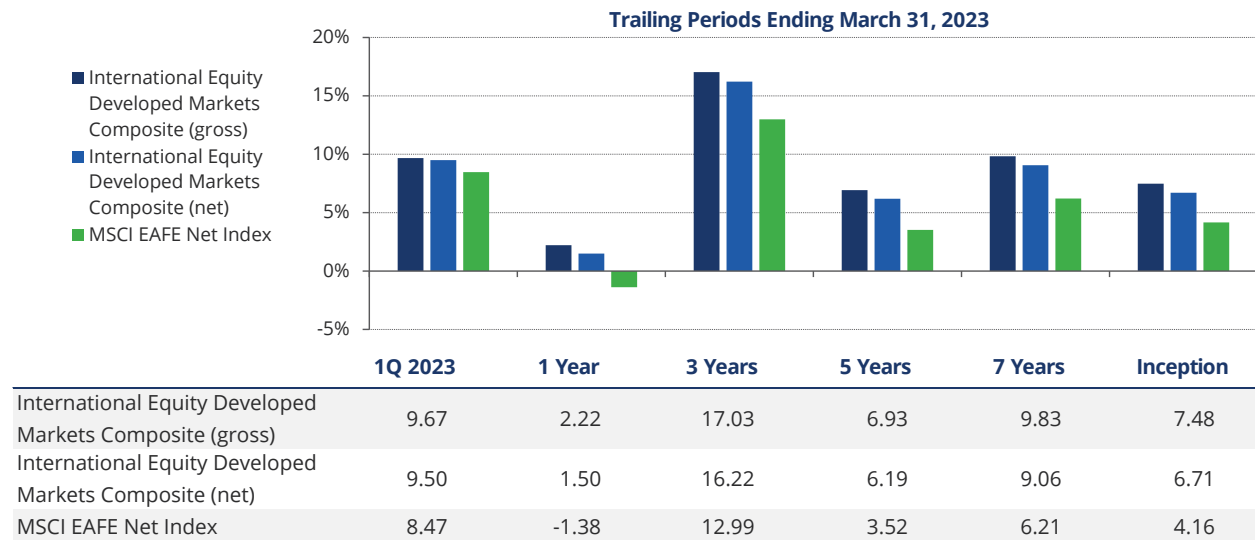

Hardman Johnston International Equity Developed Markets

2023 First Quarter Report



Performance



Performance is through March 31, 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). Composite inception date: January 31, 2014.

Key Takeaways

- Changing interest rate expectations and the banking crisis caused volatility in the first quarter
- Within the strategy, Communication Services and Energy were the top sector contributors, while Health Care and Industrials were the top detractors
- Europe was the top contributing region, while Japan was the top detracting region
- The Hardman Johnston International Equity Developed Markets Strategy outperformed the MSCI EAFE Net Index during the quarter

Portfolio Commentary

The first quarter was characterized by seesaw-like volatility that ultimately resulted in positive performance of major equity indices. Changing interest rate expectations, a banking crisis, and China's economic reopening sent equity markets worldwide swinging in different directions throughout the period. Amidst this backdrop, the Hardman Johnston International Equity Developed Markets Composite returned 9.50%, net of fees, in the quarter, compared to the MSCI EAFE Net Index return of 8.47%.

Markets started the new year off to the races with strong performance in January on the backs of cooling CPI data in the US and Europe, which raised investor hopes of fewer or smaller interest rate hikes. Prices came back down to earth in February as key central banks, such as the Federal Reserve, reiterated plans for continued rate increases. March brought a new shock to markets. The collapse of Silicon Valley Bank put pressure on other regional US banks and a forced buyout of Credit Suisse by UBS.

Our portfolio had minimal exposure to the events of this banking crisis. We monitored the events closely, and we continue to keep a watchful eye for any future spill-over effects. However, the crisis did not prove to be a major factor for our portfolio. Within the strategy, we own three Financials holdings: an Indian Bank, ICICI, a Hong Kong life insurer, AIA, and a Dutch payments platform, Adyen. None of these stocks had material exposure to these events.

