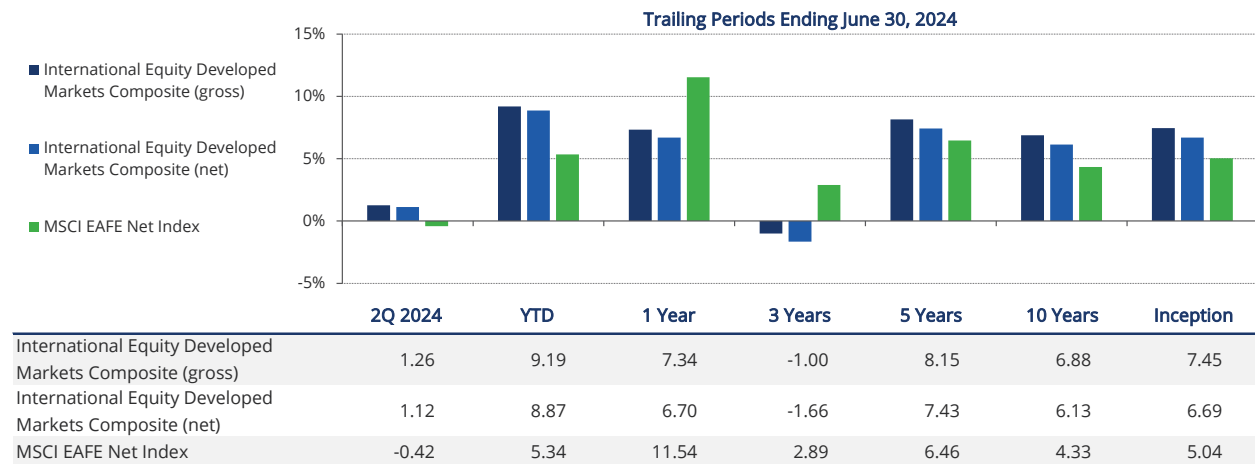

Hardman Johnston International Equity Developed Markets

2024 Second Quarter Report



**Hardman
Johnston**
Global Advisors

Performance



Performance is through June 30, 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). Composite inception date: January 31, 2014.

Key Takeaways

- The portfolio performed strongly during the second quarter due to positive stock selection
- Information Technology and Consumer Discretionary were the top sector contributors, while Industrials and Energy were the top detractors
- Japan was the top contributing region, while Pacific ex Japan was the top detractor
- The Hardman Johnston International Equity Developed Markets Strategy outperformed the MSCI EAFE Net Index during the quarter

Portfolio Commentary

In the second quarter, a number of positive stock-specific developments drove performance, resulting in the portfolio outpacing its benchmark index. The Hardman Johnston International Equity Developed Markets Composite returned 1.12%, net of fees, compared to -0.42% for the MSCI EAFE Net Index during the quarter.

The main drivers of outperformance from a sector standpoint were Information Technology and Consumer Discretionary. Within Information Technology, Nordic Semiconductor ASA and Taiwan Semiconductor Mfg. Co., Ltd. were the largest contributors to outperformance. Nordic Semiconductor's share price jumped higher after signaling that the inventory correction that lasted for over a year has ended and guiding to substantial sequential growth in its first quarter earnings release. Management's observation that the cycle has bottomed shifted investor focus away from the inventory overhang to the company's technology leadership in low power Bluetooth connectivity and the potential for future earnings growth off a low base. The company should benefit from multiple growth drivers going forward, including a cyclical recovery in internet of things devices and new product cycles beginning in late-2024 and throughout 2025 as it releases the new nRF54 chip series to the market.

Taiwan Semiconductor, the world's leading semiconductor foundry, has been a beneficiary of the artificial intelligence boom. The company reported strong sales figures as its customer base for its most advanced nodes broadened from primarily smartphone producers to multiple types of clients that need leading edge nodes due to the stringent performance and power requirements of accelerated processors. This artificial intelligence-related demand outweighed sluggish trends in other end markets like autos, smartphones, and internet of things.

Within Consumer Discretionary, Prosus NV and MercadoLibre, Inc. were the strongest outperformers. Prosus benefitted from its large stake in Tencent, which reported a strong result featuring expanded margins, strong advertising growth driven by its short video platform, and management's commitment to further expanding shareholder returns. Prosus' consolidated e-commerce businesses are also making good progress towards achieving overall positive profitability, and the company's new CEO should stimulate further progress on that front given his ecommerce experience in fast food delivery.

