# Hardman Johnston International Equity Developed Markets

## 2026 Second Quarter Report

Hardman Johnston Global Advisors

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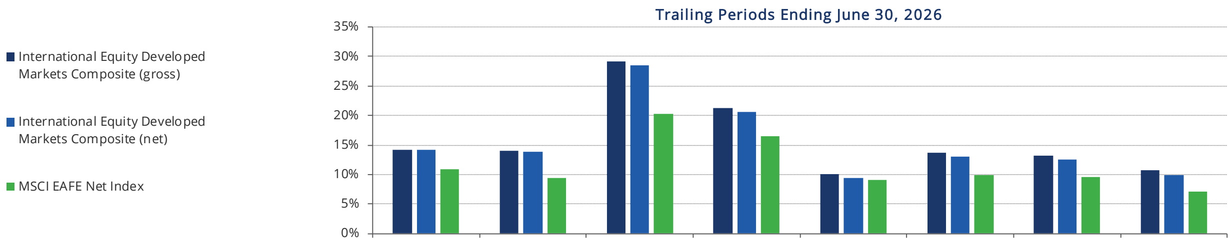
## General Information[1]

| | |
|---|---|
| Firm Assets | $10,230.6 million |
| Strategy Assets | $8,283.8 million |
| Benchmark | MSCI EAFE Net |
| Active Share (%) | 92.1 |
| Composite Inception Date | Jan-2014 |

(1) International Equity strategy assets include all derivations of the international and international ADR accounts managed by the firm. Active share is calculated in FactSet and reflects an inception to date period.

## Performance




| | 2Q 2026 | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Inception |
|---|---|---|---|---|---|---|---|---|
| International Equity Developed Markets Composite | 14.27 | 14.09 | 29.20 | 21.30 | 10.05 | 13.73 | 13.22 | 10.66 |
| International Equity Developed Markets Composite (net) | 14.12 | 13.78 | 28.45 | 20.58 | 9.34 | 12.99 | 12.47 | 9.90 |
| MSCI EAFE Net Index | 10.82 | 9.44 | 20.23 | 16.42 | 9.04 | 9.89 | 9.65 | 7.17 |

Performance is through **June 30, 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: January 31, 2014.

## Key Takeaways

- The portfolio outperformed the benchmark during the quarter, driven primarily by strong stock selection.
- Information Technology accounted for the majority of the portfolio's relative outperformance, supported by additional contributions from Financials. Industrials and Energy detracted.
- Europe contributed the most to relative performance, led by France and Germany, while Japan was the largest regional detractor.
- Overall, the Hardman Johnston International Equity Developed Markets Strategy outperformed the MSCI EAFE Net Index, reflecting the benefits of disciplined stock selection across the portfolio.

## Portfolio Commentary

The portfolio outperformed its benchmark during the quarter. The Hardman Johnston International Equity Developed Markets Strategy returned +14.1%, net of fees, compared to +10.8% for the MSCI EAFE Net Index.

From a sector perspective, Information Technology and Financials supported performance. Within Information Technology, **STMicroelectronics NV** and **Infineon Technologies AG** were the strongest contributors, while **Standard Chartered PLC** and **Commerzbank AG** also contributed positively within Financials.

Improving conditions in the automotive and industrial markets, combined with growing AI data center opportunities, supported a meaningful rerating in STMicroelectronics' shares. Management indicated that channel inventories have normalized and demand has strengthened across end markets, reinforcing our view that the industry cycle has bottomed. The company also continued to highlight strong demand for its AI data center business, supported by its silicon photonics platform and broad portfolio of analog, mixed-signal, and microcontroller products.

Shares of Infineon outperformed as improving industry conditions supported analog semiconductor demand, with positive pricing trends, tight capacity, and book-to-bill ratios above one across the industry. The company raised guidance following strong revenue growth and an expanding €25 billion order backlog, while management highlighted improving margins driven by higher volumes and a favorable product mix. We also continue to see significant long-term growth opportunities from the company's leadership in power semiconductors serving AI data centers.

Standard Chartered delivered another quarter of strong results that exceeded expectations. Wealth Management continued to deliver robust growth and gain market share, while higher fee income from this business reduced the bank's reliance on net interest margin to drive earnings. The company also continued to return excess capital to shareholders through share repurchases.

