

US Large-Cap Value Strategy Update

Second Quarter, 2021

For professional investors only



Portfolio Activity

Our portfolios retain a cyclical tilt; we continue to seek beneficiaries of increased mobility and sustainability-driven investment spending. As valuations and expectations have risen, we look to broaden our exposure to misvalued names with catalysts for rerating. This quarter, we had the opportunity to trim several holdings that have been strong performers, take profits, and redirect proceeds to other more attractively valued holdings. On balance, portfolio actions modestly increased our weight in the Financials and Healthcare sectors.

We added to our holding in American Express, an ESG-leader. Spending by individuals has rebounded to pre-pandemic levels, and we expect some segments of business travel and entertainment to recover this year and next. We also initiated a position in Unum, a specialty insurance company that should benefit from employment growth. As a recent signatory to the UNPRI, Unum is committed to incorporating ESG into its investment portfolio.

Infrastructure spending remains a source of long-term growth potential for many industrial and materials companies. Investment in the US's aging transportation system should benefit Wabtec, a leading supplier of brake and control systems to the rail industry. The significant reduction in greenhouse emissions offered by freight rail when compared with long-haul trucking should strengthen demand over the next cycle as companies confront the climate impact embedded in their supply chains. We added to Wabtec as well as Valmont, whose engineered metal products serve infrastructure and agricultural end-markets.

In the Healthcare sector, Merck completed the spinout of many of its more mature and mostly off-patent medicines into a new company, Organon. As many investors sold their small holdings, we increased our position in the company. We generally favor spinoffs, as they can bring focus and better execution to create shareholder value. Specifically, at Organon, we see opportunities to enhance profitability in its women's health and biosimilar specialties.

We trimmed metal recycler and steel manufacturer Steel Dynamics and semi-equipment supplier Applied Materials after strong rallies. Other trims based on valuation were agricultural equipment manufacturer Deere, asset manager T. Rowe Price, and general merchandise retailer Target. In other trading activity, we added to Ciena in the networking and telecom equipment space and to Regeneron Pharmaceuticals, a biotechnology company.

Portfolio Review

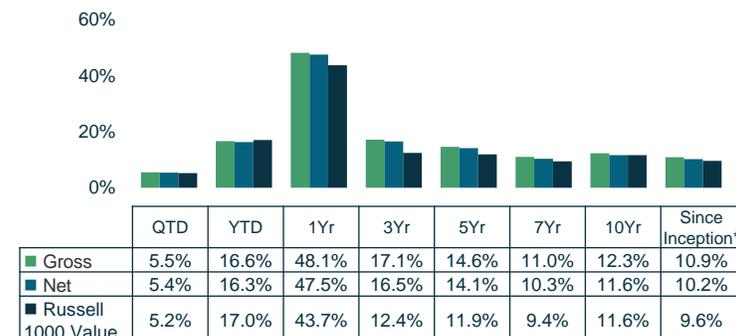
Boston Common's Tax-Exempt US Value Equity account composite returned +5.5% gross of fees for the second quarter, slightly ahead of the Russell 1000 Value Index ("the Index"). Stock selection was the main contributor to relative performance. With rising oil prices, our lack of exposure to conventional Energy was a drag but was more than compensated for by portfolio holdings in other areas. On a trailing twelve-month basis, our Value composite's performance remains comfortably ahead of the Index's return.

Healthcare and Materials holdings were the strongest contributors to relative returns this quarter. In the former, the FDA's announcement approving Biogen's Alzheimer's drug, Aduhelm, and continued advancements in Regeneron's COVID-19-related therapies helped these stocks advance. In the latter, metal-recycler/steel producer Steel Dynamics rallied on strong earnings and increased guidance. Healthy financial markets supported asset manager T. Rowe Price and capital market specialist Morgan Stanley, while an improving outlook for bank earnings benefited PNC Financial. Better than

expected earnings from package deliverer UPS and heating and cooling manufacturer Carrier saw these equities rally and contribute to relative outperformance in Industrials. Rounding out the list of top performers, retailer Target continued to experience strong sales growth while document management REIT Iron Mountain demonstrated success in its ongoing transition from paper to digital storage.

Detracting from performance, Verizon weighed on the Communication Services sector as investors grew increasingly concerned that capital spending for 5G could jeopardize dividend payments. After strong performance in prior quarters, several cyclically oriented holdings, especially those exposed to housing and commodities, gave back some of their previous gains. Earnings disappointments hurt Citigroup and consumer products company Kimberly Clark.

