



HARDING  
LOEVNER

Fundamental. Thinking. Worldwide.

## International Equity Review | Second Quarter 2025

# Composite Performance Summary

As of June 30, 2025

## Performance (% Total Return)

HL International Equity	3 Months	Year to Date	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	10 Years <sup>1</sup>	Since 12/31/89 <sup>1,2</sup>
HL International Equity (Gross)	9.40	15.11	15.44	13.24	8.84	7.71	8.30
HL International Equity (Net)	9.23	14.75	14.71	12.53	8.15	7.02	7.51
MSCI All Country World ex US Index <sup>3,4</sup>	12.30	18.32	18.37	14.58	10.67	6.63	5.60

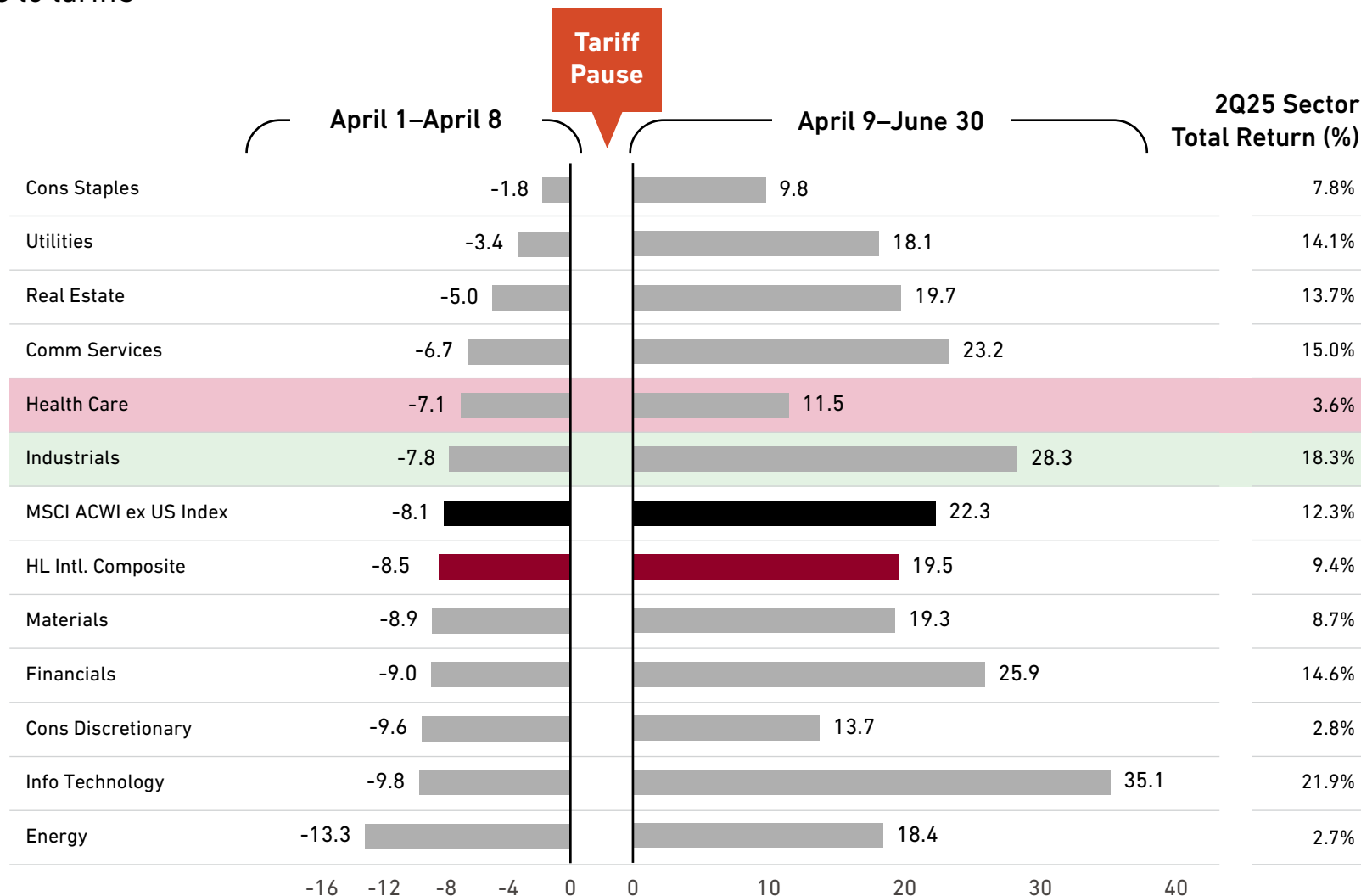
HL International Equity ADR							Since 12/31/89 <sup>1,2</sup>
HL International Equity ADR (Gross)	9.30	16.34	16.93	14.28	9.57	7.51	8.21
HL International Equity ADR (Net)	9.13	15.97	16.18	13.52	8.84	6.78	7.37
MSCI All Country World ex US Index <sup>3,4</sup>	12.30	18.32	18.37	14.58	10.67	6.63	5.60

HL International Developed Markets Equity							Since 2/28/10 <sup>1,2</sup>
HL International Developed Markets Equity (Gross)	7.62	14.28	15.26	13.73	9.59	8.80	9.20
HL International Developed Markets Equity (Net)	7.49	14.02	14.72	13.18	9.06	8.24	8.61
MSCI World ex US Index <sup>3,4</sup>	12.33	19.46	19.34	16.35	12.09	7.20	7.21

<sup>1</sup>Annualized returns. <sup>2</sup>Inception dates: International Equity composite: December 31, 1989; International Equity ADR composite: December 31, 1989 corresponds to that of the linked International Equity composite; International Developed Markets Equity composite: February 28, 2010. <sup>3</sup>The benchmark index. <sup>4</sup>Gross of withholding taxes. The performance returns shown are preliminary. As of December 31, 2022, the EAFE Equity composite was renamed the International Developed Markets Equity composite and the benchmark was changed from the MSCI EAFE Index to the MSCI World ex US Index for all periods. For comparison purposes, the International Equity and International Equity ADR composite returns are measured against the MSCI All Country World ex US Total Return Index (Gross) and the International Developed Markets Equity composite returns are measured against the MSCI World ex US Total Return Index (Gross). For the International Equity ADR composite, from 1999 (when the net index first became available) through December 30, 2012, the index return is presented net of foreign withholding taxes. Beginning December 31, 2012, Harding Loevner LP presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the composite. For complete information on the construction and historical record of the International Equity composite, the International Equity ADR composite, or the International Developed Markets Equity composite, please contact Harding Loevner at (908) 218-7900 or invest@hlmmnet.com. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. Please read the Performance Disclosures in the Appendix which are an integral part of this presentation.

# Intra-Quarter Sector Volatility

Due to tariffs



Source: FactSet, MSCI Inc. Data as of June 30, 2025. Performance is shown gross of fees. Refer to "The Composite Performance Summary," slide 3, for the composite's gross and net performance for the quarter. Performance data quoted represents past performance; past performance does not guarantee future results.

