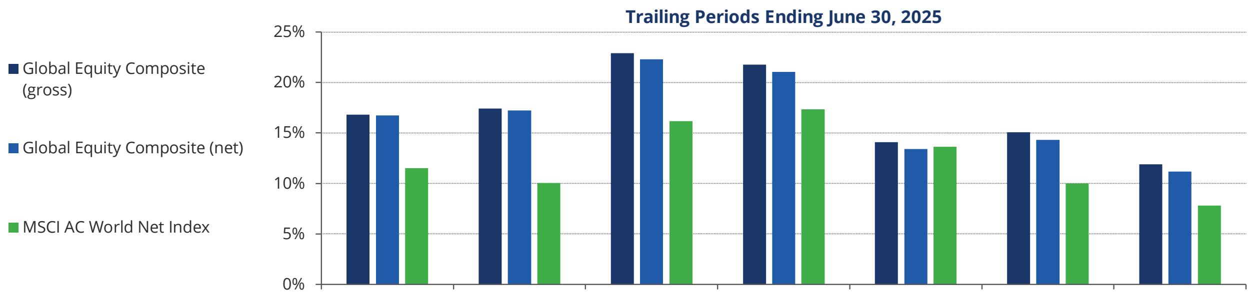
Hardman Johnston Global Equity

2025 Second Quarter Report

Hardman Johnston Global Advisors

Performance



	2Q 2025	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity Composite (gross)	16.82	17.41	22.90	21.77	14.10	15.08	11.90
Global Equity Composite (net)	16.72	17.22	22.28	21.04	13.39	14.33	11.16
MSCI AC World Net Index	11.53	10.05	16.17	17.33	13.64	9.99	7.81

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). 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
- Industrials and Consumer Discretionary were the top sector contributors, while Communication Services and Health Care were the top detractors
- Europe was the top contributing region, while our lack of exposure to Pacific ex-Japan was the top detractor
- The Hardman Johnston Global Equity Strategy outperformed the MSCI AC World 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 Global Equity Composite returned 16.72%, net of fees, compared to 11.53% for the MSCI AC World Net Index.

From a sector standpoint, the main drivers of the portfolio's outperformance during the second quarter were Industrials and Consumer Discretionary. Within Industrials, Howmet Aerospace Inc. and Rheinmetall AG were the largest contributors to outperformance. Howmet shares continued to outperform in Q2, after the company announced a Q1 beat, despite elevated expectations. In particular, the company continues to execute strongly, with margins exceeding internal targets. We recently met with the CEO, who highlighted his increasing confidence in improving narrowbody production rates, which is corroborated by recent data. He also highlighted ongoing strength in the aftermarket, as many airlines appear to be planning on running older fleets longer. Additionally, the tariff impact is likely to be lower than initially feared, with the company able to manage its supply chain and exert pricing power to minimize any impact.

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.

Within Consumer Discretionary, MercadoLibre, Inc. and Prosus NV were the strongest outperformers. MercadoLibre continues to demonstrate its scale and leadership across Latin America, with its 1Q earnings results buoyed by a strong recovery in high-margin Argentina, offsetting investments in its credit card expansion, and logistics build in Brazil and Mexico. MercadoLibre is reinforcing its commerce and fintech ecosystem proposition by announcing a rebranding of the Mercado Pago fintech platform to a single, consolidated platform, which should support ecosystem ubiquity and improve brand awareness. The brand consolidation could strengthen an already rapidly growing fintech business that sees monthly active users and its credit portfolio expanding at significant growth rates. We continue to believe the growth runway and superior market position for MercadoLibre justifies an elevated multiple, as ecommerce penetration in Latin America stands at only 15%, and the synergies between commerce and fintech are far from fully realized.

Prosus NV saw strong earnings and profit growth during the quarter, fueled by strong e-commerce growth and cost reductions. Notably, Prosus experienced its first ever period of positive free cash flow, reaching $1 billion, and improved margins in ecommerce from less than 1% to 7%. Additionally, the new CEO has accelerated Prosus' transition from a passive investment vehicle to an active lifestyle technology company, highlighted by acquisitions of Despegar, Latin America's leading online travel agency, and Just Eat Takeaway, the leading food delivery player in Europe.

