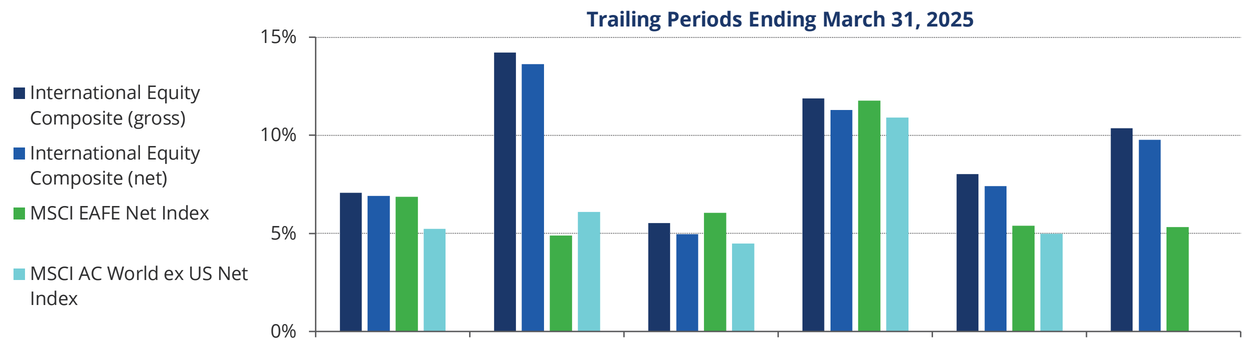
Hardman Johnston International Equity

2025 First Quarter Report

Hardman Johnston Global Advisors

Performance



	1Q 2025	1 Year	3 Years	5 Years	10 Years	Inception
International Equity Composite (gross)	7.06	14.22	5.53	11.89	8.02	10.35
International Equity Composite (net)	6.92	13.64	4.96	11.28	7.41	9.76
MSCI EAFE Net Index	6.86	4.88	6.05	11.76	5.39	5.33
MSCI AC World ex US Net Index	5.23	6.09	4.48	10.91	4.97	N/A

Performance is through March 31, 2025. 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). The MSCI AC World ex US Net Index is shown as supplemental information. The MSCI AC World ex US Index inception date is 1/1/2001. Composite inception date: September 30, 1993.

Key Takeaways

- Despite a turbulent first quarter, the portfolio experienced solid relative performance
- Industrials and Consumer Discretionary were the top sector contributors, while Health Care and Information Technology were the top detractors
- Japan was the top contributing region, while Europe was the top detractor
- The Hardman Johnston International Equity Strategy outperformed both the MSCI EAFE Net Index and the MSCI AC World ex US Net Index during the quarter

Portfolio Commentary

Despite a turbulent first quarter in equity markets, the strategy started the year with solid performance relative to its benchmark indices. During the quarter, the Hardman Johnston International Equity Composite returned 6.92%, net of fees, compared to 6.86% for the MSCI EAFE Net Index and 5.23% for the MSCI AC World ex US Net Index.

From a sector standpoint, the main drivers of the portfolio's outperformance during the first quarter were Industrials and Consumer Discretionary. Within Industrials, Rheinmetall AG and Mitsubishi Heavy Industries, Ltd. ("MHI") were the largest contributors to outperformance. Shares in Rheinmetall significantly outperformed, as policymakers announced sweeping changes to boost defense spending after the US effectively withdrew its security blanket. In particular, Germany's outgoing legislature changed their Constitution in order to release the country's fiscal debt brakes, effectively enabling unlimited defense spending. Complementing this, Europe announced a massive defense and infrastructure spending framework to allow member states to follow suit, while also providing financing mechanisms to support higher defense spending. Additionally, we met with the company's CEO in January and gained conviction that led us to scale up our position sizing. Following that, the company released a solid 2024 result and commented that given recent geopolitical shifts, their just-issued mid-term targets were likely too conservative.

Mitsubishi Heavy, Japan's largest defense contractor, outperformed during the quarter, as the market favored companies exposed to the continued structural uplift in non-US defense spending. MHI is well-exposed to Japan's commitment to achieve a defense spend of 2% of GDP. With recent pressure on European countries to increase their spend to 3% and beyond, there is increasing speculation that Japan will have to upwardly revise their spending goals as well. Although MHI missed Q3 earnings expectations, it was mostly due to one-off events. Encouragingly, the company increased its full-year guidance for orders and profits, driven by buoyant conditions for the gas turbine segment.

