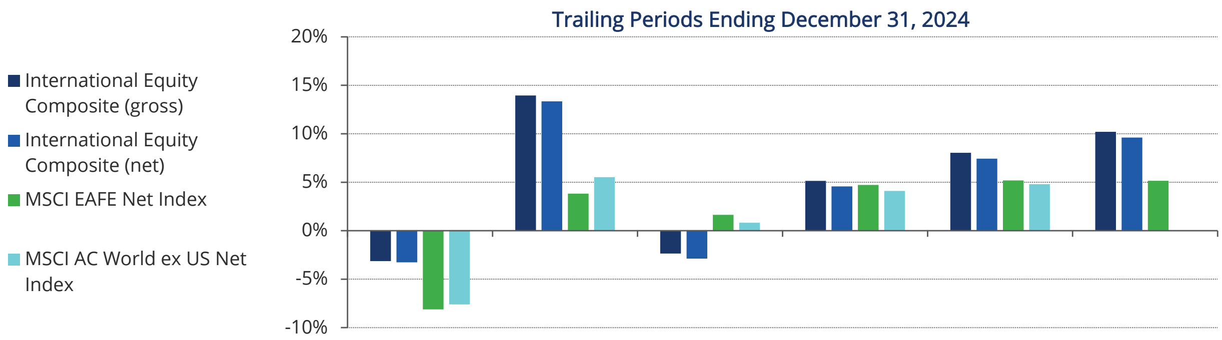
Hardman Johnston International Equity

2024 Fourth Quarter Report

Hardman Johnston Global Advisors

Hardman Johnston Global Advisors LLC®, 300 Atlantic Street, Stamford, CT 06901 T203 324 4722 hardmanjohnston.com

Performance



	4Q 2024	1 Year	3 Years	5 Years	10 Years	Inception
International Equity Composite (gross)	-3.13	13.95	-2.35	5.14	8.04	10.20
International Equity Composite (net)	-3.26	13.35	-2.88	4.57	7.43	9.61
MSCI EAFE Net Index	-8.11	3.82	1.64	4.72	5.19	5.15
MSCI AC World ex US Net Index	-7.60	5.53	0.82	4.10	4.80	N/A

Performance is through December 31, 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

- Driven by stock selection, the portfolio experienced strong relative performance in the fourth quarter and the full year of 2024, outperforming the MSCI EAFE Net Index and the MSCI AC World ex US Net Index during both periods
- Information Technology and Financials were the top sector contributors, while Consumer Discretionary and Health Care were the top detractors
- Europe was the top contributing region; no region detracted from relative performance

Portfolio Commentary

The fourth quarter capped off a strong year for the portfolio relative to its benchmark indices. During the quarter, the Hardman Johnston International Equity Composite returned -3.26%, net of fees, compared to -8.11% for the MSCI EAFE Net Index and -7.60% for the MSCI AC World ex US Net Index. This lifted the portfolio's outperformance relative to these indices to 953 bps and 782 bps, respectively, for the full year of 2024.

From a sector standpoint, the main drivers of the portfolio's outperformance during the fourth quarter were Information Technology and Financials. Within Information Technology, Taiwan Semiconductor Mfg. Co., Ltd. (TSMC) and Atlassian Corp. were the largest contributors to outperformance. TSMC performed strongly as the semiconductor manufacturer continued to post strong sales and gross margin figures, with utilization rates across all advanced nodes improving. Sales growth has been supported by strength in artificial intelligence (AI) processor demand, despite underwhelming recoveries in legacy end markets like PCs and smartphones. TSMC's dominance in leading edge semiconductor manufacturing expanded in the quarter as top competitors like Intel and Samsung demonstrated shortfalls in ramping their process nodes. TSMC remains the most attractively valued semiconductor company relative to its mission criticality in the AI and advanced semiconductor supply chain.

