International Equity

Quarterly Report | Second Quarter 2023

HARDING LOEVNER

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Composite Performance

Total Return (%) — Periods Ended June 30, 2023[1]

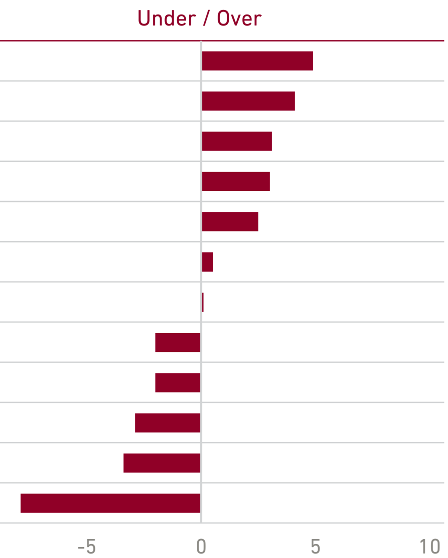
	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL International Equity (Gross of Fees)	3.29	11.43	18.09	7.49	5.47	7.55	8.14
HL International Equity (Net of Fees)	3.12	11.08	17.34	6.81	4.80	6.88	7.35
MSCI All Country World ex US Index[4,5]	2.67	9.86	13.33	7.75	4.01	5.24	5.05
MSCI EAFE Index[5,6]	3.22	12.13	19.41	9.48	4.90	5.91	4.89

[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.

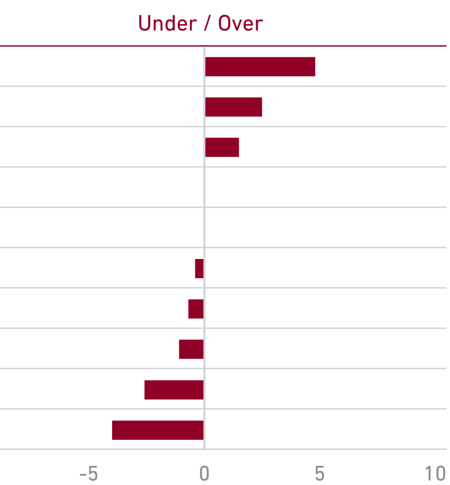
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Cons Staples	13.5	8.6
Health Care	13.7	9.6
Info Technology	15.0	11.9
Industrials	16.2	13.2
Cash	2.5	–
Materials	8.4	7.9
Financials	20.7	20.6
Real Estate	0.0	2.0
Utilities	1.2	3.2
Comm Services	2.6	5.5
Energy	2.0	5.4
Cons Discretionary	4.2	12.1



Geography	HL	Index
Europe ex EMU	25.3	20.5
Cash	2.5	–
Other[7]	1.5	–
Europe EMU	21.8	21.8
Frontier Markets[8]	0.0	–
Middle East	0.0	0.4
Pacific ex Japan	6.7	7.4
Japan	13.4	14.5
Canada	5.0	7.6
Emerging Markets	23.8	27.8



[7]Includes companies classified in countries outside the index. [8]Includes countries with less-developed markets outside the index.

"HL": International Equity model portfolio. "Index": MSCI All Country World ex US 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, 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.

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Market Review

International equity markets rose during the quarter, buoyed by declining inflation and a surge in enthusiasm for the prospects of artificial intelligence (AI) that drove up prices of a handful of technology companies. Most regions and sectors ended the period in positive territory.

While concerns lingered over US regional banks amid an increase in commercial loan delinquencies and the absorption of California-based lender First Republic by behemoth JPMorgan, investor attention was captivated by the promise of generative AI, spurred in no small part by the mid-March release of an impressive, updated version of OpenAI's large language model (LLM), known as ChatGPT. This fervor kicked into overdrive following NVIDIA's better-than-expected results and guidance as the company forecast surging demand for its specialist graphics processing units despite experiencing falling revenues in the most recent quarter. Shares of NVIDIA, already up over 100% year to date prior to the announcement, rose another 25% on the news, launching the company into the rarefied ranks of trillion-dollar-market-cap companies alongside other high-growth US-based tech titans such as Apple, Amazon.com, Microsoft, and Alphabet.

