

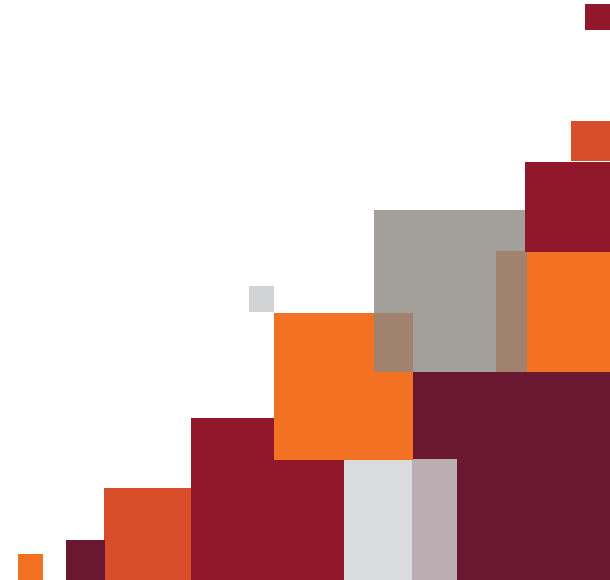


HARDING  
LOEVNER

Fundamental. Thinking. Worldwide.

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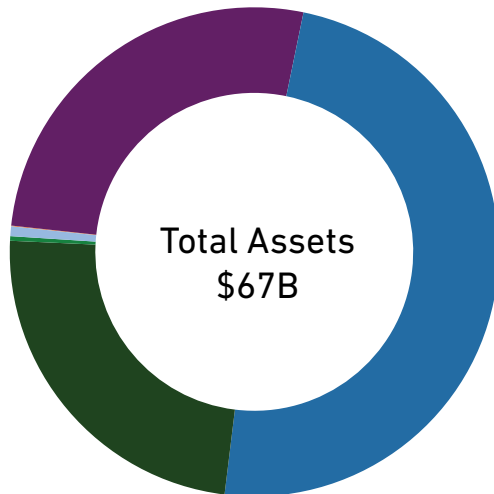
Emerging Markets Review | Second Quarter 2020



# Harding Loevner Profile

As of June 30, 2020

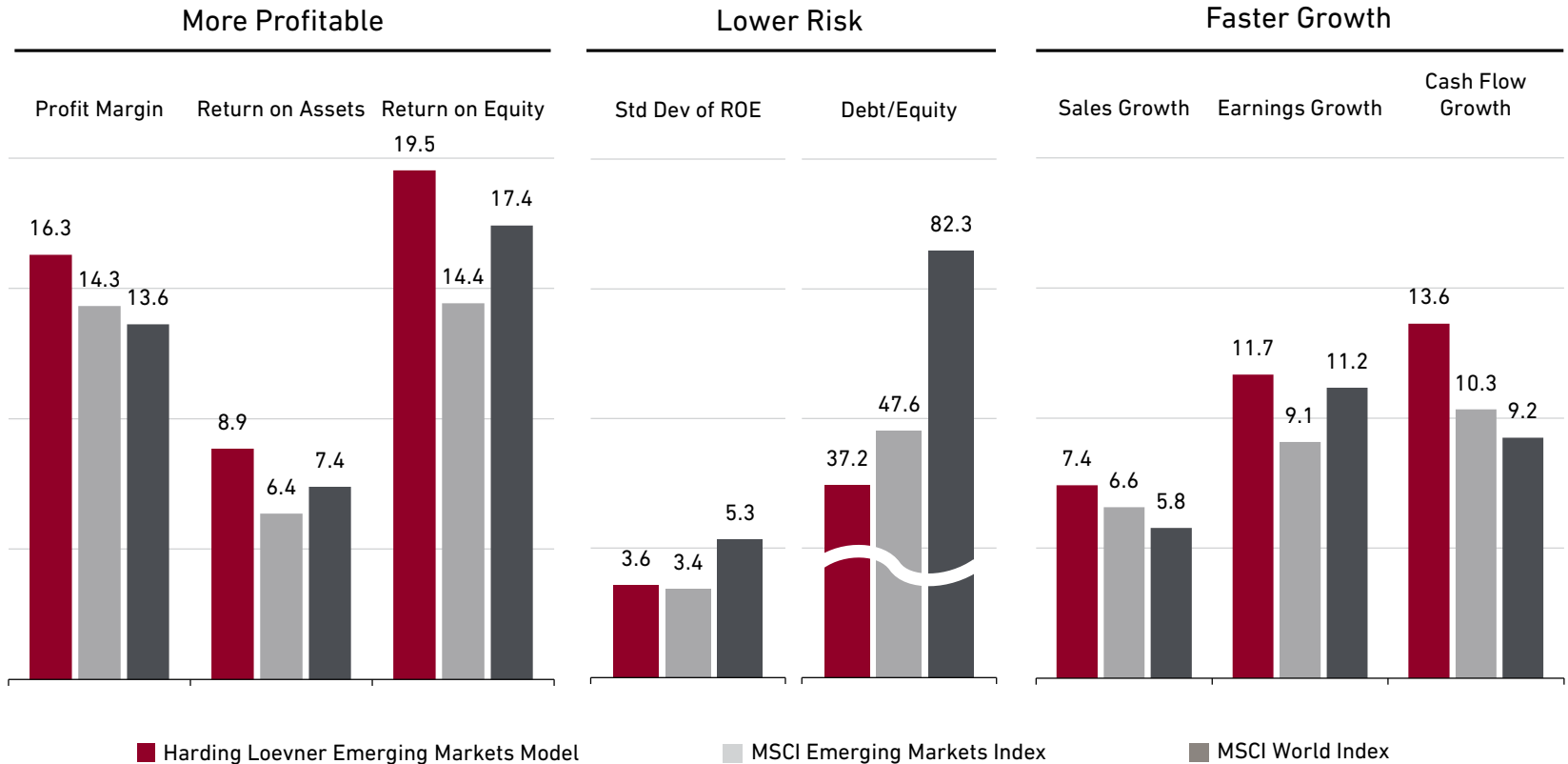
- 42 investment professionals
- Emerging Markets portfolio management team averages 12 years at Harding Loevner



	Strategy Assets	Firm Assets
Global	\$17.8B	26%
International (non-US)	\$32.7B	49%
Emerging Markets	\$15.9B	24%
Frontier Emerging Markets	\$0.2B	<1%
Global Small Companies	<\$0.1B	<1%
International Small Companies	\$0.4B	1%
Research Portfolios	<\$0.1B	<1%

# Quality & Growth Investment Philosophy

As of June 30, 2020



Source: FactSet. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

# Composite Performance Summary

As of June 30, 2020

## Performance (% Total Return)

	3 Months	YTD	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	10 Years <sup>1</sup>	Since Inception <sup>1,2</sup>
HL Emerging Markets Equity (gross)	17.32	-14.55	-6.72	0.81	3.82	5.69	11.58
HL Emerging Markets Equity (net)	17.06	-14.95	-7.56	-0.09	2.91	4.75	10.67
MSCI Emerging Markets Index <sup>3,4</sup>	18.18	-9.67	-3.05	2.27	3.23	3.63	8.45

■ Up/Down Capture (trailing five years, annualized): 101/99

<sup>1</sup>Annualized Returns; <sup>2</sup>Inception date November 30, 1989; <sup>3</sup>The Benchmark Index; <sup>4</sup>Gross of withholding taxes. The performance returns shown are preliminary.

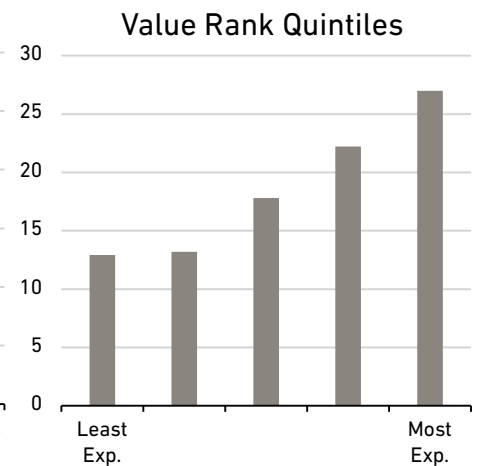
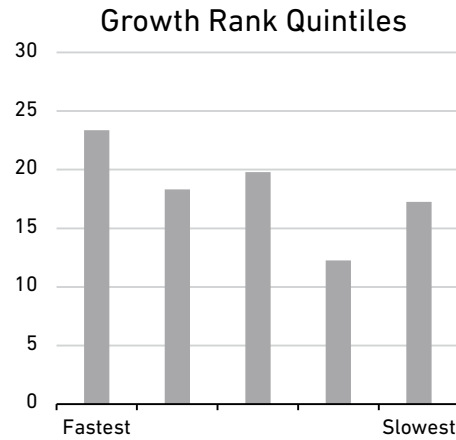
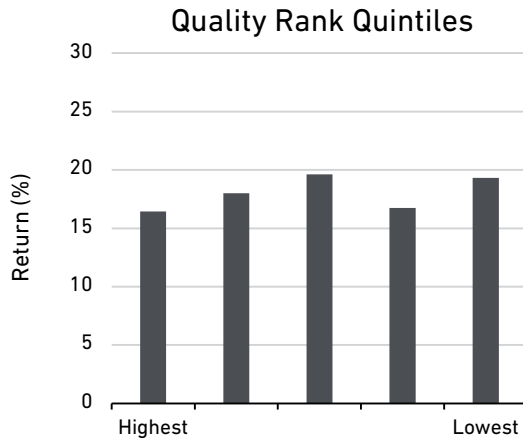
The Emerging Markets Composite contains fully discretionary, fee-paying accounts investing in US and non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI Emerging Markets Index (Gross) for comparison purposes. Harding Loevner LP is an investment adviser registered 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. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through March 31, 2020. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The Emerging Markets Composite has been examined for the periods December 1, 1998 through March 31, 2020. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Emerging Markets Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list and description of composites, which is available upon request.

Please read the disclosures on the last page, which are an integral part of this presentation.

