Hardman Johnston International Equity Developed Markets

2023 Fourth Quarter Report

Hardman Johnston Global Advisors

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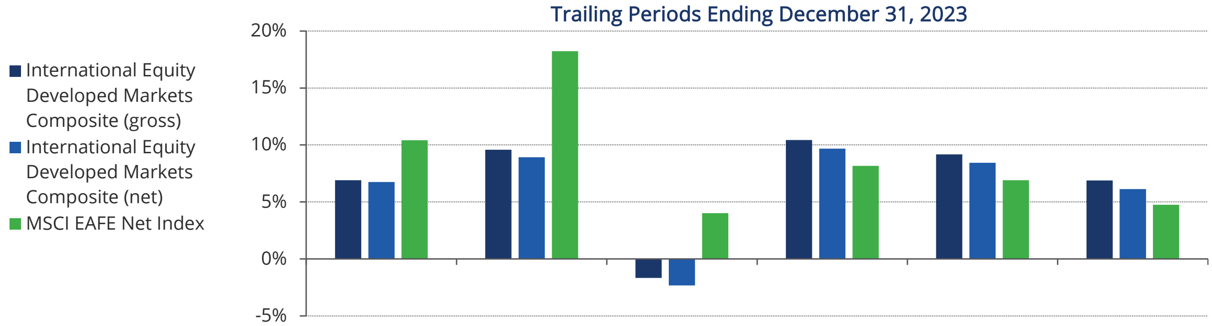
International Equity Developed Markets
2023 FOURTH QUARTER REPORT

Performance



	4Q 2023	1 Year	3 Years	5 Years	7 Years	Inception
International Equity Developed Markets Composite (gross)	6.90	9.59	-1.67	10.43	9.18	6.89
International Equity Developed Markets Composite (net)	6.75	8.93	-2.34	9.68	8.43	6.13
MSCI EAFE Net Index	10.42	18.24	4.02	8.16	6.90	4.75

Performance is through December 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

- The fourth quarter's performance was challenged, in large part by consumer-oriented stocks with exposure to China
- Within the strategy, Communication Services and Industrials were the top active sector contributors, while Consumer Discretionary and Financials were the top detractors
- Due to the redomiciling of Atlassian Corp. from Australia to North America, North America was the top contributing region, while the United Kingdom was the top detractor
- The Hardman Johnston International Equity Developed Markets Strategy underperformed the MSCI EAFE Net Index during the quarter

Portfolio Commentary

A challenging fourth quarter wrapped up a difficult year for the strategy. Many of the drivers of underperformance for the fourth quarter and full year of 2023 were similar. At a high level, consumer-oriented and financial stocks hurt us during both periods. This led to quarterly returns for the Hardman Johnston International Equity Developed Markets Composite of 6.75%, net of fees, compared to 10.42% for the MSCI EAFE Net Index.

Delving deeper into attribution, the portfolio's top active sector contributors for the quarter were Communication Services and Industrials. Consumer Staples also contributed positively to relative returns due to our lack of weight in the sector. Within Communication Services, our sole holding, Deutsche Telekom AG, has been benefitting from its large stake in T-Mobile and an improving German and European regulatory environment. Within Industrials, the German defense company Rheinmetall AG, was our top performer, after releasing solid earnings results and providing guidance above consensus as conflicts in Eastern Europe and the Middle East raise prospects for increased defense spending.

The top sector detractors during the quarter were Consumer Discretionary and Financials. Within Consumer Discretionary, Aptiv plc underperformed the most as the market worried about the impact of higher interest rates and a slowing pace of electric vehicle adoption. The company also reported slower growth than the market expected, albeit still above industry levels. Part of these issues were temporary due to the UAW strike, which had a disproportionate impact on several of the company's key customers. Longer-term, Aptiv remains well-positioned to benefit from an electric vehicle industry that is still growing at a double-digit rate and from its leadership position in active safety solutions. Another cause of the sector's detraction was that several of our holdings have significant economic exposure to China, which was marred by economic weakness and geopolitical tensions.

A large portion of the underperformance within Financials was attributed to a dip in stock prices of some of our newer holdings, such as the UK-based bank franchise, Standard Chartered PLC, and the Japanese life insurers, T&D Holdings, Inc. and Dai-ichi Life Holdings, Inc. While timing an exact entry point can be difficult, we do believe that these stocks are trading at very attractive valuations for the level of growth they can deliver.

