EAFE Equity

Quarterly Report | Third Quarter 2021

HARDING LOEVNER

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In China, we face a daunting paradox. Despite disquieting regulatory changes, we are finding more high-quality growing businesses that meet our investment criteria in China than at any point in our firm's history.

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Composite Performance

Total Return (%) — Periods Ended September 30, 2021[1]

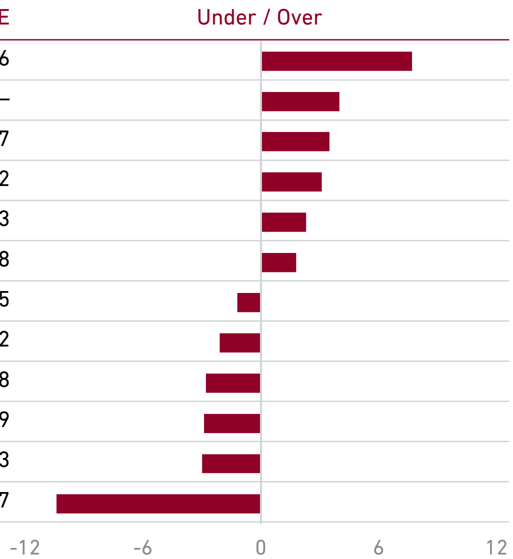
	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL EAFE Equity (Gross of Fees)	0.02	6.88	22.85	12.38	13.07	12.12	10.75
HL EAFE Equity (Net of Fees)	-0.09	6.51	22.29	11.81	12.49	11.50	10.14
MSCI EAFE Index[4,5]	-0.35	8.79	26.29	8.12	9.32	8.59	7.12

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: February 28, 2010; [4]The Benchmark Index; [5]Gross of withholding taxes.

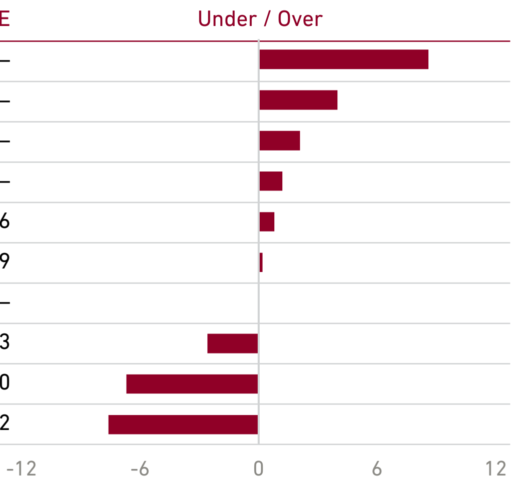
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL EAFE	MSCI EAFE
Info Technology	17.3	9.6
Cash	4.0	–
Health Care	16.2	12.7
Cons Staples	13.3	10.2
Materials	9.6	7.3
Industrials	17.6	15.8
Energy	2.3	3.5
Financials	15.1	17.2
Comm Services	2.0	4.8
Real Estate	0.0	2.9
Utilities	0.3	3.3
Cons Discretionary	2.3	12.7



Geography	HL EAFE	MSCI EAFE
Emerging Markets	8.6	–
Cash	4.0	–
Canada	2.1	–
Other[6]	1.2	–
Middle East	1.4	0.6
Europe ex-EMU	31.1	30.9
Frontier Markets[7]	0.0	–
Pacific ex-Japan	8.7	11.3
Europe EMU	26.3	33.0
Japan	16.6	24.2



[6]Includes companies listed in the United States; [7]Includes countries with less-developed markets outside the index. Sector and geographic allocations are supplemental information only and complement the fully compliant EAFE Equity Composite GIPS Presentation. Source: Harding Loevner EAFE 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.

