International Equity

Quarterly Report | Year End 2023

HARDING LOEVNER

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Composite Performance

Total Return (%) — Periods Ended December 31, 2023

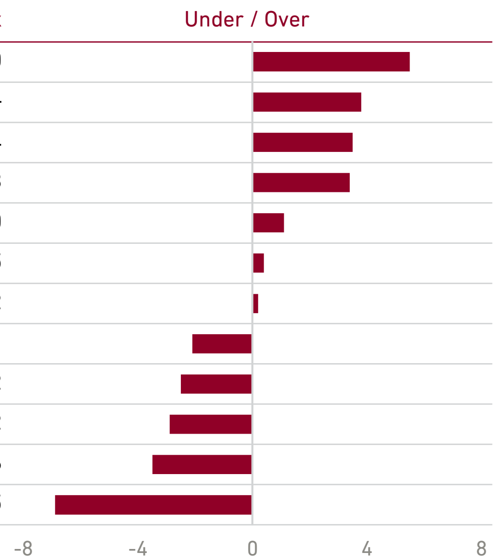
	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Equity (Gross)	12.11	16.22	0.74	9.43	6.52	8.15
HL International Equity (Net)	11.94	15.50	0.10	8.74	5.85	7.36
MSCI All Country World ex US Index	9.82	16.21	2.04	7.59	4.32	5.15
MSCI EAFE Index	10.47	18.85	4.53	8.69	4.77	5.00

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.

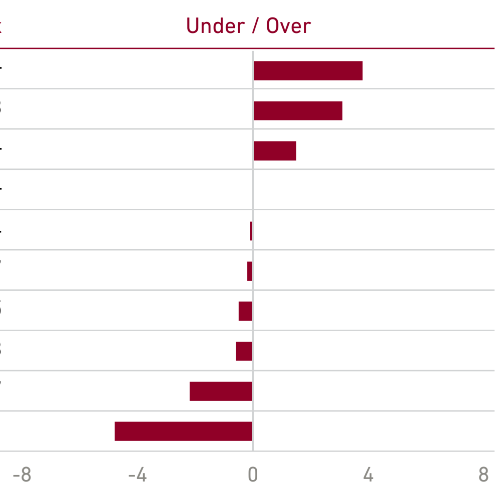
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Cons Staples	13.5	8.0
Cash	3.8	–
Info Technology	15.9	12.4
Health Care	12.7	9.3
Materials	9.1	8.0
Industrials	13.9	13.5
Financials	21.4	21.2
Real Estate	0.0	2.1
Utilities	0.7	3.2
Comm Services	2.3	5.2
Energy	2.1	5.6
Cons Discretionary	4.6	11.5



Geography	HL	Index
Cash	3.8	–
Europe ex EMU	23.4	20.3
Other	1.5	–
Frontier Markets	0.0	–
Japan	14.3	14.4
Europe EMU	21.5	21.7
Middle East	0.0	0.5
Pacific ex Japan	6.7	7.3
Canada	5.5	7.7
Emerging Markets	23.3	28.1



"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. 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

Stock markets recovered smartly in the final quarter of 2023, with a sharp turnaround in November erasing the losses of October and indeed, those of the third quarter as well. The rally reflected a reversal in investors' outlook for interest rates as inflationary pressures continued to ease. By the year's end, stock markets had managed to regain essentially all of what was lost in the steep declines experienced during a challenging 2022.

The midquarter rally was preceded by a raft of underwhelming US economic data signaling a slowdown in economic growth. This included a deceleration in job creation and further declines in multiple measures of inflation, hinting that central banks' intensive efforts to combat inflation might be drawing to a close. Subsequent inflation data reinforced the view that short-term US policy rates have topped out and markets quickly priced in rate cuts over the next 12 months. In November, the US Consumer Price Index (CPI) inched down to 3.1%, a slight decrease from October's 3.2%, a five-month low. Likewise, the eurozone witnessed a drop in its annual inflation rate to 2.4% in November from October's 2.9%, a stark contrast to the double-digit inflation of 2022.

In response to the improving inflationary backdrop, the US Federal Reserve opted to keep the federal funds rate unchanged at 5.25% to 5.5% for the third meeting in a row, while hinting at possible rate cuts in 2024. The European Central Bank followed suit, keeping its policy rate unchanged, indicating a shift in the balance of risks between inflation and growth. In Asia, where inflationary pressures have been less intense, central banks continued their more lenient monetary policies. China's PBOC continued to loosen policy, albeit only modestly, amid ongoing struggles to stimulate economic growth. The Bank of Japan maintained its negative interest rate policy despite rising inflation, citing subdued wage growth, lackluster housing investment, and flat government spending.

