

Global Small Companies Equity



Quarterly Report | Second Quarter 2022

What's Inside

What Happened →

Global small-cap stocks traded off sharply during the quarter. As the quarter dragged on, the question became how long business and consumer spending could hold up against rising inflationary and financial headwinds.

How We Did →

Sources of relative return by sector and region.

What's On Our Minds →

While our exposure to expensive areas of the market, like IT services, has hurt our performance during the recent sharp value rotation, our investments in these same sectors and industries have been, over the long term, among our biggest winners. IT services remains so fragmented—each of the global market leaders controls only a single-digit share—that there's ample opportunity for small competitors to carve out niches.

Portfolio Holdings →

Information about the companies held in the portfolio.

Portfolio Facts →

Contributors, detractors, characteristics, and completed transactions.

Get More Online

Insights →

View other reports.

Composite Performance

Total Return (%) — Periods Ended June 30, 2022¹

	3 Months	YTD	1 Year	3 Years ²	Since Inception ^{2,3}
HL Global Small Companies Equity (Gross of Fees)	-14.30	-26.42	-22.50	4.99	10.13
HL Global Small Companies Equity (Net of Fees)	-14.49	-26.74	-23.19	4.05	9.15
MSCI All Country World Small Cap Index ^{4,5}	-16.96	-22.07	-21.47	4.83	8.46

¹The Composite performance returns shown are preliminary; ²Annualized Returns; ³Inception Date: December 31, 2018; ⁴The benchmark index; ⁵Gross of withholding taxes.

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

Portfolio Positioning (% Weight)

Sector	HL GSC	ACWI SC	Under / Over
Info Technology	18.4	12.2	6.2
Health Care	15.7	10.4	5.3
Cons Staples	9.5	5.2	4.3
Comm Services	6.9	3.0	3.9
Cash	2.6	—	2.6
Financials	16.2	13.6	2.6
Industrials	17.3	18.1	-0.8
Utilities	0.6	3.2	-2.6
Energy	1.8	4.5	-2.7
Cons Discretionary	9.0	12.0	-3.0
Materials	2.0	8.1	-6.1
Real Estate	0.0	9.7	-9.7

Geography	HL GSC	ACWI SC	Under / Over
Europe ex-EMU	15.7	9.9	5.8
Europe EMU	11.5	6.4	5.1
Cash	2.6	—	2.6
Frontier Markets ⁶	2.3	—	2.3
Japan	11.7	9.6	2.1
Middle East	1.6	0.9	0.7
Emerging Markets	10.7	12.3	-1.6
Canada	1.1	3.6	-2.5
Pacific ex-Japan	0.8	5.0	-4.2
United States	42.0	52.3	-10.3

⁶Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Global Small Companies Equity Composite GIPS Presentation. Source: Harding Loevner Global Small Companies 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.

This page intentionally left blank.

What Happened

Global small-cap stocks traded off sharply during the quarter as the worst inflation in decades triggered a new wave of monetary tightening, along with fears that the policy response could soon topple the global economy into a recession. The MSCI ACWI Small Cap Index declined 17%.

The war in Ukraine's impact on commodity prices added to inflationary pressures that had been building ever since pandemic lockdown orders lifted in much of the world. Wheat, corn, and fertilizer prices remained elevated, with critical shipping routes in the Black Sea still closed or severely limited. Reductions in gas shipments from Russia to Europe also raised concerns; Germany announced it was moving to stage two of its emergency gas plan because it expects the supply situation will worsen as winter approaches, further clouding the economic growth outlook for the country and the region. Meanwhile, oil prices, after surging to levels last seen in 2008, began to pull back at the end of the quarter as anticipation of softened demand offset some of the supply-constraint concerns.