The top sector detractors from relative performance during the quarter were Communication Services and Health Care. Within Communication Services, T-Mobile US, Inc. was the main driver of underperformance. While T-Mobile's financial results were solid, the stock price fell after 1Q net subscriber adds came in just shy of expectations, disappointing a market that has come conditioned to expecting positive surprises from the company. However, we continue to see historically low churn and strong average revenue per user growth as reasons to remain optimistic. Additionally, we believe the completion of a few outstanding acquisitions, including US Cellular, will boost longer-term growth prospects.

Among Health Care holdings, Vertex Pharmaceuticals Inc., and Eli Lilly & Co. were the largest drivers of underperformance. Vertex shares struggled after the company reported a Q1 top-line miss, driven by the one-time impact of a counterfeit version of their cystic fibrosis drug Trikafta in Russia. We do not expect that 100% of Russia will become counterfeit, nor do we expect any leakage beyond Russia. Additionally, Alyftrek, Vertex's next generation cystic fibrosis drug, has launched, but the transition from to Alyftrek to Trikafta has been slower than expected. We do expect that most patients will switch to the newer drug, which also has a higher margin, due to a lower outbound royalty. Overall, Vertex is well positioned as a rare disease company with low risk from most favored nation pricing and tariffs.

Eli Lilly shares fell during the quarter due to concerns on Zepbound share loss, after Novo Nordisk and CVS Caremark announced Wegovy as the preferred GLP-1 on Caremark's formularies. Despite this, GLP-1 market growth remains at 30%, and Zepbound's share continues to increase. Additionally, data at the American Diabetes Association conference indicated that Eli Lilly is well positioned across their obesity portfolio due to strong clinical trial data from Orforgliprong, their oral GLP-1.

From a regional standpoint, Europe was the portfolio's strongest contributor, and Rheinmetall AG was the best performer within the region. Our lack of exposure to Pacific ex-Japan was the largest detractor, as the region outperformed the broad index during the quarter. No other region detracted from relative performance.

The top individual contributors to relative performance during the quarter were Howmet Aerospace, Rheinmetall, and Taiwan Semiconductor Mfg. Co., Ltd "(TSMC)." 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.

The top individual detractors from relative performance were T-Mobile, Vertex Pharmaceutical, and Atlassian Corp. Atlassian continues to deliver robust earnings growth, but its valuation has come under pressure throughout the quarter due to structural risks to the number of developers due to generative AI innovation. Generative AI is proliferating across the workforce, with new tools saving developers significant time on generic programming tasks. This has raised questions about the continued growth of this workforce, which has historically been a key indication of growth in Atlassian's subscriptions. We believe these risks are overstated for Atlassian, as improving productivity of developers may not reduce seat count, but it will likely drive investment behind a now more productive software development segment. Atlassian is a software lifecycle management tool that should benefit from the accelerated pace of development that generative AI provides.

During the quarter, we initiated four new positions in Commerzbank AG, UnitedHealth Group Inc., Hitachi Ltd., and ICICI Bank 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 initiated a position in UnitedHealth Group early in the second quarter. With a rise in concerns around tariffs and with most favored nation drug pricing gaining momentum, United Health was seen as a safe haven. They are focused only on the US, have relatively low recession risk, have historically been an excellent underwriter and executer, and the diverse nature of the company, with both insurance and data/informatics, made it appear more defensive and attractive. However, UnitedHealth reported Q1 earnings with a significant increase in medical loss ratio, and they sharply lowered 2025 guidance. Given the extent of the uncertainty in forward guidance and risk of continued mis-execution in insurance pricing, we decided to exit the position. Subsequently, there was a change in CEO, removal of 2025 guidance, and a potential Department of Justice criminal investigation into UnitedHealth's Medicare Advantage business.

Addtionally, 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.

