HARDING LOEVNER

INTERNATIONAL EQUITY RESEARCH

2020 Year End Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED DECEMBER 31, 2020[1]

	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL EQUITY RESEARCH (GROSS OF FEES)	17.24	15.43	7.97	12.38	12.38
HL INTL EQUITY RESEARCH (NET OF FEES)	17.03	14.59	7.19	11.56	11.56
MSCI ALL COUNTRY WORLD EX-US INDEX[4,5]	17.08	11.13	5.38	9.43	9.43
MSCI EAFE INDEX[5,6]	16.09	8.28	4.79	7.96	7.96

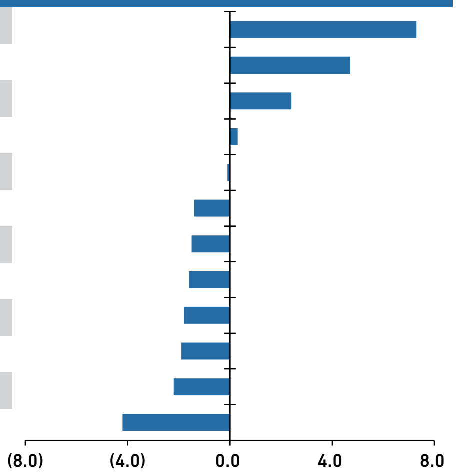
[1]The Composite performance returns shown are preliminary; [2]Annualized returns; [3]Inception Date: December 31, 2015; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

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

SECTOR EXPOSURE (%)

	HL IER	ACWI EX-US
INDUSTRIALS	18.9	11.6
CONS STAPLES	13.6	8.9
CASH	2.4	—
ENERGY	4.6	4.3
HEALTH CARE	9.5	9.6
CONS DISCRETIONARY	12.4	13.8
INFO TECHNOLOGY	11.2	12.7
MATERIALS	6.5	8.1
REAL ESTATE	0.8	2.6
UTILITIES	1.4	3.3
FINANCIALS	15.8	18.0
COMM SERVICES	2.9	7.1

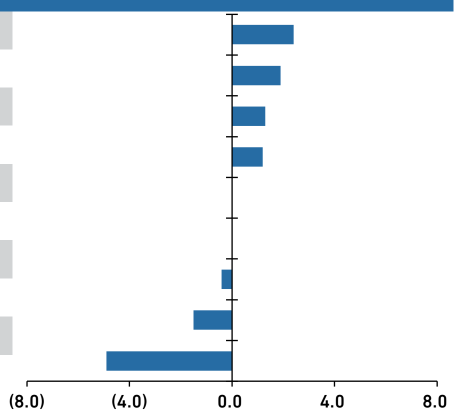
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL IER	ACWI EX-US
CASH	2.4	—
EMERGING MARKETS	33.0	31.1
EUROPE EMU	21.5	20.2
EUROPE EX-EMU	20.1	18.9
FRONTIER MARKETS[7]	0.0	—
JAPAN	15.8	15.8
MIDDLE EAST	0.0	0.4
PACIFIC EX-JAPAN	5.8	7.3
CANADA	1.4	6.3

(UNDER) / OVER THE BENCHMARK



[7]Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation.

Source: Harding Loevner International Equity Research Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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MARKET REVIEW

International stock markets rose dramatically in the fourth quarter despite an escalation in the global pandemic. The starting gun for the run-up was Pfizer's announcement of better-than-expected results for its COVID-19 vaccine trials and was followed in rapid fire by positive reports from Moderna, AstraZeneca, and Sinopharm. Accelerated approvals gave investors further hope for some return to normal commerce in 2021, even as COVID-19 hospitalizations in the US and Europe soared. The market rally was broad, with all sectors and regions finishing in positive territory, an encouraging cap on a turbulent year.

The year began with news of a sinister respiratory illness spreading throughout Hubei province in China. By the end of March, the virus was raging across the globe, prompting governments to enact sweeping business and travel restrictions to slow its spread. The economic fallout was immediate, and the concomitant stock market decline was swift and severe.

