EAFE Equity

Quarterly Report | First Quarter 2022

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In recent years, as growth investors chased speculative and expensive "disruptive innovators" up, and more recently down, we have maintained a steady commitment to quality growth at steady premiums to the market over time.

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Composite Performance

Total Return (%) — Periods Ended March 31, 2022[1]

	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL EAFE Equity (Gross of Fees)	-8.67	2.02	13.07	11.12	9.88	9.94
HL EAFE Equity (Net of Fees)	-8.79	1.51	12.50	10.55	9.28	9.33
MSCI EAFE Index[4,5]	-5.79	1.65	8.28	7.22	6.77	6.53

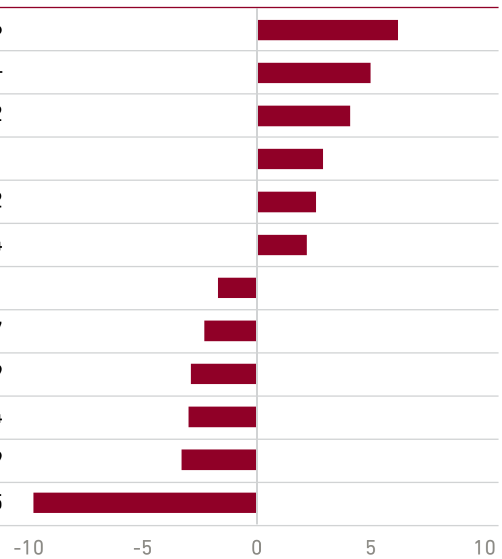
[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: February 28, 2010; [4]The Benchmark Index; [5]Gross of withholding taxes.

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)

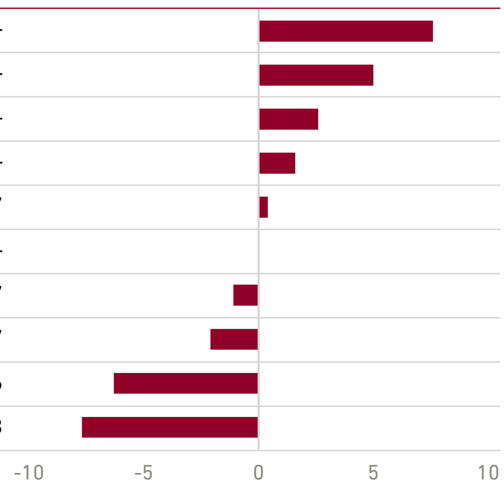
Sector	HL EAFE	MSCI EAFE
Info Technology	14.8	8.6
Cash	5.0	–
Materials	12.3	8.2
Health Care	16.0	13.1
Cons Staples	12.8	10.2
Industrials	17.6	15.4
Energy	2.4	4.1
Financials	15.4	17.7
Real Estate	0.0	2.9
Utilities	0.4	3.4
Comm Services	1.6	4.9
Cons Discretionary	1.7	11.5

Under / Over



Geography	HL EAFE	MSCI EAFE
Emerging Markets	7.6	–
Cash	5.0	–
Canada	2.6	–
Other[6]	1.6	–
Middle East	1.1	0.7
Frontier Markets[7]	0.0	–
Europe ex-EMU	31.6	32.7
Pacific ex-Japan	10.6	12.7
Europe EMU	25.3	31.6
Japan	14.6	22.3

Under / Over



[6]Includes companies classified 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.

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Market Review

Stock markets fell in the quarter, as the world watched in horror Russia's invasion of Ukraine. The reaction by Western governments was swift and emphatic as they sought to tread a delicate balance between punishing Russian aggression and avoiding an escalating military conflict. The US and its allies enacted crippling economic sanctions against Russia, including freezing a significant share of the Russian central bank reserve assets, cutting off many of the country's banks from the SWIFT global financial messaging system, and outlawing the export of a variety of industrial and luxury goods. The revulsion at Russian aggression also provoked an exodus of Western companies from Russian markets. The sanctions initially led to a collapse in the ruble, forcing the central bank to raise overnight interest rates to 20% per annum to bolster the currency, while the Moscow stock exchange closed for almost a month before re-opening for domestic investors only. With foreign investors effectively unable to trade, major market index providers expunged all Russian securities from their indices. Prices for a wide range of commodities for which Russia is a major producer—including oil, gas, grains, and metals—surged on fears of disruption, prompting billions of US dollars in margin calls to cover futures positions.

