

Strategy Overview

Second Quarter, 2023

Emerging Markets Equity Strategy



Boston Common's Emerging Markets strategy invests in a diversified portfolio of high-quality companies with sound governance and sustainable business models selling into growing end markets. Strategy vehicle options include Separate Account, Commingled Fund

Portfolio Activity

During the quarter, we purchased Sungrow Power Supply, a leading solar photovoltaic (PV) inverter producer headquartered in China. With a significant market share of 30% in solar inverters globally, Sungrow also provides wind power converters, energy storage systems (ESS), electric vehicle drive systems, and charging facilities. Inverters play a crucial role in solar systems despite accounting for a relatively small part of a total project cost. Sungrow's strong R&D capabilities and vertically integrated low-cost structure have allowed the company to gain market share in the global solar and ESS industries. We have a positive outlook on the global demand for these technologies and consider Sungrow a key enabler for renewable energy adoption and energy efficiency improvement. Recent declines have brought the stock into a more attractive valuation range.

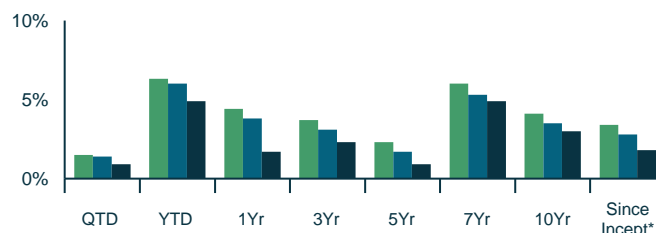
After the recent rally, we decided to sell our position in Minth, a leading Chinese auto parts manufacturer. We believe a more challenging competitive landscape, especially in the EV battery housing business, has weakened the outlook for the company.

Portfolio Review

The Boston Common Emerging Markets strategy gained +1.5% before fees, outperforming the MSCI EM Index ("the Index"). Stock selection in Information Technology was the largest positive contributor. Semiconductor companies SK Hynix and Taiwan Semi rallied on improving supply-demand balance and growth potential from AI. The defensive Communication Services, Healthcare, and Consumer Staples sectors also showed strength. Notable contributors included telecom Bharti Airtel in India, pharmacy retailer Raia Drogasil, and hospital operator Hapvida in Brazil, and convenience grocer Dino Polska in Poland, all providing important access to communications, healthcare, and consumer well-being. Brazil and Indonesia were among the top country contributors, driven by strong performance of financial holdings such as Itau Unibanco and Bank Rakyat along with Brazilian retailer Lojas Renner.

Industrials was the primary detractor, as China's lukewarm post-pandemic recovery pressured Airtac in Taiwan and Shenzhen Inovance in China. Additionally, our lack of exposure to the strongly performing conventional Energy sector had a negative impact. The underwhelming property market support in China weighed on Longfor, resulting in weak relative results in the Real Estate sector. Africa & Middle East was the largest regional detractor, with Naspers and Growthpoint impacting South Africa's relative results.

Performance



	QTD	YTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Incept*
Gross	1.5%	6.3%	4.4%	3.7%	2.3%	6.0%	4.1%	3.4%
Net	1.4%	6.0%	3.8%	3.1%	1.7%	5.3%	3.5%	2.8%
MSCI EM	0.9%	4.9%	1.7%	2.3%	0.9%	4.9%	3.0%	1.8%

Annual Returns

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross	6.3%	-17.3%	-7.8%	24.0%	24.4%	-16.6%	44.5%	8.4%	-13.5%	-0.5%
Net	6.0%	-17.8%	-8.4%	23.2%	23.6%	-17.1%	43.5%	7.9%	-13.8%	-1.0%
MSCI EM	4.9%	-20.1%	-2.5%	18.3%	18.4%	-14.6%	37.3%	11.2%	-14.9%	-2.2%

Portfolio Characteristics

	Boston Common	MSCI Emerging Markets
# Holdings	52	1,423

Valuation

	Boston Common	MSCI Emerging Markets
Price/EPS (NTM)	13.7	13.7
Enterprise Value/EBITDA (NTM)	8.7	7.6
Price/Book	1.9	1.9
Price/Sales	1.7	1.4
Dividend Yield	2.3%	2.6%

Growth

	Boston Common	MSCI Emerging Markets
3yr EPS Consensus Growth	12.8%	4.4%
3yr Sales Growth	8.4%	5.4%

Quality

	Boston Common	MSCI Emerging Markets
Beta**	1.02	1.00
LT Debt to Cap	24.9%	21.3%
Net Debt to EBITDA	0.5	0.5
Return on Equity	12.4%	14.4%
Earnings Variability***	29.3%	31.3%
Free Cash Flow Yield	3.9%	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: December 31, 2012 **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

