

International Strategy Update

Third Quarter, 2022



Boston Common
Asset Management

Portfolio Activity

Among our transactions this quarter, we added to two of last quarter's new purchases in stable industries: UK utility SSE and global pharma company AstraZeneca. We also added to several holdings with strong environmental solutions exposure. Daikin, based in Japan, is a leader in highly efficient air conditioning equipment as well as electric heat pumps, which are likely to see robust demand in Europe and globally as a replacement for fossil-fuel based furnaces. German semiconductor company Infineon is trading at less than 9x EBITDA and is a leader in power management chips – key components of many appealing products including electric vehicles and solar power systems. Travel recovery in Europe was part of our rationale for adding to French payments processor Worldline, which has seen its valuation collapse to all-time lows.

During the quarter, we sold two European cyclical stocks. In the UK, we sold packaging company DS Smith. While we appreciate the company's position as Europe's largest recycler of cardboard, DS Smith appears squeezed by higher input costs and softening box demand. We also sold German industrial company Kion after it reported deteriorating structural profitability for its key warehouse automation business.

Portfolio Review

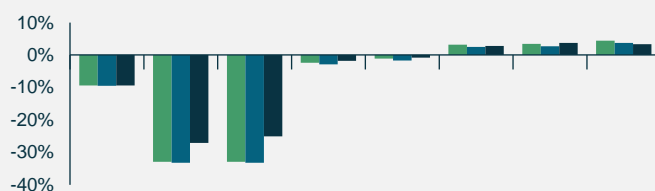
A composite of Boston Common's International portfolios declined -9.4% before fees, in line with the MSCI EAFE Index ("the Index"). Stock selection in Healthcare was the leading contributor to relative results. In Japan, lens manufacturer Hoya rebounded, while Eisai announced positive clinical trial headlines from its key Alzheimer's drug. Swiss pharmaceutical company Roche was flat, displaying its defensive attributes. Within Industrials, our eco-efficiency holdings outperformed on a relative basis: Schneider Electric (power distribution), Daikin (air conditioning), and Kurita (water treatment). Southeast Asian banks OCBC and Rakyat and Scandinavian insurer Sampo continued to deliver solid results. European Consumer Staples holdings Unilever and Ahold were also among our top contributors. Japan was the leading regional contributor, boosted by the above names as well as job search engine Recruit.

Stock selection in the Consumer Discretionary sector was the primary detractor from returns. British home builder Barratt was pressured by the UK macro backdrop, as spiking interest rates are a headwind for residential real estate. Adidas declined with operational challenges in its key markets of Europe and China. Lockdowns in key Chinese cities weighed on Alibaba. Emerging Markets was the largest regional detractor, as Chinese solar glass

Annual Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Gross	-32.9%	4.5%	19.6%	25.2%	-12.9%	27.5%	0.3%	-1.0%	-5.3%	23.2%
Net	-33.2%	3.9%	18.8%	24.4%	-13.5%	26.6%	-0.5%	-1.7%	-5.9%	22.3%
MSCI EAFE	-27.1%	11.3%	7.8%	22.0%	-13.8%	25.0%	1.0%	-0.8%	-4.9%	22.8%

Performance



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	-9.4%	-32.9%	-32.9%	-2.4%	-1.1%	3.2%	3.4%	4.4%
Net	-9.5%	-33.2%	-33.2%	-2.9%	-1.7%	2.5%	2.7%	3.7%
MSCI EAFE	-9.4%	-27.1%	-25.1%	-1.8%	-0.8%	2.8%	3.7%	3.3%

Portfolio Characteristics

	Boston Common	MSCI EAFE
# Holdings	57	799
Valuation		
Price/EPS (NTM)	12.7	11.7
Enterprise Value/EBITDA (NTM)	8.6	7.6
Price/Book	1.8	1.6
Price/Sales	1.3	1.2
Dividend Yield	3.0%	3.4%
Growth		
3yr EPS Consensus Growth	5.8%	4.6%
3yr Sales Growth	6.4%	5.4%
Quality		
Beta**	0.96	1.00
LT Debt to Cap	31.6%	32.5%
Net Debt to EBITDA	1.4	1.5
Return on Equity	13.6%	13.4%
Earnings Variability***	19.7%	25.0%
Free Cash Flow Yield	4.9%	5.2%

Strategy Vehicle Options

Separate Account, Commingled Fund, Model/ADR, Mutual Fund¹

¹Subadvised 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

*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

Portfolio Review (continued)

manufacturer Xinyi suffered from concerns over supply/demand dynamics. Our lack of exposure to conventional energy was also a negative factor. Hong Kong-based life insurer AIA and Japanese diversified financial Orix were among the largest detractors.

