

# Global Small Companies Equity



Quarterly Report | Third Quarter 2022

## What's Inside

### What Happened →

Europe's burgeoning energy crisis, Britain's radical fiscal measures, and the US Federal Reserve's aggressive rate hikes brought the prospect of a global recession into sharper view. Global small-cap stocks tumbled in every region, and Energy was the only sector to post a positive return.

### How We Did →

Sources of relative return by sector and region.

### What's On Our Minds →

We invest in companies, not countries, and our investment process is based upon bottom-up forecasts rather than macroeconomic forecasts. Because of this, we have been able to find attractive opportunities in Germany and the UK this year.

### Portfolio Holdings →

Information about the companies held in the portfolio.

### Portfolio Facts →

Contributors, detractors, characteristics, and completed transactions.

## Composite Performance

Total Return (%) — Periods Ended September 30, 2022<sup>1</sup>

	3 Months	YTD	1 Year	3 Years <sup>2</sup>	Since Inception <sup>2,3</sup>
HL Global Small Companies Equity (Gross of Fees)	-4.21	-29.52	-27.33	4.29	8.17
HL Global Small Companies Equity (Net of Fees)	-4.43	-29.99	-27.98	3.36	7.21
MSCI All Country World Small Cap Index <sup>4,5</sup>	-5.15	-26.08	-24.44	3.40	6.36

<sup>1</sup>The Composite performance returns shown are preliminary; <sup>2</sup>Annualized Returns; <sup>3</sup>Inception Date: December 31, 2018; <sup>4</sup>The benchmark index; <sup>5</sup>Gross 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	17.0	11.8	
Cons Staples	9.9	5.1	
Financials	17.7	14.0	
Comm Services	6.5	2.9	
Health Care	14.3	11.0	
Cash	2.6	—	
Industrials	18.6	18.2	
Energy	2.3	4.8	
Utilities	0.5	3.2	
Cons Discretionary	8.8	12.2	
Materials	1.8	8.1	
Real Estate	0.0	8.7	

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Geography	HL GSC	ACWI SC	Under / Over
Europe ex-EMU	15.1	8.8	
Europe EMU	10.6	5.7	
Cash	2.6	—	
Frontier Markets <sup>6</sup>	2.2	—	
Japan	11.8	9.8	
Middle East	2.0	1.0	
Emerging Markets	10.6	12.5	
Canada	1.1	3.6	
Pacific ex-Japan	0.8	5.0	
United States	43.2	53.6	

<sup>6</sup>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.

# What Happened

Europe took center stage in the third quarter, as a burgeoning energy crisis emanating from the region threatened a deep global recession. The MSCI All Country World Index fell 6.7%. Global small-cap stocks tumbled alongside it, finishing the quarter down 5.2% and bringing the year-to-date decline to 26.1%.

Russia's decision to strangle the supply of natural gas has kept inflation on the rise in Europe. Already-high prices of European natural gas were sent soaring by the sabotage of the Nord Stream subsea pipelines, which transport the fuel from Russia to Western Europe. European utilities are scrambling to boost gas inventories or secure alternative sources. Meanwhile, successive rate hikes by the Federal Reserve to contain inflation in the US stoked a rally in the dollar, precipitating multi-decade lows for several currencies, including the euro and the Japanese yen.

Another jolt was delivered to markets in the final days of September, when Britain's new government announced the most-sweeping tax cuts since 1972, a radical fiscal measure that clashed with the orthodox inflation-taming efforts of central bankers. The British pound collapsed to near parity with the dollar and yields on gilts spiked, prompting emergency

intervention by the Bank of England to shore up pension funds. UK Prime Minister Liz Truss, succumbing to the humiliating backlash, has since abandoned plans to abolish the country's top tax rate for the highest earners.

By far the worst-performing regions this quarter were the European Economic and Monetary Union (EMU), which includes Germany, France, and Italy—countries heavily reliant on Russian oil, gas, and coal—as well as Europe outside the EMU, which includes the UK. While still in negative territory, the US outperformed. Energy was the only sector that didn't fall.