Shares of Atlassian recovered sharply in the fourth quarter, driven by strong outperformance in Cloud and Data Center revenue growth and operating margins exceeding guidance by 360 bps. Paid seat expansion and cloud migrations led the earnings beat at the collaborative software maker, as management indicated that the macroeconomic environment has remained stable sequentially. Atlassian demonstrated a strong pace of innovation in the quarter, rolling out three new Premium versions of existing products, including Guard, Product Discovery, and Compass, plus two new out-of-the-box AI agents in Autodev and Autoreview to enhance engineering workflow efficiency. Additionally, Atlassian appointed its new CRO, Brian Duffy, whose background in the cloud division at SAP serves as a potential catalyst to scaling Atlassian's enterprise go-to-market sales approach.

Within Financials, Standard Chartered PLC and Dai-ichi Life Holdings, Inc. were the strongest outperformers. The UK-domiciled bank, Standard Chartered, beat earnings estimates in the third quarter and increased return targets over the next two years. In addition, the company increased its share buyback program, which continues to materially reduce share count and drive EPS higher. Despite the recent strong performance, valuation continues to be cheap, allowing for further multiple expansion as the bank delivers on its profit goals.

The Japanese life insurer, Dai-ichi Life, is a beneficiary of rising interest rates in Japan. The company has strong momentum in higher margin segments of the insurance space, such as accident and sickness, offsetting demographic headwinds in traditional life insurance. Additionally, Dai-ichi's overseas business boosts growth and diversifies its income stream. Dai-ichi released solid results and raised dividend and profit estimates, helping the stock to outperform in the fourth quarter.

The top sector detractors from relative performance during the quarter were Consumer Discretionary and Health Care. Within Consumer Discretionary, MercadoLibre, Inc. and LVMH were the top underperformers. MercadoLibre struggled due to a combination of near-term fundamentals and an increasingly challenging macroeconomic environment in its primary regions, predominately Brazil. The issue within fundamentals is transitory and was related to a shortfall in operating margins, as the company significantly invested across its platforms, with the addition of six new fulfillment centers aimed at regionalizing its distribution network to better serve and retain its commerce customer base and expand its credit card offering. While these investments caused a negative reaction in the stock's share price, the company has consistently demonstrated effective capital allocation in support of its medium and long-term growth. Outside of the company's control, the outlook for inflation in Brazil deteriorated throughout the year, weighing on equities across the region. We continue to monitor the region's macroeconomic backdrop as a key investment risk for MercadoLibre, but we view the company as a best-in-class operator that will emerge in a better position as a result of its investments on the other side of a macro recovery.

The overall luxury sector was hit hard by the slowdown in Chinese demand during 2024, combined with consumer nervousness in the US and Europe. As a luxury conglomerate, LVMH was not immune to this trend, even though its broad portfolio of brands and varied geographic exposure provided some offsets. Specifically, LVMH's key Fashion and Leather Goods (F&LG) segment is contending with some consumer fatigue for its largest brands, Louis Vuitton and Dior, and its Wines & Spirits division is facing some consumer shift in preference from Cognac to Tequila and from Champagne to Cava and Prosecco. LVMH has also faced some extra scrutiny and attention as it embarked on an extensive round of management changes during the year. Over the past year, the company focused on resetting its management team and its business to focus on the Americas, Jewelry, and cost awareness. This sets LVMH up well for 2025, when we expect the luxury market to gradually resume more normal growth and for LVMH to continue to gain share.

Among Health Care holdings, Novo Nordisk A/S and AstraZeneca plc were the largest drivers of underperformance. The obesity and weight loss drug producer, Novo Nordisk, underperformed late in the quarter as disappointing clinical results in its CagriSema trial undershot expectations of 25% weight loss. While below expectations, this trial did achieve parity with Novo's key competing drug, Eli Lilly's, Zepbound, and 40% of trail participants achieved the 25% weight loss goal. Additionally, having more available weight loss drugs helps reduce Inflation-Reduction Act risks to the company on pricing. Novo has additional trials and drug combinations coming in 2025, which could prove to be positive catalysts for the stock.

AstraZeneca has faced ongoing pressure and negative sentiment from an investigation in China about fraudulent practices. The timeline and impact are unknown, creating uncertainty for the stock. However, the issue is currently isolated to the company's oncology business and stems from pre-2021 timeframe. AstraZeneca still has one of the most robust pipelines across biopharmaceutical companies and is positioned well to achieve its long-term growth targets.

