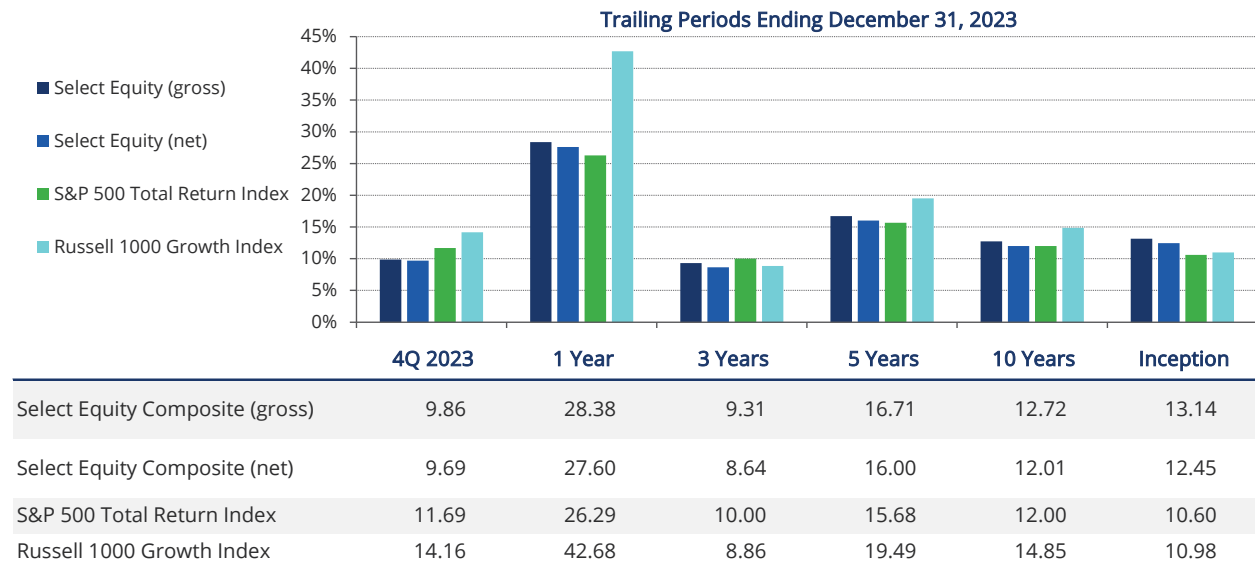

Hardman Johnston Select Equity

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, 1990.

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 Select Equity composite returned 9.7%, net of fees, compared to 11.7% for the S&P 500. Information Technology holdings were the largest contributor to the portfolio's total return, while Materials were the largest drag on performance. Among individual holdings, we saw strong performances from Vertiv Holdings Co. (data center infrastructure), ASML Holding N.V. (semiconductor manufacturing equipment) and Universal Display Corp. (highly efficient LED display materials). Relatively weaker holdings included Albemarle Corp. (EV battery materials), Becton, Dickinson & Co. (medical devices) and Marsh & McLennan Cos. Inc. (insurance and risk management services).

Quarterly Attribution* & Portfolio Activity

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	S&P 500	Rep. Portfolio	S&P 500	
Energy	0.0	4.3	0.0	-6.9	
Industrials	16.3	8.3	16.5	13.3	
Consumer Staples	0.0	6.3	0.0	5.5	
Info. Technology	30.8	28.6	17.1	17.2	
Utilities	0.0	2.4	0.0	8.6	
Cons. Discretionary	0.0	10.7	0.0	12.4	
Real Estate	0.0	2.4	0.0	18.8	
Comm. Services	7.9	8.8	3.8	11.0	
Health Care	26.7	12.9	6.2	6.4	
Financials	12.6	12.8	5.9	14.0	
Materials	5.3	2.4	-8.8	9.6	
Cash	0.3	0.3	1.3	1.3	



Contributors & Detractors

Fourth Quarter	Average Weight (%)	Total Effect (%)	Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors			Largest Contributors		
Vertiv Holdings Co.	5.23	0.82	Vertiv Holdings Co.	3.51	4.75
ASML Holding N.V.	3.48	0.55	NVIDIA Corp.	5.67	3.73
Universal Display Corp.	3.63	0.37	Universal Display Corp.	3.02	1.45
Largest Detractors			Largest Detractors		
Albemarle Corp.	1.74	-0.57	FMC Corp.	2.58	-2.76
Becton, Dickinson & Co.	3.08	-0.53	Albemarle Corp.	2.59	-1.87
Marsh & McLennan Cos. Inc.	4.76	-0.53	Corteva, Inc.	2.52	-1.28

