

# All Country International Equity Strategy

## First Quarter, 2022



### Portfolio Activity

Among our transactions this quarter, we bought WEG, a Brazilian manufacturer of energy-efficient motors, transformers, and other electric equipment. WEG has diverse end markets, a strong track record of operational excellence, and a solid double-digit long-term growth outlook, while valuation is attractive relative to Emerging Market peers. We also acquired PT Telekom Indonesia (“TLKM”), which is the country’s dominant wireless and fixed broadband service provider. The Indonesian wireless market has consolidated to three operators, helping repair pricing, while on the fixed broadband market only about 15% of Indonesian households have connection, supporting significant growth potential. TLKM is attractively valued relative to its growth outlook with a solid dividend yield.

We sold Russian online search and ecommerce leader Yandex just days before Ukraine invasion was launched. While we admired management strategy and execution, we believed there was a non-trivial risk of a US ban on ownership of Russian assets in case Putin attacked Ukraine. We also sold a small stake in Korean personal care firm LG Household & Healthcare and consolidated the position into existing Japanese personal care holding Shiseido. Both LG Household & Healthcare and Shiseido are exposed to the Asian travel recovery and Chinese post-COVID recovery.

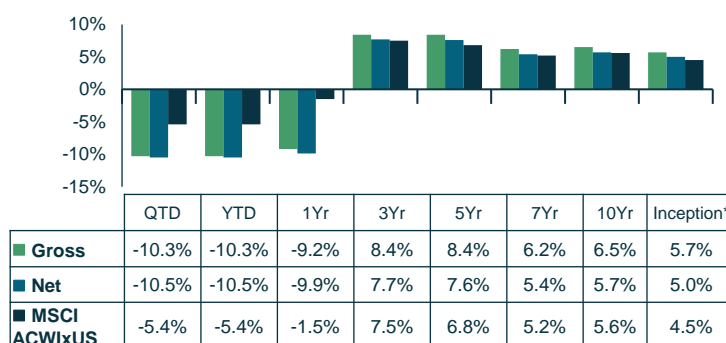
### Portfolio Review

A composite of Boston Common’s All Country International portfolios declined -10.3% before fees, underperforming the MSCI ACWIxUS Index (“the Index”). The supply shock for many commodities and resulting price surges have been a challenging headwind for our strategy. A demand-driven cycle typically benefits a broad group of industries. This quarter, however, our Industrial, Technology, and Materials stocks declined while Energy and Mining stocks led the Index. The rise in interest rates along with outlook for slower growth also weighed on stocks with strong long-term growth prospects in our portfolio. Commodity input cost pressures compounded stresses on many manufacturers.

The Healthcare sector was the largest detractor from relative performance. Dechra Pharmaceuticals, a British producer of medications for pets, Japanese lens producer Hoya, German COVID vaccine pioneer BioNTech, and Chinese traditional medicine firm China TCM all underperformed. Industrials and Consumer Discretionary also hurt relative performance. European producers of energy-efficient equipment, including Swedish compressor maker Atlas Copco and British steam specialist Spirax-Sarco, declined sharply, as did UK plumbing distributor Ferguson and Japanese hiring specialist Recruit. Within Discretionary, French auto parts supplier Valeo was a significant detractor, despite its extremely low valuation and large order backlogs, as supply chain dislocations curbed auto manufacturing. British homebuilder Barratt Development and German sports goods leader Adidas were laggards. Other notable detractors were Dutch bank ING, German technology firms SAP & Infineon, Russian online search & ecommerce leader Yandex, along with British green chemicals and recycled packaging holdings, Croda and DS Smith. Regionally, our European and Japanese holdings weighed on performance.

Both the Financials and Technology sectors helped relative performance. Emerging Market banks, Itau Unibanco in Brazil, microfinance lender Bank Rakyat in Indonesia, and Thai Kasikornbank, all delivered strong performance. Singaporean bank OCBC, French insurer AXA, and Japanese diversified financial services company Orix benefited from the rotation to value along with higher interest rates. Australian infrastructure investor Macquarie benefited from energy price volatility. Not having exposure to IT services or Hardware added to relative performance within Technology, while our electronic component holdings, Delta Electronics in Taiwan and TDK in Japan, outperformed on a relative basis. Other notable performers were Chilean lithium miner SQM, Belgian battery materials supplier & metals recycler Umicore, and North American railroad Canadian Pacific. Regionally, our stock selection in Emerging Markets was the most helpful.

### Performance



### Annual Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Gross</b>	-10.3%	0.3%	26.3%	25.4%	-12.3%	31.5%	1.0%	-4.7%	-1.8%	17.5%
<b>Net</b>	-10.5%	-0.4%	25.4%	24.5%	-13.0%	30.5%	0.1%	-5.4%	-2.5%	16.7%
<b>MSCI ACWIxUS</b>	-5.4%	7.8%	10.7%	21.5%	-14.2%	27.2%	4.5%	-5.7%	-3.9%	15.3%

