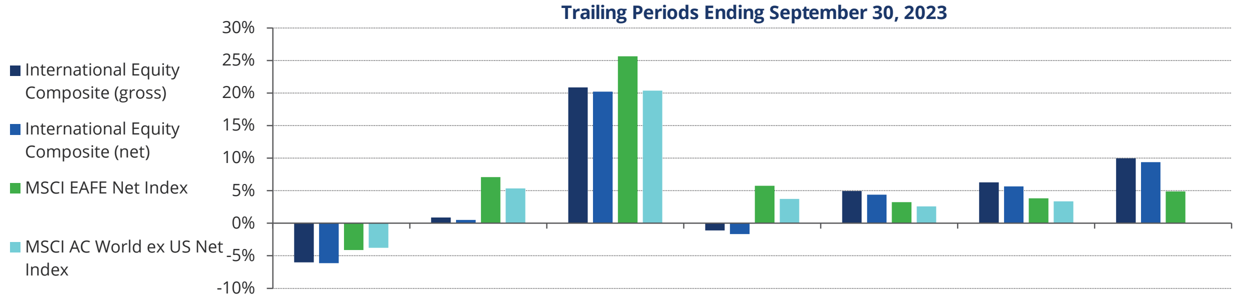
Hardman Johnston International Equity

2023 Third Quarter Report

Hardman Johnston Global Advisors

Performance



	3Q 2023	YTD	1 Year	3 Years	5 Years	10 Years	Inception
International Equity Composite (gross)	-6.00	0.89	20.88	-1.12	4.96	6.27	9.97
International Equity Composite (net)	-6.13	0.50	20.23	-1.67	4.39	5.65	9.38
MSCI EAFE Net Index	-4.11	7.08	25.65	5.75	3.24	3.82	4.89
MSCI AC World ex US Net Index	-3.77	5.34	20.39	3.74	2.58	3.35	N/A

Performance is through September 30, 2023. 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

- Markets faced a mix of both concerning and encouraging events during the third quarter
- Within the strategy, Energy and Industrials were the top active sector contributors, while Financials and Information Technology were the top detractors
- The United Kingdom was the top contributing region, while Japan was the top detractor
- The Hardman Johnston International Equity Strategy underperformed both the MSCI EAFE Net Index and the MSCI AC World ex US Net Index during the quarter

Portfolio Commentary

In the third quarter, markets experienced a mixed bag of events causing both concern and optimism among investors. Developments such as the Fitch downgrade of the US government debt rating, the UAW strike on car companies, and the spike in oil prices due to OPEC+ production cuts caused jitters across equities. However, in the ongoing debate about a soft or hard economic landing, investors generally expressed an optimistic view on avoiding a hard recession. This fueled bond yields in the US and Europe to rise to the highest levels within this cycle. Japanese bond yields ticked upward as well with the government's move to a flexible yield curve control policy, albeit less drastically than in other developed markets. In the Emerging Markets, weakness in the Chinese economy prompted the government to take further stimulative measures to prop up key business sectors.

These macro headlines do not provide a clear explanation for the portfolio's relative performance for the past quarter. As will often be the case due to our concentrated, bottom-up process, the portfolio's quarterly attribution is a function of stock-specific developments that affected our holdings. Overall, the Hardman Johnston International Equity Composite returned -6.13%, net of fees, in the quarter, compared to the MSCI EAFE Net Index return of -4.11% and the MSCI ACWI ex-US Net Index return of -3.77%.

The portfolio's top active sector contributors for the quarter were Energy and Industrials. Consumer Staples also contributed positively to relative returns due to our lack of weight in the sector. Within Energy, our sole holding, TechnipFMC, was the main driver of outperformance. TechnipFMC shares surged on the back of a strong rebound in oil prices given resilient demand amidst production cuts from OPEC and Russia and new contract wins. During the quarter, the oilfield services company's CEO outlined a positive long-term order outlook, largely from national oil companies committing to multi-year investment programs given past underinvestment. He also highlighted TechnipFMC's opportunity to leverage a stronger top-line to surpass prior margin peaks.

The aircraft equipment manufacturer, Safran S.A., was the primary driver of outperformance within Industrials. Safran released solid earnings results and raised guidance due to strength in its aftermarket business. The company also announced that it will restart share repurchases beginning next year. Additionally, recent quality issues with Safran's competitor, Pratt & Whitney, in their GTF engine should be supportive of Safran's market share in the narrowbody aircraft market longer-term.

