International Developed Markets Equity

Quarterly Report | Year End 2022

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Signs of slowing inflation led to a fourth quarter rally in stock markets, but full-year performance was the worst since the global financial crisis in 2008, with growth and quality stocks underperforming.

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Composite Performance

Total Return (%) — Periods Ended December 31, 2022[1]

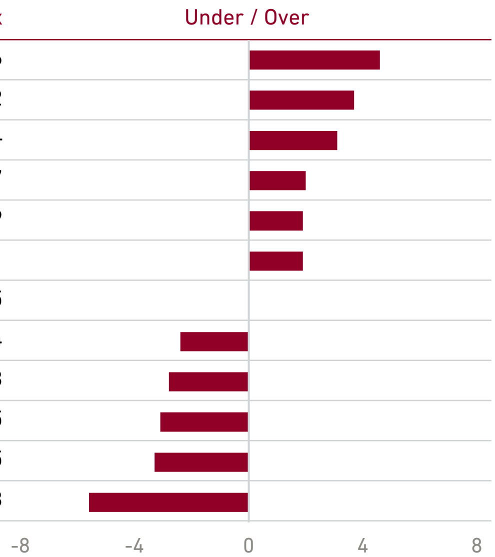
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Intl. Developed Markets Equity (Gross of Fees)	15.52	-18.58	4.35	4.92	7.82	8.36
HL Intl. Developed Markets Equity (Net of Fees)	15.36	-19.01	3.82	4.38	7.23	7.76
World ex US[4,5]	16.26	-13.82	1.77	2.31	5.10	5.34

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: February 28, 2010; [4]The benchmark index; [5]Gross of withholding taxes.

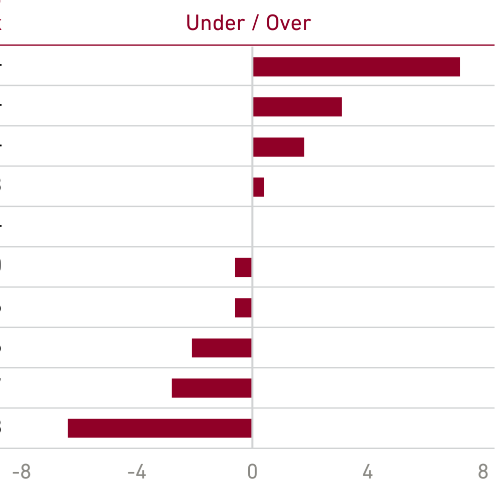
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL IDME	MSCI World ex US Index
Info Technology	12.2	7.6
Materials	11.9	8.2
Cash	3.1	–
Industrials	16.7	14.7
Cons Staples	11.8	9.9
Health Care	14.0	12.1
Financials	20.5	20.5
Real Estate	0.0	2.4
Comm Services	1.5	4.3
Utilities	0.4	3.5
Energy	3.2	6.5
Cons Discretionary	4.7	10.3



Geography	HL IDME	MSCI World ex US Index
Emerging Markets	7.2	–
Cash	3.1	–
Other[6]	1.8	–
Pacific ex Japan	11.7	11.3
Frontier Markets[7]	0.0	–
Europe ex EMU	28.4	29.0
Middle East	0.0	0.6
Japan	17.5	19.6
Europe EMU	25.9	28.7
Canada	4.4	10.8



[6]Includes companies classified in the United States. [7]Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant International Developed Markets Equity Composite GIPS Presentation. Source: Harding Loevner International Developed Markets Equity Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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Market Review

International developed markets rebounded sharply in the fourth quarter, buoyed by slowing inflation and falling US bond yields. All sectors and regions finished in positive territory. For the full year, however, stock markets finished deep in negative territory, their worst annual performance since 2008.

After peaking in June, US inflation subsided modestly, giving the Federal Reserve some much needed breathing room to slow the pace of its rate increases. Europe's inflation appeared to peak this quarter, with the energy supply crisis there easing. Labor markets, however, remained tight, with job openings plentiful, wage gains widespread, and jobless claims stable. In December, the US Federal Reserve boosted its short-term borrowing rate by 50 basis points—a slower pace than the four prior jumbo 75 basis point increases. The Bank of England, Swiss National Bank, and European Central Bank all followed suit with similarly attenuated rate hikes. The messaging on monetary policy, however, remained resolutely hawkish as central bankers signaled that the fight against inflation was far from over by raising their estimates for terminal rates.

Long-term bond yields fell on mounting fears that elevated short-term borrowing costs are not only having their intended effect of choking off inflation and speculative activity but also may be strangling the more productive areas of the economy, tipping it into outright recession. After peaking in October, the yield on the 10-year Treasury fell nearly 40 bps, even as short-term rates reached their highest level since 2007, leading to the most-inverted yield curve since 1981. Many market observers and economists view such inversions as a time-tested recession indicator, with long bond investors trying to lock in the higher yields brought on by the monetary tightening before central banks are compelled to ease monetary policy once again as inflation subsides under a weaker economy.