Latin America's leading ecommerce platform, MercadoLibre, posted a solid revenue and earnings beat in the quarter, where the well-anticipated weakness in Argentina was more than offset by strength in Brazil and Mexico. On a currency-neutral basis, gross merchandise value (GMV) in Brazil and Mexico each grew 30%, despite challenging comps. The company's advertising segment and MELI+ loyalty program both demonstrated encouraging growth during the quarter as well.

The top sector detractors during the quarter were Industrials and Energy. Within Industrials, Airbus SE and Daifuku Co., Ltd. were the largest sources of underperformance. Airbus underperformed after the company revised its 2024 guidance due to lower deliveries from ongoing supply chain issues and lingering legacy program issues in its non-core Space segment. We view the supply chain issues as mostly external and temporary as the company still boasts a record backlog amid secular demand for

the company's next generation aircraft. While the Space program issues are unwelcome, they are largely non-cash and the company has commenced a comprehensive strategic review to contain the issue. With a long runway of top-line growth along with margin expansion opportunities from scale and manufacturing efficiencies, the outlook for Airbus remains robust.

Shares of Daifuku detracted during the quarter after the company released underwhelming profit guidance that missed consensus expectations, including for its latest mid-term projections. While the global leader in warehouse and clean room automation technology continues to experience secular top-line growth, ongoing execution issues are limiting its margin expansion potential. As a result, we decided to liquidate the position and rotate capital elsewhere, including within Japanese industrials where we feel there is more opportunity.

Within Energy, underperformance was driven primarily by Gaztransport & Technigaz SA. The stock detracted during the quarter despite continuing to receive solid orders for its unique liquefied natural gas (LNG) membrane systems. Investors were hoping for a guidance upgrade, but management stayed conservative, as they typically do. Furthermore, as a mid-cap French-listed company, the stock suffered during the recent correction in French stocks due to the unexpected political developments in the country, which have minimal impact on the company's fundamentals. Longer-term, we remain attracted to the company for its dominant position in LNG membranes which will be needed to enable the energy transition, especially in light of recent geopolitical developments.

From a regional standpoint, Japan was the strongest contributor, with Kawasaki Heavy Industries Ltd. and Dai-ichi Life Holdings, Inc. performing strongly within the region. Kawasaki Heavy Industries is one of Japan's iconic industrial brands with over a 100-year history and is a new holding in the portfolio. The company has entered a new period of structural growth driven by several of its core businesses. As the second largest domestic defense contractor, Kawasaki is experiencing visible double-digit growth due to Japan's new defense strategy which includes rebuilding its military capabilities. Elsewhere, the company is a global leader in powersports which is experiencing secular growth from penetration of outdoor leisure activities.

The life insurance company, Dai-ichi, is a prime beneficiary of the BOJ's policy rate normalization due to its asset-liability duration mismatch, which drives an increase in the embedded value of the company as rates rise. Higher rates also allow for better investment returns and pricing on new policies. The company has also taken steps towards enhancing shareholder returns, including aggressive buybacks.

Pacific ex Japan was the largest regional detractor, with most of the relative underperformance resulting from our underweight exposure during a period in which the region outperformed the broader benchmark index.

The top individual contributors to relative performance during the quarter were Nordic Semiconductor, Prysmian S.p.A., and Prosus. Prysmian outperformed during the quarter as artificial intelligence excitement spread to peripheral sectors, including utilities and grid enablers. This provides an additional boost to Prysmian, which was already poised to enjoy secular growth from its critical position enabling the energy transition. In particular, as the industry leader in high voltage and

interconnect cables, Prysmian is well-positioned as the world electrifies. Investors also looked favorably upon the company's recent acquisition of Encore Wire, which strategically bolsters Prysmian's position in the high-margin low voltage market in the US.

The top individual detractors from relative performance were Airbus, Daifuku, and Gaztransport & Technigaz.

During the quarter, we initiated new positions in Kawasaki Heavy Industries Ltd. and UCB S.A. UCB is a pharmaceutical company with a strong core of epilepsy products and additional growth drivers from four ongoing product launches: Bimzelx, Rystiggo, Zilbrysq, and Fintepla. Bimzelx is launching extremely well in treating plaque psoriasis, and additional indications expected in the second half of 2024 could lead to further growth. Expert feedback on Bimzelx is glowingly positive, with many believing the efficacy across both skin and joints is practice-changing. Rystiggo and Zilbrysq for generalized myasthenia gravis are receiving positive feedback in their launches. We believe these assets are being overlooked by investors, providing additional upside to UCB's share price.

