International Equity ADR

Quarterly Report | First Quarter 2023

HARDING LOEVNER

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Composite Performance

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

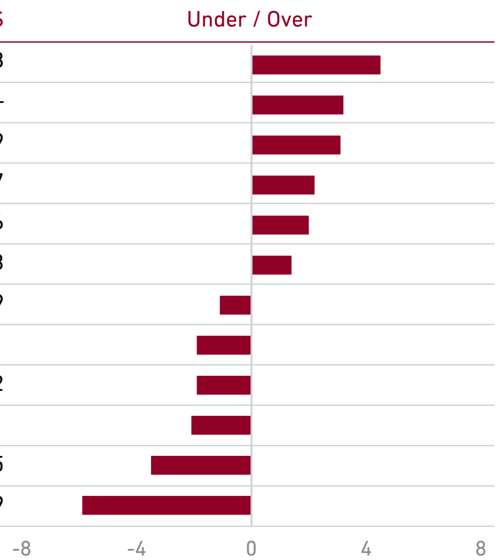
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL International Equity ADR (Gross of Fees)	8.65	-2.11	13.49	4.43	6.53	7.93
HL International Equity ADR (Net of Fees)	8.48	-2.78	12.72	3.72	5.79	7.09
MSCI All Country World ex US Index[4,5]	7.00	-4.56	12.32	2.97	4.65	5.01
MSCI EAFE Index[5,6]	8.62	-0.86	13.52	4.03	5.49	4.83

[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.

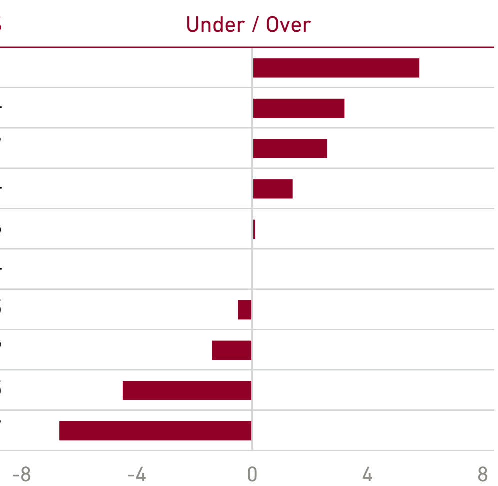
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL IADR	ACWI ex US
Info Technology	16.3	11.8
Cash	3.2	–
Cons Staples	12.0	8.9
Industrials	14.9	12.7
Health Care	11.6	9.6
Materials	9.7	8.3
Financials	18.8	19.9
Comm Services	4.2	6.1
Utilities	1.3	3.2
Real Estate	0.0	2.1
Energy	2.0	5.5
Cons Discretionary	6.0	11.9



Geography	HL IADR	ACWI ex US
Europe EMU	27.9	22.1
Cash	3.2	–
Pacific ex Japan	10.3	7.7
Other[7]	1.4	–
Europe ex EMU	20.7	20.6
Frontier Markets[8]	0.0	–
Middle East	0.0	0.5
Japan	12.5	13.9
Canada	3.0	7.5
Emerging Markets	21.0	27.7



[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.

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Market Review

Stock markets rose in the quarter. All regions finished in positive territory, despite stresses in the banking industry, both in the United States and abroad, and continued interest rate hikes by central banks.

At the start of the quarter, the rebound in stocks that began late last year accelerated with the index jumping by 8% in January. However, optimism turned to caution toward the end of the quarter due to the dramatic and sudden failure of Silicon Valley Bank, the go-to repository for venture capital firms and their investee companies. The failure marked the second-largest bank collapse in US history by assets, after Washington Mutual in 2008, which folded in the depths of the global financial crisis. Depositors fled regional banks for the presumed safety of larger institutions. A surge in borrowing from the US Federal Reserve's discount window—a crucial lending facility for short-term liquidity requirements—prompted the Fed to fashion a new borrowing program allowing banks to pledge securities at face value rather than market value to plug the holes in their balance sheets. As the crisis escalated, the central banks of the US, Canada, UK, Japan, Europe, and Switzerland took coordinated action to improve US dollar liquidity and ease global funding markets. The run spooked depositors beyond US shores, with Swiss banking regulators forced to intervene by ramming through an 11th-hour merger between UBS and its troubled rival, Credit Suisse—a controversial maneuver favoring equity holders over contingent capital bond holders, who had thought they were more senior. The MSCI non-US Bank Index gave back January gains to end the quarter just 1.1% higher.

