Global Equity

Quarterly Report | First Quarter 2022

HARDING LOEVNER

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Composite Performance

Total Return (%) – Periods Ended March 31, 2022[1]

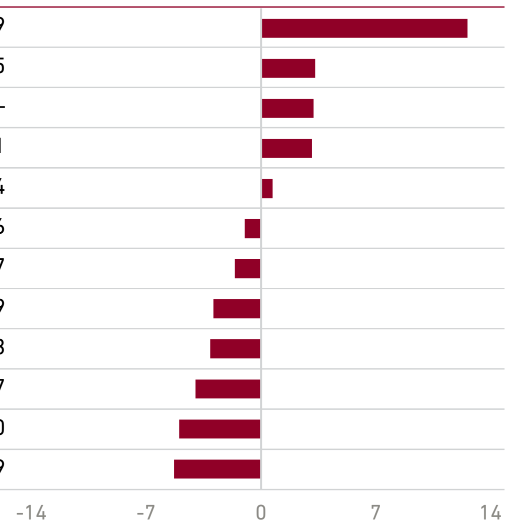
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Global Equity (Gross of Fees)	-12.35	0.11	15.07	13.88	11.85	10.36
HL Global Equity (Net of Fees)	-12.46	-0.31	14.59	13.40	11.37	9.72
MSCI All Country World Index[4,5]	-5.26	7.73	14.28	12.19	10.57	7.70
MSCI World Index[5,6]	-5.04	10.60	15.53	13.00	11.48	7.86

[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.

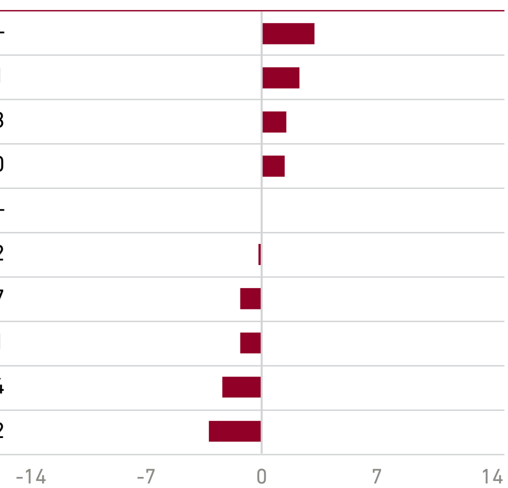
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL Global	MSCI ACWI
Health Care	24.5	11.9
Industrials	12.8	9.5
Cash	3.2	–
Comm Services	11.2	8.1
Info Technology	23.1	22.4
Financials	13.6	14.6
Real Estate	1.1	2.7
Utilities	0.0	2.9
Energy	1.2	4.3
Cons Discretionary	7.7	11.7
Materials	0.0	5.0
Cons Staples	1.6	6.9



Geography	HL Global	MSCI ACWI
Cash	3.2	–
Emerging Markets	13.4	11.1
US	62.8	61.3
Europe ex-EMU	9.4	8.0
Frontier Markets[7]	0.0	–
Middle East	0.0	0.2
Europe EMU	6.4	7.7
Pacific ex-Japan	1.8	3.1
Japan	3.0	5.4
Canada	0.0	3.2



[7]Includes countries with 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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Market Review

Stock markets fell in the quarter, as the world watched in horror Russia's invasion of Ukraine. The reaction by Western governments was swift and emphatic as they sought to tread a delicate balance between punishing Russian aggression and avoiding an escalating military conflict. The US and its allies enacted crippling economic sanctions against Russia, including freezing a significant share of the Russian central bank reserve assets, cutting off many of the country's banks from the SWIFT global financial messaging system, and outlawing the export of a variety of industrial and luxury goods. The revulsion at Russian aggression also provoked an exodus of Western companies from Russian markets. The sanctions initially led to a collapse in the ruble, forcing the central bank to raise overnight interest rates to 20% per annum to bolster the currency, while the Moscow stock exchange closed for almost a month before re-opening for domestic investors only. With foreign investors effectively unable to trade, major market index providers expunged all Russian securities from their indices. Prices for a wide range of commodities for which Russia is a major producer—including oil, gas, grains, and metals—surged on fears of disruption, prompting billions of US dollars in margin calls to cover futures positions.

