Hardman Johnston Growth Equity

2018 SECOND QUARTER REPORT

Hardman Johnston Global Advisors

COMPOSITE PERFORMANCE (%) (period ending June 30, 2018)							
	2nd QTR	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Growth Equity (gross of fees)	4.42	4.42	11.52	11.76	13.81	11.41	13.02
Growth Equity (net of fees)	4.27	4.10	10.86	11.06	13.07	10.68	12.35
Russell 1000 Growth Index	5.76	7.25	22.51	14.96	16.35	11.82	10.05
S&P 500 Total Return Index	3.43	2.65	14.37	11.87	13.35	10.11	10.19

Performance is preliminary through June 30, 2018. Periods greater than one year are annualized. **Past performance does not guarantee future results**. Net performance reflects the deduction of advisory fees. Composite inception date: December 31, 1990.

KEY TAKEAWAYS

- Volatility persists as cycle lengthens and trade tariff dispute intensifies
- US companies return excess cash to investors following tax cuts
- Interest rate rises and increasing oil prices pressure businesses and consumers
- The Industrials and Consumer Staples sectors were the largest contributors to performance in the second quarter; Automatic Data Processing, Inc. (+18.8%) and EOG Resources, Inc. (+18.4%) were the top contributors

MARKET REVIEW AND OUTLOOK

It would be wrong to read too much into a mere three months of stock market activity, but it does feel like things are getting back to normal in US markets after a couple of years of relentless strength, followed by one quarter of dramatic volatility. The second quarter saw the return of some healthy tension between buyers and sellers, the mechanism required to make sure that prices are set appropriately. Policy initiatives from the executive branch in Washington D.C. have created some uncertainty, most importantly around trade policies and the threat to global supply chains, but tailwinds continue to outweigh the headwinds in most investors' eyes. In the meantime, governments around the world are warily watching what happens in the US, fully understanding the risks from misjudging the actions and reactions to US policy changes.

The United States economy is strong, continuing its acceleration from the tepid expansion out of the Great Recession. In spite of the many concerns about disruptions to global growth, business confidence is high, and hiring remains strong. Wages are steadily moving up at a moderate rate, which in turn has helped consumer confidence and has helped sustain consumer spending. The labor force is growing as more people come back to work, and productivity is accelerating. Both of those very positive factors will help keep inflation in check. Bank lending standards are relaxing once again, allowing businesses and consumers to fund their growth with relatively cheap money, although interest rates are rising. In general, the US environment is positive, for the time being.

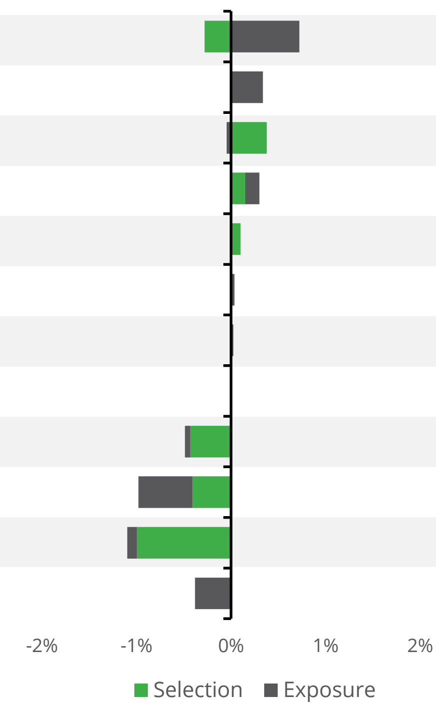
There are significant risks to the strength. Foremost in the press and therefore most people's minds is the risk of trade wars, driven by the US unilaterally imposing tariffs. In the near term it could be very disruptive to supply chains, drive inflation, and impede the long term investment decisions necessary to drive the economy into the future. We hope the policies end up being nothing more than a negotiating tactic, and that the recent proposed concessions from the European Union on auto tariffs are a sign that mutual damage can be avoided, but are watching all developments closely.

While the US and North America are usually the most important end markets for our portfolio holdings, most companies have significant opportunities and growth outside the home market. Risk is always the companion of opportunity, and we are therefore monitoring the slowing growth in parts of Europe, Latin America, and Asia. After years of accommodative monetary policies, central banks around the world continue to navigate the perils of unwinding those positions. As we have highlighted for years, the timing and sequence of taking away these extraordinary measures is uncharted territory for all of us.

In sum, we continue to look to the US as the best source of stable growth for the time being, but feel that selectivity is more important than ever. Detailed analysis at the company level is necessary to identify holdings that can navigate both changes in government policy and a dynamic economic environment to both grow and maintain their competitive advantage. We remain confident that the portfolio, built for the long term yet able to weather near term headwinds while taking advantage of opportunities, will serve our investors well.

