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. Healthcare also boosted performance. 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. Good stock selection in the UK and our underweight of underperforming Japan helped from a geographic perspective. Chinese solar glass producer Xinyi Solar was our top performer as investors gained confidence in the industry's supply and demand outlook. Additional top contributors include British industrial companies Spirax-Sarco, a leader in energy and water efficiency equipment, and Ferguson, a building products distributor, as well as German enterprise software company SAP.

### Performance



### Annual Returns

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Gross</b>	4.2%	19.6%	25.2%	-12.9%	27.5%	0.3%	-1.0%	-5.3%	23.2%	15.2%
<b>Net</b>	3.9%	18.8%	24.4%	-13.5%	26.6%	-0.5%	-1.7%	-5.9%	22.3%	14.3%
<b>MSCI EAFE</b>	8.8%	7.8%	22.0%	-13.8%	25.0%	1.0%	-0.8%	-4.9%	22.8%	17.3%

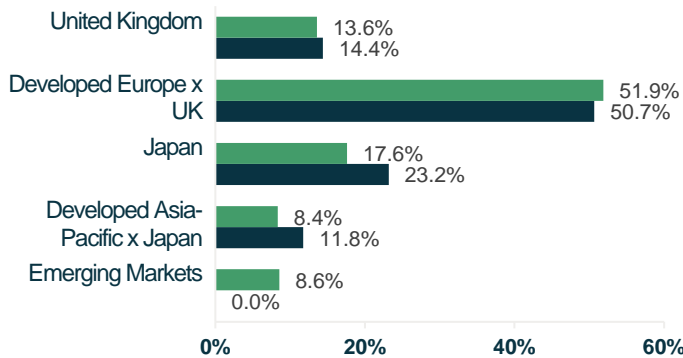
### Portfolio Characteristics

	Boston Common	MSCI EAFE
<b># Holdings</b>	58	845
<b>Valuation</b>		
Price/EPS (NTM)	19.1	17.0
Enterprise Value/EBITDA (NTM)	12.8	11.2
Price/Book	2.4	2.1
Price/Sales	2.1	1.8
Dividend Yield	1.6%	2.1%
<b>Growth</b>		
3yr EPS Consensus Growth	13.0%	9.4%
3yr Sales Growth	5.8%	4.9%
<b>Quality</b>		
Beta**	0.92	1.00
LT Debt to Cap	31.1%	32.3%
Net Debt to EBITDA	1.9	1.9
Return on Equity	12.2%	14.2%
Earnings Variability***	18.1%	24.9%
Free Cash Flow Yield	4.0%	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, 2004 \*\*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



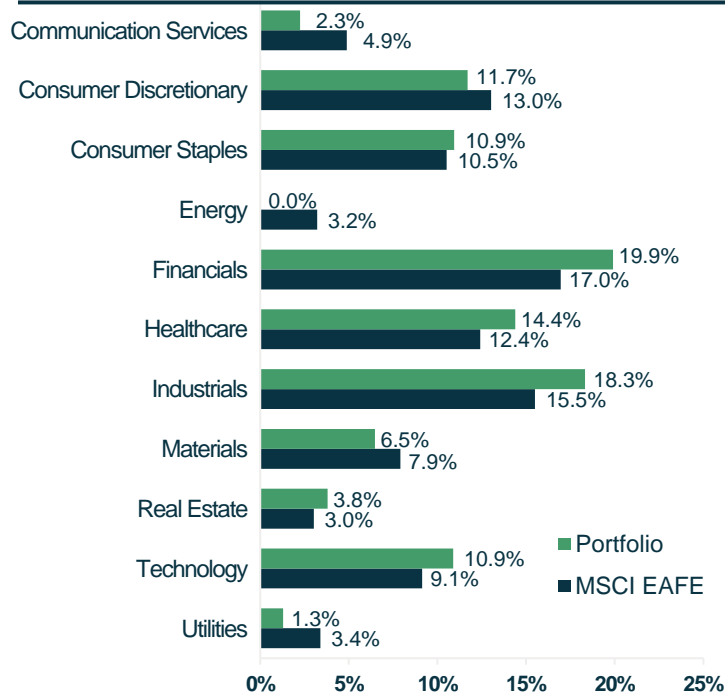
## Portfolio Activity

Closed	Sector	% of Port.
NIPPON TEL&TEL CP	Communication Services	1.3%
SINGAPORE TELECOMM	Communication Services	1.5%
<b>Total Closed</b>		<b>2.8%</b>
New	Sector	% of Port.
MIRVAC GROUP	Real Estate	1.0%
SK TELECOM LTD	Communication Services	0.5%
<b>Total New</b>		<b>1.6%</b>

## Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
XINYI SOLAR HOLDINGS LTD	1.2%	32.9%	0.33%	Technology
DECHRA PHARMA	1.6%	27.3%	0.31%	Healthcare
NOVO NORDISK A/S	1.8%	23.4%	0.29%	Healthcare
ADIDAS	1.9%	20.2%	0.27%	Consumer Discretionary
ROCHE HLDGS	2.1%	16.2%	0.22%	Healthcare
UMICORE	1.9%	15.7%	0.18%	Materials
HOYA CORP	2.2%	12.7%	0.16%	Healthcare
SPIRAX-SARCO ENG	1.2%	20.4%	0.16%	Industrials
FERGUSON	1.6%	16.1%	0.16%	Industrials
SAP SE	1.6%	16.2%	0.15%	Technology
			<b>2.23%</b>	
Bottom 10				
TDK CORP	2.1%	-12.5%	-0.38%	Technology
KONINKLIJKE PHILIP	1.9%	-12.1%	-0.33%	Healthcare
VALEO SA	1.4%	-11.4%	-0.29%	Consumer Discretionary
ORSTED A/S	1.4%	-13.3%	-0.27%	Utilities
NASPERS	1.4%	-12.2%	-0.26%	Consumer Discretionary
INFINEON TECHNOLOG	2.0%	-5.7%	-0.26%	Technology
DAIKIN INDUSTRIES	1.8%	-7.8%	-0.24%	Industrials
BARRATT DEVEL	2.0%	-5.9%	-0.21%	Consumer Discretionary
SUNDRUG CO LTD	1.0%	-13.4%	-0.20%	Consumer Staples
BANK RAKYAT INDONESIA	1.4%	-8.6%	-0.19%	Financials
			<b>-2.63%</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

**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 (Net) EAFE Index is a free-float adjusted market capitalization index that is designed to measure developed market equity performance in developed markets as determined by MSCI, excluding the U.S. and Canada. The Index's performance results are presented net of estimated foreign withholding taxes on dividends, interest and capital gains. 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 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.

