Emerging Markets Equity

Quarterly Report | Second Quarter 2023

HARDING LOEVNER

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The six top-performing markets globally were emerging markets (EMs). If not for a steep decline in China, EMs would have kept pace with developed markets.

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EM countries are important drivers of the world's transition away from fossil fuels to electrification. We highlight three holdings that are adapting their technical and manufacturing expertise to this new environment.

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Composite Performance

Total Return (%) — Periods Ended June 30, 2023[1]

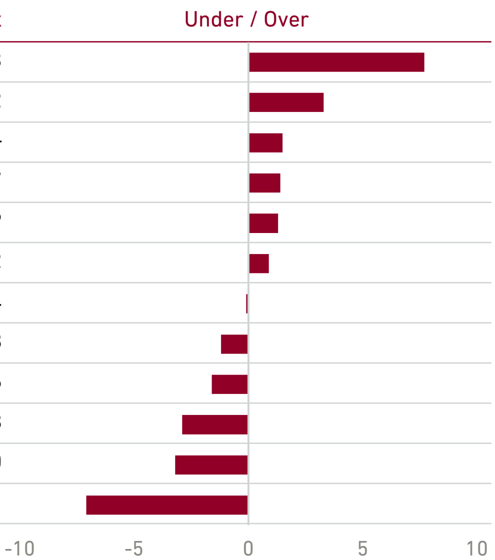
	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Emerging Markets Equity (Gross of Fees)	2.39	5.98	5.73	0.92	-0.86	3.53	10.22
HL Emerging Markets Equity (Net of Fees)	2.15	5.51	4.82	0.04	-1.73	2.62	9.31
MSCI Emerging Markets Index[4,5]	1.04	5.10	2.22	2.72	1.32	3.33	7.74

[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.

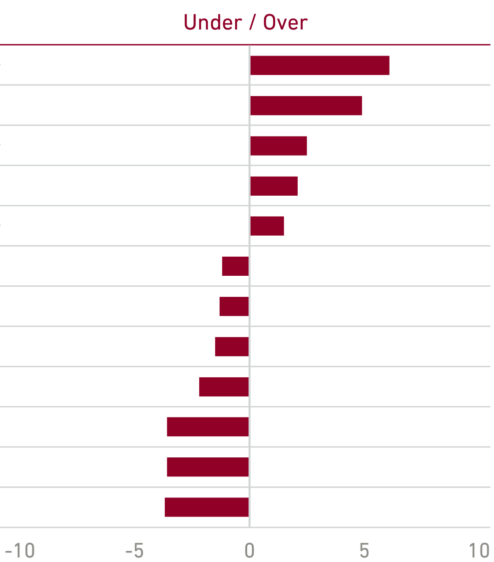
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Industrials	14.0	6.3
Cons Discretionary	16.5	13.2
Cash	1.5	–
Real Estate	3.1	1.7
Financials	23.2	21.9
Info Technology	22.1	21.2
Cons Staples	6.3	6.4
Health Care	2.6	3.8
Utilities	1.0	2.6
Comm Services	6.9	9.8
Energy	1.8	5.0
Materials	1.0	8.1



Geography	HL	Index
Dev. Market Listed[6]	6.1	–
Latin America	14.2	9.3
Frontier Markets[7]	2.5	–
China + Hong Kong[8]	31.7	29.6
Cash	1.5	–
Africa	2.1	3.3
Europe	0.9	2.2
Rest of Asia	4.4	5.9
India	12.4	14.6
Middle East	3.6	7.2
Taiwan	12.0	15.6
South Korea	8.6	12.3



[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 28.4% and Hong Kong is 3.3%. The benchmark does not include Hong Kong.

"HL": Emerging Markets model portfolio. "Index": MSCI Emerging Markets 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, FactSet, MSCI Inc. 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

In contrast to the quarter's ebullient developed markets, the MSCI EM Index returned a paltry 1.0%, weighed down by China's 9.7% decline. However, EMs outside China gained positive momentum, with the EM ex China Index rising 6.2%, keeping pace with the MSCI World Index. In fact, the six top-performing markets globally were EMs.

