Hardman Johnston Emerging Markets Equity

2022 SECOND QUARTER REPORT

Hardman Johnston Global Advisors

COMPOSITE PERFORMANCE (%) (period ending June 30, 2022)	2nd QTR	YTD	1 Year	3 Years	5 Years	7 Years	Inception
Emerging Markets Equity (gross of fees)	-10.86	-28.15	-40.31	1.66	2.82	5.10	4.31
Emerging Markets Equity (net of fees)	-11.06	-28.47	-40.85	0.75	1.90	4.16	3.40
MSCI Emerging Markets Net Index	-11.45	-17.63	-25.28	0.57	2.18	2.78	2.37

Performance is through June 30, 2022. Periods greater than one year are annualized. **Past performance does not guarantee future results.** Net performance is calculated by deducting the highest rate in the current fee schedule of 85bps, plus an additional 5bps representing the cap on administrative expenses that applies to investors in the Hardman Johnston Emerging Markets Fund, L.P., which is part of the Emerging Markets Equity Composite. Composite inception date: December 23, 2013.

KEY TAKEAWAYS

- Emerging markets equities declined due to US tightening, supply chain pressures and inflation
- China outperformed as post-COVID reopening and stimulus buoyed consumer-facing stocks
- Fundamentals remained solid across Emerging Markets for many long-term growth stocks as valuations softened
- Emerging Markets Equity Composite returned –11.06%, net, outperforming the MSCI EM return of –11.45%

MARKET REVIEW

Emerging markets equities turned sharply lower in the second quarter as concerns about aggressive tightening by the US Federal Reserve, persistent inflation, ongoing conflict in Ukraine, and a global economic slowdown weighed on most sectors. The MSCI Emerging Markets benchmark was down double-digits, with the Hardman Johnston Emerging Markets Equity Composite outperforming by 39bps.

Despite the broad declines, it was also a quarter in which the divergence between the world's two largest economies, the US and China, was in full evidence. On the one hand, the Federal Reserve's decision to hike interest rates more rapidly than previously anticipated put pressure on emerging market currencies and raised concerns about a potential recession in the US and Europe that could destroy demand for goods and components made in emerging markets. On the other hand, the easing of COVID restrictions in China helped unlock pent-up demand, giving a boost to consumption and economic growth at home and across the region.

China also remained out of step with global policies. The authorities continued to pursue their zero-COVID approach, which resulted in almost two months of lockdowns and restrictions in the country's economic hub, Shanghai. Despite the tough line on COVID, first quarter GDP growth came in better than expected at 4.8%, although growth showed signs of deceleration with the country's property market cooling rapidly. In response, the government bucked the international trend with stimulus measures to support the economy. The subsequent easing of COVID measures in Shanghai and Beijing, followed by the reduction in quarantine measures for international arrivals, gave markets a boost and enabled the MSCI China to finish in positive territory for the quarter.

Inflation continued to remain high in Latin America, notably in the two largest economies of Brazil and Argentina. Brazil's central bank lifted interest rates for 11th consecutive time in June to 13.75%, with economic weakness hurting the re-election campaign of President Jair Bolsonaro. Former President Luiz Inacio Lula da Silva took a wide lead in the polls with promises of a more-fiscally responsible approach to the economy.

From a style investing standpoint, inflation and rising rates have been top of mind for Growth and Value investors. Higher inflation and interest rates often hurt high multiple Growth stocks, which are viewed as long duration assets since they are valued on earnings that are expected to be achieved further out in the future than Value stocks. Growth investors have certainly felt the pain since early 2021 when inflation started moving upwards. However, since late May, Growth seems to be staging a mild comeback relative to Value. Value stocks often comprise cyclical segments of the market, which tend to be more adversely affected by difficult economic periods. As investors' focus has shifted from inflation to recession concerns, Value has been underperforming Growth on worries of demand destruction.

PORTFOLIO OVERVIEW

The second quarter was challenging for emerging market stocks, which were hit hard by macroeconomic events, including inflation and rising interest rates. Broadly speaking, the highest multiple stocks with the longest duration profiles, particularly in the information technology, were worst impacted by the sell-off. As such, information technology was the strategy's top detracting sector for the quarter. However, across emerging markets, there were also bright spots as sectors, stocks and countries were able to outperform the challenging backdrop.

