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ASML's new lithography machines and TSMC's next-generation semiconductors—innovations that have been years in the making—are enabling the development of more powerful, energy-efficient chips to meet the surging demand for high-performance computing.

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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 Global Equity ADR (Gross)	2.90	10.57	19.16	0.75	10.46	9.97	9.60
HL Global Equity ADR (Net)	2.67	10.13	18.23	-0.02	9.61	9.11	8.72
MSCI All Country World Index	3.01	11.58	19.92	5.93	11.27	8.98	7.71
MSCI World Index	2.78	12.04	20.75	7.37	12.31	9.73	7.92

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Global Equity ADR composite inception date: November 30, 1989 corresponds to that of the linked Global Equity composite. MSCI All Country World Index, the benchmark index, and MSCI World Index, the supplemental index, are 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	Under / Over
Comm Services	17.2	7.9	9.3
Health Care	19.0	10.9	8.1
Industrials	15.7	10.3	5.4
Cash	3.9	—	3.9
Real Estate	0.9	2.0	-1.1
Utilities	0.0	2.5	-2.5
Info Technology	23.2	25.8	-2.6
Cons Discretionary	7.7	10.4	-2.7
Cons Staples	3.4	6.2	-2.8
Materials	1.1	4.0	-2.9
Energy	1.2	4.4	-3.2
Financials	6.7	15.6	-8.9

Geography	HL	Index	Under / Over
Europe EMU	11.5	7.5	4.0
Cash	3.9	—	3.9
Europe ex EMU	10.5	7.3	3.2
Frontier Markets	0.0	—	0.0
Middle East	0.0	0.2	-0.2
US	63.8	64.7	-0.9
Japan	4.0	5.1	-1.1
Pacific ex Japan	0.6	2.4	-1.8
Canada	0.0	2.6	-2.6
Emerging Markets	5.7	10.2	-4.5

"HL": Global Equity ADR model portfolio. "Index": MSCI All Country World Index.

"Frontier Markets": Includes countries with less-developed markets outside the index. Sector and geographic allocations are supplemental information only and complement the fully compliant Global Equity ADR Composite GIPS Presentation. Source: Harding Loevner Global Equity ADR 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

Global equity markets inched higher this quarter, belying significant underlying divergence between sectors, as stellar returns in Information Technology (IT), especially within the semiconductor industry, balanced out declines in other sectors.

Monetary policies continued to diverge in developed markets. The US Federal Reserve maintained the federal funds rate within the range of 5.25% and 5.5%, reflecting a cautious stance aimed at containing inflation while supporting growth. Despite earlier forecasts suggesting multiple rate cuts in 2024, markets are now pricing in just two. The Bank of Japan also kept rates stable but further reduced its bond purchases; Governor Kazuo Ueda indicated that further rate hikes remain a possibility despite signs of economic weakness, including weak private consumption and rising living costs. In contrast, the European Central Bank lowered its key rate to 3.75% from 4%, making its first cut since 2019, even as wage cost pressures persist.

There was little change to the shape of the US yield curve, which remains inverted at roughly the same level as the previous quarter, indicated by the 10-year minus 3-month spread. Such inversions, where short-term rates rise above long-term rates, has frequently occurred in advance of past recessions, and

MSCI ACWI Index Performance (USD %)

Sector	2Q 2024	Trailing 12 Months
Communication Services	8.2	32.6
Consumer Discretionary	-1.4	9.4
Consumer Staples	0.0	1.9
Energy	-0.6	17.7
Financials	0.4	22.8
Health Care	0.4	11.2
Industrials	-1.7	15.5
Information Technology	11.4	38.0
Materials	-3.0	6.6
Real Estate	-2.7	4.9
Utilities	3.8	7.3
Geography	2Q 2024	Trailing 12 Months
Canada	-1.9	9.5
Emerging Markets	5.1	13.0
Europe EMU	-2.1	10.7
Europe ex EMU	4.1	14.2
Japan	-4.2	13.5
Middle East	-4.0	24.2
Pacific ex Japan	2.5	7.0
United States	4.1	24.7
MSCI ACWI Index	3.0	19.9

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

typically un-inverted soon before the recession's start. However, the current inversion has persisted for nearly two years, making it the longest in post-war history and casting doubt on its reliability as a recession indicator in the current context.

While inflation appears under control in most countries and bond yields remain stable, recent election results have introduced new volatility in both developed and emerging markets. In Europe, far-right parties made significant gains in the parliamentary elections in the European Monetary Union (EMU). French President Emmanuel Macron reacted to his party's rout at the ballot box by hastily calling for snap legislative elections, prompting French markets to fall. In Germany, Chancellor Olaf Scholz's center-left Social Democrats also received a drubbing and are now polling behind the extreme-right wing Alternative for Germany (AfD) party, although with elections there more than a year away, markets were calmer. In another anti-incumbent outcome, the Labour party secured the majority in the UK Parliament, bringing an end to Conservative Rishi Sunak's 20-month tenure as Prime Minister, and to the Tories' 14-year hold on power.