Headline inflation, which had already been rising rapidly around the world prior to the invasion, received a fillip from the shock to energy and food supplies stemming from the war, increasing the pressure on central banks to tighten monetary policy. The Bank of England—along with the South Korean, South African, and Brazilian central banks—continued raising short-term policy rates to beat back rising prices. In the US, the Federal Reserve lifted rates for the first time since December 2018 and signaled a willingness to do whatever it takes to bring inflation under control, announcing an aggressive rate hike path for the months ahead. The yield curve flattened dramatically; in March, the US two-year yield briefly exceeded the ten-year yield for the first time since 2019, flashing a recession warning as bond investors bet that higher yields would crimp growth.

The prospect of tighter monetary conditions further undermined the case for highly priced growth stocks, whose expected cash flows, in lying further out into the future, are more sensitive to interest rates. Through mid-February, just prior to the outbreak of hostilities, the MSCI EAFE Growth Index had declined nearly 11%, while its value counterpart had actually risen, by nearly 4%. That large underperformance for growth stocks persisted through the end of the quarter, echoed in an even larger disparity between highly priced stocks and less expensive ones; for EAFE markets as a whole the most expensive quintile of stocks fell more than 16%, while the least expensive returned over 3%. High-quality companies were no refuge from the sell-off of growth stocks unless they were also *in*expensive—such as the highly profitable but slower-growing pharmaceutical companies, which outpaced the rest of Health Care by a wide margin. The poor showing for high-quality companies marked the first time since 2001 that they underperformed in a quarter when the Index declined more than 5%.

MSCI EAFE Index Performance (USD %)

Geography	1Q 2022	Trailing 12 Months
Europe EMU	-11.1	-3.0
Europe ex-EMU	-3.3	11.9
Japan	-6.4	-6.1
Middle East	-6.8	8.1
Pacific ex-Japan	3.8	3.9
MSCI EAFE Index	-5.8	1.6

Sector	1Q 2022	Trailing 12 Months
Communication Services	-1.6	-9.8
Consumer Discretionary	-13.5	-9.2
Consumer Staples	-7.7	2.0
Energy	17.2	31.1
Financials	-0.9	5.8
Health Care	-3.4	9.4
Industrials	-10.5	-3.4
Information Technology	-16.1	-0.9
Materials	3.4	8.8
Real Estate	-2.6	-0.8
Utilities	-4.0	-1.2

Source: FactSet (as of March 31, 2022). MSCI Inc. and S&P.

> Chinese officials signaled room for compromise on a mutually agreeable auditing framework for US-listed Chinese ADRs, suggesting this is at least one volatile area of market concern where the sentiment is likely worse than reality.

Sector performance reflected the meteoric rise in commodity prices caused by supply shocks from war and sanctions, with both Energy and Materials finishing in positive territory. Demand for commodities could be set to fall, though, given that consumer confidence (critical to the slumping Consumer Discretionary sector) and business confidence (a big influence on swooning Information Technology, or IT, stocks) seem to be flagging. In Financials, banks and insurance companies managed modest gains on the prospect of higher interest rates and wider margins despite the sector—as a whole—declining.

Pacific ex-Japan was the best performing region, helped by Australian stocks, many of which stand to benefit from rising commodity prices. The eurozone performed the worst as the crisis in Ukraine exacerbated inflationary pressures. While not in the

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. A complete list of holdings at March 31, 2022 is available on page 9 of this report.

EAFE Index, China weighed on sentiment in Japan and Hong Kong as it faces an economic slowdown aggravated by difficulties in maintaining its zero-COVID policy and the government's attempts to slowly deflate its colossal real estate bubble. China's "no limits" friendship with Russia also threatened to expose the country to retaliatory Western economic sanctions. Worsening the sentiment toward China, the US Securities and Exchange Commission began the procedural implementation of the Holding Foreign Companies Accountable Act, identifying several US-listed Chinese companies whose latest financial reports fail to adhere to US audit standards and could be subject to delisting. Shortly after, Chinese officials signaled room for compromise on a mutually agreeable auditing framework, suggesting this is at least one area where the sentiment is likely worse than reality.

Performance and Attribution

The EAFE Equity Composite fell 8.7% in the quarter gross of fees, trailing the 5.8% decline of the MSCI EAFE Index.

