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# Hardman Johnston

## Select Equity

### 2026 First Quarter Report

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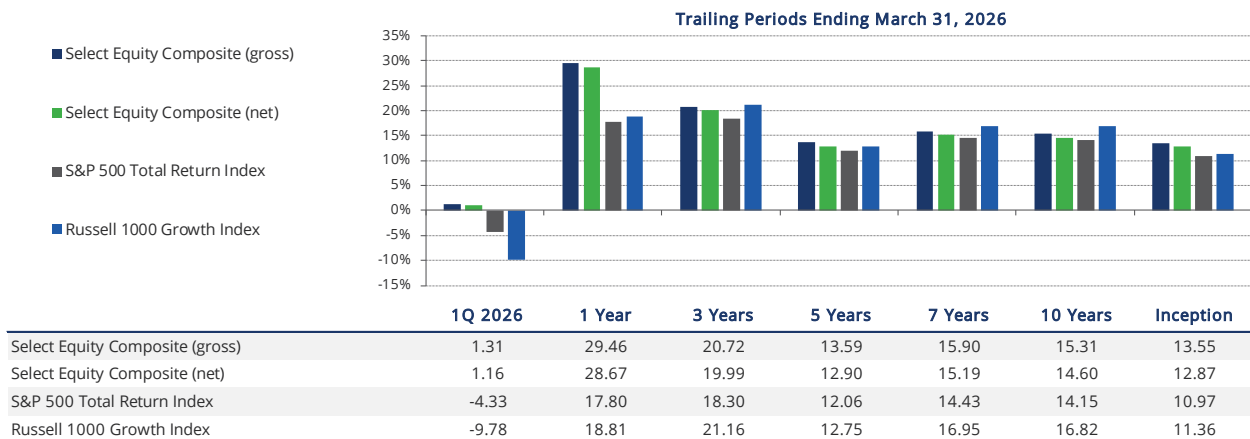


## General Information<sup>1</sup>

Firm Assets	\$8,370.5 million
Strategy Assets	\$553.9 million
Benchmark	S&P 500 TR
Active Share (%)	79.2
Composite Inception Date	Dec-1990

(1) Select Equity strategy assets include all derivations of the select equity accounts managed by the firm. 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. Active share is calculated in FactSet and reflects a 10-year time period ending March 31, 2026.

## Performance



Performance is through March 31, 2026. Periods greater than one year are annualized. **Past performance does not guarantee future results.** Net performance reflects the deduction of advisory fees and reinvestment of income (if applicable). Composite inception date: December 31, 1990.

## Key Takeaways

- Predictions have low value in these environments
- Focusing on fundamentals and diligent monitoring remain our best tools
- Economic activity is likely to slow in the near term, but the underpinnings for solid long-term growth remain
- Companies with strong order books are rewarded, while more cyclical holdings are pulling back

## Market Review & Outlook

After a period like the last quarter, many investors get stuck trying to predict what comes next. We have always steadfastly avoided speculating on macro scenarios or market movements. Instead, we turn our attention to closely analyzing our companies, our portfolio risks, and our opportunities. We interrogate the fundamentals of our holdings and how they should hold up in challenging conditions, including intense oil and commodity price shocks.

Our assessment is that our portfolio remains resilient and capable of earnings growth in most economic scenarios. There are specific and broader risks and we continue to monitor performance very closely. But there are also opportunities in mispriced stocks, overestimated negative impacts, and underestimated potential upsides for companies over the long term.

In the near term, yes, the war in Iran and the closure of the Strait of Hormuz have caused energy prices to increase. We expect them to remain elevated for the foreseeable future. Yes, that will dampen consumer spending as well as the ability of the Federal Reserve to continue to bring interest rates down. Many economies that were experiencing tepid growth may enter recessions. That is not our prediction for the US economy, but growth will almost certainly slow. Housing and related industries will continue to struggle to find growth. Companies may pause hiring plans but will be reluctant to lay workers off given a brewing labor shortage.