Within Consumer Discretionary, Prosus NV and MercadoLibre, Inc. were the strongest outperformers. Prosus, a leading global consumer internet group, announced two deals during the quarter to bolster its global services e-commerce operations, Despegar, a leading online travel agency in Latin America, and Just Eat Takeaway, a major food delivery platform in Europe. New CEO Fabricio Bloisi's growth strategy is coming into clearer focus as it aims to concentrate on food delivery and leverage its ecosystem in Europe and Brazil. Meanwhile, the key value driver for Prosus continues to be its investment portfolio, and performance for the quarter was propelled by Tencent in China, which reported very strong core operations and elaborated on its AI strategy. AI enthusiasm has grown dramatically since the launch of DeepSeek, a Chinese AI competitor to ChatGPT and other large language models ("LLMs") that claimed to operate at significantly lower cost. With this disruption to the LLM market, many companies now believe leading-edge AI applications are within reach. Tencent's increased investments will drive productivity in software development and content creation, infuse AI into its considerable portfolio of consumer-facing applications, and capitalize on a broad jump in demand from enterprise customers with new capabilities like customer service chatbots.

MercadoLibre exhibited strong performance in the first quarter after reporting solid fourth quarter results, led by a substantial operating profit beat as the company demonstrated leverage throughout the business. The company offered a balanced framework for credit issuance in the quarter, combining a strong growth outlook with disciplined risk management, demonstrating prudent caution in lending to riskier cohorts via restricting card issuance in certain profiles and tightening payback periods. Advertising remains a key upside option for MercadoLibre with revenue dollars as a percentage of GMV growing to 2.1% but remaining well below international peers.

The top sector detractors from relative performance during the quarter were Health Care and Information Technology. Within Health Care, UCB S.A. and Novo Nordisk A/S were the top underperformers. Shares in UCB, a leading biopharmaceutical company based in Belgium, consolidated during the first quarter after a strong 2024. Despite this, the launch of Bimzelx, an immunology drug for the condition hidradenitis suppurativa ("HS") and plaque psoriasis, has been a positive for the company. Experts indicate that Bimzelx is likely the best option for HS patients, and it has taken market share from other drugs addressing plaque psoriasis. We expect this, along with other drugs in their pipeline, to drive growth in 2025.

Novo Nordisk, a leading player in diabetes and obesity drugs, struggled during the quarter as the FDA determined that the shortage of semaglutide products, including Novo's Wegovy, has been resolved due to an increase in supply. Since the end of the shortage, scripts for the drug have yet to show a meaningful uptick. Additionally, trials for the obesity and type 2 diabetes drug CagriSema did not live up to market expectations for weight loss. While below expectations, this trial did achieve parity with Novo's key competing drug, Eli Lilly's Zepbound, and 40% of trial participants achieved the 25% weight loss goal. Novo has additional trials and drug combinations coming in 2025, which could prove to be positive catalysts for the stock.

Among Information Technology holdings, Taiwan Semiconductor Mfg. Co., Ltd. ("TSMC") and ASML Holding N.V. were the largest drivers of underperformance. TSMC posted very strong results and a bullish outlook for 2025 to start the year, supporting the strength in the stock and the fundamental growth outlook for the business. However, shares of TSMC have been under pressure as new concerns have emerged in the AI semis landscape. These began with the release of the DeepSeek R1 model, but concerns have escalated since, primarily due to the risk of macro uncertainty causing reduced corporate spending. The share price correction has been entirely related to multiple contraction, as there has been no true adjustment to TSMC's earnings expectations. Given TSMC already trades at a discount to broader semis, despite its monopolistic position in leading edge foundry, we believe much of the recent selloff creates an attractive dislocation in the valuation.

