International Equity ADR

Quarterly Report | Second Quarter 2024

HARDING LOEVNER

What's Inside

Market Review →
International equity markets inched higher this quarter, masking significant underlying divergence between sectors.

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

Perspective and Outlook →
Merger and acquisition activity has been increasing globally, rebounding from a ten-year low in 2023. Our stance toward acquisitions is one of caution. Historically, most mergers fail to boost operating profits.

Portfolio Highlights →
While political considerations are not a central element of our investment process, the undeniable impact of political outcomes on individual company performance cannot be overlooked. This is particularly true for financial institutions.

Portfolio Holdings →
Information about the companies held in the portfolio.

Portfolio Facts →
Contributors, detractors, characteristics, and completed transactions.

Get More Online

Insights →
View other reports.

Composite Performance

Total Return (%) — Periods Ended June 30, 2024

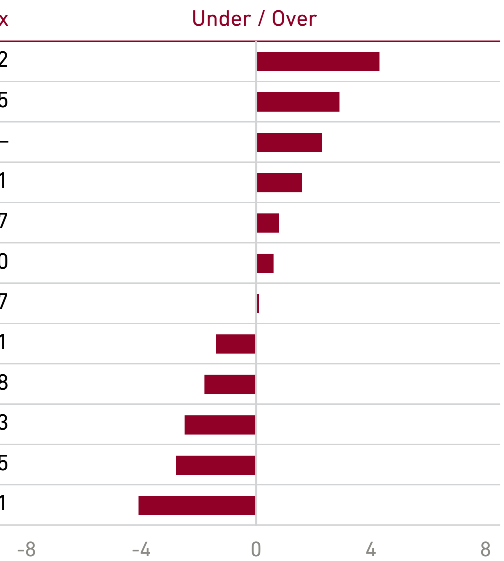
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Equity ADR (Gross)	0.69	2.97	7.01	0.01	6.80	5.96	7.97
HL International Equity ADR (Net)	0.52	2.63	6.28	-0.67	6.07	5.24	7.13
MSCI All Country World ex US Index	1.17	6.04	12.17	0.97	6.04	4.33	5.25
MSCI EAFE Index	-0.17	5.75	12.09	3.43	6.97	4.83	5.09

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. International Equity ADR composite inception date: December 31, 1989. MSCI All Country World ex US Index, the benchmark index, and MSCI EAFE Index, the supplemental index, are shown gross of withholding taxes.

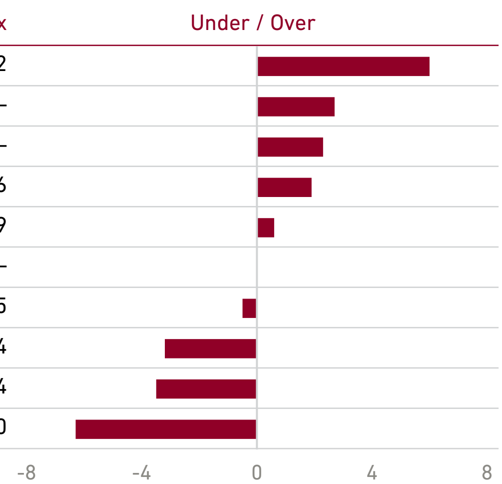
Past performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Cons Staples	11.5	7.2
Health Care	12.4	9.5
Cash	2.3	–
Materials	8.7	7.1
Financials	22.5	21.7
Info Technology	14.6	14.0
Industrials	13.8	13.7
Utilities	1.7	3.1
Real Estate	0.0	1.8
Comm Services	2.8	5.3
Energy	2.7	5.5
Cons Discretionary	7.0	11.1



Geography	HL	Index
Europe EMU	27.2	21.2
Other	2.7	–
Cash	2.3	–
Europe ex EMU	22.5	20.6
Pacific ex Japan	7.5	6.9
Frontier Markets	0.0	–
Middle East	0.0	0.5
Canada	4.2	7.4
Japan	10.9	14.4
Emerging Markets	22.7	29.0



"HL": International Equity ADR model portfolio. "Index": MSCI All Country World ex US Index. "Other": Includes companies classified in countries outside the index. "Frontier Markets": 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, FactSet, MSCI Inc. 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

International equity markets inched higher this quarter, masking significant underlying divergence between sectors, as good returns in Information Technology (IT), especially within the semiconductor industry, balanced out declines in other sectors.