# MSCI EM Index Total Returns by Quality, Growth, and Value Rank

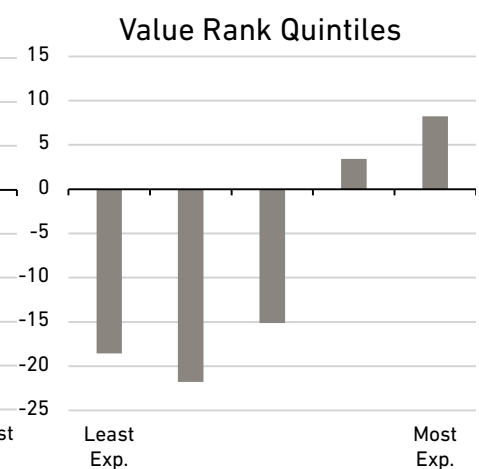
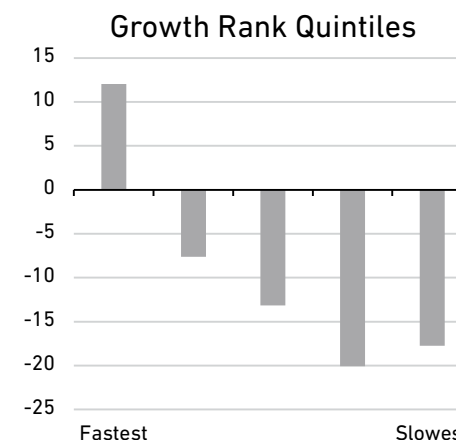
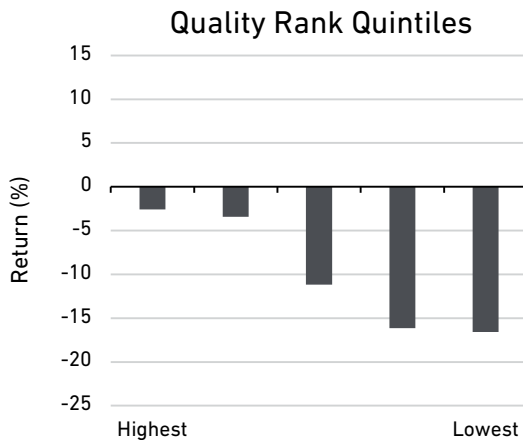
## 2Q20

Fast growth and expensive stocks outperformed.



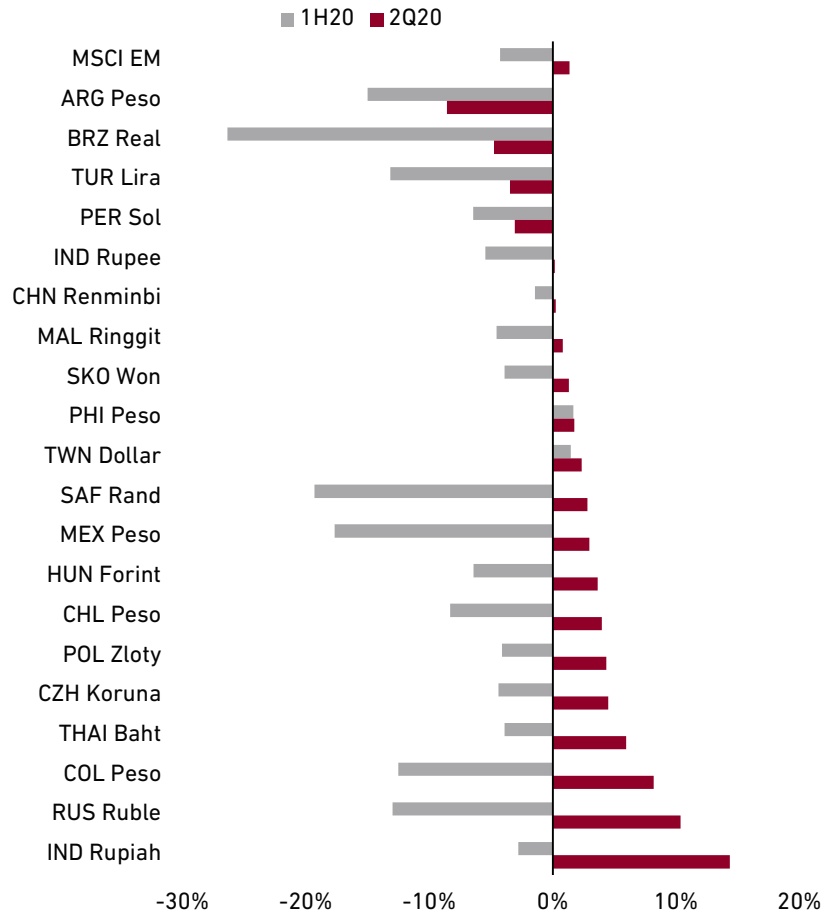
## Year to Date

Fastest growth & most expensive stocks strongly outperformed. High quality also outperformed.

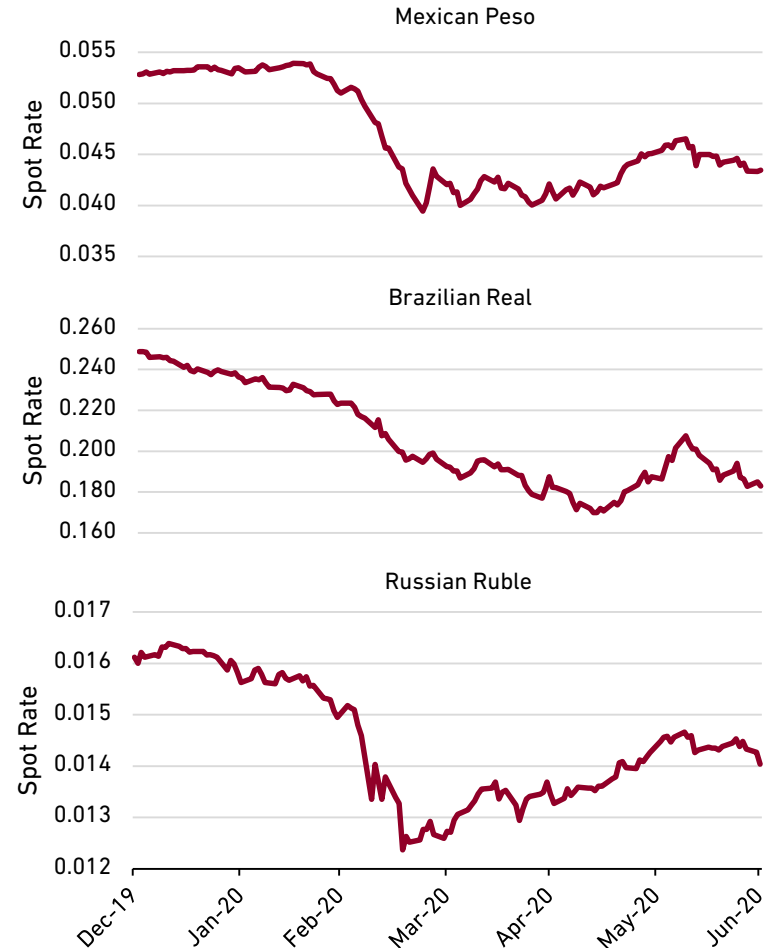


# Currency Returns

Currency Returns for Periods Ended June 30, 2020\*



Spot Rates Relative to US Dollar

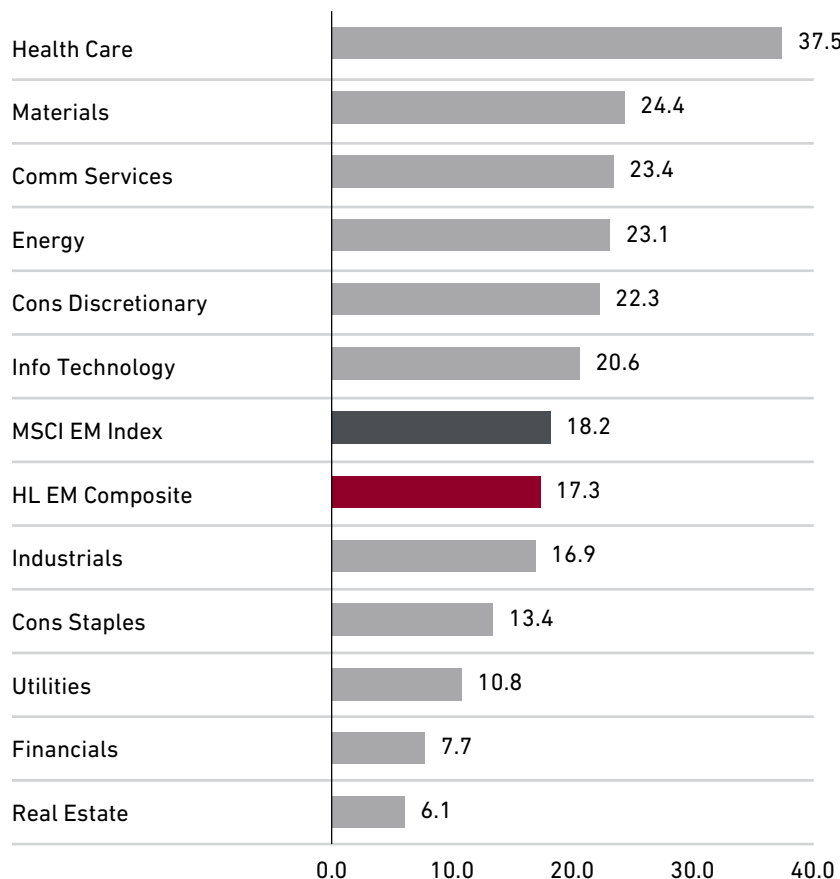


Source: Bloomberg Data as of June 30, 2020. \*Currency returns based on change in spot rate vs US Dollar for each currency and for MSCI EM it represents the difference in the MSCI EM Index performance in Local Currency and the MSCI EM Index performance in US Dollars.