# Calibrating Performance Expectations

Our high-quality portfolio tends to underperform hottest markets

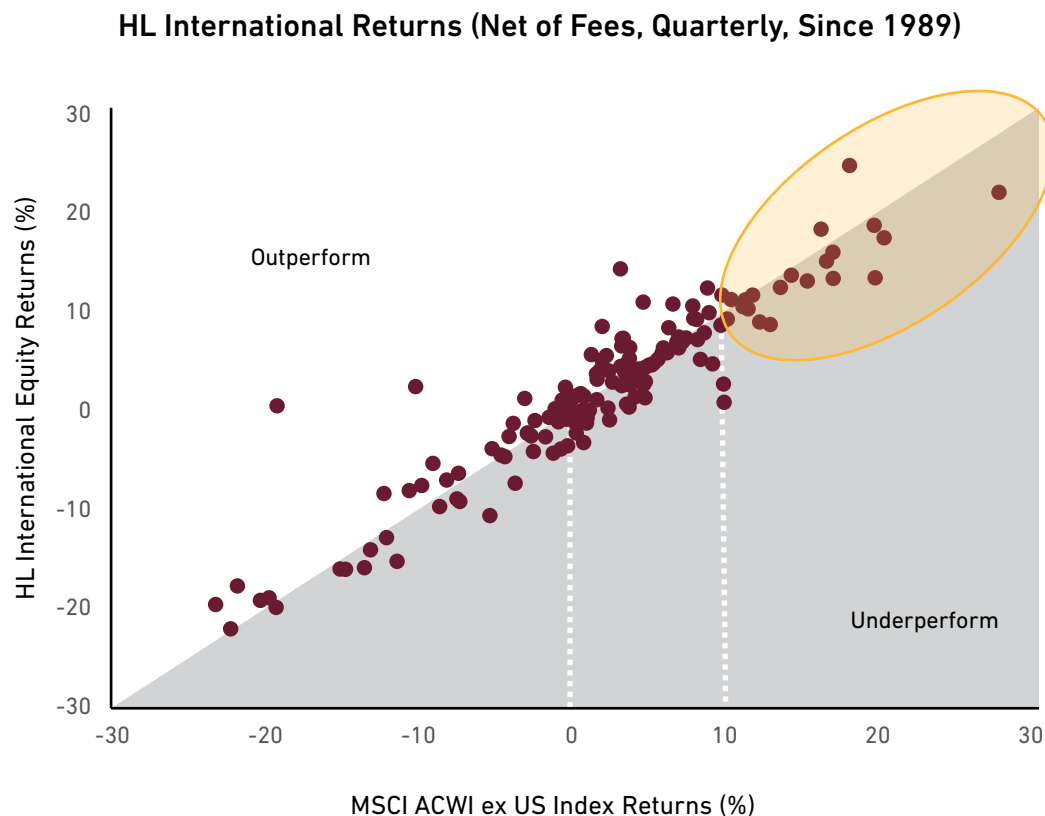


Chart shows Harding Loevner International Equity Net of Fee quarterly returns. Performance data quoted represents past performance; **past performance does not guarantee future results. Invested capital is at risk of loss.** Performance is since inception; inception date: December 31, 1989.

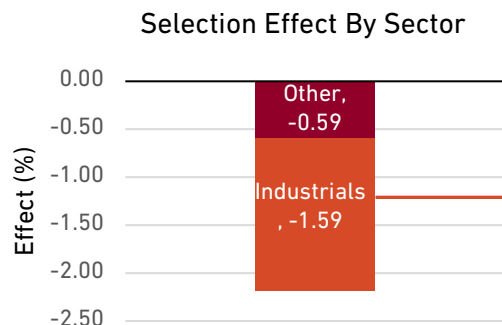
Source: Geneva, Harding Loevner International Equity composite, FactSet, MSCI Inc. Data as of June 30, 2025. Information shown here is supplemental and complements the GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Parsing Attribution by Sector

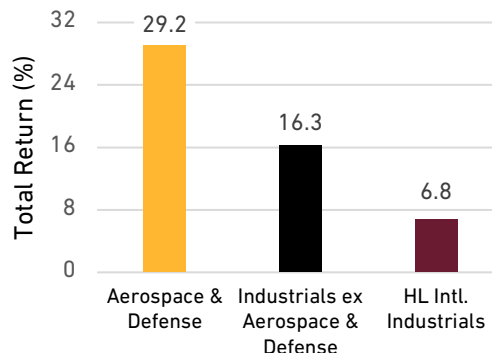
## Relative returns hurt by Industrials and Health Care

### 2Q25 Attribution

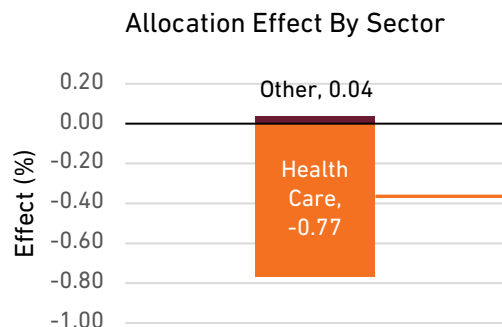
HL International vs. MSCI ACWI ex US Index



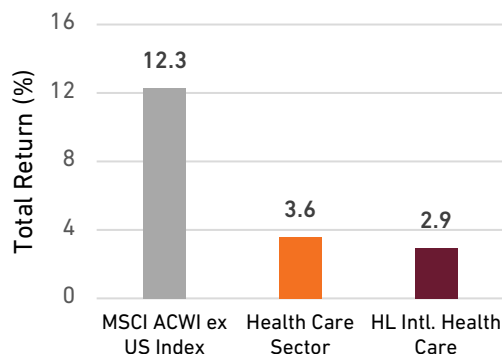
### 2Q25 Industrials Sector Returns



- Cont'd strength in aerospace and defense on promise of future gov't spend
- Tariff uncertainty affecting some of our holdings



### 2Q25 Returns



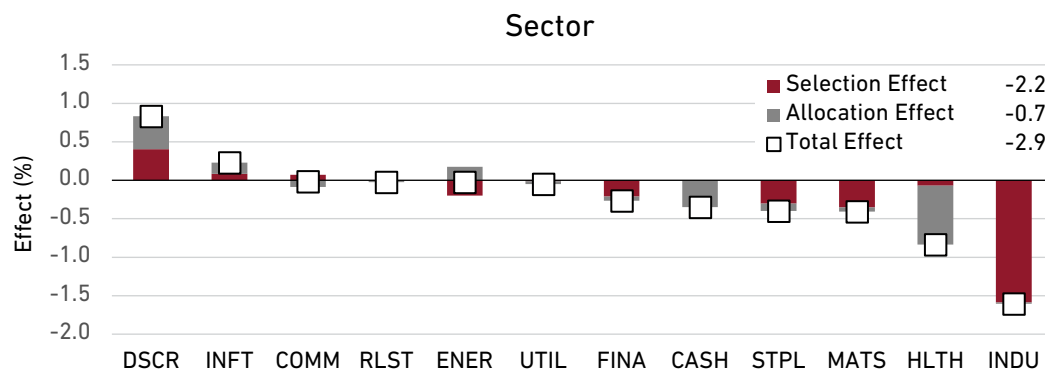
### Health Care sector relative returns affected by:

- MFN pricing
- Planned Medicaid cuts
- Low beta of sector

Source: Harding Loevner International Equity composite, FactSet, MSCI Inc. Data as of June 30, 2025. HL International Equity attribution is shown gross of fees. Refer to "The Composite Performance Summary," slide 2, for the composite's gross and net performance for the quarter. Attribution data is shown as supplemental information only and complement the fully compliant International Equity composite GIPS Presentation. Performance data quoted represents past performance; past performance does not guarantee future results. A single period group-level portfolio holdings contribution to selection effect is calculated as the sum of the portfolio holdings-only security contribution to selection effects within the group. Please read the disclosures, which are an integral part of this presentation.

