



# International Equity Review | Year End 2021

# Composite Performance Summary

As of December 31, 2021

## Performance (% Total Return)

	3 Months	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	10 Years <sup>1</sup>	Since Inception <sup>1,2</sup>
HL International Equity (Gross)	4.53	9.43	18.86	13.77	10.84	8.91
HL International Equity (Net)	4.37	8.74	18.12	13.05	10.17	8.11
MSCI All Country World ex-US Index <sup>3,4</sup>	1.88	8.29	13.68	10.11	7.77	5.54

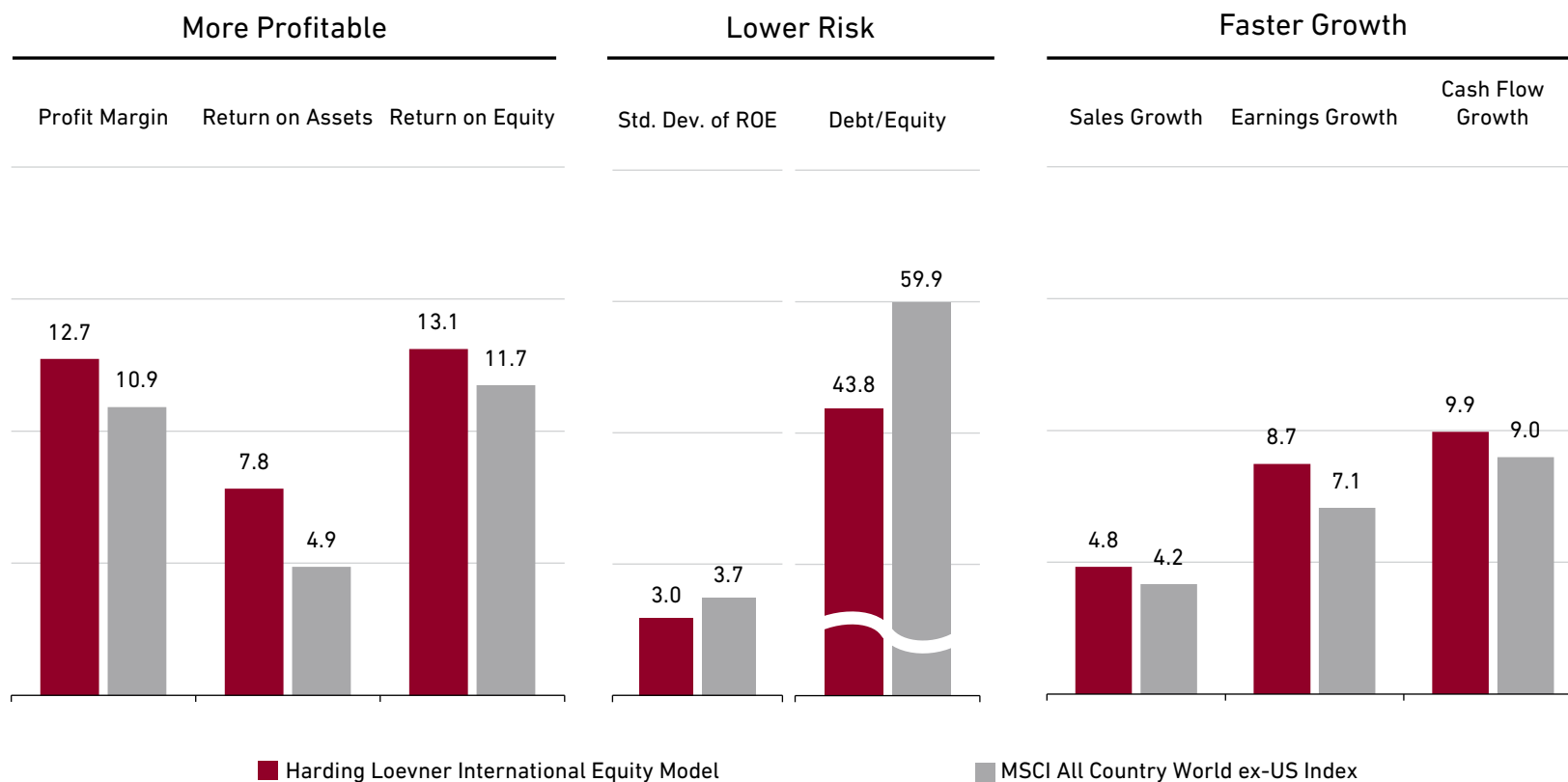
■ Up/Down Capture (trailing five years, annualized): 105/88

<sup>1</sup>Annualized Returns; <sup>2</sup>Inception date December 31, 1989; <sup>3</sup>The benchmark index; <sup>4</sup>Gross of withholding taxes.

The performance returns shown are preliminary. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through September 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 September 30, 2021. 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 of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Please read the disclosures, which are an integral part of this presentation.

# Quality & Growth Investment Philosophy

As of December 31, 2021

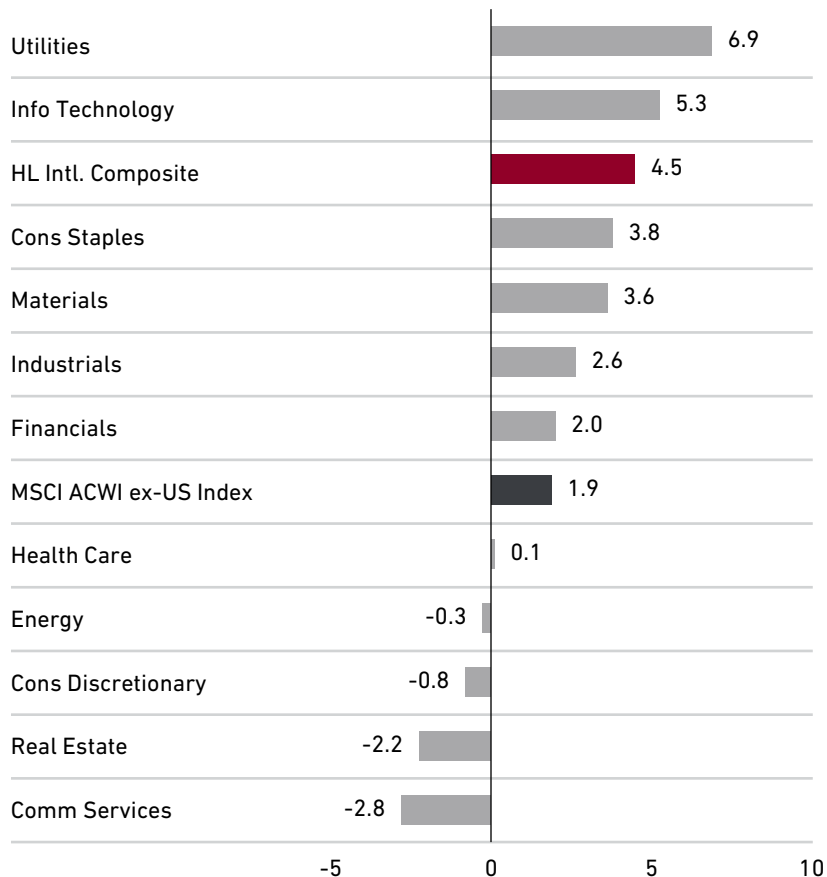


Source: FactSet, MSCI Inc. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures, which are an integral part of this presentation.

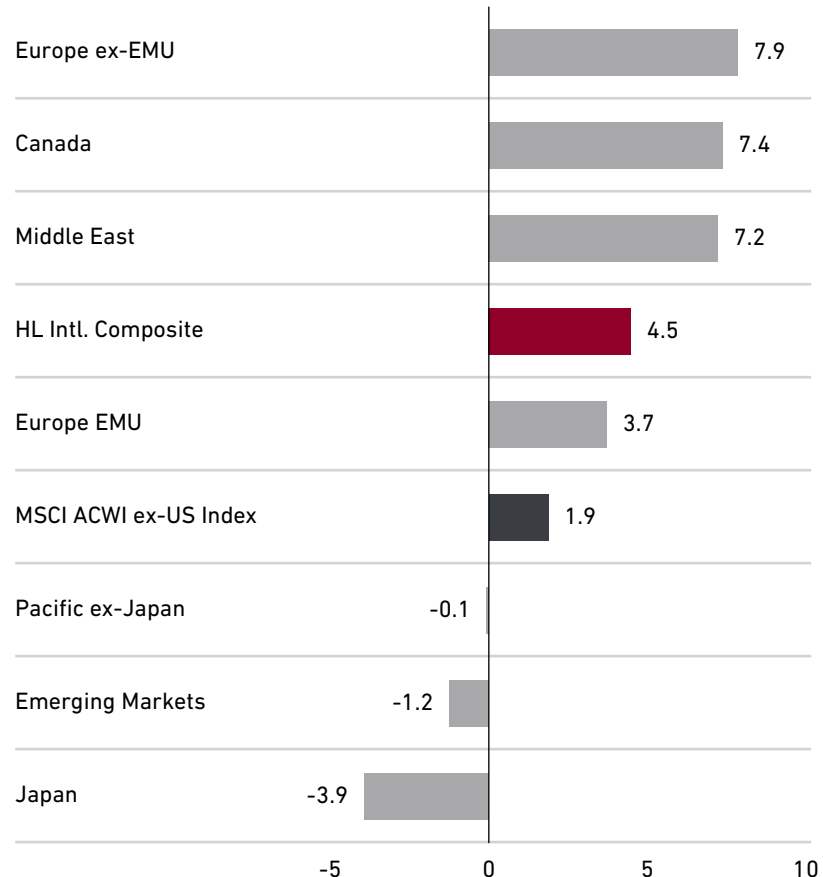
# Benchmark Performance

Fourth Quarter 2021

Sector Total Return (%)