From a regional standpoint, Europe was the portfolio's strongest contributor, with UCB S.A. being the best performer within the region. UCB is a biopharmaceutical company with a focus on neurological diseases, including a leading portfolio in epilepsy and an expanding pipeline across neurology and immunology. The launch of the company's drug for plaque psoriasis, Bimzelx, is progressing well. Three new indications for Bimzelx were recently approved, the largest of which is a rare skin disorder, hidradenitis suppurativa (HS), opening additional markets for patients with high unmet medical need. UCB's drugs Rystiggo and Zilbrysq for myasthenia gravis and Fintepla for seizures have also been having positive launches and are taking share in their respective markets.

All regions contributed positively to outperformance during the fourth quarter. There were no regional detractors.

The top individual contributors to relative performance during the quarter were Standard Chartered, TSMC, and UCB. The top individual detractors from relative performance were MercadoLibre, Nexans SA, and Novo Nordisk.

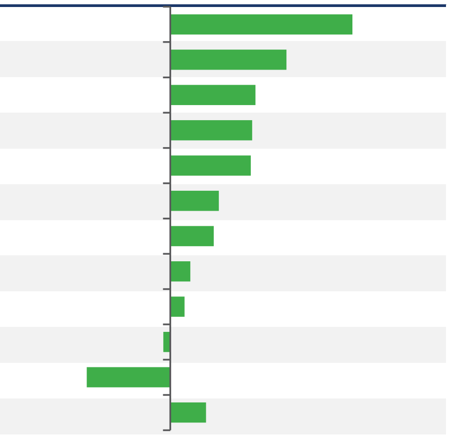
Nexans is a French cable maker that is poised to benefit from ongoing electrification trends, particularly the renewable energy transition and grid fortification. The stock struggled after Donald Trump's US presidential election win, based on the assumption that the incoming administration's policies would have a negative impact on offshore wind development in the US. However, Nexans has limited US exposure, with less than 6% of its backlog from the US and a limited risk of cancellation given the advanced nature of those projects. Furthermore, Nexans has a record backlog already and is only selectively taking orders given constrained capacity through 2028. Europe remains the company's key region. The company's US facility is able to export its product to other regions with minimal profitability impact in a worst-case, drawn-out scenario. In the company's Capital Markets Day in December, management laid out financial targets that were above consensus. We maintain our earnings estimates for the stock and believe the shares have become even cheaper for a strong secular grower.

During the quarter, we initiated one new position in the Swiss pharmaceutical company, Sandoz Group Ltd. Sandoz spun out of Novartis in 2023 and is focused on cost-savings, improved margins and aligning business investments. Sandoz is a strong player in the generic drug market for biosimilars. There is a wave of large molecule biosimilar drugs coming off patent with limited competitors, providing a strong opportunity for Sandoz, who has deep expertise in their difficult manufacturing process. Additionally, following Europe's footsteps of favorable policies encouraging higher biosimilar use, the US has worked out a regulatory framework that should be favorable to Sandoz. Longer term, the company has an opportunity in the GLP-1 space, as GLP-1 drugs come off patent towards the end of the decade.