Market Review

Stock markets fell in the quarter as soaring consumer price indexes collided with the prospect of slowing growth and higher interest rates. After bottoming out in May 2020, inflation expectations have ballooned, stoked by tight labor markets, pent-up consumer demand, and pandemic-mangled supply chains. The spread of the Delta variant, despite high vaccination rates in many developed economies, dampened the pace of recovery. But even with the ongoing effects of COVID-19 and decelerating global growth expectations, central banks have begun to signal the impending end of unprecedented monetary support and, in some cases, have already acted, by reducing bond buying (European Central Bank) or actually raising interest rates (Norway, Brazil, and Russia). The US Federal Reserve adopted a more-hawkish tone following its September meeting, suggesting it could begin to scale back its monthly bond purchases as soon as this year, while its short-term interest rate forecasts now indicate a liftoff for rates as early as next year. US Treasury bond prices fell sharply late in the quarter, but their yields remain below levels reached in March. Oil prices marched higher, with Brent crude trading near US$80 per barrel for the first time since 2018.

Outside the benchmark, proliferating regulatory interventions and an impending debt default by Evergrande, China's second largest property company, savaged Chinese share prices. The regulatory crackdown, which began last November with the tabling of Ant Group's IPO, expanded with the adoption of anti-monopoly legislation aimed at the country's internet giants and new rules to strengthen the data security of social media platforms. Chinese President Xi Jinping's stated goal to tackle income inequality and promote "common prosperity," including the "reasonable adjustment of excessive incomes," raised questions about the future of many firms. The turbulence in the Chinese property market coupled with mandates to curb Chinese industrial carbon emissions led to a sharp selloff in iron ore, with spot prices falling over 50% since peaking in May, and along with it the share prices of mining stocks. Meanwhile, in the US, a major infrastructure spending bill—which if adopted would help offset falling Chinese demand for iron ore—fell victim to political gridlock as politicians were unable to reach consensus on the scale of a companion package focused on climate change and expanding the social safety net. Partisan gamesmanship around the US debt ceiling added to the general uncertainty.

MSCI EAFE Index Performance (USD %)

Geography	3Q 2021	Trailing 12 Months
Europe EMU	-1.8	29.6
Europe ex-EMU	-1.1	26.1
Japan	4.7	22.5
Middle East	2.9	28.6
Pacific ex-Japan	-4.4	25.9
MSCI EAFE Index	-0.4	26.3

Sector	3Q 2021	Trailing 12 Months
Communication Services	-3.4	17.5
Consumer Discretionary	-3.5	32.6
Consumer Staples	-3.4	9.1
Energy	9.0	64.0
Financials	1.8	45.2
Health Care	0.5	10.2
Industrials	1.3	28.9
Information Technology	5.1	35.8
Materials	-5.7	25.6
Real Estate	-3.0	20.7
Utilities	-4.5	4.9

Source: FactSet (as of September 30, 2021). MSCI Inc. and S&P.

September was the worst month for EAFE stocks since October 2020. Regional performance resembled the pattern in that early stage of the pandemic, marked by the outperformance of Japan and the underperformance of Europe both inside and outside the eurozone and Pacific ex-Japan. Most major currencies declined against the US dollar, with the biggest falls seen in commodity-exposed currencies, including the Australian dollar.

Sector performance was heavily influenced by the diverging fortunes of iron ore and oil prices and rising inflation expectations. Materials, heavily weighted towards mining stocks, fell in conjunction with the decline in ore prices. The Energy sector performed strongly on the back of pricier oil, while Financials also eked out positive gains, supported by the prospect of widening spreads as interest rates normalize. Consumer Discretionary and Communication Services stocks slumped in tandem with their Chinese counterparts that faced regulatory pressures during the quarter.

Viewed by style, the highest-quality stocks, i.e., those of companies in the best quintile according to our quality measures including degree of leverage and volatility of returns, outperformed the index by nearly 180 basis points. Shares of faster-growing companies, meanwhile, underperformed. For year-to-date returns, however, the "value rally" still dominates, despite being on hold since May. The cheapest quintile of stocks in terms of valuation has outperformed the most expensive by a staggering 1,200 basis points, and the MSCI EAFE Value Index's return of 10.2% for the year is still ahead of the 7.2% return for MSCI EAFE Growth.