## How We Did

The Global Small Companies Composite fell 4.2%, gross of fees, compared with a 5.2% drop in the MSCI ACWI Small Cap Index. Year to date, the composite has fallen 29.5% (also gross of fees), underperforming the Index's 26.1% decline.

Even though we were overweight the poorly performing EMU and ex-EMU regions of Europe, favorable stock selection in those areas (and for the portfolio overall) helped us beat the benchmark. **Bank of Georgia** was among the biggest contributors to our outperformance. It has prospered not just despite, but also *because of* its proximity to the Ukrainian conflict, as businesses and workers fleeing nearby Russia have led to more money flowing through Georgia's economy, including into restaurants and real estate.

**Bank of Georgia was among the biggest contributors to our outperformance. It has prospered not just despite, but also *because of* its proximity to the Ukrainian conflict.**

**Tecan**, based in Switzerland, was another strong ex-EMU European holding. The company manufactures automation equipment for science labs, such as robotic liquid-handling systems, enabling high-volume processes to be done with extreme precision. Automated liquid-handling is one of the fastest-growing areas within life sciences tools, in part because of a shortage of lab personnel. Because the industry is highly regulated and it's costly for customers to switch providers, Tecan is relatively insulated from competition.

The biggest relative detractor was **Dechra**, a UK-based maker of animal pharmaceuticals that is experiencing cost inflation and increased competition from generics. Dechra also completed two

### MSCI ACWI Small Cap Index Performance (USD %)

Sector	3Q 2022	Trailing 12 Months
Communication Services	-10.8	-38.2
Consumer Discretionary	-5.2	-33.9
Consumer Staples	-7.5	-21.5
Energy	2.8	24.8
Financials	-3.6	-17.9
Health Care	-2.4	-35.0
Industrials	-4.0	-22.2
Information Technology	-5.4	-30.5
Materials	-5.3	-20.6
Real Estate	-11.9	-26.3
Utilities	-8.2	-7.1
Geography	3Q 2022	Trailing 12 Months
Canada	-6.1	-17.4
Emerging Markets	-5.1	-22.8
Europe EMU	-15.1	-35.4
Europe ex-EMU	-14.3	-39.4
Japan	-4.4	-27.3
Middle East	-1.7	-12.0
Pacific ex-Japan	-5.9	-22.3
United States	-2.3	-20.5
MSCI ACWI Small Cap Index	-5.2	-24.4

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

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 September 30, 2022 is available on page 5 and 6 of this report.

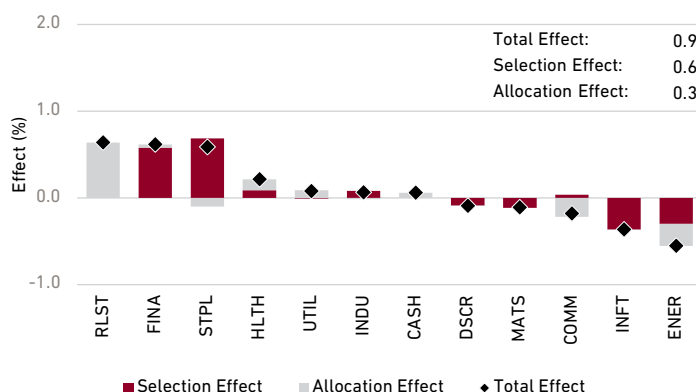
acquisitions that will be dilutive to earnings this year and next. The drug pipelines in both deals look promising for Dechra's growth outlook, which is underpinned by rising demand in the US for pet medicines. **Cable One** was another weak performer. The provider of broadband connectivity to rural America added fewer internet customers than expected, adding to investors' concerns that competition may be heating up in the industry.

Some of our best relative performers were US regional banks, such as **Stock Yards** of Kentucky and **Lakeland Financial** of Indiana, whose shares rose in anticipation of higher interest rates leading to wider net interest margins.

