Global Equity

Quarterly Report | First Quarter 2023

HARDING LOEVNER

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Composite Performance

Total Return (%) – Periods Ended March 31, 2023[1]

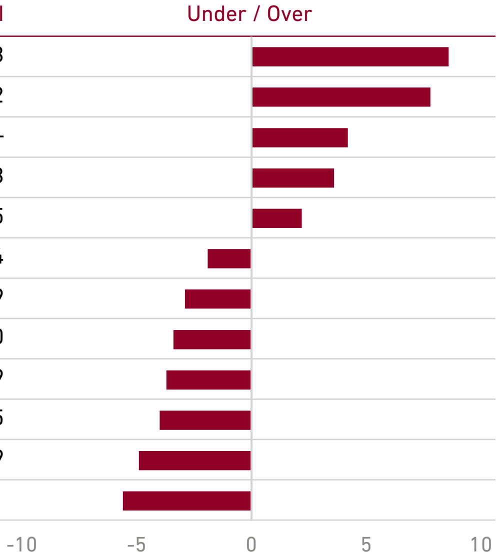
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Global Equity (Gross of Fees)	6.35	-14.01	11.35	5.78	9.39	9.54
HL Global Equity (Net of Fees)	6.25	-14.36	10.89	5.34	8.91	8.91
MSCI All Country World Index[4,5]	7.44	-6.96	15.90	7.46	8.61	7.23
MSCI World Index[5,6]	7.88	-6.54	16.96	8.56	9.43	7.40

[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.

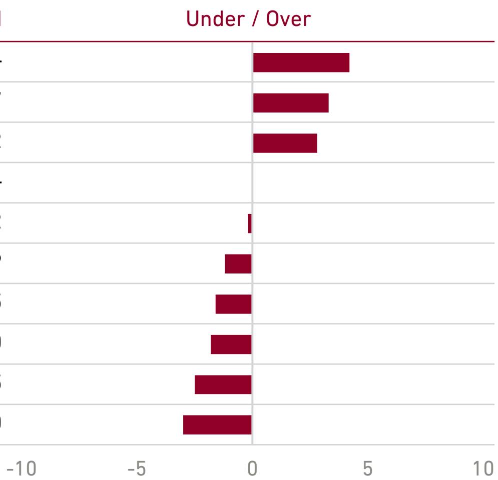
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL Global	MSCI ACWI
Health Care	20.9	12.3
Industrials	18.0	10.2
Cash	4.2	–
Comm Services	10.9	7.3
Info Technology	24.7	22.5
Real Estate	0.5	2.4
Utilities	0.0	2.9
Energy	1.6	5.0
Financials	10.2	13.9
Cons Staples	3.5	7.5
Materials	0.0	4.9
Cons Discretionary	5.5	11.1



Geography	HL Global	MSCI ACWI
Cash	4.2	–
Europe EMU	12.0	8.7
Europe ex EMU	11.0	8.2
Frontier Markets[7]	0.0	–
Middle East	0.0	0.2
Emerging Markets	9.7	10.9
US	58.9	60.5
Pacific ex Japan	1.2	3.0
Japan	3.0	5.5
Canada	0.0	3.0



[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 rose in the quarter. All regions finished in positive territory, despite growing stress in the banking industry, both in the US and abroad, and continued interest rate hikes by central banks.

At the start of the quarter, the rebound in growth stocks that began late last year accelerated, with the growth index outpacing its value counterpart by 5.0% in January alone. However, optimism turned to caution toward the end of the quarter due to the dramatic and sudden failure of Silicon Valley Bank (SVB), the go-to repository for venture capital firms and their investee companies. The failure marked the second-largest bank collapse in US history by assets, after only that of Washington Mutual in 2008, which folded in the depths of the global financial crisis. Within days, New York–based specialty lender Signature Bank, another firm exposed to flighty depositors, was closed by state regulators.

Shares of smaller US regional banks plummeted as customers yanked deposits and rushed to the supposed safety of larger institutions such as JPMorgan Chase and Wells Fargo. A surge in borrowing from the US Federal Reserve's discount window—a crucial lending facility for short-term liquidity requirements—prompted the Fed to fashion a new borrowing program allowing banks to pledge securities at face value, rather than market value, to offer greater liquidity against high-quality collateral. It also took the rare step of guaranteeing all deposits at SVB and Signature Bank, a significant backstop above the traditional US$250,000 limit.

