Hardman Johnston Global Equity

2020 THIRD QUARTER REPORT

Hardman Johnston Global Advisors

COMPOSITE PERFORMANCE (%) (period ending September 30, 2020)	3rd QTR	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity (gross of fees)	11.10	18.53	36.37	17.93	20.29	13.63	11.75
Global Equity (net of fees)	10.93	17.97	35.49	17.13	19.46	12.85	11.00
MSCI AC World Net Index	8.13	1.37	10.44	7.11	10.29	8.54	6.32
MSCI World Index	7.93	1.70	10.41	7.73	10.46	9.37	6.51

Performance is preliminary through September 30, 2020. Periods greater than one year are annualized. **Past performance does not guarantee future results**. Net performance reflects the deduction of advisory fees. The MSCI AC World Net is the benchmark index. Effective April 1, 2015, the Company changed the primary benchmark for its Global Equity strategy to the MSCI All Country World Net Index ("ACWI"). The performance for the MSCI World Net Index ("World") is shown as a supplemental index. The inception date of the composite is December 31, 2005.

KEY TAKEAWAYS

- Markets continue to rebound on loosening lockdowns, stimulus measures and advances in the hunt for Covid-19 vaccine
- Economic readings for second quarter slump in most major markets; China shows the path back with an expectation-beating increase in GDP
- Third quarter indicators point to strengthening recovery, although reopening can also fuel spikes in Covid infections
- Global Equity Composite returned 10.93%, net, outperforming the MSCI ACWI return of 8.13% and the MSCI World return of 7.93%

MARKET REVIEW

Equity markets continued to bounce back in the third quarter driven by reopening economies, the promise of ongoing stimulus measures and hopes of a vaccine for Covid-19. The MSCI ACWI returned 8.13% to finish the quarter above where it started the year, while the MSCI EAFE returned 4.80% but remained down 709 basis points year-to-date.

After tight lockdowns to contain the virus, countries stepped up unlocking measures to kickstart their economies. Data released in July and August demonstrated how painful the economic shutdown had been, with many countries experiencing their worst ever peacetime contractions in GDP. On a unannualized basis, the US slumped by 9% quarter over quarter (-31.4% annualized), while other major markets including the Eurozone, the UK and India registered double-digit declines. China, first into the crisis and first to start unlocking, showed the way back with a 3.2% year-on-year increase in GDP in Q2.

Other indicators around the world pointed to strengthening recovery in the third quarter. Chinese retail sales turned positive in August for the first time since the pandemic, while official PMIs for manufacturing and services beat expectations in September. The US added 1.4 million non-farm jobs in August, Germany's ifo Business Climate Index rose to 93.4 as green shoots appeared, and India witnessed an increase in auto and tractor sales.

The promise of an extension to loose monetary policy and fiscal support also underpinned market confidence. At its annual meeting in Jackson Hole in August, the US Federal Reserve toed a dovish line, resetting policy to tolerate higher levels of inflation and fixing expectations of low interest rates well into the future. Fed Chair Jerome Powell called for more fiscal stimulus although the House and Senate clashed over new support measures. The European Central Bank pledged to consider a similar stance on future inflation, while countries including France, Germany and the UK extended measures to help businesses pay employee's salaries.

Loosening restrictions and improving conditions helped companies bounce back. Five out of six S&P 500 companies beat earnings expectations for the second quarter, with aggregate performance 23.1% above forecasts, according to FactSet. On a similar, but lower path, 55% of European Stoxx 600 companies beat expectations. Among the leading sectors, European technology stocks' earnings declined by 5% in aggregate, but nonetheless 82% of companies beat their estimates. It was a similar story in China, as companies penciled in higher expectations for the third quarter, with over a quarter expecting marked improvement in Q3 earnings and over 40% expecting to turnaround prior losses. Markets tended to take a rational approach to company valuations, with earnings a clear driver of stock price development.

As widely expected, reopening measures drove a spike in Covid-19 infection rates. However, many countries shifted their approaches away from full national lockdowns to more targeted measures, such as regional restrictions, curfews or travel quarantines, to limit the potential for negative economic impact.

