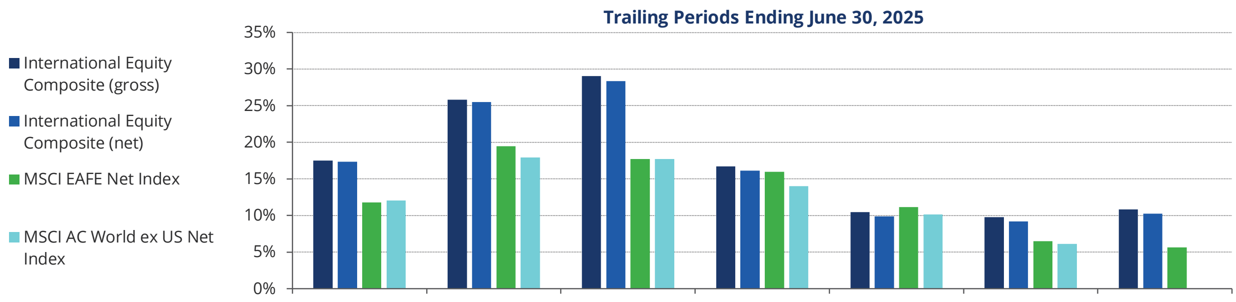
Hardman Johnston International Equity

2025 Second Quarter Report

Hardman Johnston Global Advisors

Performance



	2Q 2025	YTD	1 Year	3 Years	5 Years	10 Years	Inception
International Equity Composite (gross)	17.52	25.82	29.04	16.73	10.46	9.79	10.83
International Equity Composite (net)	17.36	25.49	28.37	16.10	9.86	9.17	10.23
MSCI EAFE Net Index	11.78	19.45	17.73	15.95	11.15	6.50	5.66
MSCI AC World ex US Net Index	12.03	17.90	17.72	13.98	10.12	6.12	N/A

Performance is through June 30, 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

- The portfolio performed strongly during the second quarter due to positive stock selection
- Industrials and Information Technology were the top sector contributors, while Communication Services and Financials were the top detractors
- Europe was the top contributing region, while the United Kingdom 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

In yet another volatile period for equity markets, positive stock selection drove performance, resulting in the portfolio handily outperforming its benchmark indices. During the quarter, the Hardman Johnston International Equity Composite returned 17.36%, net of fees, compared to 11.78% for the MSCI EAFE Net Index and 12.03% for the MSCI AC World ex US Net Index.

From a sector standpoint, the main drivers of the portfolio's outperformance during the second quarter were Industrials and Information Technology. Within Industrials, Rheinmetall AG and Mitsubishi Heavy Industries, Ltd. ("MHI") were the largest contributors to outperformance. Shares in Rheinmetall outperformed as the company pre-released a positive set of Q1 results during the quarter, highlighting both top-line growth and margin expansion that were above expectations. Meanwhile, order flow remained robust as Europe looks to rearm. While there are concerns about the politics of European defense spending, we believe that there is further upside to spending targets and that European defense contractors will continue to increase market share, given worsening relations with the US. The company is already known as the global leader in ammunition, but recent initiatives highlight other growth avenues including a land systems joint venture with Leonardo SpA, F-35 joint venture with Lockheed Martin, and air defense system development.

Shares in Mitsubishi Heavy outperformed during the quarter despite posting a worse-than-expected quarterly result and conservative guidance. Instead, the market focused on the outlook for MHI's key growth drivers which remain intact. MHI is Japan's largest defense contractor, and Japan has already boosted its defense spending during the current 5-year plan. Notably, there is continued international pressure to increase its defense budget above 2% in the next 5-year plan, similar to NATO. In MHI's gas turbine segment, trends continue to be favorable, with strong pricing power amid burgeoning demand. Additionally, although Japan is already restarting its nuclear fleet post-Fukushima, there is increasing discussion about building new nuclear plants to help address energy and climate-related concerns.

Within Information Technology, Taiwan Semiconductor Mfg. Co., Ltd. ("TSMC") and Infineon Technologies AG were the strongest outperformers. Taiwan Semiconductor's dominance in leading edge semiconductor manufacturing continues to expand, as shortfalls at Samsung and Intel in the quarter reinforced a current state of monopoly, driving multiple expansion in the back half of the quarter. Beyond its widening lead vs. competition, TSMC posted incredibly robust monthly sales results in April and May, to levels that all but guarantee a 2Q sales beat and upward revisions on earnings expectations. Strong results are primarily related to unmitigated demand for AI accelerators, where TSMC is effectively the sole foundry supplier at this time. The multiple on TSMC stock should also continue to benefit from its accelerated expansion of manufacturing in the United States, which geographically diversifies a growing portion of its leading-edge manufacturing capacity.

