Hardman Johnston Global Equity

2022 FIRST QUARTER REPORT

Hardman Johnston Global Advisors

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COMPOSITE PERFORMANCE (%) (period ending March 31, 2022)	1st QTR	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity (gross of fees)	-10.53	-1.92	17.02	17.26	14.57	11.63
Global Equity (net of fees)	-10.68	-2.56	16.26	16.48	13.78	10.88
MSCI AC World Net Index	-5.36	7.28	13.74	11.64	9.99	7.38
MSCI World Index	-5.15	10.12	14.96	12.42	10.88	7.70

Performance is preliminary through March 31, 2022. Periods greater than one year are annualized. **Past performance does not guarantee future results**. Net performance reflects the deduction of advisory fees and reinvestment of income (if applicable). Effective April 1, 2015, the Company changed the primary benchmark for its Global Equity strategy to the MSCI All Country World Net Index ("ACWI"). The performance for the MSCI World Net Index ("World") is shown as a supplemental index. The inception date of the composite is December 31, 2005.

KEY TAKEAWAYS

- International markets decline after war in Ukraine clouds outlook
- Inflation spikes as energy and commodity prices soar, prompting monetary policy tightening
- Chinese markets contend with COVID shutdowns and potential ADR delistings on US exchanges
- Global Equity Composite returned –10.68%, net, underperforming the MSCI ACWI return of –5.36% and the MSCI World return of –5.15%

MARKET REVIEW

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

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

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

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

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

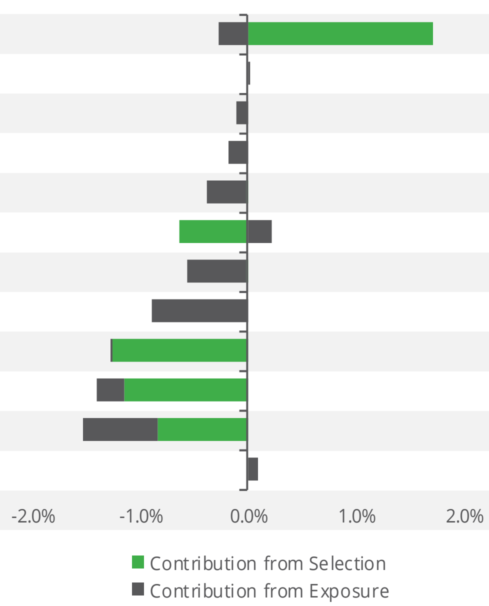
Emerging markets faced the same dilemma. The Reserve Bank of India left its key policy rate unchanged at 4% during the quarter, the same level as throughout the pandemic, in order to support economic growth. In stark contrast, Brazil hiked rates sharply to 11.75% in March, a five-year high, with the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

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

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

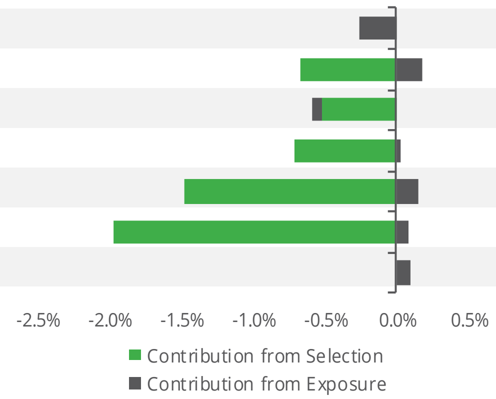
PERFORMANCE ATTRIBUTION

	Average Weight		Total Return		Contribution to
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	Relative Return
By Sector					
Comm. Services	13.2	8.3	2.3	-10.6	
Real Estate	0.0	2.7	0.0	-5.5	
Consumer Staples	0.0	6.9	0.0	-4.0	
Utilities	0.0	2.8	0.0	1.2	
Materials	0.0	4.9	-1.5	2.8	
Health Care	24.9	11.6	-6.3	-3.8	
Financials	4.4	15.9	-0.4	-0.3	
Energy	0.0	4.1	0.0	21.1	
Industrials	6.1	9.6	-25.5	-6.0	
Cons. Discretionary	15.8	11.9	-17.6	-11.3	
Info. Technology	32.6	21.4	-13.3	-10.8	
Cash	3.0	0.0	0.1	0.0	