The collaborative software developer Atlassian Corp., who redomiciled to the US from Australia in 2022 and still has its world headquarters in Australia, posted solid results in its cloud segment and beat operating margin expectations. This drove North America to be the top regional contributor in the fourth quarter. The stock also benefitted from multiple expansion in the quarter as the Fed pivot on interest rates led to a share price rally in long-duration, high-multiple stock profiles.

The United Kingdom was the largest regional detractor during the quarter. Standard Chartered plc was among the Financials holdings that struggled as describe above and contributed most to the sector's underperformance during the period.

The top individual contributors to relative performance were Grifols, S.A., Rheinmetall AG, and Deutsche Telekom AG. Grifols is a leader in the manufacturing and supply of plasma-derived products. The company benefitted from plasma collections continuing to improve back to pre-COVID levels as well as collection costs coming down. Grifols also announced a partial sale of a large asset, which allows it to pay down debt and hit its leverage target of 4.0x by the end of 2024. Deutsche Telekom benefitted from strength in T-Mobile, of which Deutsche Telekom owns over 50%. A benign competitive environment, continued operational momentum, low churn, and solid execution led to strong performance during the quarter.

The top individual detractors from relative performance were Genmab AS, Aptiv plc, and Melco Resorts & Entertainment Ltd. The antibody engineering company, Genmab, struggled this quarter as expenses rose 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. Despite these concerns, Darzalex sales continue to grow, fueling Genmab's pipeline with its cash generation. Additionally, we view the company's higher expenses in the context of a transitional year as it launches its next commercial product and advances its pipeline.

Aptiv plc underperformed as the market worried about the impact of higher interest rates and a slowing pace of electric vehicle adoption. The company also reported slower growth than the market expected, albeit still above industry levels. Part of these issues were temporary due to the UAW strike, which had a disproportionate impact on several of the company's key customers. Longer-term, Aptiv remains well-positioned to benefit from an electric vehicle industry that is still growing at a double-digit rate and from its leadership position in active safety solutions. Another cause of the sector's detraction was that several of our holdings have significant economic exposure to China, which was marred by economic weakness and geopolitical tensions.

Over the past year, Melco saw a return to activity in its primary entertainment venues in Macau after reduced levels from COVID. However, in their most recent quarterly results, Melco revealed some market share loss in Macau. Additionally, war in the Middle East created unexpected pressure on Melco's newly opened integrated resort in Cyprus. These developments weighed on Melco's stock price during the quarter.

During the quarter, we initiated positions in two new stocks, Suzuki Motor Corp. and HDFC Bank Ltd.

Suzuki is a Japanese automobile manufacturer with unique regional exposures. The company has a dominant share in India and a strong position in key African markets. These markets are growing quickly and are underpenetrated from an auto perspective. Furthermore, the company is largely insulated from the global macro slowdown due to its previous exits from the US, Europe, and China. Suzuki also has a lighter investment burden than many other auto manufacturers because it shares a technology agreement with Toyota and operates in markets that tend to consume ICE vehicles more than electric. The company's Indian subsidiary, Maruti, has historically traded at a higher valuation than Suzuki. Management is prioritizing closing that valuation gap, which should be beneficial for the stock price.

HDFC Bank is the largest private bank in India. The bank recently merged with its parent company, HDFC Ltd., creating potential synergies that can drive growth for the combined entity. This is particularly true in the mortgage segment, which HDFC Ltd. had focused on and which HDFC Bank had only been selling in about a quarter of its branches. HDFC is driving growth by aggressively expanding into new markets in India. Its rate of branch expansion is higher than peers, especially in underpenetrated rural and semi-urban markets. A strong Indian economy also provides a favorable backdrop for the stock.

We liquidated two stocks during the quarter: IHI Corp. and Alibaba Group Holding Ltd. We also received a small position in Mural Oncology during the quarter as a spinoff from Alkermes. We liquidated this position shortly after receiving it.

