HARDING LOEVNER

GLOBAL EQUITY

2020 Third Quarter Report

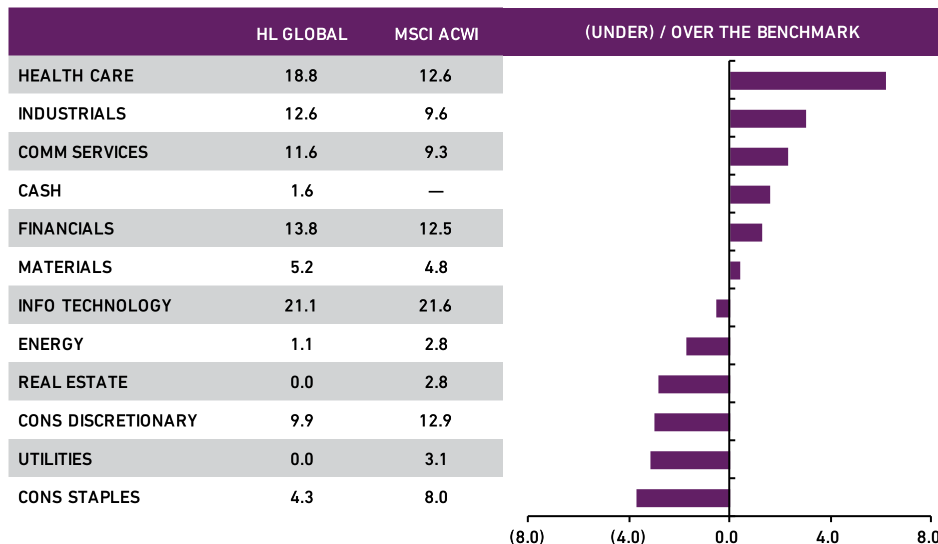
COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED SEPTEMBER 30, 2020[1]

	3 MONTHS	YTD	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL GLOBAL EQUITY (GROSS OF FEES)	9.73	15.26	28.12	13.34	15.81	12.14	10.37
HL GLOBAL EQUITY (NET OF FEES)	9.63	14.90	27.58	12.86	15.30	11.65	9.72
MSCI ALL COUNTRY WORLD INDEX[4,5]	8.25	1.77	11.00	7.68	10.88	9.12	7.19
MSCI WORLD INDEX[5,6]	8.05	2.12	10.99	8.32	11.08	9.98	7.27

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1989; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

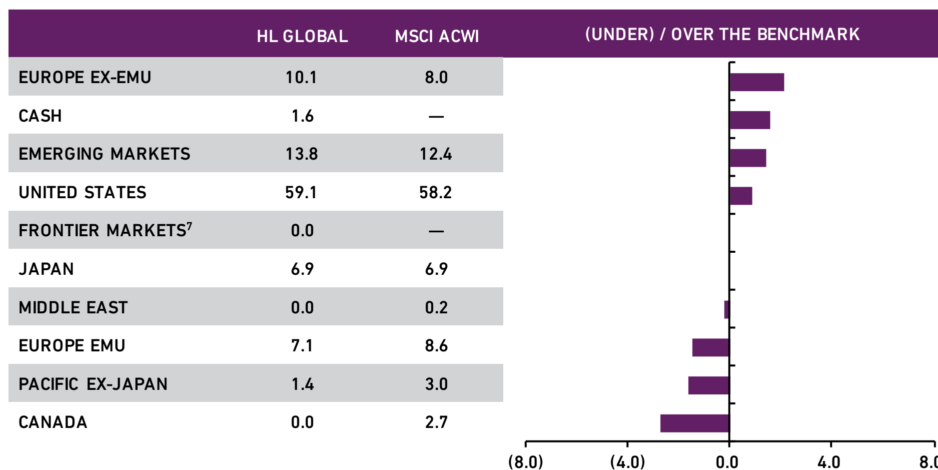
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

SECTOR EXPOSURE (%)



	HL GLOBAL	MSCI ACWI
HEALTH CARE	18.8	12.6
INDUSTRIALS	12.6	9.6
COMM SERVICES	11.6	9.3
CASH	1.6	—
FINANCIALS	13.8	12.5
MATERIALS	5.2	4.8
INFO TECHNOLOGY	21.1	21.6
ENERGY	1.1	2.8
REAL ESTATE	0.0	2.8
CONS DISCRETIONARY	9.9	12.9
UTILITIES	0.0	3.1
CONS STAPLES	4.3	8.0

GEOGRAPHIC EXPOSURE (%)



	HL GLOBAL	MSCI ACWI
EUROPE EX-EMU	10.1	8.0
CASH	1.6	—
EMERGING MARKETS	13.8	12.4
UNITED STATES	59.1	58.2
FRONTIER MARKETS[7]	0.0	—
JAPAN	6.9	6.9
MIDDLE EAST	0.0	0.2
EUROPE EMU	7.1	8.6
PACIFIC EX-JAPAN	1.4	3.0
CANADA	0.0	2.7

[7]Includes countries in less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation.

Source: Harding Loevner Global Equity 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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ONLINE SUPPLEMENTS

Watch the Global Equity quarterly review

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MARKET REVIEW

The rebound in global economies gathered strength in the third quarter, helping the MSCI All Country World Index (ACWI) finish up 8.3%, bringing its year to date return to 1.8%.

Shares of the "COVID-19 winners," companies that are either insulated or directly benefit from the pandemic, continued to rise: Information Technology (IT) and the Consumer Discretionary sector (which contains many e-commerce businesses) both posted double-digit gains. Within Consumer Discretionary, the Automobiles and Components industry group, rose an impressive 30.4% (though a more modest 14.9% when Tesla is excluded), its performance less a function of the lockdown effect than of recovering consumer spending in general. Fellow economically sensitive sectors Materials and Industrials also performed well. The strong rebound did not extend to Financials or the Energy sector, on whose prospects lower interest rates, rising loan loss provisions, and a languishing oil price continued to weigh.