The top sector detractors during the quarter were Financials and Information Technology. Within Financials, the largest detracting stock was the Hong Kong-based life insurer, AIA Group Ltd. Coming out of a difficult COVID period for all life insurers in China and Hong Kong, AIA posted strong overall results during the quarter, exhibiting healthy value of new business growth. However, AIA's China segment underwhelmed investors with slower than anticipated growth. As China is the most important growth driver for the company, the stock sold off on the results. The stock was also hurt by general negative sentiment for companies with exposure to the Chinese economy. Despite this, AIA remains an industry leader with strong management and impressive growth in several key Asian markets. Underweight exposure to Financials also hurt the portfolio's relative performance.

Overweight exposure to Information Technology hurt relative performance, as the sector was the worst performer in the benchmark. From a stock selection standpoint, Keyence Corp. underperformed the most within Information Technology. The company was hurt by broad trends in the automation industry given ongoing macroeconomic weakness in China. Labor-related costs from an enlarged workforce hurt company margins as well. The stock also suffered from a shift away from growth stocks by Japanese investors in favor of value-oriented stocks as interest rates rose. Longer-term, Keyence should retain its leadership position in 3-D automation and sensor-based automation solutions given secular tailwinds, while recent labor cost increases should be viewed as a growth investment given the company's salesforce-driven, direct sales business model.

From a regional perspective, the top contributor was the United Kingdom, primarily due to TechnipFMC plc. The top detractor was Japan, largely because of Keyence Corp. Lack of exposure to Japanese financials and autos also hurt relative performance during the quarter.

The top individual contributors to relative performance were TechnipFMC plc, Atlassian Corp., and WuXi Biologics Inc. Atlassian was one of the best performing software companies in the third quarter after posting robust results, beating expectations for Cloud revenue growth and substantially surpassing margin targets, with management indicating that prior macro headwinds are seemingly abating.

WuXi Biologics Inc., the Chinese contract development and manufacturing organization, performed strongly as it added more projects than anticipated in June, suggesting continued wins. The stock benefitted from industry tailwinds too, with biopharmaceutical funding moving off of trough conditions and a key industry supplier indicating more consistent demand going forward.

The top individual detractors from relative performance were Keyence Corp., Sea Ltd., and AIA Group Ltd. Over the past year, the ecommerce, gaming, and fintech company, Sea, dramatically cut costs to achieve profitability in the fourth quarter of 2022. However, management recently signaled an abrupt strategy change, moving back to prioritizing growth investments and backtracking on targeting profitable growth. Along with an earnings miss, the abrupt shift in management's priorities and a lack of visibility in strategic and financial trends has undermined our confidence, and that of investors, in the company's prospects. Consequently, we liquidated the stock during the quarter.

During the quarter, we initiated new positions in three stocks and liquidated three positions as well. We initiated new positions in Standard Chartered PLC, T&D Holdings, Inc., and Dai-ichi Life Holdings, Inc. Standard Chartered is a unique bank franchise headquartered in the UK and leveraged to emerging economies in Asia, Africa, and the Middle East. The bank has a global footprint and caters to companies doing business internationally by facilitating cash management across geographies. In addition, the bank has a strong wealth management business in emerging economies that are advantaged by young and upwardly mobile demographics. The company's management has achieved a steady improvement in non-performing loans and write-offs, with room for continued progress. This paves a path for strong EPS growth and multiple expansion from the stock's current cheap valuation.

T&D Holdings and Dai-ichi Life Holdings are leading life insurers in Japan. After years of unconventional monetary policy from the BOJ, a shift away from yield curve control towards rate normalization looks to be on the horizon. Both companies' embedded values show a strong positive correlation to higher interest rates given their asset and liability duration mismatches. The BOJ is likely to pursue a gradual path to normalization, resulting in a multi-year framework leading to higher rates and double-digit EPS growth. Furthermore, both companies have been proactive in shareholder returns, boosting their payout ratios and engaging in significant share buybacks.

