

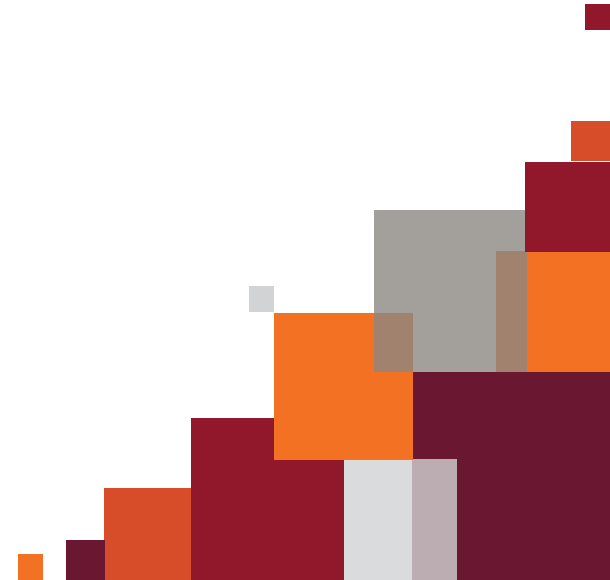


HARDING  
LOEVNER

Fundamental. Thinking. Worldwide.

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International Equity Research Review | Year End 2020



# Composite Performance

As of December 31, 2020

## Performance (% Total Return)

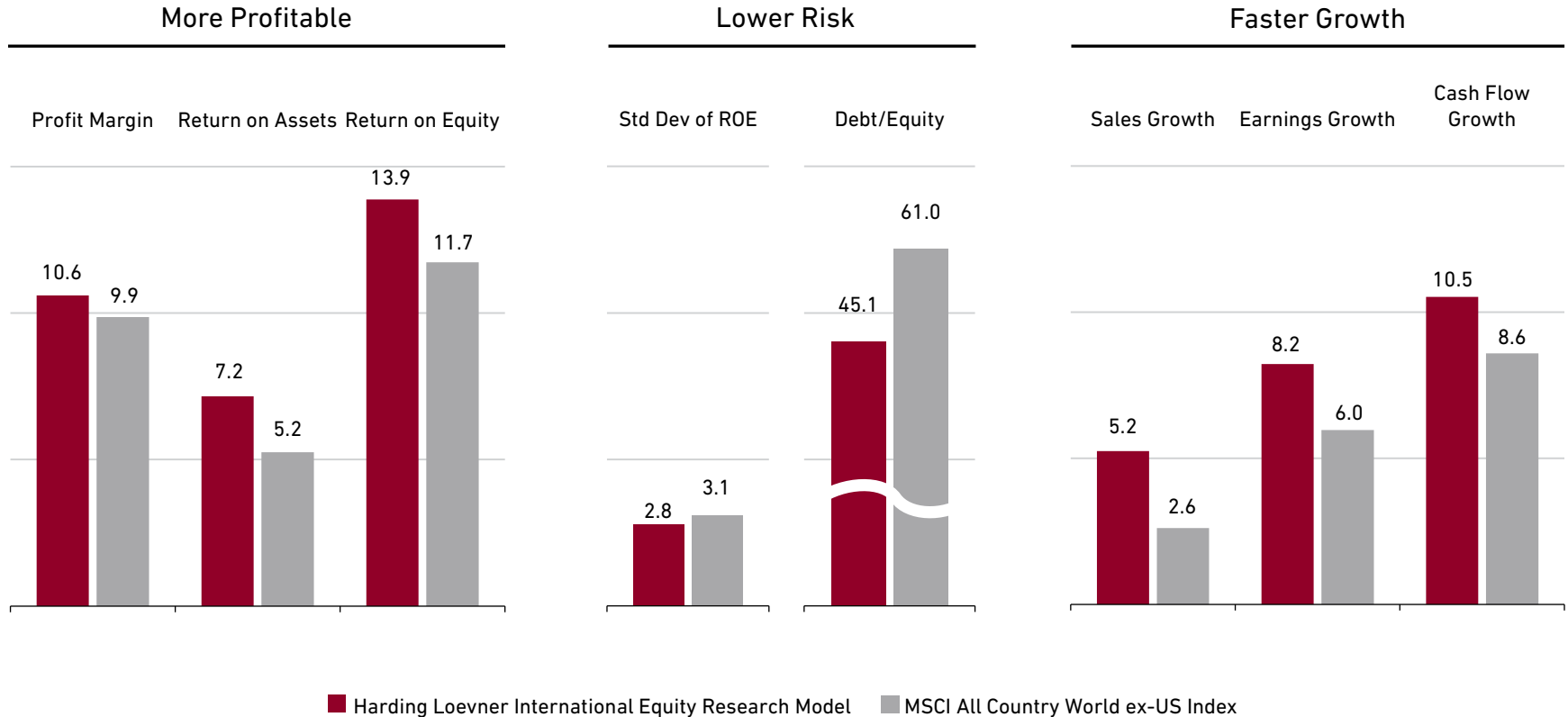
	3 Months	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	Since Inception <sup>1,2</sup>
HL International Equity Research (gross of fees)	17.24	15.43	7.97	12.38	12.38
HL International Equity Research (net of fees)	17.03	14.59	7.19	11.56	11.56
MSCI All Country World ex-US Index <sup>3,4</sup>	17.08	11.13	5.38	9.43	9.43

