International Equity

Quarterly Report | First Quarter 2024

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Composite Performance

Total Return (%) — Periods Ended March 31, 2024

	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Equity (Gross)	1.74	9.61	0.97	7.41	6.76	8.14
HL International Equity (Net)	1.59	8.92	0.33	6.73	6.09	7.36
MSCI All Country World ex US Index	4.81	13.83	2.44	6.47	4.74	5.25
MSCI EAFE Index	5.93	15.90	5.31	7.84	5.30	5.14

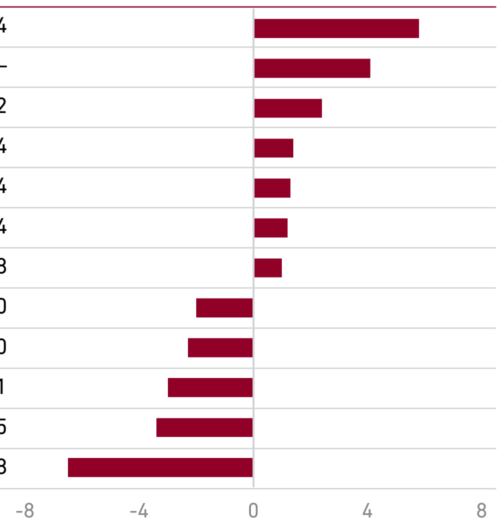
The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. International Equity composite inception date: December 31, 1989. MSCI All Country World ex US Index, the benchmark index, and MSCI EAFE Index, the supplemental index, are shown gross of 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)

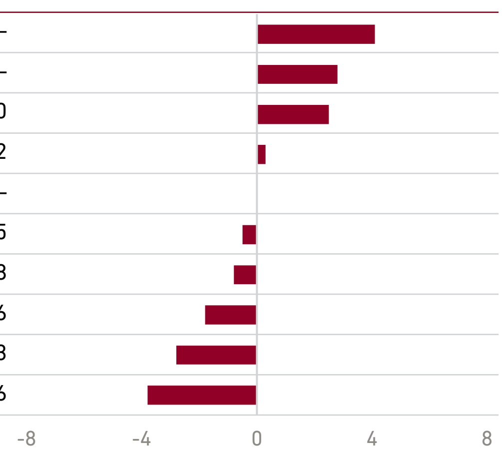
Sector	HL	Index
Cons Staples	13.2	7.4
Cash	4.1	–
Health Care	11.6	9.2
Materials	8.8	7.4
Info Technology	14.7	13.4
Financials	22.6	21.4
Industrials	14.8	13.8
Real Estate	0.0	2.0
Utilities	0.7	3.0
Comm Services	2.1	5.1
Energy	2.1	5.5
Cons Discretionary	5.3	11.8

Under / Over



Geography	HL	Index
Cash	4.1	–
Other	2.8	–
Europe ex EMU	22.5	20.0
Europe EMU	22.5	22.2
Frontier Markets	0.0	–
Middle East	0.0	0.5
Pacific ex Japan	6.0	6.8
Canada	5.8	7.6
Japan	12.5	15.3
Emerging Markets	23.8	27.6

Under / Over



"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 gained in the quarter despite rising bond yields, due in no small part to ongoing interest in the prospects for artificial intelligence (AI). Most sectors and all regions except Pacific ex Japan finished in positive territory.

Monetary policies in global developed markets, which had previously moved together toward higher rates to curb inflation, began to diverge as central bankers addressed varied inflationary trends. In the US, the Federal Reserve kept its benchmark rate steady at 5.25–5.5% for the fifth consecutive meeting, as higher-than-expected Consumer Price Index figures largely caused by rising housing expenses dashed hopes for an early rate cut. Nevertheless, the Fed continued to signal three rate cuts this year. Longer-term interest rates in the US such as mortgage rates actually increased as investors adjusted their expectations for timing and magnitude of future rate cuts from the Fed; expectations began the year at seven cuts of 25 basis points (bps), well ahead of guidance. Both the Bank of England and European Central Bank also kept rates unchanged, in contrast to the Swiss National Bank's unexpected reduction of 25 bps—the first cut by a major central bank cut since the pandemic's end—triggered by inflation there returning to the bank's target range.