Performance and Attribution

The EAFE Equity composite was essentially flat for the quarter gross of fees, slightly better than the 0.4% decline for its

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 for the past year, please contact Harding Loevner. A complete list of holdings at September 30, 2021 is available on page 6 of this report.

benchmark. In the year to date, the composite trails the index, 6.9% (also gross of fees) vs. 8.8%.

Performance was lifted by a strong sector allocation effect, partly offset by a poor stock selection effect. Both our underweight to lagging Consumer Discretionary and overweight to Information Technology contributed to relative performance.

Stock selection was strongest in Health Care and Consumer Staples. Japanese pharmaceuticals manufacturer **Shionogi** was our strongest performer, due to rising hopes for approvals of the company's revised formulation of its COVID-19 vaccine, as well as for its potential COVID-19 antiviral treatment. In Consumer Staples, shares of **Unicharm**, a Japanese manufacturer of hygiene and household cleaning products, rose as the company reported record high year-over-year profits and gross margins during the first half of 2021.

Poor stock selection hurt in Financials and Materials. In the former, German financial services and insurance provider **Allianz** fell as the US Department of Justice launched an investigation into its Structured Alpha Funds, which caused investors significant losses during the pandemic-related downturn. The impact of plummeting iron ore prices on **BHP** and **Rio Tinto** dragged on our performance in Materials. BHP's Australian share price also came under pressure from the company's decision to streamline its corporate structure by collapsing its separate London entity and moving to a single global share class. This decision led to a sell-off in the higher-priced Australia shares.

From a geographic perspective, performance was bolstered by strong stocks in Europe—especially Dutch payment platform **Adyen**, which comfortably outperformed revenue expectations for the first half of the year on sharply higher transaction volumes, and Swiss Health Care companies **Alcon** and **Lonza**. Alcon outperformed after posting revenue growth of nearly 70% due to the reopening of doctors' offices and resumption of elective ophthalmic procedures, supplemented by market share gains and strong contributions from newer products. Japan was also a contributor to relative performance, led by Keyence and Shionogi.

Our off-benchmark Chinese holdings performed poorly, particularly social media internet gaming company **Tencent** and e-commerce giant **Alibaba**. Shares of both companies fell as China's regulatory crackdown focused heavily on the practices of the country's tech giants.

Perspective and Outlook

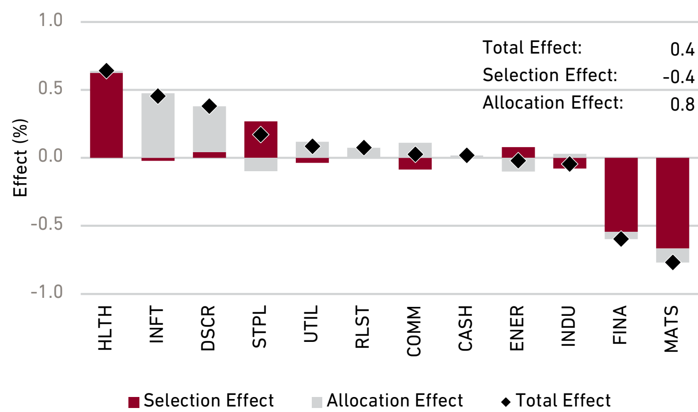
In our 2020 first quarter letter, at the early stage of the global pandemic, we marveled at the resiliency of the Chinese stock market, which we ascribed to the country's success in containing the domestic spread of the coronavirus through draconian lockdowns, whose efficacy was made possible by its authoritarian political system. Eighteen months later, a similarly authoritarian intervention has left investors reeling. While government intervention is not uncommon in China, the scale and pace of this latest crop of reforms is unprecedented. Is Xi Jinping, China's most powerful leader since Chairman Mao, revealing his allegiance to a collectivist ideology long thought to be discredited? Or is he boldly grasping the nettle of reform to redress economic imbalances and social ills before they become more entrenched and undermine the Chinese Communist Party's legitimacy?