Looking past the near-term disruptions, the outlook remains good for most of the U.S. economy. We continue to see manufacturing capabilities return, and continue to see demand for productivity tools, particularly AI driven tools to offset the tightness in the labor market. We think the demand for healthcare products and services is resilient given global aging. Longer term demand for air travel and the quest for more fuel efficiency keeps us bullish on the aerospace industry. In other words, optimism still has a role to play in investing.

Periods of instability are never comfortable, but they can be opportunities. We remain as vigilant as ever to make sure we identify both the risks and pitfalls as well as the diamonds in the rough.

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## Portfolio Commentary

In the first quarter of 2026 the Select Equity composite eked out a gain of 1.17% net of fees compared to a loss of 4.33% for the S&P 500. What became clear is that companies with strong backlogs of customer business were rewarded and those with more economically sensitive customers underperformed.

The best contributors were led by **Vertiv Holdings Co., Advanced Energy Industries, Inc., and Curtiss-Wright Corporation**. All three saw customer order growth adding to already strong backlogs in their respective fields of computing infrastructure, and aerospace/nuclear power. We continue to monitor their business closely for cracks in the foundation but remain confident that they are essential to customers and the prospects for growth are solid.

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Detractors were led by **PayPal Holdings, Inc.**. The company has not demonstrated that it can capitalize on what should be strong competitive advantages in the digital payments space, leading us to exit the position.

Also detracting was **IQVIA Holdings Inc.** A critical partner to the biotech and pharmaceutical industries, the stock has been under pressure from both fears of AI disruption (they argue that it will help both them and their customers) and a turn-up in interest rates slowing spending for some of their smaller customers. While there may be something to the second point, we continue to this that the collection of capabilities and assets this company holds makes them a powerful player in their industry.

Finally, **Adobe Inc.** continues to lag based on fears of AI disruption. The fears persist even after the company demonstrated good uptake of its own AI tools and strong customer loyalty. Forecasts for solid growth and a very attractive valuation keep us engaged here, even though we are watching the business closely in case we are wrong.

## Quarterly Attribution\* & Portfolio Activity

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	S&P 500	Rep. Portfolio	S&P 500	
Industrials	23.3	8.8	22.6	4.7	
Info. Technology	25.3	33.3	-1.5	-9.2	
Materials	6.0	2.0	21.0	9.7	
Cons. Discretionary	2.8	10.1	-5.4	-9.2	
Health Care	19.5	9.6	-4.2	-4.9	
Comm. Services	7.9	10.5	-6.8	-6.9	
Real Estate	0.0	1.9	0.0	2.8	
Utilities	0.0	2.4	0.0	8.3	
Financials	11.7	12.8	-13.2	-9.4	
Consumer Staples	1.1	5.1	-31.2	7.7	
Energy	1.1	3.3	-0.3	38.3	
Cash	1.2	0.2	0.7	0.9	

-2.0% 0.0% 2.0% 4.0% 6.0%

### Contributors & Detractors

First Quarter	Average Weight	Total Effect (%)	Last Twelve Months	Average Weight	Total Effect (%)
<b>Largest Contributors</b>			<b>Largest Contributors</b>		
Vertiv Holdings Co.	7.37	3.82	Vertiv Holdings Co.	5.88	8.07
Advanced Energy Industries	3.70	1.66	Advanced Energy Industries	2.81	3.84
Curtiss-Wright Corporation	5.45	1.37	Howmet Aerospace, Inc.	7.55	3.78
<b>Largest Detractors</b>			<b>Largest Detractors</b>		
PayPal Holdings, Inc.	0.79	-0.53	Marsh & McLennan Cos. Inc.	3.69	-2.29
IQVIA Holdings Inc.	2.11	-0.51	PayPal Holdings, Inc.	1.99	-1.50
Adobe Inc.	1.27	-0.36	Universal Display Corp.	2.22	-1.43

