Chinese Equity

HARDING LOEVNER

Quarterly Report | Year End 2023

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Composite Performance

Total Return (%) — Periods Ended December 31, 2023

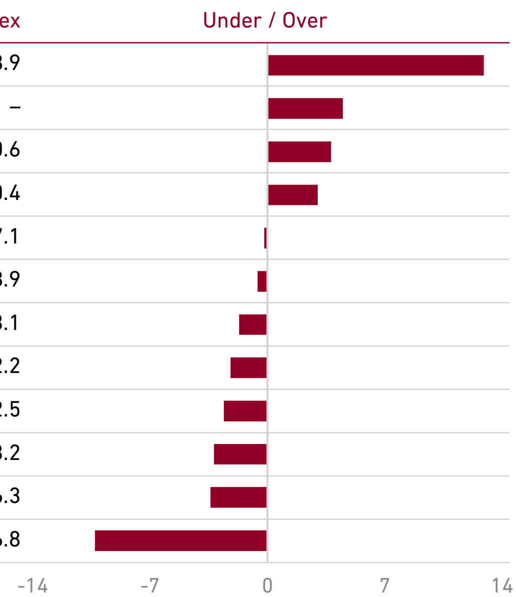
	3 Months	1 Year	3 Years	Since Inception
HL Chinese Equity (Gross)	-4.31	-18.72	-19.63	-19.63
HL Chinese Equity (Net)	-4.54	-19.50	-20.40	-20.40
MSCI China All Shares Index	-3.81	-11.35	-16.05	-16.05

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Chinese Equity composite inception date: December 31, 2020. MSCI China All Shares Index, the benchmark index, is shown gross of withholding taxes.

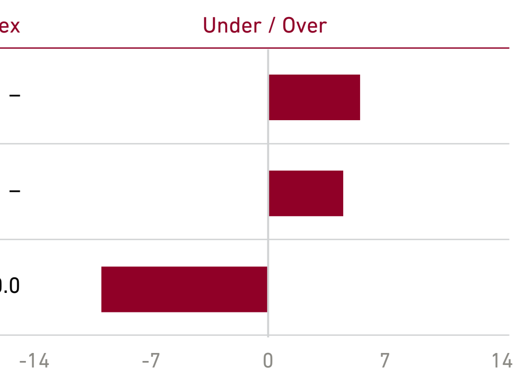
Past performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Industrials	21.8	8.9
Cash	4.5	–
Cons Discretionary	24.4	20.6
Info Technology	13.4	10.4
Health Care	6.9	7.1
Cons Staples	8.3	8.9
Utilities	1.4	3.1
Real Estate	0.0	2.2
Comm Services	9.9	12.5
Energy	0.0	3.2
Materials	2.9	6.3
Financials	6.5	16.8



Market	HL	Index
Other Emerging Markets	5.5	–
Cash	4.5	–
Mainland China + Hong Kong	90.0	100.0



"HL": Chinese Equity model portfolio. "Index": MSCI China All Shares Index. Sector and geographic allocations are supplemental information only and complement the fully compliant Chinese Equity Composite GIPS Presentation. Source: Harding Loevner Chinese Equity model, FactSet, MSCI Inc. 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.

Market Review

Chinese markets rose at the start of 2023 as COVID-19 lockdowns eased and domestic travel rebounded, but the real-estate downcycle and a sharp slowdown in consumer spending severely dampened economic recovery for most of the year. Policymakers stayed focused on reducing excess leverage in both local government finances and the real-estate sector. However, they have been reluctant to cushion this deleveraging with substantially easier fiscal and monetary policy. The MSCI China All Shares Index fell 3.8% in the fourth quarter and 11.4% for the year.

Economic data worsened in the fourth quarter after a brief respite in the third. Home sales for the 12 months ending November 2023 were 36% below their 2021 peak, with housing starts down more than 53% for the comparable period. And the official purchasing managers' index, a measure of a country's overall manufacturing health, disappointed at year-end.