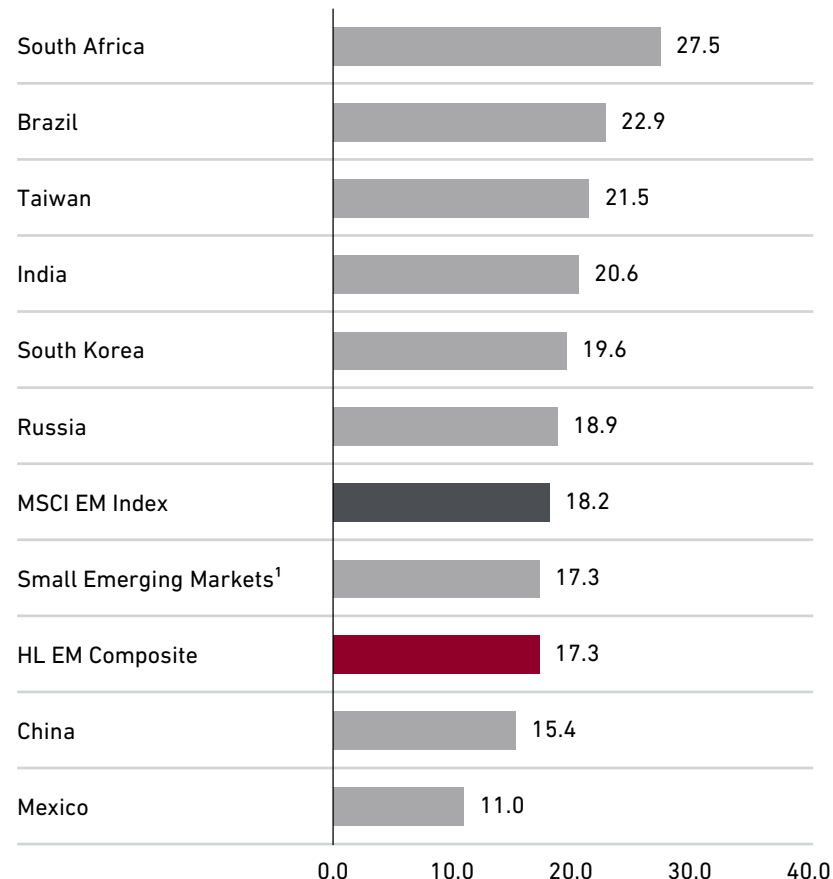
# Benchmark Sector/Region Returns

## Second Quarter

Sector Total Return (%)



Region Total Return (%)

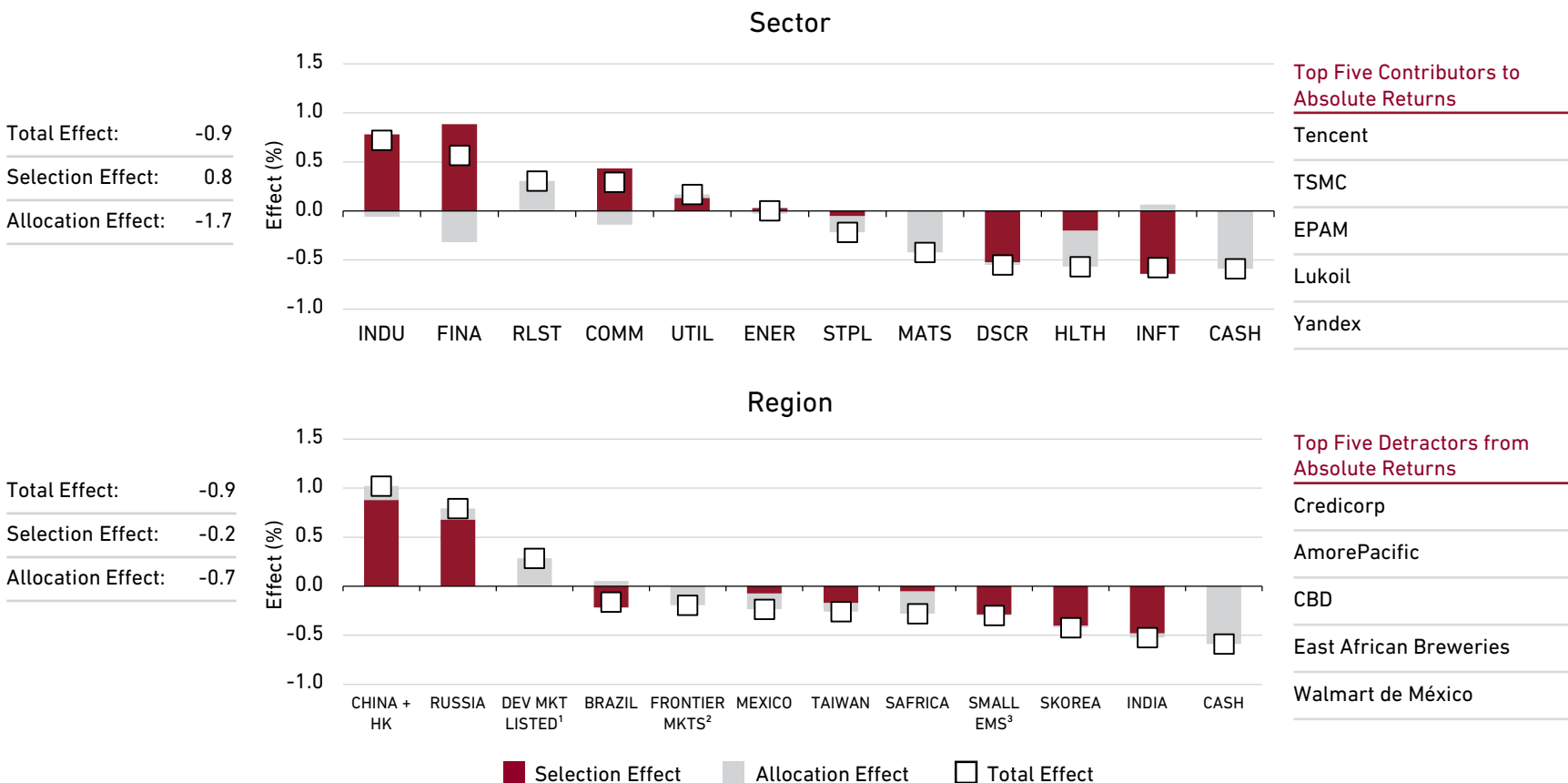


<sup>1</sup>Includes the remaining emerging markets, which individually comprise less than 5% of the Index.

Source: FactSet; Data as of June 30, 2020. Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

# Performance Attribution: Composite vs Benchmark

## Second Quarter



<sup>1</sup>Emerging markets or frontier markets companies listed in developed markets; <sup>2</sup>Includes countries with less-developed markets outside the Index; <sup>3</sup>Includes the remaining emerging markets, which individually, comprise less than 5% of the Index. Past performance does not guarantee future results.

"Composite": Emerging Markets Composite. "Benchmark": MSCI Emerging Markets Index.

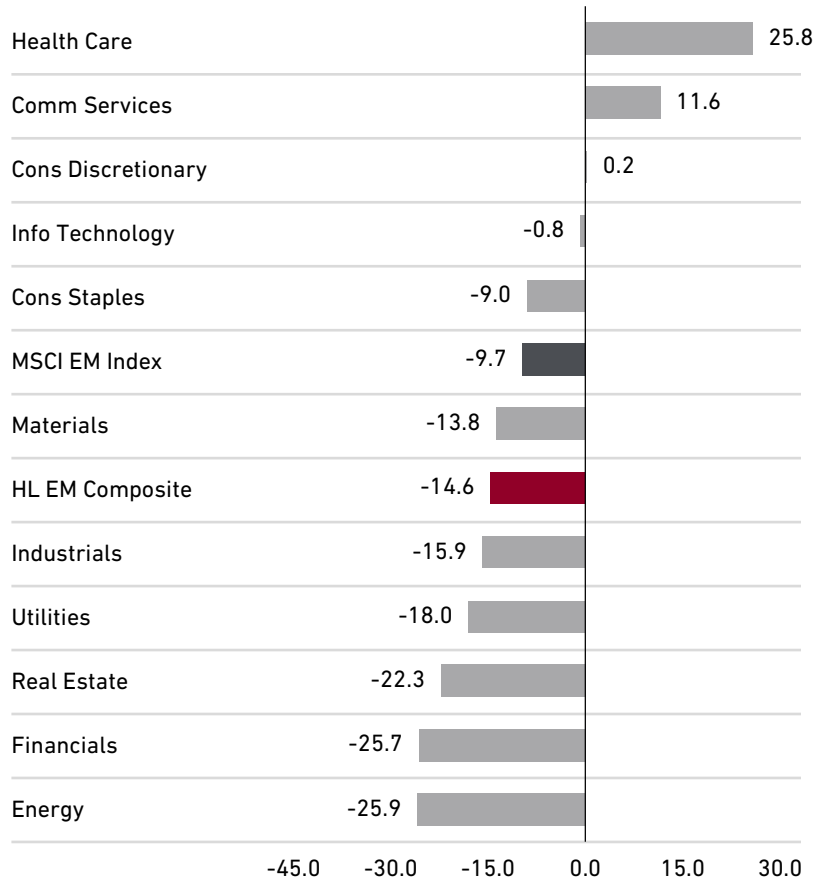
Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not 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 and (2) a list showing the weight and contribution of all holdings during the quarter. Contribution is the contribution to overall 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. Please read the disclosures on the last page, which are an integral part of this presentation.



