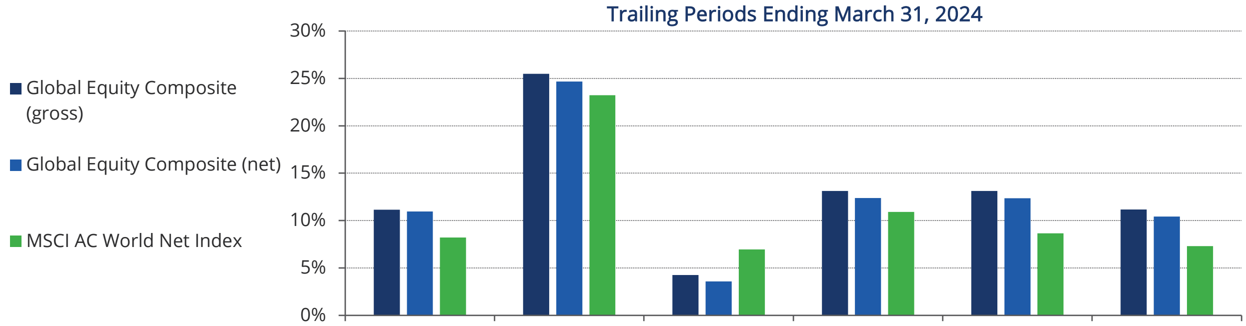
Hardman Johnston Global Equity

2024 First Quarter Report

Hardman Johnston Global Advisors

Performance



	1Q 2024	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity Composite (gross)	11.13	25.49	4.26	13.11	13.13	11.17
Global Equity Composite (net)	10.95	24.67	3.58	12.38	12.36	10.42
MSCI AC World Net Index	8.20	23.22	6.95	10.90	8.65	7.31

Performance is through March 31, 2024. Periods greater than one year are annualized. **Past performance does not guarantee future results.** Net performance reflects the deduction of advisory fees and reinvestment of income (if applicable). Effective April 1, 2015, the Company changed the primary benchmark for its Global Equity strategy to the MSCI All Country World Net Index ("ACWI"). The inception date of the composite is December 31, 2005.

Key Takeaways

- The portfolio performed well during the first quarter
- Industrials and Information Technology were the top sector contributors, while Health Care and Communication Services were the top detractors
- North America was the top contributing region, while Pacific ex Japan was the top active regional detractor
- The Hardman Johnston Global Equity Strategy outperformed the MSCI AC World Net Index during the quarter

Portfolio Commentary

Equity markets had a strong start to the year on the back of encouraging economic growth. Our portfolio also fared well, outperforming its benchmark index. In the first quarter, the Hardman Johnston Global Equity Composite returned 10.95%, net of fees, compared to 8.20% for the MSCI AC World Index.

The main drivers of outperformance from a sector standpoint were Industrials and Information Technology. Within Industrials, Vertiv Holdings Co. and Safran S.A. were the top contributors. Vertiv makes electrical and thermal equipment for data centers. Vertiv has been a key beneficiary of the artificial intelligence (AI) boom, as the increased computing power required to support AI necessitates larger investments in data centers. After a blockbuster 2023, Vertiv's stock continued to rally in the first quarter of 2024 after the company reported another earnings beat coupled with a raise to 2024 earnings guidance. The company highlighted the ongoing acceleration in order momentum, along with new growth investments including a rapid capacity increase in next-gen liquid cooling technology. Our meeting with the CEO increased our confidence in the overall direction of the company and the ability to meet the surge in demand.

Safran outperformed as travel demand continues its secular growth trajectory, leading to over 20% growth in Safran's aftermarket business. With its dominant position, the company has been able to raise prices faster than input cost inflation. Additionally, Safran has a visible pipeline of deliveries for its LEAP aircraft engine, underpinning future growth across business lines.

Within Information Technology, the largest drivers of outperformance were NVIDIA Corp. and ASML Holding N.V. Similar to Vertiv, NVIDIA is another AI-beneficiary that has seen an incredible run in its stock price performance. The company continued to build gains in the first quarter as it surpassed lofty earnings expectations, driven by its data center segment. Management demonstrated confidence in heighted guidance driven by new product cycles ramping up and growing customer adoption across business channels. NVIDIA also unveiled its new Blackwell platform, which is expected to widen its advantage in the AI ecosystem as demand for AI shifts to different use cases.

