



HARDING  
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## Emerging Markets Equity Review | Second Quarter 2025

# Composite Performance Summary

As of June 30, 2025

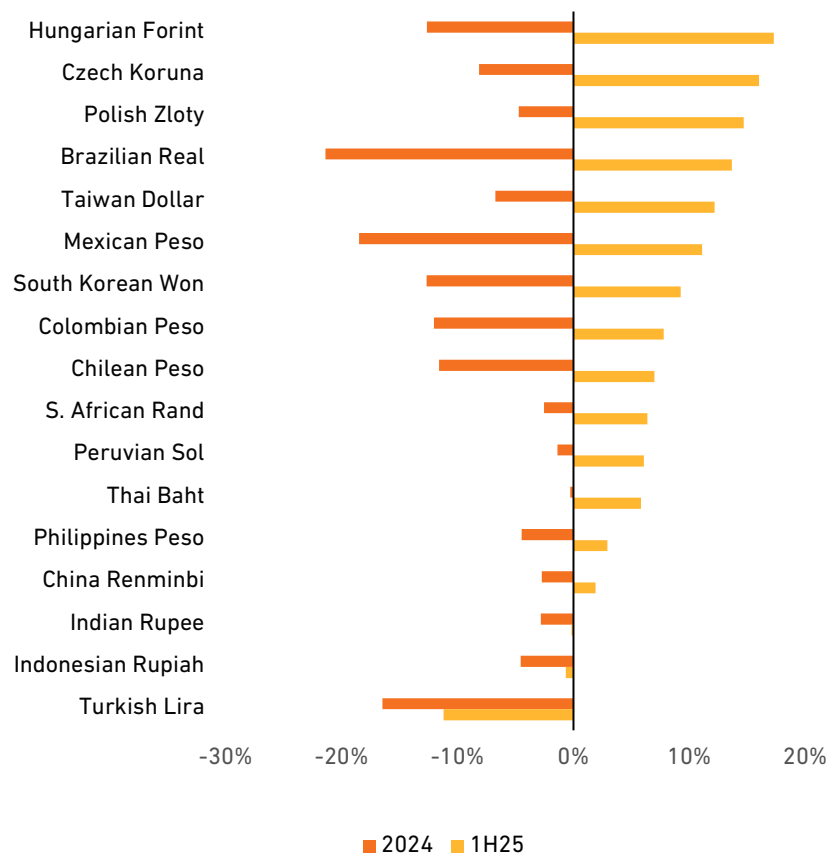
## Performance (% Total Return)

	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
HL Emerging Markets Equity (Gross)	10.34	12.01	15.77	7.56	3.89	3.85	10.09
HL Emerging Markets Equity (Net)	10.10	11.54	14.76	6.62	2.97	2.94	9.18
MSCI Emerging Markets Index	12.20	15.57	15.97	10.22	7.26	5.23	8.23

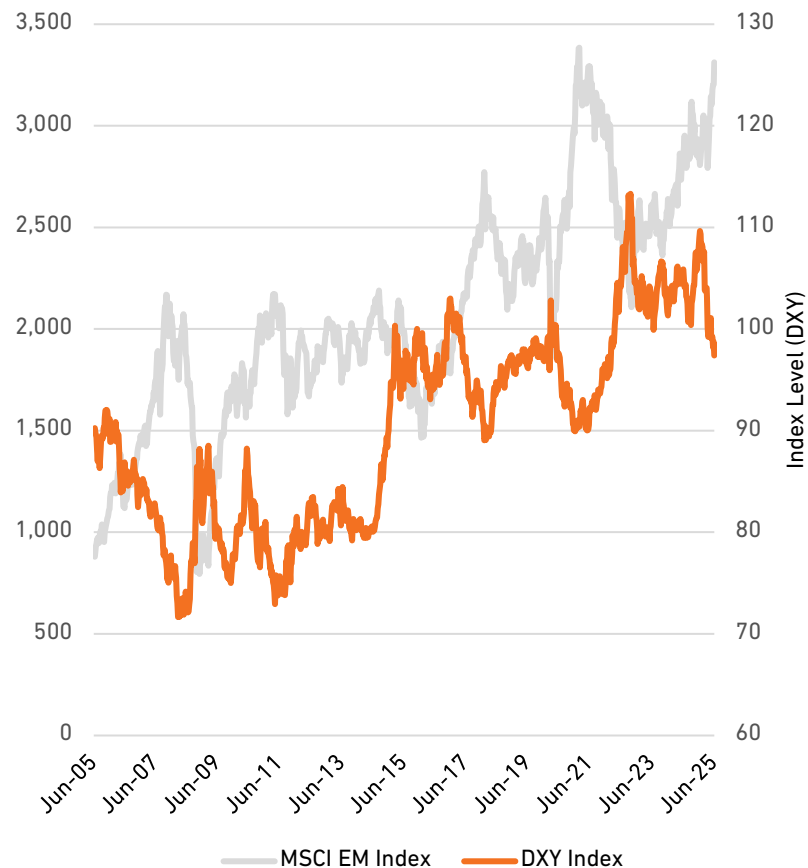
The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Emerging Markets Equity composite inception date: November 30, 1998. MSCI Emerging Markets Index, the benchmark index, is shown gross of withholding taxes. For comparison purposes the composite return is measured against the MSCI Emerging Markets Total Return Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through March 31, 2025. 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 period December 1, 1998 through March 31, 2025. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Emerging Markets Equity composite, please contact Harding Loevner at (908) 218-7900 or invest@hlmnet.com. The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which 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. Please read the disclosures, which are an integral part of this presentation.

