

# Global Impact Strategy Update

## First Quarter, 2022



### Portfolio Activity

This quarter we took advantage of lower stock prices of select US technology-oriented solutions names. We bought Enphase Energy, a pure play solutions company and a leading provider of microinverter systems for the solar industry. Enphase is the market leader in this niche category, which helps support the provision of green, affordable, and reliable energy. Their technology approach brings solar energy generation, storage, control, and management into an all-in-one intelligent platform. We also purchased online payment platform PayPal, a dominant player in the payment industry, which facilitates online retailing for both large and small enterprises across more than 200 markets. We regard PayPal as a solutions company within our Inclusive & Sustainable Finance impact theme.

We also purchased Salesforce Inc, a cloud-based solutions provider of customer relationship management (CRM) systems to businesses of all sizes and industries worldwide. We established a new position in AZEK company. AZEK is a manufacturer of high-quality recycled deck material, displaying strong organic growth in the attractive market for remodeling outdoor residential space. Increasing its products' use of recycled content should help bolster margin expansion, bringing it closer to the industry's market leader TREX.

We sold Cummins, a name we liked for its long-term hydrogen potential, but it remains largely dependent on heavy diesel engine manufacturing. We trimmed several high valuation multiple stocks such as Sonova, Hoya, Ciena and McCormick, while additional proceeds were derived from trimming DS Smith and Yamaha Corp. Yamaha is experiencing a subdued recovery in Asia as well as persistent component shortages. Mohawk's current high free cash flow yield is likely to be impacted by higher energy & materials input prices. We added to Asian financial holdings HDFC Bank and PingAn insurance as well as EV & battery manufacturer BYD Company and Xylem, a provider of water quality & waste management solutions.

### Portfolio Review

A composite of Boston Common's Global Impact portfolios declined -13.1% before fees, underperforming the MSCI ACWI 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. Surging input costs and bottlenecks compounded pressures on many manufacturers. The rise in interest rates along with expectations of slower growth also weighed on stocks with strong long-term growth prospects in our portfolio.

The Industrials sector was the largest detractor from relative performance, with sharp selloffs of producers of energy efficient equipment, including British steam specialist Spirax-Sarco and water infrastructure specialists Xylem and Kurita Water Industries. Building product companies Daikin Industries and Carrier Global declined in-line with industry peers on housing construction-related worries. Norwegian recycler specialist Tomra Systems also weighed on Industrials. These stocks have been top contributors to our performance over the past two years, and their strong product and management quality bode well for their future.

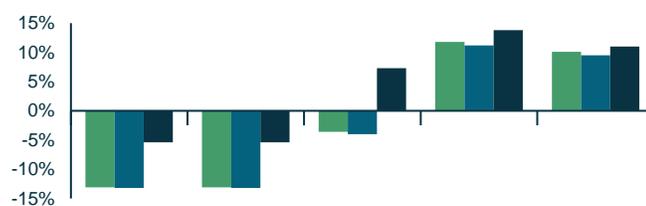
The Materials sector was the next largest detractor. Green chemicals companies DSM, Croda International, Borregaard, and recycled packaging holding DS Smith declined in line with their respective industries, while the metals and mining industry in the Index gained +20%. Consumer Discretionary stock selection was another substantial detractor from relative performance. With rapidly rising interest rates, housing-related holdings including homebuilders KB Home & Barratt Developments (both very inexpensive

stocks), and insulation specialist TopBuild, declined on worries of substantially higher mortgage rates. Within Healthcare, BioNTech, CTCM, Biogen, and Japanese lens producer Hoya detracted value.

From a regional perspective, the US & the UK were the largest detractors, weighed down by the Consumer Discretionary household durables stocks named above.

Our Financials stocks contributed positively this quarter. Indonesian microfinance lender Bank Rakyat was positively correlated with commodities, while Japanese diversified financial services company Orix benefited from solid financial results along with higher interest rates. A brighter future for clean energy helped Danish wind farm developer Orsted outperform within Utilities, while Chinese solar glass producer Xinyi Solar also performed well. Umicore's metal recycling business is expected to report bumper profits. Regionally, our exposure to Emerging Markets was slightly positive. Enphase Energy, Sonova, and Sprouts Famers Markets were among the top contributors.

### Performance



	QTD	YTD	1Yr	3Yr	Inception*
Gross	-13.1%	-13.1%	-3.6%	11.8%	10.1%
Net	-13.2%	-13.2%	-4.0%	11.2%	9.5%
MSCI ACWI	-5.4%	-5.4%	7.3%	13.8%	11.0%

### Annual Returns

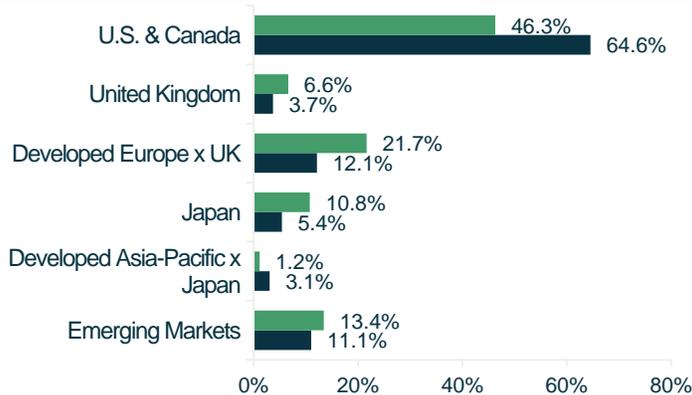
	2022	2021	2020	2019	2018
Gross	-13.1%	12.9%	25.8%	27.8%	-11.3%
Net	-13.2%	12.4%	25.0%	27.1%	-11.4%
MSCI ACWI	-5.4%	18.5%	16.3%	26.6%	-12.8%

