

International Equity



Monthly Update | October 2023

Composite Performance (% Total Return)

Periods ended October 31, 2023	1 Month	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Equity (Gross)	-3.74	-0.21	11.75	2.00	4.98	5.02	7.71
HL International Equity (Net)	-3.80	-0.75	11.04	1.36	4.32	4.36	6.92
MSCI All Country World ex US Index	-4.11	1.47	12.66	3.54	3.96	3.02	4.75
MSCI EAFE Index	-4.04	3.24	15.01	6.26	4.61	3.55	4.59

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. International Equity composite inception date: December 31, 1989. MSCI All Country World ex US Index, the benchmark index, and MSCI EAFE Index, the supplemental index, are shown gross of withholding taxes. Please read the above performance in conjunction with the disclosures on the last page of this report.

Portfolio Positioning (% Weight)

Sector	HL	Index	Under / Over
Cons Staples	14.3	8.5	
Cash	3.7	—	
Health Care	13.1	9.6	
Info Technology	14.2	11.5	
Industrials	14.3	12.8	
Materials	9.2	7.8	
Financials	21.3	21.2	
Real Estate	0.0	2.0	
Utilities	0.8	3.2	
Comm Services	2.4	5.5	
Energy	2.4	6.1	
Cons Discretionary	4.3	11.8	

Geography	HL	Index	Under / Over
Cash	3.7	—	
Europe ex EMU	24.1	20.6	
Other	1.7	—	
Europe EMU	21.6	21.3	
Frontier Markets	0.0	—	
Pacific ex Japan	7.1	7.2	
Middle East	0.0	0.4	
Japan	13.4	14.7	
Canada	5.4	7.4	
Emerging Markets	23.0	28.4	

"HL": International Equity model portfolio. "Index": MSCI All Country World ex US Index. "Frontier Markets": Includes countries with less-developed markets outside the index. "Other": Includes companies classified in countries outside the index.

Investment Perspectives

Market

Stocks fell for the third month in a row as the prospect of higher-for-longer rates and the Israel-Hamas conflict dampened risk appetite. All sectors and regions declined. Utilities and Consumer Staples, typically defensive sectors, fell less than others, as did Energy stocks despite the month's 11% fall in oil prices. Industrials, whose share prices sometimes reflect the health of global consumer and business sentiment, fell the most, dragged down by the shares of large multinational capital goods companies. By region, stocks fared better inside the eurozone amid signs of falling inflation. Emerging Markets declined due to poor performance in China, where factory orders shrank and construction activity slowed. Growth stocks outperformed value stocks, although both fell.

Portfolio

Our capital goods holdings are among our worst performers this month including two Japanese businesses—industrial equipment manufacturer **Komatsu** and material-handling equipment maker **Daifuku**—as well as Chinese thermal component maker **Sanhua Intelligent Controls** and Swedish industrial equipment manufacturer **Epiroc**. These shares fell on weakness in China and concerns about decelerating global economic growth, which often dampens sentiment for cyclical stocks. We do not see fundamental reasons for the extent of these companies' stock declines. Rather, these firms possess strong competitive advantages and should benefit from long-term structural growth drivers. These drivers include advancements in industrial digital technologies—which should lead to increased product adoption—as well as the renewable energy transition, which should buoy demand for electrical products as customers focus on their environmental footprint.

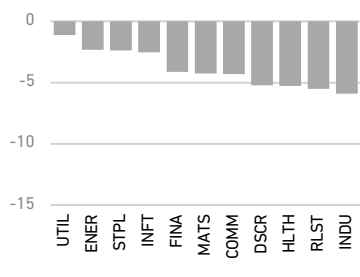
Ten Largest Holdings

Company	Market	Sector
Samsung Electronics	South Korea	Info Technology
Chugai Pharmaceutical	Japan	Health Care
DBS Group	Singapore	Financials
Schneider Electric	France	Industrials
FEMSA	Mexico	Cons Staples
Allianz	Germany	Financials
Infineon Technologies	Germany	Info Technology
L'Oréal	France	Cons Staples
SE Banken	Sweden	Financials
Haleon	UK	Cons Staples

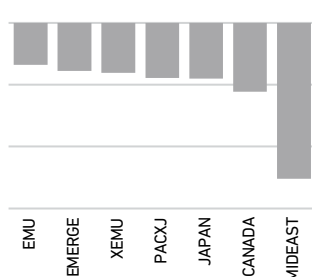
Ten Largest Holdings are the top ten holdings by weight. Please read the disclosures on the last page, which are an integral part of this presentation.

Benchmark Performance | Oct.

Total Return by Sector (%)

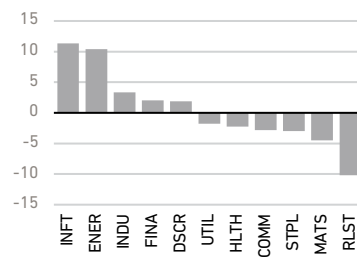


Total Return by Geography (%)

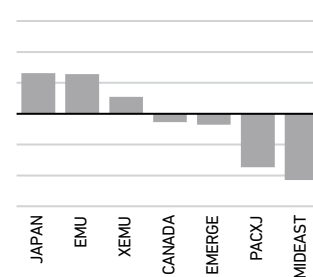


Benchmark Performance | YTD

Total Return by Sector (%)