In terms of geography, the US market outperformed global markets again, but this quarter was matched by Emerging Markets (EMs), and led by China, which gained 12.6% and has now risen 16.6% for the year-to-date, well ahead of the US's 7.3% return.

High and rising share prices show investors are looking past the pandemic. Rising hopes for a successful vaccine is one likely reason, as multiple drug candidates enter the third and final stage of testing. But investors appear even more attuned to the proclivity of global central banks to provide ongoing support for their battered economies, at least measured by the market's response to policy announcements.

Among central banks, the US Federal Reserve has been one of the most aggressive; not only did it reaffirm a commitment to low rates through at least 2023, it also announced a groundbreaking shift in its inflation-targeting policy: instead of simply aiming for its desired inflation rate (currently 2%), going forward it will keep track of any shortfalls and seek to make them up in the future, in order to target an *average* rate of inflation over time. The proclamation's anodyne sound belies the significance of the change—essentially 50 years of monetary policy orthodoxy overturned in the quest for higher inflation.

Growth stocks, whose dividends lie furthest out in the future and whose present value therefore benefits most from low interest rates, continued their extended run of outperformance. Value stocks, whose present value rests on either large dividends in the here and now, or the liquidation value of their assets—and which therefore would seem to stand to be the biggest beneficiaries of a successful vaccination campaign that returns us rapidly to normal B.C. (before-COVID-19) commerce—continued to lag despite rallying intermittently. Based on our measures, stocks of the top quintile of companies when ranked by *growth* rose 12.1% in the quarter. But that favorable return was quite a bit lower than the 14.7% return for the top quintile of stocks by ranked by *expensiveness* as a function of current and future earnings. This cohort includes companies like Tesla, which has very rarely turned a profit, along with a rash of recent US and Chinese IPOs similarly lacking earnings track records.

After an extended lull, the market is once again echoing to the sound of popping champagne corks as issuers rush to take advantage of demand for new listings. So far this year, 284 companies have gone public in the US, a number that, outside of the tech bubble, has been exceeded only twice in the last 20 full years, with three months of this year still left to go. Private equity owners also muscled into the act, with 24% of the proceeds of all speculative leveraged loans issued in September earmarked to pay them dividends, up from an average of 4% over the last two years. Then there is the frenzy

MARKET PERFORMANCE (USD %)

MARKET	3Q 2020	TRAILING 12 MONTHS
CANADA	6.4	-2.2
EMERGING MARKETS	9.7	10.9
EUROPE EMU	4.7	-0.2
EUROPE EX-EMU	4.4	-0.3
JAPAN	7.1	7.3
MIDDLE EAST	-2.0	3.7
PACIFIC EX-JAPAN	2.0	-6.0
UNITED STATES	9.6	17.1
MSCI ACW INDEX	8.3	11.0

SECTOR PERFORMANCE (USD %)
OF THE MSCI ACW INDEX

SECTOR	3Q 2020	TRAILING 12 MONTHS
COMMUNICATION SERVICES	7.4	16.9
CONSUMER DISCRETIONARY	18.0	29.5
CONSUMER STAPLES	7.4	3.9
ENERGY	-12.5	-38.4
FINANCIALS	1.6	-14.9
HEALTH CARE	4.7	22.2
INDUSTRIALS	11.3	3.8
INFORMATION TECHNOLOGY	12.8	45.4
MATERIALS	11.8	12.2
REAL ESTATE	2.2	-10.5
UTILITIES	4.2	-2.9

Source: FactSet (as of September 30, 2020). MSCI Inc. and S&P.

Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at September 30, 2020 is available on page 9 of this report.

of IPOs of special purpose acquisition companies or "SPACS", which are essentially blank-check investment pools with large fees attached, wrapped in a grating acronym. Throughout this gathering froth, the cost on the options market of insulating a portfolio from market risk has remained stubbornly high, a sobering sign perhaps of the underlying fragility of a market borne aloft on a wave of euphoria.

PERFORMANCE AND ATTRIBUTION

The Global Equity Composite rose 9.7% in the quarter, ahead of the 8.3% rise of the MSCI All Country World Index (ACWI).

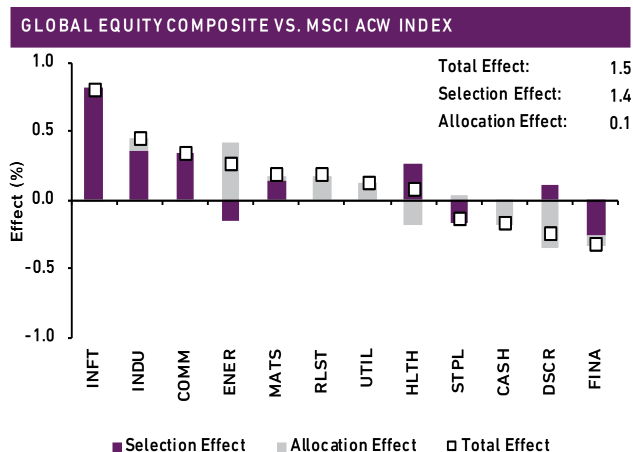
On both a geographical and industry basis, our performance derived mostly from good stock selection. Some of the best performing stocks were in IT, the largest sector weighting in both our portfolio and the Index. Shares of **salesforce.com** soared after the company announced a stellar second quarter, noting large new contracts and highlighting how its Work.com software is now being used by 35 state governments to coordinate coronavirus back-to-work efforts. Offshore digital IT services consultant **EPAM** also announced good results and, more importantly, indicated that they would see better growth ahead, dismissing fears that political unrest might impact its large Belarus-based workforce. Shares in **NVIDIA** continued their strong year following its own good set of results, boosted further by the announcement of an agreement to buy Arm Holdings, a provider of software for designing mobile device chips, for a whopping US$40 billion.