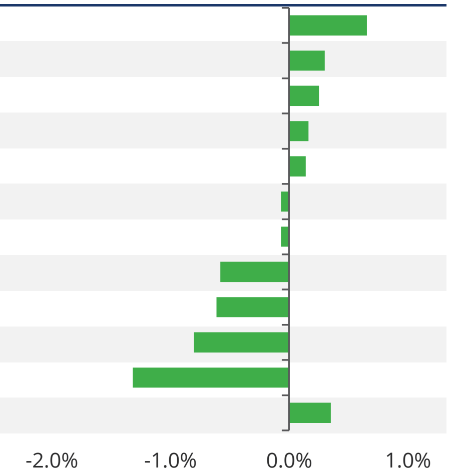
We liquidated our positions in Sea Ltd., JD.com, Inc., and Kering S.A. Sea was liquidated for the reasons described above. The Chinese e-commerce platform, JD.com, is facing multiple headwinds of weaker consumer spending for big-ticket discretionary items, stores trimming unprofitable SKUs from catalogs, and a big marketing campaign to reposition the brand and attract users from low-tier cities with a lower income profile. All of this is happening in the midst of a management transition. While these issues play out, we feel there are better opportunities elsewhere in the portfolio with fewer challenges and a more assured path to double-digit earnings growth. We therefore decided to exit the position.

We had initially bought into Kering believing the stock provided a favorable risk-reward profile, with a number of their brands performing strongly and a new Gucci brand designer highlighting a path to return to growth. However, the company's most recent earnings results showed sales growth in all brands slowing to low single digits. Additionally, Kering had a number of management changes and made some acquisitions that we felt were overvalued and were a questionable strategic fit. Furthermore, the debut of the new Gucci designer line-up may take time to gain traction. Given these dynamics, we chose to exit the partial position.

Quarterly Attribution

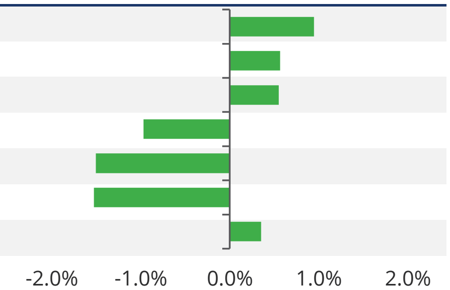
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
Energy	5.3	4.5	22.7	11.6
Consumer Staples	0.0	10.0	0.0	-7.1
Industrials	20.2	16.1	-4.3	-6.0
Utilities	0.0	3.4	0.0	-8.8
Health Care	17.3	13.2	-2.3	-3.1
Materials	0.0	7.5	0.0	-3.2
Real Estate	0.0	2.3	0.0	-1.1
Comm. Services	6.0	4.1	-12.0	-3.4
Cons. Discretionary	24.1	12.4	-8.4	-8.3
Info. Technology	16.6	8.0	-12.1	-10.7
Financials	7.4	18.6	-9.9	0.8
Cash	3.1	0.0	2.3	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
United Kingdom	11.7	14.7	7.6	-1.6
Emerging Markets	19.0	0.0	-0.9	0.0
North America	2.6	0.0	20.1	0.0
Europe	49.0	51.2	-7.9	-5.8
Pacific ex Japan	7.2	11.3	-24.8	-4.8
Japan	7.4	22.7	-16.1	-1.6
Cash	3.1	0.0	2.2	0.0

Total Effect



Contributors & Detractors

Third Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
TechnipFMC plc	5.34	1.31
Atlassian Corp.	2.58	0.55
WuXi Biologics Inc.	1.97	0.44
Largest Detractors		
Keyence Corp.	4.65	-0.76
Sea Ltd.	1.01	-0.56
AIA Group Ltd.	3.41	-0.46

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
TechnipFMC plc	4.15	3.07
Safran S.A.	5.44	2.06
Airbus SE	5.13	1.31
Largest Detractors		
Meituan	3.64	-2.74
Sea Ltd.	1.41	-1.48
JD.com, Inc.	1.30	-1.28

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Standard Chartered PLC	JD.com, Inc.
T&D Holdings, Inc.	Sea Ltd.
Dai-ichi Life Holdings, Inc.	Kering S.A.

Data for the quarter ending September 30, 2023. 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.

Market Outlook

Markets appear to have caught up with the tone emanating from central banks. In most countries, monetary policymakers are winning the battle against inflation, meaning that interest rates are at, or very close to, their expected peak. However, the Federal Reserve's message of "higher for longer" has dampened sentiment that had held up remarkably well through the first half of the year.

Although shares have traded off, particularly for longer duration stocks, it is likely that there will be increased volatility as the implications of a new interest rate paradigm play out. Inflation is down, not out, so how long rates remain elevated is uncertain. Economic analysts continue to oscillate between expectations of a "soft landing" and a recession. With the economy on a knife's edge, few can deny that monetary policy error is a sizable risk. As Fed Chair Jerome Powell said in his Jackson Hole speech, "As is often the case, we are navigating by the stars under cloudy skies."