The full consequences of the banking crisis are still yet to be seen. However, the investment landscape has already shifted in some key ways. Bank failures and subsequent credit tightening have pulled forward many investors' projections for the timing of a recession. As a result, expectations for terminal interest rates have fallen in developed markets. Lower rates provide a relative benefit to Growth equities since they are viewed as long duration assets. Another change in investor behavior due to the crisis is that investors are scrutinizing company balance sheets more heavily than before. Stable, profitable companies with strong balance sheets are likely to be rewarded, whereas low quality companies with weak balance sheets may get punished. Not surprisingly, factor analyses for both international and global universes show that Growth and Quality factors have seen an uptick in relative performance since the banking crisis broke out. We believe that our investment philosophy of seeking high quality growth stocks at attractive valuations positions us well for these developments.

Outside of developed markets, China also had a volatile quarter. Markets initially overpriced the rebound in the Chinese economy after reopening from COVID lockdowns. We had originally projected that the economic recovery would happen gradually in fits and starts, so we were surprised at how sharply equities surged late last year and early in the first quarter. Although we believed the reopening presented strong investment opportunities, we felt that many Chinese citizens would be reluctant to immediately return back to the normal course of life because of fears of catching the fast-spreading COVID wave, especially those who traveled for the Chinese Lunar New Year celebrations in January.

Later in the first quarter, Chinese equities gave back much of their gains as the market digested the slower pace of economic recovery that was materializing. A somewhat disappointing government stimulus announcement also weighed on equities. While the portfolio will never have more than a small weight invested directly in any Emerging Market country, China is a key trading partner that several of our holdings have large economic exposure to. As such, we follow developments within the country closely.

Diving deeper into the portfolio's quarterly performance attribution, the top sector contributors relative to the benchmark were Communication Services and Energy. Within Communication Services, both of our holdings, Sea Ltd. and Deutsche Telekom, were among the portfolio's top contributors for the quarter. Sea delivered a big positive surprise with a dramatic turn to positive profitability in their most recent results as management had pulled back from a number of dilutive, earlier stage growth initiatives and allowed the strength of core businesses of Southeast Asia ecommerce and payments to shine through. The telecommunications provider Deutsche Telekom reported steady growth and increased shareholder cash returns due to very strong US results via its large stake in T-Mobile and positive German growth trends, which offset a bit of weakness in the rest of Europe.

Energy contributed due to the outperformance of our sole holding within the sector, TechnipFMC. The oilfield services company upgraded their multi-year guidance due to both improved operating efficiency and strong demand, as energy security continues to become an increasing focus for many countries.

The sectors that detracted the most during the quarter were Health Care and Industrials. Health Care struggled due to a variety of company-specific factors for individual holdings. The top detractor within the sector was the antibody engineering company, Genmab. Genmab performed strongly last year but reversed some gains in the first quarter. They released a conservative guide on royalty revenue for their blockbuster drug for multiple myeloma, Darzalex, based on currency exchange rates. They also increased operating spend in preparation for multiple 2024 drug launches, including epcoritamab, which has the potential to be another blockbuster success.

Industrials' detraction was largely due to the underperformance of the Japanese industrial conglomerate, IHI Corp. IHI underperformed during the quarter despite reporting solid earnings and increasing its dividend. Several of the company's segments, such as industrial machinery, were impacted by China's lockdowns but should see a cyclical upturn as the country reopens. Additionally, as one of the few Japanese companies with significant exposure to commercial aerospace components, the company continues to benefit from the ongoing aviation recovery. Longer-term, we look favorably upon the company's efforts to reform its business portfolio to focus on sustainable growth areas, including carbon solutions.

From a regional standpoint, Europe was our top relative contributor due to strong execution by our holdings. Japan was the top detracting region for the quarter, primarily due to the detraction from IHI.

