INTERNATIONAL EQUITY ADR

First Quarter 2021 Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED MARCH 31, 2021[1]

	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL EQUITY ADR (GROSS OF FEES)	1.15	52.99	9.13	12.08	7.68	8.62
HL INTL EQUITY ADR (NET OF FEES)	0.99	51.98	8.40	11.32	6.92	7.77
MSCI ALL COUNTRY WORLD EX-US INDEX[4,5]	3.60	50.03	7.01	10.27	5.41	5.53
MSCI EAFE INDEX[5,6]	3.60	45.15	6.53	9.37	6.01	5.12

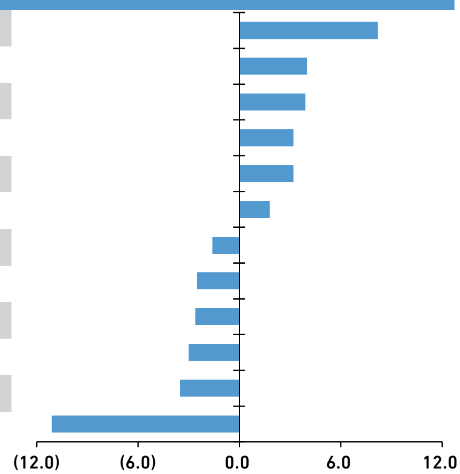
[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 1989 corresponds to that of the linked International Equity Composite; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

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

SECTOR EXPOSURE (%)

	HL INTL ADR	ACWI EX-US
INFO TECHNOLOGY	21.0	12.8
CONS STAPLES	12.4	8.4
INDUSTRIALS	15.6	11.7
CASH	3.2	—
HEALTH CARE	12.1	8.9
MATERIALS	10.0	8.2
ENERGY	2.9	4.5
FINANCIALS	16.4	18.9
REAL ESTATE	0.0	2.6
UTILITIES	0.2	3.2
COMM SERVICES	3.6	7.1
CONS DISCRETIONARY	2.6	13.7

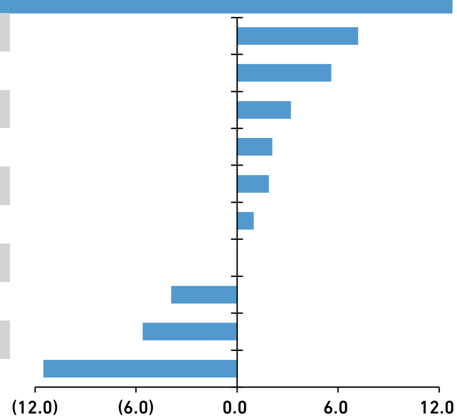
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL INTL ADR	ACWI EX-US
EUROPE EMU	27.6	20.4
EUROPE EX-EMU	24.4	18.8
CASH	3.2	—
PACIFIC EX-JAPAN	9.5	7.4
MIDDLE EAST	2.3	0.4
OTHER[7]	1.0	—
FRONTIER MARKETS[8]	0.0	—
JAPAN	11.6	15.5
CANADA	1.1	6.7
EMERGING MARKETS	19.3	30.8

(UNDER) / OVER THE BENCHMARK



[7]Includes companies classified in countries outside the Index; [8]Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant International Equity ADR Composite GIPS Presentation.

Source: Harding Loevner International Equity ADR 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'S INSIDE

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MARKET REVIEW

Stock markets rose in the quarter. After a pause in January as the world stood agape at the spectacle unfolding on the US political landscape, many of the trends that began with the vaccine announcement in early November resumed.

Signs of a global economic rebound multiplied as the vaccination efforts began in earnest. The IMF raised its global GDP growth forecast for 2021 by 0.5% to 6.0% since its last update in January. In the US, which has been among the world's leaders in vaccination rates, retail sales climbed to the strongest level on record and restaurant bookings and the number of airline passengers, while still below pre-COVID-19 levels, continued to improve. The Biden administration passed a colossal US$1.9 trillion relief package, the third such stimulus measure since the pandemic began, sending direct payments to millions of Americans and extending unemployment insurance. In China, electricity generation and rail cargo volume rose substantially year over year, but consumer spending remained subdued despite much of daily life having returned to normal. The recovery in Europe, however, remains precarious, amid the emergence of new, more virulent virus strains and problems with its vaccine rollout extending or renewing lockdowns.

Better economic data coupled with seemingly unlimited central bank liquidity led to rising management confidence and a surge in mergers and acquisition activity (M&A). Global M&A reached a new record of US$1.3 trillion led by the US. Company CEOs were not the only market participants infected with high confidence, however; investors became more sanguine as well. The growth of special-purpose acquisition companies (SPACs), a "backdoor" means of taking private companies public with minimal regulatory scrutiny, accounted for an unprecedented 25% of all US deals.

The animal spirits also took on some more exotic forms. Japanese online stockbroker Monex opened a new avenue for its retail customers by offering derivative swap contracts on Bitcoin via its own crypto-currency exchange.

Retail trading activity has risen sharply over the past year, with a record number of people signing up for online accounts, and option volumes rising dramatically. The speculative behavior extended to initial public offerings (IPOs) in many markets, with shares of newly listed companies (many of them still loss-making) being met by strong institutional and retail demand. The animal spirits also took on some more exotic forms. Japanese online stockbroker Monex opened a new avenue for its retail customers by offering derivative swap contracts on Bitcoin via its own crypto-currency exchange. (Not coincidentally, Monex's share price has quadrupled over the past five months.) Perhaps most indicative of the markets' mood was the convergence of the crypto-currency and fine art markets, neither known for their integrity or transparency, as total sales of non-fungible tokens (NFTs) representing original digital artworks allegedly reached over half a billion dollars.

As homebuyers and corporate treasurers alike raced to lock in low interest rates, bond yields rose, with the yield on the US 10-year reaching nearly 1.75%, up from 0.93% at the start of the year. Commodity prices, particularly those linked with industrial activity such as iron ore and copper, jumped higher, while Brent crude rose to over US$60 per barrel, up 50% since November. The US dollar strengthened against most currencies on the back of rising US yields.