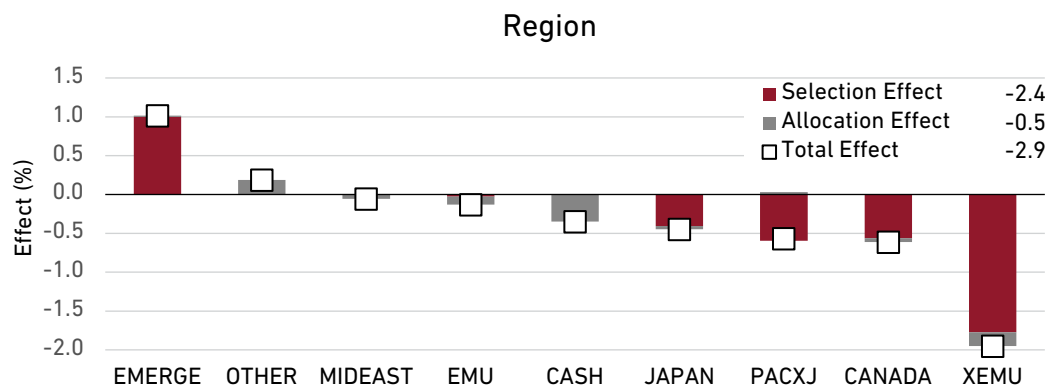
# Performance Attribution: Composite vs. Benchmark

Second Quarter 2025



## Top 5 Contributors

to Relative Returns	Avg. Wt. % HL	Effect Index %	Effect %
MercadoLibre	2.0	-	0.37
Disco Corp	1.1	0.1	0.34
Alibaba*	-	0.9	0.26
TSMC	3.4	2.7	0.25
Delta Electronics	1.4	0.1	0.25



## Top 5 Detractors

from Relative Returns	Avg. Wt. % HL	Effect Index %	Effect %
Shell	2.9	0.7	-0.38
Sysmex	1.7	<0.1	-0.37
Alcon	1.7	0.2	-0.32
Unicharm	1.1	<0.1	-0.29
Sony	3.0	0.5	-0.28

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

"HL": International Equity composite. "Index": MSCI All Country World ex US Index. "OTHER": Includes companies classified in countries outside the index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant International Equity composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and relative contribution of all holdings during the quarter. Contribution is the contribution to overall relative performance over the period. Performance attribution and performance of contributors and detractors is gross of fees and expenses. Contributors and detractors exclude cash and securities in the composite not held in the model portfolio. Quarterly data is not annualized. Please read the disclosures, which are an integral part of this presentation.

# US Dollar Reversal in 2025

Worst start to a year in decades

US Dollar Index (DXY) – First Half Returns Since 1986

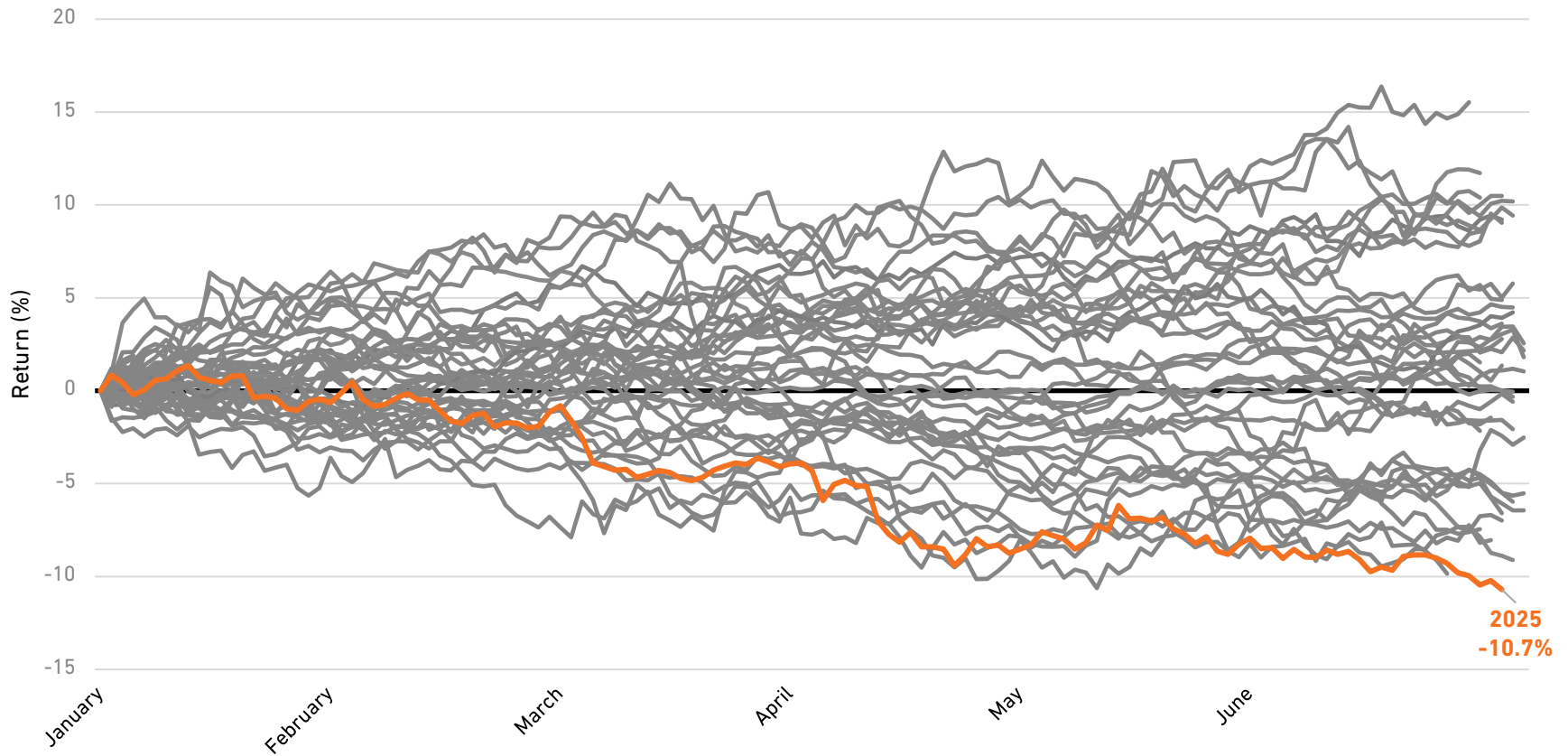
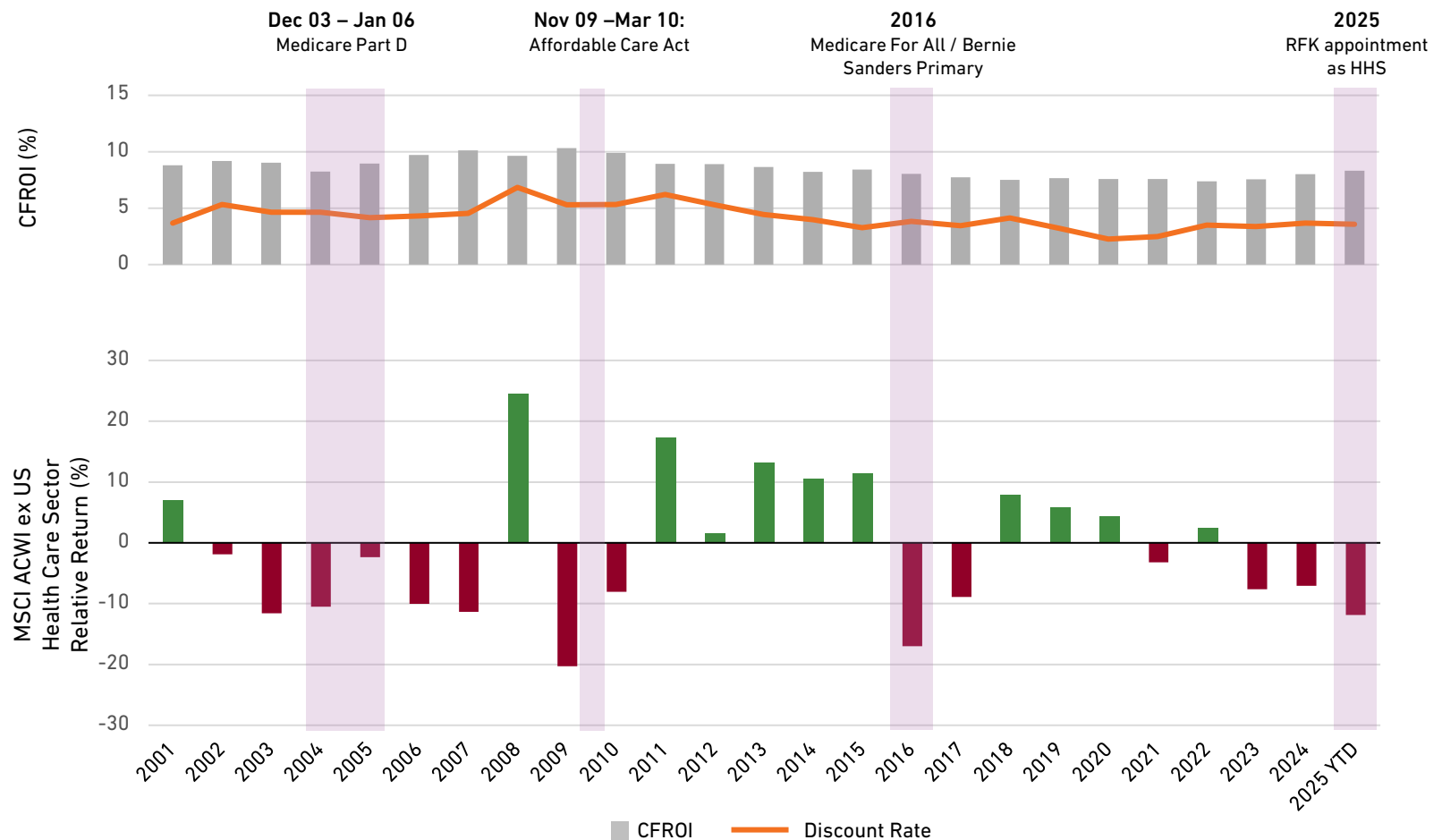