Monetary policies continued to diverge in developed markets. The US Federal Reserve maintained the federal funds rate within the range of 5.25% and 5.5%, reflecting a cautious stance aimed at containing inflation while supporting growth. Despite earlier forecasts suggesting multiple rate cuts, markets are now pricing in just two rate cuts in 2024. Similarly, the Bank of Japan kept rates stable but further reduced its bond purchases; Governor Kazuo Ueda indicated that further rate hikes remain a possibility despite signs of economic weakness, including weak private consumption and rising living costs. In contrast, the European Central Bank lowered its key rate to 3.75% from 4%, making its first cut since 2019, even as wage cost pressures persist.

There was little change to the shape of the US yield curve, which remains inverted at roughly the same level as the previous quarter, indicated by the 10-year minus 3-month spread. Such inversion, where short-term rates rise above long-term rates, has frequently occurred in advance of past recessions, and typically un-inverted soon before the recession's start. However, the current inversion has persisted for nearly two years, making it the longest in post-war history and casting doubt on its reliability as a recession indicator in the current context.

MSCI ACWI ex US Index Performance (USD %)

Sector	2Q 2024	Trailing 12 Months
Communication Services	4.1	6.0
Consumer Discretionary	-4.6	2.3
Consumer Staples	-1.4	-5.5
Energy	1.6	19.8
Financials	2.9	19.6
Health Care	3.9	10.4
Industrials	-0.3	13.3
Information Technology	5.3	28.8
Materials	-1.7	5.8
Real Estate	-4.5	4.9
Utilities	2.5	4.4
Geography	**2Q 2024**	**Trailing 12 Months**
Canada	-1.9	9.5
Emerging Markets	5.1	13.0
Europe EMU	-2.1	10.7
Europe ex EMU	4.2	14.1
Japan	-4.2	13.5
Middle East	-4.0	24.2
Pacific ex Japan	2.5	7.0
MSCI ACWI ex US Index	1.2	12.2

Source: FactSet, MSCI Inc. Data as of June 30, 2024.

While inflation appears under control in most countries and bond yields remain stable, recent election results have introduced new volatility in both developed and emerging markets. In Europe, far-right parties made significant gains in the parliamentary elections in the European Union. French President Emmanuel Macron reacted to his party's rout at the ballot box by hastily calling for snap legislative elections, prompting French markets to fall. In Germany, Chancellor Olaf Scholz's center-left Social Democrats also received a drubbing as their support plummeted, now polling behind the extreme-right wing Alternative for Germany (AfD) party, although with elections there more than a year away, markets were calmer. In another anti-incumbent outcome, the Labour party secured the majority in UK Parliament, bringing an end to Conservative Rishi Sunak's20-month tenure as Prime Minister, and to the Tories' 14-year hold on power.

> When viewed by sector, last quarter's pattern of strong gains in IT continued. IT was the best performing sector, though returns within the sector were bifurcated, as industries with direct artificial intelligence (AI) beneficiaries such as semiconductors & semiconductor equipment surged by double digits, while software & services fell.

Indian markets cratered 6% immediately after Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) failed to secure a majority in that country's elections, which means that he will need to seek alliances across party lines to secure his third term, rather than govern untrammeled by the need for compromise. That reaction proved short-lived, however, as the market recovered to reach new highs by quarter-end. In Mexico, Claudia Sheinbaum's decisive victory over Xóchitl Gálvez led to a larger drop in Mexican stocks, as investors braced for populist policies as her party's gains in the legislature may lead to an unconstrained majority.

The ongoing weakness of the Japanese yen remained the headline story in currency markets, as it fell another 6% against the dollar, reaching its lowest level since 1990. The decline appears to be caused by local investors seeking higher real yields outside their domestic market, as policies remain targeted at stimulating inflation. Emerging market currencies in Latin America fared even worse: the Brazilian real and Mexican peso both dropped more than 9%, weighed down by narrowing interest rates differentials with the US dollar, and, in the case of the peso, the election results.