In many EMs, economic activity was more robust than expected, spurring upward revisions in GDP growth for a host of Latin American and Eastern European countries. Inflationary pressures also generally subsided, elevating the credibility of EM central banks that acted early and decisively to begin increasing interest rates in 2021.

January's market euphoria surrounding China's reopening and an anticipated surge in economic activity and consumer confidence proved misguided as the year progressed. Economic data for April confirmed that the country's industrial activity is weakening and imports are contracting, amid subdued investment and domestic demand. Consumer sentiment continued to be hampered by broad economic uncertainty and a property sector that has achieved a fragile stabilization at best. The yuan also weakened against the US dollar, depreciating more than 5% to end the quarter at 7.25, flirting with October's historic lows. Equity markets signaled unease by lurching lower in May as investors waited impatiently for more vigorous policy support. In its June meeting, China's central bank cut the prime lending rate by 10 basis points (bps), but outside of specific support for the electric vehicle industry, the government did not reveal broader economic stimulus.

MSCI EM Index Performance (USD %)

Sector	2Q 2023	Trailing 12 Months
Communication Services	-6.7	-2.8
Consumer Discretionary	-6.4	-15.4
Consumer Staples	0.0	4.3
Energy	12.4	14.2
Financials	5.8	7.0
Health Care	-2.5	-9.3
Industrials	2.5	6.4
Information Technology	5.2	14.7
Materials	-4.0	2.5
Real Estate	-4.8	-17.4
Utilities	4.5	-6.1
Geography	**2Q 2023**	**Trailing 12 Months**
Africa	-4.5	-0.5
South Africa	-4.7	-1.0
Asia	-0.6	-0.5
China	-9.7	-16.7
India	12.4	14.7
South Korea	4.5	13.6
Taiwan	4.8	13.5
Europe	11.7	42.8
Latin America	14.3	30.7
Brazil	20.8	30.4
Mexico	5.8	35.7
Middle East	4.2	-4.7
Saudi Arabia	6.3	-1.5
MSCI EM Index	1.0	2.2

Source: FactSet, MSCI Inc. Data as of June 30, 2023.

> The six top-performing markets globally were EMs.

While US growth stocks continued to roar, Chinese growth stocks remained out of favor. Those that score above average on measures of both quality and growth underperformed those that rank below average by over 900 bps. This was reflected in the underperformance of the Consumer, Health Care, and Communication Services sectors versus the broader Chinese market, while low-quality, state-owned companies in Energy, Utilities, and Financials proved relatively resilient.

Latin America was the strongest region during the quarter, led by Brazil. With inflation threats receding, Brazil was one of several EM markets benefiting from a growing expectation of rate cuts later this year. The fact that President Lula has done little meddling in business activities during his first six months in office has further supported investor sentiment toward the country. The state-owned oil giant Petrobras announced a large dividend to shareholders and affirmed that international market prices would continue to be a consideration when setting domestic diesel prices, which should preserve positive cash flows.

Returns in Emerging Europe were also strong, buoyed by low unemployment and rising household incomes. Turkey's large decline was a notable exception. President Erdogan won an election victory by a narrow margin in May, and investors are skeptical of his claims that economic policies will become more market friendly.

In Asia, outside of China, the largest markets outperformed. They were led by India, where cooling inflation is ameliorating the need for further rate increases and should support consumption. The argument that India could be a significant long-term beneficiary of industrial diversification away from China was bolstered by headline announcements from Amazon and Google that they are

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 June 30, 2023 is available on page 9 of this report.

planning a combined US$25 billion of investment to significantly expand their Indian operations. Meanwhile, South Korea and Taiwan benefited from a large exposure to semiconductor stocks.