Shares of Commerzbank rose following UniCredit’s tender offer to increase its ownership stake from 29% to at least de facto control, with the potential to exceed 50% ownership through an extended tender offer and open market purchases. Following the initial tender, UniCredit accumulated approximately 44.3% of the voting rights. While the German government's 13% ownership stake and political opposition remain key obstacles, and regulatory approval could take 6–12 months, we chose to exit the position with the shares trading near their highs. Given the uncertainty surrounding the merger process, potential management changes, lower liquidity, and the possibility of separate trading for tendered and untendered shares, we believed it was an appropriate time to realize gains.

Industrials and Energy weighed on relative performance. Within Industrials, **Rheinmetall AG** and **IHI Corp.** were the largest detractors. Within Energy, **Gaztransport & Technigaz SA** and **Cameco Corp.** were the primary detractors.

Shares of Rheinmetall came under pressure amid concerns over the outlook for European defense spending, the potential impact of emerging defense technologies such as drones, and the cancellation of a planned €12 billion frigate contract by the German government. We continue to believe European defense spending remains a long-term secular theme, while Rheinmetall continues to invest in next-generation technologies, including drone and counter-drone capabilities.

IHI underperformed due to concerns that higher oil prices resulting from the Iran conflict could negatively impact airline travel, affecting the company's aero engine business. Meanwhile, the defense segment continues to benefit from the favorable outlook for Japan's defense spending, and shares recovered toward quarter-end as tensions in Iran began to ease.

GTT underperformed after reporting relatively in-line first-quarter results, with maintained guidance highlighting that future growth is somewhat constrained by limited global shipyard capacity. However, the long-term outlook remains positive as LNG demand continues to increase, particularly as countries seek greater energy security, and GTT continues to benefit from its leading position in membrane systems for LNG carriers and strong order momentum.

Cameco underperformed due to temporary production delays at the McArthur River/Key Lake and Cigar Lake mines, slower-than-expected progress on the U.S. government's $80 billion nuclear spending program, and investors awaiting additional utility contracting. We remain constructive on the long-term outlook, as higher uranium prices, growing support for new nuclear projects, and increasing demand for clean, reliable energy—particularly to support AI—continue to provide a favorable backdrop.

Regionally, Europe was the largest contributor to performance, supported by strength in **STMicroelectronics NV**, while Japan detracted, driven primarily by **IHI Corp.**

The top individual contributors to relative performance during the quarter were **STMicroelectronics NV, Infineon Technologies AG** and **Prysmian S.p.A.**

Shares of Prysmian outperformed as the market increasingly recognized the AI-driven data center opportunity for optical fiber alongside management's more confident outlook for margin recovery. Other segments also continued to benefit from the energy transition, particularly high-voltage transmission cables, and stronger economic growth supporting demand for medium- and low-voltage cables. We continue to believe Prysmian is uniquely positioned to benefit from the long-term trends of electrification and the energy transition.

The top individual detractors from relative performance were **Rheinmetall AG, IHI Corp.,** and **Weir Group PLC**

Weir underperformed after reporting weaker-than-expected first-quarter sales despite a constructive mining backdrop, while the unexpected announcement of the CEO's retirement also weighed on sentiment. We do not believe the leadership change signals deeper issues, and although near-term results were disappointing, the company remains well positioned to benefit from the favorable mining outlook and its leading high-margin aftermarket business.

The portfolio did not initiate any new positions during the quarter. We fully liquidated our investments in **Prosus N.V.** and **Commerzbank AG.**

We exited our position in Prosus as rising competition in both Brazil and Europe pressured the profitability of its food delivery business, leading management to significantly reduce guidance in May. In addition, Tencent's increased AI investment is expected to reduce the cash available for distribution to Prosus, limiting future share repurchases. Despite the company's healthy balance sheet, we exited the position given these headwinds and reduced earnings visibility.