We may not be in the same boat, but we are looking for the same points of light. To a certain degree, discussions around technical recession are academic. We expect the US and major developed markets to experience a slowdown, and something that certainly feels like recession. The data shows that Europe is already well on its way there. Having emerged from a shallow recession in the second quarter, Germany's Bundesbank is indicating that GDP was negative again in the third quarter, while the broader Eurozone is also on the cusp of a downturn.

Higher interest rates will make it more expensive for companies to fund investment and many will become more conservative about spending. With little let up in margin pressure, businesses will be less likely to hold onto low-productivity workers, which could result in higher unemployment. Public sentiment has clearly weakened with more consumers expecting recession, according to The Conference Board's consumer confidence index. Credit card and auto loan delinquency is on the rise, while higher-income workers that saved through COVID may have exhausted reserves and appetite to spend. Add volatile oil prices into the mix, up more than 25% over the period, but down sharply since quarter end, and there are many places to look for the next shoe to drop. Analysts are forecasting a 12.2% year-over-year increase in S&P 500 earnings in 2024 which, in light of the growing pressures, appears optimistic.

The macro outlook may sound gloomy, but volatile markets create opportunities for active investors. There are a growing number of solid businesses with double-digit earnings growth that are trading at single-digit multiples. Our role is not only to identify companies with strong fundamentals and long-term growth prospects, but also to determine attractive entry points that can make a meaningful difference to performance and returns.

It is also important to remember that not all markets are in same the place. While some may be disappointed that China is not deploying expansive stimulus to fire up its recovery, the country's targeted measures are nonetheless out of sync with much of the rest of the world. There is positive momentum in manufacturing and the consumer is recovering steadily, yet China is also on a somewhat different path now with a focus on higher-quality growth and greater self-sufficiency.

Diplomatic relations with the US remain uncomfortable and cast another cloud over the market. However, there are bright spots where companies can break through. Wuxi Biologics is a leading contract development and manufacturing organization that has a global footprint, including the US, which will continue to benefit from development and demand for vaccines. More broadly, Chinese stocks are trading at around 10x earnings, marking one of the widest discounts to the US in the last 20 years. There are undoubted challenges and potential risks, but we see good medium-term prospects and find it hard to argue against the positive risk-reward skew of many stocks with solid fundamentals.

China is not the only country charting a different course. Japan stands out in 2023 for its policy stance and market performance. In the face of rising inflation, the Bank of Japan has maintained negative interest rates, although recent adjustments to yield curve control measures may signal an end to ultra-accommodative policy, perhaps as early as next year. Dollar strength and further softness in the yen may accelerate its move. As an outward-looking economy, Japan's export-oriented companies face increased pressure in a slowing global economy, even if the yen can continue to be a tailwind. However, there are opportunities, including domestically focused spaces such as insurance, which should benefit from the rise in global bond yields and hence returns.

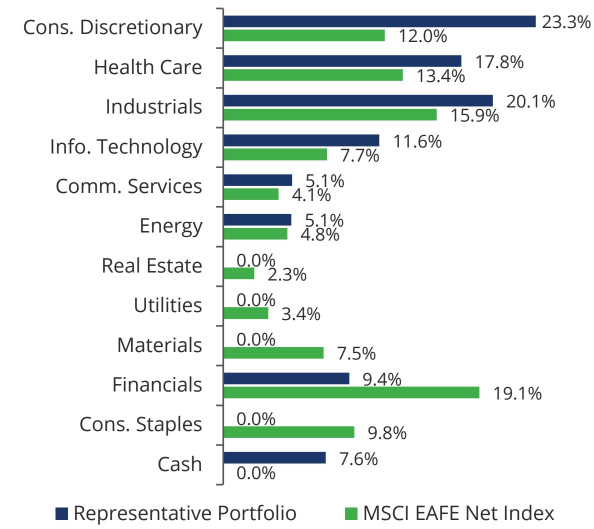
The bigger story around bond yields is not one that investors can easily ignore. After 15 years of ultra-low rates, the days of TINA, "there is no alternative," may be over. Yet equities cannot be written off. Growth will be highly sought after in a weakening economic environment. Near-term earnings might be challenging, but we are optimistic about the outlook for our holdings over the coming three-to-five years, as well as the opportunity to research and identify new additions to our portfolio.

