Emerging Markets Equity

Quarterly Report | First Quarter 2022

HARDING LOEVNER

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Emerging Markets (EMs) declined sharply, primarily due to the collapse in Russian equities brought about by economic sanctions against Russia because of its invasion of Ukraine, as well as poor performance in China.

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The EM landscape is currently fogged by an exceptional confluence of risks: armed conflict in Ukraine, inflation, rising interest rates, volatile commodity prices, and concerns about food and energy security. We continue to believe staying true to the decision-making discipline we have formalized in our investment process will produce over time the best overall result for our clients, even though it will not lead to the best outcome in every instance—as recent events have demonstrated.

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Although we made only a handful of transactions this quarter, the portfolio's profile changed significantly because of the write-down of our Russian holdings and the outsized returns of stocks benefiting from commodity price inflation.

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Composite Performance

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

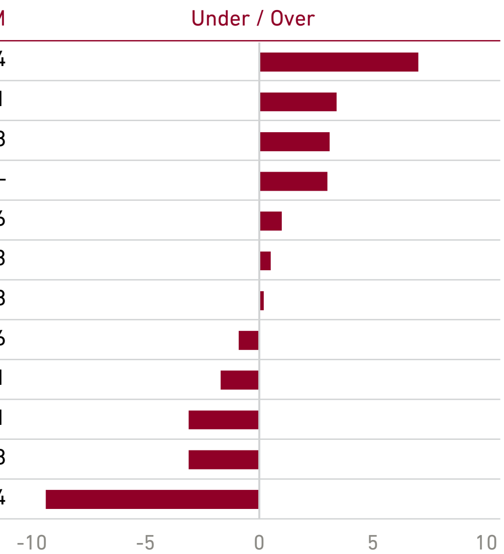
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Emerging Markets Equity (Gross of Fees)	-16.80	-20.01	1.40	3.81	4.36	11.11
HL Emerging Markets Equity (Net of Fees)	-16.98	-20.70	0.50	2.89	3.45	10.20
MSCI Emerging Markets Index[4,5]	-6.92	-11.08	5.30	6.35	3.73	8.62

[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.

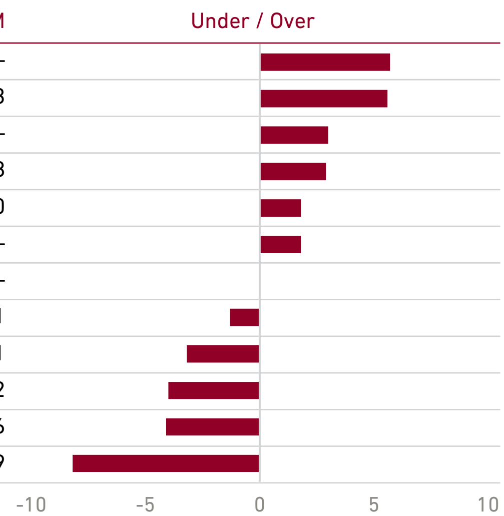
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL EM	MSCI EM
Industrials	12.4	5.4
Financials	25.5	22.1
Cons Staples	8.9	5.8
Cash	3.0	–
Info Technology	22.6	21.6
Cons Discretionary	12.8	12.3
Health Care	4.0	3.8
Utilities	1.7	2.6
Real Estate	0.4	2.1
Comm Services	7.0	10.1
Energy	1.7	4.8
Materials	0.0	9.4



Geography	HL EM	MSCI EM
Dev. Market Listed[6]	5.7	–
Mexico	7.9	2.3
Cash	3.0	–
Brazil	8.7	5.8
China + Hong Kong[7]	31.8	30.0
Frontier Markets[8]	1.8	–
Russia[9]	0.0	–
South Africa	2.8	4.1
India	9.9	13.1
Taiwan	12.2	16.2
South Korea	8.5	12.6
Small EMs[10]	7.7	15.9



[6]Emerging markets or frontier markets companies listed in developed markets. [7]The Harding Loevner Emerging Markets Model Portfolio's end weight in China is 25.8% and Hong Kong is 6.0%. [8]Includes countries with less-developed markets outside the Index. [9]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. At the close of trading on March 9, MSCI removed Russia from its indexes at a price that was effectively zero. [10]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

The world watched in horror this quarter as Russia launched a deadly and destructive invasion of Ukraine. The reaction by Western governments to the late-February attack was swift and emphatic. Seeking to avoid any escalation in the military conflict, the US and its major allies in Europe and the Pacific region focused on crippling economic sanctions, 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, and extreme uncertainty about Russia's economic prospects under the sanctions, provoked an exodus of Western companies from the country. The sanctions initially led to a collapse in the ruble, forcing the central bank to raise overnight interest rates to 20% per annum, 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.