Performance



Annual Returns

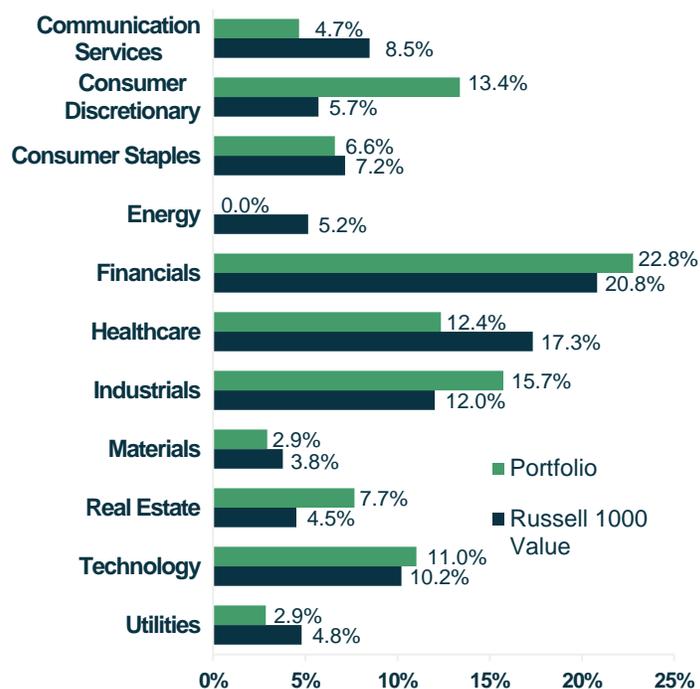
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross	16.6%	14.1%	29.0%	-8.8%	17.8%	13.0%	-1.6%	8.5%	35.1%	12.5%
Net	16.3%	13.6%	28.3%	-9.3%	17.1%	12.3%	-2.3%	7.7%	34.0%	12.0%
Russell 1000 Value	17.0%	2.8%	26.5%	-8.3%	13.7%	17.3%	-3.8%	13.5%	32.5%	17.5%

Portfolio Characteristics

	Boston Common	Russell 1000 Value
# Holdings	56	840
Valuation		
Price/EPS (NTM)	16.0	17.2
Enterprise Value/EBITDA (NTM)	11.8	12.1
Price/Book	3.4	2.7
Price/Sales	2.6	2.5
Dividend Yield	1.6%	1.6%
Growth		
3yr EPS Consensus Growth	10.0%	11.3%
3yr Sales consensus Growth	6.5%	5.7%
Quality		
Beta**	0.89	1.00
LT Debt to Cap.	43.6%	39.1%
Net Debt to EBITDA	1.7	2.3
Return on Equity	8.1%	12.2%
Earnings Variability***	21.0%	22.1%
Free Cash Flow Yield	6.1%	4.6%

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, 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	Return	Relative Contrib.	Sector
TARGET CORP	2.8%	22.5%	0.45%	Consumer Discretionary
MORGAN STANLEY	3.1%	18.6%	0.37%	Financials
STEEL DYNAMICS INC	2.6%	18.3%	0.30%	Materials
UNITED PARCEL SERVICE	1.9%	22.9%	0.29%	Industrials
PRICE T ROWE GROUP INC	2.2%	17.8%	0.26%	Financials
BIOGEN INC	1.5%	23.8%	0.24%	Healthcare
REGENERON PHARMACEUTICALS	1.5%	17.8%	0.19%	Healthcare
IRON MTN INC	1.8%	15.9%	0.17%	Real Estate
PNC FINL SVCS GROUP INC	3.7%	9.5%	0.15%	Financials
CARRIER GLOBAL CORPORATION	1.5%	15.7%	0.15%	Industrials
			2.58%	
Bottom 10				
CUMMINS INC	2.9%	-5.4%	-0.32%	Industrials
CITIGROUP INC	4.0%	-2.1%	-0.29%	Financials
DEERE & CO	2.2%	-5.3%	-0.25%	Industrials
KB HOME	1.3%	-12.2%	-0.22%	Consumer Discretionary
MICRON TECHNOLOGY INC	2.3%	-3.7%	-0.21%	Technology
VERIZON COMMUNICATIONS	2.4%	-2.6%	-0.19%	Communication Services
WEYERHAEUSER CO MTN	1.9%	-2.9%	-0.15%	Real Estate
TOPBUILD CORP	1.4%	-5.6%	-0.15%	Consumer Discretionary
KIMBERLY CLARK CORP	1.4%	-2.9%	-0.12%	Consumer Staples
SPROUTS FMRS MKT INC	0.9%	-6.6%	-0.11%	Consumer Staples
			-1.99%	

Portfolio Activity

Closed	Sector	% of Port.
ORGANON & CO	Healthcare	1.0%
UNUM GROUP	Financials	1.0%
Total New		2.0%

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, Model/ADR

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

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