Hardman Johnston International Equity

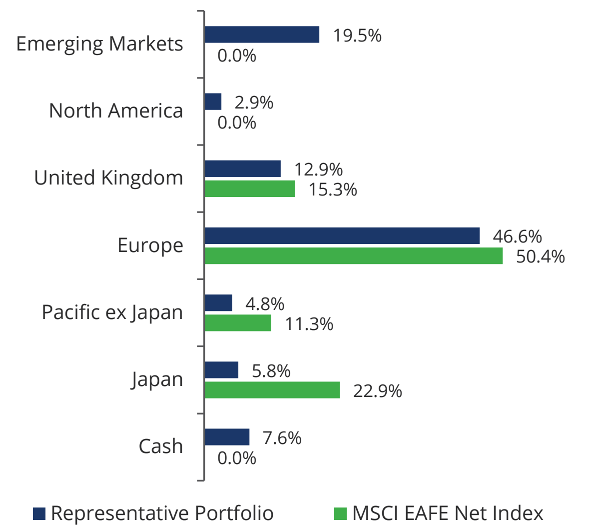
2023 THIRD QUARTER REPORT

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI EAFE Net Index	
	3Q 2023	5 Year Average	3Q 2023	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	86.7	101.6	82.8	73.2
Median Market Cap ($B)	31.4	47.4	12.3	11.9
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	17.0	18.6	8.0	9.3
Revenue Growth: 3 to 5 year forecast (%)[1]	11.4	10.3	3.5	4.3
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	20.2	26.0	16.1	17.9
P/E Ratio: 12 Months - trailing[1]	26.5	32.1	17.4	20.1
PEG Ratio: forward[1]	1.0	1.7	1.5	2.0
Dividend Yield (%)[2]	1.0	1.0	3.2	3.1
Price/Book[3]	3.0	4.3	1.7	1.6
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	11.1	15.1	13.8	13.2
Return on Invested Capital: 5 Year (%)[1]	7.4	10.5	9.4	9.3
Long-Term Debt / Equity (%)	72.8	54.1	67.4	71.0
Other				
Number of Positions	29	26	795	860
Beta: 3 year portfolio[4]	1.0	1.1	1.0	1.0
Tracking Error: 5 Year Trailing (%)	9.1	--	--	--
Turnover: 12 Months - Trailing (%)	32.1	27.6	--	--

[1]Interquartile weighted mean, [2]MPT beta (daily). [3]Based on aggregate purchases and sales over prior 12 months. Data as of September 30, 2023. **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 International 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 International 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				
Deutsche Telekom AG	Germany	5.1	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
Alibaba Group Holding Ltd.	China	3.2	Broadline Retail	Mar. 2023
Aptiv plc	Ireland	2.5	Auto Components	Oct. 2020
LVMH	France	2.3	Textiles, Apparel & Luxury Goods	Jul. 2022
Meituan	China	3.4	Hotels, Restaurants & Leisure	Oct. 2021
Melco Resorts & Entertainment Ltd.	Hong Kong	2.4	Hotels, Restaurants & Leisure	Oct. 2017
MercadoLibre, Inc.	Brazil	4.8	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	4.7	Broadline Retail	Oct. 2021
Energy				
TechnipFMC plc	United Kingdom	5.1	Energy Equipment & Services	Nov. 2022
Financials				
AIA Group Ltd.	Hong Kong	2.4	Insurance	Oct. 2014
Dai-ichi Life Holdings, Inc.	Japan	0.6	Insurance	Sep. 2023
ICICI Bank Ltd.	India	2.7	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	2.6	Banks	Aug. 2023
T&D Holdings, Inc.	Japan	1.2	Insurance	Sep. 2023
Health Care				
Alkermes plc	Ireland	2.7	Biotechnology	Aug. 2021
AstraZeneca plc	United Kingdom	5.2	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	4.8	Biotechnology	May 2020
Grifols, S.A.	Spain	2.8	Biotechnology	Apr. 2022
WuXi Biologics Inc.	China	2.3	Life Sciences Tools & Services	Apr. 2018
Industrials				
Airbus SE	France	5.0	Aerospace & Defense	Jan. 2019
Daifuku Co., Ltd.	Japan	2.7	Machinery	Feb. 2020
Prysmian S.p.A.	Italy	1.9	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	4.8	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.8	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	2.3	Semiconductors & Semiconductor Equipment	Jun. 2003
Atlassian Corp.	United States	2.9	Software	Jun. 2020
Keyence Corp.	Japan	1.3	Electronic Equipment, Instruments & Components	Mar. 2015
Nordic Semiconductor ASA	Norway	1.9	Semiconductors & Semiconductor Equipment	Apr. 2021
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	3.2	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		7.6		

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