Like TSMC, ASML has been pressured by the deteriorating outlook for the semiconductor industry, particularly as the sentiment for AI infrastructure worsened throughout the quarter. Persistent challenges for key advanced foundry/logic customers like Intel and Samsung continue to weigh on ASML's outlook, as their challenges could lead to reduced procurement and further concentration of the ASML customer base to TSMC and the leading DRAM suppliers. Semiconductor capital equipment is not directly correlated to the AI cycle, but deteriorating sentiment for AI infrastructure spend has contributed to a negative outlook on advanced logic wafers, though we believe this sentiment is an overreaction. ASML has mostly de-risked the high relative exposure to China in its guidance, but risks of tool stockpiling in the country have also contributed to worsening sentiment on the company. Despite the weakness, ASML stands alone as a true monopoly in leading edge lithography equipment, and demand for fabs, which directly correlates to higher semiconductor equipment spending, should increase in the years ahead as we geographically diversify semiconductor manufacturing.

From a regional standpoint, Japan was the portfolio's strongest contributor, with Mitsubishi Heavy being the best performer within the region. Europe was the largest detractor, with UCB as the largest driver of underperformance.

The top individual contributors to relative performance during the quarter were Rheinmetall, Deutsche Telekom AG, and Standard Chartered PLC. Deutsche Telekom delivered strong results in the face of tough macro conditions in Europe, on the back of outperformance from T-Mobile US, which accounts for over half of Deutsche Telekom's revenue and two thirds of its profits. German results were resilient despite increased competitive intensity, and profits were in-line before accounting for increased healthcare costs and government spending deferred until after their election. Record dividends were declared for 2024, representing 17% growth, and we expect continued strong growth this year augmented by share buybacks.

Standard Chartered reported strong results during their earnings call for the 4th quarter and full year 2024, as Asian business picked up market share and strong business momentum continued in their wealth business. In addition, the bank surprised the market with a higher shareholder return metrics from both buybacks and dividends. Lastly, the bank raised the amount of buybacks they expected to achieve in the future.

The top individual detractors from relative performance were Taiwan Semiconductor, UCB, and Prysmian S.p.A. Prysmian underperformed after the company reported a slight miss in Q4 and provided 2025 guidance with mixed implications. Regarding the 2025 guidance, the headline EBITDA was relatively in-line, but higher margins in the high voltage segment were offset by weaker margins in the medium and low voltage segments. This sparked some fears over an ongoing normalization in pricing, after an extended period of pricing power post-COVID. The company's Investor Day in March did little to change the narrative, and the delay of a potential US listing was taken negatively. Lastly, there was some rotation effect as investors flocked to European defense and financials on the back of the German fiscal and defense packages.

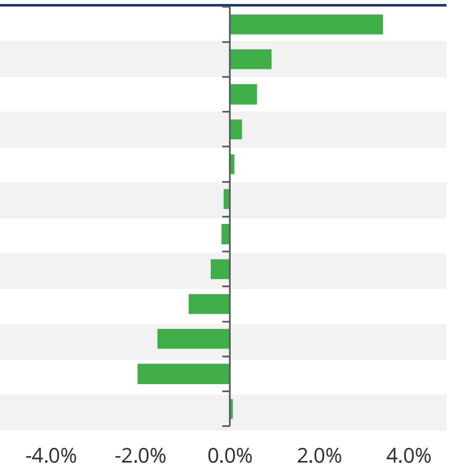
During the quarter, we initiated one new position in Germany's largest semiconductor manufacturer, Infineon Technologies AG. Infineon is the global leader in auto semiconductors, benefiting from a diverse portfolio of power semis and embedded controllers and participating in the key secular trends of electrification and advanced driver assistance systems (ADAS). We believe it is an attractive point in the cycle to initiate a position, as inventories in both the end market and in the semiconductor supply chain peak and enter inventory depletion. Typically, semiconductor stocks price the inflection in inventories and subsequent return to growth ~2 quarters in advance, and we have conviction in management forecasts that they expect the inventory peak to be behind us. Additionally, Infineon boasts a portfolio that participates well in the EV market in China, which has proven to be the highest growth channel in global autos. Outside of autos, Infineon should participate in a cyclical recovery in broad industrial semiconductor demand, with a strong idiosyncratic driver in increased adoption for its power semis portfolio of products in AI data centers.

We liquidated two positions during the quarter, Grifols, S.A. and TechnipFMC plc. We liquidated our position in Grifols due to concern around their debt position, as higher rates for longer may hinder their short-term growth. Additionally, this liquidation came as part of a decision to lower healthcare exposure in the portfolio more broadly, as healthcare spending has recently come under increased scrutiny as an area where governments can reduce costs.