Emerging markets are a heterogenous group, with a varied set of opportunities and challenges. Much of the Asia region is still recovering from the impact of COVID, with countries like Thailand and Vietnam enjoying a rise in tourism. Markets that are more tied to the commodity cycle, such as those in Latin America, have received a boost from the rise in commodity prices but also faced concerns about a global slowdown and fall off in demand. Meanwhile, those countries with strength in information technology exports had to contend with concerns about a weakening semiconductor cycle and deferred demand for smartphones and other personal tech items.

Going into a worsening global economic environment, we have been acutely aware of our companies' exposure to those conditions and their abilities to weather downturns. For some manufacturers, there has been a delay when passing along price increases, while consumer businesses have been thinking more about consumers' willingness to bear inflationary costs. MercadoLibre, Inc. was affected by macroeconomic fears. Despite posting strong quarterly results, the stock was weighed down by the high inflationary environment and central bank tightening. MercadoLibre was the primary driver of Argentina being our top detracting country in the second quarter.

Essential products and strong competitive positioning are critical. For example, semiconductor makers have built back inventories but will feel the impact of a global slowdown on electronics demand, which has been reflected in the sharp sell-off across the space. Semiconductor underperformance was a key reason why information technology was the top detracting sector during the quarter. However, these companies also have plenty of medium-to-long term drivers, such as the need for more chips in electric vehicles, the makers of which have continued to deal with short supply. Taiwan Semiconductor Mfg. Co., Ltd. is one such business with the ability to pass on prices and was reported to be flagging price increases of 5-8% across its products for the coming year, on top of price increases already instituted in 2022. Additionally, SK Hynix Inc., a leader in the memory chip space, pointed to resilience in server demand and high-performance computing, which form part of the secular growth story underpinning the semiconductor space and boosting dominant players.

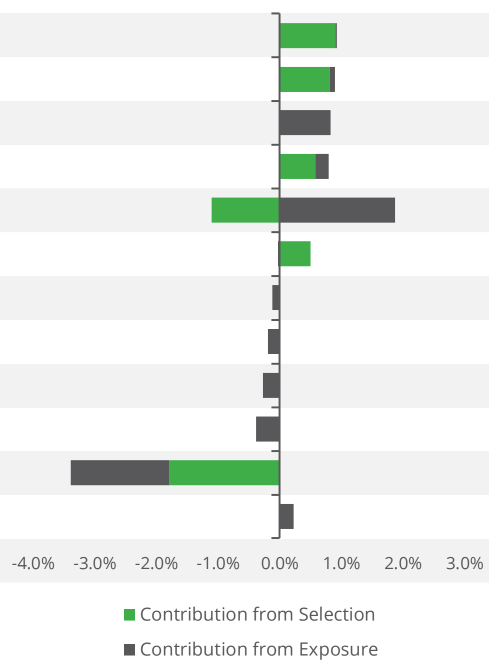
From a regional standpoint, China has been a difficult place for international growth investors due to the regulatory clampdown sparked by President Xi Jinping's Common Prosperity drive and the country's zero-COVID approach, which weighed on companies' ability to operate and, by extension, on Chinese economic growth. However, the mood changed in the past quarter. The government eased back on further Common Prosperity crackdowns and bucked the tightening trend in most major economies with a package of 33 stimulus measures designed to reignite growth. Additionally, the reopening of China's major cities following strict lockdowns also fed a sharp rebound in consumer spending. This helped China stand out as the top contributing country in the strategy during the quarter.

There were clear beneficiaries in our portfolio from the change in tone in China. For example, Prosus NV, which owns a large stake in the Chinese technology company Tencent, was the quarter's top contributor. Additionally, e-commerce group JD.com, Inc. benefitted from strong results from its 6/18 shopping festival in China. WuXi Biologics Inc., a Chinese drug biologics development company, also performed well on improving geopolitical and macro tailwinds in the country.

Some businesses remain challenged, such as Melco Resorts & Entertainment Ltd., a major player in casinos, leisure and increasingly resorts in Macau and Asia. The company felt the full impact of lockdowns and travel restrictions, and now faces the prospect of a global downturn acting as a further dampener on demand. That said, there is a large appetite for gambling that is likely to be satisfied in the near term as restrictions in China ease further, while demand for leisure and travel among a growing middle class provides an attractive longer-term tailwind.