■ Up/Down Capture (Trailing Three Years, Annualized): 103/90

<sup>1</sup>Annualized Returns; <sup>2</sup>Inception date: December 31, 2015; <sup>3</sup>The Benchmark Index; <sup>4</sup>Gross of withholding taxes. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index. Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). 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. The verification and performance examination reports are available upon request. 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. For complete information on the construction and historical record of the International Equity Research Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which are available upon request.

# Quality & Growth Investment Philosophy

As of December 31, 2020

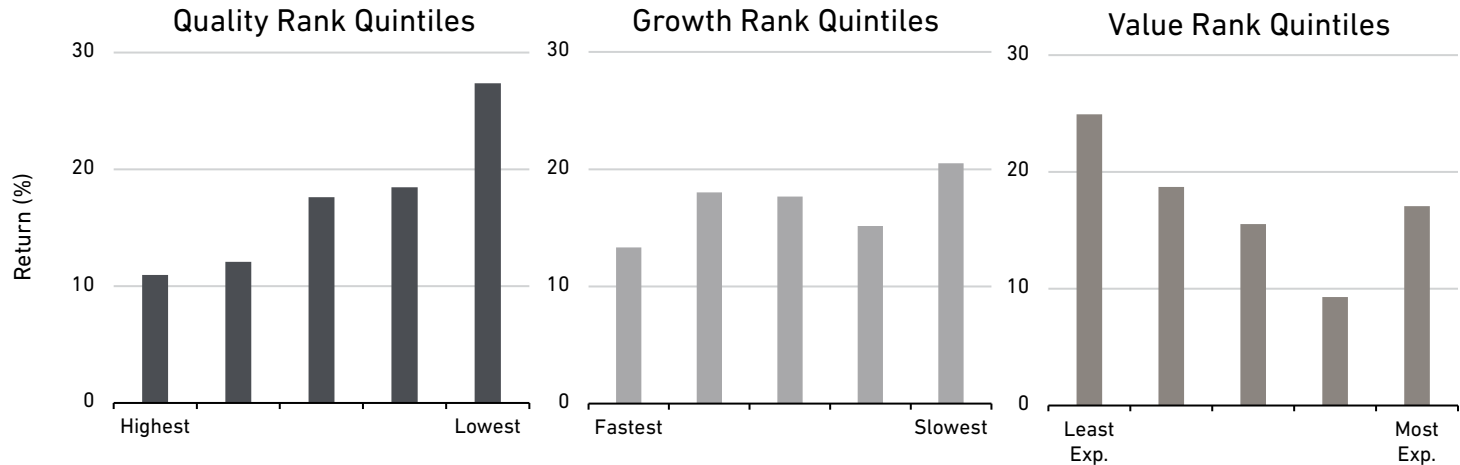


Source: FactSet. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

# MSCI ACW ex-US Index Total Returns by Quality, Growth, and Value Rank

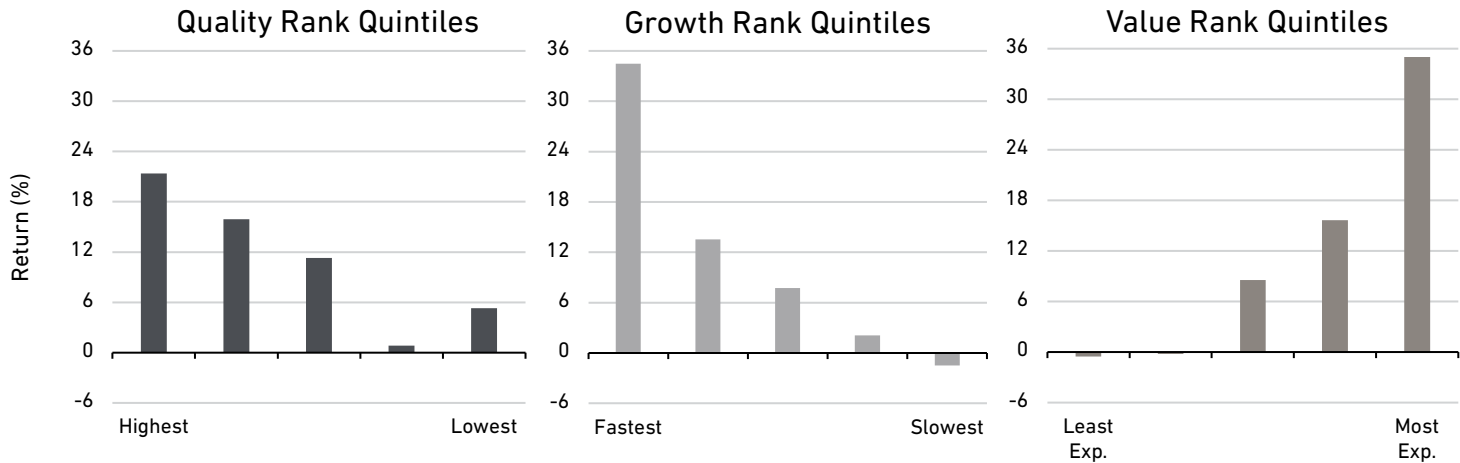
## 4Q20

Low quality, slow growth, less expensive companies outperformed.



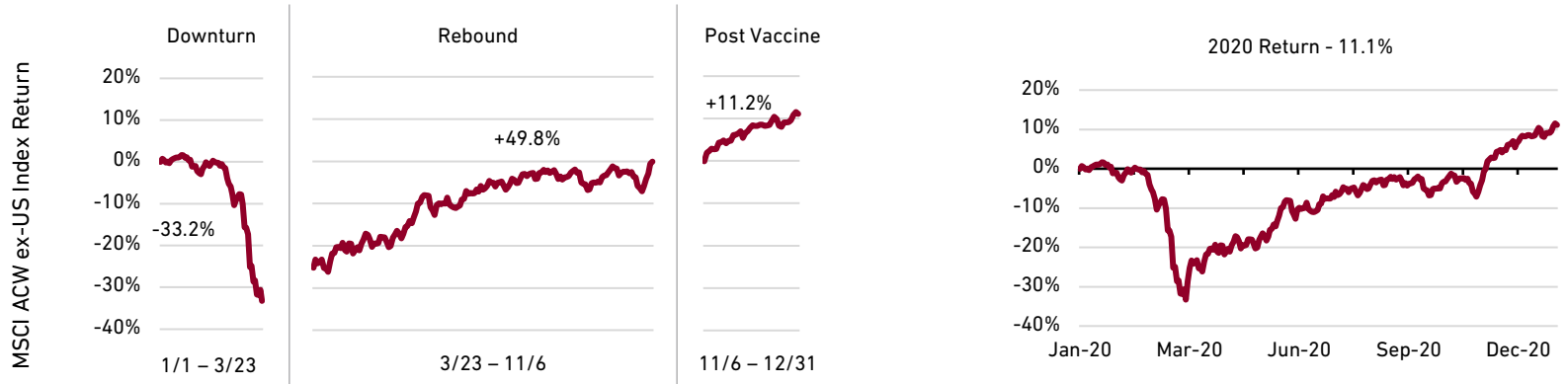
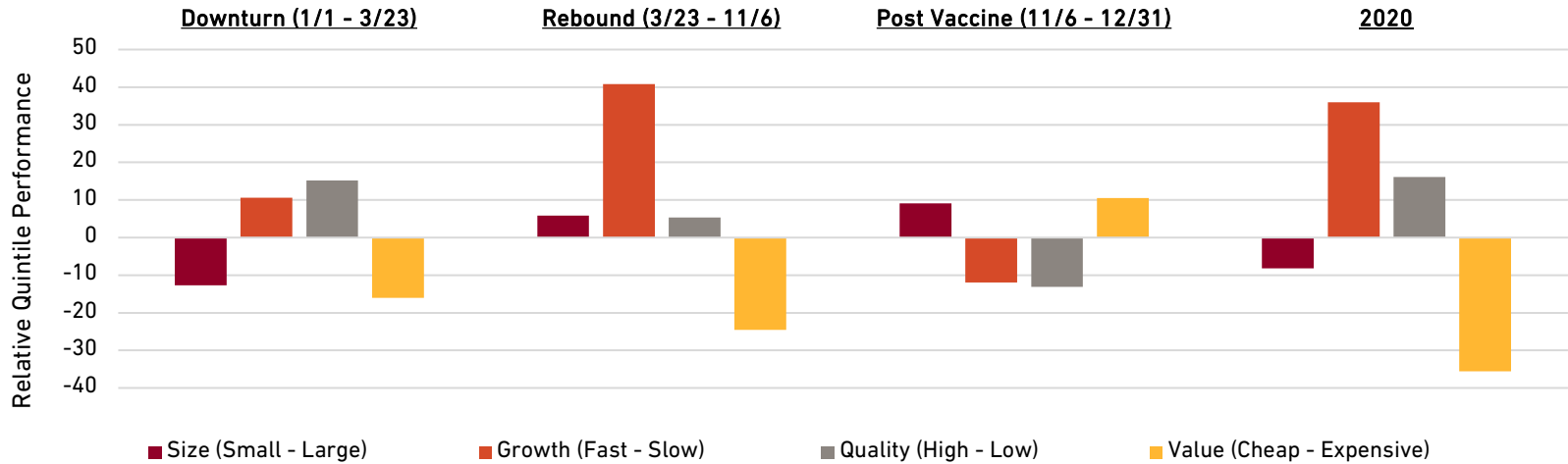
## 2020

