

# International Developed Markets Equity



Monthly Update | November 2023

## Composite Performance (% Total Return)

Periods ended November 30, 2023	1 Month	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Developed Markets Equity (Gross)	11.02	11.02	9.65	2.63	8.71	7.31	8.60
HL International Developed Markets Equity (Net)	11.01	10.49	9.12	2.12	8.16	6.74	8.00
MSCI World ex US Index	9.42	12.42	11.92	4.66	6.72	4.44	5.88
MSCI EAFE Index	9.30	12.84	12.96	4.32	6.51	4.39	5.94

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. International Developed Markets Equity composite inception date: February 28, 2010. MSCI World ex US Index, the benchmark index, and MSCI EAFE Index, the supplemental index, are shown gross of withholding taxes. Please read the above performance in conjunction with the disclosures on the last page of this report.

## Portfolio Positioning (% Weight)

Sector	HL	Index	Under / Over
Health Care	16.6	11.5	
Info Technology	12.3	8.6	
Cons Staples	12.4	9.0	
Materials	10.9	7.8	
Cash	2.3	—	
Financials	20.6	20.7	
Industrials	15.3	15.8	
Real Estate	0.0	2.2	
Energy	3.4	6.0	
Comm Services	0.4	3.8	
Utilities	0.0	3.5	
Cons Discretionary	5.8	11.1	

Geography	HL	Index	Under / Over
Emerging Markets	5.4	—	
Cash	2.3	—	
Other	2.1	—	
Europe ex EMU	29.0	28.4	
Frontier Markets	0.0	—	
Middle East	0.0	0.6	
Pacific ex Japan	8.3	9.8	
Japan	18.8	20.4	
Europe EMU	27.0	30.3	
Canada	7.1	10.5	

"HL": International Developed Markets Equity model portfolio. "Index": MSCI World ex US Index. "Frontier Markets": Includes countries with less-developed markets outside the index. "Other": Includes companies listed in the United States.

## Investment Perspectives

### Market

Stocks rebounded sharply this month as inflation data improved, central banks paused rate hikes, and relations between the United States and China appeared less frosty following a meeting between Presidents Biden and Xi. All sectors and regions rose. Information Technology was the strongest, reflecting changing sentiment for long duration growth stocks. Industrials, whose share prices may reflect the health of global consumer and business sentiment, also rose. By region, stocks fared better inside the eurozone amid signs of falling inflation and increased manufacturing activity. Pacific ex Japan lagged, with Hong Kong performing the worst despite better Chinese retail sales and industrial production data.

### Portfolio

Shares of Dutch payment processing firm **Adyen** recovered sharply. Last quarter, they fell after reported margin pressure from recent staffing expansions and lower revenue growth due to competitive pricing pressures in the US. At its November 8 investor day, the company reiterated its long-term strategy and wowed investors with its forward-looking guidance, sending shares 38% higher in a single trading session. The company projected that Adyen would see net revenue growth in the mid-to-high 20% range through 2026 and a gradual expansion of EBITDA margins beginning in 2024, anticipated to exceed 50% by 2026. Although this is below targets set last year, it is well above the level to which consensus estimates had fallen, and consistent with our belief that Adyen's technological edge and superior digital payments platform will enable it to take share from competitors in a fast-growing industry.

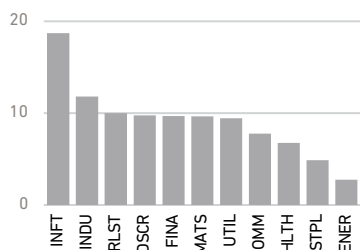
## Ten Largest Holdings

Company	Market	Sector
Chugai Pharmaceutical	Japan	Health Care
Infineon Technologies	Germany	Info Technology
DBS Group	Singapore	Financials
Royal Dutch Shell	UK	Energy
Allianz	Germany	Financials
Manulife	Canada	Financials
L'Oréal	France	Cons Staples
BBVA	Spain	Financials
Haleon	UK	Cons Staples
Sony	Japan	Cons Discretionary

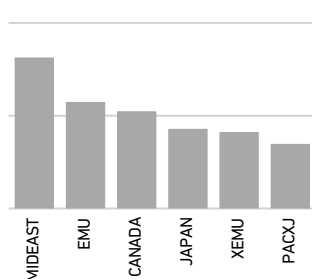
Ten Largest Holdings are the top ten holdings by weight. Please read the disclosures on the last page, which are an integral part of this presentation.

## Benchmark Performance | Nov.

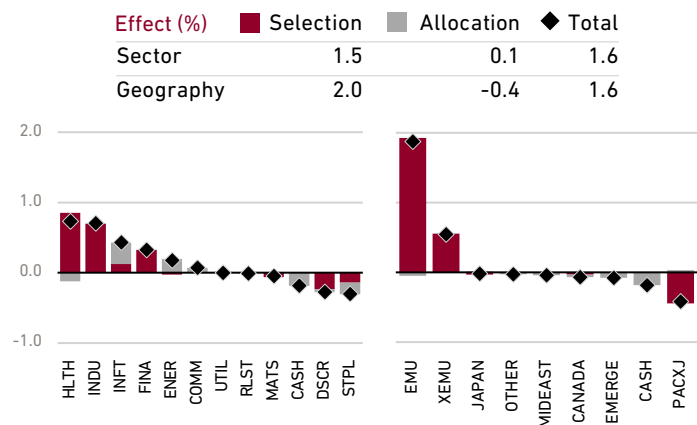
Total Return by Sector (%)



Total Return by Geography (%)



## Performance Attribution | Nov.



\*OTHER\*: Includes companies listed in the United States.