### Portfolio Characteristics

	Boston Common	MSCI ACWI
# Holdings	56	2,939
<b>Valuation</b>		
Price/EPS (NTM)	18.5	17.0
Enterprise Value/EBITDA (NTM)	10.7	11.1
Price/Book	2.9	3.0
Price/Sales	2.2	2.3
Dividend Yield	1.3%	1.7%
<b>Growth</b>		
3yr EPS Consensus Growth	9.5%	4.7%
3yr Sales Growth	7.5%	5.3%
<b>Quality</b>		
Beta**	0.95	1.00
LT Debt to Cap.	31.0%	34.2%
Net Debt to EBITDA	1.7	1.8
Return on Equity	12.6%	16.9%
Earnings Variability***	21.1%	23.1%
Free Cash Flow Yield	3.5%	4.4%

Source: APX Advent Portfolio Exchange. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal  
 \*Since Inception: September 30, 2018 \*\*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



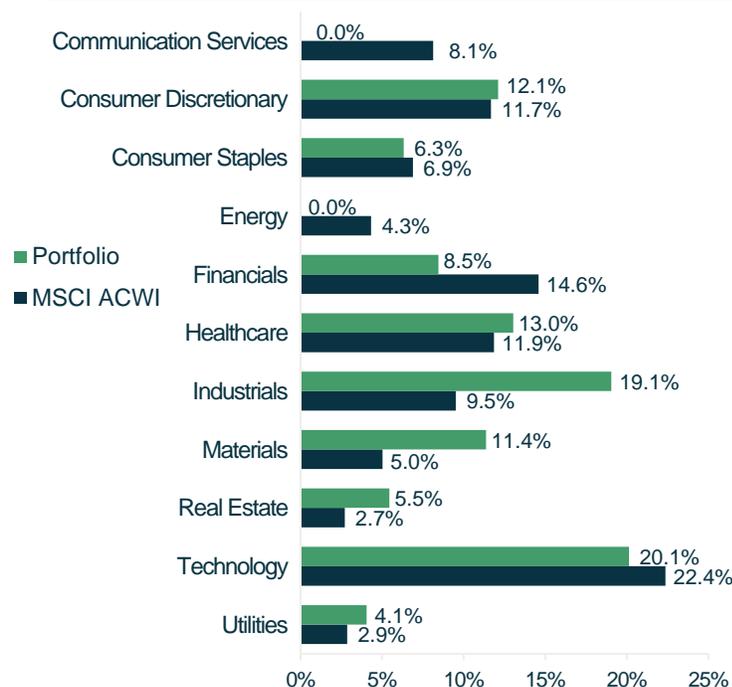
## Portfolio Activity

Closed	Sector	% of Port.
CERNER CORP	Healthcare	1.5%
CUMMINS INC	Industrials	1.0%
<b>Total Closed</b>		<b>2.5%</b>
New	Sector	% of Port.
AZEK CO INC	Industrials	1.4%
ENPHASE ENERGY INC	Technology	2.1%
PAYPAL HLDGS INC	Technology	1.9%
SALESFORCE COM INC	Technology	1.9%
WEYERHAEUSER CO	Real Estate	1.5%
<b>Total New</b>		<b>8.8%</b>

## Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
ENPHASE ENERGY INC	1.0%	65.8%	0.71%	Technology
BANK RAKYAT INDONESIA	2.9%	16.8%	0.58%	Financials
SPROUTS FMRS MKT INC	2.5%	7.6%	0.29%	Consumer Staples
PAYPAL HLDGS INC	0.8%	10.2%	0.24%	Technology
SONOVA HOLDING	1.9%	7.3%	0.22%	Healthcare
WABTEC	2.1%	4.4%	0.19%	Industrials
XINYI SOLAR HOLDINGS LTD	1.7%	4.1%	0.17%	Technology
MCCORMICK & CO INC	2.0%	3.2%	0.16%	Consumer Staples
UMICORE	1.1%	7.4%	0.16%	Materials
SALESFORCE COM INC	0.8%	7.2%	0.16%	Technology
			<b>2.88%</b>	
Bottom 10				
TOPBUILD CORP	2.5%	-34.3%	-0.80%	Consumer Discretionary
BARRATT DEVEL	2.2%	-32.1%	-0.67%	Consumer Discretionary
TOMRA SYS A / S	2.2%	-27.9%	-0.61%	Industrials
XYLEM INC	2.3%	-28.9%	-0.58%	Industrials
INTUIT	2.6%	-25.2%	-0.57%	Technology
KB HOME	2.3%	-27.3%	-0.54%	Consumer Discretionary
ECOLAB INC	1.6%	-24.6%	-0.41%	Materials
CRODA INTL	1.8%	-24.3%	-0.40%	Materials
CIENA CORP	2.1%	-21.2%	-0.39%	Technology
BORREGAARD ASA	2.2%	-20.8%	-0.37%	Materials
			<b>-5.35%</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 (Net) ACWI Index is a free-float adjusted, market capitalization-weighted index of the largest publicly traded companies listed on the exchanges of the developed and emerging market countries around the world. 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.