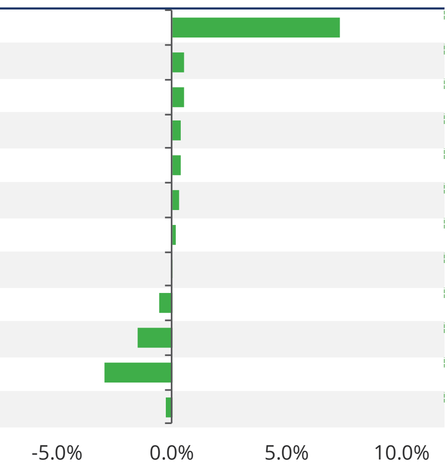
We exited our position in Commerzbank after another quarter of strong operating results and significant share price appreciation. With the shares trading near their highs for the year following UniCredit's increased ownership stake, we believed it was an appropriate opportunity to realize gains given the uncertainty surrounding the merger process, potential management changes, and lower liquidity.

Overall, the portfolio remained focused on high-quality companies with durable competitive advantages, strong management teams, and long-term growth opportunities that we believe will continue to create shareholder value over time.

## Quarterly Attribution

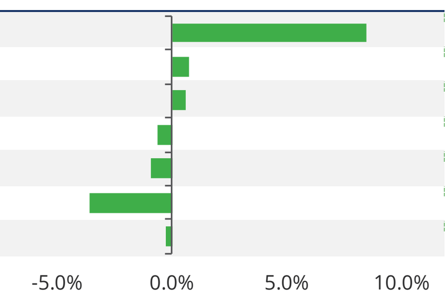
| Sector Attribution | Average Weight | | Total Return | |
|---|---|---|---|---|
| | Rep. Portfolio | EAFE | Rep. Portfolio | EAFE |
| Info. Technology | 18.7 | 10.3 | 87.0 | 55.1 |
| Financials | 10.2 | 24.8 | 25.0 | 14.0 |
| Comm. Services | 0.0 | 4.1 | 0.0 | -1.3 |
| Utilities | 0.0 | 4.0 | 0.0 | 1.1 |
| Consumer Staples | 0.0 | 6.8 | 0.0 | 5.3 |
| Materials | 0.0 | 6.2 | 0.0 | 6.6 |
| Real Estate | 0.0 | 1.7 | 0.0 | 1.1 |
| Health Care | 15.6 | 10.4 | 4.7 | 2.6 |
| Cons. Discretionary | 6.4 | 8.4 | 0.6 | 8.1 |
| Energy | 13.8 | 3.8 | -6.8 | -17.2 |
| Industrials | 32.6 | 19.5 | 1.2 | 8.8 |
| Cash | 2.7 | 0.0 | 0.8 | 0.0 |

Total Effect




| Regional Attribution | Average Weight | | Total Return | |
|---|---|---|---|---|
| | Rep. Portfolio | EAFE | Rep. Portfolio | EAFE |
| Europe | 59.8 | 51.6 | 27.4 | 12.8 |
| Pacific ex Japan | 0.0 | 10.4 | 0.0 | 3.7 |
| Emerging Markets | 3.2 | 0.0 | 29.9 | 0.0 |
| United Kingdom | 17.1 | 14.6 | 1.4 | 4.0 |
| North America | 4.9 | 0.0 | -6.2 | 0.8 |
| Japan | 12.3 | 23.3 | -8.7 | 14.2 |
| Cash | 2.7 | 0.0 | 0.8 | 0.0 |

Total Effect




### Contributors & Detractors

| Second Quarter | Average Weight | Total Effect (%) |
|---|---|---|
| **Largest Contributors** | | |
| STMicroelectronics NV | 5.43 | 4.20 |
| Infineon Technologies AG | 5.64 | 3.94 |
| Prysmian S.p.A. | 5.52 | 1.91 |
| **Largest Detractors** | | |
| Rheinmetall AG | 3.47 | -1.70 |
| IHI Corp. | 4.34 | -1.49 |
| Weir Group PLC | 3.39 | -1.01 |

| Last Twelve Months | Average Weight | Total Effect (%) |
|---|---|---|
| **Largest Contributors** | | |
| STMicroelectronics NV | 3.22 | 5.05 |
| Infineon Technologies AG | 5.10 | 4.40 |
| Prysmian S.p.A. | 3.63 | 2.80 |
| **Largest Detractors** | | |
| Rheinmetall AG | 4.42 | -3.48 |
| Weir Group PLC | 2.32 | -1.32 |
| Hitachi, Ltd. | 4.56 | -1.20 |

Data for the quarter ending June 30, 2026. 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 International Equity Developed Markets 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 |
| | Prosus N.V. |

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## Market Outlook

Through another quarter of geopolitical turbulence, economic performance has been solid, and global markets have continued to reach new highs. Much of the recent strength has been supported by continued AI capital spending, which is boosting earnings estimates and broadening performance across sectors and geographies. In addition, softening oil prices have given another lift to economic forecasts and shares, particularly in import-dependent Europe and Asia.