Indian markets cratered 6% immediately after Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) failed to secure a majority in that country's elections, which means that he will need to seek alliances across party lines to secure his third term, rather than govern untrammelled by the need for compromise. That reaction proved short-lived, however, as the market recovered to reach new highs by quarter-end. In Mexico, Claudia Sheinbaum's decisive victory over Xóchitl Gálvez led to a larger drop in Mexican stocks; investors braced for populist policies as her party's gains in the legislature may lead to an unconstrained majority.

The ongoing weakness of the Japanese yen remained the headline story in currency markets, as it fell an additional 6% against the dollar, reaching its lowest level since 1990. The decline appears to be caused by local investors seeking higher real yields outside their domestic market, as policies remain targeted at stimulating inflation in the economy. Emerging market currencies in Latin America fared even worse: the Brazilian real and Mexican peso both dropped roughly 10%, weighed down by narrowing interest-rate differentials with the US dollar and, in the case of the peso, the election results.

When viewed by sector, last quarter's pattern of strong gains in IT and Communication Services continued. IT was the best performing sector, though returns within the sector were bifurcated, as industries with direct artificial-intelligence (AI) beneficiaries such as semiconductors & semiconductor equipment and technology hardware & equipment surged by double digits, while software & services shares rose only 2%. Communication Services also outperformed, as **Tencent** and **Alphabet** both rallied,

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. A complete list of holdings at June 30, 2024 is available on page 9 of this report.

offsetting underperformance by **Meta Platforms**. Energy and Materials both declined.

Despite the strong showing of US tech companies, European markets outside the monetary union matched the returns of the US market. Within the eurozone markets fell, as election results weighed on returns in France and Germany. Japan also declined, unable to overcome the yen weakness. In Emerging Markets (EMs), Taiwan soared due to returns from chip powerhouse **TSMC**. Indian stocks recovered to new highs, and the heavyweight Chinese market rebounded with a 7% gain. These markets offset poor returns in other EMs such as Brazil and Mexico, which fell by 12% and 16% in US dollars, respectively.

Shares of faster-growing companies once again outperformed their slower-growing peers, with the top quintile of growth stocks returning more than 11% while the other 80% of the market combined to return next to nothing.

As in the previous quarter, strong share-price gains from US-based heavyweights pushed indices higher and contributed to differing style returns. The MSCI All Country World Index would have finished nearly flat without the positive contribution from NVIDIA, **Apple**, and Alphabet. Shares of faster-growing companies once again outperformed their slower-growing peers, with the top quintile of growth stocks returning more than 11% while the other 80% of the market combined to return next to nothing. Stocks of higher-quality companies, characterized by lower leverage and more stable returns on capital, fared better than those of lower quality. The MSCI All Country World Quality Index, which features large weights in NVIDIA along with other tech companies, outperformed the core index by over 300 basis points (bps). There was no clear pattern in returns based on expensiveness, except for the Japanese, Chinese, South Korean, and Indian markets, where cheaper stocks again outperformed more expensive ones. In Japan, the return spread between the cheapest and most expensive quintiles was 700 bps, bringing the year-to-date gap to 1,100 bps.

Performance and Attribution

The Global Equity ADR composite rose 2.90% gross of fees in the second quarter, nearly in line with the 3.01% gain in the MSCI All Country World Index.

The portfolio kept pace with the index despite not owning the single largest contributor to the index's rise: NVIDIA. Investors, encouraged by another quarter of record sales and excited over a 10-to-1 share split, pushed the chipmaker's share price to new highs and its market capitalization to above US\$3 trillion, as it vied with Apple and Microsoft for the title of world's most highly valued company.

The negative selection effect from the absence of NVIDIA was partially offset by other holdings in the IT sector that are part of the semiconductor value chain, including **Applied Materials**, **Broadcom**, and TSMC, all of which outperformed the sector and market. Relative returns were also hurt by our underweight to Apple, which rallied after unveiling a suite of new AI features for its phones, tablets, and laptop computers.

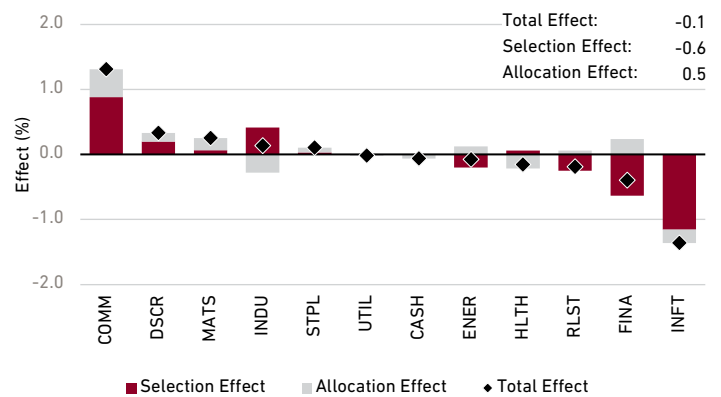
Also within IT, our holdings in software and services underperformed. Shares of **Salesforce** and **Accenture** declined, before regaining some ground late in the quarter as management commentary during the companies' quarterly earnings suggested a coming wave of spending on AI.