Declining inflation in the US also bolstered investor sentiment, as the Consumer Price Index increase of 4% year over year in May was its smallest rise in two years. The US Federal Reserve paused its rate-hiking campaign while simultaneously suggesting that two more hikes of 25 basis points (bps) later in the year may still be necessary. Monetary conditions in other parts of the world continued to tighten, however, with the European Central Bank opting for a marginal increase in its main interest rate to address persistent regional inflation. Meanwhile, China's central bank, facing a stalled economic rebound, chose to loosen its key lending rates, and the Bank of Japan maintained its ultra-accommodative policy despite signs of nascent inflation.

MSCI ACWI ex US Index Performance (USD %)

Sector	2Q 2023	Trailing 12 Months
Communication Services	-4.5	-0.2
Consumer Discretionary	1.8	13.3
Consumer Staples	-0.2	9.3
Energy	3.6	10.3
Financials	5.2	14.1
Health Care	1.6	8.0
Industrials	5.7	25.6
Information Technology	6.3	24.9
Materials	-2.5	11.3
Real Estate	-2.4	-9.1
Utilities	4.0	8.2
Geography	**2Q 2023**	**Trailing 12 Months**
Canada	3.9	7.9
Emerging Markets	1.0	2.2
Europe EMU	3.7	30.5
Europe ex EMU	2.5	15.2
Japan	6.4	18.6
Middle East	-3.8	-4.0
Pacific ex Japan	-1.8	5.9
MSCI ACWI ex US Index	2.7	13.3

Source: FactSet, MSCI Inc. Data as of June 30, 2023.

The widespread optimism surrounding the economic outlook was not reflected in the US Treasury yield curve, which remains steeply inverted with short-term rates almost one whole percentage point higher than long-term government borrowing rates. Yield curves in nearly all developed economies outside of Japan are also inverted. Historically this widening negative spread, which has reached levels not seen since 1981, has been a reliable indicator of an impending recession. Higher short-term rates throttle banks' and other lenders' willingness to extend longer-term loans because those rates have been compressed by bond investors attempting to lock in the prevailing yields while they last.

Commodities, which drifted lower in April and May, rebounded substantially in mid-June. However, this resurgence lost steam as the quarter drew to a close, primarily due to increasing apprehensions about the health of the Chinese economy.

Continuing the trend from the preceding quarter, the Information Technology (IT) sector maintained its stellar performance, significantly exceeding the returns from more staid sectors such as Consumer Staples and Health Care. Communication Services lagged, dragged down by Chinese internet companies **Tencent** and Alibaba.

Excluding Pacific ex Japan, all major regions recorded positive returns. Japanese equities rallied strongly in response to the Bank of Japan's still-easy monetary policy, but the gains were reduced for overseas investors by weakness in the yen. China grappled with its faltering recovery, and its stock market fell, along with the yuan. China's large weight in the index brought down overall returns in Emerging Markets (EMs), overshadowing strong markets in Taiwan, India, and Brazil.

Within international markets there was only modest deviation between growth and value returns, in contrast to the US, where the growth index further outperformed its value counterpart by a stunning 1000 bps, pulled higher by the surging share price performance of the handful of fast-growing US-based index heavyweights. Investors put their revulsion for expensive stocks on hold to embrace those fast-growing companies.

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. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at June 30, 2023 is available on page 9 of this report.

Performance and Attribution

The International Equity composite rose 3.3% in the quarter, gross of fees, just ahead of the 2.7% gain for the MSCI All Country World ex US Index.