MSCI ACWI Index Performance (USD %)

Sector	1Q 2023	Trailing 12 Months
Communication Services	17.4	-15.2
Consumer Discretionary	14.3	-11.8
Consumer Staples	3.5	1.2
Energy	-2.9	7.6
Financials	-1.3	-10.2
Health Care	-1.5	-3.7
Industrials	6.9	-0.8
Information Technology	20.5	-7.1
Materials	5.4	-8.9
Real Estate	0.7	-19.1
Utilities	-0.5	-5.6
Geography	**1Q 2023**	**Trailing 12 Months**
Canada	4.5	-12.3
Emerging Markets	4.0	-10.3
Europe EMU	14.3	6.4
Europe ex EMU	7.2	-2.2
Japan	6.4	-4.8
Middle East	1.0	-20.1
Pacific ex Japan	2.2	-7.4
United States	7.7	-8.5
MSCI ACWI Index	7.4	-7.0

Source: FactSet (as of March 31, 2023). MSCI Inc. and S&P.

> Optimism turned to caution toward the end of the quarter due to the dramatic and sudden failure of Silicon Valley Bank, the go-to repository for venture capital firms and their investee companies.

As the crisis escalated, the central banks of the US, Canada, UK, Europe, Japan, and Switzerland took coordinated action to improve US dollar liquidity and ease global funding markets. The KBW Nasdaq Bank Index, which tracks the shares of two dozen leading banks and thrifts in the US, ended the quarter down 30% from its mid-February peak. The run spooked depositors beyond US shores, with Swiss banking regulators forced to intervene by ramming through an 11th-hour merger between UBS and its long-troubled rival Credit Suisse—a controversial maneuver favoring equity holders over contingent capital bondholders, who had thought they were more senior.

Despite the turmoil, triggered in part by sharp increases in interest rates and the consequent drop in the value of bonds accumulated by banks, central bankers persisted with rate hikes to combat persistent inflation, albeit accompanied by a new, more cautious tone. The Fed raised its key policy rate by 25 basis points (bps) but signaled a slowing pace for future rate hikes. Similarly, the European Central Bank raised its benchmark rates by 50 bps while simultaneously recognizing the need to address growing market jitters.

As soon as signs of weakness in US banks appeared, US bond markets began to price in a recession by bidding down longer-term interest rates. Within a month of reaching a peak of 4.1%, the US 10-year yield tumbled to 3.5%. The US two-year yield fell even further, although the yield curve remains deeply inverted. European fixed income investors were also unnerved as 10-year German bunds and UK sovereign bonds ("gilts") saw their yields drop by more than 40 bps, with their yield curves also inverted.

The Bloomberg Commodity Total Return Index fell 5% as the economic outlook grew increasingly uncertain. Major currencies such as the euro and British pound were little changed, while commodity-exporting countries such as Norway, Canada, and Australia saw their currencies decline relative to the US dollar; an exception was the Brazilian real, which posted modest gains.

Despite the apparent economic fear signaled by commodities and fixed income markets, less cyclical sectors such as Consumer Staples and Health Care lagged. In contrast, Information

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, 2023 is available on page 9 of this report.

Technology (IT) and techlike sectors, including Communication Services (social media and search engines) and Consumer Discretionary (e-commerce), posted double-digit returns. Investors welcomed the lower bond yields for their positive impact on equity discount rates yet appeared to greet rising layoff announcements at big-tech, e-commerce, and media companies with total aplomb.

International developed markets fared better than the US this quarter, a continuation of the nascent trend that began last year. The eurozone trounced all other regions, delivering almost double the index return, helped by the mild winter that averted the energy crisis threatened by cutting off Russian oil and gas supplies. Weakening commodities hampered returns in both Canada and Australia. Despite resurgent domestic-service demand following the end of COVID-19 lockdowns, China's reopening tail wind for stocks faded in the quarter alongside slowing manufacturing, which weighed on relative returns for Emerging Markets (EM).

Style divergence featured prominently in the US, where the growth index outpaced the value index by almost 1,800 bps, propelled by stellar returns from the largest tech stocks, including **Apple**, **Microsoft**, and **NVIDIA**. Style trends were less observable in other markets. Overall, stocks of higher-quality companies—those with more stable returns and less leverage—only modestly outperformed.

