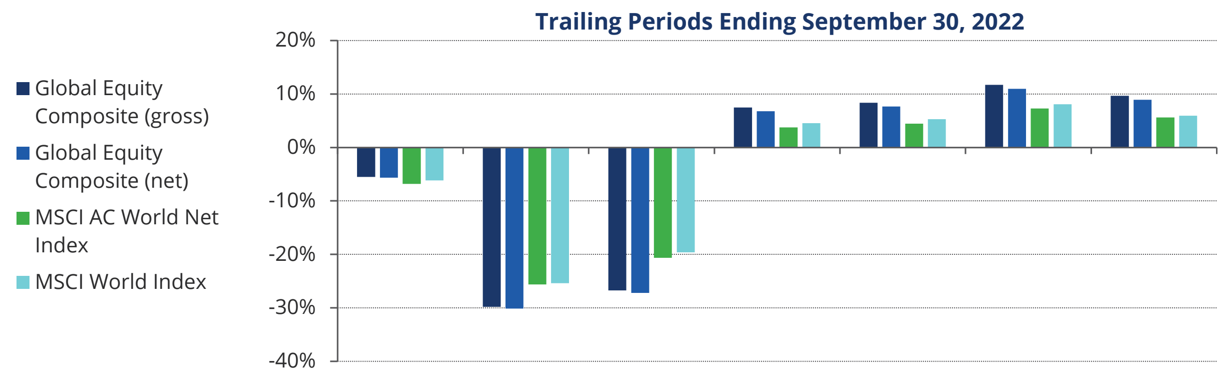
Hardman Johnston Global Equity

2022 Third Quarter Report

Hardman Johnston Global Advisors

Hardman Johnston Global Advisors LLC®, 300 Atlantic Street, Stamford, CT 06901 T203 324 4722 hardmanjohnston.com

Performance



	3Q 2022	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity Composite (gross)	-5.52	-29.82	-26.74	7.48	8.36	11.73	9.66
Global Equity Composite (net)	-5.67	-30.17	-27.22	6.79	7.64	10.96	8.93
MSCI AC World Net Index	-6.82	-25.63	-20.66	3.74	4.44	7.28	5.62
MSCI World Index	-6.19	-25.42	-19.63	4.55	5.30	8.10	5.93

Performance is through September 30, 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

- Inflation, rising rates, and the strong US dollar were key themes that drove markets in the third quarter
- Against this backdrop, global equities struggled, with all sectors and regions within the MSCI AC World Index posting negative returns
- Within the strategy, Information Technology and Communication Services were the top sector contributors, while Health Care and Consumer Discretionary were the top detractors
- North America was our best performing region, while Europe was the largest detractor relative to the benchmark
- The Hardman Johnston Global Equity Strategy outperformed both the MSCI AC World Net Index and the MSCI World Index during the quarter

Portfolio Commentary

The third quarter turned out to be another difficult one for global equity markets. While the quarter opened with a strong bear market rally that lasted into August, sentiment turned after higher than expected inflation readings led to more hawkish positioning by central banks in the US and Europe. The idea that rates may stay higher for longer ignited a resurgence of volatility that led to losses for equity indices globally, particularly in international markets. Against this backdrop, the Hardman Johnston Global Equity Composite returned -5.67%, net of fees, in the third quarter, outperforming the MSCI AC World Net Index and MSCI World Net Index, which returned -6.82% and -6.19%, respectively.

Inflation and higher rates affected several aspects of the global economy. One of the most striking effects was in currency markets. The US dollar hit multi-decade highs against several major currencies such as the Euro, Pound, and Yen. The dollar's strength was due to both faster tightening by the US Federal Reserve than other central banks and the dollar's "safe haven" characteristics amidst heightened global economic and political uncertainty.

A strong US dollar can have mixed effects on stocks. While many of the strategy's holdings are domiciled in the US and are therefore relatively insulated from exchange rate movements, large multi-nationals with overseas operations may be affected. Additionally, overseas companies that heavily import from the US or have high US-denominated debt may suffer as their import costs and interest payments become more expensive, whereas exporters to the US may benefit as the strong dollar buys more goods. **Puma** is a stock whose sales benefit from the strong US Dollar relative to the Euro, as the US has been one of its strongest regions for sales. However, FX effects also increase their cost of goods sold, pressuring gross margins depending on where their manufacturing takes place, which is an offset even for heavy exporters to the US market.