From an individual stock standpoint, the top quarterly contributors were Sea Ltd., LVMH, and Deutsche Telekom. LVMH is benefitting from a strong industry backdrop, as China's reopening has pushed expectations for luxury market growth into the mid-teens for 2023. LVMH continues to gain share in the space. Additionally, the company was rewarded for its strong operating margins in its quarterly earnings release despite the near shutdown of China in October and the COVID outbreak in November and December.

The top detractors were IHI, Genmab, and AIA. The Hong Kong-based life insurer, AIA, lagged early in the quarter because of low visitation numbers from China to Hong Kong in January as the country recovered from the COVID wave. However, February visitation increased significantly as the country moved past COVID, visa quotas ended, and pent-up demand for new policies was unleashed with agents able to sell face-to-face. The banking crisis in March also modestly dragged down the stock price, but much of those losses were recouped by the end of the month. As described above, AIA had

negligible exposure to those events. All other top contributors and detractors had been discussed previously.

As long-term investors who take a three- to five-year view on our holdings, we tend to have low turnover. We are highly selective in the stocks we purchase and believe it is important to be patient in order to find an attractive valuation entry point. During the first quarter, we had four initiations and one liquidation.

We initiated positions in MercadoLibre, Rheinmetall, Kering, and Alibaba Group. MercadoLibre is the market leading ecommerce platform in Latin America and boasts a deeply synergistic financial technology product that targets its merchants and consumers. The company has the greatest market share in ecommerce in the region and is poised to grow share given its complementary offerings in logistics and loyalty programs. The company's financial services and payments business, MercadoPago, is growing strongly and gaining market share in under-banked regions of Latin America. The company also stands to increase profitability by increasing advertising as a percentage of gross merchandise volume. We feel the street underestimates this potential impact on profitability, providing an attractive valuation to enter into the stock.

Rheinmetall is a leading European defense company. We see a multi-year structural uplift to NATO defense spending as a result of the Russia-Ukraine conflict, jump-started by Germany's special EUR 100 billion defense fund. The company is a prime beneficiary as one of Germany's main defense contractors, with near duopoly positions in tanks and ammunition. The company also has strong growth potential in export markets that have underinvested for years, such as the United Kingdom, Australia, and Poland.

Kering started 2023 on a fresh note by announcing a new Gucci designer and bringing in some of its previously licensed beauty brands. We had liquidated our position in 2022 because of its overreliance on the slowing Gucci brand and a social media storm around marketing mishaps at its Balenciaga brand, but we believe stock fundamentals have changed in the past 6 months. With extremely low estimates and a strong backdrop of the luxury industry, we felt this was an attractive point to get back into the stock.

Alibaba Group presented an attractive purchase opportunity for multiple reasons. From a fundamental standpoint, the Chinese ecommerce giant is seeing an inflection in gross merchandise value growth from negative to positive as the Chinese economy rebounds. On top of that, the company announced plans to restructure into six independent business units, which should create value and improve productivity, profitability, and innovation. We believe the current valuation does not appropriately reflect the earnings growth inflection or the standalone sum of the parts value of the company's business units.

We liquidated our position in Nidec Corp. due to the combination of macroeconomic headwinds, an increasingly competitive environment for its e-axle growth business, and lingering questions regarding management succession. We opportunistically rotated capital within the portfolio to more attractive investment prospects.

Additionally, we made a number of adjustments to existing positions during the quarter. Sharp movements in share prices generally afford us opportunities to trim positions, locking in gains, and top-up positions where we view more potential for price appreciation. The volatility in equity markets during the first quarter allowed us to take these actions on several of our stocks.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Comm. Services	6.6	4.5	31.0	10.4	
Energy	4.9	4.7	12.0	0.4	
Real Estate	0.0	2.5	0.0	-2.1	
Info. Technology	8.8	7.5	19.6	19.6	
Consumer Staples	0.0	10.2	0.0	7.6	
Financials	10.1	19.1	-0.5	2.7	
Cons. Discretionary	21.1	11.9	13.1	17.2	
Materials	0.0	7.8	0.0	7.6	
Utilities	0.0	3.4	0.0	8.2	
Industrials	23.1	15.4	9.4	11.7	
Health Care	23.8	13.0	3.2	5.4	
Cash	1.7	0.0	1.2	0.0	