The Consumer Staples sector was our biggest contributor to relative returns, helped by Brazilian brewer **Ambev** and Mexican bottler **FEMSA**, both of which benefitted from improving margins. In the Financials sector, shares of Brazilian advisory services firm **XP** nearly doubled due to successful cost-reductions, which enhanced earnings. These strong showings more than compensated for the underperformance of our Asian holdings in the sector, such as Singapore's **DBS Group** and Hong Kong insurer **AIA Group**, which were hurt by their close ties to China's decelerating economy. Our substantial weight in the Industrials sector added to relative returns, aided by good stocks within the sector, especially those linked to the energy transition. Shares of Sweden's **Atlas Copco** rose due to surging investments in liquefied natural gas (LNG) projects and carbon capture technologies, driving demand for the company's compressors. Similarly, **Schneider Electric**, the French electrification and energy management specialist, reported an all-time high backlog, fueled by demand for building energy management systems and data center infrastructure. The robust returns from China's **Sanhua Intelligent Controls**, a leader in thermal management components for appliances and electric vehicles, also significantly contributed to the portfolio's performance.

Viewed by geography, the majority of the portfolio's outperformance was concentrated in EMs and Europe, including our investments in Swedish industrial companies Atlas Copco and Alfa Laval.

Our holdings in IT and Consumer Discretionary were significant detractors. Within IT, shares of **LONGi**, a Chinese solar panel manufacturer, plummeted due to concerns that heavy investments by its competitors will result in overcapacity for the industry. However, the damage was partly mitigated by our overweight in IT and our holdings of semiconductor manufacturers **Samsung Electronics** and **TSMC**, which have recently profited from the enthusiasm around both AI and subsidies targeting semiconductor investment inside the US. In the Consumer Discretionary sector, shares of luxury goods company **Kering** fell in line with the slowdown in the Chinese economy. Additionally, Japanese furniture retailer **NITORI** and bicycle component manufacturer **Shimano**, both suffered with normalizing demand for home office furniture and bicycles post-COVID.

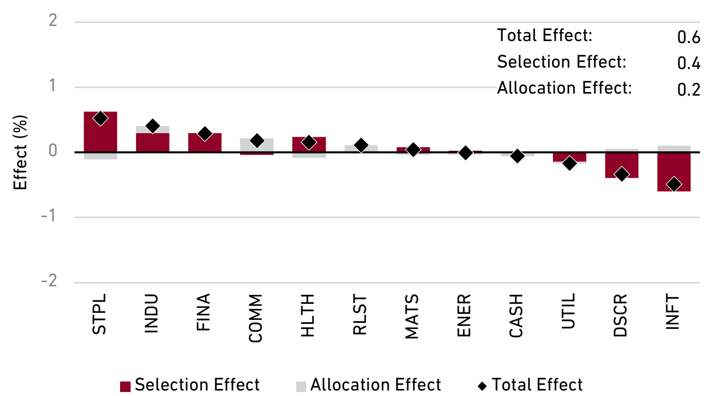
Viewed by geography, the majority of the portfolio's outperformance was concentrated in EMs and Europe, including our investments in Swedish industrial companies Atlas Copco and **Alfa Laval**. However, the portfolio's overall performance was hampered by poor stocks in Japan. In addition to Shimano and NITORI, shares of diaper manufacturer **Unicharm** declined due to worries over intensifying competition and slowing birth rates in China.

In the first half of 2023, the International Equity composite rose 11.4% gross of fees, outperforming the 9.9% gain of the Index. Viewed by sector, solid relative returns in Consumer Staples and Industrials more than compensated for poor stocks in IT, specifically LONGi, and in the Consumer Discretionary sector. Geographically, most of the positive relative returns show up as effective stock selection—which would be expected from the modest tailwind behind quality and growth, outside of China and Japan. Good stocks in EM and the eurozone were partially offset by negative contribution from Japan and Pacific ex Japan.

Second Quarter 2023 Performance Attribution

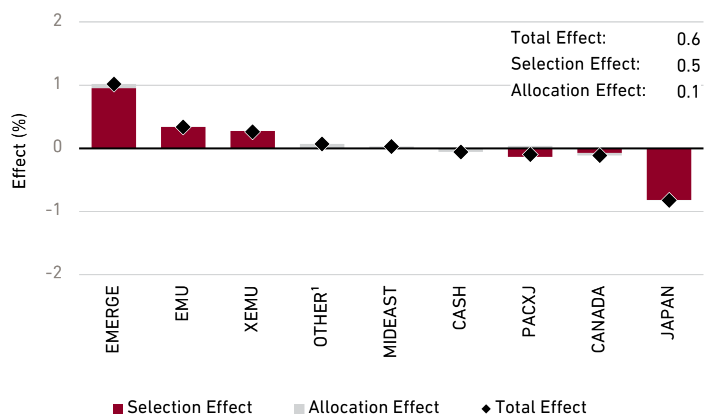
Sector

International Equity Composite vs. MSCI ACWI ex US Index



Geography

International Equity Composite vs. MSCI ACWI ex US Index



[1]Includes companies classified in countries outside the index. Source: Harding Loevner International 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.

