Hardman Johnston International Equity

2022 FIRST QUARTER REPORT

Hardman Johnston Global Advisors

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COMPOSITE PERFORMANCE (%) (period ending March 31, 2022)	1st QTR	1 Year	3 Years	5 Years	10 Years	Inception
International Equity (gross of fees)	-15.20	-10.43	10.91	11.08	9.25	10.87
International Equity (net of fees)	-15.32	-10.94	10.30	10.47	8.60	10.28
MSCI EAFE Net Index	-5.91	1.16	7.78	6.71	6.27	5.25
MSCI AC World ex US Net Index	-5.44	-1.48	7.51	6.76	5.55	N/A

Performance is preliminary through March 31, 2022. 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). The MSCI AC World ex US Net Index is shown as supplemental information. The MSCI AC World ex US Index inception date is 1/1/2001. Composite inception date: September 30, 1993.

KEY TAKEAWAYS

- International markets decline after war in Ukraine clouds outlook
- Inflation spikes as energy and commodity prices soar, prompting monetary policy tightening
- Chinese markets contend with COVID shutdowns and potential ADR delistings on US exchanges
- International Equity Composite returned –15.32%, net, underperforming the MSCI EAFE return of –5.91% and the MSCI AC World ex US return of –5.44%

MARKET REVIEW

International equities weakened in the first quarter as the war in Ukraine fed into existing investor concerns about rising energy and commodity prices, soaring inflation, and softening economic growth. The MSCI ACWI returned –5.36%, with markets across most regions slipping back, while the MSCI EAFE returned –5.91%.

After finishing 2021 at or near record levels, markets began to pull back in January as rising prices and ongoing supply shortages began to temper growth expectations. Russia's attack on Ukraine in February further shook investors, raising issues of energy and food supply, the potential global repercussions of sanctions, and their combined impact on already rampant inflation. After gaining steadily throughout the early part of the quarter, the price of Brent Crude, the global oil benchmark, spiked to its highest level since the financial crisis. At the end of March, the Biden administration announced the release of US strategic oil reserves in an attempt to control prices and increase supply until production ramps back up.

The effect of energy prices on inflation was marked. Data released in January showed that US inflation hit a four-decade high of 7.0%, before accelerating to 7.9% in February, with economists expecting further increases, at least in the short term. It was a similar trajectory in Europe where CPI climbed to 7.5% in March, including an estimated 45% increase in energy prices year-over-year. Although more moderate by international standards, inflation in Japan reached 0.8%, the highest rate in two years, with expectations of sharper rises to come due to the country's reliance on energy imports. Developing markets also contended with spiraling prices, with double-digit inflation increases in G20 countries including Brazil, Argentina and Turkey.

There were also some positive signals during the first quarter. The US created over 500,000 new jobs per month, sending unemployment to the lowest level since the pandemic. The plentiful supply of new employment opportunities, equating to roughly 1.8 openings per unemployed person, helped fuel rising wages and gave a boost to consumer confidence. In Europe, pent-up demand for leisure soared as countries withdrew most remaining COVID-19 restrictions. Before the onset of the war in Ukraine, TUI Group, Europe's largest vacations company, reported that bookings were close to pre-pandemic levels, with prices up approximately 20%.

Faced with the unappealing combination of spiking inflation, tight labor markets, and decelerating economic growth, central banks initiated the tightening cycle. The US Federal Reserve implemented its first rate hike since 2018, while Chair Jerome Powell talked of rates returning to a more "neutral" position, feeding market expectations of a series of larger increases to come. In March, the Bank of England lifted interest rates for the third time in four months, singling it out as one of the most hawkish central banks in the developed world. The European Central Bank President Christine Lagarde argued there was still room for accommodative policy, although she guided to interest rates rising after the end of its bond buying program, potentially putting the first hikes by the ECB sometime in the third quarter.

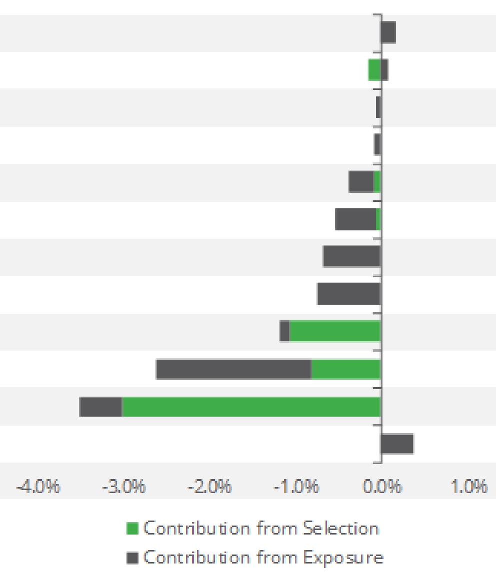
Emerging markets faced the same dilemma. The Reserve Bank of India left its key policy rate unchanged at 4% during the quarter, the same level as throughout the pandemic, in order to support economic growth. In stark contrast, Brazil hiked rates sharply to 11.75% in March, a five-year high, with the country's stocks soaring due to currency strength and rising commodities prices.

