

---

# Hardman Johnston Select Equity

2022 FIRST QUARTER REPORT

---



**Hardman  
Johnston**  
Global Advisors

### COMPOSITE PERFORMANCE (%) (period ending March 31, 2022)

	1st QTR	1 Year	3 Years	5 Years	10 Years	Inception
Select Equity (gross of fees)	-4.69	14.76	19.47	16.29	14.74	13.58
Select Equity (net of fees)	-4.83	14.06	18.74	15.57	14.01	12.90
S&P 500 Total Return Index	-4.60	15.65	18.91	15.98	14.60	10.94
Russell 1000 Growth Index	-9.04	14.98	23.58	20.87	17.03	11.26

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). Composite inception date: December 31, 1990.

### KEY TAKEAWAYS

- Russia's invasion of Ukraine impedes the recovery from the COVID-19 pandemic
- Higher energy and commodity prices and lockdowns in China all disrupt global supply chains, hampering global economic growth and creating challenges for central banks who are already dealing with high inflation
- We remain constructive on our holdings given positive forces in the economy, including a strong US labor market, increased travel, and investments in re-aligning supply chains

### MARKET REVIEW AND OUTLOOK

Allow us to state the obvious: Russia's invasion of Ukraine has complicated an already tricky recovery from the COVID-19 pandemic. Another humanitarian tragedy is upon us, as are its economic effects.

These effects include sharply higher oil prices and natural gas prices. We will all pay more for transportation fuels, electrical power generation, and plastics. Much of Europe is worried about being able to heat their homes. Fertilizer prices have skyrocketed. This comes at a particularly bad time since both Ukraine and southern Russia are important grain producers. It is easy to predict that they will both have smaller harvests this year. Global supply chains, already in a tenuous recovery, are further disrupted by the conflict, and, just as ports were starting to free up, China's Zero COVID policies are certain to disrupt goods shipments in and out of that country.

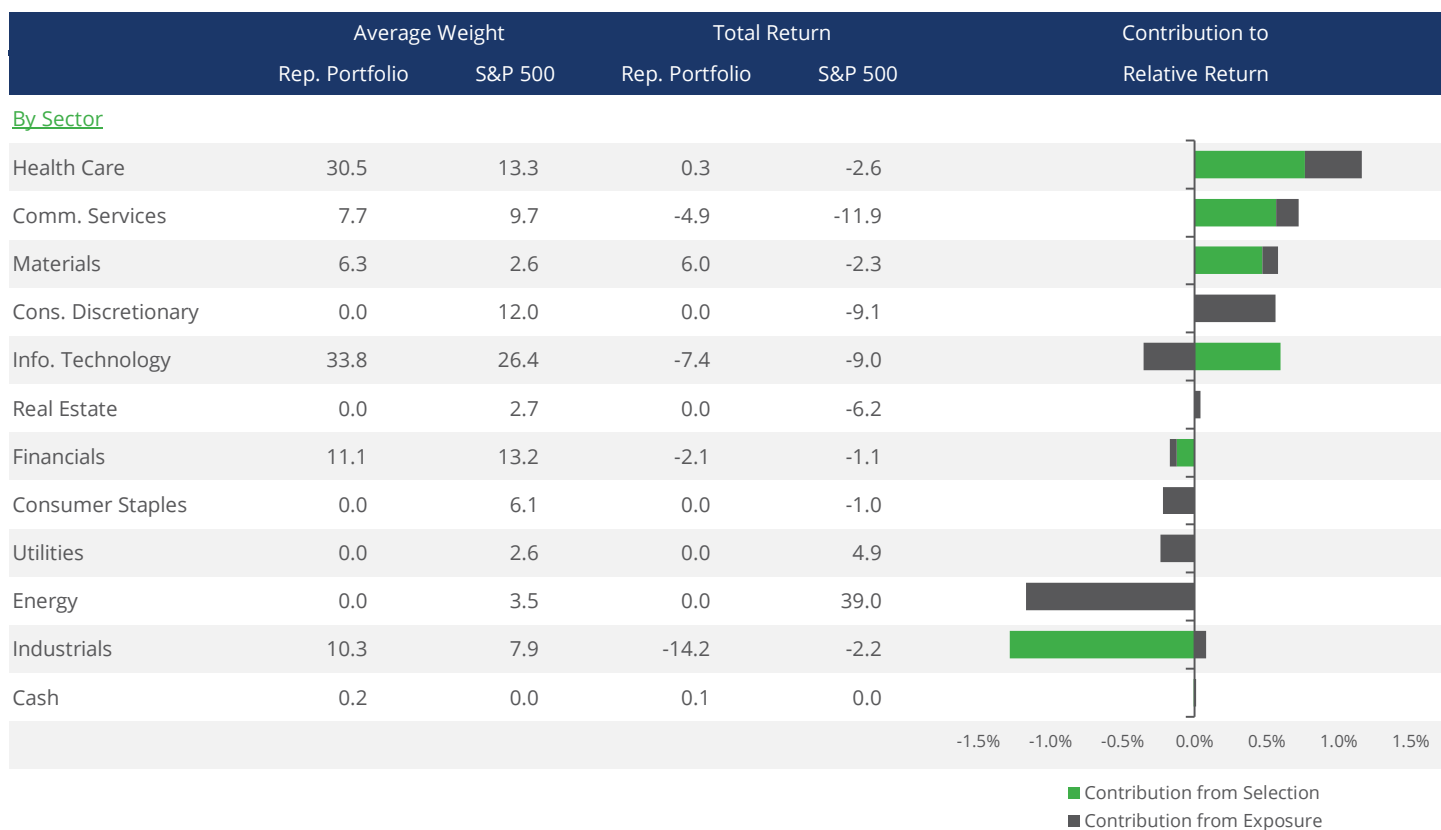
None of this is good news for global economic growth, and yet central banks are contending with high inflation because of all the factors mentioned above. The traditional playbook says raise interest rates to quell inflation, but that might trigger a global recession, and indeed, some regions may already be in a recession. Higher interest rates will dampen housing markets as mortgage rates rise and may slow business investment. Higher fuel costs act much as taxes do, reducing discretionary consumption at a time when spending was forecasted to pick up. There is a lot more to worry about, so we will fasten our seatbelts and pray that we have good policy responses.