In Communication Services, Alphabet, **Pinterest**, and Tencent were significant positive contributors. Pinterest shares jumped after reporting year-over-year revenue growth of 23% for the first quarter, which exceeded the market's expectations and supports

Second Quarter 2024 Performance Attribution

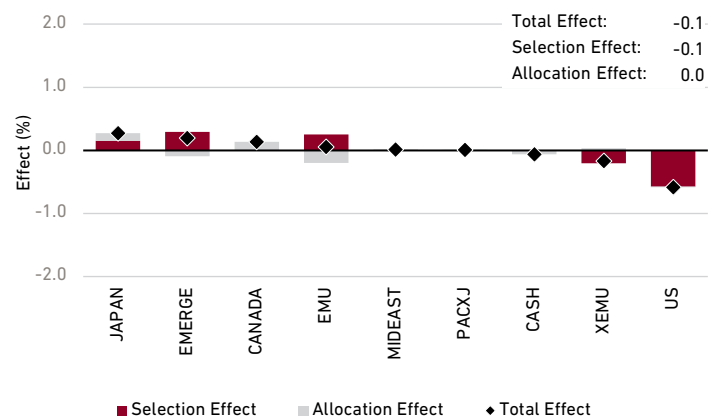
Sector

Global Equity ADR Composite vs. MSCI ACWI Index



Geography

Global Equity ADR Composite vs. MSCI ACWI Index



Source: Harding Loevner Global Equity ADR 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.

the thesis that the changes being implemented by the relatively new management team are leading to improved platform engagement and monetization. Alphabet's Google division said cloud revenue rose 28%, with strong growth from segments hosting AI capabilities.

By region, the strength in tech hardware and relative weakness in software and services largely explains the negative contribution from the US. Our strong performance in EMs was due to Taiwan's TSMC—a key supplier to NVIDIA—as well as China's Tencent. Tencent reported that profitability improved across its business segments from better sales of higher-margin products, strong revenue growth in video advertising, as well as cost-cutting in its unprofitable divisions.

The portfolio kept pace with the index despite not owning the single largest contributor to the index's rise: NVIDIA.

In the EMU, **Schneider Electric's** continued strength was offset by weak performance from Dutch payments processor **Adyen**. Schneider's position as the world's leader in electrification solutions was reaffirmed with its announcement of better-than-expected revenue and an increased backlog of orders. Adyen's shares fell after reporting 21% growth in first-quarter revenue, which was in-line with expectations. Its take rate fell, raising investor concerns that the company may be cutting prices in response to competitive pressure; however, we agree with management's interpretation that the fall in take rate was due to a temporary shift in its mix of clients to lower-margin large customers.

Perspective and Outlook

Now that the economy and capital markets have recovered from the turmoil of COVID-19-related lockdowns and shortages, breathtaking innovations—from generative AI to GLP-1 diabetes and obesity drugs—are rekindling hope for great prosperity. Of course, not every discovery or newfangled technology moves the economic needle, but long-term prosperity is generally reliant on innovation. And although the threats of war, economic recession, and social unrest continue to loom, one lesson from the COVID-19 pandemic and every crisis before it is that if anything in the world is guaranteed, it's that the inherent ingenuity of humans will always lead to more innovation.

Growth investing, which is predicated on exposure to continued waves of innovation, frequently has long periods of outperformance, and it is where an investor ought to want to be. The challenge is correctly identifying which growth companies will rise to the top, as a small proportion of stocks typically accounts for the vast majority of wealth creation. Even for the strongest companies, the pursuit of growth can be a treacherous journey. Just like the summer sunshine and heat, filled with *joie de vivre*, also delivers thunderstorms and hurricanes, the summer of

growth equity—if that's what this current market environment is—can be full of surprises and setbacks, too.

