Emerging Markets Equity

HARDING LOEVNER

Quarterly Report | Second Quarter 2024

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Emerging markets outpaced developed markets, led by a rally in Taiwan and a recovery in mainland China. Meanwhile, a bevy of elections prompted mixed reactions in South Korea, Mexico, India, and South Africa.

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Composite Performance

Total Return (%) — Periods Ended June 30, 2024

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL Emerging Markets Equity (Gross)	0.09	-0.04	1.69	-10.31	-0.50	1.77	9.87
HL Emerging Markets Equity (Net)	-0.13	-0.50	0.77	-11.09	-1.39	0.88	8.97
MSCI Emerging Markets Index	5.12	7.68	12.97	-4.67	3.48	3.17	7.93

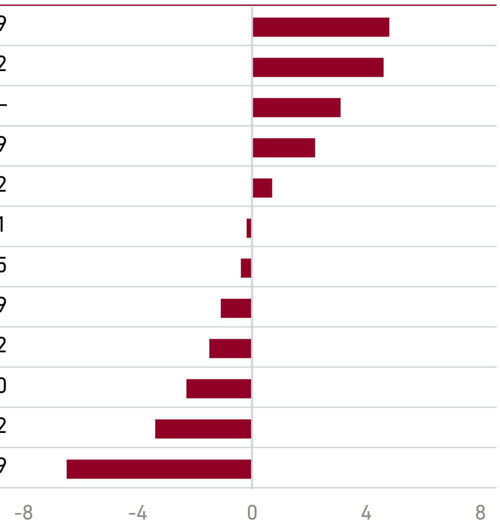
The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Emerging Markets Equity composite inception date: November 30, 1998. MSCI Emerging Markets Index, the benchmark index, is shown gross of withholding taxes.

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)

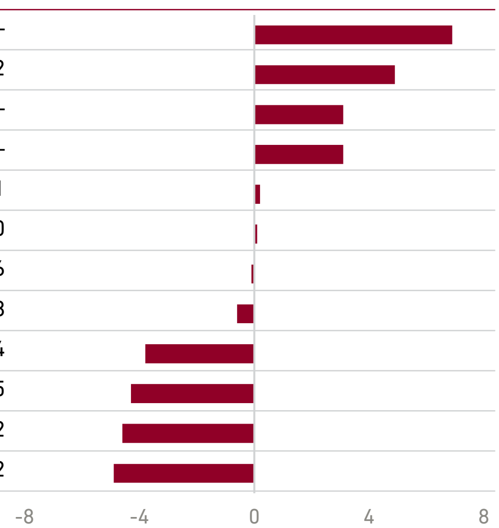
Sector	HL	Index
Industrials	11.7	6.9
Cons Discretionary	16.8	12.2
Cash	3.1	–
Financials	24.1	21.9
Cons Staples	5.9	5.2
Info Technology	24.9	25.1
Real Estate	1.1	1.5
Comm Services	7.8	8.9
Health Care	1.7	3.2
Utilities	0.7	3.0
Energy	1.8	5.2
Materials	0.4	6.9

Under / Over



Geography	HL	Index
Dev. Market Listed	6.9	–
Latin America	12.1	7.2
Cash	3.1	–
Frontier Markets	3.1	–
China + Hong Kong	25.3	25.1
Africa	3.1	3.0
Europe	2.5	2.6
Rest of Asia	4.2	4.8
Taiwan	15.6	19.4
Middle East	2.2	6.5
India	14.6	19.2
South Korea	7.3	12.2

Under / Over



"HL": Emerging Markets model portfolio. "Index": MSCI Emerging Markets Index. "China + Hong Kong": The Harding Loevner Emerging Markets model portfolio's end weight in China is 22.2% and Hong Kong is 3.1%. The benchmark does not include Hong Kong. "Dev. Market Listed": Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong. "Frontier Markets": Includes countries with less-developed markets outside 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, 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

Emerging markets (EMs) outpaced developed markets with a 5% gain in the second quarter, led by a 15% rally in Taiwan, again driven by strength in the artificial intelligence (AI) supply chain, and supported by a 7% return in mainland China. Meanwhile, a bevy of elections prompted mixed reactions in South Korea, Mexico, India, and South Africa, while stocks in Brazil and Indonesia fell as interest rates seemed poised to remain higher for longer.

