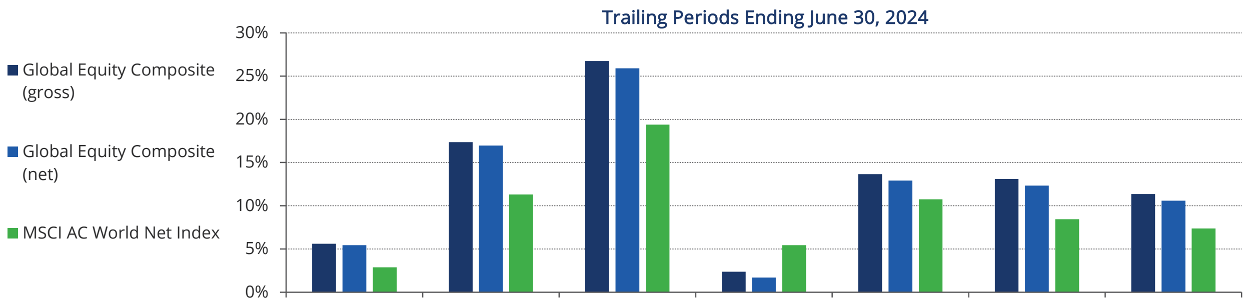
Hardman Johnston Global Equity

2024 Second Quarter Report

Performance



	2Q 2024	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity Composite (gross)	5.60	17.36	26.75	2.36	13.65	13.09	11.34
Global Equity Composite (net)	5.43	16.96	25.91	1.69	12.91	12.32	10.59
MSCI AC World Net Index	2.87	11.30	19.38	5.43	10.74	8.43	7.37

Performance is through June 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). Effective April 1, 2015, the Company changed the primary benchmark for its Global Equity strategy to the MSCI All Country World Net Index ("ACWI"). The inception date of the composite is December 31, 2005.

Key Takeaways

- The portfolio performed strongly during the second quarter due to positive stock selection
- Consumer Discretionary and Industrials were the top sector contributors, while Health Care and Consumer Staples were the top detractors
- Emerging Markets was the top contributing region; no region detracted from relative performance
- The Hardman Johnston Global Equity Strategy outperformed the MSCI AC World Index during the quarter

Portfolio Commentary

In the second quarter, a number of positive stock-specific developments drove performance, resulting in the portfolio handily outperforming its benchmark index. The Hardman Johnston Global Equity Composite returned 5.43%, net of fees, compared to 2.87% for the MSCI AC World Index.

The main drivers of outperformance from a sector standpoint were Consumer Discretionary and Industrials. Within Consumer Discretionary, Prosus NV and MercadoLibre, Inc. were the strongest outperformers. Prosus benefitted from its large stake in Tencent, which reported a strong result featuring expanded margins, strong advertising growth driven by its short video platform, and management's commitment to further expanding shareholder returns. Prosus' consolidated e-commerce businesses are also making good progress towards achieving overall positive profitability, and the company's new CEO should stimulate further progress on that front given his ecommerce experience in fast food delivery.

Latin America's leading ecommerce platform, MercadoLibre, posted a solid revenue and earnings beat in the quarter, where the well-anticipated weakness in Argentina was more than offset by strength in Brazil and Mexico. On a currency-neutral basis, gross merchandise value (GMV) in Brazil and Mexico each grew 30%, despite challenging comps. The company's advertising segment and MELI+ loyalty program both demonstrated encouraging growth during the quarter as well.

Within Industrials, outperformance was driven by Howmet Aerospace, Inc. and Vertiv Holdings Co. The aerospace & defense company, Howmet, posted a solid quarter in which it delivered on its contractual obligations despite its two main customers, Boeing and Airbus, showing difficulty with their production ramps. Furthermore, Howmet was able to comfortably outgrow weak production rates with solid aftermarket sales and pricing power. Vertiv makes electrical and thermal equipment for data centers. Vertiv has been a key beneficiary of the artificial intelligence boom, as the increased computing power that artificial intelligence programs require necessitates larger investments in data centers. Vertiv has highlighted ongoing acceleration in order momentum, along with new growth investments, including a rapid capacity increase in next-gen liquid cooling technology.