Infineon Technologies has performed well since its initiation at the end of the first quarter, as FY2Q results and the company's full year outlook reinforced that the cyclical trough in auto semis has passed and that we are nearing a recovery in the industrial semis complex. Infineon continues to gain share across the entire auto semis landscape, officially reporting 13.5% market share, which makes it the global leader in the industry.

The top sector detractors from relative performance during the quarter were Communication Services and Financials. Within Communication Services, Deutsche Telekom AG was the main driver of underperformance. While financial results for Deutsche Telkom were solid, T-Mobile stock (of which Deutsche Telekom owns 51%) was weaker, as they reported subscriber adds short of expectations. However, Deutsche Telekom management was upbeat and raised 2025 guidance, and we expect continued growth in shareholder returns going forward.

Among Financials holdings, Dai-ichi Life Holdings, Inc. and ICICI Bank Ltd. were the largest drivers of underperformance. Dai-ichi Life struggled in the wake of Liberation Day. Given potential headwinds to growth and inflation, conditions for faster Bank of Japan rate hikes were reduced, delaying a key catalyst for the company. In recent conversations with management, we also detected a shift towards deploying capital towards M&A, where earnings and stock returns could be longer dated. Given these factors, we decided to exit our position and rotate capital to more attractive stocks.

ICICI Bank was up nearly 7% during the quarter, but underperformed the EAFE benchmark, causing the stock to detract from results. Net Interest Margin compression in the last 6 months led to modest Net Interest Income pullback as economic growth slowed slightly over this timeframe. The Royal Bank of India began stimulating late in the quarter, in the form of cutting the cash reserve ratio, which should unlock significant liquidity in the market. Given that, the expectation is for better loan growth, on stronger economic activity, in the back half of the calendar year.

From a regional standpoint, Europe was the portfolio's strongest contributor, and Rheinmetall AG was the best performer within the region. The United Kingdom was the largest detractor, with AstraZeneca plc as the largest driver of underperformance. AstraZeneca posted solid results, but concerns remain around both most favored nation (MFN) drug pricing impact and fear of cuts to Medicare and Medicaid in the US. We see significant catalysts for growth in the second half of 2025, as AstraZeneca expects results from phase three trials for hypertension and non-small cell lung cancer drugs.

The top individual contributors to relative performance during the quarter were Rheinmetall, Mitsubishi Heavy, and Taiwan Semiconductor. The top individual detractors from relative performance were Dai-ichi Life, LVMH, and Suzuki Motor Corp. While LVMH remains the marquee luxury name, 2Q performance was impacted by ongoing news flow regarding trade war and tariff announcements, as well as ongoing data showing weak demand from Chinese consumers, who account for approximately 25%-30% of luxury sales.

Suzuki Motor Corp. announced an earnings beat during the quarter, but issued overly conservative guidance for the next year. This guidance included headwinds assumptions from macro uncertainties, a stronger yen, cost inflation and increased R&D spending. While we do see headwinds, we believe management has once again been too conservative in its guidance. Additionally, recent April and May Indian sales data stayed mixed as consumer discretionary demand is still being impacted as India emerges from a mid-cycle slowdown. However, Indian GDP recently surprised positively and along with faster rate cuts in India, we remain optimistic on the longer-term prospects for the Indian macroeconomic picture and the company.

During the quarter, we initiated three new positions in Commerzbank AG, Leonardo SpA, and Hitachi Ltd. Commerzbank is a leading German bank with a strong presence in retail banking, corporate finance, and international trade services. After years of restructuring and underperformance, the bank is undergoing a strategic transformation with a renewed focus on profitability, digitalization, and efficiency. Supported by a robust recovery in the German economy and export sector, Commerzbank benefits from a resilient customer base and significant exposure to interest rate-sensitive assets. With improving earnings, cost discipline, and enhanced capital returns, the bank presents an attractive turnaround opportunity, especially as Germany begins to benefit from the relaxation of the fiscal debt brake and European monetary policy continues to normalize.