In a quarter during which investors fled from richly priced, high-quality growth companies, it should come as no surprise that, whether viewed through the lens of sector or geographic attribution, our portfolio underperformed within most sectors and regions. A laundry list of the contributors to underperformance would not improve much on the explanation. An exception, of course, is the value destruction from our two Russian holdings, **Lukoil** and **Yandex**—70 basis points of value wiped off the portfolio, roughly a quarter of the total underperformance in the period—which dominates whichever category they fall under in any breakdown of returns.

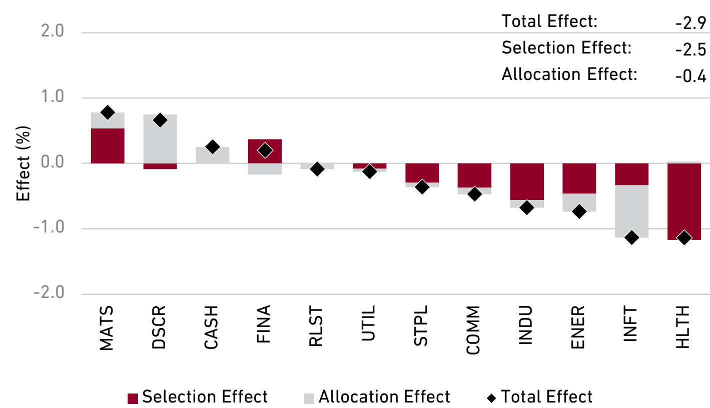
A more informative parsing of returns comes from viewing them according to how they relate to rankings of growth, quality, and valuation. Viewed through the lens of growth, our efforts to resist a skew towards the most expensive members of the faster-growing quintiles of the market meant that only a modest amount of our underperformance, about 70 basis points, is attributable to our preference for growth businesses. The rest, like sector or regional attribution, comes across as poor stocks within the different quintiles of growth. In contrast, our choice to emphasize the highest-quality companies (three-quarters of the portfolio come from the top two quintiles of our quality rankings) has detracted about 240 basis points from relative performance. The headwind to this leaning is mirrored in a parsing of portfolio returns to valuation, given that high quality and fast growth have both increasingly come only at a high price. However much we've steadily reduced holdings of highly priced stocks, the portfolio re-mains skewed toward the expensive end of the market, and that skew has cost about 220 basis points of relative performance.

Within the highest quality and valuation cohorts, we had some holdings that performed worse than their suddenly out-of-style peers. In Health Care, shares of Japanese hematology diagnostics equipment maker **Sysmex** tumbled after it reported issues with its largest distributor in China. Capital goods holdings underperformed, including Swedish compressor manufacturer **Atlas Copco**, fluid handling specialist **Alfa Laval**, French energy solutions provider **Schneider Electric**, Japanese robot maker **Fanuc**, and **Sanhua Intelligent Controls**, one of our newer Chinese holdings. The common threads for these underperformers are their valuation, their diverse multinational footprint, and their dependence on their customers' confidence in maintaining capital investment. Within IT, payments specialist **Adyen**, one of our fastest-growing businesses (and thus one of our priciest), fell heavily even as it surprised with faster-than-expected revenue growth for the latest half-year. **Infineon Technologies**, a German manufacturer of power-management chips, also underperformed the IT sector, reflecting European automaker shutdowns due to component supply issues in Ukraine. There were some offsets on the positive side, most notably Israeli cybersecurity specialist **Check Point**, Anglo-Australian mining giants **Rio Tinto** and **BHP**, and Swiss hearing aid maker **Sonova Holding**.

First Quarter 2022 Performance Attribution

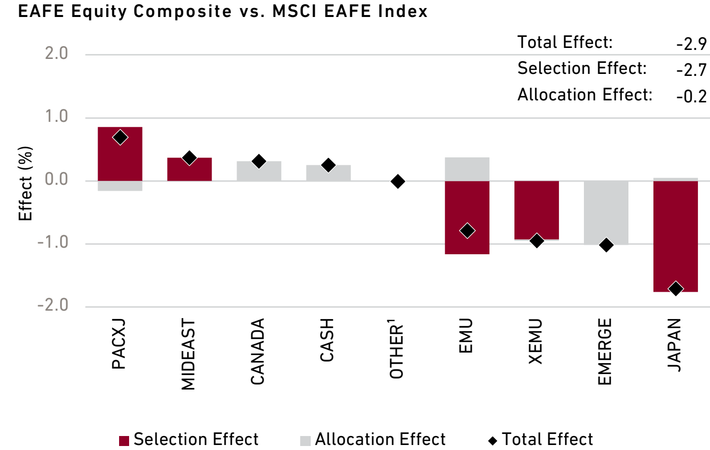
Sector

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.

