Chinese Equity

Quarterly Report | First Quarter 2024

HARDING LOEVNER

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Composite Performance

Total Return (%) — Periods Ended March 31, 2024

	3 Months	1 Year	3 Years	Since Inception
HL Chinese Equity (Gross)	-3.33	-22.97	-20.34	-19.12
HL Chinese Equity (Net)	-3.56	-23.70	-21.10	-19.89
MSCI China All Shares Index	-1.05	-16.46	-15.91	-15.19

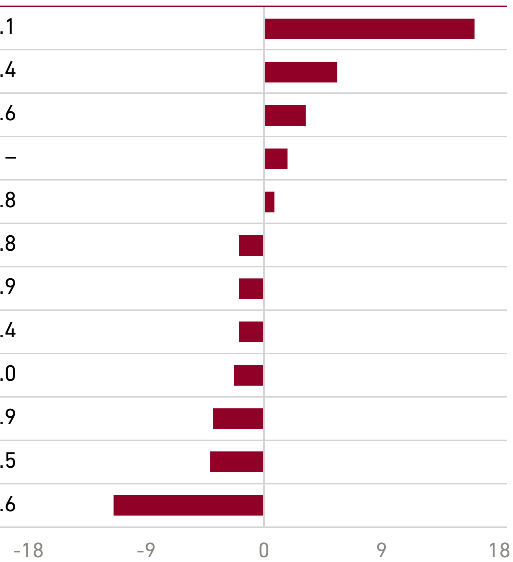
The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Chinese Equity composite inception date: December 31, 2020. MSCI China All Shares Index, the benchmark index, is shown gross of withholding taxes.

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)

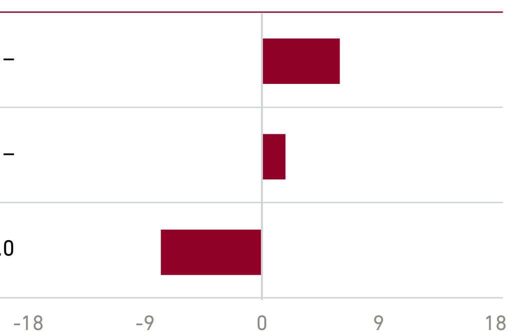
Sector	HL	Index
Industrials	25.2	9.1
Cons Discretionary	26.0	20.4
Info Technology	12.8	9.6
Cash	1.8	–
Cons Staples	9.6	8.8
Health Care	3.9	5.8
Real Estate	0.0	1.9
Utilities	1.5	3.4
Comm Services	10.7	13.0
Energy	0.0	3.9
Materials	2.4	6.5
Financials	6.1	17.6

Under / Over



Market	HL	Index
Other Emerging Markets	6.0	–
Cash	1.8	–
Mainland China + Hong Kong	92.2	100.0

Under / Over



"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.

What Happened

The MSCI China All Shares Index declined 1.1% in the quarter as the real-estate downcycle and a sharp slowdown in retail spending continued to weigh on markets.

Real Estate was among the worst performing sectors in the quarter as property developers continued to struggle with declining sales and high leverage. China Vanke (Vanke), the second largest developer by sales, announced a sharp drop in earnings in a weak demand environment, which exacerbated questions about the company's ability to service its debt and eventually led to a downgrade of its credit ratings to junk by Moody's and Fitch. Though there are reports that the six largest state-owned banks could bail out Vanke through a syndicated loan, government policy measures so far—including lowering mortgage rates and removing some financing restrictions—have not been significant enough to arrest the sector's decline.

The Healthcare sector also performed poorly. A US Congressional committee introduced the BIOSECURE Act, a bill that would restrict federally funded companies in the US from contracting or purchasing biotechnology equipment or services from certain biotech companies that allegedly have links to the Chinese military. Although a number of companies cited in the proposed bill, including WuXi AppTec, China's largest provider of outsourced drug development and manufacturing services, have denied any such military link, US industry participants (including large customers of both WuXi AppTec and biopharma manufacturer **WuXi Biologics**) have coalesced around the core objective of reducing the reliance of the domestic pharma and biotech industry on Chinese companies.