Higher interest rates didn't just stifle speculative activity in cryptocurrencies and non-fungible tokens, they also began to weigh on leverage-dependent activity in the non-digital world. Private-equity capital inflows dried up and deal volumes fell precipitously, with firms resorting to all-cash deals to avoid higher debt costs—an unusual structure in an industry accustomed to layering leverage on to equity to enhance returns. Commercial real estate also showed signs of stress as soaring vacancies due to remote work collided with ballooning carrying costs. One of the largest private real estate funds was forced to halt redemptions, underscoring the effects of scarcer liquidity as the Fed tightens monetary policy. Residential real estate also felt the pinch from higher mortgage rates. The Case-Shiller U.S. National Home Price Index—a broad measure of US house prices—declined 3% through October from its summertime peak and housing starts plummeted 16% on a year-over-year basis in November. Meanwhile homes in Britain exhibited the sharpest price declines since the 2008 global financial crisis.

The dollar reversed course, falling against all major currencies as yield differentials declined, though the greenback remained up against most currencies for the year. The notable exceptions in the year were the Brazilian real and the Mexican peso, as interest rate increases in those countries began significantly earlier than in developed market economies. In late December, the Bank of Japan roiled bond markets after stepping back from its long-held yield curve control regime, signaling a potential end to its ultra-accommodative monetary policy, which sent the yen soaring.

In spite of looming recessionary fears, cyclical industry groups such as capital goods (Industrials) and semiconductors (Information Technology [IT]) outperformed in the quarter. Materials fared well alongside sustained demand for industrial metals such as copper, whose price rose over 10% in the quarter. Strong returns in insurance lifted Financials. Consumer Staples, home to less cyclical groups such as food, beverages, and tobacco, trailed the index. In the full year, only the Energy sector managed any gains, with its fortunes lifted by the rise in oil and gas prices following Russia's invasion of Ukraine.

World ex US Performance (USD %)

Sector	4Q 2022	Trailing 12 Months
Communication Services	10.4	-16.1
Consumer Discretionary	17.7	-21.4
Consumer Staples	10.6	-11.9
Energy	16.6	25.7
Financials	19.8	-6.3
Health Care	14.2	-11.3
Industrials	18.2	-18.9
Information Technology	15.1	-35.3
Materials	18.6	-9.1
Real Estate	11.0	-20.8
Utilities	16.2	-12.2
Geography	**4Q 2022**	**Trailing 12 Months**
Canada	7.6	-12.2
Europe EMU	22.9	-17.2
Europe ex EMU	16.2	-11.7
Japan	13.3	-16.3
Middle East	0.6	-26.2
Pacific ex Japan	15.8	-5.9
World ex US	16.3	-13.8

Source: FactSet (as of December 31, 2022). MSCI Inc. and S&P.

Companies held in the portfolio at the end of the year 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. A complete list of holdings at December 31, 2022 is available on page 9 of this report.

Viewed regionally, the eurozone outperformed in the quarter, with other regions underperforming modestly. Only Canada significantly underperformed. For the full year, only Pacific ex Japan came close to positive territory, helped by more modest declines in resource-rich Australia and in Hong Kong, which gained as China's zero-COVID policy was effectively rolled back following widespread protests that challenged President Xi Jinping's absolute control. Although weaker in the quarter, the US dollar appreciation over the course of the full year still accounted for roughly 50% of the benchmark's losses for US-dollar-based investors. Despite the currency weakness, home-currency-equity-market declines were mild enough to help non-US stocks outperform the US market in the full year for the first time since 2017.

> In spite of looming recessionary fears, cyclical industry groups such as capital goods (Industrials) and semiconductors (IT) outperformed in the quarter.

The most-expensive stocks underperformed by a wide margin in the quarter—with the fastest-growing stocks underperforming by a smaller margin—resuming (after the third-quarter pause) the trend evident since COVID vaccine approvals in December 2020. For the year, the main theme was the de-rating of highly priced growth stocks, as the quintile of the fastest-growing companies trailed the slowest growing by a whopping 16%. The richest quintile of stocks by valuation trailed the least expensive by 29%. The MSCI World ex US Growth Index lagged its value counterpart by 3% in the fourth quarter and by 19% for the full year.

Performance and Attribution

The International Developed Markets Equity Composite rose 15.5% in the quarter gross of fees, just behind the 16.3% increase for the MSCI World ex US Index. For the full year 2022, the International Developed Markets Equity Composite declined 18.6% gross of fees, behind the 13.8% decline for the benchmark and the 16.0% decline of the MSCI World ex US Growth Index.

Although portfolio performance hewed close to the index in the fourth quarter, there were significant divergent effects at the sector level; essentially, what we gained from good Financials, IT, and Consumer Staples stocks, we lost in poor Health Care stocks. In Financials, our insurance holdings rebounded as **AIA Group** rose strongly, with investors anticipating a resumption of life policy sales growth as mobility restrictions are relaxed in China. Multiline insurer **Allianz** benefited from optimism that it can increase policy rates in its property and casualty business to offset inflationary pressures.

In Health Care, the shares of diagnostic equipment and pharmaceutical manufacturer **Roche** fell on news that the company's Alzheimer's antibody drug failed to meet its objective in clinical trials of slowing cognitive decline. The hopes for a new class of Alzheimer's treatments were so high that the shares of outsourced drug manufacturer **Lonza** also felt the impact. The worsening biotech fundraising environment, a harbinger of slowing drug development, put further downward pressure on Lonza's shares. Our allocations to various sectors produced *de minimis* effects on relative performance.