Markets were further shaken by the introduction of new draft regulatory measures in online gaming. Unlike previous measures, which sought to restrict playing time for minors, these proposals outlined blanket restrictions for players of all ages. Share prices of **Tencent** and **NetEase** fell sharply. One of the top officials overseeing game regulations was subsequently removed from his position a week after the draft measures were released, perhaps suggesting that maintaining market confidence in domestic internet companies may be of greater official import in weaker economic times.

On a positive note, although the government seems disinclined to take broad stimulus measures, it is pursuing targeted policies supporting innovation and consumption in areas such as electronic products and electric vehicles (EVs). These policies not only align with global environmental goals, but could also stimulate domestic markets, fostering sustainable growth within targeted industries over the long run.

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Despite tension for most of the year, relations between China and the United States seem generally less frosty now. Following several visits between cabinet members and local-level officials, Presidents Biden and Xi met in person at the Asia-Pacific Economic Cooperation summit in San Francisco in November. Among other things, the US and China agreed to restore direct lines of communication between their defense departments, which the Chinese had suspended in 2022 after House Speaker Nancy Pelosi's visit to Taiwan. China is also continuing to strengthen ties with other countries, including several important trading partners in Southeast Asia. China and Vietnam released a joint statement on continued infrastructure, rail, and highway bridge investment to support growing Chinese company operations in Vietnam, which is poised to become a major overseas electronics-manufacturing base. China and Thailand also agreed that visa requirements between the two countries will be permanently waived beginning in March 2024. As Southeast Asia's second-largest economy, Thailand relies heavily on tourism, and has already waived entry requirements for Chinese tourists.

MSCI China All Shares Index Performance (USD %)

Sector	4Q 2023	Trailing 12 Months
Communication Services	-5.5	-4.6
Consumer Discretionary	-5.0	-14.5
Consumer Staples	-4.2	-18.0
Energy	-1.1	22.8
Financials	-4.3	-3.7
Health Care	-0.8	-16.7
Industrials	-5.6	-19.1
Information Technology	1.4	-7.9
Materials	-4.4	-15.5
Real Estate	-12.7	-30.1
Utilities	3.6	-4.2

Source: FactSet, MSCI Inc. Data as of December 31, 2023.

Performance and Attribution

The Harding Loevner Chinese Equity composite fell 4.3% gross of fees in the fourth quarter, trailing the 3.8% fall of the MSCI China All Shares Index. The relative performance shortfall was primarily due to poor stocks. Better stocks in Industrials and Consumer Staples were offset by worse performers in several other sectors.

Health Care stocks detracted the most. **WuXi Biologics**, a leading provider of outsourced services for biotech companies, had to substantially reduce its projections for near-term sales due to an abrupt fall in demand for drug-development services and temporary delays of large manufacturing projects as customers awaited regulatory approvals. Another biotech holding, **WuXi AppTec**, also fell on concerns about lower drug-development demand.

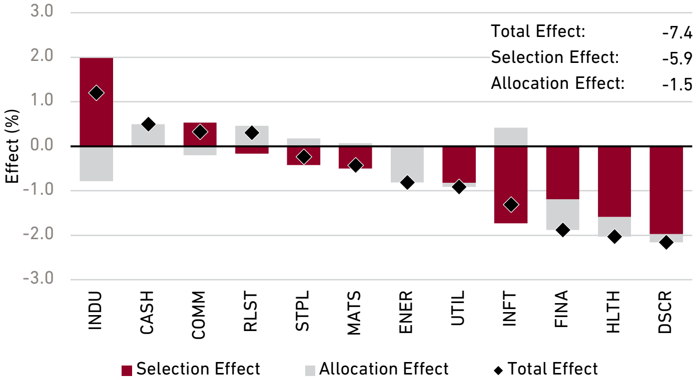
Negative stocks in Consumer Discretionary and Utilities also weighed on this quarter's relative returns. In Consumer Discretionary, sports apparel manufacturer **Li-Ning** revised guidance downward as it strives to manage inventory back to a healthier level. **ENN Energy** fell on lower distributed gas volumes for 2023, exacerbated by its decision to cut lower-margin sales to gas-fired power plants.