Emerging Markets (EMs) declined 6.9% this quarter as measured by the MSCI EM Index, primarily due to the collapse in Russian equities and poor performance in China. As a result of the uncertainty around the war, European stocks with material businesses in, or trade linkages to, Russia or Ukraine sold off, as well as stocks in markets closest to the conflict. However, markets across Latin America and the Middle East, as well as South Africa, benefited from the sharp rise in energy and commodity prices caused by the conflict. Crude prices nearly reached US$135 before settling above US$100 as OPEC eschewed requests to increase production; grain prices spiked, as did Russian-sourced metals like palladium and nickel.

From the outset of the year, EMs had faced headwinds from expectations the US Federal Reserve would start raising rates to combat rising inflation. The Fed indeed hiked rates 0.25% this quarter—the first increase since the start of the pandemic in 2020—and has been priming the market for a possible 0.50% increase later this year. (The Fed hasn't raised interest rates in increments larger than 0.25% since 2000.) Meanwhile, monetary policy across EMs has been bifurcated. Most EM central banks in the Americas, Europe, and Africa have been ahead of the Fed in raising rates, and they continued to tighten further through the quarter. Asian central banks, however, have been taking a less hawkish stance. China, notably, continued to ease monetary policy to stimulate economic growth.

Among the large EMs, China was the weakest due to a confluence of several factors, including the country's worst COVID-19 outbreak. The government's zero-COVID policy meant the rising case count in Shanghai and other major cities led to large scale lockdowns and strict containment measures in key commercial areas. As a result, the nascent recovery in China's services sector has been stymied, and factories have been temporarily shuttered, exacerbating global supply chain issues. Worsening the sentiment on 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 financials fail to adhere to US audit standards and could be subject to delisting in 2023. As a signal that Beijing might seek to avert that step, the China Securities Regulatory Commission announced plans to ease confidentiality rules. Other positive signals came from Vice Premier Liu He, who reaffirmed the government's focus on solving the crisis in the beleaguered real estate sector and supporting economic growth and capital markets ahead of the National Party Congress in October.

MSCI EM Index Performance (USD %)

Geography	1Q 2022	Trailing 12 Months
Africa	19.4	11.3
South Africa	20.5	11.9
Asia	-8.6	-14.9
China	-14.2	-32.5
India	-1.8	18.2
South Korea	-9.5	-18.1
Taiwan	-6.5	6.8
Europe	-71.0	-67.0
Russia	-100.0	-100.0
Latin America	27.3	24.0
Brazil	36.0	25.0
Mexico	8.7	28.1
Middle East	18.6	41.6
MSCI EM Index	-6.9	-11.1

Sector	1Q 2022	Trailing 12 Months
Communication Services	-11.1	-23.6
Consumer Discretionary	-16.4	-39.2
Consumer Staples	-7.9	-9.6
Energy	-20.7	-6.0
Financials	5.7	11.2
Health Care	-13.9	-25.4
Industrials	-2.6	5.0
Information Technology	-11.2	-6.3
Materials	3.4	3.7
Real Estate	-1.8	-27.8
Utilities	-0.1	10.9

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

Companies held in the portfolio at the end of the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at March 31, 2022 is available on page 9 of this report.

Despite elevated oil and gas prices, Energy was the worst-performing sector, dragged down by the vaporization of all value in Russian energy stocks, even as other energy stocks were among the top-performing. High-growth sectors such as Information Technology (IT), Consumer Discretionary, Health Care, and Communication Services were uniformly weak. Financials was the top-performing sector as banks and stock exchanges in commodity-exporting countries rallied due to the boon to fiscal accounts and the outlook for economic growth. The rising interest rate environment is also beneficial for most EM banks, helping boost net interest margins and earnings growth. Asset-quality risk remains low, especially for the high-quality EM banks, as they are emerging from the pandemic with strong balance sheets and high provision levels.

The style preference in EMs continued to trend toward value stocks and away from growth stocks trading at higher multiples, a consequence of the shift to higher interest rates in the US and many EMs.

Performance and Attribution

The Emerging Markets composite returned -16.8% gross of fees in the first quarter, well behind the -6.9% return of the MSCI EM Index.

