

International Developed Markets Equity



Quarterly Report | Year End 2023

What's Inside

Market Review →

Stock markets recovered smartly in the final quarter of 2023. By the year's end, stock markets had managed to regain essentially all of what was lost in the steep declines experienced during a challenging 2022.

Performance and Attribution →

Sources of relative return by sector and region.

Perspective and Outlook →

Our collection of "low-excitement" businesses has provided stability against the turbulence that has buffeted the highly priced stocks of the most-exciting growth companies over the past three years.

Portfolio Highlights →

The net effect of our purchases and sales in full year 2023 was a reinforcement of our commitment to invest in higher-quality, faster-growing companies.

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 December 31, 2023

	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Developed Markets Equity (Gross)	12.97	17.32	2.48	11.06	7.69	8.98
HL International Developed Markets Equity (Net)	12.86	16.76	1.97	10.50	7.12	8.38
MSCI World ex US Index	10.57	18.60	4.97	9.01	4.84	6.25
MSCI EAFE Index	10.47	18.85	4.53	8.69	4.77	6.30

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.

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	Under / Over
Health Care	15.5	11.4	4.1
Info Technology	12.8	8.7	4.1
Cash	4.0	—	4.0
Cons Staples	12.2	8.8	3.4
Materials	10.9	8.1	2.8
Financials	20.9	20.8	0.1
Industrials	15.1	16.0	-0.9
Real Estate	0.0	2.2	-2.2
Energy	3.3	5.8	-2.5
Comm Services	0.4	3.8	-3.4
Utilities	0.0	3.4	-3.4
Cons Discretionary	4.9	11.0	-6.1

Geography	HL	Index	Under / Over
Emerging Markets	6.1	—	6.1
Cash	4.0	—	4.0
Other	1.9	—	1.9
Frontier Markets	0.0	—	0.0
Europe ex EMU	27.7	28.3	-0.6
Middle East	0.0	0.6	-0.6
Pacific ex Japan	8.4	10.2	-1.8
Japan	17.9	20.0	-2.1
Canada	7.3	10.7	-3.4
Europe EMU	26.7	30.2	-3.5

"HL": International Developed Markets Equity model portfolio. "Index": MSCI World ex US Index. "Other": Includes companies listed in the United States. "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 Developed Markets Equity Composite GIPS Presentation. Source: Harding Loevner International Developed Markets Equity 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.

This page intentionally left blank.

Market Review

Stock markets recovered smartly in the final quarter of 2023, with a sharp turnaround in November erasing the losses of October and indeed, those of the third quarter as well. The rally reflected a reversal in investors' outlook for interest rates as inflationary pressures continued to ease. By the year's end, stock markets had managed to regain essentially all of what was lost in the steep declines experienced during a challenging 2022.

The midquarter rally was preceded by a raft of underwhelming US economic data signaling a slowdown in economic growth. This included a deceleration in job creation and further declines in multiple measures of inflation, hinting that central banks' intensive efforts to combat inflation might be drawing to a close. Subsequent inflation data reinforced the view that short-term US policy rates have topped out and markets quickly priced in rate cuts over the next 12 months. In November, the US Consumer Price Index (CPI) inched down to 3.1%, a slight decrease from October's 3.2%, a five-month low. Likewise, the eurozone witnessed a drop in its annual inflation rate to 2.4% in November from October's 2.9%, a stark contrast to the double-digit inflation of 2022.

In response to the improving inflationary backdrop, the US Federal Reserve opted to keep the federal funds rate unchanged at 5.25% to 5.5% for the third meeting in a row, while hinting at possible rate cuts in 2024. The European Central Bank followed suit, keeping

its policy rate unchanged, indicating a shift in the balance of risks between inflation and growth. In Asia, where inflationary pressures have been less intense, central banks continued their more lenient monetary policies. China's PBOC continued to loosen policy, albeit only modestly, amid ongoing struggles to stimulate economic growth. The Bank of Japan maintained its negative interest rate policy despite rising inflation, citing subdued wage growth, lackluster housing investment, and flat government spending.