Chart shows percentage change in the US dollar index (DXY) in the first half of every year since 1986.  
Source: Bloomberg. Data as of June 30, 2025.

# Health Care Sector Profitability Has Remained Consistent

Despite “fear events” and share price volatility

**Global ex US Health Care CFROI vs. MSCI ACWI ex US  
Health Care Sector Return Relative to Total Index Return**





# Calibrating Performance Expectations

Health Care tends to underperform hottest markets

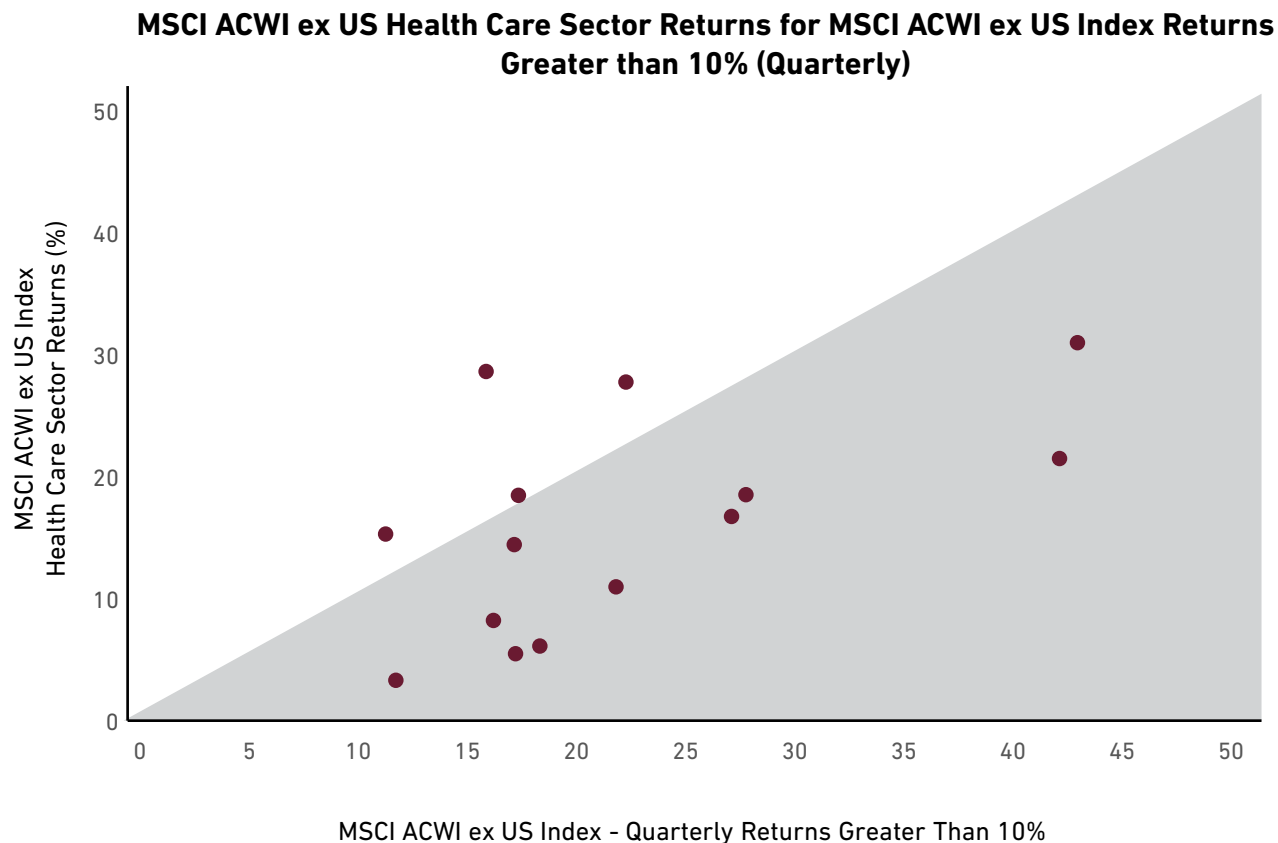


Chart shows the MSCI ACWI ex US Index Health Care sector returns when MSCI ACWI ex US Index returns are greater than 10% in any given quarter. Performance data quoted represents past performance; **past performance does not guarantee future results. Invested capital is at risk of loss.** Performance is since index inception; inception date: December 31, 2000. Source: FactSet, MSCI Inc. Data as of June 30, 2025. Information shown here is supplemental and complements the GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Will Europe Boost Military Spending?

