Frontier Emerging Markets Equity

HARDING LOEVNER

Quarterly Report | Year End 2022

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After a difficult year for Frontier Emerging Markets (FEMs), signs of slowing inflation led to a rally in the fourth quarter.

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Composite Performance

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

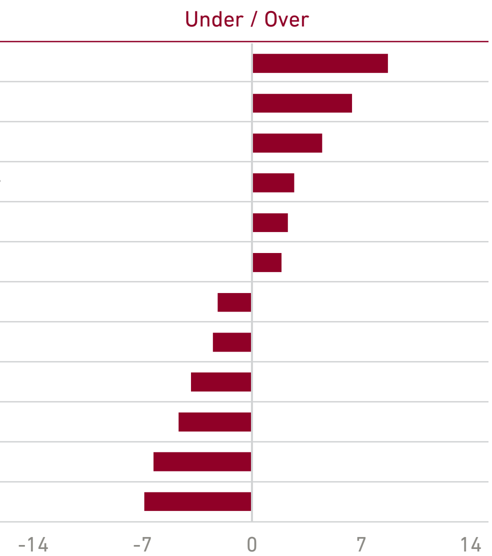
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Frontier Emerging Markets Equity (Gross of Fees)	5.72	-17.23	-1.58	-1.53	2.95	0.77
HL Frontier Emerging Markets Equity (Net of Fees)	5.35	-18.35	-2.91	-2.86	1.51	-0.63
MSCI Frontier Emerging Markets Index[4,5]	9.23	-17.84	-5.67	-3.83	0.17	-1.95

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: May 31, 2008; [4]The benchmark index; [5]Gross of withholding taxes.

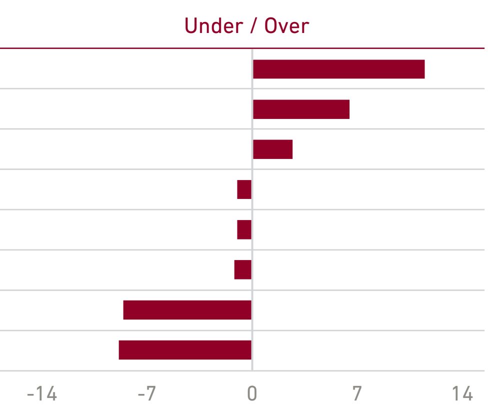
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL FEM	MSCI FEM
Info Technology	8.7	–[6]
Cons Discretionary	7.8	1.4
Cons Staples	12.8	8.3
Cash	2.7	–
Health Care	5.6	3.3
Financials	39.9	38.0
Energy	1.2	3.4
Comm Services	5.3	7.8
Utilities	0.0	3.9
Real Estate	7.4	12.1
Materials	2.6	8.9
Industrials	6.0	12.9



Geography	HL FEM	MSCI FEM
Dev. Market Listed[7]	11.5	–
Gulf States	9.6	3.1
Cash	2.7	–
Africa	14.9	15.9
Middle East	0.0	1.0
Europe	14.7	15.9
Latin America	7.5	16.1
Asia	39.1	48.0



[6]As of June 1, 2022, the Index contained no Information Technology stocks; [7]Includes companies in frontier markets or small emerging markets listed in developed markets. Current frontier markets exposure in the portfolio is 41.1% and emerging markets exposure is 44.7%.

Sector and geographic allocations are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. Source: Harding Loevner Frontier Emerging Markets Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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Market Review

In the fourth quarter, inflation showed signs of retreating from recent highs, causing investors to expect more-moderate future interest rate increases by central banks. Anticipating a potentially more benign global economic and liquidity environment than originally feared, Frontier Emerging Markets (FEMs) rose, a turnaround from the declines of the prior two quarters.

Latin America and Europe led benchmark returns in the quarter, but all regions showed positive performance. In Colombia, a watered-down tax reform bill, passed in November, introduced additional surcharges on oil companies and banks, with those for the latter set to phase out in five years. This removal of policy uncertainty, combined with resilient operating performance, propelled shares of **Bancolombia** upward; the bank's profit nearly doubled for the first nine months of the year on the back of higher interest rates and contained loan losses. Peru mining stocks rallied on rising copper prices and the impeachment and imprisonment of former President Pedro Castillo, following his unsuccessful attempt to dissolve Congress. Europe recovered part of its losses earlier in the year as the risk of a spread of the Russia-Ukraine war diminished and its impact on European economies proved less dire than initially feared.

