Global Small Companies Equity

Quarterly Report | First Quarter 2022

HARDING LOEVNER

What's Inside

Market Review →
Stock markets fell in the quarter, as the world watched in horror Russia's invasion of Ukraine.

Performance and Attribution →
Sources of relative return by sector and geography.

Perspective and Outlook →
While we are optimistic that China will maintain its neutrality in the war, we can't dismiss the possibility we are wrong. In that case, we'd need to parse which companies will be hurt and helped, relatively, from a further receding of globalization.

Portfolio Highlights →
With the volatility of stock prices this quarter, portfolio activity picked up as a handful of high-quality growth companies we had long admired, but regarded as too expensive, saw their valuations fall into range.

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 March 31, 2022[1]

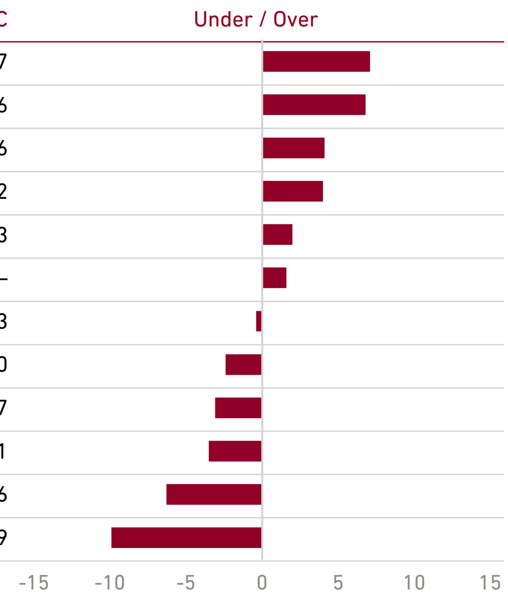
	3 Months	1 Year	3 Years[2]	Since Inception[2,3]
HL Global Small Companies Equity (Gross of Fees)	-14.14	-3.18	12.67	16.35
HL Global Small Companies Equity (Net of Fees)	-14.33	-4.05	11.67	15.31
MSCI All Country World Small Cap Index[4,5]	-6.15	0.04	12.21	15.56

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

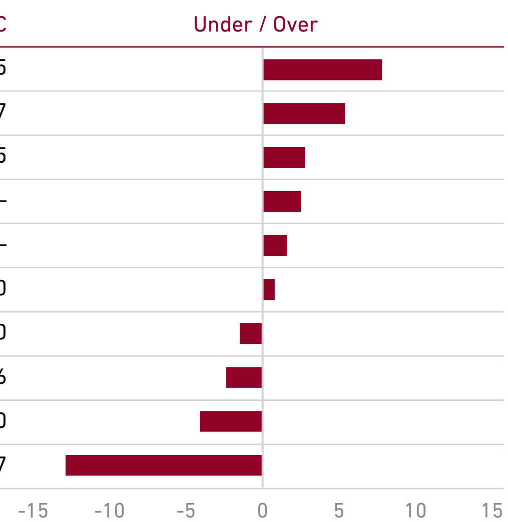
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL GSC	ACWI SC
Info Technology	19.8	12.7
Health Care	16.4	9.6
Cons Staples	8.7	4.6
Comm Services	7.2	3.2
Financials	15.3	13.3
Cash	1.6	–
Industrials	17.9	18.3
Utilities	0.6	3.0
Energy	1.6	4.7
Cons Discretionary	8.6	12.1
Materials	2.3	8.6
Real Estate	0.0	9.9



Geography	HL GSC	ACWI SC
Europe ex-EMU	18.3	10.5
Europe EMU	12.1	6.7
Japan	11.3	8.5
Frontier Markets[6]	2.5	–
Cash	1.6	–
Middle East	1.8	1.0
Emerging Markets	10.5	12.0
Canada	1.2	3.6
Pacific ex-Japan	0.9	5.0
United States	39.8	52.7



[6]Includes 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.

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Market Review

Stock markets fell in the quarter, as the world watched Russia's invasion of Ukraine in horror. Global small caps declined 6.15%,[1] underperforming global large caps modestly.