We will pay very close attention to what our portfolio companies say during their earnings reports over the coming weeks. Have they moderated their investment plans? Are they able to fill customer orders, or do the bottlenecks persist? How are their customers reacting? Their responses and forecasts will help determine the short-term trajectory of stock prices.

We remain, of course, very constructive about the longer-term outlooks for the portfolio holdings, and think there are many positive forces at work in the greater economy. The US labor market is very strong, with more job openings than available workers. The travel and leisure sector is picking up steam and taking up some consumption slack. As mentioned earlier,

supply chains are becoming unstuck, and some goods and raw materials are able to come to market in greater supply. This may help reduce inflation. The global re-alignment of supply chains is underway and will drive investment in regions that have struggled for the last few decades. To sum up, we are vigilant and engaged about the near-term but remain very excited about the long-term.

## PERFORMANCE ATTRIBUTION



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 Select 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.



## PORTFOLIO COMMENTARY

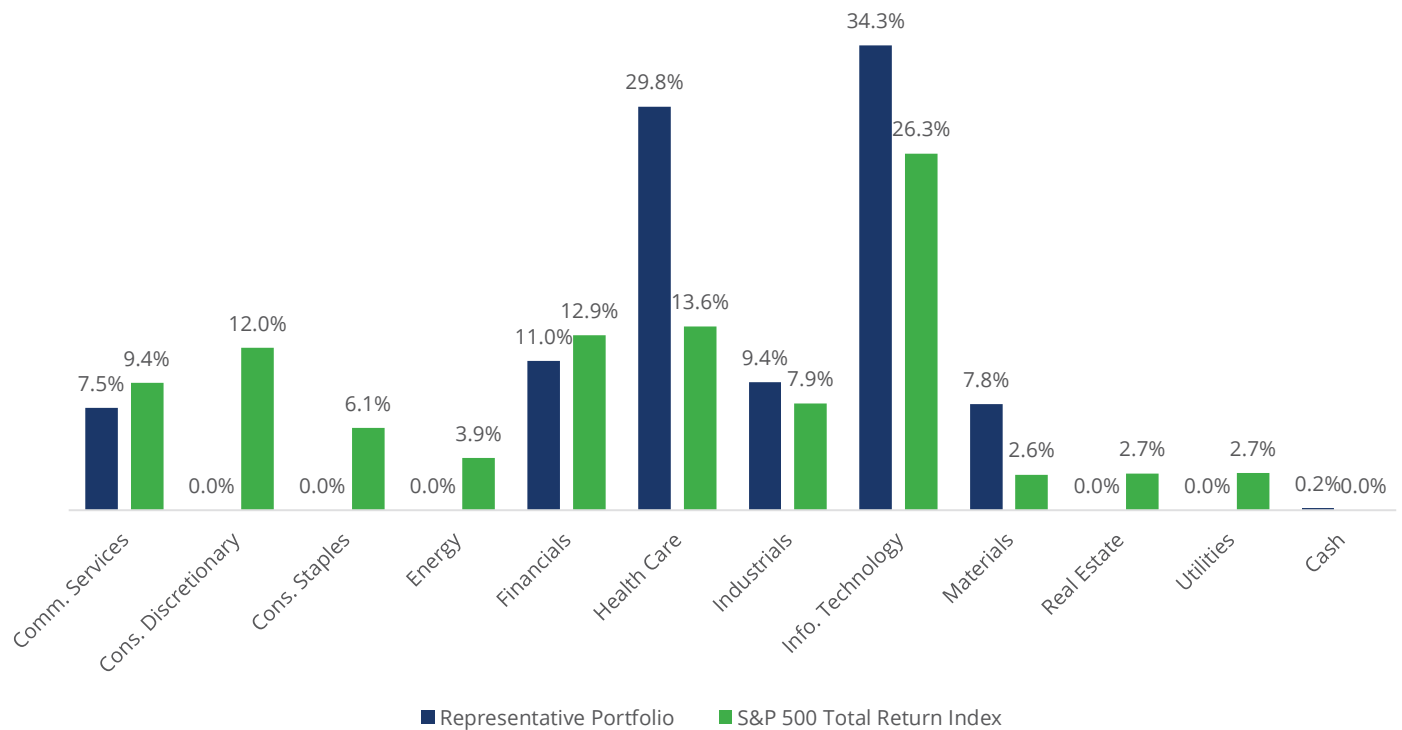
The Select Equity composite fell 4.8% in the first quarter, net of fees, compared to a fall of 4.6% in S&P 500. That one number does not reflect the double digit drop in the market at points in the quarter. A recovery in March helped minimize the losses brought on by the global turmoil.

Vertex, FMC and AstraZeneca were all strong performers and helped cushion the downside. We expect continued innovation in pharmaceuticals from Vertex and Astra, and FMC's agricultural products are needed more than ever to help farmers get the most from their land.

Vertiv, Stanley Black & Decker, and IQVIA were the largest drags on performance. The first two industrial companies fell prey to supply chain disruptions, and IQVIA, after seeing a surge in COVID related research business, may be entering into a brief period of slower growth.