Sector performance reflected the improved economic outlook. Financials rebounded, aided by a steepening yield curve and surprisingly low credit defaults, while the Energy sector

MARKET PERFORMANCE (USD %)

MARKET	1Q 2021	TRAILING 12 MONTHS
CANADA	9.8	60.6
EMERGING MARKETS	2.3	58.9
EUROPE EMU	4.7	55.1
EUROPE EX-EMU	3.6	36.4
JAPAN	1.7	40.2
MIDDLE EAST	-0.3	40.0
PACIFIC EX-JAPAN	4.6	54.1
MSCI ACW EX-US INDEX	3.6	50.0

SECTOR PERFORMANCE (USD %)
OF THE MSCI ACW EX-US INDEX

SECTOR	1Q 2021	TRAILING 12 MONTHS
COMMUNICATION SERVICES	4.9	45.7
CONSUMER DISCRETIONARY	2.2	65.8
CONSUMER STAPLES	-2.5	22.5
ENERGY	9.8	37.4
FINANCIALS	8.5	50.9
HEALTH CARE	-3.6	22.7
INDUSTRIALS	5.3	58.4
INFORMATION TECHNOLOGY	3.6	82.9
MATERIALS	5.5	76.9
REAL ESTATE	3.6	29.4
UTILITIES	-1.1	29.1

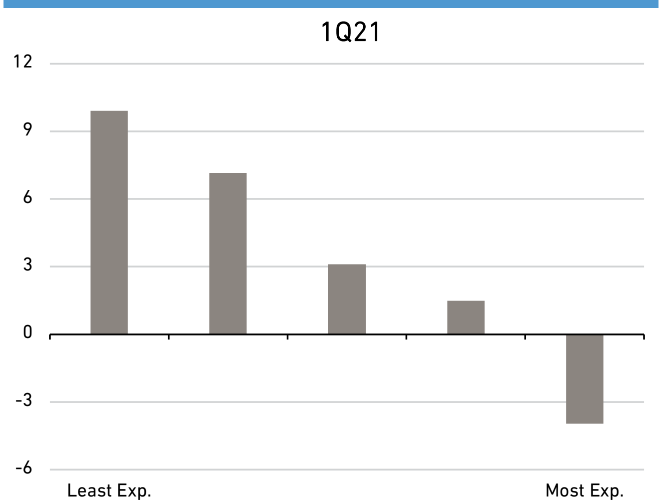
Source: FactSet (as of March 31, 2021); MSCI Inc. and S&P.

Companies held in the portfolio during 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, 2021 is available on page 10 of this report.

surged in lockstep with rising oil prices. Less cyclical sectors—Consumer Staples, Health Care, and Utilities—all finished negative for the quarter. By region, Canada was a big outperformer, helped by its large weighting in banks and Energy. In Europe, the UK posted strong returns on the back of its expansive vaccination program. Within Emerging Markets (EMs), weakness in Brazil due to the Bolsonaro administration's disastrous pandemic response was offset by strength in Taiwan and Russia, where the global semiconductor shortage and the rise in the oil price helped the former's Information Technology (IT) and latter's Energy companies, respectively. China trailed by about 400 bps.

Viewed by style, large divergence in performance between the ranges of valuation and quality stood out, extending the style shift that commenced in early November. The chart below shows how the performance gap between the cheapest and the most expensive quintile of global stocks reached a startling 15 percentage points over the last three months. Similarly, lower-quality companies, typically those with higher leverage and more volatile revenues and earnings, outperformed high-quality companies by almost nine percentage points. Shares of slow-growth companies outperformed, though all growth quintiles were positive for the quarter.

MSCI ACW EX-US INDEX TOTAL RETURNS BY VALUE RANK



Source: MSCI Inc., FactSet; Data as of March 31, 2021.

PERFORMANCE AND ATTRIBUTION

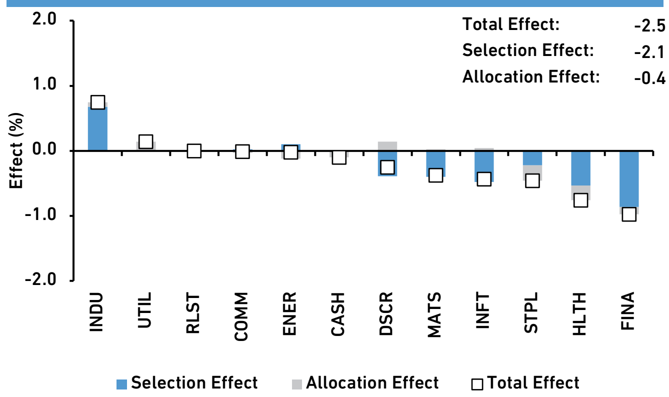
The International Equity ADR Portfolio rose 1.15% in the quarter, trailing the benchmark's 3.60% gain.

Most of the style trends outlined above were detrimental to our portfolio.

Our predilection for higher-quality sectors such as Health Care and Consumer Staples over the rebounding cyclical Energy

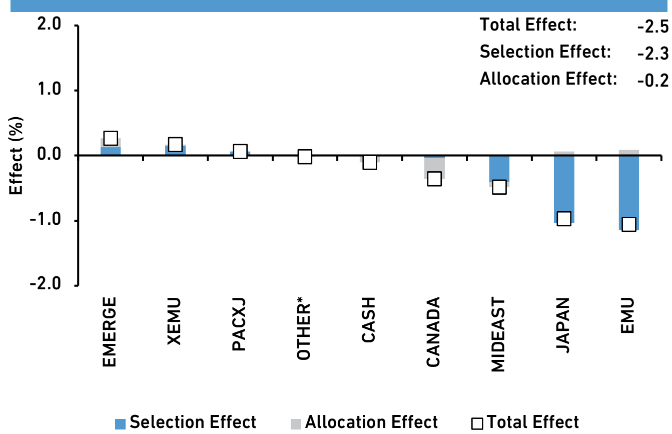
SECTOR PERFORMANCE ATTRIBUTION FIRST QUARTER 2021

INTERNATIONAL EQUITY ADR COMPOSITE VS. MSCI ACW EX-US INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION FIRST QUARTER 2021

INTERNATIONAL EQUITY ADR COMPOSITE VS. MSCI ACW EX-US INDEX



**Includes companies classified in countries outside the Index. Source: FactSet; Harding Loevner International Equity ADR 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.*

and Financials sectors detracted from relative returns, but the lion's share of the portfolio's underperformance stemmed from poor stocks across most sectors. Within IT, German enterprise software company **SAP** continued to labor with transitioning its business model to the cloud. Another software holding, Israeli security firm **Check Point**, saw its shares fall after announcing that investments to fund its future growth will reduce margins this year. In Financials, a slower-than-expected recovery of its sales to affluent Chinese individuals hurt returns from Hong Kong-based insurer **AIA Group**, and Brazil's deteriorating epidemiological and political environment weighed on local bank **Itaú Unibanco**.