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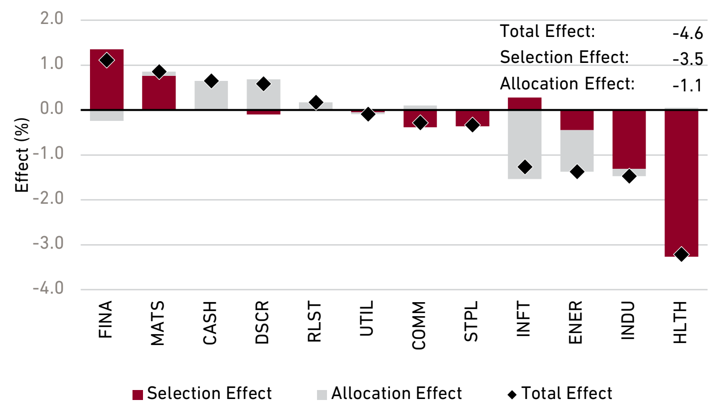
Geographic attribution was just as mixed as that by sector, with our European companies dragged down by Lonza, Roche, and an underperforming **L'Oréal** and offset partly by continued good

Trailing 12 Months Performance Attribution

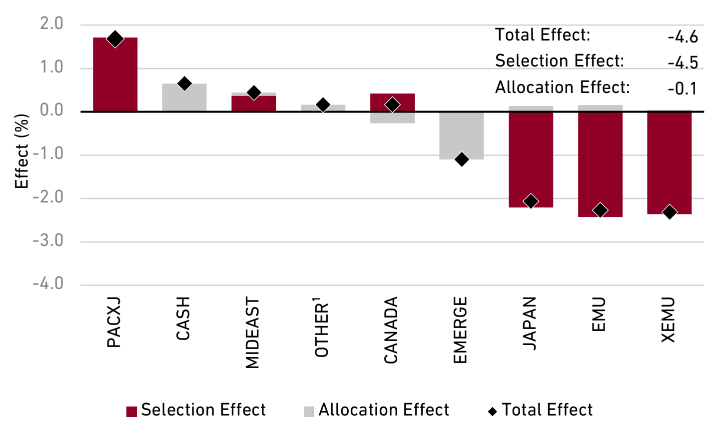
Sector

Intl. Developed Markets Equity Composite vs. World ex US



Geography

Intl. Developed Markets Equity Composite vs. World ex US



[1]Includes companies classified in the United States. Source: FactSet; Harding Loevner International Developed Markets Equity Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

results from Swedish industrials. Pacific ex Japan was boosted by Hong Kong's AIA and Australian miner **BHP**, both seen as beneficiaries of China's reopening. Our investment-style exposures to the more expensive cohorts of the market, where our favored high-quality and faster-growing companies tend to reside, subtracted roughly 50 bps from relative performance but were offset by good stocks within the cheapest quintile—mostly insurers and banks.

For the year, write-downs of our Russian holdings to zero accounted for about an eighth of the lost value, while the portfolio's remaining tilt toward more expensive stocks can account for the remainder of our underperformance. Despite our efforts to constrain our holdings of the priciest stocks, about a quarter of the portfolio resides in the most expensive quintile due to the companies' combination of superior growth prospects and higher quality. We find few companies in the lowest-priced cohort of stocks that meet our criteria for quality and growth and thus have about half the index's weight there, made up of financial, energy, and mining stocks. Unfortunately, one of them was Russia's **Lukoil**, swamping the good-value benefit of the others.

As in the quarter, some of the biggest detractors for the year came from Health Care. Japanese hematology testing specialist **Sysmex** struggled with a financially troubled distributor and rolling lockdowns in China, where it had previously enjoyed strong sales growth. Lonza's stock lagged badly despite good results, while hearing aid maker **Sonova Holding** suffered from pinched consumers postponing purchases and upgrades.

In Energy, the write-down of Russian energy producer Lukoil to zero left us significantly underweight in the only sector to finish the year in positive territory, adding additional pain. Within Industrials, our capital goods holdings underperformed. Sweden's **Atlas Copco** suffered from proximity to the Russian invasion of Ukraine and consequent economic growth concerns in the first half of the year as well as from falling orders from the semiconductor industry in its vacuum division, although its shares have recently recovered. Meanwhile, several of our Japanese industrials have also suffered from China's economic slowdown and supply chain disruptions.

Our holdings in Financials partially offset these poor returns, with resilient banks and rebounding Asian life insurers performing well. Our large underweight in Consumer Discretionary also helped relative performance.

Viewed by geography, we had poor stocks in every region except Pacific ex Japan, where Australian miner BHP, Singapore's **DBS Group**, and Hong Kong insurer AIA stood out. For most regions, the style headwind appears as poor stock selection: we owned too many high-priced shares around the world to beat their value-led markets. Emerging Markets, though, served up a different flavor of pain, with the write-down of our Russian holdings more than offsetting strong performance from our Indian banks.

Perspective and Outlook

An all-too-human reaction to the poor performance of a particular type of asset is often a retroactive call to avoid it completely. Investors, exhibiting hindsight bias, express their regret with a blanket prohibition on the offender, hoping it will protect them from such indignities in the future.