MSCI ACWI ex US Index Performance (USD %)

Sector	1Q 2024	Trailing 12 Months
Communication Services	2.2	-2.7
Consumer Discretionary	7.3	9.2
Consumer Staples	-3.1	-4.4
Energy	5.5	22.3
Financials	6.1	22.3
Health Care	4.0	8.0
Industrials	7.1	20.1
Information Technology	11.4	30.1
Materials	-1.6	4.9
Real Estate	-0.1	7.3
Utilities	-2.8	6.0
Geography	**1Q 2024**	**Trailing 12 Months**
Canada	4.2	16.0
Emerging Markets	2.4	8.6
Europe EMU	8.0	17.2
Europe ex EMU	2.7	12.3
Japan	11.2	26.2
Middle East	12.5	24.5
Pacific ex Japan	-1.7	2.5
MSCI ACWI ex US Index	4.8	13.8

Source: FactSet, MSCI Inc. Data as of March 31, 2024.

In a landmark move, the Bank of Japan (BOJ) raised short-term interest rates, bringing to a close the country's decade-long era of negative interest rates. The BOJ also announced an end to both its yield curve control policy, which had capped long-term Japanese government bond yields, and its asset-purchase program, which had encompassed not only government bonds but also stock ETFs and real estate investment trusts, in a sustained effort to offset negative wealth effects from deflation. As a result, yields on Japanese 10-year bonds increased, though they remain well below comparable yields in other developed markets. In contrast, the People's Bank of China continued efforts to stimulate the real estate sector and broader economic activity and introduced measures to invigorate its moribund economy, including reducing the cash-reserve requirements for banks—freeing up more funds for lending—and enhancing credit availability to eligible developers.

The Information Technology sector was once again the top performer, closing the period with an 11% increase, led by substantial gains in semiconductor stocks. Shares of AI beneficiaries such as TSMC—the exclusive manufacturer of NVIDIA's GPU chips—and Dutch lithography specialist ASML both surged.

The Bloomberg Commodity Index, which tracks a broad set of commodity prices, rose slightly. Strong gains in energy prices and precious metals were offset by weakness in agricultural commodities such as corn and wheat and certain industrial metals such as nickel, which fell due to fears of weakening battery demand and increased supply from Indonesia, a key global producer. Brent crude oil, a major global benchmark, rose almost $10 to reach $85 per barrel, largely due to OPEC+ supply cuts and disruptions in Russian refining capacity.

The US dollar appreciated against most major currencies, buoyed by flows into the US equity market and the curtailed number of expected rate cuts, a distinct reversal from the dollar's broad decline last quarter.

The Information Technology (IT) sector was once again the top performer, closing the period with an 11% increase, led by substantial gains in semiconductor stocks. Shares of AI beneficiaries such as **TSMC**—the exclusive manufacturer of NVIDIA's GPU chips—and Dutch lithography specialist ASML both surged. Industrials also performed well, largely attributable to solid returns from capital goods stocks. In contrast, interest-rate-sensitive sectors such as Real Estate and Utilities lagged, pulled down by the decline in bond prices, while Consumer Staples trailed as investors favored faster-growing sectors. The Materials

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 March 31, 2024 is available on page 9 of this report.

sector suffered from declines in the shares of large mining companies like **BHP** and **Rio Tinto**, both of which tumbled with the slump in prices for industrial metals.

Of major regions, Japan spearheaded performance. The Pacific ex Japan region underperformed, hurt by poor returns in Hong Kong, which was weighed down by ongoing economic weakness on the Chinese mainland. Emerging Markets also lagged with poor returns for Chinese stocks partly offset by strong performance in India and Taiwan.

Shares of faster-growing companies outperformed those of slower-growing companies this quarter, though the margin between the top quintile of growth and the bottom was not as extreme as seen in the US. The fastest-growing cohort came out on top in just three sectors—Health Care, IT, and Utilities—the former of which was buoyed by a very strong returns from Danish pharmaceutical company Novo Nordisk. Higher-quality companies, characterized by lower debt levels and more consistent earnings, also performed better than those of lower quality. In Japan, last year's value rally continued, as the stocks of lower-quality companies and those in the cheapest cohorts significantly outperformed.

Performance and Attribution

The International Equity composite rose 1.74% in the quarter gross of fees, trailing the 4.81% gain for the MSCI ACWI ex US Index.

The portfolio lagged across most regions and sectors, with roughly half of this attributed to Japan, a market comprising just one-seventh of the index. In Japan, investors once again favored the cheapest stocks, typically associated with the least-profitable and slower-growing companies. The stocks from the two cheapest quintiles of value outperformed the other three quintiles by 1300 bps. Our holdings there, typically priced at a premium due to their superior proven quality and growth track records, fell afoul of this trend. Adding injury to that insult, **Sony** shares fell after the company released quarterly results that featured fewer sales of its PlayStation 5 console than expected.