Despite the turmoil, the result of sharp increases in interest rates and the consequent drop in bond values, central bankers continued with rate hikes to combat persistent inflation, albeit accompanied by a new, more cautious tone. The Federal Reserve raised its key policy rate by a quarter percentage point but signaled a slowing pace for future rate hikes. Similarly, the European Central Bank raised its benchmark rates by a substantial 50 basis points (bps) while simultaneously recognizing the need to address growing market jitters.

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

The Bloomberg Commodity Total Return Index fell 5%, as the economic outlook grew increasingly uncertain. Commodities that are particularly sensitive to economic conditions, such as oil and natural gas, experienced the biggest drop in value. In contrast, gold, a safe-haven asset, surged almost 10%.

Movement in currencies mirrored the commodity market where commodity exporting countries such as Norway and Australia saw their currencies decline relative to the USD with the exception of the Brazilian real which rose over 4%. Other major currencies such as the euro and British pound finished with modest gains.

> Style divergence featured prominently in the US, where the growth index thrashed the value index by almost 1800 bps. But style trends were less pronounced in other markets.

In contrast with warnings from the fixed income and commodity markets, non-cyclical sectors such as Utilities, Consumer Staples, and Health Care lagged, while Information Technology and tech-like sectors including Communication Services (social media and search engines) and Consumer Discretionary (e-commerce) posted double-digit returns.

MSCI ACWI ex US Index Performance (USD %)

Sector	1Q 2023	Trailing 12 Months
Communication Services	11.7	-6.6
Consumer Discretionary	11.3	2.1
Consumer Staples	6.6	1.5
Energy	-0.1	1.7
Financials	1.5	-6.8
Health Care	4.5	-3.9
Industrials	10.2	-1.2
Information Technology	17.3	-9.1
Materials	6.0	-10.1
Real Estate	-1.6	-19.4
Utilities	3.5	-5.3
Geography	**1Q 2023**	**Trailing 12 Months**
Canada	4.5	-12.3
Emerging Markets	4.0	-10.3
Europe EMU	14.3	6.4
Europe ex EMU	7.2	-2.2
Japan	6.4	-4.8
Middle East	1.0	-20.1
Pacific ex Japan	2.2	-7.4
MSCI ACWI ex US Index	7.0	-4.6

Source: FactSet (as of March 31, 2023). 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 March 31, 2023 is available on page 9 of this report.

International developed markets fared better than the US this quarter, a continuation of the nascent trend that began last year. The eurozone trounced other regions, delivering double the index return, helped by the mild winter that averted an energy crisis. Weakening commodities negatively impacted returns in both Canada and Australia. Despite resurgent domestic service demand following COVID lockdowns, China's reopening tailwind for stocks faded in the quarter alongside slowing manufacturing, which weighed on relative returns in Emerging Markets (EMs).

Style divergence featured prominently in the US, where the growth index thrashed the value index by almost 1800 bps. But style trends were less pronounced in other markets. Overall, stocks of higher-quality companies—those with higher profitability, more stable returns, and less leverage—modestly outperformed the benchmark, but significantly outperformed stocks of the lowest-quality companies.

Performance and Attribution

The International Equity ADR Composite rose 8.7% gross of fees, outpacing the 7.0% gain for the MSCI ACWI ex US Index.

The Consumer Staples sector delivered some of the strongest relative performance, with cosmetics producer **L'Oréal** and Coke bottler and convenience store operator **FEMSA** especially strong. Despite slowing global growth and extended lockdowns throughout 2022, L'Oréal continued to exhibit resilience with organic revenue growth reaching 8% in 4Q22 and 10.9% for the full-year 2022 outpacing growth for the global beauty market last year. FEMSA rallied after announcing a strategic review, which will refocus the company on its strongest businesses and divest non-core assets, punctuated by cutting its large stake in Heineken.

In Information Technology, semiconductor makers **Infineon Technologies** and **TSMC** both benefited from an improving market outlook. Infineon increased its 2023 guidance due to the auto market's underlying resilience and improved pricing power with OEM customers. Meanwhile, TSMC, although experiencing revenue declines currently, projected a cyclical recovery as soon as the second half of this year, and that demand for chips could increase due to the computing power required by large language models like ChatGPT.

