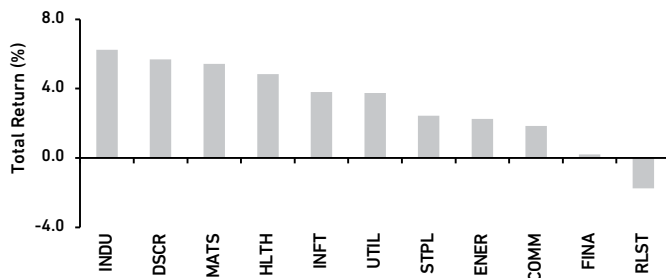


In the Great Recession, worldwide spending on online advertising bucked a sharp contraction in the overall advertising market. At the time, online ads accounted for but a small fraction of advertisers' budgets as smartphones and social media were just becoming popular. Since then, online advertising has surpassed other forms of advertising. As COVID-19 pushes the global economy into recession, the internet advertising industry is more exposed to a cyclical slowdown in ad spending. Though stay-at-home orders have boosted internet-content consumption and ad impressions, advertisers are spending less amid shuttered stores and restaurants, restricted travel, and other anti-commercial measures in the name of virus control.

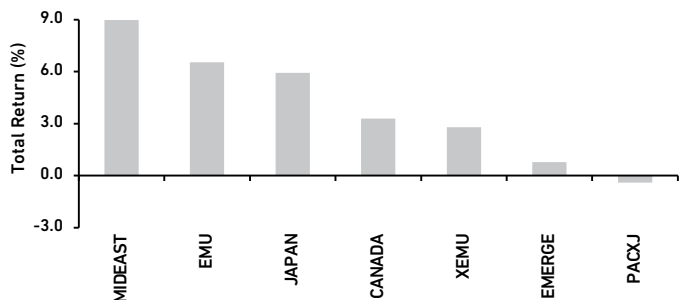
Our portfolio companies involved in internet advertising are not immune to the slowdown, but recent investments in their platforms and ad services help them weather the storm and position them for growth when better times return. In China, online gaming company **Tencent** has upgraded its advertising exchange to make it easier for companies to buy ads on its numerous mobile apps, including its ubiquitous WeChat messaging app. Its advertising revenue in the first calendar quarter grew by over 30% year-over-year to US\$2.5 billion, surpassing market expectations dampened by the pandemic. In Russia, search provider **Yandex** recently enhanced its search algorithm by incorporating artificial intelligence—improving the speed, accuracy, and relevancy of search results and ads.

**PERFORMANCE (% TOTAL RETURN) FOR THE PERIODS ENDED MAY 31, 2020<sup>1</sup>**

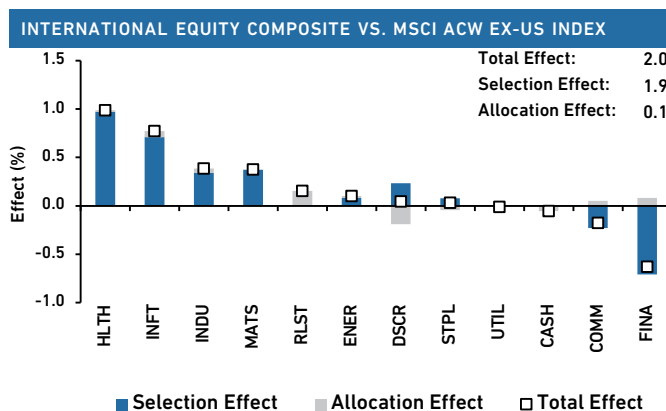
	1 MONTH	YTD	1 YEAR	3 YEARS <sup>2</sup>	5 YEARS <sup>2</sup>	10 YEARS <sup>2</sup>	SINCE INCEPTION <sup>2,3</sup>
HL INTERNATIONAL EQUITY (GROSS OF FEES)	5.31	-9.79	3.49	3.12	4.76	8.19	8.01
HL INTERNATIONAL EQUITY (NET OF FEES)	5.26	-10.03	2.83	2.46	4.08	7.53	7.21
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>4,5</sup>	3.32	-14.65	-3.01	0.23	1.26	4.85	4.65
MSCI EAFE INDEX <sup>5,6</sup>	4.42	-14.03	-2.40	0.11	1.27	5.75	4.35

**BENCHMARK PERFORMANCE BY SECTOR – MAY**


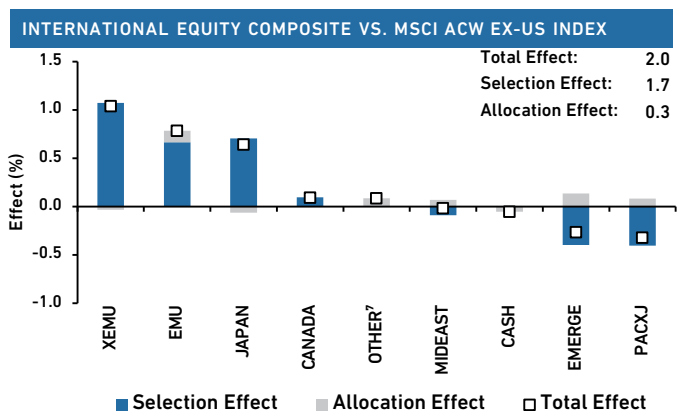
- Industrial and Consumer Discretionary stocks rose as the number of new COVID-19 infections fell in the hardest-hit areas of Europe and many countries gradually reopened their economies.

**BENCHMARK PERFORMANCE BY GEOGRAPHY – MAY**


- Hong Kong shares fell after China threatened to tighten its control by approving a resolution to impose a new national security law on the autonomous region.

