Emerging Markets Equity

HARDING LOEVNER

Quarterly Report | Second Quarter 2021

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Emerging Markets continued their positive trajectory of recent months, buoyed by the global economic recovery and the progress fighting the pandemic, and despite concerns over new COVID-19 variants and the potential for higher interest rates.

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Composite Performance

Total Return (%) — Periods Ending June 30, 2021[1]

	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Emerging Markets Equity (Gross of Fees)	5.62	7.28	44.92	10.53	13.02	7.18	12.88
HL Emerging Markets Equity (Net of Fees)	5.39	6.80	43.61	9.53	12.02	6.23	11.95
MSCI Emerging Markets Index[4,5]	5.12	7.58	41.36	11.66	13.42	4.65	9.73

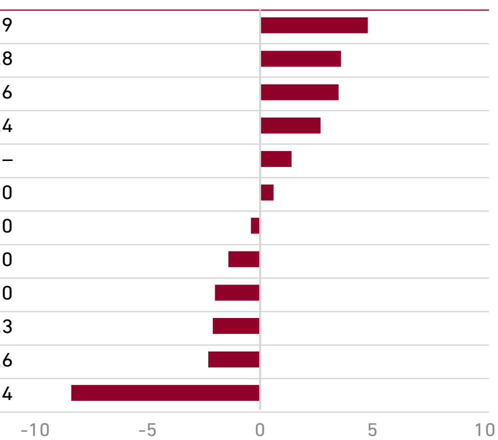
[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1998; [4]The Benchmark Index; [5]Gross of withholding taxes.

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)

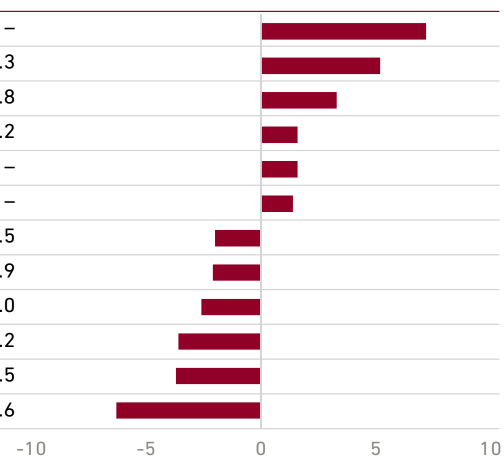
Sector	HL EM	MSCI EM
Industrials	9.7	4.9
Financials	21.4	17.8
Cons Staples	9.1	5.6
Info Technology	23.1	20.4
Cash	1.4	–
Energy	5.6	5.0
Utilities	1.6	2.0
Health Care	3.6	5.0
Real Estate	0.0	2.0
Comm Services	9.2	11.3
Cons Discretionary	15.3	17.6
Materials	0.0	8.4

(Under) / Over



Geography	HL EM	MSCI EM
Dev Market Listed[6]	7.2	–
Russia	8.5	3.3
Mexico	5.1	1.8
Brazil	6.8	5.2
Frontier Markets[7]	1.6	–
Cash	1.4	–
South Africa	1.5	3.5
India	7.8	9.9
Taiwan	11.4	14.0
South Korea	9.6	13.2
China + Hong Kong[8]	33.8	37.5
Small EMs[9]	5.3	11.6

(Under) / Over



[6]Emerging markets or frontier markets companies listed in developed markets. [7]Includes countries with less-developed markets outside the Index. [8]The Harding Loevner Emerging Markets Model Portfolio's end weight in China is 27.2% and Hong Kong is 6.6%. The Benchmark does not include Hong Kong. [9]Includes the remaining emerging markets, which individually, comprise less than 5% of the index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Source: Harding Loevner Emerging Markets 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

Emerging Markets (EMs) continued their positive trajectory of the past nine months, rising 5% in the quarter buoyed by the global economic recovery that has been occurring in parallel with the progress being notched against the pandemic. The positive market sentiment came despite the new threat posed by COVID-19 variants (with new waves requiring further lockdowns in numerous countries), the potential for higher interest rates, and various new regulatory pressures from the Chinese government.

Market gains were concentrated in the first two months of the quarter amid an acceleration of global economic activity that provided a boost to commodity prices and stoked enthusiasm for EM assets. Brent crude prices rose nearly 20% to touch US$75 per barrel and are now about 50% higher than at year-end, with support from continued supply discipline by OPEC+ and expectations of increasing oil demand. Prices of industrial metals, agricultural products, and other commodities also made further gains. Investor enthusiasm appeared to wane at the end of the quarter, however, with the pace of broader credit growth continuing to slow as the Chinese central bank looks to contain rising debt levels. The US Federal Reserve also signaled in mid-June that interest rate increases may come sooner than previously expected due to rising inflationary pressures. In the week following the Fed meeting, EM currencies gave back substantial gains made through April and May and in aggregate are testing the lows of the year as this report goes to print.