MSCI ACWI Small Cap Index Performance (USD %)

Sector	2Q 2022	Trailing 12 Months
Communication Services	-21.4	-33.8
Consumer Discretionary	-18.8	-33.8
Consumer Staples	-9.0	-17.8
Energy	-9.8	25.6
Financials	-14.2	-12.5
Health Care	-17.4	-36.8
Industrials	-16.4	-18.9
Information Technology	-21.5	-27.2
Materials	-21.4	-17.9
Real Estate	-19.0	-16.4
Utilities	-6.7	0.9
Geography	2Q 2022	Trailing 12 Months
Canada	-20.0	-12.7
Emerging Markets	-16.3	-20.3
Europe EMU	-17.9	-23.7
Europe ex-EMU	-21.0	-29.2
Japan	-11.3	-21.2
Middle East	-20.9	-7.0
Pacific ex-Japan	-20.2	-19.0
United States	-16.6	-20.9
MSCI ACWI Small Cap Index	-17.0	-21.5

Source: FactSet (as of June 30, 2022). MSCI Inc. and S&P.

Central bankers responded to rising inflation at varying speeds, with the Bank of England and the Reserve Bank of Australia taking a gradual approach, while the European Central Bank announced a larger-than-expected rate hike of 50 basis points in July. The US Federal Reserve, for its part, followed through on a promise to pick up the pace, increasing the federal funds rate by 75 bps in June; more hikes of similar magnitude are expected. The Bank of Japan was the notable exception to the tightening trend as it maintained its loose policy to achieve "healthy" inflation led by wage growth. In response, the yen fell to a 20-year low against the US dollar; this presents new cost pressures for Japanese manufacturers that depend on imported inputs—even if it enhances the competitiveness of their finished goods overseas.

As the quarter dragged on, the question became how long business and consumer spending could hold up against rising inflationary and financial headwinds. The answer to that question is perhaps most consequential for small caps, which tend to be more sensitive to the economic cycle because they are more reliant on external financing. In June, the World Bank offered its opinion by lowering its estimate of 2022 global GDP growth to 2.9% from the 4.1% estimated as recently as January. Fears of a slowdown reverberated across equities and, by quarter's end, not a single sector or region was in the black. Even Energy capitulated, finishing the period down 10%.

As the quarter dragged on, the question became how long business and consumer spending could hold up against rising inflationary and financial headwinds. The answer to that question is perhaps most consequential for small caps.

Value stocks, because the discounted present value of their future cash flows may be less impacted by rising rates, fared better than their faster-growing counterparts. The MSCI Small Cap Value Index has outperformed its Growth twin by about 1,200 bps year to date—although that disparity had been even wider before the sell-off in Energy, Materials, and other cheaply priced cyclicals in the quarter's final two weeks. After being out of favor for several quarters, high-quality stocks—led by those in the US—rallied in inverse proportion to the sell-off in cyclical businesses as investors avoided weak balance sheets and uncertain cash flows. Outside the US, high-quality small caps underperformed their lower-quality peers for the quarter. But within the US, the opposite was true: the worst quintile of quality underperformed the best by more than 1,000 bps.

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 June 30, 2022 is available on page 8 and 9 of this report.

How We Did

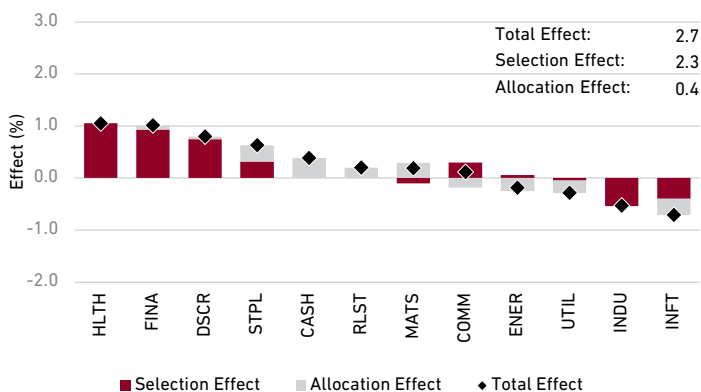
The Global Small Companies Composite fell 14.3% gross of fees in the quarter, less than the disappointing performance of the Index, which declined 17.0%. For the year-to-date period, the Index fell 22.1%, outperforming the Composite by approximately 400 bps.

High-quality companies that rapidly and durably grow their earnings do not come cheap and, for several quarters, investors have been fleeing richly priced stocks. This quarter, as those headwinds began to abate, investors fled cheaper segments of the market as well. We saw positive stock picking across a half-dozen sectors, but our skew toward the market's most expensive quintile of companies still hurt. Health Care and Financials were the biggest contributors to the portfolio's relative outperformance.