Portfolio holdings within Industrials also added to relative performance. **John Deere** shares surged on better-than-expected sales and margins growth from resilient demand for large agricultural equipment and early signs of success in its "Precision Ag" internet-enabled equipment and services. **Makita**, a Japanese maker of power tools, also did well, as locked-down homeowners looked to finally complete those DIY projects.

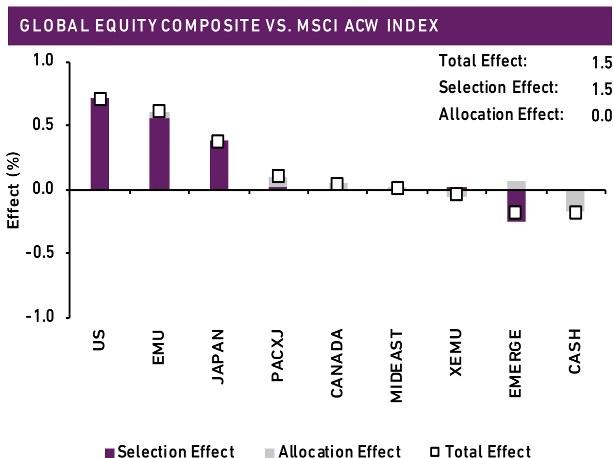
Our stocks lagged in Financials and Energy. Our developed market-listed, but EM-dominant bank franchises **BBVA** and **Standard Chartered** suffered from low interest rates and concerns over the potential for loan losses, particularly in Mexico (for BBVA) and the US and Hong Kong (for Standard Chartered), among their most important markets. In Energy, **ExxonMobil's** shares continued to struggle in the face of weak oil prices.

Viewed by geography, all regions contributed positively except Europe outside the eurozone and Emerging Markets. In both areas our bank holdings detracted: India's **HDFC Bank** and **ICICI Bank**, as well as Brazil's **Itaú Unibanco**, performed worse than other EM banks as worries remain high over credit losses being exacerbated by the coronavirus. In addition to Standard Chartered, **Network International**, a UK-listed but Middle East- and Africa-focused credit card merchant acquirer, hurt Europe ex-EMU returns. Its shares suffered a sharp fall in September following the loss of a large strategic customer and renewed questions about how it accounts for net debt. We believe its investors are (over)reacting to the recent collapse of Wirecard, a German electronic payment provider revealed over the summer as a fraud.

SECTOR PERFORMANCE ATTRIBUTION
THIRD QUARTER 2020



GEOGRAPHIC PERFORMANCE ATTRIBUTION
THIRD QUARTER 2020



Source: FactSet; Harding Loevner Global 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.

PERSPECTIVE AND OUTLOOK

We've been harping on about the stretched valuations of high-quality growth companies for so long that we would forgive you, our dear reader, for tuning us out. But as valuations continue to march higher, so too do our concerns—which is where we might have left it were it not for the evidence of a ramp-up in speculative behavior. The large number of highly valued, but (historically) weakly profitable companies with negative

market-implied discount rates (MIDRs) causes us more worry over other signs of market excess.

By one of our estimates, nearly 20% of global stocks are priced to seriously disappoint based on our analysis of MIDRs for cohorts of global stocks in HOLT, a database of company accounts. A MIDR is an aggregation of company-level discount rates, each derived by comparing a forecast of the company's future cashflows with its current market value. If expected future cash flows are low (or far off) while the company's current market value is high, the discount rate that equates them must be low. But there's low, and then there's what we observe in today's most expensively priced stocks. Out of the approximately 7,200 global stocks with market capitalizations above US$1 billion (totaling US$83 trillion in capitalization), nearly 900 companies (amounting to US$17 trillion) currently show up having *negative* implied discount rates, a higher percentage than at any time since just before the bursting of the tech bubble. Put a different way, these stocks are priced to deliver negative real returns even if HOLT's formulaic and consensus-based assumptions about future cash flow growth are met. Among these 900 richly valued companies, 275, with US$2.6 trillion market capitalization, were loss-making throughout 2019. Our view is that, when dealing with a large group of companies, you are betting against the weight of historical evidence if you assume that so many can beat the odds by outstripping current growth expectations to deliver positive returns.

Throughout the year, companies that score highest along the growth dimension have leapt ahead of the pack. Not much of a surprise perhaps, since the value of long-duration growth has risen as interest rates have declined. But what is a surprise, to us at least, is the apparent willingness to bid up all growth stocks without regard for the quality of that prospective growth. There are two kinds of growth companies that we try to keep out of our portfolio. The first type are companies that meet our quality criteria but whose share prices are unreasonably high relative to our future growth expectations. The second type are companies that fail to meet our investment criteria for business quality; they are rejected, summarily or sometimes after lengthy debate, by our analysts.