# Many EM Currencies Have Rallied Against the Dollar

Currency Spot Returns



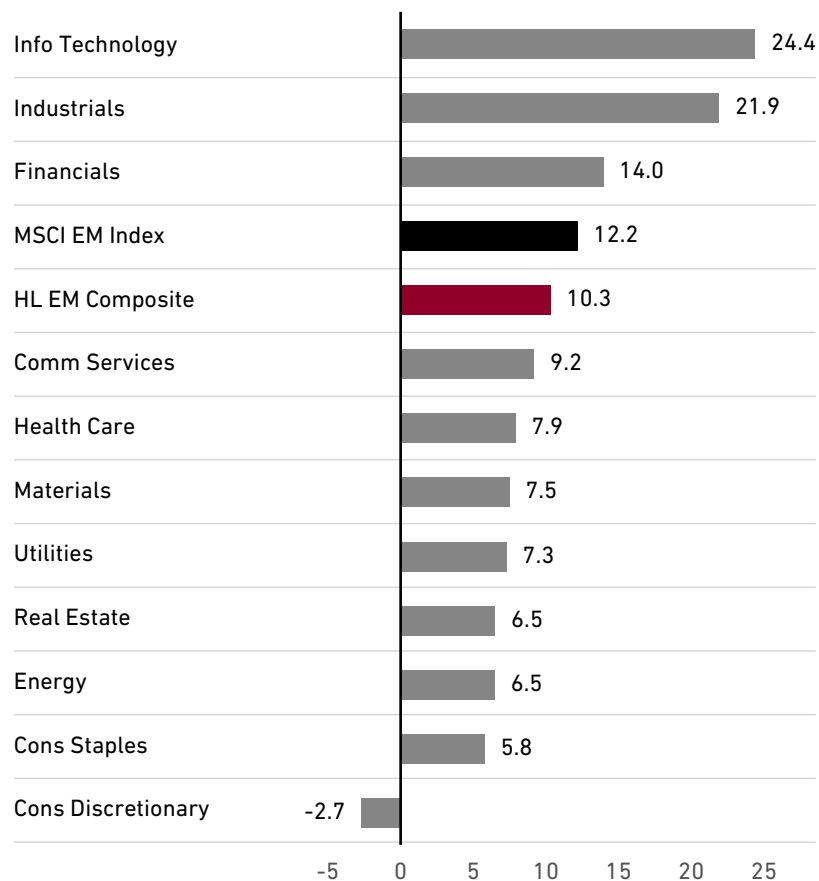
MSCI EM Index vs. US Dollar (DXY Index)



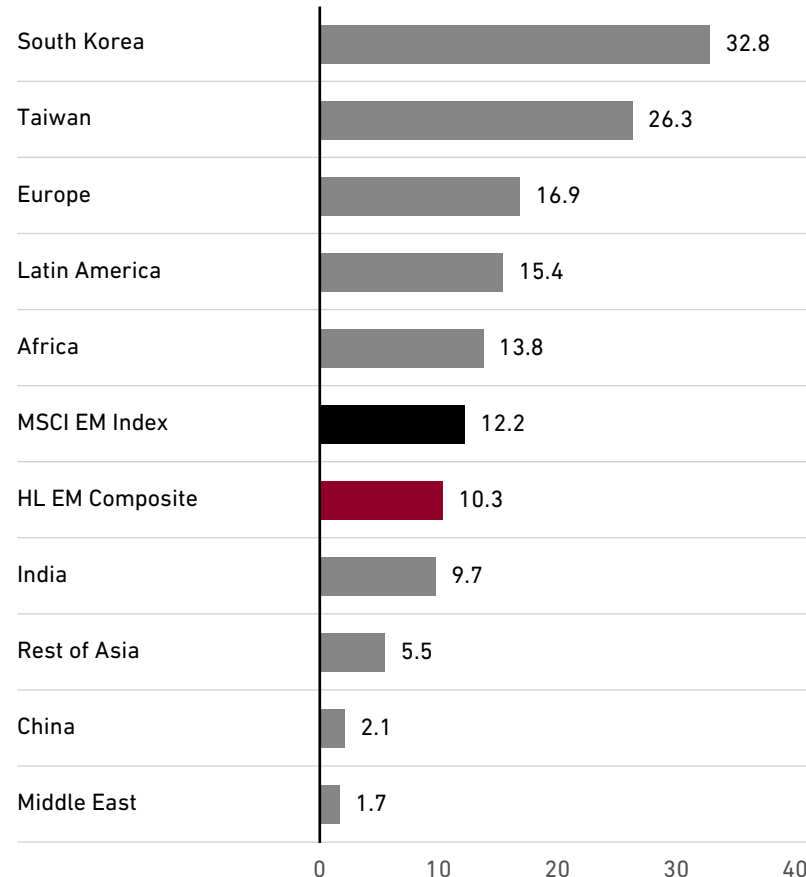
# Benchmark Performance

Second Quarter 2025

Sector Total Return (%)



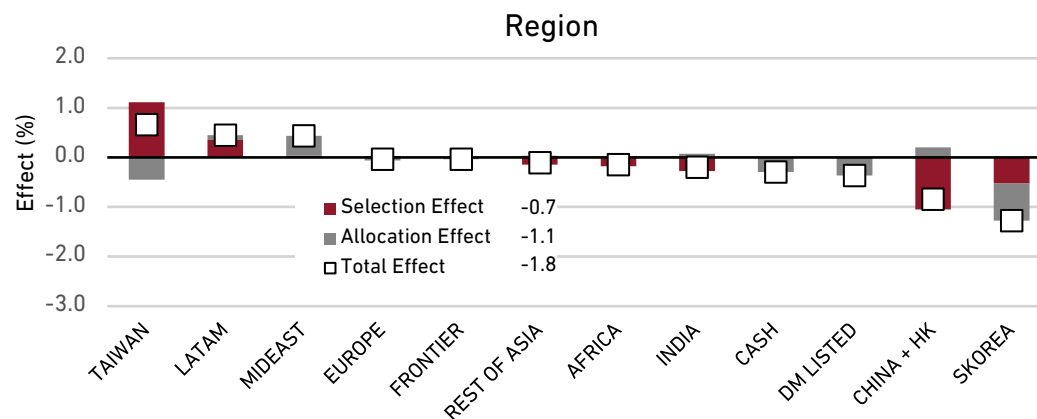
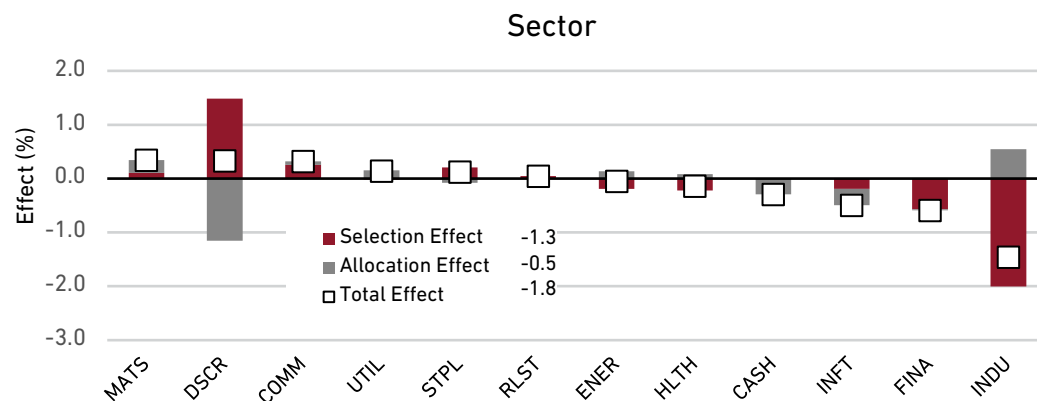
Region Total Return (%)



Source: FactSet, MSCI Inc. Data as of June 30, 2025. Composite performance is gross of fees. Please refer to the Composite Performance Summary page, which includes net of fee performance for the same time period. Past performance does not guarantee future results. Please read the disclosures, which are an integral part of this presentation.