Projected to grow from ~2% of 2024 GDP to 3.5% by 2035

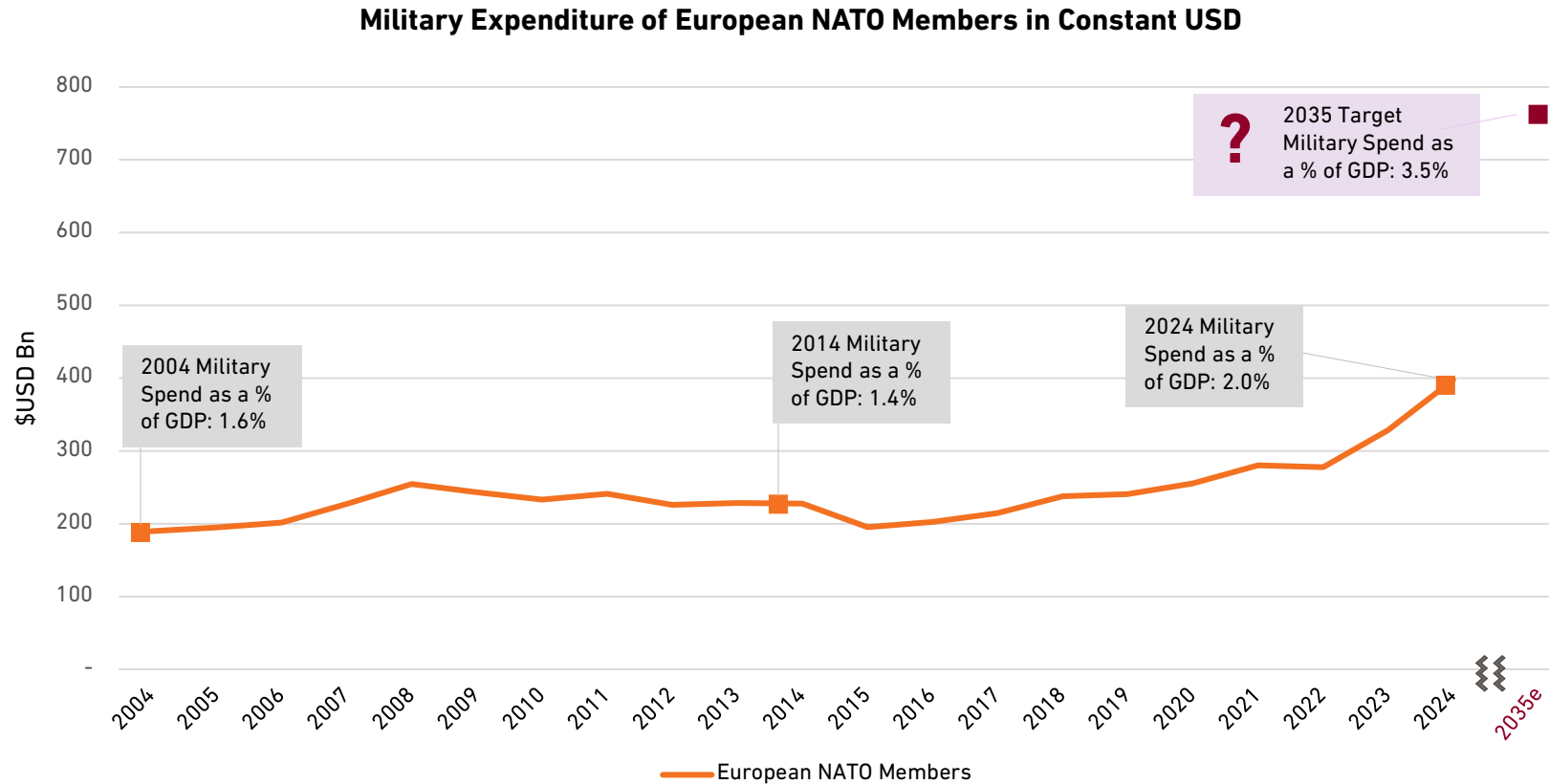


Chart shows Military Spend as a % of GDP for European NATO members. The 2035 implied target of US\$787 billion in 2035 assumes 1% annual GDP growth and a military spending target of 3.5% of GDP. Source: SIPRI Military Expenditure Database | SIPRI. Data as of December 31, 2024.

# New Purchase: Safran

French aerospace and defense company



## Company Description

- Global aerospace and defense company
- Makes engines primarily for narrowbody airplanes

## Industry Structure

- Concentrated industry
- High barriers to entry

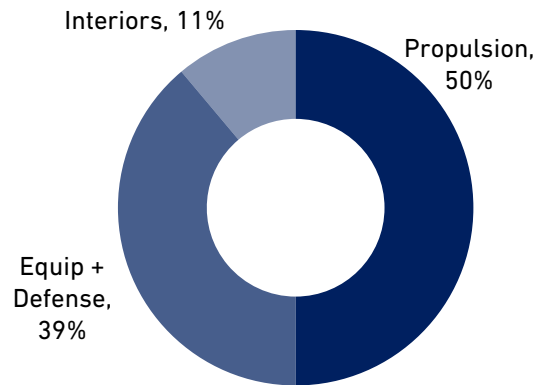
## Competitive Advantage

- High market share
- Scale

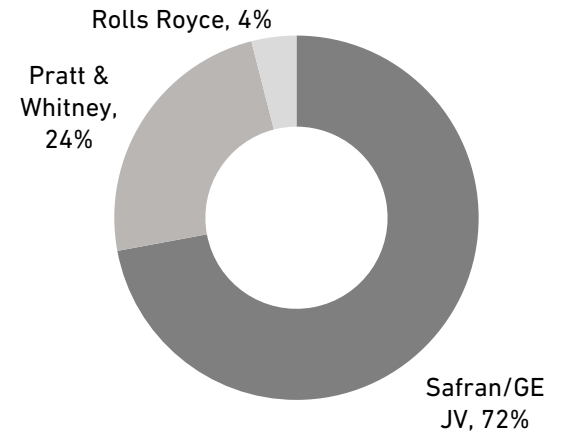
## Sustainable Growth

- Young and large existing fleet should drive high margin aftermarket revenues and new opportunities