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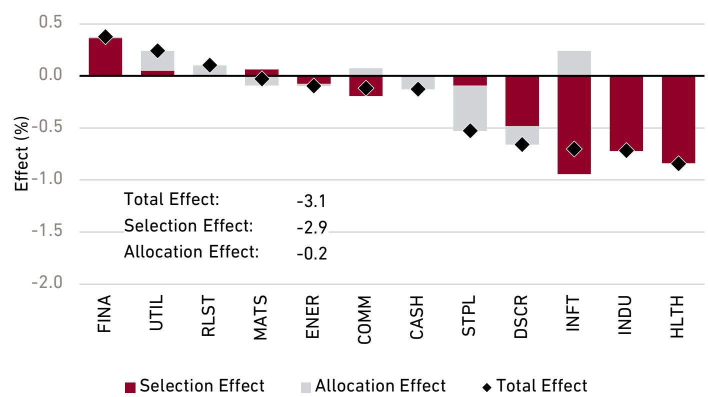
In Europe, relative performance suffered due to a few poor stocks combined with the narrow segment of market-leading large-cap stocks we've been reluctant to own for valuation reasons. As for the latter, Danish obesity drugmaker Novo Nordisk, Dutch semiconductor equipment manufacturer ASML, and French luxury goods conglomerate LVMH added nearly a full percentage point to the index return, but none to our portfolio. We do own **Infineon Technologies**, the German power semiconductor manufacturer, whose shares fell and hurt returns the most. The firm faced headwinds as its industrial and automotive customers postponed purchases in efforts to deplete inventories they had accumulated previously. Decelerating sales of electric vehicles (EV) slashed expectations of faster growth from that source for its power management chips.

Shares of **Sanhua Intelligent Controls**, whose growth prospects are also linked to the EV market, declined as EV sales slowed, particularly those of its key client, Tesla. But unlike last year, Emerging Markets in general, and China in particular, were not a drag on relative performance. There were some stocks elsewhere that suffered from their connection to China. In Hong Kong, insurer **AIA Group** lagged even as its COVID-19-constrained new business

First Quarter 2024 Performance Attribution

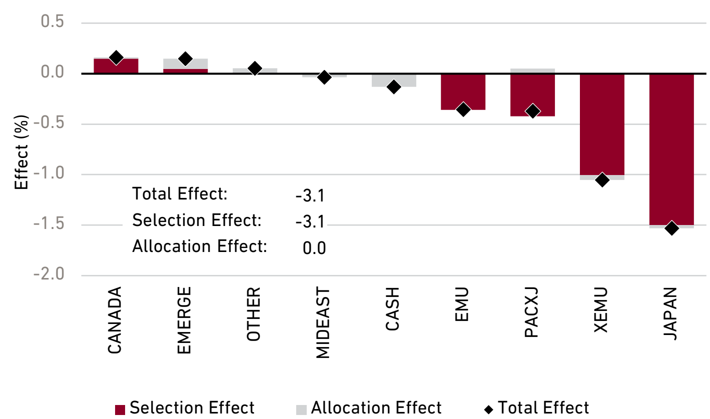
Sector

International Equity Composite vs. MSCI ACWI ex US Index



Geography

International Equity Composite vs. MSCI ACWI ex US 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.

production began to rebound. Further afield in Australia and the UK, shares of mining giants BHP and Rio Tinto declined in parallel with the falling price of iron ore, reflecting continued concerns about Chinese steel production.

Viewed by sector, weak stocks in Health Care, IT, and Industrials were the biggest drag on performance. In Health Care, Novo Nordisk's strong performance and large market cap single-handedly delivered nearly all that sector's contribution to the index. Among the stocks we owned instead, **Roche** and **BioNTech** suffered due to waning COVID-related sales, with contributions from their drug pipelines seemingly too remote to attract the attention of Health Care investors captivated by weight-loss drug makers.

Within IT, the drag from Infineon shares, along with the absence of ASML, hurt returns. **Dassault Systèmes**, little-exposed to the AI craze, also hurt returns, as demand from Life Sciences customers fell short of investor expectations, causing management to issue disappointing guidance due to expected continued weakness. This offset gains from **SAP**, which does tout the AI features of its enterprise software. Strong returns from TSMC, the primary manufacturer of NVIDIA's GPU chips, partially made up the lost ground; we sold a slice off our holding as it approached our single security limit of 5%. Industrials suffered most from the holding in Sanhua, but our four Swedish multinationals, **Atlas Copco**, **ASSA ABLOY**, **Epiroc**, and **Alfa Laval**, all suffered modest share price reversals and collectively contributed to the sector's underperformance. For Consumer Discretionary, Sony was the biggest drag on returns, compounded by the absence of Toyota Motors and LVMH from our portfolio. These latter two companies alone accounted for about half the sector's overall contribution to the index.