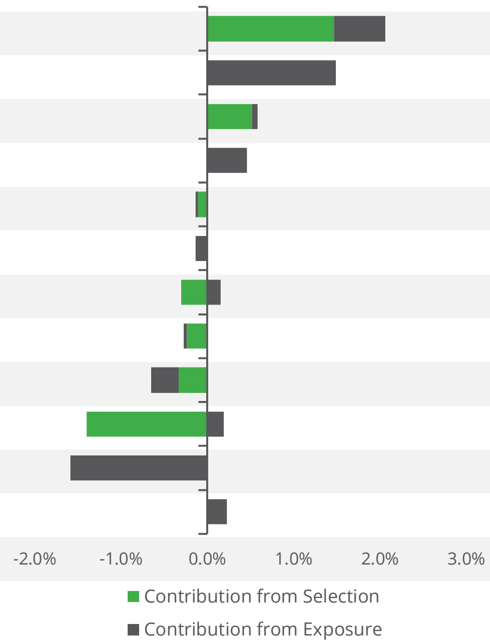
The MSCI China is down more than 40% from its early 2021 highs, yet we have remained vigilant and focused on fundamentals. We have seen many low-growth companies with challenged business models in China following the regulatory clampdown. But there are also attractively valued opportunities with great potential in our three-to-five-year view. The industrials space was one which performed particularly strongly for us in the second quarter. Outperformance was led by Airtac International Group and a newly initiated position, Contemporary Amperex Technology Co., Ltd. (CATL). Health care also contributed strongly, primarily due to WuXi's strong quarter. Another contributing sector was financials, thanks to our focus on leading banking franchises, such as ICICI Bank Ltd. in India. We believe these businesses will benefit from positive long-term loan growth, but also have a good focus on credit quality and new digital services for customers.

	Average Weight		Total Return		Contribution to Relative Return
	Rep. Portfolio	MSCIEM	Rep. Portfolio	MSCIEM	
By Sector					
Industrials	6.5	5.6	5.7	-9.5	
Health Care	4.9	3.8	10.0	-8.6	
Materials	0.0	9.1	0.0	-20.6	
Financials	14.4	22.0	-10.2	-14.1	
Cons. Discretionary	23.2	12.7	-0.4	6.2	
Comm. Services	9.1	10.4	-5.1	-10.4	
Real Estate	0.0	2.1	0.0	-6.1	
Utilities	0.0	2.8	0.0	-4.4	
Energy	0.0	5.0	0.0	-5.9	
Consumer Staples	0.0	6.0	0.0	-4.5	
Info. Technology	36.8	20.6	-24.8	-20.7	
Cash	5.1	0.0	-0.1	0.0	



Data for the quarter ending June 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 Emerging Markets 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	MSCIEM	Rep. Portfolio	MSCIEM	Relative Return
By Region					
China	32.7	30.9	8.8	3.6	
Netherlands	3.8	0.0	20.9	0.0	
India	9.0	13.2	-7.5	-13.6	
South Africa	0.0	3.7	0.0	-23.0	
Taiwan	15.8	15.6	-19.6	-19.8	
Uruguay	2.7	0.0	-16.0	0.0	
Indonesia	5.4	1.9	-14.3	-9.0	
Hong Kong	1.8	0.3	-24.7	-16.7	
Korea	16.5	12.4	-22.7	-20.9	
Brazil	3.3	5.4	-48.9	-24.4	
Argentina	3.7	0.0	-46.5	0.0	
Cash	5.1	0.0	-0.1	0.0	



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LARGEST CONTRIBUTORS

Prosus N.V.'s (+1.5% total effect) stock price appreciated upon management's strategic move to close the stock's valuation gap with its underlying holdings. Prosus announced an open-ended buyback of Prosus and Naspers shares, funded by the sale of Tencent shares. The market responded positively by driving the share price 18% higher, as this move addressed concerns from investors who wanted returns from Tencent, which account for 85% of Prosus' value. Buying back shares that are trading at a 40-60% discount to underlying asset value is highly accretive, which should help Prosus' share price going forward.