ASML outperformed during the quarter as the semiconductor industry firmly entered an upcycle, buoyed by normalized inventory levels and AI-driven demand. ASML's robust order flow gave investors confidence that 2025 will be a strong growth year, as management had previously indicated. Much of the strength on order came from Memory customers, as leading DRAM manufacturing shifts to using extreme ultraviolet (EUV) are proving to be more lithography-intensive than previously expected. This creates upside to ASML's share of wallet in their customers' capex budgets given the company's dominant market share in EUV lithography.

The top sector detractors during the quarter were Health Care and Communication Services. Health Care's underperformance was primarily due to the underperformance of Grifols, S.A. Grifols struggled in the first quarter after Gotham City Research released a short report citing concerns about Grifols' accounting practices and lack of transparency. Since the short report, Grifols' auditor and the Spanish regulator have determined that all accounting practices were legal, although they are requiring more transparency going forward. Aside from the short report, operational results were generally strong with healthy free cash flow guidance in 2025-2027, and the company share price is continuing to rebound.

Within Communication Services, T-Mobile US, Inc. underperformed. T-Mobile is one of the top three wireless carriers in the US with the best 5G network, a strong value proposition after its merger with Sprint, and better scale than competitors. Although T-Mobile posted solid earnings during the quarter, results were in line with investor expectations, causing the stock to stall after a strong run late last year.

From a regional perspective, North America was the top contributor to outperformance in the first quarter, with Vertiv and NVIDIA contributing the most within the region. Japan was our top relative detractor due to our lack of weight within the sector. Pacific ex Japan was the only active region to underperform, with a modest detraction as a result of our sole position within the region, Melco Resorts & Entertainment Ltd.

Melco underperformed as the casino operator did not fully participate in the post-COVID recovery of Macau's gaming sector. Melco lost market share in the key premium mass segment, which had traditionally been its strength. The company was too late to abandon its frugal COVID mindset, causing customers to choose other venues that offered superior promotions and experiences. An announced management shakeup in late March is evidence that the CEO and majority owner, Lawrence Ho, is determined to address this loss.

The top individual contributors to relative performance were Vertiv, NVIDIA, and Safran. The top individual detractors from relative performance were Grifols, Atlassian Corp., and Universal Display Corp. Following a substantial stretch of positive performance, shares of Atlassian corrected after reporting quarterly earnings that met company guidance but missed loftier investor expectations. Atlassian did raise the midpoint of its full year guidance for Cloud growth, but a greater contribution from recently acquired async video provider Loom implied organic growth below 30% for the year. We believe the growth profile for Atlassian is intact and the weak post-earnings performance was a function of high expectations and a modest contraction of a high multiple. Going forward, we believe that Atlassian can still post superior growth in the software landscape as migrations from Data Center to Cloud accelerate on greater enterprise qualifications and as Atlassian's growth algorithm shifts from migrations to new product adoption, most notably Jira Service Management.

Shares of Universal Display traded lower in the first quarter on moderately worse sentiment around smartphone and PC demand as visibility remains uncertain despite exiting a prolonged period of weakness. During its fourth quarter earnings release, the company guided to 13% revenue growth for the full year, which was met with some disappointment. We believe there is incremental upside to OLED materials demand in 2024, and our conviction in the medium-term outlook for Universal Display is intact. Universal Display is well positioned for continued OLED penetration growth across displays, and we expect the company to reach commercial specifications of its blue emitter material before the end of the calendar year, which will set up for a multi-year period of increased content growth per display.

During the quarter, we initiated a new position in Taiwan Semiconductor Mfg. Co., Ltd. Taiwan Semiconductor (TSMC) posted strong quarterly results, signaling that 2023 was a bottom in the semiconductor cycle. Despite a weak macro outlook, the company guided to revenue growth of 20%-25% in 2024, which was above expectations. TSMC is seeing broadening adoption of its leading 3 nanometer manufacturing node, as well as strong existing demand in its 5 nanometer node. TSMC is also benefitting from its position in the artificial intelligence (AI) ecosystem. The company expects its AI-based revenue to meaningfully outgrow the rest of its business and reach a high-teens percentage of revenue by 2027.