MSCI ACWI ex US Index Performance (USD %)

Sector	4Q 2023	Trailing 12 Months
Communication Services	4.7	6.4
Consumer Discretionary	5.8	13.7
Consumer Staples	5.7	5.0
Energy	2.5	15.8
Financials	10.2	17.2
Health Care	5.2	8.5
Industrials	12.7	23.6
Information Technology	20.0	37.1
Materials	12.9	12.9
Real Estate	11.2	5.7
Utilities	13.6	12.9
Geography	**4Q 2023**	**Trailing 12 Months**
Canada	11.4	16.4
Emerging Markets	7.9	10.3
Europe EMU	12.6	24.1
Europe ex EMU	9.6	17.3
Japan	8.2	20.8
Middle East	9.4	11.7
Pacific ex Japan	11.4	6.5
MSCI ACWI ex US Index	9.8	16.2

Source: FactSet, MSCI Inc. Data as of December 31, 2023.

For the year, enthusiasm for artificial intelligence (AI), especially in the initial months, turbocharged the stock prices of several US mega-cap companies—Amazon, Apple, Alphabet, Meta, Nvidia, Tesla, and Microsoft—engendering their sobriquet, the "Magnificent Seven." By year-end, the aggregate market value of these firms reached nearly $12 trillion, matching the combined total value of the stock markets in the UK, Canada, and Japan. Backing out the hefty contribution from the Magnificent Seven, international markets would have outperformed the US for the year.

The shift in inflationary expectations catalyzed a surge in US and European bond markets with yields falling across the curve. Yields on US Treasuries saw a marked decline from mid-October highs, including a jaw-dropping 100-basis-point drop in 10-year Treasury yields. A downward trajectory in yields was also observed in the eurozone, where the yield on Germany's 10-year government bond fell a similar amount.

Throughout the quarter, energy prices, particularly oil, saw sharp declines, as reduced demand and skepticism over the impact of supply cuts made by OPEC weighed on prices. In contrast, financial commodities—gold in particular—experienced modest price increases.

As interest rate differentials narrowed, the US dollar came under pressure and fell against most major developed market currencies. The year's overall currency trends were more complex: while the currencies of commodity exporters such as Australia and Norway remained flat despite the drop in oil prices, the Swiss franc, euro, and British pound all managed slight increases relative to the dollar.

Information Technology (IT) led performance viewed by sector, buoyed by expectations for lower interest rates. Sectors often seen as bond proxies, such as Utilities and Real Estate, also reflected the rebound in bond markets, recording gains of 14% and 11%, respectively, although annual returns still lagged the

Companies held in the portfolio at the end of the year 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 December 31, 2023 is available on page 9 of this report.

index over the full year. IT was also the strongest performer for the year, propelled in no small part by the earlier excitement for the prospects of AI. Industrials, especially capital goods, performed well despite a slowdown in European manufacturing.

All regions experienced some level of positive returns this quarter. The eurozone fared the best, helped by its larger IT weight, while Emerging Markets (EMs) lagged, again dragged down by negative returns in China. This pattern was consistent for the year, with the eurozone leading the way and China declining. In Pacific ex Japan, one-year returns were hampered by the underperformance of Hong Kong, as economic malaise in mainland China dampened sentiment.

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In terms of style, patterns in the quarter differed from those in the earlier part of the year, with shares of higher-quality companies outperforming those of lower quality, and investors willing to tolerate higher valuations. Growth cohorts ended the quarter showing little effect on share price performance, in contrast to the more distinct headwinds for growth in the nine months prior, when the fastest growers lagged the index significantly. Over the full year, higher quality proved an overall tailwind, while the fastest growers faced a decided headwind, and, in general, expensive stocks did too. One final note on style effects: in the three years following the first vaccine approvals for COVID-19—so, three years ending October 31, when bond markets turned for the better—the MSCI ACWI ex US Growth Index *fell* 6.7% while its Value counterpart rose 31.7%, for a 38-percentage-point cumulative differential.

Performance and Attribution

For the quarter, the International Equity composite rose 12.1% gross of fees, ahead of the MSCI ACWI ex US Index's increase of 9.8%. For the full year 2023, the International Equity composite rose 16.2% gross of fees, in line with the benchmark's 16.2% rise. In the three years of style headwinds referred to above, the composite earned a cumulative return of 6.1%, lagging the index return of 11.0% but far outpacing the 6.7% decline of the MSCI ACWI ex US Growth Index.

The portfolio's performance in the fourth quarter marked its best period of the year for both absolute and relative returns, as our stocks generally outperformed index peers in most regions and sectors.