The top sector detractors during the quarter were Health Care and Consumer Staples. The largest drivers of underperformance in Health Care were Elanco Animal Health, Inc. and IQVIA Holdings Inc. Elanco is a new portfolio holding and is a leader in the animal health market with exposure to both farm and companion animals. Between 2023-2025, Elanco is launching six potential blockbusters across different drug classes and species. These launches are leading to margin expansion and are helping to bring the company's portfolio leverage closer to industry averages. The stock faltered during the second quarter as the launch date for two of its products got delayed by about one quarter after expectations. Additionally, Elanco announced that its JAK (Janus kinase) inhibitor for dogs, Zenrelia, will have a black box warning on the label with exact details unknown, causing a sell-off in the stock. Despite the product delay, management raised full-year 2024 guidance and reaffirmed longer term goals. Elanco's story remains attractive, with several product launches in the next year helping both top and bottom-line growth regardless of any shorter-term noise.

IQVIA is a data provider and contract research organization for the biopharmaceutical industry. IQVIA's stock struggled during the second quarter because management anticipated a slight delay in the recovery of its technology and analytical solutions business. This recovery is anticipated in the second half of the year. However, the company has a strong overall growth trajectory, and the biotech funding rebound so far this year should eventually flow through to increased spending from IQVIA's biopharmaceutical clients.

Within Consumer Staples, Coty Inc. detracted because of multiple sentiment headwinds related to the broad economic slowness in China and worries about a slowdown in the strong growth of the Fragrance segment of the industry, which Coty is a major player in. We remain confident in Coty's prospects growing forward. While China remains a large opportunity for the company, it currently only accounts for 4% of Coty's sales. Additionally, the Fragrance category has continued to post strong growth this year, and Coty has consistently outgrown those figures.

From a regional standpoint, Emerging Markets was our strongest contributor, with both underlying stocks, Taiwan Semiconductor Mfg. Co., Ltd. and MercadoLibre, Inc., performing positively. Taiwan Semiconductor, the world's leading semiconductor foundry, has been a beneficiary of the artificial intelligence boom. The company reported strong sales figures as its customer base for its most advanced nodes broadened from primarily smartphone producers to multiple types of clients that need leading edge nodes due to the stringent performance and power requirements of accelerated processors. This artificial intelligence-related demand outweighed sluggish trends in other end markets like autos, smartphones, and internet of things.

No region detracted from relative performance.

Among individual holdings, the top contributors to relative performance were Taiwan Semiconductor, Universal Display Corp., and Howmet Aerospace. Universal Display rallied during the quarter as Apple announced the use of OLED displays in its iPad tablets, which creates substantial demand for Universal Display's emitter materials. Use of the company's materials in smartphones also helped the stock as Apple's announcement of artificial intelligence features in its iPhone 15 model drove expectations of a renewed replacement cycle for smartphones.

The top individual detractors from relative performance were Elanco, IQVIA, and Coty.

During the quarter, we initiated new positions in Eli Lilly and Co., Charles Schwab Corp., and Elanco Animal Health, Inc. Eli Lilly is a high growth pharmaceutical company with exposure to strong growth areas, such as obesity, diabetes, Alzheimer's, oncology, and immunology. The company's Mounjaro drug has strong uptake in diabetes, and Zepbound is launching in obesity. In both cases, demand continues to outstrip supply. An oral GLP-1 drug is also in development, which could significantly deepen penetration levels and continuity of care for diabetes and obesity treatments.

The financial services company, Charles Schwab, is poised to deliver steady double-digit earnings growth driven by demographics and market share gains. An aging American population increasingly demands more financial assets to support their lifestyles and retirement. Charles Schwab's platform helps them achieve these goals, while delivering strong profit growth to its shareholders.

We liquidated positions in Alkermes plc, Melco Resorts & Entertainment Ltd., and BioMarin Pharmaceutical, Inc. We sold Alkermes to use proceeds in other areas of the portfolio with stronger near-term growth potential. Alkermes is increasingly reliant over the next couple of years on its one main growth driver, the anti-psychotic drug Lybalvi, making it less attractive. The longer-term potential growth driver of Orexin is still in a phase II trial, which requires increased spend in the short term. We felt that other stocks in the portfolio presented more attractive opportunities for growth.