PERFORMANCE ATTRIBUTION: 2Q 2018

	Average Weight		Total Return		Relative Attribution
	Portfolio	Russell 1000 Growth	Portfolio	Russell 1000 Growth	
SECTOR					
Industrials	3.8	12.5	-9.0	-2.5	
Consumer Staples	0.0	6.0	0.0	0.6	
Materials	5.5	3.3	10.3	2.9	
Energy	5.5	0.9	12.5	9.6	
Financials	9.6	6.6	6.3	5.1	
Real Estate	0.0	2.3	0.0	4.7	
Telecom. Services	0.0	0.8	0.0	3.6	
Utilities	0.0	0.0	0.0	1.7	
Info. Technology	33.9	36.5	7.1	8.4	
Cons. Discretionary	3.0	18.7	-3.4	9.7	
Health Care	31.5	12.5	2.1	5.2	
Cash	7.2	0.0	0.5	0.0	



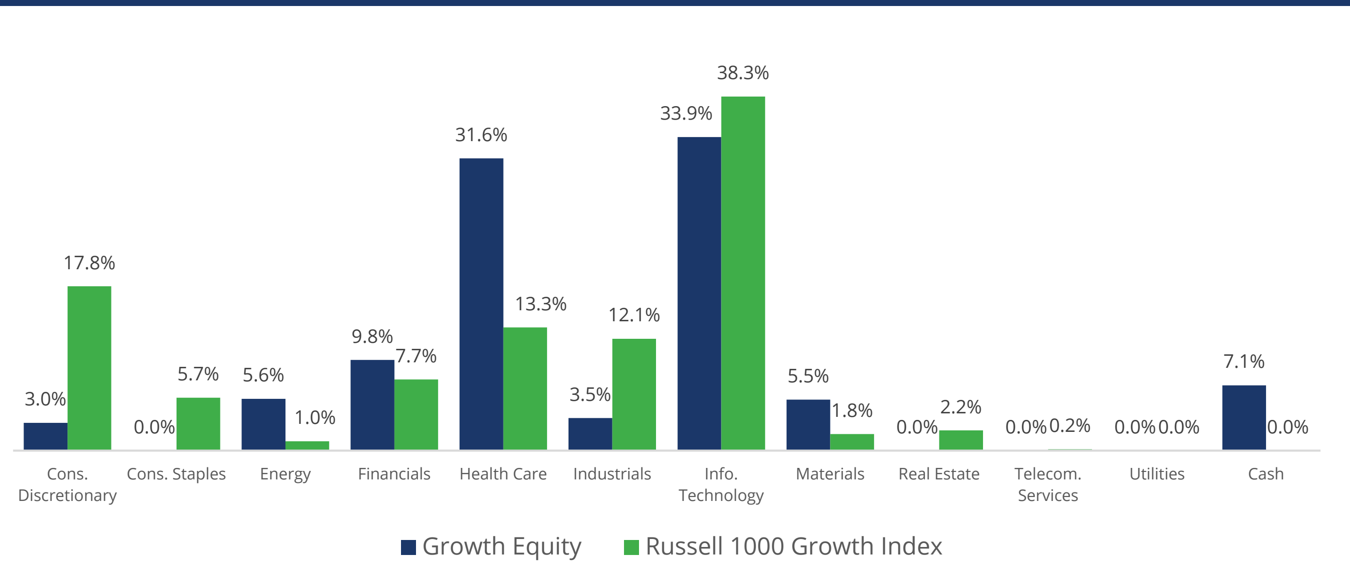
Preliminary data as of the period ending June 30, 2018. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.** The data shown is of a representative portfolio for the Hardman Johnston Growth Equity strategy and is for informational purposes only. 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 HJGA Growth Equity Composite delivered 4.27% net returns, compared to 5.76% for the Russell 1000 Growth and 3.43% for the S&P 500 Total Return. Top drivers of the performance included Automatic Data Processing, Inc., EOG Resources, Inc., and Adobe Systems Inc. Investors are appropriately bullish about ADP's prospects given increasing domestic employment and their role in helping employers not just process their payroll, but also administer benefits and comply with a growing array of labor regulations. EOG has a strong position in domestic energy supply, and plays an increasing role in helping the United States capitalize on a renaissance in manufacturing as a key upstream supplier of fuels for transportation and electricity generation. Adobe continues to help its clients with the shift from traditional to digital media. Most are familiar with the prosaic PDFs that Adobe software creates, as well as Photoshop, the most popular photo editing package, but relatively few understand how important their Creative Suite software and associated services are to marketing professionals and executives.

Detractors in the quarter included Stanley Black & Decker Inc., Varian Medical Systems, Inc., and Celgene Corp. Concerns over tariffs as well as rising mortgage rates combined to prompt a selloff in Stanley. Revenue and profit growth projections look solid for the next few years, but the re-rating is understandable given the tumultuous international trade backdrop. Varian sold off in the quarter over concerns about order growth. We continue to feel that cancer is, unfortunately, a growing global problem, and that Varian's sophisticated treatment equipment remains an essential tool in the oncologist's repertoire. Celgene continues to deliver strong growth in its key multiple myeloma franchise, but concerns about the loss of patent based exclusivity starting in 2022 are increasingly in investors thoughts. We have begun the process of lightening up our position.