MSCI ACWI Index Performance (USD %)

Geography	1Q 2022	Trailing 12 Months
Canada	4.8	21.0
Emerging Markets	-6.9	-11.1
Europe EMU	-11.1	-3.0
Europe ex-EMU	-3.3	11.9
Japan	-6.4	-6.1
Middle East	-6.8	8.1
Pacific ex-Japan	3.8	3.9
United States	-5.2	14.1
MSCI ACWI Index	-5.3	7.7

Sector	1Q 2022	Trailing 12 Months
Communication Services	-10.5	-7.0
Consumer Discretionary	-11.3	-5.5
Consumer Staples	-3.9	8.1
Energy	21.4	41.6
Financials	-0.3	11.8
Health Care	-3.6	13.3
Industrials	-5.9	2.0
Information Technology	-10.2	12.6
Materials	2.9	11.3
Real Estate	-5.3	9.2
Utilities	1.4	11.5

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

Headline inflation, which had already been rising rapidly around the world prior to the invasion, received a fillip from the shock to energy and food supplies stemming from the war, increasing the pressure on central banks to tighten monetary policy. The Bank of England—along with the South Korean, South African, and Brazilian central banks—continued raising short-term policy rates to beat back rising prices. In the US, the Federal Reserve lifted rates for the first time since December 2018 and signaled a willingness to do whatever it takes to bring inflation under control, announcing an aggressive rate hike path for the months ahead. The yield curve flattened dramatically; in March, the US two-year yield briefly exceeded the ten-year yield for the first time since 2019, flashing a recession warning as bond investors bet that higher yields would crimp growth.

The prospect of tighter monetary conditions further undermined the case for highly priced growth stocks, whose expected cash flows, in lying further out into the future, are more sensitive to interest rates. Through mid-February, just prior to the outbreak of hostilities, the MSCI ACWI Growth Index had declined 9.2%, while its value counterpart was essentially flat (-0.4%). That large underperformance for growth stocks persisted through the end of the quarter, echoed in an even larger disparity between highly priced stocks and less expensive ones; for global markets as a whole, the most expensive quintile of stocks fell nearly 14%, while the least expensive eked out a small gain. High-quality companies were no refuge from the sell-off of growth stocks unless they were also *inexpensive*—such as the highly profitable but slower-growing pharmaceutical companies, which outpaced the rest of Health Care by a wide margin.

Sector performance reflected the meteoric rise in commodity prices caused by supply shocks from war and sanctions, with both Energy and Materials finishing in positive territory. Demand for commodities could be set to fall, though, given that consumer confidence (critical to the slumping Consumer Discretionary sector) and business confidence (a big influence on swooning Information Technology, or IT, stocks) seem to be flagging.

Canada was the best performing region, helped by its heavy weight in energy and financial stocks. In Emerging Markets (EMs), exceptional returns in Brazil were offset by weakness in China, which faces an economic slowdown aggravated by difficulties in maintaining its zero-COVID policy and the government's attempts to deflate its colossal real estate bubble slowly. China's "no limits" friendship with Russia also threatened to expose the country to retaliatory Western economic sanctions. Worsening the sentiment toward China, the US Securities and Exchange Commission began the procedural implementation of the Holding Foreign Companies Accountable Act, identifying several US-listed

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 complete list of holdings at March 31, 2022 is available on page 9 of this report.

Chinese companies whose latest financial reports fail to adhere to US audit standards and could be subject to delisting. Shortly after, Chinese officials signaled room for compromise on a mutually agreeable auditing framework, suggesting this is at least one area where the sentiment is likely worse than reality.

Performance and Attribution

The Global Equity Composite fell 12.4% gross of fees, well beyond the 5.3% decline of the MSCI All Country World Index.

The portfolio's concentration in expensive stocks, a hazard of our commitment to investing in the stocks of high-quality rapidly growing businesses, hurt relative performance in a quarter during which investors fled from richly priced companies. So stiff was this style headwind that, when viewed through the standard lenses of sector and geographic attribution, our portfolio underperformed within each sector and each region. Walking through sector by sector or region by region would add little to that overarching explanation.

A more informative parsing of sources of underperformance comes from viewing our returns in terms of the portfolio's exposure to growth and valuation factors. According to our growth and valuation rankings, the portfolio's emphasis on companies in the fastest-growing cohorts—or, inseparably, its tolerance of their rankings among the most richly priced cohorts—accounted for about 40% of our underperformance in the quarter. Our parallel emphasis on quality provided no defense in the period. But within these faster-growing and richly priced cohorts, some of our holdings performed even worse than their peers. Their shares, having previously been priced for perfection, saw *im*perfections that were revealed by these companies in the quarter seized upon amid the market's general retreat from high-priced shares. Three detractors were among our large holdings in Health Care. **Sysmex**, a leading Japanese provider of hematology equipment and reagents, reported disappointing sales in China as the company was buffeted by the country's "Buy China" policy initiative, which stole thunder from positive results for the application of the company's groundbreaking early-disease-detection blood tests for Alzheimer's. **Align Technology**, the leading global provider of clear aligners ("invisible braces") and dental scanning equipment, warned that rising Omicron cases would suppress first-quarter growth, leading the market to question its guidance for annual topline growth of 20-30%, even though we think its growth will be plenty durable. **WuXi Biologics** was the third, about which we'll discuss later in this letter. Partially offsetting this trio's impact, **Vertex Pharmaceuticals** contributed positively, announcing continued progress on its drug pipeline candidates even as progress of competitors' efforts to develop alternatives to the company's market-leading cystic fibrosis drug have yet to be announced.

