HARDING LOEVNER

CHINESE EQUITY

First Quarter 2021 Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED MARCH 31, 2021[1]

	3 MONTHS	SINCE INCEPTION[2]
HL CHINESE EQUITY (GROSS OF FEES)	-0.67	-0.67
HL CHINESE EQUITY (NET OF FEES)	-0.91	-0.91
MSCI CHINA ALL SHARES USD INDEX (GROSS)[3]	-1.49	-1.49

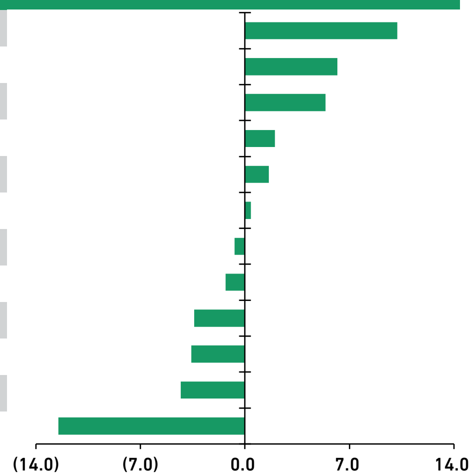
[1]The Composite performance returns shown are preliminary; [2]Inception Date: December 31, 2020; [3]The Benchmark Index gross of withholding taxes.

Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

SECTOR EXPOSURE (%)

	HL CE	MSCI CHINA ALL SHARES
INDUSTRIALS	17.7	7.5
HEALTH CARE	14.3	8.1
CONS DISCRETIONARY	30.6	25.2
INFO TECHNOLOGY	10.2	8.2
CASH	1.6	—
COMM SERVICES	14.6	14.2
UTILITIES	1.4	2.1
ENERGY	0.0	1.3
CONS STAPLES	5.5	8.9
REAL ESTATE	0.0	3.6
MATERIALS	0.0	4.3
FINANCIALS	4.1	16.6

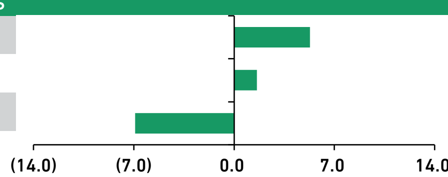
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL CE	MSCI CHINA ALL SHARES
OTHER EMERGING MARKETS[4]	5.3	—
CASH	1.6	—
MAINLAND CHINA + HONG KONG	93.1	100.0

(UNDER) / OVER THE BENCHMARK



[4]Includes countries listed in emerging markets, excluding Mainland China and Hong Kong.

Sector and geographic allocations are supplemental information only and complement the fully compliant Chinese Equity Composite GIPS Presentation.

Source: Harding Loevner Chinese Equity Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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MARKET REVIEW

Following a strong 2020, Chinese equities extended their gains in the first few weeks of 2021 before reversing course in February amid a global uptick in bond yields and tighter domestic borrowing conditions. By quarter end, some of last year's biggest winners had fallen back the most.

China's economy continued to pick up steam after largely getting COVID-19 under control in the second quarter of 2020. Business activities re-accelerated while stringent border controls stayed in place to maintain a COVID-19-free domestic environment. In January, new cases were detected for the first time in months, but testing mandated by local governments and stay-in-place orders in a handful of cities proved effective in curtailing the outbreak. Because many migrant workers elected not to travel during the Chinese New Year, industrial production following the weeklong holiday resumed more quickly than in previous years, with industrial activity readings posting their 13th consecutive month of expansion. Meanwhile, China made significant strides in its vaccination program, especially compared to most other emerging markets: it administered over 100 million doses by the end of March, and it is aiming to immunize 40% of its 1.4 billion residents by the end of June.

While the Biden administration shares its predecessor's views with regards to the potential threat posed by China's ambitions in advanced technology, it has signaled a meaningful shift in strategy. For the time being, Executive Order 13959 targeting allegedly military-linked Chinese companies remains in place. But, in an effort to seize what it calls its "Sputnik moment" in its testy relations with China, the new administration has also unveiled strategies to boost the overall global competitiveness of US companies as a key element of new federal funding plans for semiconductor manufacturing, clean energy, and infrastructure projects like upgraded transportation and broadband networks.