-1.0% 0.0% 1.0% 2.0%

Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Europe	63.1	51.0	12.7	11.8	
Pacific ex Japan	10.7	12.4	8.7	2.2	
North America	2.1	0.0	33.0	0.0	
United Kingdom	9.8	15.1	8.8	6.1	
Emerging Markets	4.1	0.0	-3.3	0.0	
Japan	8.5	21.5	-3.5	6.2	
Cash	1.7	0.0	1.2	0.0	

-1.0% -0.5% 0.0% 0.5% 1.0% 1.5%

Contributors & Detractors

First Quarter	Average Weight (%)	Total Effect (%)	Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors			Largest Contributors		
Sea Ltd.	1.64	0.69	Novo Nordisk AS	5.50	1.71
LVMH	4.78	0.56	Melco Resorts & Entertainment Ltd.	2.51	1.55
Deutsche Telekom AG	4.95	0.54	Prosus NV	4.87	1.54
Largest Detractors			Largest Detractors		
IHI Corp.	4.38	-1.15	Atlassian Corp.	2.57	-1.64
Genmab AS	4.45	-0.97	Puma SE	3.43	-1.51
AIA Group Ltd.	5.43	-0.69	Grifols, S.A.	1.76	-1.22

Portfolio Activity

Quarterly Initiations

MercadoLibre, Inc.
Rheinmetall AG
Kering S.A.
Alibaba Group Holding Ltd.

Quarterly Liquidations

Nidec Corp.

Data for the quarter ending March 31, 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 Developed Markets 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

The collapse of Silicon Valley Bank and the hastily brokered takeover of Credit Suisse has forced regulators' and investors' attention back to the risks that might be lurking on bank balance sheets. The positive news is that, in the main, banks are in a stronger position than they were in 2008. Regulators are also better equipped and have proved willing and prompt to act. If isolated and contained, the situation should not lead to greater contagion and another global financial crisis.

That said, the return of banking turmoil does have unknown and unquantifiable implications for the global economy and markets. The rapid rise in interest rates and unwinding of 15 years of ultra-loose monetary policy were always going to create pressures and consequences. We don't know with any great clarity the real book values of bank assets, particularly in sectors like commercial real estate, and company defaults are likely to rise. All of which means that the volatility is unlikely to be over, despite the easing of broader market concerns.

There will be other near-term repercussions. It is reasonable to expect a tightening of banking conditions. There may be a toughening of banking regulation after finger-pointing alighted on the loosening of Dodd-Frank rules for small and medium-sized institutions in 2018. Lending itself is likely to be reined in. Higher standards combined with an outflow of deposits means that, in practical terms, many institutions will have fewer financial resources to lend. The result of all this will be a slowing effect on the global economy.

In the current environment, it will be easy, and perhaps prudent, for companies to delay investment and capital expenditure decisions until the outlook is clearer. We are already seeing increased caution play out in demand for commodities and energy, which have weakened on fears of a downturn. In short, after central banks raised the prospect of a soft landing just a few short weeks ago, recession has moved back up the agenda.

However, there are many moving parts to the global economy, and opportunities for investors across international markets, which offer reasons for cautious optimism.

Banking turmoil may ultimately have done some of the Federal Reserve's job, enabling it, and fellow central banks, to slow the pace of interest rate rises. As always, there is a tightrope to tread. Inflation has proved more persistent than many would have liked, which could cause monetary policymakers to remain restrictive for longer.

