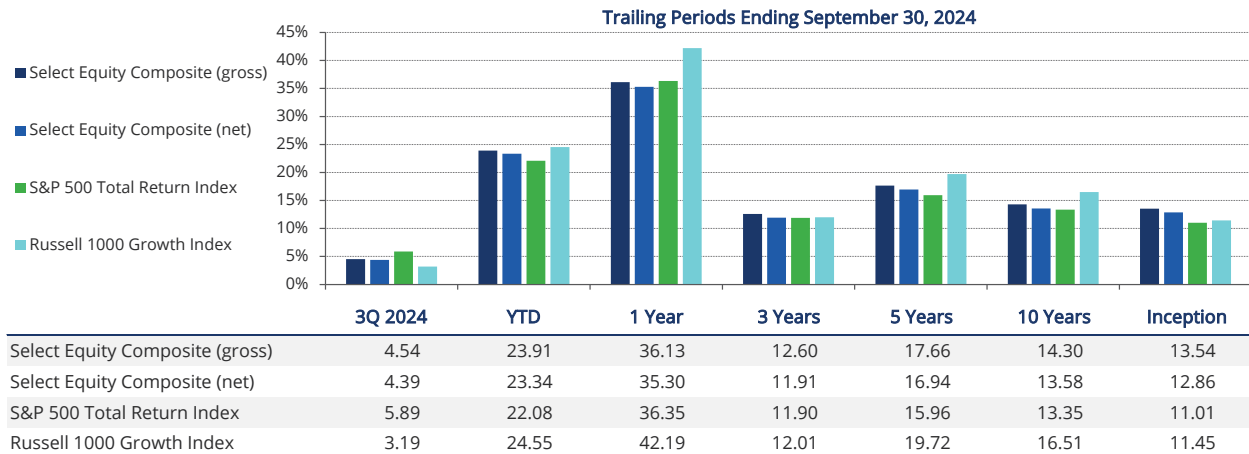

Hardman Johnston

Select Equity

2024 Third Quarter Report



Performance



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). Composite inception date: December 31, 1990.

Key Takeaways

- The change in interest rate policy from tightening to loosening bodes well for economic growth longer-term
- We expect some softness near-term but expect the US to avoid a technical recession
- So far this year, market returns have been driven by a concentrated number of information technology holdings. We expect other sectors to catch up
- We will watch the global economy and politics vigilantly, looking for both risks and opportunities

Market Review & Outlook

When the Federal Reserve cut interest rates by 0.5% in September, it signaled a change in direction for major parts of the economy. Very few individual businesses or households are free from interest rate sensitivity. Mortgage rates, credit card balances, and savings are affected. For businesses, inventory, accounts payable, and growth capital are all affected. After a few years of rapidly rising rates, and the constraints many felt because of it, perhaps all will breathe a sigh of relief. That is not to imply that inflation is no longer a concern or that we will avoid a slowdown in the economy, even if we avoid a recession in the US. It does imply that major sectors of the economy that have been moribund, especially housing, will have a chance to put their shoulders against the wheel and help the next expansion cycle get underway.

After the breathtaking surge in artificial intelligence spending over the last 18 months, it is natural to wonder where the next drivers of market performance will come from. The good news is that there are plenty of choices! The outperformance of the largest information technology companies is well chronicled. The flip side is the underperformance of the vast majority of other companies. This indicates that valuation for many of them may be attractive, especially as their growth prospects improve after we weather the slowdown that the Fed engineered to quell inflation. We remain confident in the portfolio's current holdings but hope to find a few other diamonds in the rough that meet our stringent criteria for growth, high quality, and the right price.

The US market and economy are, of course, affected by the global economy. We will watch with great interest China's efforts to revitalize the world's second largest economy. The protectionist wave we are seeing around the world is not helpful to a stronger global economy but might be an unwanted side-effect of the global supply chain restructuring we are witnessing. Finally, as the Economist points out, 2024 is a year of significant elections. In particular, we await with great curiosity the outcome of the national elections here but believe that the American electorate will not give any particular ideology a sufficient mandate, in either the White House or Congress, to significantly change the business climate.

As we stated above, we remain constructive on the portfolio holdings. Consistent with sound portfolio construction, we expect the out-performers to eventually take a breather and expect the laggards to catch-up. Most of all, we remain vigilant as we weather a few quarters of important economic and societal transitions. We hope to hear from you if you have any questions or concerns as we go into year-end.

Portfolio Commentary

In the third quarter the Select Equity Composite delivered a 4.39% return, net of fees, compared to the S&P 500's return of 5.89%. The quarter's returns add to a very solid net return of 23.34% so far this year.