The timing of US initiatives to make its companies more competitive coincided with the launch of China's 14th Five-Year Plan and its 2035 long-term plan. Chinese policy discussions in March reemphasized past areas of priority such as technological innovation and domestic consumption, while continuing to press ahead with reforms of state-owned enterprises (SOEs) and financial markets. In a sign of how other priorities have moved up the focus list, the meetings revealed a surprising level of detail around a previous pledge to achieve peak carbon emissions by 2030 and net carbon neutrality by 2060. Many observers had previously questioned the seriousness of the commitment by the world's largest carbon emitter to this aggressive timeline, but those doubts are looking less founded now. (See "Nothing But Net" on page 7.) Regarding actual policy changes, China also passed reforms to relieve the demographic pressures that have resulted in skilled labor shortages emerging in some cities by lifting urban residency ("hukou") restrictions in Shandong and Jiangxi, two provinces that are home to nearly 150 million people. This makes rural migrants eligible for the social safety nets of the cities in which they already live and work, and is intended to attract their families and friends, as well as new graduates, to these cities.

Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings since inception, please contact Harding Loevner. A complete list of holdings at March 31, 2021 is available on page 9 of this report.

SECTOR PERFORMANCE (USD %)
OF THE MSCI CHINA ALL SHARES INDEX

SECTOR	1Q 2021
COMMUNICATION SERVICES	5.4
CONSUMER DISCRETIONARY	-5.6
CONSUMER STAPLES	-6.8
ENERGY	12.4
FINANCIALS	2.6
HEALTH CARE	-1.2
INDUSTRIALS	0.1
INFORMATION TECHNOLOGY	-12.3
MATERIALS	4.3
REAL ESTATE	5.2
UTILITIES	10.2

Source: FactSet (as of March 31, 2021). MSCI Inc. and S&P.

Conversely, regulatory risk has risen for China's leading internet companies, depressing sentiment towards their stocks as regulators in China took a harder line on anti-competitive practices. Although they issued only negligible penalties (the equivalent of US$75,000) for monopolistic behavior against **Tencent**, **Baidu**, and **JD.com**, a much larger fine of nearly US$3 billion was imposed on **Alibaba** for demanding exclusivity of some of its merchants. We see very little fundamental impact on Alibaba's business prospects from this sanction. Accessing Alibaba's massive customer base of robust spenders remains an attractive value proposition for the company's participating merchants, and Alibaba's management seems committed to invest in further lowering merchants' operating cost on its platforms. The direct financial hit of the penalty to Alibaba's earnings pales in importance compared to how it resolves the open-ended threat previously overhanging its shares—which look attractive today in our valuation models as many of Alibaba's long-term initiatives, particularly in cloud services, are not adequately valued by the market.

PERFORMANCE AND ATTRIBUTION

The Chinese Equity composite fell 0.67% in the quarter, outperforming the MSCI China All Shares Index by 0.82%.

We had broad-based positive stock selection in Information Technology (IT), although our high weight in this weakly performing sector resulted in a negative allocation effect. Our IT holdings are primarily equipment and precision parts manufacturers such as **ASM Pacific Technology** (semiconductor equipment), **Sunny Optical** (optical components), and **Silergy** (electronic components), which performed well this quarter due to rising sales for their industrial customers in the automotive, smartphone, and semiconductor sectors. We also had good stock selection in Consumer Discretionary.

In Consumer Discretionary, duty-free shop operator **China Tourism Group Duty Free** rose as January's COVID-19 uptick failed to dissuade travelers from flocking to tropical Hainan island to vacation. The company is benefitting from a recent increase in the quantity of Western luxury goods that can be brought from Hainan to the mainland duty-free, part of a multi-year initiative to incentivize spending domestically instead of in duty-free stores overseas.

Industrials also contributed positively. **Haitian International**, China's largest plastic injection molding machine (PIMM) maker, reported a very strong order backlog while continuing to upgrade its products and expand globally. **AirTAC**, a leader in China's pneumatics market, saw sales roughly double in the first two months of 2021 compared to a year ago, partly owing to what appears to be a surge in automation investment by Chinese factories. **Techtronic Industries**, a Hong Kong-based maker of cordless power tools, saw its research and development (R&D) efforts pay off in good reception for new products such as ride-on lawn mowers and heavy-duty utility cable crimpers.

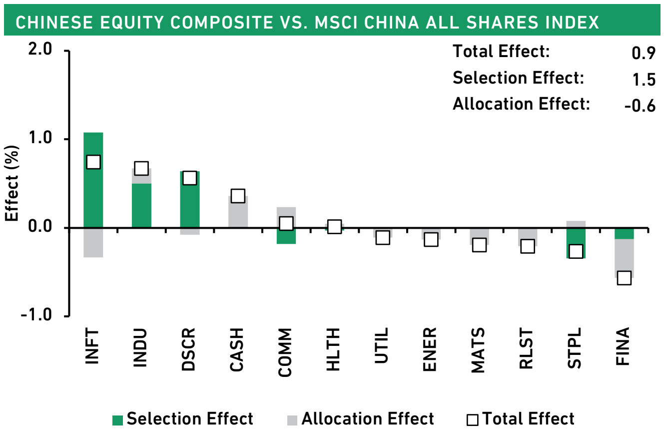
In Health Care, some of last year's biggest gainers corrected, including contract development and manufacturing company **Wuxi Biologics**, clinical research company **Tigermed**, and pharmaceutical company **Jiangsu Hengrui Medicine**. On the other hand, **CSPC Pharmaceutical Group**, one of China's largest generic and branded drug manufacturers, performed well as it struck in-licensing deals with smaller companies to market their innovative drugs through its expansive sales network, netting to little impact on relative returns for the sector.