Our strategy's heavy absolute loss and underperformance were primarily due to our direct holdings in Russia: **Lukoil** and **Novatek** in Energy, **Sberbank** in Financials, and **Yandex** in Communication Services. We began the year overweight Russia by 500 basis points (bps). As the invasion of Ukraine unfolded, we marked the value of our Russian positions, which had stood at 8.0% of the portfolio at the end of January, down to zero on March 7, the point at which these US- and UK-listed shares became untradeable because of Western sanctions and actions taken by stock exchanges and brokers to avoid any possibility of entanglement. The losses in Russia accounted for over 500 bps—roughly half—of our total underperformance. IT-services business **EPAM** and beverage company **Coca-Cola HBC (CCH)**—developed-market-listed companies that have significant operations in Russia, Ukraine, and Belarus—together cost a further 200 bps in underperformance.

Beyond Russia, the notable detractor from relative returns was weak stock selection in China, where growth stocks generally lagged. Shares of optical-component manufacturer **Sunny Optical** fell as chip shortages, the spread of the Omicron variant, and the Ukraine conflict all impacted the sales outlook for premium smartphones and autos, the company's core markets. Other Chinese holdings also faced headwinds, including textile manufacturer **Shenzhou International** (supply-chain disruptions), gas distributor **ENN Energy** and thermal-components manufacturer **Sanhua Intelligent Controls** (rising commodity prices pressuring margins), and appliance manufacturer **Midea Group** (weakening property sector dampening consumer purchases). More helpful was our overweight to the surging Brazilian and Mexican markets, which rose alongside commodity prices.

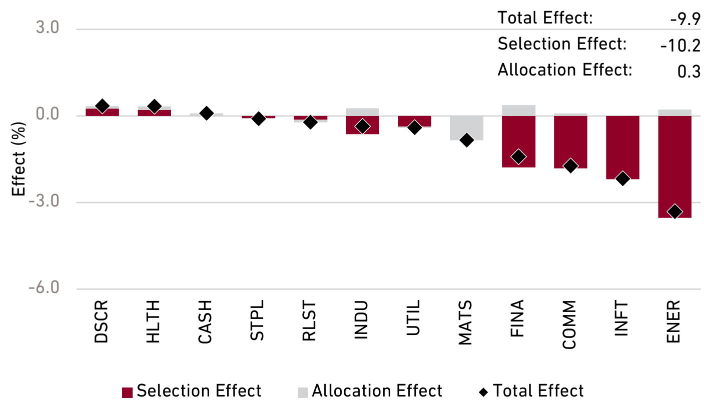
By sector, the wipe out of our Russian and Russia-related holdings appeared as severe negative stock selection across Energy (Novatek and Lukoil), IT (EPAM), Communication Services (Yandex), and Financials (Sberbank). Poor returns in Energy were partly mitigated by our holding in **Tenaris**, a leading maker of seamless pipes for the oil and gas industry. Higher energy prices are boosting investment and rig activation in the sector, particularly in the Americas, which is leading to higher demand and better pricing for Tenaris's products.

In Financials, the heavy drag from Sberbank was partly counterbalanced by strong contributions from companies in countries that have benefited from rising commodity prices, including Brazil's **Itaú Unibanco**, South Africa's **Standard Bank**,

First Quarter 2022 Performance Attribution

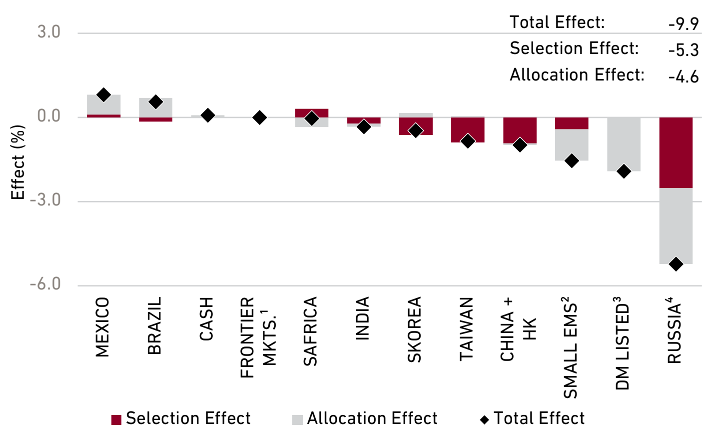
Sector

Emerging Markets Equity Composite vs. MSCI EM Index



Geography

Emerging Markets Equity Composite vs. MSCI EM Index



[1]Includes countries with less-developed markets outside the Index. [2]Includes the remaining emerging markets, which individually, comprise less than 5% of the Index. [3]Emerging markets or frontier markets companies listed in developed markets. [4]At the close of trading on March 9, MSCI removed Russia from its indexes at a price that was effectively zero. Source: FactSet; Harding Loevner Emerging Markets 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.