For the year, enthusiasm for artificial intelligence (AI), especially in the initial months, turbocharged the stock prices of several US mega-cap companies—Amazon, Apple, Alphabet, Meta, Nvidia, Tesla, and Microsoft—engendering their sobriquet, the "Magnificent Seven." By year-end, the aggregate market value of these firms reached nearly \$12 trillion, matching the combined total value of the stock markets in the UK, Canada, and Japan. Backing out the hefty contribution from the Magnificent Seven, international markets would have outperformed the US for the year.

The shift in inflationary expectations catalyzed a surge in US and European bond markets with yields falling across the curve. Yields on US Treasuries saw a marked decline from mid-October highs, including a jaw-dropping 100-basis-point drop in 10-year Treasury yields. A downward trajectory in yields was also observed in the eurozone, where the yield on Germany's 10-year government bond fell a similar amount.

Throughout the quarter, energy prices, particularly oil, saw sharp declines, as reduced demand and skepticism over the impact of supply cuts made by OPEC weighed on prices. In contrast, financial commodities—gold in particular—experienced modest price increases.

As interest rate differentials narrowed, the US dollar came under pressure and fell against most major developed market currencies. The year's overall currency trends were more complex: while the currencies of commodity exporters such as Australia and Norway remained flat despite the drop in oil prices, the Swiss franc, euro, and British pound all managed slight increases relative to the dollar.

Information Technology (IT) led performance viewed by sector, buoyed by expectations for lower interest rates. Sectors often seen as bond proxies, such as Utilities and Real Estate, also reflected the rebound in bond markets, recording gains of 14% and 15%, respectively, although annual returns still lagged the index over the full year. IT was also the strongest performer for the year, propelled in no small part by the earlier excitement for the prospects of AI. Industrials, especially capital goods, performed well despite a slowdown in European manufacturing.

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, 2023 is available on page 9 of this report.

MSCI World ex US Index Performance (USD %)

Sector	4Q 2023	Trailing 12 Months
Communication Services	9.3	13.0
Consumer Discretionary	8.1	22.5
Consumer Staples	5.5	5.5
Energy	1.1	12.2
Financials	11.0	19.5
Health Care	4.9	9.8
Industrials	14.0	26.9
Information Technology	22.1	41.3
Materials	14.9	17.3
Real Estate	14.9	9.9
Utilities	13.9	16.4
Geography	4Q 2023	Trailing 12 Months
Canada	11.4	16.4
Europe EMU	12.6	24.1
Europe ex EMU	9.6	17.3
Japan	8.2	20.8
Middle East	9.4	11.7
Pacific ex Japan	11.4	6.5
MSCI World ex US	10.6	18.6

Source: FactSet, MSCI Inc. Data as of December 31, 2023.

All regions experienced some level of positive returns this quarter. The eurozone fared the best, helped by its larger IT weight, while Japan lagged. For the year, the eurozone again led the way. In Pacific ex Japan, one-year returns were hampered by the underperformance of Hong Kong, as economic malaise in mainland China dampened sentiment.

IT led performance viewed by sector, buoyed by expectations for lower interest rates. Sectors often seen as bond proxies, such as Utilities and Real Estate, also reflected the rebound in bond markets, recording gains of 14% and 15%, respectively.

In terms of style, patterns in the quarter differed from those in the earlier part of the year, with shares of higher-quality companies outperforming those of lower quality, and investors willing to tolerate higher valuations. Growth cohorts ended the quarter with the fastest-growing companies outperforming, in contrast to the distinct headwinds for growth in the nine months prior, when the fastest growers lagged the index. Over the full year, higher quality and faster growth proved an overall tailwind, while there was no clear effect by value, with both the most- and least-expensive stocks outperforming. One final note on style effects: in the three years following the first vaccine approvals for COVID-19—so, three years ending October 31, when bond markets turned for the better—the MSCI World ex US Growth Index rose just 2.6% while its Value counterpart rose 41.1%, for a 39-percentage-point cumulative differential.