### Quarterly Initiations

Cameco Corporation

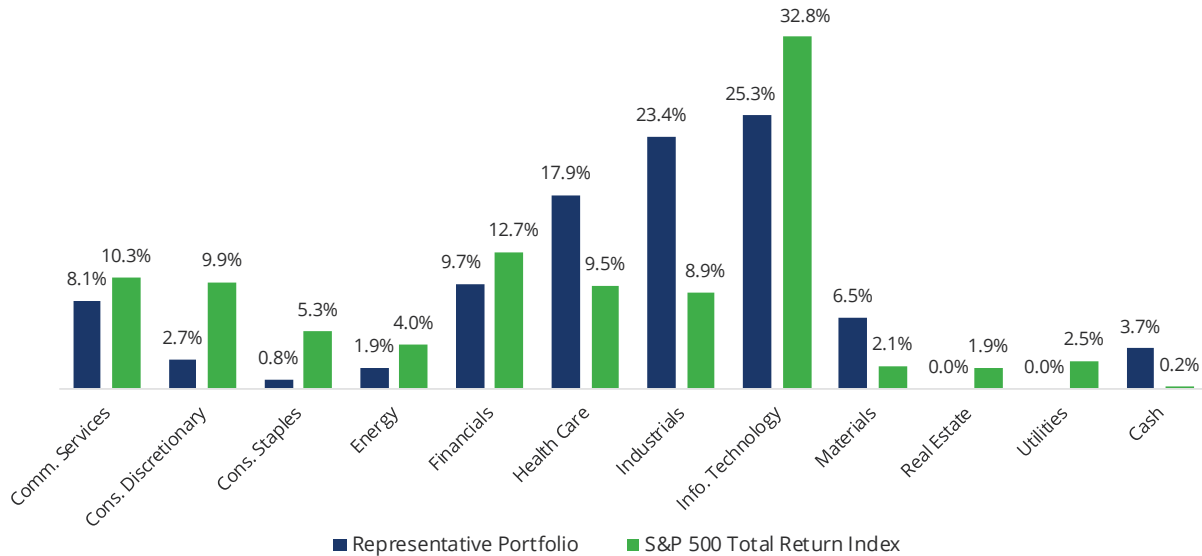
### Quarterly Liquidations

PayPal Holdings, Inc.  
HDFC Bank Limited

Data for the quarter ending March 31, 2026. Source: FactSet, Hardman Johnston Global Advisors LLC®. **Past performance does not guarantee future results.** \*Information for S&P 500 attribution, exposures, and characteristics are derived from the iShares S&P 500 ETF. The data shown is of a representative portfolio for the Hardman Johnston Select 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.

## Exposures & Characteristics\*

### Exposure by Sector



	Representative Portfolio		S&P 500 Total Return Index	
	1Q 2026	5 Year Average	1Q 2026	5 Year Average
<b>Capitalization</b>				
Weighted Average Market Cap (\$B)	903.1	618.2	1232.0	820.6
Median Market Cap (\$B)	81.9	90.2	39.2	34.0
<b>Growth Fundamentals</b>				
EPS Growth: 3 to 5 year forecast (%) <sup>1</sup>	14.2	14.8	12.4	12.3
Revenue Growth: 3 to 5 year forecast (%) <sup>1</sup>	10.4	9.6	8.9	8.0
<b>Value Fundamentals</b>				
P/E Ratio: 12 Months - forward <sup>1</sup>	26.6	24.8	21.9	23.8
P/E Ratio: 12 Months - trailing <sup>1</sup>	32.3	29.0	26.0	26.9
PEG Ratio: forward <sup>2</sup>	1.9	1.7	1.8	1.9
Dividend Yield (%) <sup>3</sup>	0.7	0.9	1.2	1.4
Price/Book <sup>4</sup>	6.0	5.5	4.8	4.3
<b>Quality Fundamentals</b>				
Return on Equity: 12 Months - forward (%) <sup>1</sup>	28.9	28.5	29.3	26.9
Return on Equity: 5 Year (%) - trailing <sup>1</sup>	24.6	22.8	29.1	25.4
Return on Invested Capital: 12 Months - forward (%) <sup>1</sup>	21.1	20.2	18.9	18.9
Return on Invested Capital: 5 Year (%) - trailing <sup>1</sup>	15.7	16.9	15.8	16.5
Long-Term Debt / Equity (%) <sup>1</sup>	57.7	79.4	69.2	82.2
<b>Other</b>				
Number of Positions	33	32	503	504
Beta: 3 year portfolio <sup>5</sup>	1.0	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	4.4	3.5	--	--
Turnover: 12 Months - trailing (%)	5.9	6.5	--	--