We liquidated positions in Meituan, Genmab AS, Schlumberger NV, and Wolfspeed, Inc. Meituan is the industry leader in Chinese service ecommerce. Last year, the company found itself increasingly targeted by the new market entrant Douyin, which is the Chinese counterpart to TikTok. Meituan's in-store marketing business vigorously and successfully defended market share, but this came at the expense of margins. These margin pressures do not seem likely to abate in the near future. Additionally, Meituan Select, which engages in community group buying, has been highly dilutive to earnings with minimal visibility regarding path to profitability. The competitive margin pressures in the in-store segment and profitability issues in Meituan Select caused us to lower our forecasts and ultimately liquidate Meituan. With this liquidation, we no longer hold any stocks directly domiciled in China in the portfolio.

The antibody engineering company, Genmab, has been grappling with rising expenses due to the commercial launch of Epkinly for the treatment of diffuse large B-cell lymphoma. There were also concerns around contract negotiations with Johnson & Johnson regarding Genmab's blockbuster multiple myeloma drug, Darzalex. Given these concerns, we decided to liquidate the position and deploy capital elsewhere.

Schlumberger is the world's largest oilfield services company with the greatest international and offshore exposure. While it is a high quality company and a key partner for many major oil companies, Schlumberger is heavily affected by the near-term swings in the price of oil and gas as investors strive to adjust exposure to the underlying commodity rather than trade on fundamentals. As such, we consolidated our position in Energy to TechnipFMC plc, which is more driven by the underlying strength of the business rather than the commodity price.

While we were pleased to see good progress at Wolfspeed's new fab at Mohawk Valley, the share price reaction following its earnings release provided evidence that the near-term headwinds facing Wolfspeed's devices business will likely outweigh the idiosyncratic execution benefits of ramping new capacity. The near-term sentiment around electric vehicles and persistent weakness and excess inventory in silicon carbide (SiC) devices for Industrial & Energy applications may offset any gains the company makes as it ramps production through the next several quarters. Additionally, competition in SiC has intensified since our initiation of Wolfspeed, for both its Materials business and its Devices business. We continue to believe that Wolfspeed demonstrates leadership in SiC materials production, but, given the ramp of internal supply at customers and capacity coming online from Chinese suppliers, the component of our investment thesis based on Wolfspeed's technological advantage has weakened over our holding period.

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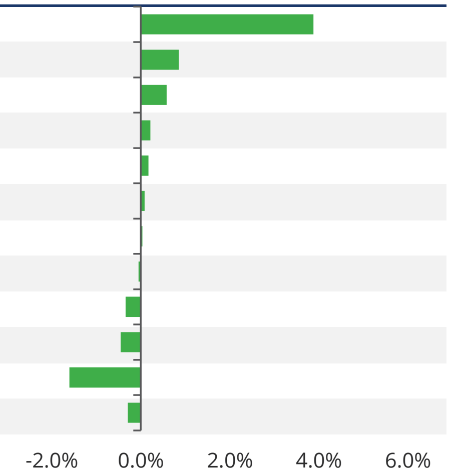
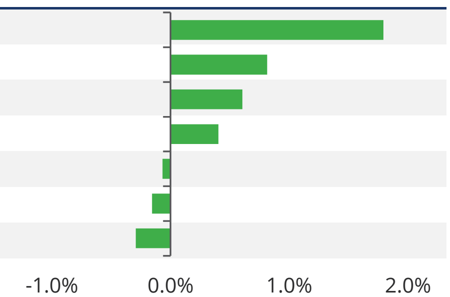
2024 FIRST QUARTER REPORT

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	
Industrials	13.4	10.6	41.8	9.1	
Info. Technology	24.2	23.6	14.9	12.1	
Materials	2.4	4.2	20.7	1.9	
Real Estate	0.0	2.3	0.0	-0.9	
Utilities	0.0	2.5	0.0	1.5	
Energy	3.0	4.5	23.6	9.4	
Consumer Staples	2.7	6.6	-3.7	2.7	
Financials	5.4	15.9	10.8	9.3	
Cons. Discretionary	13.2	10.9	3.8	5.9	
Comm. Services	8.1	7.5	5.2	11.4	
Health Care	24.6	11.4	1.4	7.0	
Cash	3.1	0.0	1.6	0.0	



Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	
North America	66.0	65.8	12.6	10.0	
Emerging Markets	8.1	10.2	11.6	2.3	
Europe	18.3	12.4	10.1	6.2	
United Kingdom	3.5	3.4	17.6	3.1	
Pacific ex Japan	1.1	2.6	-18.7	-1.7	
Japan	0.0	5.5	0.0	11.0	
Cash	3.1	0.0	1.6	0.0	



Contributors & Detractors

First Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Vertiv Holdings Co.	4.93	2.43
NVIDIA Corp.	4.65	1.33
Safran S.A.	4.17	0.78
Largest Detractors		
Grifols, S.A.	1.57	-1.43
Atlassian Corp.	3.61	-1.11
Universal Display Corp.	3.52	-0.80

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Vertiv Holdings Co.	4.10	8.14
NVIDIA Corp.	3.69	2.11
Howmet Aerospace, Inc.	4.27	1.48
Largest Detractors		
Meituan	2.16	-2.12
Wolfspeed, Inc.	1.60	-2.07
Prosus NV	3.50	-1.48

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Taiwan Semiconductor Mfg. Co., Ltd.	Meituan
	Genmab AS
	Schlumberger NV
	Wolfspeed, Inc.

Data for the quarter ending March 31, 2024. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.** The data shown is of a representative portfolio for the Hardman Johnston Global Equity strategy and is for informational purposes only. Results are not indicative of future portfolio characteristics/returns. Actual results may vary for each client due to specific client guidelines and other factors. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. Future investments may or may not be profitable.

Market Outlook

Even after a first quarter of strong performance, it is still as easy to construct a bull market case as it is to find evidence that supports a bear market hypothesis. Conditions are not homogenous, and data is often conflicting. Therefore, it makes sense to take a bottom-up approach, concentrating on business fundamentals and earnings growth that is visible and stable.

Economic growth was surprisingly robust in 2023, driven primarily by the US, though the Eurozone surprised to the upside as well. The jobs market has remained resilient, although it appears to be cooling at a moderate rate. While there are signs of stress in rising credit card and auto loan delinquencies, consumers remain broadly confident about the outlook. Where last year there was reason to believe a recession was on the horizon, a soft landing now appears to be the consensus outcome.

Despite this, much remains up in the air. Prices ticked up in early 2024 in the US and some other markets, leading to concerns about a resurgence in inflation. Although the Federal Reserve has been guiding to interest rate cuts and hinting at timelines, policymakers are not in a hurry to make the first move. Near-term rate cuts are clearly priced in, so any delay could be disappointing for markets.

Even in Europe, where inflation continues to fall and many economies are stagnating, the European Central Bank remains cautious, but is likely to cut rates slightly before the US. The Swiss central bank became the first major western market to cut rates in March, but only after inflation remained within its target range for nine months consecutively.

At the other end of the spectrum, the Bank of Japan raised rates for the first time in 17 years, taking its policy range above zero. It has given guidance for a very gradual rate pace of interest rate increases as it continues towards normalization, recognizing that the strength of the yen, and market performance, is likely to be closely correlated to central bank actions. The takeaway is that behind the optimism that has driven many benchmarks to new records, investors are on guard. Any deviation from expectations has the potential to knock confidence and impact performance.

In this environment, there is evidence that performance is broadening beyond the biggest US blue chip stocks. For example, Vertiv, a provider of power and cooling systems for data centers, has outperformed even the largest AI-focused companies. We fully expect that its path will continue upwards as global server requirements accelerate with the rollout of AI and cloud migration. This has also been a boon for international companies such as ASML and Taiwan Semiconductor, who have seen increased demand for their advanced tools and chips, respectively.

The trend towards broadening performance will still present potential potholes. In Healthcare, the strength of companies at the forefront of the Glucagon-like peptide 1-based therapies (GLP-1s) that can combat obesity, and by extension type 2 diabetes, has come at the expense of the medical technology segment. While Novo Nordisk and Eli Lilly have been clear beneficiaries for the rise of GLP-1s, this is not a zero-sum game, and so requires a focus on sensible valuations, as well as close attention to the regulatory landscape or the emergence of competition.

Our preference is for companies with secular drivers and strong and defensible market positions that we can buy at a value entry point. Heightened geopolitical tension has increased international spending on defense. While companies in this corner of the industrials sector have already seen strong gains, there are further returns to be made. Earnings stability and visibility, combined with incremental business, will be catalysts for stock performance. Further, companies are somewhat insulated from the broader macro environment, enabling them to grow strongly even if the economy cools.