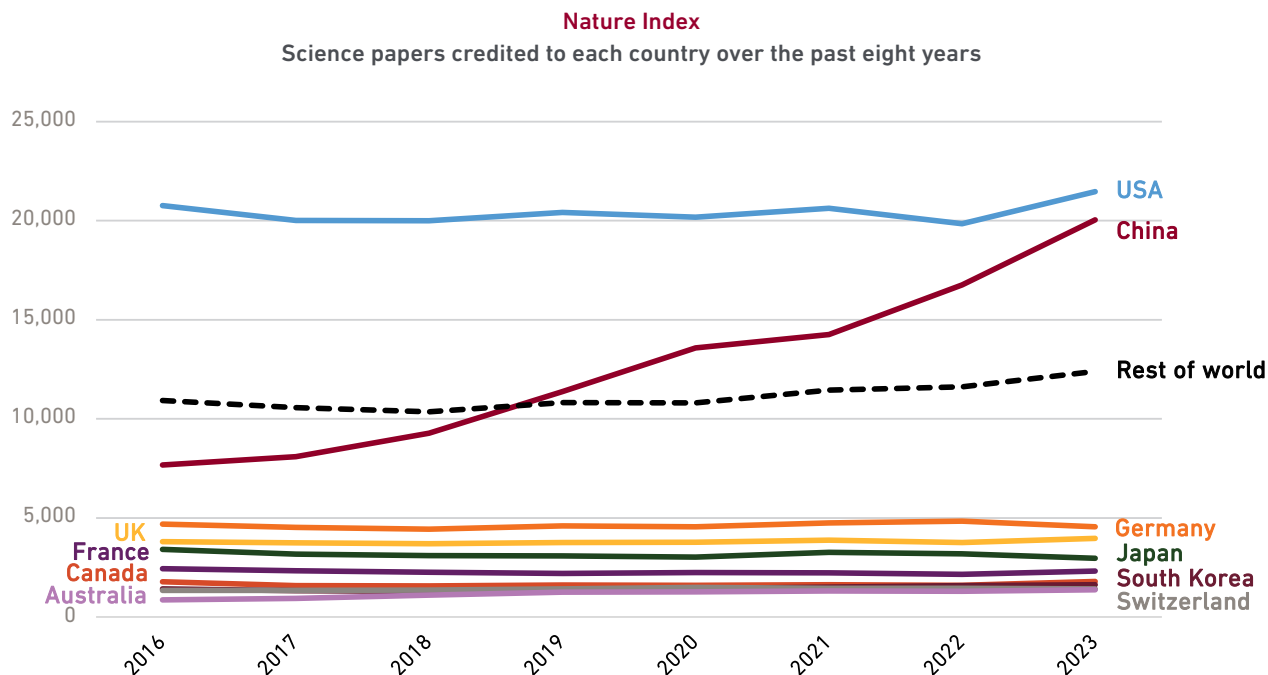
A common cause of value destruction that can surprise growth investors is competition. Naturally, promising fields attract ambitious minds, and the success of the companies they create invites competitors. To keep growing, a business must outrun its rivals.

One of the great races of our time is the relentless pace of new AI capabilities and products being unveiled by tech startups and incumbents. A pivotal moment came in late 2022, when OpenAI, a startup backed by **Microsoft**, launched its ChatGPT 3.5 generative-AI model, which can produce text responses to natural-language prompts. The consumer-friendly functionality of the chatbot made the wider world more aware and appreciative of the possibilities of generative AI, particularly for speeding up workplace processes. Since then, AI chatbots have advanced to generating images, short videos, and—in the case of GPT-4o, released in May—voice responses. **Adobe**, the dominant provider of graphic-design software, is an example of a company trying to stay ahead in this race, as AI allows competitors such as the startup Canva to try to pitch users on an easier way to make content. However, Adobe's data prowess, scale, and copyright protections afford it a sizable advantage, which has been furthered by the strength of its own AI model and chat assistant, Firefly. The company recently raised full-year forecasts as Firefly begins to generate revenue.

Even for the strongest companies, the pursuit of growth can be a treacherous journey.

Not every race is as fast paced as the one unfolding for AI tools. Drug development, for example, moves slowly by technology's standards, yet the stakes are high and the process similarly nerve-racking. Consider the outcome of the competition between **Vertex Pharmaceuticals** and Merck more than a decade ago over a new generation of medicines for hepatitis C. After many years of research and development, Vertex and Merck had produced rival drugs that were more effective at ridding patients of the virus than existing treatments. This led to both drugs winning US regulatory approval just days apart in 2011. But as the companies shifted their focus to marketing their therapies, another competitor, Pharmasset (later acquired by Gilead), unveiled a treatment that was significantly more effective. For Vertex and Merck, the race was over. They had no choice but to withdraw their drugs from the market. But even Gilead's monopoly position didn't last, as new entrants eventually delivered treatments with similar efficacy and safety profiles and made the rare industry move to compete on price. (Fortunately, Vertex's business was not devastated by the hepatitis C setback, due to the success of its drug for cystic fibrosis, which arrived around the same time and became a source of long-term growth.)