Performance and Attribution

For the quarter, the International Developed Markets Equity composite rose 13.0% gross of fees, ahead of the MSCI World ex US Index's increase of 10.6%. For the full year 2023, the International Equity composite rose 17.3% gross of fees, behind the benchmark's 18.6% rise. In the three years of style headwinds referred to above, the composite earned a cumulative return of 10.7%, lagging the index return of 20.9% but far outpacing the 2.6% rise of the MSCI World ex US Growth Index.

The portfolio's performance in the fourth quarter marked its best period of the year for both absolute and relative returns, as our stocks generally outperformed index peers in most regions and sectors.

Viewed by sector, the portfolio benefited modestly from our overweight in Information Technology and underweights in the Energy and Materials sectors. Good stocks boosted performance in several of our major sectors such as Financials, Health Care, Materials, and Industrials. In contrast, our overweights in Health Care and Consumer Staples detracted.

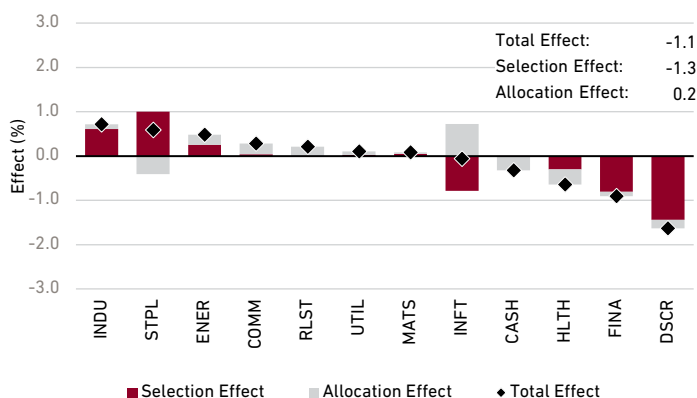
Our stocks were particularly strong relative performers within Financials, our portfolio's largest sector by weight. A key

contributor to this success was Dutch payment processing service provider **Adyen**, whose stock price rebounded impressively after a precipitous decline in the third quarter following lackluster first-half results. Adyen's management began assuaging investor concerns with a comprehensive Investor Day at which they outlined a three-year plan to deliver greater than 20% annualized revenue growth while improving margins. Additionally, **Manulife**, a Canadian insurer, saw its shares increase, reflecting faster profit growth powered by increased activity from its Asian customers. Our investment in Singapore-based commercial bank **DBS Group** didn't fare as well, with its modestly positive performance lagging that of the benchmark.

Our Materials sector stocks delivered strong returns, with standout performance from **Novozymes**, a Danish industrial enzymes producer, which experienced resurgent revenue growth

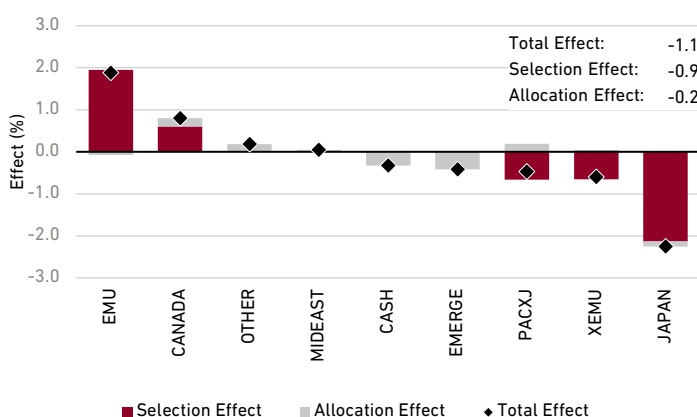
Trailing 12 Months Performance Attribution Sector

Intl. Developed Markets Equity Composite vs. MSCI World ex US Index



Geography

Intl. Developed Markets Equity Composite vs. MSCI World ex US Index



"OTHER": Includes companies listed in the United States.

