

International Strategy Update

Fourth Quarter, 2022



Boston Common
Asset Management

Portfolio Activity

We purchased Keyence, a Japanese specialist in machine vision technology that provides critical equipment and software for factory automation. Keyence's systems ensure product quality control and limit resource waste. We also purchased L'Oreal, the French leader in global beauty, a market supported by demographic trends and rebounding Chinese travel. Continued innovation, savvy digital presence, and product diversification should drive consistent sales and earnings growth. L'Oreal has committed to 100% sustainable packaging by 2025 and actively manages supply chain and climate change risks. Given valuable brand equity, strong financial track records, and dynamic demand characteristics, we believe valuation (about 20x EBITDA) is compelling for both Keyence and L'Oreal. Lastly, we bought Chinese vertically integrated EV producer BYD. EV penetration will accelerate globally, and BYD commands top share in the world's largest market, China, is expanding into Europe, and is now the world's second-largest EV battery manufacturer. At 10x EBITDA, BYD's valuation is particularly appealing.

During the quarter, we sold Xinyi Solar on concerns related to the Chinese company's entry into the polysilicon business and the potential of solar glass oversupply. We also sold Dutch medical equipment manufacturer Philips, due to ongoing product quality problems. We sold Adidas and Umicore based on structural challenges in key end markets and questionable governance, and we sold Taiwan Semiconductor to reposition our technology exposure.

Portfolio Review

A composite of Boston Common's International portfolios returned +15.5% before fees, lagging the MSCI EAFE Index ("the Index"). Stock selection in Healthcare was the largest detractor from performance. Swiss pharmaceutical company Roche declined with disappointing clinical trial results for its experimental Alzheimer's drug. Medical equipment suppliers Hoya, Philips, and Sartorius also lagged. Our stock selection in Consumer Discretionary was a drag on performance.

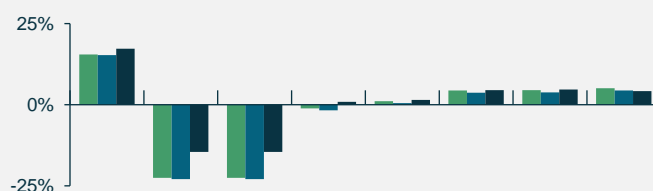
Japanese bike parts maker Shimano and musical instrument manufacturer Yamaha were held back by the strong Yen. The Financials sector also detracted, as our Singaporean and Indonesian holdings Overseas Chinese Bank Corp. and Bank Rakyat did not keep up with surging Japanese and European banks in the Index. Stock selection in Europe ex-UK and our allocation to Emerging Markets were regional negatives. Japanese air conditioning manufacturer Daikin, French payments company Worldline, and Irish ingredients supplier Kerry were among key detractors.

Stock selection in Consumer Staples was the leading contributor to relative performance. Japanese and Swedish personal care companies Shiseido and Essity benefited from

Annual Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Gross	-22.5%	4.5%	19.6%	25.2%	-12.9%	27.5%	0.3%	-1.0%	-5.3%	23.2%
Net	-22.9%	3.9%	18.8%	24.4%	-13.5%	26.6%	-0.5%	-1.7%	-5.9%	22.3%
MSCI EAFE	-14.5%	11.3%	7.8%	22.0%	-13.8%	25.0%	1.0%	-0.8%	-4.9%	22.8%

Performance



Portfolio Characteristics

	Boston Common	MSCI EAFE
# Holdings	55	796
Valuation		
Price/EPS (NTM)	13.8	13.2
Enterprise Value/EBITDA (NTM)	9.5	8.3
Price/Book	1.9	1.7
Price/Sales	1.6	1.4
Dividend Yield	2.7%	3.2%
Growth		
3yr EPS Consensus Growth	4.7%	3.2%
3yr Sales Growth	6.6%	5.7%
Quality		
Beta**	0.97	1.00
LT Debt to Cap	32.8%	31.8%
Net Debt to EBITDA	1.4	1.5
Return on Equity	12.2%	13.3%
Earnings Variability***	18.0%	25.8%
Free Cash Flow Yield	6.7%	5.3%

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)

China's reopening. Deutsche Telekom delivered strong earnings and drove outperformance in Communication Services. Our Real Estate holdings boosted returns thanks to a robust recovery for Hong Kong-based Hang Lung. Asia-Pacific ex. Japan was our top region, led by life insurance provider AIA as well as Australian asset manager Macquarie. Wind turbine manufacturer Vestas was a key contributor, as operational headwinds began to dissipate. Additional strong performers included European semiconductor company Infineon and cable producer Prysmian, both suppliers to renewable energy and electrification projects. Dutch bank ING was our best performer, as net interest margin and earnings forecasts increased.