Consumer Staples detracted from our performance as stocks such as **Foshan Haitian** (soy sauce and condiments producer), **Yili** (dairy producer) and **Wuliangye Yibin** (premium liquor distiller) gave back some of their gains after a strong 2020.

Lastly, our underweight in the outperforming Financial sector, particularly the absence of banks, hurt our relative performance.

SECTOR PERFORMANCE ATTRIBUTION
FIRST QUARTER 2021

CHINESE EQUITY COMPOSITE VS. MSCI CHINA ALL SHARES INDEX



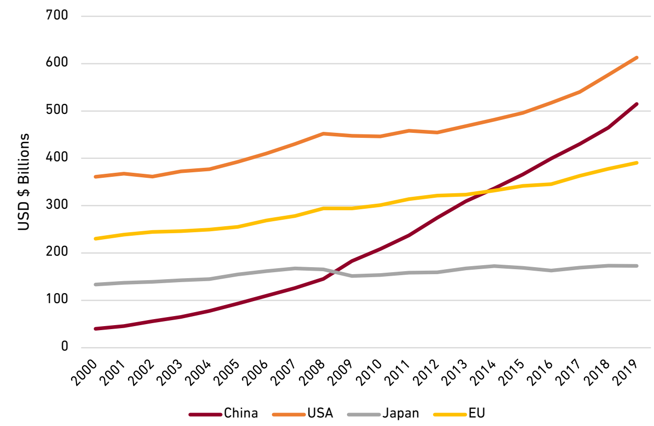
PERSPECTIVE AND OUTLOOK

The tale of China's future development is oft-told—many have rhapsodized China's transition from a legacy-heavy industry and infrastructure-led economy to one defined by, among other facets, skilled labor, unprecedented internet connectivity, and rising incomes for a vast number of Chinese.[1] This transition has been accompanied by a rise of consumer power, a significant portion of it expressed online. The figures are impressive—estimates place the size of China's middle class between 400-700 million individuals; China is now the world's biggest market for luxury goods, smartphones, passenger cars, and beer, among many other products. It also comprises the majority of production for growing industries such as electric vehicles (EVs) and solar power. Though many countries have followed a similar path to development, more than most, China has increasingly identified innovation as a condition of growth and has pursued it through aggressive policies and private sector funding of R&D. This first enabled the emergence of Chinese heavyweights in e-commerce, social media, and online games. Today, the government continues to aid in the development of innovative, quality-growth businesses over a wider range of industries. Coupled with stock market reforms that have improved access to mainland companies, the result has been a vastly expanded opportunity set for foreign-based investors. More than 1,800 Chinese companies of US$1 billion in market capitalization or greater are now investable through the Shanghai and Shenzhen Stock Connect programs.

Estimates place the size of China's middle class between 400-700 million individuals; China is now the world's biggest market for luxury goods, smartphones, passenger cars, and beer, among many other products.

[1]Our China country specialists regularly stress the deep complexity of China's economy, whose development, occurrent in staggered fashion across regions, has led to significant wealth disparity. At around US$10,000 GDP per capita nationally, China is now in the middle income bracket. But this belies a radical difference in prosperity. "Tier one" cities in Mainland China (Beijing, Shanghai, Guangzhou, Shenzhen) have a combined population of nearly 80 million people and have ascended to high-income status, with per capita GDP of around US$22,000. Within Asian emerging markets, these four cities enjoy GDP per capita that is exceeded only by Taiwan and South Korea.

DOMESTIC R&D EXPENDITURES BY REGION: 2000-2019



Source: OECD, Main Science and Technology Indicators 2019.