Companies held in the portfolio at the end of the year 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 investmentin the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at December 31, 2023 is available on page 6 of this report.

Trailing 12 Months Performance Attribution

Sector

Chinese Equity Composite vs. MSCI China All Shares Index



Source: Harding Loevner Chinese Equity composite, FactSet, MSCI Inc. The total effect shown here may differ from the variance of the composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the composite GIPS Presentation.

Our capital goods companies within Industrials generally outperformed. Shares of **Haitian International**, an injection-molding-machine manufacturer, rose due to strength in the company's order book. Automation company **AirTAC** benefited from a strong third-quarter earnings results, in which the company reported revenue growth of 15% in a slowing domestic economy. Tool company **Techtronic Industries** and heating-components manufacturer **Sanhua Intelligent Controls** also contributed positively.

Strength among our food and beverage holdings within Consumer Staples also helped in the fourth quarter. Dairy producer **Yili** reported that the company's market share in infant-milk formula expanded 2% year over year. Shares of spirits manufacturer **Moutai** went up after the company announced a special dividend and raised the ex-factory price of its *baijiu* liquor by 20%, the company's first price hike in nearly six years.

> Style factors were a significant headwind for our portfolio: shares of the fastest-growing companies underperformed those of the slowest-growth firms by nearly 2,200 basis points, and the most-expensive companies lagged the cheapest companies by even more.

For the full year, the composite declined 18.7% gross of fees versus the 11.4% decrease of the index. Style factors were a significant headwind for our portfolio: shares of the fastest-growing companies underperformed those of the slowest-growth firms by nearly 2,200 basis points, and the most-expensive companies lagged the cheapest companies by even more. The strength of less-expensive, slow-growth, and low-quality companies was led by the outperformance of state-owned enterprises (SOEs), particularly in Financials stocks like Bank of China and Utilities like electric-power producer China Yangtze Power. The outperformance of SOEs appears to have been triggered by supportive comments from Chinese officials in late 2022, as well as documentation in 2023 mandating that SOEs improve corporate governance standards by appointing external and independent directors to their boards and evaluating their efficacy. Our holdings in Consumer Discretionary detracted the most, due not only to Li-Ning but also China Tourism Group Duty Free (CTGDF), one of the leading operators of duty-free stores in China, as its earnings recovery was weaker than expected despite a resumption of domestic travel. Within Health Care, in addition to WuXi AppTec and Wuxi Biologics, **Tigermed**, China's leading provider of clinical research for healthcare companies, reported slower growth in its third quarter results due to declining venture-capital funding and new Chinese regulations, which slowed down patient recruitment.

Perspective and Outlook

The public releases of consumer applications built on top of large-language models (LLMs) such as ChatGPT since late 2022 have showcased the transformative potential of generative AI to a wide audience. They have demonstrated the utility of generative AI by offering solutions to problems—even complex ones—in plain language through an interface accessible to everyday users. So far, market focus sparked by these introductions has primarily been on US innovators such as NVIDIA. However, we think investors' attention will shift from the designers of AI chips to companies that are using AI to tailor their products and services across different industries. This transition should benefit China's large internet firms, which have been overlooked by global investors seeking AI exposure but which are still benefiting from generative-AI-technology development in the same way as their global peers. These companies, several of which are owned in our portfolio, have taken different approaches to leveraging and monetizing generative AI, and could benefit in unique ways.