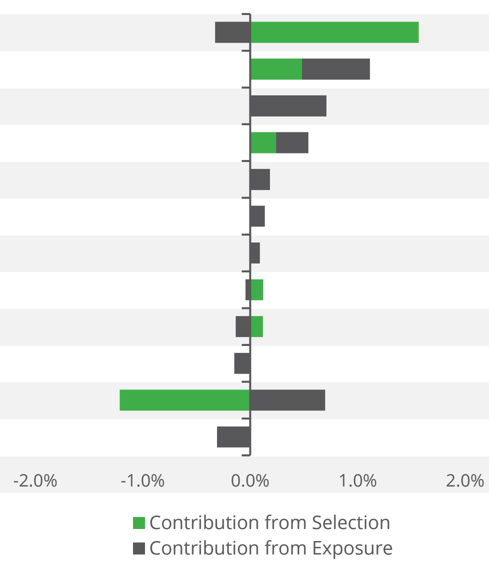
At the same time, the global medical response to Covid-19 accelerated. In August, Russia became the first country to approve a vaccine, fueling some concerns that its announcement was premature. Elsewhere, potential vaccines entered human trials and delivered encouraging results, while treatments improved outcomes for patients, lowering fatality rates among the worst affected.

Not all events of the quarter revolved around the international response to Covid-19. Tensions between the US and China deepened over data-sharing and spying concerns with the White House pushing ahead with bans of Chinese-backed apps TikTok and WeChat. The step prompted TikTok's owner ByteDance to seek a sale that could allow it to continue to serve US users, selecting Oracle as its preferred partner to negotiate a deal before the November deadline.

US presidential election campaigning became increasingly heated, stoking domestic and international uncertainty, as investors feared the possibility of a disputed result. Japan also weathered political surprise. Prime Minister Shinzo Abe stepped down for health reasons with just one year remaining on his mandate before his replacement by his political ally Yoshihide Suga who promised to continue on the stimulus-fueled path of Abenomics.

PERFORMANCE ATTRIBUTION

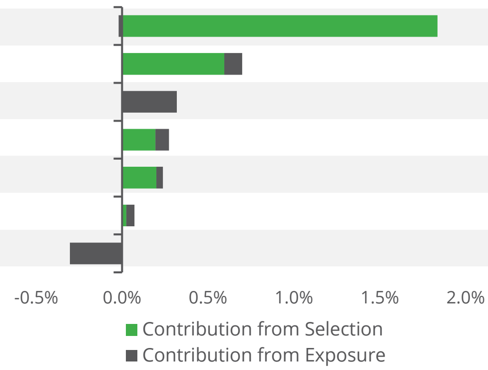
	Average Weight		Total Return		Contribution to
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	Relative Return
By Sector					
Health Care	22.4	12.6	12.1	4.6	
Financials	3.9	14.3	14.5	2.0	
Energy	0.0	3.3	0.0	-12.8	
Cons. Discretionary	16.2	12.4	19.6	17.9	
Real Estate	0.0	2.8	0.0	2.0	
Utilities	0.0	3.1	0.0	4.0	
Consumer Staples	0.0	8.0	0.0	7.2	
Comm. Services	14.9	9.4	7.8	7.3	
Industrials	5.1	9.5	12.6	11.2	
Materials	0.0	4.8	0.0	11.7	
Info. Technology	34.1	19.8	9.3	13.0	
Cash	3.4	0.0	0.0	0.0	



Preliminary data as of the quarter ending September 30, 2020. 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 Global 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	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
By Region				
Emerging Markets	12.9	12.4	24.6	9.6
Europe	10.2	13.6	12.2	5.9
United Kingdom	0.0	3.7	0.0	-0.2
North America	66.5	60.3	9.6	9.3
Japan	4.2	6.8	11.4	6.9
Pacific ex Japan	2.9	3.2	7.3	2.0
Cash	3.4	0.0	0.0	0.0

Contribution to Relative Return



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PORTFOLIO COMMENTARY

- Global Equity outperformed the MSCI ACWI by 280 bps on a net basis during the third quarter
- Security selection in Health Care and underweight exposure and security selection in Financials were the largest contributors during the quarter while security selection in Information Technology and no exposure to Materials were the largest detractors
- Security selection in the Emerging Markets and security selection and modest underweight position in Europe were the top contributors to relative performance from a regional perspective; no broad region detracted from relative results in the third quarter

LARGEST CONTRIBUTORS

The combination of a strong earnings report and the proposed acquisition of Arm Ltd. drove strong performance for **NVIDIA Corp. (+1.1% total effect)** in the quarter. In addition to tailwinds from stay-at-home-related demand, the new Ampere GPU architecture was well received by both Gaming and Datacenter customers, driving better-than-expected earnings results. Further, after being rumored for some time, NVIDIA announced its intention to acquire Arm Ltd. for $40 billion, which includes a $5 billion earnout. The deal is expected to be immediately accretive, which is made possible by a lower price than previously estimated. NVIDIA will also not be assuming control of the pre-revenue IoT that was weighing heavily on Arm profitability.