Preliminary data as of the quarter ending March 31, 2022. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.** The data shown is of a representative portfolio for the Hardman Johnston Global Equity strategy and is for informational purposes only. Results are not indicative of future portfolio characteristics/ returns. Actual results may vary for each client due to specific client guidelines and other factors. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. Future investments may or may not be profitable.

	Average Weight		Total Return		Contribution to
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	Relative Return
By Region					
United Kingdom	0.0	3.8	0.0	1.3	
Emerging Markets	4.4	11.5	-15.8	-6.9	
Pacific ex Japan	1.9	3.0	-25.0	3.0	
Japan	3.3	5.6	-24.7	-6.6	
Europe	8.8	12.9	-25.2	-9.7	
North America	78.6	63.2	-7.5	-4.8	
Cash	3.0	0.0	0.1	0.0	



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PORTFOLIO COMMENTARY

- Global Equity underperformed the MSCI ACWI by 532 bps on a net basis during the first quarter
- Stock selection in Communication Services was the greatest contributor during the quarter, despite an overweight position which slightly offset gains. Lack of exposure to Real Estate also contributed to results. Security selection and overweight exposure in both Information Technology and Consumer Discretionary were the largest detractors
- No region contributed to relative performance during the quarter, while security selection in North America was the largest detractor, though overweight exposure to the region slightly offset losses

LARGEST CONTRIBUTORS

Vertex Pharmaceuticals Inc. (+0.6% total effect) outperformed in the quarter due to continuous growth of their cystic fibrosis franchise and increasingly positive data readouts in the pipeline. Trikafta continued to see growth due to the uptake in use in the six-to-eleven age population following approval in June 2021. CTX001 had positive data readouts in Sickle Cell Disease and Beta Thalassemia. CTX001 is a cell and gene therapy for the treatment of sickle cell disease and beta thalassemia. Management sizes this opportunity at approximately 32,000 patients, a similar scale to the current cystic fibrosis franchise size. VX-147 had a positive data readout from its phase II trial and is advancing into pivotal clinical development for people with APOL1 mediated kidney disease.

T-Mobile US, Inc. (+0.5% total effect) shares jumped 10% after reporting strong 2022 guidance and solid Q4 results. The telecom company is the third largest carrier in the US and plans to expand their Ultra Capacity 5G network to reach 300 million people in the country by the end of 2023. We continue to believe in T-Mobile's dominant position in spectrum, ability to build out a superior 5G mobile data network, become the industry's low-cost producer, and tap new growth opportunities in home internet and mobility in rural and enterprise/government markets, where the company has historically been underexposed.

Activision Blizzard Inc.'s (+0.5% total effect) shares jumped in reaction to Microsoft's agreement to buy the company in an all-cash deal valued at $69 billion. Notably, the shares are trading at a substantial 16% discount to the $95 per share deal price. As Microsoft's largest ever acquisition, the transaction would bolster its video gaming franchise to be ranked third globally by revenue. It is also likely to be subject to regulatory scrutiny by an aggressive FTC looking to rewrite the playbook on antitrust enforcement and merger rules. As such, Microsoft is not expecting deal closure until possibly 2023, which is a reason for the wider than expected spread. Under traditional antitrust frameworks, we see a difficult case given the highly fragmented industry structure for video game studios, where competition is intense, and emerging platforms, such as mobile phone, augmented/virtual reality, and streaming gaming, are already threatening incumbents like Microsoft.