### Third Quarter 2022 Performance Attribution

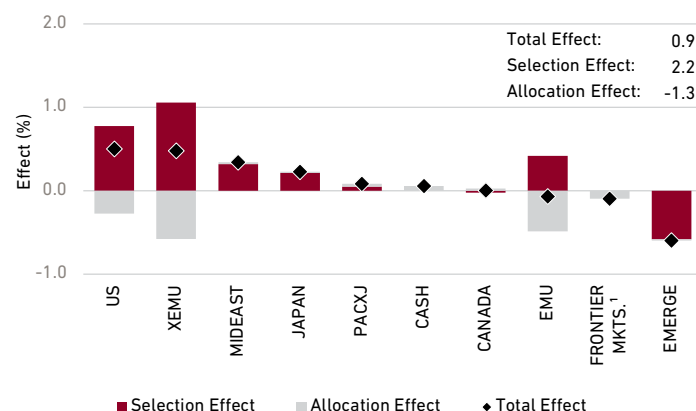
#### Sector

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



#### Geography

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



<sup>1</sup>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.

## What's On Our Minds

Our exposure to Europe warrants a closer look. Although the portfolio remains diversified across 10 countries and many sectors, compared with the index it has a strikingly high presence in the UK, where we have found businesses with competitive advantages and enticing growth prospects at reasonable valuations. Attractive features of the UK market include the promotion of strong corporate governance and the global opportunities available to UK businesses, aided by a commitment to free trade and the English language.

**In Germany, a crucible in the European energy crisis, none of our holdings directly faces natural gas supply risks.**

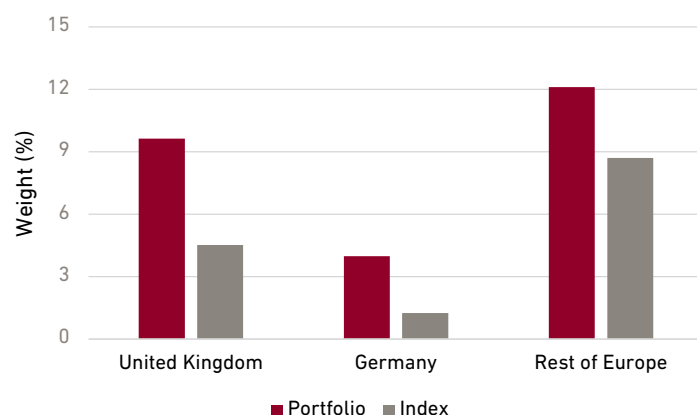
Earlier this year, we added Ireland-based **Keywords Studios**, an outsourcing supplier to 23 of the 25 largest video game developers around the world. The company's services include graphics and art, voiceovers and translations, cultural adaptations for local markets, and testing games for defects. By working with Keywords, publishers can avoid hiring dozens more designers and thousands of testers for their games, which is especially helpful during a skilled-labor shortage. The rise of cloud-based gaming subscription services requires developers to refresh content more frequently, potentially stoking demand for Keywords' services.

The Keywords purchase illustrates that we invest in companies, not countries, and that our investment process is based upon bottom-up business forecasts rather than macroeconomic forecasts. Focusing on businesses that are growing on the back of durable competitive advantages, well led by properly incentivized management teams, financially strong and reasonably valued has helped us generate excess returns through past economic cycles.