Financials were a bright spot in the quarter, especially shares of **BBVA**. The banks' strong net interest income growth in both Spain and Mexico will allow it to boost its dividends and share repurchase programs. Additionally, the Dutch payments specialist **Adyen**, continued its path to recovery reporting a 23% year-over-year increase in revenue for the latest quarter, which has significantly bolstered investor confidence in its market position. Offsetting this was continued weakness in shares of **HDFC Bank** following its merger with its parent HDFC Corp last year, with its results suffering from a slower-than-expected pace of replacing higher-cost wholesale funding with lower-cost retail bank deposits.

Perspective and Outlook

As global markets increasingly align to capitalize on the AI theme, driving up a diverse array of beneficiaries, our decision to own, or not, various companies tied to this theme is rooted in a deliberate process of bottom-up decision-making that spans years and occasionally decades. We recognize and can elucidate the ways in which our portfolio of high-quality, growth-oriented companies stand to benefit from this burgeoning area of growth. But our investment in these companies is not predicated on some specific target for AI exposure, despite the pain caused by missing out on some companies that are tied to that theme during certain times. While we have significant portfolio-level exposure to the growth AI may bring, it comes via a diverse set of companies that are already fundamentally strong.

The companies that investors anticipate will benefit from AI fall into two broad categories. The first includes companies that provide goods and services enhanced by AI—enabling them, improving them or delivering them more efficiently. This includes internet giants such as Meta Platforms and Alphabet, and other large service providers like Salesforce and SAP. Many of these companies are focused on the potential of generative AI, which is capable of processing complex language prompts to perform a variety of tasks, mimicking human-like creativity and problem-solving skills across a broad spectrum of applications.

The second group that is drawing investor interest consists of companies developing the underlying technology that powers AI. Leading this group are the designers and manufacturers of the advanced semiconductors necessary to run AI algorithms, but the interest also extends to the producers of semiconductor manufacturing equipment and providers of the critical computing infrastructure required by AI systems.

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NVIDIA, headquartered in the United States, has dominated headlines as the leading designer and vendor of AI-focused semiconductors and software. Another US-based chip designer, AMD, has also ventured into the AI arena. But neither company undertakes the manufacturing of their AI-centric semiconductors. Instead, the production of virtually all high-performance AI chips designed by these firms is carried out by TSMC, a company we've owned for decades.

The AI chips produced for NVIDIA and AMD include Central Processing Units (CPUs) and Graphics Processing Units (GPUs) fabricated using some of TSMC's most sophisticated manufacturing technologies, resulting in chips at the pinnacle of the industry in terms of transistor density, speed, and energy efficiency per computing unit. These attributes are critical for AI applications, where processing power and efficiency are paramount. NVIDIA and AMD's reliance on TSMC extends beyond chip manufacturing. They also increasingly depend on TSMC's innovative capabilities in integrating and packaging the logic, memory, and input/output components.

In January, TSMC CEO C.C. Wei highlighted the company's pivotal role in the AI sector, stating "We are a key enabler for AI applications. So far today, everything you saw for AI comes from TSMC." He also projected that AI-specific chips would constitute nearly 20% of TSMC's total revenue in 2027. Rising use of AI applications may also spur demand for other types of semiconductors manufactured by TSMC, as chips used in networking devices and smartphones grow ever-more advanced, underscoring the company's integral role in the global semiconductor ecosystem.

While it receives far less attention for its efforts, **Samsung Electronics** is also carving out a niche for itself in AI-related semiconductor manufacturing. As the leading global manufacturer of memory chips, Samsung's profitability fell because of a recent, broad-based decline in the price of memory chips; in 2022, its memory division accounted for roughly 50% of the company's profits, but the division lost money in 2023. Samsung anticipates a rebound in memory prices in 2024, in part due to the expected proliferation of on-device AI, a memory-hungry implementation.

Although Samsung currently lags its competitors in the production of high-performance memory chips, known as High Bandwidth Memory (HBM), which are integral to AI applications, the company is investing in the next generation of HBM chips, promising to leapfrog competitors in performance. These advancements will leverage Samsung's proprietary manufacturing processes, likely leading to a recovery in its memory division's profitability.

Samsung Electronics is also positioning itself to compete head on with TSMC in manufacturing advanced logic chips. This dual capacity makes Samsung the only company capable of both designing and manufacturing memory, logic, and chip packaging. This unique capability was underscored by Samsung's recent announcement of an AI inference chip called "Mach-1" that it will produce for Korean search firm Naver. Given the high demand for and limited supply of manufacturing capacity for AI-related semiconductors, Samsung's comprehensive manufacturing capabilities are poised to unlock new opportunities for its foundry business.