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Our Financials holdings lagged the sector index, with **AIA Group**, the Asian life insurer, dragging down returns in a sector made nervous by the troubles of Credit Suisse and the bank failures in the US. **XP**, a Brazilian broker-dealer and financial services company, reported weak quarterly results due to the negative effects of higher interest rates on revenue growth.

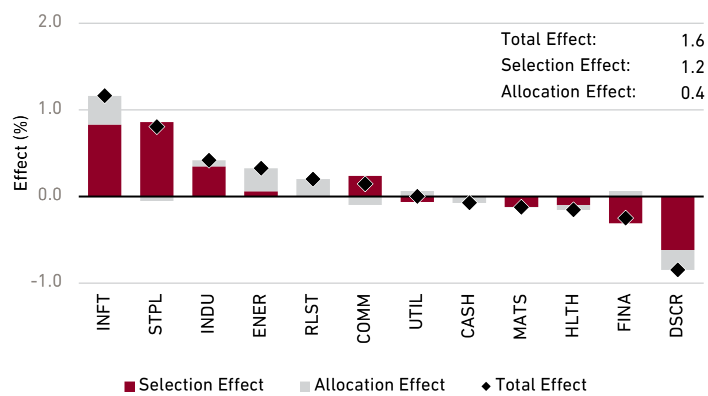
The Consumer Discretionary sector also detracted from performance. Shares of Chinese household appliance manufacturer **Haier Smart Home** fell on concerns over slowing U.S. demand for its appliances, especially given a potentially deeper U.S. economic slowdown following the regional banking crisis. The weaker yen dragged on Japanese furniture retailer **NITORI**, as the majority of its revenues are derived domestically while its products are imported. Our underweight also hurt as the sector outperformed the index. Within Health Care, Japanese pharmaceuticals manufacturer **Shionogi** detracted as investors continued to question the sustainability of revenue from Xocova, Shionogi's COVID anti-viral.

In terms of geographical performance, the eurozone emerged as the top-performing region, and our stocks did better still, fueled by the strong performance of Infineon, L'Oréal, and

First Quarter 2023 Performance Attribution

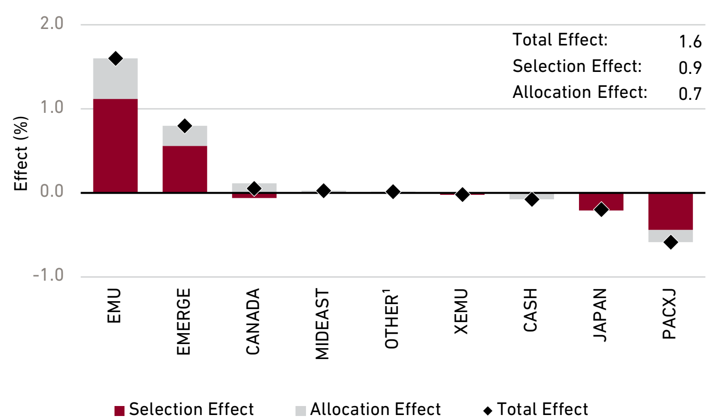
Sector

International Equity ADR Composite vs. MSCI ACWI ex US Index



Geography

International Equity ADR Composite vs. MSCI ACWI ex US Index



[1]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.

Schneider Electric. EMs, which lagged the index, were boosted by the improving outlook for semiconductor company TSMC. Mexico's FEMSA also contributed strongly to relative returns. Pacific ex Japan was the weakest region, primarily due to AIA and Singapore-based commercial bank **DBS Group**, which announced lackluster fourth quarter results, with weaker income due to decelerating loan growth and rising deposit costs.

Perspective and Outlook

We have long harbored a healthy skepticism toward financial businesses, given their frequent entanglement in crises and their inherent vulnerabilities in recessions. Banks, in particular, might seem unappealing at first glance, being low-return-on-asset (ROA) businesses that rely on financial leverage to boost their returns on equity to a level that is comparable with other businesses. So how do banks even get a look-in for consideration at Harding Loevner?