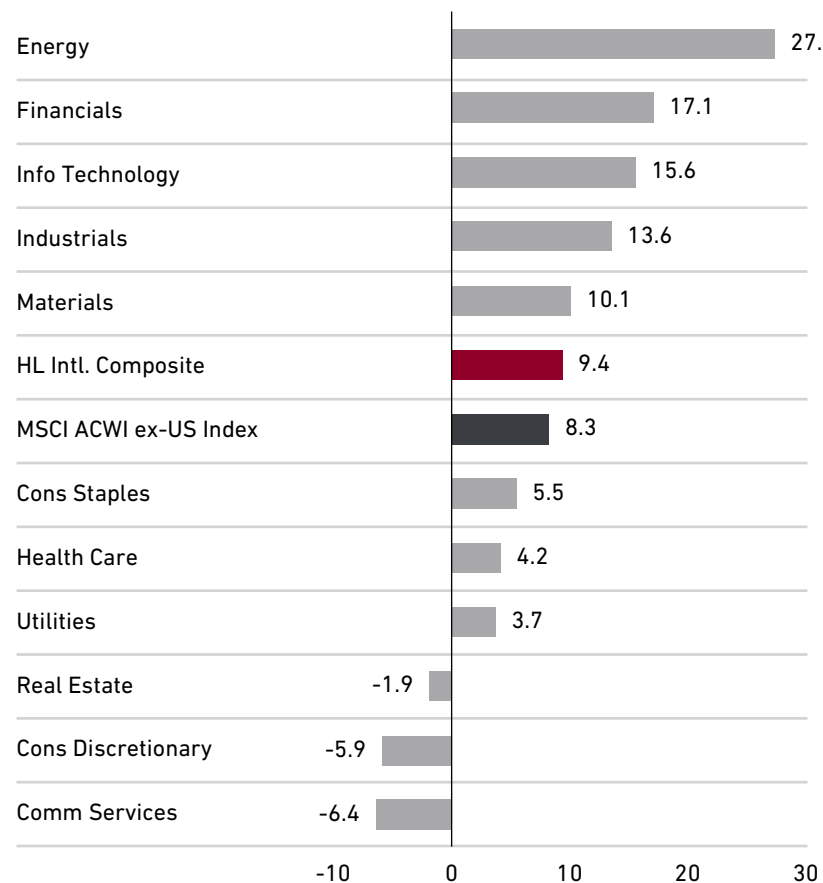
Geographic Total Return (%)



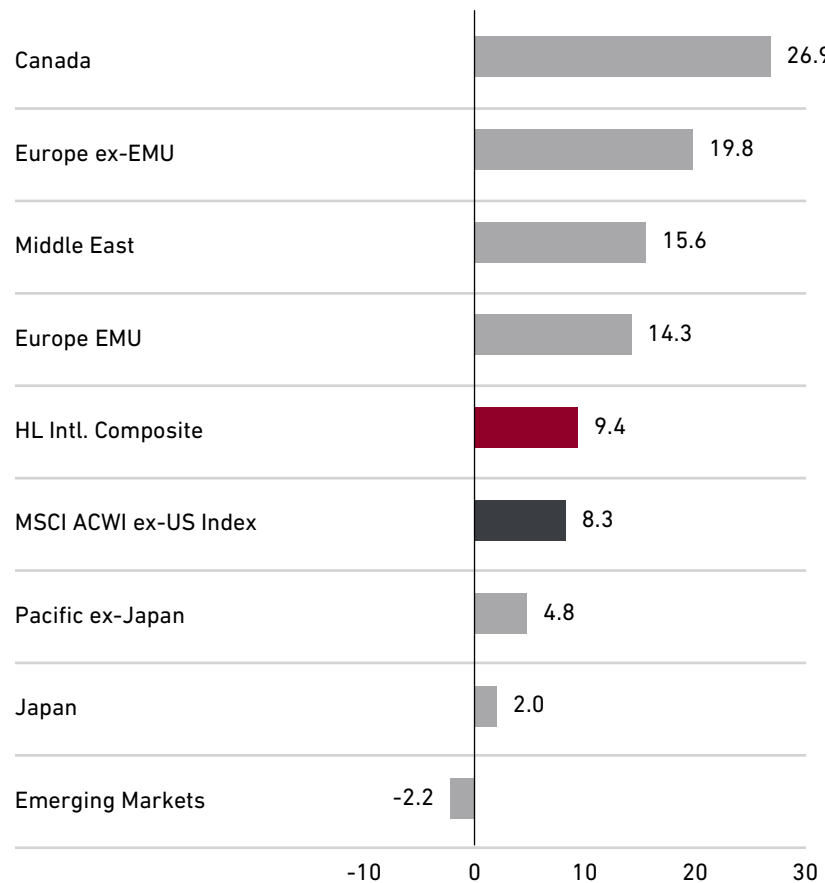
# Benchmark Performance

Trailing 12 Months as of December 31, 2021

Sector Total Return (%)

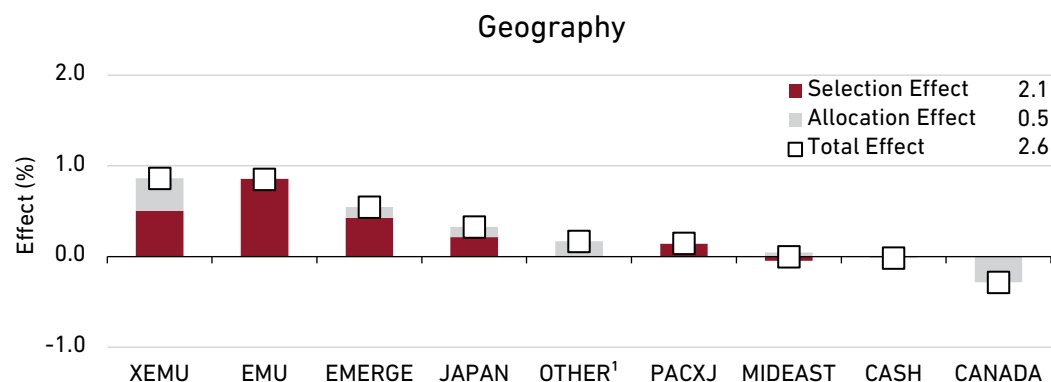
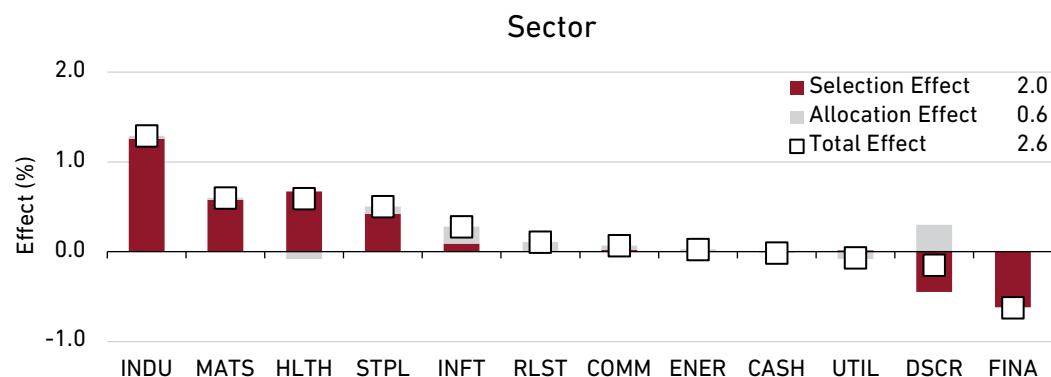


Geographic Total Return (%)



# Performance Attribution: Composite vs. Benchmark

Fourth Quarter 2021



## Top 5 Contributors

to Relative Returns	Avg. Wt. % Port.	Index	Effect %
Atlas Copco	3.6	0.2	0.41
L'Oréal	3.4	0.4	0.36
Schneider Electric	2.6	0.3	0.35
Infineon Technologies	3.3	0.2	0.31
Epiroc	1.6	0.1	0.24

## Top 5 Detractors

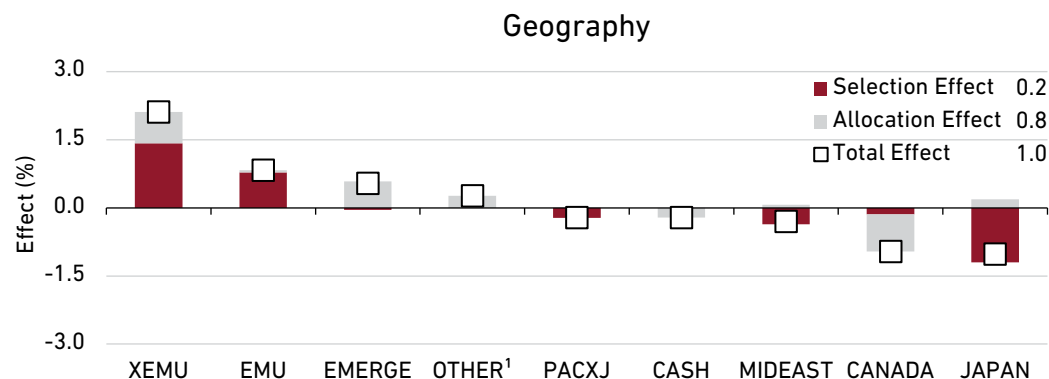
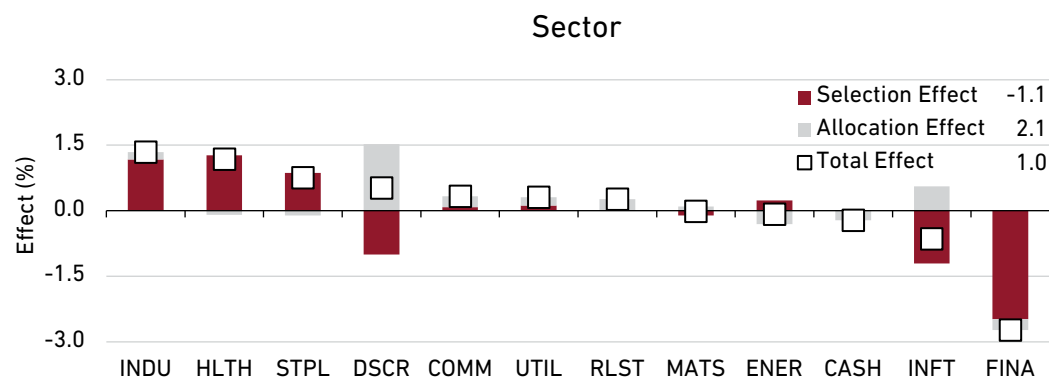
from Relative Returns	Avg. Wt. % Port.	Index	Effect %
NITORI	1.4	0.1	-0.38
AIA Group	2.7	0.5	-0.33
Yandex	0.9	0.1	-0.22
Adyen	2.8	0.2	-0.20
Chugai Pharmaceutical	1.4	0.1	-0.17

<sup>1</sup>Includes companies classified in countries outside the index.

"Composite": International Equity Composite. "Benchmark": MSCI All Country World ex-US Index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. 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 and (2) a list showing the weight and relative contribution of all holdings during the quarter. 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. Please read the disclosures, which are an integral part of this presentation.