**We have added to Germany this year, including to our holding in Bechtle, a company that to our mind exhibits the holy trinity of quality, growth, and value.**

In Germany, a crucible in the European energy crisis, none of our holdings directly faces natural gas supply risks. Pressure can be felt in electricity costs, but generally these are a small component of overall costs. One company that warrants our watching closely is **Fuchs Petrolub**, the world's top producer of lubricants, used to grease everything from vehicle steering wheels and transmission systems to wind turbines. Lubricants are made from base oils, a byproduct of the oil-refining process. Should Fuchs's German suppliers experience production cuts that force it to tap the global market for raw materials, it would suffer higher costs and perhaps lower margins. So far, though, Fuchs has exhibited tremendous pricing power in an inflationary

## HL GSC Portfolio and MSCI All Country World Small Cap Weights in Europe

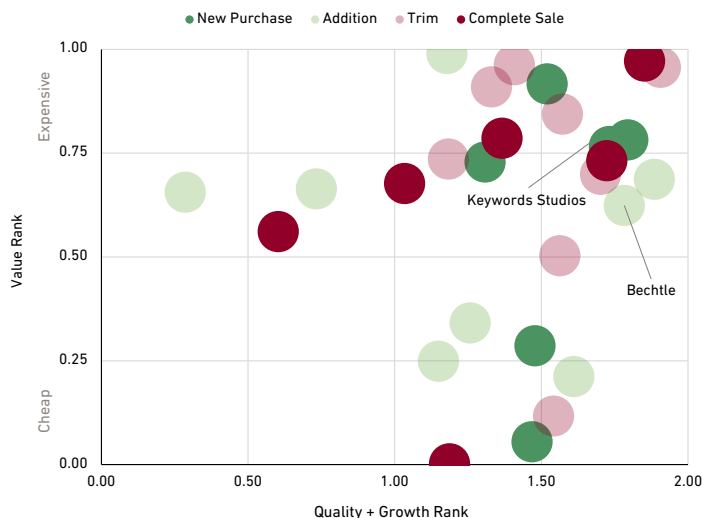


Source: FactSet, MSCI Inc. Data as of September 30, 2022.

environment. Looking further ahead, Fuchs is poised to benefit from the growing interest in wind energy and the shift to electric vehicles, which require specialized greases.

We have added to Germany this year, including to our holding in **Bechtle**, a company that to our mind exhibits the holy trinity of quality, growth, and value. Bechtle provides information technology services and sells related hardware, ranging from virtual-meeting headsets to computing servers. The company has continued to see strong demand even as the pandemic recedes and business investment in work-from-home solutions subsides. While management expects wage inflation in 2023, the company's prospects remain bright as it gains market share, adds to its suite of services, and expands into new geographies.

## QGV Profile of YTD GSC Trades



Source: Harding Loevner, HOLT database, FactSet. HOLT and MSCI data as of September 2022.

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.

## Global Small Companies Holdings (as of September 30, 2022)

Communication Services	Market	End Wt. (%)
<b>Bengo4.com</b> (Lawyer and accountant listings services)	Japan	0.1
<b>Cable One</b> (Cable operator)	US	0.6
<b>Cheil Worldwide</b> (Marketing and advertising services)	South Korea	0.8
<b>Domain</b> (Online property listings operator)	Australia	0.8
<b>Kakaku.com</b> (E-commerce retailer)	Japan	0.3
<b>Megacable</b> (Cable operator)	Mexico	0.7
<b>Paradox Interactive</b> (Video game publisher)	Sweden	0.4
<b>Rightmove</b> (Online property listings operator)	UK	0.5
<b>Sarana Menara Nusantara</b> (Telecom tower operator)	Indonesia	0.7
<b>TIME dotCom Berhad</b> (Telecom services)	Malaysia	0.7
<b>YouGov</b> (Market research and data analytics services)	UK	0.7

### Consumer Discretionary

<b>BorgWarner</b> (Automotive parts manufacturer)	US	1.8
<b>Eclat Textile</b> (Technology-based textile manufacturer)	Taiwan	0.4
<b>Five Below</b> (Discount consumer products retailer)	US	1.0
<b>Malibu Boats</b> (Boat manufacturer)	US	1.7
<b>Ollie's Bargain Outlet</b> (Discount cons. products retailer)	US	1.7
<b>Planet Fitness</b> (Fitness centers operator)	US	0.6
<b>Rinnai</b> (Consumer appliances manufacturer)	Japan	0.5
<b>Stanley Electric</b> (Automotive lighting manufacturer)	Japan	0.7
<b>Thule Group</b> (Lifestyle consumer products manufacturer)	Sweden	0.5