Financials, Industrials, and Utilities saw the biggest gains during the quarter. Banks advanced across most markets as they continued to deliver robust earnings while a rally in index heavyweight Philippines on the back of the rebounding economic activity lifted shares of local utilities and large industrial conglomerates. The Communication Services sector, the only one in the red, was dragged down by shares of **Maroc Telecom**, which reported subdued revenue growth in its core domestic market, as well as index heavyweight Philippine telecom operator PLDT, which uncovered deficiencies in its internal financial controls leading to material cost overruns.

In the quarter, most FEM currencies appreciated against the US dollar; the Egyptian pound bucked the trend slumping nearly 25% during the quarter and 36% for the year. Acute dollar shortages in the wake of the Russia-Ukraine war forced authorities to devalue the pound and adopt a flexible exchange rate regime after finalizing a US$3 billion support package with the International Monetary Fund in October.

For the full year, poor performance early in 2022 emanating from aggressive interest rate hikes by the US Federal Reserve and other central banks to curb rising inflation, coupled with disruption in global trade and investment caused by the war in Ukraine and China's COVID-19 lockdowns pushed the index deep into the red, despite a rebound in the fourth quarter. FEM's full year currency weakness hampered performance, with roughly 40% of the MSCI FEM Index's US dollar-denominated decline attributable to currency.

The Gulf region performed best in 2022, perceived by investors as a safe haven due to its geographic distance from the Ukraine-Russian conflict, their windfall from higher oil and gas prices, and their stable dollar-pegged currencies. Latin America eked out a small gain on the strength of Peru.

All sectors were negative for the year, although Financials and Energy declined less than others. Financials, particularly banks, outperformed the index as their earnings were supported by rising rates translating into fatter net interest margins. Energy was helped by higher oil and gas prices resulting from the sudden drop in Russian oil and gas exports in the wake of the war, coupled with an OPEC+ decision to curb oil output.

Information Technology (IT) was the weakest sector due to the impact of rising interest rates dimming investor demand for the

MSCI FEM Index Performance (USD %)

Sector	4Q 2022	Trailing 12 Months
Communication Services	-1.2	-28.0
Consumer Discretionary	5.0	-5.1
Consumer Staples	4.6	-20.5
Energy	5.7	-8.5
Financials	13.0	-5.8
Health Care	12.5	-20.7
Industrials	17.7	-27.0
Information Technology[1]	–	-50.0
Materials	7.6	-20.0
Real Estate	0.1	-32.4
Utilities	18.9	-17.7
Geography	**4Q 2022**	**Trailing 12 Months**
Philippines	21.2	-13.5
Vietnam	-14.1	-43.9
Peru	17.4	9.4
Colombia	20.0	-5.0
Morocco	-5.4	-31.6
Kazakhstan	21.1	-28.0
Iceland	6.5	-32.1
Egypt	28.6	-22.5
Romania	18.2	-7.7
Nigeria	3.5	-2.3
MSCI FEM Index	9.2	-17.8

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

[1]As of June 1, 2022, the Index contained no Information Technology stocks.

Selected countries are the 10 largest by weight, representing 84.4% of the MSCI Frontier Emerging Markets Index, listed in order of their weighting.

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 list of our ten largest holdings at December 31, 2022 is available on page 9 of this report.

shares of high-growth, high-valuation-multiple stocks. Real estate was also negatively impacted by rising interest rates suppressing demand, as well as a corruption crackdown in Vietnam, which dragged down several real estate developers.

Viewed by style, high-growth, high-multiple stocks dramatically underperformed slower-growing, lower-multiple peers in 2022. Stocks in the top quintile of growth underperformed the ones in the bottom by an astounding 46%. Similarly, the most-expensive stocks underperformed the cheapest ones by 42%.