Within this large universe of listed companies, we have found and continue to discover many high-quality businesses with good long-term earnings growth prospects spread across a range of sectors and industries. Most companies that we follow and rate in China have attractive features, many of which arise from their strong competitive position within industries with favorable market dynamics. For example, larger companies, particularly internet and e-commerce-related enterprises, benefit from economies of scale in a colossal yet still rapidly growing domestic market. Because domestic rivalry is typically fierce, market leaders had to learn to evolve quickly. This for some has led to a virtuous circle: market growth provides strong free cash flow, which they can reinvest in R&D to improve product quality and customer experience, which strengthens their competitive position and their cash flow. The favorable construct sometimes extends beyond the industries that one expects to see in growth-oriented portfolios. In fact, we have been able to discover prospective portfolio companies with good diversity in the drivers of their underlying earnings in robotics and other high-tech equipment critical in the industrial automation space, companies up and down the value chain in electric vehicles, and biomedical research, just to name a few of our favorite hunting grounds. Overall, China possesses the level of industry and sector diversification that we think is necessary to construct a portfolio of companies from a single country. With a strong IPO pipeline in place, we anticipate the opportunity set of investable companies will continue to diversify in the future. Harding Loevner analysts already follow more businesses in China than in any other country outside of the US.

The investment approach for the Chinese Equity strategy is consistent with our other portfolios, including our Emerging Markets (EM), International, and Global Equity strategies, each of which have been investing in China for over 20 years. We invest only in companies meeting, in our judgment, four criteria: they must possess a competitive advantage, generate sustainable superior long-term growth, have the financial strength to fund growth and withstand difficult conditions, and possess farsighted and dynamic management capable of exploiting these advantages for the benefit of shareholders. As with all of our strategies, our culture of collaboration without consensus informs how we apply our process to investigate and analyze companies—in this case, the insights of global industry specialists, with years of experience investing across multiple geographies and different stages of market maturity and product lifecycles, are complemented and challenged but ultimately strengthened by our China specialists, who each bring formidable local expertise and knowledge. Our longer-term investment horizon should also provide a source of edge in the Chinese market, which even today remains heavily driven by retail investors with speculative inclinations, who often move as a herd, driving share prices far above or below fair value, creating (in the latter case) buying opportunities for fundamental investors like us. In terms of other advantages, some clients may wonder if, rather than undertaking frequent travel to China to strengthen relationships with company management and local experts, a permanent office there might further improve our analysis. We posit that seamless research collaboration between our global sector and Chinese specialist colleagues is a superior construct. The real edge arises from what we do with the torrent of readily available data, and the process through which we filter and reduce short-term noise while amplifying the most important longer-term signals.

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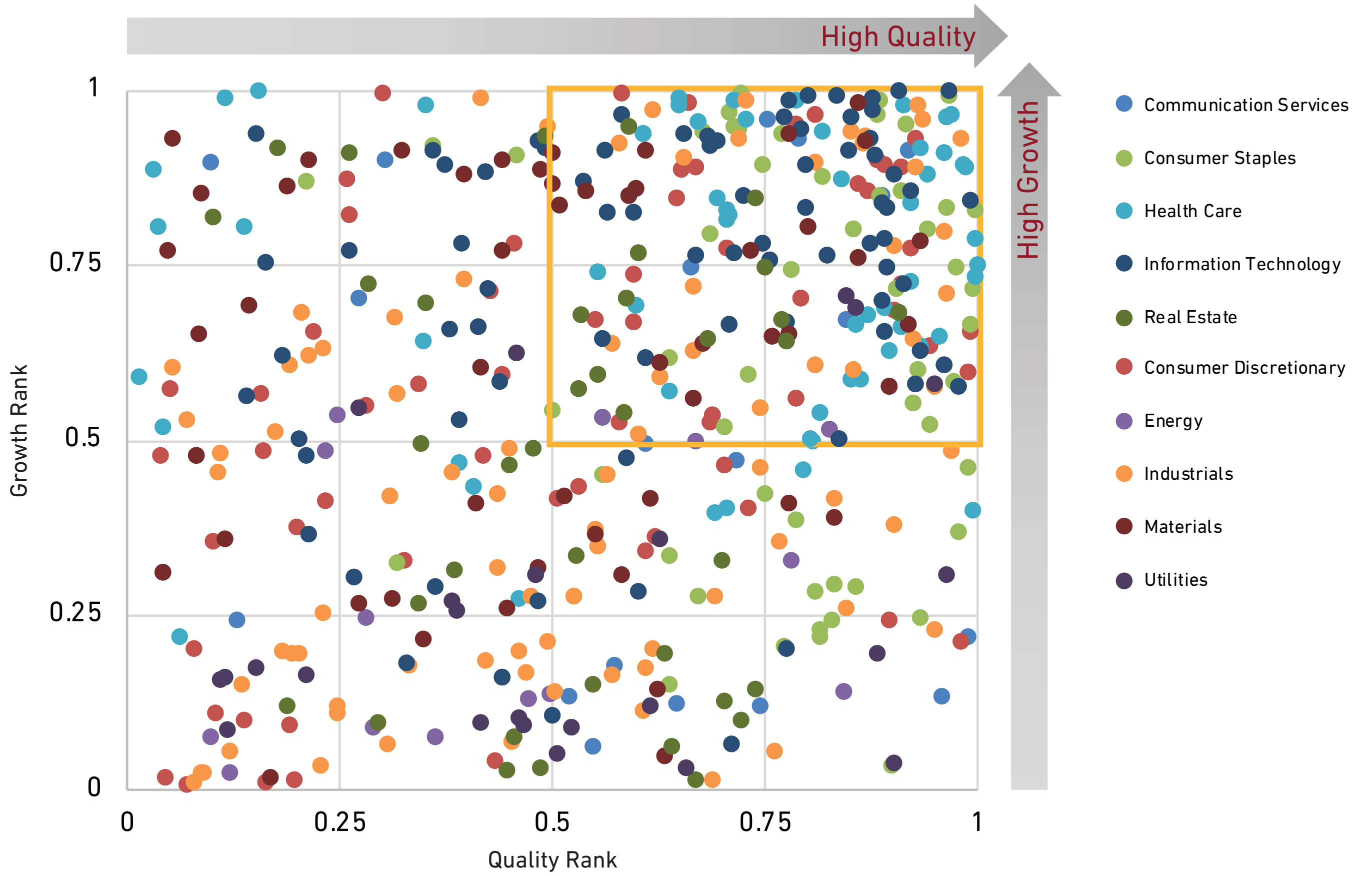
Contemplating Investment Risks