MSCI EM Index Performance (USD %)

Geography	2Q 2021	Trailing 12 Months
Africa	-1.5	38.8
South Africa	-1.3	40.4
Asia	3.8	41.5
China	2.3	27.5
India	7.0	57.0
South Korea	4.9	67.1
Taiwan	7.2	71.5
Europe	14.0	34.0
Russia	14.4	40.2
Latin America	15.1	45.3
Brazil	22.9	46.8
Mexico	9.2	56.3
Middle East	8.9	42.1
MSCI EM Index	5.2	41.3

Sector	2Q 2021	Trailing 12 Months
Communication Services	2.0	23.2
Consumer Discretionary	3.6	37.0
Consumer Staples	4.6	24.1
Energy	12.6	32.9
Financials	4.3	33.7
Health Care	14.1	32.4
Industrials	13.2	45.1
Information Technology	3.9	76.7
Materials	8.3	71.9
Real Estate	-6.0	6.7
Utilities	2.1	20.8

Source: FactSet (as of June 30, 2021). MSCI Inc. and S&P. Countries referenced above are the largest in the index.

Plans are also afoot for the Fed to start tapering its support of the US bond market. While tapering led in 2013 to severe currency weakness (or "tantrums") in some EM countries, it is noteworthy that today few of these countries are lumbered with significant current account deficits. Only Greece (which MSCI categorized as a developed market in 2013) and Turkey sport deficits over 4%.

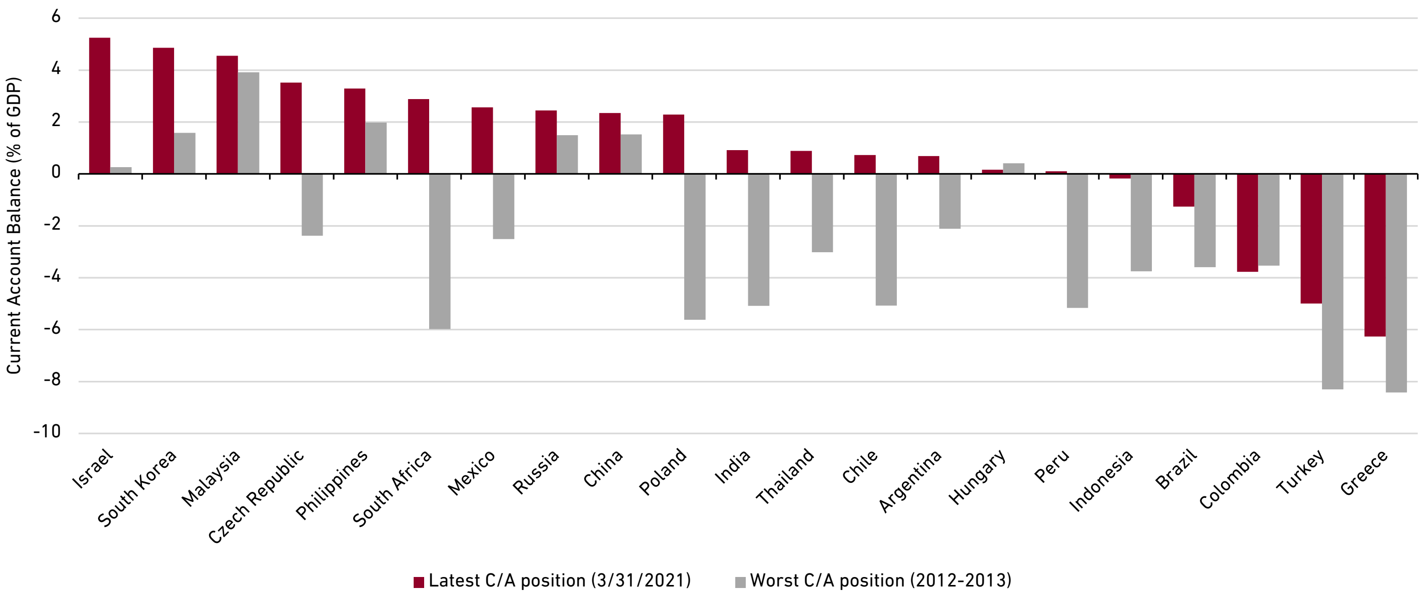
Against this backdrop, cyclical sectors including Energy, Industrials, and Materials were among the leading performers, but, surprisingly, Health Care posted the best returns, boosted by Chinese health care companies, some of which pre-announced results well above expectations. The only sector failing to post a positive return was Real Estate, which is dominated by Chinese developers whose stocks were weighed down by the prospect of tightening liquidity conditions in the country. Revelations of financial stress at Evergrande, one of China's largest property companies, also hurt sentiment as Chinese authorities signaled to large banks to take stock of their loan exposure to the group.

By geography, Latin America produced the strongest returns with help from stronger commodity prices. In a change of fortune from last quarter, Brazil was the best-performing market, lifted by the government's progress in tax and administrative reform as well as supportive comments from officials about potential privatization plans, which boosted state-owned assets including oil giant Petrobras. Smaller markets in Latin America continued to suffer under a cloud of political uncertainty and the threat of populist movements. Chile was the worst performer, roiled by concerns about constitutional reform and indications from early polls that a market-unfriendly candidate may succeed in November's elections. Peru went to the polls and provided a narrow, but as yet unconfirmed, victory to Pedro Castillo who has promised a socialist agenda that includes nationalizing various industries, including mining. And Colombia suffered a nationwide strike and bloody protests against the government's proposed tax reform intended to reduce the government's fiscal malaise.