Source: Harding Loevner International Developed Markets Equity composite, FactSet, MSCI Inc. 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.

from bioenergy customers. This was complemented by the rise in shares of mining giants **BHP** and **Rio Tinto**, which were buoyed by rising iron ore prices.

On the IT front, while most stocks performed strongly, the portfolio suffered from the weak showing of LONGi, a Chinese solar equipment manufacturer. **LONGi**'s third-quarter revenues and profits fell as ongoing oversupply weighed on prices for photovoltaic products.

Our stocks were particularly strong relative performers within Financials, our portfolio's largest sector by weight. A key contributor to this success was Dutch payment processing service provider Adyen, whose stock price rebounded impressively after a precipitous decline in the third quarter.

Regionally, stock selection was key to outperformance. Our stocks within the eurozone contributed the most to relative performance, where top contributors included Adyen along with IT holdings companies **Infineon Technologies** and **Dassault Systèmes**, tempered by luxury-goods maker Kering, whose shares lagged, reflecting management turnover and downward margin revisions. After facing style headwinds all year, our holdings in Japan also outperformed: **Chugai Pharmaceutical** was at the forefront, boosted by increasing optimism about its oral GLP-1 obesity drug collaboration with Eli Lilly, which is currently in trials and shows promise for future profitability.

For the full year, our portfolio's underperformance was the result of poor stock selection. Our relative performance was strongest within the Consumer Staples and Industrials sectors, while it was weakest within Consumer Discretionary, Financials, and IT.

Many of our worst-performing stocks in 2023 were those connected to Hong Kong or Japan. Hong Kong-based insurer **AIA Group** suffered alongside the Hong Kong market, despite rebounding new business activity. Japanese cosmetics company **Shiseido** also struggled with falling Chinese demand amid a resurgence of anti-Japanese consumer sentiment following the release of treated radioactive wastewater from the Fukushima Daiichi nuclear power plant.

Despite the decline in Shiseido, our Consumer Staples stocks performed well. Leading this success was **L'Oréal**, which maintained steady sales throughout the year, including in China where it continues to gain market share. FEMSA, the Mexican consumer group, saw robust growth in its OXXO chain of convenience stores and which also garnered positive market reactions to its plan for streamlining the company's structure.

This year, our Industrials sector holdings achieved some of the highest returns, with **Atlas Copco**, **Schneider Electric**, and **Alfa Laval** each recording gains of over 40%. These European global industrial companies managed to keep growing despite Europe's slowing economic momentum.

The eurozone was our top-performing region in the year, thanks to significant gains from **BBVA**, Schneider Electric, L'Oréal, **SAP**, and Infineon. Japan was our weakest region in relative performance, with disappointing results from Shiseido, **Sysmex**, and **Unicharm** offsetting strong showings from Chugai, **Daifuku**, and **Komatsu**.

Perspective and Outlook

The recent passing of Robert Solow, the Nobel Prize-winning economist, offers a timely reminder of the pivotal role of technology in fostering economic growth, eclipsing by far population growth or the application of capital. Innovation drives productivity, which is, in the words of *The Economist*, the magic elixir of economic growth. Nevertheless, the obituaries for Solow brought a raft of quotations of Solow's 1987 lament that "You can see the computer age everywhere these days except in the productivity statistics," a remark that, rather ironically, heralded the onset of a decade-long surge in productivity. This year has been marked by the eruption of a new technology into the public consciousness: AI, thanks to the accessibility of large language and generative AI models to anyone with a web browser. Among AI applications, Open AI's ChatGPT and DALL-E image generator stood out, sparking not only a surge in the share prices of companies acknowledged as key players and providers of artificial intelligence services, but also a rise in the value of many firms that simply claim an association or indirect benefit from AI.

