
Hardman Johnston

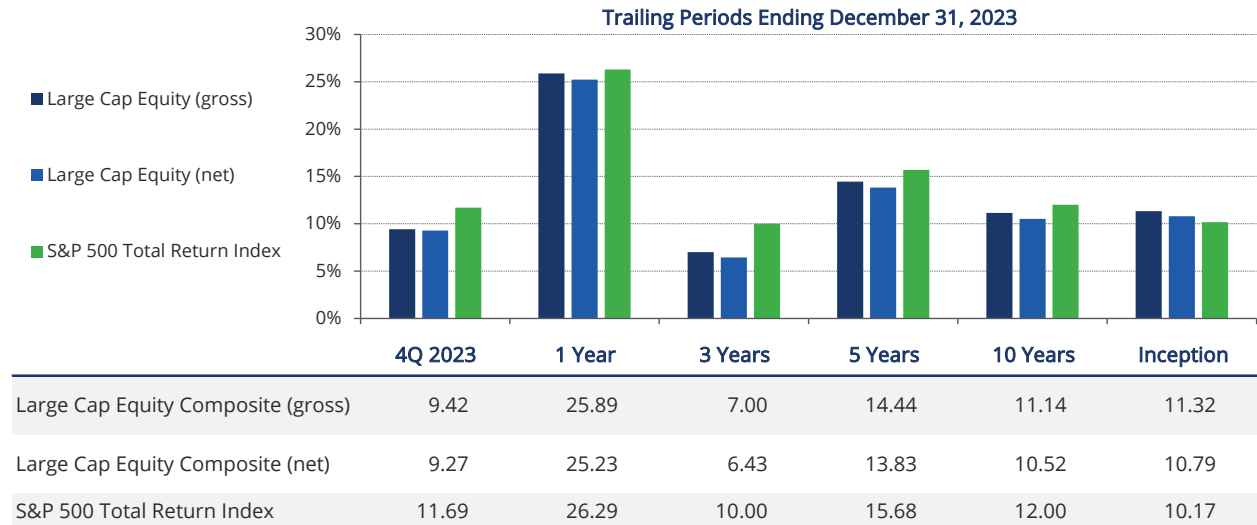
Large Cap Equity

2023 Fourth Quarter Report





Performance



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: December 31, 1989.

Key Takeaways

- The end of the tightening cycle has fueled a rally in equities that may persist
- There are potential headwinds to growth
- The US has been staving off a recession and may yet achieve a soft landing

Market Review & Outlook

The debate around the trajectory for the US economy, and therefore stock markets, continues. There remains a tension between high interest rates, designed to slow inflation, and a strong labor market that could fuel inflation. It became increasingly apparent in November, due to a slight softening of the labor market and stabilizing prices, that the Federal Reserve was likely done with increasing interest rates for this cycle. Equity markets responded energetically, and the S&P 500 was up over 9% in one month! Momentum persisted into year end and predictions of a “soft landing” for the economy became mainstream.

That may happen. The US may avoid a recession, but if we do it will be unusual. Employment remains strong but could easily soften if corporate America loses confidence in the outlook and slows hiring. It appears that companies are delaying their plans for capacity expansions until the outlook becomes clearer. We are unclear about the 2024 presidential election and what the policy alternatives are for the different candidates. War remains a key risk to the outlook as well. We have seen how a relatively small force in Yemen has been able to bottle up shipping in the Suez Canal, so it is easy to imagine other scenarios where spillovers from existing conflicts could threaten global economic growth. In other words, we remain unconvinced that the recent market strength is the sounding of an “all clear” for the US economy.

On the other hand, that may be too grim. That is what often happens with “top down” analysis. In contrast, we are persistently optimistic about the outlook for the portfolio holdings. We expect many of them to have a strong year, and the others to follow suit shortly, after, perhaps, a little turbulence. Good companies focus on serving their customers no matter what the economic environment looks like. Their customers, in turn, are usually happy to support them.

Portfolio Commentary

In the fourth quarter the Large Cap Equity composite returned 9.3%, net of fees, compared to 11.7% for the S&P 500. Information Technology holdings were the largest contributor to results, while Materials were the largest drag on performance. Among individual holdings we saw strong performances from Vertiv Holdings Co. (data center infrastructure), Universal Display Corp. (highly efficient LED display materials), and Howmet Aerospace, Inc. (aerospace metallurgy). Relatively weaker holdings included Marsh & McLennan Cos. Inc. (insurance and risk management services), Albemarle Corp. (EV battery materials), and Becton, Dickinson & Co. (medical devices).