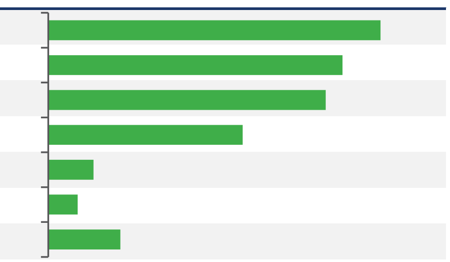
We liquidated one position in Nordic Semiconductor ASA. Following a review of the stock, we determined that the volatility around Internet of Things (IoT) end markets, challenges in forecasting customer demand, and opaqueness of inventory management drove too much uncertainty in the company's earnings profile and outweighed the benefits of Nordic Semi's market leading position in Bluetooth Low Energy (BLE) devices. The company does have an impressive roadmap of new BLE products launching in the market, but we believe adoption is unlikely to meaningfully impact results until 2026, setting up for potential negative revisions in 2025. The company's diversification into cellular IoT and Wi-Fi will also take time to materialize, therefore putting too much reliance on a cyclical end market recovery for near-term earnings. The delayed recognition of new products' revenue contribution also depressed our earnings power expectations to the point where valuation was not supportive of maintaining the position.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Info. Technology	10.9	8.6	7.2	-7.2	
Financials	15.9	21.4	6.8	-2.3	
Industrials	25.8	17.7	-4.1	-6.4	
Materials	0.0	6.4	0.0	-17.8	
Energy	3.2	3.6	10.5	-8.3	
Consumer Staples	0.0	8.5	0.0	-12.6	
Comm. Services	5.3	4.6	1.6	-4.7	
Utilities	0.0	3.3	0.0	-12.8	
Real Estate	0.0	2.1	0.0	-13.4	
Health Care	18.5	13.0	-12.3	-14.1	
Cons. Discretionary	18.0	10.8	-9.5	-4.3	
Cash	2.4	0.0	1.0	0.0	



Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	EAFE	Rep. Portfolio	EAFE	
Europe	51.4	51.0	-7.5	-10.2	
United Kingdom	12.9	14.9	3.0	-6.8	
Emerging Markets	16.6	0.0	-0.9	0.0	
North America	1.9	0.0	53.3	0.0	
Japan	14.8	22.7	0.7	-3.6	
Pacific ex Japan	0.0	11.5	0.0	-9.1	
Cash	2.4	0.0	1.0	0.0	



Contributors & Detractors

Fourth Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Standard Chartered PLC	5.33	1.12
Taiwan Semiconductor Mfg. Co., Ltd.	5.63	1.11
UCB S.A.	4.96	0.84
Largest Detractors		
MercadoLibre, Inc.	4.90	-0.50
Nexans SA	2.35	-0.49
Novo Nordisk A/S	3.70	-0.36

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Taiwan Semiconductor Mfg. Co., Ltd.	5.30	3.19
Rheinmetall AG	4.30	3.06
Mitsubishi Heavy Industries, Ltd.	3.27	2.58
Largest Detractors		
Grifols, S.A.	2.20	-1.76
Genmab AS	2.06	-1.07
AIA Group Ltd.	1.40	-0.95

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Sandoz Group Ltd.	Nordic Semiconductor ASA

Data for the quarter ending December 31, 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

Even before taking office, Donald Trump's re-election has sent shockwaves through global politics and markets. As active, bottom-up investors, our focus is not on making top-down predictions about the resulting macroeconomic outlook, but we do have to take the macroenvironment into account when investing. However, it is fair to presume that unpredictability will be a hallmark of 2025 and, as such, we must be prepared for a range of scenarios, evaluating both risks and opportunities as they arrive.

After a volatile final quarter, markets still appear to be digesting the implications of the election and policy expectations. It is too soon to get a read, but our inclination is that the incoming administration may temper some of its more aggressive policy proposals, thereby enabling monetary policymakers to keep the economy on a path toward a soft landing. That said, despite some bullishness among investors about the potential for US economic outperformance under Trump, most scenarios point to decelerating GDP growth in the US, as well as China, and only tepid growth in Europe and Japan.

On the upside, deregulation and tax cuts should be meaningful tailwinds for growth, and not only in the US. For instance, deregulation under the previous Trump administration was positive for financials globally. Furthermore, deregulation is likely to bring about a less stringent antitrust regime, which could spur consolidation and take-overs, particularly in the still-fragmented US banking industry and in Technology, but across other industries as well. While these could be welcome positives, the most important consideration for us is that the fundamentals, competitive dynamics and structural trends underpinning our holdings remain intact.

On the downside, tariffs and tighter US immigration are potential headwinds to economic growth that risk stoking inflation and keeping interest rates elevated. How far tariffs will go is unknown, as is the reaction of their intended targets, most notably China. However, the consequence will be higher costs for businesses, higher prices to consumers, and, as a result, higher inflation. Also, immigration crackdowns are potentially inflationary, and disruptive to business. US industry is finding it hard enough to hire new workers, so deportations and greater restrictions on immigration are likely to renew pressure on the still-tight labor market.