### Consumer Staples

<b>Agthia</b> (Foods and beverages manufacturer)	UAE	0.2
<b>Ariake</b> (Natural seasonings manufacturer)	Japan	0.8
<b>Cosmos Pharmaceutical</b> (Drugstores operator)	Japan	1.2
<b>MGP Ingredients</b> (Alcoholic beverage ingredients mfr.)	US	2.8
<b>Pigeon</b> (Consumer products manufacturer)	Japan	1.0
<b>Reynolds</b> (Consumer products manufacturer)	US	2.0
<b>Robinsons Retail</b> (Foods & consumer products retailer)	Philippines	1.1
<b>Sugi Holdings</b> (Drugstores operator)	Japan	0.7

### Energy

<b>Dialog Group Berhad</b> (Petrochemical services)	Malaysia	0.9
<b>Helmerich &amp; Payne</b> (Oil driller)	US	1.3

### Financials

<b>Bank of Georgia</b> (Commercial bank)	UK	1.1
<b>Bankinter</b> (Commercial Bank)	Spain	1.4
<b>BTPN Syariah</b> (Commercial bank)	Indonesia	1.0
<b>Discovery Holdings</b> (Insurance provider)	South Africa	0.7
<b>FinecoBank</b> (Banking and financial services)	Italy	0.5
<b>Lakeland Financial</b> (Commercial bank)	US	2.3
<b>Lazard</b> (Financial advisory)	US	0.5
<b>Linea Directa</b> (Insurance provider)	Spain	0.6
<b>MarketAxess</b> (Electronic trading platform)	US	0.9
<b>Max Financial</b> (Financial services & insurance provider)	India	1.6
<b>Rathbones</b> (Wealth manager)	UK	0.5
<b>RGA</b> (Reinsurance provider)	US	2.4

Financials	Market	End Wt. (%)
<b>Siauliu Bankas</b> (Commercial bank)	Lithuania	0.9
<b>Signature Bank</b> (Commercial bank)	US	0.8
<b>Stock Yards</b> (Commercial bank)	US	2.7

### Health Care

<b>Abcam</b> (Life science services)	UK	1.7
<b>Abiomed</b> (Medical device manufacturer)	US	1.3
<b>Ambu</b> (Medical device manufacturer)	Denmark	0.2
<b>BML</b> (Clinical testing and information services)	Japan	0.5
<b>Dechra</b> (Veterinary pharma manufacturer)	UK	1.2
<b>Diasorin</b> (Reagent kits developer)	Italy	0.8
<b>Elanco</b> (Animal health care products)	US	0.2
<b>LeMaitre Vascular</b> (Medical device manufacturer)	US	0.8
<b>Neurocrine Biosciences</b> (Biopharmaceutical mfr.)	US	2.9
<b>Repligen</b> (Biopharma equipment supplier)	US	0.6
<b>Santen Pharmaceutical</b> (Pharma manufacturer)	Japan	0.7
<b>Simulations Plus</b> (Simulation software developer)	US	1.4
<b>Square Pharmaceuticals</b> (Pharma manufacturer)	Bangladesh	0.7
<b>STRATEC</b> (Life science products manufacturer)	Germany	0.6
<b>Tecan</b> (Life science products and services)	Switzerland	1.0