Africa was the weakest region, hurt by declines in metals and mining stocks. This was due to weak commodities prices, notably platinum and iron ore—a reverberation of China's economic malaise.

Sector returns were led by Energy (with help from Petrobras) despite softer crude oil prices. Information Technology (IT) rose amid global enthusiasm for artificial intelligence (AI), after US chip designer NVIDIA announced an explosion in demand for its graphics chips, or GPUs, that power large language models such as OpenAI's ChatGPT. In South Korea, global leaders in memory semiconductors, such as SK Hynix and **Samsung Electronics**, rose on the expectation that AI will spur increased demand for their products as well. Stocks of Taiwanese computing-equipment manufacturers with a large exposure to AI server production, such as Quanta Computer and Lite-On, also soared.

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Financials stocks were strong, especially in Eastern Europe, where robust economic activity is supporting bank asset quality and net interest margins have flourished. Financials in Brazil and India were boosted by better-than-expected economic performance and the prospects for falling interest rates, which would raise credit demand. Consumer Discretionary, Real Estate, and Communication Services all lagged the index, dragged down by their heavy weighting to poor-performing Chinese stocks.

Performance and Attribution

The EM composite returned 2.4% gross of fees during the second quarter, ahead of the 1.0% return of the MSCI EM Index. For the trailing 12 months, the portfolio returned 5.7% gross of fees, outperforming the index's 2.2% return.

For the quarter, the strategy was able to overcome the style headwind facing growth stocks, especially in China. Stock selection was strong in Financials, Energy, and Real Estate, while we had weaker results in Health Care and IT. Sector allocations overall were also beneficial, primarily because we were underweight Materials and Communication Services.

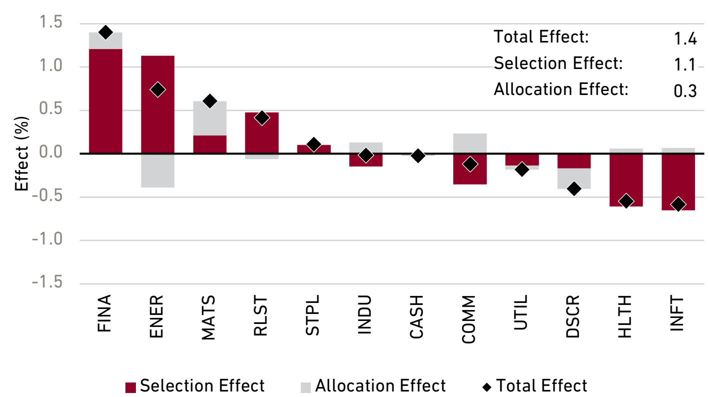
In Financials, all Brazilian holdings were top contributors to relative returns, as the easing of inflationary pressures and the prospect of interest-rate cuts later this year boosted Banco Bradesco and **Itaú Unibanco**. Shares of Brazil's leading investment platform, **XP**, almost doubled as the company's agile expense management lifted profits and new business segments, such as credit cards, demonstrated healthy growth.

Elsewhere, UAE-based Network International, a provider of payment and card-issuance solutions in the Middle East and Africa, received two competing bids to take the company private at an attractive premium. (As the stock approached the price of the highest offer and exceeded our analyst's fair value estimate, we decided to exit.)