While the war in Ukraine dominated much of the agenda, COVID continued to impact activity. China's dynamic zero-tolerance approach to outbreaks led to renewed lockdowns in many cities, including Shanghai, the country's economic and financial hub. German auto group Volkswagen scaled back operations in the city due to infections and supply shortages, while delays were experienced at the port despite efforts to keep workers in a closed loop bubble on site. China's manufacturing PMI slipped back below 50 in March, indicating contraction.

China's position on the global stage also came under scrutiny. The US Securities and Exchange Commission identified five Chinese ADRs that could be delisted from US exchanges for failing to meet auditing rules, prompting a sell-off across the sector as the standoff between US and Chinese regulators continued. Investors continued to pull capital out of Chinese investments, in part due to ongoing domestic uncertainty as well as increased geopolitical concerns.

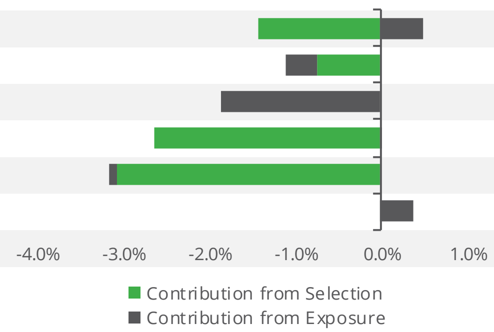
PERFORMANCE ATTRIBUTION

	Average Weight		Total Return		Contribution to Relative Return
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
By Sector					
Consumer Staples	0.0	10.3	0.0	-7.7	
Health Care	16.2	12.5	-4.8	-3.7	
Utilities	0.0	3.4	0.0	-4.1	
Real Estate	0.0	2.9	0.0	-2.7	
Industrials	22.7	15.6	-11.0	-10.7	
Financials	7.9	17.9	-2.0	-1.1	
Materials	0.0	7.9	0.0	3.3	
Energy	0.0	4.0	0.0	17.0	
Comm. Services	1.7	4.7	-46.5	-1.7	
Info. Technology	25.8	8.7	-19.1	-16.1	
Cons. Discretionary	18.7	12.2	-28.2	-13.5	
Cash	6.9	0.0	0.1	0.0	



Preliminary data for the quarter ending March 31, 2022. 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 International 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.

	Average Weight		Total Return		Contribution to
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	Relative Return
By Region					
Europe	38.6	50.3	-13.7	-9.9	
United Kingdom	10.4	15.2	-5.9	1.8	
Emerging Markets	16.7	0.0	-17.3	0.0	
Japan	16.8	22.6	-21.3	-6.6	
Pacific ex Japan	10.6	11.8	-24.2	3.8	
Cash	6.9	0.0	0.1	0.0	



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PORTFOLIO COMMENTARY

- International Equity underperformed the MSCI EAFE Index by 941 bps on a net basis during the first quarter
- Lack of exposure to Consumer Staples was the largest contributor during the quarter while security selection and overweight exposure in Consumer Discretionary was the largest detractor
- No region contributed to relative performance during the quarter, while security selection and underweight exposure to Pacific ex Japan was the largest detractor

LARGEST CONTRIBUTORS

AstraZeneca plc (+0.9% total effect) performed strongly as management reconfirmed long term growth rates and increases in margin over time. While the company is spending more money on R&D, they are expecting to grow to a mid-to- high 30's operating margin in the medium- to- long term, which is encouraging for investors. Additionally, continued strength in Enhertu data lifted the stock. Enhertu is an HER2-directed antibody drug conjugate. HER2 low breast cancer was a risk point, but they are now seeing additional growth potential with positive phase III data read outs in March. This solidifies the idea that AstraZeneca's solid tumor approach (beyond breast cancer) may work. Lastly, AstraZeneca reached a settlement agreement to resolve patent litigation related to Ultomiris, in which Alexion (their rare disease unit) will make a single payment of $775 million to Chugai Pharmaceutical in Q2 2022. No further amount is payable by AstraZeneca, and this does not impact 2022 guidance. This ongoing litigation was an overhang for the stock, so this settlement was viewed positively by investors.