### Industrials

<b>AAON</b> (HVAC manufacturer)	US	0.8
<b>Alfa Laval</b> (Industrial equipment manufacturer)	Sweden	0.4
<b>Allegion</b> (Security equipment manufacturer)	US	0.5
<b>Atkore</b> (Electrical conduit manufacturer)	US	1.2
<b>Bossard</b> (Industrial components supplier)	Switzerland	0.7
<b>Clarkson</b> (Shipping services)	UK	0.2
<b>Diploma</b> (Specialized technical services)	UK	1.3
<b>EnerSys</b> (Industrial-battery manufacturer)	US	2.1
<b>Exponent</b> (Engineering and scientific consultant)	US	1.9
<b>Haitian International</b> (Injection-molding machines mfr.)	China	0.7
<b>HEICO</b> (Aerospace parts manufacturer)	US	1.5
<b>MISUMI Group</b> (Machinery-parts supplier)	Japan	1.5
<b>MonotaRO</b> (Factory materials supplier)	Japan	0.5
<b>Nihon M&amp;A Center Inc.</b> (Financial advisory)	Japan	0.3
<b>Rational</b> (Commercial kitchen equipment manufacturer)	Germany	0.7
<b>Senior</b> (Aerospace and auto parts manufacturer)	UK	1.5
<b>Sensata Technologies</b> (Industrial sensors mfr.)	US	0.4
<b>SMS</b> (Health care employment services)	Japan	0.5
<b>Spirax-Sarco</b> (Industrial components manufacturer)	UK	0.5
<b>TOMRA</b> (Industrial sensors manufacturer)	Norway	0.4
<b>UT Group</b> (Manufacturing staffing services)	Japan	0.9

### Information Technology

<b>Advantech</b> (Industrial PCs manufacturer)	Taiwan	0.8
<b>Altair Engineering</b> (Industrial design software developer)	US	2.0
<b>Alten</b> (Technology consultant and engineer)	France	1.1
<b>AppFolio</b> (Real estate information services)	US	1.2

Information Technology	Market	End Wt. (%)
<b>Bechtle</b> (IT services and IT products reseller)	Germany	1.3
<b>Cognex</b> (Machine vision systems manufacturer)	US	0.7
<b>Cyberark</b> (Cybersecurity software developer)	Israel	1.9
<b>Guidewire Software</b> (Insurance software developer)	US	0.8
<b>Infomart</b> (Restaurant supply chain operator)	Japan	0.7
<b>Keywords Studios</b> (Video game technical services)	UK	0.4
<b>Kinaxis</b> (Supply chain software developer)	Canada	1.1
<b>LEM Holdings</b> (Electrical components manufacturer)	Switzerland	0.9
<b>Nemetschek</b> (Engineering software developer)	Germany	0.6
<b>Rakus</b> (IT employment and cloud services )	Japan	0.4
<b>Reply</b> (IT consultant)	Italy	0.9
<b>Silergy</b> (Electronics chips manufacturer)	Taiwan	0.2
<b>SimCorp</b> (Asset management software provider)	Denmark	0.8
<b>Temenos Group</b> (Banking software developer)	Switzerland	0.3
<b>Vaisala</b> (Atmospheric measuring devices manufacturer)	Finland	0.8
<b>Materials</b>		
<b>Fuchs Petrolub</b> (Lubricants manufacturer)	Germany	0.7
<b>Hoa Phat Group</b> (Steel producer)	Vietnam	0.6
<b>JCU</b> (Industrial coating manufacturer)	Japan	0.5
<b>Real Estate</b>		
<b>No Holdings</b>		
<b>Utilities</b>		
<b>Rubis</b> (Liquid chemical storage and distribution)	France	0.5
<b>Cash</b>		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.

### 3Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Stock Yards	FINA	2.4	<0.1	0.43
Cyberark	INFT	1.8	–	0.38
Neurocrine Biosciences	HLTH	2.7	–	0.36
Bank of Georgia	FINA	0.9	<0.1	0.33
Lakeland Financial	FINA	2.3	<0.1	0.32

### Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
MGP Ingredients	STPL	1.7	<0.1	0.82
Neurocrine Biosciences	HLTH	1.9	–	0.81
Stock Yards	FINA	2.2	<0.1	0.73
RGA	FINA	1.7	0.1	0.62
EMIS Group	HLTH	0.9	<0.1	0.49