Economic policymakers, however, were quick to respond with unparalleled levels of support aimed at arresting the decline. Central banks in developed countries slashed borrowing costs and rolled out a dizzying array of measures designed to support asset prices and keep liquidity flowing to businesses. Fiscal branches, for their part, authorized almost US$12 trillion in spending to prevent a collapse in consumption, an amount equivalent to almost 12% of global GDP.

Stock markets rebounded in response almost as fast as they had fallen. Despite the ongoing headwinds, the economic recovery gathered steam over the course of year, and markets continued their upward march.

The US dollar was a barometer of investor fear, rallying during the height of the pandemic, as investors sought the safety of the world's principal reserve currency, only to reverse course over the rest of the year. Only a handful of currencies from commodity-exporting countries, like Russia and Brazil, were lower against the dollar for the year.

Companies that benefited from the abrupt shift to remote work and surge in e-commerce, many of them within Information Technology (IT) and Consumer Discretionary, far outpaced more cyclical sectors such as Energy, Financials, and Real Estate, all of which finished in negative territory. The fourth quarter saw an inversion of this pattern, with Financials and cyclicals benefiting disproportionally from a vaccine-fueled boost in growth expectations. Non-cyclical sectors such as Health Care, Consumer Staples, and Utilities lagged. IT, however, continued to outperform despite heightened scrutiny from regulators in Europe, China, and the US.

Similar final quarter flip-flops occurred along geographical lines. The eurozone, after lagging for three quarters, outperformed in the fourth, particularly countries hit hardest by the virus such as Spain and Italy. Emerging markets (EMs) also outperformed. Good returns from Brazil and India countered weakness in China, where investors digested the implications of **Alibaba's** withdrawal of its planned IPO for its Ant Financial affiliate under pressure from banking regulators, and the parent company later was put on notice about the potentially anticompetitive practices of its core e-commerce business. Pacific ex-Japan also fared well, helped by Australia, which rebounded with a recovery in commodity prices.

Style effects, having favored fast-growing and high-quality companies most of the year heedless of their high valuations, also reversed in the quarter. Stocks of the slowest-growing companies, including many cyclicals such as Energy and banks, outperformed the fastest-growing by over 700 basis points. The effect of quality was even more pronounced, as shares of companies with more leverage and less consistent returns outperformed those of the highest-quality companies by over 1,600 basis points. Valuation as a factor offered no guide to performance in the fourth quarter one way or the other.

MARKET PERFORMANCE (USD %)

MARKET	4Q 2020	TRAILING 12 MONTHS
CANADA	14.1	6.2
EMERGING MARKETS	19.8	18.7
EUROPE EMU	17.7	8.5
EUROPE EX-EMU	13.5	3.2
JAPAN	15.3	14.9
MIDDLE EAST	19.3	15.2
PACIFIC EX-JAPAN	20.1	6.6
MSCI ACW EX-US INDEX	17.1	11.1

SECTOR PERFORMANCE (USD %)
OF THE MSCI ACW EX-US INDEX

SECTOR	4Q 2020	TRAILING 12 MONTHS
COMMUNICATION SERVICES	13.8	19.2
CONSUMER DISCRETIONARY	16.0	23.1
CONSUMER STAPLES	8.5	7.1
ENERGY	22.6	-22.8
FINANCIALS	24.8	-4.0
HEALTH CARE	6.2	16.0
INDUSTRIALS	16.2	11.1
INFORMATION TECHNOLOGY	24.8	45.9
MATERIALS	20.0	21.7
REAL ESTATE	12.7	-9.4
UTILITIES	14.5	10.0

Source: FactSet (as of December 31, 2020); MSCI Inc. and S&P.

PERFORMANCE AND ATTRIBUTION

The International Equity Research composite returned 17.2% in the fourth quarter, in line with the 17.1% return of the MSCI ACW-ex US Index. For the year to date, the composite returned 15.4% compared to the Index's 11.1%.