Mexico's **GF Banorte**, and Colombia's **Bancolombia**. The Brazilian Central Bank's proactive measures to stem inflation led to strong returns in currency and financial stocks, including stock exchange **B3**. South African positions including insurance firm **Discovery Holdings** profited from the country's economic recovery.

We outperformed the Index in Health Care and Consumer Discretionary. Shares of drug development and manufacturing business **WuXi AppTec**, which we bought mid-quarter following a sharp downturn in its shares, rebounded as management reiterated the strong growth outlook for the business.

Perspective and Outlook

We made our Russian investments based on a favorable fundamental view of the four companies: Lukoil and Novatek, both prominent players in the global oil and gas sector; Yandex, Russia's dominant search engine with expansive growth businesses in ride-hailing, e-commerce, and autonomous mobility; and Sberbank, Russia's leading banking franchise. Each was a high-quality business with good long-term growth prospects, and each had navigated hazardous economic conditions while cementing their dominant competitive position.

Our significant portfolio weight in Russia, more than twice that of the MSCI EM Index, was supported by its diversifying benefits. The Russian oil and gas companies provided a counterbalance to our underweight to resources elsewhere, including our lack of Materials, while their foreign currency revenues provided a natural hedge to the direct ruble exposure represented by our investments in the primarily domestic businesses of Sberbank and Yandex. Our Russian exposure also helped to mitigate valuation risk. The high-quality, growing businesses we focus on tend to be highly valued relative to the broad market. Russian stocks have consistently traded at a significant discount to global emerging markets, in part due to the historical confiscatory behavior of the Russian government, which had receded in recent years. Even in light of that tail risk, when adjusting for the growth prospects of the businesses, the prospective returns implied by their stock valuations were attractive.

We deeply regret the capital losses suffered by our clients with respect to our Russian investments, which resulted, not from the invasion per se, but as collateral damage from the sanctions heaped upon Russia by the US and its allies. We have a structured, deliberative process designed to defend against behavioral flaws we exhibit as human beings, such as over-confidence and action bias. We refrain from making decisions based upon forecasts of macroeconomic or geopolitical events, where we have little faith in the reliability of such forecasts, ours or those of others. Could one have foreseen this particular set of outcomes, including Russia's military advance, the unparalleled scope, speed, and unanimity of Western sanctions, and the market disorder that immediately followed? Yes, in theory, but only in hindsight is the chain of causality and the outcome clearly visible. In forecasting, one must consider various possible outcomes and their associated probabilities—wherein, by definition, black swans must be discounted as highly unlikely and accorded little weight. We continue to reflect on whether we could have made better decisions with respect to these investments in the run-up to the invasion, on its eve, and in the very brief period after the attack until trading venues closed. Taking into consideration the information available at each point in time, including the predictions of geopolitical experts and the available market prices (which fell sharply at the outbreak of war), we have yet to identify clear oversights or lapses in judgement.

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We continue to believe staying true to the decision-making discipline we have formalized in our investment process will produce over time the best overall result for our clients, even though it will not lead to the best outcome in every instance—as recent events have demonstrated.

The EM landscape is currently fogged by an exceptional confluence of risks: armed conflict, inflation, rising interest rates, volatile commodity prices, and concerns about food and energy security. Another is rising tension in the already stressed US-China relationship. Prior to the Ukraine invasion, China announced a "no limits" strengthening of its strategic economic alliance with Russia—which can be read as an intention to buy a lot more natural gas. It subsequently has refused to denounce Russia's military action. China will likely continue to walk a fine line balancing its relationships to the north and west and is unlikely to take pro-Russian measures that would provoke a Western response, for several reasons. First, the economic benefit to China from a broader strategic partnership with Russia, whose economy is relatively small, is minor compared to the potential negative impact on China's economy and development of harsher global sanctions. Second, after a turbulent year of regulatory reforms in 2021, Chinese policymakers would surely be better served by calibrating their Russian response to promote internal market stability. Third, the important quinquennial conference (the 20th National Party Congress) will occur in October, during which the Chinese government's future leadership and long-term strategic priorities are determined. From the incumbent leadership's perspective, now is not the time to rock the boat further.