Alkermes plc (+0.3% total effect) shares rose during the quarter as management initiated strong guidance for 2022, even with the loss of Johnson & Johnson royalty payments related to extended-release nanocrystal formulation technology. Alkermes is engaged in discussions with Johnson & Johnson regarding resolution of these royalty payments, which may lead to a lump sum settlement. Management also restated 2025/2026 profitability targets, providing confidence in long-term profitability despite the loss of those royalty payments. Additionally, the initial launch of Lybalvi, an oral anti-psychotic with attenuated weight gain, has been strong, with prescription scripts trending upwards. Feedback from physicians, payers, and patients has been positive, pushing the stock upward. Initial payer coverage has been in line with expectations and management expects Lybalvi to be treated like other branded agents for the first twelve to eighteen months. As more payers cover Lybalvi, we anticipate sales will increase. The company also reported very good results for Vivitrol, their opioid/alcohol addiction drug that is showing good growth as additional clinics have reopened.

Safran S.A. (+0.1% total effect) shares outperformed during the quarter as airline traffic recovery remained resilient, despite the prevalence of the Omicron variant of COVID-19. The company reported in-line full year 2021 results and issued 2022 guidance. A key highlight of the guidance was management's forecast of continued strong free cash flows, driven by an ongoing recovery in their aftermarket business. Management also emphasized that the risks related to a drop in Russian titanium supply are limited near-term, as inventory buffers give the company time to seek alternative sources.

LARGEST DETRACTORS

Puma SE (-1.2% total effect) underperformed during the quarter as management released conservative guidance. This is typical per the company's guidance policy. However, the company did report a strong end to 2021. During the quarter, some funds swapped Puma for Adidas, who reported a bad 2021 but offered "turnaround guidance," including double-digit sales growth (similar to Puma's) and an innovation day at their headquarters. Despite tough performance this quarter, we believe Puma is positioned strongly within the industry. Puma is well-placed to supply its markets, having been proactive all through COVID regarding its supply chain and relationships. China continues to be a challenging market for the company, similar to other international players, but China is a smaller part of PUMA's business than it is for Nike or Adidas. Puma also has very limited exposure to Ukraine of about 2-3%.

Aptiv plc (-1.1% total effect) shares were lower in the quarter as the market shunned Consumer Discretionary stocks given growing macroeconomic concerns. Furthermore, the market is worried about a reacceleration in supply chain difficulties as a result of the war in Ukraine. With the industry still holding record low inventories, even a near-term hiccup in demand still requires a multi-year production recovery from the COVID lows as inventory levels need to normalize. While there may be some cuts to the industry's automotive production forecasts this year, over the long term, Aptiv remains well-positioned to outgrow the industry. Recent geopolitical events may even serve to accelerate the shift to electric vehicles, which would be positive for Aptiv.

Nidec Corp. (-1.0% total effect) shares corrected after the company reported quarterly results that were impacted by supply chain issues. These concerns intensified during the quarter as war erupted in Ukraine. However, Nidec had already begun working on fortifying its supply chain and instituting price hikes to compensate for rising input costs. Longer-term, the company remains well-positioned to mimic its previous playbook of skillfully investing in key growth areas, such as its fast-growing e-axle business.

PORTFOLIO ACTIVITY

- There were no initiations or liquidations in the portfolio during the first quarter

MARKET OUTLOOK

Markets staged a modest recovery in the second half of March fueled by talks between Russia and Ukraine and hopes of a resolution to the conflict. However, it remains to be seen whether the rebound will be short lived or something more persistent.

Coming so soon after the pandemic, the war in Ukraine is a clear reminder that shocks not only to markets, but also to our way of life, are never far away. Countries and economies that are recovering from the effects of COVID will face another slowdown. The US is relatively insulated from a supply perspective but is still seeing the impact of higher energy prices and food costs, which especially impacts lower income consumers. Europe is more exposed to Russian oil and gas and is wrestling to readjust supply from other sources. Whether or not countries experience technical recession is somewhat academic. However, the conditions risk being painful for businesses and consumers alike.

Contending with inflation, or stagflation, in a slowing market characterized by spiking prices for essentials like food and energy will present an intense challenge for central banks. Monetary policy has begun to tighten and may go further and faster than anticipated. The Fed has made no secret about its desire to normalize rates, even if normal is lower than in the past, and doing so may give it some capacity to deal with challenges ahead. However, the risk of policy missteps has risen sharply.