Perspective and Outlook

As previously shared in interim communications, we own shares in two Russian companies: Lukoil, a major producer of Russian oil and gas; and Yandex, an internet search engine with diversified communications assets. As the Russian invasion unfolded in its full horror, we marked down the value of the positions ultimately to zero when the US-listed shares became untradeable. Even though the Moscow Stock Exchange resumed trading some of these shares in late March, trading of ADR shares in New York remains closed, and recovering value from these holdings is at best a distant and uncertain prospect, so we continue to hold the securities at a zero value.

We've owned shares in Lukoil and Yandex for several years with the view that while a grasping and ruthless government posed political risks, companies able to navigate those risks and build sound growing businesses that deliver highly valued products and services to their customers could nevertheless generate strong business results. Due to fears of the Russian state's confiscatory tendencies and corporate governance risks more generally, shares in these companies traded at a discount relative to their global peers, which could lead to strong returns for intrepid investors. Additionally, these political risks bore almost no correlation to other risks embedded in our portfolio. In an investment climate where most fast-growing, resilient businesses commanded historically high valuations, Russian shares offered a tempting mix of diversification and inexpensive growth.

In the end, it wasn't the corporate governance or expropriation risks that proved our undoing, nor even the brutal and unexpected invasion itself. Instead, it was the resulting broad *social* revulsion in most developed democracies, which united previously divided or reluctant actors, calling down a ferocious firestorm of nearly inconceivable official and private actions targeting the Russian economy, and in the process also rendering Russian investments held by private Western bystanders effectively worthless. If anything, the episode will have alerted skeptics to the potency of seemingly remote investment risks, including social ones.

But we must stress that the Russian invasion and the West's financially fierce response, as dramatic as they are, have merely accelerated the style headwinds we've been facing in recent months, as investors retreat from high-priced stocks. Well before the Ukraine crisis, headline inflation had been rising almost everywhere and intruding on the discount rates used to value shares. The energy and food shocks emanating from the conflict and consequent sanctions have supercharged the existing trends for expected inflation, bond yields, and equity discount rates, and the prospects for tighter monetary policies to combat the rise in prices. These trends have the largest effects on the present value (and therefore the current price) of distant future earnings—and thus pointedly on the price of growth stocks whose expected cash flows lie far in the future. That said, the damage from these style headwinds was far greater in the first quarter of 2022 than in the prior 14 months, since the first COVID-19 vaccine was approved and the retreat began from higher growth and quality towards less-expensive, lower-growth companies that will earn more of their cash flows in the near and medium term.

The monetary policy tightening now underway by central banks is intended to dampen speculative or less productive demand for goods, services, and assets by raising borrowing costs. But those policies, when combined with the demand destruction likely to emanate from soaring food and energy prices, may contain the seeds of their own reversal. If consumer and producer confidence take more than a temporary hit from the war in Ukraine and its ramifications, a recession—either in Europe or more globally—could conspire to reduce the inflationary impulse from COVID-19 re-openings and offset some of the need for monetary tightening. We're not in the business of making such forecasts but, were that scenario to unfold, it's possible that the headwinds for our quality/growth investment style would abate.

> The Russian invasion and the West's financially fierce response, as dramatic as they are, have merely accelerated the style headwinds we've been facing in recent months, as investors retreat from high-priced stocks.

Much has been written recently about "the end of globalization" being another result of the war in Ukraine, and about the reluctance of some large countries—notably China and India—to sign onto the sanctions imposed by Western and Asian-Pacific governments. We, like many observers, worry that China, ostensibly aiming to be neutral, might risk some consequences by facilitating sanctions workarounds for Russia, and misjudge the West's resolve. The economic disincentives would appear to work against the possibility. China's total trade with Russia in 2020 was around a tenth of its US$1.4 trillion trade with the US and Europe. Given China's flagging growth as it manages its deflating property market—a multi-year prospect, if previous property bubbles are anything to go by—and its stated priority to improve "common prosperity" for its people, the last thing it's likely to want is to impair its access to the global trading system and court rejection by its largest customers.