Outlook and Positioning

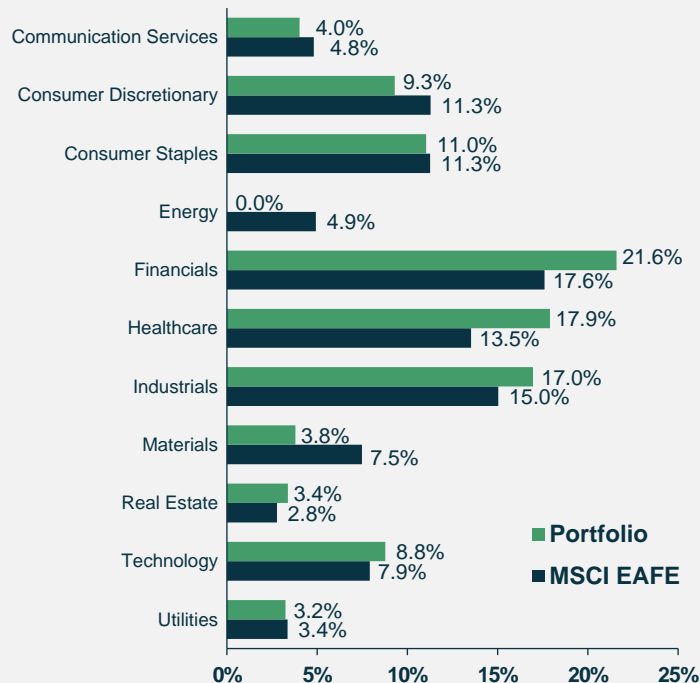
Europe looks prepared to manage this winter without Russian gas, having taken steps to collectively reduce energy demand, increase gas storage, and ensure fiscal support to lessen consumer impact. However, inflationary pressures, higher interest costs, and the Russian war against Ukraine have dampened economic activity. Looking forward, easing supply chain disruptions and declining commodity prices, including natural gas, suggest inflation may have peaked and central banks could be nearing the end of their tightening cycles. With the added motivation of national security, we are encouraged by exceptional growth prospects for investment in renewable power, electrification, and resource efficiency, themes prominently featured in our portfolios. Valuations appear to discount much of the macroeconomic risks and a downgraded 3% earnings growth estimate for next year; the Index P/E of 11x is more than one standard deviation below its 20-year average.

Given the mixed outlook, our portfolios are balanced between defensive and economically sensitive stocks with an emphasis on strong long-term growth prospects. We are overweight Healthcare, a sector with stable demand and innovative product development. We also have more exposure to Financials vs. the Index, reflecting the uniquely favorable impact from rising interest rates on banks and insurance company profits. In Industrials and Technology, we hold many companies poised to benefit from greater demand for tools transforming economies to net-zero emissions.

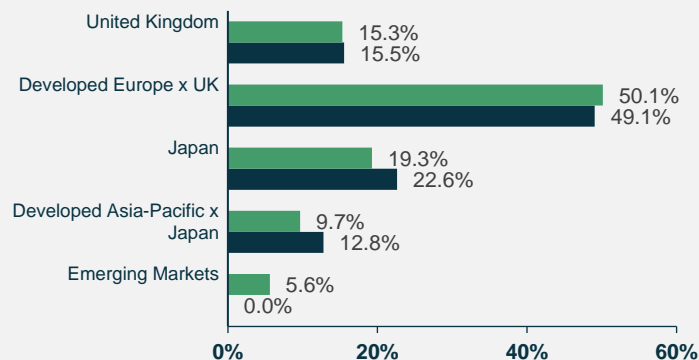
Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
HOYA CORP	2.0%	12.5%	0.39%	Healthcare
OVERSEA-CHINESE BK	2.6%	3.2%	0.31%	Financials
ROCHE HLDGS	3.6%	-1.2%	0.30%	Healthcare
EISAI CO	0.8%	27.0%	0.29%	Healthcare
UNILEVER	2.9%	-1.3%	0.23%	Consumer Staples
SAMPO	2.9%	-1.2%	0.22%	Financials
KON AHOLD DELHAIZE	2.5%	0.0%	0.22%	Consumer Staples
AXA	2.7%	-2.8%	0.17%	Financials
SCHNEIDER ELECTRIC	2.5%	-2.9%	0.16%	Industrials
BK RAKYAT	1.1%	5.8%	0.16%	Financials
			2.46%	

Sector Allocation



Regional Allocation



Bottom 10	% of Capital	Return	Relative Contrib.	Sector
BARRATT DEVEL	1.6%	-31.2%	-0.34%	Consumer Discretionary
ADIDAS	1.3%	-33.8%	-0.32%	Consumer Discretionary
AIA GROUP LTD	1.7%	-23.4%	-0.27%	Financials
ALIBABA GROUP HLDG LTD	1.1%	-29.6%	-0.26%	Consumer Discretionary
DECHRA PHARMA	1.2%	-30.3%	-0.25%	Healthcare
XINYI SOLAR HLDGS	1.1%	-30.9%	-0.24%	Technology
ESSITY AB	1.6%	-23.4%	-0.24%	Consumer Staples
KION GROUP	0.6%	-44.1%	-0.24%	Industrials
ORSTED A/S	1.6%	-23.3%	-0.21%	Utilities
ORIX CORP	2.7%	-16.3%	-0.19%	Financials
			-2.56%	

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) 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 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's composites and to request a GIPS® Compliant presentation, please call 617-720-5557.