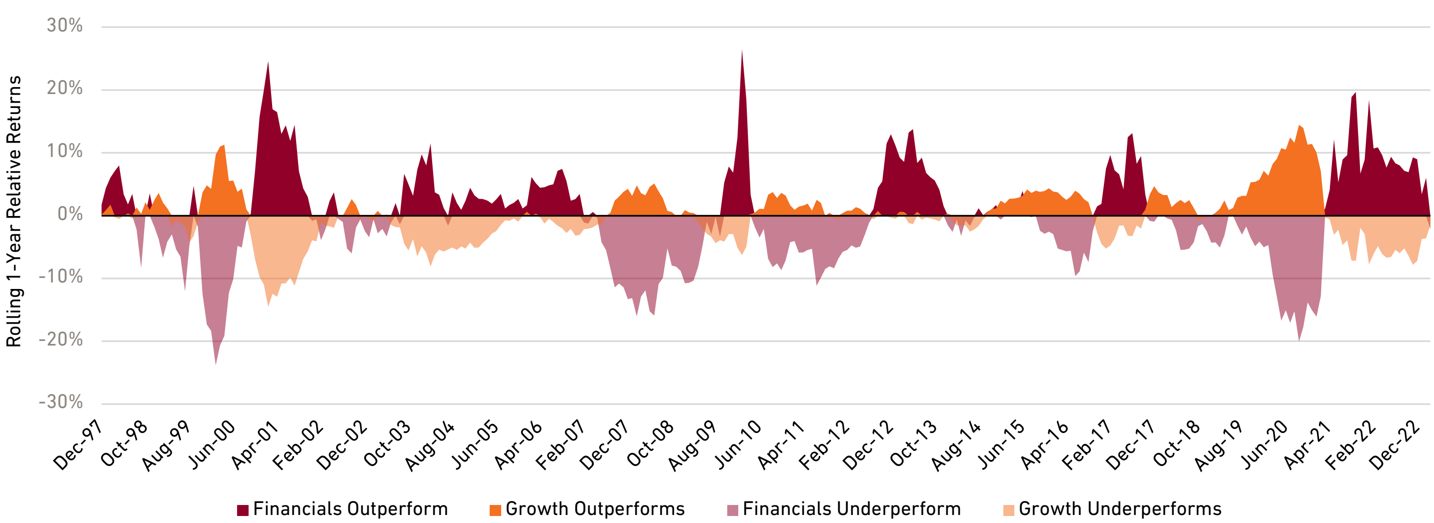
The answer rests with the important role banks can play in portfolio construction. While our investment process values growing, high-quality businesses, their biggest earnings lie far in the future—thus the share prices of these businesses tend to be exposed to rising interest rates. In contrast, the underlying business of many banks (and thus their share prices) can benefit immediately from these rising rates.

In a market where our investment style might face fierce headwinds, a meaningful allocation to banks and other Financials can add value when it is most needed. The problem is that we have little confidence in our ability to forecast precisely when those periods may be. As a result, we tend to hold some proportion of Banks and other Financials nearly all the time, in case such an environment arises without warning. To try and see if our internal reasoning matches up with empirical evidence, we've looked back over many years to examine whether holding Financials during periods of rising interest rates, when growth stocks typically struggle, has in fact yielded any benefits. The chart below demonstrates a consistent pattern of inversely correlated outperformance between Financials and growth stocks over the past 25 years.

Looking at the issue from a different perspective, we can ask whether it would have been beneficial to abstain from owning any banks or Financials for extended periods of time. To assess this, we compared the returns and tracking error relative to the ACWI ex US Index and quantified the cost in terms of tracking error from excluding financial companies. Not owning any Financials would have resulted in the portfolio exhibiting significantly higher volatility relative to the index (i.e., tracking error), increasing it by 25% over the past 20 years.

What kind of banks or Financials do we seek to own, though? We espouse a high-quality, growth investment philosophy, so it's no surprise that we seek to own banks and Financials that are higher-quality businesses than the average in that industry or sector. We prioritize financial strength and Financials with higher levels of regulatory capital, particularly those with a greater proportion of equity over other forms of capital. For banks, we prefer those with surplus deposits as they tend to be more stable (although the runs on SVB and Credit Suisse have miscast that strength as a weakness, likely due to the non-lending uses the managements chose for the surplus deposits) and have lower funding costs than banks that fund primarily from bond or wholesale money markets. We also seek Financials with higher profitability than their peers, or the potential for higher profitability. For banks, this means a lower cost-to-income ratio (a corollary of operating profit margins, which is often called the "efficiency ratio") as well as higher return on assets and return on equity—the latter, of course, susceptible to the flattery of financial leverage.