LARGEST DETRACTORS

Vertiv Holdings Co. (-1.6% total effect) shares fell following lower-than-expected Q4 earnings and 2022 guidance. Driving the miss were worse-than-expected inflationary and supply chain pressures, which were further exacerbated by internal enterprise resource planning (ERP) system issues, which led to improper pricing on several orders. These internal issues have largely been rectified with closer executive oversight to synchronize both the procurement and sales functions, with a greater focus on a dynamic pricing strategy in the current volatile market environment. While the recent execution missteps were disappointing and management may need some time to restore credibility, the underlying investment thesis remains largely intact as the top-line growth outlook continues to be robust, as demonstrated by orders in Q4 accelerating to 51% growth on the back of continued data center demand.

Prosus NV's (-0.9% total effect) share weakness was a direct consequence of weakness in Tencent shares, which are a large driver of Prosus' valuation. Tencent's poor performance was due to general weakness in the Chinese Internet space and ADR delisting fears. In addition, Prosus' investment portfolio experienced pressure due to the market's risk-off stance and punishment of companies that are in earlier phases of their maturity, as is the case with many of Prosus' investments. Finally, Prosus has Russian exposure, both directly in its Avito classifieds business and its holding of VK shares, a leading consumer internet platform in Russia. Avito is the leading Russian domestic e-classifieds business and is 100% owned by Prosus. We estimate Avito to represent less than 7% of group revenue and less than 2% of proportional revenue. Prosus owns about 25% of outstanding shares of VK and will take a $700 million full write down for the stake. Prosus has decided to cease all involvement in its Russian operations. The separation process is underway to decouple Russian operations into a separate, independent legal entity run by local management and with its own Board of Directors.

Keyence Corp. (-0.7% total effect) shares were lower during the quarter, largely due to the market sell-off and, in particular, the growth vs. value factor rotation as interest rates rose sharply. However, underlying fundamentals remained solid as highlighted by the company's quarterly earnings report. The profit announcement beat analyst expectations, as Keyence's unique business model, which employs a high-powered salesforce and fabless manufacturing structure, enabled the company to outgrow its peers while posting record high profitability. The company's secular drivers remain intact as clients continue to invest in automation amid demographic headwinds, along with the fallout from the pandemic and war in Ukraine.

PORTFOLIO ACTIVITY

- During the first quarter, we initiated positions in Prosus NV and Corteva Inc., and liquidated positions in Kratos Defense & Security Solution, Inc. and Tencent Holdings Ltd.

INITIATIONS

Prosus NV owns an attractive portfolio of global consumer internet properties in high growth segments across ecommerce, fintech/payments, food delivery, and classifieds, as well as the emerging ed-tech segment. Management has materially streamlined the company's strategy to focus on attractive, high growth segments and invest in high quality leaders in their respective markets. Prosus owns a large stake in Tencent, and its valuation is nearly justified by the Tencent investment alone. Additionally, the remaining portfolio is a huge call option on attractive, high-growth consumer internet platforms, primarily in Emerging Markets. Management has taken a series of actions, including big stock buybacks and restructuring, that will expose value in the stock. Management's investment track record impressively exceeds a 20% internal rate of return (IRR) over the past 10 years, even when excluding the fantastic results of its stake in Tencent.

Corteva Inc. is a global seed and agricultural chemicals leader, created through the combination of the agricultural businesses of Dow and Dupont. The company is a top 2 player in the seed industry, where intellectual property is a key competitive advantage through decades of research and development for various seed germplasm and trait characteristics. The agricultural chemicals business is also oligopolistic with vast chemical knowledge, product life cycle management, and regulatory know-how being key competitive barriers. The war in Ukraine has only exacerbated the already low grain inventory levels, and this is further compounded by rocketing fertilizer prices, which will further impact yields. This situation increases the importance of Corteva's products and will take several years to resolve given the time necessary for crops to grow. A centerpiece of the company's margin expansion strategy is the move to insource seed traits in order to minimize the company's elevated level of licensing fees paid to its competitor. Lastly, the company has a strong net cash balance sheet which provides capital deployment opportunities.