The geopolitical situation is likely to remain volatile in 2024. This year, more than half the world's population will go to the polls. Some of those races have already been decided, with Vladimir Putin reinstalled for a fifth term in Russia and new Presidents in Indonesia and Pakistan. However, there are still many to come, including elections in India, the UK, and the US.

With elections comes the possibility of unforeseen outcomes and uncertain policy. Whoever wins the US election is bound to be unpopular with a large part of the population, but at least neither candidate will be a surprise. The current muscular antitrust approach on President Biden's watch could be rolled back under a Trump administration, but both are likely to be aggressive in their stance towards China and global trade more broadly.

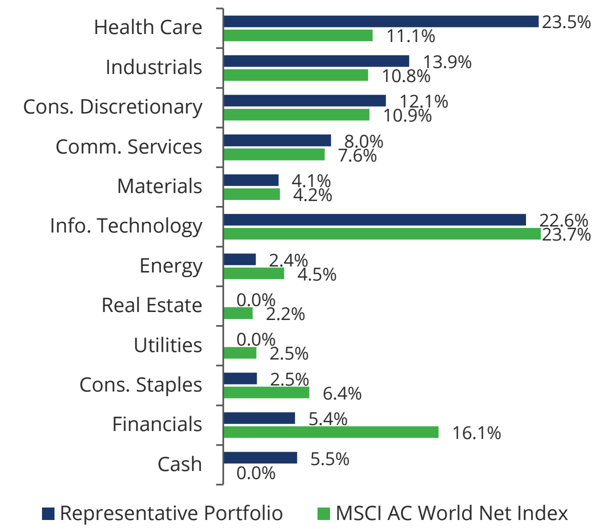
China itself will remain a challenging market due to issues of its own making. The authorities are seeking to reignite inbound investment and stabilize the stock market. However, the property crisis is still unresolved and is likely to continue to weigh on consumers and businesses for some time.

Given new highs in many markets, commentators have been pointing out similarities with past bubbles. While some asset prices are elevated, we do not think they are divorced from reality. Most still trade at recognizable multiples relative to their earnings. Indeed, those earnings may continue to move higher, driven by secular themes as well as macro conditions. On the downside, the return of rising input costs would put pressure on margins, while potentially impacting demand.

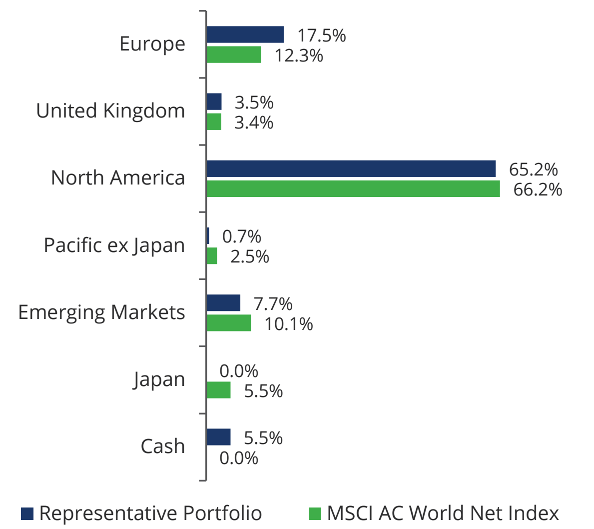
In short, while the risk of exogenous shocks remains, we are not yet out of the woods. Still, we have strong conviction in our holdings, find them attractively valued relative to their earnings growth trajectories, and believe in their ability to deliver over a three-to-five-year time horizon.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI AC World Net Index	
	1Q 2024	5 Year Average	1Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	539.1	345.7	530.3	334.0
Median Market Cap ($B)	63.6	74.6	12.4	11.2
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	20.1	19.4	12.5	12.3
Revenue Growth: 3 to 5 year forecast (%)[1]	12.1	13.6	7.9	8.1
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	27.6	28.2	23.0	21.6
P/E Ratio: 12 Months - trailing[1]	34.9	33.9	26.6	24.1
PEG Ratio: forward[2]	1.4	1.5	1.8	1.7
Dividend Yield (%)[3]	0.6	0.5	1.9	2.1
Price/Book[4]	4.9	5.3	3.1	2.6
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	17.7	17.4	19.4	17.6
Return on Invested Capital: 5 Year (%) - trailing	11.5	12.5	13.2	12.4
Long-Term Debt / Equity (%)[1]	79.1	68.2	73.6	76.0
Other				
Number of Positions	28	31	2,841	2,941
Beta: 3 year portfolio[5]	1.2	1.2	1.0	1.0
Tracking Error: 5 Year - trailing (%)	5.3	--	--	--
Turnover: 12 Months - trailing (%)	42.1	36.2	--	--