Perspective and Outlook

This quarter we mourned the loss of Harry Markowitz, the Nobel-winning economist and architect behind the efficient frontier, a mathematical process for optimizing portfolio diversification. We've written previously about our reservations concerning the reward-for-risk assumptions inherent to Modern Portfolio Theory. Indeed, elements of behavioral finance, including the idea that not all investors uniformly avoid risk, and may even derive a psychological thrill from investing in volatile stocks, support our concerns. This behavior may even provide a persistent return premium (or valuation discount) for less exciting stocks.

However, we acknowledge and deeply appreciate the monumental contributions Markowitz made to investment theory and the management of wealth. We fully endorse his thoughts on diversification. We can't help but speculate that Markowitz might have warned against excessive reliance on FAANG stocks that have dominated US stock returns for several years. He likely would have also cautioned about an overemphasis on the overall US market, considering its continued outperformance against non-US markets during the past dozen or so years and its increasingly concentrated sources of returns.

This quarter and in the year to date, seven stocks drove US market returns. These stocks—led by NVIDIA, a designer of graphical processing units optimized for AI applications—accounted for over 60% of the index return in 2023. These seven stocks soared amid a rush by investors to leap onto the AI bandwagon as large language models such as ChatGPT placed the fledging advances in AI within reach of even the least informed individuals. This concentrated market leadership raises concerns for proponents of diversification following Markowitz's footsteps, but also for investors who consider behavioral biases in their decision-making. The so-called fear of missing out (FOMO), fueled by tendencies such as herding, regret aversion, and overconfidence, has evidently seized investors' psyches. These elements may provide temporary relief (and eye-popping short-term returns) but have been demonstrated to adversely affect long-term investment success.

Our International portfolio did include two long-time IT holdings now increasingly tied to the AI investment climate: TSMC (which manufactures NVIDIA's GPU chips) and Samsung Electronics (whose memory chips are needed for high-performance computing). These holdings have bolstered our performance this year, but the absence of a concentrated cohort of assumed AI frontrunners within international markets has meant that we didn't face the same FOMO pressures that US investors have. As investments in AI technologies accelerate, competition heats up, and novel AI uses are devised and demonstrated, we foresee a multitude of such opportunities, but also significant prospect for heightened rivalry, new regulatory scrutiny, and unproven revenue models that could dampen enthusiasm.

While we may not currently face US FOMO, we've had to contend with it in plenty of other instances, most recently during the booming Chinese stock markets of 2018 and 2020. Our wariness of government interference and the uncertainty of unproven or inconsistent corporate governance kept us from getting caught up in the "China will dominate" hype of those years. This cautious approach, though costly in terms of missed rapid growth and stock market performance, served us well when market sentiment soured due to China's heavy-handed regulatory interference, faltering property sector, and escalating geopolitical tensions. And the accompanying drop in prices provided us with an opportunity to increase our holdings.

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Regrettably, our eagerness to seize on better valuations and capture additional diversification benefits has been premature. China, along with its territory Hong Kong, ranked among the worst-performing markets this quarter. Issues with its colossal property sector, associated debts, and local government financial troubles have overshadowed the anticipated rebound from the cessation of highly unpopular COVID lockdown policies. Despite record exports of manufactured goods, both investment and domestic consumption remain weak—classic indicators of debt deflation and balance-sheet recession. Typically, the stimulative effects of increased government deficit spending start to wane in such situations. Reflecting on the sluggish recoveries of the UK in the early 1990s, Japan over the past 30 years, and Spain following 2007, we perhaps should have been more circumspect in our weighting of Chinese shares.