Quarterly Initiations

None

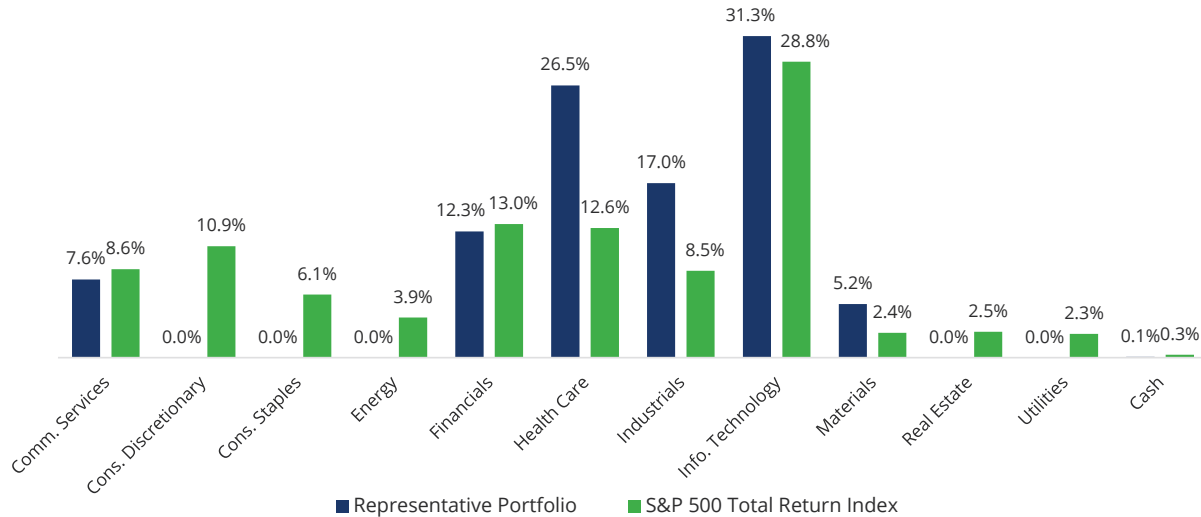
Quarterly Liquidations

None

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 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.

Exposures & Characteristics*

Exposure by Sector



	Representative Portfolio		S&P 500 Total Return Index	
	4Q 2023	5 Year Average	4Q 2023	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	572.1	367.3	723.3	475.5
Median Market Cap (\$B)	82.1	76.6	33.2	27.8
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	11.8	14.1	11.6	11.7
Revenue Growth: 3 to 5 year forecast (%) ¹	8.3	9.4	7.0	7.4
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	23.6	24.4	23.5	23.0
P/E Ratio: 12 Months - trailing ¹	27.7	28.0	27.1	25.0
PEG Ratio: forward ²	2.0	1.7	2.0	2.0
Dividend Yield (%) ³	0.9	1.0	1.5	1.7
Price/Book ⁴	5.5	5.4	4.2	3.7
Quality Fundamentals				
Return on Equity: 5 Year (%) ¹	20.9	20.2	23.0	22.8
Return on Invested Capital: 5 Year (%) ¹	17.1	15.0	17.6	14.5
Long-Term Debt / Equity (%)	80.0	76.5	83.6	88.8
Other				
Number of Positions	32	31	502	505
Beta: 3 year portfolio ⁵	1.1	1.0	1.0	1.0
Tracking Error: 5 Year Trailing (%)	3.5	--	--	--
Turnover: 12 Months - Trailing (%)	3.9	7.2	--	--

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 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. 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	4.6	Interactive Media & Services
Comcast Corp.	United States	3.0	Media
Financials			
HDFC Bank Ltd.	India	2.6	Banks
Marsh & McLennan Cos. Inc.	United States	4.4	Insurance
Mastercard Inc.	United States	4.5	Financial Services
PayPal Holdings, Inc.	United States	0.8	Financial Services
Health Care			
AstraZeneca plc	United Kingdom	3.6	Pharmaceuticals
Becton, Dickinson & Co.	United States	2.7	Health Care Equipment & Supplies
Dentsply Sirona, Inc.	United States	2.4	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	2.4	Health Care Equipment & Supplies
Illumina, Inc.	United States	1.1	Life Sciences Tools & Services
IQVIA Holdings Inc.	United States	3.3	Life Sciences Tools & Services
Johnson & Johnson	United States	2.4	Pharmaceuticals
Medtronic plc	United States	1.6	Health Care Equipment & Supplies
UnitedHealth Group Inc.	United States	2.7	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	4.5	Biotechnology
Industrials			
Automatic Data Processing, Inc.	United States	2.8	Professional Services
Curtiss-Wright Corporation	United States	2.0	Aerospace & Defense
Howmet Aerospace, Inc.	United States	5.2	Aerospace & Defense
Stanley Black & Decker Inc.	United States	1.5	Machinery
Vertiv Holdings Co.	United States	5.5	Electrical Equipment
Information Technology			
Adobe Inc.	United States	3.8	Software
Advanced Energy Industries	United States	1.6	Electronic Equipment, Instruments & Components
Apple Inc.	United States	5.5	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	3.7	Semiconductors & Semiconductor Equipment
Microsoft Corp.	United States	5.1	Software
NVIDIA Corp.	United States	6.7	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	3.9	Semiconductors & Semiconductor Equipment
Wolfspeed, Inc.	United States	1.0	Semiconductors & Semiconductor Equipment
Materials			
Albemarle Corp.	United States	1.7	Chemicals
Corteva, Inc.	United States	2.0	Chemicals
FMC Corp.	United States	1.5	Chemicals
Cash & Equivalents			
Cash		0.1	

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

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