The reaction to the invasion 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 broad market 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 Small Cap Index Performance (USD %)

Geography	1Q 2022	Trailing 12 Months
Canada	5.8	20.0
Emerging Markets	-4.3	6.0
Europe EMU	-8.4	-1.0
Europe ex-EMU	-13.7	-4.5
Japan	-7.0	-11.9
Middle East	-0.6	32.9
Pacific ex-Japan	-0.2	7.1
United States	-5.9	-0.3
MSCI ACWI Small Cap Index	-6.2	0.0

Sector	1Q 2022	Trailing 12 Months
Communication Services	-8.3	-7.8
Consumer Discretionary	-13.5	-14.7
Consumer Staples	-5.0	-8.4
Energy	34.0	61.8
Financials	-3.8	5.0
Health Care	-13.9	-19.4
Industrials	-7.1	2.5
Information Technology	-11.6	-1.1
Materials	2.0	10.9
Real Estate	-4.4	11.6
Utilities	2.0	11.3

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. The MSCI ACWI US Small Cap Growth Index declined over 10%, while its value counterpart was only down about 2.5%, highlighting the impact of increasing economic uncertainty from higher inflation and the war in Ukraine. High-quality companies were no refuge from the sell-off of growth companies, with the highest quality quintile underperforming the lowest by nearly 11%.

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. Health Care was dragged down by the double whammy of a post-COVID-19 slowdown in health care funding and higher interest rates.

Canada was the best performing region, helped by its heavy weight in Energy and Materials stocks. Proximity to the war in Ukraine, and, for some, lack of NATO membership, weighed on several European countries including Finland and Sweden. In Emerging Markets (EMs), exceptional returns in several commodity-rich countries, such as Peru, Brazil, and Chile, 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. 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

[1]As measured by the MSCI All Country World Small Cap Index.

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 8 of this report.

Exchange Commission began the procedural implementation of the Holding Foreign Companies Accountable Act, identifying several US-listed 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.

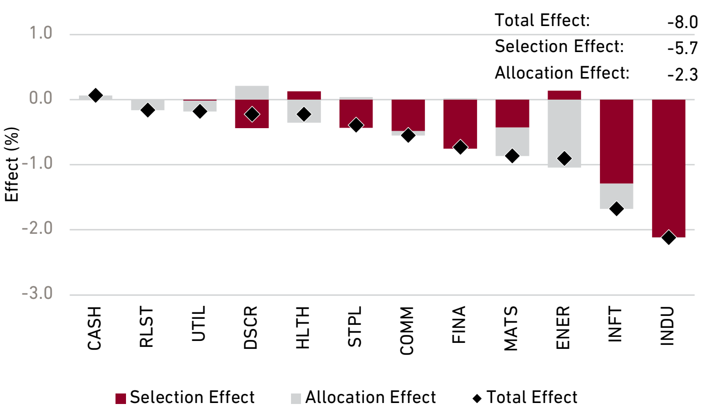
Performance and Attribution

The Global Small Companies composite returned -14.1% gross of fees, well behind the -6.2% return of the MSCI All Country World Small Cap Index.

First Quarter 2022 Performance Attribution

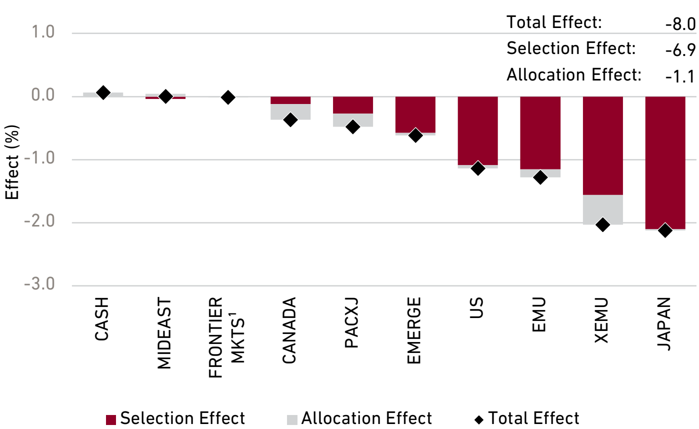
Sector

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



Geography

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



[1]Includes 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.

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 most sectors and most regions. 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 according to cohorts defined by growth, quality, and valuation. Viewed through the lens of our quality and valuation rankings, the portfolio's emphasis on the fastest-growing companies—or, inseparably, its tolerance of their rankings among the most richly priced cohorts—accounted for about 60% of the underperformance in the quarter. Our parallel emphasis on quality provided no defense in the period.