Second Quarter 2023 Performance Attribution

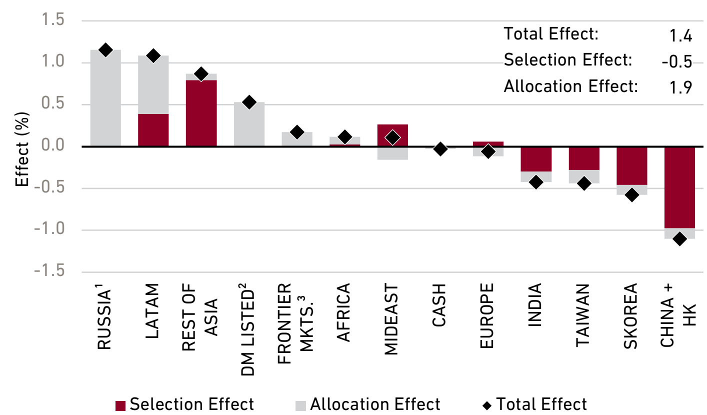
Sector

Emerging Markets Equity Composite vs. MSCI EM Index



Geography

Emerging Markets Equity Composite vs. MSCI EM Index



[1]At the close of trading on March 9, 2022, MSCI removed Russia from its indexes at a price that was effectively zero. [2]Emerging markets or frontier markets companies listed in developed markets. [3]Includes countries with less-developed markets outside the index. Source: Harding Loevner Emerging Markets Equity composite, FactSet, MSCI Inc. 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.

We generated a performance boost in Energy by selling Russian natural gas company Novatek, whose shares we have priced at effectively zero since March 2022 due to our inability (until this quarter) to transact in the stock. The sale was a breakthrough in our efforts to realize value from the portfolio's Russian holdings, and it contributed 115 bps to relative returns in the quarter. We continue to monitor potential opportunities to realize value for the remaining three Russian holdings.

In Real Estate, **Emaar Properties**, the property developer and mall operator, rallied after reporting continued momentum in sales of Dubai real estate, with a revival in demand from Chinese buyers. The company also revealed a new planned development on the outskirts of Dubai city called The Oasis, consisting of 7,000 high-end residential units with an estimated total value of US$20 billion.

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Poor returns in Health Care were primarily due to **WuXi AppTec**, China's leading provider of development and manufacturing services for biotech companies. Management reported sluggish revenue growth but said it still expects full-year revenue to be 25% to 30% higher than last year (excluding one-off revenues in 2022 from the COVID-19 vaccine). In IT, digital engineering services provider **EPAM** reduced its near-term earnings forecast due to a slowdown in customer demand amid global economic uncertainty. Shares of **LONGi**, a Chinese solar panel manufacturer, plummeted due to concern that heavy investments by its competitors will result in overcapacity for the industry.

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By region, our strong performance in Brazil and Indonesia was offset by weaker returns in China and South Korea. In Indonesia, motor-vehicle manufacturer and distributor **Astra International** is benefiting from higher selling prices of four-wheel passenger cars and robust consumer confidence. In China, our results were impeded by our preference for high-quality growth stocks, particularly those of companies with consumer-facing brands. Shares of **Li-Ning**, a leading Chinese sportswear company, plunged due to soft demand for its sneakers and sports gear, as low-income and middle-income consumers—core customers of the brand—were hurt by the weak macroeconomic environment. **China Tourism Group Duty Free** (CTGDF), manager of duty-free malls in Hainan island and concessions in major domestic airports, suffered an anemic revival in sales. Tourist trips to Hainan have increased this year amid China's reopening but with reduced spending per capita. Although outbound international travel from China has picked up, it is still well below pre-pandemic levels, adding pressure on CTGDF to reduce lingering excess inventory.

Perspective and Outlook

Electricity is vital for the modern industrial economy. Yet more than 140 years after Thomas Edison invented a practical light bulb, electricity accounts for only about 20% of final energy consumption globally. Instead, most of the energy consumed by the world today comes directly from burning fossil fuels and their derivatives, such as gasoline for motor vehicles.

The world's reliance on fossil fuels is set to decline dramatically, however. According to estimates from the intergovernmental International Energy Agency (IEA), by 2050 half of the world's direct energy usage—whether for powering a factory, heating a home, or running a motorbike—may rely on electricity. And up to 90% of that electricity will be generated by renewable sources such as solar power, wind turbines, and hydropower.[1]

This multidecade electrification project will likely transform many industry structures and thus create new investment opportunities. Transporting, storing, and adapting electricity for its intended purpose requires complex circuits and semiconductor chips that are manufactured using specialized technology. As electricity travels from its source to its ultimate destination, it changes form numerous times: in current and in voltage, from hundreds of thousands of volts to a few hundred. Not delivering it in the right form can mean wasted power at best or life-threatening fires at worst.