In Taiwan, strong orders for NVIDIA's AI-enabling chips boosted businesses along the supply chain, including **TSMC**, **Hon Hai Precision**, and other companies in the Information Technology (IT) sector, concentrated in semiconductors and related hardware. In China, amid the ailing real-estate market and its continuing drag on consumer and business confidence, the government introduced a new policy, encouraging public purchases of excess housing inventory. The effort was reminiscent of the Troubled Asset Relief Program (TARP) in the US in 2008, another government effort to stanch a housing crisis. Policymakers also announced details of trade-in subsidies for cars as part of another program similar to the US "cash for clunkers" program in 2009, followed by subsidizing lending rates to encourage industrial-equipment upgrades. The rally faded, however, as these efforts got off to a slow start and economic releases affirmed weak domestic activity. Leading internet company **Tencent**, though, outperformed in the Communication Services sector. The stock rose 24% during the quarter on the back of the successful launch of a mobile version of a leading game.

MSCI EM Index Performance (USD %)

Sector	2Q 2024	Trailing 12 Months
Communication Services	8.3	2.8
Consumer Discretionary	5.2	6.5
Consumer Staples	-2.9	-5.5
Energy	3.6	25.9
Financials	3.6	13.2
Health Care	-4.3	-2.7
Industrials	4.1	5.6
Information Technology	11.4	34.9
Materials	-1.7	-1.5
Real Estate	2.9	-3.8
Utilities	6.4	21.0
Geography	**2Q 2024**	**Trailing 12 Months**
Africa	12.1	12.6
South Africa	12.5	13.1
Asia	7.5	15.5
China	7.1	-1.5
India	10.4	34.9
South Korea	-1.1	8.6
Taiwan	15.2	41.4
Europe	9.4	33.4
Latin America	-12.0	-5.1
Brazil	-12.1	-7.2
Mexico	-15.9	-6.1
Middle East	-5.2	1.0
Saudi Arabia	-7.3	1.1
MSCI EM Index	5.1	13.0

Source: FactSet, MSCI Inc. Data as of June 30, 2024.

Elsewhere, investors expressed concerns about potential changes to government policies after elections in major EMs. In South Korea, India, and South Africa, markets showed divergent reactions to stronger-than-expected showings by opposition parties. In Korea investors questioned the prospects of the current administration's "value-up" program to improve corporate governance, assuming the emboldened left-leaning opposition would disagree with planned tax cuts that would enable deeper reforms to holding company structures and cross-shareholdings, albeit the market fell only 1%. In India, markets fell initially on fears of an indecisive coalition government that will try to balance infrastructure and social spending. However, the markets quickly recovered and rose 10% for the quarter once it became apparent that Prime Minister Narendra Modi's third term in a coalition government would pursue similar economic policies as it had done in its previous two terms even though social spending is expected to increase modestly. Similarly, South Africa rose 13% on hopes for a revival in economic growth; after the ruling African National Congress's weak showing, it invited the opposition Democratic Alliance to join a coalition government, which is expected to result in more business-friendly policies.

Investors expressed concerns about potential changes to government policies after elections in major EMs.

Meanwhile, stocks in Mexico dropped 16% after the ruling party achieved a landslide victory, which led to concerns about potential erosion of institutional checks and balances and a more active approach to fiscal and regulatory policy, including higher taxes on banks. Brazil and Indonesia both fell 12% as their central banks indicated they may have to keep policy rates higher for longer, mirroring the US Federal Reserve. In Brazil, investors also did not appreciate both the signaled intent of the central bank to pause rate cutting and of the government to spend more of its fiscal surplus, delaying its paydown of public debt and weakening its currency.

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, 2024 is available on page 9 of this report.

Performance and Attribution

The Emerging Markets Equity composite rose 0.1% gross of fees in the second quarter, well behind the MSCI Emerging Markets Index, which gained 5.1%.

The underperformance was primarily due to poor-returning stocks in the Industrials, Financials, and IT sectors. The portfolio's large underweight to Materials was helpful. A broader discussion of our recent underperformance follows in the next section.

In Industrials, leading Brazilian rental-car company **Localiza** reported solid growth in sales and earnings, but falling prices for the used cars the company sells to fund its fleet renewal pressured the stock. Shares of **AirTAC**, a pneumatic-equipment manufacturer listed in Taiwan, fell due to concerns about declining sales in its battery segment as well as slower-than-anticipated revenue growth from the company's new linear-guide business.