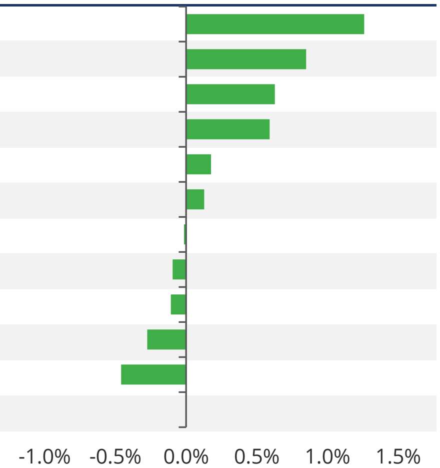
Macau's gaming sector continued on the path of post-COVID recovery during the second quarter, with visitation and activity levels rising incrementally and holding steady at 75% of pre-Covid levels. Melco participated in this trend and has been using profits to steadily pay down its debt. However, Macau's integrated resort and casino operators have entered a price war as all players try to woo the premium mass segment by increasing complimentary goods and services, which hurt margins and profitability. Given the ongoing price war, the overhang of a slowing economy and negative consumer sentiment in China, as well as the risk of increased governmental restrictions in Macau, we chose to use a period of relative price strength to liquidate our position in Melco.

BioMarin's new CEO is conducting a strategic review of its portfolio. We expect this to result in a delayed path for the pharmaceutical company's investment priorities. Additionally, the roll-out of Roctavian, a cell and gene therapy for hemophilia A, is proceeding more slowly than anticipated due to regulatory and logistical hurdles. Given these challenges, we decided to liquidate the position.

Quarterly Attribution

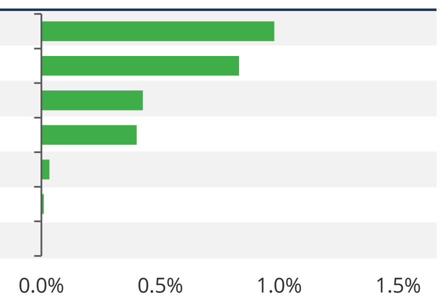
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
Cons. Discretionary	12.5	10.6	8.8	-1.5
Industrials	14.2	10.7	4.8	-1.8
Info. Technology	22.6	24.2	15.2	11.4
Comm. Services	8.7	7.8	14.9	8.1
Energy	3.0	4.5	4.3	-0.8
Real Estate	0.0	2.1	0.0	-2.9
Utilities	0.0	2.6	0.0	3.6
Financials	5.6	15.9	-5.6	0.1
Materials	3.8	4.2	-6.2	-3.2
Consumer Staples	2.2	6.4	-16.2	-0.2
Health Care	24.5	11.0	0.4	0.3
Cash	2.8	0.0	1.3	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
Emerging Markets	8.2	10.3	18.3	5.0
North America	67.2	66.1	5.1	3.7
Europe	17.5	12.3	2.5	-0.4
Japan	0.0	5.3	0.0	-4.3
Pacific ex Japan	0.2	2.5	6.4	2.4
United Kingdom	4.1	3.5	4.8	3.7
Cash	2.8	0.0	1.3	0.0

Total Effect



Contributors & Detractors

Second Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Taiwan Semiconductor Mfg. Co., Ltd.	4.19	0.80
Universal Display Corp.	3.37	0.76
Howmet Aerospace, Inc.	4.71	0.50
Largest Detractors		
Elanco Animal Health, Inc.	1.19	-0.84
IQVIA Holdings Inc.	3.31	-0.72
Coty Inc.	2.19	-0.48

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Vertiv Holdings Co.	4.53	5.62
NVIDIA Corp.	4.05	1.78
Taiwan Semiconductor Mfg. Co., Ltd.	1.90	1.72
Largest Detractors		
Wolfspeed, Inc.	1.22	-1.65
Meituan	1.37	-1.31
Grifols, S.A.	1.91	-1.31

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Eli Lilly and Company	Melco Resorts & Entertainment Ltd.
Charles Schwab Corp	BioMarin Pharmaceutical, Inc.
Elanco Animal Health, Inc.	Alkermes plc

Data for the quarter ending June 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 Global 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 global economy has continued to display resilience, and that has helped to lift companies and share prices, alongside the obvious enthusiasm for AI. However, there is still plenty of economic and political risk across markets. Screening out the noise and focusing on fundamentals will be key to identifying the stocks that can outperform over the medium to long term.

Strong equities performance, particularly in the US, conceals the fact that things are not panning out to the timeframes markets had expected. Jobs data remains stubbornly strong, and inflation's downward path has not been linear. Many appear fixated on a soft landing, despite the challenge of tapping the brakes without throwing the economy into reverse. While the Federal Reserve should be able to start cutting rates later this year, the economy is not out of the woods yet.

Stagnating growth was one of the key reasons behind the European Central Bank's decision to cut interest rates in June, particularly as inflation is projected to stay above 2% well into next year. Further interest rate cuts appear baked into expectations, but European central banks being first movers does not mean they are going to advance quickly or aggressively.