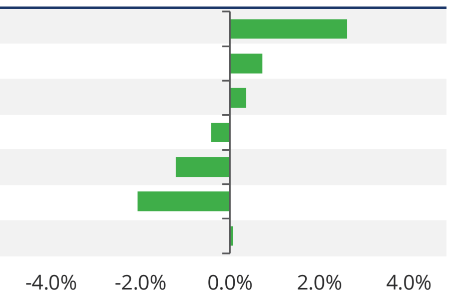
TechnipFMC was liquidated due to concerns around oil prices, which we view as vulnerable given a weakening economy and the desire by the Trump administration to lower energy costs. A lower oil price would imply a peaking of capex, which we have already seen early signs of, and we used a period of relative strength as an opportunity to exit the position.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Industrials	27.1	17.8	20.0	6.9	
Cons. Discretionary	17.5	11.0	7.3	-0.7	
Comm. Services	5.1	4.9	23.6	10.9	
Materials	0.0	6.0	0.0	2.2	
Real Estate	0.0	1.9	0.0	1.3	
Consumer Staples	0.0	7.9	0.0	8.4	
Utilities	0.0	3.1	0.0	12.5	
Energy	1.5	3.5	-3.6	15.2	
Financials	15.6	22.6	13.2	15.2	
Info. Technology	12.0	8.7	-11.0	-2.8	
Health Care	18.7	12.5	-6.1	2.7	
Cash	2.5	0.0	1.1	0.0	



Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Japan	15.4	22.3	14.4	0.3	
Pacific ex Japan	0.0	10.9	0.0	0.3	
United Kingdom	11.2	14.9	13.9	9.7	
North America	2.1	0.0	-12.8	0.0	
Emerging Markets	13.5	0.0	-2.0	0.0	
Europe	55.2	52.0	6.4	10.5	
Cash	2.5	0.0	1.1	0.0	



Contributors & Detractors

First Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Rheinmetall AG	4.19	3.20
Deutsche Telekom AG	5.11	0.69
Standard Chartered PLC	5.37	0.69
Largest Detractors		
Taiwan Semiconductor Mfg. Co., Ltd.	5.49	-1.33
UCB S.A.	5.14	-1.01
Prysmian S.p.A.	4.58	-1.00

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Rheinmetall AG	4.03	3.72
Mitsubishi Heavy Industries, Ltd.	4.58	3.35
Standard Chartered PLC	3.89	2.49
Largest Detractors		
LVMH	3.91	-1.43
Novo Nordisk A/S	4.32	-1.31
ASML Holding N.V.	3.90	-1.17

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Infineon Technologies AG	Grifols, S.A.
	TechnipFMC plc

Data for the quarter ending March 31, 2025. 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 International 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.

Market Outlook

At the start of the year, we expected a volatile and uncertain environment. Three months later, we are still far from seeing the dust settle. In fact, there is substantially more dust.

As demonstrated by the extent of the "Liberation Day" announcement, the Trump administration has been significantly more aggressive than expected, and arguably more chaotic in promoting its trade and fiscal agenda. The sweeping tariffs unveiled on April 2nd on dozens of countries worldwide, and virtually all imports into the US, will provoke retaliation, renegotiation, and, in some cases, capitulation, from trading partners. Markets like Japan, which previously appeared to have avoided US rhetoric on trade imbalances, still caught the brunt of the tariffs and subsequent sell-off.

On top of already slowing global growth, tariffs will have a negative impact on GDP that a stabilizing domestic economy in China and looser fiscal constraints in Europe will only partially soften. Consumer confidence will take a further hit, businesses will need time to adjust, and markets will continue to struggle to digest the implications for earnings and valuations. In a period of unprecedented trade turbulence, our focus on company quality, fundamentals, visibility into earnings, and long-term growth characteristics is absolutely essential.