Outlook and Positioning

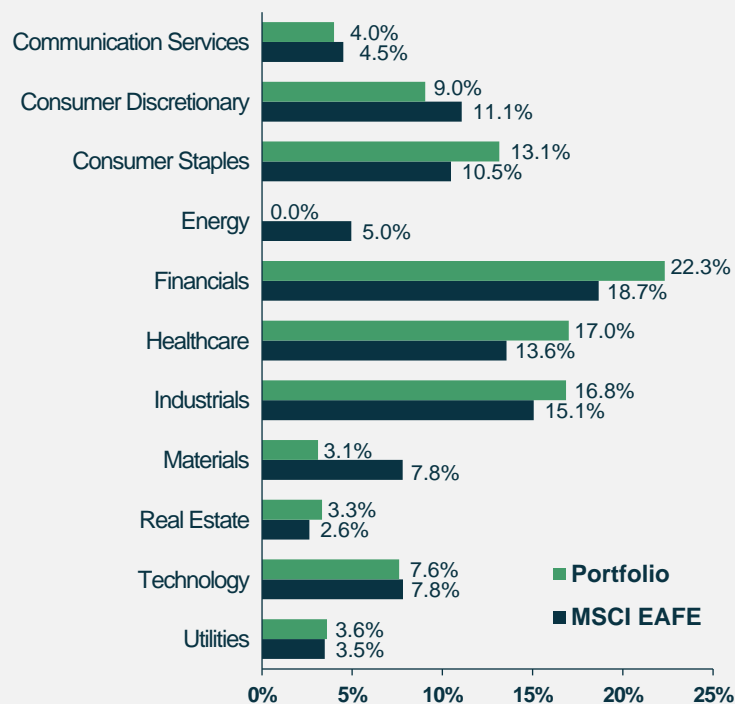
Investment conditions may improve next year with lower inflation and peaking monetary policy pressure. China's recovery from Covid lockdown should help offset domestic weakness for key trading partners in Europe and Asia. Nevertheless, Europe still likely faces a recession, as higher costs squeeze consumers and businesses. Geopolitical risks remain elevated, exemplified by Ukraine's ongoing struggles. Encouragingly, Russia's weaponization of fossil fuel supplies has enhanced the urgency of climate change actions and upgraded prospects for key net-zero initiatives. Our portfolios have broad exposure to enablers and developers of renewable power, electrification, and energy efficiency.

Our approach balances long-term opportunities and risks with cyclical considerations. We are overweight Healthcare and Consumer Staples, which benefit from innovation and solid earnings. We continue to favor Financials, given the sector's positive leverage to rising interest rates, while our sizable allocation to Industrials focuses on environmental solution providers. In all sectors, our research emphasizes companies with leading ESG practices, healthy end-market demand, and attractive valuation relative to our fundamental outlook.

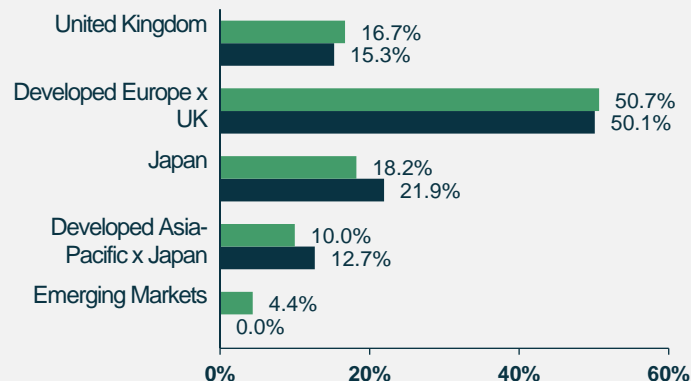
Contributors & Detractors

Top 10	% of Capital	Return	Relative Contrib.	Sector
ING GROEP N.V.	2.7%	40.1%	0.50%	Financials
VESTAS WIND SYSTEM	1.2%	55.4%	0.35%	Industrials
INFINEON TECHNOLOG	2.1%	36.4%	0.31%	Technology
SHISEIDO CO LTD	1.4%	40.1%	0.27%	Consumer Staples
AXA	3.1%	26.3%	0.24%	Financials
AIA GROUP LTD	1.9%	33.4%	0.23%	Financials
NOVO NORDISK A/S	1.5%	34.2%	0.21%	Healthcare
ESSITY AB	1.7%	31.3%	0.19%	Consumer Staples
BARRATT DEVEL	1.3%	34.0%	0.18%	Consumer Discretionary
PRYSMIAN SPA	1.8%	27.5%	0.15%	Industrials
			2.65%	

Sector Allocation



Regional Allocation



Bottom 10	% of Capital	Return	Relative Contrib.	Sector
ROCHE HLDGS	3.6%	-3.5%	-0.75%	Healthcare
DAIKIN INDUSTRIES	2.3%	-0.2%	-0.41%	Industrials
HOYA CORP	2.1%	0.7%	-0.35%	Healthcare
KERRY GROUP	1.8%	1.0%	-0.28%	Consumer Staples
WORLDLINE	1.5%	-2.2%	-0.26%	Technology
SHIMANO INC	1.3%	0.9%	-0.21%	Consumer Discretionary
L'OREAL	0.6%	-5.7%	-0.20%	Consumer Staples
OVERSEA-CHINESE BK	2.8%	10.2%	-0.19%	Financials
YAMAHA CORP	1.5%	5.7%	-0.17%	Consumer Discretionary
BYD COMPANY LTD	0.7%	-5.9%	-0.17%	Consumer Discretionary
			-2.99%	

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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