International Equity

Quarterly Report | Third Quarter 2021

HARDING LOEVNER

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Composite Performance

Total Return (%) — Periods Ended September 30, 2021[1]

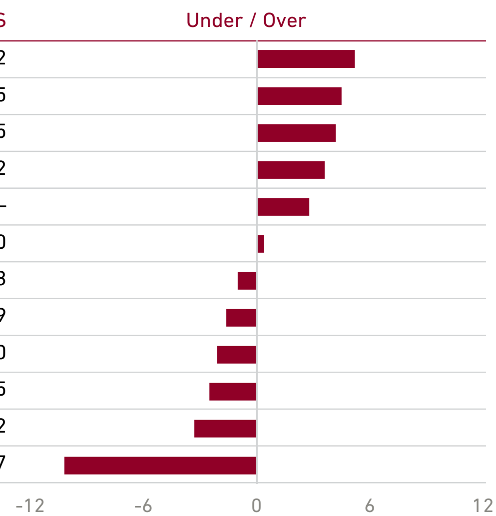
	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL International Equity (Gross of Fees)	-1.88	4.68	21.92	11.00	11.88	10.97	8.83
HL International Equity (Net of Fees)	-2.03	4.19	21.15	10.30	11.16	10.29	8.04
MSCI All Country World ex-US Index[4,5]	-2.88	6.29	24.45	8.51	9.44	7.97	5.52
MSCI EAFE Index[5,6]	-0.35	8.79	26.29	8.12	9.32	8.59	5.20

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 1989; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

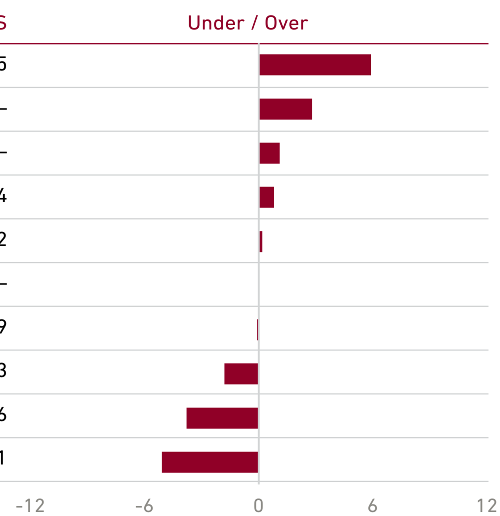
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL Intl.	ACWI ex-US
Info Technology	18.4	13.2
Health Care	14.0	9.5
Cons Staples	12.7	8.5
Industrials	15.8	12.2
Cash	2.8	–
Materials	8.4	8.0
Comm Services	5.3	6.3
Energy	3.3	4.9
Utilities	0.9	3.0
Real Estate	0.0	2.5
Financials	15.9	19.2
Cons Discretionary	2.5	12.7



Geography	HL Intl.	ACWI ex-US
Europe ex-EMU	25.4	19.5
Cash	2.8	–
Other[7]	1.1	–
Middle East	1.2	0.4
Pacific ex-Japan	7.4	7.2
Frontier Markets[8]	0.0	–
Europe EMU	20.8	20.9
Japan	13.5	15.3
Emerging Markets	25.8	29.6
Canada	2.0	7.1



[7]Includes companies classified in countries outside the index; [8]Includes countries with less-developed markets outside the index. Sector and geographic allocations are supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. Source: Harding Loevner International Equity Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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Market Review

Stock markets fell in the quarter as soaring consumer price indexes collided with the prospect of slowing growth and higher interest rates. After bottoming out in May 2020, inflation expectations have ballooned, stoked by tight labor markets, pent-up consumer demand, and pandemic-mangled supply chains. The spread of the Delta variant, despite high vaccination rates in many developed economies, dampened the pace of recovery. But even with the ongoing effects of COVID-19 and decelerating global growth expectations, central banks have begun to signal the impending end of unprecedented monetary support and, in some cases, have already acted, by reducing bond buying (European Central Bank) or actually raising interest rates (Norway, Brazil, and Russia). The US Federal Reserve adopted a more-hawkish tone following its September meeting, suggesting it could begin to scale back its monthly bond purchases as soon as this year, while its short-term interest rate forecasts now indicate a liftoff for rates as early as next year. US Treasury bond prices fell sharply late in the quarter, but their yields remain below levels reached in March. Oil prices marched higher, with Brent crude trading near US$80 per barrel for the first time since 2018.