- In Industrials, shares of **Schneider Electric** rose after the company issued guidance through 2027 for 7%-10% organic revenue growth with 50 basis points of margin expansion expected per year, compared to a 3% compound annual revenue growth rate for 2011-2019.
- We underperformed in Consumer Staples. Shares of Japanese consumer products manufacturer **Unicharm** fell as a year-over-year decline in sales in China led to disappointing third quarter profits.
- By region, we outperformed most in the eurozone. German semiconductor manufacturer **Infineon Technologies** rose on the hope for better power management chip sales after the resolution of the US auto workers' strike. We lagged the most in Pacific ex Japan. Shares of Singapore-based **DBS Group** underperformed after management suggested China could be slowing and net interest margins had peaked.

## Top Five Contributors/Detractors (%) | Nov. to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
Infineon Technologies	Germany	INFT	0.3	0.78
Adyen	Netherlands	FINA	0.1	0.62
Chugai Pharmaceutical	Japan	HLTH	0.1	0.36
Schneider Electric	France	INDU	0.6	0.31
BBVA	Spain	FINA	0.3	0.23

### Detractors

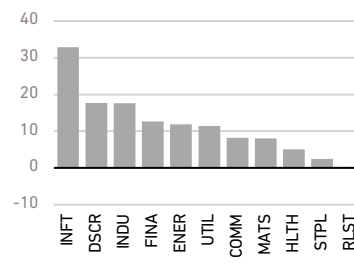
DBS Group	Singapore	FINA	0.3	-0.32
Unicharm	Japan	STPL	0.1	-0.27
Shiseido	Japan	STPL	0.1	-0.20
AIA Group	Hong Kong	FINA	0.6	-0.19
Shopify*	Canada	INFT	0.5	-0.16

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

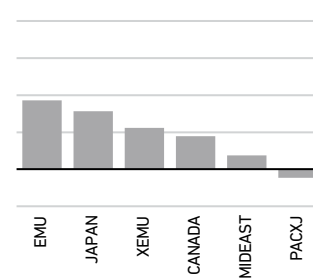
Index weight is the average weight of the security in the index over the MTD and YTD periods. Please read the disclosures on the last page, which are an integral part of this presentation.

## Benchmark Performance | YTD

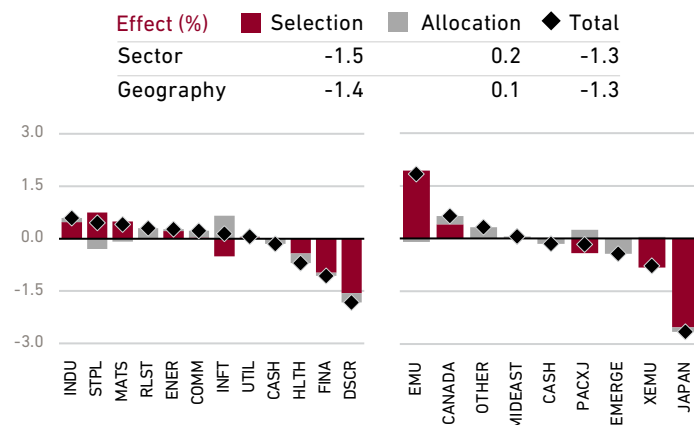
Total Return by Sector (%)



Total Return by Geography (%)



## Performance Attribution | YTD



- The Consumer Discretionary and Financials sectors have been our biggest detractors. Within Consumer Discretionary, Japanese furniture retailer **NITORI** and bicycle parts manufacturer **Shimano**, both suffered with normalizing demand for home office furniture and bicycles post-COVID-19.
- In Japan, shares of beauty company **Shiseido** declined as competition intensified while shares of pharma manufacturer **Shionogi** fell on concerns that revenue guidance was too ambitious.
- In Consumer Staples, French cosmetics company **L'Oréal** continued to exhibit resilience, with organic revenue growth outpacing growth for the global beauty market in 2022.

## Top Five Contributors/Detractors (%) | YTD to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
BBVA	Spain	FINA	0.3	0.96
Chugai Pharmaceutical	Japan	HLTH	0.1	0.78
Schneider Electric	France	INDU	0.5	0.58
L'Oréal	France	STPL	0.6	0.54
Atlas Copco	Sweden	INDU	0.3	0.52

### Detractors

AIA Group	Hong Kong	FINA	0.7	-0.89
Shiseido	Japan	STPL	0.1	-0.75
Unicharm	Japan	STPL	0.1	-0.63
Novo Nordisk*	Denmark	HLTH	1.6	-0.57
Adyen	Netherlands	FINA	0.2	-0.55

## Sources

Benchmark Performance: FactSet, MSCI Inc.

Sector/Geographic Attribution: Harding Loevner International Developed Markets Equity composite, FactSet, MSCI Inc.

Sector/Geographic Positioning and Ten Largest Holdings: Harding Loevner International Developed Markets Equity model, FactSet, MSCI Inc.

## Disclosures

**Past performance does not guarantee future results. Invested capital is at risk of loss.** The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

For comparison purposes the composite return is measured against the MSCI World ex US Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through June 30, 2023. 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 June 30, 2023. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the International Developed Markets Equity composite, please contact Harding Loevner at (908) 218-7900 or invest@hlmnet.com. The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which 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. 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.

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.

Companies held in the portfolio at the end of the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. The portfolio holdings identified above do not represent all of the securities held in the portfolio. To request a complete list of holdings for the past year, please contact Harding Loevner. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and relative contribution to return of all holdings during the month.

Portfolio holdings, portfolio attribution, contributors and detractors, and sector/geographic portfolio positioning are supplemental information only and complement a fully compliant International Developed Markets Equity composite GIPS Presentation, which is available upon request. 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 Developed Markets Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. The composite and attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is obtained from Harding Loevner's accounting system and attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

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