The Japanese industrial conglomerate, IHI Corp., underperformed due to issues with the next generation GTF engine, manufactured by the International Aero joint venture where IHI is a revenue and risk sharing partner. The recent reliability issues are not uncommon with new engine platforms and were exacerbated by ongoing supply chain and labor shortage issues for engine maintenance. The compensation for time-off-wing will be a meaningful near-term headwind, which is why we moved to exit our position in order to use proceeds for other, more compelling, investment opportunities.

Alibaba is a Chinese internet company with business units ranging from ecommerce to cloud computing, payments, and marketing services. The company had planned to divide its business into distinct units to IPO, which we had believed would unlock meaningful shareholder value. During the quarter, Alibaba pulled plans for IPOs of its largest two business units. The company also faces increased competitive pressure in the ecommerce space within China. For these reasons, we decided to liquidate the position.

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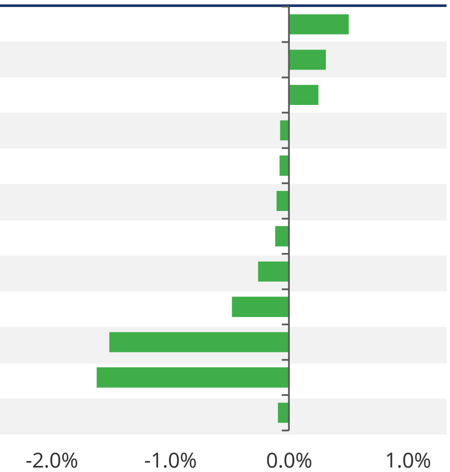
Quarterly Attribution

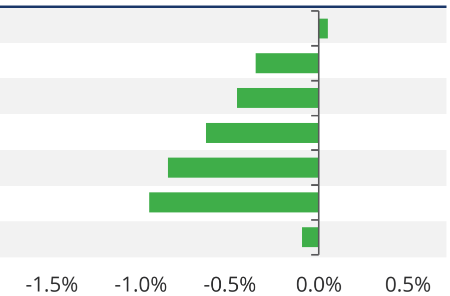
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
Consumer Staples	0.0	9.7	0.0	5.2
Comm. Services	5.6	4.1	15.1	8.9
Industrials	21.8	16.0	14.8	14.3
Energy	10.1	4.6	4.2	0.3
Info. Technology	7.9	8.2	19.1	21.3
Real Estate	0.0	2.4	0.0	14.9
Utilities	0.0	3.4	0.0	14.0
Health Care	23.4	13.1	6.3	4.9
Materials	0.0	7.5	0.0	17.1
Financials	13.1	19.0	-0.4	9.9
Cons. Discretionary	15.7	12.0	-1.4	8.0
Cash	2.5	0.0	1.3	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
North America	2.3	0.0	17.9	0.0
Emerging Markets	4.8	0.0	3.1	0.0
Europe	64.6	51.0	11.1	12.3
Japan	8.4	22.8	-2.1	8.2
Pacific ex Japan	5.4	11.2	-2.4	11.4
United Kingdom	11.9	15.1	-1.8	6.9
Cash	2.5	0.0	1.3	0.0

Total Effect



Contributors & Detractors

Fourth Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Grifols, S.A.	2.86	0.66
Rheinmetall AG	5.22	0.65
Deutsche Telekom AG	5.55	0.23
Largest Detractors		
Genmab AS	4.25	-0.93
Aptiv plc	2.87	-0.61
Melco Resorts & Entertainment Ltd.	1.98	-0.50

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
TechnipFMC plc	4.88	2.45
Safran S.A.	5.52	1.12
Novo Nordisk A/S	5.24	1.08
Largest Detractors		
Genmab AS	4.62	-2.35
AIA Group Ltd.	4.34	-1.86
IHI Corp.	3.24	-1.85

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Suzuki Motor Corp.	IHI Corp.
HDFC Bank Ltd.	Alibaba Group Holding Ltd.
	Mural Oncology plc

Data for the quarter ending December 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

A strong end to 2023 might raise hopes of an ongoing recovery and buoyant markets in 2024, but there's still much uncertainty ahead and plenty of reason to remain cautious. We are optimistic about the trajectories for inflation and interest rates, and positive about the potential for many markets and companies. We recognize though that there may be volatility in the short term.