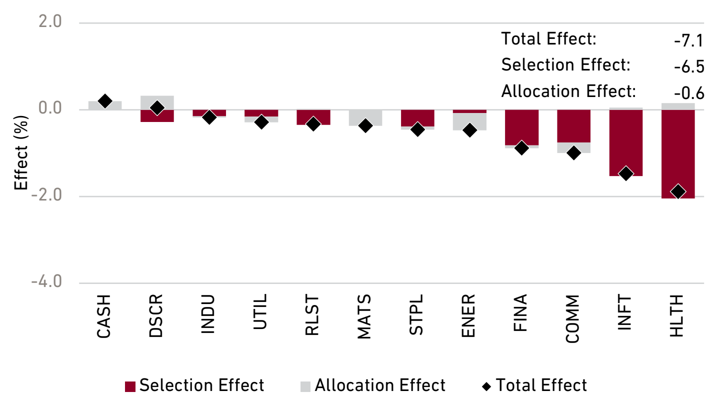
Within IT, **PayPal** withdrew its target to reach 750 million users, acknowledging increased churn and a pattern of new users only seeking promotions; this ups the stakes of its plan to raise per-customer revenue with its financial super app, which is being rapidly adopted. EPAM, a US-incorporated IT services consulting firm staffed mostly out of Russia, Ukraine, and Belarus, plunged as the invasion unfolded, its human capital suddenly either under attack or potentially tarred by sheer virtue of their location inside the attacker and its ally. We sold the shares in the first days of the invasion.

Meta Platforms (aka Facebook), not ranking among the most richly priced but still among the fastest-growing cohort, reported disappointing earnings and revenues and its first net decline in active users. Management cited competition from rival TikTok. It also faces a hit from new privacy features in **Apple**'s latest mobile operating system, which could in aggregate siphon off

First Quarter 2022 Performance Attribution

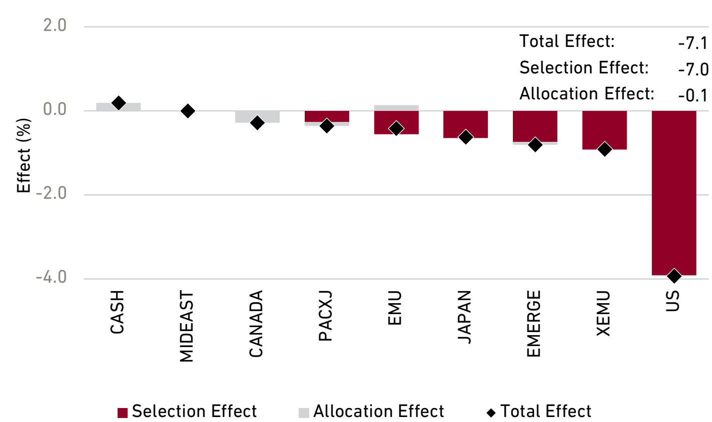
Sector

Global Equity Composite vs. MSCI ACWI Index



Geography

Global Equity Composite vs. MSCI ACWI Index



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.

as much as US$10 billion in ad-targeting revenues before its AI-based Apple workaround is up and running. Other detractors within Communication Services included **Pinterest** and **Netflix**, both of which are finding it hard to sustain the extremely rapid growth they enjoyed over the past two years of pandemic lockdown and social distancing.

Perspective and Outlook

The performance of our strategy has been poor since November of last year, a five-month period in which value stocks have trounced growth stocks, outperforming by over 10%. The graph below puts our performance in context by comparing it to the performance of the MSCI All Country World Index and its Growth and Value components over the past year.

We were too sanguine about the near-term course of inflation, and the extent to which the risk that inflation expectations would become entrenched would rise. We expected surging demand for consumer durables to revert to trend and supply chains to normalize as economies reopened from COVID-19 constraints. But ongoing bottlenecks, such as congestion at US ports, now exacerbated by lockdowns in China's industrial hubs and commodity supply shocks emanating from the Ukrainian conflict, have led to prolonged shortages of key components and finished goods across many industries. The effects of sustained price pressures on monetary policy and concerns for its prospective impact on economic growth have raised equity discount rates and lowered general growth expectations, leading to severe underperformance of the fastest-growing quintile of the market—the cohort from which we've drawn over 40% of our portfolio, which also meant a large helping of the most expensive quintile (as measured by our composite valuation rankings).