Competition between companies is influenced not only by innovation but also by the competition between nations. One way



Source: Nature Index. Data as of December 31, 2023.

to try and quantify that competition is the Nature Index, which is compiled by the publisher of the scientific journal *Nature* and tracks contributions to research articles published in the most reputable natural-science and health-science journals. It is a good indicator of a nation's capabilities in fundamental research, which is part of the ecosystem that supports innovation at the company level (other parts of the ecosystem include education and venture-capital spending). The index shows that China, which was a distant second in terms of research contributions in 2014, has risen over the past decade to stand neck and neck with the US.

This is meaningful because the strength of fundamental research in the US and Europe over the last few decades—centuries even—has translated into enormous leads in the fields of technology and life science. Recently, however, we have started to see Chinese companies pull ahead in new industries such as electric vehicles, in part because of China's mastery of fundamental sciences and technologies, such as materials science and electrical control. This technological lead is one reason we don't invest in any European or Japanese car manufacturers, which were the frontrunners in the era of the internal combustion engine.

The "race" analogy shouldn't leave the impression that companies in each industry are all operating on the same racetrack, in which the routes, conditions, and rules are clear and fixed. The reality is that everything around them is always changing—from technology to the climate to the world's economic order—and so businesses must blaze their own trail. It's why we can't assume that the most profitable and fastest-growing businesses will stay that way forever. Today's winners will have to evolve accordingly to maintain their positions.

Sometimes, this means using thoughtful mergers and acquisitions to entirely reinvent a business. Perhaps no company has done

this more successfully than **Danaher**, which has come a long way from the small hodgepodge of manufacturing businesses that it once was. Sometime in the 1990s, the company began to recognize that the industry it was in, primarily automotive parts, was going to face challenges, and so it began using its cash flow to gradually acquire its way into slightly better businesses in the areas of science and technology. As a result of those many years of dealmaking, Danaher is now a leading global life science and diagnostic innovator with more than US\$4 billion in annual profit.

Any one company is subject to perils, but that is why we have some 50 portfolio holdings.

We can contrast Danaher with General Electric and 3M. They were great businesses 20 and 30 years ago, but their industries have matured and deteriorated, and neither company evolved. It is why they were sold from this portfolio long ago. Meanwhile, many of our holdings—**Thermo Fisher Scientific**, **Atlas Copco**, and **Schneider Electric**, to name a few—are those that, like Danaher, have adapted. Thermo Fisher, for example, went from selling the most basic health-care consumables, such as glassware and chemicals, to becoming a highly respected producer of high-end, cutting-edge life-science instruments, including mass spectrometers.

Any one company is subject to perils, but that is why we have some 50 portfolio holdings. One of our firm's bedrock principles is an insistence on broad diversification and exposure to sectors around the world. Another is that we seek to own companies of the highest quality that can deliver sustained high profitability from riding these waves of innovation. Without quality, the duration of any growth would otherwise be called into question. That is why our research process is geared to search only for businesses that display financial strength, competent management teams, and a sustainable competitive advantage.

By innovation, we also don't just mean AI and other headline-grabbing developments. Companies pioneering less widely known advances in their fields include **Intuitive Surgical** with its robotic-surgery capabilities, **Tradeweb** with its electronic-trading platform for the bond market, and **Alcon** with its ophthalmology instruments. In each case, innovation is reinforcing the company's competitive advantages, which is translating to resilient profits and cash flows across economic cycles. We think it is through this combination of financial and business-franchise quality, innovative growth, and diversification that we can overcome the pitfalls of investing in a cycle of booms and busts.

Portfolio Highlights

In 1967, leading scientists and engineers inside the Dutch conglomerate Philips had a tremendous achievement to showcase at the company's annual research exhibition. They had developed a six-barrel step-and-repeat camera system for semiconductor manufacturing—essentially, the predecessor to the lithography machines used today. Although the exhibit initially attracted a large crowd of fellow researchers and top Philips executives, it wasn't long before the executives turned their attention to a nearby booth that was displaying new features of a different product, the washing machine.

In the decades that followed, Philips became a leader in consumer electronics and health-care equipment, and the camera system technology—a tiny moonshot project it never seemed to prioritize—became **ASML**, a leading supplier of the intricate machinery used to produce semiconductor chips. The latter continued to take innovative leaps, and it has been rewarded. ASML now has a market value nearly 20 times larger than that of its former parent.

With these tools, the semiconductor industry can potentially develop more powerful and energy-efficient chips to meet the surging demand for computing power coming from fields such as AI, autonomous driving, and the internet of things.

This quarter, nothing—certainly not washing machines—could divert attention away from ASML or its peers NVIDIA and TSMC. The three semiconductor stocks were responsible for a disproportionately large percentage of the overall market return. Two of them, ASML and TSMC, have been portfolio holdings since 2021, while we exited NVIDIA in the first quarter after more than five years. Their strong performance is quite deserving, given that the competitive structure of their industry, oligopoly or near monopoly, is more favorable than most we encounter. But just a few years ago, as the personal computer and mobile phone cycles ran their course, the outlook for chip demand was much less sanguine.