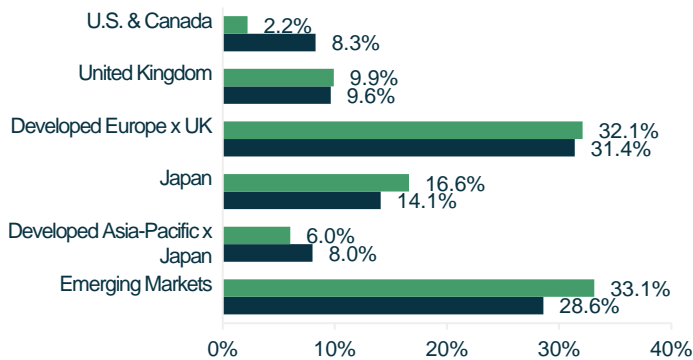
### Portfolio Characteristics

	Boston Common	MSCI ACWIxUS
<b># Holdings</b>	62	2,311
<b>Valuation</b>		
Price/EPS (NTM)	14.5	13.7
Enterprise Value/EBITDA (NTM)	8.3	8.2
Price/Book	2.1	2.0
Price/Sales	1.9	1.6
Dividend Yield	2.1%	2.4%
<b>Growth</b>		
3yr EPS Consensus Growth	8.2%	3.4%
3yr Sales Growth	6.9%	5.3%
<b>Quality</b>		
Beta**	1.04	1.00
LT Debt to Cap	26.6%	27.7%
Net Debt to EBITDA	1.1	1.8
Return on Equity	12.8%	14.2%
Earnings Variability***	22.1%	26.0%
Free Cash Flow Yield	4.5%	5.4%

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



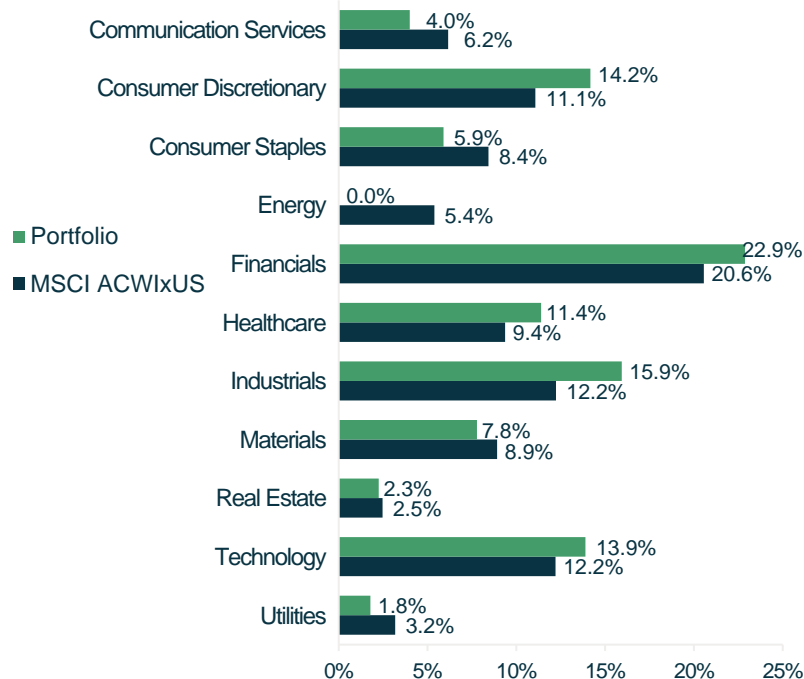
## Portfolio Activity

Closed	Sector	% of Port.
LG HOUSEHOLD&HEALT	Consumer Staples	0.9%
YANDEX N V SHS	Communication Services	1.2%
Total Closed		2.2%
New	Sector	% of Port.
TELKOM INDONESIA PERSERO TBK	Communication Services	0.9%
WEG SA	Industrials	1.0%
Total New		1.9%

## Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
SOCIEDAD QUIMICA MINERA DE	1.4%	69.7%	0.83%	Materials
ITAU UNIBANCO HLDG SA	1.2%	52.7%	0.55%	Financials
BANK RAKYAT INDONESIA	2.4%	17.0%	0.49%	Financials
CANADIAN PAC RY LTD	1.9%	14.8%	0.38%	Industrials
OVERSEA-CHINESE BANKING CORP	2.3%	8.2%	0.27%	Financials
KASIKORNBANK PCL	1.5%	15.0%	0.26%	Financials
WEG SA	0.3%	26.0%	0.21%	Industrials
MACQUARIE GP LTD	2.0%	2.3%	0.17%	Financials
UMICORE	1.1%	7.7%	0.15%	Materials
AXA	2.7%	-0.6%	0.14%	Financials
			<b>3.44%</b>	
Bottom 10				
ING GROEP N.V.	2.6%	-22.9%	-0.51%	Financials
VALEO SA	1.1%	-38.3%	-0.46%	Consumer Discretionary
BARRATT DEVEL	1.4%	-32.0%	-0.43%	Consumer Discretionary
SAP SE	2.4%	-20.8%	-0.40%	Technology
HOYA CORP	2.1%	-22.1%	-0.40%	Healthcare
YANDEX N V	0.6%	-34.6%	-0.40%	Communication Services
FERGUSON	2.0%	-22.8%	-0.37%	Industrials
INFINEON TECHNOLOG	1.6%	-25.1%	-0.36%	Technology
TAIWAN SEMICONDUCTOR	4.1%	-13.0%	-0.32%	Technology
CRODA INTL	1.5%	-24.3%	-0.32%	Materials
			<b>-3.97%</b>	

## Sector Allocation



## Shareowner Engagement Highlights

### Portfolio Company Progress

- Booking Holdings released its first Climate Action Plan - a key step for a global online travel company - which includes a near-zero emissions target for its operations by 2030 and net zero by 2040.
- Alibaba is developing a company-wide human rights policy, recently established a board-level sustainability committee, and announced new climate targets.
- Lloyds integrated sustainability objectives into its core business planning and is linking sustainability to variable compensation for leadership.
- Yamaha is on track to meet its sustainable timber sourcing goal this year and plans to set more ambitious targets next year. Yamaha recently joined the 30% Club of Japan and signed the Women's Empowerment Principles.

### Public Policy: SEC announces new climate disclosure requirements

- The SEC's Enhancement and Standardization of Climate-Related Disclosure includes Scope 3. Boston Common recommended the inclusion of Scope 3 and assurance in its written submission to the SEC and in its meeting with Chairman Gensler last fall.

## 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.