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We study changes in the pattern of global trade to understand the challenges and opportunities they present to the businesses we examine. Increased confrontation among the world's economic powers and a deepening focus on local priorities would erode many of the efficiencies conferred by established global networks, whether they be cost-efficient supply chains, open financial platforms, or telecommunications. Uncoupling would materially reduce growth in the world's economic output by increasing input costs and introducing operational frictions. But however ruinous overall, such an environment wouldn't be bad for all companies. Those companies that can develop innovative products or services and then find smart ways to mitigate the potential risks of a less-globalized economy would have a comparative advantage.

One example among our portfolio companies is Discovery Holdings, one of South Africa's leading providers of life and health insurance, which has found a creative way to grow globally without having to actually set up shop in other markets. The company was founded thirty years ago as a specialist life insurer; its major innovation was the development of what is referred to as the "shared values" model of insurance. The idea is to apply behavioral economic principles to benefit both the customer and Discovery, encouraging actions that lead to better health for the former and lower claims costs for the latter.

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For instance, Discovery offers members a subsidized gym membership that costs less the more they visit. The benefits to Discovery are clear: if you can find ways to get your customers to be physically active and eat well, they live longer and healthier lives, and claims costs decrease. Even giving away a free Apple Watch to your customers, as Discovery does when they register for some fitness activities, ends up being a net benefit to the company. The result of these programs has been fewer lapses in premium payments and a better claims experience for Discovery, and health improvements for its customers. For instance, according to Discovery, its Gold-tier members suffered less-severe COVID-19 symptoms than the national average. Discovery has expanded this behavioral model beyond life and health insurance to its auto insurance and investment management businesses, and it is now three years into developing a digital bank in its domestic market.

The potential market for Discovery's shared-value products stretches far beyond South Africa, as health care and pension costs are rising around the world due to aging populations and growth in the upper-middle class in emerging market countries. But other than its life and health business in the UK, Discovery has not directly expanded into other markets. Instead, it has relied on a series of joint ventures and partnerships where it is not responsible for the sale or administration of policies, but rather supplies technology to enable the same behavioral model to be employed under other insurers' brands. It has established many such relationships globally, including with John Hancock in the US, Generali in Europe, and **AIA Group** in Southeast Asia.

This partnership approach not only has the benefit of lower capital requirements for Discovery but also achieves geographic diversification and access to fast-growing markets such as China where the penetration of life and health insurance remains low. As we think about the risks of a less-connected world, Discovery's plan accesses potential growth with less risk than direct foreign expansion would entail. To local consumers and regulators, Discovery is less visible and vulnerable to any pushback—it's not their agents selling insurance in Shenzhen, Bangkok, or Connecticut. And the local trust its partners enjoy has the potential to lead to greater uptake of the product than were it to be offered under Discovery's own brand internationally.

Another company we think is well-positioned to navigate a potential global decoupling is China-based **CATL**, the world's biggest, most technologically diverse, and most profitable electric vehicle (EV) battery manufacturer. CATL dominates China's EV battery market with over 50% market share, supplying most large domestic EV makers as well as Tesla. In particular, CATL is the largest battery supplier for Tesla's Shanghai Gigafactory, which now produces nearly as many cars as its original flagship facility in Fremont, California. With China accounting for half of global EV sales, CATL's position as the dominant supplier there, with the most exhaustive supply chain, is a prize position to hold.

But importantly, CATL is also a significant player outside China, with nearly a quarter of its revenues generated overseas—a proportion that is set to grow with the scheduled opening of a major new facility in Germany this year, followed by potential further expansions to Poland and North America. By expanding its manufacturing bases outside of China, CATL can use its technological and operational expertise to jumpstart the local battery supply chain, pushing down prices and accelerating market growth for EVs, and thereby increasing demand for its batteries. In doing so, it can also head off the protectionism that is commonplace in automotive industries in major markets globally. In a time when competing economic powers threaten to hobble global economic growth, high-quality EM businesses such as Discovery and CATL possess the resources and skills to adapt to shifting realities.

