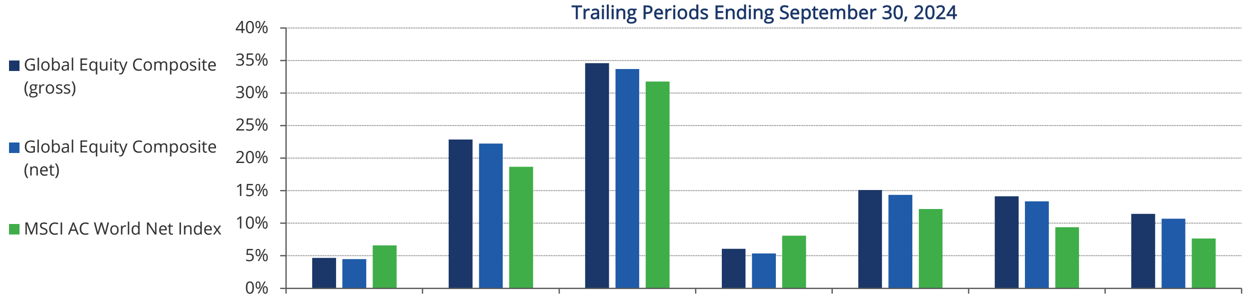
Hardman Johnston Global Equity

2024 Third Quarter Report

Hardman Johnston Global Advisors

Performance



	3Q 2024	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Global Equity Composite (gross)	4.67	22.85	34.60	6.06	15.11	14.13	11.45
Global Equity Composite (net)	4.50	22.23	33.71	5.36	14.36	13.35	10.70
MSCI AC World Net Index	6.61	18.66	31.76	8.08	12.18	9.38	7.64

Performance is through September 30, 2024. Periods greater than one year are annualized. **Past performance does not guarantee future results.** Net performance reflects the deduction of advisory fees and reinvestment of income (if applicable). 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

- Volatility, particularly late in the quarter, caused the portfolio to underperform in the third quarter
- Industrials and Consumer Discretionary were the top sector contributors, while Information Technology and Financials were the top detractors
- Emerging Markets was the top contributing region, while North America was the top detractor
- The Hardman Johnston Global Equity Strategy underperformed the MSCI AC World Net Index during the quarter

Portfolio Commentary

After a strong first half of the year, the third quarter saw the portfolio modestly lag its benchmark index. Volatility, particularly towards the end of the quarter, weighed on performance. The Hardman Johnston Global Equity Composite returned 4.50%, net of fees, compared to 6.61% for the MSCI AC World Net Index.

The main drivers of outperformance from a sector standpoint were Industrials and Consumer Discretionary. Within Industrials, Howmet Aerospace, Inc. and Safran S.A. were the largest contributors to outperformance. Shares in Howmet outperformed after the company announced another set of solid earnings. While the company's two main customers, Boeing and Airbus, continue to experience production delays, Howmet has been delivering on its contractual obligations as customers remain eager to accept engine deliveries given their large backlogs. Meanwhile, the aftermarket remains robust, as older planes are flying longer, and Howmet boasts an underappreciated aftermarket exposure through the sale of its proprietary air foils. As the aerospace recovery progresses, the acceleration in widebody production also bodes well for Howmet given its exposure to high-margin industrial fasteners used extensively in widebody composite aerostructures.

Safran designs, manufactures, and sells aircraft, defense, and communications equipment. It has a dominant share in narrowbody aircraft engines, which is the larger and faster growing aircraft segment. The company's CFM56 engine has a large and young installed base, creating a future pipeline of growth in aftermarket services. Safran's LEAP engines are also a strong growth driver as it has dominant share in the newest generation of narrowbodies. During the quarter, management beat earnings expectations for the first half of the year and affirmed forward guidance, along with stating that global air traffic trends remain supportive for their business.

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

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

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

Shares of Atlassian declined following its earnings release in early August as the company laid out a 16% revenue growth target for the upcoming fiscal year. The guide missed investor expectations and implies a meaningful acceleration in revenue growth beyond FY25 to meet the company's recently presented 3-year growth CAGR target of +20%. The near-term deceleration is driven mostly by an upcoming period of tough comparables due to the end of maintenance for its server product, which had been an event-driven tailwind for cloud and data center growth. Management has also demonstrated conservatism in its near-term guidance as it considers a worsening macro environment and some disruption as it evolves its go-to-market approach to scale with large enterprises. Atlassian has also been a victim of a challenging software industry, driven by a few top-down headwinds like digestion of software spend following very strong procurement during and exiting the pandemic, a shift of IT budgets from traditional software to AI initiatives, and the current lack of monetization observed by application software companies' AI offerings.