# Performance Attribution: Composite vs. Benchmark

Second Quarter 2025



## Top 5 Contributors

to Relative Returns	Avg. Wt. %		Effect %
	HL	Index	
Aspeed	2.4	–	1.37
Meituan*	–	1.1	0.41
GF Banorte	1.7	0.3	0.33
MercadoLibre	1.8	–	0.33
Delta Electronics	1.9	0.3	0.31

## Top 5 Detractors

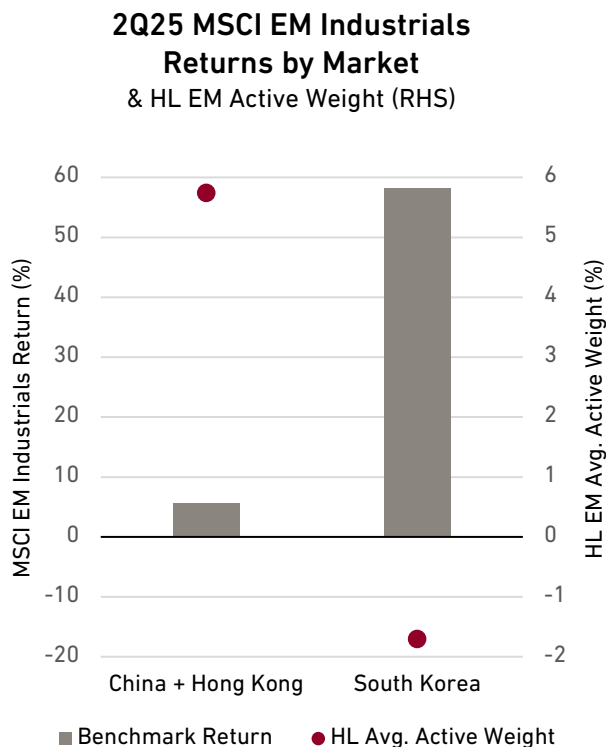
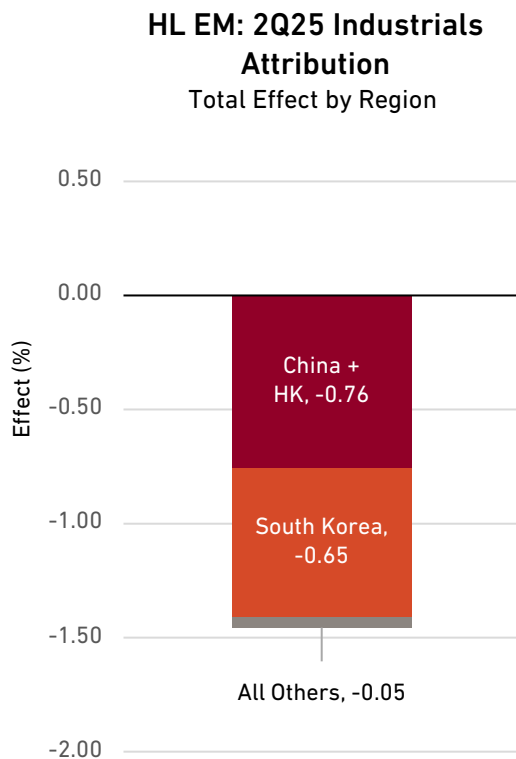
from Relative Returns	Avg. Wt. %		Effect %
	HL	Index	
TSMC	5.7	9.4	-0.72
Trip.com Group	3.2	0.5	-0.62
SK hynix*	–	1.0	-0.49
Globant	1.0	–	-0.40
Tata Consultancy Services	2.5	0.4	-0.36

\*Not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.

"HL": Emerging Markets Equity composite. "Index": MSCI Emerging Markets 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. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant Emerging Markets Equity composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and relative contribution of all holdings during the quarter. Contribution is the contribution to overall relative performance over the period. Performance attribution and performance of contributors and detractors is gross of fees and expenses. Contributors and detractors exclude cash and securities in the composite not held in the model portfolio. Quarterly data is not annualized. Please read the disclosures, which are an integral part of this presentation.

# Parsing Weak Industrials Performance

Our poor performance in Industrials was almost entirely from South Korea and China + HK



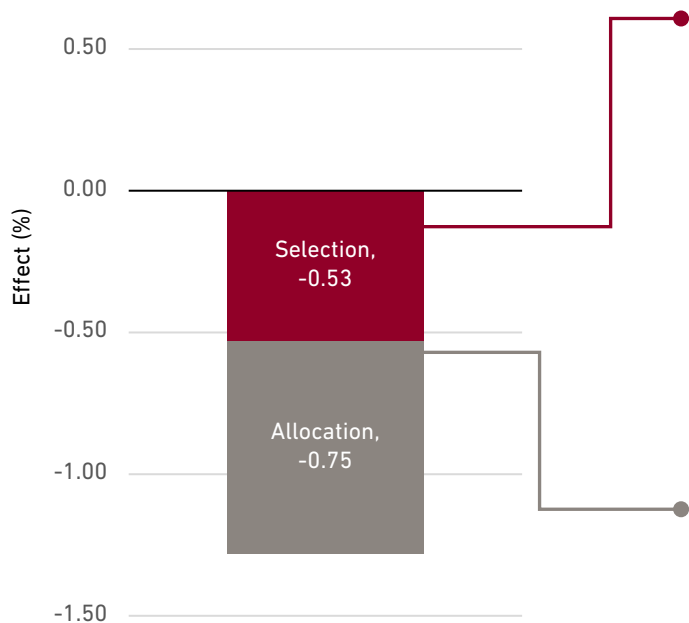
- **We were overweight poorly performing Chinese Industrials:** Tariff uncertainty weighed on Techtronic Industries and Inovance
- **We did not own strongly performing South Korean Industrials:** Low-quality rally in Korea on corporate governance reforms

Source: Harding Loevner Emerging Markets Equity composite, FactSet, MSCI Inc. Data as of June 30, 2025. HL Emerging Markets Equity Industrials attribution is shown gross of fees. Refer to "The Composite Performance Summary," slide 2, for the composite's gross and net performance for the quarter. Attribution data is shown as supplemental information only and complement the fully compliant Emerging Markets Equity composite GIPS Presentation. Performance data quoted represents past performance; past performance does not guarantee future results. A single period group-level portfolio holdings contribution to selection effect is calculated as the sum of the portfolio holdings-only security contribution to selection effects within the group. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. Please read the disclosures, which are an integral part of this presentation.