The Biden administration also increased pressure on other countries to squeeze China's access to semiconductor technology. Japan announced in March that it would restrict exports of some semiconductor manufacturing equipment, falling in line with US efforts to restrict China's ability to manufacture advanced semiconductor chips. Due to urging by the US, the Netherlands, home of semiconductor equipment manufacturer ASML, which dominates the market for lithography machines used to make advanced semiconductor chips, has also said that it would restrict exports of chipmaking equipment. These developments contributed to weakness in the Information Technology sector, which was dragged down by sharp share price declines of companies in the semiconductor and semiconductor equipment industry.

MSCI China All Shares Index Performance (USD %)

Sector	1Q 2024	Trailing 12 Months
Communication Services	2.7	-18.3
Consumer Discretionary	-4.0	-18.3
Consumer Staples	-3.5	-23.0
Energy	17.3	26.2
Financials	2.1	-3.5
Health Care	-16.4	-28.5
Industrials	3.6	-18.2
Information Technology	-6.0	-25.0
Materials	6.3	-14.8
Real Estate	-14.0	-38.4
Utilities	7.3	1.1

Source: FactSet, MSCI Inc. Data as of March 31, 2024.

Macroeconomic indicators seem to suggest that some key parts of the Chinese economy are stabilizing or recovering. Industrial activity has been strong; China's manufacturing activity expanded at the fastest pace seen in more than a year.

Energy was the best-performing sector as higher oil and gas prices and cost-cutting initiatives buoyed earnings at companies like PetroChina. The Utilities sector also outperformed, led by nuclear power producer China National Nuclear Power, after the government approved construction of four nuclear power generation units in December.

On a positive note, macroeconomic indicators seem to suggest that some key parts of the Chinese economy are stabilizing or recovering. Industrial activity has been strong; China's manufacturing activity expanded at the fastest pace seen in more than a year, supported by new orders from domestic customers as well as exports. The official Purchasing Managers' Index rose to 50.8 in March from 49.1 in February, signaling expansion in manufacturing activities for the first time in six months. Growth in services also seems to have accelerated in March.

The government has coined a new term—"new productive forces"—to describe economic development through innovation in advanced sectors. It is pushing for more domestic production in strategic industries of interest such as green technology and advanced manufacturing, as well as the upgrading of existing manufacturing processes and logistics. Regulators also sought to incentivize companies to improve shareholder returns through higher dividends and stock buybacks (discussed in more detail below). These measures disproportionately benefited the shares of cheaper companies, which are often lower in quality and tend to have more scope to improve their shareholder return programs than their higher-quality counterparts that trade at loftier valuations. The cheapest quintile of stocks outperformed the most expensive quintile by 16.5 percentage points during the quarter.

Companies held in the portfolio at the end of 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 for the past year, please contact Harding Loevner. A complete list of holdings at March 31, 2024 is available on page 6 of this report.

How We Did

The Chinese Equity composite declined 3.3% gross of fees in the first quarter, compared with the 1.1% decline of the MSCI China All Shares Index. Weak stock selection in Financials, Materials, and Health Care were the primary causes of the portfolio's relative performance shortfall.

In Financials, the worst performing stock was pan-Asian life insurance company **AIA Group**, which fell despite the company posting earnings and profit margins ahead of consensus expectations. Concerns around China's economy may have had a disproportionate impact on this company, which is well-owned by global investors. Additionally, investors may have been disappointed that that management failed to extend its share buyback program, set to expire in one year, even as Chinese policymakers and other companies focused on enhancing shareholder returns.

