International Developed Markets Equity

Quarterly Report | Second Quarter 2024

What's Inside

Market Review →
International developed equity markets fell modestly this quarter, with significant underlying divergence between sectors.

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

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

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

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

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

Get More Online

Insights →
View other reports.

Composite Performance

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

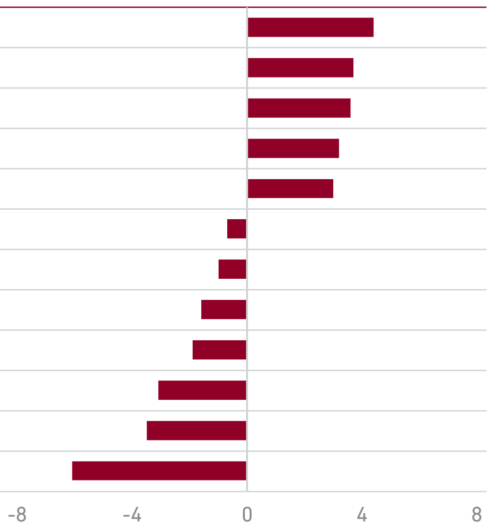
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Developed Markets Equity (Gross)	0.07	1.75	7.23	0.82	7.69	7.50	8.79
HL International Developed Markets Equity (Net)	-0.05	1.49	6.71	0.31	7.15	6.93	8.19
MSCI World ex US Index	-0.36	5.36	11.82	3.39	7.10	4.80	6.41
MSCI EAFE Index	-0.17	5.75	12.09	3.43	6.97	4.83	6.49

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.

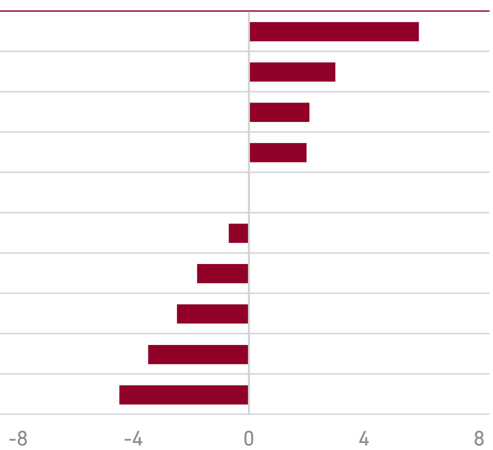
Past performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index	Under / Over
Health Care	16.4	12.0	
Cons Staples	11.8	8.1	
Materials	10.8	7.2	
Info Technology	12.7	9.5	
Cash	3.0	–	
Financials	20.9	21.6	
Industrials	15.5	16.5	
Energy	4.1	5.7	
Real Estate	0.0	1.9	
Utilities	0.0	3.1	
Comm Services	0.3	3.8	
Cons Discretionary	4.5	10.6	



Geography	HL	Index	Under / Over
Emerging Markets	5.9	–	
Cash	3.0	–	
Other	2.1	–	
Europe ex EMU	31.0	29.0	
Frontier Markets	0.0	–	
Middle East	0.0	0.7	
Pacific ex Japan	7.9	9.7	
Canada	8.0	10.5	
Europe EMU	26.3	29.8	
Japan	15.8	20.3	



"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.

Market Review

International developed equity markets fell modestly this quarter, with significant underlying divergence between sectors, as good returns in Health Care, were outweighed by declines in other sectors.

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

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

MSCI World ex US Index Performance (USD %)

Sector	2Q 2024	Trailing 12 Months
Communication Services	0.4	9.2
Consumer Discretionary	-8.5	0.5
Consumer Staples	-1.0	-5.5
Energy	0.8	17.7
Financials	2.6	22.3
Health Care	4.8	12.0
Industrials	-1.0	14.7
Information Technology	-0.5	22.8
Materials	-1.7	8.7
Real Estate	-6.6	7.7
Utilities	1.1	-0.5
Geography	**2Q 2024**	**Trailing 12 Months**
Canada	-1.9	9.5
Europe EMU	-2.1	10.7
Europe ex EMU	4.2	14.1
Japan	-4.2	13.5
Middle East	-4.0	24.2
Pacific ex Japan	2.5	6.9
MSCI World ex US	-0.4	11.8

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

While inflation appears under control in most countries and bond yields remain stable, recent election results have introduced new volatility in both developed and emerging markets. In Europe, far-right parties made significant gains in the parliamentary elections in the European Union. French President Emmanuel Macron reacted to his party's rout at the ballot box by hastily calling for snap legislative elections, prompting French markets to fall. In Germany, Chancellor Olaf Scholz's center-left Social Democrats also received a drubbing as their support plummeted, now polling behind the extreme-right wing Alternative for Germany (AfD) party. But with elections there more than a year away, markets were calmer. In another anti-incumbent outcome, the Labour party secured the majority in UK Parliament, bringing an end to Conservative Rishi Sunak's 20-month tenure as Prime Minister, and to the Tories' 14-year hold on power.