The standout Chinese stocks this year are large state-owned banks and energy companies. In contrast, high-quality Chinese companies that offer robust growth prospects have largely languished. We find it incongruous that the stocks of high-quality and faster-growing companies are not favored by investors in a climate of eroding confidence and believe their attributes will once again come to be prized.

We've consistently maintained a substantial allocation to Japan, partly because its lower correlations with other global stock markets provides valuable portfolio diversification benefits. There, as in China this quarter, shares of the highest-quality and fastest-growing companies are lagging the overall market. One cause might be the effort by government agencies to turn up the pressure on low-return companies by clarifying merger and acquisition regulations, paving the way for more corporate activity that takes out the worst-managed zombie companies, presumably *pour encourager les autres*. Unlike China though, the Japanese stock market has experienced a significant surge, even as inflation (excluding food and fuel) continues to escalate, recording its largest increase in 42 years in May. We suspect that the premium valuations previously attributed to the few companies in Japan with promising growth prospects might now be shrinking as inflation kindles broader expectations for nominal growth there. Notably, Japan's large but low-return trading companies have recently attracted substantial investments from Berkshire Hathaway. Moreover, Japan stands out as one of the few countries where the central bank has firmly resisted increasing interest rates to curb rising inflation.

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The battle elsewhere to rein in inflation continues to lurk persistently as a threat to the prices paid for stocks, because monetary policy in the form of higher interest rates is such a blunt instrument. Too much, and a central bank will trigger recession; too little, and inflation can become deeply embedded in expectations and behavior. In the UK, for instance, inflation has resisted the Bank of England's efforts to curb it, refusing to soften even after a dozen interest rate hikes since late 2020. Core inflation (excluding food and energy) has risen to a new peak just above 7%. In response, the Bank of England increased short-term interest rates by another half percentage point in June, pushing the base rate to 5.0%. Surprisingly, both the stock and bond markets absorbed this with relative ease. This aplomb echoes sentiment in both the eurozone and the US, where inflation remains high with core rates above 5% in both regions, despite declines from peak levels. We're concerned about the apparent disconnect between persistent inflation and the moderate adjustments in bond markets and growth stock valuations.

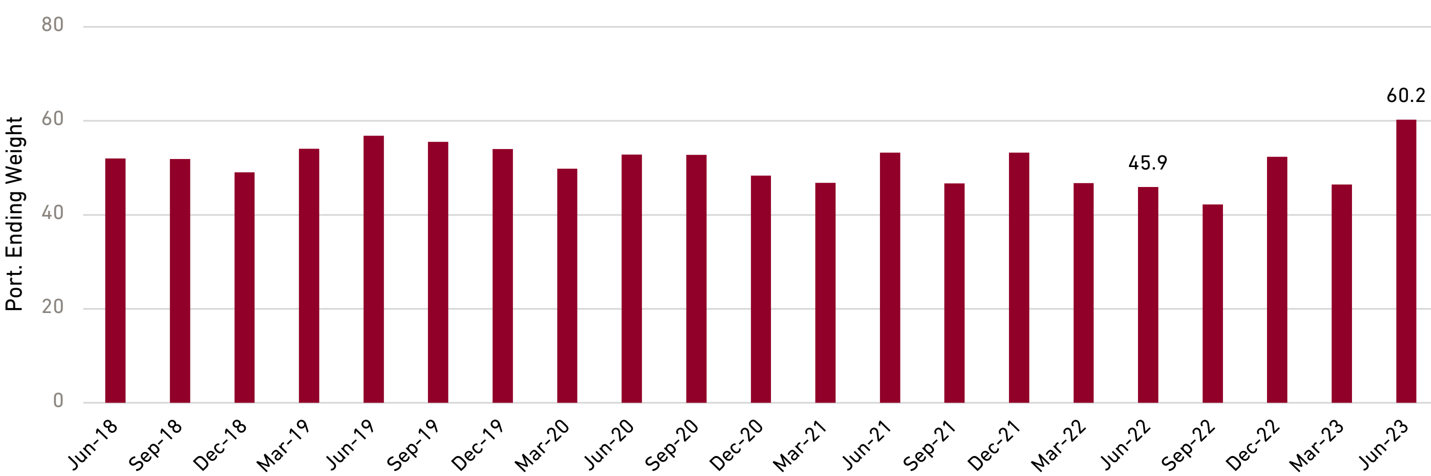
Although we've been incrementally adding more growth-oriented companies to our portfolio since late last year due to their more modest valuations, we remain hesitant to endorse a return to an openly "valuation tolerant" stance for shares of rapidly growing companies.