We liquidated positions in Daifuku, Alkermes plc, and Melco Resorts & Entertainment Ltd. during the second quarter. Alkermes' liquidation was a result of our relative preference for UCB due to its broader set of growth drivers. Alkermes is increasingly reliant over the next couple of years on its one main growth driver, the anti-psychotic drug Lybalvi, making it less attractive. The longer-term potential growth driver of Orexin is still in a phase II trial, which requires increased spend in the short term. We felt that UCB offered a stronger set of growth opportunities going forward.

Macau's gaming sector continued on the path of post-COVID recovery during the second quarter, with visitation and activity levels rising incrementally and holding steady at 75% of pre-Covid levels. Melco participated in this trend and has been using profits to steadily pay down its debt. However, Macau's integrated resort and casino operators have entered a price war as all players try to woo the premium mass segment by increasing complimentary goods and services, which hurt margins and profitability. Given the ongoing price war, the overhang of a slowing economy and negative consumer sentiment in China, as well as the risk of increased governmental restrictions in Macau, we chose to use a period of relative price strength to liquidate our position in Melco.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Info. Technology	9.7	9.2	15.5	0.2	0.7%
Cons. Discretionary	15.2	11.9	0.4	-9.0	0.6%
Comm. Services	4.5	4.0	7.7	0.5	0.1%
Health Care	18.4	13.0	5.0	4.7	0.2%
Materials	0.0	7.1	0.0	-3.2	-0.1%
Real Estate	0.0	2.2	0.0	-6.7	-0.1%
Consumer Staples	0.0	8.6	0.0	-1.6	-0.1%
Utilities	0.0	3.2	0.0	0.8	0.0%
Financials	15.2	19.6	4.1	3.3	0.0%
Energy	9.0	4.2	-5.1	1.2	-0.2%
Industrials	24.1	17.0	-6.8	-0.7	-0.4%
Cash	3.9	0.0	1.3	0.0	0.0%

Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Japan	15.1	22.8	-0.6	-4.3	0.8%
Emerging Markets	4.9	0.0	13.2	0.0	0.5%
United Kingdom	12.7	15.0	10.0	3.7	0.4%
Europe	59.2	51.5	-0.6	-0.4	-0.1%
North America	1.6	0.0	-9.3	0.0	-0.1%
Pacific ex Japan	2.7	10.7	-1.9	2.5	-0.2%
Cash	3.9	0.0	1.3	0.0	0.0%

Contributors & Detractors

Second Quarter	Average Weight (%)	Total Effect (%)	Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors			Largest Contributors		
Nordic Semiconductor ASA	1.90	0.98	Rheinmetall AG	4.96	2.84
Prysmian S.p.A.	4.59	0.79	Novo Nordisk A/S	5.77	1.67
Prosus NV	5.05	0.61	TechnipFMC plc	4.26	1.62
Largest Detractors			Largest Detractors		
Airbus SE	5.51	-1.31	Genmab AS	3.48	-1.82
Daifuku Co., Ltd.	2.19	-0.73	AIA Group Ltd.	3.10	-1.72
Gaztransport & Technigaz SA	5.12	-0.60	Adyen NV	0.53	-1.62

Portfolio Activity

Quarterly Initiations

UCB S.A.
Kawasaki Heavy Industries Ltd.

Quarterly Liquidations

Melco Resorts & Entertainment Ltd.
Alkermes plc
Daifuku Co., Ltd.

Data for the quarter ending June 30, 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 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 global economy has continued to display resilience, and that has helped to lift companies and share prices, alongside the obvious enthusiasm for AI. However, there is still plenty of economic and political risk across markets. Screening out the noise and focusing on fundamentals will be key to identifying the stocks that can outperform over the medium to long term.

Strong equities performance, particularly in the US, conceals the fact that things are not panning out to the timeframes markets had expected. Jobs data remains stubbornly strong, and inflation's downward path has not been linear. Many appear fixated on a soft landing, despite the challenge of tapping the brakes without throwing the economy into reverse. While the Federal Reserve should be able to start cutting rates later this year, the economy is not out of the woods yet.

