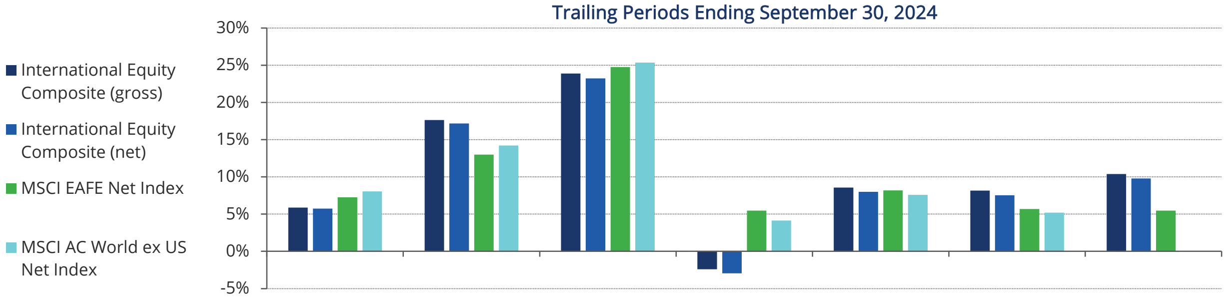
Hardman Johnston International Equity

2024 Third Quarter Report

Hardman Johnston Global Advisors

Performance



	3Q 2024	YTD	1 Year	3 Years	5 Years	10 Years	Inception
International Equity Composite (gross)	5.88	17.64	23.89	-2.41	8.58	8.16	10.40
International Equity Composite (net)	5.74	17.17	23.23	-2.95	7.99	7.54	9.80
MSCI EAFE Net Index	7.26	12.99	24.77	5.48	8.19	5.70	5.48
MSCI AC World ex US Net Index	8.06	14.21	25.35	4.13	7.58	5.21	N/A

Performance is through September 30, 2024. 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

- Volatility, particularly late in the quarter, caused the portfolio to underperform in the third quarter
- Industrials and Consumer Discretionary were the top sector contributors, while Information Technology and Financials were the top detractors
- Japan was the top contributing region, while Pacific ex Japan was the top detractor
- The Hardman Johnston International Equity Strategy underperformed both the MSCI EAFE Net Index and the MSCI AC World ex US Net Index during the quarter

Portfolio Commentary

After a strong first half of the year, the third quarter saw the portfolio modestly lag its benchmark indices. Volatility, particularly towards the end of the quarter, weighed on performance. The Hardman Johnston International Equity Composite returned 5.74%, net of fees, compared to 7.26% for the MSCI EAFE Net Index and 8.06% for the MSCI AC World ex US Net Index during the quarter.

The main drivers of outperformance from a sector standpoint were Industrials and Consumer Discretionary. Within Industrials, Mitsubishi Heavy Industries, Ltd. and Prysmian S.p.A. were the largest contributors to outperformance. Shares in Mitsubishi Heavy outperformed during the quarter after announcing a significant earnings beat. The company is experiencing tailwinds across several segments including its Defense and Energy businesses. In Defense, the Japanese government is significantly expanding its defense budget to counter national security threats. Meanwhile, in Energy, the company is benefitting from both a nuclear renaissance and increased demand for its gas turbines.

Shares in Prysmian have outperformed due to ongoing investor enthusiasm for beneficiaries of the energy transition and electrification. As the global leader in high-voltage cables, Prysmian is experiencing secular growth from the proliferation of renewable energy and grid fortification, which are high-margin end-markets. Furthermore, the company should continue to experience a pricing tailwind, as the supply-demand situation remains tight across most of its product portfolio. Lastly, investors looked favorably upon the company's recent acquisition of Encore Wire, which strategically bolsters Prysmian's position in the high-margin low-voltage market in the US.

Within Consumer Discretionary, MercadoLibre, Inc. and Prosus NV were the strongest outperformers. Latin America's leading ecommerce platform, MercadoLibre, posted excellent second quarter results, demonstrating the effectiveness of the company's ecosystem. Fintech and Commerce created a flywheel of growth as Total Payment Volume and Gross Merchandise Value both substantially exceed investor expectations. The company continues to improve its value proposition for customers with initiatives like a revamped loyalty platform in MELI+ and more flexible shipping offerings like Delivery Day. The improved value proposition is flowing through the company's financials, as demonstrated by the accelerated take rate expansion for its commerce business.