There are plenty of positives going forward, yet the general backdrop of uncertainty and volatility is likely to persist as uncertainty in oil supply and prices, volatility in inflation and interest rates, not to mention the geopolitical unpredictability continues to remain in place. We analyze these factors to inform our core focus, which is the outlook for our individual holdings. If we believe their fundamentals will remain resilient, we hold steady.

The US-Iran ceasefire and the tentative reopening of the Strait of Hormuz have led to a steady reduction in the price of oil from recent highs. While there can be sectoral and regional winners in more elevated energy prices, more expensive oil is never good for global economic growth. We have spent a lot of time looking through the conflict at the longer-term outlook for energy and the economy.

The future will be more unpredictable than the past. Even if the ceasefire holds and the Strait fully reopens, there will be a premium to the oil price due to markets' new-found appreciation of the fragility around that strategic chokepoint. There is also a significant amount of Gulf energy infrastructure that needs to be rebuilt. The opportunity is that more supply will come from other regions, ultimately creating less reliance on energy passing through the SoH. There has been an increase in deepwater exploration as more countries, including India, seek energy security. Finding and extracting oil and gas is notoriously risky, capital intensive and takes time and can provoke significant environmental concerns. But companies like our holding TechnipFMC, which provides offshore engineering and drilling services designed to improve operational efficiency and reduce environmental impact, are well placed to benefit.

This is far from a "drill, baby drill" environment. Long term, the trend toward decarbonization is strong, and a large part of the drive to energy independence. We remain positive on Cameco, one of the largest providers of uranium fuel for nuclear reactors. Looking past short-term movements in uranium prices, its investment case rests on multi-decade demand growth, long-term contracting, and continued innovation in nuclear power.

Following the Iran war, inflation and interest rates have risen back up the agenda. The European Central Bank has moved to establish its inflation-fighting credentials with a rate hike, although falling energy prices appear to have reduced pressure for further aggressive rate hikes. With inflation above historical low levels, Japan has also raised rates in its ongoing normalization, while also continuing to pursue its expansionary agenda through investment and tax cuts.

New Federal Reserve Chair Kevin Warsh has been notably more hawkish than expected, which has hit interest rate expectations and taken some steam out of long-duration stocks which benefit from a low interest rate environment. He also intends to move away from detailed forward guidance and frequent press conferences. As such, he may be aiming to depoliticize the Fed and firmly establish its independence, while also avoiding excessive speculation around interest rates. It will take time for markets to adapt to a new status quo, but ultimately this signals another iteration of the higher-for-longer backdrop, with the addition of less interest rate visibility and potentially more volatility.

A major support for markets over the past quarter has been the AI story, with massive capex investment, mega-M&A, and earnings upgrades. We remain very positive on the long-term drivers of AI adoption, yet rather more realistic on some of the cyclical elements of the boom.

Developed markets face enormous demographic headwinds in ageing populations and collapsing fertility rates – Japan sells more diapers for adults than babies. The issues are not confined to developed economies with Mexico's fertility rate now lower than that of the US. Countries need to boost productivity, and AI is a clear and obvious solution.