> Health Care was the best performing sector, though returns within the sector were bifurcated, as pharmaceutical biotechnology and life sciences companies generally outperformed, while health care equipment and services companies fell.

The ongoing weakness of the Japanese yen remained the headline story in currency markets, as it fell another 6% against the dollar, reaching its lowest level since 1990. The decline appears to be caused by local investors seeking higher real yields outside their domestic market, as policies remain targeted at stimulating inflation.

Health Care was the best performing sector, though returns within the sector were bifurcated, as pharmaceutical biotechnology and life sciences companies generally outperformed, while health carer equipment and services companies fell. More prosaically cyclical sectors declined, including Consumer Discretionary (autos, durables), Industrials (transportation), and Materials. Real Estate was also a laggard.

While European markets outside the monetary union rose, within the eurozone markets fell, as election results weighed on returns in France and Germany. Japan also declined, unable to overcome the yen weakness, unlike its gains earlier in the year.

Shares of faster-growing underperformed their slower-growing peers, with the slowest-growing stocks outperforming the fastest-growing by over 2%. Returns for the highest-quality companies, characterized by lower leverage and more stable returns on capital, fared slightly better than those of lower quality,

Companies held in the portfolio at the end of the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. A complete list of holdings at June 30, 2024 is available on page 6 of this report.

but overall the factor was mixed. The MSCI World ex US Quality Index, which features large weights in ASML, Novo Nordisk, and Nestlé outperformed the core index by over 160 basis points (bps). There was no clear pattern in returns based on expensiveness—as both the most and least expensive companies outperformed—except for the Japanese market, where cheaper stocks again outperformed more richly priced stocks. In Japan, the return spread between the cheapest and most expensive quintiles was nearly 880 bps, bringing the year-to-date gap to an eye-watering 1,640 bps.

Performance and Attribution

The International Developed Markets Equity composite rose 0.1% gross of fees in the quarter, slightly ahead of the 0.4% decline for the MSCI World ex US Index.

The composite benefited from good stocks within the Information Technology (IT) sector, especially from **TSMC** whose shares continued to soar on sustained demand for artificial intelligence (AI)-related chips for NVIDIA and others. **Infineon Technologies**, the power management chipmaker, clawed back some of last quarter's drop, and **SAP** also rose after the company provided more details about AI features coming to its enterprise management software and suggested cloud customer uptake is accelerating.

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

In the eurozone, **Schneider Electric**'s continued strength was offset by weak performance from Dutch payments processor **Adyen**. Schneider's position as the world's leader in electrification solutions was reaffirmed with its announcement of better-than-expected revenue and an increased backlog of orders. Adyen's shares fell after reporting 21% growth in first-quarter revenue, which was in-line with expectations. Its take rate fell, raising investor concerns that the company may be cutting prices in response to competitive pressure; however, Adyen's management said the fall in take rate was due to a temporary shift in its mix of clients to lower-margin large customers.

Perspective and Outlook

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

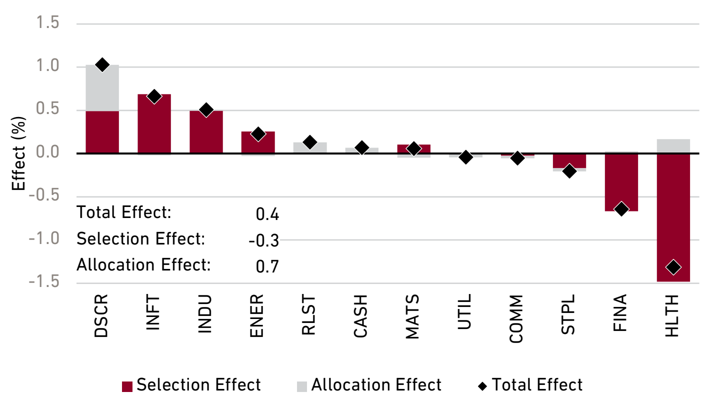
Management of companies in our portfolio have been weighing M&A transactions, and since our holdings are typically among the most profitable and financially robust in their industries, they tend to be acquirors, rather than acquisition targets. As companies in our portfolio propose to acquire another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