Questions may arise for us regarding how we approach the risks that accompany investing in China. For Harding Loevner, the assessment of risk for any security, including Chinese securities, is centered primarily on analysis of an individual company within its industry. The most immediate insulator of risk stems from our insistence on business quality as a condition of purchase, which goes beyond financial strength and encompasses three of our four investment criteria. In not compromising our commitment to strong balance sheets in good times, we lessen the risk of permanent losses relating to financial distress and can therefore place a higher degree of confidence in our estimates of long-term value. However, there are indeed some elements of company, quality, and industry specific to China that deserve focus. For example, relating to financial strength, some Chinese companies appear to be highly free-cash generative businesses, able to maintain robust cash balances despite their rapid growth. It would be easy to misconstrue this as a positive balance sheet signal, but it is not always the case—we have observed the occasional phenomenon of firms parking cash in opaque wealth management products issued by non-bank institutions.[2] Another example of risk we evaluate while analyzing a company's industry structure is

CHINESE STOCKS >US$5B MARKET CAP: QUALITY VS. GROWTH RANK



Source: Harding Loevner, HOLT database. Data as of March 31, 2021. Financials are not included due to non-comparability issues in the metrics chosen. The chart includes publicly-traded companies in Mainland China and Hong Kong, larger than US$5 billion in market capitalization as of March 31, 2021, excluding Financials.

whether sudden shifts in regulatory policy affect the bargaining power of buyers and suppliers.

The careful analysis of corporate governance is also of particular import as we scour the Chinese equity universe, especially for companies where government entities have significant ownership and presence in boards. In China, as elsewhere, our approach is focused on identifying signs of poor corporate governance that typically destroy shareholder value. If a potential problem surfaces, we contemplate and evaluate the risk of value destruction based on facts and circumstances. It is worth noting that for the most part, Chinese companies, like their EM peers, are improving, having worked hard in recent years to improve transparency and oversight of management. In fact, when we examine third-party governance ratings of our Chinese stocks, we see governance comparable in quality to that of companies in other regions within our covered universe. Overall, we consider it an outdated perception that corporate transparency is lacking in China. In such a large and diverse market, there are bound to be firms that are not up to the mark, but overall, the domestic Chinese equity market has been professionalized. A-share disclosure requirements are even more rigorous in certain areas than other major markets, including Hong Kong and the United States.[3] Many Chinese businesses comport themselves in accordance with global audit standards, and all companies in our portfolio use a globally-recognized auditor.

When it comes to policy risks (which exist, we note, for many countries in which our other investment strategies are invested), we differentiate between what we can reasonably foresee and what we cannot. Seeking to predict the market's reaction to a political or exogenous shock is a speculative pursuit, in our view, so we do not position our portfolios according to macroeconomic forecasts. However, that does not mean that we ignore the risk of storms. Changes in China's regulatory landscape are to be expected as part of its continued development. As long-term investors, we welcome

[2]Part of the country's shadow banking system, these products provide little transparency on underlying assets. Moreover, they are treated as off-balance sheet items and therefore, the institutions which manage them usually offer no implicit assumption of capital loss.