The combination of high inflation, rising rates, and the strong US Dollar have curbed expectations for global demand. This has caused downward pressure on the prices of key commodities, such as oil. WTI oil prices declined approximately 25% during the third quarter to below $80 per gallon. Despite this drop, geopolitical turmoil has caused an energy crisis in Europe, with major European countries stockpiling gas reserves to try to maintain adequate supply throughout the winter. This energy crisis may indirectly benefit **Schlumberger**, a global leader in oilfield services. Energy supply constraints have led to higher demand for oil field services to increase production capacity. Energy companies are increasingly using the most technologically advanced techniques to increase production as efficiently as possible, leveraging Schlumberger's industry leading technology.

Economic forces are also impacting consumer behavior. Lower income cohorts, in particular, are trading down from general merchandise to basic staples, especially in the UK and Eurozone, which have been hit particularly hard by inflation and the energy crisis. Retailers were caught off guard by these changes in consumer spending behavior, with many noting issues of excess inventory because they did not have the right mix of products on their shelves. Supply chain complications exacerbated these issues by making it difficult to source appropriate inventory.

TJX Companies, one of our consumer discretionary holdings, is a beneficiary of both the consumer trade-down and supply chain issues. As the largest off-price retailer, consumers turn to TJX's stores when budgets tighten. Additionally, excess inventory that other retailers needed to unload has provided TJX with great access to high quality products. This enhances the "treasure hunt" appeal of shopping at TJX's stores. TJX has also been able to raise some prices for the first time in years while maintaining its value proposition.

The macro forces described above have pressured global equities, with all sectors and regions within the MSCI ACWI Index posting negative returns to varying degrees. While we are always monitoring macro events and their impacts on our portfolio holdings, we are not top-down investors. Our investment decisions are based on in-depth bottom-up fundamental analysis of individual stocks. Given that, our attribution will often reflect idiosyncratic events rather than perfectly aligning with macro themes. This can be seen within the third quarter's sector and country attribution.

From a sector standpoint, Information Technology was the portfolio's top contributor relative to the benchmark, primarily due to the outperformance of **Wolfspeed**. Despite an overall weak environment for semiconductor stocks, Wolfspeed managed to deliver the strongest quarterly performance within the portfolio. This was due to a strong earnings report, which included a quarterly record of $2.6 billion in new design-in activity and an upward revision to future revenue targets. Strength in design-in activity signals greater evidence of growing adoption of silicon carbide (SiC) within the power semiconductor market. Wolfspeed dominates the SiC space, which is gaining importance in the green energy value chain via electric vehicles and power-efficient industrial applications.

Communication Services also contributed to relative performance during the quarter. The top contributor within the sector, **T-Mobile**, has continued to outperform the US mobile industry across subscriber, revenue, and profit growth. The company has demonstrated steady execution in building out its superior 5G network, expecting to complete the shutdown of the legacy Sprint network a full 12 months ahead of schedule, which is a key driver of faster margin improvement. A $60 billion share buyback program also bodes well for the stock.

The top detracting sector in the third quarter was Health Care, which contained the strategy's three top detracting stocks, all for different reasons. **WuXi Biologics** had a difficult quarter as the Biden administration in the US announced aims to expand domestic biomanufacturing capacity and to mitigate supply chain risks posed by China within the space. This sent all biotech contract manufacturers lower. In evaluating the administration's Executive Order closely, we believe that there is no near-term impact to WuXi. In fact, the Executive Order could increase funding in the biologics space, which would increase demand for WuXi's services. As a result, we believe the market overreacted in its selloff of the stock. **Grifols** came under pressure during the quarter due to high levels of leverage from its Biotest acquisition, which raised worries about a dilutive equity raise or divestments of attractive assets to pay down debt. However, management remains committed to lowering net debt/EBITDA to less than 4.0x by the end of 2023 and does not have any significant debt repayments until 2025. Deleveraging is supported by EBITDA improvements as monthly plasma volumes recover to levels higher than pre-pandemic, along with disciplined management of finances. **IQVIA** underperformed as it faced a very hard comp relative to the second quarter of 2021 due to elevated COVID projects. Despite that, the quarterly results were solid, and its backlog remains elevated. Demand is still extremely strong, while space at clinical research organizations (CROs) remains limited. This bodes well for IQVIA going forward.