# South Korea Rallied in 2Q25

A new election and promise of governance reforms led to a low-quality rally in South Korea

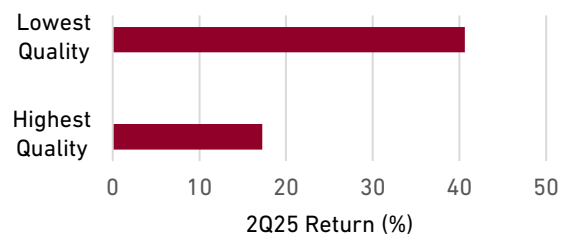
HL EM: 2Q25 South Korea Attribution



## Value Rally in Korea

- Presidential election
- Commercial Act
- Promises of AI-related investments

MSCI Korea: Returns of Highest and Lowest Tercile of Quality



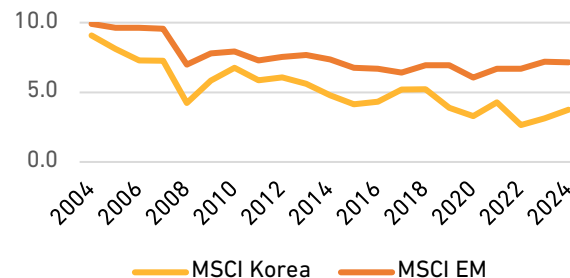
**6.3%**

HL EM Korea Weight

**10.7%**

MSCI EM Korea Weight

Korea vs. EM CFROI (%)

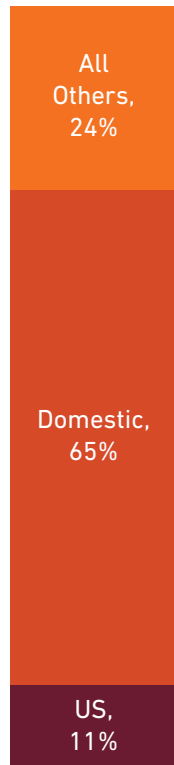


Source: (Left and Top Right) FactSet, MSCI Inc. Data as of June 30, 2025. (Bottom Right) HOLT database. Data as of December 31, 2024. HL Emerging Markets Equity South Korea attribution is shown gross of fees. Refer to "The Composite Performance Summary," slide 2, for the composite's gross and net performance for the quarter. Attribution data is shown as supplemental information only and complement the fully compliant Emerging Markets Equity composite GIPS Presentation. Performance data quoted represents past performance; past performance does not guarantee future results. A single period group-level portfolio holdings contribution to selection effect is calculated as the sum of the portfolio holdings-only security contribution to selection effects within the group. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. Please read the disclosures, which are an integral part of this presentation.

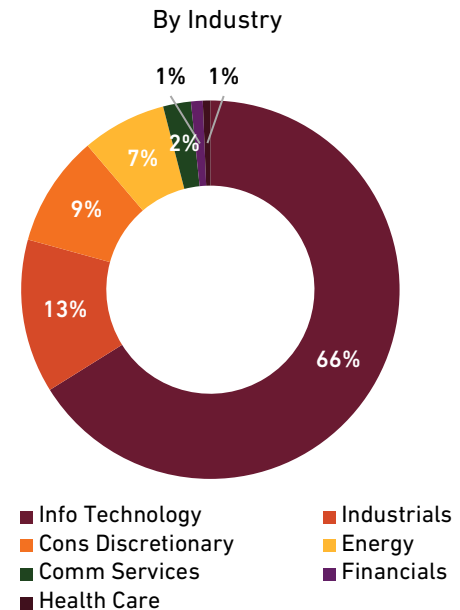
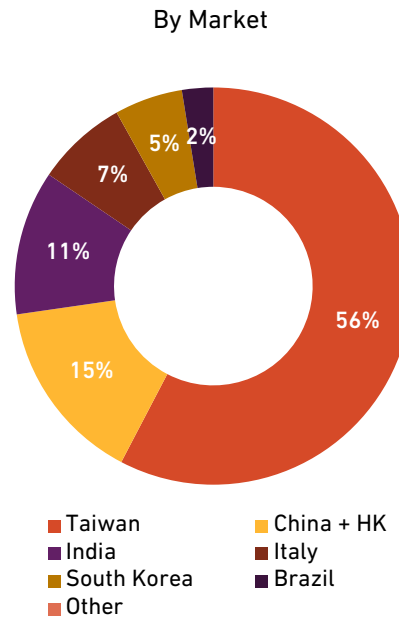
# Trade: Uncertainty Continues

