

Emerging Markets Strategy Update

Third Quarter, 2022



Portfolio Activity

We initiated a position in Dino Polska, a low-price and proximity format grocer best known for providing fresh produce and meat products with a focus on small and rural towns in Poland. Resilient consumer spending amid macro volatilities enhances the company's relative defensive profile. While management becomes more conservative in the near term with store expansions, the company's excellent capital allocation track record (a strong 20% return on invested capital) should be supportive over the long term. Dino is early on its ESG journey as it improves disclosure on emissions as well as workplace safety, DEI, and environmental commitments.

We sold Beijing Enterprise Water Group, a leading wastewater treatment company in China, as we are more cautious about its relatively high leverage and earnings outlook. Other portfolio activities included trimming relative outperformers, such as Naspers in South Africa, and reducing companies with more downside earnings risks, including Giant Manufacturing and Airtac in Taiwan. We added to stable defensive companies such as Telkom Indonesia but also increased exposure to oversold names such as industrial automation company Shenzhen Innovance in China.

Portfolio Review

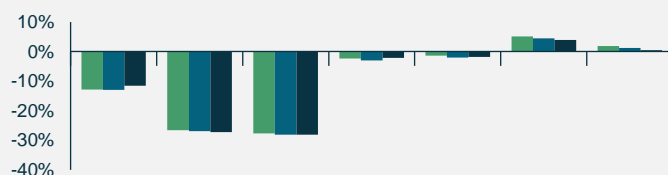
The Boston Common Emerging Markets strategy declined -12.8%, lagging the Index return of -11.6%. Consumer Discretionary was a primary detractor for returns. Lockdowns in key Chinese cities weighed on consumer spending. Ecommerce giant Alibaba, leading electric vehicle and battery manufacturer BYD, and home appliance company Midea all came under pressure despite leading competitive positioning and solid earnings outlooks. Stock selection in Healthcare also detracted from relative performance. China TCM, a leading manufacturer of traditional medicines declined as supply chain disruptions negatively impacted near-term profitability. Margin pressures and supply chain constraints were headwinds for our Industrial holdings Weichai Power and Airtac International. Our lack of exposure to conventional Energy was another negative factor. China was the primary detractor on a country basis, as insurance company Ping An and China Merchant Bank declined.

Stock selection in Communication Services was the primary contributor to relative results, led by Bharti Airtel (India) and Telkom Indonesia. With an almost 4% yield, demonstrated market share gain, and a favorable regulatory environment, Telkom Indonesia remains an important solutions provider to the country's digitalization needs. Our Materials holdings also performed relatively well. Brazil added most to relative performance on a country basis with strong relative performance. Other notable outperformers included Asian financials: HDFC Bank, Axis Bank, and Bank Rakyat.

Annual Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Gross	-26.6%	-7.8%	24.0%	24.4%	-16.6%	44.5%	8.4%	-13.5%	-0.5%	1.2%
Net	-26.9%	-8.4%	23.2%	23.6%	-17.1%	43.5%	7.9%	-13.8%	-1.0%	0.8%
MSCI EM	-27.2%	-2.5%	18.3%	18.4%	-14.6%	37.3%	11.2%	-14.9%	-2.2%	-2.6%

Performance



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	Since Inception*
Gross	-12.8%	-26.6%	-27.7%	-2.4%	-1.4%	5.1%	1.8%
Net	-13.0%	-26.9%	-28.1%	-3.0%	-2.0%	4.4%	1.2%
MSCI EM	-11.6%	-27.2%	-28.1%	-2.1%	-1.8%	3.9%	0.5%

Portfolio Characteristics

	Boston Common	MSCI EM
# Holdings	52	1,386
Valuation		
Price/EPS (NTM)	11.5	11.7
Enterprise Value/EBITDA (NTM)	6.4	6.3
Price/Book	1.7	1.8
Price/Sales	1.0	1.4
Dividend Yield	2.7%	2.9%
Growth		
3yr EPS Consensus Growth	10.2%	3.1%
3yr Sales consensus Growth	8.3%	6.4%
Quality		
Beta**	1.00	1.00
LT Debt to Cap.	23.5%	21.5%
Net Debt to EBITDA	0.1	0.4
Return on Equity	15.4%	16.3%
Earnings Variability***	24.6%	28.2%
Free Cash Flow Yield	3.7%	4.2%

Strategy Vehicle Options

Separate Account, Commingled Fund, Mutual Fund

Outlook and Positioning

Aggressive central bank actions, tightening financial conditions, and weakening economic growth all contributed to a challenging macro backdrop for EM equities. Meanwhile, forward-looking indicators suggest inflation expectations remain well anchored and central banks could be close to the top of their tightening cycles. In an environment of declining earnings growth expectations, EM corporates' multi-year balance sheet improvement and enhanced interest-rate coverage should provide support in addition to attractive relative valuations.