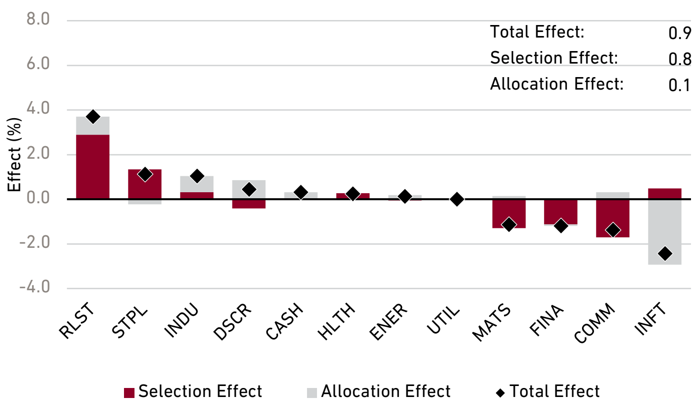
Performance and Attribution

In the fourth quarter, the Frontier Emerging Markets portfolio rose 5.7% gross of fees, underperforming the 9.2% rise for the MSCI Frontier Emerging Markets Index. For the year, the portfolio declined 17.2%, also gross of fees, outperforming the 17.8% decline for the benchmark.

Trailing 12 Months Performance Attribution

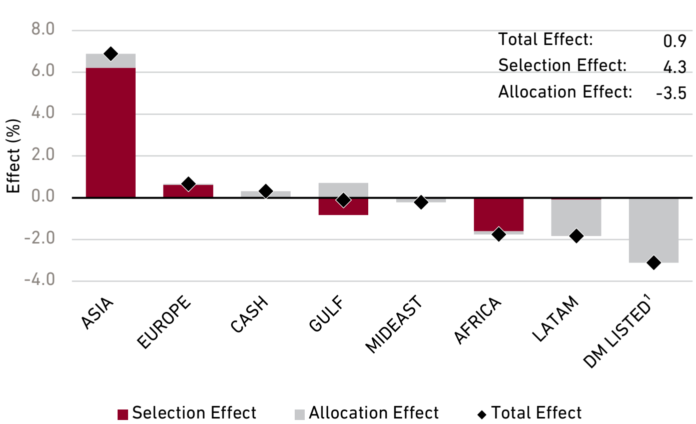
Sector

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



Geography

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



[1]Includes companies in frontier markets or small emerging markets listed in developed markets. Source: FactSet; Harding Loevner Frontier Emerging Markets Equity Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

Viewed by sector, IT investments drove the portfolio's underperformance in the quarter. Argentina-based IT servicer **Globant** suffered as management tempered guidance for its immediate growth prospects, noting its customers are delaying booking projects as well as their start dates due to weakening economic prospects. Financials helped portfolio performance, particularly Kazakhstani banks **Kaspi Bank** and **Halyk Savings Bank**. In Kaspi's lending segment, the company enjoyed high credit quality, performing better than it had previously assumed in early 2022, which allowed it to increase its credit origination pace and simultaneously reduce cost of risk guidance.

By region, African investments hurt performance the most, especially in Egypt. **Commercial International Bank** (CIB)'s London-listed global depository receipts (GDRs), held in our portfolio, lagged behind the local shares denominated in Egyptian pounds (which we do not own), as the latter rallied sharply in anticipation of further Egyptian pound devaluation by local investors. The bank's underlying fundamental position is strong with improving asset quality, expanding net interest margins, and robust loan growth. Frontier Europe was a partial salve, as strong stock picking in Romania and Kazakhstan helped performance. Romania's largest bank, **Banca Transilvania**, performed well despite higher expenses and increased provisioning. The bank's net interest income increased significantly over the past year, and the bank's capital position remains robust.

For the full year, Real Estate contributed the most to outperformance. UAE mall operator **Emaar Properties** reported the highest property sales in the company's history as its recovery from the troughs of the pandemic quickened. Demand has been so strong that Emaar was able to discontinue its flexible policy that allowed buyers to pay for properties even after ownership was transferred to them. The change will strengthen the company's cash flow and financial position.

> By region, Asian investments positively contributed for the year, particularly strong stock picking in Vietnam. **Sabeco**, the country's leading brewer, performed well even as margins were weighed down by rising input costs. Revenues and profits more than doubled year-over-year as pandemic-related restrictions eased.

As was the case in the fourth quarter, IT investments detracted most. Eastern European IT servicing firm **EPAM** plunged in the first quarter as a general sell-off of expensive, high-growth stocks was compounded by its specific business continuity risk: nearly 60% of the company's workforce was based in Ukraine, Belarus, and Russia at the start of the Russia-Ukraine conflict. The company navigated the crisis well, relocating many of its engineers out of the impacted region, while retaining most of its existing customers and winning new ones. Shares have rebounded modestly over the course of the year, although not sufficiently to offset the initial sharp decline.