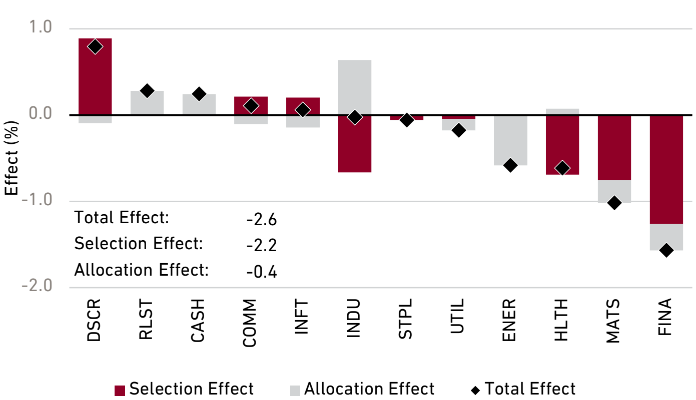
Results in Materials were hampered by poor performance from nano-ceramics manufacturer **Sinocera** and electrolyte manufacturer **Tinci**. Sinocera reported weaker-than-expected margins in its fourth quarter earnings results. Though demand for the company's multilayer ceramic capacitors, tiny devices that help draw and hold power in circuits, is robust due to rising EV adoption, it didn't offset the decline the company experienced last year in consumer electronics and dental materials, its main markets. Tinci also reported weaker results after a downcycle in battery materials as rivals' electrolyte and precursor supply came on the market.

Healthcare performance was punctured by our holdings in contract development and manufacturing organization companies WuXi AppTec and WuXi Biologics. Shares of both firms fell sharply due to proposed legislation that would prohibit US taxpayers from contracting or using equipment or services from certain Chinese biotechnology providers. Although there is high uncertainty as to the form of the bill and its eventual passage into law, we perceived the risks to be great enough to exit our position in WuXi AppTec and reduce our position in WuXi Biologics during the quarter.

First Quarter 2024 Performance Attribution

Sector

Chinese Equity Composite vs. MSCI China All Shares Index



Source: Harding Loevner Chinese Equity composite, FactSet, MSCI Inc. Data as of March 31, 2024. 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.

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On a positive note, the portfolio benefited from its holding in **Trip.com Group** within Consumer Discretionary. The company reported that its revenues and gross profits more than doubled, with margins at record highs, as the company's outbound travel market recovered to 90% of 2019 levels versus 60% for the industry as a whole. Trip.com also benefited from inbound travel growing nearly 30% since China started to offer visa-free entry to some countries last November.

What's On Our Minds

CATL, the world's largest and most profitable EV battery manufacturer, unveiled an unexpected increase in its dividend payout ratio during its 2023 earnings announcement, raising it to 50% from 20% the previous year. CATL's decision to raise its dividend payout is at odds with its own history as well as the usual practice of Chinese companies. Traditionally, when their industry growth is accelerating, fast-growing Chinese firms tend to prioritize re-investment opportunities over cash returns.

This change in how the company allocated its cash flows followed efforts undertaken last year by China's financial market regulators, the Shenzhen Stock Exchange and China Securities Regulatory Commission (CSRC), which urged listed companies to explore ways of improving shareholder returns. Also, the CSRC issued a new regulation in December 2023 named "Cash Dividend Guidelines," which requires listed companies to provide an explanation if they do not distribute dividends or if they have significant non-core financial investments but low dividends.

The result was a profound shift in capital allocation at CATL. Before 2023, for example, CATL (and its peers) built factories and purchased equipment when customer demand was skyrocketing. Last year, as competition intensified and financial conditions tightened, battery companies used cash to improve shareholder returns. The shift in spending to boost shareholder returns should be sustainable in CATL's case even if demand growth does not regain peak levels. While rivals are struggling, CATL remains the industry leader, with a strong balance sheet, and the company even managed to increase its market lead in 2023. About a third of company sales come from outside of China, where demand for CATL's cutting-edge technologies is rising. Future projects are expected to adopt the so-called LRS model ("license, royalty, service"), which would allow CATL to supply technology, collect licensing fees, and increase its market share without constructing new plants. That operating model will be less capital intensive for CATL, which should support the company's now-higher dividend payout ratio.

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In addition to re-investing during high growth periods, some Chinese companies choose to hoard cash on their balance sheets as a way to prepare for future growth or to have backup funds in case of unforeseen costs. Instead of having this cash earn low interest rates as it sat on their balance sheets, many firms used it to purchase wealth management products (WMPs) to try to enhance returns on cash, namely through fixed income instruments sometimes tied to China's faltering real estate market. While CATL has not incurred losses on their WMPs, on the company's 2023 earnings call management indicated a preference for dividend distribution over WMPs in the coming year. This suggests a further shift toward transparent and shareholder-friendly behavior at the corporate level.