Following the fall in inflation and the marked change in tone from the Federal Reserve in December, markets turned bullish on the prospect of interest rate cuts in 2024. While this appears entirely possible, the timing and extent of any loosening is uncertain. Further, the lagged effect of monetary policy means that it will still take time for last year's rate hikes to work through the system. Many investors appear to have become enamored with the prospect of an economic soft landing, however, the slowdown may have further to run.

Against a backdrop of economic uncertainty, company earnings are likely to weaken, putting employment under increased pressure. Businesses have been warehousing staff since COVID, but as pricing power fades and margins fall, keeping staff will be less feasible. If there is to be recession in the US, rather than a soft(ish) landing, a cooling labor market is likely to be the driving factor. There are already signs in Europe of a cycle of weaker company earnings, and an uptick in unemployment. Additionally, there has been deteriorating GDP performance, most notably in the continent's largest economy Germany, even if the broader EU bloc has held up better than many expected.

In the shift to looser policy, Japan will remain something of an outlier. With interest rates expected to turn across many markets, Japan has signaled the potential end of negative interest rates in 2024, in turn leading to a sharp appreciation in the yen. While there are fears that a stronger currency will weigh on exports, a return to more conventional policy is welcome, as is the push to make the stock market more investible for domestic and international investors alike.

Contrary to other markets globally, China remains weak and has been a drag on the benchmark and our portfolio. Consumers remain cautious following the country's rapid pivot away from its zero-COVID policy a year ago, while the fallout of the country's real estate crisis still weighs on confidence.

The forward-looking geopolitical situation is volatile and uncertain. Tensions between the US and China refuse to fade, while new fronts have opened in the Middle East and Venezuela, adding to ongoing conflict in Ukraine. People, economies, and markets do adapt to such challenges, but with elections in the US and India in 2024, not to mention Russian, Taiwan, and Ukraine, the geopolitical impact of electoral choices could be profound.

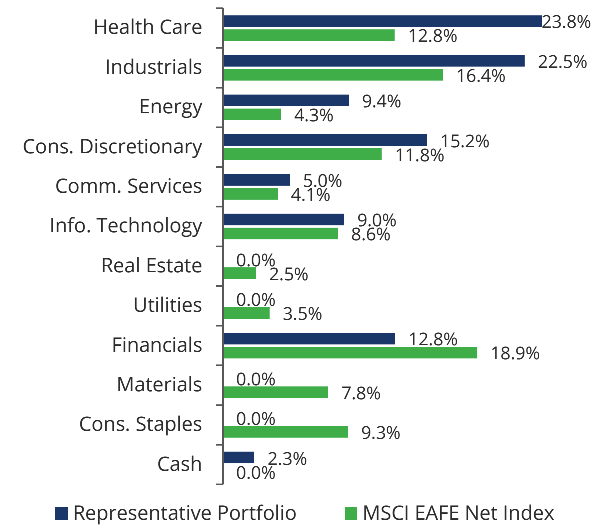
Despite ever-present risks, we continually seek out new investment opportunities. Healthcare is showing some attractive valuations, as well as some exciting innovations. For instance, Glucagon-like peptide 1-based therapies, aka GLP-1s, have the potential to be life-changing for those battling obesity and type 2 diabetes, a condition estimated to affect some 415 million people globally and which could rise by over 50% by 2040. Once again, we continue to take a disciplined approach to identify growth potential at compelling valuations, while avoiding companies at risk of being on the wrong side of the development.

We remain focused on decarbonization and the potential for companies in the space. Electric vehicles have been relatively out of favor among investors over the past six months, but little has changed our view that this will be a growth industry over the coming decades. This in turn will lead to increased demand for essential components, such as processors and batteries, regardless of which manufacturers dominate the market.