EM countries are important drivers of this historic transformation in energy consumption. According to IEA estimates, over 80% of the growth in electricity demand by 2030 will occur in EM countries.[2] China has been leading the way by creating policies and financial incentives in support of electrification technologies and to enable companies to build the manufacturing scale needed to provide a low-cost supply of the necessary equipment. For example, electric vehicles (EVs) already represent about a third of China's car sales, thanks in part to government subsidies. While there are only about 130,000 public EV chargers in the US, China has installed nearly 2 million. Policymakers in India and Indonesia are also looking to take advantage of the potential for electricity to be a cleaner and cheaper supply of energy by paving the way for more EVs to be manufactured and sold, by working to develop EV-charging infrastructure in addition to offering tax incentives.

In our research, we have been working to identify EM companies with durable competitive advantages that can not only adapt to but also thrive in this new electrified environment. One example is longtime holding **WEG**, founded in 1961 as Eletromotores Jaraguá,

[1]International Energy Agency (IEA), *World Energy Outlook 2022*, 281, 284. Estimates are based on IEA's Net Zero Emissions by 2050 Scenario, which indicates the developments required to stabilize the rise in global average temperatures at 1.5 degrees Celsius. A more conservative estimate from the IEA, the Announced Pledges Scenario, indicates about 40% of the world's direct energy usage will rely upon electricity, and up to 80% of electricity will be generated by renewable sources.

[2]IEA, *World Energy Outlook 2021*, 196.

a nod to its home city in Brazil. Befitting its name, WEG started out making electric motors for industrial use, an area of business where it now enjoys a nearly 80% share in its home market. This early focus on electric motors was prescient: nearly half of the electricity used in the world today powers motors, largely in buildings and industrial applications. Motors in all their forms will likely become even more important in the years ahead as vehicles and manufacturing plants are increasingly electrified. Some electric buses and trucks are already using WEG motors.

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While WEG is manufacturing motors for its global customers, **Delta Electronics**, based in Taiwan, is refining the delivery of power to motors. Delta is the world's largest manufacturer of power supplies, which convert electricity to its necessary form for powering different types of computers and industrial systems. The company enjoys as high as 70% global market share for its key products used in servers in data centers, which require higher voltages. Now, with the growing demand for EVs, Delta is applying similar technology to power components used in cars and charging stations. Safety, reliability, and efficiency are critically important for such high-voltage scenarios, and Delta's expertise and reputation for quality products provide a competitive advantage. Delta's devices also help EVs get better mileage from each charge, a key goal of EV manufacturers, by reducing the power lost during the conversion process. Fourteen of the world's top 20 EV producers use Delta's power products. So far this year, Delta's EV power businesses have doubled their revenue and are on track to contribute more than 10% of the company's total annual sales.

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China's **StarPower** is another beneficiary of electrification, through its business designing and manufacturing a type of semiconductor called insulated-gate bipolar transistors (IGBTs). Just as the heart pumps blood throughout the body, IGBTs help distribute the correct forms of electricity through industrial equipment and power grids. StarPower is also using this expertise to make IGBTs for solar power stations and EVs, which together account for nearly two-thirds of its sales. The company has become a leading supplier to Chinese EV manufacturers by offering a combination of low cost and an ability to rapidly engineer products to meet the technical requirements of new car models.

Additionally, this year, StarPower will become the first company in China to make chips for EVs on a commercial scale using a new, more efficient technology based on silicon carbide, which can extend the range of a typical EV by as much as 20% on the same battery. While silicon carbide is difficult to produce at scale—it is one of the hardest materials in the world, after diamonds—the supply chain continues to develop quickly. We estimate that these chips will constitute more than 10% of StarPower's sales next year.