Our portfolio lagged the strong performance of the IT sector index this quarter due to some poor stock selection. Shares of German enterprise software developer **SAP** plunged after the company revealed disappointing uptake of its cloud-based data services, making it the worst detractor in the portfolio for the quarter. Our underweight to Taiwan-based semiconductor manufacturer **TSMC** was a large detractor as well when it soared on news that its rival Intel was experiencing production delays of its next-generation chip.

In Financials, stock selection worked in our favor, and we surpassed the index return after lagging for most of the year. Our EM banking holdings, such as **Bancolombia** and Spain's **BBVA** and **Banco Santander**, performed particularly well.

Geographically, strong stock selection in EMs was the main contributor to quarterly performance. Most came from China where we had positive contributions from stocks in a broad range of industries, including white liquor distiller **Jiangsu Yanghe Brewery**, pharmaceuticals manufacturer **Wuxi Biologics**, and industrial automation-equipment manufacturer **Shenzhen Inovance Technology**. We also benefitted from our underweight to newly embattled Alibaba.

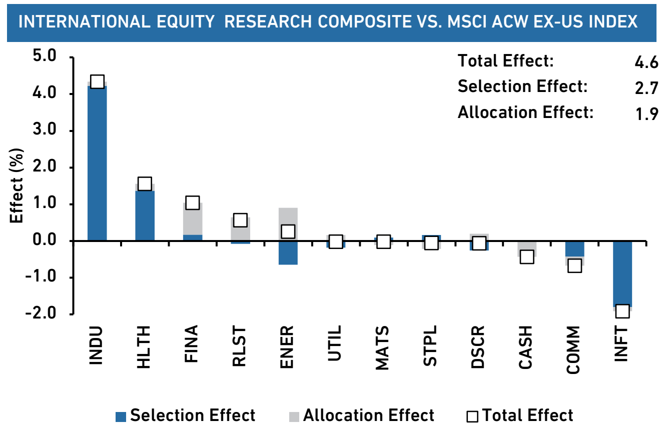
This was offset by poor stock selection in Europe both inside and outside the eurozone. SAP and Germany's **Symrise**, a flavors and fragrances producer, were key detractors in the former. In the latter, two Danish companies that had outperformed at the onset of the pandemic—**Novozymes**, a biotechnology company, and **Chr. Hansen**, a natural food ingredients producer—gave back some of that outperformance in the fourth quarter, though they still ended as positive contributors for the year.

For the full year, IT was the sectoral leader in the index but, as in the fourth quarter, our stock selection dragged on the portfolio's relative returns. **Amadeus**, which provides technology for the travel industry, fell hard at the start of the pandemic as lockdowns swept the globe. By the time the stock recouped some of its losses in the fourth-quarter light-at-the-end-of-the-tunnel rally, we had already exited. Our underweight in TSMC was a big drag for the full year as well. However, stock selection was strong in Industrials, with large contributions from Hong Kong-based power-tool manufacturer **Techtronic Industries**, Shenzhen Inovance Technology, Chinese express delivery company **SF Express**, and Japanese power tool manufacturer **Makita**.

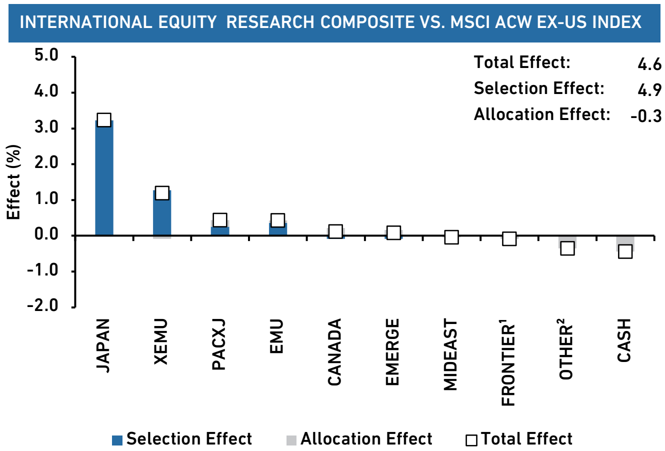
Regionally, Japan was the largest contributor to returns. Shares of **Chugai Pharmaceutical** had a roller coaster ride this year, initially rising on off-label use of its rheumatoid arthritis drug Actemra to treat COVID-19 pneumonia, later falling after clinical trial results proved mixed, then rising

Companies held in the portfolio during 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 list of the 25 largest holdings at December 31, 2020 is available on page 9 of this report.