Similarly to OpenAI, **Baidu** has pursued direct monetization by charging subscription fees to access AI-powered tools. In 2017, the company adopted the slogan "All in AI" and began research under the aegis of chief scientist Andrew Ng, the former head of Google Brain. Baidu's competitive advantage in large language models comes from its access to massive amounts of data sourced from Baidu Search and Baidu Wiki, which can be used for training its AI models. The company launched a chatbot called Ernie 1.0 in 2019 (perhaps an homage to Google's early AI training model called BERT) and recently began charging a monthly subscription fee for Ernie 4.0, a chatbot that is similar to OpenAI's GPT-4 in terms of capabilities. Besides subscription fees, Baidu also expects to generate revenue from AI cloud hosting and services, as the company believes there will be an eventual shift to purchasing AI services from organizations that own LLMs and can refine them for specific uses. Baidu has also used generative AI to restructure its advertising platform in areas such as content creation and targeting and bidding; the latter application has seen good adoption in verticals such as e-commerce, travel, and healthcare. Baidu expects to generate billions in incremental revenue in 2024 from subscriptions, AI cloud hosting, and advertising.

Tencent has pursued a different approach to AI. The company's motto is "AI in All," describing its intent to use AI to enhance, rather than transform, its existing services. The company has launched its own LLM named Hunyuan, but the strategic focus is to implement AI in each of its business lines to improve products and services such as games and WeChat. Tencent is also using AI in its ad business that accounts for about a fifth of its revenues, where more optimal use of large quantities of data has improved pricing efficiency, aided in selling previously unsold inventory, and boosted the accuracy of ad targeting and click-through rates. Other applications of AI within Tencent's existing business lines include chatbots for social apps Weixin and QQ, cost efficiencies in content production, and deployment of new tools to enhance daily operations such as automatic meeting notes.

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Of all the Chinese blue-chip internet firms, gaming company NetEase has been the most successful thus far in deploying AI. This is not necessarily surprising—the ties between gaming and AI run deep. As we wrote in our first quarter 2023 letter, some of the most groundbreaking technologies in the world today got their start in video games.[1] NetEase's AI technology is used throughout the company's entire game production process, including voice generation, original painting generation, and video motion capture, resulting in improvements in the efficiency of game production and more content added into the game at lower costs. The company launched two blockbuster games powered by AI in 2023, including *Eggy Party* and *Justice Mobile*. AI enables the non-player characters in *Justice Mobile* to freely interact with human players, autonomously traveling through the game and developing social relationships with human players. This sort of rich interaction that can mimic human intelligence immerses players more deeply in the gaming experience.

While AI may bring new revenue opportunities, policymakers and other stakeholders, including investors, will inevitably need to consider how to manage its risks. In China, policymakers published a code of ethics for AI developers two years ago, followed by draft measures earlier this year to define rights for users and intellectual property while policing content. Additionally, Chinese companies with AI initiatives are particularly exposed to the impact of the ongoing US-China rivalry. Last year, the US imposed export controls on the most-advanced processors used in AI computing and the leading-edge semiconductor equipment needed to make them; this year, the US also began regulating private investments into the firms producing semiconductors. For now, Tencent has enough GPUs to train its next two generations of models. It has already been using locally developed chips from a subsidiary company called Enflame for tasks requiring less complex functionality. (Huawei also has an alternative chip called Ascend.) Beyond the next two generations, Tencent will probably have to depend on this local supply chain, although the semiconductor technology is several years behind. **Alibaba** started research on chips a few years ago; it has developed chips based on the RISC-V open-source platform, which could help mitigate the impact of export controls.

Also, while we have focused on Chinese internet companies and their role as leaders in generative AI, AI has also been a source of transformative benefits for some portfolio companies that are using it to make difficult, labor-intensive, and time-consuming processes easier. For example, WuXi AppTec began incorporating deep-learning AI into its drug-discovery process five years ago. In 2019, researchers at the company coauthored a paper in the journal *Nature Biotechnology* describing how AI helped the firm and its partners reduce the average time needed to discover a lead drug candidate from two years to less than two months. Medical-equipment makers **Mindray** and **Meyer Optoelectronic** have also been incorporating AI into their imaging algorithms, providing patients with more-accurate and lower-cost results. This may be particularly beneficial for Mindray in the developing-country markets it serves outside of China, some of which experience chronic shortages of trained doctors.