MSCI ACW ex-US Index Performance (USD %)

Geography	3Q 2021	Trailing 12 Months
Canada	-2.4	34.9
Emerging Markets	-8.0	18.6
Europe EMU	-1.8	29.6
Europe ex-EMU	-1.1	26.1
Japan	4.7	22.5
Middle East	2.9	28.6
Pacific ex-Japan	-4.4	25.9
MSCI ACW ex-US Index	-2.9	24.4

Sector	3Q 2021	Trailing 12 Months
Communication Services	-9.6	9.6
Consumer Discretionary	-11.4	10.3
Consumer Staples	-3.4	10.1
Energy	7.0	56.7
Financials	1.2	43.3
Health Care	-1.9	10.5
Industrials	0.5	28.9
Information Technology	-0.9	37.1
Materials	-5.4	27.5
Real Estate	-6.3	12.4
Utilities	-1.7	11.1

Source: FactSet (as of September 30, 2021). MSCI Inc. and S&P.

Proliferating regulatory interventions and an impending debt default by Evergrande, China's second largest property company, savaged Chinese share prices. The regulatory crackdown, which began last November with the tabling of Ant Group's IPO, expanded with the adoption of anti-monopoly legislation aimed at the country's internet giants and new rules to strengthen the data security of social media platforms. Chinese President Xi Jinping's stated goal to tackle income inequality and promote "common prosperity," including the "reasonable adjustment of excessive incomes," raised questions about the future of many firms. The turbulence in the Chinese property market coupled with mandates to curb Chinese industrial carbon emissions led to a sharp selloff in iron ore, with spot prices falling over 50% since peaking in May, and along with it the share prices of mining stocks. Meanwhile, in the US, a major infrastructure spending bill—which if adopted would help offset falling Chinese demand for iron ore—fell victim to political gridlock as politicians were unable to reach consensus on the scale of a companion package focused on climate change and expanding the social safety net. Partisan gamesmanship around the US debt ceiling added to the general uncertainty.

September was the worst month for stocks since March 2020. Regional performance resembled the pattern in that early stage of the pandemic, marked by the outperformance of Japan and the US and underperformance of Emerging Markets (EMs). One major difference this time, however, was China significantly underperforming; Chinese stocks declined by over 18%, trailing EMs overall by 10% for the quarter. Most major currencies declined against the US dollar, with the biggest falls seen in commodity-exposed currencies, including the Australian and Canadian dollars and the Brazilian real.

Sector performance was heavily influenced by the Chinese regulatory headwinds and the diverging fortunes of iron ore and oil prices. Consumer Discretionary stocks slumped, hurt by roughly a 35% decline in heavyweight Alibaba's shares.

Sector performance was heavily influenced by the Chinese regulatory headwinds and the diverging fortunes of iron ore and oil prices. Consumer Discretionary stocks slumped, hurt by roughly a 35% decline in heavyweight **Alibaba's** shares, along with other Chinese retailers such as Pinduoduo and Meituan. Baidu and **Tencent's** declines hurt returns in Communication Services. Materials, heavily weighted towards mining stocks, fell in conjunction with the decline in ore prices. The Energy sector

Companies held in the portfolio during 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. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at September 30, 2021 is available on page 9 of this report.

eked out positive gains on the back of pricier oil, while Financials also gained, supported by the prospect of widening spreads as interest rates normalize.

Viewed by style, the highest-quality stocks, i.e., those of companies in the best quintile according to our quality measures including degree of leverage and volatility of returns, outperformed the index by approximately 280 basis points. Shares of faster-growing companies, meanwhile, underperformed substantially. For year-to-date returns, however, the "value rally" still dominates, despite being on hold since May. The cheapest quintile of stocks in terms of valuation has outperformed the most expensive by a staggering 1,200 basis points, and the MSCI ACW ex-US Value Index's return of over 9% for the year is still well ahead of the nearly 3% return for MSCI ACW ex-US Growth.

Performance and Attribution

The International Equity composite declined 1.9% gross of fees, better than the 2.9% decline for its benchmark. In the year to date, the composite trails the index, 4.7% (also gross of fees) vs. 6.3%.

Performance was lifted by a strong sector allocation effect, partly offset by a poor stock selection effect. Our underweight in the lagging Consumer Discretionary sector was the biggest contributor to relative performance. Chinese e-commerce companies were the largest drag on the sector, while apparel and luxury goods stocks also weakened in response to signs of slowing consumer spending. Our stocks within the sector, though, performed even a little worse than the sector as a whole.

Stock selection was strongest in Information Technology and Health Care. In the former, Japanese maker of sensor and measurement devices **Keyence** and Dutch payment processor **Adyen** boosted returns. Keyence benefitted from a broad-based recovery in all its major markets while Adyen comfortably outperformed revenue expectations for the first half of the year on sharply higher transaction volumes. In Health Care, Japanese pharmaceuticals manufacturer **Shionogi** was our strongest performer, due to rising hopes for approvals of the company's revised formulation of its COVID-19 vaccine, as well as for its potential COVID-19 antiviral treatment.