Performance and Attribution

The Global Equity Composite rose 6.3% gross of fees in the first quarter, behind the 7.4% return of the MSCI ACWI benchmark.

The largest detractor of absolute and relative performance was our exposure to SVB Financial, the parent of Silicon Valley Bank, and First Republic Bank (First Republic). The placement of SVB into receivership in mid-March, following accelerated deposit withdrawals and a failed effort to raise capital, caused a total loss in our SVB position. As customer panic spread to other regional banks, First Republic experienced a precipitous drop in the price of its stock, which we later sold. Together, these holdings detracted 430 bps from our returns. We share our perspectives on both SVB and First Republic below.

> The losses from SVB and First Republic were significantly mitigated, though not fully offset, by a rebound in shares of growth companies, which contributed to outperformance among our Communication Services and IT holdings.

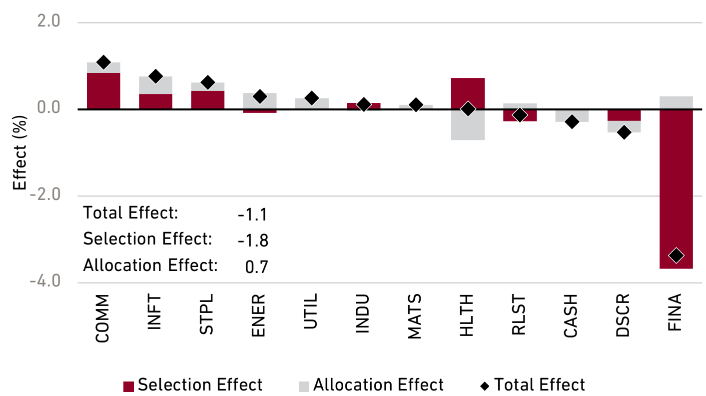
The losses from SVB and First Republic were significantly mitigated, though not fully offset, by a rebound in shares of growth companies, which contributed to outperformance among our Communication Services and IT holdings. Our biggest relative contributor was **Meta Platforms**, the parent of Facebook, which pledged to boost efficiency through layoffs and a hiring freeze. It also signaled lower capital expenditures and increased share repurchases. Other tech companies, including **Salesforce**, similarly benefited from plans to lower costs and increase profitability. Meanwhile, NVIDIA, the graphic-chips designer, surged amid investor enthusiasm over the potential commercial applications of artificial-intelligence technologies, such as ChatGPT, which requires the use of many chips.

By region, the portfolio's European holdings outperformed, particularly our three French holdings. **L'Oréal** delivered strong sales growth despite challenging macroeconomic conditions around much of the world. Both L'Oreal and **Kering** are also poised to benefit from China's post-pandemic recovery. **Schneider Electric** reported strong quarterly results and issued 2023 projections that exceeded expectations, driven by strong demand for energy-management products and improving supply-chain fluidity.

First Quarter 2023 Performance Attribution

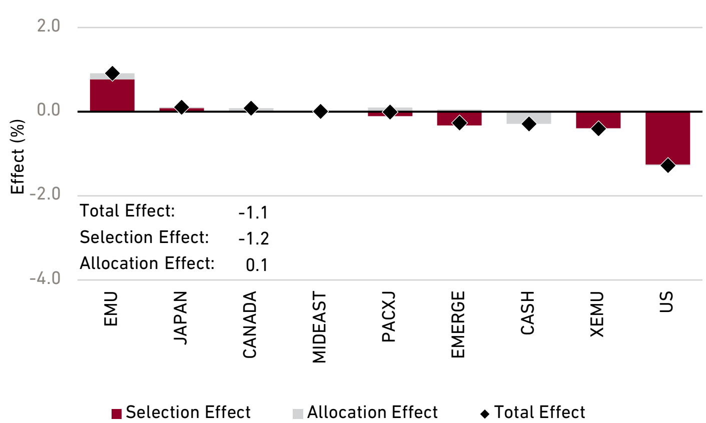
Sector

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.

The portfolio lagged on a relative basis in EM. China's **Country Garden Services** reported preliminary results that included substantially weaker profits, weighed down by impairment costs from the disposal of underperforming acquisitions.