The Consumer Discretionary sector also detracted. **Puma** was the top detractor within the sector due to industry headwinds. While the footwear and apparel company has delivered very good results that have beaten expectations and has taken share from competitors, the stock has declined as the industry overall struggled.

From a geographic perspective, North America strongly outperformed. A number of holdings within the US performed well despite the tough macro backdrop, including Wolfspeed and TJX Companies, whose outperformance was discussed above. Europe was the largest regional detractor for the quarter. All of our European holdings detracted, led by Grifols and Puma, whose underperformance was previously discussed.

From an individual stock standpoint, our top contributing holdings during the quarter were Wolfspeed, TJX Companies, and Corteva. Wolfspeed and TJX's outperformance was highlighted earlier in this section. **Corteva** is a leader in seed and agricultural chemical manufacturing. Corteva shares outperformed in the third quarter after the company held its capital markets day focused on innovation and growth while shrinking smaller, non-strategic businesses. At the investor day, management released above-consensus 2025 targets. It also outlined generous shareholder return initiatives given its strong balance sheet. Management emphasized that its increased level of R&D would help to foster smaller franchises such as biological pesticides, which have high growth and profitability, while also satisfying environmental goals. Management also highlighted the length of this agricultural up-cycle due to low inventories, weather, and the conflict between Russia and Ukraine, which creates lasting demand for Corteva's products.

The top detracting holdings in the third quarter were WuXi Biologics, Grifols, and IQVIA, whose performance is discussed above.

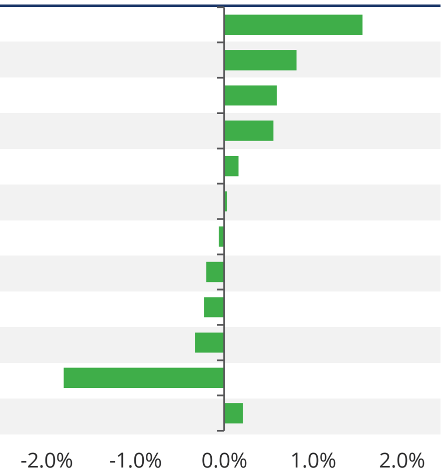
As long-term investors who take a 3-5 year view on our holdings, we tend to have fairly low turnover. We believe it is important to be patient in order to find an attractive valuation entry point. During the third quarter, we had no new initiations in the strategy and just one liquidation of the digital media software company, **Adobe**.

After a period of robust demand for Adobe's digital media suite of products throughout 2021, it became increasingly evident that demand was slowing compared to tough pandemic comps and a more difficult macro environment. Data throughout the summer and into September pointed to a deceleration in Adobe's web traffic and unique visitors, which we implied a reduction in near-term demand. Adobe's creative suite of products is also facing increased competition. This is new for Adobe, who effectively monopolized this space across enterprise and consumers for much of the past decade. After we liquidated our position in the stock, Adobe announced an expensive acquisition of Figma, a collaborative design software platform, which validated our thesis on concerns of increased competition.