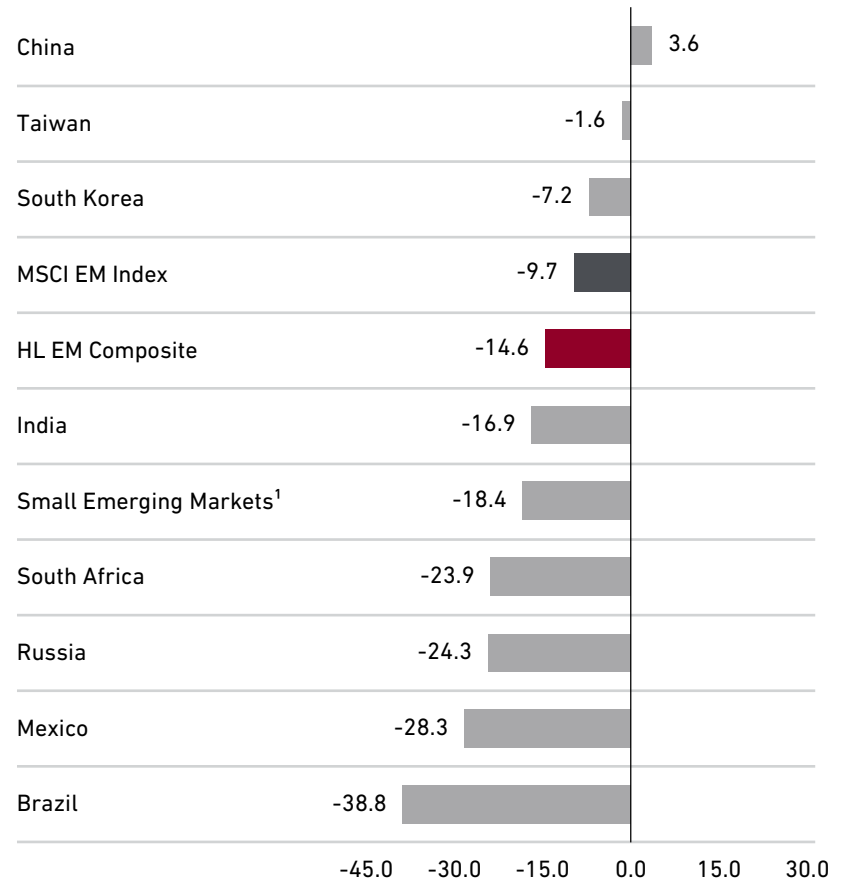
# Benchmark Sector/Region Returns

Year to Date

Sector Total Return (%)



Region Total Return (%)

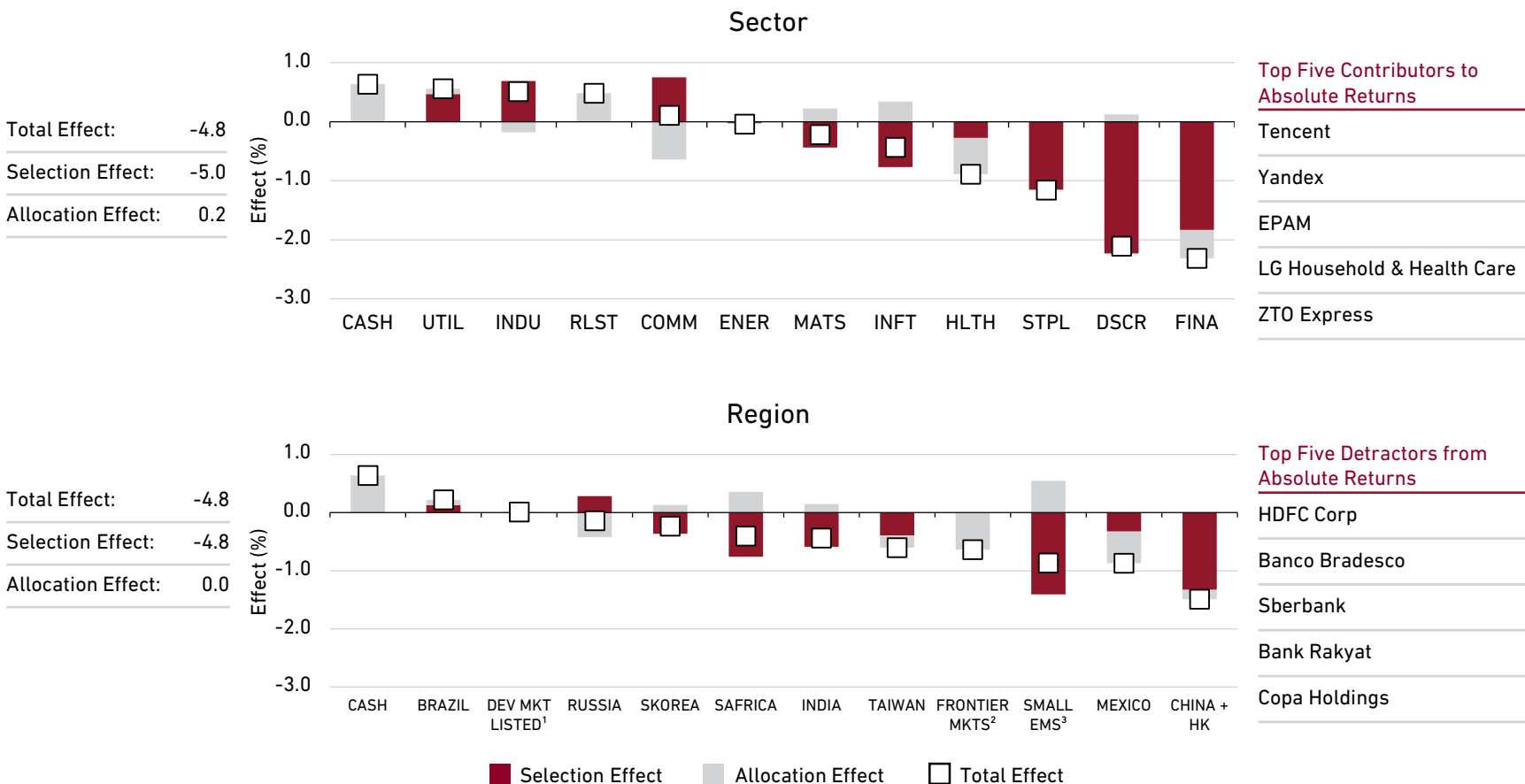


<sup>1</sup>Includes the remaining emerging markets, which individually comprise less than 5% of the Index.

Source: FactSet; Data as of June 30, 2020. Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

# Performance Attribution: Composite vs Benchmark

Year to Date



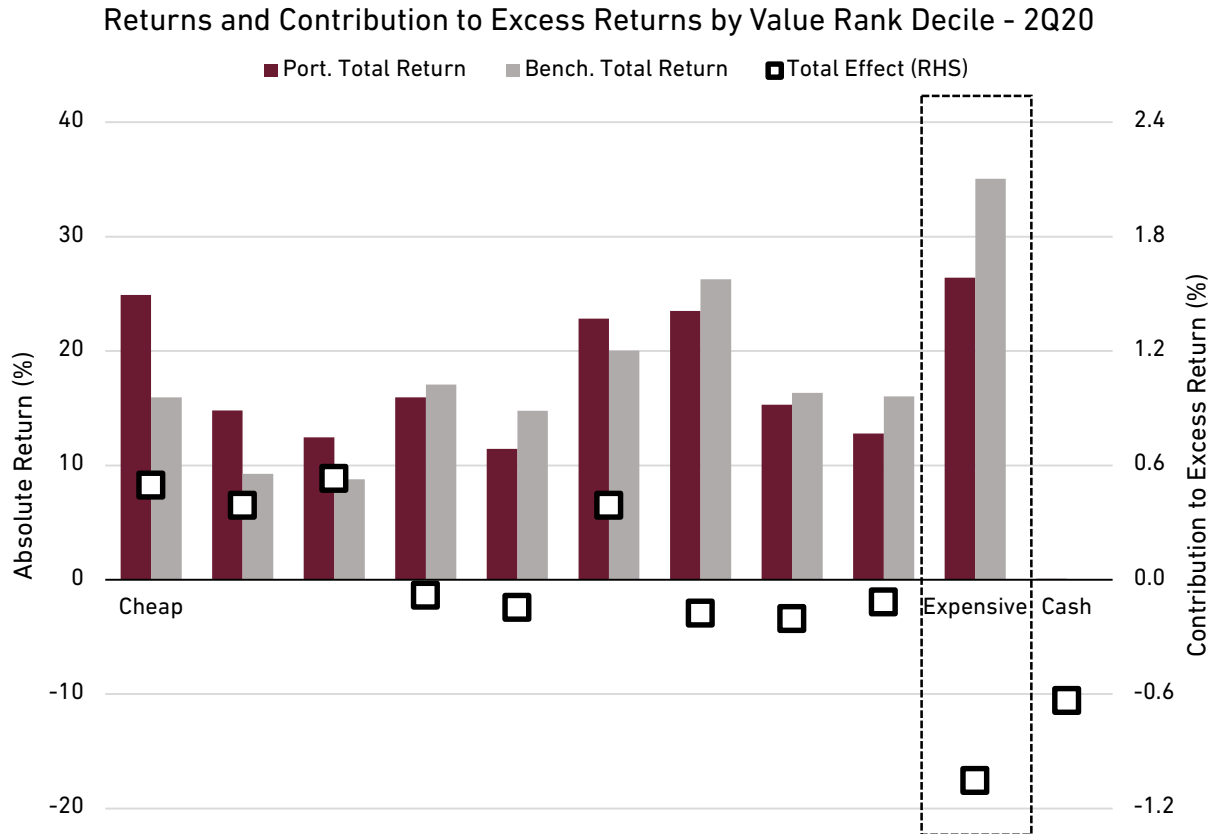
<sup>1</sup>Emerging markets or frontier markets companies listed in developed markets; <sup>2</sup>Includes countries with less-developed markets outside the Index; <sup>3</sup>Includes the remaining emerging markets, which individually, comprise less than 5% of the Index. Past performance does not guarantee future results.