After growing at a 6% annualized rate over the last quarter century, total global semiconductor sales plateaued at close to US$500B per year over the last three years, recent projections suggest the surging demand for all things AI-related could result in an incremental US$400B of annual semiconductor sales between 2027 and 2030. That would power a return to double-digit revenue growth rates that the industry has not seen since before the year 2000.

The anticipated growth in semiconductor demand is boosting expectations for related suppliers. As giants like TSMC and Samsung increase investments, suppliers such as ASML, known for its advanced EUV lithography machines essential for cutting-edge chips, stand to benefit. This dynamic extends to a broad set of companies involved in various facets of semiconductor production.

Daifuku, a Japanese firm specializing in automated handling systems, particularly for ultra-low vibration transport, is also key supplier for TSMC. Cleanroom automation systems for semiconductor and display makers represent about one-third of Daifuku's sales. Along with the rising demand for its cutting-edge cleanroom technologies, there's also plenty of demand for the company's legacy products, especially in China. Daifuku's business remains strong in Taiwan and Korea, while efforts to revitalize semiconductor manufacturing in Japan and the US present further growth opportunities.

Data centers are also likely to see increased investment to accommodate the expanding range of AI services. That expansion will create opportunities for companies that supply essential infrastructure components for datacenters, including **Schneider Electric** and Infineon, which are key suppliers of some of these critical elements, including cooling and power management.

Data centers are notable energy hogs, using 10 to 50 times more energy per square foot than a typical office building; in the US, data centers already account for 4% of the total electricity usage. Schneider's expertise in power management for IT infrastructure has positioned it as a leader in this space, offering a range of services that include electricity usage management, infrastructure management software, cooling systems, uninterruptible power supplies, and rack systems. The company's recent projections call for organic growth between 7% and 10% annually through 2027, along with consistent margin improvement.

> While current forecasts predict a swift expansion of AI computing, and corresponding investments in AI-related capex, the range of these forecasts varies significantly. While investors are currently focused on growth and rewards, there are risks and uncertainties worth keeping in mind.

Infineon, widely recognized for its automotive semiconductors, particularly for electric and hybrid vehicles, also plays a crucial role in data centers and AI computing. The high power demands and the necessity for power density is a good match for Infineon's switched mode power supplies, conversion solutions, and voltage regulator designs that power high performance CPU's, GPUs, and memory products, helping to reduce power consumption.

While current forecasts predict a swift expansion of AI computing, and corresponding investments in AI-related capex, the range of these forecasts varies significantly. While investors are currently focused on growth and rewards, there are risks and uncertainties worth keeping in mind. For instance, the semiconductor wafer fabrication equipment industry has grown massively over the past 30 years, from US$10B in annual sales in 1990 to over US$60B per year in 2020. But that growth has been highly variable, with the industry taking 10 years to surpass a US$40B sales peak in 2007, and twice seeing peak to trough declines of over 40%. Should AI turn out to be more evolution than revolution, or if the surge in capex investment falls short of estimates, or if the industry's path is as variable as fabrication's, we remain confident in the resilience and long-term growth potential of the companies within our portfolio, as none of them are wholly dependent on AI associated predictions to grow.

Portfolio Highlights

The idea that themes in the portfolio emerge from a collection of disparate individual holdings revealed to share exposure to growing trends, and that sector allocations are merely the result of an accumulation of specific stock decisions, is illustrated well by our long-term stance in favor of the Information Technology and Consumer Staples sectors. We've owned TSMC continuously since 1999 in this strategy, and the holding has been a cornerstone of our IT weight, leading to a persistent overweight to the semiconductor industry group. This description, written for our commentary nearly a quarter-century ago, still rings true: "The global trend toward outsourcing is not confined to the services sector. Capital requirements in the semiconductor manufacturing industry are so high that many electronic equipment companies have gradually withdrawn from manufacturing, choosing to fulfill their semiconductor requirements from external sources. By taking orders from a broad base of such OEM customers, TSMC has become the world's most efficient chipmaker, and can generate high returns on the large capital investment required." Management has redoubled investment to reinforce that efficiency and retain its technology lead, when others balked at the audacious commitment required, and that sustained advantage has enabled growth that has rewarded investors handsomely over time.