[3]For example, China requires both parent and consolidated financial statements, not just the consolidated statements unlike Hong Kong and the US. Additionally, mainland companies are required to furnish detailed cash flow statements quarterly for all companies whereas US and Hong Kong companies are not. The Shenzhen Stock Exchange also requires disclosing company visits to listed companies.

most reforms, even if their implementation is disadvantageous in the short-term to some of our holdings. When new policies are adopted, we try to look beyond their short-term financial impact or the market's reaction in order to understand their long-term fundamental consequences. Meanwhile, our usual work continues: deep analysis of industry growth dynamics to assess the extent to which specific companies' growth can persist and what that implies for the value of their shares.

PORTFOLIO HIGHLIGHTS

The Chinese Equity portfolio reflects the different dimensions of the country's economic transition. Many of our portfolio companies target aspirational consumers, who increasingly expect high quality and sophisticated products and services, including in customized international travel (**Trip.com Group**), duty-free luxury goods (China Tourism Group), and online entertainment and social media (Tencent). However, China's growth also rests on rising consumption across all segments of the population. Several holdings provide universal services, including Baidu in internet services, JD.com in online retail, and Foshan Haitian in branded soy sauce and condiments. Health Care also represents a potentially rich opportunity in this regard.

Our largest overweight is in the Industrials sector, comprised of domestic leaders in China's automation market. Over the past three decades, China has grown to become the "world's factory," with roughly 30% share of global manufacturing output today. It accounts for an even higher portion of world production in labor-intensive categories such as electronics and automobiles. China was able to establish manufacturing leads in these categories due in part to its sizable low-cost labor force, and also because entire supply chains with better logistical efficiency than elsewhere were created onshore thanks to supportive economic and regulatory policies, and substantial investment in what are now top-class transportation and broadband networks. However, the labor market has changed: wages have risen considerably, and that is set to continue as the number and proportion of working-age Chinese individuals peaked in 2015. Barring an unlikely opening to immigration, China will realize in the next few decades one of the largest

Barring an unlikely opening to immigration, China will realize in the next few decades one of the largest drops in working age population of any country. Meanwhile, the density of robot use remains only 20% to 50% of levels in Japan, Korea, and Germany.

NOTHING BUT NET: CHINA'S CLIMATE POLICY SURPRISES TO THE UPSIDE

As China prioritizes quality-growth and sustainability with the removal of a specific GDP target in the 14th Five-Year Plan to accommodate a wider range of goals, it is increasingly signaling its intent to become a "greener" society. Policymakers recently provided more detail around the October 2020 announcement of net carbon neutrality by 2060. Given that China is the world's largest consumer of energy and most significant contributor to carbon emissions, its commitment to carbon neutrality is a milestone—and a challenging one. According to Climate Action Tracker, if China achieves its goals, it will help tilt the path of global warming lower by 0.2-0.3 degrees Celsius by the end of the century. To do so, though, means reducing its carbon intensity by 65% from 2005 levels. It is worth noting, too, that the EU and US reached peak emissions in 1979 and 2005, respectively, leaving them 71 and 45 years to reach carbon neutrality. By comparison, China, based on its own new timeline, is not due to reach peak until 2030, at which point it will have only 30 years to reach neutrality. This suggests that China will need to act more quickly and may bear a larger economic cost than the EU and the US. It also suggests the degree to which China is counting on—perhaps not unrealistically—the acceleration of green technologies.

China's path to net carbon neutrality requires a major shift in its energy sources. As of 2019, coal-fired power accounted for 72% of power generation in China. By 2050, coal will likely be below 5%, while over 90% of power generation will likely come from non-fossil fuels, according to estimates by the Chinese brokerage firm CICC. This transformation is made possible by a consistent, ongoing, and dramatic decline in the cost of solar and wind power generation due to unprecedented economies of scale in China, which contains over 60% of the world's supply chain in solar equipment, according to Bloomberg. In China, solar power is already largely at cost parity with coal and, by 2030, solar and wind will likely cost at least 40% less than coal. The economic case for coal-fired power plants, then, will largely cease to exist. It will also mean that China's rapidly growing fleet of EVs, the largest in the world, will be made and powered largely using renewable energy. This shift to greener growth should mean expanded market opportunities for our holdings, including Inovance, previously mentioned, and **Silergy**, an electronic component manufacturer increasingly selling more into EVs as part of telematics and other key control functions.

drops in working age population of any country.

This prospect has spurred an increased emphasis on industrial automation. The density of robot use in China remains only 20% to 50% of levels in Japan, Korea, and Germany, which presents significant opportunities for Chinese automation companies to better meet the needs of a local market that had previously been underserved by global rivals. In their favor, China's automation leaders enjoy many unique local advantages. These include a large industrial base with supply chains deepened by adjacent manufacturing and electronics industries, proximity to domestic clients, which allows faster delivery and service response, and a willingness to go the extra mile in customizing products for their customers. Chinese automation companies also bear lower R&D costs due to China's large pool of engineering talent—larger than that of the next several countries combined—that can be hired at salaries significantly lower than in competing countries.