**PERFORMANCE ATTRIBUTION BY SECTOR – MAY**


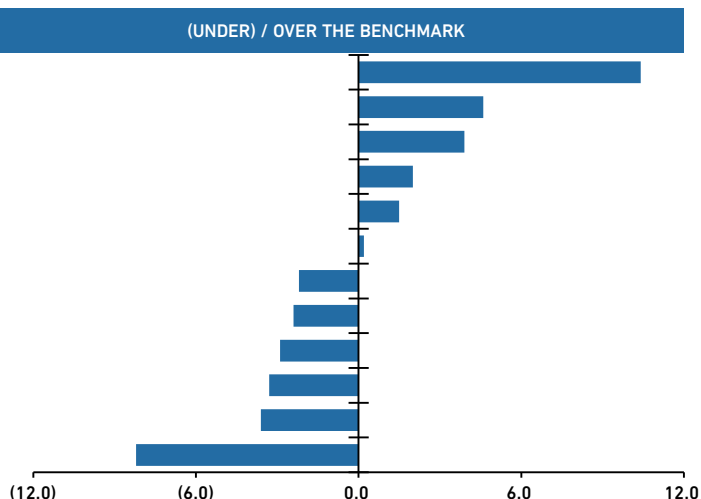
- In Health Care, Japan's **Chugai Pharmaceutical** rose on optimism for its arthritis drug Actemra as a treatment for COVID-19.
- In Financials, Hong Kong-based insurer **AIA Group** fell on the prospect of China's new national security law. Many of its policies are purchased by mainland Chinese who travel to Hong Kong to buy them.

**PERFORMANCE ATTRIBUTION BY GEOGRAPHY – MAY**


- In the eurozone, shares of **Adyen** rose after the Dutch payment processor reported strong online sales growth.
- In Emerging Markets, Taiwan chip foundry **TSMC** fell after the US imposed additional sanctions on China's Huawei, a large customer.

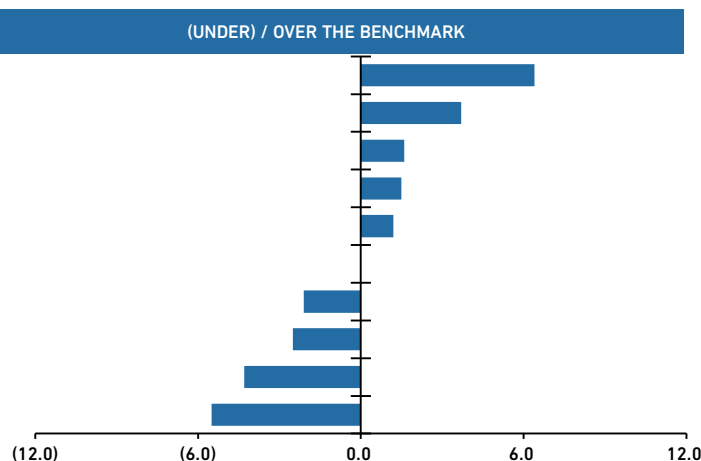
## SECTOR EXPOSURE (%) AT MAY 31, 2020

SECTOR	HL INTL	MSCI ACWI EX-US
INFO TECHNOLOGY	21.0	10.6
CONS STAPLES	14.8	10.2
HEALTH CARE	14.8	10.9
INDUSTRIALS	13.5	11.5
CASH	1.5	—
MATERIALS	7.8	7.6
ENERGY	2.8	5.0
COMM SERVICES	4.9	7.3
REAL ESTATE	0.0	2.9
FINANCIALS	14.6	17.9
UTILITIES	0.0	3.6
CONS DISCRETIONARY	4.3	12.5



## GEOGRAPHIC EXPOSURE (%) AT MAY 31, 2020

REGION	HL INTL	MSCI ACWI EX-US
EUROPE EX-EMU	26.5	20.1
EUROPE EMU	24.2	20.5
OTHER <sup>7</sup>	1.6	—
CASH	1.5	—
MIDDLE EAST	1.6	0.4
FRONTIER MARKETS <sup>8</sup>	0.0	—
JAPAN	15.1	17.2
PACIFIC EX-JAPAN	4.8	7.3
CANADA	2.3	6.6
EMERGING MARKETS	22.4	27.9



## ENDNOTES

(1) The May 2020 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: December 31, 1989 (4) The Benchmark Index (5) Gross of withholding taxes (6) Supplemental Index (7) Includes companies classified in countries outside the Index (8) Includes countries with less-developed markets outside the Index.

## SOURCES

Benchmark Performance: FactSet; MSCI Inc. and S&P.  
Sector/Geographic Attribution: FactSet; Harding Loevner International Equity Composite; MSCI Inc. and S&P.  
Sector/Geographic Exposure: FactSet; Harding Loevner International Equity Model; MSCI Inc. and S&P.

## DISCLOSURES

The International 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 All Country World ex-US Total Return Index (Gross) for comparison purposes. 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. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through December 31, 2019. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The International Equity Composite has been examined for the periods January 1, 1990 through December 31, 2019. 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 Equity Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list and description of composites, which is available upon request.

The MSCI All Country World ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 48 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The Index consists of 21 developed market countries. You cannot invest directly in these Indices.

Companies held in the portfolio during 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. To request a complete list of holdings for the past year, please contact Harding Loevner.

Portfolio holdings, portfolio attribution, and sector/geographic allocations are supplemental information only and complement a fully compliant International Equity Composite GIPS Presentation, which is available upon request. 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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