Perspective and Outlook

As noted, the portfolio suffered significant losses in its longtime investments in SVB and First Republic during the quarter. Much has been written about the sudden demise of SVB and the ensuing pressures on First Republic, two companies we held for 11 years. In the weeks since these extraordinary events, we have been preoccupied with the question: Could we have seen this coming?

We began to observe balance-sheet vulnerabilities at SVB in the second half of 2022, the significance of which we debated throughout the rest of the year and the first quarter of 2023. During that time, SVB's core customers were also under strain, as venture capital funding dried up and startups were spending their previously raised cash. Neither of these developments prefigured the imminent collapse of the 40-year-old institution, a sociological phenomenon and outcome that surprised even bearish Wall Street analysts. Our key error was to underestimate how gravely SVB's financial strength and flexibility had been diminished by the unrealized losses on its bond holdings, leaving it dependent on capital markets which, in the end, were closed to the company.

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SVB (and First Republic) had weathered past periods of market stress, including the 2008 financial crisis and 2015–2016 market sell-off. However, recent months were the first time that SVB witnessed a material slowdown in venture capital activity coinciding with a torrent of large interest rate hikes. Not only that, but management missteps, visible in retrospect, meant that its balance sheet wasn't positioned for this interest rate cycle. One of those missteps was to invest largely in mortgage-backed securities with long maturities. Another came when management decided to take off some of SVB's interest rate hedges in 2022 because of concern at the time that a potential recession might lead to *lower*, not higher, rates.

These moves left SVB with large unrealized losses in its bond portfolio, which was the topic of ongoing debate inside our research group. Although there were dissenting opinions among our analysts, we concluded that the various challenges weighing on deposit growth and net interest margins would have a transitory impact on profitability and value but judged that they did not present a threat to solvency absent any other development. In hindsight, we missed the importance of the unrealized losses. The magnitude of these losses relative to the bank's equity—and relative to other banks—is what limited the company's financial flexibility.

The abrupt speed of the deposit withdrawals in early March was partly a consequence of the distinctive makeup of SVB's and First Republic's depositors, a feature that we had long found an appealing source of differentiation and growth. SVB uniquely catered to the specialized needs of venture capitalists and their portfolio companies, making itself a fixture of the innovation economy, while First Republic tailored its services to the financial elite. Both carved out what appeared to be a loyal constituency. These differentiated business models created a seemingly durable growth advantage, since both the venture capital markets served by SVB as well as the broader wealth market served by First Republic were growing faster than the overall economy.

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What we failed to foresee was that this advantage could quite suddenly reverse, and, in SVB's case especially, customers could all at once lose confidence in the bank despite its importance to their industry. The homogeneity and interconnectedness of SVB's customers created a propensity to act in unison. With large account balances that exceeded US deposit insurance limits representing the great majority of SVB's and First Republic's deposits, these proved to be, in the face of stress, less "sticky" than history had led us to believe. Meanwhile, the universal adoption of digital banking by their clienteles made it easier for a stampede of anxious customers to withdraw from their accounts with unprecedented speed.

This rush to withdraw might not have happened if the timing of certain events was different. On March 8, within an hour of SVB announcing what we saw as a rational capital-restructuring plan, another California bank, Silvergate, announced its involuntary liquidation. This news ignited fear in the close-knit venture capital community, and SVB was immediately overtaken by a viral social media storm that spiraled into one of the largest and fastest bank runs in US history. We believe the worries that soon spread to First Republic—whose depositors shared psychographic similarities with SVB's—were largely the result of contagion spilling over from its San Francisco Bay neighbor.

In general, we harbor a healthy suspicion of financial businesses due to their weakness in recessions and susceptibility to crises, and we look to measures of financial strength to assess a bank's ability to survive periods of stress. Furthermore, the bar for inclusion in any Harding Loevner portfolio is high. Of the tens of thousands of publicly traded companies in the world, fewer than 500 are included in our pool of researched and rated companies that are eligible for this portfolio.

Our analyst brought SVB to that pool of eligible investment candidates in 2011, and for more than a decade the bank was an excellent business, with sound liquidity and competent management who were thoughtful about risk taking while leaning

Guarding Against Behavioral Traps

By Ferrill Roll, CFA, Chief Investment Officer

Good processes are designed to produce good outcomes most of the time, but they cannot guarantee one in every case. Still, no good process should be immutable, impervious to improvement. The case of SVB illustrates the merit of striving to better guard against behavioral biases that can prevent us from cutting our losses before they become large. We underestimated SVB's fragility in part because its history of perseverance through times of industry strain provided us an outdated sense of comfort. We need to be less reluctant to change our mind about our holdings, especially ones we've owned a long time—and especially ones that fall in price.