Second Quarter 2022 Performance Attribution

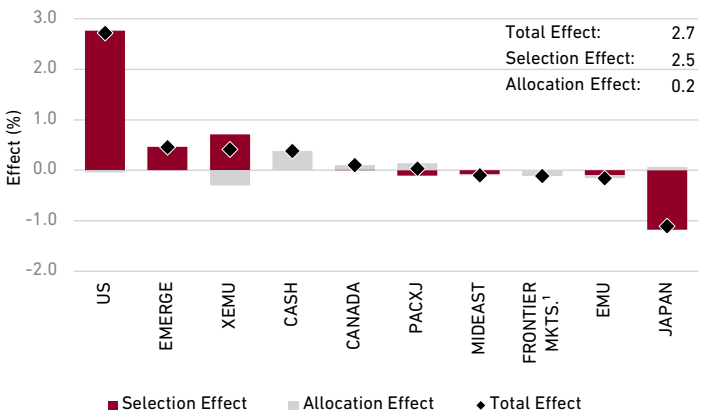
Sector

Global Small Companies Equity Composite vs. MSCI ACWI Small Cap Index



Geography

Global Small Companies Equity Composite vs. MSCI ACWI Small Cap Index



¹Includes countries with less-developed markets outside the index. Source: FactSet; Harding Loevner Global Small Companies 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.

In Health Care, **Neurocrine Biosciences**, a developer of treatments for neurological diseases, reported good quarterly results, and management maintained its guidance for this year. While COVID-19 fears initially discouraged medical visits and limited new diagnoses, those challenges have since dissipated, enabling Neurocrine to benefit from robust growth of its tardive dyskinesia treatment, Ingrezza, which prevents an involuntary-movement disorder caused by chronic antipsychotic drug use. In Financials, US regional bank **Stock Yards** and Spanish bank **Bankinter** reported better-than-expected loan growth, allowing both stocks to post gains.

Information Technology (IT), one of the market's worst-performing sectors, was our primary detractor due to a combination of our overweight position and poor stock selection in it. The curse of rich valuation was most vividly on display in several of our IT-services holdings. Argentina-based **Globant** saw fears of an economic slowdown dampen its near-term outlook despite posting first-quarter revenue and earnings-per-share growth above 40% year-over-year and increasing its full-year guidance for both metrics.

High-quality companies that rapidly and durably grow their earnings do not come cheap and, for several quarters, investors have been fleeing richly priced stocks.

By region, our performance was aided by a renewed market preference for higher-quality small caps in the US, where the portfolio had its best stock selection. Shares of discount retailer **Ollie's Bargain Outlet** rebounded from their first-quarter decline while shares of **MGP Ingredients** reached an all-time high. Ollie's expects to benefit from the excess inventory at other retailers given its focus on closeout merchandise. MGP Ingredients posted record growth and margin expansion on strong demand for its aged whiskey as well as specialty wheat starches and proteins used in food products.

Stock selection was weakest in Japan due to our high exposure to the most expensive stocks. Our worst performer in Japan was **Infomart**, the dominant business-to-business online-ordering platform for the country's restaurant industry. Inflation and the lingering impact of the pandemic on restaurants have put a damper on some of the business's near-term growth. Over the long term, we expect Infomart's online-invoicing technology to benefit from regulations intended to promote greater adoption of online and digital services to combat Japan's persistent labor shortages.

What's On Our Minds

Increasingly over recent years we have felt the impact of the high valuations being demanded for high-quality growing businesses. Our historical response to this has been to trim and, in extreme

cases, exit positions when valuations exceed what we think to be reasonable.

In hindsight, we should have responded more aggressively to the rising valuations. While our exposure to expensive areas of the market, like IT services, has hurt our performance during this sharp value rotation, our investments in these same sectors and industries have been, over the long term, among our biggest winners.

While our exposure to expensive areas of the market, like IT services, has hurt our performance during this sharp value rotation, our investments in these same sectors and industries have been, over the long term, among our biggest winners.