# Performance Attribution: Composite vs. Benchmark

Trailing 12 Months as of December 31, 2021



## Top 5 Contributors

to Relative Returns	Avg. Wt. % Port.	Index	Effect %
Atlas Copco	3.5	0.2	0.80
Schneider Electric	2.5	0.3	0.57
Sonova Holding	1.4	0.1	0.52
Alfa Laval	1.6	<0.1	0.50
L'Oréal	3.3	0.4	0.48

## Top 5 Detractors

from Relative Returns	Avg. Wt. % Port.	Index	Effect %
Chugai Pharmaceutical	1.6	0.1	-0.95
Ping An Insurance	1.3	0.3	-0.61
AIA Group	2.9	0.5	-0.60
NITORI	1.1	0.1	-0.47
ASML*	0.0	1.1	-0.45

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

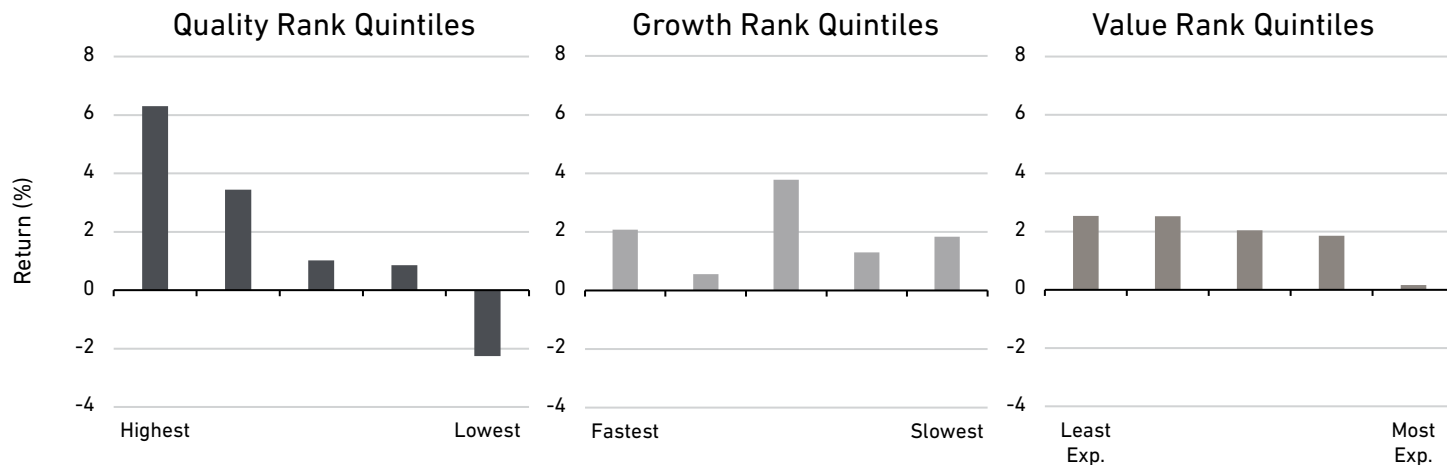
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# MSCI ACWI ex-US Index Total Returns by Quality, Growth, and Value Rank

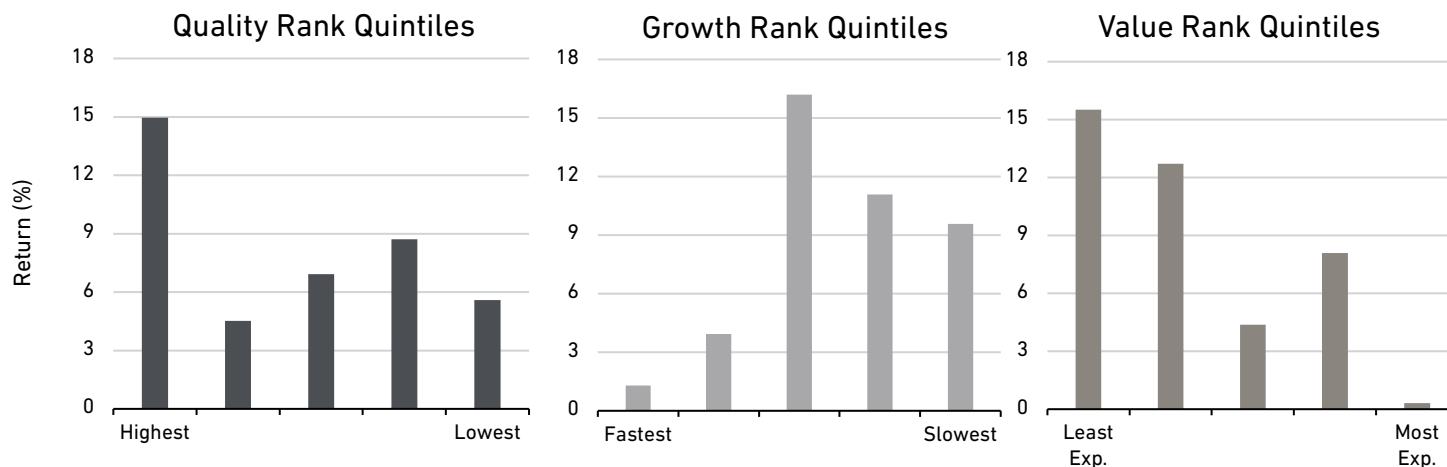
4Q21

High quality  
outperformed



2021

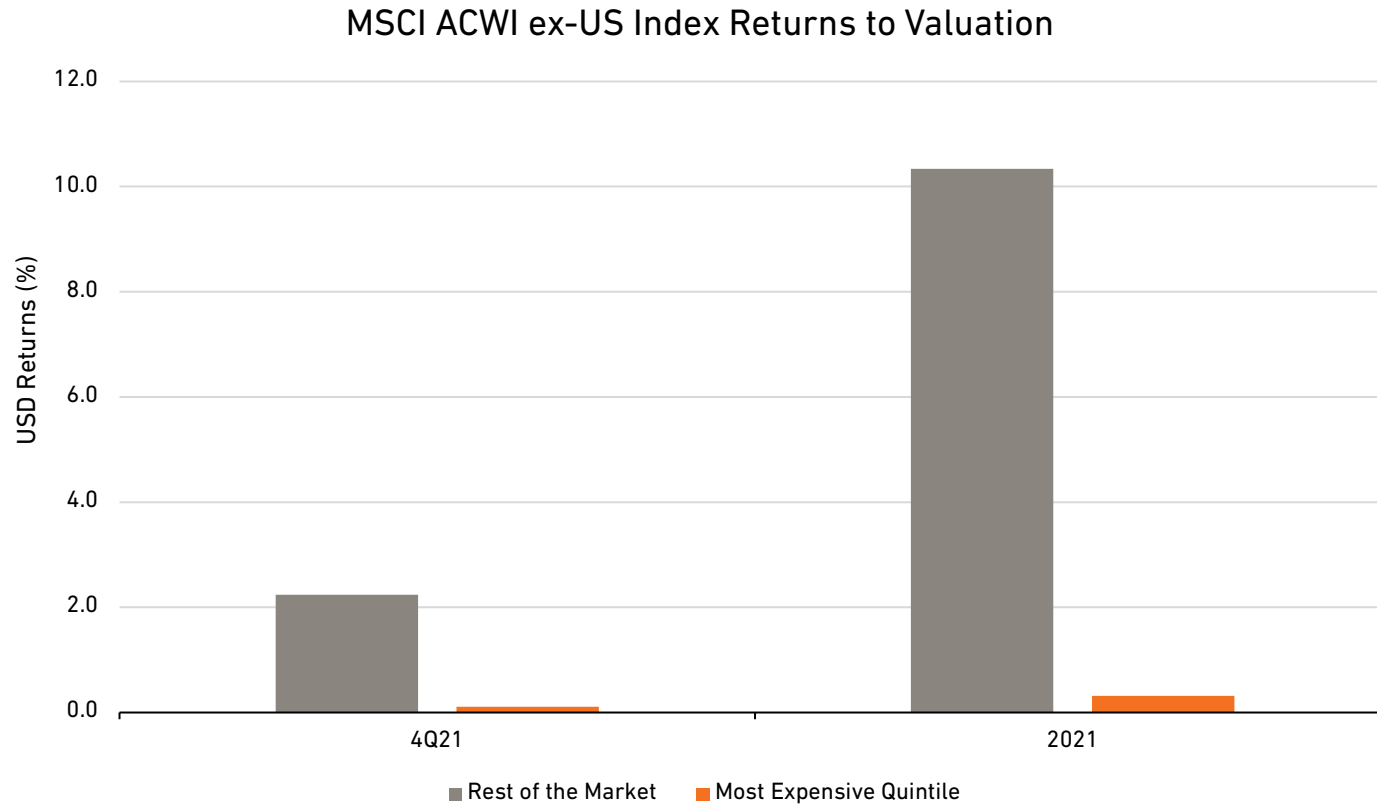
High quality and  
cheap stocks  
outperformed





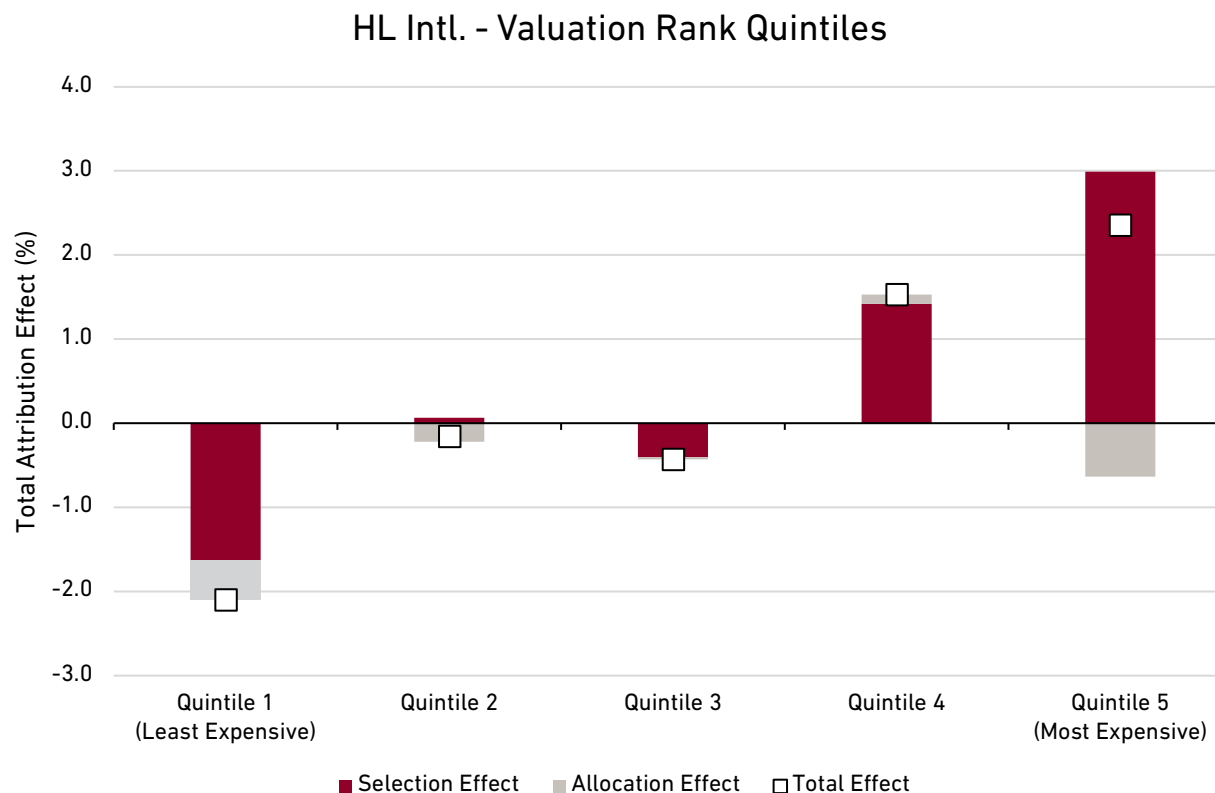
# In 2021, Highly Priced Shares Suffered