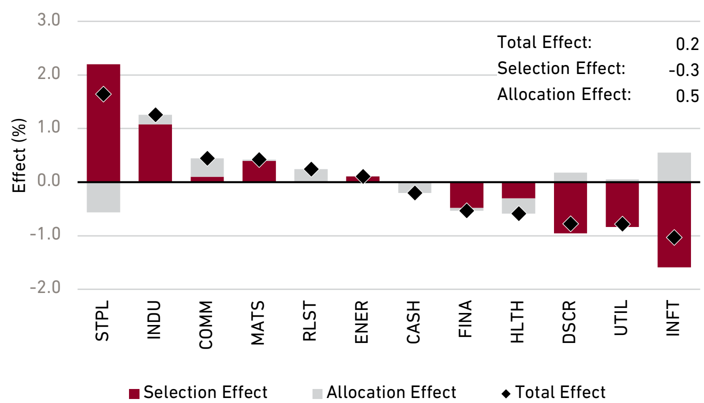
Viewed by sector, the portfolio benefited modestly from our overweight in Information Technology and underweights in the Consumer Discretionary and Energy sectors. Good stocks boosted performance in several of our major sectors such as Financials, Consumer Staples, Materials, Health Care, and Industrials. In contrast, our stocks' performance proved underwhelming in Utilities and IT.

Our stocks were particularly strong relative performers within Financials, our portfolio's largest sector by weight. A key contributor to this success was Dutch payment processing service provider **Adyen**, whose stock price rebounded impressively after a precipitous decline in the third quarter following lackluster first-half results. Adyen's management began assuaging investor concerns with a comprehensive Investor Day at which they outlined a three-year plan to deliver greater than 20% annualized revenue growth while improving margins. Additionally, **Manulife**, a Canadian insurer, saw its shares increase, reflecting faster profit growth powered by increased activity from its Asian customers.

Trailing 12 Months Performance Attribution

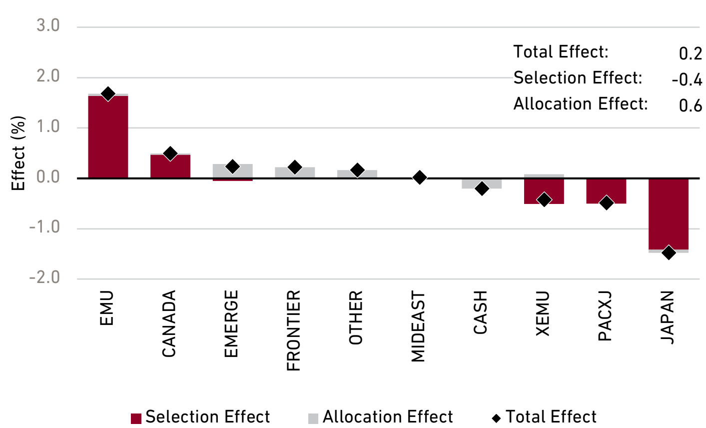
Sector

International Equity Composite vs. MSCI ACWI ex US Index



Geography

International Equity Composite vs. MSCI ACWI ex US Index



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

Our investment in Chinese insurer **Ping An Insurance** didn't fare as well, with its third-quarter profits diminished by China's weak asset markets, despite improving agent metrics.

Our Materials sector stocks delivered strong returns, with standout performance from **Novozymes**, a Danish industrial enzymes producer, which experienced resurgent revenue growth from bioenergy customers. This was complemented by the rise in shares of mining giants **BHP** and **Rio Tinto**, which were buoyed by rising iron ore prices.

On the IT front, while most stocks performed strongly, the portfolio suffered from the weak showing of **LONGi,** a Chinese solar equipment manufacturer. LONGi's third-quarter revenues and profits fell as ongoing oversupply weighed on prices for photovoltaic products.

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Regionally, stock selection was key to outperformance. Our stocks within the eurozone contributed the most to relative performance, where top contributors included Adyen along with IT holdings companies **Infineon Technologies** and **Dassault Systèmes**, tempered by luxury-goods maker Kering, whose shares lagged, reflecting management turnover and downward margin revisions. After facing style headwinds all year, our holdings in Japan also outperformed: **Chugai Pharmaceutical** was at the forefront, boosted by increasing optimism about its oral GLP-1 obesity drug collaboration with Eli Lilly, which is currently in trials and shows promise for future profitability. In EMs, while Chinese stocks continued to underperform, they were offset by double-digit advances from our investments in Brazil, Mexico, Peru, South Korea, and Taiwan.

For the full year, our portfolio's in-line performance was helped by sector and region allocation decisions, but stock selection was a slight drag on performance. Our relative performance was strongest within the Consumer Staples and Industrials sectors, while it was weakest within IT, Consumer Discretionary, and Utilities.