By region, Asian investments positively contributed for the year, particularly strong stock picking in Vietnam. **Sabeco** (Saigon Beer Alcoholic Beverage Corp.), the country's leading brewer, performed well even as margins were weighed down by rising input costs. Revenues and profits more than doubled year-over-year as pandemic-related restrictions eased. Latin America dragged down our relative returns, particularly in Peru, where our lack of exposure to rising Peruvian mining stocks and underweighting of the strongly performing shares of **Credicorp** detracted.

Perspective and Outlook

During 2021, market participants were preoccupied by vaccination rates and easing of lockdown restrictions as economies around the world rebounded from the pandemic-induced downturn. In 2022, investors scrutinized the pace and magnitude of interest rate increases by the US Federal Reserve and other central banks that were designed to combat inflation.

Higher interest rates drive up borrowing costs for corporations and consumers alike. They are painful everywhere, but many FEMs can be particularly vulnerable for three reasons. First, debt levels in FEMs have risen faster than those in other types of countries. Whereas total global public debt stood at US$93 trillion in 2021, an increase of roughly 80% over the preceding decade, debt of Frontier Emerging Market countries[1] more than doubled in that timeframe to US$2.5 trillion. Although these countries' aggregate debt/GDP ratio of 57% is still well below the global level of 96%, more debt makes them more exposed to rising interest rates. Second, these countries were among the hardest hit by energy and food price shocks caused by the Russia-Ukraine war, draining their reserves of hard currency and hampering economic activity, just as they began recovering from the pandemic. Finally, the stronger greenback, buoyed by US Federal Reserve rate hikes, makes it more expensive for these countries to import commodities and raw materials denominated in dollars. It also makes it costlier to pay interest and principal on the dollar-denominated portion of their debt.

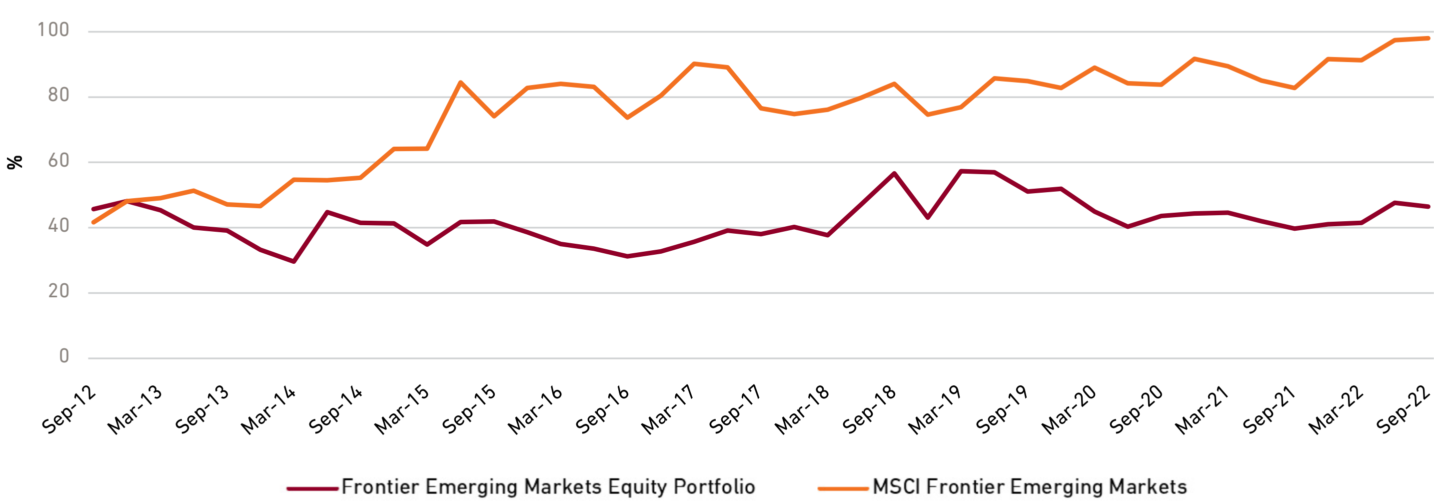
As larger import bills and higher loan payments leave less room for additional fiscal spending, loss of access to funding from abroad can make debt servicing untenable and in extreme cases result in default. Sri Lanka, which defaulted on US$50 billion of its debts in May, is the most recent example of a country where fiscal imprudence compounded by economic policy errors and exogenous shocks culminated in a full-blown debt crisis. Sovereign defaults such as these rattle equity investors and creditors alike and often trigger a host of negative consequences for the affected country, including higher borrowing costs, weaker currency, and a spike in inflation.