The HL Emerging Markets Equity model is broadly diversified

## HL Emerging Markets: Geographic Revenue Exposure

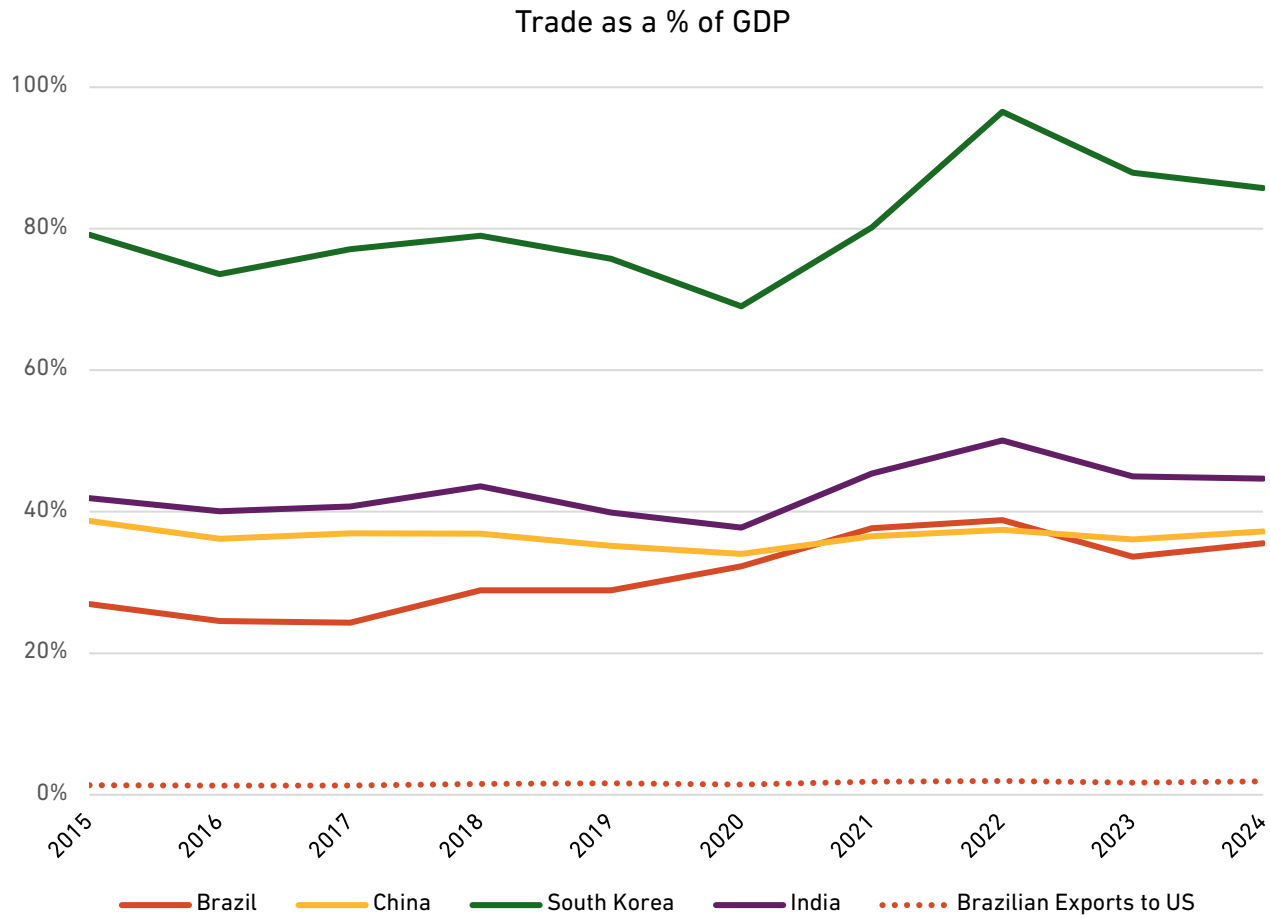


## HL Emerging Markets: US Revenue Exposure As of June 30, 2025





# Brazil: Historically a More Domestically-Oriented Economy



# Brazil: International Companies Shifting Porter Dynamics

## International Companies Investing in Brazilian Operations



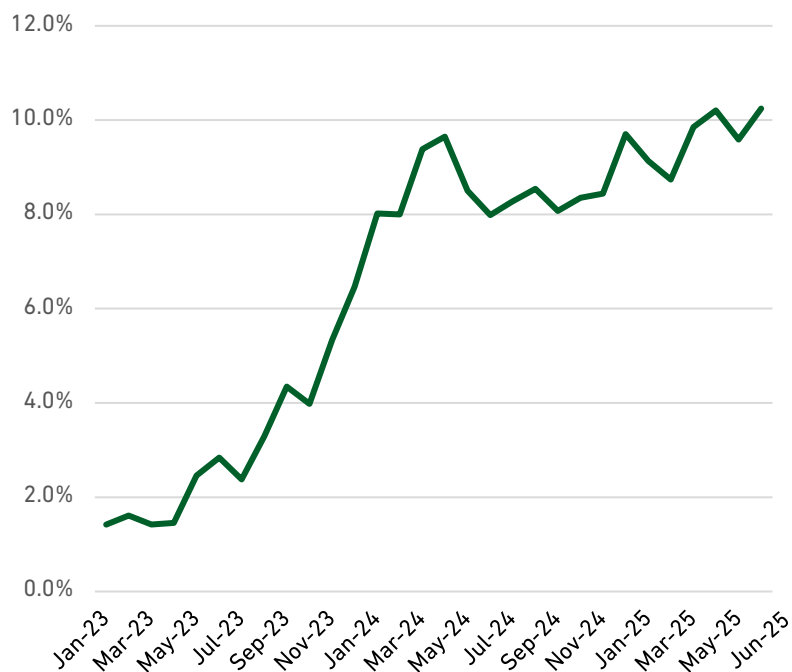
Source: Michael E. Porter, "The Five Competitive Forces that Shape Strategy," Harvard Business Review, January 2008, 78-93. The information provided in this presentation should not be considered a recommendation to purchase or sell a particular security. Not all holdings depicted above are holdings in the Emerging Markets Equity model portfolio. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

# Localiza: Deteriorating Pricing Power

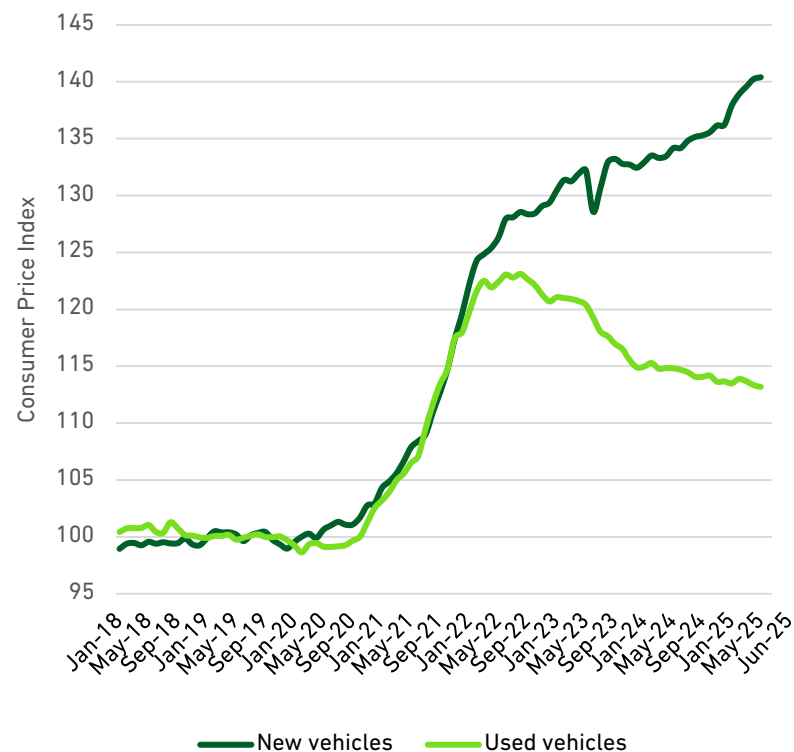
A surge in competitively priced Chinese vehicles entering Brazil has pressured used car prices