"Amara's Law," the observation by Stanford Research Institute computer scientist Roy Amara that we overestimate the impact of technology in the short term but underestimate it in the long term, appears to apply to the current obsession with AI in spades. The real-world effects seen to date may simply be an echo of Solow's soon-to-be-obsolete 1987 quip. We now carry powerful computers in our pockets and seemingly can't do anything without them. Likewise, we may be on the cusp, not yet visible in economic statistics, of AI enabling software coders, medical professionals, and even investment analysts to produce more and better output with less drudgery (and time spent.)

The lag between when innovations arrive with great fanfare and the tangible impact they have on people's lives and corporate earnings is known as the "productivity J-curve." This concept highlights the discernible dip between initial excitement and actual, productive results. This phenomenon is widely recognized to feature prominently in technology-focused research (dubbed by Gartner as the "hype cycle"). Existing applications of machine learning may well have become mainstream and already be contributing to productivity, but the broader hopes for so-called "artificial general intelligence," glimpsed through the lens of interactions with ChatGPT, may already have entered the realm of inflated expectations, and potentially be headed for the trough of disillusionment.

The behavioral underpinnings of the hype cycle, though, have broad implications for our investment approach, because they provide one of the more persuasive explanations for the

enduring quality return premium, the documented tendency for higher-quality companies to generate higher-than-average risk-adjusted returns. We humans are hard-wired to seek novelty and excitement. Exploring new environments and trying different resources (like food or habitats) remains crucial for our survival and adaptation. When it comes to investing, few things offer more excitement than groundbreaking innovations by companies in which one owns or could own shares. But the problem with companies that proffer thrilling advancements is that their shares invariably embed expectations of high future growth with the attendant nosebleed valuations. This anticipated growth typically comes with a high degree of uncertainty and thus a wider range of actual possible outcomes. Indeed, that very uncertainty may well fuel the thrill a shareholder experiences, in the conviction of being right in the face of skeptics and volatile, shifting expectations.

The behavioral underpinnings of the hype cycle, though, have broad implications for our investment approach, because they provide one of the more persuasive explanations for the enduring quality return premium, the documented tendency for higher-quality companies to generate higher-than-average risk-adjusted returns.

Investing in shares of high-quality companies can often seem uneventful in contrast, and it's in this lack of excitement that an opportunity lies. If a stock isn't particularly thrilling, often due to the more predictable nature of its future profitability and earnings growth, it may not capture the average investor's imagination in quite the same way. As a result, the shares might not command as high a valuation premium as their potential merits, leading to the quality return premium. Over the years, our focus has been on identifying and investing in such high-quality companies, aiming to augment our portfolio with many of them. The embrace of the mundane, sometimes required to pursue this style of investing, presents its own psychological challenge, even as we try to uncover and communicate those companies' more intriguing aspects in updates like this one.

In the past three years, amid a robust global economic recovery that has boosted corporate profits, but also triggered higher inflation and the swingeing monetary policy responses of central banks, our collection of low-excitement businesses has proved a bulwark. They've provided stability against the turbulence that has buffeted the highly priced stocks of the most-exciting growth companies. These investments weren't new additions made in anticipation of the resurgence of value investing; they were long-standing holdings, often in industries (or countries) not typically favored by investors seeking either rapid growth or high quality.

Take, for instance, our two industrial gas holdings, **Air Liquide** and **Linde**, situated in the rarely thrilling Materials sector. Their straightforward business of separating air or natural gas into pure gases—such as oxygen for steel furnaces, nitrogen for

semiconductor clean rooms and food processing, or hydrogen for desulfurizing petroleum products—is hardly glamorous. Neither is ever cheap enough to be considered a value stock and yet both have outperformed the broad MSCI World ex US Index and far outpaced the more exciting IT sector index over the three years since the first COVID vaccine in November 2020, a period of dramatic outperformance for value-style investors.

Similarly, our investment in Canadian convenience store operator **Couche-Tard**, which operates the Circle K chain of gas station/convenience stores, reflects this approach. Its prosaic operations have yielded attractive, consistent, growing profits without much fanfare. Crucially, its business grew as economies reopened, and its share price wasn't so inflated as to suffer significant devaluation with rising interest rates.