Despite headlines conjuring memories of the CCP's gruesome past, we accept that on balance the policy changes are intended to benefit the long-term health of Chinese society and economy, especially its middle class. The message the Party is sending to business leaders across China is clear: compete on a level playing field and pay a fair wage. For instance, much of the coverage of Ant Group's canceled IPO focused on the ostensible desire of the CCP to clip the wings of its tech oligarchs. More persuasive in our

Third Quarter 2021 Performance Attribution

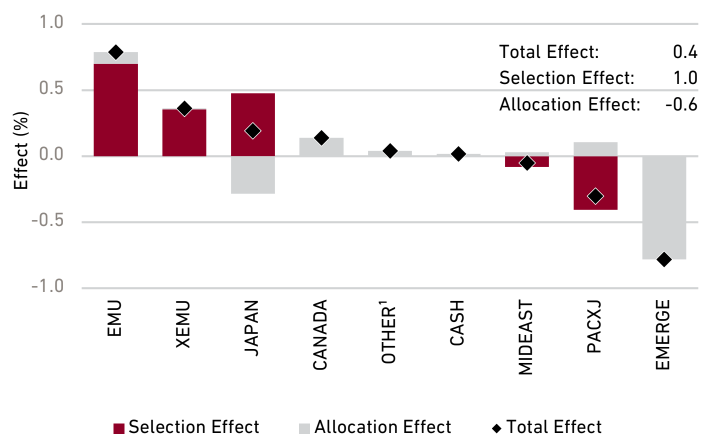
Sector

EAFE Equity Composite vs. MSCI EAFE Index



Geography

EAFE Equity Composite vs. MSCI EAFE Index



[1]Includes companies listed in the United States. Source: FactSet; Harding Loevner EAFE Equity Composite; MSCI Inc. and S&P. 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.

view is that having observed and learned from the West's subprime debacle a decade prior; Chinese financial regulators are not keen to allow loan origination to be divorced from the underlying credit risks of the loans—a source of moral hazard that would potentially destabilize a financial system still dominated by lumbering state-owned banks with weak credit cultures and poor management systems. Antitrust interventions targeting the largest e-commerce platforms echo the statements (if not yet the achievements) of many Western policymakers to improve competition by increasing the bargaining power of smaller businesses versus the giants.

Meanwhile, although the gutting of the private educational tutoring sector may seem disproportionate, it has with the stroke of a pen stigmatized one of the educational advantages of affluence while inhibiting the exam preparation arms race that many middle-class families feel has spiraled out of control. Actions taken to strengthen the data privacy protections of social media companies, tighten local ownership of Macau casinos, and rein in speculation in the high-end liquor market would not be out of place in Europe or the US. Not to minimize the serious consequences of these abrupt and radical reforms for private businesses; as investors we are viewing these actions mainly as problems requiring further analysis rather than as indications that China has become too unpredictable to be investable.

More troubling for China's long-term prospects, although less of an immediate danger to our portfolio, is the looming default of Evergrande. For years, the Chinese government has promised to wean the economy from fixed asset investments in favor of consumption, with little to show for the rhetoric. Regional governments have continued to rely on a red-hot property sector to provide their funding and to achieve their mandated growth targets. Alarmed by the outsized role of property development in the economy, and the associated risks to the financial system of too much property speculation, the central government pushed through a series of policies last year to force the property sector to deleverage. Evergrande's plight looks like the direct consequence of those blunt top-down mandates as the heavily indebted company started to find itself cut off from its usual credit lines. While the government may be happy to make an example of Evergrande, the probable spillover effects to the rest of the economy will be hard to contain and likely to require yet more interventions.

Equally disturbing to us are the rolling power outages afflicting as many as 20 provinces. Dueling top-down mandates with competing objectives seem to be playing a role here. Earlier in the year, the central government renewed its commitment to "dual control," a mandate to curb carbon emissions by limiting both energy usage and the intensity (i.e., the amount of energy used per unit of GDP). That directive was issued, however, without anticipating this year's spike in industrial output, whose emissions far exceed those from less energy-intensive sectors. Now that they have met their local growth targets, regional administrators are rushing to institute power shutdowns to avoid breaching stipulated emission ceilings. Woe be to the regional leaders who fail to shrink their carbon footprint before President Xi goes before the UN Climate Change Conference in early November determined to show that China is no climate backslider. We should note there are other factors contributing to the power crisis—not least, skyrocketing coal prices whose rise was exacerbated by China's boycott of Australian coal imports in retaliation for that country's insistence on re-opening the inquiry into the origins of the COVID-19 virus.