Similarly, Japan's path to normalized interest rates will unfold slowly. The Bank of Japan has signaled that it will start to reduce bond-buying, but, given that it has also highlighted a cautious and data-dependent approach, balance sheet reduction and interest rate hikes are unlikely to come at the same time. Policymakers are not in a mood to hurry.

The elephant in the room that is increasingly difficult to ignore is politics. A record number of people around the world are voting in 2024. Some elections have already gone off script. Narendra Modi's surprise slip in Indian elections has resulted in a coalition government which may limit his ability to enact economic and political reforms. Nonetheless, in a decelerating global economy, India will remain among the world's most powerful growth engines, and companies such as those in the financials sector are well-placed to benefit from its ongoing expansion.

The implications of political surprise may be even greater in Europe. Poor results for mainstream parties in EU elections triggered a snap parliamentary election in France. A likely outcome will be French political gridlock with no party having a clear majority which likely means no big spending polices enacted. Nevertheless, it also may be difficult to get anything done which does nothing to improve the fiscal situation given the fragmented parliament which may impact the improving macro growth backdrop in France and across the EU.

The potential for electoral shock in the US is more limited. But with discussion revolving around both candidates' fitness for office, there is still room for many unknowns in the run up to the election day. Here again, political deadlock is a likely outcome, which may provide a degree of stability for business and give some room for management teams to make investment decisions.

Against all this uncertainty, many markets are at record highs, driven by a narrow pool of stocks. There is some disquiet around the enthusiasm for AI-related stocks, which undeniably account for the lion's share of returns this year. However, they are also responsible for an equally sizable share of earnings.

Valuations are full for stocks like NVIDIA, TSMC and ASML, but we still believe they are founded in reality and are reasonable reflections of their earnings growth potential.

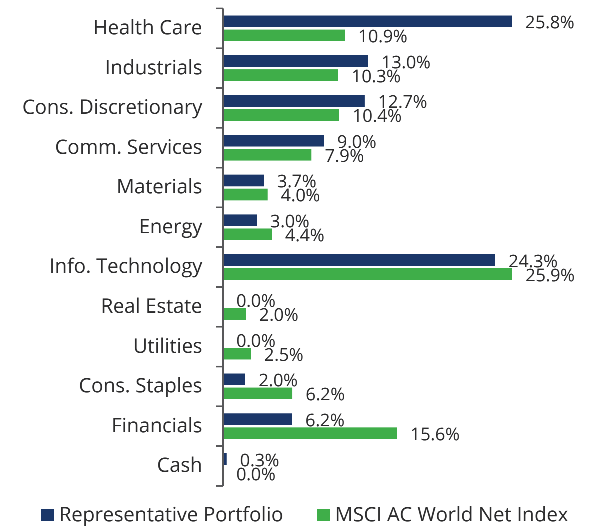
There are positive secular trends in health care, and the US housing market should begin to recover, which will have benefits for a range of industries and companies. Yet, so long as the policy and economic outlooks remain unclear, there will be uncertainty to navigate. Measures to revive the real estate market in China are positive. However, consumer confidence remains fragile, and geopolitical tensions remain a threat, including potential EU measures to protect against China's surging EV industry. In short, there are no easy answers.

What we look for, and have always looked for, is high quality companies that do something few others can do. For example, TechnipFMC is a world leader in technology and services for subsea energy exploration and extraction. Over the long term, the world will move to renewable energy, but before we get there, our economies will still need hydrocarbons to function. Companies like TechnipFMC fulfill customers' demand for best-in-class businesses without cutting corners, and that good corporate citizenship is highly compatible with strong long-term returns.

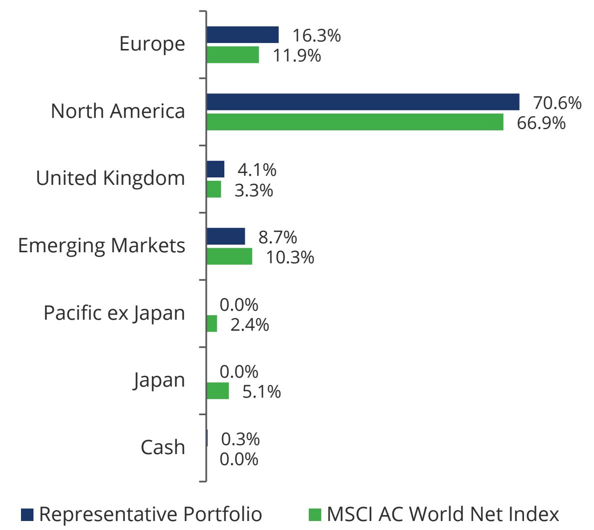
This serves to highlight that there are growth opportunities in any market or sector if you apply the right approach. There is going to be a lot of noise economically and politically throughout this year and into 2025. We believe that company fundamentals will win the day, and we maintain our conviction in our proven strategy to deliver outperformance regardless of market conditions.