Many of our worst-performing stocks in 2023 were those connected to China or Hong Kong, the weakest markets in the index. Within China, our biggest setbacks included LONGi (hurting IT sector performance) and natural gas utility **ENN Energy** (our one Utilities sector holding), which predicted a 5% profit decline in 2023 earnings due to a drop in gas usage by industrial customers. Hong Kong–based insurer **AIA Group** suffered alongside the Hong Kong market, despite rebounding new business activity. Japanese cosmetics company **Shiseido** also struggled with falling Chinese demand amid a resurgence of anti-Japanese consumer sentiment following the release of treated radioactive wastewater from the Fukushima Daiichi nuclear power plant.

Despite the decline in Shiseido, our Consumer Staples stocks performed well. Leading this success was **FEMSA**, the Mexican consumer group, which saw robust growth in its OXXO chain of convenience stores and which also garnered positive market reactions to its plan for streamlining the company's structure. **L'Oréal** also stood out, maintaining steady sales throughout the year, including in China where it continues to gain market share.

This year, our Industrials sector holdings achieved some of the highest returns, with **Atlas Copco**, **Schneider Electric**, and **Alfa Laval** each recording gains of over 40%. These European global industrial companies managed to keep growing despite Europe's slowing economic momentum.

The eurozone was our top-performing region in the year, thanks to significant gains from **BBVA**, Schneider Electric, L'Oréal, **SAP**, and Infineon. Japan was our weakest region in relative performance, with disappointing results from Shiseido, **Sysmex**, and **Unicharm** offsetting strong showings from Chugai, **Daifuku**, and **Komatsu**.

Perspective and Outlook

The recent passing of Robert Solow, the Nobel Prize–winning economist, offers a timely reminder of the pivotal role of technology in fostering economic growth, eclipsing by far population growth or the application of capital. Innovation drives productivity, which is, in the words of *The Economist*, the magic elixir of economic growth. Nevertheless, the obituaries for Solow brought a raft of quotations of Solow's 1987 lament that "You can see the computer age everywhere these days except in the productivity statistics," a remark that, rather ironically, heralded the onset of a decade-long surge in productivity. This year has been marked by the eruption of a new technology into the public consciousness: AI, thanks to the accessibility of large language and generative AI models to anyone with a web browser. Among AI applications, Open AI's ChatGPT and DALL-E image generator stood out, sparking not only a surge in the share prices of companies acknowledged as key players and providers of artificial intelligence services, but also a rise in the value of many firms that simply claim an association or indirect benefit from AI.

"Amara's Law," the observation by Stanford Research Institute computer scientist Roy Amara that we overestimate the impact of technology in the short term but underestimate it in the long term, appears to apply to the current obsession with AI in spades. The real-world effects seen to date may simply be an echo of Solow's soon-to-be-obsolete 1987 quip. We now carry powerful computers in our pockets and seemingly can't do anything without them. Likewise, we may be on the cusp, not yet visible in economic statistics, of AI enabling software coders, medical professionals, and even investment analysts to produce more and better output with less drudgery (and time spent.)

The lag between when innovations arrive with great fanfare and the tangible impact they have on people's lives and corporate earnings is known as the "productivity J-curve." This concept highlights the discernible dip between initial excitement and actual, productive results. This phenomenon is widely recognized to feature prominently in technology-focused research (dubbed by Gartner as the "hype cycle"). Existing applications of machine learning may well have become mainstream and already be contributing to productivity, but the broader hopes for so-called "artificial general intelligence," glimpsed through the lens of interactions with ChatGPT, may already have entered the realm of inflated expectations, and potentially be headed for the trough of disillusionment.

The behavioral underpinnings of the hype cycle, though, have broad implications for our investment approach, because they provide one of the more persuasive explanations for the enduring quality return premium, the documented tendency for higher-quality companies to generate higher-than-average risk-adjusted returns. We humans are hard-wired to seek novelty and excitement. Exploring new environments and trying different resources (like food or habitats) remains crucial for our survival and adaptation. When it comes to investing, few things offer more excitement than groundbreaking innovations by companies in which one owns or could own shares. But the problem with companies that proffer thrilling advancements is that their shares invariably embed expectations of high future growth with the attendant nosebleed valuations. This anticipated growth typically comes with a high degree of uncertainty and thus a wider range of actual possible outcomes. Indeed, that very uncertainty may well fuel the thrill a shareholder experiences, in the conviction of being right in the face of skeptics and volatile, shifting expectations.