Nobel Prize-winning economist Friedrich Hayek would have predicted that the Chinese government would ultimately fail to manage its economy by mandate, because officials can't foresee and prevent every unintended consequence of their own actions. If China's growth slows further, more such shortcomings are likely to surface. The Chinese authorities exhibited competence at virus management, but even when their intentions are good, leaders inevitably miscalculate. When the views of authoritarians are subjected to little debate and their mandates are implemented without checks and balances, miscalculations can have outsized consequences. It's unclear to us when a greater trust in the spontaneous order spawned by private actors and market forces, however well-mitigated by regulation and taxation, will take hold in China. Likely not as soon as we had hoped.

Portfolio Highlights

Over the past 10 years, our EAFE portfolio has maintained a continuous exposure to China, with that exposure sourced in both Hong Kong and China itself. We have done so because China's fast-growing economy produced an increasing number of companies with strong competitive advantages in their industries, supported by capable management teams and prudent balance sheets. To be sure, China has been a volatile market, but over the years the high-quality growing companies we have found there have been an integral part of our achievement of our long-term out-performance objectives.

Although our Chinese holdings represent our largest single regional off-benchmark weight, they comprise only 3% of the portfolio—6% counting our longtime holding in Hong Kong-based insurer **AIA Group**, with its significant exposure to the mainland Chinese life insurance market. Thus, compared to our International, Global, or Emerging Market strategies (not to mention our dedicated Chinese Equity Strategy), the EAFE strategy has been somewhat removed from the heated internal discourse and disproportionate share of clients' questions that the market has generated in recent months. But, in many ways, we face the same daunting paradox when it comes to China as our firm's other strategies do. Despite disquieting regulatory changes, we are finding more high-quality growing businesses that meet our investment criteria in China than ever before. Indeed, as other investors appear to be waking up to Chinese country risk, our inclination is to invest in otherwise-solid Chinese companies on share price weakness.

One of the high-quality, growing companies we identified is **Sanhua Intelligent Controls**, a Chinese manufacturer of thermal management components. Its main business is making parts for home appliances, particularly HVAC systems, where it has scale and technological advantages in higher-value valves, pumps, and high-efficiency components. These advantages are also flowing into its smaller, but faster-growing, automotive parts business, which is growing explosively in heating and cooling systems for electric vehicles (EVs). Sanhua currently supplies Tesla and Volkswagen. We expect rising volumes to lead this division to achieve 30% annualized revenue growth for years to come.