Outlook and Positioning

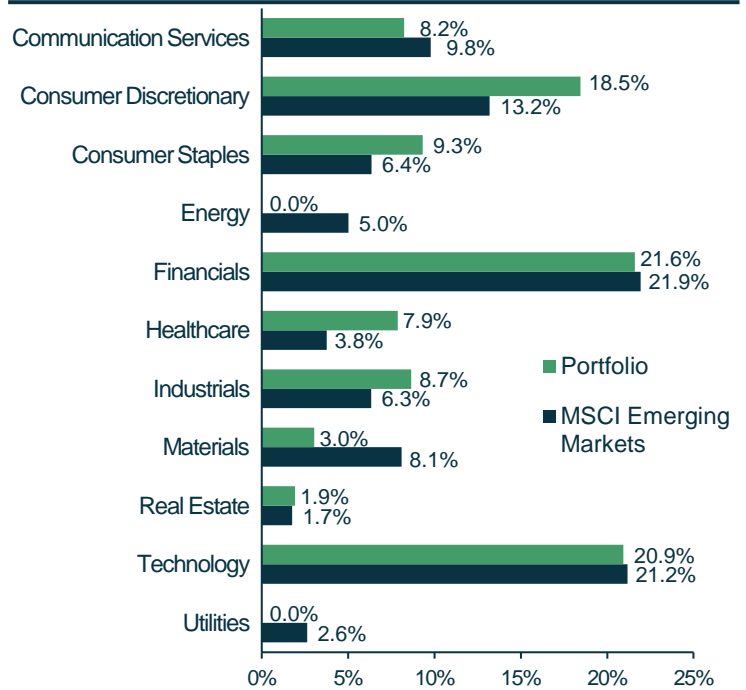
We expect continued slowing in global economic activity, as major central banks address inflationary pressures with ongoing restrictive monetary policies. Higher sensitivity to food and energy prices in EM economies, which typically posed challenges during commodity price surges, now function as a support for disinflation. This improved inflation outlook may lead to earlier rate cuts than the Federal Reserve, supporting domestic growth. Latin America has some of the highest real rates in EM, and Brazil in particular, at about 7%, is expected to start rate cuts in Q3 2023.

From a regional perspective, we have increased our exposure in Southeast Asia, a key beneficiary of the global supply chain shift away from China. Supportive policies, cost competitiveness, links to established manufacturing hubs, and the growing middle-income consumers should continue to attract foreign investment, including direct investments from China. We maintain our overweight in Latin America, expecting the favorable inflation dynamic and ongoing fiscal reforms to benefit countries such as Brazil.

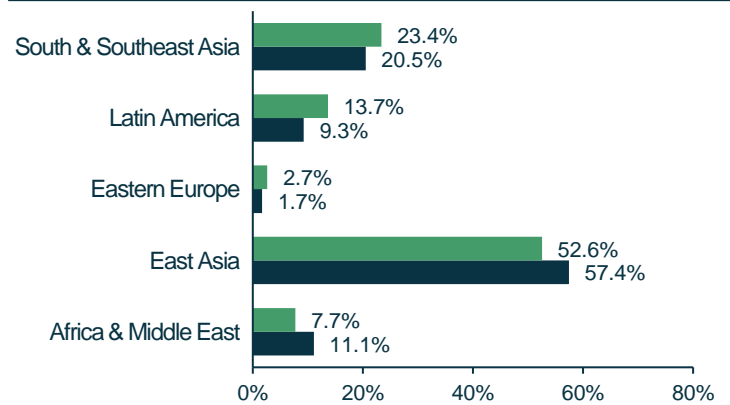
Our research trip to China this quarter affirmed a volatile and uneven post-pandemic recovery. Consumer sentiment remains cautious due to weak employment and ongoing property market weakness, but there is potential for growth in service sectors such as travel. We noted significant advancements in manufacturing upgrades and structural opportunities for China to move up in the global supply chain, even as rising Sino-US trade tensions add uncertainty. Notably, a new ecosystem is emerging around low-carbon transition technologies such as wind, solar, electric vehicles, and batteries, providing investment opportunities in companies with technological leadership and globally competitive products.

Our portfolio balances the overweight positions of defensive Staples and Healthcare with Consumer Discretionary and Industrials. Modest EM earnings growth but attractive relative valuations support our approach to focus on high-quality companies benefiting from structural shifts such as digitalization, supply chain reshaping, and low-carbon transition technologies.

Sector Allocation



Sub-Regional Allocation



Top 10 Equity Holdings

Name	% Weight	Sector Name
TAIWAN SEMICONDUCTOR	6.7%	Technology
SK HYNIX INC	5.7%	Technology
HDFC BANK LTD	4.2%	Financials
ALIBABA GROUP HLDG	4.1%	Consumer Discretionary
NASPERS	4.0%	Consumer Discretionary
DELTA ELECTRONIC	3.7%	Technology
BK RAKYAT	3.3%	Financials
PING AN INSURANCE	2.8%	Financials
MIDEA GROUP CO LTD	2.2%	Consumer Discretionary
WEG SA	2.1%	Industrials
Total	38.7%	

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.