For instance, at the twilight of the technology boom at the beginning of this century, such disgust was directed at value stocks. After those stocks lagged levitating growth stocks for multiple years, it was not uncommon to hear of large institutional investors scouring their holdings looking for value stocks lurking in their portfolios, lest their performance be dragged down by such plodding also-rans. Not coincidentally this moment marked the start of a lengthy period of value stock outperformance. We remarked on a second such era of antipathy toward value investing in our Annual Letter to Shareholders in October 2020.

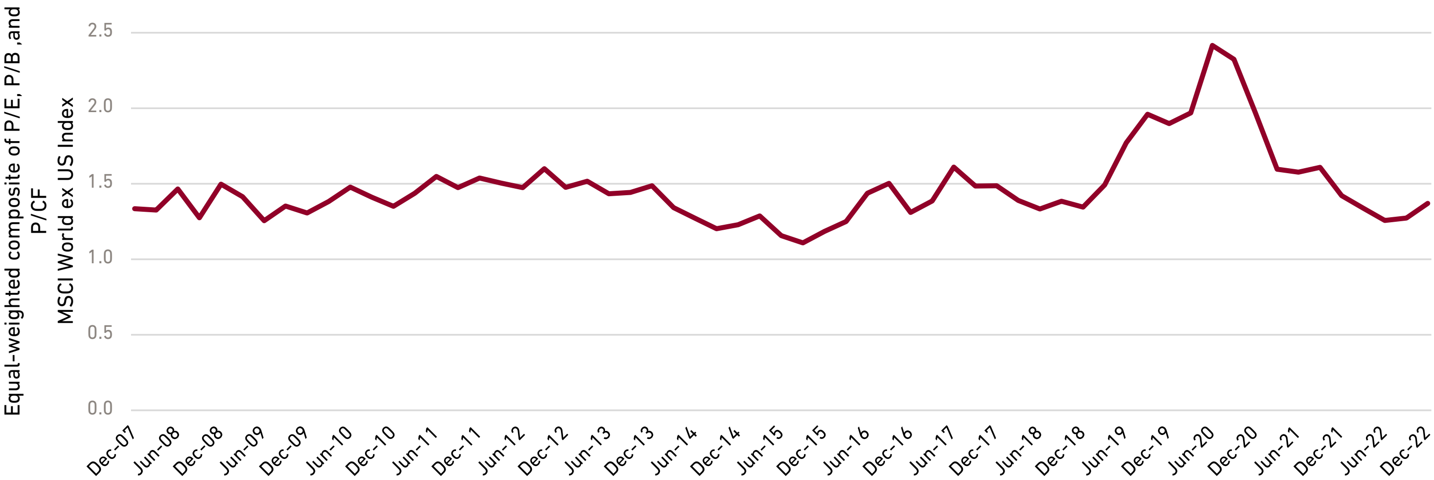
Fossil fuel companies have also found themselves in the hot seat. After nearly a decade of underperformance, eliminating energy stocks from one's holdings seemed not just virtuous but also prudent. But despite the doom mongering, or perhaps because of the underinvestment caused by it, Energy was the top-returning sector in 2021 and again in 2022. The sector's profits have soared as energy prices recovered, and several countries have been furiously reversing their pledges to phase out fossil fuels, in some cases even looking for ways to incentivize multi-decade energy investments to make sure their populations can heat their homes in the immediate future. It's a pattern reminiscent of the US tobacco industry in the 1990s, which faced a plethora of legal risks to its products. Yet following a comprehensive legal settlement with the industry's main antagonists, tobacco stocks subsequently outperformed for much of the next two decades.

None of this is to argue that smoking doesn't kill you or that carbon emissions from fossil fuels aren't the primary cause of climate change. It does, and they are. We think it's best to remain open-minded about sources of potential future returns, even in the face of idiosyncratic risks; history has demonstrated time and again that stocks that may feel "uninvestable" today due to such risks can deliver strong performance tomorrow. Our job is to weigh those risks against the potential returns.

While we are reluctant to declare a cash flow–producing asset "uninvestable" on principle, our investment process does screen out most companies at any given point in time. We require that each company we invest in possess an above-average competitive advantage, prospects for sustainable growth, a strong balance sheet, and to be blessed with high-quality management. Only about 15% of companies in our benchmark can clear those hurdles.

We don't rule out particular countries or sectors based on top-down forecasts. Not only are those forecasts fallible, but even perfect top-down forecasts can have unpredictable effects on returns. At present, interest rates are rising, and economic growth

Relative Valuation of Fastest- vs. Slowest-Growth Tercile



Source: FactSet, HOLT (data is used to define GR terciles)