Shares of **WuXi Biologics Inc. (+1.1% total effect)** rallied during the quarter after reporting resilient revenue growth and strong net profit growth that beat expectations. The biologics development and manufacturing company also reported an extremely strong backlog growth of 104% which nearly tripled due to COVID vaccine and therapeutic projects as well as increasing demand for outsourced supply (partially due to COVID supply chain stress).

Alibaba Group Holding Ltd. (+0.8% total effect) reported a strong second quarter, which represented a meaningful rebound after the pandemic-induced lockdown in China during the first quarter. The release of pent-up demand in April, May and June resulted in still strong but more normalized growth in July and August. During this period, e-commerce adoption has accelerated forward with no signs of turning back. Our expectation is that user base growth and expanding frequency of online ordering to new categories such as groceries and household products is permanent, resulting in sustained higher levels of business activity for Alibaba. In addition, preparations for the Ant Financial IPO are well underway, with a forecasted valuation at US$230B-$250B. Alibaba owns a 33% equity stake in Ant Financial.

LARGEST DETRACTORS

Micron Technology Inc. (-0.7% total effect) performance lagged the benchmark as demand for DRAM has softened in the second half of 2020. Given stronger demand than anticipated earlier in the year, some hyperscale data center customer-built inventory, which is expected to normalize by the end of the year. Outside of this short-term inventory issue, the industry suppliers have maintained capex discipline. Additionally, as demand rebounds in 2021, helped by CPU and 5G product cycles and a recovery in smartphones, the broader recovery for the memory industry should take hold again.

Despite strong earnings results and more robust guidance in August, shares of **Advanced Energy Industries (-0.6% total effect)** came under pressure following news in September that the US intends to place China's leading foundry, Semiconductor Manufacturing International Corporation (SMIC), on the entity list. If placed on the entity list, SMIC would be restricted from purchasing semi-cap equipment, which will have some short-term impact in the value chain for Advanced Energy.

Vertex Pharmaceuticals Inc. (-0.5% total effect) essentially rolled off an all-time high linked to the successful launch of triple-combination cystic fibrosis (CF) therapy Trikafta. We expect Trikafta growth to continue in younger age cohorts and expanding global geographies, doubling revenue by 2023. The company recently expanded its Moderna gene therapy partnership for CF and rare disorders and has advanced its non-CF pipeline this year as well.

PORTFOLIO ACTIVITY

- During the third quarter, we initiated a position in TJX Companies, Inc.

INITIATION

TJX Companies Inc. is a leading off-price retailer in the United States, Canada, and Europe and is positioned well to continue to gain share from department stores and other retailers. Over the short to medium term, the company's strong balance sheet and vast vendor relationships will allow them to benefit from unprecedented inventory while their exposure to the home category also positions them to take advantage of spend shift from leisure to "nesting" categories. Additionally, the company's flexible business model, which enables them to secure inventory in-season and pivot to trending categories, along with its "treasure hunt" experience, has proven itself to be attractive to a broad demographic audience and to perform well across various economic climates. Overtime, we expect TJX to reach over 6,000 stores compared to its current 4,500 store footprint.

MARKET OUTLOOK

When it emerges, data will show a sharp snap-back in most economies in the third quarter, thanks in no small part to lavish stimulus measures from governments and central banks. We expect that progress to continue at a slower pace and vary greatly, depending on each country's ability to control the spread of Covid-19 and support economic growth.

As the northern hemisphere heads into the fall, the resurgence in Covid-19 has already started and is likely to shape responses in the near-term. However, there appears little appetite to return to strict nationwide lockdowns and the ensuing economic damage, with a focus on more targeted measures instead. Increased levels of testing and greater experience in dealing with seriously ill patients will spur hopes that countries can balance the impact of the virus on public health with the economic fallout.

Central banks will seek to rein in emergency liquidity measures while signaling ongoing support for their economies. Similarly, governments are likely to attempt to wean businesses off fiscal packages while leaving the door open to future aid.