SECTOR PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS



GEOGRAPHIC PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS



[1]Includes countries with less-developed markets outside the Index; [2]Incldues companies classified in countries outside the Index. Source: FactSet; Harding Loevner International Equity Research Composite; MSCI Inc. and S&P. 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.

again on the strength of the drugs in its pipeline and another study that yielded more favorable results for Actemra in COVID-19, specifically around reducing the need for ventilation of critical patients. **Nomura Research Institute**, an IT consulting group, also had a strong year as Japanese businesses invested in technology to combat labor shortages and stay competitive in the global economy—trends that accelerated with the pandemic.

PERSPECTIVE AND OUTLOOK

When we wrote at the end of 2019 about a "world turned upside down," we had no idea just how upended the world was about to become; no inkling that a novel coronavirus was replicating exponentially and about to upend our lives. Rather, we were focused on the mundane (by comparison) implications of negative interest rates, potential inflation, and the implied discount rates for stocks. We fretted that the prices commanded by stocks of our preferred high-quality and fast-growing companies had reached unsustainable levels. The heightened volatility of long-duration assets—long-dated Treasurys and growth stocks both—made us fret further, since rising volatility often foreshadows a reversal.

As the pandemic erupted with full force in the first quarter, companies prized for their resilient secular growth and financial strength defied our fears and expensive growth stocks became even more highly priced. Some companies, with their business models anchored in the virtual rather than the brick-and-mortar world, were instantly transformed into COVID-19 "winners." Meanwhile, any company with more immediate exposure to either the business cycle (think banks) or specific dislocations arising from the pandemic, such as travel, was shunned by investors. Last quarter, we noted that a startling number of stocks—indeed, higher than at any time in the last fifty years outside of the 1999 tech bubble—were priced to deliver negative returns even just assuming a naïve (and rather unrealistic) extrapolation of current consensus earnings growth estimates. One difference, of course, between 1999 and now is that now bonds are also priced to disappoint their owners, perversely making stocks seem less risky.

Nevertheless, with the end of the pandemic at last in sight, our prior concerns have returned to the fore. One way prospects could change for long-duration growth stocks, as well as for long-duration bonds, is for long-term interest rates to rise. Ultra-low discount rates, like ultra-low bond yields, imply that cash flows far into the future have more value today; if ultra-low were to give way to merely *low*, those far-away cash flows would not be so compelling. Moreover, what could stimulate animal spirits more than a return to before-COVID-19 commerce, travel, and social interactions with a year of deferred consumption coiled like a spring? On the fire of pent-up demand throw gasoline in the shape of competition for resources from infrastructure spending programs, and suddenly not even "low" may be the right level for inflation or interest rates, let alone for the discount rates applied to stocks.

Interest rates have mirrored falling inflation expectations over the past forty years. Disinflation has been the result of technological innovation, globalization, and, pre-global financial crisis, disciplined monetary policy at the largest central banks. However, the future is clouded by many "ifs." If policymakers, not only in China, but also in Europe and the US, start reducing the freedom historically afforded to the big tech companies like Alibaba, Facebook, Google, and Amazon, it may well reduce the disinflationary effects these companies have midwifed into the world. If globalization and free trade continue to face populist protest and political backlash, the price of goods and services, no longer sourced from the most efficient producers, will tend higher instead of lower. If the current escalation of US-China economic disagreements become further militarized, those inflationary effects could be large. If post-COVID-19 normalization demand and low inventories combine with debt financed infrastructure spending, interest rates may well lead, rather than follow, inflation higher. Some of these scenarios would be headwinds for profits; all, except a sustained, rapid economic expansion, are bad for stock valuations.