Style played a significant but shifting role



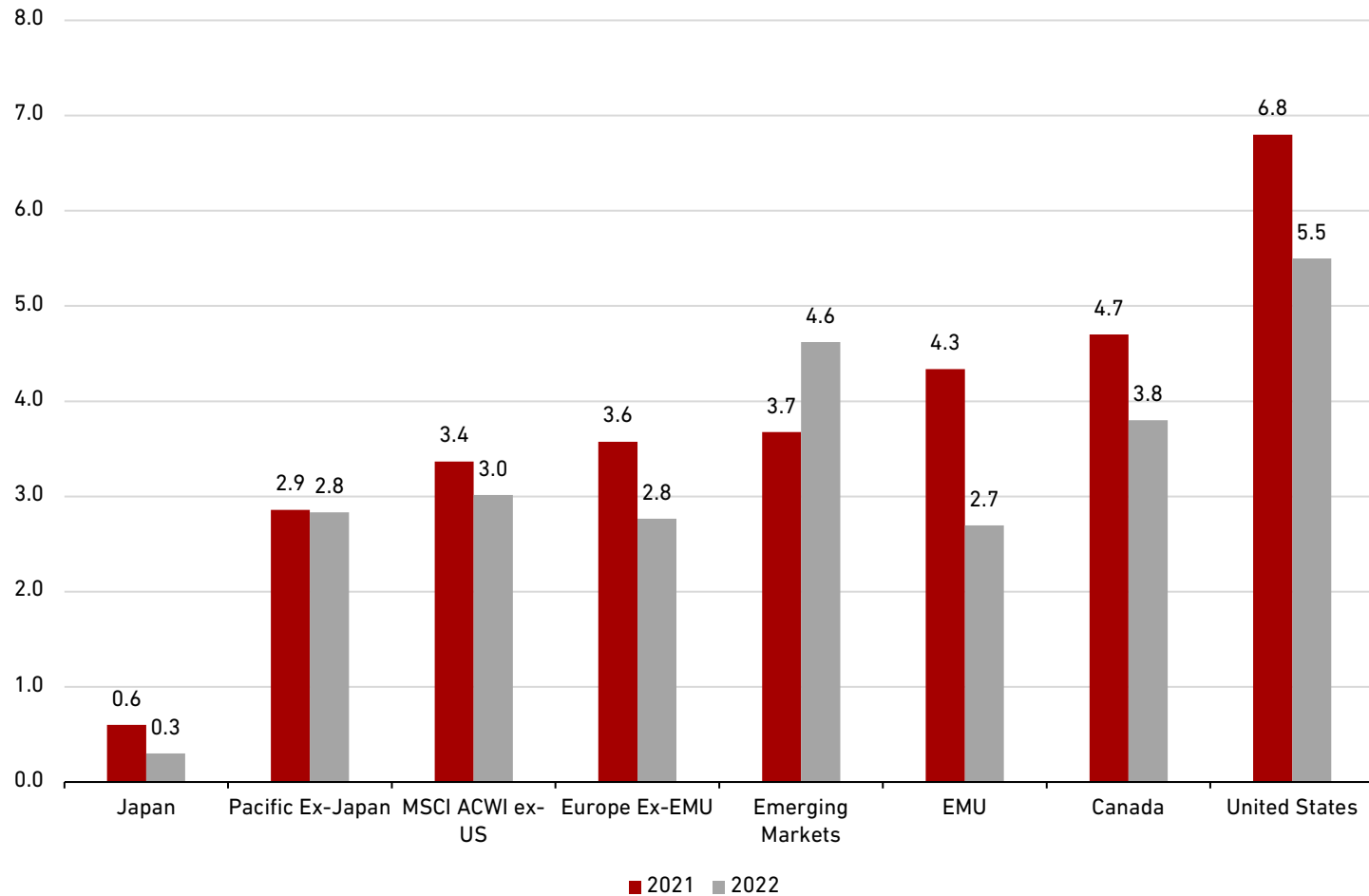
# Positive Stock Selection in Most Expensive Quintiles