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Investing in shares of high-quality companies can often seem uneventful in contrast, and it's in this lack of excitement that an opportunity lies. If a stock isn't particularly thrilling, often due to the more predictable nature of its future profitability and earnings growth, it may not capture the average investor's imagination in quite the same way. As a result, the shares might not command as high a valuation premium as their potential merits, leading to the quality return premium. Over the years, our focus has been on identifying and investing in such high-quality companies, aiming to augment our portfolio with many of them. The embrace of the mundane, sometimes required to pursue this style of investing, presents its own psychological challenge, even as we try to uncover and communicate those companies' more intriguing aspects in updates like this one.

In the past three years, amid a robust global economic recovery that has boosted corporate profits, but also triggered higher inflation and the swingeing monetary policy responses of central banks, our collection of low-excitement businesses has proved a bulwark. They've provided stability against the turbulence that has buffeted the highly priced stocks of the most-exciting growth companies. These investments weren't new additions made in anticipation of the resurgence of value investing; they were long-standing holdings, often in industries (or countries) not typically favored by investors seeking either rapid growth or high quality.

> Quality is a vital element of our investment philosophy, but it's not the only one. We understand that there must be consistent and predictable profit growth to yield attractive returns, so we seek quality combined with high growth from the companies in which we invest. Growth, however, is often less enduring than high quality and fearsomely resistant to attempts at accurate forecasting.

Take, for instance, our two industrial gas holdings, **Air Liquide** and **Linde**, situated in the rarely thrilling Materials sector. Their straightforward business of separating air or natural gas into pure gases—such as oxygen for steel furnaces, nitrogen for semiconductor clean rooms and food processing, or hydrogen for desulfurizing petroleum products—is hardly glamorous. Neither is ever cheap enough to be considered a value stock and yet both have outperformed the broad MSCI ACWI ex US Index and far outpaced the more exciting IT sector index over the three years since the first COVID vaccine in November 2020, a period of dramatic outperformance for value-style investors.

Similarly, our investments in convenience store operators such as Mexico's FEMSA, which runs the OXXO chain, and Canada's **Couche-Tard**, which operates the Circle K chain of gas station/convenience stores, reflect this approach. Again, their prosaic operations have yielded attractive, consistent, growing profits without much fanfare. Crucially, their businesses grew as economies reopened, and their share prices weren't so inflated as to suffer significant devaluation with rising interest rates.

Our banking investments, such as Singapore's **DBS Group**, Spain's BBVA, and, more recently, Peru's **Credicorp**, also inhabit this "unexciting" category. While residing in the more affordable half of the market, these banks are better managed and financially stronger than most and have benefited from higher central bank policy rates and strong economic growth, by lending more of their ample deposits at increasing spreads.

Quality is a vital element of our investment philosophy, but it's not the only one. We understand that there must be consistent and predictable profit growth to yield attractive returns, so we seek quality combined with high growth from the companies in which we invest. Growth, however, is often less enduring than high quality and fearsomely resistant to attempts at accurate forecasting. This year, we've encountered our fair share of wrestling with growth disappointments and gyrating share prices caused by recalibrated growth prospects, such as at Adyen and LONGi.

One area where we tend to find innovation-led growth is among Health Care companies, but this year we've experienced some setbacks. Sysmex, a company in the seemingly prosaic and stable field of hematology testing, has seen its performance suffer over the past two years due to distributor difficulties and competition in China, including the emergence of unauthorized copies of its products. The embedded high expectations for, and subsequent deflation of, its Chinese operations have undermined its share price. Swiss pharmaceutical giant **Roche**, usually massively steady, struggled to get new drugs approved despite prodigious R&D spending, resulting in a stagnant share price. Lastly, Lonza, as noted last quarter, misjudged the competitive landscape in biologic drug manufacturing. It faced rising competition from Chinese, South Korean, and American firms at the same time as a funding crisis for biotech startups, leading to underutilized expanded capacity and lower-than-expected demand weighing on margins. All three have been poor performers, both this year and last. All of which is to say that owning boring companies doesn't absolve one from the need to constantly probe for emerging threats (or opportunities) that may alter that prized stability.

Portfolio Highlights

Never boring, emerging markets have generally been providing investors with the wrong kind of excitement recently. Sometimes the darlings of the investment world, they have seen their star fade. After underperforming international markets in each of the past three years, in no small part due to the combined effects of tumbling Chinese stocks and the almost complete vaporization of the entire Russian market, investors have fled the asset class in droves. Despite this challenging recent performance, we believe there are still compelling reasons to include EM investments in an international equity portfolio.

Investing in EMs presents several advantages for international investors. First, it broadens the range of available investment options, offering access to more companies—many of which continue to meet our standards for high quality and fast growth. Second, EMs offer distinct diversification benefits. They generally do not move in perfect sync with developed markets and often show varied correlations among one another. This dynamic was recently evident during the decline in the Chinese market, as most others rose—a contrast to previous periods when the situation was reversed. Finally, the primary attraction of EMs remains their potential for fostering rapidly growing businesses within swiftly expanding economies, which is what initially drew investors' attention to these markets.