The tech world has long subscribed to Moore's Law, an observation and prediction that the number of transistors on an

integrated circuit doubles every two years with a minimal rise in cost. But as it has become increasingly difficult and costly to shrink the size of transistors any further, the fear has been that without a technological breakthrough, the computational power of chips will hit a ceiling. One promising technology that has emerged to counter this fear is extreme ultraviolet (EUV) lithography.

Currently, a typical graphics processing unit (GPU) used to train an AI model has over 100 billion transistors. TSMC Chairman Mark Liu forecasts that within a decade that figure will rise to more than 1 trillion.

Think of a lithography machine as a large camera that uses light to transfer precise patterns onto a wafer's surface, which is then diced into chips. The shorter wavelengths of EUV radiation can print a sharper image of tinier details, thus allowing for smaller transistors. But using a different light source also created a host of challenges that had to be solved. After spending years working to improve the performance of its EUV machines, from throughput to overlay accuracy to uptime, ASML has now shipped more than 100 of them to customers, with some configurations costing well north of US\$100 million. As it was working to perfect these EUV machines, ASML also began to develop a next-generation technology called High NA (for numerical aperture), which can print even finer features on a wafer. After a decade of research and development, it shipped its first High NA machine in December 2023, leaving its competitors even further behind. With these tools, the semiconductor industry can potentially develop more powerful and energy-efficient chips to meet the surging demand for computing power coming from fields such as AI, autonomous driving, and the internet of things.

Shrinking the transistor through innovations in lithography is still just one step to produce more powerful chips. The transistors also need to become more interconnected, thus allowing for a higher number of them to sit on a single chip (our Fundamental Thinking article "[Third Law: How a Pair of Chip Companies Came to Hold the Keys to Everything](#)" details this trend). In April, TSMC unveiled its plan to do this, which will advance chip technology by two generations—from the current N3 (three nanometer), to N2, and then to A16 (meaning 1.6 nanometers, or 16 angstrom). Currently, a typical graphics processing unit (GPU) used to train an AI model has over 100 billion transistors. TSMC Chairman Mark Liu forecasts that within a decade that figure will rise to more than 1 trillion. Such a steep trajectory is a great manufacturing challenge, and if the company is successful, it will be a great testimony to TSMC's engineering capabilities.

Even with such a formidable position, these industry leaders have had their share of ups and downs. We don't believe we can add much value in trying to predict industry cycles or time the tipping point of demand—whether for hardware companies such as ASML and NVIDIA or the software and IT services companies we wrote about last quarter, such as Adobe, Salesforce, Accenture,

and **Globant**. Earlier this year, several software and services companies reported disappointing earnings, as overall IT spending remains muted amid high interest rates and ongoing economic and geopolitical uncertainty. But secular growth appears to be underpinned by the innovations described above, as well as the race to introduce value-added tools that use AI to solve business problems. Although the market remains enamored with NVIDIA, which trades at a high price-to-earnings ratio, we continue to believe that as large companies embrace generative AI, software and services businesses will become primary beneficiaries of the AI trend.

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.

Global Equity ADR Holdings (as of June 30, 2024)