But there are also portents that endless growth of big tech profits itself could become less of a given. The commanding position of the dominant internet platforms and software companies flows in large part from benign competitive forces driven by powerful network effects and winner-take-all industry dynamics. Yet, in the final quarter of 2020, many of these companies found themselves beset by regulatory scrutiny in almost every jurisdiction. In Europe, the focus has shifted from data privacy toward taxing some of the revenues and profits generated in those countries. Among the recent actions, this strikes us as a modest blow to sustain (if, indeed, it stops there), and one that markets are probably good at discounting. In China, where Alibaba and **Tencent** dominate the previously largely freewheeling consumer economy, the situation is more treacherous, if only because of the opaque and unconstrained nature of China's regulatory authority. By encroaching onto the turf of the state-supported Chinese banking system via their payments platforms, Alibaba and Tencent were "poking the dragon" of politically powerful, entrenched vested interests, and potentially getting their business models singed in the process.

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Antitrust actions in the US, meanwhile, are being driven by both state governments as well as the federal government, which adds its own unpredictable twist. The common thread in all these efforts is the emergence of a cohesive political opposition to the monopoly-like power of the world's largest internet-based companies. A key difference between this and past periods of regulatory backlash is that more of the monopolies' power today has been directed at squeezing their suppliers and eliminating competitors rather than gouging their customers, who continue to delight in the broader availability of better and cheaper goods, and who may well yet offer a countervailing pull on the regulators' push. Earlier antitrust actions in the US against Microsoft in the 1990s, IBM in the 1980s, or AT&T in the 1970s, were costly and disruptive, but ultimately left the targeted incumbents plenty powerful and profitable until innovation and new competitive challenges unrelated to the regulatory onslaught disrupted their dominance. We believe such an outcome is possible from the current actions, but the journey is likely to be a rocky one.

However, there is a world of difference between identifying risks and having them come to pass. 2021 may well prove to be an *annus horribilis* for growth investing, but there is no way of knowing in advance. Moreover, there is far more to the growth investing story than falling discount rates and the monopolistic practices of a handful of mega-cap companies. The last decade may have witnessed previously unimaginably low interest rates, but we've also experienced a resurgence in innovation accompanied by secular and, albeit still narrow, explosive earnings growth fueled by rapid advances in technology. And herein lies the iron law of growth investing—you may overpay but, with careful selection and a long enough horizon, compounding revenues and, ultimately, earnings will eventually bail you out of the high price you paid. Of course, underlying the careful selection part is a paradox that is frequently overlooked and liable to snare the unwary. The iron law only applies to individual growth companies; by definition, it cannot be true for *all* of them. This fallacy of composition is identical to the problem faced by a sports fan trying to get a better view of the field. Individually, they may stand up to get a better view, but it's obviously impossible for everyone to stand up and enjoy the view unimpeded. The best growth companies will ultimately justify even extreme valuations, but investors should have no illusion that all or even most growth companies can hope to join this unique cadre.

The problem faced by growth companies today is akin to that of a sports fan standing up to get a better view of the field. It's obviously impossible for everyone to stand up and enjoy the view unimpeded.

In our investment process we attempt to balance the emphasis among growth, sustained profitability, financial strength, and well-governed, able management. Our conviction lies in the belief that these attributes, elucidated through fundamental research, maximize our odds of picking out the few companies with the long-term ability to sustain their growth. And despite the many looming risks to growth stocks we take encouragement from the pace of innovation that continues to hum along behind the cacophony.