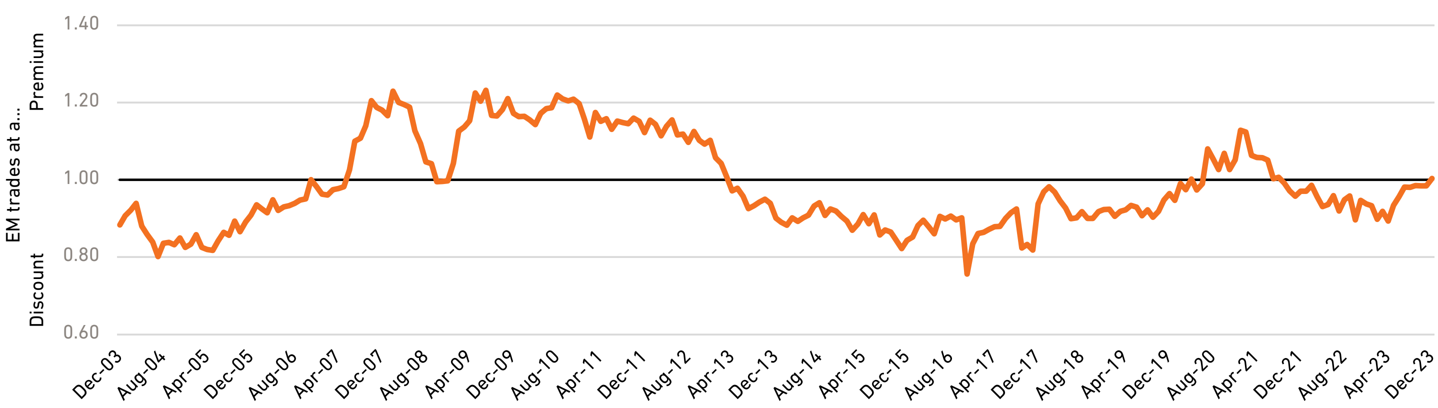
Investing in EMs also carries certain risks. The stocks and overall national markets are typically more volatile. And developing economies and their currencies are more fragile than their developed market brethren. Political, legal, and governance risks are also ever-present concerns.

Currently, investors appear to be giving more weight to the inherent risks within EMs than the potentially greater rewards. This cautiousness is evident in the fact that, on average, international funds hold below-index weights in these markets, a clear indication of investor apprehension. As of September 2023, the median manager benchmarked against the ACWI ex US Index in the Morningstar database held only a 16% weight in EMs compared with the 28% index weight at the time and had 4% invested in China versus the 8% index weight.

The silver lining in the recent run of poor performance and investor skepticism toward EMs is a notable reduction in the relative valuations of EMs compared with developed market indexes. Between 2007 and 2012, EMs traded at a premium to developed markets, a period marked by financial crises in developed markets and superior growth prospects in EMs. Post-2014, EM valuations

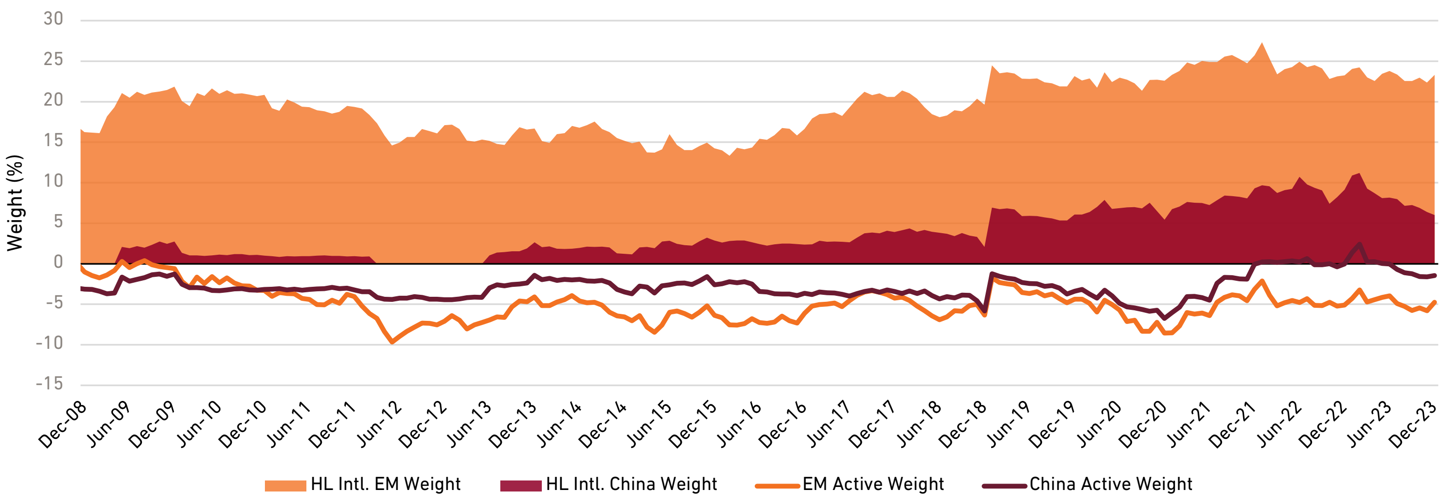
Relative Valuation of EM vs. DM within MSCI ACWI ex US