Our Industrials holdings were the singular bright spot, particularly our Scandinavian holdings. Swedish cousins **Atlas Copco** and **Epiroc** benefited from recovering demand for compressors and rising commodity prices, raising expectations for expanded industrial, semiconductor, and mining capex. Danish industrial enzyme producer **Novozymes** also helped to (almost) bail out our relative returns in Materials as prospects for biofuels rebounded alongside oil prices.

By geography, weak stocks in Japan detracted as shares of **Chugai Pharmaceutical** fell, hurt by a muted three-year revenue growth outlook and falling off-label usage of its rheumatoid arthritis drug Actemra after study results dispelled its earlier promise at treating symptoms of COVID-19. Japanese consumer products manufacturer **Unicharm** also disappointed after an Indian factory fire temporarily slowed international sales growth. In Europe, German fragrance-and-flavor producer **Symrise** dropped on concerns about rising raw material prices, adding to the drag from SAP. Our underweight to top-performing Canada, which is heavily weighted toward the cyclical Financial and Energy sectors, also detracted from returns.

PERSPECTIVE AND OUTLOOK

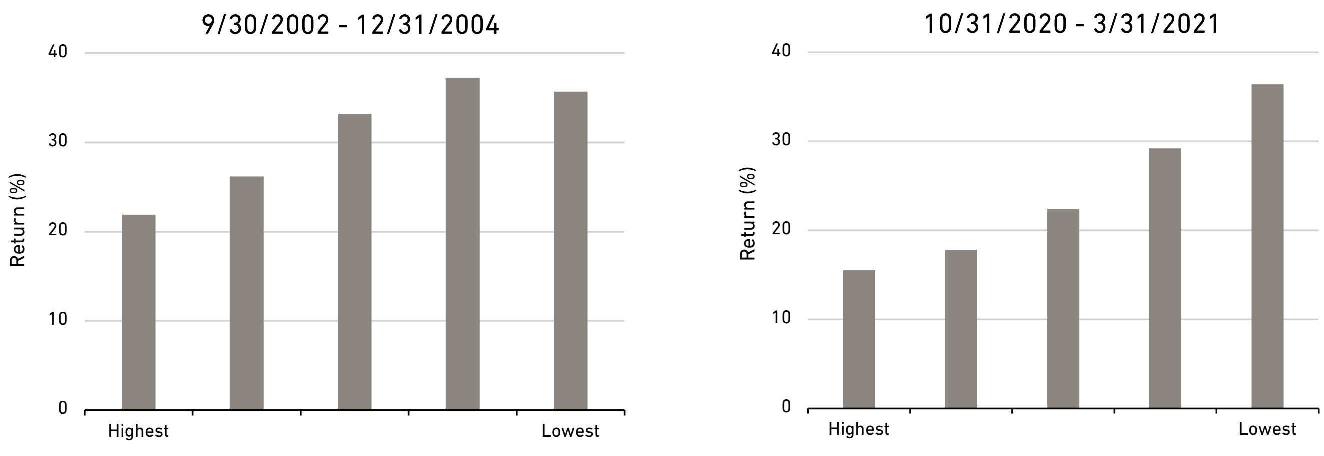
For the best part of our 30-year existence we've invested in high-quality, growing companies. That means we understand only too well the slings and arrows of outrageous fortune that the market occasionally hurls the way of our quality-focused portfolio. During the recovery from the prolonged bear market that followed the bursting of the tech bubble in 2000, we suffered one of our worst periods of relative performance. As the profit slump—at the time the deepest since the 1930s—dragged into its second year, the US Federal Reserve led other central banks in further rounds of cutting interest rates in a bid to spur a stronger recovery. Investors who had fled the securities of barely profitable or highly leveraged companies reconsidered their cautious stance. Companies that were priced as if they might be the next round of bankruptcies suddenly looked like probable survivors, and their share prices leapt higher as investors adjusted to the upgraded prognosis. As cyclical and financial risks receded, stocks of the most stable companies, with ultra-conservative balance sheets and resilient profit margins, no longer transfixed investors, whose eyes wandered to less-pristine corporate stories in hopes of a bargain. Over the ensuing 24 months, stocks of companies in the lowest tiers of quality, derided as junk, trounced by double digits those in the top tiers. Harding Loevner's International Equity ADR Strategy significantly trailed the benchmark in both 2003 and 2004.

Judging by the performance of the different quintiles of the market sorted by our proprietary quality rankings, the shift in market style that coincided with the early November release of vaccine efficacy results matches in many ways the pattern of 2003-2004, and then some. The charts below compare the performance by quality quintile for each period. Whereas two decades ago it took over two years for the bottom quintile to outpace the top by thirteen percentage points, this latest go-round has produced a 21 percentage point gap between the same two groups in just five months, with a mostly monotonic progression of performance down the tiers of quality: the worse you were, the better you did.

The earlier episode drove home the perils of being too risk-averse! While wallowing in the depths of a deep recession and long bear market, we took comfort from the resilience and reasonable valuation of the best companies and—despite the obvious chasm in relative valuations that had opened up between stocks of the best and the next-best, let alone the worst—ultimately lost sight of the opportunity cost of future returns from what we did not own.