Our portfolio has weathered the "value" rally in the fourth quarter with some degree of aplomb. That's a result, we suspect, of our steady and incremental reduction or exit from some of our holdings over the past few years that reached into the ranks of the highest priced stocks. It's also the result of owning some of the most innovative companies outside the spotlight of regulatory scrutiny, whose growth has continued untrammeled so far. If the narrowing of valuation spreads and the relative performance rebound of cheaper stocks is mostly—or even halfway—completed, and inflation stays quiescent, our portfolio should do fine. That's what happened after the global financial crisis, when we feared a sustained "low-quality" rally would hobble our chances of good relative performance for an extended period, but which didn't persist beyond a few months. We believed then that the damage from the debt crisis cut so deeply across the global economy that a strong rebound was never in the cards, especially with a robust austerity voice constraining most governments (a voice today seemingly lost in the wilderness). Compare that to the experience after the tech bubble of the late 1990s, when the burst affected the IT and Telecom sectors, but left the rest of the economy relatively unscathed and primed to respond dramatically to monetary stimulus. But looking even further back to other periods of equally distended valuations for growth companies, such as the Nifty Fifty of the early 1970s, we're reminded that markets have a history of being unprepared for tectonic shifts in politico-economic conditions, when the only warning signs are stretched valuations alongside the usual markers of speculative fever. Wariness is warranted.

PORTFOLIO HIGHLIGHTS

The International Equity Research portfolio's holdings are directly determined by analysts' recommendations among Harding Loevner's collection of researched companies. During the fourth quarter, our analysts recommended buying 13 companies and selling 12. We had the highest number of net downgrades in Health Care during the quarter and most net upgrades in IT. We ended the quarter with 207 holdings in the portfolio, an increase of 16 from the start of the year, driven by upgrades and new companies added to our research universe. For the year, we had the most net upgrades in the Financials and Information Technology sectors, followed by Health Care and Industrials, while our number of holdings in Communication Services fell the most.

Our exposure to Financials increased during the quarter as we added to our existing holdings after their portfolio weights fell following their earlier underperformance. We also made one new purchase, Saudi-based **Al Rajhi Bank**. Our analyst upgraded the stock because he thinks the bank's net interest margins (which have been under pressure from lower rates) have bottomed, asset quality appears to be in control, and a large loan loss provision taken earlier in the year should allow it to clean its balance sheet sooner and start growing ahead of peers.

In Health Care, we sold **Grifols**, a Spanish producer of blood plasma-based products, after the stock outperformed and the valuation looked less compelling to our analyst. We also sold Japan-based pharmaceuticals manufacturer **Shionogi** due to expectations of a weak flu season this year due to mask wearing and improved hygiene; Switzerland-based **Roche** as our analyst expects more competition for its legacy oncology products from biosimilars; and the German pharmaceutical and life sciences conglomerate **Bayer** because of a failure to continue to meet our investment criteria. The companies covered by analysts at Harding Loevner must meet all four of our core criteria: competitive advantage, growth, financial strength, and management quality. In Bayer's case, the company's key failure is growth, as we could not ascertain how the company would be able to successfully offset patent expirations of macular degeneration treatment Eylea and anti-blood-clotting medication Xarelto, two of its blockbuster products. We also increasingly questioned management's decision to acquire Monsanto, and the significant leverage the move has added to Bayer's balance sheet.

In Japan, in addition to Shionogi, we sold the baby care manufacturer **Pigeon** and b-to-b e-commerce platform provider **Infomart**, both due to high valuations. We also trimmed our holding in Nomura Research Institute.

In EMs, we made several new purchases. One of these is China-based **Meituan Dianping**, China's largest marketplace for local lifestyle services (food delivery, hotel bookings, movie tickets, karaoke, you name it). This was a case where our analyst sees tremendous upside as the company continues adding businesses and taking advantage of Chinese consumers' powerful shift online accelerated by the pandemic. Other new EM purchases include road construction and operations company **Jiangsu Expressway**, software maker **Yonyou**, and **Sunny Optical** (all based in China); Taiwan-listed businesses **Silergy**, a maker of integrated circuits, and **Largan Precision**, a producer of camera lenses for smart phones and tablets; Philippines-based **International Container Terminal Services (ICTSI)**; and **Dabur India**, an ayurvedic and natural health care company.