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# Negative Contribution from Most Expensive Stocks

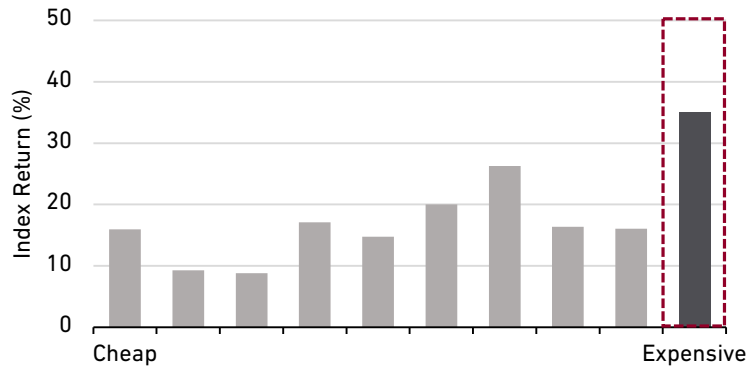
Expensive stocks outperformed in 2Q20



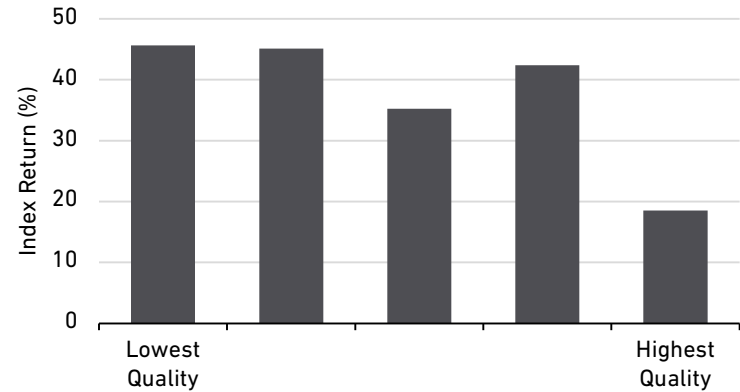
# MSCI EM Returns by Valuation and Momentum Deciles

## 2Q20 MSCI EM Index Returns

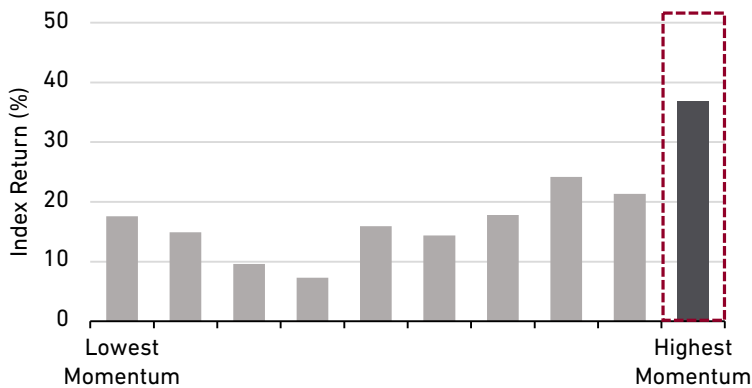
MSCI EM Index Returns by VR Decile



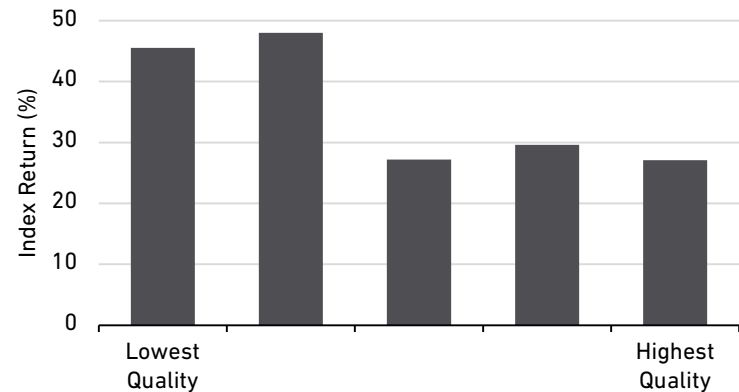
Quality Stock Performance within Highest Valuation Deciles



MSCI EM Index Returns by Momentum Decile

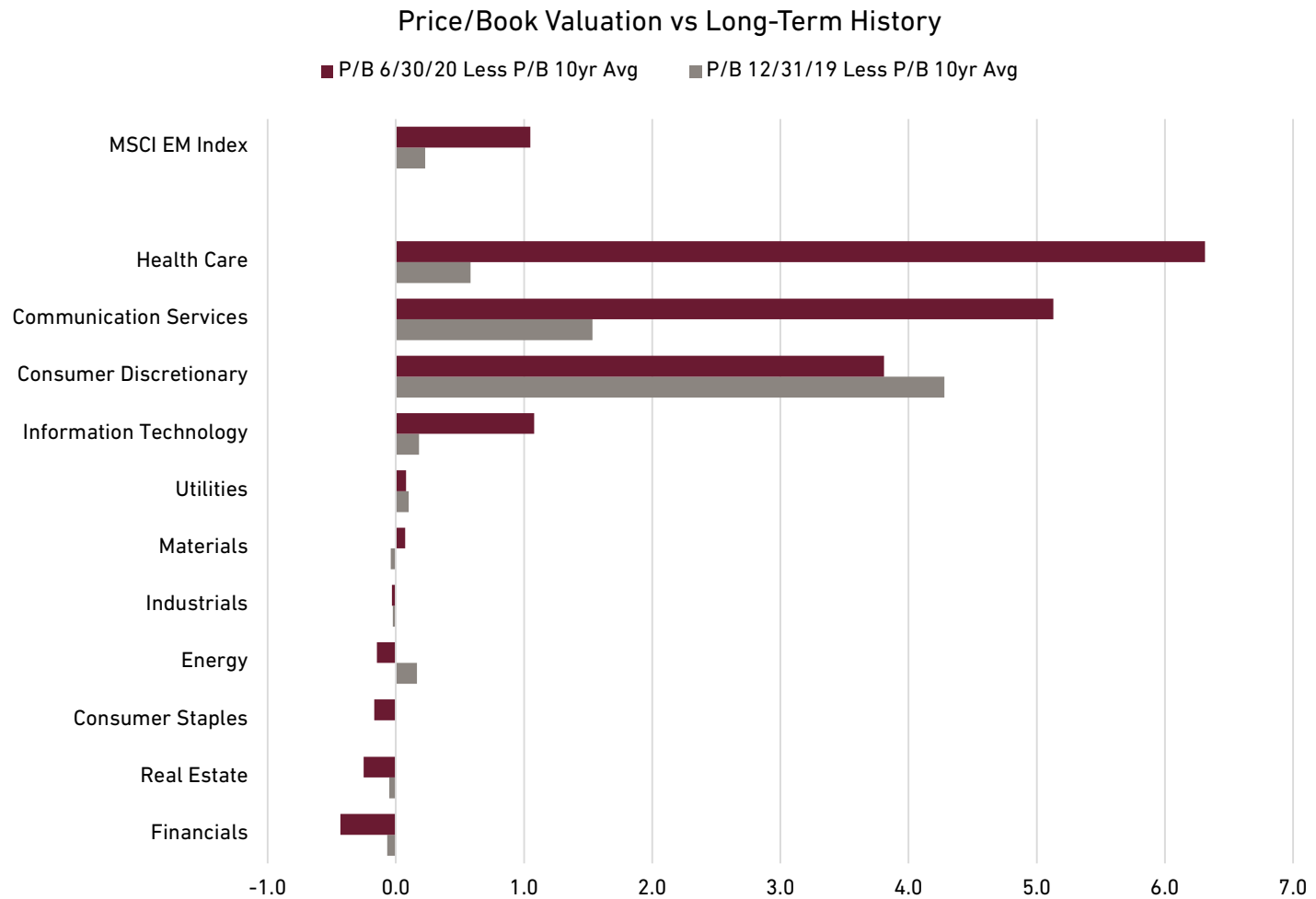


Quality Stock Performance within Highest Momentum Deciles



# Current Valuations in Historical Context

As of June 30, 2020



# Completed Portfolio Transactions

Trailing 12 Months

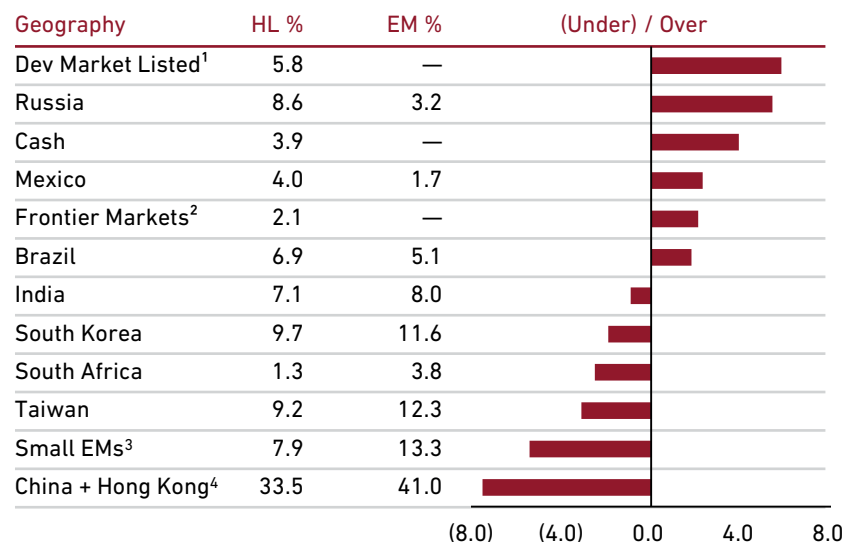
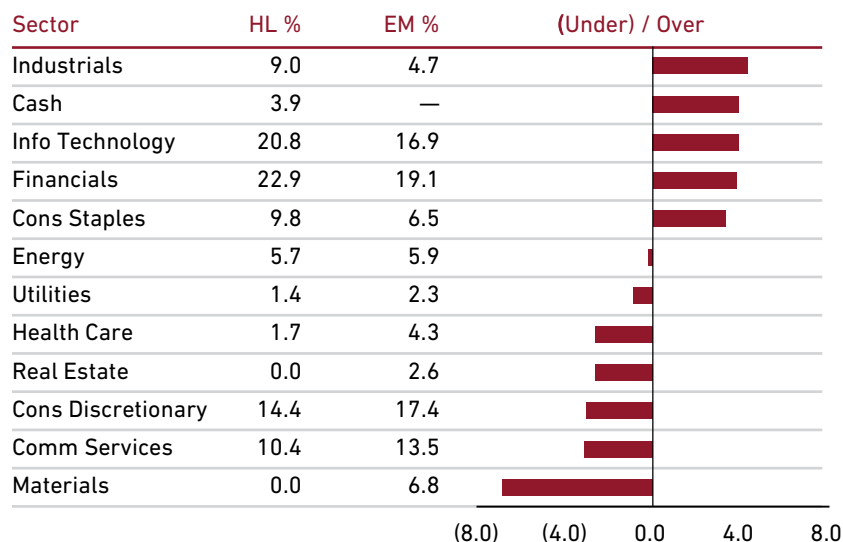
	3Q19	4Q19	1Q20	2Q20
<b>Positions Established</b>	Jiangsu Yanghe Brewery Prosus*	SF Express	Fuyao Glass Industry HDFC Bank Lojas Renner ZTO Express	AirTAC
<b>Positions Sold</b>	Aspen Pharmacare Emaar Properties Han's Laser Hong Kong Exchanges Raia Drogasil	Naspers Prosus	JD.com Sasol Weibo	Hankook Tire