Quarterly Attribution

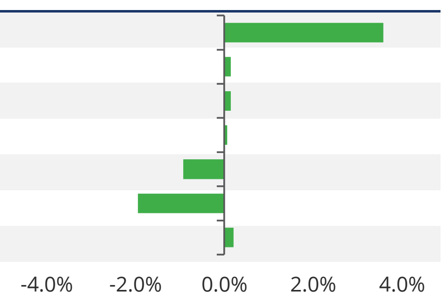
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
Info. Technology	23.5	20.4	-0.2	-7.1
Comm. Services	12.1	7.6	-5.0	-14.0
Industrials	6.7	9.5	4.5	-6.1
Materials	4.2	4.6	5.8	-7.6
Real Estate	0.0	2.8	0.0	-12.4
Utilities	0.0	3.2	0.0	-8.0
Energy	1.9	5.0	0.9	-1.6
Consumer Staples	1.2	7.5	-21.1	-6.6
Financials	3.9	15.4	-9.7	-6.2
Cons. Discretionary	16.9	11.6	-6.1	-2.8
Health Care	28.5	12.5	-12.9	-7.0
Cash	1.1	0.0	0.6	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
North America	78.1	64.7	-0.6	-5.0
Japan	2.9	5.4	-2.9	-7.7
United Kingdom	0.0	3.7	0.0	-10.8
Pacific ex Japan	0.0	3.1	0.0	-9.0
Emerging Markets	6.7	11.2	-26.1	-11.4
Europe	11.2	11.9	-25.1	-9.7
Cash	1.1	0.0	0.6	0.0

Total Effect



Contributors & Detractors

Third Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Wolfspeed, Inc.	3.44	1.69
TJX Companies Inc.	4.53	0.76
Corteva, Inc.	4.23	0.51
Largest Detractors		
WuXi Biologics Inc.	3.44	-1.02
Grifols, S.A.	1.34	-0.90
IQVIA Holdings Inc.	4.43	-0.44

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Vertex Pharmaceuticals Inc.	3.71	1.90
UnitedHealth Group Inc.	4.42	1.40
Wolfspeed, Inc.	2.95	1.04
Largest Detractors		
WuXi Biologics Inc.	2.95	-1.65
Vertiv Holdings Co.	2.98	-1.58
PayPal Holdings, Inc.	1.74	-1.27

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
None	Adobe Inc.

Data for the quarter ending September 30, 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.

Market Outlook

The economic outlook has deteriorated over the last few months with a global downturn looking increasingly likely. As always, some regions and countries will fare better than others, but most are facing a combination of international and domestic headwinds, from energy shortages in Europe and ongoing COVID restrictions in China, to the impact of rapidly rising interest rates in the US. Sectors, such as healthcare or communications services, that might have been safe havens have sold off. Yet there are still bright spots and opportunities for investors able to look through a period of near-term volatility to the secular changes influencing the big picture to come.

The pace and extent of interest rate rises will remain one of the most important issues for markets. The Federal Reserve, along with many developed and emerging markets central banks, is sounding more hawkish, as it puts its focus firmly on fighting inflation. The pace of tightening will persist and even accelerate in regions that have been behind the curve, notably in Europe. A major impact of the step change in tightening is US Dollar strength. This will remain a headwind for US multinationals, many of which are forecasting sizable forex hits to earnings, while providing a boost to international businesses trading in Dollars. At a macro level, the strong Dollar will lead to rising energy and food prices and imported inflation in many economies, which can lead to greater civil unrest.

Europe is facing challenges on multiple fronts. The European Central Bank is tightening into a weakening economy to rein in stubbornly high inflation. In the event of a harsh winter, many countries face the real risk of energy shortages and rationing which would further weigh on GDP growth. The crisis will ultimately accelerate the energy transition, but there will be disruption in the short term.

In addition to the headwinds affecting Europe, the UK is suffering from decisions of its own making. The fiscal measures implemented under new Prime Minister Liz Truss created intense market volatility. Uncertainty and fragile investor confidence are likely to keep the Pound under significant pressure, in turn exacerbating inflation the government is trying to address.