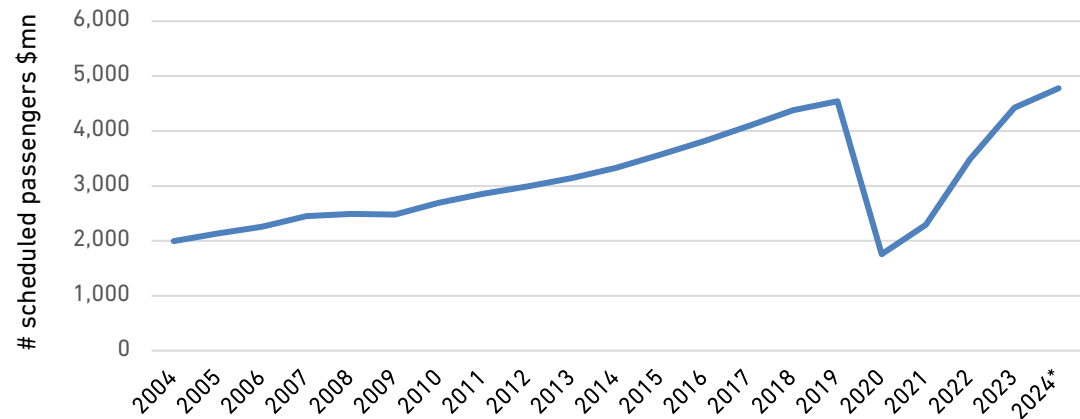
**2024 Segment Revenue**  
(% of Total Sales)



**Narrowbody Market Share by Manufacturer**



**Global Air Traffic**



\*Estimate. Figures prior to 2019 were taken from previous reports. Source: Harding Loevner, Safran. (Top Charts) Source: Cirium. Data as of December 31, 2024. (Bottom Chart) Source: Statista; IATA; ICAO; Airfinance Journal (Airline Analyst); Refinitiv; S&P Global Platts. Data as of June 30, 2024.

# Completed Portfolio Transactions

Trailing 12 Months as of June 30, 2025

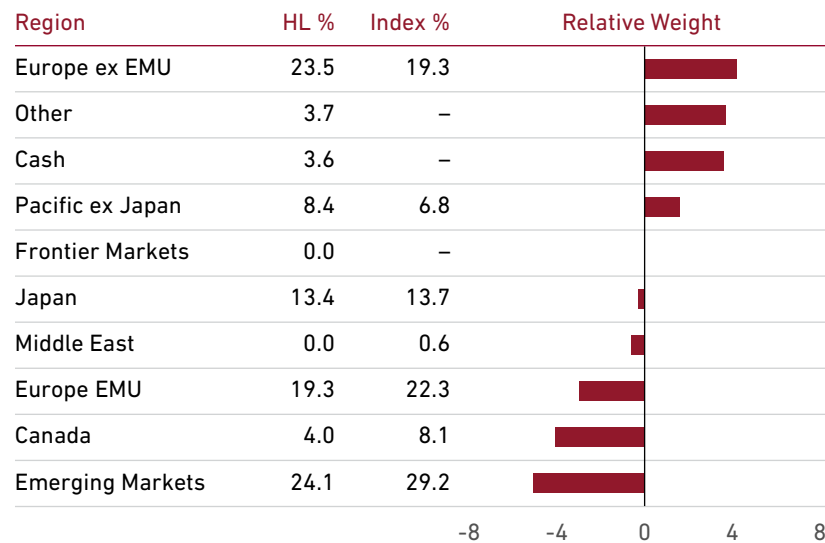
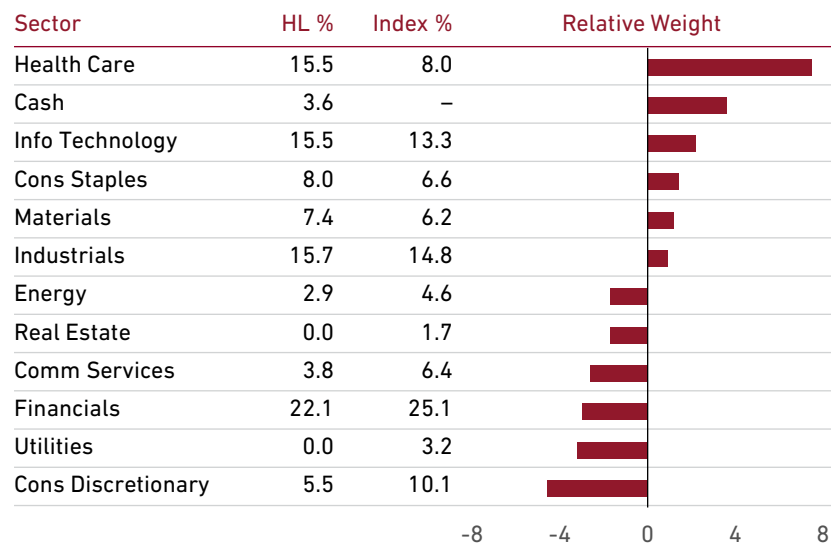
	3Q24	4Q24	1Q25	2Q25
				NetEase
				Novartis
		Delta Electronics		Ryanair
		Disco Corp		Safran
Positions Established	There were no completed purchases this quarter.	Techtronic Industries	ASML	SF Holding
Positions Sold	BioNTech	There were no completed sales this quarter.	Ambev	ENN Energy
	ICICI Bank		Infineon Technologies	Shimano
	Lukoil		Wuliangye Yibin	
	Sanhua Intelligent Controls			
	XP			

- Portfolio Turnover (5-year annualized average): 13.3%

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

# Portfolio Positioning

As of June 30, 2025



Ten Largest Holdings – Total Weight: 29.3%

Company	Market	Sector	Wt. (%)
TSMC	Taiwan	Info Technology	3.9
DBS Group	Singapore	Financials	3.7
HDFC Bank	India	Financials	3.5
Shell	UK	Energy	2.9
Schneider Electric	France	Industrials	2.7

Company	Market	Sector	Wt. (%)
AIA Group	Hong Kong	Financials	2.6
Roche	Switzerland	Health Care	2.5
ASML	Netherlands	Info Technology	2.5
Allianz	Germany	Financials	2.5
Chugai Pharmaceutical	Japan	Health Care	2.5