In Financials, our Latin America stocks all detracted this quarter. Shares of Mexican banks including **GF Banorte** fell on news that the government is considering increasing their tax burden. In Brazil, the threat of higher-for-longer interest rates and the government's expansive spending plans led to weakness in Brazil's currency and overall market, including **XP**, an investment manager and broker, and **Itaú Unibanco**, the leading private sector bank.

Lagging returns in IT were broadly caused by our underweight to the outperforming semiconductor industry, notably our underweight position in TSMC, and our overweight to the less-popular software and services industry. However, this was somewhat offset by a positive contribution from our substantial holding in **Aspeed**, an electronic-chip designer, which we increased during the quarter. Aspeed's growth appears to be accelerating due to re-stocking orders from tech giants like Amazon and other so-called hyperscalers and rising demand for the company's chips both for traditional and AI servers. In IT Services, shares of **EPAM** and **Globant** were down significantly on concerns about slowing demand from customers for IT projects.

> Shares of Mexican banks including GF Banorte fell on news that the government is considering increasing their tax burden.

By geography, the largest detractors included holdings in EM companies listed in developed markets. This cohort includes EPAM and Globant (both listed in the US but with operations in an increasingly diverse mix of EM countries) as well as **Tenaris**, the leading manufacturer of specialty steel pipes used in the energy industry. Tenaris recently guided for lower growth caused by weaker pricing in North America.

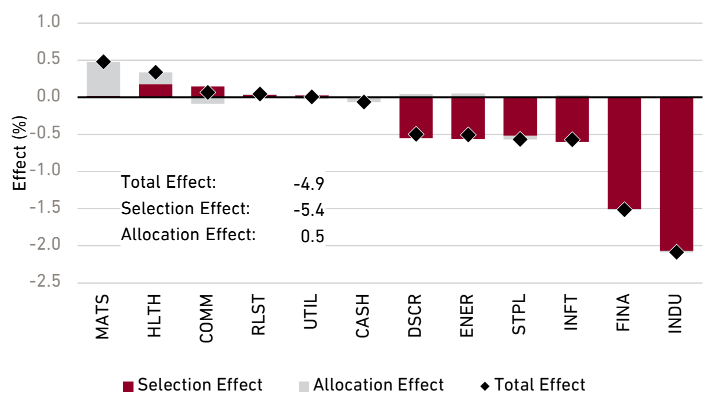
In Asia, we lagged the index in China and India. Shares of **Sanhua Intelligent Controls**, a Chinese manufacturer of thermal-management components, declined due to concerns about increased competition in its products for electric vehicles, an area where the company has dominated for certain key components globally. In India, relative returns were dampened through the omission of low-quality companies whose stocks were the market's top performers this period, such as Reliance Industries. However, **HDFC Bank**, the country's largest private-sector bank, was a large positive contributor. The most recent quarter's results, which ended in March, showed higher-than-expected fee income and strong deposit growth. Returns in Latin America were hurt by Localiza and our Financials holdings.

The portfolio's underweight to the Middle East was helpful this quarter. Moreover, **Emaar Properties**, a leading real-estate developer based in the United Arab Emirates, boosted returns amid continued strong property demand in the country.

Second Quarter 2024 Performance Attribution

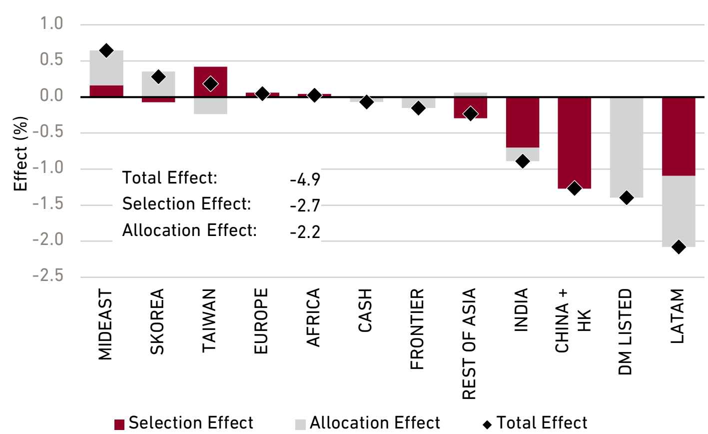
Sector

Emerging Markets Equity Composite vs. MSCI EM Index



Geography

Emerging Markets Equity Composite vs. MSCI EM Index



"DM LISTED": Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong. "FRONTIER": Includes countries with less-developed markets outside the index.