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI AC World Net Index	
	2Q 2024	5 Year Average	2Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	625.6	361.7	675.0	359.5
Median Market Cap ($B)	100.3	75.1	12.6	11.3
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	20.1	19.8	14.0	12.5
Revenue Growth: 3 to 5 year forecast (%)[1]	12.2	13.6	7.5	8.2
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	28.3	28.2	23.0	21.8
P/E Ratio: 12 Months - trailing[1]	34.9	34.0	27.4	24.5
PEG Ratio: forward[2]	1.4	1.4	1.6	1.7
Dividend Yield (%)[3]	0.6	0.6	1.8	2.1
Price/Book[4]	4.7	5.2	3.1	2.6
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	17.5	17.5	19.9	17.8
Return on Invested Capital: 5 Year (%) - trailing	12.2	12.5	13.6	12.5
Long-Term Debt / Equity (%)[1]	78.2	69.0	71.6	75.9
Other				
Number of Positions	28	31	2,760	2,936
Beta: 3 year portfolio[5]	1.2	1.2	1.0	1.0
Tracking Error: 5 Year - trailing (%)	5.5	--	--	--
Turnover: 12 Months - trailing (%)	40.4	35.9	--	--

[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]MPT beta (daily). [4]Based on aggregate purchases and sales over prior 12 months. Data as of June 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 Global 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 Global 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				
Alphabet Inc.	United States	4.9	Interactive Media & Services	Jan. 2011
T-Mobile US, Inc.	United States	4.1	Wireless Telecommunication Services	Jun. 2020
Consumer Discretionary				
Amazon.com, Inc.	United States	4.7	Broadline Retail	Mar. 2016
MercadoLibre, Inc.	Brazil	4.1	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	4.0	Broadline Retail	Feb. 2022
Consumer Staples				
Coty Inc.	United States	2.0	Personal Care Products	Jun. 2022
Energy				
TechnipFMC plc	United Kingdom	3.0	Energy Equipment & Services	May 2023
Financials				
Charles Schwab Corp	United States	1.2	Capital Markets	May 2024
Mastercard Inc.	United States	3.9	Financial Services	May 2015
Standard Chartered PLC	United Kingdom	1.1	Banks	Aug. 2023
Health Care				
Boston Scientific Corp.	United States	4.9	Health Care Equipment & Supplies	Jan. 2020
Elanco Animal Health, Inc.	United States	3.2	Pharmaceuticals	May 2024
Eli Lilly and Company	United States	2.7	Pharmaceuticals	May 2024
Grifols, S.A.	Spain	1.7	Biotechnology	May 2022
IQVIA Holdings Inc.	United States	2.6	Life Sciences Tools & Services	May 2017
Novo Nordisk A/S	Denmark	3.0	Pharmaceuticals	Dec. 2023
UnitedHealth Group Inc.	United States	3.6	Health Care Providers & Services	Oct. 2018
Vertex Pharmaceuticals Inc.	United States	4.3	Biotechnology	Feb. 2018
Industrials				
Howmet Aerospace, Inc.	United States	4.6	Aerospace & Defense	Nov. 2021
Safran S.A.	France	3.7	Aerospace & Defense	Feb. 2023
Vertiv Holdings Co.	United States	4.7	Electrical Equipment	Dec. 2020
Information Technology				
ASML Holding N.V.	Netherlands	4.1	Semiconductors & Semiconductor Equipment	Dec. 2005
Atlassian Corp.	United States	3.1	Software	May 2023
Microsoft Corp.	United States	4.0	Software	Nov. 2018
NVIDIA Corp.	United States	4.1	Semiconductors & Semiconductor Equipment	Jan. 2019
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	4.7	Semiconductors & Semiconductor Equipment	Jan. 2024
Universal Display Corp.	United States	4.4	Semiconductors & Semiconductor Equipment	Jun. 2020
Materials				
Corteva, Inc.	United States	3.7	Chemicals	Mar. 2022
Cash & Equivalents				
Cash		0.3		

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