Among the weakest regions was Asia, where China managed to eke out only a 2% return, despite its economy's continued robust recovery, with a rising European demand for Chinese products supporting export growth that was ahead of consensus

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 June 30, 2021 is available on page 9 of this report.

EM Countries' Current Account Balances (% of GDP)



Source: Bloomberg. Data as of March 31, 2021.

expectations. The equity market was hampered by a rising intensity in government regulation. Regulators introduced new rules constraining the practices of after-school tutoring firms, leading to a sharp decline in the shares of listed companies in the group, and also stamped down on the country's large cryptocurrency mining sector, including prohibiting banks from transacting in them. The country's giant internet platforms, including **Tencent** and Bytedance, also continued to be jostled by a flurry of new regulatory directives impacting some of their business lines.

Elsewhere in Asia, the large markets South Korea, Taiwan, and India all participated in the market rally. But here, too, smaller markets were weak, with Thailand and Indonesia both struggling with new COVID-19 waves and necessary shutdowns.

In emerging Europe, all markets except Turkey posted strong returns with the CE3 markets (Poland, Hungary, and the Czech Republic) soaring amid evidence of a European economic recovery. Russia was boosted by the stronger oil price and by a seemingly constructive initial meeting between Presidents Biden and Putin, which helped to ease fears of further sanctions. The Middle East also posted strong returns, helped by energy prices, and by signs of an uptick in the region's real estate market, particularly in the United Arab Emirates.

Performance and Attribution

The Emerging Markets composite returned 5.6% in the second quarter, modestly outperforming the 5.1% return of the MSCI EM Index.

By sector, good stocks in Information Technology (IT) and Consumer Staples were large positive contributors, offset by weaker results in Financials and Consumer Discretionary. Within IT, **Silergy**, a manufacturer of power management circuits for a variety of consumer electronics and specialized industrial applications, reported strong results and indicated the company has been able to capitalize on the global chip shortage to gain a bigger foothold in the automotive supply chain. **EPAM**, the Eastern European-centered (but US-listed) software engineering company, continued to benefit from the acceleration in demand for digital transformation projects and customers' consolidation of their technology service providers. In Consumer Staples, Brazil's premier beer company **Ambev** posted impressive results helped by strong sales of premium brands and robust demand in its home market, which reduced the need for discounts.

Financials hurt performance this quarter, partly due to the poor performance of our bank holdings in India and Thailand amid an escalation of the pandemic that required further shutdowns. **Ping An Insurance** was also a notable laggard, following its investment in state-owned conglomerate Founder Group, which is being restructured after bankruptcy proceedings. In Consumer Discretionary, the portfolio had a diverse list of positive contributors but they were largely outweighed by a significant drag from **New Oriental**, which was at risk of being caught up in a regulatory dragnet about to be deployed against after-school tutoring companies.

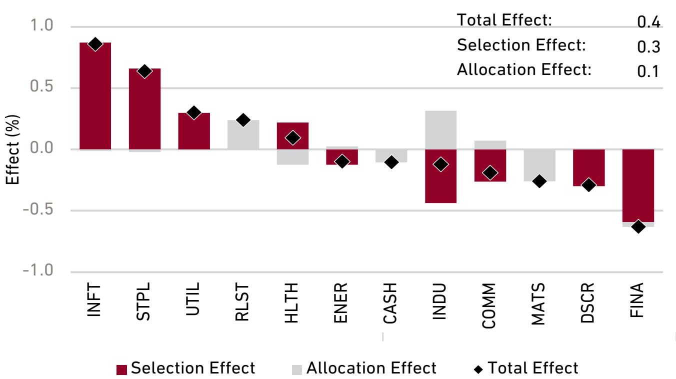
By region, the portfolio benefited from positive contributions from Taiwan and developed market (DM)-listed companies, offset by weak returns in smaller EMs, India, and Brazil. Portfolio returns in Taiwan were helped by Silergy and **Eclat Textile**, a leader in the development and manufacturing of performance-based fabrics benefitting from a recent wave of supplier consolidation and strong consumer demand for athleisure apparel (i.e., yoga pants). The top contributors from DM-listed stocks were EPAM and **Coca-Cola HBC**, which benefitted from continued strength in Nigeria, anticipated to be a key long-term growth driver. The company's energy drinks category posted impressive year-over-year growth above 50%.