State-owned enterprises in China are also being encouraged to emphasize shareholder returns. In 2023, the State-Owned Assets Supervision and Administration Commission (SASAC) launched an initiative centered around market value as a key performance indicator, specifically focusing on shareholder return. SASAC's strategies aim to better reward investors through promotion of market-oriented actions, such as encouraging the state-owned parents of the listed companies to increase their holdings during selloffs, increased share buybacks, and cash dividends. In November 2023, **Moutai**, China's leading premium baijiu spirits producer, which is 54% owned by the Guizhou provincial government, announced its second consecutive year of special dividend distributions. Moutai's industry rival, **Wuliangye Yibin**, whose shares have been rather weak, announced that its state-owned parent company would spend between RMB400–800 million to add to its shareholding, signaling confidence and backstopping the company's valuation.

Other companies are proactively altering their corporate strategy to enhance shareholder returns. For instance, **Tencent**, which frequently draws the eyes of regulators, has historically invested extensively in areas beyond its core operations, including e-commerce and healthcare. Its non-core spending approach changed significantly in 2021 during China's broader clampdown on antitrust practices (such as exclusivity listing rules for sellers).

Dividend and Share Buyback Increases of Harding Loevner Chinese Equity Holdings

Company Name	Dividend Yield % 2022	Dividend Yield % 2023	Buyback Ratio % 2022	Buyback Ratio % 2023
AIA Group	1.8	2.4	3.0	3.2
AirTAC	1.4	1.7	0.0	0.0
Alibaba	0.0	1.0	2.3	4.8
ANTA Sports	1.3	2.6	0.0	0.0
ASM Pacific Technology	5.8	1.9	0.7	0.0
Baidu	0.0	0.0	0.6	1.5
Bochu*	0.5	1.0	0.0	0.0
Budweiser APAC	1.2	2.9	0.0	0.0
CATL	1.2	3.1	0.0	0.0
Delta Electronics	1.9	3.1	0.0	0.0
ENN Energy	2.7	5.1	0.0	0.0
Fuyao Glass	3.8	3.4	0.0	0.0
Haier Biomedical	0.7	1.3	0.0	0.3
Haier Smart Home	2.1	3.6	0.2	0.1
Haitian International	2.6	3.4	0.0	0.0
Hong Kong Exchanges	2.1	3.1	0.0	0.0
Hongfa	1.1	1.6	0.0	0.0
JD.com	1.1	2.6	0.3	0.7
Li Ning	0.7	2.6	0.0	2.0
Meituan	0.0	0.0	0.0	0.7
Meyer Optoelectronic	2.9	3.6	0.0	0.0
Midea Group	4.8	5.5	0.7	0.0
NetEase	1.9	2.9	5.0	1.1
Ping An Insurance	5.1	6.0	0.1	0.4
SF Holding	0.4	1.5	0.8	0.4
Shanghai International Airport	0.0	0.4	0.0	0.0
Shenzhou International	2.2	2.5	0.0	0.0
Techtronic Industries	2.1	2.1	0.0	0.1
Tencent	0.7	1.2	1.1	1.6
Tigermed	0.5	1.0	0.0	0.9
Tinci	1.4	1.2	0.4	0.0
TravelSky	0.3	1.2	0.0	0.0
Trip.com Group	0.0	0.0	0.0	1.0
WuXi Apptec	1.1	1.4	0.0	0.7
WuXi Biologics	0.0	0.0	1.4	0.8
Yonyou	0.2	0.0	1.0	0.9
ZTO Express	1.4	2.9	0.1	0.7

*In 2023, Shanghai Friendess Electric Technology Company changed its company name to Bochu. Harding Loevner will reflect this change in firm materials going forward.

Chart reflects the dividend yields and buyback ratios of Harding Loevner Chinese Equity Portfolio holdings for the listed years which had an increase in one of those measures, and for which data is available.

Source: FactSet. Data as of March 31, 2024.

While other companies were forced to change their strategies in response to regulatory directives, Tencent voluntarily scaled back its expansive non-core investments and initiated strategic divestments, such as distributing stakes in **Meituan** and **JD.com** to its shareholders.