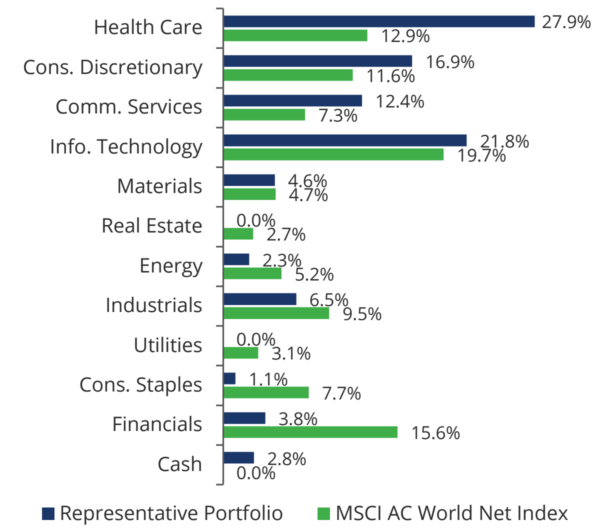
In contrast to the global shift to higher interest rates, the Bank of Japan remains committed to ultra-loose monetary policy to support businesses in the face of relatively moderate inflation. The resultant weakening of the Yen prompted a record $20 billion spend in currency markets, with further interventions possible. The market has been one of the stronger relative performers in the third quarter, with exporters benefiting from favorable exchange rates, although at risk of seeing more softness in demand.

Japan is not the only major economy bucking the tightening trend with China continuing to provide stimulus. While Beijing's zero-COVID policy is increasingly out of step with the rest of the world, the approval of a domestic mRNA vaccine should help the country put the pandemic behind it. With a post-COVID bounce to come, China has the potential to see GDP accelerate once more, which could be positive for the global economy. Chinese stocks have sold off sharply year-to-date, however, our holdings look attractively valued and well positioned for growth.

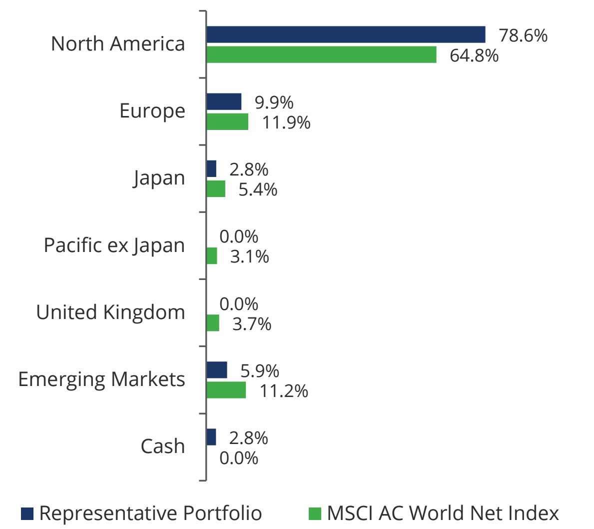
Weakness in equity markets more broadly has compressed valuations. Earnings estimates were cut during the third quarter and are likely to be reduced further as the global economy slows. Some stocks may not be as reasonably valued as they might appear. Still, we are comfortable in our approach and the risk-reward profile of our portfolio. We also continue to research new opportunities, using our bottom-up analysis to identify attractively valued companies with secular growth drivers that can deliver outperformance over a three-to-five-year timeframe.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



Portfolio Characteristics	Representative Portfolio		MSCI AC World Net Index	
	3Q 2022	5 Year Average	3Q 2022	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	233.3	262.6	308.8	250.7
Median Market Cap ($B)	55.4	74.0	9.8	11.0
Growth Fundamentals				
EPS Growth: 3 to 5 Year Forecast (%)[1]	17.6	18.7	11.8	12.6
Revenue Growth: 3 to 5 Year Forecast (%)[1]	11.6	14.0	6.7	8.1
Value Fundamentals				
P/E Ratio: 12 Months - Forward[1]	20.1	27.6	17.3	20.4
P/E Ratio: 12 Months - Trailing[1]	23.7	33.0	18.4	23.0
PEG Ratio: 12 Months - Forward[1]	1.4	1.7	1.6	2.0
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	16.4	18.3	16.8	15.9
Return on Invested Capital: 5 Year (%)[1]	11.3	13.5	11.5	11.5
Long-Term Debt / Equity (%)	70.9	61.7	72.0	74.2
Other				
Number of Positions	32	30	2,900	2,874
Beta: 3 year portfolio[2]	1.2	1.2	1.0	1.0
Turnover: 12 Months - Trailing (%)[3]	25.2	29.0	--	--