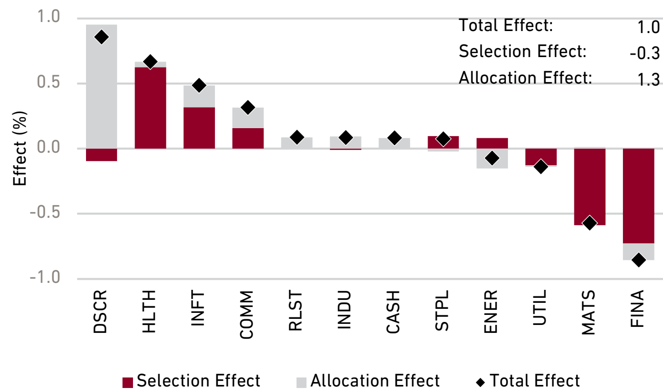
Poor stock selection hurt in Financials and Materials. While our bank holdings performed in line with their group, Chinese life insurers **Ping An Insurance** and Hong Kong-based **AIA Group** both suffered from the slowness of the rebound in insurance sales in China. Investors also reacted negatively to Ping An's questionable investment in the distressed Founder's Group as well as the company's exposure to the troubled property sector. AIA's issues were exacerbated by strict quarantine requirements that discouraged wealthy mainland Chinese from traveling to Hong Kong to purchase the more sophisticated policies available there. The impact of plummeting iron ore prices on **BHP** and **Rio Tinto** dragged on our performance in Materials. BHP's Australian share price also came under pressure from the company's decision to streamline its corporate structure by collapsing its separate London entity and moving to a single global share class. This decision led to a sell-off in the higher-priced Australia shares.

From a geographic perspective, performance was bolstered by strong stocks in Europe, especially Adyen and Swiss Health Care companies **Alcon** and **Lonza**. Alcon outperformed after posting revenue growth of nearly 70% due to the reopening of doctors' offices and resumption of elective ophthalmic procedures,

Third Quarter 2021 Performance Attribution

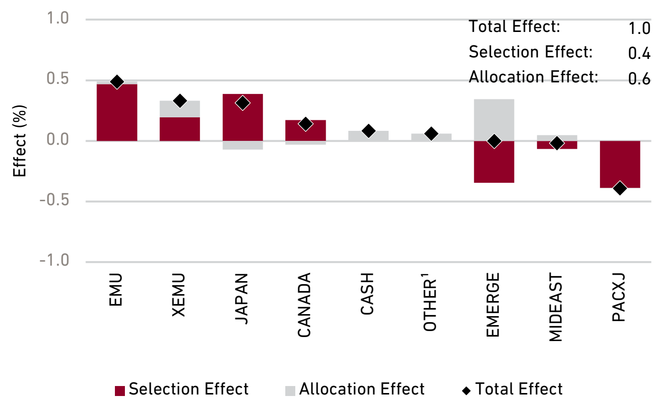
Sector

International Equity Composite vs. MSCI ACW ex-US Index



Geography

International Equity Composite vs. MSCI ACW ex-US Index



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

supplemented by market share gains and strong contributions from newer products. Japan was also a contributor to relative performance, led by Keyence and Shionogi.

While our Chinese holdings performed poorly, their lower weight relative to the index fully offset their effect. Our Pacific ex-Japan holdings also underperformed the benchmark, due to BHP and AIA.

Perspective and Outlook

In our 2020 first quarter letter, at the early stage of the global pandemic, we marveled at the resiliency of the Chinese stock market, which we ascribed to the country's success in containing the domestic spread of the coronavirus through draconian lockdowns, whose efficacy was made possible by its authoritarian political system. Eighteen months later, a similarly authoritarian intervention has left investors reeling. While government intervention is not uncommon in China, the scale and pace of this latest crop of reforms is unprecedented. Is Xi Jinping, China's most powerful leader since Chairman Mao, revealing his allegiance to a collectivist ideology long thought to be discredited? Or is he boldly grasping the nettle of reform to redress economic imbalances and social ills before they become more entrenched and undermine the Chinese Communist Party's legitimacy?

Is Xi Jinping revealing his allegiance to a collectivist ideology long thought to be discredited? Or is he boldly redressing economic imbalances and social ills before they become more entrenched and undermine the Chinese Communist party's legitimacy?

Despite headlines conjuring memories of the CCP's gruesome past, we accept that on balance the policy changes are intended to benefit the long-term health of Chinese society and economy, especially its middle class. The message the Party is sending to business leaders across China is clear: compete on a level playing field and pay a fair wage. For instance, much of the coverage of Ant Group's canceled IPO focused on the ostensible desire of the CCP to clip the wings of its tech oligarchs. More persuasive in our view is that having observed and learned from the West's subprime debacle a decade prior, Chinese financial regulators are not keen to allow loan origination to be divorced from the underlying credit risks of the loans—a source of moral hazard that would potentially destabilize a financial system still dominated by lumbering state-owned banks with weak credit cultures and poor management systems. Antitrust interventions targeting the largest e-commerce platforms echo the statements (if not yet the achievements) of many Western policymakers to improve competition by increasing the bargaining power of smaller businesses versus the giants.