Chinese Automakers  
Market Share in Brazil



Monthly Price Variation  
for New and Used Vehicles

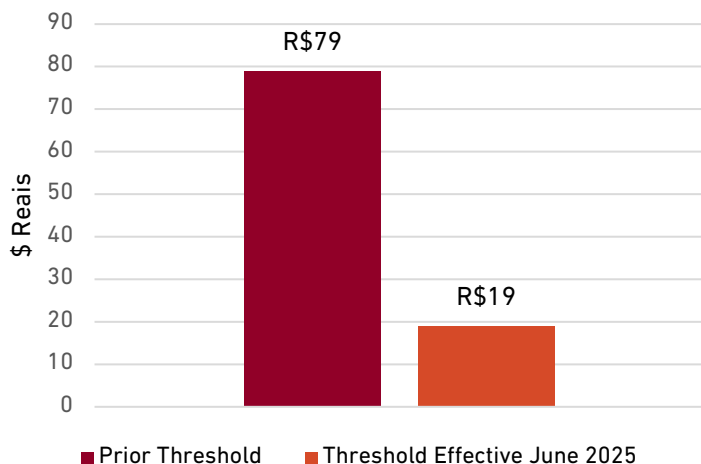


# MercadoLibre: Defending Against New Entrants

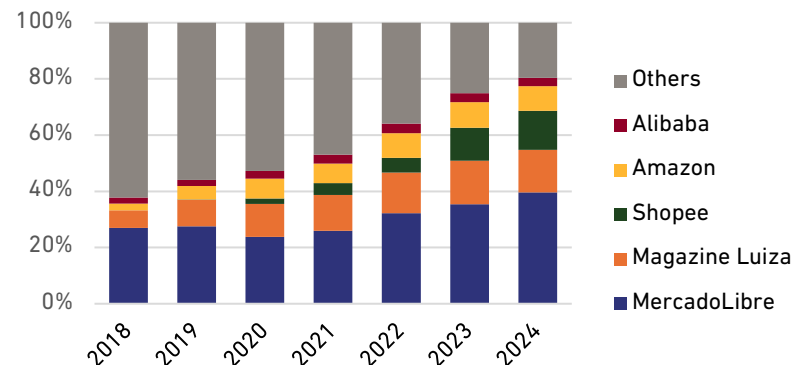
MercadoLibre has maintained its lead in Brazilian ecommerce, despite increased competition



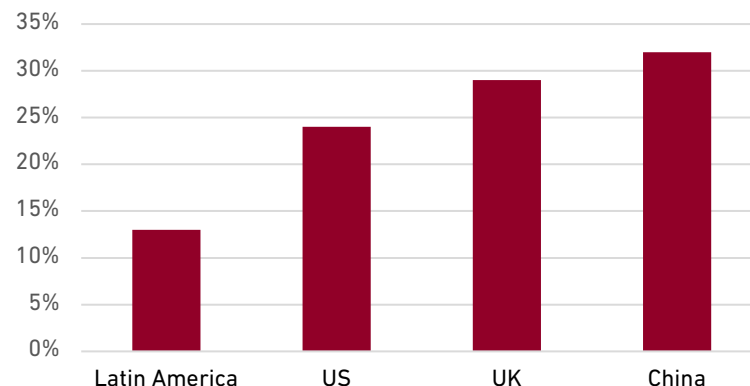
Changes to MercadoLibre's Free-Shipping Threshold



Brazilian E-Commerce Market Share



E-Commerce Penetration



Source: Company Data (March 31, 2025), Euromonitor, BofA Global Research (2024), Yahoo News (June 2025). The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner.

# Completed Portfolio Transactions

Second Quarter 2025

## Positions Established

Company	Market	Sector
There were no completed new purchases this quarter.		

## Positions Sold

Company	Market	Sector
ENN Energy	China	Utilities
Localiza	Brazil	Industrials

## Additions to Existing Holdings

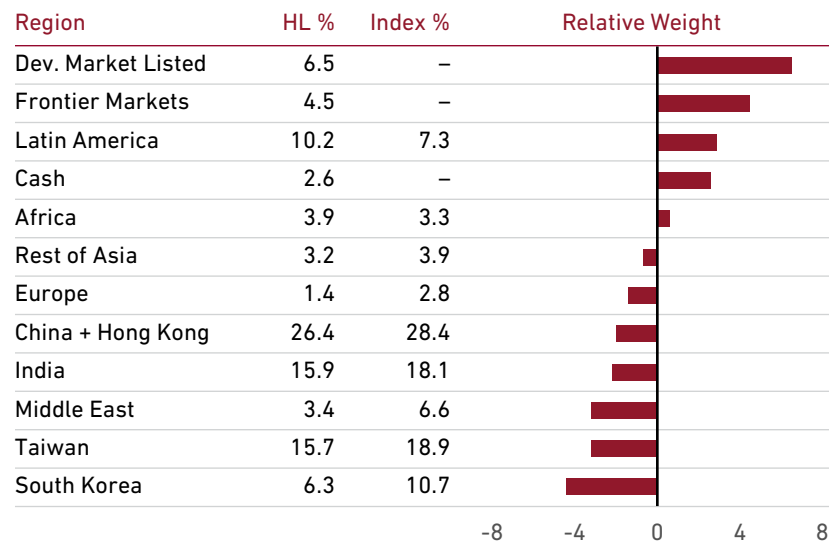
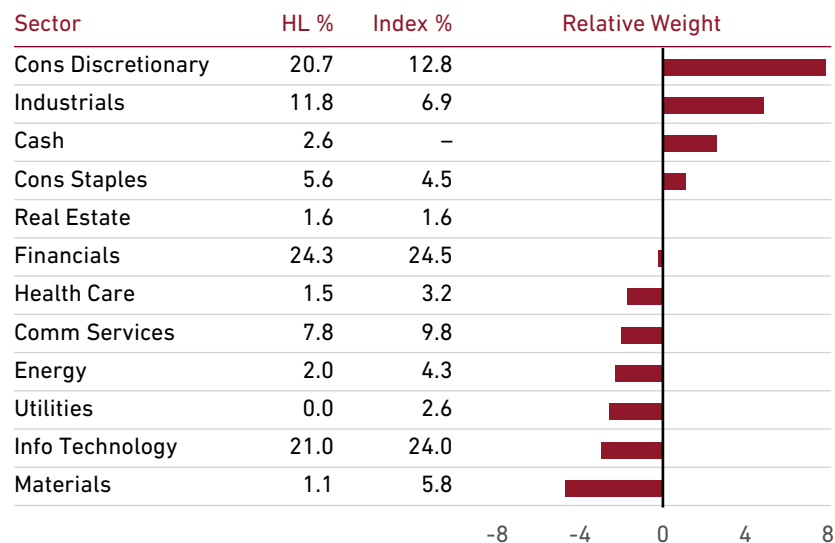
Company	Market	Sector
WEG	Brazil	Industrials
Alibaba	China	Cons Discretionary
Aspeed	Taiwan	Info Technology
Hon Hai Precision	Taiwan	Info Technology