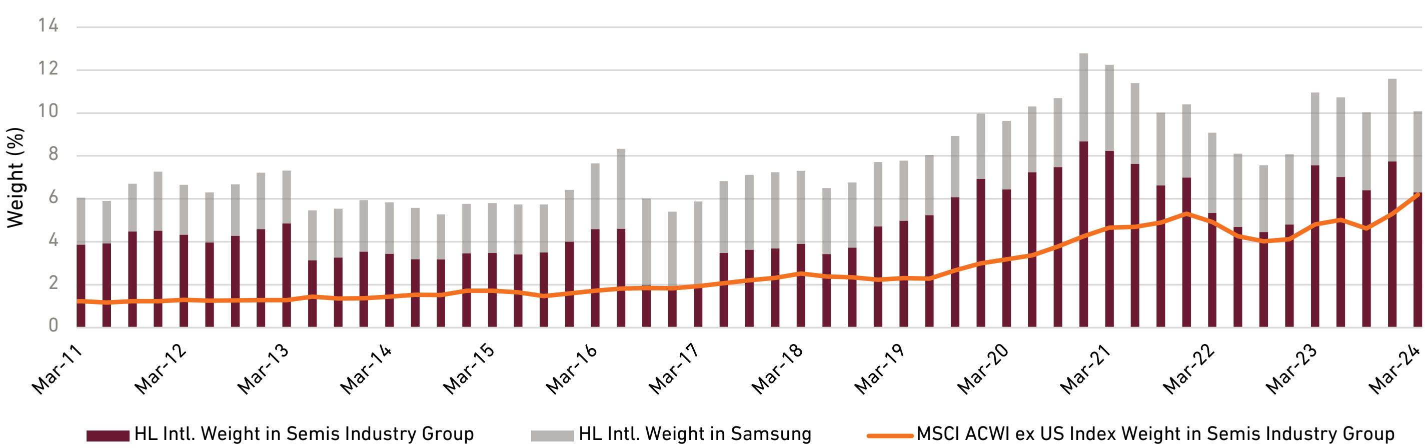
Samsung Electronics' evolution since we first bought its shares twenty years ago, as its chip division eclipsed its mobile phone and display divisions, has increasingly led us to view it as a semiconductor holding, even as the company remains categorized as tech hardware by MSCI. The IT sector has delivered very strong returns over the last decade, and the combination of TSMC and Samsung Electronics has enabled our IT holdings to keep up with those returns. But our outsized allocation to IT overall, partly a result of those two longstanding holdings, has contributed significantly to relative performance over the past five and ten years.

The semiconductor industry has historically been highly cyclical, characterized by frequent revenue downturns of 10% or more, with even larger profit declines especially for the weakest competitors. Recognizing our limitations in forecasting these cycles, we've aimed to mitigate the cyclical volatility of our substantial semiconductor investments by diversifying with investments in less-cyclical sectors, such as Consumer Staples. This balance allows us to manage risk while maintaining exposure to the growth potential of the semiconductor industry. This approach is has resulted in our overweight in Consumer Staples for most of the past 15 years.

The companies within Consumer Staples, which include food, beverage, and personal household goods makers, typically exhibit more moderate growth rates compared to many of our other holdings. However, the stability of their profitability, as reflected in rock-steady Cash Flow Return on Investment (CFROI) over many years, has resulted in their share prices being significantly less volatile than the rest of the market. This lower volatility, along with lower market sensitivity (as measured by their beta) provides substantial portfolio diversification benefits, particularly during market downturns. It creates opportunities to rebalance our holdings, shifting away from stable stocks towards more-cyclical and more-volatile segments when other investors are seeking safety in the predictability of Consumer Staples.

This approach of seizing opportunities amid market fear—implicitly heeding Warren Buffett's advice to "Be greedy when others are fearful"—has been successfully implemented repeatedly over the years, such as our early battle against the rising valuations afforded high-quality companies in 2015-16, then during the COVID-induced market plunge of 2020, and later amid the sharp downturn in shares of high-growth companies in 2022.