Source: Harding Loevner Emerging Markets Equity composite, FactSet, MSCI Inc. Data as of June 30, 2024. The total effect shown here may differ from the variance of the composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the composite GIPS Presentation.

Perspective and Outlook

The portfolio's poor performance this quarter does not, regrettably, stand in isolation. Rather, it represents a continuation of a weak period for relative returns stretching back the past four quarters. We want to address the reasons for those results, as we see them. Sharing a comprehensive view of recent poor performance does not mitigate the bad outcome for clients, but we want to explain our thinking to reassure you that we continue to resolutely follow our quality-growth investment approach in a thoughtful and disciplined manner.

The market today is shaped by a dual optimism. Investors are willing to extrapolate the growth trends of the day—notably the roaring investment into AI and the government-led investment growth in India—and tolerate grossly elevated valuations. At the same time cheap stocks continue to outperform across most large EMs, buoyed by expectations of improved fundamental performance of lower-quality businesses. Our investment approach, which demands both high quality and durable growth combined with a disciplined assessment of stock valuations, has been out of step with the behavior of markets recently. Saying that, we have also made mistakes that have exacerbated the structural headwinds we have faced.

The four primary reasons for the portfolio's weak results have been:

- The high concentration of market returns from the IT sector, notably TSMC, which now stands at nearly 10% of the index, and our decision to preserve portfolio diversification and maintain high active weights to specific IT Services stocks.
- The strong relative performance of cheap stocks in large EMs, including China, India, and South Korea.
- An underweight to India, a market that has been a strong contributor to index returns despite extremely high stock valuations.
- An overweight to Latin America, where there are durable-growth companies whose stocks are trading at attractive valuations. Global macro factors and domestic political risks have weighed heavily on the region's markets recently.

Analyzing year-to-date factor returns shows that quality *and* growth stocks have actually outperformed overall. Indeed, the returns on stocks that score in the top tercile of both quality and growth (representing an average of 18.2% of the index over the past six months) have been more than three times that of the broad index (28.4% compared to 7.7%). Surely for Harding Loevner's EM strategy this should represent a sizeable tailwind? Actually, the answer is "not really." The composition and return contribution of this attractive group is heavily concentrated in semiconductors, primarily TSMC, which represents about half of this cohort by weight and continues to benefit from the huge demand for chips that power Generative AI. In fact, the return contribution from TSMC alone represents more than 80% of this group and almost half the total index.

TSMC is our largest holding, but it is still less than the index weight, in accordance with our strategy guidelines that limit the weight in any single security to 6% of the portfolio. This lower weight has been a drag on relative performance. The performance shortfall within IT this year is also related to the significant overweight in IT Services and active positions in Globant and EPAM, which have both suffered sharp reversals as management has conveyed a weaker demand environment for their services.

> Our investment approach, which demands both high quality and durable growth combined with a disciplined assessment of stock valuations, has been out of step with the behavior of markets recently. Saying that, we have also made mistakes that have exacerbated the structural headwinds.

Another powerful trend in recent market returns is the strong performance of cheap companies in large EMs, including superior returns for state-owned enterprises (SOEs) in China and India. In the first half of the year, the top quintile of cheapest stocks in China delivered a sizeable return of 20%, while the most expensive stocks are down 12%. Similar outperformance of cheap stocks can be observed in South Korea, Brazil, and India. Chinese SOEs returned 19% this year, compared with 5% for non-SOEs, while in India SOEs returned 33%, compared with 17% for non-SOEs. SOE share prices in China have responded to efforts by policymakers to institute higher standards of governance and higher returns on capital, but there are few SOEs that meet our investment criteria. Despite these policies, many SOEs still face weak industry structures and a lack of competitive advantages. In India, SOEs have been buoyed by narratives that align these companies with Prime Minister Modi's investment programs to invest in power generation and related infrastructure, logistics, and real estate. The portfolio's high-quality, privately owned companies have lagged in comparison, but as the fundamental weakness of SOEs become apparent over time, we expect the value of our businesses' superior strength will be reflected in their stock prices.

The portfolio's persistent underweight to India reflects the high valuations of high-quality, durable-growth companies. One outside view of valuations that we refer to is UBS' HOLT valuation framework, which backs out the implied required rate of return investors are demanding from securities in the market. At a country level, India's median market-implied yield of 1.4% is at an all-time low and highest (by far) premium to EMs. We have recently added two new Indian holdings in the financial sector, **HDFC Life** and **ICICI Bank**, and it is no coincidence that the valuation of Indian financials is closer to the long-term average market-implied yield of 5%.