Finally, we initiated a position in ICICI Bank, as a pullback in share price during the quarter presented an opportunity to establish a position in the company at a reasonable valuation. ICICI is India's second largest private sector bank and is a key player in the country's retail and corporate banking ecosystem. Following a decade of restructuring, the bank has emerged with a stronger balance sheet, improved asset quality, and market leading profitability. Its improving return ratios, low non-performing asset ratio, and consistent market share gains make it a compelling long-term investment in India's rapidly expanding financial services sector.

During the quarter, we liquidated five positions in Marvell Technology, Inc., Brookfield Corp., Elanco Animal Health, Inc., Vertiv Holdings Co., and UnitedHealth Group. Marvell Technology had been one of the prime beneficiaries of the AI capex buildout, and an emerging narrative that AI application-specific integrated circuits ("ASICS") could capture meaningful market share in the AI compute landscape. Market expectations had reached unattainable levels entering the company's FY4Q earnings results, which started a drawdown in the share price, despite the company meeting its guidance. The company has since faced incremental competitive pressure on two key segments of its business. We viewed the competitive risks as overwhelming to the long-term thesis for Marvell and took the opportunity to consolidate our direct AI semiconductor exposure to NVIDIA Corp. given the magnitude of its valuation discount following the early-April drawdown.

Brookfield Corp.'s forward growth prospects were called into question as market volatility heightened early in the second quarter, driven by escalating global tariff tensions. In this environment, we anticipate the potential of a prolonged slowdown in capital markets activity, which we believe would delay both monetization and fundraising efforts. Given these headwinds, we made the decision to exit the position.

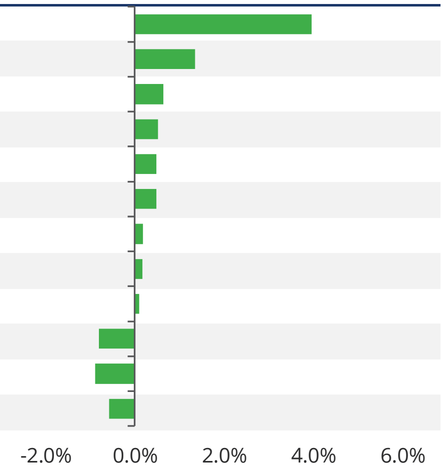
Elanco Animal Health was liquidated during the quarter as we saw continued poor execution from the management team, along with concerns around tariffs, given their global supply chain. Due to these issues, we decided to exit the position and broadly lower healthcare exposure, allocating capital to better opportunities elsewhere in the portfolio.

We liquidated our position in Vertiv during the quarter, after shares bounced off their April lows. The company's order deceleration was already being scrutinized, amid concerns on hyperscaler capex ROI, and this was only exacerbated by the DeepSeek development earlier in the year. While we still believe the company is one of the key beneficiaries of the secular data center opportunity, we had experienced significant price appreciation in our investment over the past several years and decided to focus our AI-related investments in other names.

Quarterly Attribution

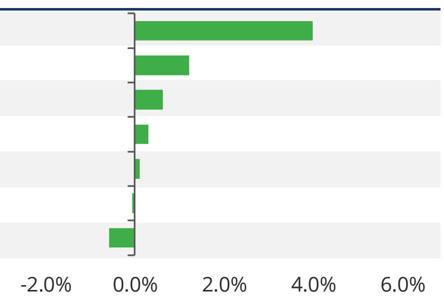
Sector Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
Industrials	23.1	10.8	32.2	15.3
Cons. Discretionary	9.2	10.6	23.5	8.7
Energy	0.0	3.7	0.0	-3.8
Consumer Staples	0.0	6.3	0.0	3.5
Info. Technology	24.1	24.4	25.3	23.3
Materials	4.1	3.6	18.7	6.3
Financials	15.9	17.9	11.2	10.4
Real Estate	0.0	2.1	0.0	3.5
Utilities	0.0	2.7	0.0	8.1
Health Care	11.7	9.5	-6.6	-3.7
Comm. Services	9.3	8.3	6.5	17.8
Cash	2.6	0.0	1.1	0.0