We also initiated a position in Leonardo, Italy's national defense champion formed after decades of consolidation. Italy has lagged in terms of defense spending and should see an increase in spending after the recent 5% GDP target was confirmed at the June 2025 NATO Summit. While Italy accounts for 20% of sales, the company is still well-exposed to NATO's structural increase in defense spend, given Leonardo's diversified defense exposure. The company also has stock-specific drivers given its historical complexity, and the new CEO is focused on simplifying and fixing certain segments including the aerostructures business.

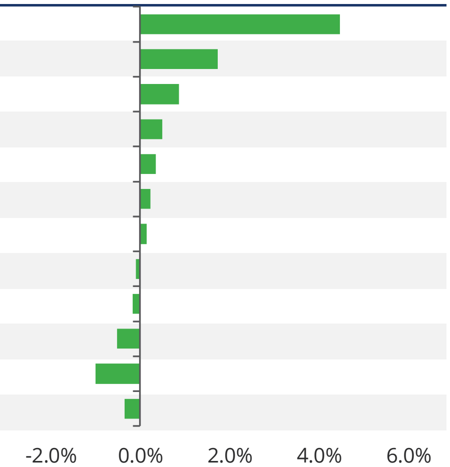
Finally, we initiated a position in Hitachi Ltd., one of Japan's largest industrial groups, which has been streamlining its vast portfolio of businesses to focus on the highest return segments. Its energy segment is the largest grid equipment player globally and is benefiting from the energy transition and replacement demand from an aging infrastructure. The company is also one of Japan's leading nuclear players, benefiting from a restart of its nuclear fleet. A common thread among Hitachi's core businesses is the company's software and AI strategy, called Lumada, where margins and growth are higher. Currently, it accounts for 30% of sales and mid-teen margins, but longer-term targets are 50% with margins in the high teens.

We liquidated three positions during the quarter, Dai-ichi Life, Prysmian SpA, and Genmab AS. We exited our position in Prysmian as we viewed increasing earnings risk from the tariff situation and high US exposure. Furthermore, the business has become more financially geared after two significant acquisitions in the past year.

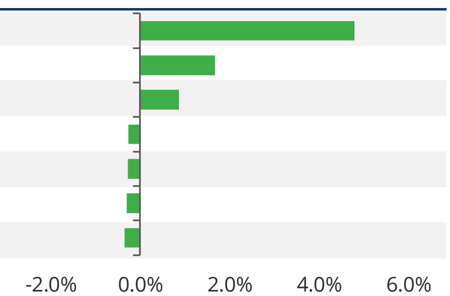
Additionally, we liquidated our position in Genmab AS during the second quarter. This was part of a plan to broadly lower healthcare exposure to rotate capital to more attractive opportunities elsewhere in the portfolio. There is a mismatch between the timing of catalysts for the stock and current market conditions that does not favor long-term healthcare stories.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Industrials	29.9	18.3	31.3	17.8	
Info. Technology	15.0	8.2	26.1	19.0	
Health Care	16.5	11.7	11.0	2.9	
Energy	0.0	3.3	0.0	-1.6	
Consumer Staples	0.0	8.4	0.0	7.7	
Materials	0.0	5.7	0.0	8.0	
Cons. Discretionary	16.0	10.2	8.9	5.5	
Real Estate	0.0	1.9	0.0	16.8	
Utilities	0.0	3.5	0.0	16.7	
Financials	15.5	23.5	11.7	13.7	
Comm. Services	5.1	5.2	1.1	20.5	
Cash	2.0	0.0	2.2	0.0	



Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Europe	59.2	52.8	20.3	12.3	
Emerging Markets	13.4	0.0	24.7	0.0	
Japan	14.3	21.7	17.9	11.4	
Pacific ex Japan	0.0	10.6	0.0	14.2	
North America	1.6	0.0	-4.3	0.0	
United Kingdom	9.5	14.9	4.3	8.7	
Cash	2.0	0.0	2.2	0.0	



Contributors & Detractors

Second Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Rheinmetall AG	5.50	1.69
Mitsubishi Heavy Industries, Ltd.	5.16	1.56
Taiwan Semiconductor Mfg. Co., Ltd.	4.83	1.16
Largest Detractors		
Dai-ichi Life Holdings, Inc.	0.77	-0.74
LVMH	2.96	-0.68
Suzuki Motor Corp.	4.76	-0.60

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Rheinmetall AG	4.13	6.27
Mitsubishi Heavy Industries, Ltd.	5.36	4.31
Standard Chartered PLC	4.58	2.54
Largest Detractors		
Novo Nordisk A/S	3.57	-2.12
LVMH	3.56	-1.78
AstraZeneca plc	4.68	-1.17

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Commerzbank AG	Dai-ichi Life Holdings, Inc.
Leonardo SpA	Prysmian SpA
Hitachi, Ltd.	Genmab AS

Data for the quarter ending June 30, 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

Global growth is decelerating, tariff-related uncertainties create a higher barrier to international trade, and geopolitical risks are as omnipresent and unpredictable as ever. The result is near-term disruption and almost deafening noise. However, that can also present more opportunity for long-term investors. When you focus on bottom-up fundamentals, you can find companies that are less corelated to the broader market volatility, have become attractively priced due to the uncertain environment, and are positioned to benefit from long-term secular trends.

