

Frontier Emerging Markets Equity



Monthly Update | October 2021

Performance (% Total Return)

Periods ended October 31, 2021 ¹	1 Month	YTD	1 Year	3 Years ²	5 Years ²	10 Years ²	Since Inception ^{2,3}
HL Frontier Emerging Markets Equity (Gross)	4.76	15.55	34.20	9.54	7.81	6.75	2.49
HL Frontier Emerging Markets Equity (Net)	4.64	14.25	32.40	8.06	6.36	5.24	1.07
MSCI Frontier Emerging Markets Index ^{4,5}	5.24	7.95	24.09	6.46	4.88	3.95	-0.44

Portfolio Positioning (% Weight)

Sector	HL FEM	MSCI FEM	Under / Over
Cons Discretionary	8.3	1.2	7.1
Cons Staples	13.3	6.7	6.6
Info Technology	12.0	6.4	5.6
Health Care	5.6	2.9	2.7
Cash	0.9	-	0.9
Financials	35.0	34.5	0.5
Energy	4.2	5.2	-1.0
Comm Services	5.9	7.9	-2.0
Utilities	0.0	2.6	-2.6
Materials	4.6	8.5	-3.9
Real Estate	5.1	10.9	-5.8
Industrials	5.1	13.2	-8.1

Geography	HL FEM	MSCI FEM	Under / Over
Dev. Market Listed ⁶	8.5	-	8.5
Africa	19.5	15.8	3.7
Gulf States	6.3	4.8	1.5
Cash	0.9	-	0.9
Middle East	0.0	0.7	-0.7
Europe	13.5	14.3	-0.8
Asia	39.5	42.8	-3.3
Latin America	11.8	21.6	-9.8

Investment Perspectives

Market

The MSCI FEM Index extended its year-to-date gains in October. Latin America performed best, as every stock market rose with the strongest gains seen in Peru. The Peruvian market advanced after President Pedro Castillo replaced his leftist prime minister Guido Bellido with Mirtha Vasquez, a former head of Peruvian Congress, who is seen as more moderate and pragmatic.

Portfolio

TBC Bank is Georgia's largest bank. With deposit insurance limited to just US\$5,000, it's no surprise that Georgians entrust their savings to well-established banks perceived as reputable and safe. This has led to a highly consolidated banking industry, with the two oldest and largest banks—TBC and **Bank of Georgia**—controlling 74% of the market. The duopoly keeps rivalry in check and results in healthy profitability, with both TBC and Bank of Georgia consistently generating returns on equity of over 20% with the exception of a pandemic-related dip last year.

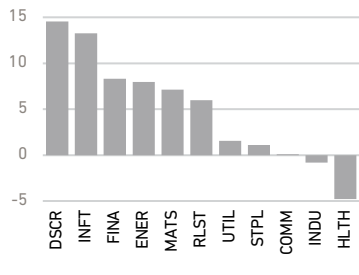
TBC, which has built strong online presence over the years, further bolstered its digital capabilities in the wake of the pandemic. It launched a new online mortgage platform and extended its mobile app functionality for retail and business users. Today, over half of TBC's active customers access their banking services via its internet platform and its mobile app. The bank is leveraging its robust technology platform to expand into adjacent markets such as Uzbekistan.

Ten Largest Holdings

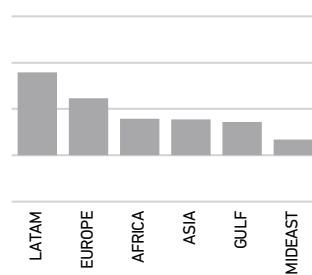
Company	Market	Sector
EPAM	US	Info Technology
Commercial International Bank	Egypt	Financials
Globant	Argentina	Info Technology
Hoa Phat Group	Vietnam	Materials
Safaricom	Kenya	Comm Services
Wilcon Depot	Philippines	Cons Discretionary
Halyk Savings Bank	Kazakhstan	Financials
Banca Transilvania	Romania	Financials
Vietcombank	Vietnam	Financials
Ecopetrol	Colombia	Energy

Benchmark Performance | Oct.

Total Return by Sector (%)

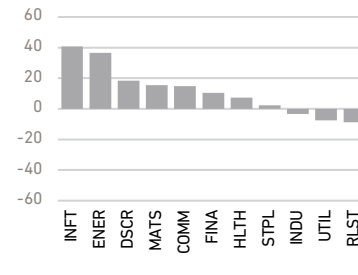


Total Return by Geography (%)

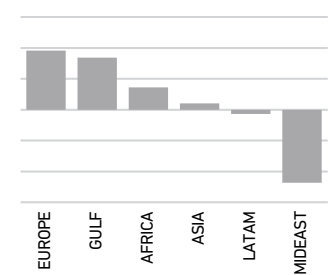


Benchmark Performance | YTD

Total Return by Sector (%)

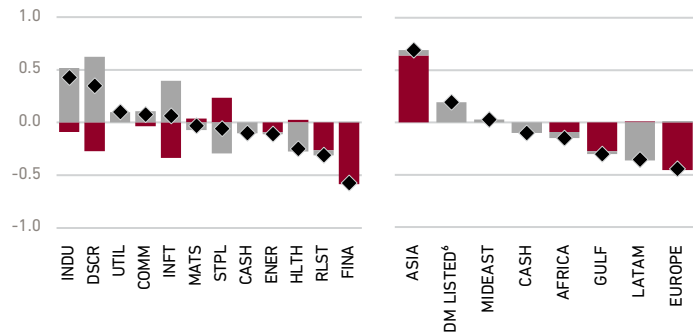


Total Return by Geography (%)



Performance Attribution | Oct.