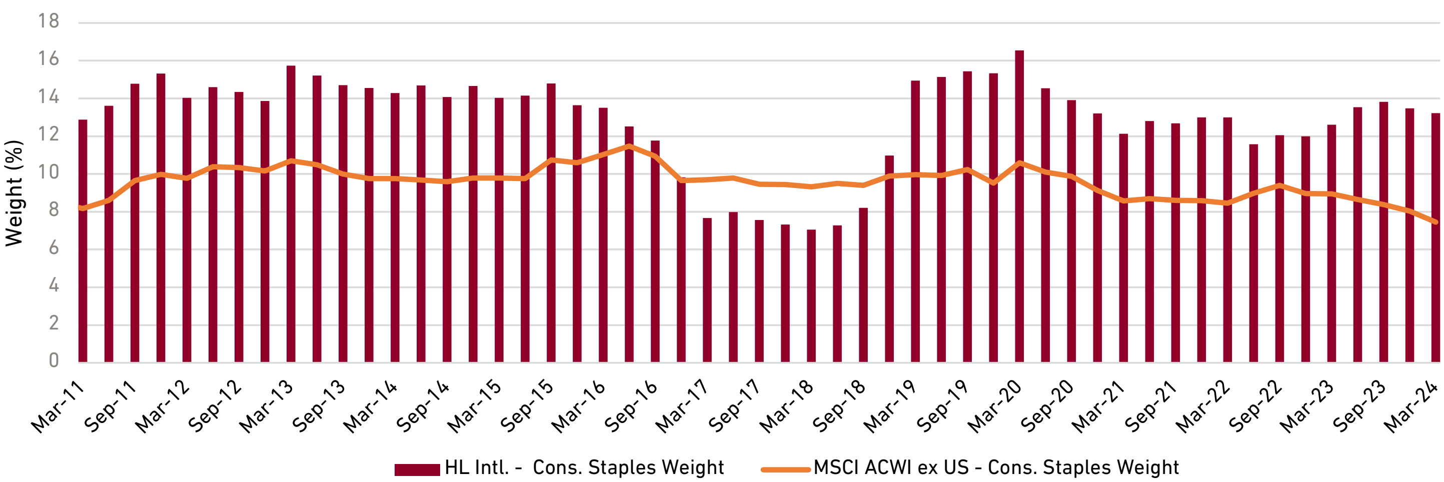
HL Intl. Model Weight in Semiconductors



Source: FactSet, MSCI Inc. Data as of March 31, 2024.

Consumer Staples Weight

HL Intl. and MSCI ACWI ex US Index



Source: MSCI Inc. Data as of March 31, 2024.

By reducing our allocation to Consumer Staples during these periods, we capitalized on the enhanced potential of more volatile market segments. This contrarian behavior, which demands not only the fortitude to trade against the crowd, but also the patience to hold less-glamourous investments during more risk-friendly environments, has been pivotal. On average, our approach has resulted in Consumer Staples contributing to our relative performance over the last decade.

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A word about our view on Novo Nordisk is in order. Currently, its drugs Ozempic and Wegovy for diabetes and obesity are the only engines of the company's growth. By 2030, the drugs are expected to account for 70% of the company's revenue, but then the patents on the drugs will expire in 2031 and 2032. The price and volume pressure that will ensue at that point is a substantial challenge to Novo's long-term earnings and thus how we view the current valuation of its shares.

Further, there are nearer risks to Novo's market position than the eventual patent expiries. The current duopoly between Novo and Lilly for anti-obesity drugs is not a foregone conclusion; there is a proliferation of candidate drugs from other companies, many with early data that's as compelling as Novo and Lilly's drugs. And because commercial payors (insurers and Medicare) haven't normalized the coverage of obesity drugs, their bargaining power could curb the growth of (or the prices commanded for) GLP-1 drugs for obesity overall. Those risks to Novo's revenue and profits aren't reflected in the forecasts used to justify Novo's current share price.

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 March 31, 2024)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	1.0
Tencent (Internet and IT services)	China	1.1
Consumer Discretionary		
Haier Smart Home (Consumer appliances mfr.)	China	1.3
MercadoLibre (E-commerce retailer)	US	1.0
Shimano (Bicycle component manufacturer)	Japan	0.8
Sony (Japanese conglomerate)	Japan	2.3
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.9
Couche-Tard (Convenience stores operator)	Canada	1.6
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.7
Haleon (Consumer health products manufacturer)	UK	2.2
L'Oréal (Cosmetics manufacturer)	France	2.5
Nestlé (Foods manufacturer)	Switzerland	1.1
Unicharm (Consumer products manufacturer)	Japan	1.1
Wuliangye Yibin (Alcoholic beverages manufacturer)	China	1.1
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	1.7
AIA Group (Insurance provider)	Hong Kong	1.3
Allianz (Financial services and insurance provider)	Germany	3.0
BBVA (Commercial bank)	Spain	2.8
Credicorp (Commercial bank)	Peru	1.1
DBS Group (Commercial bank)	Singapore	2.9
HDFC Bank (Commercial bank)	India	1.4
ICICI Bank (Commercial bank)	India	1.3
Manulife (Financial services and insurance provider)	Canada	3.0
Ping An Insurance (Insurance provider)	China	0.5
SE Banken (Commercial bank)	Sweden	2.6
XP (Broker dealer and financial services)	Brazil	0.9
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	1.7
BioNTech (Pharma manufacturer)	Germany	1.2
Chugai Pharmaceutical (Pharma manufacturer)	Japan	2.7
Coloplast (Medical device manufacturer)	Denmark	0.3
Genmab (Oncology drug manufacturer)	Denmark	1.2
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.6
Shionogi (Pharma manufacturer)	Japan	1.2
Sonova (Hearing aids manufacturer)	Switzerland	1.0
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	1.9
Canadian National Railway (Railway operator)	Canada	1.2
Daifuku (Material-handling equipment manufacturer)	Japan	1.1
Epiroc (Industrial equipment manufacturer)	Sweden	1.3
Komatsu (Industrial equipment manufacturer)	Japan	1.4
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	1.3
Schneider Electric (Energy management products)	France	2.6
ZTO Express (Express delivery services)	China	1.0
Information Technology		
Dassault Systèmes (CAD software developer)	France	1.3
Infineon Technologies (Semiconductor manufacturer)	Germany	2.7
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.2
Samsung Electronics (Electronics manufacturer)	South Korea	3.8
SAP (Enterprise software developer)	Germany	2.1
TSMC (Semiconductor manufacturer)	Taiwan	3.6
Materials		
Air Liquide (Industrial gases supplier)	France	1.3
BHP (Mineral miner and processor)	Australia	1.8
Linde (Industrial gases supplier and engineer)	US	1.7
Novonesis (Biotechnology producer)	Denmark	0.8
Rio Tinto (Mineral miner and processor)	UK	1.8
Symrise (Fragrances and flavors manufacturer)	Germany	1.3
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.7
Cash		4.1