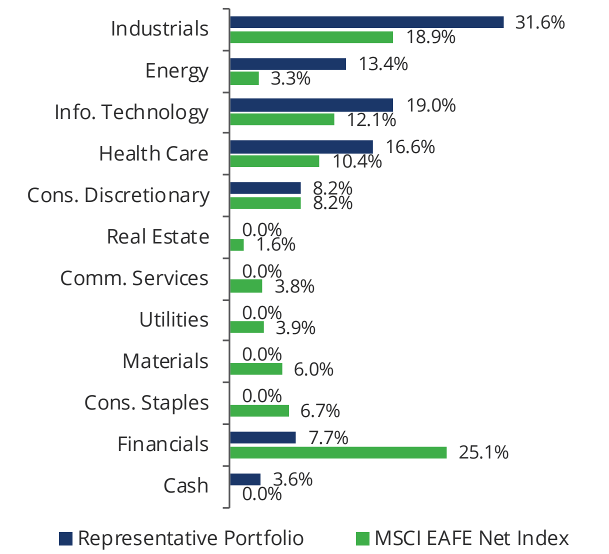
As we have stated before, we believe consistent winners in this space will be the "picks and shovels", companies providing everything from chips to power supply to equipment. However, they are not immune from overenthusiasm. In any cycle, there are areas of overinvestment. The market will not arrive instantly at equilibrium; it will overswing and there will be an uncomfortable readjustment. When looking at semiconductors, demand is outstripping supply, and more fabs are being built to catch up. Even if the current cycle is longer due to the impact of AI, this remains a cyclical industry. As our holdings have made gains, we have trimmed our positions to keep them in check and lock in profits. We remain alert to signals that pricing is easing and we are reaching the top.

Even during a period of heightened geopolitical uncertainty, defense firms have recently lagged. There are some idiosyncratic issues, concerns over government spending and the types of defense technology countries will invest in, not to mention a degree of profit-taking. However, we are still positive on the long-term outlook for defense and our stocks, including Rheinmetall and Leonardo. Germany and Italy are strongly committed to increased defense spending, and while drones and technical defense have moved up the purchase list, modern militaries will continue to require more heavy defense capabilities.

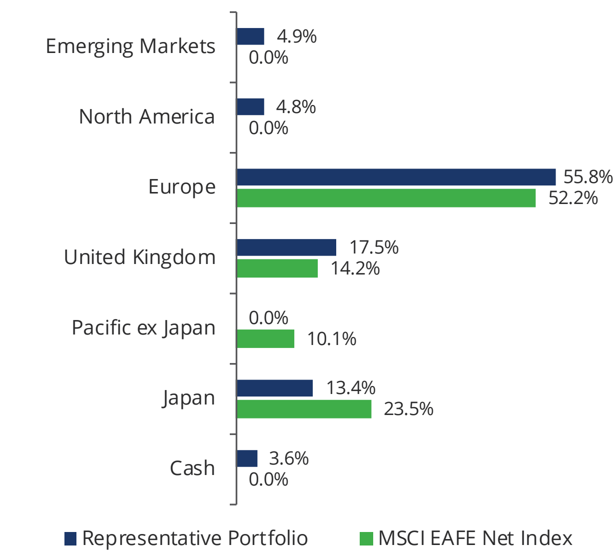
Just because global conditions are unprecedented, or AI technology has the potential to be hugely transformational, does not mean we should ignore the lessons of the past. There will invariably be a degree of cyclicality in even the most attractive opportunities. In our view, there are no shortcuts to creating a portfolio that outperforms over the long term. We stick to deep fundamental analysis and our proven, proprietary processes. As such, we are confident in the ability of our portfolio to deliver earnings growth and performance across a range of economic environments.