Our banking investments, such as Singapore's DBS Group and Spain's BBVA, also inhabit this "unexciting" category. While residing in the more affordable half of the market, these banks are better managed and financially stronger than most and have benefited from higher central bank policy rates and strong economic growth, by lending more of their ample deposits at increasing spreads.

Portfolio Highlights

Quality is a vital element of our investment philosophy but it's not the only one. We understand that there must be consistent and predictable profit growth to yield attractive returns, so we seek quality combined with high growth from the companies in which we invest. Growth, however, is often less enduring than high quality and fearsomely resistant to attempts at accurate forecasting. This year, we've encountered our fair share of wrestling with growth disappointments and gyrating share prices caused by recalibrated growth prospects, such as at Adyen and LONGi.

One area where we tend to find innovation-led growth is among Health Care companies, but this year we've experienced some setbacks. Sysmex, a company in the seemingly prosaic and stable field of hematology testing, has seen its performance suffer over the past two years due to distributor difficulties and competition in China spurred on by "Made in China" government policies. The embedded high expectations for, and subsequent deflation of, its Chinese operations have undermined its share price. Swiss pharmaceutical giant **Roche**, usually massively steady, struggled to get new drugs approved despite prodigious R&D spending, resulting in a stagnant share price. Lastly, Lonza, as noted last quarter, misjudged the competitive landscape in biologic drug manufacturing. It faced rising competition from Chinese, South Korean, and American firms at the same time as a funding crisis for biotech startups, leading to underutilized expanded capacity and lower-than-expected demand weighing on margins. All three have been poor performers, both this year and last. All of which is to say that owning boring companies doesn't absolve one from the need to constantly probe for emerging threats (or opportunities) that may alter that prized stability.

The news hasn't been all bad. Despite wavering consumer confidence in the US and abroad, shares of vision specialist **Alcon** jumped as market share gains and price increases led to better-than-expected results and improved full-year guidance. By revenues, Alcon is the market leader in ophthalmic surgery and the number two company in vision care, which includes contact lenses and eye drops. The company's access to distribution, its global footprint, and captive user base should help maintain recurring revenues and enable expansion into new product categories. The company is led by David Endicott, an experienced health care executive who has reinvigorated the company since joining in 2016. We expect Alcon's strong product portfolio and continued investments in innovation to allow the company to take share from peers like Bausch + Lomb and Johnson & Johnson.

Quality is a vital element of our investment philosophy but it's not the only one. We understand that there must be consistent and predictable profit growth to yield attractive returns, so we seek quality combined with high growth from the companies in which we invest. Growth, however, is often less enduring than high quality and fearsomely resistant to attempts at accurate forecasting.

Earlier this year, we bought shares of Danish pharmaceutical company **Genmab**. Genmab sales and profits have more than quadrupled in the past five years, primarily due to the success of its anti-cancer monoclonal antibody medication Darzalex, used to treat multiple myeloma, a type of blood cancer. While Darzalex currently dominates Genmab's drug portfolio, we foresee the company's R&D efforts leading to a wider pipeline of antibody cancer treatments in the coming years. This includes ongoing trials for drugs aimed at treating lung cancer, head and neck cancers, lymphoma, solid tumors, and a next-generation

treatment for multiple myeloma. We also purchased **BioNTech** this quarter, the German biotech company most widely known for its COVID vaccine. Though the market has been focused on, and arguably overreacting to, declining vaccine sales, we think BioNTech's key asset is its early-stage pipeline, mostly for cancer-fighting drugs that leverage the company's expertise in mRNA and immunotherapy.

Outside of Health Care, we bought a new holding in **Sony**, the Japanese entertainment and consumer electronics company. The company is improving synergies among its music, entertainment, and gaming businesses, and especially benefits from owning the largest video game console platform. Playstation's large installed base enables the company to serve as an important gatekeeper between game developers and users, giving Sony the potential to grow with the industry without taking on much of the game development risk.