While other companies were forced to change their strategies in response to regulatory directives, Tencent voluntarily scaled back its expansive non-core investments and initiated strategic divestments, such as distributing stakes in Meituan and JD.com to its shareholders.

Since then, Tencent has continued to take actions to benefit its shareholders. The company increased its dividend payout ratio to 25% in 2023 compared to an average payout ratio of 10% over the prior decade. Tencent also said it intends to increase share buybacks and is now targeting at least a doubling of share repurchases, from HK$49B (approximately US$6.3B) in 2023 to HK$100B in 2024. All told, through a combination of stock distributions, dividends, and buybacks, Tencent's actions resulted in a 4.8% yield to shareholders. There could be room for further increase in capital returns to shareholder returns if Tencent's robust investment portfolio, valued at US$126B, including US$77bn in listed investments as of the end of 2023, is monetized. Other internet companies that we own, such as JD.com, **Alibaba**, **NetEase** and **Baidu**, have reduced their investments in non-core areas, optimized their cost structure, enhanced their cash flows, and increased share buybacks, laying a strong foundation for future shareholder returns.

These actions all indicate that a shift in China's corporate ethos towards greater transparency, shareholder engagement, and sustainable shareholder returns may be underway. Over time, this change in behavior should help increase high quality companies' returns on investment, which should benefit long-term portfolio returns for the patient investor.

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 March 31, 2024)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	Mainland China	1.2
NetEase (Gaming and internet services)	Mainland China	3.2
Tencent (Internet and IT services)	Mainland China	6.4
Consumer Discretionary		
Alibaba (E-commerce retailer)	Mainland China	3.6
ANTA Sports (Athletic footwear and apparel retailer)	Mainland China	2.1
Fuyao Glass (Automotive glass manufacturer)	Mainland China	3.2
Haier Smart Home (Consumer appliances mfr.)	Mainland China	1.4
JD.com (E-commerce retailer)	Mainland China	1.6
Li-Ning (Athletic footwear and apparel retailer)	Mainland China	1.2
Meituan (Online local services provider)	Mainland China	0.2
Midea Group (Consumer appliances manufacturer)	Mainland China	1.5
Shenzhou International (Textile manufacturer)	Mainland China	2.4
Shuanghuan Driveline (Mechanical equipment mfr.)	Mainland China	0.9
TravelSky (Aviation IT services)	Mainland China	3.2
Trip.com Group (Online travel services)	Mainland China	4.7
Consumer Staples		
Budweiser APAC (Alcoholic beverages manufacturer)	Hong Kong	1.4
Foshan Haitian (Condiments manufacturer)	Mainland China	0.8
Moutai (Alcoholic beverages manufacturer)	Mainland China	2.3
Proya (Cosmetics manufacturer)	Mainland China	1.5
Wuliangye Yibin (Alcoholic beverages manufacturer)	Mainland China	0.6
Yili (Dairy products manufacturer)	Mainland China	3.0
Energy		
No Holdings		
Financials		
AIA Group (Insurance provider)	Hong Kong	2.7
Hong Kong Exchanges (Clearing house and exchange)	Hong Kong	1.3
Ping An Insurance (Insurance provider)	Mainland China	2.1
Health Care		
Haier Biomedical (Biomedical storage manufacturer)	Mainland China	0.6
Mindray (Medical equipment manufacturer)	Mainland China	2.1
Tigermed (Clinical development services)	Mainland China	0.8
WuXi Biologics (Biopharma manufacturer)	Mainland China	0.3
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	3.2
CATL (Battery systems manufacturer)	Mainland China	3.3
Haitian International (Injection-molding machines mfr.)	Mainland China	2.8
Hengli Hydraulic (Hydraulic components mfr.)	Mainland China	1.6
Hongfa (Power relay manufacturer)	Mainland China	1.1
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	2.5
SF Holding (Delivery services)	Mainland China	1.1
Shanghai International Airport (Airport operator)	Mainland China	1.4