Meanwhile, smaller EMs were a drag on relative returns, primarily due to banks in countries challenged by COVID-19-related headwinds or rising political risks, particularly Chile, where **Banco Santander Chile** was weighed down by the increased likelihood of less market-friendly policies there. Finally, our performance in Chinese holdings was mixed, with

Second Quarter 2021 Performance Attribution

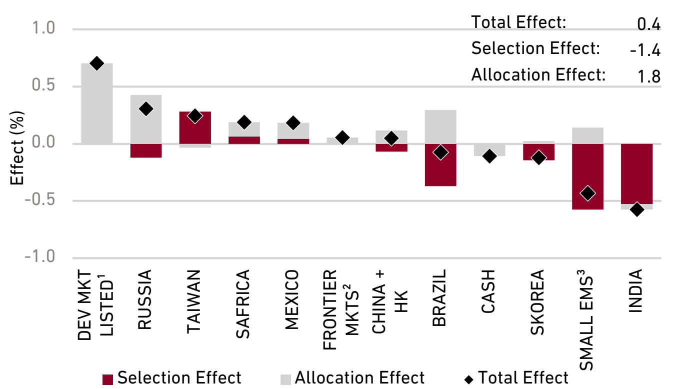
Sector

Emerging Markets Equity Composite vs. MSCI EM Index



Geography

Emerging Markets Equity Composite vs. MSCI EM Index



[1]Emerging markets or frontier markets companies listed in developed markets. [2]Includes countries with less-developed markets outside the index. [3]Includes the remaining emerging markets, which individually, comprise less than 5% of the index. Source: FactSet; Harding Loevner Emerging Markets 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.

the headwind from New Oriental offset by a diverse set of positive contributors, including **Sunny Optical**, a manufacturer of smartphone cameras, the fast-growing natural gas utility **ENN Energy**, and **CSPC Pharmaceutical Group**.

Perspective and Outlook

Sudden and jarring regulatory change has always been a fact of life for investors in EMs, one of the trade-offs of investing in companies with large growth opportunities found in emerging economies whose regulatory structures are less developed. Of course, smart business managers in all economies, developing and developed, will look to capitalize on market opportunities previously overlooked by regulators...until they no longer are! With the rise of a plethora of new, highly innovative internet-based business models, it seems as if regulators are in catch-up mode, trying to understand the new business models and their broader economic, social, and political impact while trying to control them at the same time.

The Chinese government's recently revived aggression against the after-school tutoring industry was a reminder that regulatory risk in China is acute. Under the Chinese political system, officials have the power to act quickly and suddenly, without the forewarning that comes with the relatively more transparent lobbying, deliberation, negotiation, and court challenges and appeals that constitute regulatory sausage-making in the US and other democratic countries. In many cases, regulatory change in China has been targeted toward goals for the benefit of the overall economy and society. Yet under the leadership of President Xi Jinping, the tempo of state interference in various industries in recent years has appeared to increase—and has not been limited to addressing social, economic, and development goals, but also aimed to achieve the political goals of the Chinese Communist Party, currently celebrating its 100th anniversary. The government's execution of these multiple agendas adds uncertainty and presents analytical challenges for investors seeking to understand the long-term prospects of industries and the companies within them.

Our approach to grappling with this risk is essentially the same no matter the country. Rather than analyzing regulation as an independent factor, we integrate this analysis into our qualitative assessment of individual industries and businesses. Our analysts consider the impact of existing and potential future regulations on the competitive structure of each industry, on a business's growth potential, and on the ESG risks or opportunities it faces. We focus on regulations' and potential regulations' impact on each of Harvard Business School professor Michael Porter's "Five Forces," our workhorse template for understanding competitive strategy. We know, for instance, that the threat of new entrants can increase if the state nurtures or subsidizes them, or it can recede if regulation demands quality standards that only incumbents with large financial resources can sustain; bargaining power of buyers can be enhanced via price controls or regulations that strengthen consumer rights; and threat of substitution can be tilted either by subsidization of or restrictions upon alternative products.

> From the Chinese regulators' perspective, the domestic internet giants' domination of Chinese social media and commerce may be (barely) tolerable, but purloining control of the education system? That may be a step too far.

Our consistent use of this framework facilitates collaborative debate among our colleagues that supports analysts in honing their independent insights about key foreseeable regulatory risks *prior* to investing in a company, and helps us react prudently, and adapt our expectations, after policy "shocks" occur. We recently found ourselves in that position with regards to our holding in New Oriental Education. For several years the government maintained a firm but generally supportive regulatory framework for the after-school tutoring industry that favored larger, higher-quality companies such as New Oriental. Beginning in March the government pivoted to criticizing the industry as a whole (President Xi called it a "social problem"), with reports spreading of harsher regulations to come. It is unclear what has so irked the authorities. Student burnout continues to be a concern; the government may additionally be seeking ways to control child-rearing expenses now that parents are being encouraged to go from aiming for one child to three in an attempt to reverse the country's declining birth rate. Regulators may also be reacting to the fact that some giants of the internet, which are facing their own bouts of regulatory torment of late, are behind the launch of larger new entrants into after-school tutoring. From the regulators' perspective, dominating Chinese social media and commerce may be (barely) tolerable, but purloining control of the education system? That may be a step too far. We have considered the possible scenarios facing the industry from here, and are most concerned about the reported new policy proposals that would restrict tutoring on weekends and holidays, when a significant part of New Oriental's tutoring takes place. Despite the sharp decline of the company's shares, we do not believe they yet offer attractive risk-adjusted returns assuming our (probability-weighted) estimate of further deterioration in growth and margins.