Good processes are designed to produce good outcomes most of the time, but they cannot guarantee one in every case. Still, no good process should be immutable, impervious to improvement.

Even before the events of March, we had already been working on tools that might improve our judgment and decisions in such cases, without overpowering the process that has generally worked well in the past. We have purposely built our investment process to focus on analyzing companies to determine if they meet our high standards before we even consider what price their shares command in the market. That order (companies before stocks) comes from the recognition that business quality is far more durable than volatile share prices. As long-term investors, our process is designed to prepare us—indeed, to encourage us—to buy or add to holdings in high-quality growth companies during periods of meaningful share-price underperformance if we judge that the adverse short-term developments don't negate our long-term investment thesis.

That is a feature of our process, not a bug; but fundamental investing with a long horizon contains a risk of allowing common human biases to affect our judgment about the issues facing our companies. It's possible to fall prey to a cognitive trap, whereby our focus on the positive long-term attributes of a company we originally identified could be greater than our attention to emerging flaws. Human nature prompts us to recognize confirming evidence for that original view more easily. Furthermore, it is well established that investors often become more tolerant of risk in a position of loss or underperformance.

We have built several features into our process over many years to guard against falling prey to such behavioral traps, most notably the active encouragement of internal debate and the studied avoidance of consensus decision-making; each portfolio manager is empowered to act without persuading another and without concordance with the analyst responsible for the company. Those facets of our process were operated quite robustly regarding SVB over its last six months, but our misjudgment led to a bad outcome in this case.

As part of the tools we've been working on, we are looking to bolster an "outside view" of our companies by incorporating quantitative indicators to flag signs of fundamental deterioration and external controversy. These indicators will put analysts and portfolio managers on notice that they should be even more wary of their biases than usual. A tool that flashes a danger sign could trigger a pre-commitment to seek out and weigh evidence that might disconfirm our prior views.

Another enhancement to our portfolio risk analysis begun last year allows portfolio managers to more easily model the effects of altering position size when a holding is introducing extra factor risk or volatility to the portfolio. This tool, rather than looking past short-term developments, knowingly embraces recent price data to suggest devoting less or more capital to a given holding. In either case, these enhancements are modest and incremental steps, rather than a wholesale change, aimed at improving our judgment and in keeping with our culture of continuous improvement.

into a fruitful niche. We were delighted to have found one of the rare financial businesses that met our standards, as it consistently posted a strong operational and stock performance.

> The homogeneity and interconnectedness of SVB's customers created a propensity to act in unison.

We are mortified by the losses inflicted on our clients by the devastation of these companies, whose risks and valuations we misjudged. We remain committed to our long-held philosophy of investing in high-quality, durable-growth companies and the disciplined execution of the process that implements that philosophy. We believe that this approach has and will continue to generate the outperformance that we and our clients expect.

Portfolio Highlights

As mentioned, one of the actions we took during the quarter was to exit our position in First Republic. Like SVB, First Republic had suffered an outflow of deposits, a development that significantly imperiled its earnings power, causing a precipitous drop in the share price. No longer assured of First Republic's ability to remain a going concern, we viewed the stock as unsuitable for our portfolio.

Meanwhile, we took advantage of the rebound in shares of high-priced growth companies to exit some of our more expensive and higher-volatility holdings. We sold Align Technology, the maker of Invisalign clear aligners; online marketplace Etsy; athletic apparel retailer Lululemon; and Verisk, a data provider to the insurance market. We redeployed this capital to more reasonably priced and less volatile stocks.

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One of our two new additions to the portfolio is **AbbVie**, a US drugmaker best known for Humira, a medicine used to treat a variety of autoimmune diseases. AbbVie is building upon its maturing blockbuster Humira business by expanding its stable of autoimmune-disorder treatments with launches such as Skyrizi and Rinvoq, which have been well received and should support continued growth. Separately, we believe the slowdown in venture capital funding may foster more collaboration between biotechnology companies with promising, early-stage pipelines and large pharmaceutical companies. This may allow AbbVie to supplement its own pipeline at cheaper valuations than biotechs had commanded in recent years.