Companies held in the portfolio at the end of the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at June 30, 2024 is available on page 9 of this report.

When viewed by sector, last quarter's pattern of strong gains in IT continued. IT was the best performing sector, though returns within the sector were bifurcated, as industries with direct artificial intelligence (AI) beneficiaries such as semiconductors & semiconductor equipment surged by double digits, while software & services fell. Communication Services also outperformed, as social media and gaming giant **Tencent** rallied, offsetting weakness from the telecommunication services industry. More prosaically cyclical sectors declined, including Consumer Discretionary (autos, durables), Industrials (capital goods), and Materials.

Emerging Markets (EMs) rose the most this quarter, as Taiwan soared due to returns from chip powerhouse **TSMC**. Indian stocks recovered to new highs, and the heavyweight Chinese market rebounded with a 7% gain, while investors cheered South Africa's historic coalition between the ANC and the National Party, shutting out both the corrupt former president and the hard-left labor Unionist party. These markets offset poor returns in other EMs such as Brazil and Mexico, which fell by 12% and 16%, respectively. While European markets outside the monetary union rose, within the eurozone markets fell, as election results weighed on returns in France and Germany. Japan also declined, unable to overcome the yen weakness, unlike its gains earlier in the year.

Shares of faster-growing companies once again outperformed their slower-growing peers, with the top quintile of growth stocks returning more than 5% while the other 80% of the market combined to return next to nothing. Returns for the highest-quality companies, characterized by lower leverage and more stable returns on capital, fared slightly better than those of lower quality, but overall the factor was mixed. The MSCI All Country World ex US Quality Index, which features large weights in TSMC, ASML, and Novo Nordisk, outperformed the core index by 100 basis points (bps). There was no clear pattern in returns based on expensiveness, except for the Japanese, Chinese, South Korean, and Indian markets, where cheaper stocks again outperformed more richly priced stocks. In Japan, the return spread between the cheapest and most expensive quintiles was nearly 700 bps, bringing the year-to-date gap to an eye-watering 1,500 bps.

Performance and Attribution

The International Equity ADR composite rose 0.7% gross of fees in the quarter, not far behind the 1.2% gain for the MSCI All Country World ex US Index.

The portfolio had two main drags on its performance, one from regional exposure and one from sector stock-picking.

Our Latin American holdings, which are over double the small weight of the region in the Index, performed significantly worse than most stocks elsewhere. Additionally, our holding in **BBVA**, the Spanish bank that controls the largest and most profitable bank in Mexico, was also a substantial detractor.

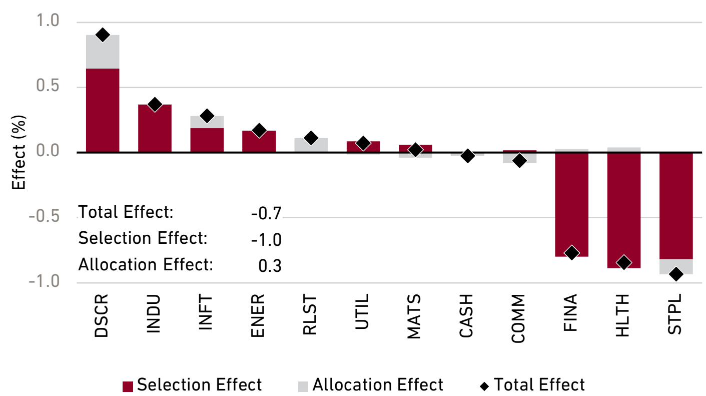
Within Health Care, Japanese biopharma holdings **Chugai Pharmaceutical** and **Shionogi** continued to weigh on returns, with Shionogi disclosing that its candidate weight-loss drug showed less favorable results in clinical trials than currently available treatments, while Chugai shares sagged on a competitor's potential drug to challenge the dominance of Hemlibra, Chugai's hemophilia treatment. **Genmab** lagged on expense worries, although it reported progress on its cancer drugs in the pipeline. Not owning Novo Nordisk, the weight-loss drugmaker, again hurt relative returns.