Prosus, the global internet group which owns a large stake in the Chinese internet company, Tencent, benefitted from a sharp rise in Tencent's stock in late September. Stimulus announcements in China to boost the slowing economy and poor consumer sentiment had a dramatic effect on Chinese equities, including Tencent. Other positive developments in the quarter included the IPO announcement of Swiggy, a leading player in food delivery in India, which is expected to fetch a rich valuation and will highlight the value of Prosus' 33% stake in the company. In addition, Prosus sold all of its shares in Trip.com, worth $1.6 billion, as part of the new CEO's goals to improve returns, optimize the portfolio, and expose hidden value.

The top sector detractors from relative performance during the quarter were Information Technology and Financials. Within Information Technology, Nordic Semiconductor ASA and ASML Holding N.V. were the top underperformers. Shares of Nordic Semiconductor declined following its Capital Markets

Day, where it communicated an unfavorable outlook for revenue growth in 2025. While not providing formal guidance, management suggested that revenue growth would be only modest in 2025. There was also some disappointment that its next generation product lineup, the nRF54 series, would only contribute marginally in 2025, with a greater contribution expected in 2026. The expectation that growth will be below market growth in 2025 has led to some concern of market share loss in the near-term. Outside of the concerns for 2025 growth, Nordic Semiconductor remains a market leader in low-power connectivity, and the company is poised to benefit from Internet of Things proliferation as it releases its industry-leading devices in nRF54.

There are several risks that have skewed sentiment negatively during the quarter for the semiconductor capital equipment maker, ASML. Intel announced a capex cut which weighed on the entire leading-edge semiconductor capital equipment landscape. There are also persistent concerns that the strength in procurement from China will reverse, from either a digestion of existing capacity or greater restrictions imposed by the US government. Additionally, there are concerns that outside of the strength in Artificial Intelligence (AI), broader semiconductor demand is weak and could potentially delay the recovery in equipment demand for memory suppliers and mature node manufacturing. However, none of these risks change the strength of the long-term structural position of ASML in the semiconductor manufacturing value chain. We believe that the risks that pressured the stock during the third quarter should not outweigh the significant demand for leading edge semiconductors that ASML will benefit from, particularly as Taiwan Semiconductor ramps its 2nm node in late-2025.

Within Financials, Dai-ichi Life Holdings, Inc. and HDFC Bank Ltd. were the largest sources of underperformance. Shares of the Japanese life insurer, Dai-ichi Life, were affected by macroeconomic influences, including an easing of investor expectations of interest rate hikes in Japan and appreciation of the Yen. However, the company continues to post solid earnings and stands to benefit from the ongoing rising rate environment in Japan.

HDFC, the largest private sector bank in India, struggled during the quarter as deposit growth missed expectations, heightening existing investor concerns that the Indian banking system's tight liquidity environment may lead to reduced loan and earnings growth. There were some positives during the quarter though, including an improvement of the bank's liquidity coverage ratio and reports of a potential sale of some loan assets to further improve liquidity. The bank has an encouraging outlook ahead as it continues to expand branches into underpenetrated parts of India and to work towards achieving merger-related synergies.

From a regional standpoint, Japan was the portfolio's strongest contributor, with Mitsubishi Heavy being the best performer within the region. Pacific ex Japan was the largest detractor, with most of the relative underperformance resulting from our underweight exposure during a period in which the region outperformed the broader benchmark index.

The top individual contributors to relative performance during the quarter were Mitsubishi Heavy, MercadoLibre, and Prosus. The top individual detractors from relative performance were Novo Nordisk A/S, Nordic Semiconductor, and ASML.

Novo Nordisk underperformed as its blockbuster weight loss drug, Wegovy, faced supply constraints that restricted its starting dose figures. In contrast, Eli Lilly's key competing product, Zepbound, was removed from the FDA shortage list and has been winning more new patient starts. Novo does expect a phase III readout late in the year for its new CagriSema drug, with clinical thresholds set at 25% weight loss. Although the drug has extremely high market expectations, uncertainty around the trial readout is pressuring shares ahead of the event.

During the quarter, we initiated one new position in Nexans SA. Nexans is a French cable maker that is poised to benefit from ongoing electrification trends, particularly the renewable energy transition and grid fortification. The company is among the handful of major high-voltage cable makers globally with an integrated installation capability. With a record backlog, the company has solid visibility into a multi-year margin expansion, given their strategic focus on higher margin, high-voltage orders. The company is also managing its portfolio of businesses to dispose of its non-core Industrial Cables segment, the proceeds of which will drive future growth.