Within IT services, consider the growth opportunities facing small providers. The industry has an estimated US\$1 trillion in annual sales and is growing about 5% per year. One segment of the market, so-called “digital services,” is growing even faster as the adoption of advanced technologies—artificial intelligence (AI), machine learning, cloud-based solutions, among others—by business customers accelerates. That the industry remains so fragmented—each of the global market leaders controls only a single-digit share—shows there’s ample opportunity for small competitors to carve out niches.

We are long-term owners of several IT-services companies that have seized that opportunity: **Alten** and **Bechtle** (both purchased in 2013), **Reply** (2015), and **Globant**, discussed earlier, which we purchased in 2016. Reply, for example, stands out for its efforts to gain a competitive edge by way of an unusual corporate structure. It was started in 1996 by Mario Rizzante, who, like many founders, left a larger organization (Atos, a French IT-services company). One of his key decisions was to organize the company differently than most IT-services providers, around numerous small teams that function as independent companies under the Reply umbrella. Today, Reply has 160 of these companies, and while it reports consolidated results for them each quarter, these

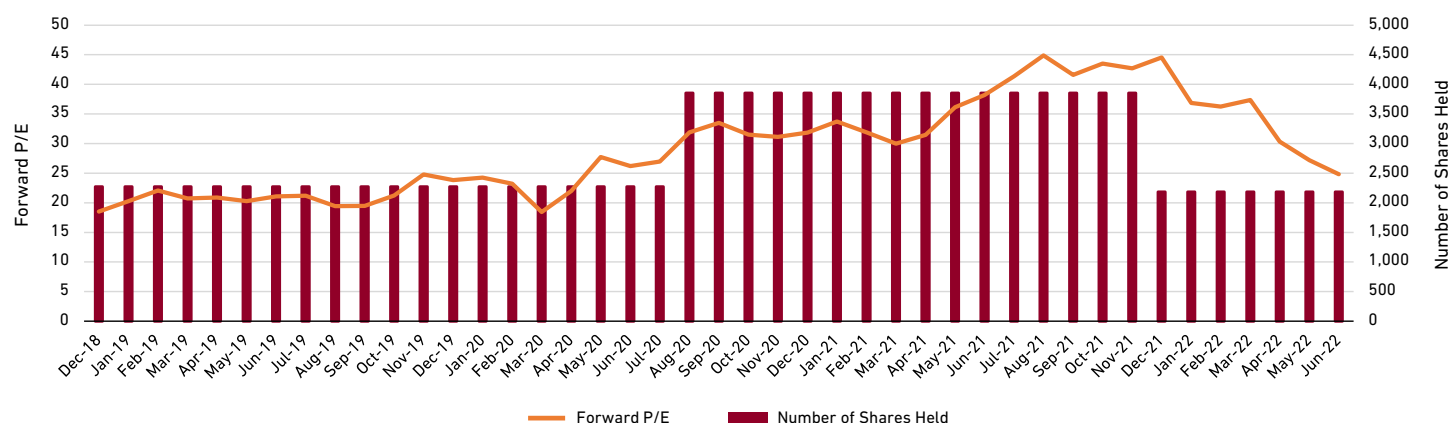
units operate largely autonomously when it comes to hiring and spending decisions and profit-and-loss accounting. This autonomy has allowed each team to build deep expertise in specialized areas, such as internet of things (think autonomous machinery in industrial facilities), AI (developing a next-generation voice assistant) or working with a customer to establish a first-mover advantage in quantum computing. The decentralized structure also allows many teams to be in close geographic proximity to their customers. While the effectiveness of this structure may diminish as Reply grows, it has proved to be influential as industry giant Accenture has begun trying to replicate aspects of it.

While many of Reply’s customers started upgrading their technological capabilities only at the onset of the pandemic, we expect these critical investments to continue through the coming period of economic volatility; they may even accelerate given that businesses will be searching for ways to cut costs by raising efficiency. We expect Reply to grow through opportunistic acquisitions as well, such as its recent purchases of US-based Enowa, a specialist in cloud-based SAP solutions for the industrials, health care, and consumer markets, and the Spur Group, a data-driven consultancy that advises on sales and marketing strategy. Reply is not immune to soaring labor costs hitting the IT world. Even so, its consistent revenue growth and steady profitability over the past decade are evidence that its unconventional structure helps it win customers, which may give Reply pricing power to pass on some of those costs.