White House policies targeting international markets are already having an impact at home. There is a strong possibility that first quarter US GDP readings will be negative, and, within that, a high trade deficit, as companies placed orders with international suppliers ahead of expected tariffs. Even stripping out trade uncertainty, there are strong headwinds in the US: high interest rates that are unlikely to fall quickly; the demographic challenge of an ageing population; and a tight labor market, exacerbated by immigration policy and new inflationary pressures stoked by tariffs. On the plus side, there is stable tax regime and higher long-term growth prospects than in most developed economies. The timing and extent of expected tax cuts remains uncertain and will be subject to intense negotiation. Similarly, the path of deregulation is unknown but expected at some point. However, those measures should not require Congressional approval, so the effect, when it comes, should be immediate.

Despite the considerable noise, secular themes continue to hold. The ageing population will mean ever-increasing demand for healthcare and financial services, and labor market constraints fuel the need for productivity growth, feeding innovation brought about by AI. That said, we are wary about near-term policies on healthcare and pricing. Like prior administrations, the US government is focused on driving down costs, which will lower profits in the sector, while tariffs will have an impact on the margins of international pharmaceuticals.

Beyond trade, the White House's push to negotiate an end to the war in Ukraine, as well as its stances on Gaza and Greenland, have kick-started a response in Europe. Reforms to Germany's debt brake will enable significantly higher investment in defense and infrastructure and could result in a meaningful boost to GDP growth. That should have some spillover effects across Europe, and, coupled with EU and other countries' stimulus measures, could have broader implications for investment and growth. The European Central Bank is likely to continue to reduce interest rates as its focus shifts from managing inflation to cushioning growth, particularly in light of negative tariff impacts.

Within this volatile environment, we are finding attractive growth opportunities. Industrials continue to perform strongly and are well-positioned especially in defense and aerospace. There is also growth potential in well-selected European financials, including banks and businesses focused on wealth management, despite very good year-to-date performance recent pullbacks have made valuations more compelling.

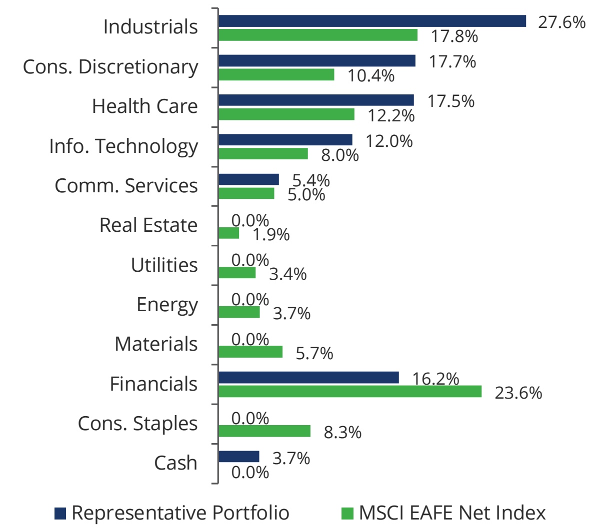
China is perhaps the most obvious target of US tariffs. We have been here before and expect China to retaliate, as they have promised to do. Yet, looking past the trade uncertainty, there has been a clear shift within the country's leadership back towards driving growth and more conspicuous consumption. There are signs of improvement in real estate markets as well, particularly in Tier 1 cities, along with a warmer tone towards big businesses and entrepreneurs. Despite some controversy around the development of DeepSeek's AI tool, its release demonstrates the intense focus, rapid advances, and high potential in Chinese technology. Stock prices have moved up, and although tariffs create a high degree of uncertainty, there may be opportunities leveraged to domestic growth, as well as international companies that can benefit from recovering consumption.

Other major emerging markets have similar domestic growth agendas. India's economy has slowed, but measures in the recent budget aim to benefit the country's growing middle class. We see continued potential for our financials holdings, particularly given India's favorable demographics and its long runway for growth. Despite some correction in stock prices, valuations remain full. On the plus side, fundamentals are attractive, and government policy is supportive.