We liquidated positions in AIA Group Ltd. and T&D Holdings, Inc. AIA is a leading pan-Asian life insurer. Despite the company reporting consistently solid fundamentals, including strong momentum in its two largest markets, Hong Kong and Mainland China, the stock has been persistently weak. Much of the cause of the share price weakness seemed to be due to a general aversion to China and a large seller clearing out its position. With the stock being dominated by negative sentiment, we decided to liquidate the partial position.

T&D Holdings is one of Japan's leading life insurers. Although the Bank of Japan continues with its gradual rate hikes, which is a tailwind for life insurers, we rotated capital away from T&D to concentrate our investment in its peer, Dai-ichi Life, which further benefits from a cyclical recovery in its domestic business along with faster progress on overseas growth.

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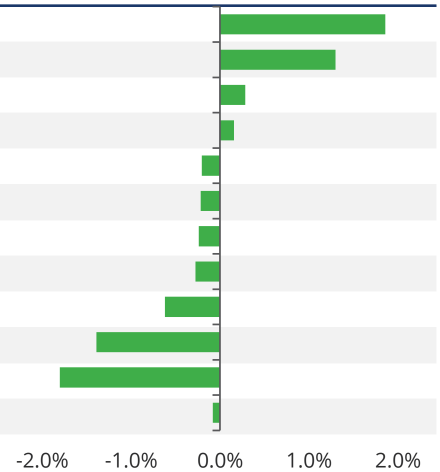
2024 THIRD QUARTER REPORT

Quarterly Attribution

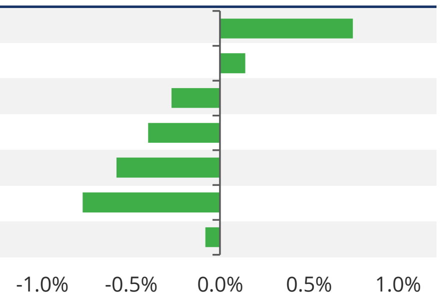
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
Industrials	24.0	17.0	17.0	9.4
Cons. Discretionary	18.6	11.1	12.8	4.8
Comm. Services	5.0	4.2	17.0	11.5
Energy	4.3	3.9	0.5	-5.8
Real Estate	0.0	2.1	0.0	17.4
Materials	0.0	6.5	0.0	10.7
Utilities	0.0	3.3	0.0	14.9
Consumer Staples	0.0	8.7	0.0	10.6
Health Care	18.9	13.8	1.9	4.6
Financials	14.4	20.2	2.0	10.4
Info. Technology	12.7	9.0	-11.9	-2.4
Cash	2.0	0.0	1.2	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE
Japan	15.2	22.7	9.7	5.7
Emerging Markets	16.9	0.0	8.2	0.0
North America	1.4	0.0	-10.2	0.0
Europe	52.1	51.4	5.5	6.3
United Kingdom	12.3	15.0	3.7	7.9
Pacific ex Japan	0.1	10.9	0.2	14.3
Cash	2.0	0.0	1.2	0.0

Total Effect



Contributors & Detractors

Third Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Mitsubishi Heavy Industries, Ltd.	5.15	1.43
MercadoLibre, Inc.	5.84	0.93
Prosus NV	4.98	0.74
Largest Detractors		
Novo Nordisk A/S	5.20	-0.74
Nordic Semiconductor ASA	2.14	-0.72
ASML Holding N.V.	4.02	-0.66

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Rheinmetall AG	4.90	3.36
Mitsubishi Heavy Industries, Ltd.	1.81	2.69
Taiwan Semiconductor Mfg. Co., Ltd.	4.89	2.41
Largest Detractors		
Genmab AS	2.72	-2.17
AIA Group Ltd.	2.26	-1.47
Meituan	0.82	-1.46

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Nexans SA	AIA Group Ltd.
	T&D Holdings, Inc.

Data for the quarter ending September 30, 2024. 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

The path downwards for interest rates has begun. Inflation is deemed to be sufficiently under control as many markets begin turning attention back to measures to support GDP growth. Even though easing has already boosted markets, with many reaching or nearing record highs, factors like elections, geopolitical uncertainty, and the inherent unpredictability of the economy suggest that volatility will likely remain high for the rest of this year and into 2025.