SECTOR ALLOCATIONS (period ending June 30, 2018)



SECOND QUARTER	Average Weight (%)	Contribution to Return (%)	LAST TWELVE MONTHS	Average Weight (%)	Contribution to Return (%)
Largest Contributors			**Largest Contributors**		
Automatic Data Processing, Inc.	3.39	0.59	Adobe Systems Inc.	4.00	2.29
EOG Resources, Inc.	3.23	0.56	Mastercard Inc.	3.49	1.75
Adobe Systems Inc.	4.24	0.53	Microsoft Corp.	4.12	1.61
Largest Detractors			**Largest Detractors**		
Stanley Black & Decker Inc.	2.76	-0.39	Celgene Corp.	2.35	-1.10
Varian Medical Systems, Inc.	3.50	-0.28	General Electric Co.	1.50	-1.08
Celgene Corp.	1.28	-0.16	Dick's Sporting Goods Inc.	0.38	-0.76

Past performance does not guarantee future results. A full list of securities held as of June 30, 2018, contribution to performance and the methodology to calculate is available upon request. The data shown is of a representative portfolio for the Hardman Johnston Growth 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 - SECOND QUARTER	LIQUIDATIONS - SECOND QUARTER
None	None

The holdings identified represent all new positions and liquidations in the Hardman Johnston Growth Equity strategy for the quarter-to-date period ending June 30, 2018. 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 June 30, 2018)

	Growth Equity	Russell 1000 Growth
Capitalization		
Weighted Average Market Cap ($B)	169.7	275.6
Median Market Cap ($B)	65.6	12.2
Growth Fundamentals		
EPS Growth: 3 to 5 year forecast (%)[1]	13.3	15.5
EPS Growth: 5 year trailing (%)[1]	6.3	11.1
Value Fundamentals		
P/E Ratio: 12 Months - forward[1]	21.6	21.6
P/E Ratio: 12 Months - trailing[1]	34.9	30.9
PEG Ratio: forward[1]	1.7	1.7
Dividend Yield (%)[2]	1.2	1.2
Price/Book[3]	4.6	7.1
Quality Fundamentals		
Return on Equity: 5 Year (%)[1]	15.2	21.3
Return on Invested Capital: 5 Year (%)[1]	12.2	15.5
Other		
Number of Stock Holdings	32	542
Beta: 3 year portfolio[4]	0.89	1.00

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

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PORTFOLIO HOLDINGS (period ending June 30, 2018)			
Sector / Company	**Country**	**Weight (%)**	**Industry**
Consumer Discretionary			
Comcast Corp.	United States	3.0	Media
Energy			
EOG Resources, Inc.	United States	3.4	Oil, Gas & Consumable Fuels
Schlumberger Ltd.	United States	2.2	Energy Equipment & Services
Financials			
HDFC Bank Ltd.	India	2.1	Banks
Marsh & McLennan Cos. Inc.	United States	3.6	Insurance
Mastercard Inc.	United States	4.1	Consumer Finance
Health Care			
AstraZeneca	United Kingdom	2.0	Pharmaceuticals
Celgene Corp.	United States	1.2	Biotechnology
Cerner Corp.	United States	2.0	Health Care Technology
Edwards Lifesciences Corp.	United States	3.6	Health Care Equipment & Supplies
IQVIA Holdings Inc.	United States	3.0	Life Sciences Tools & Services
Johnson & Johnson	United States	2.9	Pharmaceuticals
Medtronic plc	Ireland	3.4	Health Care Equipment & Supplies
Nevro Corp.	United States	0.8	Health Care Equipment & Supplies
Qiagen N.V.	Netherlands	2.9	Life Sciences Tools & Services
Quest Diagnostics Inc.	United States	3.6	Health Care Providers & Services
Varian Medical Systems, Inc.	United States	3.3	Health Care Equipment & Supplies
Vertex Pharmaceuticals Inc.	United States	3.1	Biotechnology
Industrials			
General Electric Co.	United States	1.0	Industrial Conglomerates
Stanley Black & Decker Inc.	United States	2.5	Machinery
Information Technology			
Adobe Systems Inc.	United States	4.3	Software
Alphabet Inc. Class A	United States	3.8	Internet Software & Services
Apple Inc.	United States	3.2	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	2.1	Semiconductors & Semiconductor Equipment
Automatic Data Processing, Inc.	United States	3.6	IT Services
Broadcom Inc.	United States	2.8	Semiconductors & Semiconductor Equipment
Cisco Systems, Inc.	United States	3.1	Communications Equipment
Cognizant Technology Solutions	United States	3.4	IT Services
FLIR Systems Inc.	United States	3.0	Electronic Equipment, Instruments & Components
Microsoft Corp.	United States	4.6	Software
Materials			
Albemarle Corp.	United States	2.3	Chemicals
FMC Corp.	United States	3.3	Chemicals
Cash & Equivalents			
Cash		7.1	

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