Allocation hurt, but owned names in expensive quintiles performed well in 2021

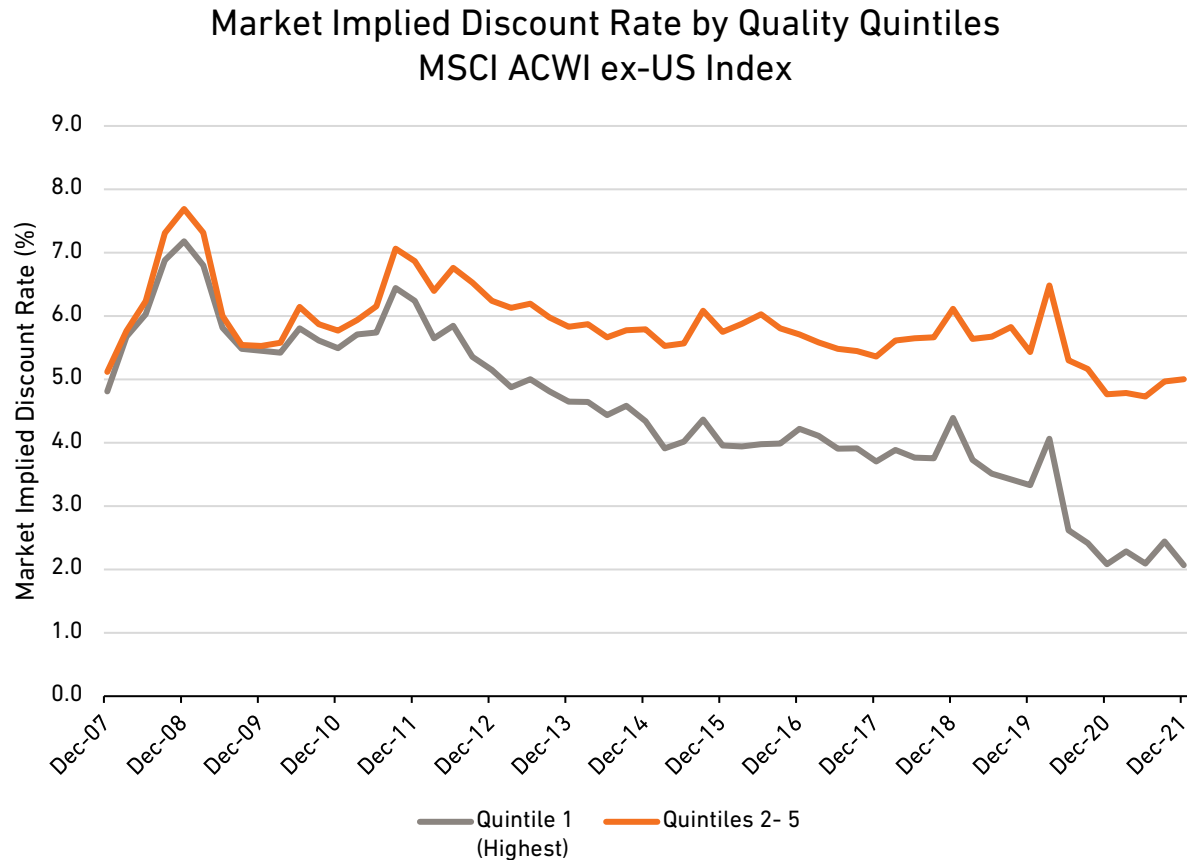


# Regional Inflation in 2021 and 2022

International index-weighted inflation is rising more moderately than in the US

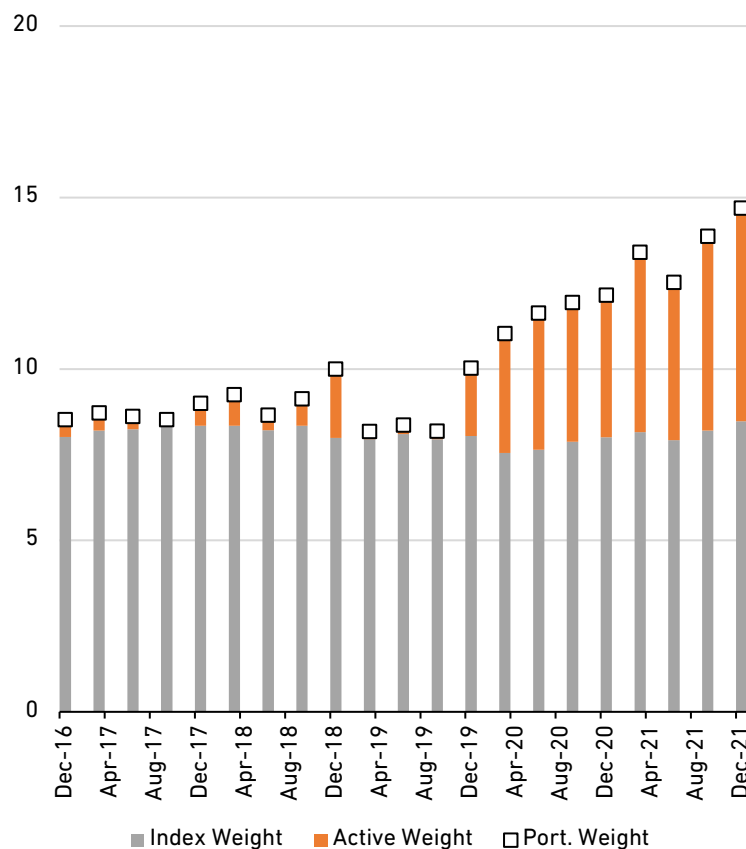


# Highest Quality Valuations Diverging From Rest of the Market

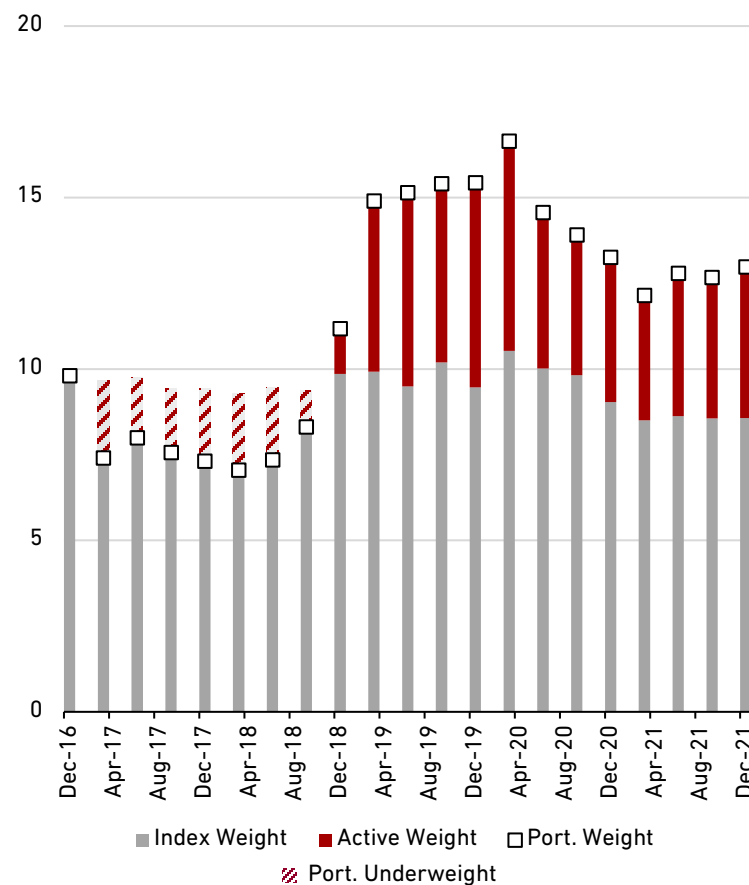


# Portfolio Exposure – Capital Goods and Consumer Staples

## Capital Goods

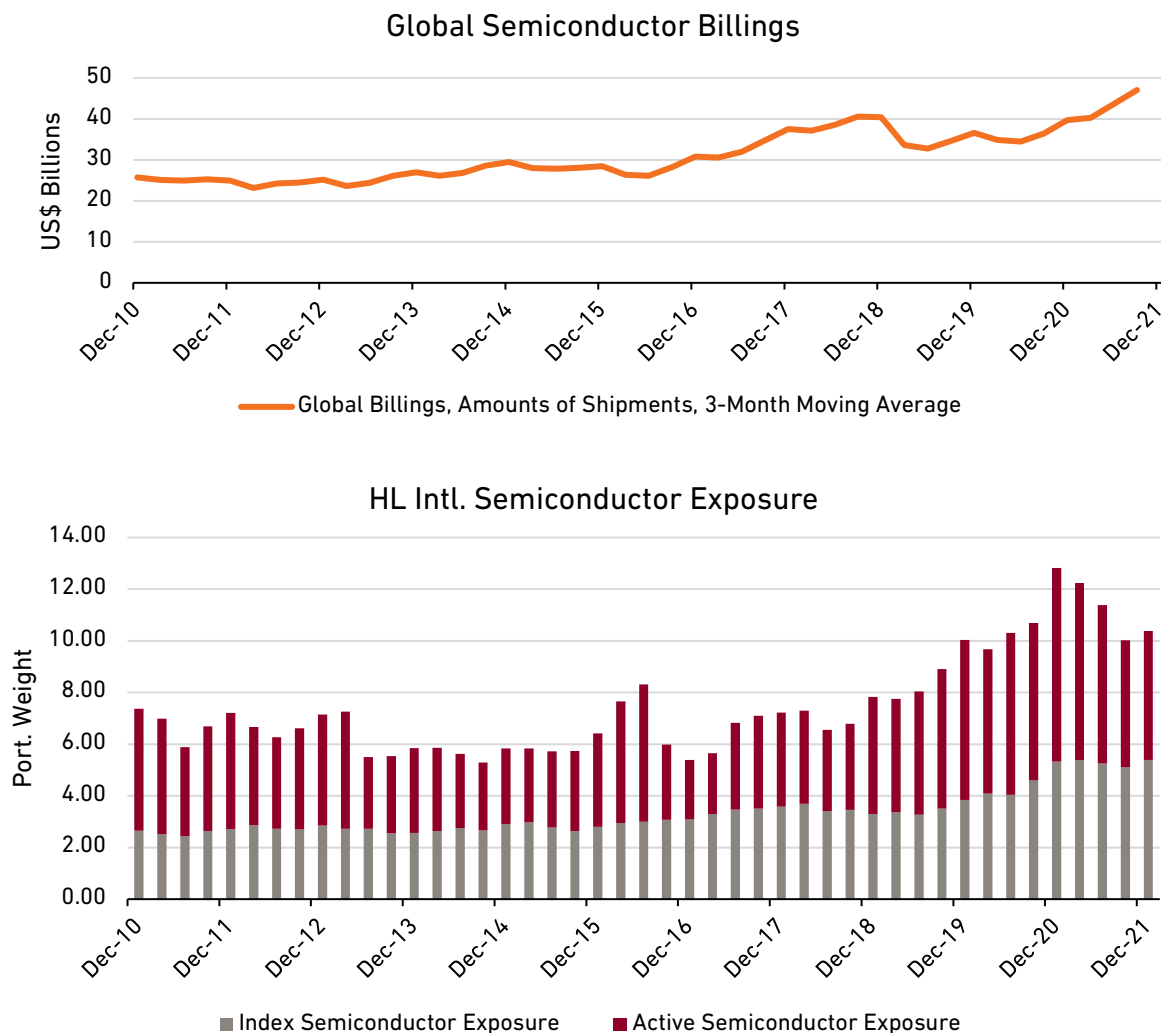


## Consumer Staples

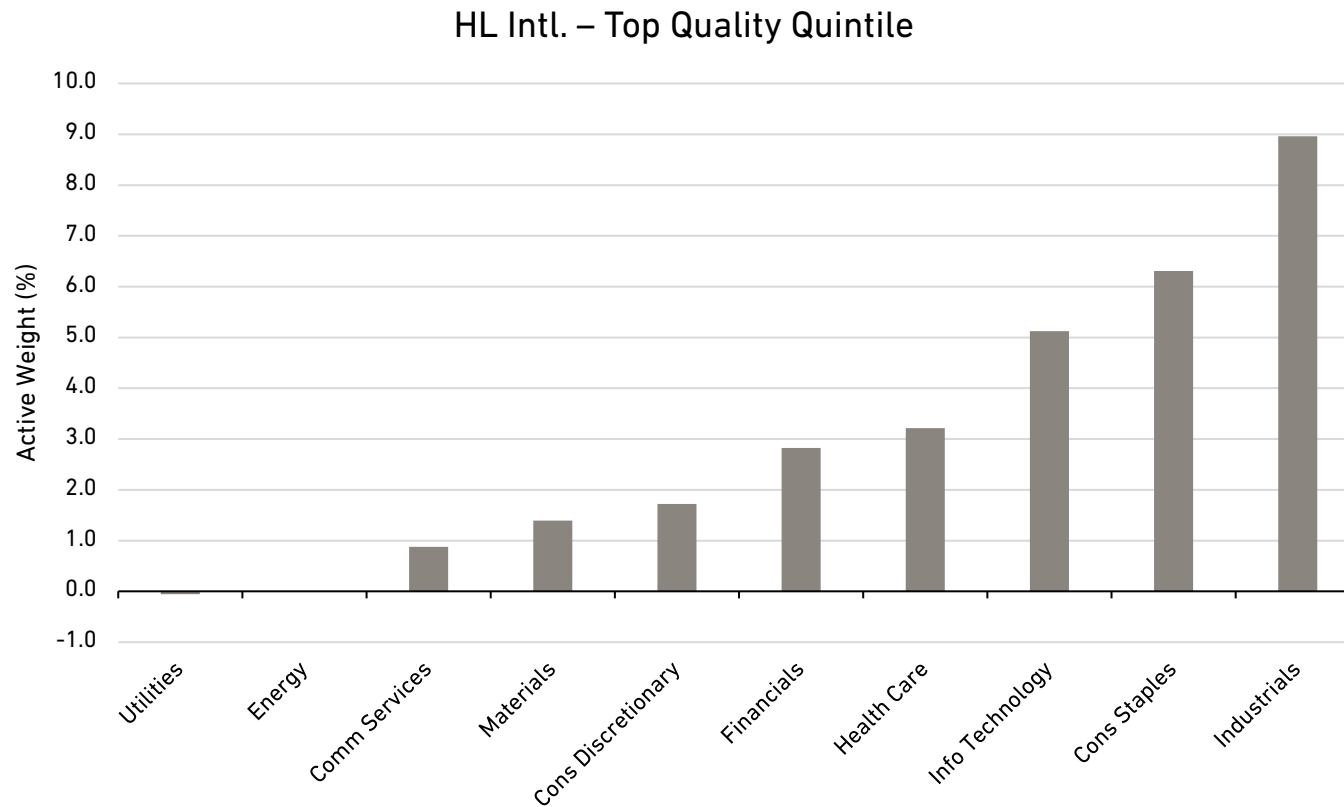


# Semiconductor Exposure

HL Intl. has maintained a positive active weight in semiconductors while industry sales have accelerated



## Active Sector Weights in Top Quality Quintile



# Completed Portfolio Transactions

Fourth Quarter 2021

## Positions Established

Company	Market	Sector
Haier Smart Home	China	Cons Discretionary
XP	Brazil	Financials