After the Federal Reserve's first long-awaited interest rate cut, conditions look favorable for further cuts. Inflation is cooling, and growth appears strong enough that most predictions of recession have given way to expectations of a softer landing. It's straightforward enough to see interest rates return to circa 4%, but then what? Will inflation still continue downwards? Will GDP and employment still be resilient? Markets are clearly not good at getting a read on the economy. Almost every new piece of data is a surprise, whether positive or negative. It's just as plausible to construct an argument for the need to raise interest rates again in the near future, as it is to cut more aggressively. That uncertainty alone creates volatility.

Starting from a lower base, the European Central Bank is making moderate inroads into lowering rates and has indicated it will keep cutting into 2025. Again, inflation is easing, although GDP is also stagnating, putting the continent back on its long-term path of slow-to-no growth. Japan is a clear outlier as the only developed economy raising interest rates, but, in some ways, it is not so different. It is on the slow road to normalization. The Bank of Japan is watching the data, watching markets, and will fine-tune its approach as it goes. Everywhere, in developed markets at least, movements will be cautious and measured.

If interest rates provided some long-anticipated support for stocks, then China's monetary stimulus was more of a surprise boost. The action is welcome, alleviating some of the pressures on the consumer, generating credit growth, and bolstering the stock market. The impact is filtering into other emerging markets and supporting exporters in Europe as well. Yet, the economy will need fiscal support, as well as deeper reforms, if it is to contend with more structural headwinds, like its aging population and troubled real estate sector. Looking at China's stocks, it is undeniable that many look cheap versus other regions and historical levels. However, stocks can be cheap for a reason, and we need to be convinced the growth is really there over a three to five year time horizon before committing more capital.

Then there is the very sizable impact of politics and geopolitics. Elections in Europe have delivered a number of surprises, leading to uncertainty and weighing on markets. US elections will also be a source of ongoing volatility. While the result appears too close to call, how different the outcomes will be remains open to debate. A democrat win could mean a heavier touch from government, a republican win, a lighter touch. In practice, congress and the senate are so finely balanced that measures, such as Kamala Harris's proposed capital gains tax increase, will be hard to pass.

Internationally, both presidential candidates have a pretty muscular approach to China. Trump's may be more economic in the form of tariffs and Harris's more regulatory in terms of restrictions. As we have seen before, the impact of geopolitics on global trade can be significant. More uncertain still is the escalating and widening conflict in the Middle East, which could have knock on effects for oil prices, supply chains, and the global economy.

There has never been a crystal ball for predicting the economy and politics. Our job is to stick to our proven approach that focuses on business fundamentals and levers for growth.

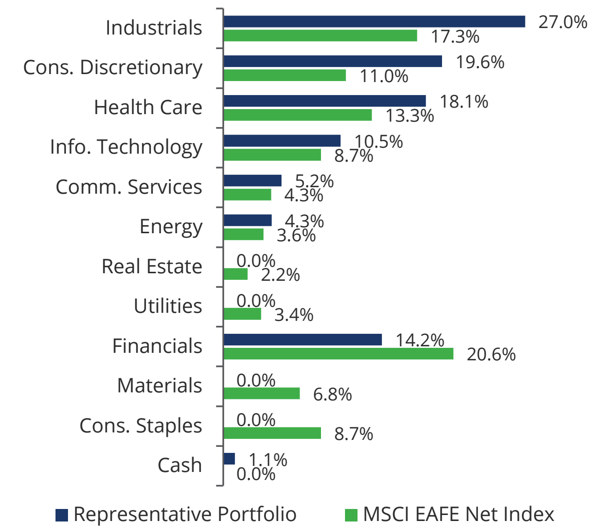
Defense has generated strong returns for investors this year and is likely to continue to perform given the international focus on increased spending in a more volatile and uncertain world. AI has similarly driven huge returns and, while far from cheap, still appears to show enormous growth potential that can justify lofty valuations.

If markets are poor at forecasting the economy, they appear much better at predicting and pricing earnings growth. As a result, good companies tend to be fully valued, and there is difficulty in identifying companies with undiscovered value. Still, it is possible to explore the next derivative theme of a trend like AI and identify stocks that have clear earnings growth and the potential for multiple expansion. Additionally, there are the many companies that are investing in AI to boost productivity, enhance their offerings to businesses and consumers, and boost their market positions. Of course, even high-quality growth companies can be buffeted by external forces, but over the long-term, their earnings power should shine through.