Periods of Outperformance of Financials and Growth vs. ACWI ex US



Source: Bloomberg; Data as of March 31, 2023

We evaluate management by examining their track record over extended periods, favoring those who insist on a culture of prudent credit policies as well as care over the extra risks incumbent with Financials, including the management of interest rate risks in the balance sheet, the bête noire of US banks today. Finally, we consider growth prospects, preferring Financials that operate in growing markets, as we have observed managements keen to grow far faster than their surroundings often do so by taking on hidden risks. This has led us to maintain an interest in EM Financials, as many of those countries have underdeveloped financial sectors and offer significant growth potential as financial penetration increases alongside rising incomes.

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Our holding in **HDFC Bank** illustrates our approach to investing in banks. Started in 1994 as a subsidiary of the oldest mortgage finance company in India, HDFC has become the country's leading private-sector bank by building a strong retail and corporate banking franchise based on technology and service in a market still dominated by state-run banks that sorely lack such services. The bank has an impeccable track record of risk management that has served it well over the cycles. The bank enjoys one of the best non-performing loan ratios in the industry of just 1.3%, much lower than peers. This consistent approach has allowed it to invest in both branch expansion and digital initiatives over the years without getting distracted by asset quality issues. The combination of operating efficiency, growing scale, a broadening product set, and a healthy nominal interest rate structure in India has afforded it strong profitability that can generate the capital needed to underpin its growth. That growth has itself been a feature of rising financial services intensity in a rapidly growing economy.

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We have a particular affinity for insurance companies, as compared with banks, since a larger portion of their funding is tied up in policies, with additional inflows coming from contractual premiums. This is an attractive feature, but it also leads to less transparency in their investment portfolios, as disclosure requirements are reduced and management's utilization of inflows is often hard to pin down. Similar to banks, we prefer insurers operating in markets with ample growth opportunities, and our holdings currently emphasize those with significant exposure to the underprotected-but-savings-rich economies in Asia, including AIA Group, **Ping An Insurance**, and **Manulife**.

Although we have relied on our allocation to Financials to help weather the headwinds faced by growth stocks over the past year, we are now noticing a decrease in those headwinds as valuations for the fastest-growing companies have improved. However, while better value is rekindling our interest in growth companies that previously fetched unpalatable prices, we harbor few illusions that we'll see a sustained return to an environment where valuations are disregarded entirely. For one, higher interest rates have pulverized growth investors who ignored valuations. Additionally, the recent instability in the banking sector has led the market to dramatically reprice the prospect for additional rate increases. Policy rates remain below inflation rates, a situation unlikely to contain inflation, as price pressures have shifted from energy and manufactured goods to services and wages, which have historically been more difficult to adjust. This supports the view that interest rates will stay high for a long time, barring a recession. The upshot is that valuation will remain a key for successful stock picking in the coming quarters and years.

Portfolio Highlights

The relative importance that other investors have placed on valuation isn't consistent. From 2018 through 2020, investors were enthralled by growth at any cost. Free money with low and stable inflation as far as the eye could see encouraged investors to seek out companies with growing revenues, with scant attention paid to the costs of generating that growth. But starting in 2021, as inflationary pressures began to reawaken from their long slumber and central banks aimed policies toward generating positive real interest rates in order to contain those pressures, valuation abruptly returned to the fore.

Today's investment climate appears more balanced. The deepest of deep-value stocks, which had fallen out of favor have had a nice rebound over the past two years, but their weaker business quality and lower growth make them more vulnerable to a downturn in the economic cycle caused by higher interest rates. With the cost of debt starting to pinch, the ability of high-quality companies to self-finance via profit reinvestment seems to offer an edge over both lower-quality asset-intensive firms that are well represented in value indexes and over the cash-burning immature businesses that are common among speculative growth stocks. Of note, we are beginning to see more companies with bright prospects trading at less demanding valuations.