LIQUIDATIONS

Kratos Defense & Security Solutions, Inc. was liquidated due to growing uncertainties around the timing of when the United States Air Force's Skyborg program would become a program of record. Although the company is still best positioned to benefit from the Pentagon's long-term defense strategy, which looks to build up a fleet of tactical drones, we deployed capital elsewhere in the portfolio where the upside potential was more attractive.

Tencent Holdings Ltd. was liquidated this past quarter. While we continue to like Tencent's strategy and growth prospects, we see a better opportunity in Prosus. Prosus is the single largest investor in Tencent by virtue of an early and prescient 2001 venture capital investment of $36.5 million. Prosus retains a 29% stake in Tencent worth approximately 80% of Prosus' market cap. With the switch, we are upgrading to higher growth and a more attractive valuation, while maintaining significant exposure to Tencent and gaining leverage to an attractive portfolio of high growth, global consumer internet platforms that are not reflected in Prosus' valuation.

MARKET OUTLOOK

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

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

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

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

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

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

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

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

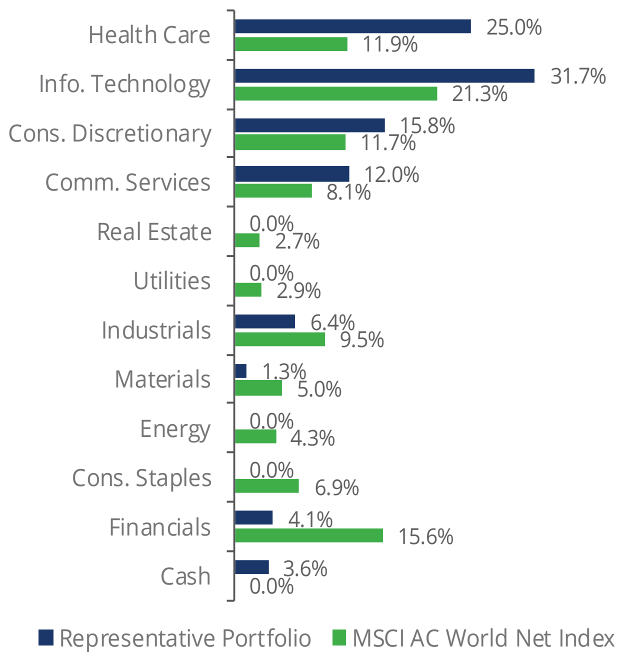
China is also wrestling with domestic issues. The country still has some way to go to “live with COVID,” and further lockdowns and economic disruption are likely. As we have seen over recent years, the Chinese government is willing to take near-term pain for what it views as long-term gain. However,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

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

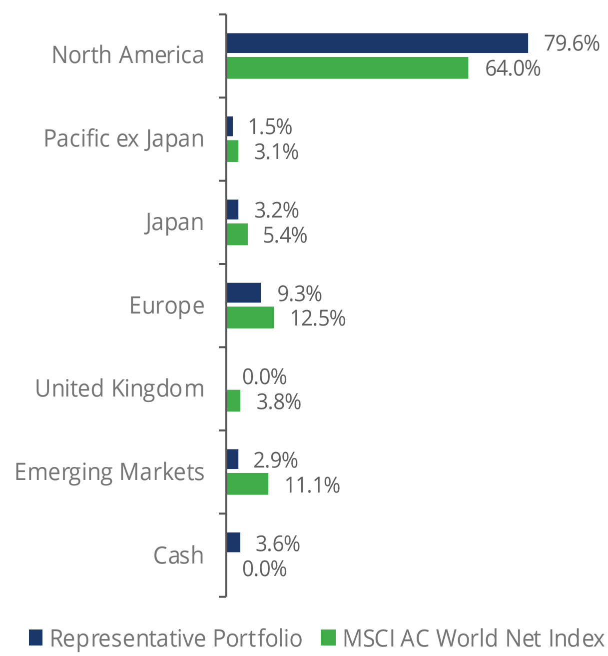
Across international markets, growth stocks continue to lag more cyclical plays such as energy, materials, and financials that lack the secular growth we need for our investment approach. The outlook has become more complicated in the first quarter. However, we are secure in the knowledge that our focus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