Communication Services	Market	End Wt. (%)	Industrials	Market	End Wt. (%)
Alphabet (Internet products and services)	US	4.6	Atkore (Electrical conduit manufacturer)	US	0.6
Meta Platforms (Virtual reality and social network)	US	4.7	Atlas Copco (Industrial equipment manufacturer)	Sweden	1.3
Netflix (Entertainment provider)	US	2.9	Diploma (Specialized technical services)	UK	1.2
Pinterest (Social network)	US	2.1	Epiroc (Industrial equipment manufacturer)	Sweden	1.0
Rightmove (Online property listings operator)	UK	1.0	Honeywell (Diversified technology and product mfr.)	US	1.0
Tencent (Internet and IT services)	China	1.9	John Deere (Industrial equipment manufacturer)	US	1.8
Consumer Discretionary			MISUMI Group (Machinery-parts supplier)	Japan	0.7
Amazon.com (E-commerce retailer)	US	4.5	Northrop Grumman (Aerospace and defense mfr.)	US	0.8
Kering (Luxury goods manufacturer)	France	0.9	Rockwell Automation (Manufacturing IT provider)	US	1.6
Nike (Athletic footwear and apparel retailer)	US	0.5	Schneider Electric (Energy management products)	France	4.5
Sony (Japanese conglomerate)	Japan	1.7	SGS (Quality assurance services)	Switzerland	0.8
Consumer Staples			Spirax-Sarco (Industrial components manufacturer)	UK	0.6
Costco (Membership warehouse store operator)	US	1.1	Information Technology		
Haleon (Consumer health products manufacturer)	UK	0.8	Accenture (Professional services consultant)	US	1.7
L'Oréal (Cosmetics manufacturer)	France	1.5	Adobe (Software developer)	US	1.4
Energy			Apple (Consumer electronics and software developer)	US	2.1
SLB (Oilfield services)	US	1.2	Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.8
Financials			ASML (Semiconductor equipment manufacturer)	Netherlands	1.0
Adyen (Payment processing services)	Netherlands	0.7	Broadcom (Semiconductor manufacturer)	US	1.7
AIA Group (Insurance provider)	Hong Kong	0.6	Globant (Software developer)	US	0.8
Bank Central Asia (Commercial bank)	Indonesia	0.9	Microsoft (Consumer electronics & software developer)	US	4.8
CME Group (Derivatives exchange and trading services)	US	1.7	Salesforce (Customer relationship mgmt. software)	US	1.7
HDFC Bank (Commercial bank)	India	0.8	SAP (Enterprise software developer)	Germany	1.8
Tradeweb (Electronic financial trading services)	US	1.5	ServiceNow (Enterprise resource planning software)	US	1.5
XP (Broker dealer and financial services)	Brazil	0.5	Synopsys (Chip-design software developer)	US	1.4
Health Care			TSMC (Semiconductor manufacturer)	Taiwan	1.6
AbbVie (Biopharmaceutical manufacturer)	US	1.1	Materials		
Alcon (Eye care products manufacturer)	Switzerland	2.3	Symrise (Fragrances and flavors manufacturer)	Germany	1.1
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.5	Real Estate		
Danaher (Diversified science and tech. products and svcs.)	US	2.0	CoStar (Real estate information services)	US	0.9
Genmab (Oncology drug manufacturer)	Denmark	0.8	Utilities		
Intuitive Surgical (Medical equipment manufacturer)	US	1.6	No Holdings		
Repligen (Biopharma equipment supplier)	US	0.6	Cash		3.9
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	0.7			
Thermo Fisher Scientific (Health care products & svcs.)	US	2.5			
UnitedHealth Group (Health care support services)	US	1.8			
Vertex Pharmaceuticals (Pharma manufacturer)	US	3.9			

Model portfolio holdings are supplemental information only and complement the fully compliant Global Equity ADR 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.

2Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Pinterest	COMM	1.9	<0.1	0.39
Vertex Pharmaceuticals	HLTH	3.7	0.2	0.31
Alphabet	COMM	4.3	2.6	0.27
Tencent	COMM	1.9	0.4	0.23
Schneider Electric	INDU	4.7	0.2	0.19

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Meta Platforms	COMM	4.0	1.3	1.29
Pinterest	COMM	1.7	<0.1	0.62
Netflix	COMM	2.1	0.3	0.61
Schneider Electric	INDU	4.2	0.2	0.53
Tesla*	DSCR	-	0.9	0.53

2Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
NVIDIA*	INFT	-	3.5	-1.05
Apple	INFT	1.8	3.8	-0.36
Adyen	FINA	0.9	<0.1	-0.34
Repligen	HLTH	0.8	<0.1	-0.31
CoStar	RLST	1.1	<0.1	-0.30

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
NVIDIA	INFT	0.9	2.4	-1.98
Kering	DSCR	1.2	<0.1	-0.81
Rockwell Automation	INDU	1.8	<0.1	-0.76
Genmab	HLTH	1.1	<0.1	-0.74
Hexagon	INFT	0.3	<0.1	-0.70

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

"HL": Global Equity ADR composite. "Index": MSCI All Country World Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin ¹ (%)	16.2	15.4
Return on Assets ¹ (%)	11.4	9.2
Return on Equity ¹ (%)	23.0	19.3
Debt/Equity Ratio ¹ (%)	38.0	63.2
Std. Dev. of 5 Year ROE ¹ (%)	4.7	6.0
Sales Growth ^{1,2} (%)	12.0	8.5
Earnings Growth ^{1,2} (%)	14.5	12.7
Cash Flow Growth ^{1,2} (%)	14.1	12.5
Dividend Growth ^{1,2} (%)	10.2	6.8
Size and Turnover	HL	Index
Wtd. Median Mkt. Cap. (US \$B)	185.1	125.6
Wtd. Avg. Mkt. Cap. (US \$B)	636.8	668.2
Turnover ³ (Annual %)	30.5	-

Risk and Valuation	HL	Index
Alpha ² (%)	-1.28	-
Beta ²	1.08	-
R-Squared ²	0.91	-
Active Share ³ (%)	81	-
Standard Deviation ² (%)	19.51	17.28
Sharpe Ratio ²	0.42	0.52
Tracking Error ² (%)	5.9	-
Information Ratio ²	-0.14	-
Up/Down Capture ²	106/108	-
Price/Earnings ⁴	31.9	21.7
Price/Cash Flow ⁴	21.9	14.5
Price/Book ⁴	5.7	3.1
Dividend Yield ⁵ (%)	0.9	1.9