Quarterly Attribution* & Portfolio Activity

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	S&P 500	Rep. Portfolio	S&P 500	
Industrials	20.9	8.3	17.1	13.3	0.4%
Energy	1.8	4.3	-7.9	-6.9	-1.0%
Consumer Staples	0.0	6.3	0.0	5.5	-0.5%
Utilities	0.0	2.4	0.0	8.6	-0.1%
Real Estate	0.0	2.4	0.0	18.8	-0.1%
Info. Technology	24.6	28.6	16.8	17.2	-0.1%
Cons. Discretionary	2.6	10.7	-0.7	12.4	-0.2%
Comm. Services	7.9	8.8	5.0	11.0	-0.2%
Health Care	24.6	12.9	7.0	6.4	-0.2%
Materials	5.2	2.4	-8.5	9.6	-0.8%
Financials	10.6	12.8	2.8	14.0	-0.8%
Cash	1.9	0.3	1.3	1.3	-0.1%

Contributors & Detractors

Fourth Quarter	Average Weight (%)	Total Effect (%)	Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors			Largest Contributors		
Vertiv Holdings Co.	4.72	0.78	Vertiv Holdings Co.	3.32	5.03
Universal Display Corp.	3.01	0.30	NVIDIA Corp.	4.21	2.76
Howmet Aerospace, Inc.	4.60	0.24	Adobe Inc.	3.40	1.18
Largest Detractors			Largest Detractors		
Marsh & McLennan Cos. Inc.	4.60	-0.51	FMC Corp.	2.72	-2.87
Albemarle Corp.	1.51	-0.49	Albemarle Corp.	2.26	-1.59
Becton, Dickinson & Co.	2.37	-0.40	Corteva, Inc.	2.52	-1.26

Quarterly Initiations

T&D Holdings, Inc.
Schlumberger NV
Boeing Company
Novo Nordisk A/S

Quarterly Liquidations

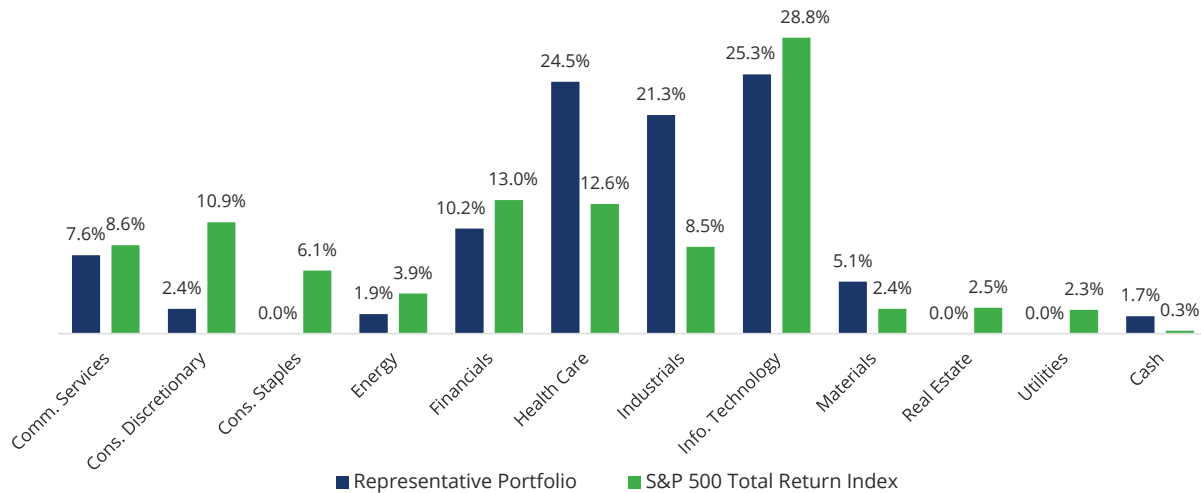
Alkermes plc
RTX Corp.
Airbus SE
Alibaba Group Holding Ltd.
WuXi Biologics Inc.
Genmab AS

Data for the quarter ending December 31, 2023. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.**

*Information for S&P 500 attribution, exposures, and characteristics are derived from the iShares S&P 500 ETF. The data shown is of a representative portfolio for the Hardman Johnston Large Cap 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.

Exposures & Characteristics*

Exposure by Sector



	<u>Representative Portfolio</u>		<u>S&P 500 Total Return Index</u>	
	4Q 2023	5 Year Average	4Q 2023	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	487.1	331.2	723.3	475.5
Median Market Cap (\$B)	65.5	56.4	33.2	27.8
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	12.1	14.1	11.6	11.7
Revenue Growth: 3 to 5 year forecast (%) ¹	8.1	9.1	7.0	7.4
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	23.1	24.3	23.5	23.0
P/E Ratio: 12 Months - trailing ¹	27.0	28.0	27.1	25.0
PEG Ratio: forward ²	1.9	1.7	2.0	2.0
Dividend Yield (%) ³	0.9	1.0	1.5	1.7
Price/Book ⁴	4.7	5.0	4.2	3.7
Quality Fundamentals				
Return on Equity: 5 Year (%) ¹	19.0	19.3	23.0	22.8
Return on Invested Capital: 5 Year (%) ¹	15.1	14.3	17.6	14.5
Long-Term Debt / Equity (%)	81.7	73.9	83.6	88.8
Other				
Number of Positions	53	52	502	505
Beta: 3 year portfolio ⁵	1.0	1.0	1.0	1.0
Tracking Error: 5 Year Trailing (%)	3.5	--	--	--
Turnover: 12 Months - Trailing (%)	12.4	12.4	--	--