## Exposures & Characteristics

**Exposure by Sector**




**Exposure by Region**




| | Representative Portfolio | | MSCI EAFE Net Index | |
|---|---|---|---|---|
| | 2Q 2026 | 5 Year Average | 2Q 2026 | 5 Year Average |
| **Capitalization** | | | | |
| Weighted Average Market Cap ($B) | 181.6 | 106.8 | 130.9 | 91.7 |
| Median Market Cap ($B) | 58.5 | 46.3 | 21.2 | 15.1 |
| **Growth Fundamentals** | | | | |
| EPS Growth: 3 to 5 year forecast (%)[1] | 12.3 | 18.4 | 9.6 | 9.4 |
| Revenue Growth: 3 to 5 year forecast (%)[1] | 10.0 | 11.3 | 5.8 | 5.2 |
| **Value Fundamentals** | | | | |
| P/E Ratio: 12 Months - forward[1] | 23.3 | 21.5 | 19.1 | 17.8 |
| P/E Ratio: 12 Months - trailing[1] | 27.5 | 26.6 | 22.6 | 19.7 |
| PEG Ratio: forward[2] | 1.9 | 1.2 | 2.0 | 2.0 |
| Dividend Yield (%)[3] | 1.2 | 1.2 | 2.5 | 3.0 |
| Price/Book[4] | 4.0 | 3.3 | 2.3 | 1.8 |
| **Quality Fundamentals** | | | | |
| Return on Equity: 12 Months - forward (%)[1] | 17.6 | 16.2 | 17.6 | 16.6 |
| Return on Equity: 5 Year (%) - trailing[1] | 14.3 | 13.0 | 14.7 | 14.2 |
| Return on Invested Capital: 12 Months - forward (%)[1] | 12.4 | 9.8 | 10.8 | 10.3 |
| Return on Invested Capital: 5 Year (%) - trailing[1] | 9.8 | 8.6 | 9.3 | 9.4 |
| Long-Term Debt / Equity (%)[1] | 45.3 | 56.1 | 77.1 | 71.2 |
| **Other** | | | | |
| Number of Positions | 22 | 26 | 673 | 758 |
| Beta: 3 year portfolio[5] | 1.0 | 0.9 | 1.0 | 1.0 |
| Tracking Error: 5 Year - trailing (%) | 7.6 | 7.9 | -- | -- |
| Turnover: 12 Months - trailing (%) | 44.9 | 37.9 | -- | -- |

[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, 2026. **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 International Equity Developed Markets 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 International Equity Developed Markets 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 |
|---|---|---|---|---|
| **Consumer Discretionary** | | **8.2** | | |
| LVMH | France | 3.2 | Textiles, Apparel & Luxury Goods | Nov. 2016 |
| Suzuki Motor Corp. | Japan | 5.0 | Automobiles | Nov. 2023 |
| **Energy** | | **13.4** | | |
| Cameco Corporation | Canada | 4.8 | Oil, Gas & Consumable Fuels | Jan. 2026 |
| Gaztransport & Technigaz SA | France | 4.3 | Oil, Gas & Consumable Fuels | Sep. 2023 |
| TechnipFMC plc | United Kingdom | 4.3 | Energy Equipment & Services | Mar. 2026 |
| **Financials** | | **7.7** | | |
| ICICI Bank Ltd. | India | 2.6 | Banks | Aug. 2018 |
| Standard Chartered PLC | United Kingdom | 5.1 | Banks | Aug. 2023 |
| **Health Care** | | **16.6** | | |
| AstraZeneca plc | United Kingdom | 5.1 | Pharmaceuticals | Oct. 2017 |
| Sandoz Group Ltd. | Switzerland | 6.2 | Pharmaceuticals | Nov. 2024 |
| UCB S.A. | Belgium | 5.2 | Pharmaceuticals | Apr. 2024 |
| **Industrials** | | **31.6** | | |
| Airbus SE | France | 5.3 | Aerospace & Defense | Aug. 2018 |
| Hitachi, Ltd. | Japan | 4.6 | Industrial Conglomerates | Apr. 2025 |
| IHI Corp. | Japan | 3.8 | Machinery | Apr. 2025 |
| Leonardo SpA | Italy | 2.1 | Aerospace & Defense | Apr. 2025 |
| Prysmian S.p.A. | Italy | 4.8 | Electrical Equipment | Sept. 2025 |
| Rheinmetall AG | Germany | 2.8 | Aerospace & Defense | Feb. 2023 |
| Safran S.A. | France | 5.3 | Aerospace & Defense | Jun. 2017 |
| Weir Group PLC | United Kingdom | 2.9 | Machinery | Oct. 2025 |
| **Information Technology** | | **19.0** | | |
| ASML Holding N.V. | Netherlands | 6.7 | Semiconductors & Semiconductor Equipment | Jan. 2014 |
| Infineon Technologies AG | Germany | 5.1 | Semiconductors & Semiconductor Equipment | Mar. 2025 |
| STMicroelectronics NV | France | 4.8 | Semiconductors & Semiconductor Equipment | Jul. 2025 |
| Taiwan Semiconductor Mfg. Co., Ltd. | Taiwan | 2.4 | Semiconductors & Semiconductor Equipment | Jan. 2021 |
| **Cash & Cash Equivalents** | | **3.6** | | |

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