Industrials	Market	End Wt. (%)
Techtronic Industries (Power tools manufacturer)	Hong Kong	1.1
ZTO Express (Express delivery services)	Mainland China	3.0
Information Technology		
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	1.8
Bochu* (Laser control system manufacturer)	Mainland China	4.1
Delta Electronics (Power management products)	Taiwan	2.8
LONGi (Solar power equipment manufacturer)	Mainland China	1.5
StarPower (Semiconductor manufacturer)	Mainland China	1.5
Yonyou (Enterprise software developer)	Mainland China	1.2
Materials		
Sinocera (Nanoceramics manufacturer)	Mainland China	1.3
Tinci (Battery materials manufacturer)	Mainland China	1.0
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	Mainland China	1.5
Cash		1.8

*In 2023, Shanghai Friendess Electric Technology Company changed its company name to Bochu. Harding Loevner will reflect this change in firm materials going forward.

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1Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Trip.com Group	DSCR	4.4	0.7	0.72
PDD Holdings*	DSCR	–	2.6	0.53
ASM Pacific Technology	INFT	1.6	–	0.42
Haitian International	INDU	2.4	0.1	0.41
ZTO Express	INDU	1.9	0.3	0.30

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Bochu	INFT	2.9	<0.1	1.13
Trip.com Group	DSCR	3.6	0.6	0.83
Fuyao Glass	DSCR	2.6	0.2	0.69
Midea Group	DSCR	2.3	<0.1	0.56
Haitian International	INDU	2.0	<0.1	0.51

1Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
TravelSky	DSCR	3.0	<0.1	-0.96
AIA Group	FINA	3.3	–	-0.76
Sanhua Intelligent Controls	INDU	2.6	0.1	-0.60
Yonyou	INFT	1.3	0.1	-0.52
Sinocera	MATS	1.5	–	-0.45

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
CTGDF	DSCR	1.3	0.3	-0.83
Li-Ning	DSCR	1.4	0.3	-0.83
PDD Holdings*	DSCR	–	1.8	-0.77
LONGi	INFT	1.8	0.3	-0.77
StarPower	INFT	1.8	<0.1	-0.76

*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] (%)	17.0	13.6
Return on Assets[1] (%)	8.3	5.6
Return on Equity[1] (%)	15.8	12.0
Debt/Equity Ratio[1] (%)	34.7	45.9
Std. Dev. of 5 Year ROE[1] (%)	4.0	4.7
Sales Growth[1,2] (%)	12.9	12.7
Earnings Growth[1,2] (%)	11.9	7.3
Cash Flow Growth[1,2] (%)	15.4	12.9
Dividend Growth[1,2] (%)	16.6	16.6
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	24.7	30.1
Wtd. Avg. Mkt. Cap. (US $B)	61.4	87.0
Turnover[3] (Annual %)	22.9	–

Risk and Valuation	HL	Index
Alpha[4] (%)	-4.51	–
Beta[4]	1.04	–
R-Squared[4]	0.97	–
Active Share[3] (%)	76	–
Standard Deviation[4] (%)	26.22	24.70
Sharpe Ratio[4]	-0.89	-0.75
Tracking Error[4] (%)	5.0	–
Information Ratio[4]	-0.93	–
Up/Down Capture[4]	95/107	–
Price/Earnings[5]	18.9	10.8
Price/Cash Flow[5]	14.9	9.2
Price/Book[5]	2.7	1.7
Dividend Yield[6] (%)	1.8	3.0

[1]Weighted median. [2]Trailing five years, annualized. [3]Three-year average. [4]Trailing three years, annualized. [5]Weighted harmonic mean. [6]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: April 3, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Proya	Mainland China	STPL

Positions Sold	Market	Sector
ChaCha	Mainland China	STPL
Sangfor	Mainland China	INFT
WuXi AppTec	Mainland China	HLTH

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 March 31, 2024)

	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)
2024 YTD[4]	-3.33	-3.56	-1.05	26.26	24.70	N.A.	1	3	42,941
2023	-18.72	-19.50	-11.35	25.11	23.98	N.M.	1	3	43,924
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 2024 YTD performance returns and assets shown are preliminary. N.A.–Internal dispersion less than a 12-month period. 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.

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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.