- Portfolio Turnover (5 year annualized average): 18.1%

\*Received as spin off from Naspers. The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Portfolio Exposures

As of June 30, 2020



## Ten Largest Holdings – Total Weight: 37.0%

Company	Country	Sector	Wt (%)
Tencent	China	Comm Services	6.1
Samsung Electronics	South Korea	Info Technology	5.4
TSMC	Taiwan	Info Technology	5.4
Alibaba	China	Cons Discretionary	4.9
EPAM	US	Info Technology	3.0

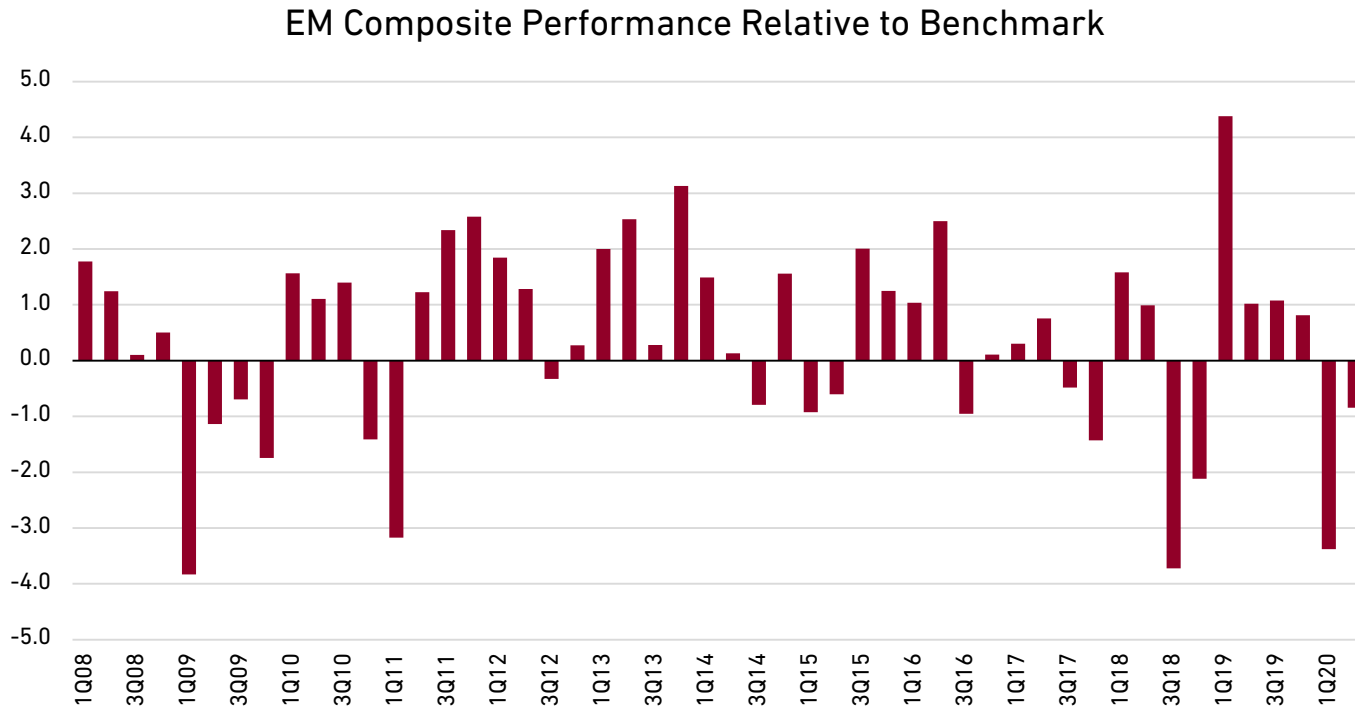
Company	Country	Sector	Wt (%)
AIA Group	Hong Kong	Financials	2.7
LG Household & Health Care	South Korea	Cons Staples	2.7
Lukoil	Russia	Energy	2.5
Sberbank	Russia	Financials	2.2
HDFC Corp	India	Financials	2.1

## 69% Active Share

<sup>1</sup>Emerging markets or frontier markets companies listed in developed markets; <sup>2</sup>Includes countries with less-developed markets outside the Index; <sup>3</sup>Includes the remaining emerging markets, which individually comprise less than 5% of the Index; <sup>4</sup>The Harding Loevner Emerging Markets Model portfolio's end weight in China at June 30, 2020 is 26.7% and Hong Kong is 6.8%. The Benchmark does not include Hong Kong. Source: Harding Loevner Emerging Markets Model; MSCI Inc. and S&P. Sector and Region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Relative Quarterly Returns Since 2008

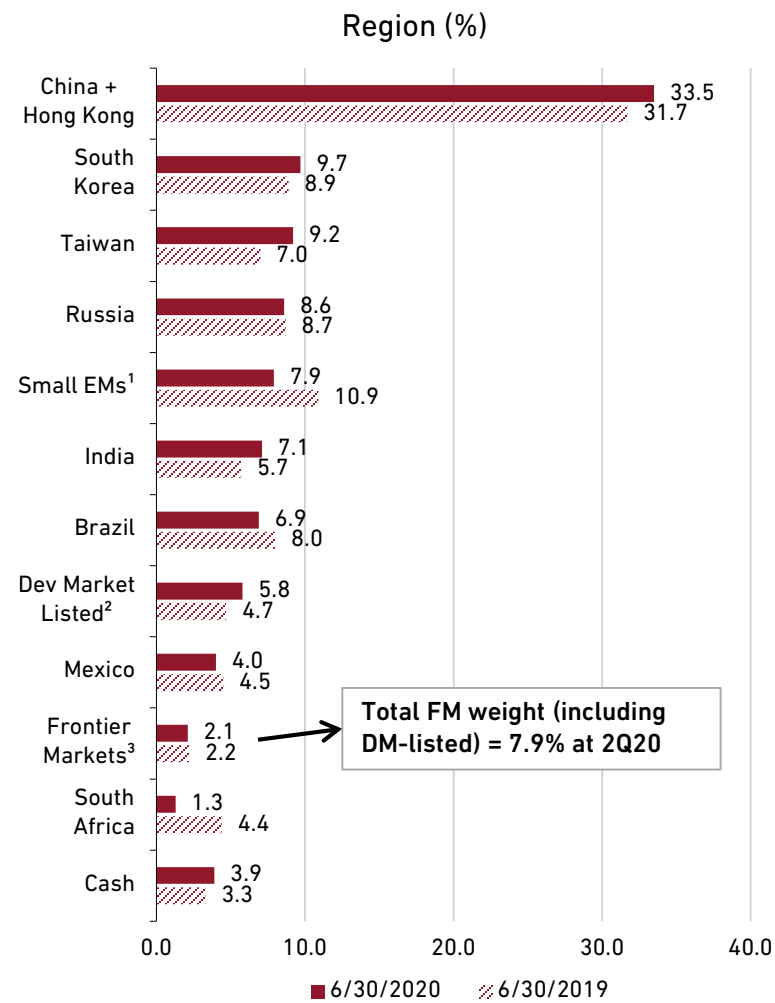
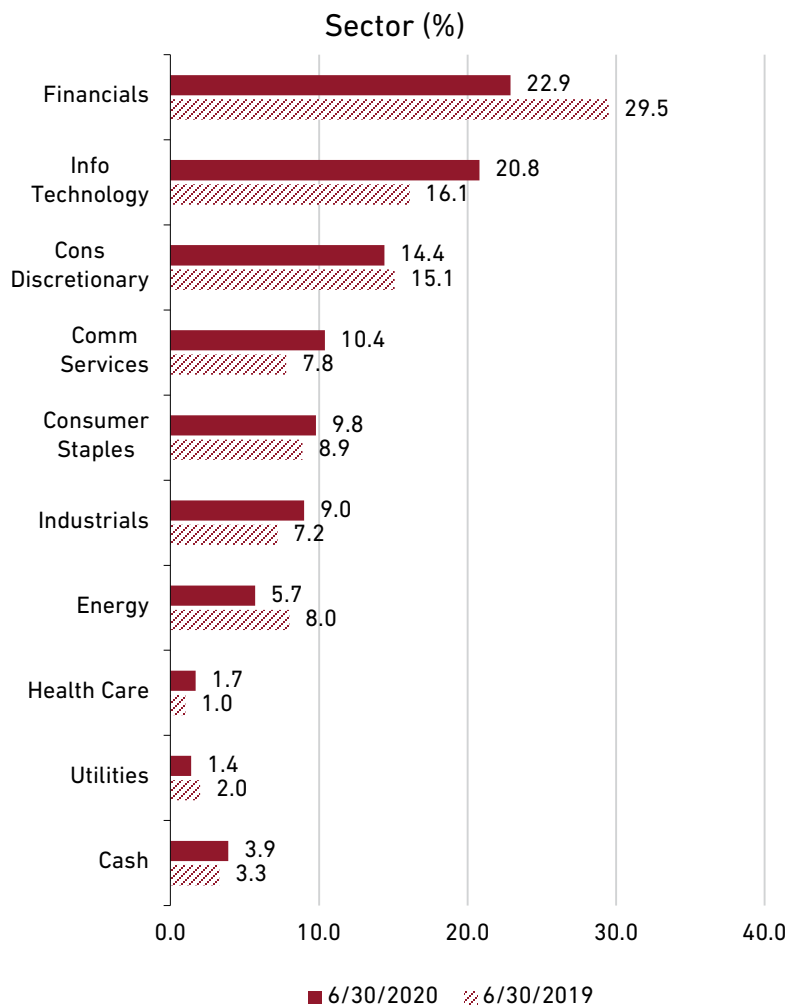
Periods of weakness often followed by strong relative performance.