Equal-weighted composite of P/E, P/B, and P/CF



Source: FactSet. Data as of December 31, 2023.

HL International Weight in China and EM



Source: FactSet. Data as of December 31, 2023.

have generally been lower than those of developed markets, possibly influenced by the reach for yield following years of persistently low interest rates. In 2020, EMs briefly regained a premium valuation, driven primarily by the strong performance of Chinese stocks, which reached their peak in late 2020. Currently EM stocks trade at similar valuations to those of developed international markets, despite boasting the strongest projected earnings growth for 2024 among all international regions.

> As of September 2023, the median manager benchmarked against the ACWI ex US Index in the Morningstar database held only a 16% weight in EMs compared with the 28% index weight at the time and had 4% invested in China versus the 8% index weight.

Over the past 15 years, our allocation to EMs has generally ranged between 15% and 25%, consistently below the index's weight. We ended the year at 23%, moderately below the benchmark's 28%. We also ended the year slightly underweight the region's largest country, China. While underweight both, we appear to be less so than the median international investor.

Despite China's underwhelming performance, EMs were nonetheless a source of significant gains in 2023, showcasing the diversity within this category. We had big winners in Taiwan, South Korea, Brazil, and Mexico across a spectrum of sectors.

The inherent volatility in EMs often presents investors with a choice between near-term risks and prospectively high long-term returns. An example is Credicorp, whose shares we purchased in 2023 following a spate of political unrest in Peru that weighed on its share price. We decided to accept the idiosyncratic political risk associated with this investment, attracted by the company's long-term growth prospects and favorable valuation. As Peru's leading bank, Credicorp's conservative approach to lending and balance sheet management, combined with Peru's investment-grade sovereign credit rating and low government debt, lays a robust foundation for the company to benefit from long-term rising loan growth.

The potential for finding long-term winners based in EMs is exemplified by our continuous holdings over the past 20 years of two global leaders: **TSMC**, the world's most advanced producer of semiconductors, and **Samsung Electronics**, a South Korean conglomerate keen to build on its leading position in dynamic random-access memory (DRAM) semiconductors. Despite the cyclical nature of the semiconductor industry and other EM-related risks they have continued to face, we've held on to these businesses due to their distinct advantages within the global IT industry. While we cap the absolute size of these investments to mitigate potential risks, we view their robust business models, promising long-term growth prospects, and strong balance sheets as significant defenses against the risks inherent in EM investing.

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.

International Equity Holdings (as of December 31, 2023)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	1.2
Tencent (Internet and IT services)	China	1.1
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	1.1
NITORI (Home-furnishings retailer)	Japan	0.2
Shimano (Bicycle component manufacturer)	Japan	0.8
Sony (Japanese conglomerate)	Japan	2.5
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	1.1
Couche-Tard (Convenience stores operator)	Canada	1.7
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.8
Haleon (Consumer health products manufacturer)	UK	2.2
L'Oréal (Cosmetics manufacturer)	France	2.7
Nestlé (Foods manufacturer)	Switzerland	1.2
Shiseido (Personal care products manufacturer)	Japan	0.6
Unicharm (Consumer products manufacturer)	Japan	1.3
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Royal Dutch Shell (Oil and gas producer)	UK	2.1
Financials		
Adyen (Payment processing services)	Netherlands	1.3
AIA Group (Insurance provider)	Hong Kong	1.7
Allianz (Financial services and insurance provider)	Germany	2.7
BBVA (Commercial bank)	Spain	2.2
Credicorp (Commercial bank)	Peru	1.0
DBS Group (Commercial bank)	Singapore	2.8
HDFC Bank (Commercial bank)	India	1.7
ICICI Bank (Commercial bank)	India	1.2
Manulife (Financial services and insurance provider)	Canada	2.7
Ping An Insurance (Insurance provider)	China	0.6
SE Banken (Commercial bank)	Sweden	2.7
XP (Broker dealer and financial services)	Brazil	1.0
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.6
BioNTech (Pharma manufacturer)	Germany	1.4
Chugai Pharmaceutical (Pharma manufacturer)	Japan	3.5
Genmab (Oncology drug manufacturer)	Denmark	1.3
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.8
Shionogi (Pharma manufacturer)	Japan	1.1
Sonova (Hearing aids manufacturer)	Switzerland	1.1
Sysmex (Clinical laboratory equipment manufacturer)	Japan	0.8