¹Weighted median. ²Trailing five years, annualized. ³Five-year average. ⁴Weighted harmonic mean. ⁵Weighted mean. Source: (Risk characteristics): Harding Loevner Global Equity ADR composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner Global Equity ADR 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
Atkore	US	INDU

Positions Sold	Market	Sector
Ametek	US	INDU
Nike	US	DISC

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. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the Global Equity ADR 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 Global Equity ADR Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Global Equity ADR Composite Performance (as of June 30, 2024)

	HL Global ADR Gross (%)	HL Global ADR Net (%)	MSCI ACWI ¹ (%)	MSCI World ² (%)	HL Global ADR 3-yr. Std. Deviation ³ (%)	MSCI ACWI 3-yr. Std. Deviation ³ (%)	MSCI World 3-yr. Std. Deviation ³ (%)	Internal Dispersion ⁴ (%)	No. of Accounts ⁵	Composite Assets ⁵ (\$M)	Strategy Advisory Only Assets (\$M)	Firm Assets (\$M)
2024 YTD ⁶	10.57	10.13	11.58	12.04	20.16	16.53	16.99	N.A.	3	12	607	41,641
2023	28.45	27.48	22.81	24.42	19.95	16.27	16.75	N.M.	3	9	593	43,924
2022	-31.67	-32.22	-17.96	-17.73	22.56	19.86	20.43	N.M.	6	27	638	47,607
2021	18.80	17.95	19.04	22.35	16.85	16.83	17.05	N.M.	5	32	1,061	75,084
2020	32.01	30.96	16.82	16.50	18.50	18.12	18.26	N.M.	6	30	780	74,496
2019	28.18	27.18	27.30	28.40	12.51	11.21	11.13	N.M.	5	23	588	64,306
2018	-9.05	-9.85	-8.93	-8.20	11.85	10.48	10.39	N.M.	2	2	422	49,892
2017	32.97	32.00	24.62	23.07	11.33	10.37	10.24	N.M.	3	3	271	54,003
2016	5.91	5.04	8.48	8.15	11.56	11.07	10.94	N.M.	3	2	148	38,996
2015	2.89	2.07	-1.84	-0.32	11.22	10.78	10.80	N.M.	5	4	73	33,296
2014	6.34	5.47	4.71	5.50	10.90	10.48	10.21	N.M.	5	4	51	35,005

¹Benchmark index. ²Supplemental index. ³Variability of the composite, gross of fees, and the index returns over the preceding 36-month period, annualized. ⁴Asset-weighted standard deviation (gross of fees). ⁵Total product accounts and assets are 3,424 and \$634 million, respectively, at June 30, 2024, and both include separately managed and advisory-only assets. ⁶The 2024 YTD performance returns and assets shown are preliminary. N.A.—Internal dispersion less than a 12-month period. N.M.—Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year. Strategy Advisory Only Assets and total product accounts and assets are supplemental information.

The Global Equity ADR composite contains fully discretionary, dual contract, fee-paying accounts that may also pay a wrap fee to their custodian investing in US and non-US equity and equity-equivalent securities and cash reserves. The composite was re-defined in March 2018, to allow for the inclusion of dual contract wrap portfolios. The percentage of wrap assets in the composite as of December 31, 2022 was 0.00%, as of December 31, 2021 was 0.00%, as of December 31, 2020 was 3.59%, as of December 31, 2019 was 3.65%, and as of December 31, 2018 was 42.46%. Securities are held in Depository Receipt (DR) form, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), or are otherwise traded on US exchanges. For comparison purposes the composite return is measured against the MSCI All Country World Total Return Index. From 2001 (when the net index first became available) through December 30, 2012, the index return is presented net of foreign withholding taxes. Beginning December 31, 2012, Harding Loevner LP presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the composite. 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 All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 47 developed and emerging market countries. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The index consists of 23 developed market countries. You cannot invest directly in these indexes.

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 Global Equity ADR Composite has had a performance examination for the periods December 1, 1989 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 (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 withholding taxes on dividends, interest income and capital gains for certain portfolios within the composite and net of withholding for others. 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. Performance for accounts paying a wrap fee is calculated including the trading costs associated with their wrap program.

Under a wrap fee program, a client is charged a specified fee, which is not based directly upon transactions in a client's account, for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and execution of client transactions.

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 Global Equity ADR accounts is 0.80% annually of the market value for the first \$20 million and 0.40% above \$20 million. Refer to Part 2A of our Form ADV for more details regarding our fees. 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 Global Equity ADR composite was created on October 31, 2001 and the performance inception date is November 30, 1989.

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