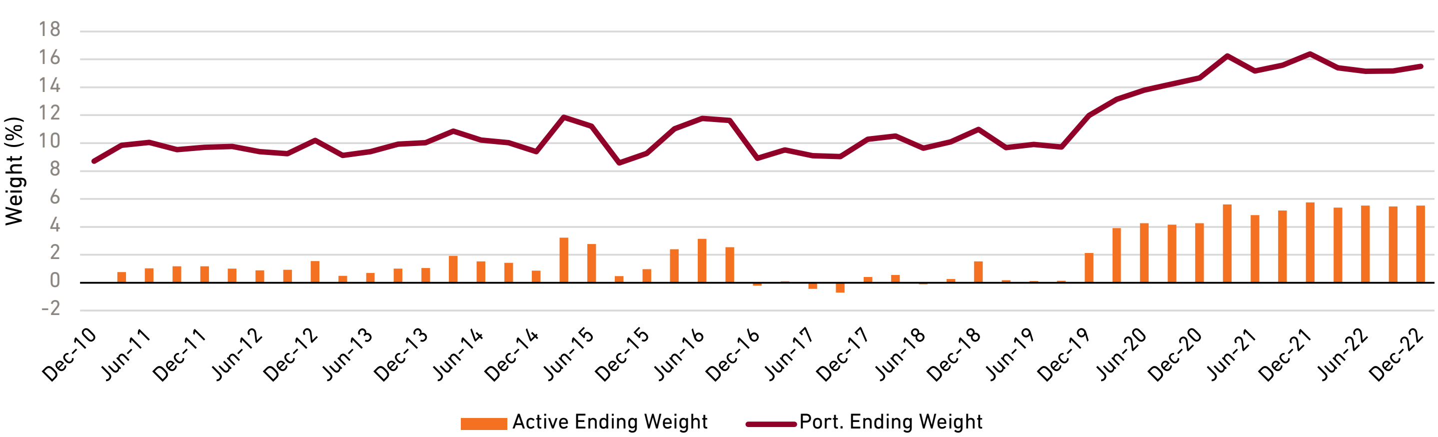
appears to be slowing in much of Europe and the Americas. The consensus macroeconomic view for the year ahead is for a steep decline in inflation as economies tip into recession. While plausible, we hesitate to draw any definite investment conclusions from such projections. Our preferred tack is to build portfolios that are prepared for anything—whether it be persistent inflation and solid economic growth or steep recession and no inflation.

> While we are reluctant to declare a cash flow–producing asset "uninvestable" on principle, our investment process does screen out most companies at any given point in time. We require that each company we invest in possess an above-average competitive advantage, prospects for sustainable growth, a strong balance sheet, and to be blessed with high-quality management.

The relative valuations of fast-growth and slow-growth international companies provide a provocative lens into current conditions. The good news for growth-oriented investors is that the valuations for stocks of faster-growing companies, after two years of underperformance, have returned to a more sustainable range. As can be seen in the nearby chart, in the past 15 years, non-US stocks in the top third of our growth ranking had customarily traded at around a 50% higher valuation multiple than those in the bottom third. But following several years of growth outperformance, that valuation multiple for top-tercile growth stocks shot up to 2.5x by late 2020. The subsequent underperformance of growth stocks has brought the dispersion of valuations back in line with the medium-term averages by this broad measure.

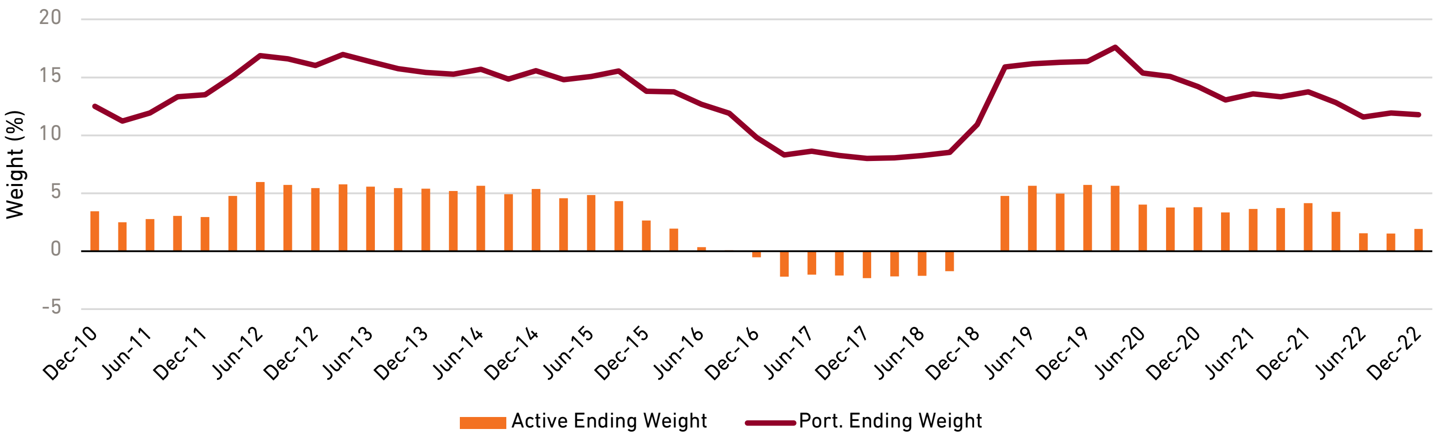
As high-growth stocks become more reasonably priced, we are eyeing them more covetously. For 2023, we think there's room for us to increase our exposure to the faster-growing stocks, while