The broader geopolitical stance of the Trump administration will have positive and negative consequences. US restrictions on the sale of advanced technology and AI to China (echoed by a protectionist approach in Europe) are unlikely to be rolled back, which will create uncertainty around semiconductor manufacturers and the designers of technology to produce the most advanced chips. Nonetheless, we see AI as a long-term play that creates opportunities throughout its value chain globally.

More energy will be needed to fuel the industry's growing electricity demand, which in turn feeds into the green energy trend. Despite concern about a watering down of climate-related objectives, consumers and businesses want to use cleaner sources of power. The future of the energy industry has yet to fully emerge and will likely include more renewables and other technologies, such as nuclear, that are still being developed. In the meantime, gas will be a cleaner interim step, and we continue to see promising opportunities that can help meet power needs in a transitioning economy.

There is also an expectation that Trump's return could hasten the end of war in Ukraine. After a protracted conflict, this would have an inevitable human benefit and would lift an element of negative sentiment that has weighed on Europe more broadly, although political uncertainty in France and Germany have become a new drag on confidence and performance. From an investor standpoint, a peace settlement would challenge defense-related industrials in the short-term, but ultimately, the long-term structural drivers remain. Many countries have historically been massively underinvested in defense and now accept that it is a priority that cannot be ignored.

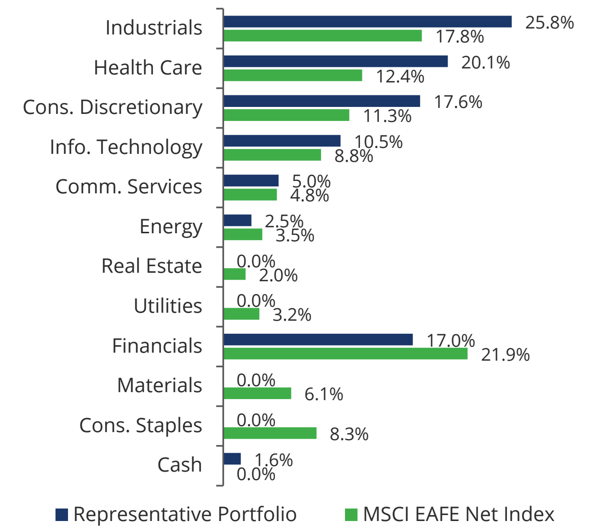
Despite the Trump election dominating the global agenda, other economies have the potential to write their own stories. China's leadership has pivoted towards revitalizing growth via various stimulus measures. While it will likely hold back on further steps until the extent and impact of tariffs becomes clearer, it is unlikely to be passive in the face of a more aggressive White House. China has significant capacity for fiscal stimulus to cushion the impacts of tariffs and lift consumer spending, which could be positive for domestic stocks as well as those international companies that have exposure to Chinese consumers.

India's GDP modest slowdown may extend into 2025, yet its forthcoming budget is likely to prioritize reigniting growth and measures to boost citizens' incomes and spending power. Valuations can be frothy in certain sectors, yet we remain optimistic about the long-term trends. We are confident that favorable demographics and the inexorable rise of India's middle classes will continue to provide investment opportunities.