The relative underperformance of the Financials sector was primarily due to our underweight exposure to the sector during a quarter in which it outperformed the broad benchmark index.

From a regional standpoint, Emerging Markets was the portfolio's strongest contributor, with MercadoLibre being the best performer within the region.

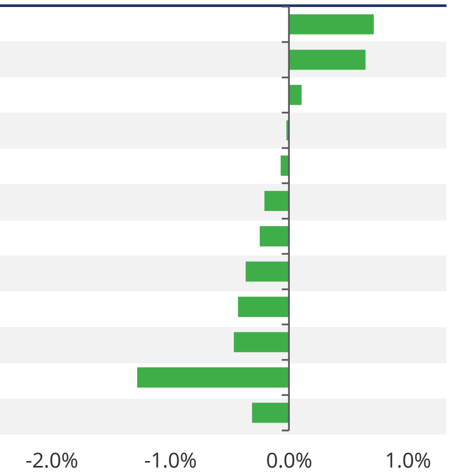
North America was the largest detractor, with Atlassian and Vertex Pharmaceuticals Inc. driving underperformance. Vertex is a biopharmaceutical company focused on cystic fibrosis treatment with an emerging portfolio of agents to address rare diseases with high unmet needs. During the quarter, the company reported a slight top and bottom line miss due to a one-time impact from the acquisition of Alpine Lifesciences. Despite this, management raised 2024 topline guidance, citing an increase in cystic fibrosis patients and growth into new geographies.

The top individual contributors to relative performance during the quarter were Howmet Aerospace, MercadoLibre, and Prosus. The top individual detractors from relative performance were ASML, Atlassian, and Novo Nordisk A/S. Novo Nordisk underperformed as its blockbuster weight loss drug, Wegovy, faced supply constraints that restricted its starting dose figures. In contrast, Eli Lilly's key competing product, Zepbound, was removed from the FDA shortage list and has been winning more new patient starts. Novo does expect a phase III readout late in the year for its new CagriSema drug, with clinical thresholds set at 25% weight loss. Although the drug has extremely high market expectations, uncertainty around the trial readout is pressuring shares ahead of the event.

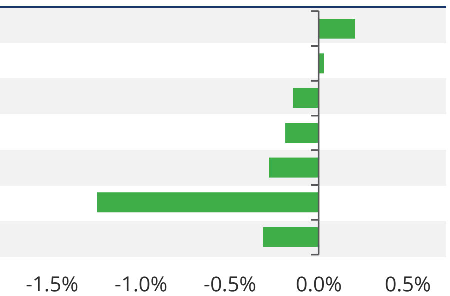
During the quarter, we initiated one new position in Meta Platforms, Inc. and had no liquidations. Management at Meta has effectively addressed concerns about investment efficiency by shifting resources from Reality Labs towards broader AI initiatives with a clearer path to profitability. We believe management has successfully articulated the benefits of this strategy, highlighting how AI is driving user engagement and advertiser productivity. This, in turn, fuels continued revenue momentum and increases the likelihood of positive earnings surprises in the future. Additionally, the parent company of the social media platform, Facebook, has recently taken positive steps to enhance safety, which suggests to us a shift towards a more proactive and responsive approach to addressing important potential challenges and concerns. Weak oversight over data privacy protection was a key reason why we sold the position in the portfolio back in 2021. Removing this governance overhang allows us to feel comfortable to enter back into the stock at a time when we believe it is poised for strong earnings growth going forward.

Quarterly Attribution

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	
Industrials	12.4	10.5	16.6	10.2	
Cons. Discretionary	12.1	10.3	14.8	9.4	
Energy	3.4	4.2	0.5	-2.2	
Materials	3.7	4.0	9.3	9.6	
Comm. Services	7.9	7.7	3.7	4.3	
Real Estate	0.0	2.2	0.0	16.8	
Utilities	0.0	2.6	0.0	16.6	
Consumer Staples	1.3	6.4	-6.3	9.4	
Health Care	27.5	11.2	4.9	6.2	
Financials	6.9	16.0	9.6	10.7	
Info. Technology	21.1	25.0	-5.0	1.1	
Cash	3.6	0.0	1.3	0.0	