In cases of both types, there are "many a slip 'twixt the [growth] cup and the [quality] lip." In the lifecycle of the typical successful firm, growth precedes profitability, which makes quality assessment fraught in the early, rapid growth phase. The archetype for the firm with rapidly growing sales but only modest profitability was **Amazon.com**. Early in our investment coverage we debated its business quality at length, holding back from introducing it into our qualified (i.e., investible) universe until 2009, when it met our quality criteria more clearly. Currently, a growing number of investors appear willing to take a leap of faith much earlier over the fortunes of hitherto profitless companies. A poster child for exuberance over profitless growth is Shopify, a Canadian IT services company whose sales have grown rapidly to US$2 billion annually, but which has yet to turn a profit since going public in 2015. Our analyst, upon meeting with the company several years ago, noted its impressive sales growth but was put off by its high client turnover. This year, a different analyst, lured by dazzling revenue growth and a potential boost from COVID-19, re-examined the company. But whereas we expected—perhaps even hoped—to find a clear path for it to eventual profitability, instead we found a company busily undermining its long-term profit prospects by pursuing low margin businesses to maintain its sales growth at any cost.

In Shopify, we expected—perhaps even hoped—to find a clearer path to long-term profitability. Instead we found a company busily pursuing lower-margin businesses to maintain growth at any cost.

Fortunately, even within the IT sector there are still opportunities to be uncovered if you are willing to do the legwork. We have been drawn to the payments industry for more than a decade, as we recognized the orders-of-magnitude better margins of transferring money online as compared to the rusty pipes of the traditional banking system. The pandemic has brought those projections to fruition, pulling forward massive growth for the likes of **PayPal** as well as **Mastercard**, where online and e-commerce related business has more than made up for in-store and travel-related declines.

Beyond payments, we also continue to find attractive investments in Software and Internet Services. Among these companies, we tend to see high returns on invested capital, low capital investment requirements, and high rates of sales and profit growth—all achieved with low sensitivity to the business cycle. Our analysts favor business process facilitators such as salesforce.com and cloud computing providers like **Microsoft**, whose Azure has quietly emerged as a major player to rival the cloud services from fellow Global portfolio holdings Amazon.com, **Tencent**, and **Alibaba**.

Because many IT companies appeal to us for these reasons, IT is our largest sector weight at over 20% of the portfolio. Nevertheless, we remain committed to diversification as a discipline to mitigate risk. The portfolio risk guidelines we self-impose on our Global strategy preclude us from holding more than 25% in any sector, more than 15% within any one industry, or more than 5% in a single security. Such diversification serves to lower the volatility of portfolio returns and helps shield us from the consequences of overconfidence in our investment views. We also impose country level risk limits. By committing to these constraints, we balance the goal of diversifying country-level sources of portfolio volatility with an acknowledgement that specific opportunities sometimes cluster in certain geographies.

Our efforts in Environmental, Social, and Governance ("ESG") integration is another way in which we work to anticipate and

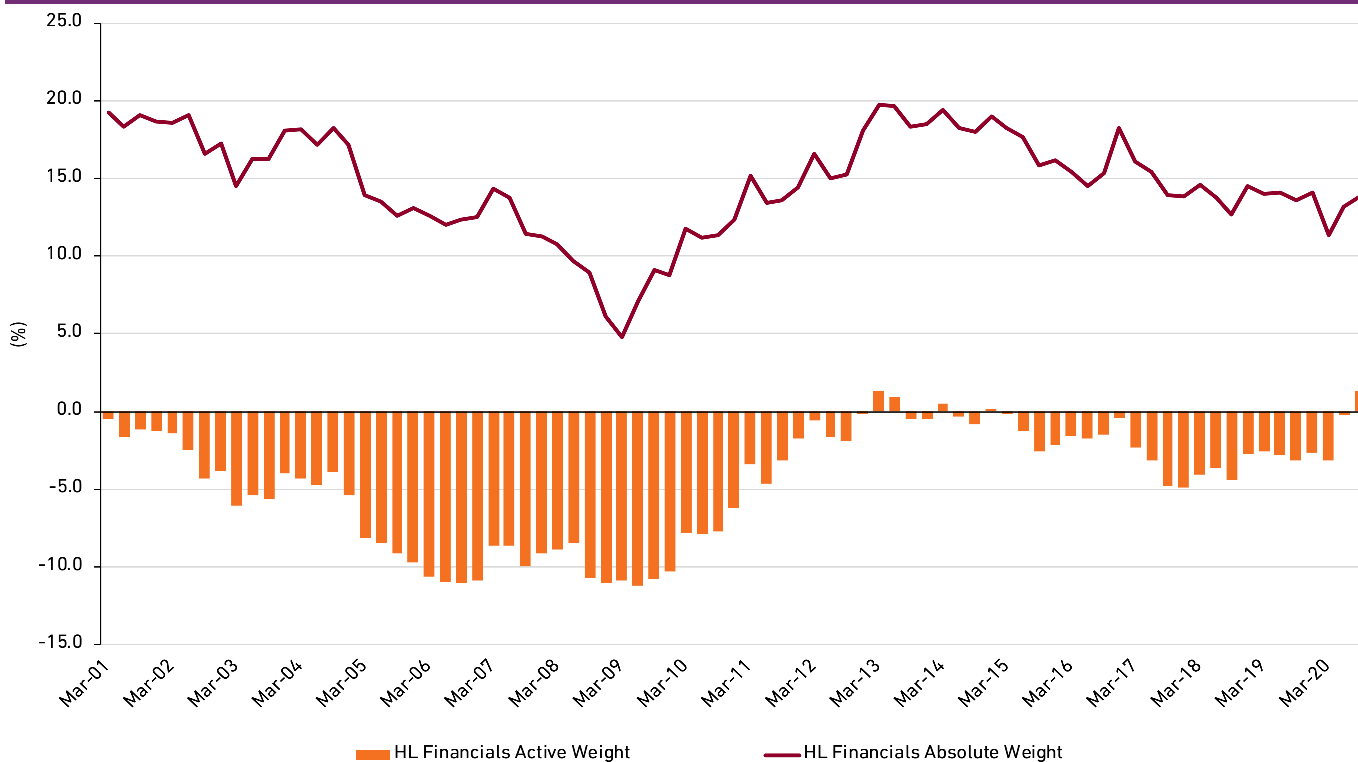
manage company risk, while also helping to identify new opportunities for sustainable growth. In June, we were reminded of the benefits of vigilance on ESG factors when Wirecard, the German digital payments group, declared bankruptcy after admitting to accounting fraud involving fictitious cash and profits. We used to cover Wirecard, but expelled it from our pool of qualified companies in 2016 when it failed our management quality criteria. The analyst who removed it cited his unease regarding their financial disclosure, including the opacity around their cash flow accounting, their failure to explain clearly the logic of a series of acquisitions, and prior (unproven) public accusations of fraud. Each of these concerns show up in our checklist for identifying corporate governance weakness which each of our analysts reviews for their companies. Despite its reputation as a high-achieving company (right up until the moment it collapsed), our governance diligence process kept Wirecard not just out of our portfolios but entirely out of contention for inclusion. (For more on our ESG process, please see the accompanying discussion.)