Portfolio Highlights

In our 4Q22 report we wrote, "As high-growth stocks become more reasonably priced, we are eyeing them more covetously. For 2023 we think there's room for us to increase our exposure to the faster-growing stocks." And that is what we've done in the first half of this year: increased our portfolio's emphasis on companies with faster growth. Using our in-house growth rankings, which examine a company's past growth as well as future prospects, we find that 60% of our portfolio resides in the top two quintiles of growth ranking for international stocks. This is an increase from 52% at the beginning of the year and 46% a year ago. The shift toward higher-growth companies is attributable to both our acquisition of and increased holdings in faster-growing firms, as well as the ascension of several existing holdings in our growth rankings owing to their revivified growth trajectories.

Holdings advancing up the growth rankings spread across many sectors, but growth improvement within the Consumer Staples and Industrial sectors is particularly notable. Within Staples, Brazilian brewer Ambev and Mexican convenience store operator FEMSA are benefitting from more normal sales conditions, posting improved growth as they recover from the adverse impact of COVID on consumer spending. In 2023 both are poised to enhance margins while continuing to grow. FEMSA saw a 22%

Model International Equity Weight in Two Fastest-Growing Quintiles



Source: FactSet, HOLT. Data as of June 30, 2023.

year-over-year increase in sales in the first quarter, attributable to both the opening of new convenience stores and robust same store sales, while Ambev's underlying revenues for 2022 surged by 20%, driven by a 16% rise in unit pricing. **L'Oréal** has also enjoyed two consecutive strong years of growth following the declines of 2020, with the top line expanding alongside margins due to robust sales in its cosmetics lines. Unicharm achieved double-digit sales growth in 2022, and management has initiated price increases to bolster their target of double-digit profit growth in 2023.

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Within Industrials, Schneider Electric, **Epiroc**, and Alfa Laval have also climbed in the growth rankings this year. Although their operations (and growth rankings) were impacted by the economic fallout of 2020, they have now set new revenue records. These companies each reported sales growth of over 20% in 2022 and are expected to continue growing in 2023, while margins are anticipated to improve as supply chain and energy cost pressures are projected to ease this year. For instance, Schneider Electric painted an optimistic picture in its first quarter earnings report. The company suggested that mid-teens, organic year-over-year revenue growth would be backed by a burgeoning backlog of orders spurred by building renovations related to decarbonization, investments in grid infrastructure by electric utilities, and growing demand from data centers for power management products.

We also added to our holdings of faster-growing companies through new purchases. We invested in fast-growing Chinese solar panel manufacturer LONGi and bought shares in the Danish pharmaceutical company **Genmab**. Genmab sales and profits have more than quintupled in the past five years, primarily driven by the success of its anti-cancer monoclonal antibody medication Darzalex, used to treat multiple myeloma, a type of blood cancer. While Darzalex currently dominates Genmab's drug portfolio, we foresee the company's R&D efforts leading to a wider pipeline of antibody cancer treatments in the coming years. This includes ongoing trials for drugs aimed at treating lung cancer, head and neck cancers, lymphoma, solid tumors, and a next-generation treatment for multiple myeloma.

From 2018 to 2022 global oncology spending increased at an annual rate of 12%, with total expenditures reaching $196 billion in 2022. Spending is expected to nearly double—reaching $375 billion by 2027—led by an anticipated rise in cancer incidence, increased treatment among those diagnosed, and a growing number of approved innovative cancer treatments on the horizon. In addition to acquiring shares of Genmab, which generates nearly 90% of its sales from oncology drugs, we added to our stake in Japanese pharmaceutical company **Chugai Pharmaceutical**, which derives a quarter of its sales from oncology drugs. We also hold a position in Swiss pharmaceutical firm **Roche**, which generates around a third of its revenue from oncology treatments.

