

Strategy Overview

Fourth 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

This quarter, we bought Dabur India Ltd., a Consumer Staples company with a diverse portfolio of personal, healthcare, and food and beverage products with the appeal of traditional, natural ingredients. Rising living standards support the company's brands, which compete primarily with informal players. Dabur has lagged consumer stocks due to its rural exposure, which was slow to recover post-pandemic. However, long-term structural drivers, including product innovation and technology investments, should provide sustainable revenue growth and margin expansion, supporting the company's premium valuation.

Due to continued margin pressure and elevated competition, we exited Chinese personal products company Hengan International.

Portfolio Review

The Boston Common Emerging Markets strategy returned +7.8% before fees for 2023, lagging the +9.8% MSCI Emerging Markets Index ("the Index") return. Financials, Healthcare, and Energy were top detractors, while Communication Services, Consumer Discretionary, and Materials added most to relative annual returns.

For the fourth quarter, the Boston Common Emerging Markets strategy returned +8.2% before fees, outperforming the Index. Consumer Staples was the top positive contributor, helped by Polish grocer Dino Polska, which surged on better macro expectations and consumption recovery. Communication Services contributed to relative performance thanks to our modest allocation to interactive media, a lagging industry. Mondi outperformed lifting Materials after the company announced a special shareholder dividend after selling its Russian assets. Real Estate also added value with South African property developer Growthpoint.

Healthcare detracted most from relative performance. Lowered guidance pushed down Wuxi Biologics in China and Kalbe Farma in Indonesia. Underperformance in Financials was driven by China Merchants Bank and Ping An Insurance, both impacted by China's economic headwinds and softer margins. Delta Electronic's modest return amid the Technology rally weighed on relative returns, although semiconductor holdings SK Hynix and TSMC outperformed.

Performance



	QTD	YTD	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	8.2%	7.8%	-6.3%	4.9%	6.2%	3.6%	3.4%
Net	8.1%	7.4%	-6.9%	4.2%	5.6%	3.0%	2.8%
MSCI EM	7.9%	9.8%	-5.1%	3.7%	5.0%	2.7%	2.2%

Annual Returns

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross	7.8%	-17.3%	-7.8%	24.0%	24.4%	-16.6%	44.5%	8.4%	-13.5%	-0.5%
Net	7.4%	-17.9%	-8.4%	23.2%	23.6%	-17.1%	43.5%	7.9%	-13.8%	-1.0%
MSCI EM	9.8%	-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	51	1,441

Valuation

Price/EPS (NTM)	14.0	13.4
Enterprise Value/EBITDA (NTM)	8.2	7.9
Price/Book	2.0	1.9
Price/Sales	1.7	1.4
Dividend Yield	2.3%	2.5%

Growth

3yr EPS Consensus Growth	10.8%	-2.9%
3yr Sales Growth	8.8%	5.0%

Quality

Beta**	1.01	1.00
LT Debt to Cap	24.5%	21.4%
Net Debt to EBITDA	0.4	0.1
Return on Equity	13.3%	15.3%
Earnings Variability***	28.8%	31.3%
Free Cash Flow Yield	2.7%	4.8%

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

Portfolio Review (continued)

South/Southeast Asia was the top regional detractor. BDO Unibank in the Philippines retrenched after solid performance, while Kasikornbank in Thailand was weak with the local market. South African drug store chain Clicks helped Africa/Middle East outperform.