## Positions Sold

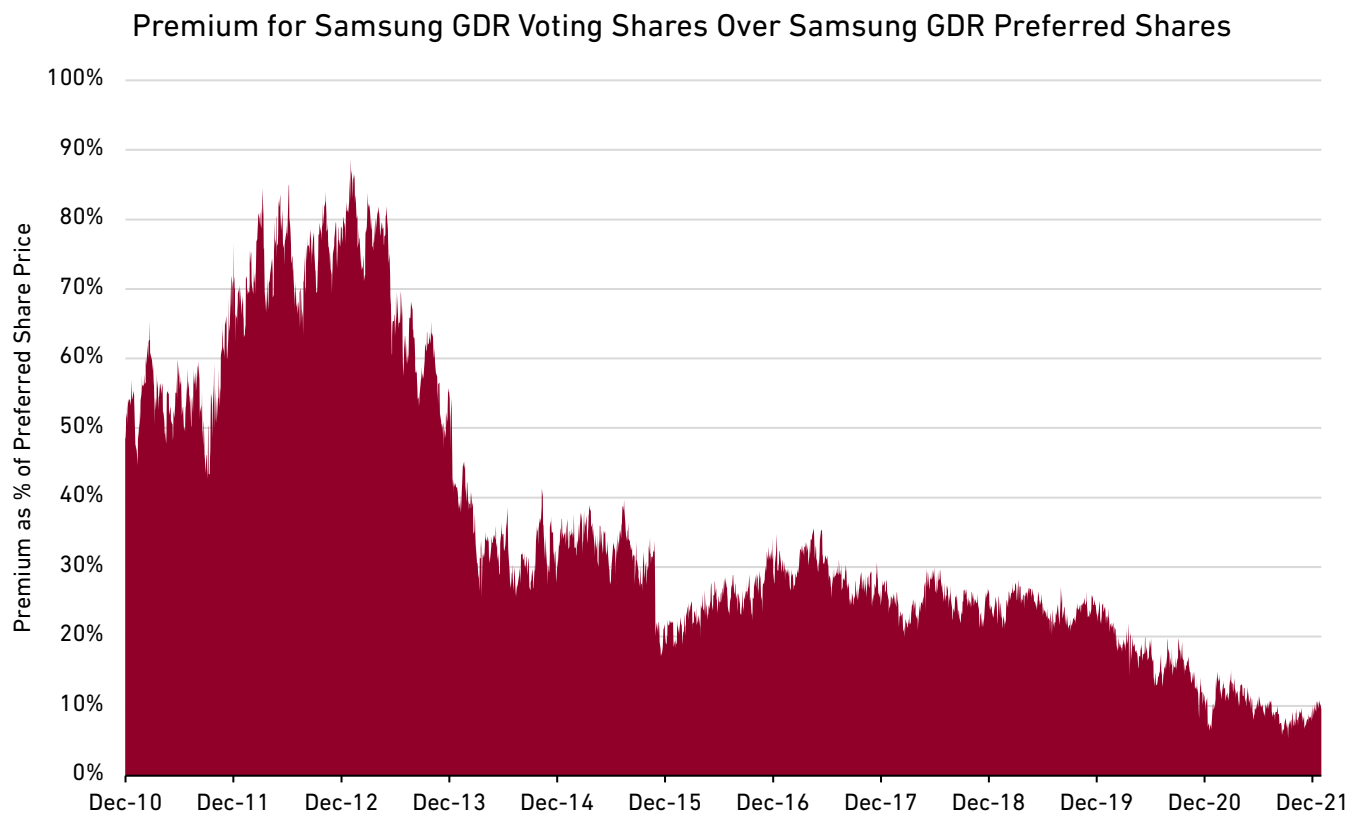
Company	Market	Sector
Alibaba	China	Cons Discretionary
Fuchs Petrolub	Germany	Materials
Itaú Unibanco	Brazil	Info Technology
Samsung Electronics (Pref.)	South Korea	Info Technology

- Portfolio Turnover (5-year annualized average): 14.2%

The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

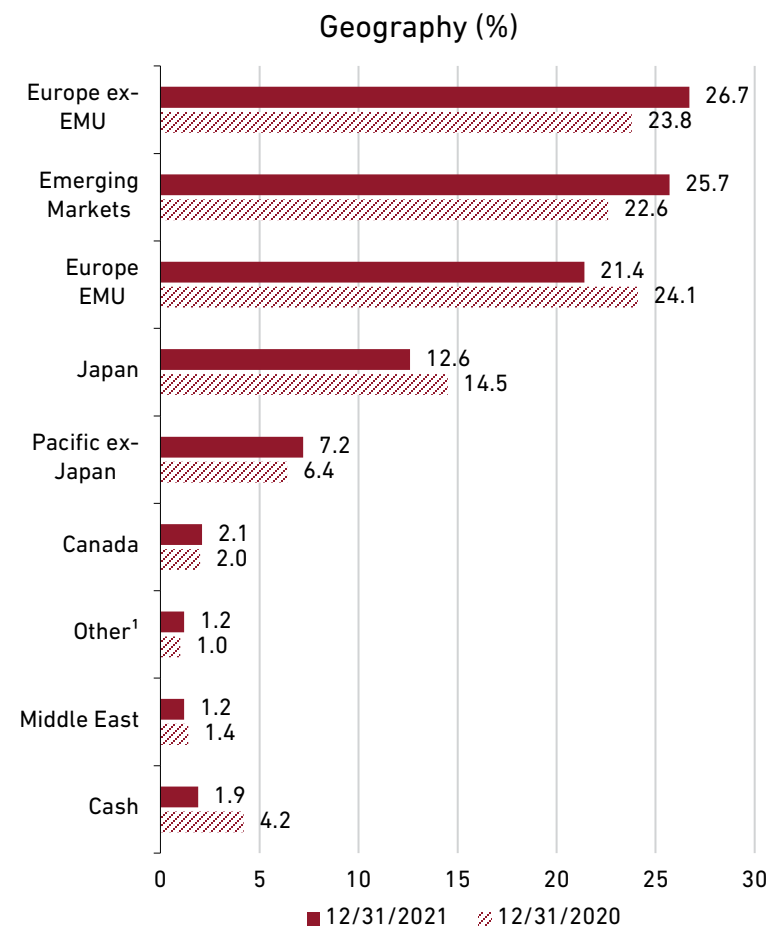
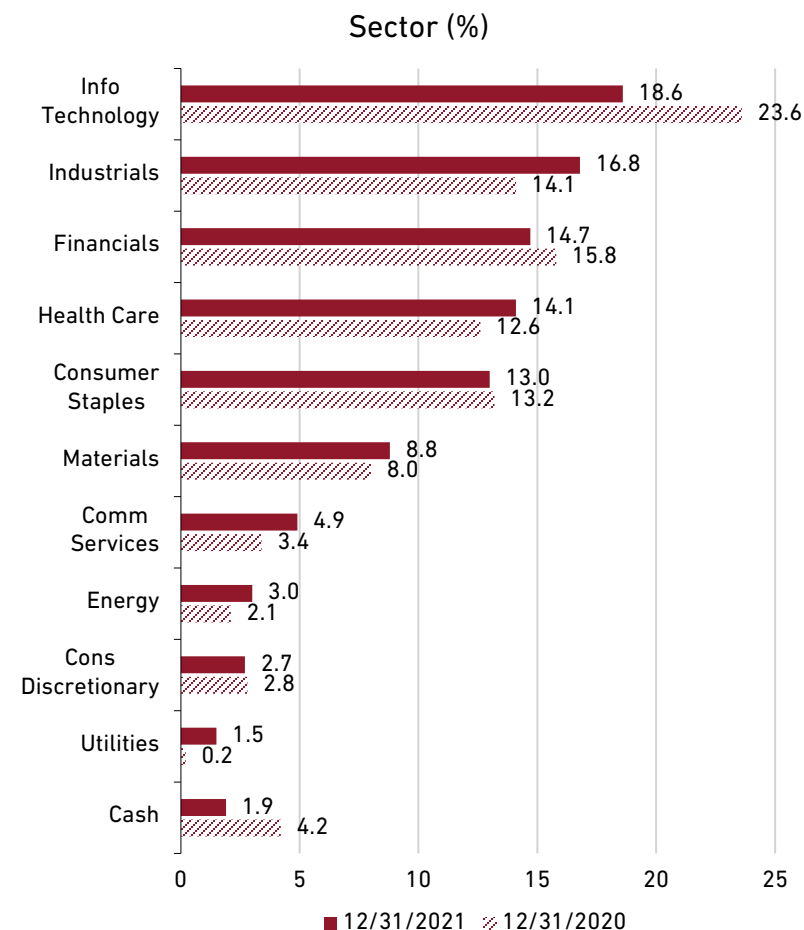


# Samsung Voting Share Premium



# Portfolio Allocation Comparison

December 31, 2021 vs. December 31, 2020

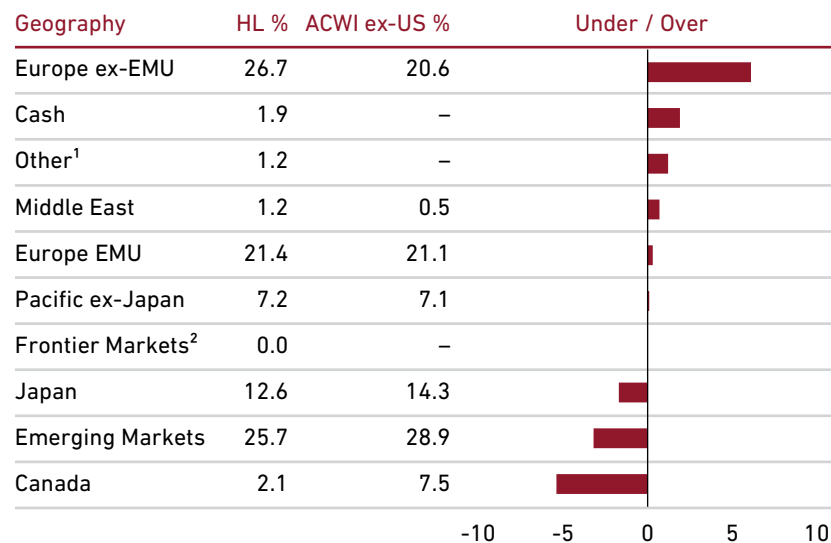
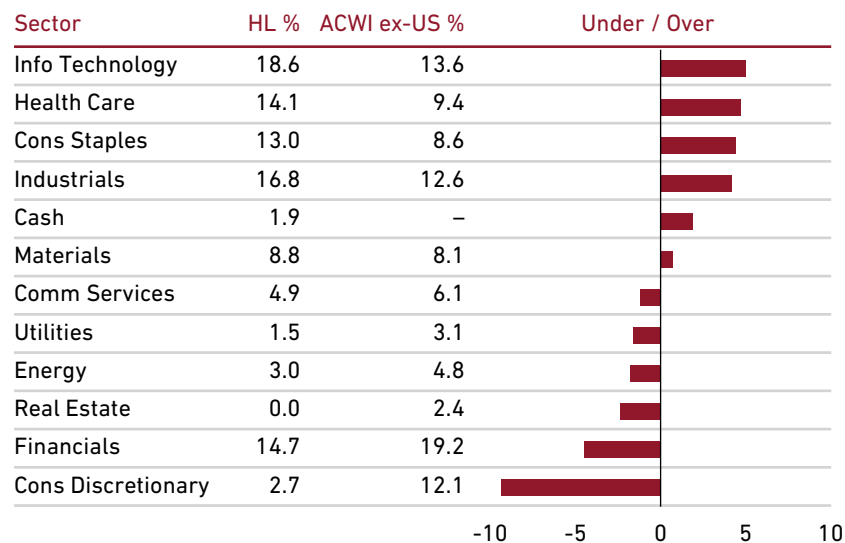


<sup>1</sup>Includes companies classified in countries outside the index.