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

Second Quarter 2024 Performance Attribution

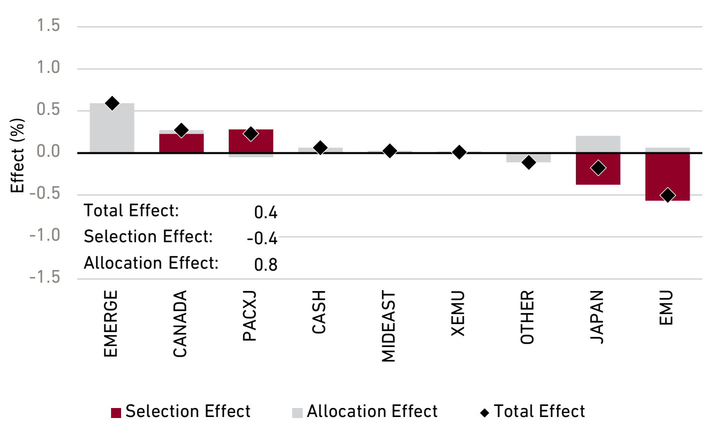
Sector

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



Geography

Intl. Dev. 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.

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

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

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

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

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

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

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

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

BBVA has been at the forefront of digital banking, and the proposed integration of Sabadell into its technology framework is expected to be welcomed by Sabadell's customers and staff. The limited execution risks are partly underscored by a previous merger attempt initiated by Sabadell four years ago, which failed to materialize due to pricing and due diligence concerns by BBVA. This prior engagement suggests both banks are well-acquainted with the potential for cost efficiencies, further smoothing the path for this acquisition.

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

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

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

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

Portfolio Highlights

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

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

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

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

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

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

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

Looking at the geographic sources of the underlying estimated profits of our financial company holdings, which represent about 21% of our strategy, we continue to be tilted towards faster-growing financial markets, and away from those of developed economies with high financial penetration and highly competitive industries. We calculate that more than 40% of our financial holdings' profit comes from Asia Pacific—mostly, Singapore, followed by India, Hong Kong, and China. About 30% of our financial holdings' profit comes from Europe, with very little exposure to banking other than Scandinavia and Spain. Nearly 10% of profit is from Latin America, mostly via BBVA's Mexico exposure. The remainder of profits come from Canada, the US, and the rest of the world.

International Developed Markets Equity Holdings (as of June 30, 2024)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.3
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	0.7
Shimano (Bicycle component manufacturer)	Japan	1.0
Sony (Japanese conglomerate)	Japan	2.8
Consumer Staples		
Couche-Tard (Convenience stores operator)	Canada	2.5
Haleon (Consumer health products manufacturer)	UK	3.2
L'Oréal (Cosmetics manufacturer)	France	3.0
Nestlé (Foods manufacturer)	Switzerland	1.7
Unicharm (Consumer products manufacturer)	Japan	1.4
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	4.1
Financials		
Adyen (Payment processing services)	Netherlands	1.3
AIA Group (Insurance provider)	Hong Kong	1.7
Allianz (Financial services and insurance provider)	Germany	3.5
BBVA (Commercial bank)	Spain	3.1
DBS Group (Commercial bank)	Singapore	4.0
HDFC Bank (Commercial bank)	India	1.0
Manulife (Financial services and insurance provider)	Canada	4.0
SE Banken (Commercial bank)	Sweden	2.2
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	2.3
BioNTech (Pharma manufacturer)	Germany	0.9
Chugai Pharmaceutical (Pharma manufacturer)	Japan	3.2
Coloplast (Medical device manufacturer)	Denmark	1.3
Genmab (Oncology drug manufacturer)	Denmark	1.3
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	3.3
Shionogi (Pharma manufacturer)	Japan	1.3
Sonova (Hearing aids manufacturer)	Switzerland	1.3
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.5
Industrials		
Alfa Laval (Industrial equipment manufacturer)	Sweden	2.0
ASSA ABLOY (Security equipment manufacturer)	Sweden	1.4
Atlas Copco (Industrial equipment manufacturer)	Sweden	2.2
Canadian National Railway (Railway operator)	Canada	1.5
Daifuku (Material-handling equipment manufacturer)	Japan	1.1
Epiroc (Industrial equipment manufacturer)	Sweden	1.5
Komatsu (Industrial equipment manufacturer)	Japan	2.0
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	0.3
Schneider Electric (Energy management products)	France	3.6