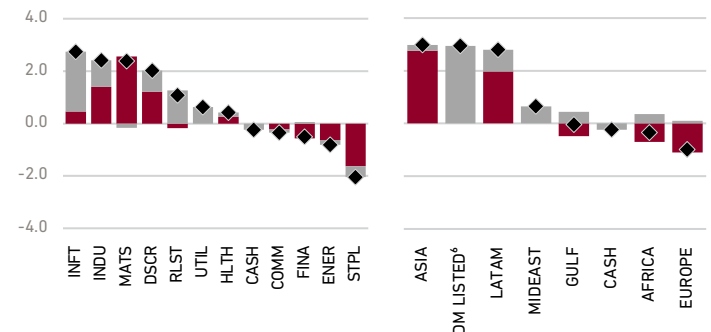
Effect (%)	Selection	Allocation	Total
Sector	-1.4	1.0	-0.4
Geography	-0.2	-0.2	-0.4



- Philippine home improvement chain **Wilcon Depot** added to our relative returns in Consumer Discretionary. Even though tougher mobility restrictions in the Philippines dragged down third quarter sales, Wilcon's profit rose on the back of solid cost control and strong performance in provincial stores.
- Our lack of exposure to Peruvian bank Credicorp detracted from Financials. Credicorp shares bounced as investors applauded President Pedro Castillo's decision to replace the country's hardline leftist prime minister with a more moderate and pragmatic one.

Performance Attribution | YTD

Effect (%)	Selection	Allocation	Total
Sector	2.6	5.1	7.7
Geography	2.4	5.3	7.7



- Our Information Technology (IT) returns were boosted by IT consultant **EPAM**. The company continues to benefit from very strong demand for corporate digital transformation projects, driving its revenue growth through new customer wins and higher pricing.
- Philippine **Security Bank (SECB)** dragged down Financials. SECB profitability has been challenged by the elevated loan loss provisions in its corporate lending segment.

Top Five Contributors/Detractors (%) | Oct.

to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
EPAM	US	INFT	-	0.53
Wilcon Depot	Philippines	DSCR	-	0.44
JG Summit Holdings*	Philippines	INDU	2.0	0.23
SM Investments*	Philippines	INDU	2.4	0.16
Security Bank	Philippines	FINA	-	0.14
Detractors				
Credicorp*	Peru	FINA	3.9	-0.45
Network International	UK	INFT	-	-0.31
Banca Transilvania	Romania	FINA	1.5	-0.28
Kaspi Bank	Kazakhstan	FINA	1.6	-0.26
Square Pharmaceuticals	Bangladesh	HLTH	0.9	-0.24

Top Five Contributors/Detractors (%) | YTD

to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
EPAM	US	INFT	-	2.83
Wilcon Depot	Philippines	DSCR	-	2.02
Hoa Phat Group	Vietnam	MATS	2.2	1.88
Credicorp	Peru	FINA	4.9	1.10
Ayala Land*	Philippines	RLST	3.2	1.02
Detractors				
Kazatomprom*	Kazakhstan	ENER	0.9	-0.90
Kaspi Bank	Kazakhstan	FINA	1.1	-0.84
Ahli United Bank*	Bahrain	FINA	2.5	-0.68
Masan Group*	Vietnam	STPL	1.1	-0.59
Security Bank	Philippines	FINA	-	-0.55

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.

Index weight is the average weight of the security in the index over the MTD and YTD periods. Please read the disclosures on the last page, which are an integral part of this presentation.

Endnotes

(1) The October 2021 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: May 31, 2008 (4) The benchmark index (5) Gross of withholding taxes (6) Includes companies in frontier markets or small emerging markets listed in developed markets. Current frontier markets exposure in the portfolio is 41.7% and emerging markets exposure is 48.8%.

Sources

Benchmark Performance: FactSet; MSCI Inc. and S&P.

Sector/Geographic Attribution: FactSet; Harding Loevner Frontier Emerging Markets Composite; MSCI Inc. and S&P.

Sector/Geographic Positioning and Ten Largest Holdings: FactSet; Harding Loevner Frontier Emerging Markets Model; MSCI Inc. and S&P.

Disclosures

Past performance does not guarantee future results. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

For comparison purposes the Composite return is measured against the MSCI Frontier 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 June 30, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. 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 Frontier Emerging Markets Composite, please contact Harding Loevner at (908) 218-7900 or visit www.hardingloevner.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.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The index consists of 27 frontier markets and 7 emerging markets. You cannot invest directly in this index.

Companies held in the portfolio during the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. The portfolio holdings identified above do not represent all of the securities held in the portfolio. To request a complete list of holdings for the past year, please contact Harding Loevner. 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 to return of all holdings during the month.

Portfolio holdings, portfolio attribution, contributors and detractors, and sector/geographic portfolio positioning are supplemental information only and complement a fully compliant Frontier Emerging Markets Composite GIPS Presentation, which is available upon request. The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is 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.

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