PORTFOLIO EXPOSURE (period ending March 31, 2022)

Exposure by Sector



Exposure by Region



PORTFOLIO CHARACTERISTICS (period ending March 31, 2022)

	Representative Portfolio		MSCI AC World Net Index	
	Current	5 Year Average	Current	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	363.6	256.5	419.9	230.8
Median Market Cap ($B)	71.6	76.6	12.4	11.0
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	19.6	18.7	13.6	12.5
EPS Growth: 5 year trailing (%)[1]	27.2	23.6	15.8	13.3
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	29.0	28.4	21.9	20.4
P/E Ratio: 12 Months - trailing[1]	38.2	36.5	25.1	22.6
PEG Ratio: forward[1]	1.5	1.5	1.6	1.6
Dividend Yield (%)[2]	0.3	0.6	1.8	2.1
Price/Book[3]	5.2	5.2	2.9	2.4
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	18.9	19.4	17.1	16.3
Return on Invested Capital: 5 Year (%)[1]	13.2	14.8	12.6	11.5
Other				
Number of Positions	33	30	2,939	2,834
Beta: 3 year portfolio[4]	1.2	1.1	1.0	1.0

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

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PORTFOLIO HOLDINGS (period ending March 31, 2022)

	Country	Weight (%)	Industry
Communication Services			
Activision Blizzard Inc.	United States	2.7	Entertainment
Alphabet Inc.	United States	4.0	Interactive Media & Services
Pinterest, Inc.	United States	1.1	Interactive Media & Services
T-Mobile US, Inc.	United States	4.3	Wireless Telecommunication Services
Consumer Discretionary			
Amazon.com, Inc.	United States	3.7	Internet & Direct Marketing Retail
JD.com, Inc.	China	0.1	Internet & Direct Marketing Retail
Kering S.A.	France	1.2	Textiles, Apparel & Luxury Goods
Melco Resorts & Entertainment Ltd.	Hong Kong	1.5	Hotels, Restaurants & Leisure
Prosus NV	Netherlands	2.1	Internet & Direct Marketing Retail
Puma SE	Germany	1.3	Textiles, Apparel & Luxury Goods
Royal Caribbean Group	United States	2.2	Hotels, Restaurants & Leisure
TJX Companies Inc.	United States	3.8	Specialty Retail
Financials			
Mastercard Inc.	United States	4.1	Consumer Finance
Health Care			
Alibaba Health Information Technology Ltd.	China	0.2	Health Care Technology
Alkermes plc	Ireland	0.7	Biotechnology
Boston Scientific Corp.	United States	4.1	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	4.3	Health Care Equipment & Supplies
IQVIA Holdings Inc.	United States	4.1	Life Sciences Tools & Services
UnitedHealth Group Inc.	United States	4.8	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	4.1	Biotechnology
WuXi Biologics Inc.	China	2.7	Life Sciences Tools & Services
Industrials			
Howmet Aerospace, Inc.	United States	3.9	Aerospace & Defense
Vertiv Holdings Co.	United States	2.6	Electrical Equipment
Information Technology			
Adobe Inc.	United States	2.8	Software
ASML Holding N.V.	Netherlands	4.0	Semiconductors & Semiconductor Equipment
Keyence Corp.	Japan	3.2	Electronic Equipment, Instruments & Components
Micron Technology Inc.	United States	4.1	Semiconductors & Semiconductor Equipment
Microsoft Corp.	United States	4.1	Software
NVIDIA Corp.	United States	4.2	Semiconductors & Semiconductor Equipment
PayPal Holdings, Inc.	United States	1.6	IT Services
Universal Display Corp.	United States	4.2	Semiconductors & Semiconductor Equipment
Wolfspeed, Inc.	United States	3.6	Semiconductors & Semiconductor Equipment
Materials			
Corteva Inc.	United States	1.3	Chemicals
Cash & Equivalents			
Cash		3.6	

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