One of the most compelling opportunities is in defense, which leads us to a pool of well-positioned companies in the industrials sector in both Europe and Japan. Geopolitical uncertainty is arguably good for the industry. Many stocks we hold have been on an upward path since Russia's invasion of Ukraine in 2022. Performance has accelerated this year as European nations have come to realize that US military support is not a given, particularly under a Trump administration, and are increasingly taking security upon themselves.

The agreement of NATO countries to invest 5% of GDP in defense, including defense-related infrastructure, by 2035 represents a step change in spending levels. Like the prior target of 2%, it may or may not be reached by national governments. However, it does signal a recognition of a more geopolitically fragile world and a long-term commitment that will outlive the tenure of the current US administration, as well as those of European governments. There is also a likely market share shift as European contractors pick up sales from US peers. Investment in protecting borders is becoming increasingly synonymous with developing European industrial and technological sovereignty.

Defense is not solely a European theme. Against an increasingly muscular China, Japan is also upping its spending targets, while South Korea is facing pressure from the US administration to increase its budget to protect against the threat from North Korea.

Valuations in the segment have strengthened and significant growth is already priced in. This gives us pause for thought, and we have trimmed some positions a number of times to keep them in check. Yet the outlook remains very positive for these companies, with EPS growth forecasts comfortably above our thresholds.

More broadly, we think there is scope for further re-rating across the sector. ESG funds have had a rethink about their position on defense in Europe, increasingly distinguishing between the manufacture of weapons of mass destruction and investment that protects a country's sovereignty. However, many investors have yet to reallocate capital. That means there is still a potential wall of money that could flow into European contractors, as well as businesses that make a significant, and growing, portion of their revenues from defense. In a reversal of that old sporting adage, the best offense is a good defense.

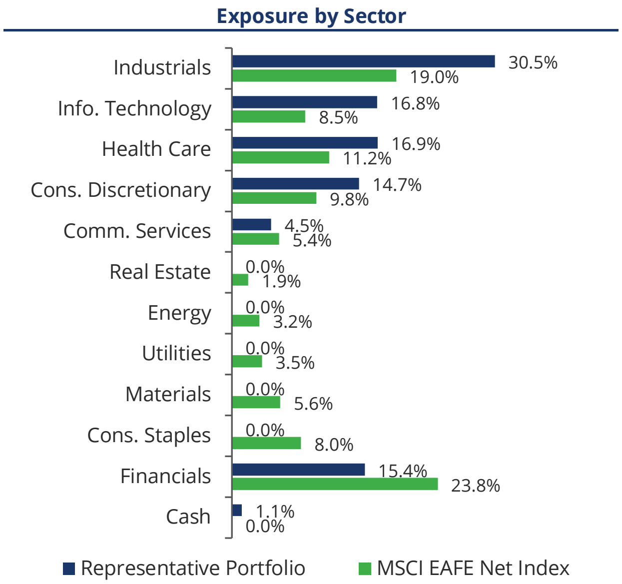
Strong secular themes cannot overcome all challenges. In the US, the defense budget is expected to reach a record $1 trillion in 2025, yet the sector has not escaped the swing of the DOGE ax, which has contributed to weakness in stocks.