- Portfolio Turnover (5-year annualized average): 17.4%

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# Portfolio Positioning

As of June 30, 2025



Ten Largest Holdings – Total Weight: 35.9%

Company	Market	Sector	Wt. (%)
TSMC	Taiwan	Info Technology	5.8
Tencent	China	Comm Services	4.9
HDFC Bank	India	Financials	4.7
Samsung Electronics	South Korea	Info Technology	3.6
Aspeed	Taiwan	Info Technology	3.2

Company	Market	Sector	Wt. (%)
Trip.com Group	China	Cons Discretionary	2.9
Alibaba	China	Cons Discretionary	2.9
ICICI Bank	India	Financials	2.7
Tata Consultancy Services	India	Info Technology	2.6
Maruti Suzuki	India	Cons Discretionary	2.6

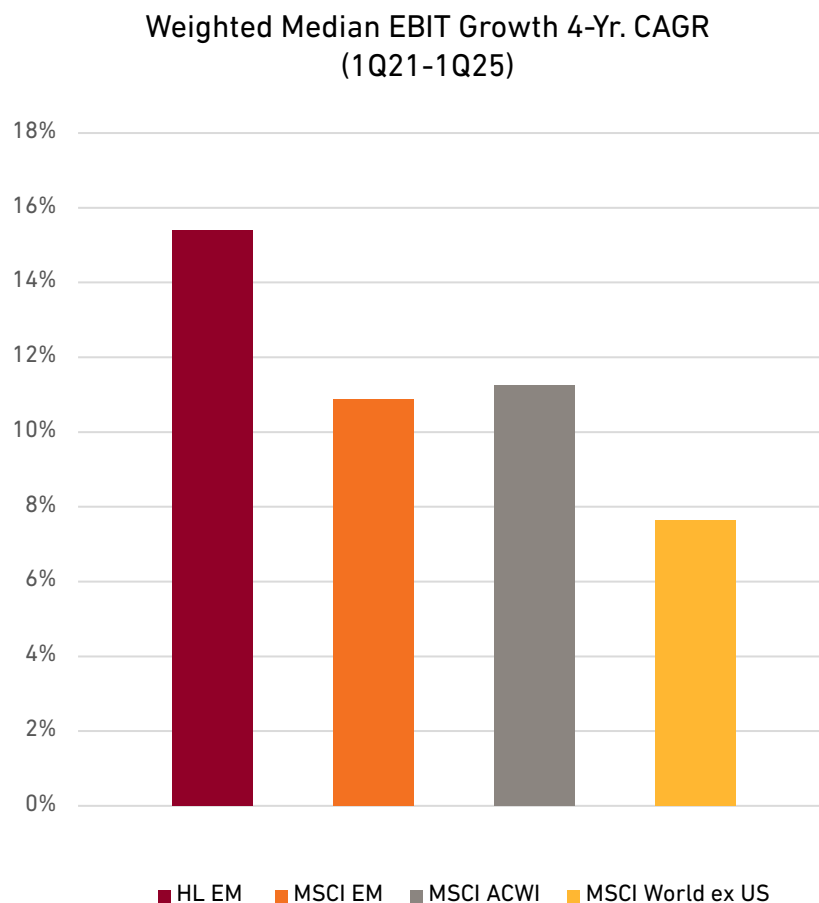
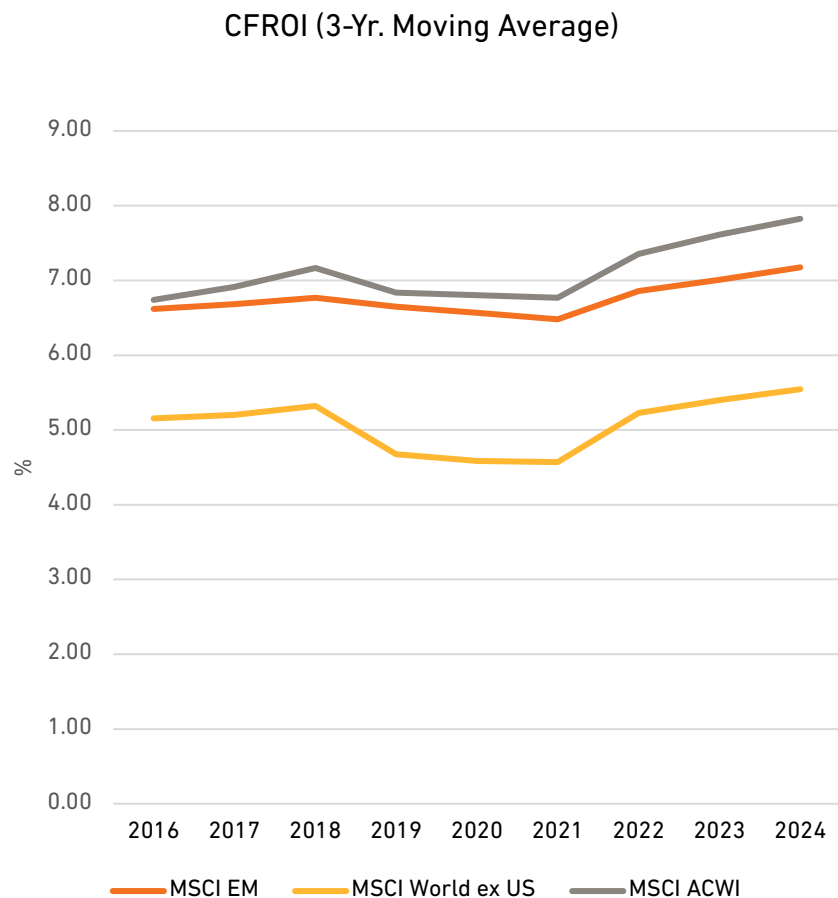
74% Active Share