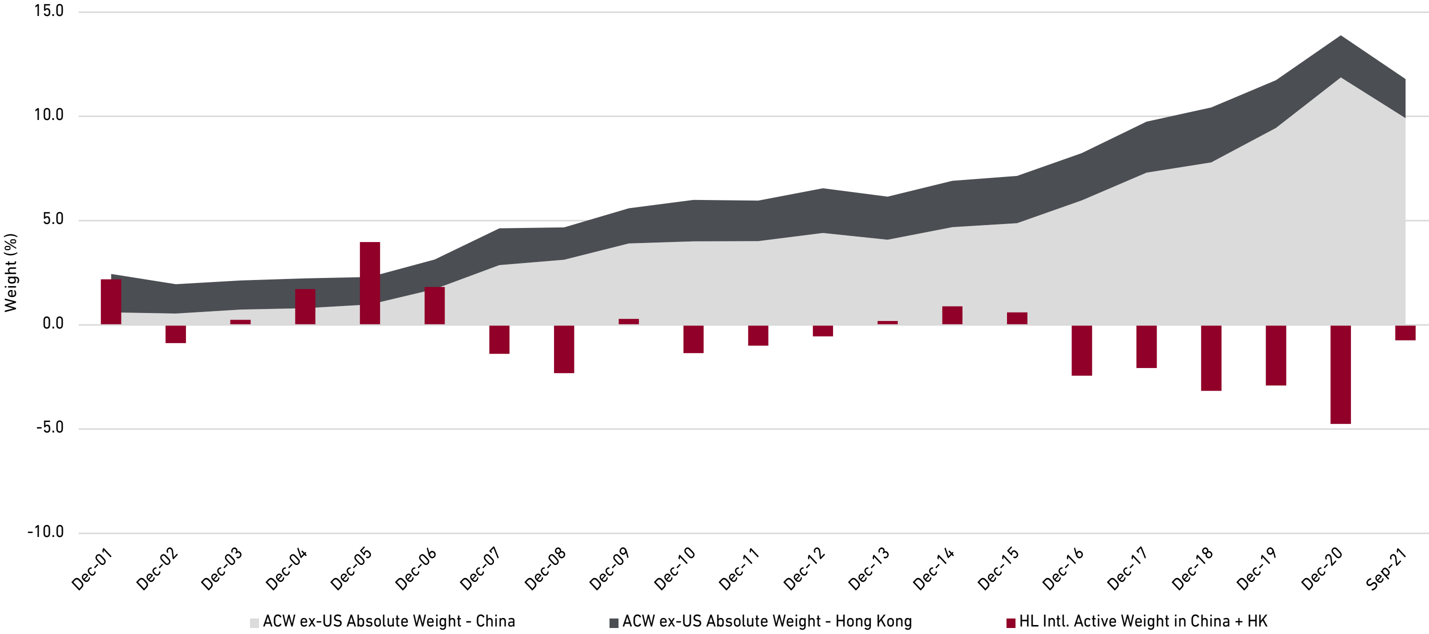
Meanwhile, although the gutting of the private educational tutoring sector may seem disproportionate, it has with the stroke of a pen stigmatized one of the educational advantages of affluence while inhibiting the exam preparation arms race that many middle-class families feel has spiraled out of control. Actions taken to strengthen the data privacy protections of social media companies, tighten local ownership of Macau casinos, and rein in speculation in the high-end liquor market would not be out of place in Europe or the US. Not to minimize the serious consequences of these abrupt and radical reforms for private businesses; as investors we are viewing these actions mainly as problems requiring further analysis rather than as indications that China has become too unpredictable to be investable.

Not to minimize the seriousness of these reforms for private businesses; as investors we are viewing these actions mainly as problems requiring further analysis rather than as indications that China has become un-investable.

More troubling for China's long-term prospects, although less of an immediate danger to our portfolio, is the looming default of Evergrande. For years, the Chinese government has promised to wean the economy from fixed asset investments in favor of consumption, with little to show for the rhetoric. Regional governments have continued to rely on a red-hot property sector to provide their funding and to achieve their mandated growth targets. Alarmed by the outsized role of property development in the economy, and the associated risks to the financial system of too much property speculation, the central government pushed through a series of policies last year to force the property sector to deleverage. Evergrande's plight looks like the direct consequence of those blunt top-down mandates as the heavily indebted company started to find itself cut off from its usual credit lines. While the government may be happy to make an example of Evergrande, the probable spillover effects to the rest of the economy will be hard to contain and likely to require yet more interventions.