Even after two centuries, the journey of electricity is still only getting started. We believe the three companies above are among the best prepared to adapt their technical and manufacturing expertise to this new environment, creating competitive advantages that are ever more powerful.

Portfolio Highlights

Electrification was the theme of two purchases this quarter—Delta Electronics and StarPower, both discussed in the previous section. But our bottom-up analysis is what determines where we invest, and our research led us to sell Taiwan's Silergy, another company that contributes to the electrification process, due to our concerns about its competitive environment.

Silergy is a leading maker of power management integrated circuits (PMICs), components that ensure sensitive semiconductor chips in electronic devices receive consistent and reliable power. While demand for PMICs has been falling this year, we view this as a cyclical slowdown and not a significant concern for Silergy due to its financial strength. We are more concerned, however, about changes in the structure of the PMIC industry caused by Texas Instruments (TI), a key competitor. TI is planning to add 40% more manufacturing capacity for its PMIC chips over the next two years, with possible support from tax breaks offered by the US CHIPS and Science Act. We fear such a large increase in capacity will lead to a significant rise in competitive intensity and erode Silergy's pricing power.

Shifting from electronics to earth-moving equipment, we bought a new holding in **Hengli Hydraulic**, which produces hydraulic components used in excavators and other applications. China's rapid and massive development over the past three decades created an enormous market for heavy machinery that requires hydraulic components. Founded in 1990, Hengli took advantage of this demand and developed world-class products and manufacturing scale to become a leading global supplier of hydraulic equipment. For the past five years, the company has enjoyed annual average earnings growth of more than 30%.

Hengli's growth in its home market and globally has been supported by the significant cost advantages afforded by its scale and the localization of its supply chain in China. By offering lower prices than rivals such as Kawasaki, Bosch Rexroth, and Nabtesco, Hengli has gained share in a market where buyers can be price sensitive, given that hydraulics can constitute about 20% of the cost of making an excavator. Hengli's customers include large multinational manufacturers such as Caterpillar, Deere, and Volvo. While the Chinese market for excavators is no longer booming to the degree it once was, the company continues to have significant growth opportunities in China and abroad. Hengli has operated a large warehouse in Chicago since 2017, recently completed a new plant in Mexico to serve North American customers such as Caterpillar, and is considering an additional plant in Indonesia where Chinese customers like Sany have manufacturing facilities.

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Our underweight to banks widened with the sale of two holdings, Banco Bradesco and SCB X. In Brazil, where inflation and interest rates have been well above their ten-year averages for more than a year, we grew concerned over Banco Bradesco's significant exposure to lower-income customers, whose ability to repay loans are most affected by these conditions. Bradesco is Brazil's leading bank and had been a long-term holding in this portfolio, but we have become more skeptical of management's foresight. The bank seems to be growing its riskier unsecured loan book at a much faster rate than Brazilian peers, a sign that it is tapping into a riskier pool of clients for higher yields at an inopportune time in the country's interest-rate cycle. Regarding Thai bank SCB X, we became wary of its slowing growth and efforts to diversify into unrelated digital businesses such as food-delivery and ride-hailing services.

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.