[1]Interquartile weighted mean, [2]MPT beta (daily). [3]Based on aggregate purchases and sales over prior 12 months. Data as of September 30, 2022. **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 Global Equity strategy and is for informational purposes only and is not indicative of future portfolio characteristics/returns. Actual results may vary for each client due to specific client guidelines and other factors. The representative portfolio was chosen as most representative of the Global Equity strategy. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. Future investments may or may not be profitable. In the event the portfolio holds multiple share classes of a company, the total number of positions reflects the multiple share classes as a single position. Hardman Johnston Global Advisors generally uses Global Industry Classification Standard ("GICS") to determine sector classification. Hardman Johnston may reclassify a company into a more suitable sector if it believes that the GICS classification for a specific company does not accurately classify the company from our perspective.

Portfolio Holdings

	Country	Weight (%)	Industry	Initiation Date
Communication Services				
Activision Blizzard Inc.	United States	3.2	Entertainment	Oct. 2019
Alphabet Inc.	United States	3.5	Interactive Media & Services	Jan. 2011
T-Mobile US, Inc.	United States	5.8	Wireless Telecommunication Services	Jun. 2020
Consumer Discretionary				
Amazon.com, Inc.	United States	3.3	Internet & Direct Marketing Retail	Mar. 2016
JD.com, Inc.	China	1.5	Internet & Direct Marketing Retail	Jan. 2022
Meituan	China	1.7	Internet & Direct Marketing Retail	Jun. 2022
Prosus NV	Netherlands	2.6	Internet & Direct Marketing Retail	Feb. 2022
Puma SE	Germany	1.5	Textiles, Apparel & Luxury Goods	May 2018
Royal Caribbean Group	United States	1.3	Hotels, Restaurants & Leisure	Mar. 2021
TJX Companies Inc.	United States	5.0	Specialty Retail	Aug. 2020
Consumer Staples				
Coty Inc.	United States	1.1	Personal Products	Jun. 2022
Energy				
Schlumberger NV	United States	2.3	Energy Equipment & Services	Jun. 2022
Financials				
Mastercard Inc.	United States	3.8	Consumer Finance	May 2015
Health Care				
Alkermes plc	Ireland	1.7	Biotechnology	Aug. 2021
Boston Scientific Corp.	United States	4.6	Health Care Equipment & Supplies	Jan. 2020
Edwards Lifesciences Corp.	United States	3.8	Health Care Equipment & Supplies	Jul. 2006
Grifols, S.A.	Spain	0.9	Biotechnology	May 2022
IQVIA Holdings Inc.	United States	4.1	Life Sciences Tools & Services	May 2017
UnitedHealth Group Inc.	United States	4.3	Health Care Providers & Services	Oct. 2018
Vertex Pharmaceuticals Inc.	United States	5.8	Biotechnology	Feb. 2018
WuXi Biologics Inc.	China	2.7	Life Sciences Tools & Services	Apr. 2018
Industrials				
Howmet Aerospace, Inc.	United States	4.3	Aerospace & Defense	Nov. 2021
Vertiv Holdings Co.	United States	2.3	Electrical Equipment	Dec. 2020
Information Technology				
ASML Holding N.V.	Netherlands	3.2	Semiconductors & Semiconductor Equipment	Dec. 2005
Keyence Corp.	Japan	2.8	Electronic Equipment, Instruments & Components	Mar. 2015
Micron Technology Inc.	United States	2.3	Semiconductors & Semiconductor Equipment	Oct. 2019
Microsoft Corp.	United States	4.0	Software	Nov. 2018
NVIDIA Corp.	United States	1.8	Semiconductors & Semiconductor Equipment	Jan. 2019
PayPal Holdings, Inc.	United States	1.5	IT Services	Apr. 2021
Universal Display Corp.	United States	2.1	Semiconductors & Semiconductor Equipment	Jun. 2020
Wolfspeed, Inc.	United States	4.2	Semiconductors & Semiconductor Equipment	Oct. 2021
Materials				
Corteva, Inc.	United States	4.6	Chemicals	Mar. 2022
Cash & Equivalents				
Cash		2.8		

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