82% Active Share

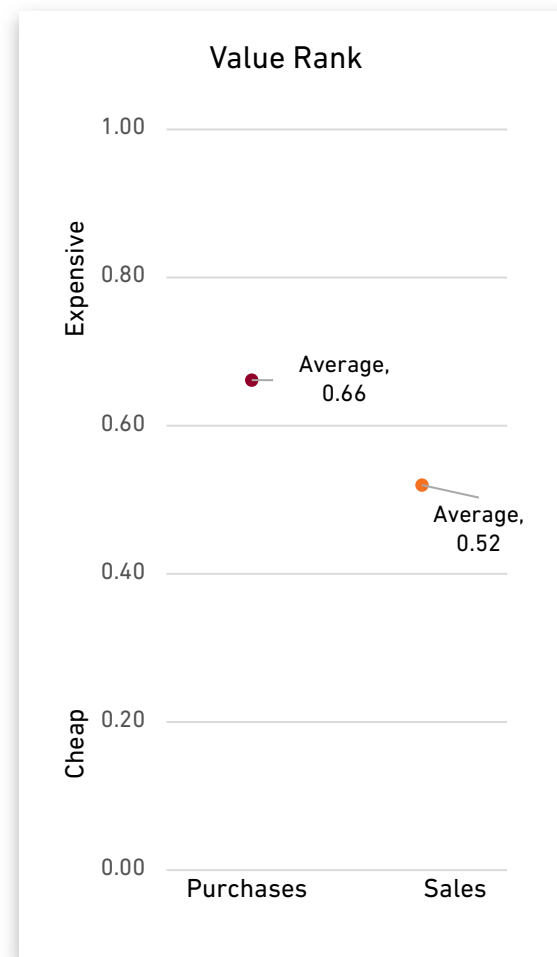
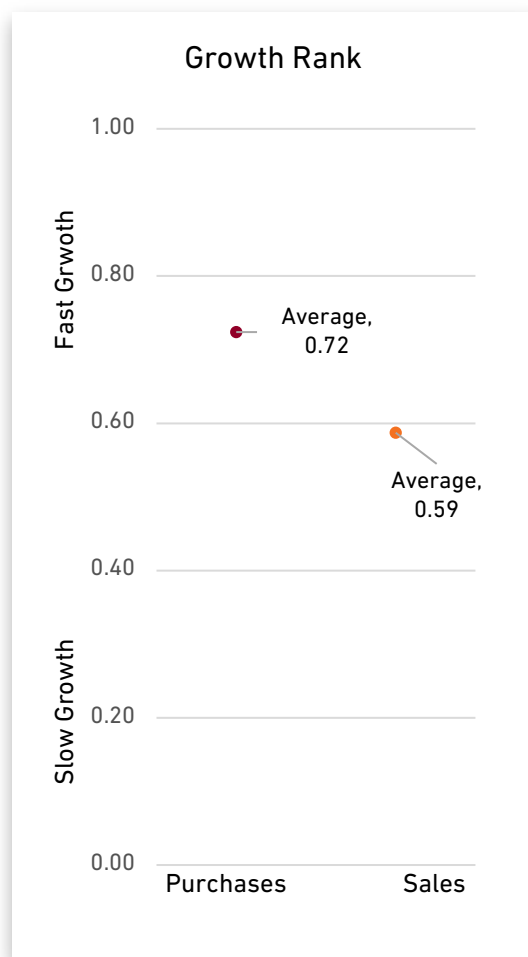
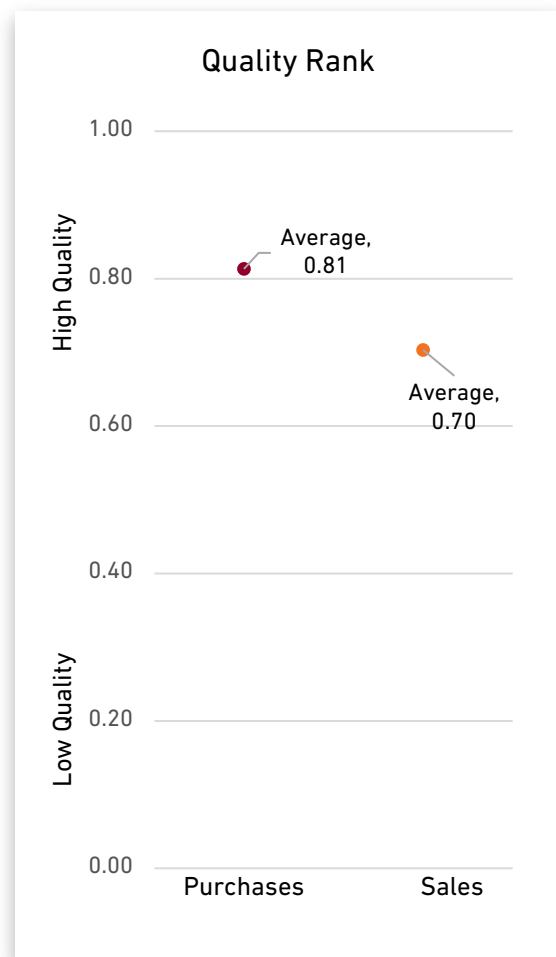
"HL": International Equity model portfolio. "Index": MSCI All Country World ex US Index. "Frontier Markets": Includes countries with less-developed markets outside the index.

"Other": Includes companies classified in countries outside the index.

Source: Harding Loevner International Equity model, MSCI Inc. Data as of June 30, 2025. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Equity composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Recent Portfolio Actions Have Increased Growth Exposure

Trailing 12 Months' Transactions

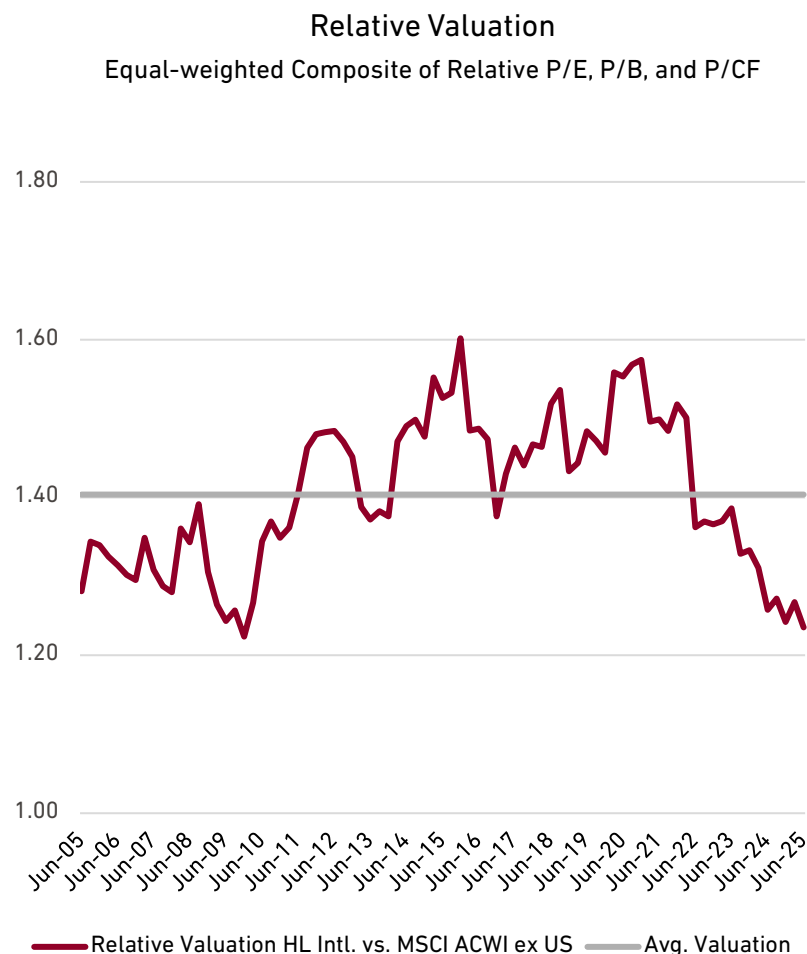


# Future Growth Prospects Remain Bright

The portfolio's relative valuation premium is close to a 15-year low

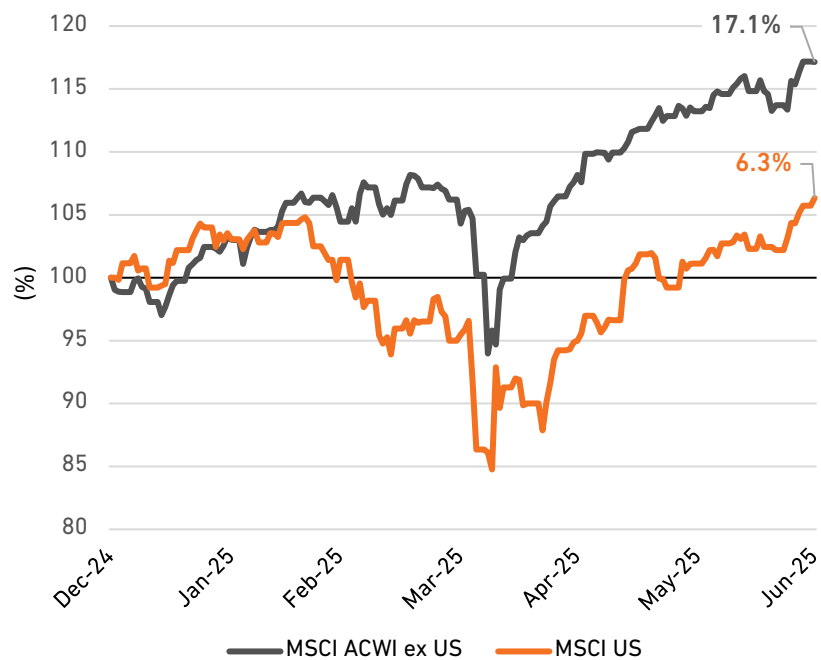
## 5-Year Historical and Forecast EPS Growth of HL International Equity Model Portfolio as of June 30, 2025