We initiated a position in Corteva. Like FMC, they help farmers improve yields with seeds and crop protection products. Formerly part of Dupont, they are now 100% focused on agriculture.

## PORTFOLIO EXPOSURE (period ending March 31, 2022)



Data is preliminary. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The data shown is of a representative portfolio for the Hardman Johnston Select 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 Select Equity strategy. Future investments may or may not be profitable.

**CONTRIBUTORS & DETRACTORS (period ending March 31, 2022)**

First Quarter	Average Weight (%)	Total Effect* (%)	Last Twelve Months	Average Weight (%)	Total Effect* (%)
<b>Largest Contributors</b>			<b>Largest Contributors</b>		
Vertex Pharmaceuticals Inc.	3.38	0.65	NVIDIA Corp.	5.51	3.24
FMC Corp.	3.04	0.65	Albemarle Corp.	3.44	1.18
AstraZeneca plc	3.41	0.63	Marsh & McLennan Cos. Inc.	3.81	0.84
<b>Largest Detractors</b>			<b>Largest Detractors</b>		
Vertiv Holdings Co.	2.44	-1.25	Universal Display Corp.	2.71	-1.49
Stanley Black & Decker Inc.	2.85	-0.61	Stanley Black & Decker Inc.	2.79	-1.48
IQVIA Holdings Inc.	3.87	-0.56	Vertiv Holdings Co.	3.15	-1.43

**Past performance does not guarantee future results.** Securities reflect the period's three largest contributors and detractors of portfolio holdings to total effect. Total effect reflects a position's total contribution to excess performance relative to the stated benchmark. \*Total effect includes only securities that were held in the Hardman Johnston representative account and excludes benchmark-only securities that may have contributed or detracted from relative results. A full list of securities held as of March 31, 2022, contribution to performance and the methodology to calculate is available upon request. The data shown is of a representative portfolio for the Hardman Johnston Select 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. 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.

**PURCHASES - FIRST QUARTER**

Corteva Inc.

**LIQUIDATIONS - FIRST QUARTER**

None.