Indeed, the statement by economic policy czar and Vice Premier Liu He on March 16 affirming the importance of economic growth and markets, offered insight into the government's leanings and helped reverse a dramatic swoon in Chinese stocks that had coincided with reports that China might be contemplating military aid to Russia. The separate salutary comments from the Chinese securities regulator regarding its ongoing negotiations with the US over audit inspections added to the more reassuring narrative (although, we'll note, the US legislation that sparked the whole audit and delistings issue has a long fuse that could allow negotiations and decisions to be tortuously slow).

While risks of unforeseen consequences arising from the Ukraine conflict are high, on this front we are cautiously optimistic that China will work hard to maintain its neutrality in a credible way, as it is a huge beneficiary of trade with the rest of the world, especially the rich developed nations. We think it likely that China, along with India, will continue to buy oil and gas from Russia (just as Europe, at least for now, plans to keep its gas pipelines open), and do not expect that fact to alter China's trade relations with the West much. Nevertheless, we must contemplate that our optimism is misplaced on the importance of membership in the global network of exchange. If our central and optimistic case—admittedly an educated guess—is wrong, then we'd need to greatly modify our views of which companies in our opportunity set will face new barriers to profitable growth, and which might stand to benefit, relatively, from a further receding of globalization. (Global trade, after all, has never matched the peak share of GDP it reached in 2008, before the global financial crisis.) We'd expect such a world to be less efficient, as the cold logic of comparative advantage is demoted as a determinant of which goods or services are produced and where. That would lead to a less prosperous world, since exploiting comparative advantage is a cornerstone of wealth creation. If regional blocs began to raise limits on the movement of capital as well as goods, we'd need to parse which of our multi-national companies were at risk of declining sales from increasingly hostile, siloed countries. **Royal Dutch Shell** has found its Siberian oil and gas joint venture assets stranded by the combination of sanctions and the public opprobrium of Russia's actions. Could Fanuc's robots, **L'Oréal**'s cosmetics, or Apple's iPhone businesses in China or elsewhere face something similar?

On the other hand, there would be substantial opportunities for companies that enable others to make investments in more resilient supply chains. Strangely, such a "near-shoring" wave would bring sustained new orders to many of the capital goods companies that have hurt our relative performance this quarter, such as Fanuc, Atlas Copco, and Schneider. In addition, the desire or need to make do without energy from Russia, along with the high energy prices currently seen, will spur greater efforts to build substitutes for oil and gas.

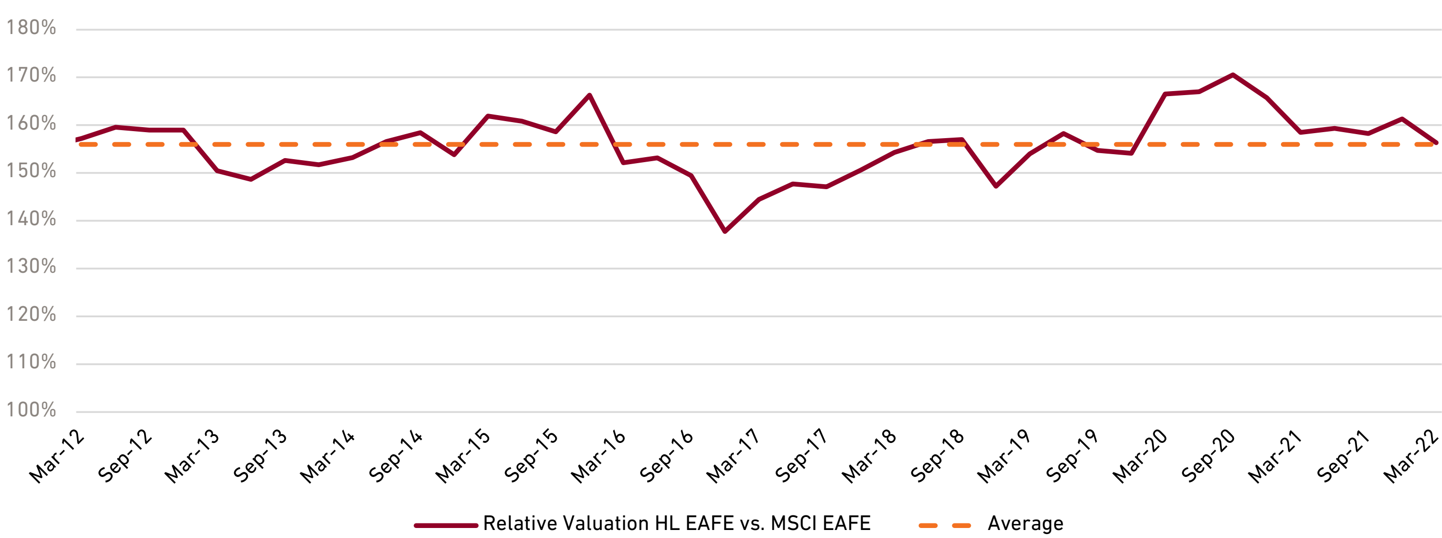
> On a positive note, some retrenching of globalization could create substantial opportunities for companies that enable others to make investments in more resilient supply chains, including many of the capital goods companies that hurt our relative performance this quarter.