PORTFOLIO HIGHLIGHTS

Financials have been the MSCI All Country World Index's second-worst performing market sector over the last one, three and five years (Energy has been the worst) and the third-worst performing sector, behind Energy and Materials, over the last 10 years. The reasons are not hard to fathom: a decade of low or even negative interest rates, rising capital requirements alongside new regulations coming out of the financial crisis, and sweeping technological changes enabling the emergence of new players and substitute products. Yet, despite these headwinds, our own investments in Financials have been a consistent source of outperformance. In fact, over the same periods Financials have been among the largest sources of positive attribution, generally trailing only Health Care and IT. While our longstanding underweight in Financials contributed to outperformance, positive stock selection within the sector was the primary driver.

We have selected our current bank holdings from among banks with established brands that command strong positions in their markets, and have stable liability structures and adequate capital. These banks can be further separated into two buckets according to quality and growth fundamentals: those with sustained quality and growth characteristics over the past decade or longer (which are, unfortunately, generally priced accordingly), and those that are in the process of recovering from deep credit cycles in their home markets. Banks in the latter bucket are currently less profitable and slower growing, but their shares are priced as if their weakness will persist indefinitely.

HL GLOBAL EQUITY: ABSOLUTE AND ACTIVE WEIGHT IN FINANCIALS



The portfolio's relative Financials weight since 2001. Note that this is only the fifth time this millennium that we have had a positive–if small–active weight in the sector.

Source: FactSet; Harding Loevner Global Equity Model; MSCI Inc. and S&P. Data as of September 30, 2020.

HARDING LOEVNER'S APPROACH TO ESG

We believe that companies that disregard the environmental and societal consequences of their operations or operate with weak corporate oversight put their long-term financial results at risk. While markets are still in the early innings of how they reflect such risks in prices, we have recently seen improvements in governance (notably, enhanced corporate practices in Japan and in certain emerging markets), and increased attention paid to social concerns such as supply chain conduct and issues related to data privacy and security. Another towering worry, of course, is the consequences of climate change along with the risks attendant to efforts to transition to cleaner energy sources. These are examples of risks that frequently get lumped together under the rubric of Environment, Social, and Governance (ESG) issues. Our analysts and portfolio managers pay close attention to these risks because they can contribute profoundly to the success or failure of our investments. We do not pursue social or environmental goals for their own sake; we see our fiduciary duty as requiring us to pursue the best risk-adjusted returns in the absence of client direction to the contrary.

Bottom-Up and Fully Integrated

Unlike some other firms that have separate ESG units, we've concluded that the proper setting in which to assess ESG risks is within the overall fundamental analysis that we perform on each company under investment consideration. We believe that accurate assessment of these risks and opportunities requires a deep understanding of both the competitive landscape and industry structure. For instance, among our holdings, industrial gas manufacturers **Linde** and **Air Liquide** produce some of the highest CO_2 emissions. Not only do they emit carbon in production of some of their gases, they are also enormous consumers of energy. However, on both fronts, this also positions them as potential catalysts and beneficiaries of change. The scale of these companies is such that they are now receiving steep volume discounts on renewable energy that are accelerating their transition to such power sources. Additionally, as renewable energy costs come down and electrolysis technology improves, both companies are well positioned for the eventual shift to fossil-fuel-free hydrogen production likely to occur over the next five to ten years—creating enormous opportunities in production, storage, and generally meeting the demands of a transitioning transportation sector.

In 2016 we incorporated a proprietary scorecard to evaluate companies' ESG risks systematically. The scorecard assesses companies across three dozen criteria, which include factors such as impact from environmental regulations, water consumption that could face scarcity costs, human capital management, and sourcing. Analysts use their factor assessments when setting assumptions in their company financial models. In addition, the total score for each company is incorporated into how we project its cashflows. A low score, for instance, degrades expected future cash flows and, all else being equal, will reduce the amount we are willing to pay for a business. The scores also provide an additional yardstick for portfolio managers and analysts to compare companies' ESG-related risks across industries and geographies, and to frame their debate around the analysts' risk assessments.