Some of this poor performance was offset by good stocks within the IT sector, especially from TSMC, whose shares continued to soar on sustained demand for AI-related chips for NVIDIA and

Second Quarter 2024 Performance Attribution

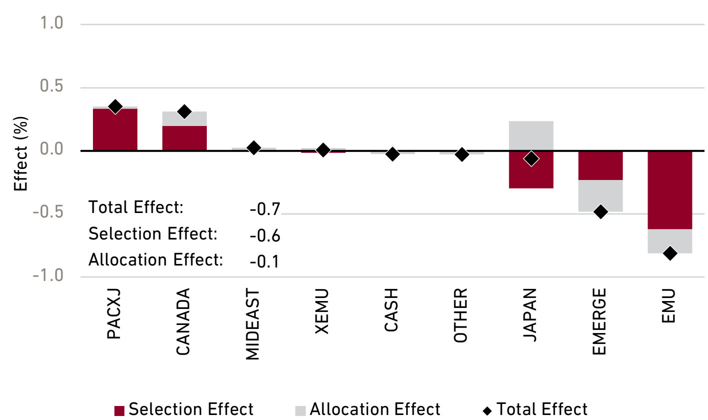
Sector

International Equity ADR Composite vs. MSCI ACWI ex US Index



Geography

International Equity ADR Composite vs. MSCI ACWI ex US Index



"OTHER": Includes companies classified in countries outside the index.

Source: Harding Loevner International Equity ADR composite, FactSet, MSCI Inc. Data as of June 30, 2024. 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.

others. **Infineon Technologies**, the power management chipmaker, clawed back some of last quarter's drop, and **SAP** also rose after the company provided more details about AI features coming to its enterprise management software and suggested cloud customer uptake is accelerating.

Perspective and Outlook

Merger and acquisition (M&A) activity has been increasing globally, rebounding from a ten-year low in 2023. Data from Bloomberg indicates that US$1.9 trillion in deals have been announced or completed thus far in 2024, marking a 16% increase from the same period last year. This resurgence suggests that management teams are more optimistic about business prospects and more confident in their ability to create value through acquisitions.

Management of companies in our portfolio have been weighing M&A transactions, and since our holdings are typically among the most profitable and financially robust in their industries, they tend to be acquirors, rather than acquisition targets. As companies in our portfolio propose to acquire another firm, we have to evaluate our investment thesis, assess the quality of management, and understand corporate governance practice as we scrutinize each proposed transaction.

Our stance toward acquisitions is one of caution. Historically, most mergers fail to boost operating profits. While overpaying for a target is a common pitfall, numerous other execution risks inform our skepticism toward M&A.

Creating value from mergers can be challenging, as buyers must successfully integrate the operations, processes, and cultures of two distinct businesses while also achieving the operational targets that justified the acquisition in the first place. Effective integration is crucial for long-term value creation. **ASSA ABLOY**, one of our portfolio companies, has a track record of successful integration through smaller bolt-on acquisitions. This repeated practice has honed its integration capabilities—a case of "practice makes perfect." Over the past decade, ASSA ABLOY has more than doubled its earnings per share through a combination of organic growth and strategic acquisitions worth several billion dollars, all while enhancing its operating margin and return on assets.

In contrast to this type of smaller acquisition, we were apprehensive about **Sony**'s potential acquisition of Paramount. Sony's entertainment arm primarily focuses on content creation, while Paramount is more involved in content distribution through its TV networks and streaming platform. This difference in business models raised concerns about the integration challenges Sony would face and begged the question of the logic of merging these diverse operations. However, after discussions with Sony management, we were relieved to discover they shared our concerns and aimed only to acquire Paramount's content creation business. Such a transaction—focused on Sony's core business—would be less risky and more likely to enhance value for Sony.

Another problem that bedevils M&A is that acquiring companies often are operating with incomplete or inaccurate information about a target that will only come to light after an acquisition has been completed. An example of how to mitigate this risk comes from **BHP**, the Australian mining leader we own. When BHP recently made an offer to acquire its competitor Anglo American, BHP made it a condition of the offer that Anglo American divest several significant, but non-strategic, businesses before merging. Perhaps because of these precautions, the deal fell through when Anglo's board declined to accept the terms, viewing them as an undue burden given the price BHP was offering. After an improved offer that was also rejected, BHP's management decided to end discussions. This decision to step back demonstrated strong capital discipline and reinforced our confidence in management.