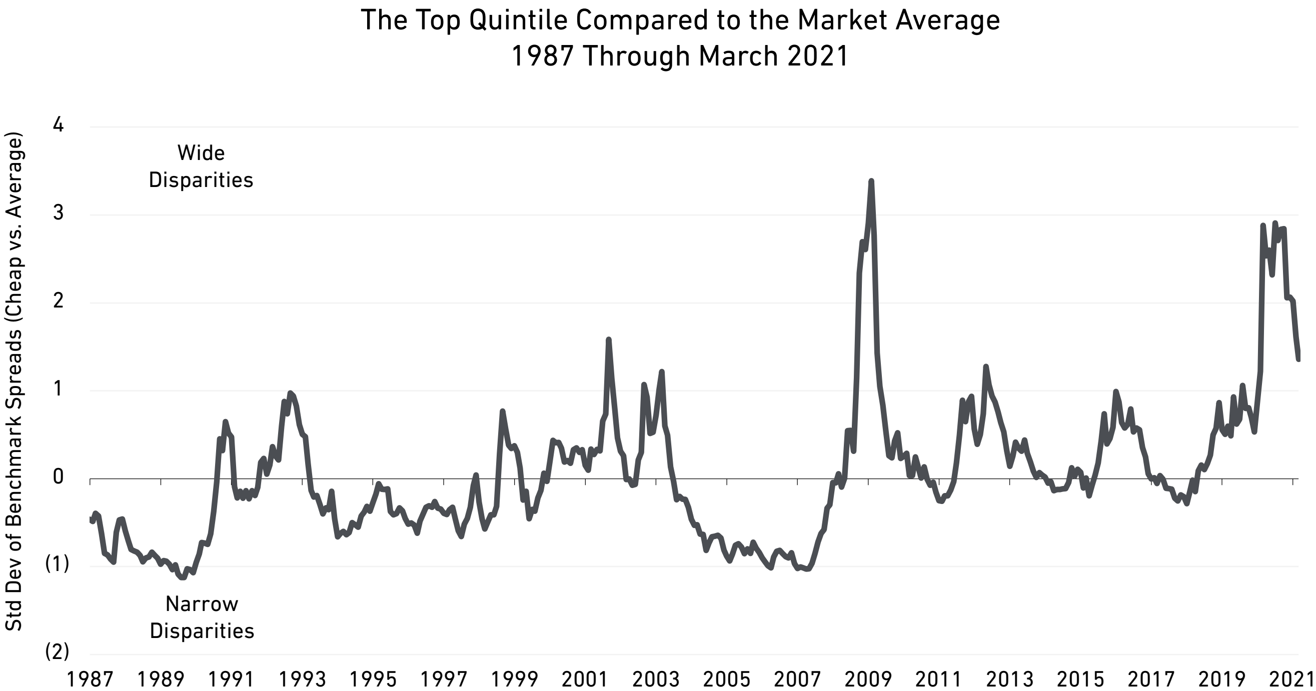
Over the last couple of years, as valuations for high-quality and rapidly growing companies have risen steadily, we've had to make difficult trade-offs in attempting to balance our commitment to these company attributes against the prices their shares fetch. Historically our debate has mostly concerned the

MSCI ACW EX-US INDEX TOTAL RETURNS BY QUALITY RANK



Source: MSCI Inc., FactSet; Data as of March 31, 2021.

DEVELOPED AND EMERGING MARKETS (EX-US) VALUATION SPREADS



Source: Empirical Research Partners Analysis, 2021.

trade-off between valuation and growth, but in this nascent recovery from the pandemic, the real issue—at least as far as relative performance goes—has turned out to be related more to trading off valuation against quality. Growth, in contrast to quality, has not been a particularly good predictive factor recently: only the fastest growth quintile (sorted by our growth metric) has seriously lagged the Index, while the other 80% of the market matched or bettered the market's average performance since the beginning of November.

Historically our debate has mostly concerned the trade-off between valuation and growth, but in this nascent recovery from the pandemic, the real issue—at least as far as relative performance goes—has turned out to be related more to trading off valuation against quality.

Although both high quality and faster growth have become highly priced in recent times, we've made no attempt to predict either inflation or interest rates, despite recognizing how these inputs have an immediate impact on stock valuations through their influence on discount rates. Considering such attempts is a fool's errand, we do, however, recognize the value of certain market indicators, and take them for what they are: crowd-sourced forecasts. (See "TIPS to What's Really Going on with Inflation," page 8.)

We can't help but wonder whether the renewed investor attention to valuation is only getting started: indeed, a look at prior episodes of stretched valuation disparities makes us cautious to sound an "all clear" on the recent value shift.

Based on the above data from Empirical Research, the 2002-2004 junk rally continued until the spreads of the *least* expensive stocks went below their average discount to the market; as shown, the current move has only got them halfway back to their average discount levels. There could be more pain to come for holders of expensive high-quality growth companies.

Still, rather than try to predict changes in interest rates and discount rates and the timing of market cycles, we remain focused on discerning the enduring characteristics of companies themselves—characteristics that tend to persist across business cycles and political eras. Our investment process is designed to give analysts the freedom, with few exceptions, to "go anywhere," and locate the best businesses even in out-of-favor industries or countries. By keeping our opportunity set broad, always on the lookout for companies with strong competitive positions and secular growth tailwinds, the goal is to continuously furnish portfolio managers with sufficient raw materials from which to assemble diversified and differentiated portfolios of high-quality growing businesses. Our risk guidelines, including our portfolio limits on countries, sectors, and single companies, limit the worst of those inclinations, and we alter those limits only rarely and with great deliberation. Don't expect us to follow the current trend of some growth- and momentum-oriented investors and to jettison our single holding limits to amass larger stakes in our favorite companies.

PORTFOLIO HIGHLIGHTS

Even after the recent sharp underperformance of high-quality stocks, we remain concerned about stretched valuations. Over the quarter we bought a couple of high-quality companies at attractive prices. We also sold German sportswear brand **Adidas**, one of our more richly valued outperforming stocks, trimmed expensive stocks within the IT sector—both dominant Taiwan-based semiconductor foundry **TSMC** as well as German power semiconductor **Infineon**—and opportunistically added on weakness to some more attractively valued stocks such as Chinese e-commerce giant **Alibaba** and Russian oil and gas producer **Lukoil**. Our weight in the most richly valued group of stocks currently sits at just below one third of our portfolio, up from one fourth a year ago, but inline with our average of one third over the past 10 years.