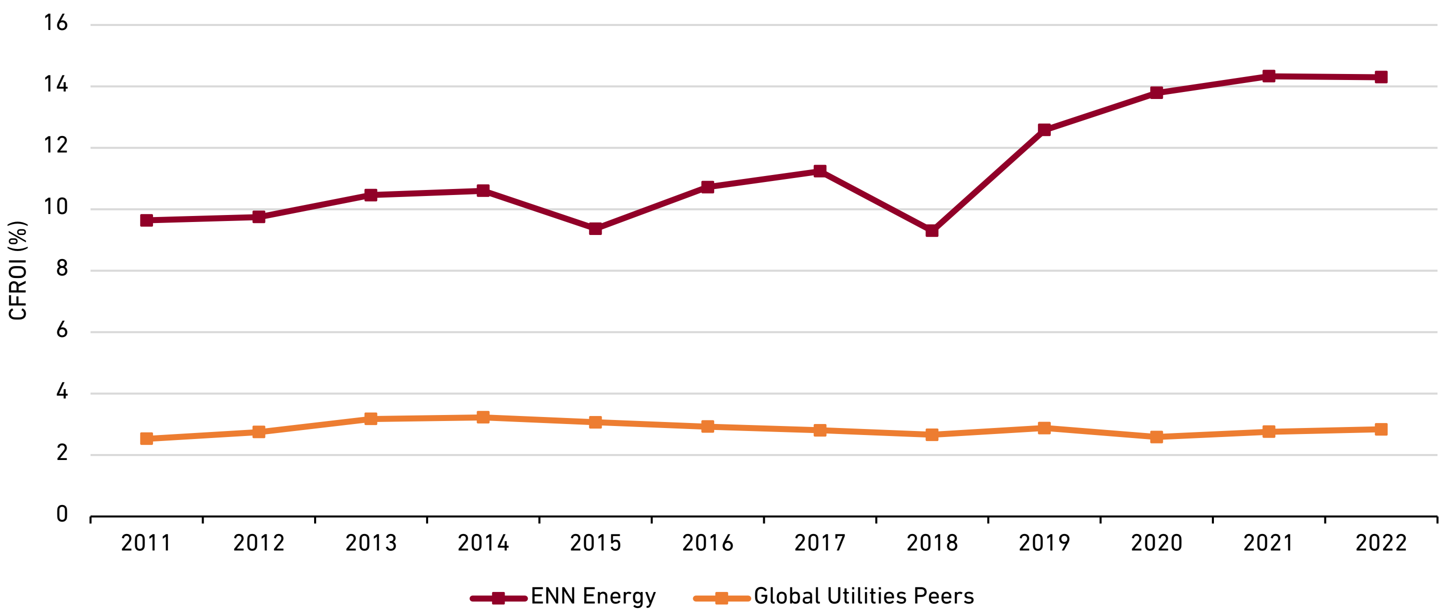
Regulation, especially in China, is a double-edged sword, as capable of turning the Porter forces for a company or industry benign as malignant. Moreover, this process is frequently an opaque one that may fully reveal itself only over time. The development of pharmaceutical industry regulations is a case in point. Over the past five years, China has been pursuing a two-pronged reform agenda as part of its efforts to improve the performance of its health care system, upgrading the quality and availability of effective drugs and therapies available to its citizens, and controlling drug prices, which historically have been on the high end globally. In 2017, the government began focusing on the first prong, implementing reforms to the drug approval process to accelerate it, raise drug quality standards, and tighten restrictions on producers of ineffective products. We gradually increased our investments in China's pharmaceutical industry, purchasing CSPC Pharmaceutical Group, a high-quality drug manufacturer, and **Jiangsu Hengrui Medicine**, a specialist in surgical anesthetics and oncology drugs among other products, based partly on our view that these reforms would advantage the country's best-managed, world-class companies over less-capable peers.

In the second half of 2018, the government began pushing its second reform goal. Officials introduced "centralized procurement" or "group purchasing" for commonly administered drugs eligible under China's government-administered health plans. But while the impact of the group-purchasing policies on China's leading pharmaceutical companies was initially significant, it has not been as bad as the market feared. We have come to appreciate that, in addition to forcing companies to sacrifice some pricing, group pricing also expands their addressable market and thus can actually help them to generate higher sales and, for those with scale and efficiency, higher profits despite the lower pricing. We believe our portfolio holdings, with their strong production and distribution capabilities, will be able to navigate the group-purchasing process effectively. What has also become clear is that regulators have a *third* prong in their agenda: encouraging the development of more innovative drugs. We see this, too, as benefitting companies like Hengrui and CSPC, which possess strong R&D and robust pipelines of innovative treatments.

And then there is the happy confluence of regulatory impacts on ENN Energy, our private-sector gas utility holding. In the context of utilities, *positive regulation* is almost always an oxymoron. Broadly speaking, regulatory influences affect our view of Porter's competitive forces in the Utilities sector so negatively that we tend to steer clear altogether. Utilities are generally treated as regulated monopolies due to the critical necessity of their product, the asset intensity of their physical infrastructure, and the typical lack of competitive alternatives. Their rates are controlled, and their investments are mandated by regulators with a view to providing reliable power to the residents and industries within reach of their grid. There is widespread political support for this approach, and the consequence is to severely weaken utilities' bargaining power over their customers.