Equally disturbing to us are the rolling power outages afflicting as many as 20 provinces. Dueling top-down mandates with competing objectives seem to be playing a role here. Earlier in the year, the central government renewed its commitment to "dual control," a mandate to curb carbon emissions by limiting both energy usage and the intensity (i.e., the amount of energy used per unit of GDP). That directive was issued, however, without anticipating this year's spike in industrial output, whose emissions far exceed those from less energy-intensive sectors. Now that they have met their local growth targets, regional administrators are rushing to institute power shutdowns to avoid breaching stipulated emission ceilings. Woe be to the regional leaders who fail to shrink their carbon footprint before President Xi goes before the UN Climate Change Conference in

HL International Equity Composite Active Weight vs. ACW ex-US Index Absolute Weight in China + Hong Kong



Source: FactSet; Harding Loevner. Data as of September 30, 2021.

early November determined to show that China is no climate backslider. To be sure, there are other factors contributing to the power crisis—not least, skyrocketing coal prices whose rise was exacerbated by China's boycott of Australian coal imports in retaliation for that country's insistence on re-opening the inquiry into the origins of the COVID-19 virus.

> Nobel Prize-winning economist Friedrich Hayek would have predicted that the Chinese government would ultimately fail to manage its economy by mandate, because officials can't foresee and prevent every unintended consequence of their own actions.

Nobel Prize-winning economist Friedrich Hayek would have predicted that the Chinese government would ultimately fail to manage its economy by mandate, because officials can't foresee and prevent every unintended consequence of their own actions. If China's growth slows further, more such shortcomings are likely to surface. The Chinese authorities exhibited competence at virus management, but even when their intentions are good, leaders inevitably miscalculate. When the views of authoritarians are subjected to little debate and their mandates are implemented without checks and balances, miscalculations can have outsized consequences. It's unclear to us when a greater trust in the spontaneous order spawned by private actors and market forces, however well-mitigated by regulation and taxation, will take hold in China. Likely not as soon as we had hoped.

Portfolio Highlights

In 2001, China represented less than 1% of the MSCI ACW-ex US Index and was dominated by state-owned companies with dubious management and limited growth prospects. Additionally, stocks trading in the Chinese domestic stock markets were entirely off-limits to foreigners and therefore excluded from global market indexes. Today, China has grown to represent about 10% of the index in large part due to greater access to the domestic market for foreign investors; the increased number of private-sector, China-based companies listed in China, Hong Kong, and the US; and the growth of those companies.

Over the past 20 years, our portfolio has maintained a continuous exposure to China, with that exposure sourced in both Hong Kong and China itself. China has been a volatile market, but over the years has provided us with superior long-term returns. For the 20 years since September 2001, our stocks in HK and China have generated annual returns net of fees 1.75 percentage points higher than the ACW ex-US Index, helping us achieve our long-term outperformance objectives.[1]

Although our Chinese holdings comprise only 8% of the portfolio, their prospects have recently been dominating our internal discourse and sparking a disproportionate share of clients' questions. In China, we face a daunting paradox. Despite disquieting regulatory changes, we are finding more high-quality growing businesses that meet our investment criteria in China than at any point in our firm's history. Our persistent underweight

[1]Net returns of the China + Hong Kong portion of the HL International Equity Composite are calculated using a model fee that is equal to the fee if they were to meet the minimum investment amount to establish a separate account. The performance results of the HL International Equity Composite for the time periods presented in the chart above are available upon request.

to China over the past 12 years has reflected, in part, our effort to limit portfolio risk from that source. But as other investors appear to be waking up to Chinese country risk, our inclination is to invest in otherwise-solid Chinese companies on share price weakness. To mitigate the potential impact of stricter regulation or reprisals on any one Chinese company or sector, we maintain substantial stock-level and industry-level diversification within China. And even while hunting for new opportunities, we are scrutinizing our existing Chinese holdings to make sure they continue to meet our investment criteria.

One of the high-quality, growing companies we identified is **Sanhua Intelligent Controls**, a Chinese manufacturer of thermal management components. Its main business is making parts for home appliances, particularly HVAC systems, where it has scale and technological advantages in higher-value valves, pumps, and high-efficiency components. These advantages are also flowing into its smaller, but faster-growing, automotive parts business, which is growing explosively in heating and cooling systems for electric vehicles (EVs). Sanhua currently supplies Tesla and Volkswagen. We expect rising volumes to lead this division to achieve 30% annualized revenue growth for years to come.