But within these higher quality 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. This combination was particularly toxic for our Japanese holdings. **Rakus**, a provider of cloud-based productivity software tools, reported robust revenue growth, but more aggressive marketing spending depressed profit margins. **SMS**, a leader in nurse recruiting and placement services, announced disappointing earnings as hospitals and eldercare-facilities saw reduced demand for elective procedures and avoidance of group-care settings amidst the pandemic. **Nihon M&A Center Inc.**, which offers M&A services for small- and medium-sized businesses, had to restate its earnings for 2021 after some employees falsified reports to accelerate 2022 revenue into 2021. Management has at least been forthcoming in disclosing the incident, and it has tightened its internal controls.

> Within the market's higher quality and richly priced cohorts, some of our holdings performed even worse than their peers.

Poor relative returns for some of our many software and services companies also hurt. In addition to Rakus, Danish financial software company **SimCorp** lagged after issuing weaker profit guidance due to increased R&D spending on its next generation of products. Shares of **Nemetschek**, a German provider of design software for the building and construction industry, performed poorly on concerns that rising interest rates would threaten to curtail cyclical growth in construction, despite the company raising its growth projection for this year.

Perspective and Outlook

Well before the Ukraine crisis, headline inflation had been rising almost everywhere and intruding on the discount rates used to value shares. The energy and food shocks emanating from the conflict and consequent sanctions have supercharged the existing trends for expected inflation, bond yields, and equity discount rates, and the prospects for tighter monetary policies to combat the rise in prices. These trends have the largest effects on the present value (and therefore the current price) of distant future earnings—and thus pointedly on the price of growth stocks whose expected cash flows lie far in the future. The damage from these style headwinds was almost as great in the first quarter of 2022 as in the prior 14 months, during which the first COVID-19 vaccine was approved and the retreat began from higher growth and quality towards less-expensive, lower-growth companies that will earn more of their cash flows in the near and medium term.

> The damage from the style headwinds was almost as great in the first quarter of 2022 as in the prior 14 months.

The monetary policy tightening now underway by central banks is intended to dampen speculative or less productive demand for goods, services, and assets by raising borrowing costs. Those policies, when combined with the demand destruction likely to emanate from soaring food and energy prices, may contain the seeds of their own reversal. If consumer and producer confidence take more than a temporary hit from the war in Ukraine and its ramifications, a recession—either in Europe or more globally—could conspire to reduce the inflationary impulse from COVID-19 re-openings and offset some of the need for monetary tightening. We're not in the business of making such forecasts but, were that scenario to unfold, it's possible that the headwinds for our quality/growth investment style would abate.

Much has been written recently about "the end of globalization" being another result of the war in Ukraine, and about the reluctance of some large countries—notably China and India—to sign onto the sanctions imposed by Western and Asian-Pacific governments. We, like many observers, worry that China, ostensibly aiming to be neutral, might risk some consequences by facilitating sanctions workarounds for Russia, and misjudge the West's resolve. The economic disincentives would appear to work against the possibility. China's total trade with Russia in 2020 was around a tenth of its US$1.4 trillion total trade with the US and Europe. Given China's flagging growth as it manages its deflating property market—a multi-year prospect, if previous property bubbles are anything to go by—and its stated priority to improve "common prosperity" for its people, the last thing it's likely to want is to impair its access to the global trading system and court rejection by its largest customers.

Indeed, the statement by economic policy czar and Vice Premier Liu He on March 16th affirming the importance of economic growth and markets, offered insight into the government's leanings and helped reverse a dramatic swoon in Chinese stocks that had coincided with reports that China might be contemplating military aid to Russia. The separate salutary comments from the Chinese securities regulator regarding its ongoing negotiations with the US over audit inspections added to the more reassuring narrative (although, we'll note, the US legislation that sparked the whole audit and delistings issue has a long fuse that could allow negotiations and decisions to be tortuously slow).