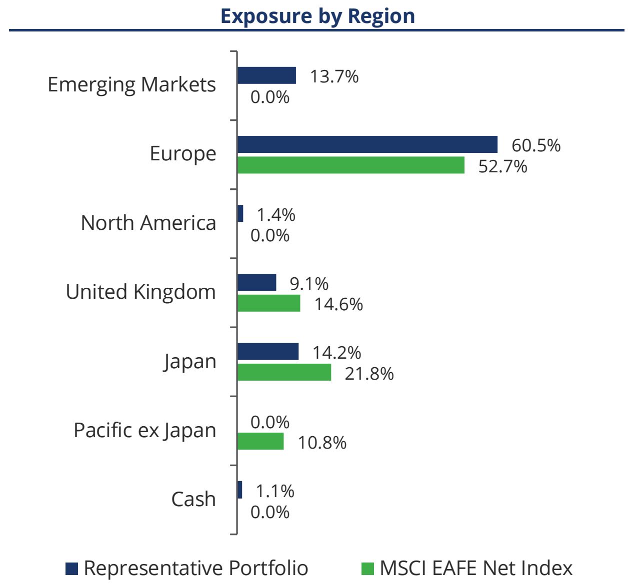
It’s a similar tale in healthcare. While an aging US population should be a tailwind for demand, the executive order imposing “most-favored nation” pricing status on prescription drugs and potential tariffs adds to the sector’s headwinds, as do over $1 trillion of cuts to Medicaid over the next decade as part of the “Big, Beautiful, Bill”. The sector is likely to continue to struggle.

Stories tied to the energy transition can be complex. The shift in ESG policy in the US has impacted sales and performance of companies in the electric vehicle value chain. However, EVs typically require at least two to three times more semiconductors than vehicles with internal combustion engines, which means long-term demand for companies with the right products, a defensible market position, and a strong capital structure. There is no substitute for a laser-like focus on company fundamentals.

Many companies in our portfolio and more broadly would benefit from lower inflation and lower interest rates, a growthier economic outlook, and a more settled geopolitical backdrop, but we don’t need those conditions to be favorable for our holdings to deliver. We see resiliency and earnings growth across our portfolio in most economic scenarios, and new opportunities in market dislocation. Add in a reweighting towards Europe and emerging markets by pension funds and other large institutions seeking to take advantage of cheaper valuations, and we believe it’s a good time to be a growth investor in international stocks.

Exposures & Characteristics





	Representative Portfolio		MSCI EAFE Net Index	
	2Q 2025	5 Year Average	2Q 2025	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	155.6	120.6	95.9	83.8
Median Market Cap ($B)	106.1	51.6	18.1	13.6
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	14.8	19.4	7.8	9.7
Revenue Growth: 3 to 5 year forecast (%)[1]	11.8	11.2	7.0	5.0
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	21.7	24.9	18.3	18.2
P/E Ratio: 12 Months - trailing[1]	24.2	30.6	19.9	20.6
PEG Ratio: forward[2]	1.5	1.3	2.3	1.9
Dividend Yield (%)[3]	1.4	1.0	2.9	2.9
Price/Book[4]	2.8	3.9	1.9	1.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	13.9	14.4	13.8	14.0
Return on Invested Capital: 5 Year (%) - trailing[1]	8.9	9.8	8.8	9.4
Long-Term Debt / Equity (%)[1]	64.3	58.2	75.7	71.2
Other				
Number of Positions	24	26	695	796
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 June 30, 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	4.5	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
LVMH	France	2.1	Textiles, Apparel & Luxury Goods	Jul. 2022
MercadoLibre, Inc.	Brazil	3.0	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	5.4	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	4.3	Automobiles	Nov. 2023
Financials				
Commerzbank AG	Germany	5.0	Banks	Apr. 2025
HDFC Bank Ltd.	India	2.4	Banks	Dec. 2023
ICICI Bank Ltd.	India	2.9	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	5.1	Banks	Aug. 2023
Health Care				
AstraZeneca plc	United Kingdom	4.0	Pharmaceuticals	Oct. 2017
Novo Nordisk A/S	Denmark	2.8	Pharmaceuticals	Dec. 2023
Sandoz Group Ltd.	Switzerland	5.2	Pharmaceuticals	Nov. 2024
UCB S.A.	Belgium	4.9	Pharmaceuticals	Apr. 2024
Industrials				
Airbus SE	France	5.4	Aerospace & Defense	Jan. 2019
Hitachi, Ltd.	Japan	5.0	Industrial Conglomerates	Apr. 2025
Leonardo SpA	Italy	2.3	Aerospace & Defense	Apr. 2025
Mitsubishi Heavy Industries, Ltd.	Japan	5.0	Machinery	Apr. 2024
Nexans SA	France	2.5	Electrical Equipment	Aug. 2024
Rheinmetall AG	Germany	4.8	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.5	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	4.5	Semiconductors & Semiconductor Equipment	Jun. 2003
Atlassian Corp.	United States	1.4	Software	Jun. 2020
Infineon Technologies AG	Germany	5.5	Semiconductors & Semiconductor Equipment	Mar. 2025
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	5.4	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		1.1		

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