While outright default by a country is relatively infrequent, credit ratings downgrades for sovereign debt are more common and have direct repercussions on more than just the government's ability to borrow. In credit rating agency methodologies, the rating of sovereign debt acts as a "ceiling" for most corporate borrowers within a particular country. Thus, a company domiciled in a country with a non-investment grade rating is effectively penalized even if that company has a better credit profile than its home country.

Of the 33 countries represented in the MSCI FEM Index, 17 possess non-investment grade credit ratings. During the era of easy money, low interest rates, and low credit spreads, such ratings had less

[1]Refers to the constituents of the MSCI Frontier Emerging Markets Index.

HL FEM vs. MSCI FEM Debt/Equity Ratio (excluding Financials)



Source: FactSet and MSCI Inc.

of an impact on companies in those countries. But in the current environment, when capital is scarcer and dearer, borrowing costs can surge to become untenable for companies with weaker balance sheets.

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Our insistence on financial strength for the companies in which we invest compels us to construct a portfolio of profitable and cash-generative businesses that are not encumbered by significant financial leverage. As can be seen from the chart below, our non-bank holdings have meaningfully lower debt-to-equity ratios than their peers. Roughly a third of our portfolio companies have "net cash" balance sheets; most of the remaining ones have only modest debt and can cover their interest and principal payments from their cashflows. As interest rates rise, these companies' earnings are less affected by higher financing costs: in fact, "net cash" companies' earnings would be boosted by higher interest income. Such financial strength becomes especially critical in a downturn: it enables companies not only to sustain their operations but also expand without straining their balance sheets or facing restrictive terms or prohibitive costs imposed by lenders.

Our long-standing holding **Safaricom** is a good example. Safaricom is the leading mobile telecom operator in Kenya with 42 million subscribers and 65% market share. Safaricom also operates M-Pesa—its ubiquitous mobile money platform that enables person-to-person money transfers, merchant payments, and, increasingly, micro-loans, savings, and insurance products. More than 30 million Kenyans and more than 3 million businesses across the country conduct payments on M-Pesa; the aggregate value of transactions on the platform exceeds the Kenyan GDP by a factor of two. Having grown at an average annual rate of 23% over the past decade, M-Pesa now contributes nearly 40% of Safaricom's total revenue.

Since M-Pesa runs on the same network infrastructure as Safaricom's core mobile telephony products, it requires negligible incremental operating and capital investment. M-Pesa's growing revenue and high profitability, as well as Safaricom's dominant position in Kenya and resultant economies of scale, are key factors behind the company's superior financial strength. In a sector where fierce competition can lead to pressure to lower prices and companies must spend heavily to build and maintain their networks, Safaricom's financial strength is notable. It's 40% return on invested capital is one of the highest in the industry, while its net debt-to-operating earnings ratio is just 0.4—one of the lowest in the sector.

These sound finances mean Safaricom is not constrained as it seeks to expand into new markets such as Ethiopia. Historically, the Ethiopian telecom sector was controlled by Ethio Telecom—a state-owned monopoly, which lacked the expertise and incentives to upgrade its network, resulting in poor coverage and subpar service. To address this challenge, the Ethiopian government opened the market to private sector operators in March 2021.

Safaricom was the first foreign carrier to start operations in the country. After launching its service in early October 2022, Safaricom surpassed 1 million customers across 16 cities by mid-November. The opportunity for growth is vast: Ethiopia is the second-most-populous country in Africa, with more than 115 million people, and mobile penetration is just 34%, one of the lowest on the continent. To achieve its ambition of a nationwide presence will require heavy capital expenditures to build out its network, estimated at US$1.5 billion—$2 billion over the next five years. In the initial phase, Safaricom's operating costs will exceed revenues until it achieves sufficient scale, while recent approval to launch M-Pesa in Ethiopia should help long-term profitability.

Safaricom's financial muscle should allow it to meet those sizable outlays largely from internal cash flow. And should additional debt be required, Safaricom's financial strength means it won't be limited by Kenya's low credit rating[2]. In fact, Safaricom pays just 10.5% interest on its bank loans, meaningfully below the 14%-plus cost of debt implied by the price of Kenyan government bonds.