Portfolio Highlights

Although we made only a handful of transactions this quarter, the portfolio's profile changed significantly because of the write-down of our Russian holdings and the outsized returns of stocks benefiting from commodity price inflation. The latter caused our absolute weight in Brazil and Mexico to increase by about 300 bps and 200 bps, respectively; we now have nearly twice as much in Latin America as the Index. This overweight is despite having sold our single holding in Chile, Banco Santander Chile, which we thought had become too richly valued. The portfolio's combined weight in China and Hong Kong also rose—from 300 bps below to 200 bps above the benchmark—due to the elimination of our Russian holdings as well as some new purchases and additions we made to take advantage of share-price declines.

By sector, the principal change has been the sharp drop in our Energy weight due to Lukoil and Novatek. The portfolio is now 300 bps underweight to Energy. Remarkably, our absolute weight in Financials actually increased by 300 bps despite Sberbank, our largest Financials holding at the start of the year, being marked to zero. The increase was caused by the strong outperformance of Financials holdings based in regions that benefited from commodity price inflation, including B3 and Itaú Unibanco of Brazil, and Bancolombia.

We continue to hold both EPAM in IT and CCH in Consumer Staples. EPAM's core advantage is its engineering capability that allows it to provide highly complex and valuable services to its customers. While recognizing that its business prospects are uncertain due to the displacement of many of its engineers by the conflict and potential client and staff defections, we believe it will be difficult for its clients to switch providers in the near term notwithstanding their preferences. EPAM should thus have time to adjust its geographic footprint. CCH operates the Coca-Cola bottling franchise in Russia and the Ukraine, which represented about 20% of the company's operating profit in 2021. That business is obviously under severe threat. However, we consider the shares to be attractive at their current, diminished price given CCH's long-term growth opportunities outside Russia, including Nigeria and Egypt.

> Our large implicit bet against resources, which includes a long-standing absence of Materials, reflects our focus on high-quality, growing businesses. Companies in these sectors are inordinately reliant upon, and vulnerable to, cyclical moves in commodity prices, which makes it rare for them to meet our investment criteria.

Our large implicit bet against resources, which includes a long-standing absence of Materials, reflects our focus on high-quality, growing businesses. Companies in these sectors are inordinately reliant upon, and vulnerable to, cyclical moves in commodity prices, which makes it rare for them to meet our investment criteria, especially competitive advantage and financial strength. Their only potential durable advantage tends to be low production cost, but finding this attribute in combination with high-quality reserves, a case for long-term growth in volumes, and satisfactory corporate governance has always been challenging. Western sanctions on Russia have created a supply squeeze in the short term, elevating commodity prices. We are disinclined to make a dash for more commodity exposure, given uncertainty about the duration and effectiveness of sanctions, alternative supply and substitution response, and the cyclical demand outlook, preferring instead to let our deliberative research process bring attractive long-term investments to our attention.

While now having minimal direct exposure to the fossil fuel industry, the portfolio holds several businesses that are firmly part of the global energy transition—a transition that should accelerate if energy prices remain elevated. Examples include the Brazilian industrial equipment manufacturer **WEG**, which has a growing solar-energy equipment business, and the Chinese companies CATL, **Baidu** (designer of autonomous driving systems), and Sanhua Intelligent Controls (whose thermal management components are needed in EVs).

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China continues to offer opportunities across diverse industries. In Health Care, we purchased WuXi AppTec, a global leader in outsourced services for small molecule drug development and manufacturing. It has a unique capability to support the entire drug development process from early-stage small molecule drug discovery, through lab analysis and clinical services, to manufacturing. The company's research platform serves over 5,600 customers from facilities across China, the US, Europe, and the Middle East. WuXi AppTec's main competitive advantage is access to highly qualified Chinese scientists and technicians—it currently has over 30,000 on its staff—at substantially lower cost than firms in other global drug-development hubs in Europe, the US, and South Korea. Its management team has broad experience at Western pharmaceutical companies including Biogen, Merck, and Bristol Myers Squibb. WuXi AppTec's recent financial results showed the company's growth potential and earnings power. In 2021, it added over 1,600 new customers and grew revenues at nearly 40%. Growth is set to accelerate this year due to strong demand arising from COVID-19-related commercial projects, and we expect operating profit to grow fivefold over the next seven years.

In Consumer Discretionary, we purchased the domestic sportswear company **Li-Ning**, which enjoys a strong brand domestically owing to the popularity of the company's eponymous founder, an Olympic gold-medalist gymnast. We estimate Li-Ning's revenue growth will exceed 20% per annum over the next few years as sportswear remains underpenetrated in China. Government programs aimed at encouraging higher sports participation and less screen time among kids is another potential tailwind.