Then there is the significant overweight to Latin America. This quarter, the prospect for "higher for longer" interest rates in Brazil dragged stocks lower, particularly growth stocks and companies that are tied to the country's capital markets, including portfolio holding **B3**, Brazil's stock exchange. In Mexico, the specter of rising political risk with the landslide victory for President-elect Claudia Scheinbaum's Morena party took a toll on the broad equity market as well as the peso. We view the market's instinct to shun long-duration growth stocks in such an environment as an opportunity to reap stronger returns in the future from more depressed valuations. We maintain our overweight exposure and during the quarter actually added a new holding, Brazilian drugstore chain and retailer **Raia Drogasil**.

We're bottom-up investors, but that doesn't mean we don't see the big picture and assess where the opportunities lie in today's market. Beyond TSMC, we are invested in a number of companies set to benefit from the phenomenon of Generative AI, for example. India remains on a solid growth trajectory, but we will not compromise our demand for quality nor accept stocks sporting unfathomable valuations.

High-quality companies will over time prove their worth. We believe in our process, we believe in our long-term, quality-growth focus, we believe in the companies in which we've invested your money. Clearly our short-term performance is disappointing, but our process has a solid record in the long term. Our strategy has outperformed the benchmark in 80% of monthly rolling 10-year periods over the past two decades. When economic headwinds hit, as they eventually do, companies with dominant competitive positions, strong balance sheets, and quality management will be the ones that ride out that storm.

Portfolio Highlights

As we mentioned above, we view conditions in Latin America as a buying opportunity. The sharp sell-off in Brazilian equities this year provided us the chance to purchase Brazil's largest pharmacy chain, Raia Drogasil, at attractive valuations. The retailer's key competitive advantage is its scale of operations, allowing the company to negotiate better purchasing terms with its suppliers and operate its business with lower cost structures. Industry dynamics in Brazil are also favorable as medicines can be sold only through pharmacies, and license requirements for new entrants further limit competition. The earnings growth outlook for the company is attractive, as Brazil's rapidly aging population is fueling demand for medicines. We also think Raia Drogasil should continue taking market share from its smaller and financially weaker competitors in Brazil, potentially increasing its 16% current market share to more than 25% as this fragmented market consolidates over the next decade.

The potential risk for this business is the threat of disruption from online retail. However, Raia Drogasil has been investing in its own online retail business to get ahead of the curve. It is working on speeding up deliveries to online customers, leveraging the advantage of its 3,000 pharmacy stores spread across a country where logistics is challenging. As of last quarter, close to 61% of the delivery mix for its online orders were through Click & Collect from physical stores and 92% of orders were delivered or collected within one hour of order. Its online business grew 46% in the first quarter from a year ago, now contributing close to 17% of overall revenue.

> The sharp sell-off in Brazilian equities this year provided us the chance to purchase Brazil's largest pharmacy chain, Raia Drogasil, at attractive valuations.

We also talked earlier about how our focus on valuation has contributed to our underweight to India. We want to own high-quality companies, but will buy only when the valuation is attractive. That combination presented itself to us twice this quarter: We bought a new position in ICICI Bank and added to our existing position in HDFC Life. The two purchases reduced our India underweight, even as we separately sold Kotak Mahindra Bank.

ICICI Bank is India's second-largest private sector bank by assets and is one of the leaders in lending to retail and corporate clients in the country. It is a high-quality bank and one of the best positioned to gain from India's structural growth in financial services due to its strong brand and its technological capabilities that complement its wide network of more than 6,500 branches.

> We want to own high-quality companies, but will buy only when the valuation is attractive. That combination presented itself to us twice this quarter.

The firm has also gone through a major cultural transformation over the last five years, reducing the hierarchy within its top management, and implementing new parameters for bonus payouts that focus on better asset quality and profitability for the bank. In addition, the bank has made changes in the last few years to improve risk management, such as reducing client concentration in its corporate banking business, reducing asset exposure to riskier corporates, and limiting exposure to its riskier overseas businesses.