Portfolio Highlights

Our fundamental investment process guides our search for durably growing companies with strong finances. Ideally, we'd like to pay no more than our estimate of fair value for such a company's shares, but as a practical matter we've been willing to pay some premium to own superior companies. We rarely own deep value stocks since shares of companies that meet our quality and growth criteria generally don't plumb the depths of value except fleetingly. Why, then, not own more of those at the other end of the spectrum, the fastest-growing companies, whose shares are typically very highly priced relative to their current fundamentals? The short answer is that rapid growth is not reason enough when share prices are too high to support acceptable future returns, or when confidence in the business model or financial strength is lacking. For several

HL EAFE vs. MSCI EAFE

Equal-weighted composite of relative P/E, P/B, and P/CF



Source: FactSet, MSCI Inc.

years such “disruptive innovators” have been at the forefront of growth stock investing. Most of them we regard as speculative businesses. We will entertain them as candidates for investment only when there’s an already-profitable business behind the hype and a market valuation suggesting its growth potential has yet to be fully discounted. We think investors should proceed with humility when forecasting leaps in corporate sales and profits decades into the future.

We looked at stocks scoring in the bottom quintile of our global quality rankings and in the most expensive quintile of our valuation rankings each month. While not all of the stocks in this speculative and expensive group can be considered “disruptive innovators,” many that meet that description would be found in this group. From the end of December 2018 through December 2020, these stocks soared, delivering a 99% return (compared to a 33% return for the benchmark Index). During that period, we owned none of those stocks (and frequently had to explain why while they were outperforming). Their returns were not sustained, however: from January 2021 through March 2022, expensive, lower-quality stocks lost 33% (dropping 20% in the last quarter alone) while the Index gained 5%.

As many investors have chased speculative and expensive stocks higher—and, recently, lower (see chart on the next page)—our approach has been consistent throughout; our portfolio’s relative valuation has been steady over the past ten years, staying close to a 60% premium to the benchmark.

While the price drop in speculative stocks doesn’t tempt us to purchase them, the underperformance of quality growth stocks has created some interesting opportunities. We have begun to act, proceeding deliberately. A number of Japanese quality growth stocks which have declined sharply in recent months, have our eye. Of course, to buy we must also sell; our recent sales have been of companies that for the most part are achieving our mileposts for business growth but whose share prices still offer no margin for error.

We continue to root out the potential knock-on effects of the Ukraine crisis on our portfolio companies. Harrowing as it was to mark our two Russian positions down to zero, the erasure of Russia and Ukraine from the global economy was but a small shock to the system of global trade since their combined contribution to global GDP is less than 2%. The effect on individual companies’ sales can nevertheless be substantial. Mining equipment manufacturer **Epiroc** generated roughly 6% of its sales in Russia in its recent fiscal year, as did Japanese construction and mining equipment manufacturer **Komatsu**; we expect their Russian sales to decline markedly this year. European carmakers that had been sourcing parts from Ukraine were forced to close some assembly lines for weeks until they could procure alternative inputs, which may indirectly depress demand for Infineon’s automotive power chips and sensors. Shell announced it would sell or otherwise exit its stake in its joint venture with Gazprom of oil and gas producing assets, which represented about 3.5% of 2021 group earnings. Beyond that, our companies have limited exposure, with Russian sales typically making up less than 2% of each company’s total revenues.