More Active than Activist

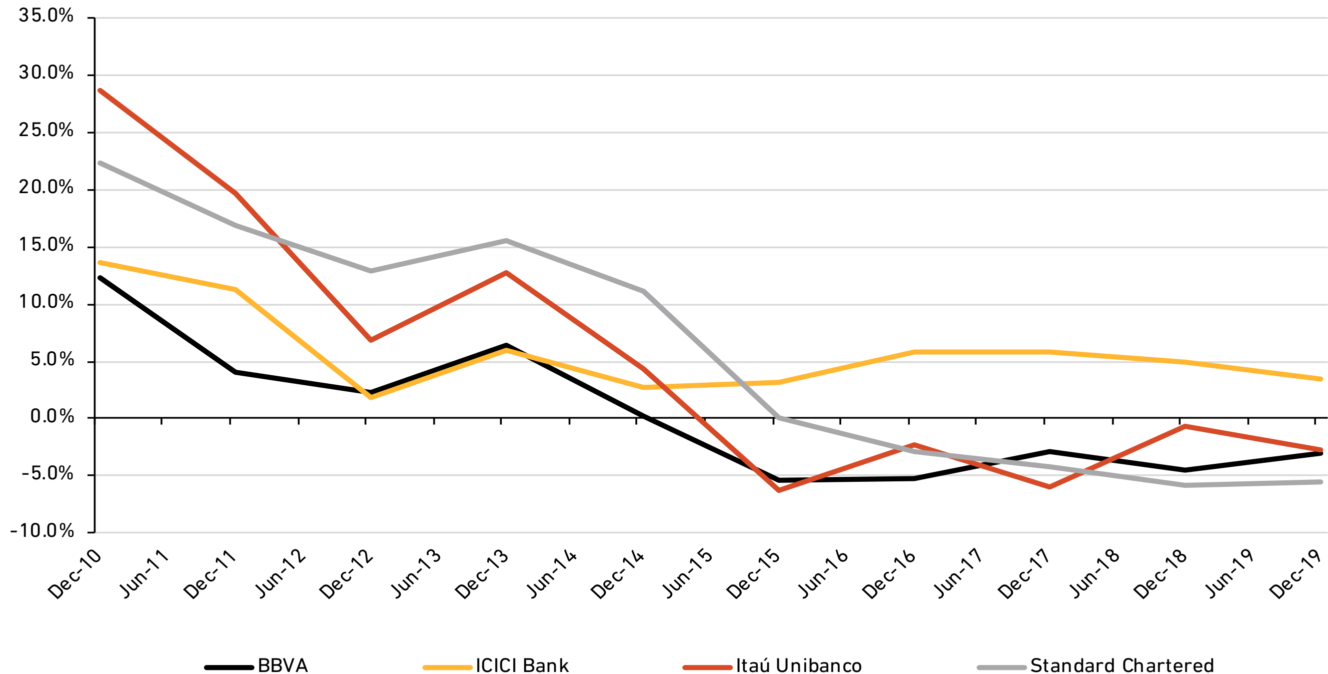
Proxy voting and company engagement, also responsibilities of the covering analyst, are other ways that we attempt to manage and mitigate ESG risks. We engage with companies to better understand their growth potential and risks to their profitability, and have never been shy in expressing our disagreement over actions that we think are not in shareholders' interests. We understand that it takes time, sometimes years, to effect change in our desired direction. This has been the case with corporate governance reforms at some of our Japanese holdings, such as at **Fanuc**, where we have taken management to task for its excessive cash hoarding. If we determine that an unresolved ESG issue represents an unacceptably high investment risk, our usual course of action is disinvestment rather than continued engagement.

Ultimately, Against the Grain

We are leery of, and therefore do not rely on, the ESG assessments of ratings services, although we do encourage our analysts to understand them. Our analysts, in completing their own assessments, have often found inconsistent, incorrect, or even non-existent analysis underpinning such third-party assessments.

Favorable carbon and other ESG scores are attractive to investors with explicit ESG mandates. For the most part, our portfolios tend to score favorably on external ESG metrics and typically have moderate-to-low carbon intensity, despite the fact we do not impose a carbon emissions ceiling on our portfolio holdings. If flows into ESG-explicit products continue to grow, they may lead to a widening valuation premium for companies with appealing ESG profiles. But higher valuations not associated with sustained superior profitability lead to lower long-term returns. Simultaneously, companies that are out of favor due to their perceived ESG risks may become undervalued and offer correspondingly higher returns. We fully expect this disparity to create opportunities for fundamental investors capable of assessing the risks independently. Our analysts' ability to measure and evaluate ESG risks autonomously, in conjunction with their deep industry knowledge, should increase our capacity to benefit from the resulting opportunities.

TANGIBLE BOOK VALUE PER SHARE - ROLLING 5 YEAR CAGR ($)



Source: FactSet; Data as of September 30, 2020.

First Republic Bank (FRB) is an interesting case of a growing, high-quality bank operating in the first bucket. FRB has consistently generated double-digit growth in tangible book value per share with virtually no credit losses: net write-offs have averaged a minuscule five basis points of average loans outstanding, per year, over the last 20 years. The bank's core competency involves collecting stable deposits and extending (primarily secured) loans to wealthy customers in California and New York. A key to FRB's history of profitable growth is low customer acquisition costs thanks to superior client service; according to the bank, nearly 60% of new loans originate from existing customers, and almost another 30% come from customer referrals.

In the second bucket, the knock-on effects of the pandemic have contributed to anticipated loan losses for our more cyclically exposed banks, such as BBVA, which has reeled from its economic impact on both its home market of Spain and in Mexico. However, its Mexican business appears already to have turned the corner thanks to generous loss provisions front-loaded into the first and second quarter's accounts, as well as recovering transaction and lending activity (with new loans now rising above the pre-COVID-19 levels of February). Managements of all our banks stress the importance of a culture of disciplined credit underwriting that long predates the pandemic as the basis for optimism about the health of their loan books. Due to their positive profit leverage to higher interest rates, we continue to believe that our exposure to quality banks acts as a counterweight to the price risks entailed in the highly priced, long-duration growth stocks we own in other sectors, which could react badly should inflation and interest rates reverse their downward course.