<sup>1</sup>Interquartile weighted mean, <sup>2</sup>PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", <sup>3</sup>MPT beta (daily). <sup>4</sup>Based on aggregate purchases and sales over prior 12 months. Data as of March 31, 2026. **Past performance does not guarantee future results.** \*Information for S&P 500 attribution, exposures, and characteristics are derived from the iShares S&P 500 ETF. Source: FactSet, Hardman Johnston Global Advisors LLC®. The data shown is of a representative portfolio for the Hardman Johnston Select 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 Select 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
<b>Communication Services</b>		<b>8.1</b>	
Alphabet Inc.	United States	7.1	Interactive Media & Services
Comcast Corp.	United States	0.9	Diversified Telecommunication Services
Versant Media Group, Inc.	United States	0.1	Media
<b>Consumer Discretionary</b>		<b>2.7</b>	
SharkNinja, Inc.	United States	2.7	Household Durables
<b>Consumer Staples</b>		<b>0.8</b>	
Estee Lauder Companies Inc.	United States	0.8	Personal Care Products
<b>Energy</b>		<b>1.9</b>	
Cameco Corporation	Canada	1.9	Oil, Gas & Consumable Fuels
<b>Financials</b>		<b>9.7</b>	
Charles Schwab Corp	United States	3.0	Capital Markets
Marsh & McLennan Cos. Inc.	United States	3.0	Insurance
Mastercard Inc.	United States	3.8	Financial Services
<b>Health Care</b>		<b>17.9</b>	
AstraZeneca plc	United Kingdom	3.5	Pharmaceuticals
Becton, Dickinson & Co.	United States	1.4	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	2.8	Health Care Equipment & Supplies
Illumina, Inc.	United States	2.0	Life Sciences Tools & Services
IQVIA Holdings Inc.	United States	1.9	Life Sciences Tools & Services
Medtronic plc	United States	1.7	Health Care Equipment & Supplies
UnitedHealth Group Inc.	United States	1.0	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	3.2	Biotechnology
Waters Corporation	United States	0.5	Life Sciences Tools & Services
<b>Industrials</b>		<b>23.4</b>	
Automatic Data Processing, Inc.	United States	1.5	Professional Services
Curtiss-Wright Corporation	United States	5.9	Aerospace & Defense
Howmet Aerospace, Inc.	United States	7.0	Aerospace & Defense
Stanley Black & Decker Inc.	United States	2.0	Machinery
Vertiv Holdings Co.	United States	7.0	Electrical Equipment
<b>Information Technology</b>		<b>25.3</b>	
Adobe Inc.	United States	1.2	Software
Advanced Energy Industries	United States	4.3	Electronic Equipment, Instruments & Components
Apple Inc.	United States	5.0	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	4.0	Semiconductors & Semiconductor Equipment
Microsoft Corp.	United States	3.4	Software
NVIDIA Corp.	United States	6.0	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	1.5	Semiconductors & Semiconductor Equipment
<b>Materials</b>		<b>6.5</b>	
Albemarle Corp.	United States	1.6	Chemicals
Corteva, Inc.	United States	3.2	Chemicals
Hexcel Corporation	United States	1.7	Chemicals
<b>Cash &amp; Cash Equivalents</b>		<b>3.7</b>	

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