> Creating value from mergers can be challenging, as buyers must successfully integrate the operations, processes, and cultures of two distinct businesses while also achieving the operational targets that justified the acquisition in the first place. Effective integration is crucial for long-term value creation.

We have observed that integration is more challenging and complex when the operational infrastructures and environments of the buyer and target differ significantly. This complexity escalates with the size of the target; larger targets introduce more potential points of failure. Conversely, this risk decreases when acquisitions are horizontal—when a company acquires a direct competitor. In such cases, the acquirer has intimate knowledge of the industry, products, and strategic factors impacting the target. This familiarity reduces integration risks, increasing the likelihood of a successful merger.

BBVA's proposed acquisition of Banco Sabadell (Sabadell) represents a strategic horizontal merger. As Spain's second largest bank by assets, BBVA aims to absorb Sabadell, the fourth largest, thereby consolidating a significant competitor and strengthening its footprint in the key market of Catalonia where it is under-represented. Familiar with the terrain, BBVA understands the potential risks and synergistic opportunities, notably in cost savings from external IT services—a significant expenditure for both banks.

This merger would allow BBVA to integrate operations in a more deliberate and value accretive manner, including affording Sabadell management the helm of the combined middle-market (SME) business, which is Sabadell's strength. BBVA's experience with mergers during the European debt crisis in 2012, including its acquisition of Catalunya Banc which shares a regional focus with Sabadell, provides a strong template for integrating teams and cultures successfully.

BBVA has been at the forefront of digital banking, and the proposed integration of Sabadell into its technology framework is expected to be welcomed by Sabadell's customers and staff.

The limited execution risks are partly underscored by a previous merger attempt initiated by Sabadell four years ago, which failed to materialize due to pricing and due diligence concerns by BBVA. This prior engagement suggests both banks are well-acquainted with the potential for cost efficiencies, further smoothing the path for this acquisition.

> We have observed that integration is more challenging and complex when the operational infrastructures and environments of the buyer and target differ significantly. This complexity escalates with the size of the target; larger targets introduce more potential points of failure.

Last summer, we were supportive when HDFC Limited merged with its listed subsidiary, **HDFC Bank**, the largest private bank in India, known for its large and diverse deposit base. HDFC Bank's primary focus has been business lending and consumer credit including personal loans, credit card, and auto loans. In contrast, HDFC Limited primarily engaged in mortgage lending, funded predominantly via wholesale markets, while also owning top-tier insurance and asset management businesses.

The strategic rationale for merging these entities was compelling due to the highly complementary nature of their operations. The merger gave HDFC Bank a broader array of financial products to cross sell to its large client base and promised cost synergies by substituting HDFC Bank's lower cost deposits for HDFC Limited's costlier wholesale funding. Since HDFC Bank was already an affiliate of HDFC Limited, we perceived minimal due diligence risk and expected a smooth integration of management teams and corporate cultures.

Although the integration has progressed as planned, the full realization of cost synergies has been delayed due to tight liquidity and intense competition in India's funding markets. Additionally, the scrip-based merger led some shareholders to hold disproportionately large amounts of stock in the combined entity; their attempts to reduce their single-entity exposure has led to downward pressure on HFDC's share price. However, we maintain a positive outlook on the combined bank, believing these pressures to be transient. The long-term benefits, including structural improvements in net interest income and enhanced cross-selling opportunities, remain promising.

M&A is a double-edged sword—it often risks destroying value, yet when executed properly, it can significantly enhance it. Our investment philosophy centers on identifying and investing in high-quality businesses characterized by robust balance sheets and capable management teams. These attributes enable such companies to capitalize on favorable market conditions and acquire assets that bolster their competitive edge. But it remains crucial for management teams of our portfolio companies to have the acumen to recognize the risks as well as the opportunities in every transaction.

Portfolio Highlights

In 2024, more than 50 significant national elections will take place globally, culminating in the US presidential election in early November. While political considerations are not a central element of our investment process, the undeniable impact of political outcomes on individual company performance cannot be overlooked. This is particularly true for financial institutions, which are acutely susceptible to these influences due to their concentrated focus on domestic markets, and because of their greater sensitivity to both regulatory and monetary policy shifts.