We've invested in **Credicorp**, a company that operates Peru's premier bank, Banco de Crédito del Peru, microfinance service Mibanco, and insurance and wealth management divisions. The company has an impressive history of profitable growth over the past three decades, successfully navigating multiple episodes of economic and political instability, thanks to a prudent lending approach and meticulous balance sheet management. Peru presents substantial long-term growth opportunities, with domestic loans constituting only 44% of GDP, which is on the lower end of peer Latin American economies. This gap offers room for growth in both corporate and microlending. In a country of 34 million people, where 89% of Peruvians use cash as their primary payment method for transactions, Credicorp's payments network Yape has experienced rapid expansion since its inception and now stands as the country's largest payments application, reaching over 12 million users. While a period of political unrest in Peru has weighed on the stock price, we note that the government's finances remain robust. Peru maintains an investment-grade sovereign credit rating bolstered by a low level of government indebtedness and a sensible fiscal policy framework.

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We divested from UK-based bank Standard Chartered as a precaution against a low-probability, yet potentially catastrophic, risk of a bank run. Despite the bank showing some signs of progress in its restructuring to recover from a period of lower profitability, we harbored concerns about its potential vulnerability to the kind of turbulence that the banking industry experienced earlier this year given its large deposit base, investments in potentially unstable securities portfolios, and being subject to regulators in multiple jurisdictions (primarily the UK and Hong Kong).

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.

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International Equity Holdings (as of June 30, 2023)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	1.3
Tencent (Internet and IT services)	China	1.3
Yandex (Internet products and services)	Russia	0.0*
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	1.2
Kering (Luxury goods manufacturer)	France	1.1
NITORI (Home-furnishings retailer)	Japan	0.9
Shimano (Bicycle component manufacturer)	Japan	0.9
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.3
Couche-Tard (Convenience stores operator)	Canada	1.5
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.4
Haleon (Consumer health products manufacturer)	UK	2.1
L'Oréal (Cosmetics manufacturer)	France	2.6
Nestlé (Foods manufacturer)	Switzerland	1.3
Shiseido (Personal care products manufacturer)	Japan	1.0
Unicharm (Consumer products manufacturer)	Japan	1.3
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	2.0
Financials		
Adyen (Payment processing services)	Netherlands	1.8
AIA Group (Insurance provider)	Hong Kong	2.0
Allianz (Financial services and insurance provider)	Germany	2.4
BBVA (Commercial bank)	Spain	1.9
Credicorp (Commercial bank)	Peru	1.0
DBS Group (Commercial bank)	Singapore	2.7
HDFC Bank (Commercial bank)	India	1.3
ICICI Bank (Commercial bank)	India	1.2
Manulife (Financial services and insurance provider)	Canada	2.4
Ping An Insurance (Insurance provider)	China	0.8
SE Banken (Commercial bank)	Sweden	2.2
XP (Broker dealer and financial services)	Brazil	0.9
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.8
Chugai Pharmaceutical (Pharma manufacturer)	Japan	2.6
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.8
Genmab (Oncology drug manufacturer)	Denmark	1.6
Lonza (Life science products manufacturer)	Switzerland	2.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	2.0
Shionogi (Pharma manufacturer)	Japan	1.0
Sonova (Hearing aids manufacturer)	Switzerland	1.0
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.0