Reply’s consistent revenue growth and steady profitability over the past decade are evidence that its unconventional structure helps it win customers, which may give Reply pricing power to pass on some of those costs.

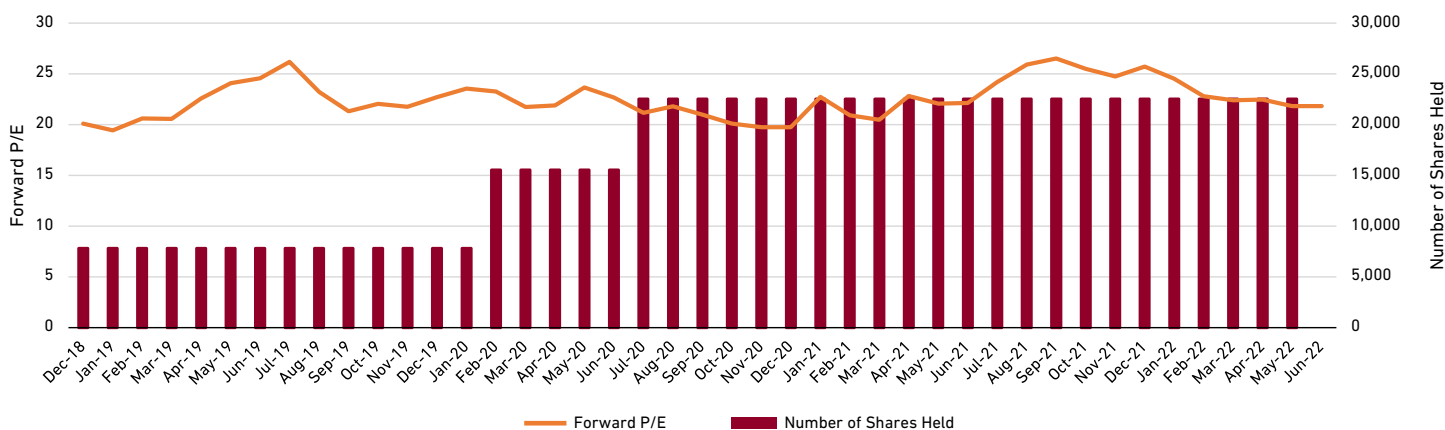
While our returns *this quarter* likely would have been better had we not owned Reply and other IT-services holdings, their long-term prospects continue to be attractive due to the combination of their competitive offerings and capable management teams, as well as the rising demand for sophisticated IT solutions.

Reply Valuation vs. Number of Shares Held in HL GSC Model



Source: FactSet

EMIS Group Valuation vs. Number of Shares Held in HL GSC Model



Source: FactSet

Our patience has paid off with EMIS Group, a software provider to primary care physicians in the UK. When we initiated our position in 2016, our thesis was straightforward: as the National Health Service looked to software to improve health care inefficiencies, EMIS's dominant position in this niche would translate into durable growth. After Andy Thorburn took over as CEO in 2017, EMIS embarked on several initiatives directed at enabling patient information to flow securely and seamlessly across the UK's sprawling health system. Even though the share price approached the top of our valuation estimates in 2019 as those efforts began to bear fruit, we held on; in 2020 amid the COVID-19-induced market sell-off we added to our position. Finally, in June of this year, Optum, a subsidiary of UnitedHealth Group—a large US-based health care company owned in our Global Equity strategy—offered to acquire EMIS for roughly US\$1.5 billion, a nearly 50% premium to our estimate of fair value.

Of course, we don't count on buyouts to justify our valuations. While EMIS's share price was volatile at times, it was our focus on the company's strong fundamentals that kept us invested, led us to add to our position, and allowed us to benefit from its ultimate sale.