Industrials	Market	End Wt. (%)
Alfa Laval (Industrial equipment manufacturer)	Sweden	1.8
ASSA ABLOY (Security equipment manufacturer)	Sweden	1.2
Atlas Copco (Industrial equipment manufacturer)	Sweden	2.0
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	0.9
Epiroc (Industrial equipment manufacturer)	Sweden	1.4
Komatsu (Industrial equipment manufacturer)	Japan	1.3
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	1.7
Schneider Electric (Energy management products)	France	2.3
Information Technology		
Dassault Systèmes (CAD software developer)	France	1.4
Infineon Technologies (Semiconductor manufacturer)	Germany	3.3
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.2
LONGi (Solar power equipment manufacturer)	China	0.9
Samsung Electronics (Electronics manufacturer)	South Korea	3.9
SAP (Enterprise software developer)	Germany	1.7
TSMC (Semiconductor manufacturer)	Taiwan	3.5
Materials		
Air Liquide (Industrial gases supplier)	France	1.2
BHP (Mineral miner and processor)	Australia	2.2
Linde (Industrial gases supplier and engineer)	US	1.5
Novozymes (Biotechnology producer)	Denmark	0.8
Rio Tinto (Mineral miner and processor)	UK	2.1
Symrise (Fragrances and flavors manufacturer)	Germany	1.2
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.7
Cash		3.8

*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.

4Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Adyen	FINA	1.1	0.1	0.50
Infineon Technologies	INFT	3.1	0.2	0.44
Chugai Pharmaceutical	HLTH	3.4	0.1	0.41
Manulife	FINA	2.5	0.1	0.29
Atlas Copco	INDU	1.9	0.3	0.27

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
FEMSA	STPL	2.4	0.1	0.98
Chugai Pharmaceutical	HLTH	2.5	0.1	0.87
BBVA	FINA	2.0	0.2	0.63
Schneider Electric	INDU	2.9	0.4	0.62
Atlas Copco	INDU	2.6	0.2	0.62

4Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Lonza	HLTH	0.8	0.1	-0.31
Genmab	HLTH	1.4	0.1	-0.30
Haleon	STPL	2.4	0.1	-0.27
LONGi	INFT	1.0	<0.1	-0.27
Haier Smart Home	DSCR	1.3	<0.1	-0.25

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
LONGi	INFT	1.1	<0.1	-1.38
ENN Energy	UTIL	1.1	<0.1	-0.87
AIA Group	FINA	2.1	0.5	-0.77
Shiseido	STPL	1.0	0.1	-0.60
Lonza	HLTH	1.7	0.2	-0.52

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

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	16.4	11.4
Return on Assets[1] (%)	8.0	5.8
Return on Equity[1] (%)	17.1	14.0
Debt/Equity Ratio[1] (%)	46.1	62.9
Std. Dev. of 5 Year ROE[1] (%)	2.9	4.2
Sales Growth[1,2] (%)	6.0	5.5
Earnings Growth[1,2] (%)	11.5	8.3
Cash Flow Growth[1,2] (%)	5.8	7.7
Dividend Growth[1,2] (%)	6.0	5.2
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	63.6	45.6
Wtd. Avg. Mkt. Cap. (US $B)	111.4	93.9
Turnover[3] (Annual %)	14.1	–

Risk and Valuation	HL	Index
Alpha[2] (%)	1.81	–
Beta[2]	1.00	–
R-Squared[2]	0.94	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	18.16	17.63
Sharpe Ratio[2]	0.41	0.32
Tracking Error[2] (%)	4.6	–
Information Ratio[2]	0.40	–
Up/Down Capture[2]	107/100	–
Price/Earnings[4]	16.4	13.3
Price/Cash Flow[4]	12.9	9.2
Price/Book[4]	2.5	1.8
Dividend Yield[5] (%)	2.2	3.0

[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: January 4, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
BioNTech	Germany	HLTH
Sony	Japan	DSCR

Positions Sold	Market	Sector
Fanuc	Japan	INDU
Kering	France	DSCR
Lonza	Switzerland	HLTH

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 December 31, 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[5]	16.22	15.50	16.21	18.85	17.55	16.06	16.60	0.2	33	21,107	43,926
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 performance returns and assets shown are preliminary.

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 September 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 September 30, 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.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

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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