### 3Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Dechra	HLTH	1.5	0.1	-0.40
Cable One	COMM	0.9	–	-0.28
Altair Engineering	INFT	2.3	<0.1	-0.25
Haitian International	INDU	0.8	–	-0.18
Linea Directa	FINA	0.6	<0.1	-0.17

### Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL GSC	ACWI SC	
Dechra	HLTH	1.7	0.1	-0.56
Rakus	INFT	0.6	<0.1	-0.50
Senior	INDU	1.6	<0.1	-0.37
Healthcare Services	INDU	0.4	<0.1	-0.31
Bechtle	INFT	1.3	–	-0.31

### Portfolio Characteristics

Quality and Growth	HL GSC	ACWI SC
Profit Margin <sup>1</sup> (%)	10.3	8.5
Return on Assets <sup>1</sup> (%)	7.5	5.0
Return on Equity <sup>1</sup> (%)	13.4	11.2
Debt/Equity Ratio <sup>1</sup> (%)	28.7	58.7
Std. Dev. of 5 Year ROE <sup>1</sup> (%)	4.0	5.9
Sales Growth <sup>1,2</sup> (%)	11.1	7.6
Earnings Growth <sup>1,2</sup> (%)	12.6	11.2
Cash Flow Growth <sup>1,2</sup> (%)	9.0	7.4
Dividend Growth <sup>1,2</sup> (%)	8.2	5.6
Size and Turnover		
Wtd. Median Mkt. Cap. (US \$B)	3.3	2.6
Wtd. Avg. Mkt. Cap. (US \$B)	4.1	3.4
Turnover <sup>3</sup> (Annual %)	20.3	–

Risk and Valuation	HL GSC	ACWI SC
Alpha <sup>2</sup> (%)	1.22	–
Beta <sup>2</sup>	0.85	–
R-Squared <sup>2</sup>	0.88	–
Active Share <sup>3</sup> (%)	98	–
Standard Deviation <sup>2</sup> (%)	21.25	23.33
Sharpe Ratio <sup>2</sup>	0.18	0.12
Tracking Error <sup>2</sup> (%)	8.1	–
Information Ratio <sup>2</sup>	0.11	–
Up/Down Capture <sup>2</sup>	88/90	–
Price/Earnings <sup>4</sup>	18.5	10.6
Price/Cash Flow <sup>4</sup>	13.1	7.2
Price/Book <sup>4</sup>	2.6	1.5
Dividend Yield <sup>5</sup> (%)	1.6	2.4

<sup>1</sup>Weighted median; <sup>2</sup>Trailing five years, annualized; <sup>3</sup>Three-year average; <sup>4</sup>Weighted harmonic mean; <sup>5</sup>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: October 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
Atkore	US	INDU
MarketAxess	US	FINA

Positions Sold	Market	Sector
Globant	Argentina	Info Tech

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

	HL Global Small Cos. Gross (%)	HL Global Small Cos. Net (%)	MSCI ACWI Small Cap Index <sup>1</sup> (%)	HL Global Small Cos. 3-yr. Std. Deviation <sup>2</sup> (%)	MSCI ACWI Small Cap Index 3-yr. Std. Deviation <sup>2</sup> (%)	Internal Dispersion <sup>3</sup> (%)	No. of Accounts	Composite Assets (\$M)	Firm Assets (M)
2022 YTD <sup>4</sup>	-29.52	-29.99	-26.08	21.25	23.33	N.A. <sup>5</sup>	1	1	44,705
2021	12.53	11.52	16.54	18.58	21.27	N.M. <sup>6</sup>	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

<sup>1</sup>Benchmark Index; <sup>2</sup>Variability of the Composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; <sup>3</sup>Asset-weighted standard deviation (gross of fees); <sup>4</sup>The 2022 YTD performance returns and assets shown are preliminary; <sup>5</sup>N.A.—Internal dispersion less than a 12-month period; <sup>6</sup>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 17-15,348 million (as of September 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 June 30, 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.

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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.