A high valuation coupled with concerns for its future growth path were behind our Adidas sale. We were pleasantly surprised by the stock hitting new highs after recovering from its COVID-19-related sell-off despite its business suffering in 2020 due to store closures and retail weakness. But with the market pricing in a stronger rebound and higher growth than we believe are justified, we decided to sell and reinvest the proceeds in less richly valued and more plausible growth prospects.

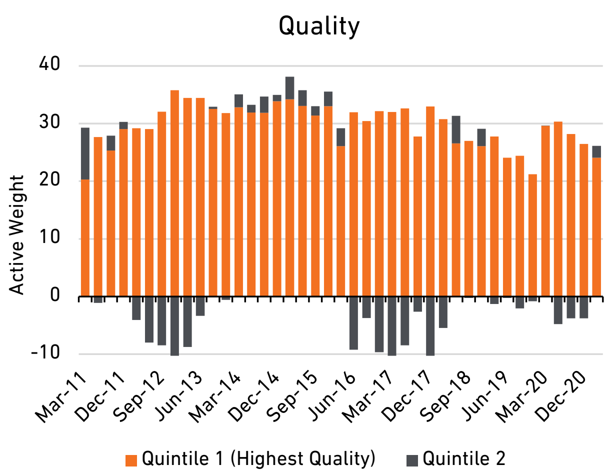
Our heightened attention to valuation has not come at the cost of company quality, with roughly half the portfolio comprised of companies in the top quintile of quality now, about the same as it was a year ago and on average over the last 10 years. The charts at the bottom of the page illustrate how our active weight in the most expensive quintile of valuation has declined (as the multiples have expanded still further), yet our active weight to quality has remained high.

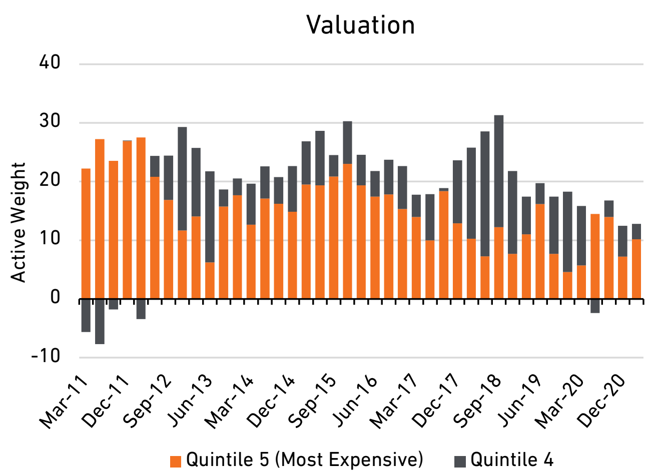
Given the emphasis our research process places on company quality, there's an effective floor on how low the measured quality of our portfolio can go, and over the last 10 years our weight in the top quintile of quality has never dipped below 40%. Our research process categorically rejects companies with teetering balance sheets that struggle to fund investments from insufficient cash flows, or startups with no history of profitability. While we've added cyclical exposure to our portfolio when these stocks looked relatively undervalued, the ones we own are underpinned by strong balance sheets, robust cash flows, and solid profitability. The few stocks that score as low-quality in our portfolio are typically either the result of transient events, accounting quirks, or are financial companies, which have inherently higher accounting leverage and lower return on assets, but where our analysts are nevertheless confident that these companies meet our fundamental quality standards.

Our purchase of Australian mining company **BHP** is an example of a quality company at a moderate valuation that should deliver attractive long-term returns. We believe the market has undervalued its enduring competitive advantage due to its low-cost iron and copper mining operations which has allowed the company to deliver consistent profits and cash flows across the inevitable ups and downs of the global metals cycle. While the variability of commodity prices prevents BHP from scoring in the top ranks of measured quality, we are willing to bear some of that uncertainty in return for a more attractive valuation given the company's strong business fundamentals.

The companies we own also tend to exhibit lower price volatility than average, another recent drag on relative performance given that low-volatility stocks have been even worse performers than

HL INTERNATIONAL EQUITY ADR PORTFOLIO ACTIVE WEIGHTS





Source: FactSet; Data as of March 31, 2021. Based on HL Intl Equity ADR Model Portoflio.

the high-quality segment over the last two quarters. We don't think the current market environment, when many investors appear keen to speculate, is the right time to embrace significantly higher volatility. That said, we are willing to bear some additional volatility if markets are willing to compensate us. We don't fear market volatility that flows from fearful investors, but dread the volatility associated with ebullient ones. We prefer to buy cheaply on investor fear (such as regulatory concerns in the case of adding to Alibaba, or volatile metals prices in the case of BHP), while avoiding the speculative areas of the market where investors appear eager to pay over the odds simply for the privilege of gambling.

By Edmund Bellord, Asset Allocation Strategist

Since we gather most of our insights close to the ground, where individual businesses actually compete, our collection of views about different companies rarely adds up to a coherent forecast for the bigger, economy-wide picture. But not forecasting the weather doesn't mean we don't peek out the window occasionally to see if we need an umbrella. Like many others, we can see the threatening cloud looming on the horizon as reflected in the steep runup in US bond yields. With it, we recognize the potential for a revival of US inflation and what that implies for interest rates and asset markets globally, not to mention the attendant unpleasantness associated with richly priced growth stocks, whose longer-dated cash flows leave their intrinsic valuations acutely exposed to escalating real interest rates. Still, while the step-up in yields (more correction than tantrum so far) portends a blustery near-term US inflationary outlook, it's too early to tell if this is just a passing squall or something more menacing.

The outlays this time are hugely popular (turns out people love getting checks!), and a powerful recovery will only serve to strengthen the inevitable future appeals for additional interventions to rebuild infrastructure, say, or to green the economy.