> The trifecta of tightening monetary conditions around the world, food and energy shocks, and a stronger dollar have combined to create the toughest economic conditions some FEMs have experienced recently.

Bangladeshi branded-generic drugmaker **Square Pharmaceuticals** is another company with sound finances in a poor credit rating "neighborhood." In Bangladesh, as in many other developing countries, pharmaceutical companies market generic drug molecules under their own brands, and Square produces 18 of the 50 top-selling brands in the country, making it the largest pharmaceutical company in Bangladesh with 19% market share. Having operated in the country since the late 1950s, Square has developed unrivaled brand recognition with doctors, pharmacies, and consumers. Square's drugs are sold at over 117,000 retail pharmacies in Bangladesh; 87% of doctors recommend Square products to their patients. The strength of its brand affords Square superior bargaining power. While competing drug producers attempt to win business by extending credit to pharmaceutical distributors, Square's customers must pay cash. This helps reduce working capital: its cash conversion cycle is the shortest among the top pharmaceutical companies in Bangladesh. The company has more than US$500 million in cash on its balance sheet, about a quarter of its market capitalization.

[2]Kenya is rated B by S&P, B2 by Moody's and B by Fitch.

This war chest gives Square the flexibility not only to survive potential economic downturn in Bangladesh but also to fund the development of new therapeutic drug categories and expand its production capacity. The company has recently invested US$74 million in a manufacturing facility in Kenya that will be capable of producing 2 billion tablets and capsules annually, making it the largest pharmaceutical production site in East and Central Africa.

Global conditions may not get much easier this year, but our companies' solid balance sheets and cash flows provide them with a margin of safety and give us confidence in their ability to weather the potential storms ahead.

The trifecta of tightening monetary conditions around the world, food and energy shocks, and a stronger dollar have combined to create the toughest economic conditions some FEMs have experienced recently. Against this backdrop, most of our companies managed to grow their earnings this year and none has gone bankrupt. Global conditions may not get much easier this year, but our companies' solid balance sheets and cash flows provide them with a margin of safety and give us confidence in their ability to weather the potential storms ahead.

Portfolio Highlights

One category of businesses that can benefit from rising interest rates is banks. Profitability generally increases as interest income on loans rises faster than the increase in the cost of deposits. This occurs because a portion of banks' deposits, known as demand or current account deposits, is non-interest-bearing, whereas another portion—term deposits—pays interest. At the same time, rising rates can expose vulnerabilities in bank loan portfolios, as borrowers are confronted with higher financing charges as economic growth slows and costs increase. Cognizant of these risks, we invest only in high-quality banks with conservative underwriting standards and prudent risk management.

Through the year, we've added to our holdings in high-quality FEM banks such as Kaspi in Kazakhstan and Credicorp in Peru, as discussed in prior letters. In the fourth quarter, we established a new position in **Al Rajhi Bank**.

Al Rajhi is the second largest bank in Saudi Arabia with 22% market share by assets and 24.5% by deposits. With over 500 branches spread across the kingdom, Al Rajhi counts 12.7 million Saudis as customers and holds the top market position in retail lending. In the past few years Al Rajhi capitalized on its retail lending reach to gain the largest share of the booming Saudi mortgage market, whose growth was propelled by the establishment of mortgage subsidies by the Saudi government in 2017. These subsidies, which are administered through the borrower's bank, fully cover the equivalent of interest payments (as Islamic law prohibits charging interest outright, replacing it with a contract whereby the lender sells an asset to the borrower at a fixed mark-up with a set repayment schedule) for middle class Saudis borrowing up to SAR 500,000 (US$133,000). With mortgagees enjoying effectively costless loans, the kingdom's sum of outstanding mortgages expanded from SAR 140 billion in 2018 to SAR 503 billion in the second quarter of 2022. Al Rajhi's mortgage book grew more than six-fold during the same period, its market share rising from 24% to 43%.

The largest Islamic bank in the world by assets, Al Rajhi is funded primarily with non-interest-bearing demand deposits, giving the bank significant competitive advantage in terms of low funding costs. Faced with record mortgage demand, which far outpaced the natural growth in deposits, the bank needed to mobilize additional time deposits to support its growth. That resulted in demand deposits dropping from 90%-plus of the bank's deposits historically to 70%, which increased funding costs and pressured net interest margins. This margin softness, however, is transitory: as floating rate corporate loans and non-mortgage consumer loans reprice upward, Al Rajhi's net interest margins are set to expand.