HDFC Life is one of India's leading life-insurance companies, whose stock valuation has become more attractive after the company reported slower-than-expected growth recently. Its long-term growth outlook remains robust as it continues to benefit from a higher share of life insurance products sold in HDFC Bank branches since the merger of its parent company HDFC Ltd. with HDFC Bank a year ago aligned interests between the companies. Its share within HDFC Bank, now its largest shareholder, has increased from 55% a year ago to 62% now and could go up to 70% over the medium term. Growth should also be helped by increasing penetration of insurance products in the country. Meanwhile, management has made clear that it does not expect a major impact from new regulations intended to protect purchasers of life insurance products from losses from early policy terminations, given its high policy persistency rate.

Lastly, we exited Kotak Mahindra Bank based on an unforeseen regulatory action by India's banking regulator, the Reserve Bank of India (RBI). In April, the RBI voiced concerns related to Kotak's IT systems and data security and issued an order preventing Kotak from onboarding new customers through its digital channels as well as barring it from issuing new credit cards. These restrictions, which may last for some time until the regulator is satisfied with remedial actions taken by Kotak, could be a material impediment to Kotak's growth outlook due to its limited physical infrastructure compared to peers and its digital-led growth strategy. We did not see the valuation as attractive in the face of such growth headwinds.

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, 2024)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	China	0.3
CD Projekt (Video game developer)	Poland	0.4
Naver (Internet services)	South Korea	0.9
NCSOFT (Video game developer)	South Korea	0.4
Safaricom (Mobile network operator)	Kenya	0.5
Telkom Indonesia (Telecom services)	Indonesia	0.5
Tencent (Internet and IT services)	China	4.7
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	1.5
Allegro (E-commerce retailer)	Poland	1.6
Coway (Consumer appliances manufacturer)	South Korea	0.6
Eclat Textile (Technology-based textile manufacturer)	Taiwan	1.8
Fuyao Glass (Automotive glass manufacturer)	China	0.7
JD.com (E-commerce retailer)	China	1.0
Li-Ning (Athletic footwear and apparel retailer)	China	0.6
Lojas Renner (Department stores operator)	Brazil	0.4
Maruti Suzuki (Automobile manufacturer)	India	2.9
MercadoLibre (E-commerce retailer)	US	1.5
Midea Group (Consumer appliances manufacturer)	China	0.7
Shenzhou International (Textile manufacturer)	China	1.4
Trip.com Group (Online travel services)	China	2.1
Consumer Staples		
Budweiser APAC (Alcoholic beverages manufacturer)	Hong Kong	0.3
Clicks Group (Drugstores operator)	South Africa	0.4
Coca-Cola HBC (Coca-Cola bottler)	UK	0.8
FEMSA (Beverages manufacturer and retail operator)	Mexico	1.8
Raia Drogasil (Drugstores operator)	Brazil	0.9
Walmart de México (Foods and cons. products retailer)	Mexico	1.7
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Tenaris (Steel-pipe manufacturer)	Italy	1.8
Financials		
AIA Group (Insurance provider)	Hong Kong	1.2
Al Rajhi Bank (Commercial bank)	Saudi Arabia	1.1
B3 (Clearing house and exchange)	Brazil	0.5
Bancolombia (Commercial bank)	Colombia	0.6
Bank Central Asia (Commercial bank)	Indonesia	0.9
Bank of Georgia (Commercial bank)	UK	0.4
Bank Rakyat (Commercial bank)	Indonesia	1.2
Commercial International Bank (Commercial bank)	Egypt	0.6
Discovery Holdings (Insurance provider)	South Africa	0.9
GF Banorte (Commercial bank)	Mexico	1.7
HDFC Bank (Commercial bank)	India	4.6
HDFC Life (Insurance provider)	India	1.4
ICICI Bank (Commercial bank)	India	1.9
Itaú Unibanco (Commercial bank)	Brazil	1.1