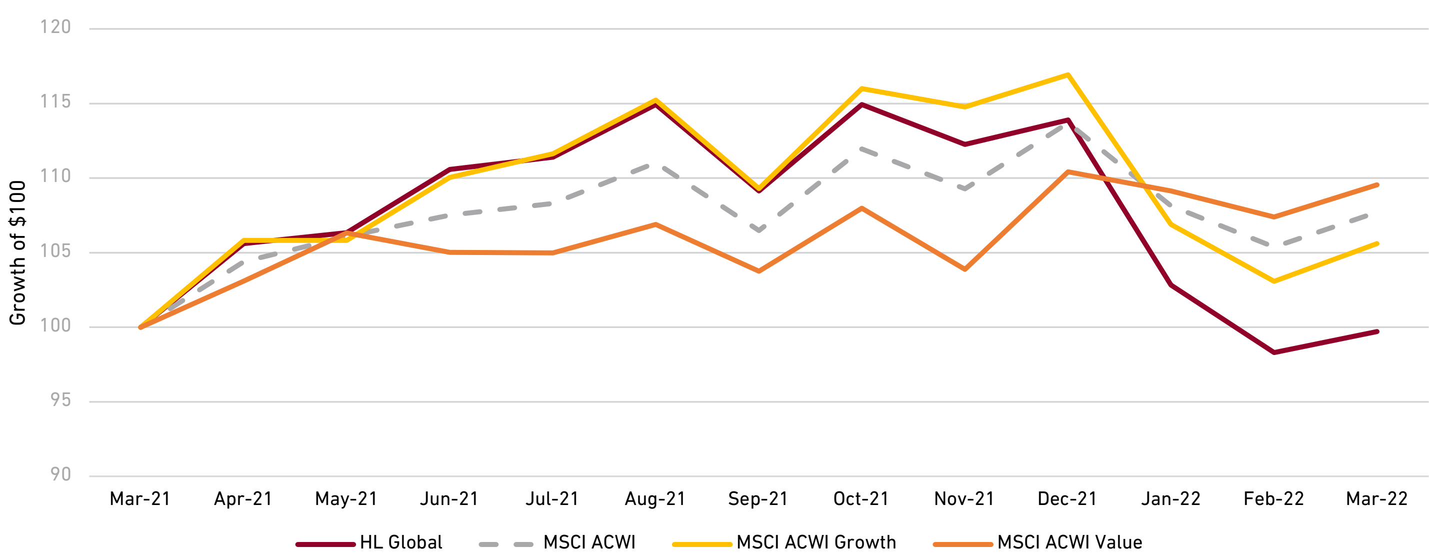
If we'd had better macroeconomic foresight or were less convinced of the through-the-cycle earnings power of our fastest-growing companies, we might have reduced our exposure to the most expensive of them. Too late for that, at this point we are contending with the market's massive style shift in the midst of rising inflation and discount rates, regulatory uncertainty, and disrupted supply chains, all against a backdrop of nascent fears of an economic slowdown. Our investment in WuXi Biologics illustrates the effect of these issues which are of a piece with those pressuring the share prices of many of our other rapidly growing companies.

We had previously owned shares in the China-based provider of outsourced research and manufacturing services for biotech firms but sold it in the second quarter of 2019 on concerns that potential US trade restrictions might hamper its ability to compete for contracts from US firms. We bought back shares after a sharp price correction in the first quarter of 2021.

Because the company has enjoyed burgeoning demand for its services, it has achieved extraordinary revenue and earnings growth in the past few years. As a result, its shares have been perennially expensive, sporting a forward price-to-earnings multiple that until recently topped 100x. The rapid development of several antibody drugs for COVID-19 gave a further, unexpected boost to WuXi's business recently. Our forecasts have assumed, and still do, that the company, after very rapid near-term growth, could sustain earnings growth of more than 20% per annum for a decade, implying a nine-fold increase in earnings and justifying the apparent high valuation.

Still, such a highly priced stock is vulnerable to even the faintest threat to the company's prospects. In December, WuXi's share price dropped almost 20% in a single day on rumors that it and other Chinese biotech firms might be added to the US blacklist

Cumulative Performance of HL Global Composite vs. MSCI ACWI, Growth, and Value Indexes



Returns shown net of fees. Source: Geneva, Bloomberg, MSCI Inc.

of firms barred from importing certain American-made products because of a perceived threat to US national security. The rumors turned out to be false and the stock recovered some of its ground, but in February the company *did* land on the US so-called "unverified list" (UVL) because COVID-19 restrictions had prevented US Commerce Department inspectors from traveling to undertake routine exams of the company's manufacturing facilities to confirm civilian use of US-made equipment subject to export control. As investors had been primed by the earlier rumor, they got spooked and the stock dropped 25% in a week, leaving it nearly 60% below its peak.