# Portfolio Allocation Comparison

June 30, 2020 vs June 30, 2019



<sup>1</sup>Includes the remaining emerging markets, which individually, comprise less than 5% of the Index; <sup>2</sup>Emerging markets or frontier markets companies listed in developed markets; <sup>3</sup>Includes countries with less-developed markets outside the Index. Sector and Region end weights are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Disclosures

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The information provided in this Presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the Emerging Markets Model at June 30, 2020 is available on request.

Investing in stocks entails the risks of market volatility. The value of all types of stocks may increase or decrease over varying time periods. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards.

Quality & Growth Characteristics, Investment Statistics, Benchmark Returns, Performance Attribution, Portfolio Profile and Portfolio Transactions are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation, which is available on request.

Profit Margin: relationship of gross profits to net sales. Return on Assets: net income for past 12 months divided by total assets. Return on Equity: the net income divided by total common equity outstanding, expressed as a percent. Debt/Equity Ratio: total long-term debt divided by total shareholder's equity. Standard Deviation: the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. Sales Per Share: the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. Earnings Per Share: portion of a company's profit allocated to each outstanding share of common stock. Cash Flow: a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. Dividend Per Share: a total dividends per share paid during the previous fiscal year. Active Share: the proportion of holdings by weight that differ from holdings of the benchmark index. Turnover: calculated by dividing the lesser of Purchases or Sales by Average Capital.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Index consists of 26 emerging market countries. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The Index consists of 23 developed market countries. You cannot invest directly in these Indexes.

All performance and data shown are in US dollar terms, unless otherwise noted.

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.

The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet; Harding Loevner Emerging Markets Composite; MSCI Inc.

Source (Portfolio Profile, Portfolio Transactions, Portfolio Allocation Comparison, Quality & Growth Characteristics [Run date: July 5, 2020, based on the latest available data in FactSet on this date.]): FactSet; Harding Loevner Emerging Markets Model; MSCI Inc.

Source (Investment Statistics): eVestment Alliance; Harding Loevner Emerging Markets Composite, based on composite returns.

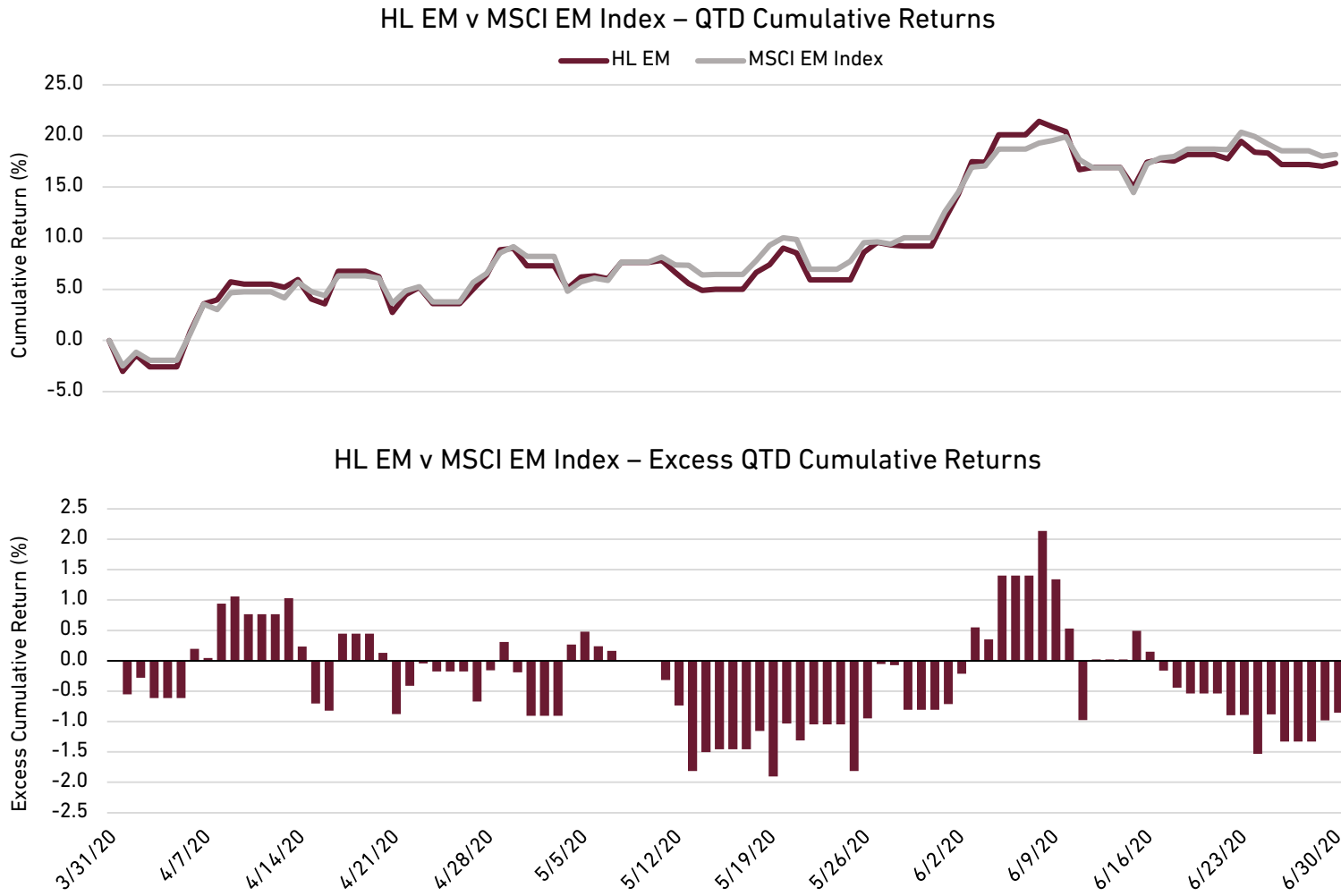
MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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## Appendix

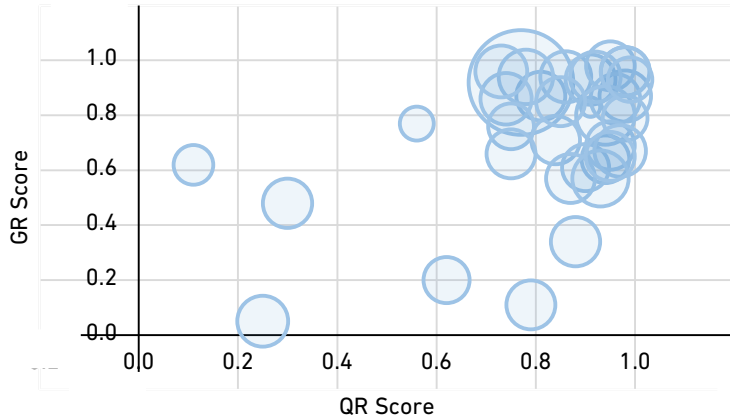
# Relative Return Volatility in Rebounding Markets 2Q20



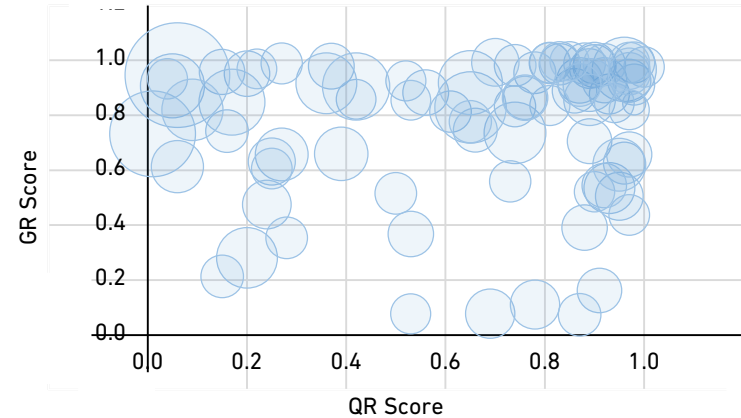
# Composition of Most Expensive Stocks Skewed to Lower Quality in 2Q20

QG Scores of Large Cap Companies (\$10bn+) in the Most Expensive VR Decile in MSCI EM Index  
Bubble Size Represents Contribution to Index Return