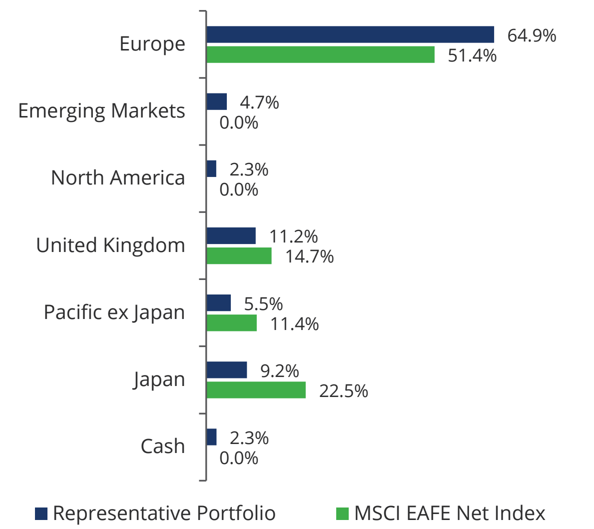
Notwithstanding the long-term growth potential in many areas, and the possible tailwinds of more accommodative policy, discipline has to be the watchword going into 2024. The end of year rally has stretched many company valuations. Costs for businesses may be receding but earnings and margins face pressure. As a result, we will consider our positions in stocks that have run up strongly, while continuing to look at opportunities that have more attractive entry points. That said, we remain confident in the fundamentals of our portfolio over the medium to long term, and believe we are well positioned to weather whatever 2024 brings.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI EAFE Net Index	
	4Q 2023	5 Year Average	4Q 2023	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	95.7	86.1	90.7	74.9
Median Market Cap ($B)	28.6	46.1	13.7	12.1
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	21.8	17.7	8.5	9.2
Revenue Growth: 3 to 5 year forecast (%)[1]	11.9	10.2	4.9	4.4
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	18.2	24.7	17.3	18.1
P/E Ratio: 12 Months - trailing[1]	24.0	30.7	18.8	20.3
PEG Ratio: forward[2]	0.8	1.4	2.0	2.0
Dividend Yield (%)[3]	1.2	1.1	3.1	3.1
Price/Book[4]	2.9	4.1	1.7	1.6
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	10.3	13.4	14.5	13.4
Return on Invested Capital: 5 Year (%)[1]	6.4	9.2	9.5	9.3
Long-Term Debt / Equity (%)	48.6	53.4	70.8	70.9
Other				
Number of Positions	30	25	783	853
Beta: 3 year portfolio[5]	0.9	1.0	1.0	1.0
Tracking Error: 5 Year Trailing (%)	8.1	--	--	--
Turnover: 12 Months - Trailing (%)	33.5	30.2	--	--

[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 December 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
Consumer Discretionary				
Aptiv plc	Ireland	3.2	Auto Components	Oct. 2020
LVMH	France	2.5	Textiles, Apparel & Luxury Goods	Nov. 2016
Meituan	China	0.5	Hotels, Restaurants & Leisure	Oct. 2021
Melco Resorts & Entertainment Ltd.	Hong Kong	2.0	Hotels, Restaurants & Leisure	Oct. 2017
MercadoLibre, Inc.	Brazil	0.6	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	4.5	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	2.0	Automobiles	Nov. 2023
Energy				
Gaztransport & Technigaz SA	France	5.2	Oil, Gas & Consumable Fuels	Sep. 2023
TechnipFMC plc	United Kingdom	4.2	Energy Equipment & Services	Nov. 2022
Financials				
AIA Group Ltd.	Hong Kong	3.5	Insurance	Mar. 2014
Dai-ichi Life Holdings, Inc.	Japan	2.4	Insurance	Sep. 2023
HDFC Bank Ltd.	India	0.0	Banks	Dec. 2023
ICICI Bank Ltd.	India	2.6	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	2.2	Banks	Aug. 2023
T&D Holdings, Inc.	Japan	2.1	Insurance	Sep. 2023
Health Care				
Alkermes plc	Ireland	5.8	Biotechnology	Dec. 2020
AstraZeneca plc	United Kingdom	4.8	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	4.1	Biotechnology	May 2020
Grifols, S.A.	Spain	3.7	Biotechnology	Apr. 2022
Novo Nordisk A/S	Denmark	5.6	Pharmaceuticals	Apr. 2020
Industrials				
Airbus SE	France	5.5	Aerospace & Defense	Aug. 2018
Daifuku Co., Ltd.	Japan	2.7	Machinery	Feb. 2020
Prysmian S.p.A.	Italy	3.3	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	5.1	Aerospace & Defense	Feb. 2023
Safran S.A.	France	6.0	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	3.6	Semiconductors & Semiconductor Equipment	Jan. 2014
Atlassian Corp.	United States	2.3	Software	Jun. 2020
Nordic Semiconductor ASA	Norway	2.1	Semiconductors & Semiconductor Equipment	Jun. 2021
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	1.0	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		2.3		

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