While risks of unforeseen consequences arising from the Ukraine conflict are high, on this front we are cautiously optimistic that China will work hard to maintain its neutrality in a credible way, as it is a huge beneficiary of trade with the rest of the world, especially developed nations. We think it likely that China, along with India, will continue to buy oil and gas from Russia (just as Europe, at least for now, plans to keep its gas pipelines open), and do not expect that fact to alter China's trade relations with the West much. Nevertheless, we must contemplate that our optimism is misplaced on the importance of membership in the global network of exchange. If our central and optimistic case—admittedly an educated guess—is wrong, then we'd need to modify our views of which companies in our opportunity set will face new barriers to profitable growth, and which might stand to benefit, relatively, from a further receding of globalization. (Global trade, after all, has never matched the peak share of GDP it reached in 2008, before the global financial crisis.) We'd expect such a world to be less efficient, as the cold logic of comparative advantage is demoted as a determinant of which goods or services are produced and where. That would lead to a less prosperous world, since exploiting comparative advantage is a cornerstone of wealth creation. If regional blocs began to raise limits on the movement of capital as well as goods, we'd need to parse which of our companies were at risk of declining sales from increasingly hostile, siloed countries.

For example, **Bossard**, a Swiss fastener distribution and logistics company, has built its business upon today's web of global supply chains. Its specialty is helping a company like Tesla obtain for each model the optimal fasteners, whether bespoke or ready-made.[2] It sources them from its network of 4,500 manufacturing partners, ensuring that Tesla always has the ideal level of inventory as cheaply as possible. It would throw a considerable monkey wrench in Bossard's business if some of its best suppliers, many of which are located *in* China, were to find themselves trapped behind new Western tariffs or trade sanctions. At the same time, we need to be careful not to underrate the ability of Bossard or its automobile and other manufacturing customers to prepare for and adapt to such scenarios. Tesla, for one, makes increasing numbers of its cars in China, destined for the domestic market, for which it could continue to source locally; and, in the case that Bossard runs into difficulty servicing the company's factories in California and Texas, it has plenty of suppliers in Mexico it can turn to. In a world of new barriers and shifting trade patterns, it would become more difficult for companies to manage their fastener sourcing internally.

[2] The typical car manufactured today contains about 3,500 screws; a smart phone contains about 75, and a jetliner, 1.5 million.

Bossard had a record year in 2021, growing revenues by 22%, as more manufacturers sought out its specialized expertise to help them contend with seized-up supply chains.

> For Bossard, a Swiss fastener distribution company, it would throw a considerable monkey wrench in the firm's operations if its best suppliers in China were to find themselves trapped behind new Western tariffs or trade sanctions. At the same time, we shouldn't underrate the ability of Bossard or its customers to prepare for and adapt to such scenarios.

Kinaxis, an Ottawa-based supply chain management software company, could directly benefit from near-shoring initiatives and other efforts to build more resilience into supply chains. The company saw strong demand in response to the pandemic's logistics challenges, and in its March update management said demand continues to pick up. Their guidance is now for 2022 revenue growth of between 34%-38% and improving profitability.

While some small companies are heavily geared toward globalization or helping with the transition toward some retrenchment away from it, others have more of a domestic focus. Indeed, around 56% of revenues for small companies come from their home markets, compared to 40% for large companies, which means small companies are somewhat less exposed to the risk of losing foreign customers.

For some small companies with a high foreign sales revenue, sources may align neatly with the trading bloc in which they are likely to find themselves. Take **Diploma**, another stock that performed poorly during the quarter. While the UK-based controls, seals, and life science equipment supplier only generates 15% of its sales from the UK, it generates a further 62% of its sales in Continental Europe and the US, markets to which the UK will remain tightly bound.

Portfolio Highlights

With the volatility of stock prices this quarter, portfolio activity picked up as a handful of high-quality growth companies we had long admired but regarded as too expensive saw their valuations fall into range.

In Health Care, the sector that declined the most during the quarter, we made a new purchase in Switzerland-based **Tecan**, a leading provider of lab automation products. Labs that use its equipment to replace slow and error-prone humans can significantly increase volumes and reduce turnaround times. The company's recent acquisition of Paramit, a leading manufacturer of medical devices, diagnostics, and life science instruments, provides new verticals with important synergies with Tecan's core lab systems. Sales are currently focused on the US (46%) and Europe (37%) but are growing in Asia (16%), including China. In its 2021 annual report, Tecan highlighted the growth potential for the company in China, whose health care market is already one of the world's largest despite per capita health care spending just a fraction of what's spent in Western industrialized countries.