> The irony was that WuXi's share price tanked despite the positive surprise of an 83% year-over-year increase in revenue growth and a doubling of the company's adjusted net profits.

Investors seem to have latched on to the UVL flag as proof that the company is hostage to US-China tensions, and that its ability to win new US or European contracts could be tripped up by unexpected regulatory changes or sanctions, or merely a growing reluctance by Western customers to become more exposed to Chinese service providers. The irony was that the share price tanked despite the positive surprise of an 83% year-over-year increase in revenue growth and a doubling of the company's adjusted net profits. Its projected pipeline is chockablock as the company faces a backlog of orders stemming from persistent global need for biotech research and manufacturing services. To meet this growing demand, the company is investing in new capacity abroad, as well as in China, to further diversify its manufacturing footprint and mitigate potential threats to its supply chain. In the meantime, the UVL designation does not affect its daily operations as the blocked equipment can be sourced from non-US vendors, and we place credence in management's assertions that the required inspections will occur soon.

We were clearly too optimistic about holding onto WuXi at prices that presumed unflagging demand by its customers, unfettered supply chains, and unblemished execution by management. But our read of WuXi's sales growth has, if anything, proven too conservative in the near term, while its execution has been solid. Even the supply chain entanglement in cross-border regulations appear minor to us, from what is currently evident; so, at today's much lower share price, we remain confident investors.

We hold a similar view on other companies that hurt us this quarter: most of the specific blemishes that marred their shares are likely to be transient; the companies' long-term prospects remain bright while the sell-off has left their shares more attractively priced. PayPal is admittedly at a crossroads with its still-untested strategy of focusing on deepening existing user relationships instead of growing e-commerce commissions off new users; but, at its current price, we are prepared to wait a while longer to gauge if it can succeed. With Meta (Facebook), we think it is only a matter of time before the company's heavy investments in proprietary ad targeting tools and the next generation of web experiences launch the next growth phase. Other examples include Align, which remains among the fastest growing and most innovative companies in consumer health, and Sysmex, which—in addition to its promising Alzheimer's test—is already using its early-disease-detection systems to help doctors diagnose and better treat many types of cancers far earlier in the diseases' progression.

Over the last 20 years we've experienced four other episodes when our quality-growth style has significantly underperformed. The most recent was in December 2018 when the Trump trade war and rising interest rates delivered a shock remarkably similar to the one experienced today and which also contributed to a broad retreat from highly priced growth shares. It's too soon to tell if the current hiking cycle will prove equally short-lived, but what does seem clear is that the ability of economic activity to withstand higher interest rates has been progressively lowered over time. That said, given today's potent mix of macroeconomic and geopolitical uncertainties, investors are facing an unusually wide range of potential outcomes. In a scenario of continued high inflation and sharply rising interest rates, shares of quality-growth companies will probably continue to lag the market; but, should inflation moderate and economic growth revert to a more tepid pace, we would expect to see a reversal of their recent underperformance as the market embraces companies growing their earnings faster than average. In the face of this uncertainty, we do what we have done for the last two decades: construct a diversified portfolio of high-quality growth companies by taking advantage of the most attractive valuations as they emerge.

> In the face of today's unusually wide range of potential macroeconomic outcomes, we do what we have done for the last two decades: construct a diversified portfolio of high-quality growth companies by taking advantage of the most attractive valuations as they emerge.

Portfolio Highlights

The war in Ukraine has given new urgency to the question of whether globalization has reached a tipping point and if the familiar web of decentralized, just-in-time, global supply chains will be a casualty of the inward turn dividing countries into competing trading blocs. It is probably too soon to know. It is probable, however, that companies everywhere will be reassessing presuppositions about access to low-cost transportation, cheap foreign labor, and business-friendly social and tax policies, and taking steps to minimize future supply disruptions or unanticipated regulatory shifts. At a minimum, we'd expect to see manufacturers begin to reshore or at least duplicate production processes for critical operations, whether it's setting up plants closer to their end customers or encouraging their suppliers to do the same. We'd also expect future capital expenditures and supply chain reorganizations to take full advantage of the many advances occurring across the industrial automation landscape, which are propelling leading providers of so-called "Industry 4.0" solutions onto favorable growth paths.