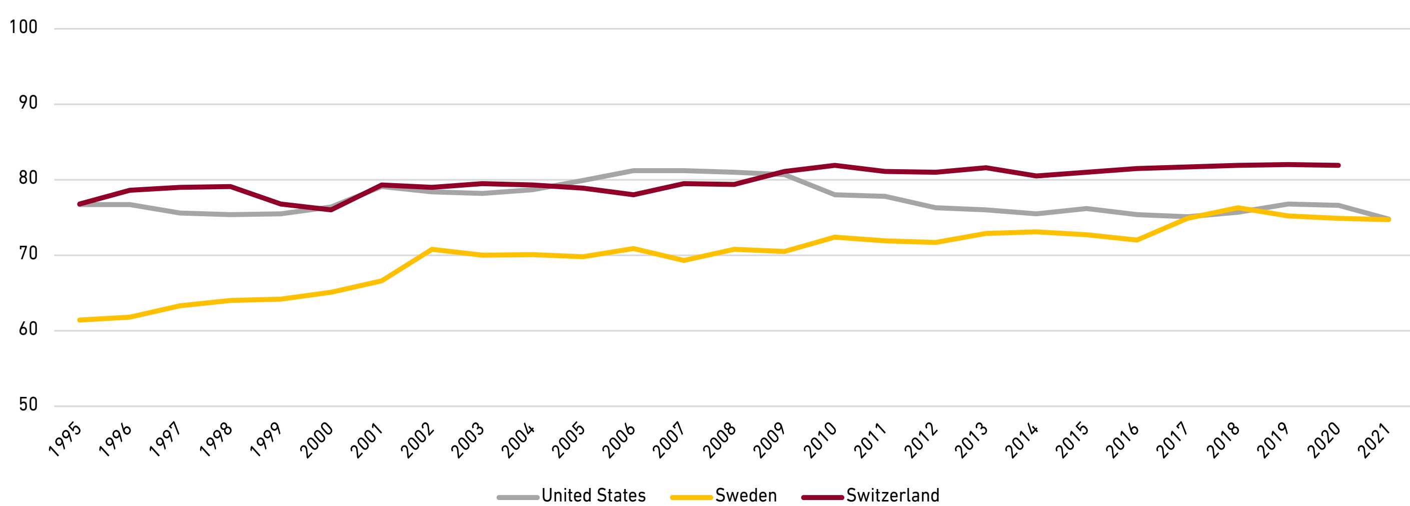
Sanhua, listed on the Shenzhen Stock Exchange, is the first stock that we've purchased through the Hong Kong Stock Connect facility. Although in place since 2014, the Stock Connect facility has gradually expanded and become more accessible, now allowing foreign investors to trade more than 1,400 A-share companies listed on the Shanghai and Shenzhen Stock exchanges, many of which do not have ADRs or secondary listings elsewhere. We encourage all our clients to complete the requirements to participate in the facility, as a growing number of high-quality Chinese A-share companies like Sanhua will not be accessible to them otherwise.

To put the size of our exposure to China in perspective, our approximate 8% weight in China is exceeded by our 11% weight in Switzerland and matched by our 8% weights in each of France, Germany, and Sweden. Our notional exposure to these countries is a byproduct of the multinational companies domiciled in these countries that we've identified for investment. No doubt these companies chose to remain in their historical birthplaces in large part because of the stable and hospitable business climate provided by their home countries. We are very rarely asked about the political and regulatory risks that companies based in these countries face—likely because these risks stem primarily from their operations outside their borders.

> To put the size of our exposure to China in perspective, our approximate 8% weight in China is exceeded by our 11% weight in Switzerland and matched by our 8% weights in each of France, Germany, and Sweden.

Despite not generating many headlines, we think Sweden deserves some positive attention. We own four stocks there: **Atlas Copco**, **Alfa Laval**, **Epiroc**, and **SE Banken**. How can these businesses thrive in a small economy associated in the popular imagination with stifling big government? A testament to the difficulty of shaking a reputation perhaps. Based on the Index of Economic Freedom, over the past 25 years Sweden has become more economically free while the US has become less so, to the point that today they're in a virtual dead heat. Sweden ranks higher in property rights, government integrity, fiscal health, business freedom and trade freedom, while the US ranks better in tax burden, government spending, and labor freedom. While Sweden still imposes a higher level of government spending

Lands of the Free: Scoring Switzerland, Sweden, and the US on the Index of Economic Freedom



Source: The Hertiage Foundation.

In the chart above, we can see that Switzerland has maintained a high overall economic freedom score over the past 25 years, while the US has declined modestly, and Sweden has markedly improved, to the point it is now neck and neck with the US.

and taxation on its economy than the US, those high taxes are imposed on individuals rather than corporations: Sweden's corporate tax rate is currently at a more than 40-year low of 20.6%.

Our three Swedish industrial companies each derive less than 5% of their global sales in Sweden; they have used their stable domestic environment as a base from which to expand their technological and competitive advantages abroad. SE Banken generates the majority of its revenues domestically, but mostly by serving the banking needs of multinational corporations headquartered in Sweden.