	Historical	Forecast
Information Technology	14%	15%
Consumer Discretionary	15%	13%
Financials	9%	11%
Industrials	9%	8%
Health Care	9%	8%
Consumer Staples	5%	7%
Communication Services	5%	5%
Materials	8%	4%
Energy	5%	0%
HL International Equity	11%	10%

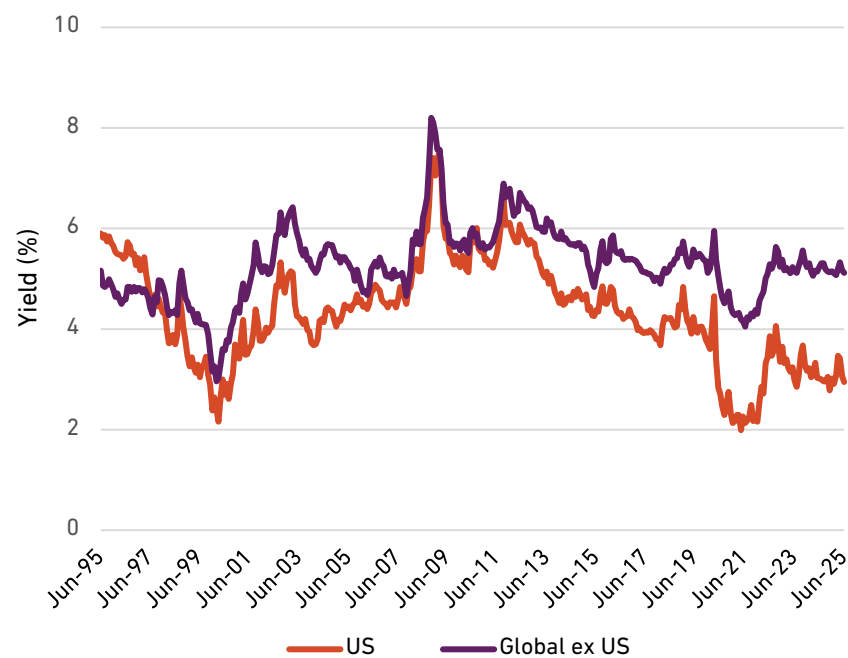


# Non-US Markets Still Look Attractive

MSCI ACWI ex US and MSCI US  
2025 YTD Cumulative Performance



HOLT Market Implied Yield

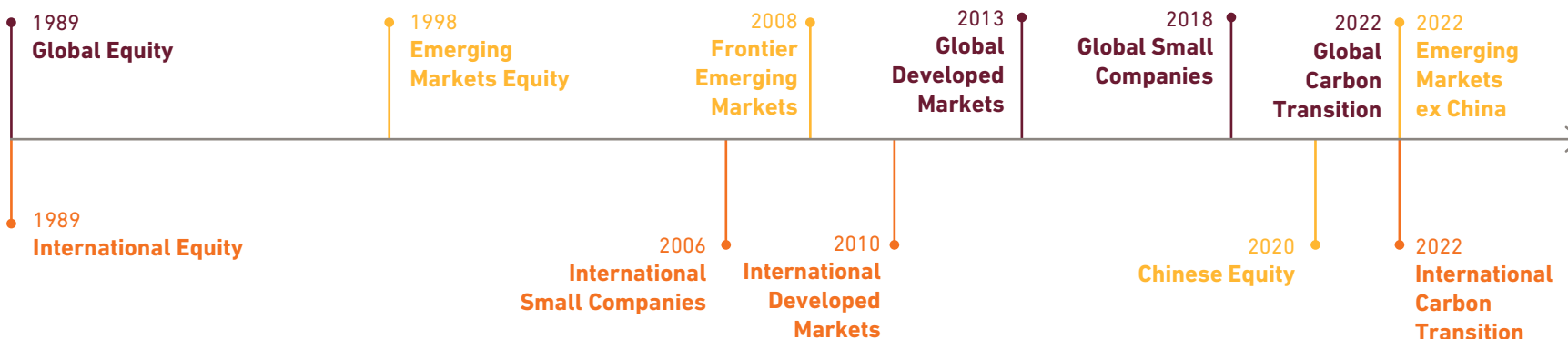




# Global Equity Specialist

A single investment philosophy, process, and research team drives all Harding Loevner strategies

Firm AUM: \$44.7 Billion					
Global Equities		International Equities		Emerging Markets Equities	
	\$10.4B AUM		\$33.3B AUM		\$1.0B AUM
Global Equity	\$7.8B	International Equity	\$18.7B	Emerging Markets Equity	\$0.9B
Global Equity ADR	\$0.6B	International Equity ADR	\$12.1B	Chinese Equity	<\$0.1B
Developed Markets	\$1.8B	Developed Markets	\$1.9B	Emerging Markets ex China	<\$0.1B
Carbon Transition	\$0.2B	Developed Markets ADR	\$0.2B	Frontier Emerging Markets	\$0.1B
Small Companies	<\$0.1B	Carbon Transition	<\$0.1B		
		Small Companies	\$0.4B		



# Disclosures

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The information provided in this presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the International Equity model at June 30, 2025 is available on request.

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

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

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

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

The MSCI All Country World ex US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The index consists of 46 developed and emerging market countries. The MSCI World ex US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed markets, excluding the US. The index consists of 22 developed market countries. The MSCI All Country World ex US Growth Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in global developed and emerging markets, excluding the US using a multi-factor approach. Five variables are used to define the growth investment style characteristics, targeting 50% of the free float adjusted market capitalization of the MSCI All Country World ex US Index. The MSCI All Country World ex US Value 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 using a multi-factor approach. Three variables are used to define the value investment style characteristics, targeting 50% of the free float adjusted market capitalization of the MSCI All Country World ex US Index. The MSCI ACWI ex USA Quality Index is based on MSCI ACWI ex USA, its parent index, which includes large and mid cap stocks across 22 Developed Market (DM) and 24 Emerging Markets (EM) countries. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over year earnings growth and low financial leverage. You cannot invest directly in these indexes.

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

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

The composite and attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

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

Source (Portfolio Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality and Growth Characteristics [Run date: July 3, 2025, based on the latest available data in FactSet on this date.]): FactSet, Harding Loevner International Equity model, MSCI Inc.

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

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Harding Loevner LP, 400 Crossing Boulevard, Fourth Floor, Bridgewater, New Jersey 08807, United States