The ability and desire to implement stimulus, combined with the practical ability to contain the virus, will be a critical issue and may put countries on diverging paths back to growth, particularly in emerging markets. For instance, countries including Indonesia, Mexico and South Africa appear set for slower recoveries due to the relatively small scale of their stimulus packages and escalating case numbers. In contrast, China, which still has scope to administer stimulus and has succeeded in limiting new virus infections to the low double digits, could be one of the few countries to register positive economic growth in 2020.

Ongoing recovery in China will be positive for consumption and could provide a much-needed fillip for global exporters. For example, German industrials group Siemens reported a 6% increase in sales to China from April through June, while South Korea recorded its first export growth in seven months in September, thanks in large part to a double-digit spike in chip sales stemming primarily to China.

The crisis will create winners and losers at a company level. Some business models have been hit hard by the crisis and will take a long time to recover, such as travel and leisure. Others in the retail sector, for instance, are coming back strongly from the initial lockdowns. There are also companies that have benefited strongly, namely those in ecommerce, cloud computing or online gaming. Indeed, the pandemic is accelerating secular growth trends, which could have a lasting effect on consumer behavior, working patterns and government regulation, in turn supporting a larger digital economy. However, most sectors and regions can present attractive opportunities for those prepared to look hard.

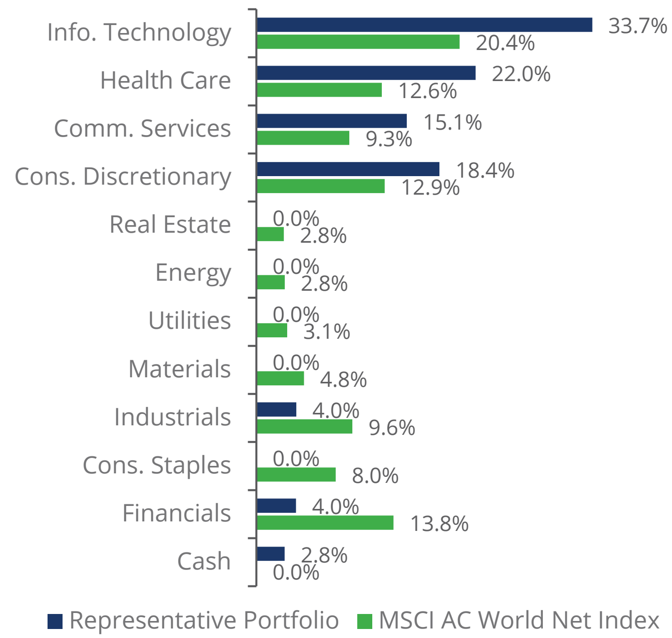
Covid-19 has also accelerated the movement to greater corporate responsibility, as companies must show that they act responsibly towards employees, customers and the wider communities in which they operate. ESG factors will become more important in the long-term sustainability of companies, their earnings and their valuations. We see an increasingly significant portion of executive compensation tied to meeting ESG criteria.

Volatility and uncertainty are likely to remain high in the near term as the extent and impact of a Covid-19 second wave combines with a host of other issues, including US elections, Brexit and tensions between China and western economies. It is impossible to predict the outcomes of any of these events, or indeed other macro factors such as interest rate rises and inflation, but investors can prepare for them. We believe a bottom-up approach that focuses on a company's financial strength to weather the crisis, while identifying the traits that can enable a business to emerge stronger, such as market-leading positions and top-quality management, is the right way to create a resilient portfolio that can outperform the benchmark.

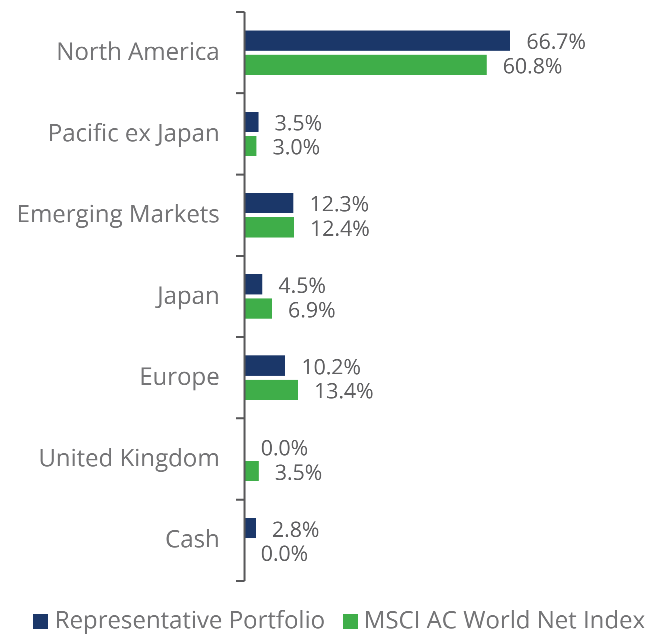
Positive developments in vaccine trials could mean that a relatively high proportion of people in major economies will be inoculated by mid-2021. As a result, it is fair to expect that the crisis will be measured in quarters as opposed to years or decades. On a three to five-year view, valuations appear reasonable for growth companies. In contrast, value stocks where earnings have fallen as fast, or faster, than valuations may be overpriced. We remain optimistic about the prospects for our holdings, but we also continue to look for growth, at an acceptable level of risk, that is underappreciated by the market and which can add to portfolio performance.