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.7
Assa Abloy (Security equipment manufacturer)	Sweden	0.8
Atlas Copco (Industrial equipment manufacturer)	Sweden	3.0
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	1.0
Epiroc (Industrial equipment manufacturer)	Sweden	1.4
Fanuc (Industrial robot manufacturer)	Japan	0.7
Komatsu (Industrial equipment manufacturer)	Japan	1.4
Kubota (Industrial and consumer equipment mfr.)	Japan	0.2
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	1.8
Schneider Electric (Energy management products)	France	3.2
Information Technology		
Dassault Systèmes (CAD software developer)	France	1.3
Infineon Technologies (Semiconductor manufacturer)	Germany	3.4
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.3
LONGi (Solar power equipment manufacturer)	China	1.1
Samsung Electronics (Electronics manufacturer)	South Korea	3.7
SAP (Enterprise software developer)	Germany	1.6
TSMC (Semiconductor manufacturer)	Taiwan	2.5
Materials		
Air Liquide (Industrial gases supplier)	France	1.2
BHP (Mineral miner and processor)	Australia	2.0
Linde (Industrial gases supplier and engineer)	US	1.5
Novozymes (Biotechnology producer)	Denmark	0.7
Rio Tinto (Mineral miner and processor)	UK	1.8
Symrise (Fragrances and flavors manufacturer)	Germany	1.2
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	1.2
Cash		2.5

*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 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.

2Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
XP	FINA	0.6	–	0.43
Atlas Copco	INDU	3.5	0.2	0.37
FEMSA	STPL	2.3	0.1	0.31
Samsung Electronics	INFT	3.5	1.2	0.24
Schneider Electric	INDU	3.0	0.4	0.20

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Infineon Technologies	INFT	2.9	0.2	1.27
Atlas Copco	INDU	3.3	0.2	1.12
FEMSA	STPL	2.0	0.1	0.91
Schneider Electric	INDU	2.7	0.4	0.87
BBVA	FINA	1.7	0.2	0.77

2Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
LONGi	INFT	1.4	<0.1	-0.59
Kering	DSCR	1.2	0.2	-0.19
Unicharm	STPL	1.5	0.1	-0.18
Rio Tinto	MATS	1.9	0.3	-0.16
BHP	MATS	2.0	0.6	-0.14

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
LONGi	INFT	0.6	<0.1	-1.06
ENN Energy	UTIL	1.4	<0.1	-0.62
Haier Smart Home	DSCR	1.5	<0.1	-0.61
AIA Group	FINA	2.7	0.5	-0.46
Tencent	COMM	2.1	1.2	-0.41

"HL": International Equity composite. "Index": MSCI All Country World ex US Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	15.4	11.4
Return on Assets[1] (%)	8.4	5.8
Return on Equity[1] (%)	17.1	13.9
Debt/Equity Ratio[1] (%)	44.0	60.8
Std. Dev. of 5 Year ROE[1] (%)	3.2	4.6
Sales Growth[1,2] (%)	6.5	5.8
Earnings Growth[1,2] (%)	10.6	8.6
Cash Flow Growth[1,2] (%)	6.0	8.4
Dividend Growth[1,2] (%)	6.2	5.8
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	53.6	45.0
Wtd. Avg. Mkt. Cap. (US $B)	98.5	91.3
Turnover[3] (Annual %)	15.4	–

Risk and Valuation	HL	Index
Alpha[2] (%)	1.49	–
Beta[2]	1.00	–
R-Squared[2]	0.93	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	17.95	17.33
Sharpe Ratio[2]	0.22	0.14
Tracking Error[2] (%)	4.6	–
Information Ratio[2]	0.31	–
Up/Down Capture[2]	106/99	–
Price/Earnings[4]	16.2	12.9
Price/Cash Flow[4]	12.9	8.9
Price/Book[4]	2.6	1.8
Dividend Yield[5] (%)	2.4	3.2

[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 Equity composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner International Equity model based on the underlying holdings, FactSet (Run Date: July 5, 2023 based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Credicorp	Peru	FINA
Genmab	Denmark	HLTH

Positions Sold	Market	Sector
Standard Chartered	UK	FINA

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

International Equity Composite Performance (as of June 30, 2023)

	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)
2023 YTD[5]	11.43	11.08	9.86	12.13	18.15	16.80	17.85	N.A.	32	21,780	46,871
2022	-19.62	-20.13	-15.57	-14.01	19.72	19.24	19.95	0.5	33	20,472	47,607
2021	9.43	8.74	8.29	11.78	16.13	16.77	16.89	0.3	35	28,608	75,084
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

[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 2023 YTD performance returns and assets shown are preliminary. 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 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.

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, 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 March 31, 2023. 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 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. 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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