[1]Interquartile weighted mean, [2]PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", [3]MPT beta (daily). [4]Based on aggregate purchases and sales over prior 12 months. Data as of March 31, 2024. **Past performance does not guarantee future results.** Source: FactSet, Hardman Johnston Global Advisors LLC®. The data shown is of a representative portfolio for the Hardman Johnston Global Equity strategy and is for informational purposes only and is not indicative of future portfolio characteristics/returns. Actual results may vary for each client due to specific client guidelines and other factors. The representative portfolio was chosen as most representative of the Global Equity strategy. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. Future investments may or may not be profitable. In the event the portfolio holds multiple share classes of a company, the total number of positions reflects the multiple share classes as a single position. Hardman Johnston Global Advisors generally uses Global Industry Classification Standard ("GICS") to determine sector classification. Hardman Johnston may reclassify a company into a more suitable sector if it believes that the GICS classification for a specific company does not accurately classify the company from our perspective.

Portfolio Holdings

	Country	Weight (%)	Industry	Initiation Date
Communication Services				
Alphabet Inc.	United States	4.3	Interactive Media & Services	Jan. 2011
T-Mobile US, Inc.	United States	3.7	Wireless Telecommunication Services	Jun. 2020
Consumer Discretionary				
Amazon.com, Inc.	United States	4.6	Broadline Retail	Mar. 2016
Melco Resorts & Entertainment Ltd.	Hong Kong	0.7	Hotels, Restaurants & Leisure	Jan. 2023
MercadoLibre, Inc.	Brazil	3.9	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	2.9	Broadline Retail	Feb. 2022
Consumer Staples				
Coty Inc.	United States	2.5	Personal Care Products	Jun. 2022
Energy				
TechnipFMC plc	United Kingdom	2.4	Energy Equipment & Services	May 2023
Financials				
Mastercard Inc.	United States	4.3	Financial Services	May 2015
Standard Chartered PLC	United Kingdom	1.0	Banks	Aug. 2023
Health Care				
Alkermes plc	Ireland	0.9	Biotechnology	Aug. 2021
BioMarin Pharmaceutical, Inc.	United States	1.6	Biotechnology	Feb. 2023
Boston Scientific Corp.	United States	4.6	Health Care Equipment & Supplies	Jan. 2020
Grifols, S.A.	Spain	1.2	Biotechnology	May 2022
IQVIA Holdings Inc.	United States	3.9	Life Sciences Tools & Services	May 2017
Novo Nordisk A/S	Denmark	4.2	Pharmaceuticals	Dec. 2023
UnitedHealth Group Inc.	United States	3.7	Health Care Providers & Services	Oct. 2018
Vertex Pharmaceuticals Inc.	United States	3.4	Biotechnology	Feb. 2018
Industrials				
Howmet Aerospace, Inc.	United States	4.6	Aerospace & Defense	Nov. 2021
Safran S.A.	France	4.1	Aerospace & Defense	Feb. 2023
Vertiv Holdings Co.	United States	5.1	Electrical Equipment	Dec. 2020
Information Technology				
ASML Holding N.V.	Netherlands	4.1	Semiconductors & Semiconductor Equipment	Dec. 2005
Atlassian Corp.	United States	3.6	Software	May 2023
Microsoft Corp.	United States	4.0	Software	Nov. 2018
NVIDIA Corp.	United States	4.0	Semiconductors & Semiconductor Equipment	Jan. 2019
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	3.8	Semiconductors & Semiconductor Equipment	Jan. 2024
Universal Display Corp.	United States	3.2	Semiconductors & Semiconductor Equipment	Jun. 2020
Materials				
Corteva, Inc.	United States	4.1	Chemicals	Mar. 2022
Cash & Equivalents				
Cash		5.5		

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