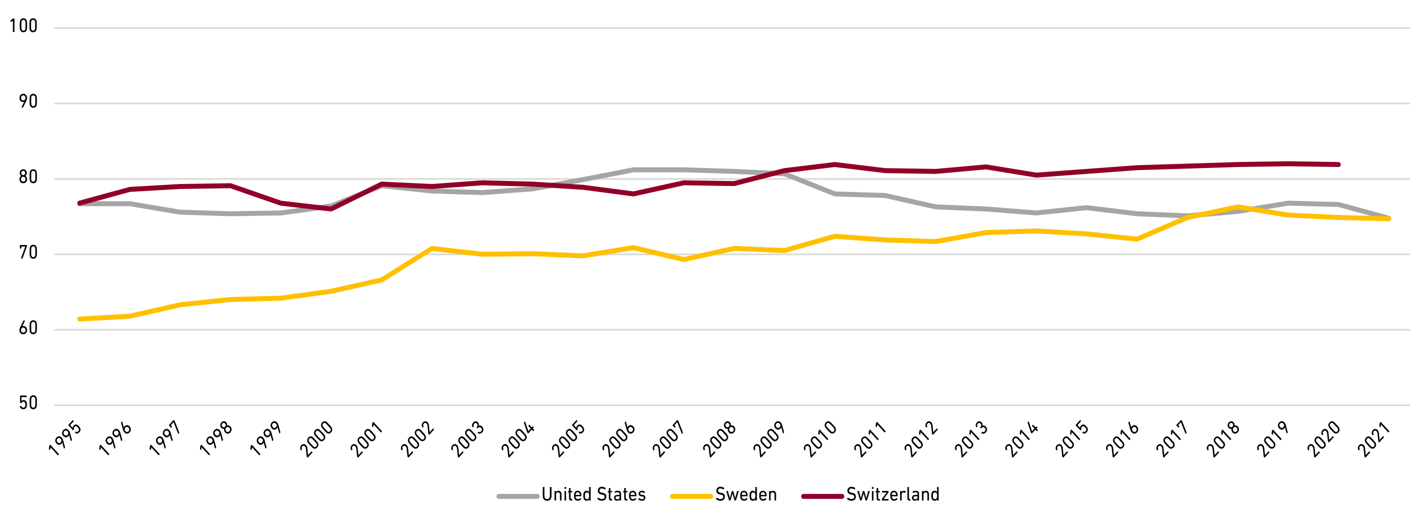
Of course, to put the size of our exposure to China in perspective, our 3% weight there is less than a fifth of our 16% weight to Japan, less than a quarter of our 13% weight to Switzerland, and much smaller than our roughly 10% weights in each to France, Germany, and Sweden. Our notional exposure to these countries is clearly a reflection of their larger share of the EAFE index but even more so a byproduct of the type of (mostly) multinational companies domiciled in these countries that we've identified for investment. No doubt these companies chose to remain in their historical birthplaces in large part because of the stable and hospitable business climate provided by their home countries. We are very rarely asked about the political and regulatory risks that companies based in these countries face—likely because these risks stem primarily from their operations outside their borders.

Despite not generating many headlines, we think Sweden deserves some positive attention. We own four stocks there: **Atlas Copco**, **Alfa Laval**, **Epiroc**, and **SE Banken**. How can these businesses thrive in a small economy associated in the popular imagination with stifling big government? A testament to the difficulty of shaking a reputation perhaps. Based on the Index of Economic Freedom, over the past 25 years Sweden has become more economically free while the US has become less so, to the point that today they're in a virtual dead heat. Sweden ranks higher in property rights, government integrity, fiscal health, business freedom and trade freedom, while the US ranks better in tax burden, government spending, and labor freedom. While Sweden still imposes a higher level of government spending and taxation on its economy than the US, those high taxes are imposed on individuals rather than corporations: Sweden's corporate tax rate is currently at a more than 40-year low of 20.6%.

Our three Swedish industrial companies each derive less than 5% of their global sales in Sweden; they have used their stable domestic environment as a base from which to expand their technological and competitive advantages abroad. SE Banken generates the majority of its revenues domestically, but largely by serving the banking needs of multinational corporations headquartered in Sweden.

Sweden has become a somewhat smaller version of Switzerland, which has long been a stable political and economic base in which many high-quality, growing multinational companies maintain headquarters. Although Switzerland's population is even smaller than Sweden's (8.7 versus 10.2 million), it hosts more large companies on its stock exchange, scores even more highly on economic freedom than both Sweden and the US, and levies an even lower corporate tax rate, averaging about 15%. Our six Swiss companies generate an inordinate amount of their sales outside the country. Contract drug manufacturer Lonza is the most domestically focused, generating 10% of its revenues in Switzerland, while the other five each generate less than 5% at home.

Lands of the Free: Scoring Switzerland, Sweden, and the US on the Index of Economic Freedom



Source: The Hertiage Foundation.

In the chart above, we can see that Switzerland has maintained a high overall economic freedom score over the past 25 years, while the US has declined modestly, and Sweden has markedly improved, to the point it is now neck and neck with the US.