Sweden has become a somewhat smaller version of Switzerland, which has long been a stable political and economic base in which many high-quality, growing multinational companies maintain headquarters. Although Switzerland's population is even smaller than Sweden's (8.7 versus 10.2 million), it hosts more large companies on its stock exchange, scores even more highly on economic freedom than both Sweden and the US, and levies an even lower corporate tax rate, averaging about 15%. Our six Swiss companies generate an inordinate amount of their sales outside the country. Contract drug manufacturer Lonza is the most domestically focused, generating 10% of its revenues in Switzerland, while the other five each generate less than 5% at home.

International Equity Holdings (as of September 30, 2021)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	1.2
Tencent (Internet and IT services)	China	3.2
Yandex (Internet products and services)	Russia	1.0
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	1.0
NITORI (Home-furnishings retailer)	Japan	1.5
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.0
Couche-Tard (Convenience stores operator)	Canada	1.0
Diageo (Alcoholic beverages manufacturer)	UK	1.2
FEMSA (Beverages manufacturer and retail operator)	Mexico	1.2
L'Oréal (Cosmetics manufacturer)	France	3.2
Nestlé (Foods manufacturer)	Switzerland	1.9
Unicharm (Consumer products manufacturer)	Japan	2.0
Unilever (Foods and consumer products producer)	UK	1.1
Energy		
Lukoil (Oil and gas producer)	Russia	1.9
Royal Dutch Shell (Oil and gas producer)	UK	1.4
Financials		
AIA Group (Insurance provider)	Hong Kong	2.9
Allianz (Financial services and insurance provider)	Germany	2.2
BBVA (Commercial bank)	Spain	1.5
DBS Group (Commercial bank)	Singapore	2.4
HDFC Bank (Commercial bank)	India	1.3
ICICI Bank (Commercial bank)	India	1.7
Itaú Unibanco (Commercial bank)	Brazil	1.3
Ping An Insurance (Insurance provider)	China	0.8
SE Banken (Commercial bank)	Sweden	1.3
Standard Chartered (Commercial bank)	UK	0.6
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.5
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.4
CSPC Pharmaceutical Group (Pharma manufacturer)	China	1.4
Lonza (Life science products manufacturer)	Switzerland	2.3
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	2.8
Shionogi (Pharma manufacturer)	Japan	1.6
Sonova Holding (Hearing aids manufacturer)	Switzerland	1.3
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.7
Industrials		
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.6
Atlas Copco (Industrial equipment manufacturer)	Sweden	3.5
Canadian National Railway (Railway operator)	Canada	1.0
Epiroc (Industrial equipment manufacturer)	Sweden	1.4

Industrials	Market	End Wt. (%)
Fanuc (Industrial robot manufacturer)	Japan	0.9
Komatsu (Industrial equipment manufacturer)	Japan	1.2
Kubota (Industrial and consumer equipment manufacturer)	Japan	1.6
Sanhua Intelligent Controls (HVAC&R parts mfr.)	China	1.1
Schneider Electric (Energy management products)	France	2.7
SGS (Quality assurance services)	Switzerland	0.8
Information Technology		
Adyen (Payment processing services)	Netherlands	2.7
Check Point (Cybersecurity software developer)	Israel	1.2
Dassault Systèmes (CAD software developer)	France	1.5
Infineon Technologies (Semiconductor manufacturer)	Germany	3.1
Keyence (Sensor and measurement equipment mfr.)	Japan	1.5
Samsung Electronics (Electronics manufacturer)	South Korea	3.4
SAP (Enterprise software developer)	Germany	1.4
TSMC (Semiconductor manufacturer)	Taiwan	3.5
Materials		
Air Liquide (Industrial gases producer)	France	0.9
BHP (Mineral miner and processor)	Australia	2.2
Fuchs Petrolub (Lubricants manufacturer)	Germany	0.1
Linde (Industrial gases supplier and engineer)	US	1.1
Novozymes (Biotechnology producer)	Denmark	0.9
Rio Tinto (Mineral miner and processor)	UK	1.8
Symrise (Fragrances and flavors manufacturer)	Germany	1.4
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.9
Cash		2.8

Model Portfolio holdings are supplemental information only and complement the fully compliant International 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.