Financials	Market	End Wt. (%)
Kaspi.kz (Banking and financial services)	Kazakhstan	1.9
Komerční Banka (Commercial bank)	Czech Republic	0.5
Ping An Insurance (Insurance provider)	China	1.4
Sberbank (Commercial bank)	Russia	0.0*
Standard Bank (Commercial bank)	South Africa	1.3
XP (Broker dealer and financial services)	Brazil	1.0
Health Care		
Bumrungrad Hospital (Hospital operator)	Thailand	0.7
Mindray (Medical equipment manufacturer)	China	1.0
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	1.7
Astra International (Auto business operator)	Indonesia	0.9
CATL (Battery systems manufacturer)	China	1.2
Copa Holdings (Airline operator)	Panama	0.7
Hengli Hydraulic (Hydraulic components mfr.)	China	0.8
Inovance (Industrial controls manufacturer)	China	0.5
Localiza (Automobile rental services)	Brazil	1.0
Meyer Optoelectronic (Optical machine manufacturer)	China	0.7
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	0.9
Techtronic Industries (Power tools manufacturer)	Hong Kong	1.0
WEG (Industrial equipment manufacturer)	Brazil	1.4
ZTO Express (Express delivery services)	China	0.9
Information Technology		
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	0.6
Aspeed (Electronic chip designer and manufacturer)	Taiwan	2.9
Delta Electronics (Power management products)	Taiwan	2.2
EPAM (IT consultant)	US	0.8
Globant (Software developer)	US	1.5
Hon Hai Precision (Electronics manufacturer)	Taiwan	1.3
LONGi (Solar power equipment manufacturer)	China	0.5
Samsung Electronics (Electronics manufacturer)	South Korea	5.4
StarPower (Semiconductor manufacturer)	China	0.6
Tata Consultancy Services (IT consultant)	India	3.4
TSMC (Semiconductor manufacturer)	Taiwan	5.7
Materials		
Asian Paints (Paint manufacturer)	India	0.4
Real Estate		
Emaar Properties (Real estate developer and manager)	UAE	1.1
Utilities		
ENN Energy (Gas pipeline operator)	China	0.7
Cash		3.1

*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.

2Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Aspeed	INFT	2.3	–	0.96
HDFC Bank	FINA	4.4	0.7	0.42
Standard Bank	FINA	1.1	0.2	0.16
Delta Electronics	INFT	1.9	0.3	0.15
Li Auto*	DSCR	–	0.2	0.12

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Aspeed	INFT	1.6	–	1.18
Yandex	COMM	<0.1	–	1.01
Kaspi.kz	FINA	1.5	–	0.67
Trip.com Group	DSCR	1.9	0.3	0.31
Emaar Properties	RLST	1.6	0.2	0.28

2Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Tenaris	ENER	2.0	–	-0.59
XP	FINA	1.2	–	-0.56
EPAM	INFT	1.1	–	-0.55
GF Banorte	FINA	2.2	0.3	-0.55
Localiza	INDU	1.3	0.1	-0.51

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Localiza	INDU	1.5	0.1	-1.00
Li-Ning	DSCR	0.9	0.1	-0.92
TSMC	INFT	5.6	7.3	-0.89
AIA Group	FINA	1.5	–	-0.82
LONGi	INFT	0.8	<0.1	-0.73

*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] (%)	15.7	13.7
Return on Assets[1] (%)	7.8	5.6
Return on Equity[1] (%)	18.2	15.0
Debt/Equity Ratio[1] (%)	31.5	43.6
Std. Dev. of 5 Year ROE[1] (%)	5.0	5.1
Sales Growth[1,2] (%)	10.4	8.8
Earnings Growth[1,2] (%)	10.1	9.5
Cash Flow Growth[1,2] (%)	12.9	12.9
Dividend Growth[1,2] (%)	9.8	6.3
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	31.9	36.9
Wtd. Avg. Mkt. Cap. (US $B)	127.5	156.9
Turnover[3] (Annual %)	17.1	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-3.74	–
Beta[2]	1.03	–
R-Squared[2]	0.92	–
Active Share[3] (%)	71	–
Standard Deviation[2] (%)	19.81	18.45
Sharpe Ratio[2]	-0.14	0.07
Tracking Error[2] (%)	5.5	–
Information Ratio[2]	-0.72	–
Up/Down Capture[2]	93/108	–
Price/Earnings[4]	17.6	14.8
Price/Cash Flow[4]	12.3	10.5
Price/Book[4]	2.7	2.1
Dividend Yield[5] (%)	2.4	2.6

[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 3, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Clicks Group	South Africa	STPL
ICICI Bank	India	FINA
Raia Drogasil	Brazil	STPL

Positions Sold	Market	Sector
Kotak Mahindra Bank	India	FINA

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, 2024)

	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)
2024 YTD[4]	-0.04	-0.50	7.68	17.93	17.55	N.A.	6	2,587	41,641
2023	7.82	6.86	10.27	17.36	17.14	0.5	6	3,769	43,924
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

[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 2024 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, 2024.

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, 2024. 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.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of AMG, 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 1.05% 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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