Sector and Region end weights are shown as supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Portfolio Positioning

As of December 31, 2021



Ten Largest Holdings – Total Weight: 31.8%

Company	Market	Sector	Wt. (%)
Atlas Copco	Sweden	Industrials	3.8
TSMC	Taiwan	Info Technology	3.6
L'Oréal	France	Cons Staples	3.6
Samsung Electronics	South Korea	Info Technology	3.4
Infineon Technologies	Germany	Info Technology	3.4

Company	Market	Sector	Wt. (%)
Schneider Electric	France	Industrials	3.0
Roche	Switzerland	Health Care	3.0
Tencent	China	Comm Services	3.0
Adyen	Netherlands	Info Technology	2.5
Lonza	Switzerland	Health Care	2.5

84% Active Share

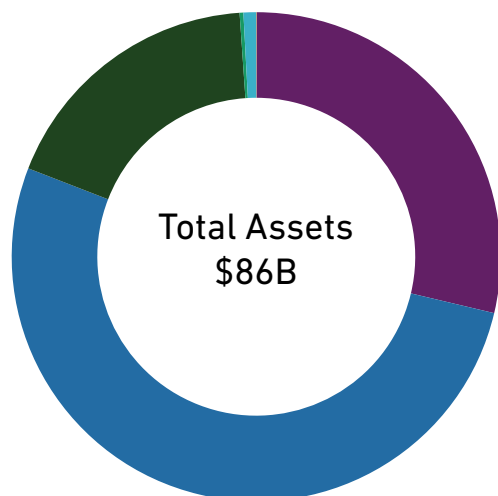
<sup>1</sup>Includes companies classified in countries outside the index.; <sup>2</sup>Includes countries with less-developed markets outside the index.

Source: Harding Loevner International Equity Model; MSCI Inc. and S&P. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Harding Loevner Profile

As of December 31, 2021

- 49 investment professionals
- International Equity portfolio management team averages 14 years at Harding Loevner



	Strategy Assets	Firm Assets
Global	\$24.7B	29%
International (non-US)	\$45.0B	52%
Emerging Markets	\$15.5B	18%
Frontier Emerging Markets	\$0.2B	<1%
Chinese Equity	<\$0.1B	<1%
Global Small Companies	<\$0.1B	<1%
International Small Companies	\$0.7B	1%
Research Portfolios	<\$0.1B	<1%

## Remaining Quarterly Review Presentations

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Strategy	Date	Time
Frontier Emerging Markets	Friday, January 14	1:00 PM EST
International Equity ADR	Tuesday, January 18	11:00 AM EST
International Small Companies	Thursday, January 20	11:00 AM EST

# Disclosures

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The information provided in this Presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the International Equity Model at December 31, 2021 is available on request.

All International Equity client accounts are based on the Harding Loevner International Equity Model, and are managed in strict accordance with this model. No deviation from the Harding Loevner International Equity Model is permissible except to accommodate unique, agreed-upon client guidelines or restrictions.

Investing in stocks entails the risks of market volatility. The value of all types of stocks may increase or decrease over varying time periods. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards.

Quality & Growth Characteristics, Investment Statistics, Benchmark Returns, Performance Attribution, Portfolio Exposures and Portfolio Transactions are shown as supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation, which is available on request.

*Alpha*: a measure of risk-adjusted return. *Beta*: a measure of the portfolio's sensitivity to the market. *R-Squared*: a measure of how well a portfolio tracks the market. *Standard Deviation*: the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Information Ratio*: a measure of risk-adjusted return calculated by dividing the portfolio active return (i.e., portfolio returns minus benchmark return) by the standard deviation of the active return. *Sharpe Ratio*: the return over the risk free rate per unit of risk. *Up/Down Capture*: a measure of the manager's performance in up/down markets relative to the market itself. *Profit Margin*: relationship of net profits to net sales. *Return on Assets*: net income for past 12 months divided by total assets. *Return on Equity*: the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio*: total long-term debt divided by total shareholder's equity. *Sales Per Share*: the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share*: portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow*: a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Turnover*: calculated by dividing the lesser of Purchases or Sales by Average Capital. *Active Share*: the proportion of holdings by weight that differ from holdings of the benchmark index.

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 47 developed and emerging market countries. You cannot invest directly in this index.

All performance and data shown are in US dollar terms, unless otherwise noted.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and 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.

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet, Harding Loevner International Equity Composite; MSCI Inc.

Source (Portfolio Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality & Growth Characteristics [Run date: January 4, 2022, based on the latest available data in FactSet on this date.]): FactSet; Harding Loevner International Equity Model; MSCI Inc.

Source (Investment Statistics): eVestment Alliance; Harding Loevner International Equity Composite, based on composite returns.

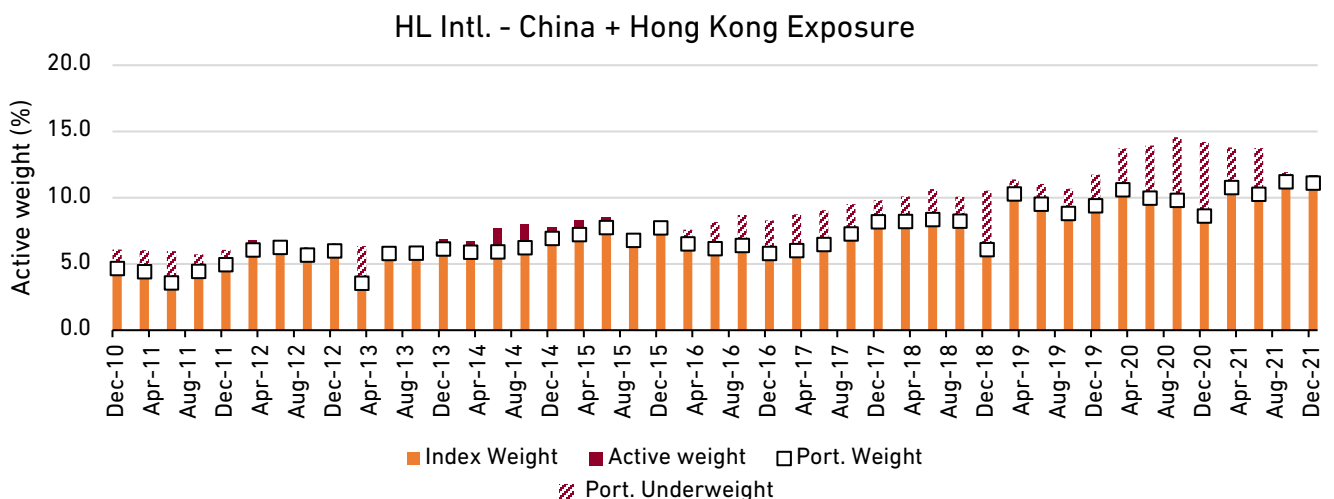
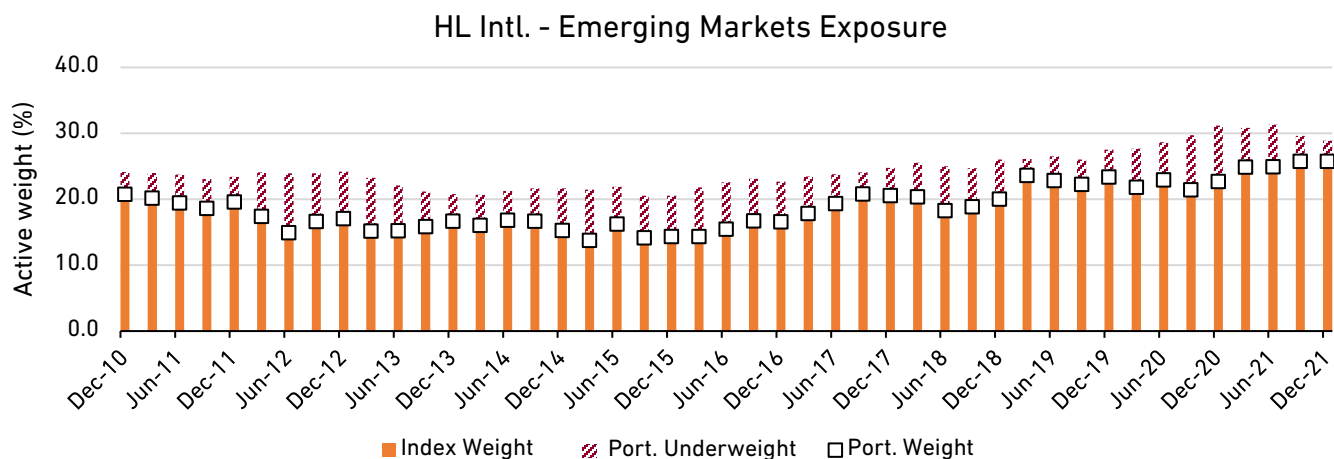
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## Appendix

