

Strategy Overview

First Quarter, 2023

Global Impact Strategy



Boston Common's Global Impact Equity strategy seeks long term capital appreciation by investing in impact investment themes such as Inclusive Finance, Sustainable Transport, Eco Efficiency, and Renewable Energy. The result is a high-conviction portfolio of high impact companies whose products & services can facilitate the transition to a just and sustainable world. Strategy vehicle options include Separate Account, Commingled Fund, Model/ADR, Mutual Fund¹

¹Subadvised by Boston Common

Portfolio Activity

Among our transactions this quarter, we purchased Edwards Lifesciences, a pure play solutions company within our 'Access to Health' Impact investment theme. Edwards is a leader in transcatheter heart valve replacement. This minimally invasive procedure provides a crucial alternative for those patients at greatest risk of complications from traditional surgical techniques. Edwards' hyper focus on heart valves and high Research & Development spend has led the company to perform well from a product quality & safety perspective, a difficult aspect of investing in most implantable device manufacturers. The stock de-rated significantly in 2022 in the wake of a deceleration in procedure volumes. However, continued adoption of transcatheter techniques supported by strong clinical outcomes and cost effectiveness should foster double-digit top-line growth in coming years.

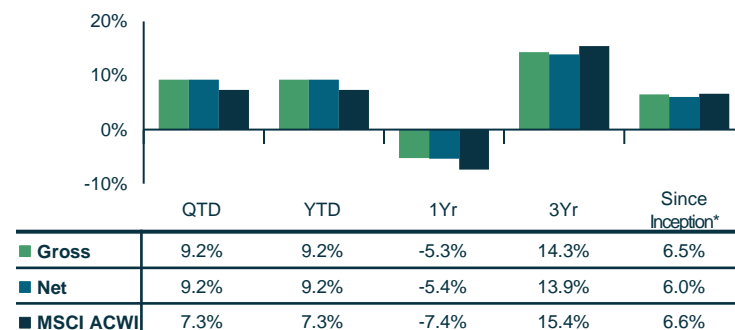
We also bought Italy-based Industrie De Nora SpA, which we expect to develop into a solutions leader within the higher margin value chain of Green Hydrogen. Market estimates are that tens of billions of dollars of investments in electrolyzers are needed for a Net Zero by 2050 scenario. The firm is a global leader in water treatment technology, electrode technology (lithium-ion battery copper foil), and energy transition (hydrogen fuel cells). Although solutions revenues for the latter are small, Green Hydrogen is one of the largest areas in Energy Transition stimulus plans.

We sold PagSeguro, Illumina, and Xinyi Solar based on diminished confidence. Illumina is facing new competitors entering genomic sequencing, which is exacerbated by governance issues over its proposed GRAIL acquisition. Xinyi Solar is experiencing ongoing challenges from industry fundamentals culminating in disappointing earnings development. Following strong rebounds, we took profits in KB Home, TopBuild, and Ping An insurance. After materially trimming our holding in Enphase Energy in late 2022, we added to the stock at a significantly lower price level.

Portfolio Review

Boston Common's Global Impact Strategy rose +9.2% before fees, outperforming the MSCI ACWI Index. Stock selection in Healthcare was the primary driver of outperformance. Leading Swiss hearing aid manufacturer Sonova rallied on expectations of a successful product launch and an uptick in industry growth after softness last year. Chinese traditional medicine company CTCM rose on ongoing regulatory standardization, while US

Performance



Annual Returns

	2023	2022	2021	2020	2019	2018
Gross	9.2%	-24.6%	12.9%	25.8%	27.8%	-11.3%
Net	9.2%	-24.7%	12.4%	25.0%	27.1%	-11.4%
MSCI ACWI	7.3%	-18.4%	18.5%	16.3%	26.6%	-12.8%

Portfolio Characteristics

	Boston Common	MSCI ACWI
# Holdings	56	2,888

Valuation		
Price/EPS (NTM)	17.7	16.1
Enterprise Value/EBITDA (NTM)	11.8	11.0
Price/Book	2.9	2.7
Price/Sales	2.2	1.9
Dividend Yield	1.5%	2.1%

Growth		
3yr EPS Consensus Growth	1.0%	2.1%
3yr Sales Growth	4.0%	2.8%

Quality		
Beta**	1.08	1.00
LT Debt to Cap	30.4%	34.3%
Net Debt to EBITDA	0.4	1.2
Return on Equity	14.9%	15.3%
Earnings Variability***	24.3%	24.7%
Free Cash Flow Yield	4.6%	4.7%

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

Portfolio Review (continued)

biotech Regeneron continues to benefit from impressive growth in its anti-inflammatory drug Dupixent and stability in its flagship vision care therapy. Our underweight and stock selection within the Financials sector helped returns, driven by Asia Pacific and EM holdings Bank Rakyat, Orix, and Macquarie. Housing companies in the US, residential home builder KB Home and insulation leader TopBuild, and British affordable home builder Barratt led outperformance in Discretionary. From a regional perspective, the United States helped returns, driven in part by Technology holdings: cloud-based software developer Salesforce, solar module manufacturer First Solar, and semiconductor equipment provider Applied Materials.