Not all markets are on same page, however. China's recovery still has a long way to run as its citizens return to "normal life" following the recent post-COVID reopening. Further, relatively low levels of inflation are allowing the People's Bank of China to maintain measures to stimulate the economy, such as encouraging lending to real estate developers, which could unblock unfinished projects and ease the property crisis. We never expected China's rebound to follow a straight line, but there is potential for growth in earnings, and value to be found in stocks leveraged to China's growth, particularly in consumer related companies.

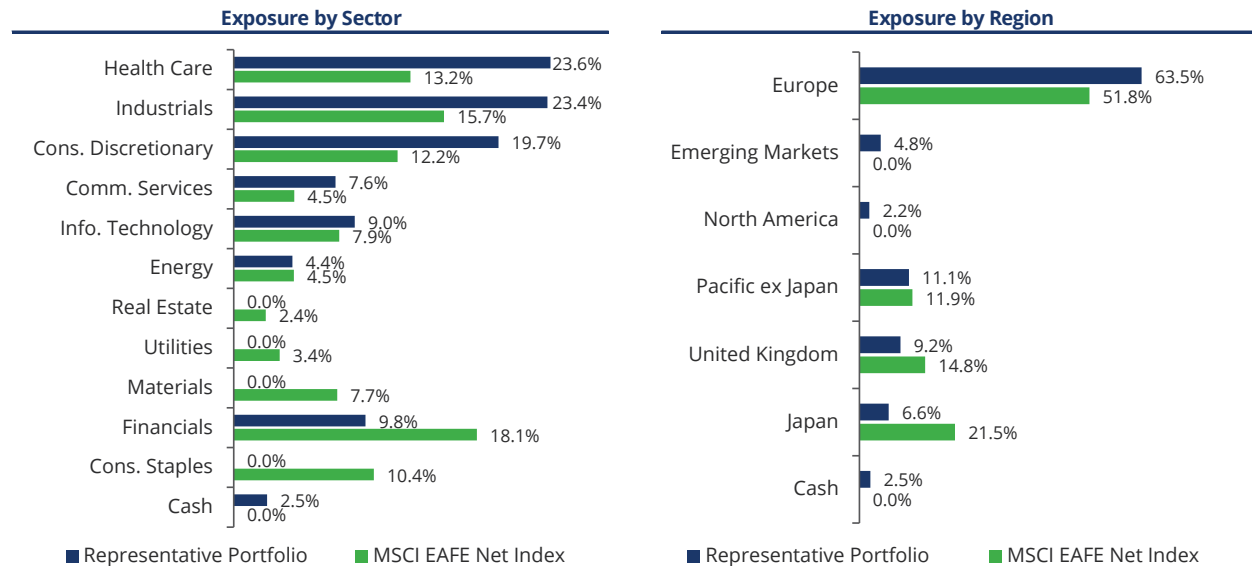
Economic recovery in China bodes well for its neighbors. After pulling back last year, Japan will benefit from China's position as its largest trading partner. Moreover, the appointment of Kazuo Ueda as Bank of Japan governor should spur evolution not revolution. While he has pledged to continue monetary support that is benefiting small and medium-sized enterprises, and which should keep real GDP growth positive this year, markets are expecting the gradual phasing out of yield-curve control

measures. From our perspective, Japan has some highly-attractive growth companies that are leaders in their fields, which benefit from long-term secular themes in automation and machine learning.

For companies globally, protecting margins will be one of the biggest challenges as labor and inflation pressures continue to weigh on profits. Many have been cautious about giving forward guidance, but we expect more downward revisions to 2023 earnings over coming quarters. The cooling global economy is also starting to lead to a moderation of 2024 estimates as the risk of a slowdown rises. At current levels, valuations are fair, but only if earnings estimates are reasonably accurate.

From a more positive perspective, that also means that earnings growth for our universe of growth companies should once again become the driver of share price performance. We remain confident in the fundamentals of our portfolio over a three-to-five-year view. Our companies typically have low gearing and are not generally interest rate sensitive. They have strong balance sheets and can not only survive recessions, but potentially come out the other side stronger, with their secular drivers intact. They are innovators and generators of growth, and over the long-term that is precisely what the economy and investors need.