"HL": Emerging Markets Equity model portfolio. "Index": MSCI Emerging Markets Index. "China + Hong Kong": The Harding Loevner Emerging Markets model portfolio's end weight in China is 22.9% and Hong Kong is 3.6%. 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.

Source: Harding Loevner Emerging Markets Equity model, MSCI Inc. Data as of June 30, 2025. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant Emerging Markets Equity composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

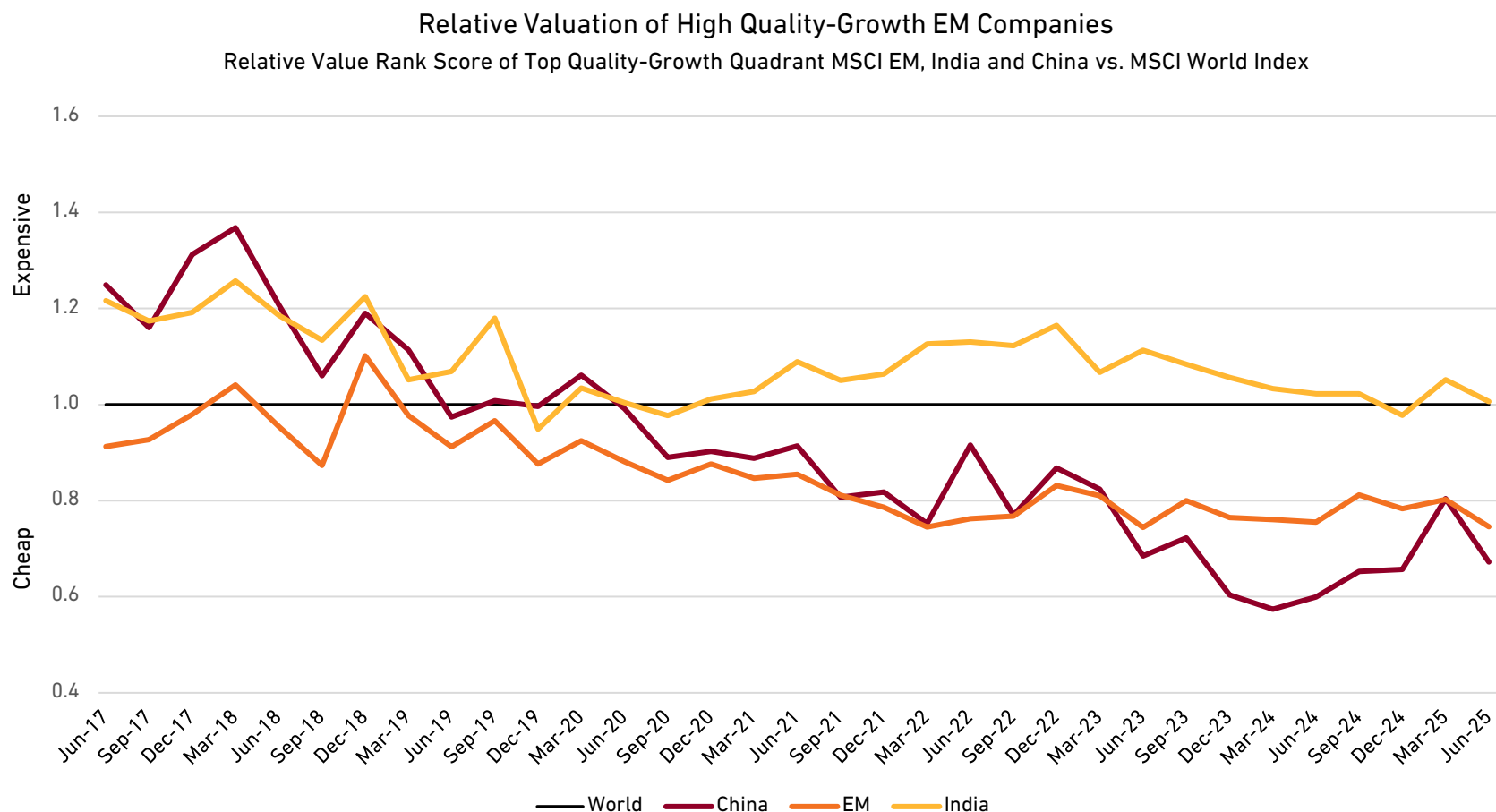
# EM Returns and Earnings Growth

EM returns have been steady and future growth seems bright



# Valuation of Superior EM Quality-Growth Stocks Relative to MSCI World

China has become more attractively valued, while India remains expensive





# Disclosures

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*Alpha*: a measure of risk-adjusted return. *Beta*: a measure of the portfolio's sensitivity to the market. *R-Squared*: a measure of how well a portfolio tracks the market. *Standard Deviation*: the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Information Ratio*: a measure of risk-adjusted return calculated by dividing the portfolio active return (i.e., portfolio returns minus benchmark return) by the standard deviation of the active return. *Sharpe Ratio*: the return over the risk free rate per unit of risk. *Up/Down Capture*: a measure of the manager's performance in up/down markets relative to the market itself. *Profit Margin*: relationship of net profits to net sales. *Return on Assets*: net income for past 12 months divided by total assets. *Return on Equity*: the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio*: total long-term debt divided by total shareholder's equity. *Sales Per Share*: the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share*: portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow*: a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Turnover*: calculated by dividing the lesser of Purchases or Sales by Average Capital. *Active Share*: the proportion of holdings by weight that differ from holdings of the benchmark index.

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.

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

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

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

Source (Portfolio Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality and Growth Characteristics [Run date: July 3, 2025, based on the latest available data in FactSet on this date.]): FactSet, Harding Loevner Emerging Markets Equity model, MSCI Inc.

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

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