Our financial holdings are notably exposed to emerging markets, both directly and indirectly, as our growth-oriented investment criteria can often favor regions with faster-growing economies that are experiencing accelerating penetration of financial services, from lending to insurance. We estimate over 40% of our financial holdings' profits come from emerging markets. But this approach has a catch—namely heightened country risks, including economic and regulatory uncertainties, as well as political ones.

Early in the quarter, Singapore, which fully transitioned from an emerging to a developed economy decades ago, experienced a seamless leadership handover. The new prime minister, Lawrence Wong, took office with minimal market disruption despite being the first leader from outside the Lee family since 1959. As leader of the long-ruling People's Action Party, Wong was hand-picked by the outgoing prime minister Lee. This drama-free political transition allowed our long-held position in **DBS Group** to rise serenely. While electoral stability is favorable to ongoing investments, it ironically eliminates the fluctuations that active investors might seize on for lucrative trading opportunities.

Historically, political uncertainty has created appealing entry points for us to invest in emerging market banks. Last year, for instance, we capitalized on such a moment by acquiring shares in Peru's **Credicorp** after a sharp decline in the company's stock triggered by political unrest following a contentious presidential transition. Since that purchase, investors' attention has largely shifted back toward the company's solid profit growth and strong balance sheet, supported by the country's GDP expansion and moderate inflation, rather than Peru's ongoing political skirmishes.

On June 3, Mexico's stock market experienced a sharp decline after election results confirmed Claudia Scheinbaum would not only succeed President Andrés Manuel López Obrador, but also that her party would secure the necessary congressional majority to enact significant legal, regulatory, and even constitutional changes. Amid market trepidations over a possible surge in populist policies, we seized the opportunity to acquire shares in Mexican bank **GF Banorte** at what we perceive to be unusually attractive valuations. Although there is a possibility of new regulations or taxes on banks (similar to concerns raised by Obrador's election in 2018), we believe the government's primary focus remains expanding the benefits of lending across a broader swath of the population and economy. This is particularly pertinent in in Mexico, where the ratio of private sector credit to GDP stands at only 33%, compared to a global average of approximately 140% and nearly 200% in the US. We anticipate that President Scheinbaum, despite her populist leanings, will likely moderate her policies to preserve Mexico's investment grade credit rating, and maintain its appeal for "nearshoring" investment into its industrial sector. Therefore, we view this as a scenario where potential opportunities balance out the risks.

Banorte, the second-largest bank in Mexico by loans outstanding and the largest bank controlled by domestic shareholders, is strategically positioned to serve the underbanked segments of the Mexican economy, particularly in consumer and middle-market banking. Moreover, Banorte is in a strong position to benefit from ongoing nearshoring activity, given its strong retail banking presence in Northern Mexico where such activities are concentrated, which has helped it deliver double digit annualized earnings growth over the past 10 years.

> Our pursuit of long-term growth in our Financials holdings tends to keep us out of banking regions where credit penetration is high, and economies have low growth trajectories, such as Western Europe, Japan, and China.

In addition to Banorte, our portfolio has long included an indirect stake in BBVA Mexico through its parent company, the Spanish banking group BBVA. BBVA acquired full ownership of BBVA Mexico in 2004, and since then, the subsidiary has become a pivotal contributor to BBVA's overall financial health, accounting for more than 50% of the group's pre-tax earnings in recent years.

In India, the recent election brought unexpected results as Prime Minister Narendra Modi's anticipated landslide victory turned into a modest win. In power since 2014, Modi's BJP party now requires coalition support to make policy. Our investments in HDFC and **ICICI Bank**, however, do not hinge on any single political party. Both banks have thrived under Modi's tenure, with HDFC's earnings per share growing at an annualized 19%, and ICICI at a 12% rate. Given India's low financial penetration rate, with a private credit to GDP ratio at only 50% both banks are well positioned for continued growth. Typically, banks face challenges when economic growth slows, leading to decreased loan growth and an increase in non-performing loans, and after the election, investors briefly feared such a situation. HDFC and ICICI's stocks initially fell by 6% and 8%, respectively, but quickly recovered as investors anticipated that a more consensus-driven Modi would maintain India's economic momentum.