*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.

1Q24 Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL	Index	Effect
TSMC	INFT	4.0	2.1	0.59
BBVA	FINA	2.4	0.2	0.52
Adyen	FINA	1.5	0.1	0.32
Manulife	FINA	2.8	0.2	0.22
SAP	INFT	2.0	0.7	0.22

Last 12 Mos. Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL	Index	Effect
BBVA	FINA	2.1	0.2	0.99
Chugai Pharmaceutical	HLTH	2.9	0.1	0.93
TSMC	INFT	2.9	1.9	0.65
Manulife	FINA	2.4	0.2	0.56
SE Banken	FINA	2.5	0.1	0.56

1Q24 Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL	Index	Effect
Infineon Technologies	INFT	2.9	0.2	-0.70
Sanhua Intelligent Controls	INDU	1.4	<0.1	-0.43
AIA Group	FINA	1.5	0.4	-0.35
HDFC Bank	FINA	1.5	0.2	-0.33
Sony	DSCR	2.5	0.5	-0.30

Last 12 Mos. Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL	Index	Effect
LONGi	INFT	0.9	<0.1	-1.05
Infineon Technologies	INFT	3.1	0.2	-1.00
Lonza	HLTH	1.2	0.2	-0.81
AIA Group	FINA	1.8	0.4	-0.78
ENN Energy	UTIL	0.9	<0.1	-0.71

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

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	15.0	11.1
Return on Assets[1] (%)	8.1	5.6
Return on Equity[1] (%)	17.0	14.1
Debt/Equity Ratio[1] (%)	43.7	61.4
Std. Dev. of 5 Year ROE[1] (%)	3.4	4.9
Sales Growth[1,2] (%)	5.8	5.3
Earnings Growth[1,2] (%)	11.2	8.0
Cash Flow Growth[1,2] (%)	8.4	8.7
Dividend Growth[1,2] (%)	6.4	6.3
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	69.1	51.1
Wtd. Avg. Mkt. Cap. (US $B)	117.1	106.7
Turnover[3] (Annual %)	12.3	–

Risk and Valuation	HL	Index
Alpha[2] (%)	0.97	–
Beta[2]	1.00	–
R-Squared[2]	0.93	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	18.01	17.42
Sharpe Ratio[2]	0.30	0.25
Tracking Error[2] (%)	4.7	–
Information Ratio[2]	0.20	–
Up/Down Capture[2]	105/101	–
Price/Earnings[4]	18.1	15.1
Price/Cash Flow[4]	13.8	10.0
Price/Book[4]	2.6	1.9
Dividend Yield[5] (%)	2.2	2.9

[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: April 3, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
MercadoLibre	US	DSCR
Wuliangye Yibin	China	STPL
ZTO Express	China	INDU

Positions Sold	Market	Sector
LONGi	China	INFT
NITORI	Japan	DSCR
Shiseido	Japan	STPL

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 March 31, 2024)

	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)
2024 YTD[5]	1.74	1.59	4.81	5.93	17.70	16.18	16.61	N.A.	33	20,785	42,941
2023	16.22	15.50	16.21	18.85	17.55	16.06	16.60	0.2	33	21,107	43,924
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

[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 2024 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 December 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 December 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.

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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