Approximately three-quarters of Al Rajhi loan book is in the retail segment, split almost evenly between mortgages and unsecured personal loans. The latter are "salary assigned" whereby borrowers, primarily Saudi public sector and blue-chip corporate employees, get their salary deposited into their account with Al Rajhi and the debt owed is promptly deducted. Due to the stable employment enjoyed by these groups, non-payment rates on such loans have historically been *de minimis*. Still, Al Rajhi management, which is very conservative, has set aside sufficient buffers to guard against credit quality deterioration—provisions reserved to cover potential loan losses exceed problem loans by over two-and-a-half times.

In the past few years Al Rajhi capitalized on its retail lending reach to gain the largest share of the booming Saudi mortgage market, whose growth was propelled by the establishment of mortgage subsidies by the Saudi government in 2017.

We added to our position in Egypt's CIB, another prudent, well-managed bank, albeit operating in a country with a more-challenged macroeconomic outlook. Unlike Saudi Arabia, a major oil exporter with ample fiscal buffers whose currency is pegged to the US dollar, Egypt is a net commodity importer that has historically run trade and budget deficits, financed in part by direct investment and portfolio flows from abroad. Sharp spikes in the prices of energy, wheat, and other commodities in the wake of the Russia-Ukraine war coupled with sluggish recovery in tourism and Suez Canal dollar revenues post-pandemic drained Egypt's hard currency reserves, which fell from $54.5 billion in February to $38.6 billion in November. Ultimately Egyptian authorities devalued the pound in the fourth quarter; it depreciated by 36% against the dollar for the full-year 2022.

CIB, which has operated in Egypt since 1975 and successfully navigated multiple currency devaluations, was well prepared to handle this one. Currency depreciation erodes bank capital buffers as the weight of foreign currency-denominated assets balloons relative to the capital base, the majority of which is usually denominated in local currency. Since 2016, CIB has reduced the proportion of foreign currency loans in its loan book from 57% to just 26%. It has also bolstered its capital base to over twice the minimum level mandated by the regulator. These steps, coupled with more-conservative provisioning policy (reserves set aside to cover loan losses exceed problem loans by over two times), give CIB sufficient cushion to withstand current and future economic shocks. Reflecting a series of interest rate increases by the Central Bank of Egypt, which amounted to 10 percentage points over the course of 2022, CIB's profitability should be supported by higher rates on loans as well as Egyptian government securities which comprise about half of CIB's assets.

Frontier Emerging Markets Ten Largest Holdings (as of December 31, 2022)

Company	Market	Sector	End Wt. (%)
Kaspi Bank (Banking and financial services)	Kazakhstan	Financials	4.7
Vietcombank (Commercial bank)	Vietnam	Financials	4.4
Emaar Properties (Real estate developer and manager)	United Arab Emirates	Real Estate	4.1
Credicorp (Commercial bank)	Peru	Financials	3.8
Banca Transilvania (Commercial bank)	Romania	Financials	3.7
Commercial International Bank (Commercial bank)	Egypt	Financials	3.6
Wilcon Depot (Home improvement retailer)	Philippines	Cons Discretionary	3.4
SM Prime Holdings (Real estate developer)	Philippines	Real Estate	3.3
EPAM (IT consultant)	United States	Info Technology	3.1
Vietnam Dairy Products (Dairy products producer)	Vietnam	Cons Staples	3.1

Model Portfolio holdings are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

4Q22 Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL FEM	MSCI FEM	Effect
No Va Land Investment*	RLST	–	0.9	1.61
Banca Transilvania	FINA	3.4	1.4	0.36
Phat Dat Real Estate*	RLST	–	0.2	0.34
Kaspi Bank	FINA	4.5	2.3	0.33
Bank of Georgia	FINA	0.9	–	0.31

Last 12 Mos. Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL FEM	MSCI FEM	Effect
Emaar Properties	RLST	3.9	–	1.22
No Va Land Investment*	RLST	–	1.2	1.05
Kaspi Bank	FINA	2.9	1.8	0.74
Thaiholdings*	INDU	–	0.4	0.74
Bank Central Asia	FINA	2.7	–	0.65