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AI is not central to our investment thesis for the companies we hold, but additive to it. We purchased shares in many of these companies well before their latest AI advances. As always, we try to invest in companies that possess the management foresight, competitive advantages, and strong balance sheets necessary to position themselves well for new opportunities. We are not surprised that, as skillfully run businesses, many holdings have built on their preexisting competitive advantages to quickly innovate and take advantage of AI.

Portfolio Highlights

In the fourth quarter, we reduced our exposure to Consumer Discretionary stocks whose growth could further slow over the next several years as consumer spending remains muted. We sold CTGDF, whose earnings recovery was weaker than expected after lockdowns ended and tourists returned to Hainan Island, an important revenue source for this company. Also, policymakers

[1] The OpenAI Five project of 2018 showcased the ability to play the complex game Dota 2 at a professional level using sophisticated machine learning algorithms. Not only did this demonstrate the power of gaming technology, it attracted the attention of Microsoft which subsequently invested in OpenAI.

seem poised to make the entire island of Hainan duty-free after 2025, which would eliminate a key competitive advantage for licensed duty-free operators such as CTGDF. We also trimmed our exposure to leading appliance manufacturer **Midea Group**. The company outperformed in a weak environment due to strong international sales and better housing completion numbers, but we think there is downside risk from this year's decline in housing starts, which could pressure new appliance demand in its domestic market. Midea's international sales growth expectations, however, remain strong.

Meanwhile, the portfolio's weight to IT was increased this quarter by additions to **Friendess** and **Delta Electronics**. Friendess is a leading maker of control systems for lasers used in industrial automation—systems that guide lasers precisely as they cut through and weld materials during automated manufacturing processes. The company continues to grow strongly, with third-quarter earnings increasing 51% year over year in 2023. The growth outlook looks promising, due to the continued adoption of high-end laser control products (mostly ultra-high-power, 80 kilowatts or more) and the ongoing replacement of traditional cutting technologies by laser cutting. Taiwan-based Delta is the largest manufacturer of power supplies globally, with close to 70% market share in high-voltage power-supply products used in data centers. This product category should grow rapidly with increasing global penetration of AI servers. The company has also developed power management components used in EVs and EV charging stations, which should lead to growth as global EV adoption rises.

Over the course of the year, we meaningfully reduced our exposure to Health Care. Earlier in 2023, we exited pharmaceuticals CSPC Pharmaceutical and Jiangsu Hengrui due to diminished medium-term growth prospects. The government initiated an anti-corruption campaign in the health care sector that has led to cancellation of many healthcare academic conferences and a slowdown in promotional campaigns for drugs. We think this could lead to a sharp slowdown in sales of new and innovative drugs for both companies in an industry where increasing centralization in procurement of generic drugs is leading to lower pricing for many of their products. After a run of strong performance earlier this year, we also trimmed our exposure to WuXi AppTec, WuXi Biologics, and Tigermed before their shares sold off in the fourth quarter. In Consumer Staples, a defensive sector, we increased the portfolio's weight through additions to Moutai and **Budweiser APAC**.

> Midea Group outperformed in a weak environment due to strong international sales and better housing completion numbers, but we think there is downside risk from this year's decline in housing starts.

As bottom-up stock pickers, we continue to find exciting investment opportunities in China as weak macroeconomic conditions have beaten down valuations to very attractive levels. Throughout the year, we established new positions in several companies. Among them is materials company **Tinci**, the largest maker of electrolytes in China. Its long-term growth is expected to be driven by secular demand for batteries for EVs and energy storage systems. Due to its scale and cost advantages, Tinci should continue to consolidate the market for these essential battery materials and grow alongside key global battery makers, with relatively low technological risk. In Industrials, we bought **Shanghai International Airport**, the owner and operator of Pudong International Airport, one of China's two major international gateways. It has one of the highest proportions of international passenger traffic among major Chinese airports, and we expect it to benefit from rising international passenger traffic now that COVID-related restrictions have been lifted. We also purchased Mindray, China's largest medical devices company and a leader in life-support equipment such as ventilators and electrocardiograph machines. Mindray's products are priced lower than those of multinational peers but are comparable in quality, which helps domestic hospitals upgrade their diagnostic capabilities within limited budgets. We expect the company to gain market share from multi-national competitors in China, due to both its lower-cost products and increasing localization helped by supportive policies.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