Shenzhen Inovance Technology is China's largest producer of industrial automation control components, such as low-voltage inverters, motion control servo motors, EV motors, controllers, axles, and robots. The company has consistently invested in technology to expand its potential revenue opportunities. We think its customization strategy will actually be its biggest advantage over multinational rivals, as it funnels resources into developing products that better suit the needs of local industries like battery manufacturing that are much better represented in China than elsewhere. As the EV supply chain consolidates, strong secular EV demand combined with an expected shift to a more modular value chain, similar to that of smartphones, should help Inovance take further share of both EV powertrain components and the robots used to put the vehicles together. Another portfolio company, Haitian International, focuses on very large high-precision injection molding machines with better energy efficiency than competitors' equipment. Its long-term growth will be propelled by capacity expansion and new product launches to meet increasing demand from domestic industries such as automobiles and home appliances. AirTAC has experienced strong growth in its pneumatics products, led by a proliferation in orders for fifth-generation ("5G") telecom infrastructure and electronics components.

It is worth noting that our Chinese Equity portfolio has underweights in more cyclical areas of the market. The largest of these underweights is in Financials; we do not own any Chinese banks, as most do not meet our quality hurdle. Nor do we own stocks in the Materials and Energy sectors, where we prefer businesses favorably positioned at the lower end of global cost curves. While we have found such businesses in other countries, we have yet to discover commodity-oriented companies in China meeting that criterion.

CHINESE EQUITY HOLDINGS (AS OF MARCH 31, 2021)

SECTOR/COMPANY/DESCRIPTION	MARKET	END WT (%)
COMMUNICATION SERVICES		
AUTOHOME Automotive information services	Mainland China	2.7
BAIDU Internet products and services	Mainland China	2.4
NETEASE Gaming and internet services	Mainland China	2.2
TENCENT Internet and IT services	Mainland China	7.4
CONSUMER DISCRETIONARY		
ALIBABA E-commerce retailer	Mainland China	11.3
CHINA TOURISM GROUP DUTY FREE Duty free services	Mainland China	4.7
GREE ELECTRIC APPLIANCES Air-conditioner manufacturer	Mainland China	2.2
JD.COM E-commerce retailer	Mainland China	2.6
MIDEA GROUP Consumer appliances manufacturer	Mainland China	2.5
NEW ORIENTAL Private education services	Mainland China	1.5
SHENZHOU INTERNATIONAL Textile manufacturer	Mainland China	2.2
SUOFEIYA Home-furnishings retailer	Mainland China	2.1
TRIP.COM GROUP Online travel services	Mainland China	1.5
CONSUMER STAPLES		
FOSHAN HAITIAN Condiments manufacturer	Mainland China	1.4
WULIANGYE YIBIN Alcoholic beverages manufacturer	Mainland China	2.8
YILI Dairy products manufacturer	Mainland China	1.3
ENERGY		
No Holdings		
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	3.1
PING AN INSURANCE Insurance provider	Mainland China	1.0
HEALTH CARE		
CSPC PHARMACEUTICAL GROUP Pharma manufacturer	Mainland China	2.2
JIANGSU HENGRUI MEDICINE Pharma manufacturer	Mainland China	2.0

SECTOR/COMPANY/DESCRIPTION	MARKET	END WT (%)
TIGERMED Clinical development services	Mainland China	2.4
WUXI APPTEC Biopharma manufacturer	Mainland China	3.7
WUXI BIOLOGICS Biopharma manufacturer	Mainland China	3.9
INDUSTRIALS		
AIRTAC Pneumatic-equipment manufacturer	Taiwan	3.5
COUNTRY GARDEN SERVICES Residential property manager	Mainland China	1.0
HAITIAN INTERNATIONAL Plastic injection-molding machines mfr.	Mainland China	3.9
SF HOLDING Delivery services	Mainland China	2.9
SHANGHAI INTERNATIONAL AIRPORT Airport operator	Mainland China	1.4
SHENZHEN INOVANCE TECHNOLOGY Industrial controls mfr.	Mainland China	1.5
TECHTRONIC INDUSTRIES Power tool manufacturer	Hong Kong	3.5
INFORMATION TECHNOLOGY		
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	1.6
SANGFOR IT security services	Mainland China	0.2
SILERGY Electronics chips manufacturer	Taiwan	1.7
SUNNY OPTICAL Optical component manufacturer	Mainland China	2.6
TRAVELSKY TECHNOLOGY Aviation IT services	Mainland China	2.8
YONYOU Enterprise software developer	Mainland China	1.3
MATERIALS		
No Holdings		
REAL ESTATE		
No Holdings		
UTILITIES		
ENN ENERGY Gas pipeline operator	Mainland China	1.4
CASH		1.6