# Emerging Markets and China Exposure



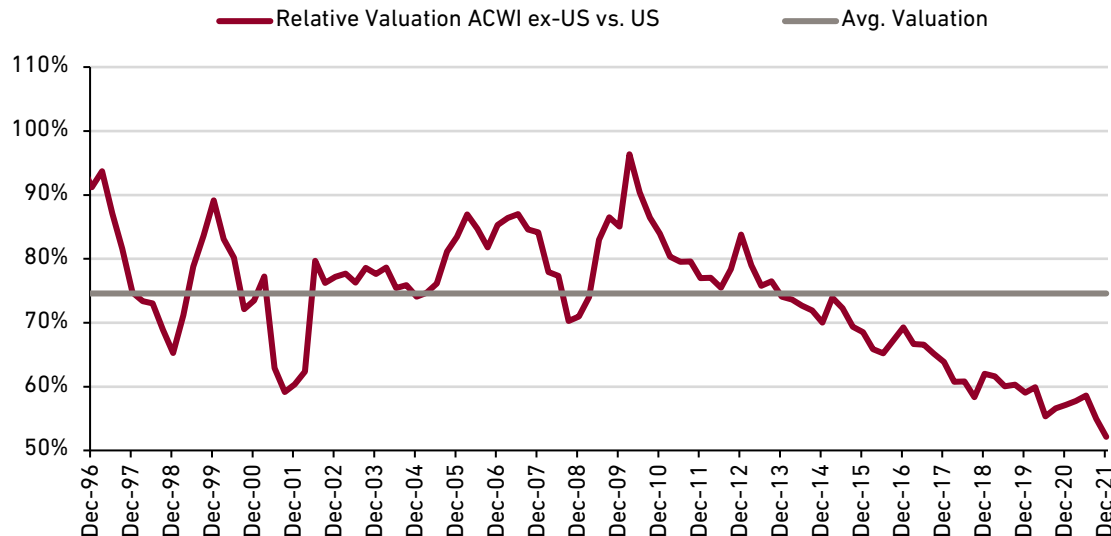
"Emerging Markets Exposure" includes, for the period shown, any securities currently or formerly held in the International composite listed in the following countries: Mainland China, Taiwan, South Korea, India, Brazil, Russia, Saudi Arabia, South Africa, Mexico, Thailand, Indonesia, Malaysia, United Arab Emirates, Qatar, Poland, Philippines, Kuwait, Chile, Turkey, Hungary, Greece, Peru, Colombia, Czech Republic, or Egypt. "China Exposure" includes securities domiciled in Mainland China + Hong Kong for the comparable period. Source: Factset, MSCI, Harding Loevner as of December 31, 2021.



# International vs. US Relative Valuation

## International vs. US Relative Valuation

(Equal-weighted composite of relative P/E, P/B, and P/CF multiples, ACWI ex-US vs. US)



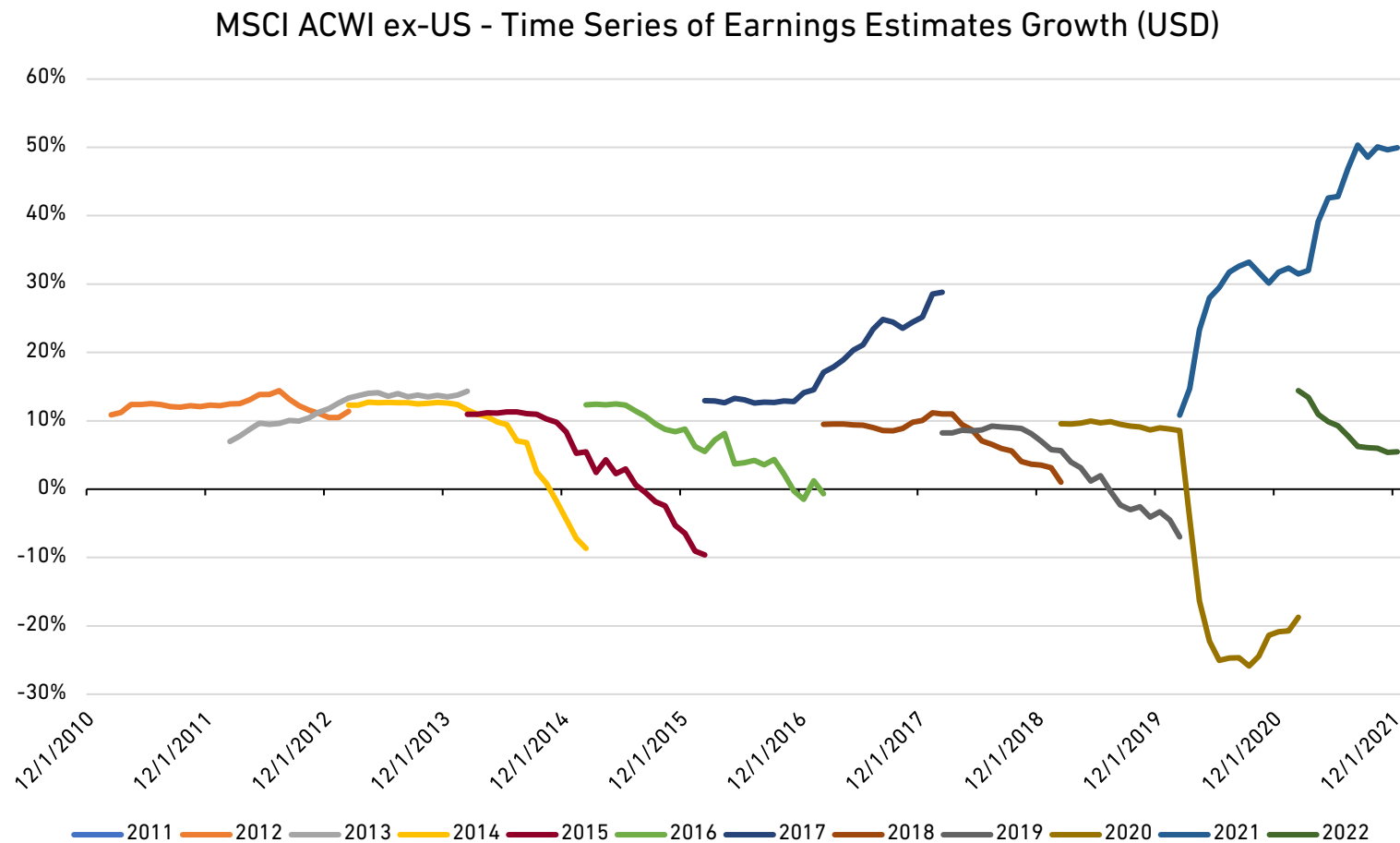
## Valuation as of December 31, 2021 (Based on most recent annual data)

	P/E	P/B	P/CF
ACWI ex-US	15.3	2.0	10.1
US	26.1	5.1	19.0
Europe	18.0	2.2	11.0
Japan	16.1	1.5	9.4
EM	12.9	2.1	9.1

Styles come and go, while diversified stockpicking remains our constant endeavor

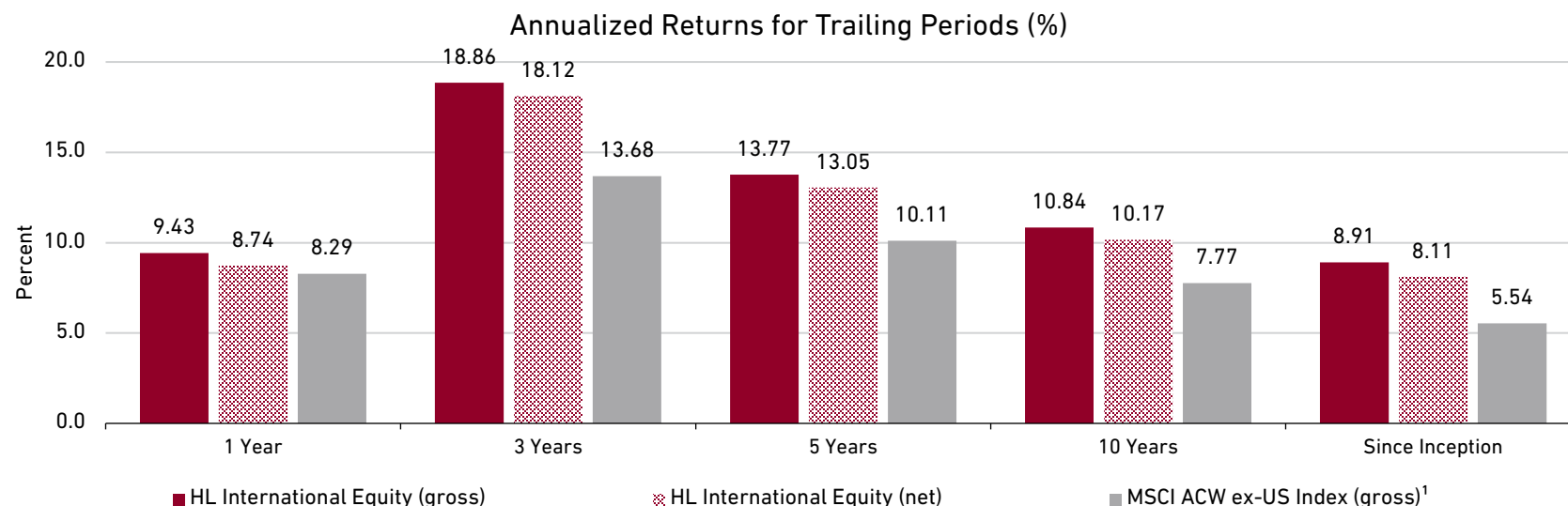
\*Reflects MSCI ACWI ex-US Annualized Total Return for the stated time period.  
Style Factors are represented by the following index returns relative to the MSCI ACWI ex-US Total Return Index: MSCI ACWI ex-US Value Total Return Index as "Value," MSCI ACWI ex-US Growth Total Return Index as "Growth," MSCI World ex-US Quality Total Return Index as "Quality," MSCI ACWI ex-US Large Cap Total Return Index as "Large Size," MSCI ACWI ex-US Small Cap Total Return Index as "Small Size," MSCI ACWI ex-US Value Total Return Index as "Value," MSCI ACWI ex-US Minimum Volatility (USD) – Total Return Index as "Min Vol" and MSCI ACWI ex-US Momentum – Total Return Index as "Momentum". Harding Loevner International Equity relative returns are gross of fees. Source: Harding Loevner, MSCI, Inc., FactSet as of December 31, 2021. Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

# 2022 Forecasts



# Composite Performance

As of December 31, 2021



	HL Intl.	MSCI ACWI ex-US
Alpha (%)	3.81	–
Beta	0.96	–
R-Squared	0.93	–
Standard Deviation (%)	14.56	14.68

	HL Intl.	MSCI ACWI ex-US
Information Ratio	0.96	–
Sharpe Ratio	0.87	0.61
Up/Down Capture (%)	105/88	–

<sup>1</sup>The benchmark index, gross of withholding taxes. The 3-year, 5-year, 10-year, and since inception returns are annualized. Inception date of the International Equity Composite: December 31, 1989. Investment statistics shown are derived from trailing five years' monthly returns. Composite performance shown is preliminary. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through September 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 September 30, 2021. 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 of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Statistics are supplemental information only and complement the fully compliant International Equity Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.