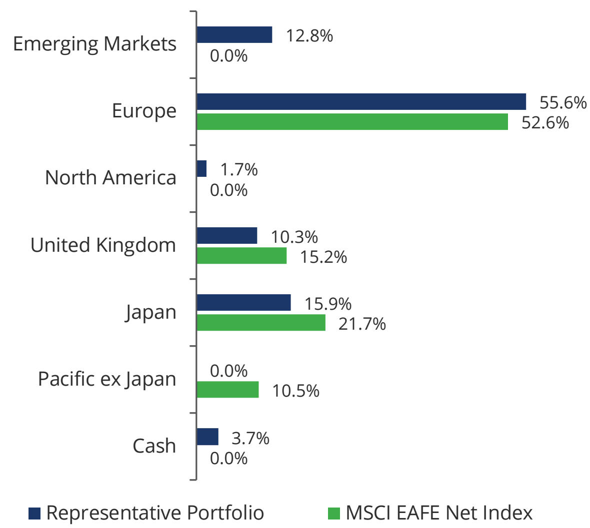
Just days after some of the most aggressive measures on international trade we have ever seen in more than a century, there is a huge amount of uncertainty for businesses, and a lack of near-term visibility. We are constantly assessing our portfolio for risks but see resiliency in our portfolio in most economic scenarios. Market dislocation is already presenting opportunities which we are evaluating, and we expect volatility to open up additional attractive entry points to international companies that have the long-term growth prospects that we seek. US exceptionalism is not necessarily over, but recent market movements have shone a spotlight back onto international equities and the benefits of international diversification, which gives investors the ability to own world class companies domiciled outside the US.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI EAFE Net Index	
	1Q 2025	5 Year Average	1Q 2025	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	132.2	118.9	91.0	82.8
Median Market Cap ($B)	59.3	48.4	16.0	13.2
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	16.6	19.5	8.6	9.7
Revenue Growth: 3 to 5 year forecast (%)[1]	9.9	10.9	6.1	4.8
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	18.6	25.3	17.1	18.5
P/E Ratio: 12 Months - trailing[1]	20.6	31.3	19.0	20.8
PEG Ratio: forward[2]	1.1	1.3	2.0	1.9
Dividend Yield (%)[3]	1.4	0.9	3.0	2.9
Price/Book[4]	2.7	4.0	1.9	1.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	14.4	14.4	13.9	13.9
Return on Invested Capital: 5 Year (%) - trailing[1]	9.2	9.9	8.8	9.5
Long-Term Debt / Equity (%)[1]	70.7	57.7	73.7	71.2
Other				
Number of Positions	24	26	694	806
Beta: 3 year portfolio[5]	1.0	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	8.7	--	--	--

[1]Interquartile weighted mean, [2]PEG Ratio is calculated as “P/E Ratio: 12 Months - forward” divided by “EPS Growth: 3 to 5 year forecast”, [3]Weighted mean, [4]Weighted harmonic mean, [5]MPT beta (daily). Data as of March 31, 2025. **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 International 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 International 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	Initiation Date
Communication Services				
Deutsche Telekom AG	Germany	5.4	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
LVMH	France	4.2	Textiles, Apparel & Luxury Goods	Jul. 2022
MercadoLibre, Inc.	Brazil	2.6	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	5.7	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	5.1	Automobiles	Nov. 2023
Financials				
Dai-ichi Life Holdings, Inc.	Japan	5.3	Insurance	Sep. 2023
HDFC Bank Ltd.	India	2.7	Banks	Dec. 2023
ICICI Bank Ltd.	India	2.8	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	5.3	Banks	Aug. 2023
Health Care				
AstraZeneca plc	United Kingdom	4.9	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	1.3	Biotechnology	May 2020
Novo Nordisk A/S	Denmark	2.3	Pharmaceuticals	Dec. 2023
Sandoz Group Ltd.	Switzerland	4.3	Pharmaceuticals	Nov. 2024
UCB S.A.	Belgium	4.6	Pharmaceuticals	Apr. 2024
Industrials				
Airbus SE	France	5.5	Aerospace & Defense	Jan. 2019
Mitsubishi Heavy Industries, Ltd.	Japan	5.5	Machinery	Apr. 2024
Nexans SA	France	2.1	Electrical Equipment	Aug. 2024
Prysmian S.p.A.	Italy	3.8	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	5.0	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.7	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	4.4	Semiconductors & Semiconductor Equipment	Jun. 2003
Atlassian Corp.	United States	1.7	Software	Jun. 2020
Infineon Technologies AG	Germany	1.2	Semiconductors & Semiconductor Equipment	Mar. 2025
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	4.6	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		3.7		

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