Regional Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	ACWI	Rep. Portfolio	ACWI	
Emerging Markets	8.7	10.3	12.4	8.9	
Japan	0.0	5.1	0.0	5.7	
United Kingdom	5.2	3.4	3.8	7.9	
Pacific ex Japan	0.0	2.5	0.0	14.3	
Europe	15.2	11.9	4.9	6.1	
North America	67.3	66.8	4.1	6.1	
Cash	3.6	0.0	1.3	0.0	



Contributors & Detractors

Third Quarter	Average Weight (%)	Total Effect (%)
Largest Contributors		
Howmet Aerospace, Inc.	5.03	1.02
MercadoLibre, Inc.	4.58	0.72
Prosus NV	4.00	0.64
Largest Detractors		
ASML Holding N.V.	3.24	-0.87
Atlassian Corp.	2.84	-0.51
Novo Nordisk A/S	2.19	-0.47

Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors		
Vertiv Holdings Co.	4.49	3.73
Howmet Aerospace, Inc.	4.55	3.15
NVIDIA Corp.	4.09	1.91
Largest Detractors		
Atlassian Corp.	3.40	-2.10
Meituan	0.62	-1.38
Elanco Animal Health, Inc.	1.07	-1.30

Portfolio Activity

Quarterly Initiations	Quarterly Liquidations
Meta Platforms, Inc.	

Data for the quarter ending September 30, 2024. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.** The data shown is of a representative portfolio for the Hardman Johnston 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 path downwards for interest rates has begun. Inflation is deemed to be sufficiently under control as many markets begin turning attention back to measures to support GDP growth. Even though easing has already boosted markets, with many reaching or nearing record highs, factors like elections, geopolitical uncertainty, and the inherent unpredictability of the economy suggest that volatility will likely remain high for the rest of this year and into 2025.

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

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

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

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

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

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

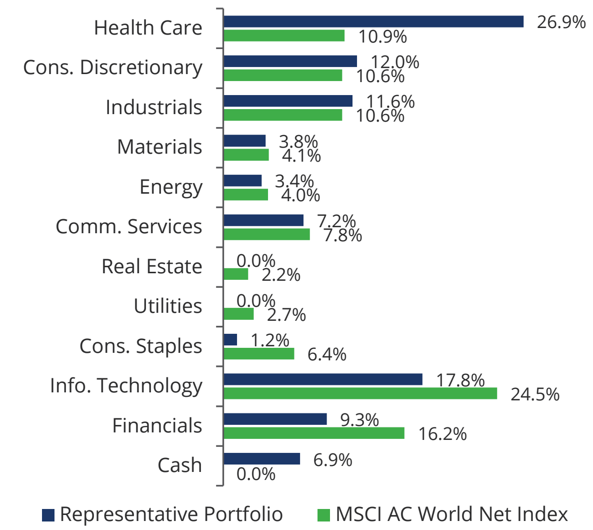
Defense has generated strong returns for investors this year and is likely to continue to perform given the international focus on increased spending in a more volatile and uncertain world. AI has similarly driven huge returns and, while far from cheap, still appears to show enormous growth potential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

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

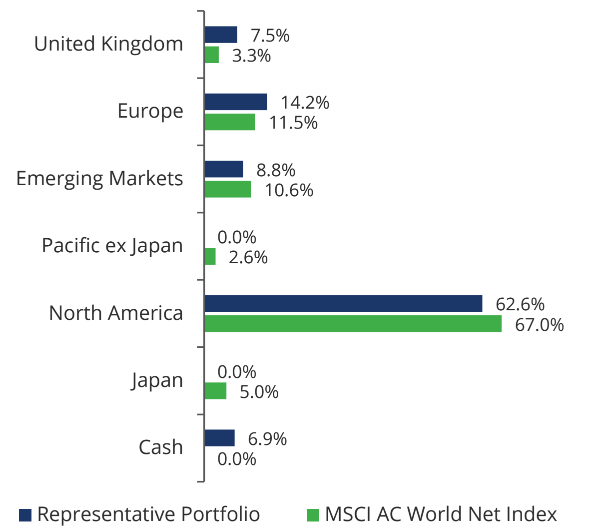
Despite the unpredictable top-down environment, we remain confident our holdings can hit their growth objectives and deliver share price performance over our three to five year time frame. Volatility should also present us with opportunities to evaluate new investments at attractive valuations. Having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

