

Performance (% Total Return)

Periods ended August 31, 2021 ¹	1 Month	YTD	Since Inception ²
HL Chinese Equity (Gross)	-2.11	-9.64	-9.64
HL Chinese Equity (Net)	-2.19	-10.22	-10.22
MSCI China All Shares Index ^{3,4}	0.23	-8.06	-8.06

Portfolio Positioning (% Weight)

Sector	HL CE	MSCI CAS	(Under) / Over
Industrials	19.6	8.8	10.8
Health Care	14.9	8.6	6.3
Info Technology	13.7	9.7	4.0
Cash	1.7	-	1.7
Cons Discretionary	25.1	23.7	1.4
Utilities	2.0	2.4	-0.4
Comm Services	11.0	11.6	-0.6
Real Estate	1.8	3.4	-1.6
Energy	0.0	1.7	-1.7
Cons Staples	4.8	8.2	-3.4
Materials	0.0	6.6	-6.6
Financials	5.4	15.3	-9.9

Investment Perspectives

Market

August continued to be an eventful month in terms of new regulatory policies. However, the direction of some actions is clearer today than in past months, with the Chinese government targeting “common prosperity” by sharing wealth and directing capital to rural areas, lower-income groups, and underdeveloped industries such as manufacturing and technology. As a result, there has been share price weakness in e-commerce, gaming, and social media on the expectation that the favorable tax treatment of these firms, which are income-rich, might wane as the government seeks to deploy more equitable tax treatment. Health Care stocks also underperformed due to fears of additional regulation of pharmaceutical and medical device pricing. Energy and Materials were the strongest performers this month as oil prices held up.

Portfolio

Despite demand for their services, our contract research organization (CRO) companies **WuXi AppTec** and **Tigermed** fell in sympathy with Health Care. More recently, many Chinese scientists who studied and worked in developed countries have returned to China to start biotech firms, taking advantage of preferential tax and industrial policies intended to foster growth. These companies typically do not have established R&D and manufacturing teams, and often outsource these functions to third-party CRO companies like those in our portfolio. While regulatory pressure on generic drugs has increased, government support for drug development should persist, providing a long-term growth opportunity for our CRO holdings.

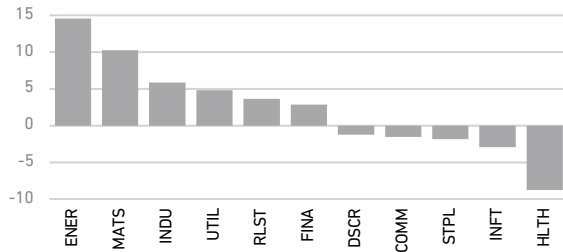
Ten Largest Holdings

Company	Market	Sector
Alibaba	Mainland China	Cons Discretionary
Tencent	Mainland China	Comm Services
WuXi Biologics	Mainland China	Health Care
Techtronic Industries	Hong Kong	Industrials
China Tourism Group Duty Free	Mainland China	Cons Discretionary
Sunny Optical	Mainland China	Info Technology
WuXi AppTec	Mainland China	Health Care
Silergy	Taiwan	Info Technology
AirTAC	Taiwan	Industrials
AIA Group	Hong Kong	Financials

Geography	HL CE	MSCI CAS	(Under) / Over
Other Emerging Markets	6.8	-	6.8
Cash	1.7	-	1.7
Mainland China + Hong Kong	91.5	100.0	-8.5

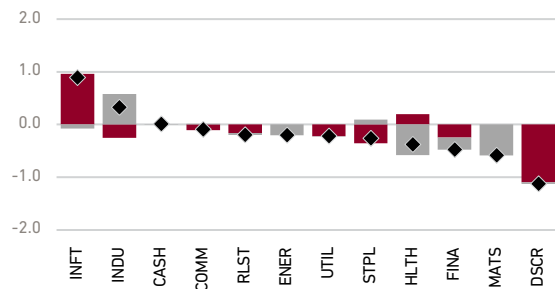
Benchmark Performance | Aug.

Total Return by Sector (%)



Performance Attribution | Aug.

Effect (%)	Selection	Allocation	Total
Sector	-1.3	-1.0	-2.3



- Information Technology was the largest contributor this month thanks to good stock selection. **Sangfor Technologies** benefited from increasing regulatory requirements in cybersecurity while **Silergy** continues to expect rising orders due to chip shortages. **TravelSky** rebounded alongside domestic travel as COVID-19 cases subsided.
- Consumer Discretionary was a relative detractor this month. Good performance from **JD.com** and **Midea Group** was not enough to offset weakness in our other holdings in the sector, including our overweight to **Alibaba**, whose shares declined significantly.
- Our underweight in Financials, Materials, and Energy hurt relative performance.