¹Interquartile weighted mean, ²PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", ³MPT beta (daily). ⁴Based on aggregate purchases and sales over prior 12 months. Data as of December 31, 2023. **Past performance does not guarantee future results.** *Information for S&P 500 attribution, exposures, and characteristics are derived from the iShares S&P 500 ETF. Source: FactSet, Hardman Johnston Global Advisors LLC®. The data shown is of a representative portfolio for the Hardman Johnston Large Cap 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 Large Cap 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
Communication Services			
Alphabet Inc.	United States	4.4	Interactive Media & Services
Comcast Corp.	United States	2.5	Media
Deutsche Telekom AG	Germany	0.7	Diversified Telecommunication Services
Consumer Discretionary			
Aptiv plc	Ireland	0.3	Automobile Components
LVMH	France	0.4	Textiles, Apparel & Luxury Goods
Meituan	China	0.3	Hotels, Restaurants & Leisure
Melco Resorts & Entertainment Ltd.	Hong Kong	0.2	Hotels, Restaurants & Leisure
MercadoLibre, Inc.	Brazil	0.7	Broadline Retail
Prosus NV	Netherlands	0.5	Broadline Retail
Energy			
Schlumberger NV	United States	1.3	Energy Equipment & Services
TechnipFMC plc	United Kingdom	0.6	Energy Equipment & Services
Financials			
ICICI Bank Ltd.	India	0.5	Banks
Marsh & McLennan Cos. Inc.	United States	4.2	Insurance
Mastercard Inc.	United States	4.2	Financial Services
PayPal Holdings, Inc.	United States	0.6	Financial Services
Standard Chartered PLC	United Kingdom	0.5	Banks
T&D Holdings, Inc.	Japan	0.3	Insurance
Health Care			
AstraZeneca plc	United Kingdom	0.9	Pharmaceuticals
Becton, Dickinson & Co.	United States	2.2	Health Care Equipment & Supplies
Dentsply Sirona, Inc.	United States	2.4	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	2.1	Health Care Equipment & Supplies
Grifols, S.A.	Spain	0.4	Biotechnology
Illumina, Inc.	United States	1.0	Life Sciences Tools & Services
IQVIA Holdings Inc.	United States	3.4	Life Sciences Tools & Services
Johnson & Johnson	United States	2.2	Pharmaceuticals
Medtronic plc	United States	1.4	Health Care Equipment & Supplies
Novo Nordisk A/S	Denmark	0.5	Pharmaceuticals
UnitedHealth Group Inc.	United States	3.4	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	4.7	Biotechnology
Industrials			
Automatic Data Processing, Inc.	United States	2.3	Professional Services
Boeing Company	United States	0.8	Aerospace & Defense
Curtiss-Wright Corporation	United States	3.0	Aerospace & Defense
Daifuku Co., Ltd.	Japan	0.3	Machinery
Howmet Aerospace, Inc.	United States	4.8	Aerospace & Defense
Leidos Holdings Inc.	United States	2.3	Professional Services
Prysmian S.p.A.	Italy	0.5	Electrical Equipment
Rheinmetall AG	Germany	0.7	Aerospace & Defense
Safran S.A.	France	0.7	Aerospace & Defense
Stanley Black & Decker Inc.	United States	1.4	Machinery
Vertiv Holdings Co.	United States	4.6	Electrical Equipment
Information Technology			
Adobe Inc.	United States	4.0	Software
Advanced Energy Industries	United States	1.3	Electronic Equipment, Instruments & Components
Apple Inc.	United States	4.3	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	0.8	Semiconductors & Semiconductor Equipment
Atlassian Corp.	United States	0.8	Software
Microsoft Corp.	United States	4.4	Software
NVIDIA Corp.	United States	4.3	Semiconductors & Semiconductor Equipment
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	0.7	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	3.3	Semiconductors & Semiconductor Equipment
Wolfspeed, Inc.	United States	1.4	Semiconductors & Semiconductor Equipment
Materials			
Albemarle Corp.	United States	1.5	Chemicals
Corteva, Inc.	United States	2.0	Chemicals
FMC Corp.	United States	1.6	Chemicals
Cash & Equivalents			
Cash		1.7	

Green text indicates the security has been in the portfolio for greater than five years.

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