3Q21 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Intl.	Avg. Weight ACWI ex-US	Effect
Adyen	INFT	3.1	0.2	0.54
Shionogi	HLTH	1.2	0.1	0.38
Keyence	INFT	2.2	0.4	0.36
Unicharm	STPL	1.8	0.1	0.22
Alcon	HLTH	1.4	0.1	0.20

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL Intl.	Avg. Weight ACWI ex-US	Effect
BBVA	FINA	1.4	0.1	0.99
Adyen	INFT	2.9	0.2	0.63
Infineon Technologies	INFT	3.8	0.2	0.61
ICICI Bank	FINA	1.4	0.2	0.56
DBS Group	FINA	2.2	0.1	0.55

3Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Intl.	Avg. Weight ACWI ex-US	Effect
BHP	MATS	2.8	0.4	-0.44
Ping An Insurance	FINA	1.1	0.2	-0.25
Ambev	STPL	1.1	0.1	-0.19
Samsung Electronics	INFT	3.6	1.4	-0.18
Tencent	COMM	2.9	1.4	-0.18

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL Intl.	Avg. Weight ACWI ex-US	Effect
SAP	INFT	1.9	0.6	-1.02
Chugai Pharmaceutical	HLTH	1.8	0.1	-0.69
Ping An Insurance	FINA	1.5	0.3	-0.57
Unicharm	STPL	2.1	0.1	-0.56
Symrise	MATS	1.5	0.1	-0.49

Portfolio Characteristics

Quality and Growth	HL Intl.	ACWI ex-US
Profit Margin[1] (%)	12.7	10.5
Return on Assets[1] (%)	7.6	4.7
Return on Equity[1] (%)	13.1	10.7
Debt/Equity Ratio[1] (%)	44.6	60.5
Std. Dev. of 5 Year ROE[1] (%)	3.0	3.9
Sales Growth[1,2] (%)	4.4	4.0
Earnings Growth[1,2] (%)	8.6	5.9
Cash Flow Growth[1,2] (%)	9.3	8.7
Dividend Growth[1,2] (%)	6.8	6.0
Size and Turnover	**HL Intl.**	**ACWI ex-US**
Wtd. Median Mkt. Cap. (US $B)	71.1	46.1
Wtd. Avg. Mkt. Cap. (US $B)	131.7	95.0
Turnover[3] (Annual %)	14.9	–

Size and Valuation	HL Intl.	ACWI ex-US
Alpha[2] (%)	2.64	–
Beta[2]	0.96	–
R-Squared[2]	0.93	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	14.49	14.51
Sharpe Ratio[2]	0.74	0.57
Tracking Error[2] (%)	3.9	–
Information Ratio[2]	0.63	–
Up/Down Capture[2]	103/92	–
Price/Earnings[4]	21.8	15.6
Price/Cash Flow[4]	15.5	10.1
Price/Book[4]	3.0	1.9
Dividend Yield[5] (%)	1.9	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Equity Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: October 4, 2021, based on the latest available data in FactSet on this date.); Harding Loevner International Equity Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Sanhua Intelligent Controls	China	INDU

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

International Equity Composite Performance (as of September 30, 2021)

	HL Intl. Equity Gross (%)	HL Intl. Equity Net (%)	MSCI ACWI ex-US[1] (%)	MSCI EAFE[2] (%)	HL Intl. Equity 3-yr. Std. Deviation[3] (%)	MSCI ACWI 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)
2021 YTD[5]	4.68	4.19	6.29	8.79	17.37	17.47	17.52	N.A.[6]	35	27,735	73,857
2020	21.58	20.81	11.13	8.28	17.55	17.92	17.87	0.2	37	26,325	74,496
2019	26.29	25.49	22.13	22.66	12.00	11.33	10.80	0.2	37	22,085	64,306
2018	-13.26	-13.82	-13.78	-13.36	11.79	11.40	11.27	0.2	39	16,908	49,892
2017	30.86	30.00	27.77	25.62	12.45	11.88	11.85	0.2	36	15,777	54,003
2016	6.18	5.49	5.01	1.51	13.28	12.53	12.48	0.1	40	10,316	38,996
2015	-0.46	-1.06	-5.25	-0.39	12.83	12.13	12.47	0.1	41	8,115	33,296
2014	-0.12	-0.68	-3.44	-4.48	11.98	12.78	12.99	0.2	43	9,495	35,005
2013	15.99	15.35	15.78	23.29	14.91	16.20	16.22	0.4	44	9,504	33,142
2012	19.97	19.36	17.39	17.90	17.61	19.22	19.32	0.6	40	6,644	22,658
2011	-8.30	-8.91	-13.33	-11.73	21.13	22.74	22.45	0.5	36	2,468	13,597

[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 2021 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period.

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. 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. 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 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 49 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.

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 June 30, 2021.

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 Equity Composite has had a performance examination for the periods January 1, 1990 through June 30, 2021. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. 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 Equity accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; 0.40% of amounts from $250 million to $500 million; above $500 million on request. The management fee schedule and total expense ratio for the International Equity Collective Investment Fund, which is included in the composite, are 0.67% on all assets and 0.72%, respectively. 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 Equity Composite was created on December 31, 1989 and the performance inception date is January 1, 1990.

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