PORTFOLIO EXPOSURE (period ending September 30, 2020)

Exposure by Sector



Exposure by Region



PORTFOLIO CHARACTERISTICS (period ending September 30, 2020)

	Representative Portfolio		MSCI AC World Net Index	
	Current	5 Year Average	Current	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	310.7	188.2	295.7	140.9
Median Market Cap ($B)	83.2	69.1	9.8	9.9
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	19.2	17.0	11.6	10.4
EPS Growth: 5 year trailing (%)[1]	24.1	18.7	12.8	9.9
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	36.2	28.6	25.7	21.0
P/E Ratio: 12 Months - trailing[1]	42.8	36.1	28.4	20.1
PEG Ratio: forward[1]	1.9	1.7	2.2	2.2
Dividend Yield (%)[2]	0.4	0.9	2.1	2.3
Price/Book[3]	5.4	4.5	2.4	2.1
Quality Fundamentals				
Return on Equity: 5 Year (%)[1]	17.6	17.2	17.7	15.6
Return on Invested Capital: 5 Year (%)[1]	14.5	13.3	11.9	9.1
Other				
Number of Positions	29	30	2,994	2,688
Beta: 3 year portfolio[4]	1.2	1.0	1.0	1.0

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

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PORTFOLIO HOLDINGS (period ending September 30, 2020)

	Country	Weight (%)	Industry
Communication Services			
Activision Blizzard Inc.	United States	3.6	Entertainment
Alphabet Inc.	United States	1.8	Interactive Media & Services
Facebook Inc.	United States	1.8	Interactive Media & Services
Tencent Holdings Ltd.	China	3.8	Interactive Media & Services
T-Mobile US, Inc.	United States	4.1	Wireless Telecommunication Services
Consumer Discretionary			
Alibaba Group Holding Ltd.	China	4.7	Internet & Direct Marketing Retail
Amazon.com, Inc.	United States	4.1	Internet & Direct Marketing Retail
Kering S.A.	France	3.5	Textiles, Apparel & Luxury Goods
Melco Resorts & Entertainment Ltd.	Hong Kong	3.5	Hotels, Restaurants & Leisure
Puma SE	Germany	0.5	Textiles, Apparel & Luxury Goods
TJX Companies Inc.	United States	2.1	Specialty Retail
Financials			
Mastercard Inc.	United States	4.0	Consumer Finance
Health Care			
Boston Scientific Corp.	United States	3.9	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	4.0	Health Care Equipment & Supplies
IQVIA Holdings Inc.	United States	3.6	Life Sciences Tools & Services
UnitedHealth Group Inc.	United States	3.4	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	3.3	Biotechnology
WuXi Biologics Inc.	China	3.8	Life Sciences Tools & Services
Industrials			
Kratos Defense & Sec. Solutions	United States	2.0	Aerospace & Defense
Lockheed Martin Corp.	United States	2.0	Aerospace & Defense
Information Technology			
Adobe Inc.	United States	3.9	Software
Advanced Energy Industries	United States	3.4	Semiconductors & Semiconductor Equipment
ASML Holding N.V.	Netherlands	4.0	Semiconductors & Semiconductor Equipment
Infineon Technologies AG	Germany	2.3	Semiconductors & Semiconductor Equipment
Keyence Corp.	Japan	4.5	Electronic Equipment, Instruments & Components
Micron Technology Inc.	United States	3.4	Semiconductors & Semiconductor Equipment
Microsoft Corp.	United States	3.8	Software
NVIDIA Corp.	United States	4.4	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	4.1	Semiconductors & Semiconductor Equipment
Cash & Equivalents			
Cash		2.8	

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