We acquired shares of **Haleon**, a British company that ranks among the world's largest consumer health companies in terms of revenue. Its product portfolio includes oral, respiratory and digestive health, pain relief, and vitamins and minerals, including top brands such as Sensodyne toothpaste, Centrum vitamins, Advil and Panadol painkillers, Theraflu, and Flonase. Haleon sells these products globally, with about 38% of sales in North America, 23% in Asia Pacific, and the rest in Europe, the Middle East, and Latin America. This has resulted in about a 6% market share in global consumer health. Though most of its brands are long-established, Haleon went public only in 2022, the result of Pfizer and GSK merging their over-the-counter health care products into a single firm. Now that Haleon has been unleashed by its former parent companies to stand on its own as a leader in the consumer health industry with market dynamics distinct from drug discovery and development, we think it should deliver stable growth for years to come, with new opportunities arising from underpenetrated EMs. Yet our analysis suggests that Haleon's valuation is more attractive than many other companies within the Consumer Staples sector.

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We sold Woodside, an Australian-based producer of liquefied natural gas (LNG) and crude oil that we received as a spin-off from Australian miner BHP early last year. The company has a number of appealing virtues, including a strong balance sheet, an experienced management team, and, crucially, a low-cost and geopolitically secure source of natural gas. Europe's desperate need to replace Russian gas drove up LNG prices last year, with Woodside's profitability soaring to new heights. However, we expect this LNG scarcity and Woodside's unusually high profitability to diminish in the future, resulting in multiple years of sales and earnings declines. The projection of negative expected growth seems at odds with its high share price compared with our estimates of long-term fair value, and the shares no longer offered an appealing risk/reward trade-off.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

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International Equity ADR Holdings (as of March 31, 2023)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	1.4
Tencent (Internet and IT services)	China	2.8
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	2.7
Kering (Luxury goods manufacturer)	France	1.3
NITORI (Home-furnishings retailer)	Japan	1.0
Shimano (Bicycle component manufacturer)	Japan	0.9
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.1
FEMSA (Beverages manufacturer and retail operator)	Mexico	3.3
Haleon (Consumer health products manufacturer)	UK	0.7
L'Oréal (Cosmetics manufacturer)	France	2.7
Nestlé (Foods manufacturer)	Switzerland	1.5
Shiseido (Personal care products manufacturer)	Japan	1.1
Unicharm (Consumer products manufacturer)	Japan	1.6
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	2.0
Financials		
AIA Group (Insurance provider)	Hong Kong	3.9
Allianz (Financial services and insurance provider)	Germany	4.1
BBVA (Commercial bank)	Spain	1.8
DBS Group (Commercial bank)	Singapore	3.6
HDFC Bank (Commercial bank)	India	1.1
ICICI Bank (Commercial bank)	India	1.1
Manulife (Financial services and insurance provider)	Canada	1.8
Ping An Insurance (Insurance provider)	China	0.8
XP (Broker dealer and financial services)	Brazil	0.5
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.5
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.6
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.9
Lonza (Life science products manufacturer)	Switzerland	2.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	2.4
Shionogi (Pharma manufacturer)	Japan	1.1
Sonova Holding	Switzerland	1.1
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.0

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.5
Atlas Copco (Industrial equipment manufacturer)	Sweden	3.4
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	0.9
Epiroc (Industrial equipment manufacturer)	Sweden	1.7
Fanuc (Industrial robot manufacturer)	Japan	0.8
Komatsu (Industrial equipment manufacturer)	Japan	1.4
Kubota (Industrial and consumer equipment mfr.)	Japan	1.3
Schneider Electric (Energy management products)	France	3.0
Information Technology		
Adyen (Payment processing services)	Netherlands	2.9
Dassault Systèmes (CAD software developer)	France	2.5
Infineon Technologies (Semiconductor manufacturer)	Germany	4.7
SAP (Enterprise software developer)	Germany	2.3
TSMC (Semiconductor manufacturer)	Taiwan	3.9
Materials		
Air Liquide (Industrial gases supplier)	France	1.2
BHP (Mineral miner and processor)	Australia	2.8
Linde (Industrial gases supplier and engineer)	US	1.4
Novozymes (Biotechnology producer)	Denmark	0.8
Rio Tinto (Mineral miner and processor)	UK	2.0
Symrise (Fragrances and flavors manufacturer)	Germany	1.4
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	1.3
Cash		3.2

*Since March 7, 2022, we have fair valued our Russian holdings at effectively zero because we cannot trade the securities on their respective markets and we have not identified a reliable alternative fair value.