The holdings identified represent all new positions and liquidations in the Hardman Johnston Select Equity strategy for the quarter-to-date period ending March 31, 2022. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The holdings and/or allocations shown may not represent all of the portfolio's investments. Future investments may or may not be profitable.

**PORTFOLIO CHARACTERISTICS (period ending March 31, 2022)**

	Representative Portfolio		S&P 500 Total Return Index	
	Current	5 Year Average	Current	5 Year Average
<b>Capitalization</b>				
Weighted Average Market Cap (\$B)	484.0	268.8	646.7	346.8
Median Market Cap (\$B)	75.7	70.9	31.9	24.9
<b>Growth Fundamentals</b>				
EPS Growth: 3 to 5 year forecast (%) <sup>1</sup>	16.2	13.7	14.1	11.6
EPS Growth: 5 year trailing (%) <sup>1</sup>	16.4	16.4	19.4	17.0
<b>Value Fundamentals</b>				
P/E Ratio: 12 Months - forward <sup>1</sup>	25.6	24.0	24.2	21.9
P/E Ratio: 12 Months - trailing <sup>1</sup>	34.8	33.1	29.9	27.9
PEG Ratio: forward <sup>1</sup>	1.6	1.8	1.7	1.9
Dividend Yield (%) <sup>2</sup>	0.8	1.2	1.3	1.8
Price/Book <sup>3</sup>	5.8	5.0	4.3	3.5
<b>Quality Fundamentals</b>				
Return on Equity: 5 Year (%) <sup>1</sup>	22.7	21.7	24.8	23.3
Return on Invested Capital: 5 Year (%) <sup>1</sup>	15.8	14.7	15.2	14.0
<b>Other</b>				
Number of Positions	31	31	505	506
Beta: 3 year portfolio <sup>4</sup>	1.0	1.0	1.0	1.0

<sup>1</sup>Interquartile weighted mean, <sup>2</sup>Weighted mean, <sup>3</sup>Weighted harmonic mean, <sup>4</sup>MPT beta (daily).

**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 Select 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 Select 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.

**PORTFOLIO HOLDINGS (period ending March 31, 2022)**

	Country	Weight (%)	Industry
<b>Communication Services</b>			
Alphabet Inc.	United States	4.9	Interactive Media & Services
Comcast Corp.	United States	2.6	Media
<b>Financials</b>			
HDFC Bank Ltd.	India	2.5	Banks
Marsh & McLennan Cos. Inc.	United States	4.2	Insurance
Mastercard Inc.	United States	4.3	Consumer Finance
<b>Health Care</b>			
AstraZeneca plc	United Kingdom	3.7	Pharmaceuticals
Becton, Dickinson & Co.	United States	3.2	Health Care Equipment & Supplies
Cerner Corp.	United States	1.5	Health Care Technology
Dentsply Sirona, Inc.	United States	2.5	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	4.0	Health Care Equipment & Supplies
IQVIA Holdings Inc.	United States	3.7	Life Sciences Tools & Services
Johnson & Johnson	United States	2.9	Pharmaceuticals
Medtronic plc	United States	2.2	Health Care Equipment & Supplies
UnitedHealth Group Inc.	United States	2.6	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	3.6	Biotechnology
<b>Industrials</b>			
Howmet Aerospace, Inc.	United States	3.8	Aerospace & Defense
Leidos Holdings Inc.	United States	1.5	Professional Services
Stanley Black & Decker Inc.	United States	2.3	Machinery
Vertiv Holdings Co.	United States	1.9	Electrical Equipment
<b>Information Technology</b>			
Adobe Inc.	United States	3.4	Software
Advanced Energy Industries	United States	3.1	Electronic Equipment, Instruments & Components
Apple Inc.	United States	5.5	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	3.5	Semiconductors & Semiconductor Equipment
Automatic Data Processing, Inc.	United States	3.7	IT Services
Microsoft Corp.	United States	4.6	Software
NVIDIA Corp.	United States	4.7	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	3.0	Semiconductors & Semiconductor Equipment
Wolfspeed, Inc.	United States	2.8	Semiconductors & Semiconductor Equipment
<b>Materials</b>			
Albemarle Corp.	United States	3.3	Chemicals
Corteva Inc.	United States	1.2	Chemicals
FMC Corp.	United States	3.3	Chemicals
<b>Cash &amp; Equivalents</b>			
Cash		0.2	

Data is preliminary. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The data shown is of a representative portfolio for the Hardman Johnston Select 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 Select Equity strategy. Future investments may or may not be profitable.