Exposures & Characteristics



	Representative Portfolio		MSCI EAFE Net Index	
	1Q 2023	5 Year Average	1Q 2023	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	105.1	81.8	84.9	70.8
Median Market Cap (\$B)	46.9	46.5	12.9	11.8
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	21.7	17.0	8.0	9.3
Revenue Growth: 3 to 5 year forecast (%) ¹	12.2	9.4	5.1	4.2
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	23.0	24.7	17.1	17.9
P/E Ratio: 12 Months - trailing ¹	28.9	30.2	18.9	20.1
PEG Ratio: forward ¹	1.2	1.8	1.9	2.0
Dividend Yield (%) ²	0.9	1.2	3.1	3.1
Price/Book ³	3.2	4.1	1.7	1.6
Quality Fundamentals				
Return on Equity: 5 Year (%) ¹	9.8	13.2	15.2	12.9
Return on Invested Capital: 5 Year (%) ¹	6.8	8.8	9.8	8.9
Long-Term Debt / Equity (%)	61.5	51.9	72.7	70.7
Other				
Number of Positions	30	24	795	873
Beta: 3 year portfolio ⁴	0.9	0.9	1.0	1.0
Tracking Error: 5 Year Trailing (%)	8.0	--	--	--
Turnover: 12 Months - Trailing (%)	30.4	29.6	--	--

¹Interquartile weighted mean, ²MPT beta (daily), ³Based on aggregate purchases and sales over prior 12 months. Data as of March 31, 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 Developed Markets 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 Developed Markets 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	5.0	Diversified Telecommunication Services	Apr. 2022
Sea Ltd.	Singapore	2.6	Entertainment	Jan. 2020
Consumer Discretionary				
Alibaba Group Holding Ltd.	China	0.7	Broadline Retail	Mar. 2023
Aptiv plc	Ireland	1.7	Auto Components	Oct. 2020
Kering S.A.	France	2.0	Textiles, Apparel & Luxury Goods	Mar. 2023
LVMH	France	4.1	Textiles, Apparel & Luxury Goods	Nov. 2016
Meituan	China	0.8	Hotels, Restaurants & Leisure	Oct. 2021
Melco Resorts & Entertainment Ltd.	Hong Kong	3.5	Hotels, Restaurants & Leisure	Oct. 2017
MercadoLibre, Inc.	Brazil	0.5	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	6.1	Broadline Retail	Oct. 2021
Puma SE	Germany	0.4	Textiles, Apparel & Luxury Goods	May 2020
Energy				
TechnipFMC plc	United Kingdom	4.4	Energy Equipment & Services	Nov. 2022
Financials				
Adyen NV	Netherlands	2.2	Financial Services	Jul. 2022
AIA Group Ltd.	Hong Kong	5.1	Insurance	Mar. 2014
ICICI Bank Ltd.	India	2.5	Banks	Aug. 2018
Health Care				
Alkermes plc	Ireland	6.6	Biotechnology	Dec. 2020
AstraZeneca plc	United Kingdom	4.9	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	4.2	Biotechnology	May 2020
Grifols, S.A.	Spain	1.8	Biotechnology	Apr. 2022
Novo Nordisk AS	Denmark	6.1	Pharmaceuticals	Apr. 2020
Industrials				
Airbus SE	France	5.1	Aerospace & Defense	Aug. 2018
Daifuku Co., Ltd.	Japan	2.4	Machinery	Feb. 2020
IHI Corp.	Japan	4.2	Machinery	Dec. 2022
Prysmian S.p.A.	Italy	2.6	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	4.1	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.0	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	5.0	Semiconductors & Semiconductor Equipment	Jan. 2014
Atlassian Corp.	United States	2.2	Software	Jun. 2020
Nordic Semiconductor ASA	Norway	1.5	Semiconductors & Semiconductor Equipment	Jun. 2021
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	0.3	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		2.5		

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