Stagnating growth was one of the key reasons behind the European Central Bank's decision to cut interest rates in June, particularly as inflation is projected to stay above 2% well into next year. Further interest rate cuts appear baked into expectations, but European central banks being first movers does not mean they are going to advance quickly or aggressively.

Similarly, Japan's path to normalized interest rates will unfold slowly. The Bank of Japan has signaled that it will start to reduce bond-buying, but, given that it has also highlighted a cautious and data-dependent approach, balance sheet reduction and interest rate hikes are unlikely to come at the same time. Policymakers are not in a mood to hurry.

The elephant in the room that is increasingly difficult to ignore is politics. A record number of people around the world are voting in 2024. Some elections have already gone off script. Narendra Modi's surprise slip in Indian elections has resulted in a coalition government which may limit his ability to enact economic and political reforms. Nonetheless, in a decelerating global economy, India will remain among the world's most powerful growth engines, and companies such as those in the financials sector are well-placed to benefit from its ongoing expansion.

The implications of political surprise may be even greater in Europe. Poor results for mainstream parties in EU elections triggered a snap parliamentary election in France. A likely outcome will be French political gridlock with no party having a clear majority which likely means no big spending policies enacted. Nevertheless, it also may be difficult to get anything done which does nothing to improve the fiscal situation given the fragmented parliament which may impact the improving macro growth backdrop in France and across the EU.

The potential for electoral shock in the US is more limited. But with discussion revolving around both candidates' fitness for office, there is still room for many unknowns in the run up to the election day. Here again, political deadlock is a likely outcome, which may provide a degree of stability for business and give some room for management teams to make investment decisions.

Against all this uncertainty, many markets are at record highs, driven by a narrow pool of stocks. There is some disquiet around the enthusiasm for AI-related stocks, which undeniably account for the lion's share of returns this year. However, they are also responsible for an equally sizable share of earnings.

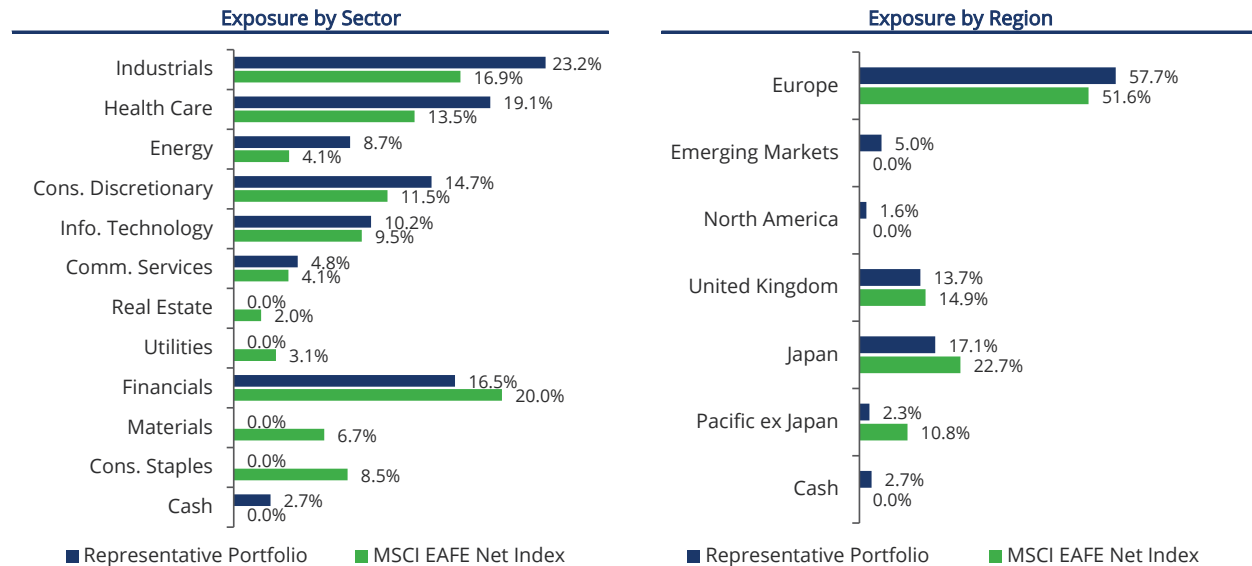
Valuations are full for stocks like NVIDIA, TSMC and ASML, but we still believe they are founded in reality and are reasonable reflections of their earnings growth potential.