This latest broad market downturn, while painful, abounds with opportunities to purchase other high-quality companies whose long-term growth pictures remain clear and whose prices are no longer an obstacle. We are carefully sifting through this expanded universe of companies that, from a valuation perspective, are suddenly within reach.

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.

This page intentionally left blank.

Global Small Companies Holdings (as of June 30, 2022)

Communication Services	Market	End Wt. (%)
Bengo4.com (Lawyer and accountant listings services)	Japan	0.2
Cable One (Cable operator)	US	0.8
Cheil Worldwide (Marketing and advertising services)	South Korea	0.9
Domain (Online property listings operator)	Australia	0.8
Kakaku.com (E-commerce retailer)	Japan	0.3
Megacable (Cable operator)	Mexico	0.8
Paradox Interactive (Video game publisher)	Sweden	0.4
Rightmove (Online property listings operator)	UK	0.7
Sarana Menara Nusantara (Telecom tower operator)	Indonesia	0.6
TIME dotCom Berhad (Telecom services)	Malaysia	0.7
YouGov (Market research and data analytics services)	UK	0.7

Consumer Discretionary

BorgWarner (Automotive parts manufacturer)	US	1.8
Eclat Textile (Technology-based textile manufacturer)	Taiwan	0.5
Five Below (Discount consumer products retailer)	US	0.8
Malibu Boats (Boat manufacturer)	US	1.7
Ollie's Bargain Outlet (Discount cons. products retailer)	US	1.9
Planet Fitness (Fitness centers operator)	US	0.6
Rinnai (Consumer appliances manufacturer)	Japan	0.5
Stanley Electric (Automotive lighting manufacturer)	Japan	0.7
Thule Group (Lifestyle consumer products manufacturer)	Sweden	0.6

Consumer Staples

Agthia (Foods and beverages manufacturer)	UAE	0.2
Ariake (Natural seasonings manufacturer)	Japan	0.9
Cosmos Pharmaceutical (Drugstores operator)	Japan	1.1
MGP Ingredients (Alcoholic beverage ingredients mfr.)	US	2.6
Pigeon (Consumer products manufacturer)	Japan	0.9
Reynolds (Consumer products manufacturer)	US	2.0
Robinsons Retail (Foods and consumer products retailer)	Philippines	1.0
Sugi Holdings (Drugstores operator)	Japan	0.8

Energy

Dialog Group Berhad (Petrochemical services)	Malaysia	0.3
Helmerich & Payne (Oil driller)	US	1.5

Financials

Bank of Georgia (Commercial bank)	UK	0.7
Bankinter (Commercial Bank)	Spain	1.5
BTPN Syariah (Commercial bank)	Indonesia	1.0
Discovery Holdings (Insurance provider)	South Africa	0.9
FinecoBank (Banking and financial services)	Italy	0.4
Lakeland Financial (Commercial bank)	US	2.0
Lazard (Financial advisory)	US	0.5
Linea Directa (Insurance provider)	Spain	0.8
Max Financial (Financial services and insurance provider)	India	1.6
Rathbones (Wealth manager)	UK	0.6
RGA (Reinsurance provider)	US	2.1
Siauliu Bankas (Commercial bank)	Lithuania	0.9

Financials	Market	End Wt. (%)
Signature Bank (Commercial bank)	US	0.9
Stock Yards (Commercial Bank)	US	2.3

Health Care

Abcam (Life science services)	UK	1.5
Abiomed (Medical device manufacturer)	US	1.2
Ambu (Medical device manufacturer)	Denmark	0.2
BML (Oil distributor)	Japan	0.5
Dechra (Veterinary pharma manufacturer)	UK	1.7
Diasorin (Reagent kits developer)	Italy	0.9
Elanco (Animal health care products)	US	0.3
LeMaitre Vascular (Medical device manufacturer)	US	0.7
Neurocrine Biosciences (Biopharmaceutical mfr.)	US	2.5
Repligen (Biopharma equipment supplier)	US	1.0
Santen Pharmaceutical (Pharma manufacturer)	Japan	0.7
Simulations Plus (Simulation software developer)	US	2.3
Square Pharmaceuticals (Pharma manufacturer)	Bangladesh	0.7
STRATEC (Life science products manufacturer)	Germany	0.6
Tecan (Life science products and services)	Switzerland	0.8