Chinese Equity Holdings (as of December 31, 2023)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	Mainland China	1.3
NetEase (Gaming and internet services)	Mainland China	2.7
Tencent (Internet and IT services)	Mainland China	5.9
Consumer Discretionary		
Alibaba (E-commerce retailer)	Mainland China	3.7
ANTA Sports (Athletic footwear and apparel retailer)	Mainland China	1.9
Fuyao Glass (Automotive glass manufacturer)	Mainland China	2.9
Haier Smart Home (Consumer appliances mfr.)	Mainland China	1.2
JD.com (E-commerce retailer)	Mainland China	1.6
Li-Ning (Athletic footwear and apparel retailer)	Mainland China	1.1
Meituan (Online local services provider)	Mainland China	0.2
Midea Group (Consumer appliances manufacturer)	Mainland China	1.3
Shenzhou International (Textile manufacturer)	Mainland China	2.2
Shuanghuan Driveline (Mechanical equipment mfr.)	Mainland China	1.0
TravelSky (Aviation IT services)	Mainland China	3.6
Trip.com Group (Online travel services)	Mainland China	3.7
Consumer Staples		
Budweiser APAC (Alcoholic beverages manufacturer)	Hong Kong	1.8
ChaCha (Foods manufacturer)	Mainland China	0.8
Foshan Haitian (Condiments manufacturer)	Mainland China	0.7
Moutai (Alcoholic beverages manufacturer)	Mainland China	1.6
Wuliangye Yibin (Alcoholic beverages manufacturer)	Mainland China	0.5
Yili (Dairy products manufacturer)	Mainland China	2.8
Energy		
No Holdings		
Financials		
AIA Group (Insurance provider)	Hong Kong	3.4
Hong Kong Exchanges (Clearing house and exchange)	Hong Kong	1.4
Ping An Insurance (Insurance provider)	Mainland China	1.7
Health Care		
Haier Biomedical (Biomedical storage manufacturer)	Mainland China	0.8
Mindray (Medical equipment manufacturer)	Mainland China	1.7
Tigermed (Clinical development services)	Mainland China	1.0
WuXi AppTec (Biopharma manufacturer)	Mainland China	2.0
WuXi Biologics (Biopharma manufacturer)	Mainland China	1.5
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	2.9
CATL (Battery systems manufacturer)	Mainland China	2.1
Haitian International (Injection-molding machines mfr.)	Mainland China	2.3
Hengli Hydraulic (Hydraulic components mfr.)	Mainland China	1.8
Hongfa (Power relay manufacturer)	Mainland China	1.2
Inovance (Industrial controls manufacturer)	Mainland China	2.3
Meyer Optoelectronic (Optical machine manufacturer)	Mainland China	1.8
Sanhua Intelligent Controls (HVAC and R parts mfr.)	Mainland China	3.0
SF Holding (Delivery services)	Mainland China	1.2

Industrials	Market	End Wt. (%)
Shanghai International Airport (Airport operator)	Mainland China	1.2
Techtronic Industries (Power tools manufacturer)	Hong Kong	1.0
ZTO Express (Express delivery services)	Mainland China	1.0
Information Technology		
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	1.3
Delta Electronics (Power management products)	Taiwan	2.6
Friendess (Laser control system manufacturer)	Mainland China	3.7
LONGi (Solar power equipment manufacturer)	Mainland China	1.7
Sangfor (IT security services)	Mainland China	0.5
StarPower (Semiconductor manufacturer)	Mainland China	1.9
Yonyou (Enterprise software developer)	Mainland China	1.7
Materials		
Sinocera (Nanoceramics manufacturer)	Mainland China	1.8
Tinci (Battery materials manufacturer)	Mainland China	1.1
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	Mainland China	1.4
Cash		4.5

Model portfolio holdings are supplemental information only and complement the fully compliant Chinese Equity Composite GIPS Presentation. 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.

4Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Index	Effect
Meituan	DSCR	0.2	2.1	0.50
Haitian International	INDU	2.1	<0.1	0.36
AIA Group	FINA	3.3	–	0.31
AirTAC	INDU	2.8	–	0.30
Friendess	INFT	3.1	<0.1	0.29

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Index	Effect
Meituan	DSCR	0.2	2.3	1.10
Sanhua Intelligent Controls	INDU	2.7	<0.1	0.88
AirTAC	INDU	2.8	–	0.59
Friendess	INFT	2.3	<0.1	0.58
Fuyao Glass	DSCR	2.2	0.2	0.49

4Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Index	Effect
PDD Holdings*	DSCR	–	2.3	-0.96
Li-Ning	DSCR	1.4	0.2	-0.46
WuXi Biologics	HLTH	2.0	0.6	-0.44
Xiaomi*	INFT	–	0.9	-0.23
CATL	INDU	2.3	1.0	-0.19

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Index	Effect
CTGDF	DSCR	2.0	0.4	-1.29
PDD Holdings*	DSCR	–	1.5	-1.11
Li-Ning	DSCR	1.4	0.4	-0.93
Tigermed	HLTH	1.5	0.1	-0.92
LONGi	INFT	1.9	0.3	-0.78

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.
"HL": Chinese Equity composite. "Index": MSCI China All Shares Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	14.1	12.8
Return on Assets[1] (%)	9.5	4.8
Return on Equity[1] (%)	16.9	12.2
Debt/Equity Ratio[1] (%)	31.5	48.5
Std. Dev. of 5 Year ROE[1] (%)	3.6	3.6
Sales Growth[1,2] (%)	15.8	16.2
Earnings Growth[1,2] (%)	12.8	12.3
Cash Flow Growth[1,2] (%)	12.7	10.6
Dividend Growth[1,2] (%)	12.6	14.7
Size and Turnover		
Wtd. Median Mkt. Cap. (US $B)	24.1	26.3
Wtd. Avg. Mkt. Cap. (US $B)	58.0	83.4
Turnover[3] (Annual %)	25.6	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-3.85	–
Beta[2]	1.03	–
R-Squared[2]	0.96	–
Active Share[3] (%)	75	–
Standard Deviation[2] (%)	25.08	23.98
Sharpe Ratio[2]	-0.88	-0.76
Tracking Error[2] (%)	4.8	–
Information Ratio[2]	-0.79	–
Up/Down Capture[2]	95/106	–
Price/Earnings[4]	18.4	10.1
Price/Cash Flow[4]	15.0	9.2
Price/Book[4]	2.8	1.7
Dividend Yield[5] (%)	1.8	2.8

[1]Weighted median. [2]Trailing five years, annualized. [3]Three-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk characteristics): Harding Loevner Chinese Equity composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner Chinese Equity model based on the underlying holdings, FactSet (Run Date: January 4, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
There were no completed purchases this quarter.		

Positions Sold	Market	Sector
CTGDF	Mainland China	DSCR

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 tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter. Past performance does not guarantee future results. In the tables 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. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the Chinese Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. Contributors and detractors exclude cash and securities in the composite not held in the model portfolio. Quarterly data is not annualized. Portfolio contributors and detractors 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 December 31, 2023)

	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)
2023[4]	-18.72	-19.50	-11.35	25.11	23.98	N.M.	1	3	43,926
2022	-25.22	-25.93	-23.47	+	+	N.M.	1	3	47,607
2021	-14.59	-15.42	-12.80	+	+	N.M.	1	4	75,084

[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 2023 performance returns and assets shown are preliminary. N.M.–Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year. +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 September 30, 2023. The verification report is available upon request.

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. Verification does not provide assurance on the accuracy of any specific performance report. 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.

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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 1.05% annually of the market value for the first $20 million; 0.75% for the next $80 million; 0.70% for the next $100 million; above $200 million upon request. 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.