There are positive secular trends in health care, and the US housing market should begin to recover, which will have benefits for a range of industries and companies. Yet, so long as the policy and economic outlooks remain unclear, there will be uncertainty to navigate. Measures to revive the real estate market in China are positive. However, consumer confidence remains fragile, and geopolitical tensions remain a threat, including potential EU measures to protect against China's surging EV industry. In short, there are no easy answers.

What we look for, and have always looked for, is high quality companies that do something few others can do. For example, TechnipFMC is a world leader in technology and services for subsea energy exploration and extraction. Over the long term, the world will move to renewable energy, but before we get there, our economies will still need hydrocarbons to function. Companies like TechnipFMC fulfill customers' demand for best-in-class businesses without cutting corners, and that good corporate citizenship is highly compatible with strong long-term returns.

This serves to highlight that there are growth opportunities in any market or sector if you apply the right approach. There is going to be a lot of noise economically and politically throughout this year and into 2025. We believe that company fundamentals will win the day, and we maintain our conviction in our proven strategy to deliver outperformance regardless of market conditions.

Exposures & Characteristics



	Representative Portfolio		MSCI EAFE Net Index	
	2Q 2024	5 Year Average	2Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	139.6	93.5	105.9	78.8
Median Market Cap (\$B)	34.7	44.6	14.2	12.5
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	16.3	18.3	9.2	9.4
Revenue Growth: 3 to 5 year forecast (%) ¹	11.3	10.5	4.9	4.5
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	19.6	24.6	18.6	18.4
P/E Ratio: 12 Months - trailing ¹	25.5	30.8	20.7	20.6
PEG Ratio: forward ²	1.2	1.3	2.0	1.9
Dividend Yield (%) ³	1.4	1.0	2.9	3.1
Price/Book ⁴	2.5	4.0	1.9	1.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing ¹	12.8	13.3	14.9	13.6
Return on Invested Capital: 5 Year (%) - trailing	8.5	9.1	9.8	9.5
Long-Term Debt / Equity (%) ¹	63.9	54.7	69.4	70.9
Other				
Number of Positions	27	26	742	837
Beta: 3 year portfolio ⁵	0.9	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	7.9	--	--	--
Turnover: 12 Months - trailing (%)	41.4	34.7	--	--

¹Interquartile weighted mean, ²PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", ³MPT beta (daily). ⁴Based on aggregate purchases and sales over prior 12 months. Data as of June 30, 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 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	4.8	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
LVMH	France	4.0	Textiles, Apparel & Luxury Goods	Nov. 2016
MercadoLibre, Inc.	Brazil	1.0	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	5.2	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	4.5	Automobiles	Nov. 2023
Energy				
Gaztransport & Technigaz SA	France	4.7	Oil, Gas & Consumable Fuels	Sep. 2023
TechnipFMC plc	United Kingdom	4.0	Energy Equipment & Services	Nov. 2022
Financials				
AIA Group Ltd.	Hong Kong	2.3	Insurance	Mar. 2014
Dai-ichi Life Holdings, Inc.	Japan	5.0	Insurance	Sep. 2023
HDFC Bank Ltd.	India	1.5	Banks	Dec. 2023
ICICI Bank Ltd.	India	1.4	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	4.2	Banks	Aug. 2023
T&D Holdings, Inc.	Japan	2.2	Insurance	Sep. 2023
Health Care				
AstraZeneca plc	United Kingdom	5.6	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	1.9	Biotechnology	May 2020
Grifols, S.A.	Spain	1.9	Biotechnology	Apr. 2022
Novo Nordisk A/S	Denmark	7.0	Pharmaceuticals	Apr. 2020
UCB S.A.	Belgium	2.7	Pharmaceuticals	Apr. 2024
Industrials				
Airbus SE	France	4.5	Aerospace & Defense	Aug. 2018
Kawasaki Heavy Industries Ltd.	Japan	5.3	Machinery	Apr. 2024
Prysmian S.p.A.	Italy	4.9	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	3.7	Aerospace & Defense	Feb. 2023
Safran S.A.	France	4.9	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	5.2	Semiconductors & Semiconductor Equipment	Jan. 2014
Atlassian Corp.	United States	1.6	Software	Jun. 2020
Nordic Semiconductor ASA	Norway	2.3	Semiconductors & Semiconductor Equipment	Jun. 2021
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	1.1	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		2.7		

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