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.

1Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IADR	Avg. Weight ACWI ex US	Effect
Infineon Technologies	INFT	4.1	0.2	1.02
L'Oréal	STPL	3.4	0.4	0.45
FEMSA	STPL	3.1	0.1	0.42
Schneider Electric	INDU	2.9	0.4	0.28
TSMC	INFT	3.1	1.8	0.26

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IADR	Avg. Weight ACWI ex US	Effect
Infineon Technologies	INFT	3.4	0.2	0.91
FEMSA	STPL	2.7	0.1	0.55
BBVA	FINA	1.5	0.2	0.41
L'Oréal	STPL	3.6	0.4	0.41
ICICI Bank	FINA	2.1	0.2	0.30

1Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IADR	Avg. Weight ACWI ex US	Effect
AIA Group	FINA	4.0	0.5	-0.49
Haier Smart Home	DSCR	3.1	<0.1	-0.48
DBS Group	FINA	3.9	0.2	-0.36
Shionogi	HLTH	1.2	0.1	-0.21
ICICI Bank	FINA	1.3	0.2	-0.20

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IADR	Avg. Weight ACWI ex US	Effect
XP	FINA	0.8	–	-0.64
Sonova	HLTH	1.7	0.1	-0.50
Adyen	INFT	2.9	0.1	-0.46
Novo Nordisk*	HLTH	–	0.9	-0.35
Dassault Systèmes	INFT	2.6	0.1	-0.35

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

Portfolio Characteristics

Quality and Growth	HL IADR	ACWI ex US
Profit Margin[1] (%)	14.9	11.5
Return on Assets[1] (%)	7.4	5.8
Return on Equity[1] (%)	15.6	14.0
Debt/Equity Ratio[1] (%)	48.9	61.2
Std. Dev. of 5 Year ROE[1] (%)	2.9	4.6
Sales Growth[1,2] (%)	6.9	6.0
Earnings Growth[1,2] (%)	10.1	9.0
Cash Flow Growth[1,2] (%)	6.0	8.5
Dividend Growth[1,2] (%)	6.2	5.8
Size and Turnover	**HL IADR**	**ACWI ex US**
Wtd. Median Mkt. Cap. (US $B)	60.5	43.0
Wtd. Avg. Mkt. Cap. (US $B)	104.2	89.8
Turnover[3] (Annual %)	16.0	–

Risk and Valuation	HL IADR	ACWI ex US
Alpha[2] (%)	1.50	–
Beta[2]	1.04	–
R-Squared[2]	0.92	–
Active Share[3] (%)	86	–
Standard Deviation[2] (%)	18.68	17.21
Sharpe Ratio[2]	0.16	0.09
Tracking Error[2] (%)	5.4	–
Information Ratio[2]	0.27	–
Up/Down Capture[2]	112/103	–
Price/Earnings[4]	17.4	12.9
Price/Cash Flow[4]	13.0	8.4
Price/Book[4]	2.8	1.7
Dividend Yield[5] (%)	2.4	3.2

[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, gross of fees; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 5, 2023, based on the latest available data in FactSet on this date.); Harding Loevner International Equity ADR Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Haleon	UK	STPL

Positions Sold	Market	Sector
Woodside	Australia	ENER

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the International Equity ADR Strategy prorated by asset weight in the portfolio and subtracted from each security's return. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant 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, 2023)

	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)
2023 YTD[6]	8.65	8.48	7.00	8.62	19.60	17.10	17.90	N.A.	220	1,128	7,687	49,940
2022	-19.20	-19.76	-15.57	-14.01	20.80	19.24	19.95	0.3	225	1,069	7,329	47,607
2021	10.07	9.35	8.29	11.78	16.63	16.77	16.89	0.6	203	1,239	10,035	75,084
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

[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 25,219 and $11,767 million, respectively, at March 31, 2023, and include both separately managed and advisory-only assets; [6]The 2023 YTD performance returns and assets shown are preliminary; 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 46 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 Indexes.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through December 31, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Equity ADR Composite has had a performance examination for the periods January 1, 1990 through December 31, 2022. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

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

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate International Equity ADR accounts is 0.80% annually of the market value for the first $20 million; 0.40% above $20 million. Refer to Part 2A of our Form ADV for more details regarding our fees. 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.