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Emerging Markets Holdings (as of June 30, 2023)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	China	0.5
CD Projekt (Video game developer)	Poland	0.5
Naver (Internet services)	South Korea	1.0
NCSOFT (Video game developer)	South Korea	0.6
Safaricom (Mobile network operator)	Kenya	0.5
Tencent (Internet and IT services)	China	3.8
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	1.7
China Tourism Group Duty Free (Duty free services)	China	0.8
Coway (Consumer appliances manufacturer)	South Korea	0.4
Eclat Textile (Technology-based textile manufacturer)	Taiwan	1.8
Fuyao Glass (Automotive glass manufacturer)	China	0.5
JD.com (E-commerce retailer)	China	1.3
Li-Ning (Athletic footwear and apparel retailer)	China	1.1
Lojas Renner (Department stores operator)	Brazil	0.7
Magazine Luiza (Consumer products retailer)	Brazil	1.6
Maruti Suzuki (Automobile manufacturer)	India	2.4
Midea Group (Consumer appliances manufacturer)	China	1.3
Shenzhou International (Textile manufacturer)	China	1.4
Trip.com Group (Online travel services)	China	1.5
Consumer Staples		
Coca-Cola HBC (Coca-Cola bottler)	UK	1.4
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.1
LG Household & Health Care (Cons. products mfr.)	South Korea	1.0
Walmart de México (Foods and cons. products retailer)	Mexico	1.9
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Tenaris (Steel-pipe manufacturer)	Italy	1.8
Financials		
AIA Group (Insurance provider)	Hong Kong	1.8
Al Rajhi Bank (Commercial bank)	Saudi Arabia	1.0
B3 (Clearing house and exchange)	Brazil	0.8
Bancolombia (Commercial bank)	Colombia	0.5
Bank Central Asia (Commercial bank)	Indonesia	1.4
Bank of Georgia (Commercial bank)	UK	0.5
Bank Rakyat (Commercial bank)	Indonesia	1.6
Commercial International Bank (Commercial bank)	Egypt	0.5
Discovery Holdings (Insurance provider)	South Africa	0.6
GF Banorte (Commercial bank)	Mexico	1.8
HDFC Bank (Commercial bank)	India	2.8
HDFC Corp. (Mortgage lender)	India	2.2
Itaú Unibanco (Commercial bank)	Brazil	1.3
Kaspi.kz (Banking and financial services)	Kazakhstan	1.2
Komerční Banka (Commercial bank)	Czech Republic	0.5
Kotak Mahindra Bank (Commercial bank)	India	1.1

Financials	Market	End Wt. (%)
Ping An Insurance (Insurance provider)	China	1.9
Sberbank (Commercial bank)	Russia	0.0*
Standard Bank (Commercial bank)	South Africa	1.0
XP (Broker dealer and financial services)	Brazil	0.9
Health Care		
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.8
WuXi AppTec (Biopharma manufacturer)	China	1.2
WuXi Biologics (Biopharma manufacturer)	China	0.5
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	1.8
Astra International (Auto business operator)	Indonesia	1.4
CATL (Battery systems manufacturer)	China	1.0
Copa Holdings (Airline operator)	Panama	0.8
Hengli Hydraulic (Hydraulic components mfr.)	China	1.1
Inovance (Industrial controls manufacturer)	China	0.7
Localiza (Automobile rental services)	Brazil	1.7
Meyer Optoelectronic (Optical machine manufacturer)	China	0.8
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	1.7
Techtronic Industries (Power tools manufacturer)	Hong Kong	0.9
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	0.6
Aspeed (Electronic chip designer and manufacturer)	Taiwan	0.9
Delta Electronics (Power management products)	Taiwan	1.1
EPAM (IT consultant)	US	1.0
Globant (Software developer)	US	1.5
Hon Hai Precision (Electronics manufacturer)	Taiwan	0.7
LONGi (Solar power equipment manufacturer)	China	1.1
Samsung Electronics (Electronics manufacturer)	South Korea	5.6
StarPower (Semiconductor manufacturer)	China	1.0
Tata Consultancy Services (IT consultant)	India	3.0
TSMC (Semiconductor manufacturer)	Taiwan	5.7
Materials		
Asian Paints (Paint manufacturer)	India	0.9
Real Estate		
Country Garden Services (Residential property mgr.)	China	0.5
Emaar Properties (Real estate developer and manager)	UAE	2.6
Utilities		
ENN Energy (Gas pipeline operator)	China	1.0
Cash		1.5

*Since March 7, 2022, we have fair valued our Russian holdings at effectively zero because we cannot trade the securities on their respective markets and we have not identified a reliable alternative fair value.