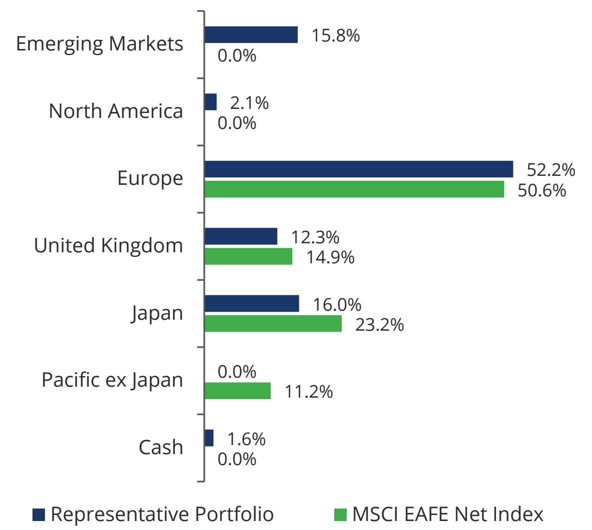
While we are positive about the outlook for our companies, stock prices can be punished for anything that can be interpreted as bad news. Valuations are full and therefore less forgiving. Interest rates are also high and likely to stay higher than previously forecast. All of these factors make it important to get the fundamentals right. We believe our portfolio will be resilient in most scenarios. Furthermore, heightened volatility should present us with new opportunities and the potential to add to existing holdings at attractive entry points.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI EAFE Net Index	
	4Q 2024	5 Year Average	4Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	141.8	118.4	87.2	81.4
Median Market Cap ($B)	63.5	53.9	14.4	12.9
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	17.1	19.3	8.7	9.6
Revenue Growth: 3 to 5 year forecast (%)[1]	8.3	10.8	4.0	4.6
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	18.0	25.6	17.7	18.5
P/E Ratio: 12 Months - trailing[1]	22.6	31.6	19.7	20.7
PEG Ratio: forward[2]	1.1	1.3	2.0	1.9
Dividend Yield (%)[3]	1.4	0.9	3.0	3.0
Price/Book[4]	2.6	4.0	1.9	1.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	13.1	14.4	14.0	13.7
Return on Invested Capital: 5 Year (%) - trailing	8.5	10.1	8.9	9.5
Long-Term Debt / Equity (%)[1]	71.8	57.5	72.5	71.2
Other				
Number of Positions	25	26	722	817
Beta: 3 year portfolio[5]	1.0	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	8.9	--	--	--

[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 December 31, 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	5.0	Diversified Telecommunication Services	Apr. 2022
Consumer Discretionary				
LVMH	France	3.3	Textiles, Apparel & Luxury Goods	Jul. 2022
MercadoLibre, Inc.	Brazil	3.8	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	5.2	Broadline Retail	Oct. 2021
Suzuki Motor Corp.	Japan	5.3	Automobiles	Nov. 2023
Energy				
TechnipFMC plc	United Kingdom	2.5	Energy Equipment & Services	Nov. 2022
Financials				
Dai-ichi Life Holdings, Inc.	Japan	5.0	Insurance	Sep. 2023
HDFC Bank Ltd.	India	3.3	Banks	Dec. 2023
ICICI Bank Ltd.	India	2.9	Banks	Aug. 2018
Standard Chartered PLC	United Kingdom	5.8	Banks	Aug. 2023
Health Care				
AstraZeneca plc	United Kingdom	4.0	Pharmaceuticals	Oct. 2017
Genmab AS	Denmark	1.5	Biotechnology	May 2020
Grifols, S.A.	Spain	2.1	Biotechnology	Apr. 2022
Novo Nordisk A/S	Denmark	3.9	Pharmaceuticals	Dec. 2023
Sandoz Group Ltd.	Switzerland	3.1	Pharmaceuticals	Nov. 2024
UCB S.A.	Belgium	5.6	Pharmaceuticals	Apr. 2024
Industrials				
Airbus SE	France	5.3	Aerospace & Defense	Jan. 2019
Mitsubishi Heavy Industries, Ltd.	Japan	5.7	Machinery	Apr. 2024
Nexans SA	France	2.4	Electrical Equipment	Aug. 2024
Prysmian S.p.A.	Italy	4.7	Electrical Equipment	Sep. 2016
Rheinmetall AG	Germany	2.5	Aerospace & Defense	Feb. 2023
Safran S.A.	France	5.1	Aerospace & Defense	Jun. 2017
Information Technology				
ASML Holding N.V.	Netherlands	2.5	Semiconductors & Semiconductor Equipment	Jun. 2003
Atlassian Corp.	United States	2.1	Software	Jun. 2020
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	5.9	Semiconductors & Semiconductor Equipment	Jan. 2021
Cash & Equivalents				
Cash		1.6		

Data as of December 31, 2024. 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. 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.