4Q22 Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL FEM	MSCI FEM	Effect
Airtel Africa	COMM	0.6	–	-0.76
Southern Copper*	MATS	–	3.2	-0.72
Ayala Land*	RLST	–	2.4	-0.68
Globant	INFT	3.1	–	-0.66
Commercial International Bank	FINA	3.4	2.6	-0.62

Last 12 Mos. Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL FEM	MSCI FEM	Effect
EPAM	INFT	2.8	–	-1.43
Airtel Africa	COMM	0.2	–	-1.40
Ahli United Bank*	FINA	–	2.7	-1.30
Globant	INFT	3.5	–	-1.28
Commercial International Bank	FINA	3.5	2.4	-1.11

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

Portfolio Characteristics

Quality and Growth	HL FEM	MSCI FEM
Profit Margin[1] (%)	19.7	18.5
Return on Assets[1] (%)	4.8	3.9
Return on Equity[1] (%)	18.7	13.6
Debt/Equity Ratio[1] (%)	46.4	101.1
Std. Dev. of 5 Year ROE[1] (%)	3.5	3.7
Sales Growth[1,2] (%)	8.5	5.2
Earnings Growth[1,2] (%)	7.8	4.3
Cash Flow Growth[1,2] (%)	13.4	7.9
Dividend Growth[1,2] (%)	3.5	0.8
Size and Turnover	**HL FEM**	**MSCI FEM**
Wtd. Median Mkt. Cap. (US $B)	5.6	6.7
Wtd. Avg. Mkt. Cap. (US $B)	9.2	8.2
Turnover[3] (Annual %)	18.3	–

Risk and Valuation	HL FEM	MSCI FEM
Alpha[2] (%)	2.43	–
Beta[2]	0.97	–
R-Squared[2]	0.92	–
Active Share[3] (%)	60	–
Standard Deviation[2] (%)	18.56	18.46
Sharpe Ratio[2]	-0.14	-0.27
Tracking Error[2] (%)	5.2	–
Information Ratio[2]	0.46	–
Up/Down Capture[2]	102/93	–
Price/Earnings[4]	10.5	10.4
Price/Cash Flow[4]	10.3	7.9
Price/Book[4]	2.0	1.7
Dividend Yield[5] (%)	3.6	3.6

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

Completed Portfolio Transactions

Positions Established	Market	Sector
Al Rajhi Bank	Saudi Arabia	FINA

Positions Sold	Market	Sector
Edita Food Industries	Egypt	STPL

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Frontier Emerging Markets Composite Performance (as of December 31, 2022)

	HL FEM Gross (%)	HL FEM Net (%)	MSCI FEM Index[1] (%)	HL FEM 3-yr. Std. Deviation[2] (%)	MSCI FEM Index 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2022[4]	-17.23	-18.35	-17.84	21.87	21.74	N.M.[5]	1	156	47,607
2021	12.18	10.67	4.61	20.37	19.75	N.M.	1	213	75,084
2020	2.66	1.27	-2.36	20.72	19.66	N.M.	1	227	74,496
2019	12.85	11.32	14.46	10.58	10.95	N.M.	1	291	64,306
2018	-13.95	-15.11	-14.37	10.79	11.42	N.M.	1	356	49,892
2017	27.33	25.62	27.19	10.84	11.87	N.M.	1	480	54,003
2016	4.89	3.34	5.41	11.22	12.43	N.M.	1	387	38,996
2015	-16.76	-18.00	-17.99	11.28	11.81	N.M.	1	432	33,296
2014	8.51	6.93	7.52	10.19	10.76	N.M.	1	537	35,005
2013	19.77	18.09	4.59	12.68	11.82	N.M.	1	317	33,142
2012	22.92	21.08	21.23	14.01	13.97	N.M.	1	88	22,658

[1]Benchmark index; [2]Variability of the Composite, gross of fees, and the index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2022 performance returns and assets shown are preliminary; [5]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

The Frontier Emerging Markets Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities, and cash reserves of companies domiciled predominately in frontier emerging markets and is measured against the MSCI Frontier 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 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 28 frontier markets and 4 emerging markets. 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 September 30, 2022.

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 verification report is 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 Affiliated Managers Group, 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 Frontier Emerging Markets accounts is 1.50% annually of the market value for the first $20 million; 1.15% above $20 million. 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 Frontier Emerging Markets Composite was created on May 31, 2008 and the performance inception date is June 1, 2008.

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