> Japanese farm tractor maker Kubota generates 70% of its sales overseas but makes 70% of its products in Japan. It’s now investing in overseas capacity to cut the domestic share to 50% to lower transport costs and improve resiliency.

The crippling sanctions leveled on the Russian economy raise the specter of what could happen if tensions with a larger and more integrated global trading partner, e.g., China, rose to a level that invited a similar response. As discussed, we consider such a scenario very unlikely. Even the specter, though, is enough to prompt global companies to reassess their supply chains with an eye toward increasing redundancy and flexibility. This trend was already underway following the Trump administration’s imposition of higher tariffs and the experience of supply and logistical bottlenecks during the pandemic. We’re now seeing some of our businesses draw on their balance sheets to mitigate these threats. Consider **Kubota**, the Japanese farm tractor maker, which has been facing supply chain challenges in the form of component shortages and higher shipping costs. Kubota generates 70% of its sales overseas but manufactures 70% of its products in Japan. It plans to invest in manufacturing capacity outside Japan to cut the domestic share to 50% in a bid to lower transport costs and improve resiliency. Other examples include **Samsung Electronics**’ plan to invest US$17 billion in an advanced chip-making plant in Texas, and **TSMC**’s plan for a competing US$12 billion plant in Arizona, both of which are aiming to begin production as soon as 2024.

It’s possible that more resilient supply chains may become a competitive advantage, but we don’t think global companies, regardless of where they are based, will seek to insulate themselves fully from the risk of closed markets or severed trade and financial links that have developed over decades. Companies with competitive products will continue to take advantage of opportunities to sell them wherever they can, and the relentless competition to lower costs will continue to push companies toward the cheapest suppliers. In a world where black swans seem to be multiplying, our focus on companies with sound business models, strong balance sheets, and positive cash flow should at least provide some additional defense against the unexpected.

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EAFE Holdings (as of March 31, 2022)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.5
Tencent (Internet and IT services)	China	1.1
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Haier Smart Home (Consumer appliances manufacturer)	China	0.4
JD.com (E-commerce retailer)	China	0.0[1]
NITORI (Home-furnishings retailer)	Japan	1.3
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.3
Couche-Tard (Convenience stores operator)	Canada	1.4
Diageo (Alcoholic beverages manufacturer)	UK	1.6
FEMSA (Beverages manufacturer and retail operator)	Mexico	0.4
L'Oréal (Cosmetics manufacturer)	France	4.0
Nestlé (Foods manufacturer)	Switzerland	2.5
Shiseido (Personal care products manufacturer)	Japan	0.6
Unicharm (Consumer products manufacturer)	Japan	1.9
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	2.4
Financials		
AIA Group (Insurance provider)	Hong Kong	3.3
Allianz (Financial services and insurance provider)	Germany	3.2
BBVA (Commercial bank)	Spain	1.9
DBS Group (Commercial bank)	Singapore	3.5
HDFC Bank (Commercial bank)	India	0.4
ICICI Bank (Commercial bank)	India	0.5
Ping An Insurance (Insurance provider)	China	0.3
SE Banken (Commercial bank)	Sweden	1.2
Standard Chartered (Commercial bank)	UK	0.9
XP (Broker dealer and financial services)	Brazil	0.3
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	2.0
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.7
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.5
Lonza (Life science products manufacturer)	Switzerland	3.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	3.9
Shionogi (Pharma manufacturer)	Japan	1.9

Health Care	Market	End Wt. (%)
Sonova Holding (Hearing aids manufacturer)	Switzerland	1.9
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.3
Industrials		
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.9
Atlas Copco (Industrial equipment manufacturer)	Sweden	3.7
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	0.2
Epiroc (Industrial equipment manufacturer)	Sweden	1.7
Fanuc (Industrial robot manufacturer)	Japan	0.8
Komatsu (Industrial equipment manufacturer)	Japan	1.5
Kubota (Industrial and consumer equipment manufacturer)	Japan	1.7
Sanhua Intelligent Controls (HVAC&R parts mfr.)	China	0.2
Schneider Electric (Energy management products)	France	3.5
SGS (Quality assurance services)	Switzerland	1.0
Information Technology		
Adyen (Payment processing services)	Netherlands	2.8
Check Point (Cybersecurity software developer)	Israel	1.1
Dassault Systèmes (CAD software developer)	France	1.9
Infineon Technologies (Semiconductor manufacturer)	Germany	3.5
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.6
Samsung Electronics (Electronics manufacturer)	South Korea	1.3
SAP (Enterprise software developer)	Germany	1.6
TSMC (Semiconductor manufacturer)	Taiwan	0.9
Materials		
Air Liquide (Industrial gases producer)	France	1.4
BHP (Mineral miner and processor)	Australia	3.9
Linde (Industrial gases supplier and engineer)	US	1.6
Novozymes (Biotechnology producer)	Denmark	1.1
Rio Tinto (Mineral miner and processor)	UK	2.8
Symrise (Fragrances and flavors manufacturer)	Germany	1.6
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.4
Cash		5.0