Industrials

AAON (HVAC manufacturer)	US	0.8
Alfa Laval (Industrial equipment manufacturer)	Sweden	0.3
Allegion (Security equipment manufacturer)	US	0.5
Bossard (Industrial components supplier)	Switzerland	0.7
Clarkson (Shipping services)	UK	0.3
Diploma (Specialized technical services)	UK	1.3
EnerSys (Industrial-battery manufacturer)	US	2.1
Exponent (Engineering and scientific consultant)	US	2.0
Haitian International (Injection-molding machines mfr.)	China	0.9
HEICO (Aerospace parts manufacturer)	US	1.3
MISUMI Group (Machinery-parts supplier)	Japan	1.4
MonotaRO (Factory materials supplier)	Japan	0.4
Nihon M&A Center Inc. (Financial advisory)	Japan	0.3
Rational (Commercial kitchen equipment manufacturer)	Germany	0.8
Senior (Aerospace and auto parts manufacturer)	UK	1.6
Sensata Technologies (Industrial sensors manufacturer)	US	0.4
SMS (Health care employment services)	Japan	0.5
Spirax-Sarco (Industrial components manufacturer)	UK	0.5
TOMRA (Industrial sensors manufacturer)	Norway	0.4
UT Group (Manufacturing staffing services)	Japan	0.8

Information Technology

Advantech (Industrial PCs manufacturer)	Taiwan	1.0
Altair Engineering (Industrial design software developer)	US	2.3
Alten (Technology consultant and engineer)	France	1.1
AppFolio (Real estate information services)	US	1.0
Bechtle (IT services and IT products reseller)	Germany	1.4
Cognex (Machine vision systems manufacturer)	US	0.7

Information Technology

CyberArk (Cybersecurity software developer)	Israel	1.6
Globant (Software developer)	US	0.6
Guidewire Software (Insurance software developer)	US	0.9
Infomart (Restaurant supply chain operator)	Japan	0.6
Keywords Studios (Video game technical services)	UK	0.4
Kinaxis (Supply chain software developer)	Canada	1.1
LEM Holdings (Electrical components manufacturer)	Switzerland	1.1
Nemetschek (Engineering software developer)	Germany	0.8
Rakus (IT employment and cloud services)	Japan	0.4
Reply (IT consultant)	Italy	1.0
Silergy (Electronics chips manufacturer)	Taiwan	0.3
SimCorp (Asset management software provider)	Denmark	1.0
Temenos Group (Banking software developer)	Switzerland	0.3
Vaisala (Atmospheric measuring devices manufacturer)	Finland	0.9

Materials

Fuchs Petrolub (Lubricants manufacturer)	Germany	0.8
Hoa Phat Group (Steel producer)	Vietnam	0.6
JCU (Industrial coating manufacturer)	Japan	0.6

Real Estate

No Holdings

Utilities

Rubis (Liquid chemical storage and distribution)	France	0.5
Cash		2.6

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

2Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Ollie's Bargain Outlet	DSCR	1.5	<0.1	0.62
MGP Ingredients	STPL	2.2	<0.1	0.62
EMIS Group	HLTH	1.2	<0.1	0.60
Stock Yards	FINA	1.9	<0.1	0.51
Neurocrine Biosciences	HLTH	2.4	–	0.47

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Stock Yards	FINA	2.2	<0.1	0.76
EMIS Group	HLTH	1.2	<0.1	0.69
MGP Ingredients	STPL	1.1	<0.1	0.65
Neurocrine Biosciences	HLTH	1.4	–	0.57
RGA	FINA	1.3	0.1	0.45

2Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Cognex	INFT	0.9	–	-0.31
Signature Bank	FINA	1.0	–	-0.26
YouGov	COMM	0.9	<0.1	-0.25
Discovery Holdings	FINA	1.0	–	-0.23
Nemetschek	INFT	0.9	–	-0.21

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Healthcare Services	INDU	0.9	<0.1	-0.66
Protolabs	INDU	0.6	<0.1	-0.62
EnerSys	INDU	2.1	<0.1	-0.43
IPG Photonics	INFT	0.7	<0.1	-0.42
Cognex	INFT	1.0	–	-0.30