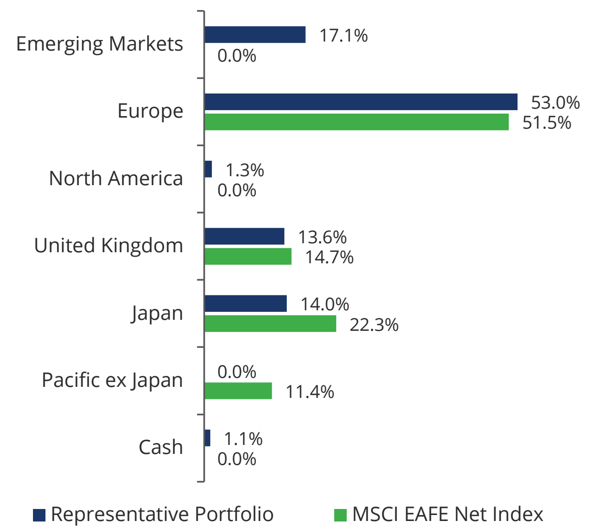
Despite the unpredictable top-down environment, we remain confident our holdings can hit their growth objectives and deliver share price performance over our three to five year time frame. Volatility should also present us with opportunities to evaluate new investments at attractive valuations. Having long-term conviction does not mean we can’t be nimble and decisive.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI EAFE Net Index	
	3Q 2024	5 Year Average	3Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	144.8	115.2	98.3	80.3
Median Market Cap ($B)	43.2	46.1	15.5	12.7
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	20.0	19.3	9.6	9.6
Revenue Growth: 3 to 5 year forecast (%)[1]	11.5	10.8	6.5	4.6
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	19.9	25.7	18.3	18.5
P/E Ratio: 12 Months - trailing[1]	25.5	31.9	20.2	20.7
PEG Ratio: forward[2]	1.0	1.3	1.9	1.9
Dividend Yield (%)[3]	1.4	0.9	3.0	3.0
Price/Book[4]	2.7	4.1	1.9	1.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	12.8	14.6	14.7	13.7
Return on Invested Capital: 5 Year (%) - trailing	8.3	10.1	9.6	9.5
Long-Term Debt / Equity (%)[1]	69.9	54.9	70.4	71.0
Other				
Number of Positions	25	26	732	827
Beta: 3 year portfolio[5]	1.0	1.1	1.0	1.0
Tracking Error: 5 Year - trailing (%)	8.8	--	--	--

[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 September 30, 2024. **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	5.2	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
LVMH	France	3.8	Textiles, Apparel & Luxury Goods	Jul. 2022
MercadoLibre, Inc.	Brazil	6.2	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	5.6	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	4.0	Automobiles	Nov. 2023
Energy				
TechnipFMC plc	United Kingdom	4.3	Energy Equipment & Services	Nov. 2022
Financials				
Dai-ichi Life Holdings, Inc.	Japan	4.2	Insurance	Sep. 2023
HDFC Bank Ltd.	India	3.1	Banks	Dec. 2023
ICICI Bank Ltd.	India	2.8	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	4.1	Banks	Aug. 2023
Health Care				
AstraZeneca plc	United Kingdom	5.1	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	1.7	Biotechnology	May 2020
Grifols, S.A.	Spain	2.4	Biotechnology	Apr. 2022
Novo Nordisk A/S	Denmark	4.5	Pharmaceuticals	Dec. 2023
UCB S.A.	Belgium	4.5	Pharmaceuticals	Apr. 2024
Industrials				
Airbus SE	France	4.7	Aerospace & Defense	Jan. 2019
Mitsubishi Heavy Industries, Ltd.	Japan	5.8	Machinery	Apr. 2024
Nexans SA	France	2.6	Electrical Equipment	Aug. 2024
Prysmian S.p.A.	Italy	5.2	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	3.8	Aerospace & Defense	Feb. 2023
Safran S.A.	France	4.9	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	2.5	Semiconductors & Semiconductor Equipment	Jun. 2003
Atlassian Corp.	United States	1.3	Software	Jun. 2020
Nordic Semiconductor ASA	Norway	1.6	Semiconductors & Semiconductor Equipment	Apr. 2021
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	5.0	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		1.1		

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