Across the global stock universe, we only cover a few companies in the Utilities sector; the exceptions are where we think regulators have good reason to allow adequate returns on invested capital. Starting last October, the Chinese government began laying out an ambitious plan to decarbonize its economy with a goal of carbon net neutrality by 2060. A key feature of that plan is using natural gas to quickly wean off coal the large segments of the economy still reliant on this filthiest of energy sources, and to ease the eventual transition to even cleaner sources such as solar power and wind. ENN sits at the juncture of all these forces. Though ENN's gas sales are subject to controls on pricing and profits, it is allowed to collect a connection fee

Real Cash Flow Return on Investment of ENN Energy vs. Utilities Peers



Source: HOLT as of June 30, 2021. "Cash Flow Return on Investment" is defined as an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets. The metric is real, or inflation-adjusted. The portfolio holding identified above does 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.

from residential users, a lucrative incentive intended to help fund expansion of the gas distribution network. Furthermore, many local governments are promoting the development of communities and industrial parks with smaller carbon footprints. This is proving to be a boon for ENN's integrated energy business, which combines natural gas and renewable energy sources to meet customers' steam, cooling, heating, and electricity needs, and which saw its sales volumes grow 79% year-over-year this quarter.

Policy changes in China often reflect an intense interplay between the government's top-down agenda and the bottom-up forces driven by private firms moving quickly to explore new ideas. At one extreme, the government has shown a willingness to be remarkably hands-off, providing sufficient leeway for private firms to operate and innovate, and often proactively clearing red tape and tilling the soil for innovators. At the other, it has demonstrated a suddenness, and at times a level of caprice, that can be painful for investors who didn't see that one coming. Most often, though, there is a logic to regulators' actions that becomes apparent with time, and can on balance be favorable for companies with the management foresight, nimbleness, and operational excellence to make the rules work to their advantage. We continue to view regulatory shifts with a long-term perspective and, in China especially, against the broader backdrop of growth and innovation taking place.

Portfolio Highlights

Across different markets and industries, one attribute that we demand of all investments is a favorable industry competitive structure that can support attractive and durable profit margins. We added five new holdings to the EM portfolio during the quarter, each of which benefits from a relatively concentrated industry structure and enjoys dominant market share, at least within its home market. Several of these are based in China but enjoy broad growth opportunities abroad, fruits of our increased resources dedicated to researching Chinese companies.

China-based **WuXi Biologics** is a leading global provider of contract development and manufacturing outsourcing (CDMO) services for the discovery, development, and manufacture of large-molecule drugs ("biologics"). Biologics require a demanding and highly complex manufacturing process with the attendant exacting regulatory scrutiny. Many small- and mid-sized, and even occasionally large, biopharma companies with promising drug candidates simply don't have the capital or know-how to manufacturer large-molecule drugs themselves. Fortunately for them, companies can outsource development and commercial production to CDMOs such as WuXi.

China's accelerated decarbonization plans have led to a rapidly improving growth outlook for electric vehicles (EVs). As discussed in our report last quarter, for the time being we are sitting out the horse race in the end-consumer market, where competition is most intense and profits still mostly elusive, choosing instead to focus on companies further up the value chain offering predictable growth in their core businesses augmented by new opportunities in EVs that can be exploited by farsighted management. One such example is **Sanhua**, a supplier of thermal management components for appliances and cars. In the appliance segment, it is the established global leader, with more than 50% market share in thermal management components buried deep inside refrigerators, dishwashers, and air conditioners. The company has leveraged that position to become a leader in comparable parts for EVs as well. Because electric powertrains, even those with highly efficient inverters, still produce large amounts of heat and are more sensitive to temperatures compared to internal combustion engine (ICE) powertrains, EVs require better thermal management components, whose value could increase from US$10 per ICE car to more than US$1,000 per EV for top-tier component suppliers. With its industry-leading operating efficiency and a strong balance sheet, Sanhua is in a good position to see more of that added content value flow through to its bottom line.

> Electric vehicles (EVs) require better thermal management components, whose value could increase from US$10 per traditional gas-powered car to more than US$1,000 per EV. Sanhua is in a good position to see more of that added value flow through to its bottom line.

Outside of China, we purchased South Korea's **NCSOFT**, a global leader in producing MMORPGs (massively multiplayer online role-playing games). The company's competitive advantage is founded upon its rich intellectual property, its specific know-how in developing games in the MMORPG genre and, importantly, its track record of retaining and monetizing loyal gamers. NCSOFT's growth should be supported by its ongoing leadership within South Korea as well as the opportunity for the company to grow share in the wider less-hardcore gamer community in international markets, supported by new initiatives developing mobile games. The business scores highly on objective measures of quality and growth and appears reasonably valued, a rarity for an online game business.

We also sold our position in Peruvian commercial bank **Credicorp** amid rising political and regulatory risk resulting from the likelihood that leftist candidate Pedro Castillo will win the country's presidential election. Castillo's stated intention to nationalize numerous industries, as well as his stated affinity for the state-controlled models of Venezuela and Cuba, do *not* bode well for economic and social stability, and, hence, the investment and growth that are needed to nourish Credicorp's business.