The portfolio has benefited from its "marketplace" investments in Alibaba, Amazon.com and **eBay**, among the COVID-19 winners we alluded to above. We conjecture that, as investors are forced to pay more attention to risk management, marketplaces that facilitate risk transfers may also see accelerated growth. This quarter we added an investment in a financial company that has operated marketplaces for well over 100 years. Today, **CME Group** is the world's leading and most diverse derivatives marketplace, and operates four exchanges: Chicago Mercantile Exchange, Chicago Board of Trade, New York Mercantile Exchange and The Commodity Exchange. Each provides deep liquidity and high price transparency with minimal counter party risk. Unlike some exchanges whose services have become commoditized, CME has integrated trading with higher-margin settlement functions. CME's revenues are diversified: approximately a third come from interest rates, a third from commodities (energy, metals, and agriculture), a quarter from equities and foreign exchange, and the balance from data services, and it generates a third of its revenues internationally. In sum, CME is a highly profitable toll taker on risk management transactions.

GLOBAL EQUITY HOLDINGS (AS OF SEPTEMBER 30, 2020)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
ALPHABET Internet products and services	US	2.7
CD PROJEKT Video game developer	Poland	1.1
DISNEY Diversified media and entertainment provider	US	0.9
FACEBOOK Social network	US	2.7
NETEASE Gaming and internet services	China	0.9
TENCENT Internet and IT services	China	2.3
YANDEX Internet products and services	Russia	1.0
CONSUMER DISCRETIONARY		
ALIBABA E-commerce retailer	China	2.0
AMAZON.COM E-commerce retailer	US	1.7
EBAY E-commerce retailer	US	1.0
ETSY E-commerce retailer	US	1.2
NIKE Athletic footwear and apparel retailer	US	2.0
TRIP.COM GROUP Online travel services	China	1.0
VF CORPORATION Footwear and apparel retailer	US	0.9
CONSUMER STAPLES		
ESTÉE LAUDER Cosmetics manufacturer	US	1.0
L'ORÉAL Cosmetics manufacturer	France	1.0
NESTLÉ Foods manufacturer	Switzerland	1.3
SHISEIDO Consumer products manufacturer	Japan	0.9
ENERGY		
EXXONMOBIL Oil and gas producer	US	1.1
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	1.4
BANK CENTRAL ASIA Commercial bank	Indonesia	1.1
BBVA Commercial bank	Spain	0.3
CME GROUP Derivatives exchange and trading services	US	1.5
FIRST REPUBLIC BANK Private bank and wealth manager	US	2.2
HDFC BANK Commercial bank	India	1.6
ICICI BANK Commercial bank	India	1.1
ITAÚ UNIBANCO Commercial bank	Brazil	1.7
STANDARD CHARTERED Commercial bank	UK	0.9
SVB FINANCIAL GROUP Commercial bank	US	0.9
TRADEWEB Electronic financial trading services	US	1.0
HEALTH CARE		
ABBOTT LABS Health care products manufacturer	US	1.4
ABCAM Life science services	UK	1.1
ALCON Eye care products manufacturer	Switzerland	1.1
ALIGN TECHNOLOGY Orthodontics products manufacturer	US	1.2
GENMAB Biotechnology producer	Denmark	0.9
ILLUMINA Life science products and services	US	2.6
LONZA Life science products developer	Switzerland	3.3

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
SONOVA HOLDING Hearing aids manufacturer	Switzerland	1.1
SYSMEX Clinical laboratory equipment manufacturer	Japan	1.4
THERMO FISHER SCIENTIFIC Health care products and services	US	1.6
VERTEX PHARMACEUTICALS Pharma manufacturer	US	3.2
INDUSTRIALS		
3M COMPANY Diversified product manufacturer	US	0.5
FANUC Industrial robot manufacturer	Japan	0.6
JOHN DEERE Industrial equipment manufacturer	US	1.4
KONE Elevator and escalator manufacturer	Finland	1.2
KUBOTA Industrial and consumer equipment manufacturer	Japan	1.0
MAKITA Power tool manufacturer	Japan	1.0
PROTOLABS Prototype manufacturing services	US	1.1
ROPER Diversified technology businesses operator	US	2.6
SCHNEIDER ELECTRIC Energy management services	France	1.1
VERISK Risk analytics and assessment services	US	2.2
INFORMATION TECHNOLOGY		
APPLE Consumer electronics and software developer	US	3.1
COGNIZANT IT consultant	US	0.7
EPAM IT consultant	US	1.3
KEYENCE Sensor and measurement equipment manufacturer	Japan	2.0
MASTERCARD Electronic payment services	US	2.3
MICROSOFT Consumer electronics and software developer	US	1.6
NETWORK INTERNATIONAL Electronic payment services	UK	0.4
NVIDIA Semiconductor chip designer	US	1.4
PAYPAL Electronic payment services	US	4.7
SALESFORCE.COM Customer relationship management software	US	1.3
SYNOPSYS Software developer and chip designer	US	1.3
WORKDAY Enterprise resource planning software	US	1.1
MATERIALS		
AIR LIQUIDE Industrial gases producer	France	1.0
LINDE Industrial gases supplier and engineer	US	1.6
SYMRISE Fragrances and flavors manufacturer	Germany	2.6
REAL ESTATE		
No Holdings		
UTILITIES		
No Holdings		
CASH		1.6

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

3Q20 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
APPLE	INFT	2.9	0.71
PAYPAL	INFT	4.5	0.59
ALIBABA	DSCR	1.9	0.55
LONZA	HLTH	3.3	0.54
NIKE	DSCR	1.8	0.46