The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

1Q21 CONTRIBUTORS TO RELATIVE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT. PORT.	AVG. WT. INDEX	EFFECT
TECHTRONIC INDUSTRIES	INDU	3.0	0.0	0.61
HAITIAN INTERNATIONAL	INDU	3.4	0.0	0.56
SUOFEIYA	DSCR	2.0	0.0	0.43
AIRTAC	INDU	3.5	0.0	0.39
CHINA TOURISM GROUP DUTY FREE	DSCR	4.6	0.6	0.34

1Q21 DETRACTORS FROM RELATIVE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT. PORT.	AVG. WT. INDEX	EFFECT
MIDEA GROUP	DSCR	2.8	0.1	-0.42
ALIBABA	DSCR	11.2	9.5	-0.41
SHANGHAI INTERNATIONAL AIRPORT	INDU	1.5	0.1	-0.39
NEW ORIENTAL	DSCR	1.7	0.5	-0.32
JIANGSU HENGRUI MEDICINE	HLTH	2.2	0.5	-0.31

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL CE	MSCI CHINA ALL SHARES
PROFIT MARGIN[1] (%)	20.2	16.4
RETURN ON ASSETS[1] (%)	13.2	7.7
RETURN ON EQUITY[1] (%)	23.8	16.4
DEBT/EQUITY RATIO[1] (%)	16.8	37.3
STD DEV OF 5 YEAR ROE[1] (%)	3.5	2.9
SALES GROWTH[1,2] (%)	19.7	20.6
EARNINGS GROWTH[1,2] (%)	25.7	22.7
CASH FLOW GROWTH[1,2] (%)	24.3	24.3
DIVIDEND GROWTH[1,2] (%)	17.6	20.3

RISK AND VALUATION	HL CE	MSCI CHINA ALL SHARES
PRICE/EARNINGS[3]	17.9	14.0
PRICE/CASH FLOW[3]	29.9	15.7
PRICE/BOOK[3]	1.1	1.3
DIVIDEND YIELD[4] (%)	0.7	1.4
SIZE		
WTD MEDIAN MKT CAP (US $B)	56.3	52.7
WTD AVG MKT CAP (US $B)	166.2	191.9

[1]Weighted median; [2]Trailing five years, annualized; [3]Weighted harmonic mean; [4]Weighted mean. Harding Loevner Chinese Equity Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 7, 2021, based on the latest available data in FactSet on this date.); Harding Loevner Chinese Equity Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	MARKET	SECTOR
THERE WERE NO COMPLETED PURCHASES THIS QUARTER.		

POSITIONS SOLD	MARKET	SECTOR
THERE WERE NO COMPLETED SALES THIS QUARTER.		

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the charts above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the charts above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant Chinese Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

CHINESE EQUITY COMPOSITE PERFORMANCE (AS OF MARCH 31, 2021)

	HL CHINESE EQUITY GROSS (%)	HL CHINESE EQUITY NET (%)	MSCI CHINA ALL SHARES INDEX[1] (%)	HL CHINESE EQUITY 3-YR STD DEVIATION[2] (%)	MSCI CHINA ALL SHARES INDEX 3-YR STD DEVIATION[2] (%)	INTERNAL DISPERSION[3] (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS ($M)	FIRM ASSETS ($M)
2021 YTD[4]	-0.67	-0.91	-1.49	+	+	N.A.[5]	1	4	74,230

[1]Benchmark Index; [2]Variability of the composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2021 YTD performance returns and assets shown are preliminary; [5]N.A.–Internal dispersion less than a 12-month period; +Less than 36 months of return data.

The Chinese Equity Composite contains fully discretionary, fee-paying accounts investing in equity and equity-equivalent securities of companies domiciled predominately in China and Hong Kong and cash reserves and is measured against the MSCI China All Shares USD Total Return Index (Gross) for comparison purposes. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

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.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through December 31, 2020. 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.

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. The verification and performance examination reports are available upon request.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Additional information is available upon request. Past performance does not guarantee future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate Chinese Equity accounts is 1.15% annually of the market value up to $20 million; 0.80% of amounts from $20 million to $100 million; 0.75% of amounts from $100 million to $200 million; 0.55% of amounts over $200 million. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Chinese Equity Composite was created on December 31, 2020 and the performance inception date is January 1, 2021.

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