Our pursuit of long-term growth in our Financials holdings tends to keep us out of banking regions where credit penetration is high, and economies have low growth trajectories, such as Western Europe, Japan, and China. In Western Europe and Japan, the index's banking weights are high, and our presence is low or non-existent. In China, we've avoided banking and focused our investments on its relatively underpenetrated insurance industry. While our effort to find growth exposes us at times to markets with additional country-level risks, we attempt to ameliorate it by demanding strong company level balance sheets, and also by widely diversifying our exposures geographically.

Looking at the geographic sources of the underlying estimated profits of our financial company holdings, which represent about 22% of our strategy, we continue to be tilted towards faster-growing financial markets, and away from those of developed economies with high financial penetration and highly competitive industries. We calculate that more than 45% of our financial holdings' profit comes from Asia Pacific—primarily India, Singapore, and Hong Kong and China. About one fifth of our financial holdings' profit comes from Europe, with very little exposure to banking there other than Spain. Another fifth of profit is from Latin America, led by Mexico, followed by Peru and Brazil. The remainder of profits come from Canada, the US, and the rest of the world.

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 June 30, 2024)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.9
Tencent (Internet and IT services)	China	1.9
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	2.9
MercadoLibre (E-commerce retailer)	US	1.1
Shimano (Bicycle component manufacturer)	Japan	0.8
Sony (Japanese conglomerate)	Japan	2.2
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.8
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.9
Haleon (Consumer health products manufacturer)	UK	2.6
L'Oréal (Cosmetics manufacturer)	France	3.0
Nestlé (Foods manufacturer)	Switzerland	1.2
Unicharm (Consumer products manufacturer)	Japan	1.1
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	2.7
Financials		
Adyen (Payment processing services)	Netherlands	1.2
AIA Group (Insurance provider)	Hong Kong	1.3
Allianz (Financial services and insurance provider)	Germany	4.1
BBVA (Commercial bank)	Spain	2.3
Credicorp (Commercial bank)	Peru	1.1
DBS Group (Commercial bank)	Singapore	4.4
GF Banorte (Commercial bank)	Mexico	0.8
HDFC Bank (Commercial bank)	India	1.6
ICICI Bank (Commercial bank)	India	1.4
Manulife (Financial services and insurance provider)	Canada	3.1
Ping An Insurance (Insurance provider)	China	0.5
XP (Broker dealer and financial services)	Brazil	0.6
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.7
BioNTech (Pharma manufacturer)	Germany	1.0
Chugai Pharmaceutical (Pharma manufacturer)	Japan	2.4
Coloplast (Medical device manufacturer)	Denmark	1.0
Genmab (Oncology drug manufacturer)	Denmark	1.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	2.0
Shionogi (Pharma manufacturer)	Japan	0.9
Sonova (Hearing aids manufacturer)	Switzerland	1.0
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.2

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.7
ASSA ABLOY (Security equipment manufacturer)	Sweden	1.2
Atlas Copco (Industrial equipment manufacturer)	Sweden	2.1
Canadian National Railway (Railway operator)	Canada	1.0
Daifuku (Material-handling equipment manufacturer)	Japan	0.8
Epiroc (Industrial equipment manufacturer)	Sweden	1.6
Komatsu (Industrial equipment manufacturer)	Japan	1.5
Schneider Electric (Energy management products)	France	2.8
ZTO Express (Express delivery services)	China	1.1
Information Technology		
Dassault Systèmes (CAD software developer)	France	2.9
Infineon Technologies (Semiconductor manufacturer)	Germany	3.4
SAP (Enterprise software developer)	Germany	3.9
TSMC (Semiconductor manufacturer)	Taiwan	4.4
Materials		
Air Liquide (Industrial gases supplier)	France	1.2
BHP (Mineral miner and processor)	Australia	1.8
Linde (Industrial gases supplier and engineer)	US	1.6
Novonesis (Biotechnology producer)	Denmark	0.9
Rio Tinto (Mineral miner and processor)	UK	1.8
Symrise (Fragrances and flavors manufacturer)	Germany	1.5
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	1.8
Cash		2.3

*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.

2Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
TSMC	INFT	4.0	2.5	0.46
DBS Group	FINA	4.7	0.2	0.44
Infineon Technologies	INFT	3.8	0.2	0.27
Toyota Motor*	DSCR	–	0.9	0.20
Manulife	FINA	3.0	0.2	0.18

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
TSMC	INFT	4.1	2.1	1.10
SAP	INFT	3.2	0.7	0.79
Manulife	FINA	2.7	0.2	0.78
DBS Group	FINA	4.0	0.2	0.68
Schneider Electric	INDU	2.8	0.4	0.43

2Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
FEMSA	STPL	3.1	0.1	-0.60
Dassault Systèmes	INFT	3.1	0.1	-0.52
Adyen	FINA	1.4	0.1	-0.49
BBVA	FINA	2.5	0.2	-0.34
XP	FINA	0.7	–	-0.30

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Infineon Technologies	INFT	4.1	0.2	-0.98
Dassault Systèmes	INFT	3.0	0.1	-0.87
Adyen	FINA	1.4	0.1	-0.78
AIA Group	FINA	1.7	0.4	-0.76
Novo Nordisk*	HLTH	–	1.4	-0.74

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.
"HL": International Equity ADR composite. "Index": MSCI All Country World ex US Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	15.0	11.3
Return on Assets[1] (%)	8.1	6.0
Return on Equity[1] (%)	16.8	14.5
Debt/Equity Ratio[1] (%)	49.5	60.5
Std. Dev. of 5 Year ROE[1] (%)	3.5	5.0
Sales Growth[1,2] (%)	5.9	5.6
Earnings Growth[1,2] (%)	7.8	8.9
Cash Flow Growth[1,2] (%)	6.9	10.2
Dividend Growth[1,2] (%)	7.1	6.0
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	59.7	50.7
Wtd. Avg. Mkt. Cap. (US $B)	123.5	116.9
Turnover[3] (Annual %)	13.3	–

Risk and Valuation	HL	Index
Alpha[2] (%)	0.66	–
Beta[2]	1.04	–
R-Squared[2]	0.92	–
Active Share[3] (%)	85	–
Standard Deviation[2] (%)	18.64	17.09
Sharpe Ratio[2]	0.25	0.22
Tracking Error[2] (%)	5.5	–
Information Ratio[2]	0.14	–
Up/Down Capture[2]	113/107	–
Price/Earnings[4]	18.8	15.6
Price/Cash Flow[4]	13.7	10.0
Price/Book[4]	2.7	1.9
Dividend Yield[5] (%)	2.4	2.9

[1]Weighted median. [2]Trailing five years, annualized. [3]Five-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk characteristics): Harding Loevner International Equity ADR composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner International Equity ADR model based on the underlying holdings, FactSet (Run Date: July 3, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

The following statistics previously reported for the periods ending December 31, 2022, March 31, 2023, and June 30, 2023, were inaccurate: Annualized Alpha, Beta, R-Squared, Standard Deviation, Information Ratio, Sharpe Ratio, Upside Market Capture, and Downside Market Capture. The correct statistic figures for prior periods are available upon request by contacting Harding Loevner LP via email at info@hlmnet.com.

Completed Portfolio Transactions

Positions Established	Market	Sector
Coloplast	Denmark	HLTH
GF Banorte	Mexico	FINA
ZTO Express	China	INDU

Positions Sold	Market	Sector
There were no completed sales this quarter.		

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 June 30, 2024)

	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)
2024 YTD[6]	2.97	2.63	6.04	5.75	19.04	16.12	16.69	N.A.	203	1,167	7,666	41,641
2023	17.26	16.47	16.21	18.85	18.75	16.06	16.60	0.7	211	1,156	7,870	43,924
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

[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 24,835 and $11,801 million, respectively, at June 30, 2024, and include both separately managed and advisory-only assets. [6]The 2024 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 March 31, 2024.

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 March 31, 2024. 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 AMG. (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 withholding taxes on dividends, interest income and capital gains for certain portfolios within the composite and net of withholding for others. 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.

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