International Developed Markets Equity - Capital Goods Exposure



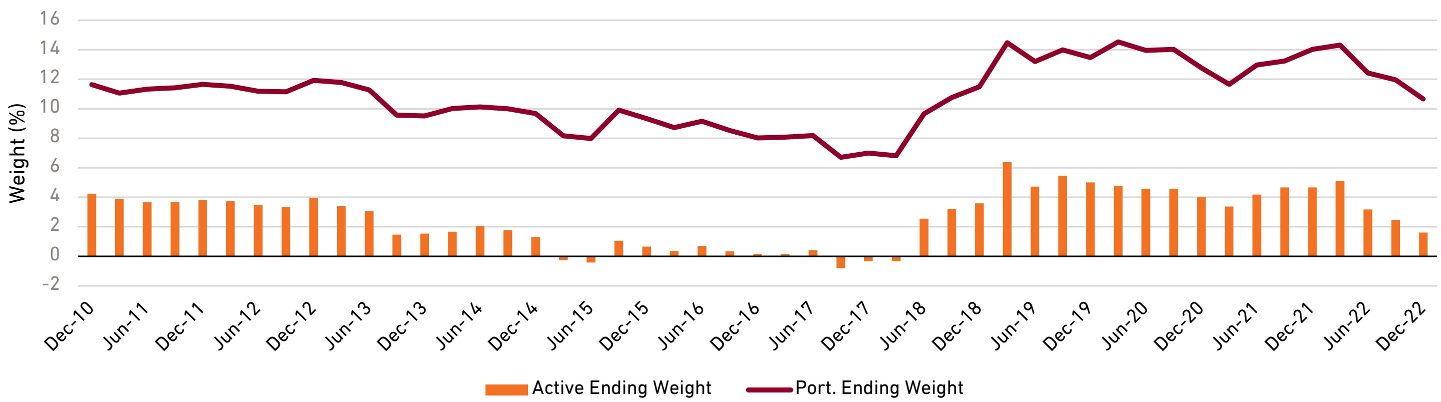
Source: FactSet

International Developed Markets Equity - Consumer Staples Exposure



Source: FactSet

International Developed Markets Equity - Switzerland Exposure



Source: FactSet

potentially reducing our holdings in the most-stable non-cyclical companies that are slower growing, particularly if other investors seem willing to pay up for their defensive characteristics.

Portfolio Highlights

We share the same concerns about the economic cycle as most investors right now, and thus wrestle with the temptation to allow that fear to influence our portfolio weights in cyclical and non-cyclical companies. While our philosophical attachment to quality and growth has tended to tilt our portfolios away from more cyclically exposed industries, we have always owned some companies that are sensitive to broad economic conditions. Indeed, our risk constraints pre-commit us to a level of diversification, requiring investment in at least seven of the 11 sectors in the benchmark. But rather than arriving at those allocations based on unreliable forecasts of economies or markets, our sector allocations instead flow from where we can find companies that 1) meet our four investment criteria; 2) offer attractive prospective long-term returns, given their current share price; and 3) support portfolio diversification and risk management requirements.

In recent years, anxious to sidestep the richest valuations of the fastest-growth companies, we've found a greater-than-usual proportion of attractive companies in some sectors that are more exposed to the vagaries of the business cycle, such as Industrials and Materials, though we have remained underweight the cyclical Consumer Discretionary sector. As noted in our 4Q2021 quarterly report, our holdings of capital goods companies have expanded, and we still own significantly more weight there than the index.

We've been guided by the more modest valuations of the best companies in this industry group, reflecting other investors' fears of cyclical earnings decline, and held on. Contrast that with our reduced holdings in Consumer Staples, where valuations for the stable but modestly growing companies in the sector remain elevated—again, we imagine, due to investors' preference for stability as cyclical fears mount. Our aim would be to reduce this weight further still if bouts of recession panic arise in the coming months.

Similar, in a way, to the longstanding, consistent profitability of Consumer Staples businesses, Switzerland's stable politics, long history of rule of law, and protection of private property lead us to view it as a particularly safe country for investing. Perhaps due to innate Swiss conservatism, financial strength tends to be a hallmark of businesses domiciled in Switzerland, even if its banks have been poorly managed. The country has fostered numerous well-managed and innovative companies that have been forced to find growth outside of their small domestic market, with many having ultimately become global leaders in their respective industries. Our Swiss holdings made up over 12% of the portfolio at midyear, above country's weight in the index.

Demonstrating that safe countries don't automatically offer good returns, our Swiss stocks hurt our performance this year. While the Swiss market trailed the broad index only slightly, our stocks have performed much more poorly, perhaps in part due to the premium we've paid for their better quality and growth characteristics. **Nestlé**, which has been in our portfolio for over 12 years, was our only Swiss holding to match the country return, posting decent revenue growth with stable margins thanks to its ability to raise prices. But our other five holdings, four health care companies and one industrials company, fared worse. Lonza lagged the most, falling 40% in the year, even while delivering on its guidance of high-teens revenue and earnings growth. The shares had become highly valued as investors (including us) extrapolated the recent explosive growth of biologic drug discovery further into the future, with COVID-19 vaccine production providing an additional fillip. Unfortunately, the company's capacity expansions to meet that growth are coming to fruition just as private funding for biotech startups is fading, which will test management's assertion that they can fill that new capacity while keeping margins high. We believe the company has lined up contracts to utilize this capacity, but clearly the market has doubts. Similar tales of overestimated growth can describe Sonova, Roche, or **Alcon**, but we are standing by each of them for now, at their lowered share prices.