Emerging Markets Holdings (as of June 30, 2021)

Communication Services	Country	End Wt. (%)
Baidu (Internet products and services)	China	0.9
CD Projekt (Video game developer)	Poland	0.4
NCSOFT (Video game developer)	South Korea	0.8
Safaricom (Mobile network operator)	Kenya	1.1
Tencent (Internet and IT services)	China	4.3
Yandex (Internet products and services)	Russia	1.8
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	4.3
Astra International (Auto business operator)	Indonesia	0.4
China Tourism Group Duty Free (Duty free services)	China	1.0
Coway (Consumer appliances manufacturer)	South Korea	0.7
Eclat Textile (Technology-based textile manufacturer)	Taiwan	1.7
Fuyao Glass (Automotive glass manufacturer)	China	1.2
Lojas Renner (Department stores operator)	Brazil	0.5
Maruti Suzuki (Automobile manufacturer)	India	1.1
Midea Group (Consumer appliances manufacturer)	China	1.5
New Oriental (Private education services)	China	0.3
Sands China (Integrated resorts and casinos operator)	Hong Kong	1.3
Shenzhou International (Textile manufacturer)	China	1.4
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.1
Amorepacific (Cosmetics manufacturer)	South Korea	0.4
CBD (Foods and consumer products retailer)	Brazil	0.1
Coca-Cola HBC (Coca-Cola bottler)	UK	2.0
East African Breweries (Alcoholic beverages mfr.)	Kenya	0.2
FEMSA (Beverages manufacturer and retail operator)	Mexico	1.2
LG Household & Health Care (Cons products mfr.)	South Korea	2.6
Walmart de México (Foods and consumer prod. retailer)	Mexico	1.4
Energy		
Lukoil (Oil and gas producer)	Russia	2.2
Novatek (Natural gas producer)	Russia	2.3
Tenaris (Steel-pipe manufacturer)	Italy	0.8
Ultrapar (Fuel distributor and chemicals producer)	Brazil	0.4
Financials		
AIA Group (Insurance provider)	Hong Kong	2.5
B3 (Clearing house and exchange)	Brazil	0.7
Banco Bradesco (Commercial bank)	Brazil	1.3
Banco Santander Chile (Commercial bank)	Chile	0.2
Bancolombia (Commercial bank)	Colombia	0.5
Bank Central Asia (Commercial bank)	Indonesia	0.8
Bank of Georgia (Commercial bank)	UK	0.2
Bank Rakyat (Commercial bank)	Indonesia	1.0
Commercial International Bank (Commercial bank)	Egypt	0.4
Discovery Holdings (Insurance provider)	South Africa	0.8
GF Banorte (Commercial bank)	Mexico	1.6
HDFC Bank (Commercial bank)	India	1.1

Financials	Country	End Wt. (%)
HDFC Corp (Mortgage lender)	India	2.1
Itaú Unibanco (Commercial bank)	Brazil	1.1
Komerční Banka (Commercial bank)	Czech Republic	0.7
Kotak Mahindra Bank (Commercial bank)	India	1.2
Ping An Insurance (Insurance provider)	China	1.4
Sberbank (Commercial bank)	Russia	2.2
Siam Commercial Bank (Commercial bank)	Thailand	0.8
Standard Bank (Commercial bank)	South Africa	0.7
Health Care		
CSPC Pharmaceutical Group (Pharma manufacturer)	China	1.4
Jiangsu Hengrui Medicine (Pharma manufacturer)	China	0.4
Sino Biopharmaceutical (Pharma manufacturer)	China	0.3
WuXi Biologics (Biopharma manufacturer)	China	1.5
Industrials		
51job (Online human resource services)	China	0.7
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	1.4
ASUR (Airport operator)	Mexico	0.9
Copa Holdings (Airline operator)	Panama	0.4
Country Garden Services (Residential property mgr.)	China	0.8
Localiza (Automobile rental services)	Brazil	1.0
Meyer (Optical sorting machine manufacturer)	China	0.6
Sanhua (Refrigeration and HVAC parts manufacturer)	China	0.6
SF Holding (Delivery services)	China	0.5
Techtronic Industries (Power tool manufacturer)	Hong Kong	2.0
WEG (Industrial equipment manufacturer)	Brazil	0.6
ZTO Express (Express delivery services)	China	0.2
Information Technology		
ASM Pacific Technology (Semiconductor eqpt mfr.)	Hong Kong	0.8
EPAM (IT consultant)	US	3.7
Hon Hai Precision (Electronics manufacturer)	Taiwan	1.5
Largan Precision (Smartphone lens modules producer)	Taiwan	0.9
Network International (Electronic payment services)	UK	0.5
Samsung Electronics (Electronics manufacturer)	South Korea	5.1
Sangfor (IT security services)	China	0.8
Silergy (Electronics chips manufacturer)	Taiwan	0.9
Sunny Optical (Optical component manufacturer)	China	1.5
Tata Consultancy Services (IT consultant)	India	2.3
TSMC (Semiconductor manufacturer)	Taiwan	5.0
Materials		
No Holdings		
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	1.6
Cash		1.4

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

2Q21 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
EPAM	INFT	3.3	–	0.70
Eclat Textile	DSCR	1.5	0.1	0.43
Sunny Optical	INFT	1.3	0.2	0.33
Silergy	INFT	0.7	0.1	0.30
Naspers*	DSCR	0.0	1.2	0.22