We also sold three Chinese holdings in response to an executive order issued by the Trump Administration during the quarter. When **China Mobile**, **China Tower**, and surveillance camera manufacturer **Hangzhou Hikvision** were included on the list of purportedly Chinese military-controlled companies that US persons will very shortly be precluded from purchasing and, within a year, from selling as well, we promptly exited our positions, completing our divestment a few days after year end. We held no other companies subject to this near-immediate sanction, not to be confused with the slowly moving sanction of eventual (December 2023) de-listing from US exchanges potentially faced by a longer list of Chinese companies whose accounting transparency thus far has failed to meet the standards of US securities regulators. With respect to those companies, we envision myriad possible ways in which they may avoid de-listing, including outright compliance or Chinese compromise with a new US administration, or we may be able to gain or maintain investment exposure without recourse to US exchanges.

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INTERNATIONAL EQUITY RESEARCH 25 LARGEST HOLDINGS (AS OF DECEMBER 31, 2020)

COMPANY	COUNTRY	SECTOR	END WT.(%)
KOMATSU Industrial equipment manufacturer	JAPAN	INDUSTRIALS	1.1
FAST RETAILING Clothing retailer	JAPAN	CONS DISCRETIONARY	1.1
KOBAYASHI PHARMA Pharmaceutical manufacturer	JAPAN	CONS STAPLES	1.1
SAFRAN Aerospace parts manufacturer	FRANCE	INDUSTRIALS	1.1
VIFOR PHARMA Pharma manufacturer	SWITZERLAND	HEALTH CARE	1.0
RUBIS Liquid chemical storage and distribution	FRANCE	UTILITIES	1.0
HENKEL Consumer products manufacturer	GERMANY	CONS STAPLES	1.0
FINECOBANK Banking and financial services	ITALY	FINANCIALS	1.0
BRENNTAG Chemical distribution services	GERMANY	INDUSTRIALS	1.0
RIO TINTO Mineral miner and processor	UNITED KINGDOM	MATERIALS	1.0
OCBC BANK Financial services	SINGAPORE	FINANCIALS	1.0
RINNAI Consumer appliances manufacturer	JAPAN	CONS DISCRETIONARY	1.0
ROYAL DUTCH SHELL Oil and gas producer	UNITED KINGDOM	ENERGY	0.9
BHP Mineral miner and processor	AUSTRALIA	MATERIALS	0.9
VOPAK Oil and gas storage and handling services	NETHERLANDS	ENERGY	0.9
CHUGAI PHARMACEUTICAL Pharma manufacturer	JAPAN	HEALTH CARE	0.9
HOMESERVE Emergency repair services	UNITED KINGDOM	INDUSTRIALS	0.9
ALLIANZ Financial services and insurance provider	GERMANY	FINANCIALS	0.9
HAKUHODO Marketing and advertising services	JAPAN	COMM SERVICES	0.9
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	HONG KONG	INFO TECHNOLOGY	0.9
SGS Quality assurance services	SWITZERLAND	INDUSTRIALS	0.9
L'ORÉAL Cosmetics manufacturer	FRANCE	CONS STAPLES	0.9
UNICHARM Consumer products manufacturer	JAPAN	CONS STAPLES	0.9
SYMRISE Fragrances and flavors manufacturer	GERMANY	MATERIALS	0.9
ALIMENTATION COUCHE-TARD Convenience stores operator	CANADA	CONS STAPLES	0.9

Model Portfolio holdings are supplemental information only and complement the fully compliant International Equity Research 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.