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
PAYPAL	INFT	4.4	3.54
NVIDIA	INFT	1.6	2.32
VERTEX PHARMACEUTICALS	HLTH	3.3	2.09
LONZA	HLTH	2.8	2.04
APPLE	INFT	2.4	2.03

3Q20 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ILLUMINA	HLTH	2.4	-0.37
EXXONMOBIL	ENER	1.3	-0.30
ITAÚ UNIBANCO	FINA	2.1	-0.30
VERTEX PHARMACEUTICALS	HLTH	3.3	-0.22
NETWORK INTERNATIONAL	INFT	0.5	-0.20

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BOOKING HOLDINGS	DSCR	1.4	-1.04
SCHLUMBERGER	ENER	0.6	-0.88
ICICI BANK	FINA	1.5	-0.71
STANDARD CHARTERED	FINA	1.0	-0.68
NETWORK INTERNATIONAL	INFT	0.6	-0.49

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL GLOBAL	MSCI ACWI
PROFIT MARGIN[1] (%)	16.6	13.9
RETURN ON ASSETS[1] (%)	8.6	7.4
RETURN ON EQUITY[1] (%)	17.5	17.5
DEBT/EQUITY RATIO[1] (%)	54.8	76.5
STD DEV OF 5 YEAR ROE[1] (%)	4.0	5.3
SALES GROWTH[1,2] (%)	10.3	6.0
EARNINGS GROWTH[1,2] (%)	14.0	11.4
CASH FLOW GROWTH[1,2] (%)	13.6	9.5
DIVIDEND GROWTH[1,2] (%)	8.0	8.4
SIZE & TURNOVER	**HL GLOBAL**	**MSCI ACWI**
WTD MEDIAN MKT CAP (US $B)	61.5	72.8
WTD AVG MKT CAP (US $B)	263.5	293.0
TURNOVER[3] (ANNUAL %)	22.8	—

RISK AND VALUATION	HL GLOBAL	MSCI ACWI
ALPHA[2] (%)	4.36	—
BETA[2]	1.02	—
R-SQUARED[2]	0.94	—
ACTIVE SHARE[3] (%)	87	—
STANDARD DEVIATION[2] (%)	15.00	14.30
SHARPE RATIO[2]	0.98	0.68
TRACKING ERROR[2] (%)	3.6	—
INFORMATION RATIO[2]	1.36	—
UP/DOWN CAPTURE[2]	116/94	—
PRICE/EARNINGS[4]	34.2	22.6
PRICE/CASH FLOW[4]	27.9	13.6
PRICE/BOOK[4]	4.1	2.4
DIVIDEND YIELD[5] (%)	0.8	2.2

[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 Global Equity Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: October 4, 2020, based on the latest available data in Factset on this date.); Harding Loevner Global Equity Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
CD PROJEKT	POLAND	COMM
CME GROUP	US	FINA
ETSY	US	DSCR
GENMAB	DENMARK	HLTH
TRADEWEB	US	FINA
VF CORPORATION	US	DSCR

POSITIONS SOLD	COUNTRY	SECTOR
CHR. HANSEN	DENMARK	MATS
COLGATE PALMOLIVE	US	STPL
NIDEC	JAPAN	INDU
TRADE DESK	US	INFT
UNITEDHEALTH GROUP	US	HLTH

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 charts above; and (2) a list showing the weight and contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the charts above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall 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 Global Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

GLOBAL EQUITY COMPOSITE PERFORMANCE (AS OF SEPTEMBER 30, 2020)

	HL GLOBAL EQUITY GROSS (%)	HL GLOBAL EQUITY NET (%)	MSCI ACWI[1] (%)	MSCI WORLD[2] (%)	HL GLOBAL EQUITY 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	COMPOSITE ASSETS ($M)	FIRM ASSETS (%)
2020 YTD[5]	15.26	14.90	1.77	2.12	17.14	16.64	16.68	N.A.[6]	31	16,339	25.69
2019	30.17	29.64	27.30	28.40	12.56	11.21	11.13	0.2	29	14,139	21.99
2018	-9.35	-9.75	-8.93	-8.20	11.85	10.48	10.39	0.2	30	10,752	21.39
2017	33.26	32.66	24.62	23.07	11.16	10.37	10.24	0.2	27	8,946	16.57
2016	7.13	6.62	8.48	8.15	11.37	11.07	10.94	0.1	29	7,976	20.45
2015	2.65	2.18	-1.84	-0.32	11.16	10.78	10.80	0.5	28	7,927	23.81
2014	6.91	6.43	4.71	5.50	10.82	10.48	10.21	0.3	31	9,961	28.46
2013	21.64	21.12	23.44	27.37	13.92	13.92	13.52	0.5	32	11,165	33.69
2012	18.44	17.98	16.80	16.54	16.49	17.11	16.72	0.1	25	9,071	40.03
2011	-6.96	-7.31	-6.86	-5.02	19.03	20.59	20.16	0.2	13	5,316	39.10
2010	16.54	16.16	13.21	12.34	22.85	24.51	23.74	N.M.[7]	6	2,879	26.15

[1]Benchmark Index; [2]Supplemental Index; [3]Variability of the Composite and the Index returns over the preceding 36-month period, annualized; [4]Asset-weighted standard deviation (gross of fees); [5]The 2020 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period; [7]N.M.–Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

The Global Equity Composite contains fully discretionary, fee-paying accounts investing in US and non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI All Country World 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 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 49 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 Indices.

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 June 30, 2020.

Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The Global Equity Composite has been examined for the periods December 1, 1989 through June 30, 2020. The verification and performance examination reports are available upon request.

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. The firm maintains a complete list and description of composites, which is 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. Past performance does not guarantee future results. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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 Global Equity accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; above $250 million on request. 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 Composite was created on November 30, 1989.

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