
Hardman Johnston International Equity

2026 Third Quarter Report

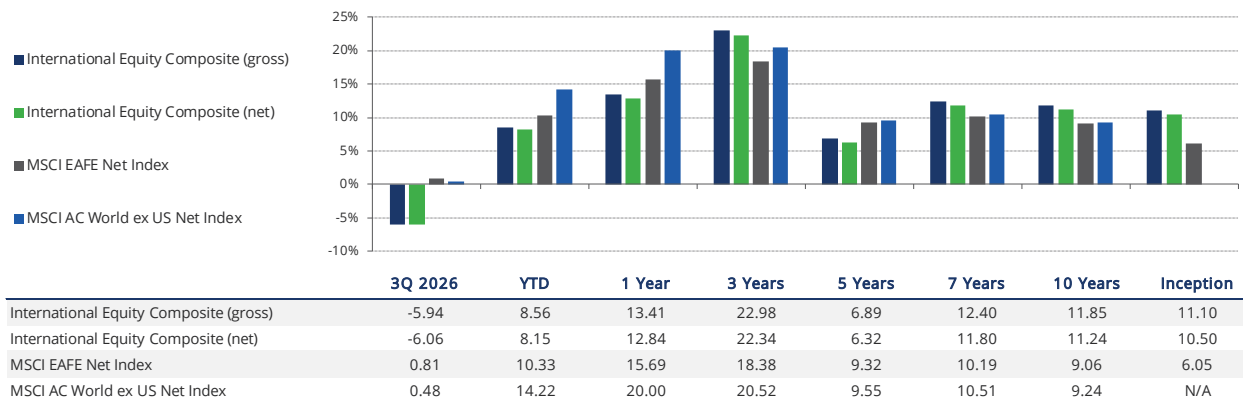


General Information¹

Firm Assets	\$10,767.3 million
Strategy Assets	\$8,558.8 million
Benchmark	MSCI EAFE Net
Active Share (%)	92.6
Composite Inception Date	Sep-1993

(1) International Equity strategy assets include all derivations of the international and international ADR accounts managed by the firm. Active share is calculated in FactSet and reflects a 10-year average.

Performance



Performance is through September 30, 2026. 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 strategy experienced a challenging third quarter, with near-term results weighing on the YTD and 1-year periods, while longer-term performance remains solid.
- Industrials was the strongest sector contributor to relative performance during the quarter, while Information Technology and Health Care were the largest detractors.
- Japan was the strongest regional contributor to relative performance, while Europe was the largest regional detractor.
- Overall, the strategy's long-term results continue to reflect the benefits of its disciplined, high-conviction stock selection approach, despite periods of shorter-term relative volatility.

Portfolio Commentary

The portfolio underperformed its benchmarks during the quarter. The Hardman Johnston International Equity Composite returned -6.06% net of fees, compared with +0.81% for the MSCI EAFE Net Index and +0.48% for the MSCI AC World ex US Net Index.

From a sector perspective, **Industrials and Consumer Staples** were the strongest contributors to relative performance.

Within Industrials, **Hitachi, Ltd.** and **Mitsubishi Heavy Industries, Ltd.** were the strongest contributors. Hitachi outperformed following a strong quarterly result, with operating profit ahead of expectations and particularly robust growth in its Energy business. Concerns around the Digital Systems & Services business also eased, while an increase in guidance and the company's share repurchase program reinforced management's confidence in the outlook.

Mitsubishi Heavy Industries benefited from stronger-than-expected quarterly results and orders, particularly within its Energy business, as well as expectations for increased Japanese defense spending and exports. We continue to see attractive secular growth opportunities across both defense and gas turbines.

Consumer Staples contributed because the portfolio had no exposure while the sector declined in the benchmark.

On the negative side, **Information Technology** and **Health Care** were the largest sector detractors from relative performance.

Within Information Technology, **STMicroelectronics NV** and **Infineon Technologies AG** were the largest detractors. STMicroelectronics and Infineon were hurt by a broader unwind in AI infrastructure-related stocks, which reflected valuation concerns and profit-taking rather than weaker fundamentals. Pressure increased when leading A.I. companies called for a slowdown over safety concerns. Consistent with our risk management discipline, we had trimmed semiconductor exposure multiple times during the year.