The rise in yields has paralleled the shift in political winds, commencing after the Democrats secured (precarious) control of the US Senate with their sweep of the Georgia senatorial runoffs in early January, and then accelerating with their passage in March of the American Rescue Plan Act (ARPA). The Act promises to shower the US economy with an additional two trillion of freshly printed dollars.

By some measures, this latest fiscal outlay, which comes on top of the more than US$3 trillion of aid doled out last year, is far greater than the output gap it's trying to plug. Moreover, the economy already appears to be humming along at a brisk clip in anticipation of an imminent return to something approaching normalcy following a successful vaccine rollout. Potentially adding fuel to the prospective fire is the doubtless pent-up demand for travel and leisure activities, pre-funded by a mountain of household savings thought to reach an additional US$1.6 trillion. If the literal spring break riots in Miami Beach are anything to go by, consumers are understandably impatient to go forth into the world incautiously after over a year of enforced abstinence. This tsunami of demand is set to wash over a pandemic-battered economy still scarred by business closures and supply disruptions—the classic problem of too much money chasing too few goods, which could over time morph into a vicious circle of steadily rising prices. Commodity prices have already leapt ahead, and you don't have to look far to see shortages, from semiconductor chips to pipes. Under the circumstances, an increase in the price level seems all but inevitable.

More ominous for those concerned about the longer-term fiscal outlook is the reshaping of the political narrative surrounding fiscal policy. Until just recently, drumming up fears of government bankruptcy was a reliable wedge issue with bipartisan lip service paid to the notion of fiscal rectitude. Recall the doctrinaire concern that greeted the Recovery Act of 2009. Serious observers across the political spectrum were up in arms at the time, intoning loudly at the danger poised to the nation's fiscal health from bailing out profligate bankers and borrowers. The legislation was deeply unpopular, exacted a steep political price from its backers, and arguably contributed to the US losing its previously unblemished credit rating. But there's no one to point the finger at for the causes of the pandemic, and for the first time in half a century—perhaps reflexively sensing the unspoken threat to the entrenched political order posed by the populist temper—monetary and fiscal policy are united in a common purpose: to defeat the virus's aftereffects. The resulting outlays this time are hugely popular (turns out people love getting checks!) and a powerful recovery will serve to strengthen the inevitable future appeals for additional interventions to rebuild infrastructure, say, or to green the economy.

Japan Says Hi

Given this backdrop it's no wonder that so many are warning of an inflationary upsurge. But not all the evidence is clear-cut in favor. For one, a steepening yield curve may signal higher inflation on the horizon, but it's equally plausible that it simply reflects a re-pricing of US growth expectations: a perspective that is bolstered by a strengthening US dollar, hardly a harbinger of an inflationary surge. Additionally, deficit hawks have been harping on about the dire fiscal situation over a hundred percentage points below that of Japan, a country that hasn't been able to shake off disinflation even more persistent than in the US, keeping Japanese bond yields near zero.

Most tellingly for us, the Treasury Inflation-Protected Securities (TIPS) market, the natural barometer of investor anxiety over prospective inflation, remains unruffled. One gauge of inflation fears is revealed by the difference in expectations for what inflation is likely to be at different

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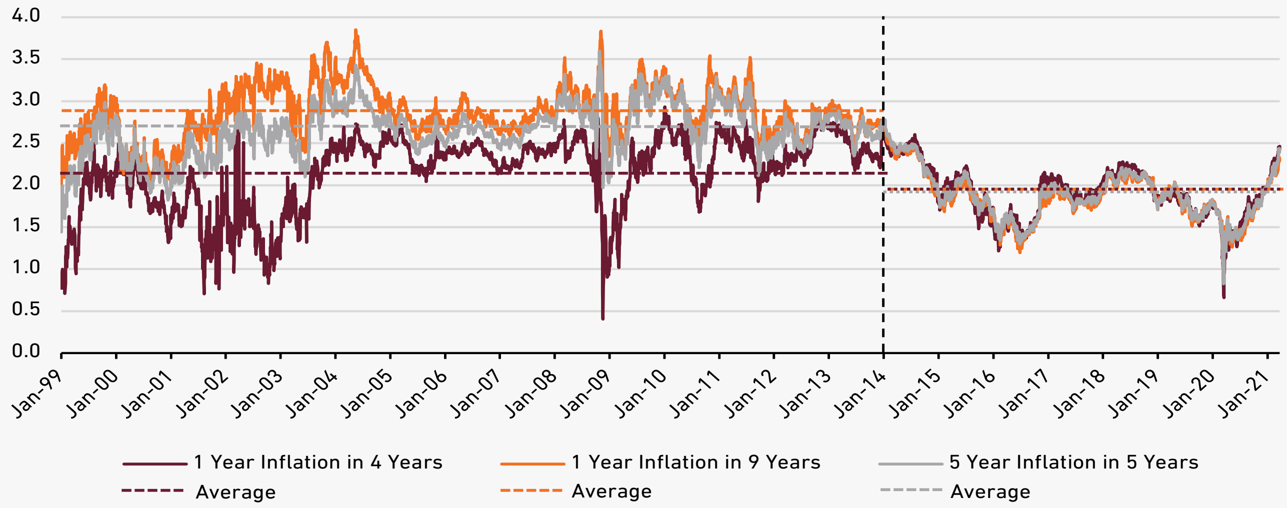
FORWARD BREAKEVEN INFLATION 1999-2021



Source: US Federal Reserve Board.

points in the future, captured by what are known as forward inflation "break-evens" (also calculated as the difference between yields on TIPS and regular Treasuries). As can be seen in the chart above, prior to 2014 and all the talk of secular stagnation, break-evens tended to increase with maturity. For instance, the expected one-year inflation rate four years in the future, as shown by the maroon line, tended to be reliably below the expected one-year inflation rate in nine years, shown in solid orange. The difference between the two roughly amounted to the increased reward on offer for bearing inflation risk further out in the future. But since 2014 the difference in break-evens of different vintages has collapsed with barely any difference in the expected premium for bearing inflation risk one year or a decade hence. And while real yields and inflation break-evens have both moved higher we've yet to see a return to the pattern that existed prior to 2014.