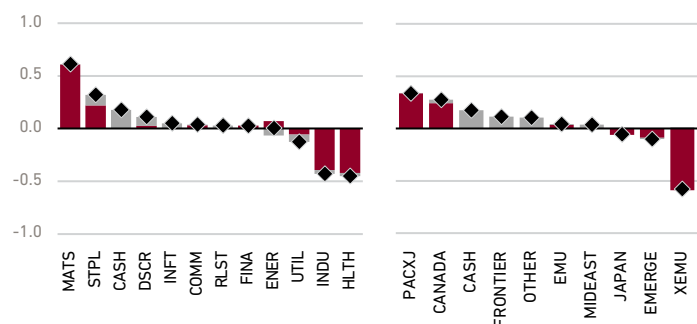


Total Return by Geography (%)



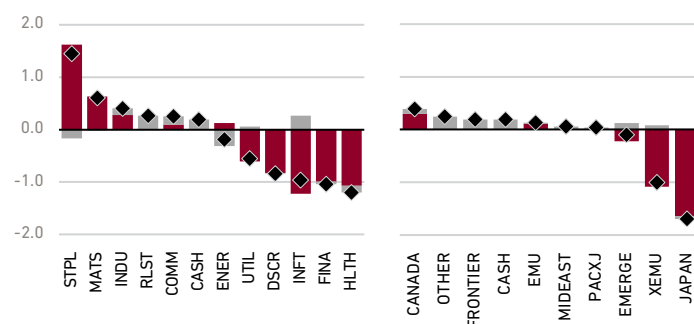
Performance Attribution | Oct.

Effect (%)	Selection	Allocation	Total
Sector	0.1	0.3	0.4
Geography	-0.1	0.5	0.4



Performance Attribution | YTD

Effect (%)	Selection	Allocation	Total
Sector	-2.0	0.4	-1.6
Geography	-2.6	1.0	-1.6



"FRONTIER": Includes countries with less-developed markets outside the index. "OTHER": Includes companies classified in countries outside the index.

- In Materials, **Symrise** rose after the company reported third-quarter earnings ahead of expectations. Management extended the timeframe of growth targets from 2025 to 2028.
- In Health Care, shares of **Lonza**, a life sciences product manufacturer, continued to fall due to the CEO's departure and concerns that recent investments have led to overcapacity in drug manufacturing. Shares of Danish pharmaceutical manufacturer **Genmab** fell on market concerns about higher costs in 2024 and questions about a future iteration of Darzalex, the company's multiple myeloma drug developed with Johnson & Johnson.
- By geography, we lagged most in Europe outside the eurozone due to Industrials and Health Care. Not owning shares of Novo Nordisk, the Danish biopharma company behind the diabetes treatment Ozempic and breakthrough weight-loss drug Wegovy, also hurt relative performance.

- Health Care has been our biggest detractor this year. In addition to Genmab and Lonza, shares of CSPC Pharmaceuticals (no longer owned) fell after the Chinese government initiated an anti-corruption campaign in the sector.
- In Japan, shares of beauty company **Shiseido** declined as competition intensified while shares of pharma manufacturer **Shionogi** fell on concerns that revenue guidance was too ambitious.
- In Consumer Staples, shares of Mexican bottler and convenience store operator **FEMSA** rose due to improved margins and a strategic refocus on its strongest businesses.

Top Five Contributors/Detractors (%) | Oct. to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
FEMSA	Mexico	STPL	0.1	0.20
Couche-Tard	Canada	STPL	0.2	0.16
Dassault Systèmes	France	INFT	0.1	0.15
AIA Group	Hong Kong	FINA	0.4	0.13
Symrise	Germany	MATS	0.1	0.12
Detractors				
Lonza	Switzerland	HLTH	0.1	-0.25
Genmab	Denmark	HLTH	0.1	-0.25
Infineon Technologies	Germany	INFT	0.2	-0.23
Komatsu	Japan	INDU	0.1	-0.16
Epiroc	Sweden	INDU	0.1	-0.13

Top Five Contributors/Detractors (%) | YTD to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
FEMSA	Mexico	STPL	0.1	0.83
BBVA	Spain	FINA	0.2	0.53
L'Oréal	France	STPL	0.4	0.40
Chugai Pharmaceutical	Japan	HLTH	0.1	0.35
Atlas Copco	Sweden	INDU	0.2	0.30
Detractors				
LONGi	China	INFT	<0.1	-1.05
Adyen	Netherlands	FINA	0.1	-0.80
ENN Energy	China	UTIL	<0.1	-0.65
AIA Group	Hong Kong	FINA	0.5	-0.50
Lonza	Switzerland	HLTH	0.2	-0.43

Sources

Benchmark Performance: FactSet, MSCI Inc.

Sector/Geographic Attribution: Harding Loevner International Equity composite, FactSet, MSCI Inc.

Sector/Geographic Positioning and Ten Largest Holdings: Harding Loevner International Equity model, FactSet, MSCI Inc.

Disclosures

Past performance does not guarantee future results. Invested capital is at risk of loss. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

For comparison purposes the composite return is measured against the MSCI All Country World ex US 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 June 30, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Equity composite has had a performance examination for the periods January 1, 1990 through June 30, 2023. 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 invest@hlmnnet.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.

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 46 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 indexes.

Companies held in the portfolio at the end of 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. The portfolio holdings identified above do not represent all of the securities held in the portfolio. To request a complete list of holdings for the past year, please contact Harding Loevner. 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 to return of all holdings during the month.

Portfolio holdings, portfolio attribution, contributors and detractors, and sector/geographic portfolio positioning are supplemental information only and complement a fully compliant International Equity composite GIPS Presentation, which is available upon request. 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 Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. 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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