*Since March 7 we have valued our Russian holdings at effectively zero due to an inability to trade their shares and no observable market prices to use as proxies.
[1]JD.com was received as a spin-off from Tencent and sold.

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.

1Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
BHP	MATS	3.2	0.9	0.74
Rio Tinto	MATS	2.5	0.5	0.54
DBS Group	FINA	3.4	0.3	0.40
Check Point	INFT	1.7	0.1	0.34
Sonova Holding	HLTH	2.0	0.1	0.24

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Sonova Holding	HLTH	2.1	0.1	0.97
DBS Group	FINA	2.9	0.3	0.66
Lonza	HLTH	2.4	0.3	0.49
BHP	MATS	3.0	0.7	0.43
Couche-Tard	STPL	1.1	–	0.37

1Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Sysmex	HLTH	1.8	0.1	-0.94
Infineon Technologies	INFT	3.8	0.3	-0.77
Atlas Copco	INDU	4.0	0.4	-0.73
Adyen	INFT	2.8	0.2	-0.53
Lukoil	ENER	0.4	–	-0.52

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Infineon Technologies	INFT	4.1	0.3	-0.87
Sysmex	HLTH	2.1	0.1	-0.70
NITORI	DSCR	1.5	0.1	-0.62
Atlas Copco	INDU	4.2	0.4	-0.55
Lukoil	ENER	0.5	–	-0.52

Portfolio Characteristics

Quality and Growth	HL EAFE	MSCI EAFE
Profit Margin[1] (%)	14.2	11.1
Return on Assets[1] (%)	9.2	5.6
Return on Equity[1] (%)	14.2	12.6
Debt/Equity Ratio[1] (%)	40.9	69.3
Std. Dev. of 5 Year ROE[1] (%)	3.2	4.4
Sales Growth[1,2] (%)	6.0	4.8
Earnings Growth[1,2] (%)	10.4	8.2
Cash Flow Growth[1,2] (%)	7.9	7.6
Dividend Growth[1,2] (%)	7.5	5.3
Size and Turnover	**HL EAFE**	**MSCI EAFE**
Wtd. Median Mkt. Cap. (US $B)	66.4	49.2
Wtd. Avg. Mkt. Cap. (US $B)	108.9	84.1
Turnover[3] (Annual %)	14.2	–

Risk and Valuation	HL EAFE	MSCI EAFE
Alpha[2] (%)	4.06	–
Beta[2]	0.95	–
R-Squared[2]	0.91	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	14.89	14.89
Sharpe Ratio[2]	0.67	0.41
Tracking Error[2] (%)	4.5	–
Information Ratio[2]	0.86	–
Up/Down Capture[2]	112/94	–
Price/Earnings[4]	19.6	13.9
Price/Cash Flow[4]	15.3	9.5
Price/Book[4]	3.0	1.8
Dividend Yield[5] (%)	2.4	2.8

[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: April 5, 2022, 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	Market	Sector
There were no completed purchases this quarter.		

Positions Sold[1]	Market	Sector
Unilever	UK	STPL

[1]JD.com was received as a spin-off from Tencent and sold.

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 March 31, 2022)

	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)
2022 YTD[4]	-8.67	-8.79	-5.79	16.56	16.97	N.A.[5]	12	778	64,240
2021	12.67	12.13	11.78	15.84	16.89	0.6	12	878	75,084
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

[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 2022 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 December 31, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The EAFE Equity Composite has had a performance examination for the periods March 1, 2010 through December 31, 2021. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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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 EAFE Equity accounts is 1.00% annually of the market value for the first $20 million; 0.50% for the next $80 million; 0.45% for the next $150 million; 0.40% for the next $250 million; above $500 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 EAFE Equity Composite was created on February 28, 2010, and the performance inception date is March 1, 2010.

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