Since 2014 the difference in the measurements of what inflation is likely to be at different points in the future has collapsed, and barely any different in the expected premium for bearing inflation risk on year or a decade hence.

More to the point, prior to the pandemic, a full decade of aggressive monetary policy had failed to re-kindle growth in industrialized economies. Indeed, in some ways it may have made the situation worse, by artificially propping up asset prices and hindering the requisite reallocation of capital and labor. Several deflationary forces, including underlying global trade imbalances and deep wealth and income disparities, have only been further magnified by the pandemic and will not be easily unwound. While stimulating aggregate demand may help at the margin in the short term—replacing lost incomes and keeping businesses afloat—it's unlikely to have much of an impact on the ongoing mismatch between too much private savings and too little private consumption of actual goods and services, the bedrock of our low growth trap. And without addressing the deflationary substratum, any incipient inflation is likely to be strangled before it can take hold. At least that's what the TIPS market seems to be telling us. Just as the last round of tax cuts produced little more than a blink-or-you'll-miss-it growth spurt, once the effects of the additional spending have faded we may well also find ourselves back at square one, just with a lot more public debt.

INTERNATIONAL EQUITY ADR HOLDINGS (AS OF MARCH 31, 2021)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
TENCENT Internet and IT services	China	2.7
YANDEX Internet products and services	Russia	0.8
CONSUMER DISCRETIONARY		
ALIBABA E-commerce retailer	China	1.6
NITORI Home-furnishings retailer	Japan	1.0
CONSUMER STAPLES		
AMBEV Alcoholic beverages manufacturer	Brazil	1.0
DIAGEO Alcoholic beverages manufacturer	UK	1.3
FEMSA Beverages manufacturer and retail operator	Mexico	1.5
L'ORÉAL Cosmetics manufacturer	France	3.0
NESTLÉ Foods manufacturer	Switzerland	2.1
UNICHARM Consumer products manufacturer	Japan	2.0
UNILEVER Foods and consumer products producer	UK	1.5
ENERGY		
LUKOIL Oil and gas producer	Russia	1.7
ROYAL DUTCH SHELL Oil and gas producer	UK	1.2
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	3.6
ALLIANZ Financial services and insurance provider	Germany	2.6
BBVA Commercial bank	Spain	1.7
DBS GROUP Commercial bank	Singapore	3.0
HDFC BANK Commercial bank	India	1.2
ICICI BANK Commercial bank	India	1.5
ITAÚ UNIBANCO Commercial bank	Brazil	1.3
PING AN INSURANCE Insurance provider	China	1.5
HEALTH CARE		
ALCON Eye care products manufacturer	Switzerland	1.4
CHUGAI PHARMACEUTICAL Pharma manufacturer	Japan	1.6
CSPC PHARMACEUTICAL GROUP Pharma manufacturer	China	0.4
LONZA Life science products manufacturer	Switzerland	2.2
ROCHE Pharma and diagnostic equipment manufacturer	Switzerland	2.5
SHIONOGI Pharma manufacturer	Japan	1.0
SONOVA HOLDING Hearing aids manufacturer	Switzerland	1.4
SYSMEX Clinical laboratory equipment manufacturer	Japan	1.6

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
INDUSTRIALS		
ALFA LAVAL Industrial equipment manufacturer	Sweden	1.2
ATLAS COPCO Industrial equipment manufacturer	Sweden	3.8
CANADIAN NATIONAL RAILWAY Railway operator	Canada	1.1
EPIROC Industrial equipment manufacturer	Sweden	1.8
FANUC Industrial robot manufacturer	Japan	0.9
KOMATSU Industrial equipment manufacturer	Japan	1.6
KUBOTA Industrial and consumer equipment manufacturer	Japan	1.8
SCHNEIDER ELECTRIC Energy management products	France	2.6
SGS Quality assurance services	Switzerland	0.9
INFORMATION TECHNOLOGY		
ADYEN Payment processing services	Netherlands	4.2
CHECK POINT Cybersecurity software developer	Israel	2.3
DASSAULT SYSTÈMES Design and engineering software developer	France	3.2
INFINEON TECHNOLOGIES Semiconductor manufacturer	Germany	4.4
SAP Enterprise software developer	Germany	3.1
TSMC Semiconductor manufacturer	Taiwan	3.8
MATERIALS		
AIR LIQUIDE Industrial gases producer	France	1.0
BHP Mineral miner and processor	Australia	2.9
FUCHS PETROLUB Lubricants manufacturer	Germany	0.5
LINDE Industrial gases supplier and engineer	US	1.0
NOVOZYMES Biotechnology producer	Denmark	0.9
RIO TINTO Mineral miner and processor	UK	2.2
SYMRISE Fragrances and flavors manufacturer	Germany	1.5
REAL ESTATE		
No Holdings		
UTILITIES		
ENN ENERGY Gas pipeline operator	China	0.2
CASH		3.2

Model Portfolio holdings are supplemental information only and complement the fully compliant International Equity ADR 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.

1Q21 CONTRIBUTORS TO RELATIVE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG WEIGHT PORT	AVG WEIGHT INDEX	EFFECT
ATLAS COPCO	INDU	3.5	0.2	0.46
INFINEON TECHNOLOGIES	INFT	4.3	0.2	0.30
EPIROC	INDU	1.6	0.1	0.28
DBS GROUP	FINA	2.7	0.1	0.25
TSMC	INFT	4.2	2.0	0.20

LAST 12 MOS CONTRIBUTORS TO RELATIVE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG WEIGHT PORT	AVG WEIGHT INDEX	EFFECT
INFINEON TECHNOLOGIES	INFT	4.4	0.2	3.49
TSMC	INFT	4.3	1.7	2.05
ADYEN	INFT	3.4	0.1	1.80
ATLAS COPCO	INDU	3.3	0.2	0.83
EPIROC	INDU	1.4	0.1	0.69

1Q21 DETRACTORS FROM RELATIVE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG WEIGHT PORT	AVG WEIGHT INDEX	EFFECT
CHUGAI PHARMACEUTICAL	HLTH	2.0	0.1	-0.58
CHECK POINT	INFT	2.4	0.1	-0.48
UNICHARM	STPL	2.1	0.1	-0.34
ITAÚ UNIBANCO	FINA	1.4	0.1	-0.31
ADYEN	INFT	4.3	0.2	-0.30