One common denominator for our completed sales this quarter was that the companies had fallen behind the growth mileposts we had set for them. Japan's Fanuc faces rising threats from the improving quality of Chinese robot making competitors while French luxury goods maker Kering saw its sales lag those of peers as it underwent management and fashion leadership changes. We sold Swiss biologics contract manufacturer Lonza amid rising evidence that global competitors have been overbuilding capacity, and that its recently departed CEO's investment plan may have been overly aggressive.

The net effect of our purchases and sales in full year 2023 was a reinforcement of our commitment to invest in higher-quality, faster-growing companies. While rooted in each company's fundamentals, in aggregate our new purchases expressed faster growth characteristics than the companies we sold, while rivalling them in high quality.

This page intentionally left blank.

International Developed Markets Equity Holdings (as of December 31, 2023)

Communication Services	Market	End Wt. (%)	Information Technology	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.4	Dassault Systèmes (CAD software developer)	France	1.8
Consumer Discretionary			Infineon Technologies (Semiconductor manufacturer)	Germany	4.2
Haier Smart Home (Consumer appliances mfr.)	China	0.6	Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.5
NITORI (Home-furnishings retailer)	Japan	0.3	LONGi (Solar power equipment manufacturer)	China	0.4
Shimano (Bicycle component manufacturer)	Japan	1.0	Samsung Electronics (Electronics manufacturer)	South Korea	1.5
Sony (Japanese conglomerate)	Japan	3.0	SAP (Enterprise software developer)	Germany	2.1
Consumer Staples			TSMC (Semiconductor manufacturer)	Taiwan	1.3
Couche-Tard (Convenience stores operator)	Canada	2.3	Materials		
Haleon (Consumer health products manufacturer)	UK	2.7	Air Liquide (Industrial gases supplier)	France	1.6
L'Oréal (Cosmetics manufacturer)	France	3.2	BHP (Mineral miner and processor)	Australia	2.6
Nestlé (Foods manufacturer)	Switzerland	1.5	Linde (Industrial gases supplier and engineer)	US	1.9
Shiseido (Personal care products manufacturer)	Japan	0.8	Novozymes (Biotechnology producer)	Denmark	0.9
Unicharm (Consumer products manufacturer)	Japan	1.6	Rio Tinto (Mineral miner and processor)	UK	2.5
Energy			Symrise (Fragrances and flavors manufacturer)	Germany	1.4
Lukoil (Oil and gas producer)	Russia	0.0*	Real Estate		
Royal Dutch Shell (Oil and gas producer)	UK	3.3	No Holdings		
Financials			Utilities		
Adyen (Payment processing services)	Netherlands	1.7	No Holdings		
AIA Group (Insurance provider)	Hong Kong	2.2	Cash		4.0
Allianz (Financial services and insurance provider)	Germany	3.4			
BBVA (Commercial bank)	Spain	2.9			
DBS Group (Commercial bank)	Singapore	3.5			
HDFC Bank (Commercial bank)	India	1.1			
Manulife (Financial services and insurance provider)	Canada	3.4			
SE Banken (Commercial bank)	Sweden	2.6			
Health Care					
Alcon (Eye care products manufacturer)	Switzerland	2.0			
BioNTech (Pharma manufacturer)	Germany	1.7			
Chugai Pharmaceutical (Pharma manufacturer)	Japan	4.4			
Genmab (Oncology drug manufacturer)	Denmark	1.5			
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	2.2			
Shionogi (Pharma manufacturer)	Japan	1.4			
Sonova (Hearing aids manufacturer)	Switzerland	1.4			
Sysmex (Clinical laboratory equipment manufacturer)	Japan	0.9			
Industrials					
Alfa Laval (Industrial equipment manufacturer)	Sweden	2.1			
ASSA ABLOY (Security equipment manufacturer)	Sweden	1.4			
Atlas Copco (Industrial equipment manufacturer)	Sweden	2.0			
Canadian National Railway (Railway operator)	Canada	1.6			
Daifuku (Material-handling equipment manufacturer)	Japan	1.2			
Epiroc (Industrial equipment manufacturer)	Sweden	1.6			
Komatsu (Industrial equipment manufacturer)	Japan	1.8			
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	0.8			
Schneider Electric (Energy management products)	France	2.8			

*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 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.

4Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Adyen	FINA	1.5	0.1	0.64
Infineon Technologies	INFT	4.0	0.3	0.54
Chugai Pharmaceutical	HLTH	3.8	0.1	0.44
Manulife	FINA	3.2	0.2	0.35
Sonova	HLTH	1.4	0.1	0.33

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Chugai Pharmaceutical	HLTH	2.7	0.1	0.93
BBVA	FINA	2.6	0.3	0.78
Schneider Electric	INDU	3.5	0.5	0.69
Atlas Copco	INDU	2.9	0.3	0.67
Infineon Technologies	INFT	4.1	0.3	0.64

4Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
Haleon	STPL	2.9	0.1	-0.36
Lonza	HLTH	0.9	0.2	-0.35
Genmab	HLTH	1.5	0.1	-0.34
Komatsu	INDU	1.9	0.1	-0.28
ASML*	INFT	–	1.6	-0.25

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
AIA Group	FINA	2.8	0.7	-1.02
Shiseido	STPL	1.1	0.1	-0.73
Lonza	HLTH	1.9	0.2	-0.61
Unicharm	STPL	2.0	0.1	-0.53
Novo Nordisk*	HLTH	–	1.6	-0.52

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

"HL": International Developed Markets Equity composite. "Index": MSCI World ex US Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin ¹ (%)	14.9	10.7
Return on Assets ¹ (%)	8.0	5.8
Return on Equity ¹ (%)	16.5	13.8
Debt/Equity Ratio ¹ (%)	43.0	66.1
Std. Dev. of 5 Year ROE ¹ (%)	2.6	4.4
Sales Growth ^{1,2} (%)	5.5	4.5
Earnings Growth ^{1,2} (%)	11.5	8.0
Cash Flow Growth ^{1,2} (%)	5.6	7.1
Dividend Growth ^{1,2} (%)	6.2	5.2
Size and Turnover	HL	Index
Wtd. Median Mkt. Cap. (US \$B)	63.6	53.0
Wtd. Avg. Mkt. Cap. (US \$B)	97.8	87.5
Turnover ³ (Annual %)	14.7	–

Risk and Valuation	HL	Index
Alpha ² (%)	2.21	–
Beta ²	0.97	–
R-Squared ²	0.93	–
Active Share ³ (%)	85	–
Standard Deviation ² (%)	18.23	18.05
Sharpe Ratio ²	0.50	0.39
Tracking Error ² (%)	5.0	–
Information Ratio ²	0.41	–
Up/Down Capture ²	108/100	–
Price/Earnings ⁴	17.0	13.6
Price/Cash Flow ⁴	13.6	9.1
Price/Book ⁴	2.5	1.8
Dividend Yield ⁵ (%)	2.2	3.0

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

Completed Portfolio Transactions

Positions Established	Market	Sector
BioNTech	Germany	HLTH
Sony	Japan	DSCR

Positions Sold	Market	Sector
Fanuc	Japan	INDU
Kering	France	DSCR
Lonza	Switzerland	HLTH

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 Developed Markets Equity 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 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, 2023)

	HL Intl. DM Equity Gross (%)	HL Intl. DM Equity Net (%)	MSCI World ex US Index ¹ (%)	MSCI EAFE Index ² (%)	HL Intl. EM 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)
2023 ⁵	17.32	16.76	18.60	18.85	18.04	16.61	16.60	0.5	16	1,115	43,926
2022	-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.	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

¹Benchmark index. ²Supplemental index. ³Variability of the Composite, gross of fees, and the index returns over the preceding 36-month period, annualized. ⁴Asset-weighted standard deviation (gross of fees). ⁵The 2023 performance returns and assets shown are preliminary. ⁶N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

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, 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 September 30, 2023. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

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

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate International 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.

This page intentionally left blank.