Rising interest rates do not pose as much of a risk to businesses as in the past. High-quality growth companies in our universe carry low levels of leverage, putting them in a relatively strong position to navigate a difficult environment. Faced with uncertainty and volatility, the greatest risk is that boards postpone or perhaps cancel investment plans that could have been drivers of top line growth.

For investors, there is a lot to digest, and the near-term path is murky. However, over the long term, positive tailwinds and secular trends remain strong. In the context of labor market tightness, companies will need to invest in technological transformation to drive productivity improvements. Healthcare globally will benefit from demographic drivers for decades to come.

Perhaps one of the biggest opportunities will be the move to a low carbon economy. The shift will be widespread and create opportunities across a range of business sectors including clean energy, transportation, and agriculture. For instance, rising wealth in developing markets is creating increased demand for protein, which in turn will mean more farm animals, more competition for land, and greater environmental pressure. There are solutions being developed that will address the need for greater efficiency longer term.

Technology opportunities that play into environmental trends can be subtle and require deep research. Semiconductor manufacturer Wolfspeed is a leading innovator in chips made from silicon carbide. These chips are being used in many energy transition technologies, from extending the range of electric vehicles to more efficient and lower-cost solar and wind power.

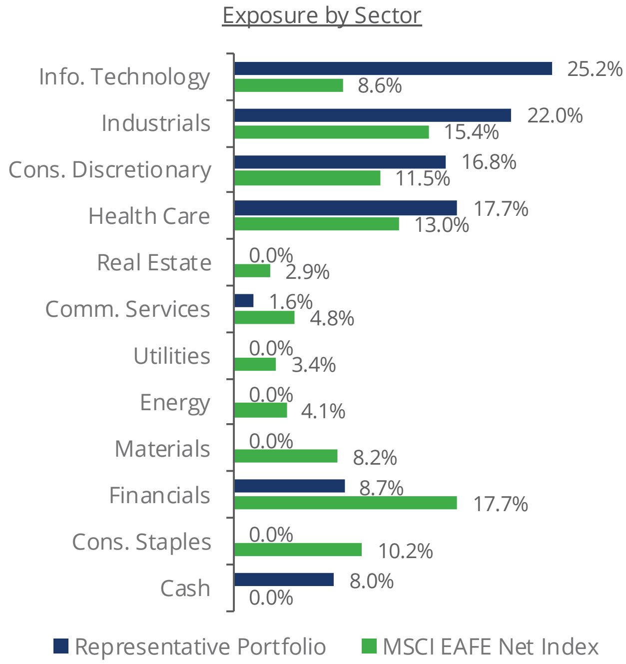
The geopolitical backdrop will remain complicated and unpredictable. While Europe and the US are pushing for greater sanctions on Russia, China and India have been among those somewhat reluctant to take sides in the conflict. The impact may be a hardening of the international stance towards both countries.

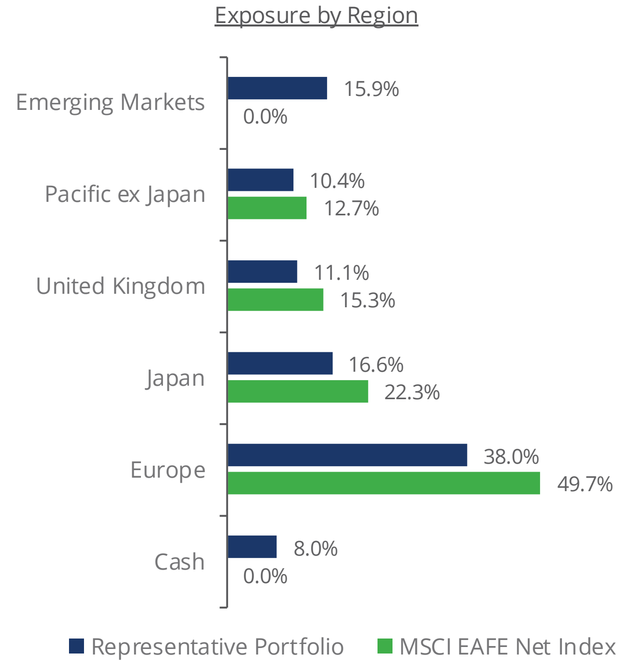
China is also wrestling with domestic issues. The country still has some way to go to “live with COVID,” and further lockdowns and economic disruption are likely. As we have seen over recent years, the Chinese government is willing to take near-term pain for what it views as long-term gain. However, it is also demonstrating increased flexibility. At March’s National People’s Congress, the theme of “Common Prosperity” was barely mentioned, potentially indicating a softening of its line on regulatory action. Indeed, China’s Vice Premier Liu He said that the country would introduce policies favorable to the market and measures to boost growth.