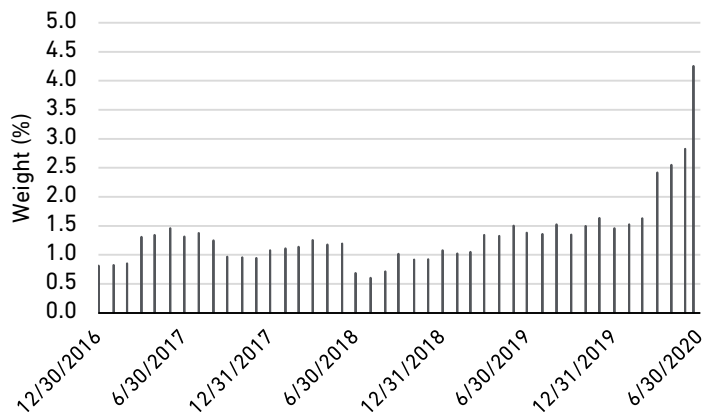
December 31, 2018



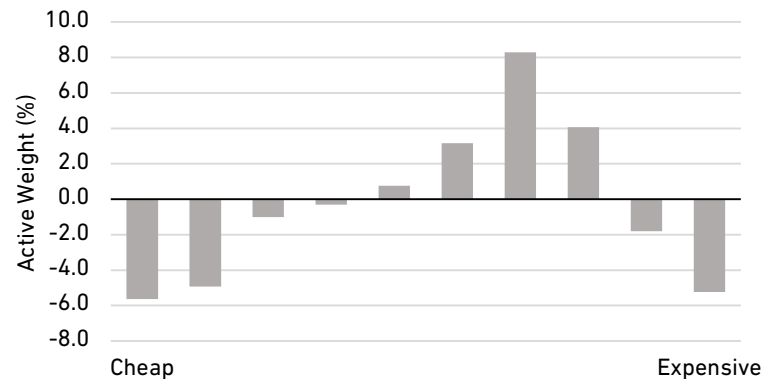
June 30, 2020



Weight of Lowest Quality Quintile in Most Expensive VR Decile

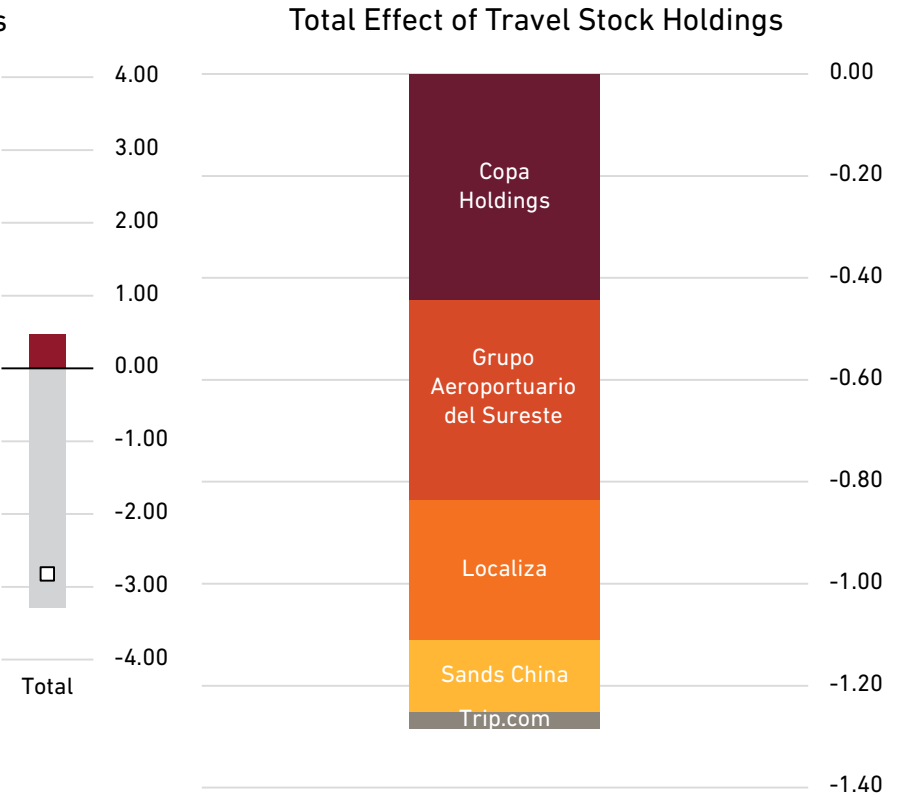
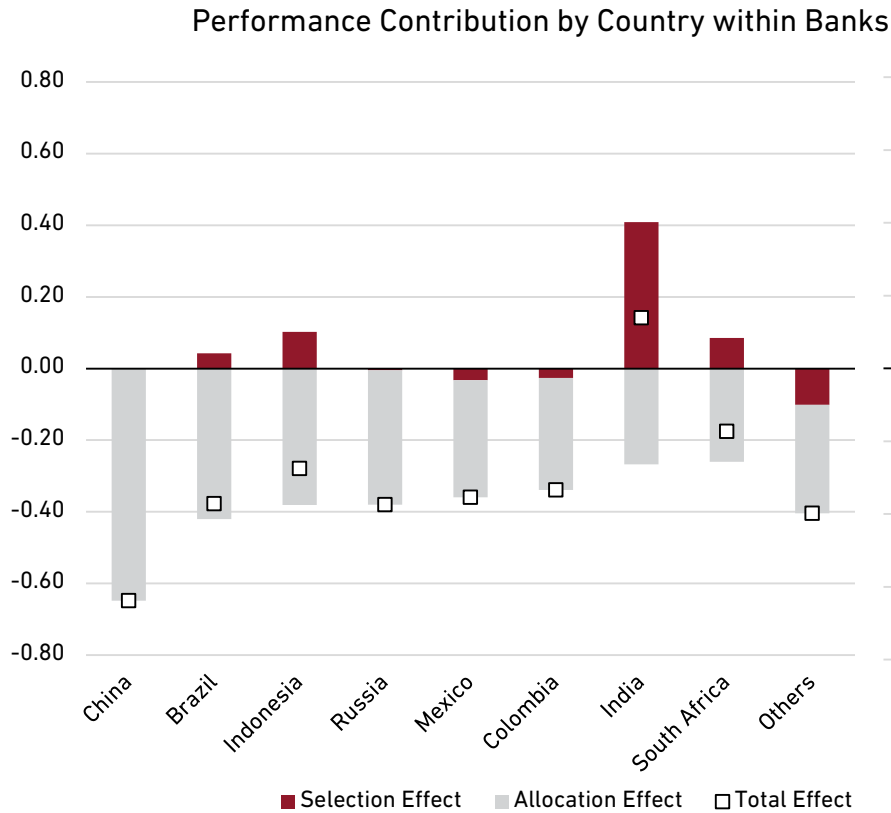


EM Portfolio - Active Weight by VR Decile 2Q20

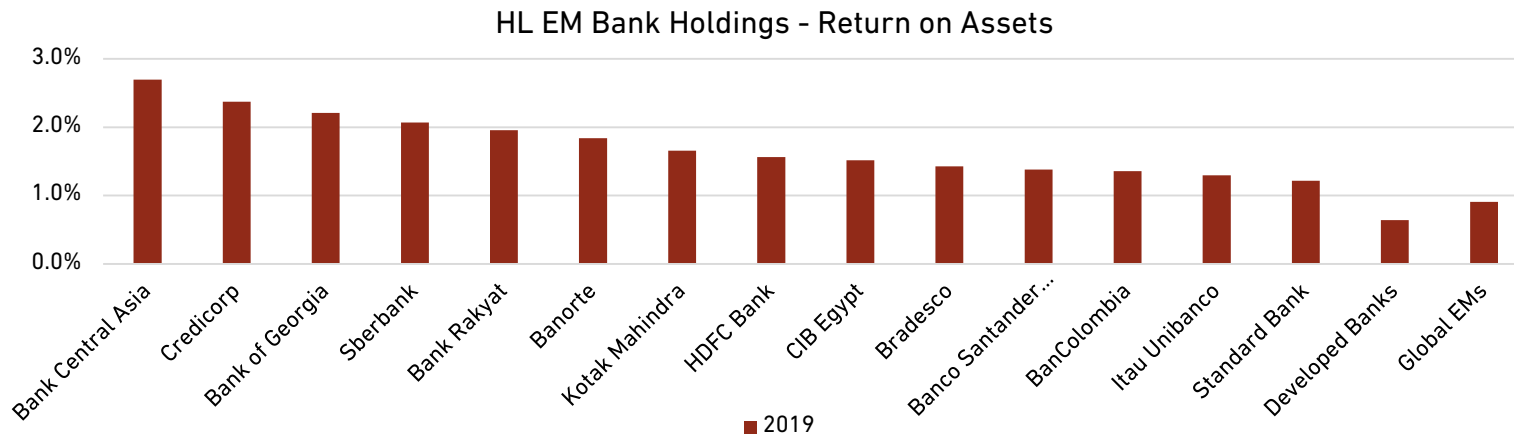
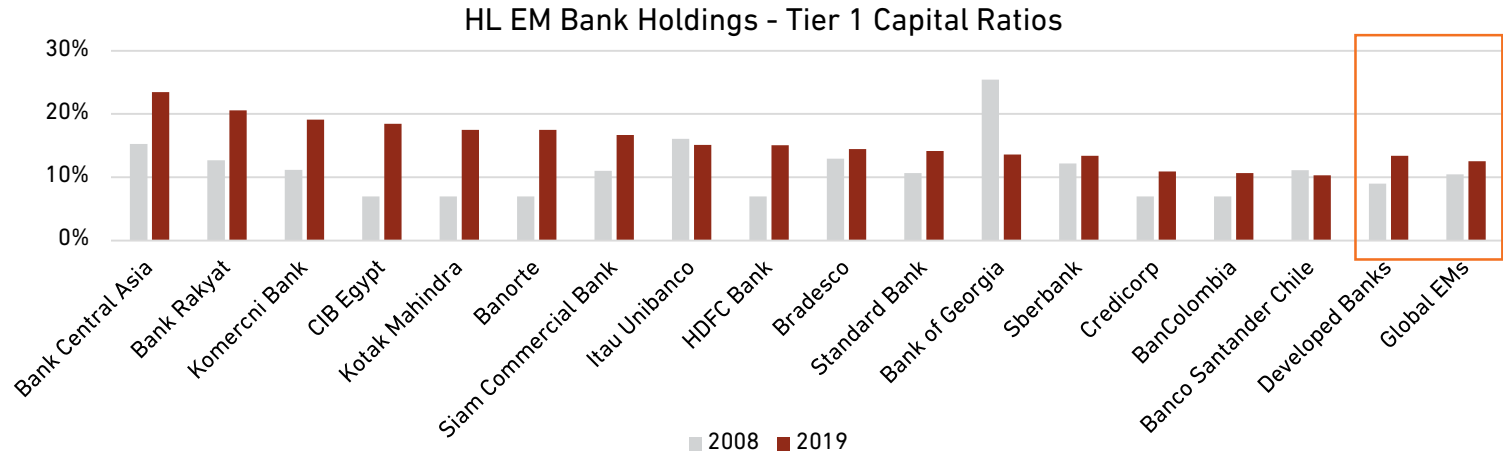


FactSet; Data as of June 30, 2020. VR= Value Ranking. VR score is a weighted average of five different metrics. Most expensive decile of companies based on Harding Loevner valuation calculations.

# Key Components of Underperformance: Banks and Travel/Leisure



# Characteristics of HL EM Bank Holdings



# Valuations in 2Q20 Fall from 12 Month Highs down to GFC Levels