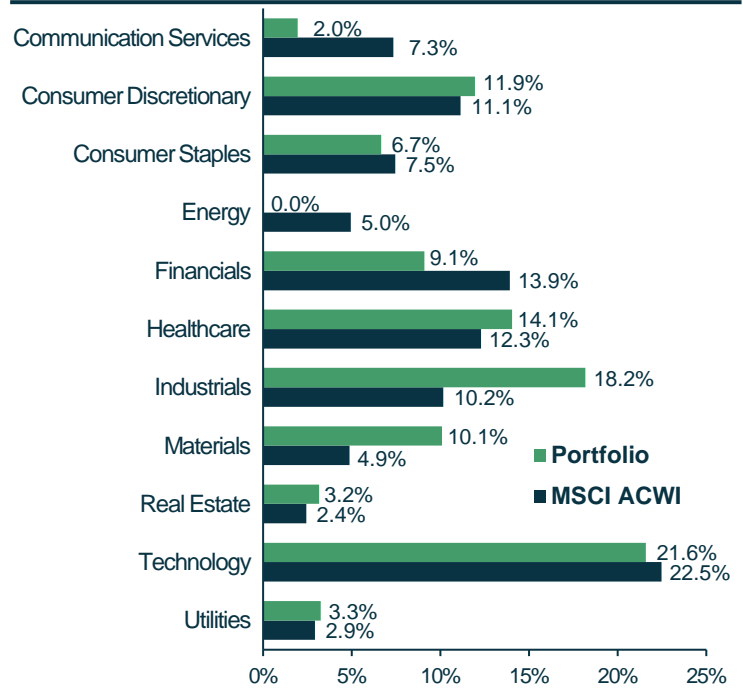
Stock selection in Technology was the largest detractor from performance despite our holdings posting strong absolute returns. Leading solar inverter manufacturer Enphase Energy receded after strength in 2022. Taiwanese Delta Electronics, the largest power-supply vendor in the world, as well as payments processors PayPal in the US and PagSeguro in Brazil lagged sector peers. From a regional perspective, Developed Europe ex. UK was the largest detractor from performance. German Covid vaccine manufacturer BioNTech declined after providing disappointing guidance for inoculation demand in 2023. Dutch health and nutrition solution provider DSM and Danish offshore wind utility Orsted saw modest declines. US water services leader Xylem underperformed, as it announced its intention to take over industrial peer Evoqua for \$7.5 bn in an all-stock deal.

Outlook and Positioning

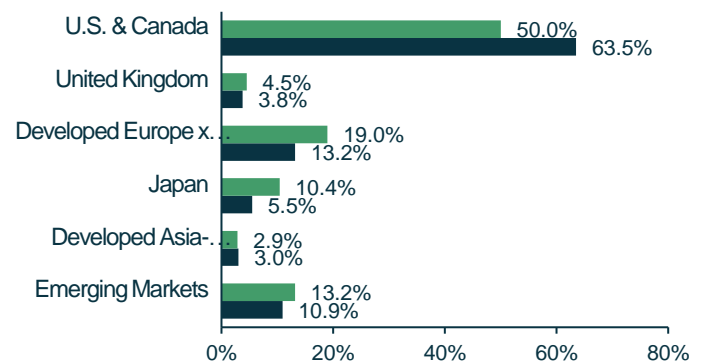
Global growth expectations remain modest and subject to volatility. Recent banking turmoil adds to headwinds from inflation, interest rates, and geopolitical risks that leave the probability of recession later in the year relatively high. However, US and European monetary policy should end its tightening cycle soon, while Japan continues to stand out with its exceptionally loose conditions. Emergency government spending for the pandemic is receding, but fiscal support for net-zero initiatives should foster a dramatic expansion in green technology investment in coming years, projected in the hundreds of billions to trillions of dollars.

Given uncertain cyclical prospects and valuations in line with history, we have strengthened our defensive posture while being underweight Financials and Energy. Our notable overweight of the Industrials and Materials sectors reflects our conviction in long-term growth of electrification, renewable power, and energy efficient equipment like heat pumps.

Sector Allocation



Regional Allocation



Top 10 Equity Holdings

Name	% Weight	Sector Name
SALESFORCE INC	2.8%	Technology
SCHNEIDER ELECTRIC	2.7%	Industrials
BK RAKYAT	2.6%	Financials
INTUIT	2.6%	Technology
MCCORMICK & CO INC	2.6%	Consumer Staples
CARRIER GLOBAL CORP	2.5%	Industrials
XYLEM INC	2.5%	Industrials
SPROUTS FMRS MKT INC	2.4%	Consumer Staples
TOPBUILD CORP	2.3%	Consumer Discretionary
INFINEON TECHNOLOG	2.3%	Technology
Total	25.3%	

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) 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 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 department at 617-720-5557.