Portfolio Characteristics

Quality and Growth	HL GSC	ACWI SC
Profit Margin ¹ (%)	10.2	8.5
Return on Assets ¹ (%)	7.1	5.1
Return on Equity ¹ (%)	13.2	11.3
Debt/Equity Ratio ¹ (%)	27.9	58.8
Std. Dev. of 5 Year ROE ¹ (%)	4.0	5.9
Sales Growth ^{1,2} (%)	11.2	7.4
Earnings Growth ^{1,2} (%)	12.7	11.0
Cash Flow Growth ^{1,2} (%)	9.0	7.3
Dividend Growth ^{1,2} (%)	8.2	5.6
Size and Turnover		
Wtd. Median Mkt. Cap. (US \$B)	3.6	2.8
Wtd. Avg. Mkt. Cap. (US \$B)	4.2	3.4
Turnover ³ (Annual %)	22.6	–

Risk and Valuation	HL GSC	ACWI SC
Alpha ² (%)	0.77	–
Beta ²	0.84	–
R-Squared ²	0.87	–
Active Share ³ (%)	98	–
Standard Deviation ² (%)	19.96	22.11
Sharpe Ratio ²	0.22	0.19
Tracking Error ² (%)	8.1	–
Information Ratio ²	0.02	–
Up/Down Capture ²	85/89	–
Price/Earnings ⁴	18.8	11.1
Price/Cash Flow ⁴	14.7	7.8
Price/Book ⁴	2.7	1.5
Dividend Yield ⁵ (%)	1.6	2.2

¹Weighted median; ²Trailing five years, annualized; ³Three-year average; ⁴Weighted harmonic mean; ⁵Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner Global Small Companies Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: July 6, 2022, based on the latest available data in FactSet on this date.); Harding Loevner Global Small Companies Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
BML	Japan	HLTH

Positions Sold	Market	Sector
EMIS Group	UK	HLTH
LISI	France	INDU

Model Portfolio holdings are supplemental information only and complement the fully compliant Global Small Companies 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. 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 Small Companies Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Global Small Companies Composite Performance (as of June 30, 2022)

	HL Global Small Cos. Gross (%)	HL Global Small Cos. Net (%)	MSCI ACWI Small Cap Index ¹ (%)	HL Global Small Cos. 3-yr. Std. Deviation ² (%)	MSCI ACWI Small Cap Index 3-yr. Std. Deviation ² (%)	Internal Dispersion ³ (%)	No. of Accounts	Composite Assets (\$M)	Firm Assets (M)
2022 YTD ⁴	-26.42	-26.74	-22.07	19.96	22.11	N.A. ⁵	1	1	50,422
2021	12.53	11.52	16.54	18.58	21.27	N.M. ⁶	1	2	75,083
2020	29.24	28.09	16.83	+	+	N.M.	1	2	74,496
2019	30.99	29.82	25.23	+	+	N.M.	1	1	64,306

¹Benchmark Index; ²Variability of the Composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; ³Asset-weighted standard deviation (gross of fees); ⁴The 2022 YTD performance returns and assets shown are preliminary; ⁵N.A.—Internal dispersion less than a 12-month period; ⁶N.M.—Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year; +Less than 36 months of return data.

The Global Small Companies Composite contains fully discretionary, fee-paying accounts investing primarily in US and non-US equity and equity-equivalent securities of companies with market capitalizations that fall within the range of the Composite's benchmark index and cash reserves, and is measured against the MSCI All Country World Small Cap 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 Small Cap Index is a free float-adjusted market capitalization index that is designed to measure small cap developed and emerging market equity performance. The Index consists of 47 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 88-27,750 million (as of June 30, 2022). You cannot invest directly in this Index.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through March 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. 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. 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 Small Companies Equity accounts is 1.00% annually of the market value for the first \$20 million; 0.80% for the next \$80 million; 0.70% above \$100 million. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Global Small Companies Composite was created on December 31, 2018 and the performance inception date is January 1, 2019.

This page intentionally left blank.