Helping returns in the quarter were Howmet Aerospace Inc., which continues to be a key supplier of very high specification titanium components to the civil aerospace sector. Vertiv Holdings Co., a key player in AI driven data center build out, and Curtiss-Wright Corporation, the instrumentation and infrastructure provider for aviation and carbon free power were also key contributors.

Laggards include ASML Holding N.V., our long-held semiconductor manufacturing tool company, Edwards Lifesciences Corp., the replacement heart valve company that is another long-term holding, and Charles Schwab Corp., a newer holding that is still normalizing its business after a disruptive 2023. We remain constructive on the outlook for all three.

Quarterly Attribution* & Portfolio Activity

Sector Attribution	Average Weight		Total Return		Total Effect
	Rep. Portfolio	S&P 500	Rep. Portfolio	S&P 500	
Industrials	20.9	8.3	22.4	11.5	
Energy	0.0	3.5	0.0	-2.3	
Materials	4.1	2.2	8.8	9.9	
Cons. Discretionary	0.0	9.9	0.0	7.8	
Consumer Staples	0.0	5.9	0.0	9.0	
Real Estate	0.0	2.3	0.0	17.2	
Utilities	0.0	2.4	0.0	19.4	
Comm. Services	7.0	9.0	-3.8	1.7	
Financials	14.8	12.9	5.7	10.7	
Health Care	23.3	12.0	3.2	6.1	
Info. Technology	28.2	31.2	-3.5	1.8	
Cash	1.6	0.3	1.2	1.3	

-2.0% 0.0% 2.0% 4.0%

Contributors & Detractors

Third Quarter	Average Weight (%)	Total Effect (%)	Last Twelve Months	Average Weight (%)	Total Effect (%)
Largest Contributors			Largest Contributors		
Howmet Aerospace, Inc.	7.21	1.46	Vertiv Holdings Co.	6.45	6.13
Vertiv Holdings Co.	6.42	0.70	Howmet Aerospace, Inc.	6.07	3.94
Curtiss-Wright Corporation	3.27	0.47	NVIDIA Corp.	6.79	3.37
Largest Detractors			Largest Detractors		
ASML Holding N.V.	3.71	-1.04	Albemarle Corp.	1.32	-1.71
Edwards Lifesciences Corp.	1.99	-0.81	Dentsply Sirona, Inc.	1.88	-1.35
Charles Schwab Corp	2.76	-0.50	Becton, Dickinson & Co.	2.39	-1.22