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
EPAM	INFT	3.0	–	1.24
Fuyao Glass	DSCR	1.0	<0.1	0.96
AirTAC	INDU	1.2	0.1	0.59
Eclat Textile	DSCR	1.3	<0.1	0.57
Alibaba	DSCR	5.2	6.7	0.49

2Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
New Oriental	DSCR	1.3	0.2	-0.51
Sands China	DSCR	1.3	0.0	-0.29
Midea Group	DSCR	1.8	<0.1	-0.27
Vale*	MATS	0.0	0.9	-0.22
Kakao*	COMM	0.0	0.4	-0.19

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
New Oriental	DSCR	1.0	0.3	-0.82
Largan Precision	INFT	1.1	0.2	-0.77
NIO*	DSCR	0.0	0.5	-0.68
Meituan*	DSCR	0.0	1.7	-0.60
Vale*	MATS	0.0	0.7	-0.50

*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 EM	MSCI EM
Profit Margin[1] (%)	13.6	12.8
Return on Assets[1] (%)	7.6	6.8
Return on Equity[1] (%)	16.6	13.2
Debt/Equity Ratio[1] (%)	26.2	35.1
Std. Dev. of 5 Year ROE[1] (%)	3.5	3.5
Sales Growth[1,2] (%)	9.7	8.9
Earnings Growth[1,2] (%)	11.6	10.5
Cash Flow Growth[1,2] (%)	10.1	11.6
Dividend Growth[1,2] (%)	13.5	12.6
Size and Turnover	**HL EM**	**MSCI EM**
Wtd. Median Mkt. Cap (US $B)	38.0	47.3
Wtd. Avg. Mkt. Cap (US $B)	147.7	167.9
Turnover[3] (Annual %)	17.5	–

Size and Valuation	HL EM	MSCI EM
Alpha[2] (%)	-0.92	–
Beta[2]	1.06	–
R-Squared[2]	0.95	–
Active Share[3] (%)	71	–
Standard Deviation[2] (%)	17.50	16.11
Sharpe Ratio[2]	0.68	0.76
Tracking Error[2] (%)	4.0	–
Information Ratio[2]	-0.10	–
Up/Down Capture[2]	101/103	–
Price/Earnings[4]	24.6	16.9
Price/Cash Flow[4]	18.4	11.7
Price/Book[4]	3.4	2.3
Dividend Yield[5] (%)	1.6	1.8

[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 Emerging Markets Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: July 5, 2021, based on the latest available data in FactSet on this date.); Harding Loevner Emerging Markets Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Country	Sector
Meyer	China	INDU
NCSOFT	South Korea	COMM
Sangfor	China	INFT
Sanhua	China	INDU
WuXi Biologics	China	HLTH

Positions Sold	Country	Sector
Autohome	China	COMM
Credicorp	Peru	FINA
New Oriental	China	DSCR
Sendas Distribuidora*	Brazil	STPL

* Sendas Distribuidora received as spin-off from CBD – not analyst rated

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 charts 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 charts 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 Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Emerging Markets Equity Composite Performance (as of June 30, 2021)

	HL EM Gross (%)	HL EM Net (%)	MSCI EM Index[1] (%)	HL EM 3-yr Std. Deviation[2] (%)	MSCI EM Index 3-yr Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2021 YTD[4]	7.28	6.80	7.58	21.07	18.54	N.A.[5]	13	17,364	77,155
2020	15.43	14.37	18.69	21.65	19.62	0.8	15	19,162	74,496
2019	26.90	25.78	18.88	14.64	14.17	0.4	17	19,045	64,306
2018	-17.29	-18.03	-14.25	13.94	14.62	0.4	21	15,114	49,892
2017	36.81	35.64	37.75	13.90	15.36	0.3	23	19,177	54,003
2016	14.84	13.85	11.60	15.00	16.07	0.4	22	13,629	38,996
2015	-12.85	-13.59	-14.60	13.61	14.04	1.2	20	9,670	33,296
2014	0.74	-0.11	-1.82	14.06	14.99	0.5	14	8,212	35,005
2013	5.74	4.80	-2.27	17.56	19.03	0.6	12	5,649	33,142
2012	23.92	22.79	18.63	20.15	21.49	0.4	10	3,772	22,658
2011	-15.55	-16.36	-18.17	24.72	25.76	0.5	9	3,136	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.

The Emerging Markets Equity Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities of companies domiciled predominately in emerging markets and cash reserves, and is measured against the MSCI Emerging Markets 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 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 27 emerging 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 March 31, 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 Emerging Markets Equity Composite has had a performance examination for the periods December 1, 1998 through March 31, 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 Emerging Markets Equity accounts is 1.15% annually of the market value up to $20 million; 0.80% of amounts from $20 million to $100 million; 0.75% of amounts from $100 million to $200 million; above $200 million upon request. The management fee schedule and total expense ratio for the Emerging Markets Equity Collective Investment Fund, which is included in the composite, are 1.12% on all assets and 1.10%, respectively. 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 Emerging Markets Equity Composite was created on November 30, 1998 and the performance inception date is December 1, 1998.

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