In contrast to Switzerland, we've long considered China a riskier market for investment due to its authoritarian political structure and opaque governance. Those risks have been on full display in the past couple of years, with heavy-handed government interventions in industry regulation and individual company management, as well as tangles with US regulatory and sanction regimes. Recent tensions over Taiwan, along with supply chain disruptions from both COVID lockdowns and technology restrictions have further underscored the risks of Chinese assets.

Nevertheless, as we look at companies in China, we see an increasing number of well-managed businesses whose financial quality, competitive position, and growth prospects rank favorably, but whose share prices have suffered due to the many issues now familiar to all. As a result, we've tried to weigh those headline risks against potential returns and maintained some exposure to China.

That stance has been modestly successful this year, as a few of our Chinese holdings have outperformed the index, such as **Ping An Insurance** and **CSPC Pharmaceutical Group**, a maker of drug ingredients, generic drugs, and patented pharmaceuticals. As the Chinese economy recovers from COVID lockdowns and works through its property mess, we think our diversified mix of holdings will do better still.

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.

International Developed Markets Equity Holdings (as of December 31, 2022)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.4
Tencent (Internet and IT services)	China	1.1
Yandex (Internet products and services)	Russia	0.0[1]
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	0.4
Kering (Luxury goods manufacturer)	France	1.5
NITORI (Home-furnishings retailer)	Japan	1.5
Shimano (Bicycle component manufacturer)	Japan	1.2
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.3
Couche-Tard (Convenience stores operator)	Canada	1.5
FEMSA (Beverages manufacturer and retail operator)	Mexico	0.6
L'Oréal (Cosmetics manufacturer)	France	4.0
Nestlé (Foods manufacturer)	Switzerland	1.8
Shiseido (Personal care products manufacturer)	Japan	1.6
Unicharm (Consumer products manufacturer)	Japan	2.0
Energy		
Lukoil (Oil and gas producer)	Russia	0.0[1]
Royal Dutch Shell (Oil and gas producer)	UK	2.7
Woodside (Oil and gas producer)	Australia	0.5
Financials		
AIA Group (Insurance provider)	Hong Kong	3.9
Allianz (Financial services and insurance provider)	Germany	3.2
BBVA (Commercial bank)	Spain	2.2
DBS Group (Commercial bank)	Singapore	3.7
HDFC Bank (Commercial bank)	India	1.0
Manulife (Financial services and insurance provider)	Canada	1.7
SE Banken (Commercial bank)	Sweden	2.6
Standard Chartered (Commercial bank)	UK	2.1
XP (Broker dealer and financial services)	Brazil	0.2
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.9
Chugai Pharmaceutical (Pharma manufacturer)	Japan	2.1
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.2
Lonza (Life science products manufacturer)	Switzerland	2.3
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	3.5
Shionogi (Pharma manufacturer)	Japan	1.7
Sonova Holding (Hearing aids manufacturer)	Switzerland	1.2
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.2

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.7
Atlas Copco (Industrial equipment manufacturer)	Sweden	3.4
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	1.1
Epiroc (Industrial equipment manufacturer)	Sweden	1.6
Fanuc (Industrial robot manufacturer)	Japan	0.8
Komatsu (Industrial equipment manufacturer)	Japan	1.6
Kubota (Industrial and consumer equipment mfr.)	Japan	1.4
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	0.7
Schneider Electric (Energy management products)	France	3.2
Information Technology		
Adyen (Payment processing services)	Netherlands	2.1
Dassault Systèmes (CAD software developer)	France	1.5
Infineon Technologies (Semiconductor manufacturer)	Germany	3.5
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.5
Samsung Electronics (Electronics manufacturer)	South Korea	1.1
SAP (Enterprise software developer)	Germany	1.7
TSMC (Semiconductor manufacturer)	Taiwan	0.7
Materials		
Air Liquide (Industrial gases supplier)	France	1.4
BHP (Mineral miner and processor)	Australia	3.5
Linde (Industrial gases supplier and engineer)	US	1.8
Novozymes (Biotechnology producer)	Denmark	0.9
Rio Tinto (Mineral miner and processor)	UK	2.7
Symrise (Fragrances and flavors manufacturer)	Germany	1.6
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.4
Cash		3.1

[1]Since March 7, 2022, we have valued our Russian holdings at effectively zero due to an inability to trade their shares and no observable market prices to use as proxies.