Our other purchase was **Northrop Grumman**, a US defense contractor whose stock price experienced a pullback. We like that Northrop has a larger presence than its rivals in the most favorable subcategories of the defense industry—namely, nuclear weapons, space systems, and what's known as C4ISR (which stands for Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance). C4ISR refers to digital systems that translate data picked up from different sensors—such as an incoming hypersonic missile or advancing troops—into a common format, and then escalate key information to the right people. These differentiated technologies are especially relevant in a time of increased geopolitical tensions. Northrop also benefits from large barriers to entry in this stable industry, which should enable continued strong earnings and cash flow.

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.

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Global Equity Holdings (as of March 31, 2023)

Communication Services	Market	End Wt. (%)
Alphabet (Internet products and services)	US	3.3
CD Projekt (Video game developer)	Poland	0.3
Meta Platforms (Virtual reality and social network)	US	2.5
Netflix (Entertainment provider)	US	1.4
Pinterest (Social network)	US	1.2
Tencent (Internet and IT services)	China	1.1
The Trade Desk (Digital advertising mgmt. svcs.)	US	1.0
Consumer Discretionary		
Amazon.com (E-commerce retailer)	US	2.0
Etsy (E-commerce retailer)	US	0.3
Kering (Luxury goods manufacturer)	France	1.6
Nike (Athletic footwear and apparel retailer)	US	1.7
Consumer Staples		
Costco (Membership warehouse store operator)	US	1.2
Hello Fresh (Food delivery services)	Germany	0.3
L'Oréal (Cosmetics manufacturer)	France	1.9
Energy		
Schlumberger (Oilfield services)	US	1.6
Financials		
AIA Group (Insurance provider)	Hong Kong	1.2
B3 (Clearing house and exchange)	Brazil	0.8
Bank Central Asia (Commercial bank)	Indonesia	2.8
CME Group (Derivatives exchange and trading services)	US	2.0
HDFC Bank (Commercial bank)	India	2.0
Tradeweb (Electronic financial trading services)	US	1.4
Health Care		
AbbVie (Biopharmaceutical manufacturer)	US	1.0
Abcam (Life science services)	UK	1.1
Alcon (Eye care products manufacturer)	Switzerland	1.3
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.2
Danaher (Diversified science and tech. products and svcs.)	US	1.3
Edwards Lifesciences (Medical device manufacturer)	US	1.1
Genmab (Biotechnology producer)	Denmark	1.5
Illumina (Life science products and services)	US	1.6
Intuitive Surgical (Medical equipment manufacturer)	US	1.1
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.0
Thermo Fisher Scientific (Health care products & svcs.)	US	2.0
UnitedHealth Group (Health care support services)	US	2.1
Vertex Pharmaceuticals (Pharma manufacturer)	US	3.7
WuXi AppTec (Biopharma manufacturer)	China	1.0

Industrials	Market	End Wt. (%)
Ametek (Electronic instruments manufacturer)	US	1.5
Atlas Copco (Industrial equipment manufacturer)	Sweden	1.1
CoStar (Real estate information services)	US	1.1
Epiroc (Industrial equipment manufacturer)	Sweden	1.2
John Deere (Industrial equipment manufacturer)	US	3.2
MISUMI Group (Machinery-parts supplier)	Japan	0.6
Northrop Grumman (Aerospace and defense mfr.)	US	1.1
Rockwell Automation (Manufacturing IT provider)	US	2.1
Schneider Electric (Energy management products)	France	4.1
Spirax-Sarco (Industrial components manufacturer)	UK	1.1
VAT Group (Vacuum valve manufacturer)	Switzerland	1.0
Information Technology		
Accenture (Professional services consultant)	US	1.8
Adobe (Software developer)	US	1.3
Adyen (Payment processing services)	Netherlands	0.8
Apple (Consumer electronics and software developer)	US	1.3
Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.0
ASML (Semiconductor equipment manufacturer)	Netherlands	1.7
Broadcom (Semiconductor manufacturer)	US	1.4
Hexagon (CAD and measurement technology provider)	Sweden	1.9
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.2
Microsoft (Consumer electronics & software developer)	US	2.4
NVIDIA (Semiconductor chip designer)	US	1.2
PayPal (Electronic payment services)	US	1.0
Salesforce (Customer relationship mgmt. software)	US	1.7
SAP (Enterprise software developer)	Germany	1.4
ServiceNow (Enterprise resource planning software)	US	1.1
Synopsys (Chip-design software developer)	US	2.3
TSMC (Semiconductor manufacturer)	Taiwan	1.1
Materials		
No Holdings		
Real Estate		
Country Garden Services (Residential property mgr.)	China	0.5
Utilities		
No Holdings		
Cash		4.2

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.

1Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
Meta Platforms	COMM	2.0	0.6	0.68
Salesforce	INFT	1.4	0.3	0.40
Schneider Electric	INDU	3.8	0.1	0.40
Align Technology	HLTH	1.0	<0.1	0.34
L'Oréal	STPL	1.8	0.2	0.27

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
Vertex Pharmaceuticals	HLTH	3.5	0.1	0.69
Tesla*	DSCR	–	1.0	0.48
Synopsys	INFT	2.0	0.1	0.37
Schlumberger	ENER	1.5	0.1	0.28
Schneider Electric	INDU	3.2	0.1	0.28

1Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
First Republic Bank	FINA	2.2	<0.1	-2.31
SVB Financial Group	FINA	1.6	<0.1	-1.97
Apple	INFT	1.4	4.0	-0.48
Tesla*	DSCR	–	0.8	-0.36
John Deere	INDU	3.2	0.2	-0.36

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Global	Avg. Weight MSCI ACWI	Effect
SVB Financial Group	FINA	2.3	<0.1	-3.22
First Republic Bank	FINA	2.8	<0.1	-2.21
Country Garden Services	RLST	0.8	<0.1	-0.59
Illumina	HLTH	1.6	0.1	-0.54
WuXi AppTec	HLTH	1.1	<0.1	-0.35

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

Portfolio Characteristics

Quality and Growth	HL Global	MSCI ACWI
Profit Margin[1] (%)	17.8	15.0
Return on Assets[1] (%)	10.1	8.4
Return on Equity[1] (%)	21.1	18.5
Debt/Equity Ratio[1] (%)	39.4	69.0
Std. Dev. of 5 Year ROE[1] (%)	5.0	6.4
Sales Growth[1,2] (%)	12.0	8.7
Earnings Growth[1,2] (%)	15.7	14.4
Cash Flow Growth[1,2] (%)	14.9	12.1
Dividend Growth[1,2] (%)	10.6	7.5
Size and Turnover	**HL Global**	**MSCI ACWI**
Wtd. Median Mkt. Cap. (US $B)	95.4	84.7
Wtd. Avg. Mkt. Cap. (US $B)	283.4	350.2
Turnover[3] (Annual %)	31.7	–

Risk and Valuation	HL Global	MSCI ACWI
Alpha[2] (%)	-1.64	–
Beta[2]	1.04	–
R-Squared[2]	0.92	–
Active Share[3] (%)	83	–
Standard Deviation[2] (%)	18.99	17.59
Sharpe Ratio[2]	0.23	0.34
Tracking Error[2] (%)	5.4	–
Information Ratio[2]	-0.31	–
Up/Down Capture[2]	101/106	–
Price/Earnings[4]	28.4	16.7
Price/Cash Flow[4]	20.3	11.5
Price/Book[4]	5.2	2.6
Dividend Yield[5] (%)	1.0	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, gross of fees; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 5, 2023, 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
AbbVie	US	HLTH
Northrop Grumman	US	INDU

Positions Sold	Market	Sector
Align Technology	US	HLTH
Etsy	US	DSCR
First Republic Bank	US	FINA
Lululemon	US	DSCR
Meituan	China	DSCR
SVB Financial Group	US	FINA
Verisk	US	INDU

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

Global Equity Composite Performance (as of March 31, 2023)

	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)
2023 YTD[5]	6.35	6.25	7.44	7.88	20.41	17.79	18.36	N.A.	27	13,151	49,940
2022	-29.13	-29.43	-17.96	-17.73	21.13	19.86	20.43	0.2	26	12,189	47,607
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

[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 2023 YTD performance returns and assets shown are preliminary; 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, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Global Equity Composite has been examined for the periods December 1, 1989 through December 31, 2022. 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 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.