JD.com, Inc. (+1.1% total effect) reported strong 1Q earnings and positive results from the 6/18 shopping festival in China. During 6/18, JD outperformed the industry and grew merchandise sales by 10% vs. last year, which is an impressive result. While the second quarter earnings are widely expected to be weak due to all the logistical disruptions felt in Shanghai and throughout the country, we expect JD to continue to be a share gainer with an improving margin profile.

WuXi Biologics Inc. (+0.9% total effect) outperformed on positive guidance and geopolitical and macro tailwinds. Despite the lockdown in Shanghai, management reiterated full year 2022 guidance of >45% top and bottom-line growth. This was an encouraging sign to investors that WuXi can operate despite ongoing COVID challenges in China. The stock also benefitted from the earlier issue of the US Department of Commerce unverified list moving towards resolution. WuXi has reiterated that they have complied with US rules, but site inspections for controlled US exports have been delayed with Chinese pandemic restrictions. Management anticipates site inspections and removal from the unverified list to be completed by the end of 2022. Additionally, throughout June, the COVID situation in China improved and the Chinese regulatory wave has begun to abate as well, both tailwinds for performance.

LARGEST DETRACTORS

PagSeguro Digital Ltd. (-1.9% total effect) underperformed during the second quarter. PagSeguro's primary business line of payment processing for micro merchants and small-medium business in Brazil has been under some pressure from a weaker economic backdrop in the region. In the company's 1Q earnings release, growth in active merchants on its processing platform was flat sequentially, raising some concerns that recent price hikes have led to increased churn at the smaller customer level. However, the company continues to deliver strong transaction processing volume growth, which corroborates management's focus on delivering value for high-quality merchants, rather than focusing on quantity of new merchants. Additionally, momentum in PagBank, the company's digital banking division, continues to be very strong as transaction processing volume grew triple digits again in the quarter, and synergies between PagSeguro and PagBank evolve as the company is the only acquirer able to offer small businesses a digital bank account in the region.

MercadoLibre, Inc. (-1.6% total effect) continues to post exceptional fundamental results on both the commerce and fintech sides of its business, but shares have underperformed due to multiple compression in the face of higher rates and the company's long-duration earnings profile. During its 1Q earnings release, MercadoLibre beat expectations on revenue, gross merchandise volume, transaction processing volume, and earnings, despite a particularly challenging environment for broader e-commerce and digital payments. We believe high inflation and the corresponding tightening response from Latin American central banks are the primary concerns for investors, and as these headwinds abate, MercadoLibre's leadership in two secular growth industries of e-commerce and digital payments should continue to drive growth.

Unimicron Technology Corp. (-1.5% total effect) shares came under pressure in the quarter following comments out of its annual general meeting signaling a more cautious tone on the supply and demand gap in ABF substrate. ABF substrate has been a key bottleneck in semiconductor manufacturing over the last several years, particularly for applications in high performance computing and high bandwidth networking. Unimicron signaled that the supply/demand gap had slightly narrowed, given the weakening demand in mature ABF product lines like PC and notebooks. We believe the price move was an overreaction given Unimicron's increasing exposure to high-end product lines and the persistent supply/demand gap that suggest shortages are likely to last through the 2025 timeframe.

PORTFOLIO ACTIVITY

- During the second quarter, we initiated a positions in Contemporary Amperex Technology Co., Ltd. And liquidated our position in Alibaba Health Information Technology Ltd.

INITIATIONS

Contemporary Amperex Technology Co., Ltd. (CATL) is the world leader in battery technology, with the largest and most profitable manufacturing footprint. CATL is poised to maintain its number one position with the industry's fastest capacity growth, as electric vehicle penetration continues to receive government support. While electric vehicles remain CATL's most important end market, the company is also the domestic leader in large scale battery storage systems, which are needed to complement renewables-led power generation growth. The company is well-aligned with the Chinese government's goal to establish domestic technology champions while also promoting environmentally-friendly development.