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 securities identified have been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

2Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Novatek	ENER	<0.1	–	1.15
XP	FINA	0.6	–	0.44
Network International	FINA	0.2	–	0.44
Localiza	INDU	1.6	0.1	0.41
Emaar Properties	RLST	2.3	0.2	0.32

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Novatek	ENER	<0.1	–	1.20
GF Banorte	FINA	2.0	0.3	0.78
Network International	FINA	0.7	–	0.64
Meituan	DSCR	<0.1	1.4	0.63
Localiza	INDU	1.7	0.1	0.60

2Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
LONGi	INFT	1.4	<0.1	-0.56
China Tourism Group Duty Free	DSCR	0.9	0.1	-0.51
AirTAC	INDU	2.3	0.1	-0.43
WuXi AppTec	HLTH	1.5	0.1	-0.40
EPAM	INFT	1.1	–	-0.35

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
LONGi	INFT	1.3	<0.1	-1.11
WuXi AppTec	HLTH	1.7	0.1	-0.85
China Tourism Group Duty Free	DSCR	1.1	0.1	-0.81
Li-Ning	DSCR	1.2	0.3	-0.52
Petrobras*	ENER	–	0.8	-0.49

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.
"HL": Emerging Markets composite. "Index": MSCI Emerging Markets Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	17.1	14.9
Return on Assets[1] (%)	9.5	5.9
Return on Equity[1] (%)	17.1	15.6
Debt/Equity Ratio[1] (%)	30.3	46.5
Std. Dev. of 5 Year ROE[1] (%)	4.1	4.6
Sales Growth[1,2] (%)	10.6	9.0
Earnings Growth[1,2] (%)	12.2	10.3
Cash Flow Growth[1,2] (%)	11.5	10.3
Dividend Growth[1,2] (%)	10.2	6.7

Size and Turnover	HL	Index
Wtd. Median Mkt. Cap. (US $B)	25.4	29.3
Wtd. Avg. Mkt. Cap. (US $B)	99.2	109.2
Turnover[3] (Annual %)	17.5	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-1.95	–
Beta[2]	1.06	–
R-Squared[2]	0.93	–
Active Share[3] (%)	70	–
Standard Deviation[2] (%)	20.52	18.71
Sharpe Ratio[2]	-0.12	-0.01
Tracking Error[2] (%)	5.5	–
Information Ratio[2]	-0.40	–
Up/Down Capture[2]	104/109	–
Price/Earnings[4]	15.5	11.6
Price/Cash Flow[4]	12.1	8.6
Price/Book[4]	2.5	1.8
Dividend Yield[5] (%)	2.3	3.3

[1]Weighted median. [2]Trailing five years, annualized. [3]Five-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk characteristics): Harding Loevner Emerging Markets composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner Emerging Markets model based on the underlying holdings, FactSet (Run Date: July 5, 2023 based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Delta Electronics	Taiwan	INFT
Hengli Hydraulic	China	INDU
StarPower	China	INFT

Positions Sold	Market	Sector
Banco Bradesco	Brazil	FINA
Meituan	China	DSCR
Network International	UK	FINA
Novatek	Russia	ENER
SCB X	Thailand	FINA
Silergy	Taiwan	INFT
Sunny Optical	China	INFT

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 have 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. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the Emerging Markets Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. 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, 2023)

	HL EM Gross (%)	HL EM Net (%)	MSCI EM Index[1] (%)	HL EM Equity 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)
2023 YTD[4]	5.98	5.51	5.10	18.67	17.65	N.A.	8	5,151	46,871
2022	-26.47	-27.10	-19.74	22.07	20.26	0.4	10	7,234	47,607
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

[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 2023 YTD performance returns and assets shown are preliminary. 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 March 31, 2023.

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, 2023. 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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