Exposures & Characteristics

Exposure by Sector



Exposure by Region



	Representative Portfolio		MSCI AC World Net Index	
	3Q 2024	5 Year Average	3Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap ($B)	518.0	376.9	656.1	382.8
Median Market Cap ($B)	115.2	77.4	14.6	11.6
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%)[1]	21.4	20.0	13.1	12.6
Revenue Growth: 3 to 5 year forecast (%)[1]	12.4	13.6	8.0	8.3
Value Fundamentals				
P/E Ratio: 12 Months - forward[1]	25.9	28.2	22.8	22.0
P/E Ratio: 12 Months - trailing[1]	32.7	34.2	26.8	24.9
PEG Ratio: forward[2]	1.2	1.4	1.7	1.7
Dividend Yield (%)[3]	0.7	0.6	1.8	2.0
Price/Book[4]	3.9	5.2	3.2	2.7
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing[1]	15.9	17.5	19.5	17.9
Return on Invested Capital: 5 Year (%) - trailing	11.1	12.4	13.4	12.6
Long-Term Debt / Equity (%)[1]	89.9	70.6	72.5	75.9
Other				
Number of Positions	29	31	2,687	2,928
Beta: 3 year portfolio[5]	1.1	1.2	1.0	1.0
Tracking Error: 5 Year - trailing (%)	5.4	--	--	--

[1]Interquartile weighted mean, [2]PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", [3]Weighted mean, [4]Weighted harmonic mean, [5]MPT beta (daily). Data as of September 30, 2024. **Past performance does not guarantee future results.** Source: FactSet, Hardman Johnston Global Advisors LLC®. The data shown is of a representative portfolio for the Hardman Johnston 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	1.8	Interactive Media & Services	Jan. 2011
Meta Platforms, Inc.	United States	0.8	Interactive Media & Services	Sep. 2024
T-Mobile US, Inc.	United States	4.6	Wireless Telecommunication Services	Jun. 2020
Consumer Discretionary				
Amazon.com, Inc.	United States	2.7	Broadline Retail	Mar. 2016
MercadoLibre, Inc.	Brazil	4.8	Broadline Retail	Jan. 2023
Prosus NV	Netherlands	4.5	Broadline Retail	Feb. 2022
Consumer Staples				
Coty Inc.	United States	1.2	Personal Care Products	Jun. 2022
Energy				
TechnipFMC plc	United Kingdom	3.4	Energy Equipment & Services	May 2023
Financials				
Charles Schwab Corp	United States	1.0	Capital Markets	May 2024
Mastercard Inc.	United States	4.2	Financial Services	May 2015
Standard Chartered PLC	United Kingdom	4.1	Banks	Aug. 2023
Health Care				
Boston Scientific Corp.	United States	4.2	Health Care Equipment & Supplies	Jan. 2020
Elanco Animal Health, Inc.	United States	3.1	Pharmaceuticals	May 2024
Eli Lilly and Company	United States	4.0	Pharmaceuticals	May 2024
Grifols, S.A.	Spain	2.2	Biotechnology	May 2022
IQVIA Holdings Inc.	United States	3.8	Life Sciences Tools & Services	May 2017
Novo Nordisk A/S	Denmark	1.7	Pharmaceuticals	Dec. 2023
UnitedHealth Group Inc.	United States	4.0	Health Care Providers & Services	Oct. 2018
Vertex Pharmaceuticals Inc.	United States	4.0	Biotechnology	Feb. 2018
Industrials				
Howmet Aerospace, Inc.	United States	5.0	Aerospace & Defense	Nov. 2021
Safran S.A.	France	3.9	Aerospace & Defense	Feb. 2023
Vertiv Holdings Co.	United States	2.6	Electrical Equipment	Dec. 2020
Information Technology				
ASML Holding N.V.	Netherlands	2.0	Semiconductors & Semiconductor Equipment	Dec. 2005
Atlassian Corp.	United States	2.6	Software	May 2023
Microsoft Corp.	United States	3.7	Software	Nov. 2018
NVIDIA Corp.	United States	3.5	Semiconductors & Semiconductor Equipment	Jan. 2019
Taiwan Semiconductor Mfg. Co., Ltd.	Taiwan	4.0	Semiconductors & Semiconductor Equipment	Jan. 2024
Universal Display Corp.	United States	2.0	Semiconductors & Semiconductor Equipment	Jun. 2020
Materials				
Corteva, Inc.	United States	3.8	Chemicals	Mar. 2022
Cash & Equivalents				
Cash		6.9		

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