Total Effect



Regional Attribution	Average Weight		Total Return	
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI
Europe	27.4	12.2	27.1	12.6
Emerging Markets	7.3	10.5	30.5	12.3
North America	55.6	66.5	12.2	11.3
Japan	2.9	4.9	30.9	11.4
United Kingdom	4.2	3.4	12.5	8.7
Pacific ex Japan	0.0	2.5	0.0	13.9
Cash	2.6	0.0	1.1	0.0

Total Effect



Contributors & Detractors

Second Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Howmet Aerospace, Inc.	4.40	1.20
Rheinmetall AG	3.87	1.19
Taiwan Semiconductor Mfg. Co., Ltd.	3.97	0.76
Largest Detractors		
T-Mobile US, Inc.	4.24	-1.02
Vertex Pharmaceuticals Inc.	3.56	-0.74
Atlassian Corp.	3.32	-0.55

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Howmet Aerospace, Inc.	5.01	4.09
Rheinmetall AG	1.42	3.30
Standard Chartered PLC	3.68	2.05
Largest Detractors		
Marvell Technology, Inc.	0.55	-2.22
Elanco Animal Health, Inc.	2.06	-1.26
ASML Holding N.V.	3.14	-1.15

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 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.

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Commerzbank AG	Marvell Technology, Inc.
UnitedHealth Group Inc.	Brookfield Corporation
Hitachi, Ltd.	Elanco Animal Health, Inc.
ICICI Bank Ltd.	Vertiv Holdings Co.
	UnitedHealth Group Inc.

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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.

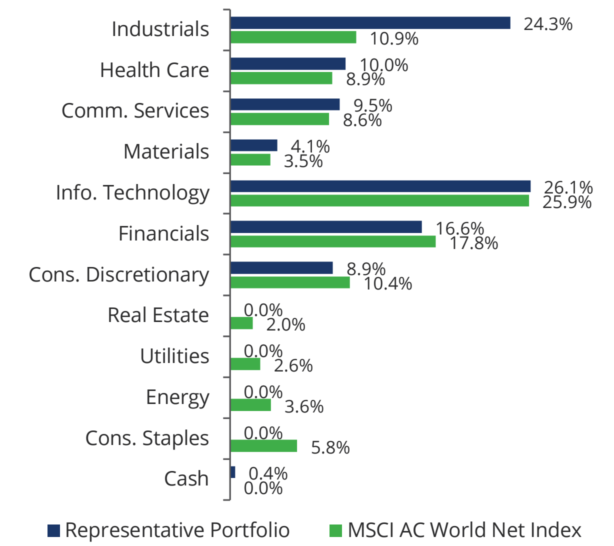
It's a similar tale in healthcare. While an aging US population should be a tailwind for demand, the executive order imposing "most-favored nation" pricing status on prescription drugs and potential tariffs adds to the sector's headwinds, as do over $1 trillion of cuts to Medicaid over the next decade 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.

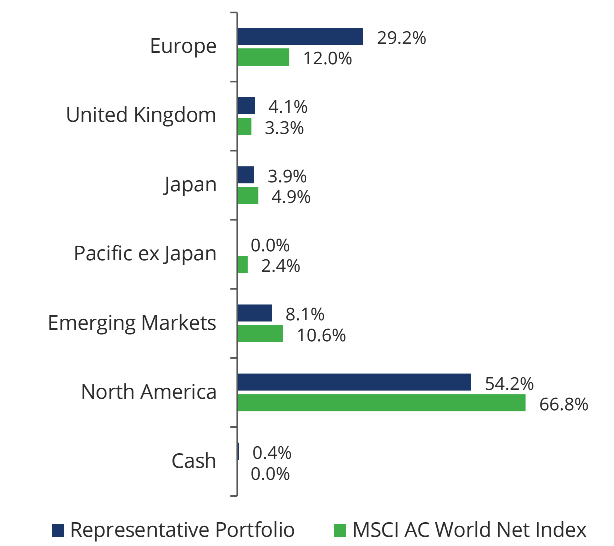
Many companies in our portfolio and more broadly would benefit from lower inflation and lower interest rates, a growthier economic outlook, and a more settled geopolitical backdrop, but we don't need those conditions to be favorable for our holdings to deliver. We see resiliency and earnings growth across 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