Rockwell Automation is one such provider, which we purchased during the market correction this quarter. The company—still based in Milwaukee, where it developed its first product, a device to control the speed of electric motors, 120 years ago—has a particular focus on North America. Rockwell's sales growth had stalled during the US capex recession following the recovery from the Global Financial Crisis. The company sold sensors, actuators, valves, and control software, but lacked the ability to weave all these offerings together to provide a single control point for clients wanting to automate an existing plant or build a fully automated new one. Its 2018 minority investment in PTC Inc, a Boston-based industrial software firm with a strong capability in augmented reality and visualization tools, marked a turning point in Rockwell's fortunes. Through this partnership, Rockwell was able to develop software that integrated data from individual business segments, stitching it together on its "FactoryTalk" platform, to give managers a real-time digital picture of their operations. The company is now a chief enabler and beneficiary of reshoring initiatives as a wave of manufacturers scarred by pandemic supply chain disruptions look to automation to help them recreate some of the cost savings that had driven their offshoring in the first place. After hardly growing for seven years, the company saw orders increase 40% in the first quarter over the same period last year and predicted organic sales growth of between 14% and 17%.

Another example is **Hexagon**, a Swedish industrial sensor and digital reality company, which we also added to the portfolio this quarter on share weakness. Hexagon has long made high-value tools that enable more efficient construction and manufacturing, but where these were mostly once expensive standalone pieces of hardware—like high-resolution survey equipment or cameras—they now tend to be expensive hardware connected to cloud-based software sold on a recurring, subscription basis. This can take the form of an advanced sensor drone that buzzes above the factory floor monitoring operations and collecting data to spot inefficiencies or potential breakdowns, or computer modeling software for constructing a virtual twin of an entire plant for processing said data and helping to optimize back the other way. The result is that top-line growth, driven by increasing adoption of such Industry 4.0 efficiency-enhancing tools, has also been accompanied by an improving revenue mix for Hexagon, with 60% of its revenues now coming from higher-margin software and recurring sources.

We see directionally similar trends at **Schneider Electric**, a French holding we added to on share price weakness, and Japanese machine vision specialist **Keyence**, a longtime favorite that we returned to. Like Hexagon, Schneider helps its industrial and other commercial customers capture real-time data, with a focus on measuring and evaluating electricity consumption to identify and implement energy efficiencies to save money and lower carbon emissions. Keyence provides sensors, measuring systems, laser markers, microscopes, and other systems that help a factory *see* better, often the first step towards increased automation and efficiency. The company is distinguished by the applicability of its product line to almost any industry when customized to customers' specific needs by Keyence engineers. This asset-light strategy has enabled it to compound its top line by 10% annually over the past 25 years while retaining some of the strongest profit margins and returns on capital of the companies we cover.

> John Deere's newest tractor, the 8R, can operate autonomously 24 hours a day, controlled by the farmer via mobile app, with full data download of crop specifications and field analysis available via the cloud.

Another example of how automation is reaching deeply into traditional manufactured products is **John Deere**. After 185 years in business, the iconic farming equipment maker has turned the tractor into a platform for software and service revenues. Deere's newest model, the 8R, can operate autonomously 24 hours a day, controlled by the farmer via mobile app, with full data download of crop specifications and field analysis available via the cloud. Revenue comes from both the initial capital outlay and monthly subscription fees. During a recent call, Deere's CEO John May emphasized a point we hear increasingly from leading industrial companies: "The need for autonomy is here today. The demand for the solution is real. We already have customers paying for autonomy." CFO Ryan Campbell went a step further, suggesting that growth in such digitization technologies will be *the* primary driver of Deere's future margin improvements, by increasing the recurring revenues attached to each piece of equipment it sells.

We sold Baidu late in the quarter; however, it wasn't due to company-specific factors as Baidu continues to generate strong cash flows and appears reasonably valued with a strong balance sheet. We have simply grown more concerned about the country risk associated with our Chinese shares, especially shares heavily owned by US investors, given the simmering tensions between the two nations. Our bottom-up fundamental research process continues to identify many high quality-growth businesses in China that compare favorably with global peers, but we have decided to trim our overweight as we reassess the implications of our holdings there for overall, portfolio-level risk.

Additional sales during the quarter included Neste, the Finnish renewable diesel company, whose CEO resigned unexpectedly at a difficult moment for the company, as it is struggling with inflation and scarcity in its commercial cooking-oil-waste raw material chain and working to complete construction of a large new aviation fuel plant in Singapore. We also sold Disney, due to some concerns about the increasing capital intensity of its business amid signs of rising competition and slowing growth in streaming media consumption.