We also saw an opportunity to add to Energy stocks of companies we expect to benefit from a government focus on energy security, sparked by the invasion of Ukraine. While the world strives to transition to renewable forms of energy, natural gas—the cleanest fossil fuel—will continue to play an important role in meeting energy needs for the foreseeable future. We established a new position in **Dialog Group Berhard** of Malaysia, the operator of the largest oil and gas storage terminal and liquefied natural gas (LNG) transfer hub in the country, the Pengerang Deepwater Terminal. Opened eight years ago to handle overflow from the nearby Singapore LNG hub, Pengerang has quickly become a major node its own right. It is now one of the main facilities for regasification of LNG from the Middle East, which is then piped up into other parts of the region or stored for later use or for arbitraging by energy traders. On the outbound route, gas from Malaysia's own fields is liquefied for export to other markets like Japan and South Korea along with oil and petrochemicals blended at the site. The realization of management's goal of creating the "Rotterdam of Southeast Asia," a facility on par with Europe's main LNG gateway, looks within reach.

Video gaming boomed during the pandemic as people sought in-home entertainment. While its growth is normalizing, video games are played by an estimated 3.1 billion people, or 40% of the world's population. Microsoft recently announced it would purchase developer Activision-Blizzard—known for its *Call of Duty* and *Warcraft* titles—for US$68.7 billion. The deal is just the latest of several major acquisitions by Microsoft and chief rival Sony as each seeks to draw new users for its cloud gaming service with differentiated content. Ireland-based **Keywords Studios** is an indirect beneficiary of this content arms race as the largest outsourced services supplier to video game publishers, supplying 23 of the 25 largest. As games increase in complexity, large gaming enterprises like Microsoft and its new subsidiaries don't want to employ thousands of testers or the dozens of designers and developers required to create, say, all the furniture in a vast open-world game. Instead, these companies increasingly turn to Keywords, which has 9,000 employees located in dozens of studios around the globe performing everything from QA testing to translation to ongoing customer support to art and software development. Unlike generalized IT outsourcers like Infosys or Cognizant, Keywords is focused only on gaming, helping it provide these specialized services cheaply and reliably. Because it works with so many different companies, Keywords grows with the industry instead of depending on any one game becoming a hit.

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Global Small Companies Holdings (as of March 31, 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	0.8
Domain (Online property listings operator)	Australia	0.9
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	0.6
YouGov (Market research and data analytics services)	UK	1.0
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	1.0
Malibu Boats (Boat manufacturer)	US	1.6
Ollie's Bargain Outlet (Discount cons. products retailer)	US	1.2
Planet Fitness (Fitness centers operator)	US	0.7
Rinnai (Consumer appliances manufacturer)	Japan	0.4
Stanley Electric (Automotive lighting manufacturer)	Japan	0.7
Thule Group (Lifestyle consumer products manufacturer)	Sweden	0.8
Consumer Staples		
Agthia (Foods and beverages manufacturer)	UAE	0.2
Ariake (Natural seasonings manufacturer)	Japan	0.8
Cosmos Pharmaceutical (Drugstores operator)	Japan	1.2
MGP Ingredients (Alcoholic beverage ingredients mfr.)	US	1.9
Pigeon (Consumer products manufacturer)	Japan	1.0
Reynolds (Consumer products manufacturer)	US	1.9
Robinsons Retail (Foods and consumer products retailer)	Philippines	1.0
Sugi Holdings (Drugstores operator)	Japan	0.7
Energy		
Dialog Group Berhad (Petrochemical services)	Malaysia	0.3
Helmerich & Payne (Oil driller)	US	1.3
Financials		
Bank of Georgia (Commercial bank)	UK	0.6
Bankinter (Commercial Bank)	Spain	1.2
BTPN Syariah (Commercial bank)	Indonesia	1.0
Discovery Holdings (Insurance provider)	South Africa	1.2
FinecoBank (Banking and financial services)	Italy	0.5
Lakeland Financial (Commercial bank)	US	1.9
Lazard (Financial advisory)	US	0.5
Linea Directa (Insurance provider)	Spain	0.8
Max Financial (Financial services and insurance provider)	India	1.4
Rathbones (Wealth manager)	UK	0.6
RGA (Reinsurance provider)	US	1.7
Siauliu Bankas (Commercial bank)	Lithuania	1.0
Signature Bank (Commercial bank)	US	1.2
Stock Yards (Commercial Bank)	US	1.7