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI AC World Net Index	
	2Q 2025	5 Year Average	2Q 2025	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	666.4	421.3	758.9	453.7
Median Market Cap ($B)	146.9	84.6	16.3	12.5
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	14.8	20.1	10.6	12.7
Revenue Growth: 3 to 5 year forecast (%)[1]	13.3	13.6	9.7	8.5
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	26.6	27.9	23.1	22.2
P/E Ratio: 12 Months - trailing[1]	31.3	33.9	26.1	25.3
PEG Ratio: forward[2]	1.8	1.4	2.2	1.8
Dividend Yield (%)[3]	0.9	0.6	1.7	1.9
Price/Book[4]	3.8	4.9	3.3	2.8
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	17.0	17.1	18.8	18.1
Return on Invested Capital: 5 Year (%) - trailing[1]	12.3	11.9	12.6	12.7
Long-Term Debt / Equity (%)[1]	67.9	74.6	70.9	75.7
Other				
Number of Positions	28	31	2,528	2,860
Beta: 3 year portfolio[5]	1.1	1.2	1.0	1.0
Tracking Error: 5 Year - trailing (%)	5.3	--	--	--

[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 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	2.1	Interactive Media & Services	Jan. 2011
Meta Platforms, Inc.	United States	4.0	Interactive Media & Services	Sep. 2024
T-Mobile US, Inc.	United States	3.5	Wireless Telecommunication Services	Jun. 2020
Consumer Discretionary				
Amazon.com, Inc.	United States	2.1	Broadline Retail	Mar. 2016
MercadoLibre, Inc.	Brazil	2.6	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	4.3	Broadline Retail	Feb. 2022
Financials				
Bank of America Corp.	United States	3.7	Banks	Nov. 2024
Commerzbank AG	Germany	4.1	Banks	Apr. 2025
ICICI Bank Ltd.	India	1.1	Banks	Apr. 2025
Mastercard Inc.	United States	3.6	Financial Services	May 2015
Standard Chartered PLC	United Kingdom	4.1	Banks	Aug. 2023
Health Care				
Boston Scientific Corp.	United States	3.7	Health Care Equipment & Supplies	Jan. 2020
Eli Lilly and Company	United States	3.3	Pharmaceuticals	May 2024
Vertex Pharmaceuticals Inc.	United States	3.1	Biotechnology	Feb. 2018
Industrials				
Airbus SE	France	4.3	Aerospace & Defense	Jan. 2025
Hitachi, Ltd.	Japan	3.9	Industrial Conglomerates	Apr. 2025
Howmet Aerospace, Inc.	United States	4.0	Aerospace & Defense	Nov. 2021
Rheinmetall AG	Germany	3.8	Aerospace & Defense	Jan. 2025
Safran S.A.	France	4.4	Aerospace & Defense	Feb. 2023
Uber Technologies, Inc.	United States	3.8	Ground Transportation	Dec. 2024
Information Technology				
ASML Holding N.V.	Netherlands	3.9	Semiconductors & Semiconductor Equipment	Dec. 2005
Atlassian Corp.	United States	2.9	Software	May 2023
Infineon Technologies AG	Germany	4.4	Semiconductors & Semiconductor Equipment	Mar. 2025
Microsoft Corp.	United States	3.7	Software	Nov. 2018
NVIDIA Corp.	United States	4.9	Semiconductors & Semiconductor Equipment	Jan. 2019
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	4.4	Semiconductors & Semiconductor Equipment	Jan. 2024
Universal Display Corp.	United States	1.9	Semiconductors & Semiconductor Equipment	Jun. 2020
Materials				
Corteva, Inc.	United States	4.1	Chemicals	Mar. 2022
Cash & Equivalents				
Cash		0.4		

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