LIQUIDATIONS

Alibaba Health Information Technology Ltd. was liquidated at the start of the second quarter. Coming into the quarter, there was pressure across our China holdings broadly. At that time, we saw the opportunity to consolidate Alibaba Health's exposure into WuXi Biologics. WuXi has a nearer term global opportunity, clear path to profitability, and a unique competitive advantage in its disposable bioreactors with high titer/yields at both small and large scale. We still believe Alibaba Health has a significant opportunity ahead, but with a longer duration path to profitable monetization. We continue to actively monitor and research the healthcare internet and service space in China. A compelling case remains, and, in time, we could reinvest.

MARKET OUTLOOK

Emerging markets are not immune to rapidly rising US interest rates, nor to an increasingly likely recession in Europe and the US. Yet, they are more resilient than in the past, with many countries benefiting from sizeable foreign currency reserves and a greater focus on domestic consumption. As a broad set, emerging markets provided less stimulus than developed markets in the COVID recovery, so they are in a relatively solid financial position. As a result, recession is unlikely in any of the major emerging economies.

China is likely to remain a notable outlier in its approach to stimulus. That, combined with the easing of government regulatory measures and lockdown restrictions, should provide a strong economic boost. The path is unlikely to be even, with further lockdowns likely in the second half as the government contends with COVID flare-ups. However, the sharp and at times indiscriminate sell-off does present opportunities to buy back into Chinese growth stocks at attractive valuations, and where necessary reshuffle our pack or increase our weighting to focus on long-term winners. For example, we added to Meituan during the quarter. Meituan is the largest Chinese food delivery platform, with an enormous bookings business and the fastest-growing community buying network, seizing 15% market share in just three years.

China's recovery could prevent an even worse synchronized global downturn than otherwise might be the case, which will in turn be beneficial for neighboring economies. There will be opportunities domestically for consumer companies as pent-up demand for goods and leisure is released, as well as an improving outlook for international businesses selling services and brands into a recovering and globally important market.

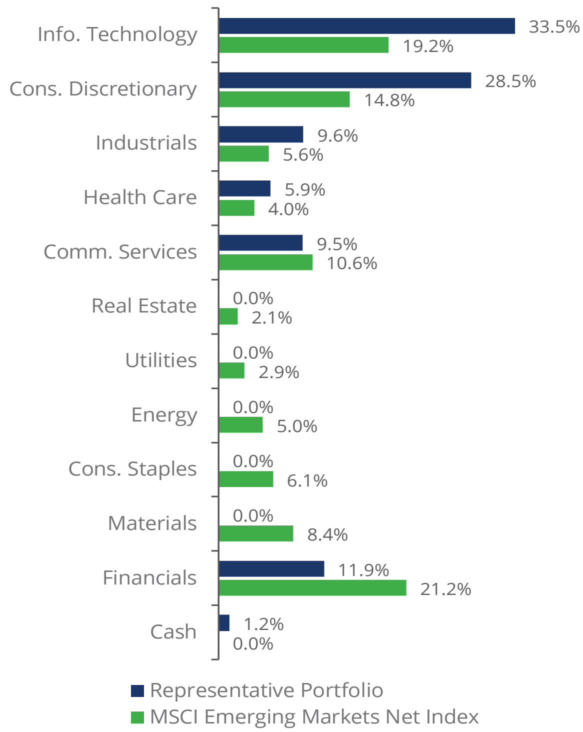
We are conscious of the best way to play emerging opportunities. We recently initiated a position in Contemporary Amperex Technology Co., Ltd. (CATL), the world leader in battery technology, with the largest and most profitable manufacturing footprint. CATL has a strong competitive position and is poised to benefit from government support of electric vehicles and other environmentally friendly technologies.

We are similarly optimistic about the long-term outlook for our information technology holdings in Taiwan and Korea. We feel confident in their earnings potential and believe that strong secular drivers, including the creation of more and larger data centers, will help them resist a recessionary environment.