4Q20 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
SAFRAN	INDU	1.0	0.40
FAST RETAILING	DSCR	1.0	0.38
BANCO SANTANDER	FINA	0.6	0.34
ROYAL DUTCH SHELL	ENER	0.9	0.33
SHENZEN INOVANCE TECHNOLOGY	INDU	0.4	0.33

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
TECHTRONIC INDUSTRIES	INDU	0.7	0.74
CHUGAI PHARMACEUTICAL	HLTH	0.9	0.70
SHENZEN INOVANCE TECHNOLOGY	INDU	0.4	0.67
NOMURA RESEARCH INSTITUTE	INFT	0.9	0.63
ADYEN	INFT	0.4	0.59

4Q20 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
SAP	INFT	0.7	-0.19
BAYER	HLTH	0.0	-0.09
NOVOZYMES	MATS	0.8	-0.09
ALIBABA	DSCR	0.3	-0.08
SHIONOGI	HLTH	0.2	-0.07

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ANHEUSER-BUSCH INBEV	STPL	0.2	-0.75
AMADEUS	INFT	0.4	-0.53
RUBIS	UTIL	0.3	-0.50
ROYAL DUTCH SHELL	ENER	0.8	-0.49
BANCO SANTANDER	FINA	0.7	-0.47

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL IER	ACWI EX-US
PROFIT MARGIN[1] (%)	10.6	9.9
RETURN ON ASSETS[1] (%)	7.2	5.2
RETURN ON EQUITY[1] (%)	13.9	11.7
DEBT/EQUITY RATIO[1] (%)	45.1	61.0
STD DEV OF 5 YEAR ROE[1] (%)	2.8	3.1
SALES GROWTH[1,2] (%)	5.2	2.6
EARNINGS GROWTH[1,2] (%)	8.2	6.0
CASH FLOW GROWTH[1,2] (%)	10.5	8.6
DIVIDEND GROWTH[1,2] (%)	7.5	6.1
SIZE & TURNOVER	**HL IER**	**ACWI EX-US**
WTD MEDIAN MKT CAP (US $B)	22.6	43.0
WTD AVG MKT CAP (US $B)	46.2	101.8
TURNOVER[3] (ANNUAL %)	42.6	—

RISK & VALUATION	HL IER	ACWI EX-US
ALPHA[4] (%)	2.94	—
BETA[4]	0.98	—
R-SQUARED[4]	0.97	—
ACTIVE SHARE[3] (%)	81	—
STANDARD DEVIATION[4] (%)	15.12	15.26
SHARPE RATIO[4]	0.74	0.54
TRACKING ERROR[4] (%)	2.6	—
INFORMATION RATIO[4]	1.15	—
UP/DOWN CAPTURE[4]	103/90	—
PRICE/EARNINGS[5]	27.1	20.6
PRICE/CASH FLOW[5]	17.6	11.3
PRICE/BOOK[5]	2.7	1.8
DIVIDEND YIELD[6] (%)	1.7	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Trailing five years annualized; [5]Weighted harmonic mean; [6]Weighted mean. Source: FactSet (Run date: January 6, 2021); Harding Loevner International Equity Research Model, based on the underlying holdings; MSCI Inc.

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 charts above; and (2) a list showing the weight and contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the charts above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall performance over the period. 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 Research Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

INTERNATIONAL EQUITY RESEARCH COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2020)

	INTL EQUITY RESEARCH GROSS (%)	INTL EQUITY RESEARCH NET (%)	MSCI ACWI EX-US[1] (%)	MSCI EAFE[2] (%)	INTL EQUITY RESEARCH 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 (%)
2020[5]	15.43	14.59	11.13	8.28	17.76	17.92	17.87	N.M.[6]	1	15	74,496
2019	24.06	23.20	22.13	22.66	11.18	11.33	10.8	N.M.	1	20	64,306
2018	-12.08	-12.74	-13.78	-13.36	11.45	11.40	11.27	N.M.	1	10	49,892
2017	30.59	29.64	27.77	25.62	+	+	+	N.M.	1	11	54,003
2016	9.09	8.28	5.01	1.51	+	+	+	N.M.	1	8	38,996

[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 2020 performance returns and assets shown are preliminary; [6]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year; +Less than 36 months of return data.

The International Equity Research 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 49 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 Indices.

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. 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 has been independently verified for the period November 1, 1989 through September 30, 2020.

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.

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. Additional information is available upon request. 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 Research accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; above $250 million on request. 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 Research Composite was created on December 31, 2015 and the performance inception date is January 1, 2016.

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