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Global Equity Holdings (as of March 31, 2022)

Communication Services	Market	End Wt. (%)
Alphabet (Internet products and services)	US	3.8
Baidu (Internet products and services)	China	0.5
CD Projekt (Video game developer)	Poland	0.9
Meta Platforms (Virtual reality and social network)	US	2.2
NetEase (Gaming and internet services)	China	1.1
Netflix (Entertainment provider)	US	0.8
Pinterest (Social network)	US	1.0
Tencent (Internet and IT services)	China	0.9
Consumer Discretionary		
Amazon.com (E-commerce retailer)	US	2.7
Etsy (E-commerce retailer)	US	0.7
JD.com (E-commerce retailer)	China	0.0
Lululemon (Athletic footwear and apparel retailer)	US	1.1
MercadoLibre (E-commerce retailer)	US	1.2
Nike (Athletic footwear and apparel retailer)	US	2.0
Consumer Staples		
Hello Fresh (Food delivery services)	Germany	0.5
L'Oréal (Cosmetics manufacturer)	France	1.1
Energy		
Schlumberger (Oilfield services)	US	1.1
Financials		
AIA Group (Insurance provider)	Hong Kong	1.0
B3 (Clearing house and exchange)	Brazil	1.1
Bank Central Asia (Commercial bank)	Indonesia	1.4
CME Group (Derivatives exchange and trading services)	US	1.7
First Republic Bank (Private bank and wealth manager)	US	2.9
HDFC Bank (Commercial bank)	India	1.2
SVB Financial Group (Commercial bank)	US	3.0
Tradeweb (Electronic financial trading services)	US	1.3
Health Care		
Abcam (Life science services)	UK	1.3
Alcon (Eye care products manufacturer)	Switzerland	1.3
Align Technology (Orthodontics products manufacturer)	US	1.4
Chugai Pharmaceutical (Pharma manufacturer)	Japan	0.7
Danaher (Diversified science & tech. products & svcs.)	US	1.6
Edwards Lifesciences (Medical device manufacturer)	US	1.3
Genmab (Biotechnology producer)	Denmark	0.8
Illumina (Life science products and services)	US	2.1
Intuitive Surgical (Medical equipment manufacturer)	US	1.1
IQVIA (Health care services)	US	1.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.5
Sysmex (Clinical laboratory equipment manufacturer)	Japan	0.9
Thermo Fisher Scientific (Health care products & svcs.)	US	2.0
UnitedHealth Group (Health care support services)	US	2.4

Health Care	Market	End Wt. (%)
Vertex Pharmaceuticals (Pharma manufacturer)	US	2.6
WuXi AppTec (Biopharma manufacturer)	China	1.3
WuXi Biologics (Biopharma manufacturer)	China	1.3
Industrials		
Ametek (Electronic instruments manufacturer)	US	1.4
Atlas Copco (Industrial equipment manufacturer)	Sweden	0.9
CoStar (Real estate information services)	US	0.9
Epiroc (Industrial equipment manufacturer)	Sweden	1.1
John Deere (Industrial equipment manufacturer)	US	2.7
MISUMI Group (Machinery-parts supplier)	Japan	0.4
Rockwell Automation (Manufacturing IT provider)	US	0.7
Schneider Electric (Energy management products)	France	2.4
Spirax-Sarco (Industrial components manufacturer)	UK	0.5
VAT Group (Vacuum valve manufacturer)	Switzerland	0.9
Verisk (Risk analytics and assessment services)	US	1.0
Information Technology		
Accenture (Professional services consultant)	US	1.8
Adobe (Software developer)	US	1.3
Adyen (Payment processing services)	Netherlands	0.9
Apple (Consumer electronics and software developer)	US	1.4
Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.3
ASML (Semiconductor equipment manufacturer)	Netherlands	1.4
Broadcom (Semiconductor manufacturer)	US	1.2
Hexagon (CAD and measurement technology provider)	Sweden	1.2
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.0
Microsoft (Consumer electronics and software developer)	US	2.7
NVIDIA (Semiconductor chip designer)	US	1.0
PayPal (Electronic payment services)	US	0.8
salesforce.com (Customer relationship mgmt. software)	US	1.0
Samsung Electronics (Electronics manufacturer)	South Korea	0.9
Sangfor (IT security services)	China	0.5
Synopsys (Chip-design software developer)	US	1.7
The Trade Desk (Digital advertising mgmt. svcs.)	US	1.0
TSMC (Semiconductor manufacturer)	Taiwan	1.1
Xero (Accounting software developer)	Australia	0.8
Materials		
No Holdings		
Real Estate		
Country Garden Services (Residential property mgr.)	China	1.1
Utilities		
No Holdings		
Cash		3.2

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.

1Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
John Deere	INDU	2.9	0.2	0.61
Schlumberger	ENER	1.5	0.1	0.47
Vertex Pharmaceuticals	HLTH	2.3	0.1	0.45
B3	FINA	0.8	<0.1	0.40
Bank Central Asia	FINA	1.4	<0.1	0.17

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
Schlumberger	ENER	1.3	0.1	0.51
NVIDIA	INFT	1.1	0.8	0.38
Synopsys	INFT	1.4	0.1	0.32
Alphabet	COMM	3.5	2.4	0.32
UnitedHealth Group	HLTH	1.5	0.6	0.31

1Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
Sysmex	HLTH	1.1	<0.1	-0.58
First Republic Bank	FINA	3.1	<0.1	-0.51
Align Technology	HLTH	1.5	0.1	-0.49
EPAM	INFT	0.5	<0.1	-0.44
WuXi Biologics	HLTH	1.5	<0.1	-0.44

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
Country Garden Services	RLST	1.6	<0.1	-1.44
WuXi Biologics	HLTH	1.8	0.1	-0.98
TeamViewer	INFT	0.6	<0.1	-0.90
Apple	INFT	1.1	3.8	-0.83
Pinterest	COMM	0.6	<0.1	-0.78

Portfolio Characteristics

Quality and Growth	HL Global	MSCI ACWI
Profit Margin[1] (%)	19.7	16.3
Return on Assets[1] (%)	9.9	9.0
Return on Equity[1] (%)	20.5	20.5
Debt/Equity Ratio[1] (%)	34.9	69.3
Std. Dev. of 5 Year ROE[1] (%)	5.1	6.7
Sales Growth[1,2] (%)	15.7	8.6
Earnings Growth[1,2] (%)	22.0	16.5
Cash Flow Growth[1,2] (%)	18.2	14.0
Dividend Growth[1,2] (%)	9.8	8.8
Size and Turnover	**HL Global**	**MSCI ACWI**
Wtd. Median Mkt. Cap. (US $B)	73.1	95.6
Wtd. Avg. Mkt. Cap. (US $B)	343.3	415.5
Turnover[3] (Annual %)	32.5	–

Risk and Valuation	HL Global	MSCI ACWI
Alpha[2] (%)	1.52	–
Beta[2]	1.01	–
R-Squared[2]	0.91	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	15.94	15.02
Sharpe Ratio[2]	0.80	0.74
Tracking Error[2] (%)	4.8	–
Information Ratio[2]	0.35	–
Up/Down Capture[2]	109/102	–
Price/Earnings[4]	31.8	17.9
Price/Cash Flow[4]	25.2	12.9
Price/Book[4]	5.6	2.9
Dividend Yield[5] (%)	0.7	1.8

[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: April 5, 2022, 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	Market	Sector
Broadcom	US	INFT
Hexagon	Sweden	INFT
Keyence	Japan	INFT
Lululemon	US	DSCR
Rockwell Automation	US	INDU

Positions Sold	Market	Sector
Baidu	China	COMM
Disney	US	COMM
ENN Energy	China	UTIL
EPAM	US	INFT
Mastercard	US	INFT
Neste	Finland	ENER
TeamViewer	Germany	INFT

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 Global Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Global Equity Composite Performance (as of March 31, 2022)

	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 ($M)	Firm Assets ($M)
2022 YTD[5]	-12.35	-12.46	-5.26	-5.04	17.56	16.97	17.28	N.A.[6]	30	17,021	64,240
2021	16.14	15.68	19.04	22.35	16.42	16.83	17.05	0.4	29	20,188	75,084
2020	31.22	30.68	16.82	16.50	18.17	18.12	18.26	0.3	30	18,897	74,496
2019	30.17	29.64	27.30	28.40	12.56	11.21	11.13	0.2	29	14,139	64,306
2018	-9.35	-9.75	-8.93	-8.20	11.85	10.48	10.39	0.2	30	10,752	49,892
2017	33.26	32.66	24.62	23.07	11.16	10.37	10.24	0.2	27	8,946	54,003
2016	7.13	6.62	8.48	8.15	11.37	11.07	10.94	0.1	29	7,976	38,996
2015	2.65	2.18	-1.84	-0.32	11.16	10.78	10.80	0.5	28	7,927	33,296
2014	6.91	6.43	4.71	5.50	10.82	10.48	10.21	0.3	31	9,961	35,005
2013	21.64	21.12	23.44	27.37	13.92	13.92	13.52	0.5	32	11,165	33,142
2012	18.44	17.98	16.80	16.54	16.49	17.11	16.72	0.1	25	9,071	22,658

[1]Benchmark Index; [2]Supplemental Index; [3]Variability of the Composite, gross of fees, and the index returns over the preceding 36-month period, annualized; [4]Asset-weighted standard deviation (gross of fees); [5]The 2022 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period.

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 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 December 31, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Global Equity Composite has been examined for the periods December 1, 1989 through December 31, 2021. 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 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 Global Equity accounts is 1.00% annually of the market value for the first $20 million; 0.50% for the next $80 million; 0.45% for the next $150 million; 0.40% for the next $250 million; above $500 million upon on request. The management fee schedule and total expense ratio for the Global Equity Collective Investment Fund, which is included in the composite, are 0.70% on all assets and 0.75%, respectively. 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 and the performance inception date is December 1, 1989.

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