Information Technology	Market	End Wt. (%)
TSMC (Semiconductor manufacturer)	Taiwan	2.1
Dassault Systèmes (CAD software developer)	France	1.6
Infineon Technologies (Semiconductor manufacturer)	Germany	2.8
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.5
Samsung Electronics (Electronics manufacturer)	South Korea	1.5
SAP (Enterprise software developer)	Germany	3.2
Materials		
Air Liquide (Industrial gases supplier)	France	1.5
BHP (Mineral miner and processor)	Australia	2.1
Linde (Industrial gases supplier and engineer)	US	2.1
Novonesis (Biotechnology producer)	Denmark	1.1
Rio Tinto (Mineral miner and processor)	UK	2.2
Symrise (Fragrances and flavors manufacturer)	Germany	1.8
Real Estate		
No Holdings		
Utilities		
No Holdings		
Cash		3.0

*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.

2Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
TSMC	INFT	1.9	–	0.47
DBS Group	FINA	3.9	0.3	0.42
Infineon Technologies	INFT	3.3	0.3	0.33
Manulife	FINA	3.8	0.2	0.28
Alfa Laval	INDU	2.1	0.1	0.26

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Manulife	FINA	3.4	0.2	0.99
TSMC	INFT	1.3	–	0.82
SE Banken	FINA	2.6	0.1	0.65
Chugai Pharmaceutical	HLTH	3.4	0.1	0.63
DBS Group	FINA	3.7	0.3	0.62

2Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Adyen	FINA	1.8	0.2	-0.59
BBVA	FINA	3.4	0.3	-0.43
Shionogi	HLTH	1.3	0.1	-0.34
Novo Nordisk*	HLTH	–	2.3	-0.31
Daifuku	INDU	1.2	<0.1	-0.28

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Novo Nordisk*	HLTH	–	2.0	-1.05
Adyen	FINA	1.8	0.2	-0.95
AIA Group	FINA	2.2	0.5	-0.89
Infineon Technologies	INFT	3.8	0.3	-0.82
Lonza	HLTH	0.8	0.2	-0.81

*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] (%)	14.0	11.1
Return on Assets[1] (%)	8.2	6.0
Return on Equity[1] (%)	15.6	14.1
Debt/Equity Ratio[1] (%)	47.2	67.5
Std. Dev. of 5 Year ROE[1] (%)	3.4	4.9
Sales Growth[1,2] (%)	5.0	4.2
Earnings Growth[1,2] (%)	7.6	8.4
Cash Flow Growth[1,2] (%)	8.6	8.8
Dividend Growth[1,2] (%)	6.4	5.6
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	75.2	56.5
Wtd. Avg. Mkt. Cap. (US $B)	111.9	100.5
Turnover[3] (Annual %)	12.3	–

Risk and Valuation	HL	Index
Alpha[2] (%)	0.84	–
Beta[2]	0.97	–
R-Squared[2]	0.92	–
Active Share[3] (%)	85	–
Standard Deviation[2] (%)	17.88	17.66
Sharpe Ratio[2]	0.31	0.28
Tracking Error[2] (%)	5.2	–
Information Ratio[2]	0.11	–
Up/Down Capture[2]	102/100	–
Price/Earnings[4]	19.1	16.0
Price/Cash Flow[4]	13.6	9.8
Price/Book[4]	2.6	1.9
Dividend Yield[5] (%)	2.4	3.0

[1]Weighted median. [2]Trailing five years, annualized. [3]Five-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk characteristics): Harding Loevner International 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: July 3, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Coloplast	Denmark	HLTH

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

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the International 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 June 30, 2024)

	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)
2024 YTD[5]	1.75	1.49	5.36	5.75	18.28	16.67	16.69	N.A.	17	1,441	41,641
2023	17.32	16.76	18.60	18.85	18.04	16.61	16.60	0.5	16	1,115	43,924
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

[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 2024 YTD performance returns and assets shown are preliminary; N.A.–Internal dispersion less than a 12-month period; 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 March 31, 2024.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Developed Markets Equity Composite has had a performance examination for the periods March 1, 2010 through March 31, 2024. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of 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.