EAFE Holdings (as of September 30, 2021)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.4
Tencent (Internet and IT services)	China	1.3
Yandex (Internet products and services)	Russia	0.3
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	0.4
NITORI (Home-furnishings retailer)	Japan	1.9
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.3
Couche-Tard (Convenience stores operator)	Canada	1.1
Diageo (Alcoholic beverages manufacturer)	UK	1.5
FEMSA (Beverages manufacturer and retail operator)	Mexico	0.3
L'Oréal (Cosmetics manufacturer)	France	3.9
Nestlé (Foods manufacturer)	Switzerland	2.2
Unicharm (Consumer products manufacturer)	Japan	2.5
Unilever (Foods and consumer products producer)	UK	1.4
Energy		
Lukoil (Oil and gas producer)	Russia	0.6
Royal Dutch Shell (Oil and gas producer)	UK	1.7
Financials		
AIA Group (Insurance provider)	Hong Kong	3.4
Allianz (Financial services and insurance provider)	Germany	2.7
BBVA (Commercial bank)	Spain	2.1
DBS Group (Commercial bank)	Singapore	2.8
HDFC Bank (Commercial bank)	India	0.4
ICICI Bank (Commercial bank)	India	0.5
Itaú Unibanco (Commercial bank)	Brazil	0.4
Ping An Insurance (Insurance provider)	China	0.3
SE Banken (Commercial bank)	Sweden	1.8
Standard Chartered (Commercial bank)	UK	0.8
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.9
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.8
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.5
Lonza (Life science products manufacturer)	Switzerland	2.9
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	3.5
Shionogi (Pharma manufacturer)	Japan	2.0
Sonova Holding (Hearing aids manufacturer)	Switzerland	1.6
Sysmex (Clinical laboratory equipment manufacturer)	Japan	2.0

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.9
Atlas Copco (Industrial equipment manufacturer)	Sweden	4.1
Canadian National Railway (Railway operator)	Canada	1.0
Epiroc (Industrial equipment manufacturer)	Sweden	1.6
Fanuc (Industrial robot manufacturer)	Japan	1.0
Komatsu (Industrial equipment manufacturer)	Japan	1.5
Kubota (Industrial and consumer equipment manufacturer)	Japan	1.9
Sanhua Intelligent Controls (HVAC&R parts mfr.)	China	0.3
Schneider Electric (Energy management products)	France	3.3
SGS (Quality assurance services)	Switzerland	1.0
Information Technology		
Adyen (Payment processing services)	Netherlands	3.7
Check Point (Cybersecurity software developer)	Israel	1.5
Dassault Systèmes (CAD software developer)	France	1.9
Infineon Technologies (Semiconductor manufacturer)	Germany	4.1
Keyence (Sensor and measurement equipment mfr.)	Japan	2.0
Samsung Electronics (Electronics manufacturer)	South Korea	1.1
SAP (Enterprise software developer)	Germany	1.9
TSMC (Semiconductor manufacturer)	Taiwan	1.2
Materials		
Air Liquide (Industrial gases producer)	France	1.0
BHP (Mineral miner and processor)	Australia	2.4
Fuchs Petrolub (Lubricants manufacturer)	Germany	0.1
Linde (Industrial gases supplier and engineer)	US	1.2
Novozymes (Biotechnology producer)	Denmark	1.1
Rio Tinto (Mineral miner and processor)	UK	2.1
Symrise (Fragrances and flavors manufacturer)	Germany	1.6
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.3
Cash		4.0

Model Portfolio holdings are supplemental information only and complement the fully compliant EAFE 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.