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Emerging Markets Holdings (as of March 31, 2022)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	China	0.8
CD Projekt (Video game developer)	Poland	0.5
NCSOFT (Video game developer)	South Korea	0.5
Safaricom (Mobile network operator)	Kenya	1.1
Tencent (Internet and IT services)	China	4.1
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	2.9
Astra International (Auto business operator)	Indonesia	0.9
China Tourism Group Duty Free (Duty free services)	China	0.7
Coway (Consumer appliances manufacturer)	South Korea	0.7
Eclat Textile (Technology-based textile manufacturer)	Taiwan	1.6
Fuyao Glass (Automotive glass manufacturer)	China	0.9
JD.com (E-commerce retailer)	China	0.1
Li-Ning (Athletic footwear and apparel retailer)	China	0.2
Lojas Renner (Department stores operator)	Brazil	0.5
Magazine Luiza (Consumer products retailer)	Brazil	0.3
Maruti Suzuki (Automobile manufacturer)	India	1.4
Midea Group (Consumer appliances manufacturer)	China	1.6
Shenzhou International (Textile manufacturer)	China	1.0
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.3
CBD (Foods and consumer products retailer)	Brazil	0.1
Coca-Cola HBC (Coca-Cola bottler)	UK	1.5
East African Breweries (Alcoholic beverages mfr.)	Kenya	0.1
FEMSA (Beverages manufacturer and retail operator)	Mexico	1.6
LG Household & Health Care (Cons. products mfr.)	South Korea	1.9
Walmart de México (Foods & cons. products retailer)	Mexico	2.4
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Novatek (Natural gas producer)	Russia	0.0*
Tenaris (Steel-pipe manufacturer)	Italy	1.4
Ultrapar (Fuel distributor and chemicals producer)	Brazil	0.4
Financials		
AIA Group (Insurance provider)	Hong Kong	2.7
B3 (Clearing house and exchange)	Brazil	1.2
Banco Bradesco (Commercial bank)	Brazil	0.5
Bancolombia (Commercial bank)	Colombia	1.0
Bank Central Asia (Commercial bank)	Indonesia	1.0
Bank of Georgia (Commercial bank)	UK	0.2
Bank Rakyat (Commercial bank)	Indonesia	1.6
Commercial International Bank (Commercial bank)	Egypt	0.5
Discovery Holdings (Insurance provider)	South Africa	1.5
GF Banorte (Commercial bank)	Mexico	2.4
HDFC Bank (Commercial bank)	India	1.2
HDFC Corp. (Mortgage lender)	India	2.7

Financials	Market	End Wt. (%)
Itaú Unibanco (Commercial bank)	Brazil	1.4
Komerční Banka (Commercial bank)	Czech Republic	1.0
Kotak Mahindra Bank (Commercial bank)	India	1.6
Ping An Insurance (Insurance provider)	China	1.7
Sberbank (Commercial bank)	Russia	0.0*
Siam Commercial Bank (Commercial bank)	Thailand	1.2
Standard Bank (Commercial bank)	South Africa	1.3
XP (Broker dealer and financial services)	Brazil	0.7
Health Care		
CSPC Pharmaceutical Group (Pharma manufacturer)	China	1.5
Jiangsu Hengrui Medicine (Pharma manufacturer)	China	0.3
Sino Biopharmaceutical (Pharma manufacturer)	China	0.3
WuXi AppTec (Biopharma manufacturer)	China	0.7
WuXi Biologics (Biopharma manufacturer)	China	1.2
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	1.6
ASUR (Airport operator)	Mexico	1.5
CATL (Battery systems manufacturer)	China	0.6
Copa Holdings (Airline operator)	Panama	0.6
Localiza (Automobile rental services)	Brazil	1.4
Meyer Optoelectronic (Optical machine manufacturer)	China	0.7
Sanhua Intelligent Controls (HVAC&R parts mfr.)	China	1.2
SF Holding (Delivery services)	China	0.4
Techtronic Industries (Power tools manufacturer)	Hong Kong	2.5
WEG (Industrial equipment manufacturer)	Brazil	0.9
ZTO Express (Express delivery services)	China	1.0
Information Technology		
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	0.9
EPAM (IT consultant)	US	2.1
Hon Hai Precision (Electronics manufacturer)	Taiwan	1.7
Largan Precision (Smartphone lens modules producer)	Taiwan	0.4
Network International (Electronic payment services)	UK	0.5
Samsung Electronics (Electronics manufacturer)	South Korea	5.4
Sangfor (IT security services)	China	0.5
Silergy (Electronics chips manufacturer)	Taiwan	1.5
Sunny Optical (Optical components manufacturer)	China	1.2
Tata Consultancy Services (IT consultant)	India	3.0
TSMC (Semiconductor manufacturer)	Taiwan	5.4
Materials		
No Holdings		
Real Estate		
Country Garden Services (Residential property mgr.)	China	0.4
Utilities		
ENN Energy (Gas pipeline operator)	China	1.7
Cash		3.0