STMicroelectronics also faced a softer gross-margin outlook, which we view as a reset in the pace of margin recovery rather than a decline in long-term earnings power, with the company's silicon photonics offering and a cyclical recovery in automotive and industrial semiconductor demand remaining important potential growth drivers.

Infineon underperformed despite no meaningful deterioration in company-specific fundamentals. We continue to see attractive long-term growth opportunities from its leadership in AI data-center power semiconductors and improving industrial and automotive demand, with the recent valuation reset providing a more supportive backdrop for the shares.

Within Health Care, **UCB S.A.** was the largest detractor. UCB came under pressure after management's €7 billion peak-sales estimate for Bimzelx fell below market expectations, renewing concerns about potential future competition for treating hidradenitis suppurativa. We view management's estimate as conservative and continue to see Bimzelx as UCB's key growth driver given its strong efficacy and favorable physician feedback.

Regionally, **Japan** – driven by Hitachi and Mitsubishi Heavy – and the **United Kingdom** were the strongest contributors to relative performance.

Within the United Kingdom, **Standard Chartered PLC** was the largest contributor, as continued strength in Wealth Management and the broader Asia and emerging-markets franchise supported confidence in the company's growth outlook.

Europe and **North America** were the largest regional detractors from relative performance. In Europe, the largest detractors were the semiconductor names noted above.

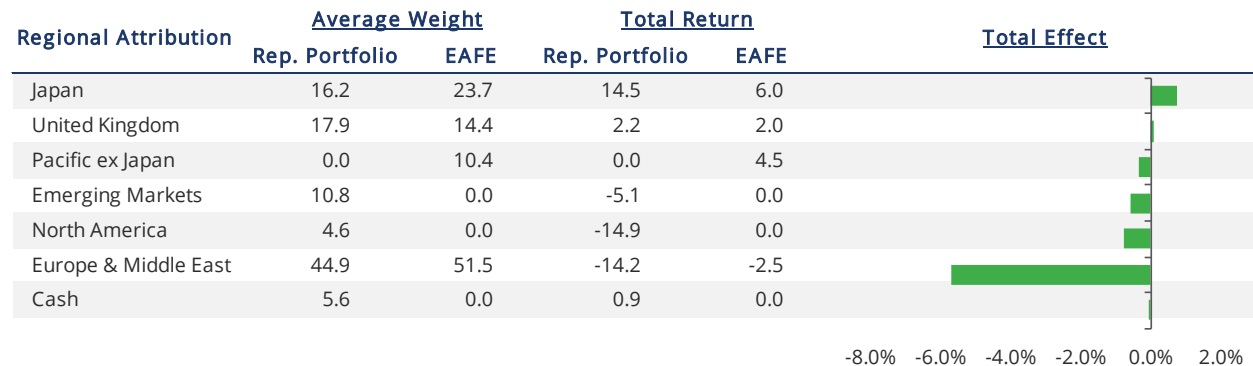
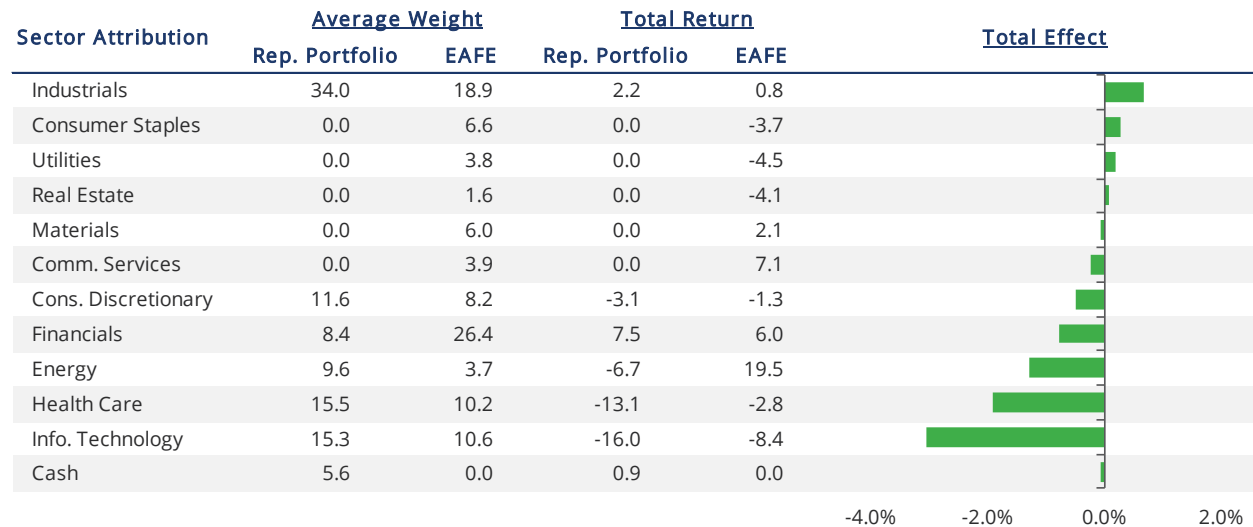
In North America, our position in **Cameco Corporation** lagged. Cameco underperformed following a quarterly earnings miss driven primarily by temporary uranium volume shortfalls and weaker Fuel Services pricing and volumes, while a slower pace of utility contracting also weighed on shares. Despite the near-term weakness, management maintained its uranium volume guidance and we continue to view the company as well positioned for long-term growth in nuclear energy.