3Q21 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Adyen	INFT	3.9	0.3	0.56
Shionogi	HLTH	1.3	0.1	0.37
Keyence	INFT	2.7	0.6	0.37
Alcon	HLTH	2.1	0.2	0.25
Unicharm	STPL	2.4	0.1	0.23

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
BBVA	FINA	1.6	0.2	0.92
Infineon Technologies	INFT	4.5	0.3	0.83
Adyen	INFT	3.7	0.3	0.71
DBS Group	FINA	2.6	0.2	0.61
Alfa Laval	INDU	1.7	0.1	0.55

3Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
BHP	MATS	3.2	0.6	-0.52
Rio Tinto	MATS	2.5	0.5	-0.24
L'Oréal	STPL	4.2	0.7	-0.23
Tencent	COMM	1.2	0.0	-0.21
Allianz	FINA	2.8	0.6	-0.20

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
SAP	INFT	2.5	0.9	-1.19
Unicharm	STPL	2.8	0.1	-0.78
ASML*	INFT	0.0	1.5	-0.76
Chugai Pharmaceutical	HLTH	1.8	0.2	-0.68
Symrise	MATS	1.8	0.1	-0.59

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

Portfolio Characteristics

Quality and Growth	HL EAFE	MSCI EAFE
Profit Margin[1] (%)	12.7	8.5
Return on Assets[1] (%)	7.8	4.4
Return on Equity[1] (%)	12.6	10.3
Debt/Equity Ratio[1] (%)	47.9	69.5
Std. Dev. of 5 Year ROE[1] (%)	2.9	3.9
Sales Growth[1,2] (%)	4.4	2.2
Earnings Growth[1,2] (%)	5.9	4.8
Cash Flow Growth[1,2] (%)	9.1	7.6
Dividend Growth[1,2] (%)	6.4	4.7
Size and Turnover	**HL EAFE**	**MSCI EAFE**
Wtd. Median Mkt. Cap. (US $B)	70.1	48.5
Wtd. Avg. Mkt. Cap. (US $B)	106.7	79.9
Turnover[3] (Annual %)	15.2	–

Size and Valuation	HL EAFE	MSCI EAFE
Alpha[2] (%)	4.07	–
Beta[2]	0.94	–
R-Squared[2]	0.91	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	14.26	14.51
Sharpe Ratio[2]	0.84	0.57
Tracking Error[2] (%)	4.4	–
Information Ratio[2]	0.86	–
Up/Down Capture[2]	110/92	–
Price/Earnings[4]	23.1	16.8
Price/Cash Flow[4]	17.3	10.3
Price/Book[4]	3.1	1.9
Dividend Yield[5] (%)	1.9	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner EAFE Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: October 4, 2021, based on the latest available data in FactSet on this date.); Harding Loevner EAFE Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Country	Sector
Sanhua Intelligent Controls	China	INDU

Positions Sold	Country	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 tables 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 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. 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 EAFE Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

EAFE Equity Composite Performance (as of September 30, 2021)

	HL EAFE Gross (%)	HL EAFE Net (%)	MSCI EAFE Index[1] (%)	HL EAFE 3-yr Std. Deviation[2] (%)	MSCI EAFE 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2021 YTD[4]	6.88	6.51	8.79	17.18	17.52	N.A.[5]	12	837	73,857
2020	23.89	23.26	8.28	17.19	17.87	3.2	13	981	74,496
2019	26.77	26.10	22.66	11.70	10.80	0.5	7	655	64,306
2018	-11.72	-12.20	-13.36	11.51	11.27	0.4	7	545	49,892
2017	29.48	28.85	25.62	12.03	11.85	0.4	7	643	54,003
2016	6.97	6.34	1.51	12.74	12.48	N.M.[6]	4	270	38,996
2015	2.53	1.96	-0.39	12.48	12.47	N.M.	1	99	33,296
2014	-0.93	-1.51	-4.48	11.67	12.99	N.M.	4	240	35,005
2013	18.73	17.95	23.29	15.25	16.22	N.M.	4	241	33,142
2012	20.88	20.11	17.90	+	+	N.M.	1	76	22,658
2011	-11.07	-11.61	-11.73	+	+	N.M.	1	83	13,597

[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; [6]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 EAFE Equity Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI EAFE 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 EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The index consists of 21 developed market countries. 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 June 30, 2021. 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 EAFE Equity Composite has had a performance examination for the periods March 1, 2010 through June 30, 2021. 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 EAFE Equity accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; 0.40% of amounts from $250 million to $500 million; above $500 million on 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 EAFE Equity Composite was created on February 28, 2010, and the performance inception date is March 1, 2010.