Health Care	Market	End Wt. (%)
Abcam (Life science services)	UK	1.6
Abiomed (Medical device manufacturer)	US	1.4
Ambu (Medical device manufacturer)	Denmark	0.2
Dechra (Veterinary pharma manufacturer)	UK	1.8
Diasorin (Reagent kits developer)	Italy	0.9
Elanco (Animal health care products)	US	0.3
EMIS Group (Health care software developer)	UK	1.3
LeMaitre Vascular (Medical device manufacturer)	US	0.6
Neurocrine Biosciences (Biopharmaceutical mfr.)	US	2.1
Repligen (Biopharma equipment supplier)	US	1.0
Santen Pharmaceutical (Pharma manufacturer)	Japan	0.8
Simulations Plus (Simulation software developer)	US	2.1
Square Pharmaceuticals (Pharma manufacturer)	Bangladesh	0.7
STRATEC (Life science products manufacturer)	Germany	0.6
Tecan (Life science products and services)	Switzerland	1.0
Industrials		
AAON (HVAC manufacturer)	US	0.7
Alfa Laval (Industrial equipment manufacturer)	Sweden	0.4
Allegion (Security equipment manufacturer)	US	0.5
Bossard (Industrial components supplier)	Switzerland	0.8
Clarkson (Shipping services)	UK	0.3
Diploma (Specialized technical services)	UK	1.4
EnerSys (Industrial-battery manufacturer)	US	2.2
Exponent (Engineering and scientific consultant)	US	2.0
Haitian International (Injection-molding machines mfr.)	China	0.8
HEICO (Aerospace parts manufacturer)	US	1.3
LISI (Industrial components manufacturer)	France	0.1
MISUMI Group (Machinery-parts supplier)	Japan	1.0
MonotaRO (Factory materials supplier)	Japan	0.5
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	0.6
Spirax-Sarco (Industrial components manufacturer)	UK	0.6
TOMRA (Industrial sensors manufacturer)	Norway	0.4
UT Group (Manufacturing staffing services)	Japan	1.1
Information Technology		
Advantech (Industrial PCs manufacturer)	Taiwan	0.9
Altair Engineering (Industrial design software developer)	US	2.4
Alten (Technology consultant and engineer)	France	1.3
AppFolio (Real estate information services)	US	1.0
Bechtle (IT services and IT products reseller)	Germany	1.3
Cognex (Machine vision systems manufacturer)	US	1.1
Cyberark (Cybersecurity software developer)	Israel	1.8
Globant (Software developer)	US	0.8
Guidewire Software (Insurance software developer)	US	1.0
Infomart (Restaurant supply chain operator)	Japan	0.4

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.

Information Technology	Market	End Wt. (%)
Advantech (Industrial PCs manufacturer)	Taiwan	0.9
Altair Engineering (Industrial design software developer)	US	2.4
Alten (Technology consultant and engineer)	France	1.3
AppFolio (Real estate information services)	US	1.0
Bechtle (IT services and IT products reseller)	Germany	1.4
Cognex (Machine vision systems manufacturer)	US	1.0
Cyberark (Cybersecurity software developer)	Israel	1.6
Globant (Software developer)	US	0.8
Guidewire Software (Insurance software developer)	US	1.0
Infomart (Restaurant supply chain operator)	Japan	0.5
IPG Photonics (Lasers and amplifiers manufacturer)	US	1.0
Kinaxis (Supply chain software developer)	Canada	1.1
LEM Holdings (Electrical components manufacturer)	Switzerland	1.2
Nemetschek (Engineering software developer)	Germany	1.2
Rakus (IT employment and cloud services)	Japan	0.7
Reply (IT consultant)	Italy	1.2
Silergy (Electronics chips manufacturer)	Taiwan	0.5
SimCorp (Asset management software provider)	Denmark	1.1
Temenos Group (Banking software developer)	Switzerland	0.4
Vaisala (Atmospheric measuring devices manufacturer)	Finland	1.0

Financials	Market	End Wt. (%)
Bank of Georgia (Commercial bank)	UK	0.8
Bankinter (Commercial Bank)	Spain	0.9
BTPN Syariah (Commercial bank)	Indonesia	0.9
Discovery Holdings (Insurance provider)	South Africa	0.7
FinecoBank (Banking and financial services)	Italy	0.5
Lakeland Financial (Commercial bank)	US	1.8
Lazard (Financial advisory)	US	0.5
Linea Directa (Insurance provider)	Spain	0.3
Max Financial (Financial services and insurance provider)	India	1.6
Rathbones (Wealth manager)	UK	0.5
RGA (Reinsurance provider)	US	1.4
Siauliu Bankas (Commercial bank)	Lithuania	1.0
Signature Bank (Commercial bank)	US	1.5
Stock Yards (Commercial Bank)	US	1.8
Materials		
Fuchs Petrolub (Lubricants manufacturer)	Germany	0.8
Hoa Phat Group (Steel producer)	Vietnam	0.7
JCU (Industrial coating manufacturer)	Japan	0.8
Real Estate		
No Holdings		
Utilities		
Rubis (Liquid chemical storage and distribution)	France	0.5
Cash		0.7

1Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL GSC	Avg. Weight ACWI SC	Effect
Helmerich & Payne	ENER	0.7	<0.1	0.34
Discovery Holdings	FINA	0.9	–	0.32
Neurocrine Biosciences	HLTH	1.9	–	0.26
Simulations Plus	HLTH	1.7	<0.1	0.23
Bankinter	FINA	1.1	<0.1	0.19

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL GSC	Avg. Weight ACWI SC	Effect
Signature Bank	FINA	2.1	0.1	0.68
Reply	INFT	1.7	<0.1	0.61
Alten	INFT	1.7	<0.1	0.60
TOMRA	INDU	1.1	0.1	0.48
Silergy	INFT	0.8	–	0.44

1Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL GSC	Avg. Weight ACWI SC	Effect
Dechra	HLTH	1.8	0.1	-0.39
UT Group	INDU	1.2	<0.1	-0.35
Rakus	INFT	0.6	<0.1	-0.32
Abcam	HLTH	1.6	<0.1	-0.29
Max Financial	FINA	1.6	<0.1	-0.28

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL GSC	Avg. Weight ACWI SC	Effect
Protolabs	INDU	0.9	<0.1	-1.20
Ollie's Bargain Outlet	DSCR	1.4	<0.1	-1.00
Healthcare Services	INDU	1.2	<0.1	-0.72
IPG Photonics	INFT	1.1	–	-0.63
SimCorp	INFT	1.2	<0.1	-0.51

Portfolio Characteristics

Quality and Growth	HL GSC	ACWI SC
Profit Margin[1] (%)	10.0	8.3
Return on Assets[1] (%)	6.7	5.0
Return on Equity[1] (%)	13.4	11.1
Debt/Equity Ratio[1] (%)	24.4	59.7
Std. Dev. of 5 Year ROE[1] (%)	4.5	6.0
Sales Growth[1,2] (%)	11.2	7.5
Earnings Growth[1,2] (%)	12.6	11.6
Cash Flow Growth[1,2] (%)	10.2	8.2
Dividend Growth[1,2] (%)	8.4	5.4
Size and Turnover		
Wtd. Median Mkt. Cap. (US $B)	4.3	3.4
Wtd. Avg. Mkt. Cap. (US $B)	5.3	4.3
Turnover[3] (Annual %)	27.3	–

Risk and Valuation	HL GSC	ACWI SC
Alpha[2] (%)	2.1	–
Beta[2]	0.85	–
R-Squared[2]	0.86	–
Active Share[3] (%)	98	–
Standard Deviation[2] (%)	19.46	21.26
Sharpe Ratio[2]	0.61	0.54
Tracking Error[2] (%)	7.9	–
Information Ratio[2]	0.06	–
Up/Down Capture[2]	89/88	–
Price/Earnings[4]	22.5	13.4
Price/Cash Flow[4]	17.8	9.1
Price/Book[4]	3.0	1.8
Dividend Yield[5] (%)	1.3	1.8

[1]Weighted median; [2]Trailing five years, annualized; [3]Three-year average; [4]Weighted harmonic mean; [5]Weighted 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: April 5, 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
Dialog Group Berhad	Malaysia	ENER
Keywords Studios	UK	INFT
Tecan	Switzerland	HLTH

Positions Sold	Market	Sector
Healthcare Services	US	INDU
IPG Photonics	US	INFT
Kernel	Ukraine	STPL

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 March 31, 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]	-14.14	-14.33	-6.15	19.46	21.26	N.A.[5]	1	1	64,240
2021	12.53	11.52	16.54	18.58	21.27	N.M.[6]	1	2	75,084
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

[1]Benchmark Index; [2]Variability of the Composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2022 YTD performance returns and assets shown are preliminary; [5]N.A.–Internal dispersion less than a 12-month period; [6]N.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 55-32,752 million (as of March 31, 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 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. 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.

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