LAST 12 MOS DETRACTORS FROM RELATIVE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG WEIGHT PORT	AVG WEIGHT INDEX	EFFECT
SAP	INFT	4.0	0.6	-0.82
CHECK POINT	INFT	2.5	0.1	-0.77
UNICHARM	STPL	2.4	0.1	-0.66
CHINA MOBILE	COMM	0.8	0.2	-0.61
CHUGAI PHARMACEUTICAL	HLTH	2.3	0.2	-0.56

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL INTL ADR	ACWI EX-US
PROFIT MARGIN[1] (%)	12.7	10.3
RETURN ON ASSETS[1] (%)	7.8	4.7
RETURN ON EQUITY[1] (%)	14.0	10.6
DEBT/EQUITY RATIO[1] (%)	52.0	62.3
STD DEV OF 5 YEAR ROE[1] (%)	2.9	3.6
SALES GROWTH[1,2] (%)	4.8	3.6
EARNINGS GROWTH[1,2] (%)	7.2	5.8
CASH FLOW GROWTH[1,2] (%)	9.2	8.9
DIVIDEND GROWTH[1,2] (%)	6.2	6.2
SIZE & TURNOVER	**HL INTL ADR**	**ACWI EX-US**
WTD MEDIAN MKT CAP (US $B)	67.9	44.3
WTD AVG MKT CAP (US $B)	126.7	103.6
TURNOVER[3] (ANNUAL %)	17.7	—

RISK AND VALUATION	HL INTL ADR	ACWI EX-US
ALPHA[2] (%)	1.92	—
BETA[2]	0.98	—
R-SQUARED[2]	0.93	—
ACTIVE SHARE[3] (%)	86	—
STANDARD DEVIATION[2] (%)	14.71	14.49
SHARPE RATIO[2]	0.74	0.63
TRACKING ERROR[2] (%)	3.9	—
INFORMATION RATIO[2]	0.47	—
UP/DOWN CAPTURE[2]	103/95	—
PRICE/EARNINGS[4]	29.4	19.7
PRICE/CASH FLOW[4]	19.1	12.1
PRICE/BOOK[4]	3.3	1.7
DIVIDEND YIELD[5] (%)	1.8	2.2

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Equity ADR Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 6, 2021, based on the latest available data in FactSet on this date.); Harding Loevner International Equity ADR Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
BHP	AUSTRALIA	MATS

POSITIONS SOLD	COUNTRY	SECTOR
ADIDAS	GERMANY	DSCR

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the charts 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 charts 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 International Equity ADR Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

INTERNATIONAL EQUITY ADR COMPOSITE PERFORMANCE (AS OF MARCH 31, 2021)

	HL INTL ADR GROSS (%)	HL INTL ADR NET (%)	MSCI ACWI EX-US[1] (%)	MSCI EAFE[2] (%)	HL INTL ADR 3-YR STD DEVIATION[3] (%)	MSCI ACWI EX-US 3-YR STD DEVIATION[3] (%)	MSCI EAFE 3-YR STD DEVIATION[3] (%)	INTERNAL DISPERSION[4] (%)	NO. OF ACCOUNTS[5]	COMPOSITE ASSETS[5] ($M)	STRATEGY ADVISORY ONLY ASSETS ($M)	FIRM ASSETS ($M)
2021 YTD[6]	1.15	0.99	3.60	3.60	17.63	17.39	17.47	N.A.[7]	188	1,143	8,959	74,230
2020	21.14	20.33	11.13	8.28	18.09	17.92	17.87	0.5	172	1,115	8,707	74,496
2019	23.56	22.71	22.13	22.66	12.35	11.33	10.80	0.5	187	985	7,952	64,306
2018	-13.36	-13.96	-13.78	-13.36	11.84	11.40	11.27	0.9	196	851	6,881	49,892
2017	29.66	28.79	27.77	25.62	11.93	11.88	11.85	0.7	167	903	8,098	54,003
2016	4.32	3.58	5.01	1.51	12.80	12.53	12.48	0.2	165	680	5,618	38,996
2015	-0.63	-1.30	-5.25	-0.39	12.52	12.13	12.47	0.3	165	630	4,016	33,296
2014	-0.16	-0.88	-3.44	-4.48	11.90	12.78	12.99	0.4	160	533	3,172	35,005
2013	14.93	14.10	15.78	23.29	15.03	16.20	16.22	0.7	159	520	3,063	33,142
2012	19.87	18.99	17.39	17.90	17.92	19.22	19.32	0.5	151	417	2,003	22,658
2011	-10.40	-11.08	-13.33	-11.73	21.86	22.74	22.45	0.3	167	365	1,186	13,597

[1]Benchmark Index; [2]Supplemental Index; [3]Variability of the composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; [4]Asset-weighted standard deviation (gross of fees); [5]Total product accounts and assets are 25,374 and $14,088 million, respectively, at March 31, 2021, include both separately managed and unified managed accounts, and include advisory-only assets; [6]The 2021 YTD performance returns and assets shown are preliminary; [7]N.A.–Internal dispersion less than a 12-month period. Strategy Advisory Only Assets and total product accounts and assets are supplemental information.

The International Equity ADR Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves. Securities are held in Depository Receipt (DR) form, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), or are otherwise traded on US exchanges. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index. From 1999 (when the net index first became available) through December 30, 2012, the index return is presented net of foreign withholding taxes. Beginning December 31, 2012, Harding Loevner LP presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the Composite. 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 ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 49 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The Index consists of 21 developed market countries. You cannot invest directly in these Indices.

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, 2020. 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.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Equity ADR Composite has had a performance examination for the periods January 1, 1990 through December 31, 2020. The verification and performance examination reports are available upon request.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Additional information is available upon request. Past performance does not guarantee future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate International Equity ADR accounts is 0.80% annually of the market value up to $20 million; 0.40% of amounts above $20 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 International Equity ADR Composite was created on August 31, 2000 and the performance inception date is December 31, 1989.

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