Over the long run, China’s expansion will decelerate but in the context of global growth will continue to look strong. Company prospects and valuations are also attractive, yet Chinese stocks were among the weakest performers in the first quarter. We reduced our International Equity strategy’s exposure to China in 2021 and are monitoring the market closely. We need greater visibility over domestic issues and international listings via ADRs to invest with conviction.

Across international markets, growth stocks continue to lag more cyclical plays such as energy, materials, and financials that lack the secular growth we need for our investment approach. The outlook has become more complicated in the first quarter. However, we are secure in the knowledge that our focus on companies with strong balance sheets, pricing power, and competitive advantages will ensure resilience through the cycle. Meanwhile, our bottom-up approach is unearthing highly attractive companies around the globe that are benefiting from, and driving, long-term trends that will transcend shorter term challenges.

PORTFOLIO EXPOSURE (period ending March 31, 2022)





PORTFOLIO CHARACTERISTICS (period ending March 31, 2022)

	Representative Portfolio		MSCI EAFE Net Index	
	Current	5 Year Average	Current	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	101.1	96.6	83.7	68.2
Median Market Cap ($B)	47.9	48.0	13.3	11.7
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	20.6	18.5	11.2	9.5
EPS Growth: 5 year trailing (%)[1]	4.2	6.7	7.4	5.5
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	26.0	26.1	17.9	18.0
P/E Ratio: 12 Months - trailing[1]	34.0	31.3	16.7	15.5
PEG Ratio: forward[1]	1.3	1.4	1.6	2.0
Dividend Yield (%)[2]	0.7	1.1	2.7	3.0
Price/Book[3]	4.3	4.1	1.8	1.6
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	15.3	15.1	14.0	12.8
Return on Invested Capital: 5 Year (%)[1]	11.2	11.0	9.6	8.7
Other				
Number of Positions	25	25	825	899
Beta: 3 year portfolio[4]	1.0	1.0	1.0	1.0

[1]Interquartile weighted mean, [2]Weighted mean, [3]Weighted harmonic mean, [4]MPT beta (daily).

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PORTFOLIO HOLDINGS (period ending March 31, 2022)

	Country	Weight (%)	Industry
Communication Services			
Sea Ltd.	Singapore	1.6	Entertainment
Consumer Discretionary			
Aptiv plc	United Kingdom	4.3	Auto Components
Kering S.A.	France	2.3	Textiles, Apparel & Luxury Goods
Meituan	China	1.7	Internet & Direct Marketing Retail
Melco Resorts & Entertainment Ltd.	Hong Kong	2.4	Hotels, Restaurants & Leisure
Prosus NV	Netherlands	1.9	Internet & Direct Marketing Retail
Puma SE	Germany	4.2	Textiles, Apparel & Luxury Goods
Financials			
AIA Group Ltd.	Hong Kong	3.3	Insurance
ICICI Bank Ltd.	India	5.4	Banks
Health Care			
Alibaba Health Information Technology Ltd.	China	0.2	Health Care Technology
Alkermes plc	Ireland	1.9	Biotechnology
AstraZeneca plc	United Kingdom	6.8	Pharmaceuticals
Genmab AS	Denmark	5.1	Biotechnology
WuXi Biologics Inc.	China	3.6	Life Sciences Tools & Services
Industrials			
Airbus SE	France	5.1	Aerospace & Defense
Daifuku Co., Ltd.	Japan	3.5	Machinery
Nidec Corp.	Japan	3.6	Electrical Equipment
Prysmian S.p.A.	Italy	4.8	Electrical Equipment
Safran S.A.	France	5.1	Aerospace & Defense
Information Technology			
ASML Holding N.V.	Netherlands	5.0	Semiconductors & Semiconductor Equipment
Atlassian Corp.	Australia	3.2	Software
Keyence Corp.	Japan	4.6	Electronic Equipment, Instruments & Components
Murata Manufacturing Co., Ltd.	Japan	4.9	Electronic Equipment, Instruments & Components
Nordic Semiconductor ASA	Norway	2.6	Semiconductors & Semiconductor Equipment
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	5.0	Semiconductors & Semiconductor Equipment
Cash & Equivalents			
Cash		8.0	

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