The top individual contributors to relative performance during the quarter were Hitachi, Ltd., Standard Chartered PLC, and Mitsubishi Heavy Industries, Ltd. The largest individual detractors were STMicroelectronics NV, Infineon Technologies AG, and UCB S.A.

During the quarter, we initiated a position in **Teva Pharmaceutical Industries**, which is shifting from generics toward higher-growth, higher-margin branded drugs, with upside potential from its pipeline (notably duvakitug for inflammatory bowel disease) and biosimilars. There were no liquidations during the quarter.

Overall, the portfolio remains focused on high-quality companies with durable competitive advantages, strong management teams and attractive long-term growth opportunities. While shorter-term volatility affected a number of holdings during the quarter, we continue to evaluate each position based on its underlying fundamentals, long-term earnings potential and valuation.

Quarterly Attribution



Contributors & Detractors

Third Quarter	Average Weight	Total Effect (%)	Last Twelve Months	Average Weight	Total Effect (%)
Largest Contributors			Largest Contributors		
Hitachi, Ltd.	6.11	1.18	STMicroelectronics NV	3.47	3.35
Standard Chartered PLC	5.72	0.62	Infineon Technologies AG	4.74	3.24
Mitsubishi Heavy Industries, Ltd.	4.25	0.44	Taiwan Semiconductor Manufacturing	5.47	2.28
Largest Detractors			Largest Detractors		
STMicroelectronics NV	3.12	-1.34	Rheinmetall AG	3.97	-3.82
Infineon Technologies AG	3.21	-1.31	Prosus NV	2.13	-2.15
UCB S.A.	4.67	-1.16	Cameco Corporation	3.26	-1.67

Data for the quarter ending September 30, 2026. 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.

Portfolio Activity

Quarterly Initiations

Quarterly Liquidations

Teva Pharmaceutical Industries Ltd.

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Market Outlook

Markets appear torn between risks and opportunities, both of which are in abundance. Conditions are volatile and unpredictable, yet also surprisingly robust and even dynamic in some quarters.

There is a clear tension between the headwinds of war, higher energy prices, and rising interest rates on the one side, and resilient economic growth, strong company earnings, and AI infrastructure buildout on the other. Indeed, the global economy has so far proved resilient despite conflict in the Middle East and the resulting disruption to energy supply and pricing. The US is outpacing other developed markets for growth, but Europe is also beating expectations, leading to upgrades in growth forecasts. Even Japan is turning around performance with modest but reasonably consistent GDP expansion.

AI investment continues to underpin capital expenditure and trade flows, although rapid advances in the technology and the extent of the buildout provoke periodic concerns. AI essentially presents two kinds of risk: societal risk and bubble risk. Over the last few months, we have heard a lot about both.

The societal implications of AI remain difficult to quantify, and debate around safety, governance and appropriate safeguards continues to intensify. What we can say is that it is encouraging there is so much scrutiny and debate around the topic. It is vigorous and healthy, and opinions are being aired on both sides, which in turn can lead to appropriate checks and balances.

On the bubble risk, we have a more informed and analytical view. The frontier of AI is very different to the need for compute, and enterprise-level AI implementation is still in the very early stages. We expect companies will follow the most cost-effective path, which could mean adopting lower-cost Chinese models that require less infrastructure, as well as the big 'brand name' LLMs. While that will ultimately shape the ongoing buildout, we continue to see a long-term, structural opportunity in AI where demand for critical infrastructure appears to outstrip supply for some time.