Top Five Contributors/Detractors (%) | Aug. to Relative Returns

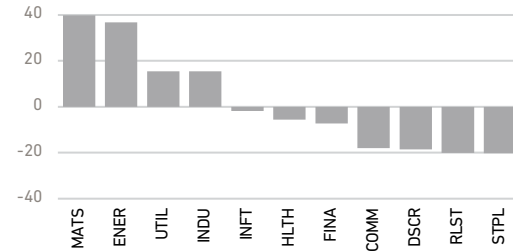
Contributors	Market	Sector	Index Weight	Effect
Techtronic Industries	Hong Kong	INDU	-	0.99
Sanhua	Mainland China	INDU	0.1	0.27
Sangfor	Mainland China	INFT	0.1	0.26
TravelSky	Mainland China	INFT	<0.1	0.21
Silergy	Taiwan	INFT	-	0.19
Detractors				
WuXi AppTec	Mainland China	HLTH	0.6	-0.43
Tigermed	Mainland China	HLTH	0.1	-0.40
Meituan*	Mainland China	DSCR	2.3	-0.35
Alibaba	Mainland China	DSCR	8.4	-0.25
NetEase	Mainland China	COMM	0.9	-0.22

*Company was not held in the portfolio; its absence had a significant impact on the portfolio's return relative to the index.

Index weight is the average weight of the security in the index over the MTD and YTD periods. Please read the disclosures on the last page, which are an integral part of this presentation.

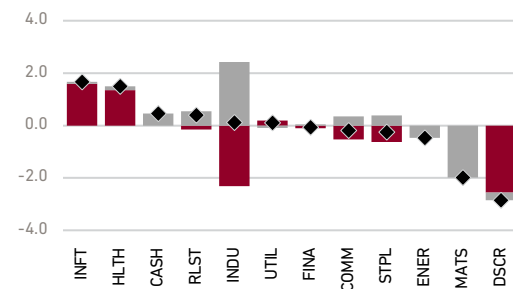
Benchmark Performance | YTD

Total Return by Sector (%)



Performance Attribution | YTD

Effect (%)	Selection	Allocation	Total
Sector	-3.2	1.6	-1.6



- Information Technology was the largest contributor year-to-date, due to strong performance in our holdings in precision manufacturers, such as **Sunny Optical** (optics) and Silergy (chips).
- On a YTD basis, Health Care also did well thanks to our CRO companies **WuXi Biologics** and WuXi AppTec, as well as pharmaceutical company **CSPC Pharmaceutical Group**.
- Our lack of holdings in Materials and Energy hurt relative performance, as these sectors have outperformed on rising commodity prices this year.

Top Five Contributors/Detractors (%) | YTD to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
Techtronic Industries	Hong Kong	INDU	-	1.78
Silergy	Taiwan	INFT	-	1.19
WuXi Biologics	Mainland China	HLTH	1.0	0.54
CSPC Pharmaceutical Group	Mainland China	HLTH	0.2	0.53
Sunny Optical	Mainland China	INFT	0.4	0.52
Detractors				
Alibaba	Mainland China	DSCR	9.1	-1.28
Tencent	Mainland China	COMM	9.4	-1.12
Autohome	Mainland China	COMM	0.1	-1.03
SF Holding	Mainland China	INDU	0.3	-1.02
New Oriental	Mainland China	DSCR	0.4	-0.89

Endnotes

(1) The August 2021 Composite performance shown is preliminary (2) Inception date: December 31, 2020 (3) The benchmark index (4) Gross of withholding taxes.

Sources

Benchmark Performance: FactSet; MSCI Inc. and S&P.

Sector Attribution: FactSet; Harding Loevner Chinese Equity Composite; MSCI Inc. and S&P.

Sector/Geographic Positioning and Ten Largest Holdings: FactSet; Harding Loevner Chinese Equity Model; MSCI Inc. and S&P.

Disclosures

Past performance does not guarantee future results. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

For comparison purposes the Composite return is measured against the MSCI China All Shares Total Return Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through March 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Chinese Equity Composite, please contact Harding Loevner at (908) 218-7900 or visit www.hardingloevner.com. The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The MSCI China All Shares Index is a free float-adjusted market capitalization index that is designed to measure large and mid-cap China share classes listed in Hong Kong, Shanghai, Shenzhen, and outside of China. You cannot invest directly in this index.

Companies held in the portfolio during the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. The portfolio holdings identified above do not represent all of the securities held in the portfolio. To request a complete list of holdings for the past year, please contact Harding Loevner. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and relative contribution to return of all holdings during the month.

Portfolio holdings, portfolio attribution, contributors and detractors, and sector/geographic portfolio positioning are supplemental information only and complement a fully compliant Chinese Equity Composite GIPS Presentation, which is available upon request. The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

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