*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.

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.

1Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
Gazprom*	ENER	–	0.4	0.59
Discovery Holdings	FINA	1.2	0.1	0.39
Localiza	INDU	1.1	0.1	0.36
GF Banorte	FINA	2.0	0.2	0.35
Meituan*	DSCR	–	1.3	0.35

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
Meituan*	DSCR	–	1.5	0.66
GF Banorte	FINA	1.7	0.2	0.63
Walmart de México	STPL	1.7	0.2	0.60
Tata Consultancy Services	INFT	2.6	0.5	0.47
Naspers*	DSCR	–	0.7	0.44

1Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
Novatek	ENER	1.4	0.2	-1.95
Lukoil	ENER	1.6	0.3	-1.85
Sberbank	FINA	1.4	0.3	-1.80
EPAM	INFT	2.1	–	-1.63
Yandex	COMM	0.9	0.1	-1.39

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EM	Avg. Weight MSCI EM	Effect
Sberbank	FINA	2.2	0.5	-1.50
Lukoil	ENER	2.1	0.4	-1.39
Novatek	ENER	2.2	0.2	-1.36
Yandex	COMM	1.7	0.2	-1.35
LG Household & Health Care	STPL	2.1	0.1	-0.89

*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] (%)	16.2	16.3
Return on Assets[1] (%)	9.8	7.7
Return on Equity[1] (%)	16.7	15.0
Debt/Equity Ratio[1] (%)	34.9	40.1
Std. Dev. of 5 Year ROE[1] (%)	3.6	4.2
Sales Growth[1,2] (%)	11.1	9.7
Earnings Growth[1,2] (%)	12.3	12.3
Cash Flow Growth[1,2] (%)	12.6	14.1
Dividend Growth[1,2] (%)	9.6	11.2
Size and Turnover	**HL EM**	**MSCI EM**
Wtd. Median Mkt. Cap. (US $B)	30.1	33.1
Wtd. Avg. Mkt. Cap. (US $B)	112.5	125.3
Turnover[3] (Annual %)	16.0	–

Risk and Valuation	HL EM	MSCI EM
Alpha[2] (%)	-2.63	–
Beta[2]	1.08	–
R-Squared[2]	0.92	–
Active Share[3] (%)	70	–
Standard Deviation[2] (%)	18.61	16.50
Sharpe Ratio[2]	0.15	0.32
Tracking Error[2] (%)	5.3	–
Information Ratio[2]	-0.48	–
Up/Down Capture[2]	103/112	–
Price/Earnings[4]	18.6	12.5
Price/Cash Flow[4]	13.5	8.8
Price/Book[4]	2.9	2.1
Dividend Yield[5] (%)	1.7	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner Emerging Markets 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 Emerging Markets Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established[1]	Market	Sector
CATL	China	INDU
Li-Ning	China	DSCR
WuXi AppTec	China	HLTH

Positions Sold	Market	Sector
51job	China	INDU
Amorepacific	South Korea	STPL
Banco Santander Chile	Chile	FINA

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

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 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 March 31, 2022)

	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)
2022 YTD[4]	-16.80	-16.98	-6.92	21.02	18.05	N.A.[5]	14	12,041	64,240
2021	-2.34	-3.19	-2.22	20.48	18.35	1.1	13	15,537	75,084
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

[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.

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 24 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 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 Emerging Markets Equity Composite has had a performance examination for the periods December 1, 1998 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 Emerging Markets Equity accounts is 1.05% annually of the market value for the first $20 million; 0.75% for the next $80 million; 0.70% for the next $100 million; 0.55% above $200 million. The management fee schedule and total expense ratio for the Emerging Markets Equity Collective Investment Fund, which is included in the composite, are 0.90% on all assets and 1.00%, 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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