That said, we are mindful of the pressure on AI-related names. As shares have run up, we have trimmed select semiconductor holdings throughout the year. There will be bouts of volatility, but our view is that fundamentals remain supportive over the long-term.

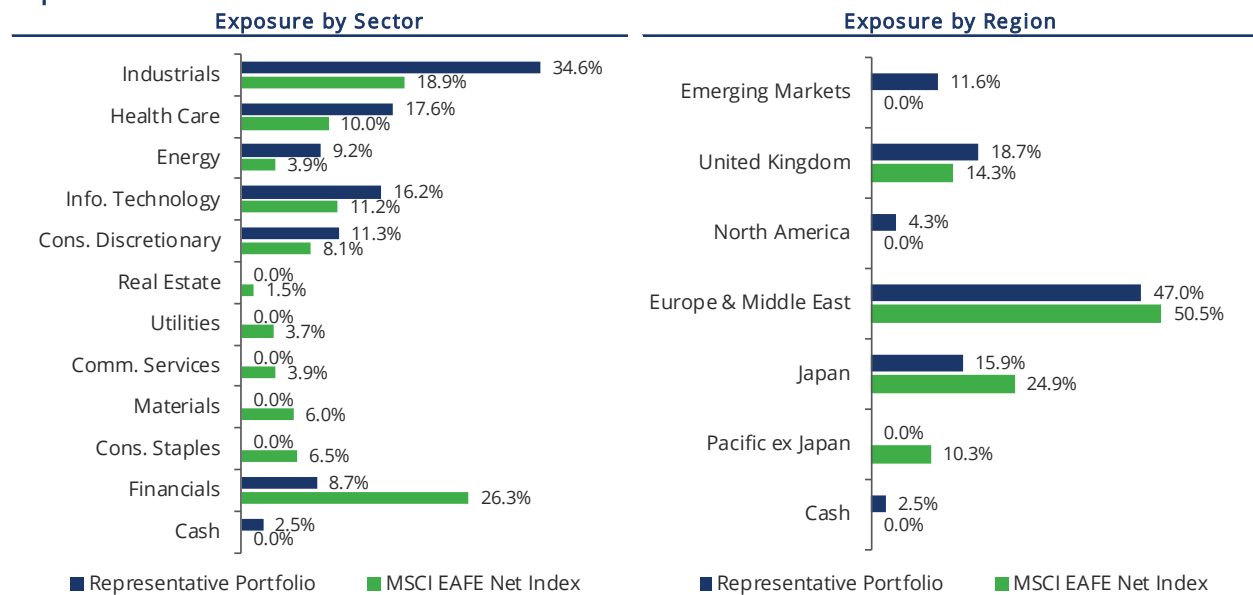
Flowing from the AI buildout, as well as the impact of unresolved conflict in the Middle East, are secular shifts in energy and the infrastructure that supports it. We are witnessing new demand, in part fueled by the enormous requirements of data centers, and in part by energy diversification. That means opportunity in fields like upstream nuclear, fed by Cameco, the world's second-largest uranium producer. There is also demand for new sources of offshore oil and gas, as well as opportunities in

the reconstruction and servicing of energy infrastructure in Venezuela and the Middle East. Then there is the growing demand for grid stabilization and security provided by companies like Hitachi. Consider even the push for energy efficiency that sits at the heart of every new engine or aircraft developed by Airbus. Energy, the generation of it, the transmission of it, and the use of it, reach far into global economies and markets.

We also remain positive on defense, even after a bout of profit-taking by investors. Companies like Rheinmetall trade on very different multiples compared with just a couple of years ago, which injects more scrutiny into share prices. Still, given years of underinvestment in defense across Europe (and many other geographies), we believe the long-term outlook remains favorable, even if the political climate is uncertain for the remainder of this year and into 2027.

Ongoing conflict and energy disruption means that inflation remains a key risk. We are watching how markets digest higher interest rates, and there is potential for more hikes before inflation risks begin to moderate. A knock-on consideration is that national debt levels are high in many developed economies, including the US. Rising interest rates increase the intense focus on debt servicing costs and the point at which they become an economic drag.