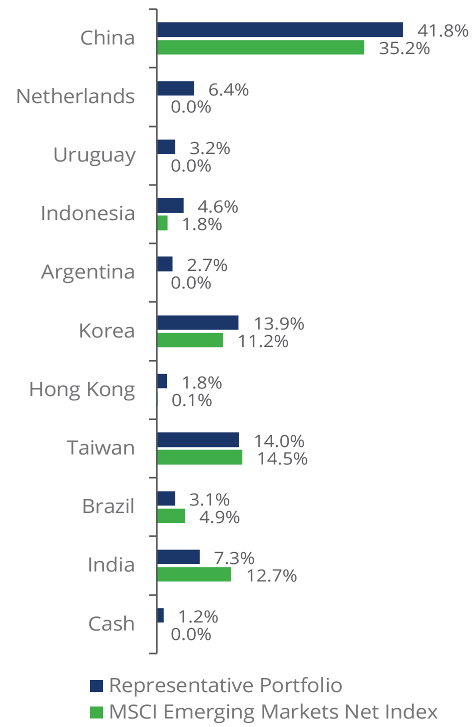
While we are bracing for a potential recessionary environment through rigorous scenario testing of all of our holdings, we maintain an optimistic outlook on our portfolio going forward. As befits our bottom-up approach, our research analysts and portfolio managers are systematically modeling potential recessionary scenarios for portfolio holdings. We believe that our holdings provide a strong risk-reward balance, and we are continually researching new opportunities. As always, we will keep our clients aware of our latest thinking as the future unfolds.

PORTFOLIO EXPOSURE (period ending June 30, 2022)

Exposure by Sector



Exposure by Country



PORTFOLIO CHARACTERISTICS (period ending June 30, 2022)

	Representative Portfolio		MSCI Emerging Markets Net Index	
	Current	5 Year Average	Current	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	98.9	112.9	107.1	163.2
Median Market Cap ($B)	43.4	38.3	6.6	6.5
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	22.0	21.8	13.1	17.9
EPS Growth: 5 year trailing (%)[1]	27.9	20.2	14.2	11.5
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	23.9	23.3	16.5	18.4
P/E Ratio: 12 Months - trailing[1]	16.6	20.4	17.3	19.1
PEG Ratio: forward[1]	1.1	1.1	1.3	1.0
Dividend Yield (%)[2]	0.6	0.8	2.8	2.1
Price/Book[3]	2.8	3.2	1.9	2.0
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	16.9	16.7	16.1	16.1
Return on Invested Capital: 5 Year (%)[1]	14.2	13.7	12.3	12.4
Other				
Number of Positions	24	28	1,382	1,244
Beta: 3 year portfolio[4]	1.3	1.0	1.0	1.0

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

PORTFOLIO HOLDINGS (period ending June 30, 2022)

	Country	Weight (%)	Industry
Communication Services			
Baidu, Inc.	China	4.9	Interactive Media & Services
Tencent Holdings Ltd.	China	4.6	Interactive Media & Services
Consumer Discretionary			
JD.com, Inc.	China	6.4	Internet & Direct Marketing Retail
Li Ning Co., Ltd.	Hong Kong	5.9	Textiles, Apparel & Luxury Goods
Meituan	China	5.4	Internet & Direct Marketing Retail
Melco Resorts & Entertainment Ltd.	Hong Kong	1.8	Hotels, Restaurants & Leisure
MercadoLibre, Inc.	Argentina	2.7	Internet & Direct Marketing Retail
Prosus NV	Netherlands	6.4	Internet & Direct Marketing Retail
Financials			
HDFC Bank Ltd.	India	2.5	Banks
ICICI Bank Ltd.	India	4.8	Banks
PT Bank Rakyat Indonesia	Indonesia	4.6	Banks
Health Care			
WuXi Biologics Inc.	China	5.9	Life Sciences Tools & Services
Industrials			
Airtac International Group	Taiwan	5.9	Machinery
Contemporary Amperex Technology Co.	China	3.6	Electrical Equipment
Information Technology			
dLocal Ltd.	Uruguay	3.2	IT Services
PagSeguro Digital Ltd.	Brazil	3.1	IT Services
Samsung Electronics Co., Ltd.	Republic of Korea	5.0	Technology Hardware, Storage & Peripherals
Samsung SDI Co., Ltd.	Republic of Korea	4.9	Electronic Equipment, Instruments & Components
SK hynix Inc.	Republic of Korea	4.0	Semiconductors & Semiconductor Equipment
Sunny Optical Technology Co., Ltd.	China	5.2	Electronic Equipment, Instruments & Components
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	4.3	Semiconductors & Semiconductor Equipment
Unimicron Technology Corp.	Taiwan	3.8	Electronic Equipment, Instruments & Components
Cash & Equivalents			
Cash		1.2	

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