Model Portfolio holdings are supplemental information only and complement the fully compliant International Developed Markets Equity Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

4Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IDME	Avg. Weight MSCI World ex US	Effect
Infineon Technologies	INFT	3.5	0.2	0.55
AIA Group	FINA	3.4	0.7	0.45
Allianz	FINA	3.0	0.5	0.43
NITORI	DSCR	1.2	0.1	0.40
Atlas Copco	INDU	3.6	0.3	0.35

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IDME	Avg. Weight MSCI World ex US	Effect
BHP	MATS	3.1	0.9	0.76
DBS Group	FINA	3.5	0.3	0.60
AIA Group	FINA	3.5	0.7	0.59
Shopify*	INFT	–	0.3	0.48
Rio Tinto	MATS	2.3	0.4	0.44

4Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IDME	Avg. Weight MSCI World ex US	Effect
Roche	HLTH	3.2	1.6	-0.38
Lonza	HLTH	2.1	0.2	-0.35
Kubota	INDU	1.5	0.1	-0.24
DBS Group	FINA	3.8	0.3	-0.24
Telkom Indonesia	COMM	0.6	–	-0.23

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IDME	Avg. Weight MSCI World ex US	Effect
Adyen	INFT	2.5	0.2	-1.04
Sysmex	HLTH	1.2	0.1	-0.96
Infineon Technologies	INFT	3.4	0.2	-0.82
Lonza	HLTH	2.2	0.3	-0.63
Atlas Copco	INDU	3.6	0.3	-0.62

*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 IDME	MSCI World ex US
Profit Margin[1] (%)	15.4	11.7
Return on Assets[1] (%)	9.1	5.6
Return on Equity[1] (%)	14.2	13.9
Debt/Equity Ratio[1] (%)	44.4	70.1
Std. Dev. of 5 Year ROE[1] (%)	2.5	4.2
Sales Growth[1,2] (%)	6.7	5.6
Earnings Growth[1,2] (%)	12.9	10.4
Cash Flow Growth[1,2] (%)	7.9	7.2
Dividend Growth[1,2] (%)	7.8	5.7
Size and Turnover	**HL IDME**	**MSCI World ex US**
Wtd. Median Mkt. Cap. (US $B)	56.3	43.8
Wtd. Avg. Mkt. Cap. (US $B)	87.2	75.1
Turnover[3] (Annual %)	13.6	–

Risk and Valuation	HL IDME	MSCI World ex US
Alpha[2] (%)	2.71	–
Beta[2]	0.97	–
R-Squared[2]	0.91	–
Active Share[3] (%)	85	–
Standard Deviation[2] (%)	17.64	17.45
Sharpe Ratio[2]	0.21	0.06
Tracking Error[2] (%)	5.2	–
Information Ratio[2]	0.50	–
Up/Down Capture[2]	108/97	–
Price/Earnings[4]	15.2	12.4
Price/Cash Flow[4]	12.0	7.9
Price/Book[4]	2.3	1.6
Dividend Yield[5] (%)	2.7	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 Developed Markets Equity Composite, based on the Composite returns, gross of fees; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 4, 2023, based on the latest available data in FactSet on this date.); Harding Loevner International Developed Markets Equity Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
There were no completed purchases this quarter.		

Positions Sold	Market	Sector
ICICI Bank	India	FINA
Ping An Insurance	China	FINA

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. 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 Developed Markets Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

International Developed Markets Equity Composite Performance (as of December 31, 2022)

	HL Intl. DM Equity Gross (%)	HL Intl. DM Equity Net (%)	MSCI World ex US Index[1] (%)	MSCI EAFE Index[2] (%)	HL Intl. DM Equity 3-yr. Std. Deviation[3] (%)	MSCI World ex US 3-yr. Std. Deviation[3] (%)	MSCI EAFE 3-yr. Std. Deviation[3] (%)	Internal Dispersion[4] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2022[5]	-18.58	-19.01	-13.82	-14.01	19.98	20.05	19.95	0.4	17	664	47,607
2021	12.67	12.13	13.17	11.78	15.84	17.16	16.89	0.6	12	878	75,084
2020	23.89	23.26	8.09	8.28	17.19	18.09	17.87	3.2	13	981	74,496
2019	26.77	26.10	23.16	22.66	11.70	10.79	10.80	0.5	7	655	64,306
2018	-11.72	-12.20	-13.64	-13.36	11.51	11.09	11.27	0.4	7	545	49,892
2017	29.48	28.85	24.81	25.62	12.03	11.67	11.85	0.4	7	643	54,003
2016	6.97	6.34	3.29	1.51	12.74	12.36	12.48	N.M.[6]	4	270	38,996
2015	2.53	1.96	-2.60	-0.39	12.48	12.28	12.47	N.M.	1	99	33,296
2014	-0.93	-1.51	-3.88	-4.48	11.67	12.71	12.99	N.M.	4	240	35,005
2013	18.73	17.95	21.57	23.29	15.25	15.94	16.22	N.M.	4	241	33,142
2012	20.88	20.11	17.02	17.90	+	+	+	N.M.	1	76	22,658

[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]The 2022 performance returns and assets shown are preliminary; [6]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year. +Less than 36 months of return data.

The International Developed Markets Equity Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI World ex US Total Return Index (Gross) for comparison purposes. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg. As of December 31, 2022, the EAFE Equity Composite was renamed the International Developed Markets Equity Composite and the benchmark was changed from the MSCI EAFE Index to the MSCI World ex US Index for all periods. 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 World ex US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed markets, excluding the US. The index consists of 22 developed 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 September 30, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Developed Markets Equity Composite has had a performance examination for the periods March 1, 2010 through September 30, 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.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. 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 Developed Markets Equity accounts is 1.00% annually of the market value for the first $20 million; 0.50% for the next $80 million; 0.45% for the next $150 million; 0.40% for the next $250 million; above $500 million upon request. 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 Developed Markets Equity Composite was created on February 28, 2010, and the performance inception date is March 1, 2010.

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