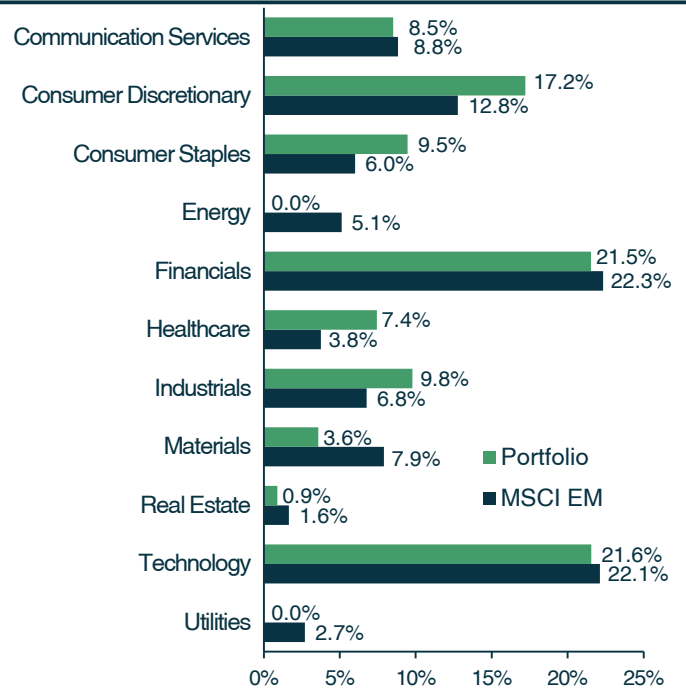
Outlook and Positioning

Emerging Market resilience against higher US interest rates was notable in 2023. Expectations of policy rate cuts in 2024 as inflation trends downward provide potential tailwinds to risk assets, including EM equities. The continuing EM monetary easing cycle is welcome amid modest economic growth estimates. We are mindful of EMs' active 2024 election calendar, including Taiwan, Indonesia, India, South Africa, and Mexico, which could change policy dynamics.

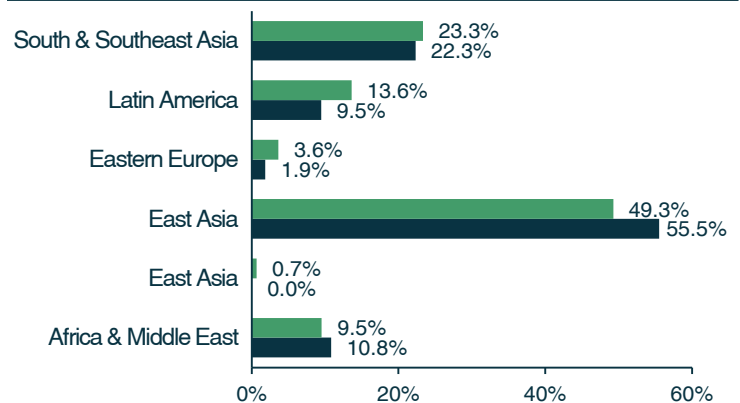
Emerging Europe could benefit from easing global financial conditions and cost of living pressures and improving consumption trends. Undemanding relative valuations should support Latin America's equity markets. Easier policy rates should relieve households with elevated leverage—especially in Brazil—and lift consumer confidence. We expect continued softness in China's property market, although we see a low likelihood of systemic risk to the economy. Chinese currency reserves and disinflationary trends allow targeted fiscal stimulus to continue, with potential upside risk for a broad-based support package. Emerging Asia growth leaders like Indonesia and India could continue to see support from capital flows, pro-market reforms, manufacturing renaissance, and expected policy continuity in upcoming elections.

Global equity risk sentiment turned positive late in the quarter. We retain a balanced portfolio position, overweight defensive sectors like Staples and Healthcare, counterbalanced by overweights of Consumer Discretionary and Industrials. As economies normalize and consumer confidence improves, quality companies attentive to sustainability and digital transformation should tap into improving demand dynamics.

Sector Allocation



Sub-Regional Allocation



Top 10 Equity Holdings

Name	% Weight	Sector Name
TAIWAN SEMICONDUCTOR	6.9%	Technology
SK HYNIX INC	6.6%	Technology
NASPERS	4.4%	Consumer Discretionary
HDFC BANK LTD	3.5%	Financials
BK RAKYAT	3.2%	Financials
ALIBABA GROUP HLDG LTD	3.2%	Consumer Discretionary
DELTA ELECTRONIC	3.0%	Technology
BHARTI AIRTEL LTD	2.4%	Comm. Services
PING AN INSURANCE	2.4%	Financials
AXIS BANK	2.4%	Financials
Total	38.0%	

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.