Markets are in a period of elevated volatility, driven by competing forces and contrasting views. These are unpredictable times and we look for opportunities in sectors that have sold off – perhaps excessively – due to sentiment shifts. At the same time, we remain positive on the fundamentals and earnings growth of our holdings in most economic scenarios. And we continue to see opportunity and long-term growth potential through our fundamental analysis and proven, proprietary investment processes.

Exposures & Characteristics


	<u>Representative Portfolio</u>		<u>MSCI EAFE Net Index</u>	
	3Q 2026	5 Year Average	3Q 2026	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	226.6	139.7	126.5	94.1
Median Market Cap (\$B)	66.8	55.2	22.5	15.6
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	19.9	18.6	12.7	9.6
Revenue Growth: 3 to 5 year forecast (%) ¹	8.8	11.0	5.5	5.2
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	19.8	21.9	17.5	17.6
P/E Ratio: 12 Months - trailing ¹	25.3	26.9	20.3	19.6
PEG Ratio: forward ²	1.0	1.2	1.4	1.9
Dividend Yield (%) ³	1.0	1.1	2.6	3.0
Price/Book ⁴	3.7	3.3	2.3	1.8
Quality Fundamentals				
Return on Equity: 12 Months - forward (%) ¹	18.9	17.3	17.8	16.7
Return on Equity: 5 Year (%) - trailing ¹	14.8	14.3	14.6	14.3
Return on Invested Capital: 12 Months - forward (%) ¹	13.2	11.0	10.4	10.3
Return on Invested Capital: 5 Year (%) - trailing ¹	10.1	9.7	9.3	9.4
Long-Term Debt / Equity (%) ¹	52.9	57.0	77.5	71.4
Other				
Number of Positions	23	26	656	749
Beta: 3 year portfolio ⁵	1.0	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	8.5	8.8	--	--
Turnover: 12 Months - trailing (%) ⁶	39.6	37.3	--	--

¹Interquartile weighted mean, ²PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", ³Weighted mean, ⁴Weighted harmonic mean ⁵MPT beta (daily). ⁶Based on aggregate purchases and sales over prior 12 months. Data as of September 30, 2026. Past performance does not guarantee future results. Source: FactSet, Hardman Johnston Global Advisors LLC®. The data shown is of a representative portfolio for the 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 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.

Portfolio Holdings

	Country	Weight (%)	Industry	Initiation Date
Consumer Discretionary		11.3		
LVMH	France	2.7	Textiles, Apparel & Luxury Goods	Jul. 2022
MercadoLibre, Inc.	Brazil	3.0	Broadline Retail	Jan. 2023
Suzuki Motor Corp.	Japan	5.6	Automobiles	Nov. 2023
Energy		9.2		
Cameco Corporation	Canada	4.3	Oil, Gas & Consumable Fuels	Jan. 2026
TechnipFMC plc	United Kingdom	4.8	Energy Equipment & Services	Mar. 2026
Financials		8.7		
ICICI Bank Ltd.	India	2.6	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	6.1	Banks	Aug. 2023
Health Care		17.6		
AstraZeneca plc	United Kingdom	4.7	Pharmaceuticals	Oct. 2017
Sandoz Group Ltd.	Switzerland	6.1	Pharmaceuticals	Nov. 2024
Teva Pharmaceutical Industries Ltd.	Israel	2.5	Pharmaceuticals	Sept. 2026
UCB S.A.	Belgium	4.3	Pharmaceuticals	Apr. 2024
Industrials		34.6		
Airbus SE	France	5.5	Aerospace & Defense	Jan. 2019
Hitachi, Ltd.	Japan	6.2	Industrial Conglomerates	Apr. 2025
Leonardo SpA	Italy	2.3	Aerospace & Defense	Apr. 2025
Mitsubishi Heavy Industries, Ltd.	Japan	4.1	Machinery	Apr. 2024
Prysmian S.p.A.	Italy	5.0	Electrical Equipment	Sept. 2025
Rheinmetall AG	Germany	3.0	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.4	Aerospace & Defense	Jun. 2017
Weir PLC	United Kingdom	3.1	Machinery	Oct. 2025
Information Technology		16.2		
ASML Holding N.V.	Netherlands	3.4	Semiconductors & Semiconductor Equipment	Jun. 2003
Infineon Technologies AG	Germany	3.4	Semiconductors & Semiconductor Equipment	Mar. 2025
STMicroelectronics NV	France	3.4	Semiconductors & Semiconductor Equipment	Jul. 2025
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	6.0	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Cash Equivalents		2.5		

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