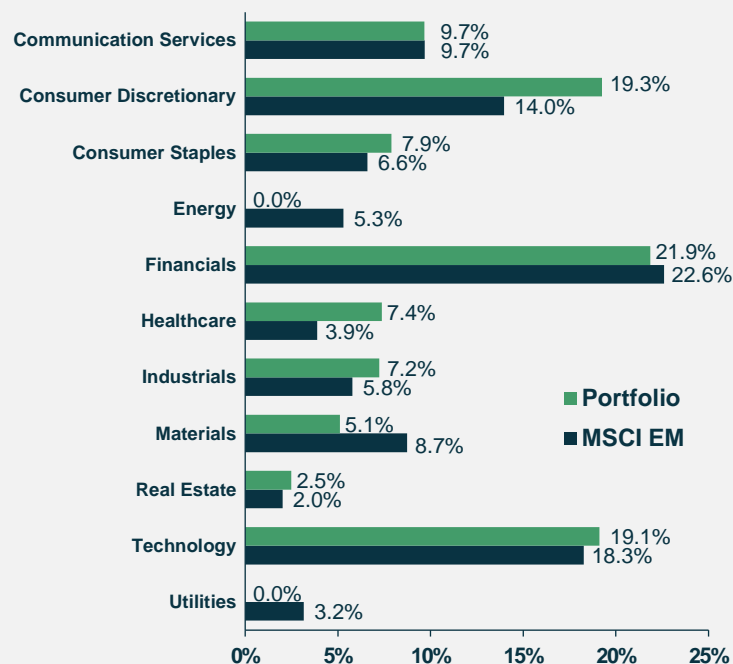
Our portfolios retain a defensive tilt as we continue to add to quality companies in economically sensitive sectors unfairly punished by macro headwinds. Earnings consistency, strong balance sheets, and forward-looking managements attentive to ESG issues are among the characteristics we are looking for to weather this volatile environment. Our portfolios have an overweight in Consumer Discretionary and Industrials; we offset this cyclical with an overweight in Consumer Staples and Healthcare.

Regionally, we continue to favor Latin America over EMEA and Southeast Asia over East Asia. Latin American central banks have been advanced in their rate-hiking cycle, led by Brazil. Unemployment has been declining in Brazil, while inflation is moderating; this should provide a favorable domestic environment, especially as election uncertainties lessen. As Emerging Europe manages the twin impacts of inflationary pressures and energy supply constraints, equity valuations have significantly declined. Policy support in the form of tax cuts as well as wage growth presents differentiated opportunities. Geopolitical risk has risen for Taiwan, and Taiwan-based companies operating in China may face additional headwinds. Meanwhile, the combination of falling industrial production and elevated inventories underscore weak global demand outlook. China's zero-COVID policy remains the biggest hurdle for near-term growth.

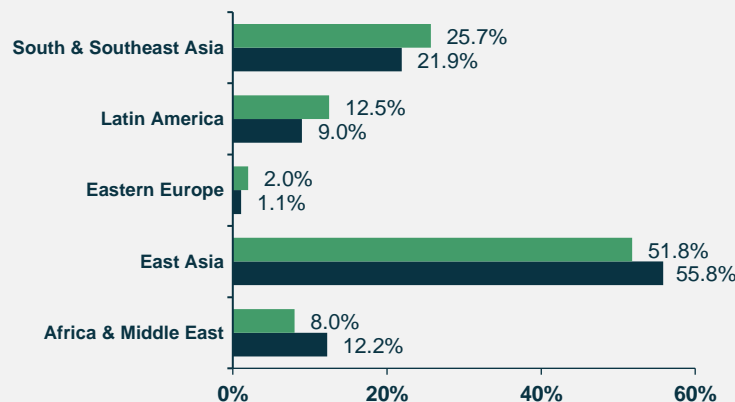
Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
HDFC BANK LTD	3.6%	8.1%	0.65%	Financials
DELTA ELECTRONIC	2.6%	9.2%	0.56%	Technology
WEG SA	1.9%	17.9%	0.53%	Industrials
BK RAKYAT	2.7%	5.7%	0.46%	Financials
AXIS BANK	2.0%	11.7%	0.42%	Financials
BHARTI AIRTEL LTD	1.6%	13.9%	0.41%	Communication Services
ITAU UNIBANCO HLDG SA	1.3%	21.8%	0.40%	Financials
LOJAS RENNER S.A.	1.3%	19.7%	0.37%	Consumer Discretionary
PAGSEGURO DIGITAL LTD	0.9%	26.2%	0.32%	Technology
KALBE FARMA	1.6%	7.9%	0.31%	Healthcare
			4.43%	

Sector Allocation



Regional Allocation



Bottom 10	% of Capital	Return	Relative Contrib.	Sector
ALIBABA GROUP HLDG LTD	4.9%	-29.5%	-1.03%	Consumer Discretionary
CHINA TRAD CHINESE	2.2%	-43.7%	-0.91%	Healthcare
CHINASOFT INTL LTD	2.2%	-39.7%	-0.70%	Technology
BYD COMPANY LTD	2.0%	-37.9%	-0.57%	Consumer Discretionary
WEICHAI POWER CO	1.7%	-40.3%	-0.53%	Industrials
CHINA MERCHANTS BANK	2.3%	-31.0%	-0.52%	Financials
LONGFOR GROUP HLDGS LTD	1.6%	-36.9%	-0.50%	Real Estate
PING AN INSURANCE	2.7%	-26.5%	-0.45%	Financials
XINYI SOLAR HLDGS	1.7%	-32.9%	-0.30%	Technology
AIRTAC INTERNATION	1.4%	-29.3%	-0.29%	Industrials
			-5.81%	

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 is not a recommendation to buy or sell any security. There is no assurance that securities discussed will remain in a strategy upon receiving this document. Securities discussed represent only a portion of a strategy's holdings. It should not be assumed that securities transactions discussed were or will be profitable. 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) Emerging Markets Index captures large and mid-cap representation across the emerging market countries, as defined by Morgan Stanley. 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 varies from the composition of the Index 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 composites and to request a GIPS® Compliant presentation, please call 617-720-5557.