Quarterly Initiations

None

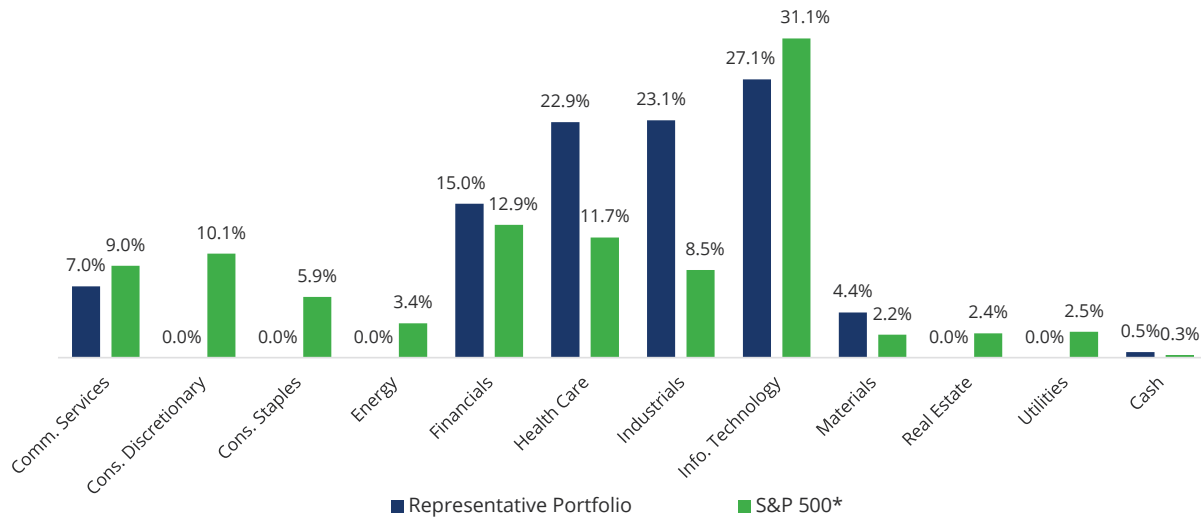
Quarterly Liquidations

None

Data for the quarter ending September 30, 2024. 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*	
	3Q 2024	5 Year Average	3Q 2024	5 Year Average
Capitalization				
Weighted Average Market Cap (\$B)	724.5	443.2	990.7	579.7
Median Market Cap (\$B)	109.7	81.6	38.0	29.8
Growth Fundamentals				
EPS Growth: 3 to 5 year forecast (%) ¹	14.5	14.5	13.0	12.0
Revenue Growth: 3 to 5 year forecast (%) ¹	8.5	9.4	7.2	7.6
Value Fundamentals				
P/E Ratio: 12 Months - forward ¹	26.2	25.0	25.2	23.8
P/E Ratio: 12 Months - trailing ¹	31.0	28.9	29.9	26.4
PEG Ratio: forward ²	1.8	1.7	1.9	2.0
Dividend Yield (%) ³	0.8	0.9	1.3	1.6
Price/Book ⁴	5.9	5.5	4.8	3.9
Quality Fundamentals				
Return on Equity: 5 Year (%) - trailing ¹	22.4	20.9	24.7	23.6
Return on Invested Capital: 5 Year (%) - trailing	17.5	15.6	18.3	15.4
Long-Term Debt / Equity (%) ¹	80.6	79.3	78.1	87.9
Other				
Number of Positions	33	31	503	504
Beta: 3 year portfolio ⁵	1.0	1.0	1.0	1.0
Tracking Error: 5 Year - trailing (%)	3.4	--	--	--
Turnover: 12 Months - trailing (%)	5.5	6.8	--	--

¹Interquartile weighted mean, ²PEG Ratio is calculated as "P/E Ratio: 12 Months - forward" divided by "EPS Growth: 3 to 5 year forecast", ³Weighted mean, ⁴Weighted harmonic mean, ⁵MPT beta (daily). Data as of September 30, 2024. **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
Communication Services			
Alphabet Inc.	United States	4.5	Interactive Media & Services
Comcast Corp.	United States	2.4	Media
Financials			
Charles Schwab Corp.	United States	2.7	Capital Markets
HDFC Bank Ltd.	India	2.1	Banks
Marsh & McLennan Cos. Inc.	United States	4.1	Insurance
Mastercard Inc.	United States	4.2	Financial Services
PayPal Holdings, Inc.	United States	1.9	Financial Services
Health Care			
AstraZeneca plc	United Kingdom	3.5	Pharmaceuticals
Becton, Dickinson & Co.	United States	2.1	Health Care Equipment & Supplies
Dentsply Sirona, Inc.	United States	1.5	Health Care Equipment & Supplies
Edwards Lifesciences Corp.	United States	1.8	Health Care Equipment & Supplies
Illumina, Inc.	United States	0.9	Life Sciences Tools & Services
IQVIA Holdings Inc.	United States	2.9	Life Sciences Tools & Services
Johnson & Johnson	United States	2.2	Pharmaceuticals
Medtronic plc	United States	1.5	Health Care Equipment & Supplies
UnitedHealth Group Inc.	United States	2.5	Health Care Providers & Services
Vertex Pharmaceuticals Inc.	United States	4.1	Biotechnology
Industrials			
Automatic Data Processing, Inc.	United States	2.9	Professional Services
Curtiss-Wright Corporation	United States	3.5	Aerospace & Defense
Howmet Aerospace, Inc.	United States	7.7	Aerospace & Defense
Stanley Black & Decker Inc.	United States	1.4	Machinery
Vertiv Holdings Co.	United States	7.6	Electrical Equipment
Information Technology			
Adobe Inc.	United States	2.7	Software
Advanced Energy Industries	United States	1.3	Electronic Equipment, Instruments & Components
Apple Inc.	United States	5.3	Technology Hardware, Storage & Peripherals
ASML Holding N.V.	Netherlands	3.3	Semiconductors & Semiconductor Equipment
Microsoft Corp.	United States	4.8	Software
NVIDIA Corp.	United States	6.2	Semiconductors & Semiconductor Equipment
Universal Display Corp.	United States	3.5	Semiconductors & Semiconductor Equipment
Wolfspeed, Inc.	United States	0.2	Semiconductors & Semiconductor Equipment
Materials			
Albemarle Corp.	United States	1.0	Chemicals
Corteva, Inc.	United States	2.1	Chemicals
FMC Corp.	United States	1.4	Chemicals
Cash & Equivalents			
Cash		0.5	

Green text indicates the security has been in the portfolio for greater than five years.

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