High quality, fastest growing, most expensive companies outperformed



# Three Phases of 2020

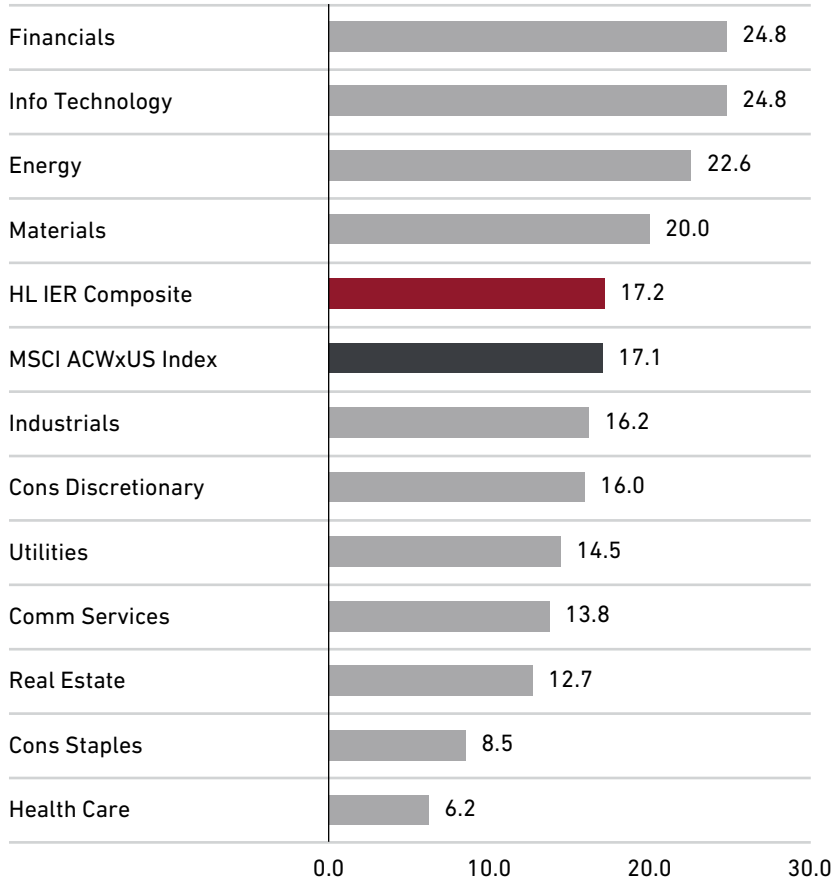
Index Quintile Spread During Three Phases of 2020



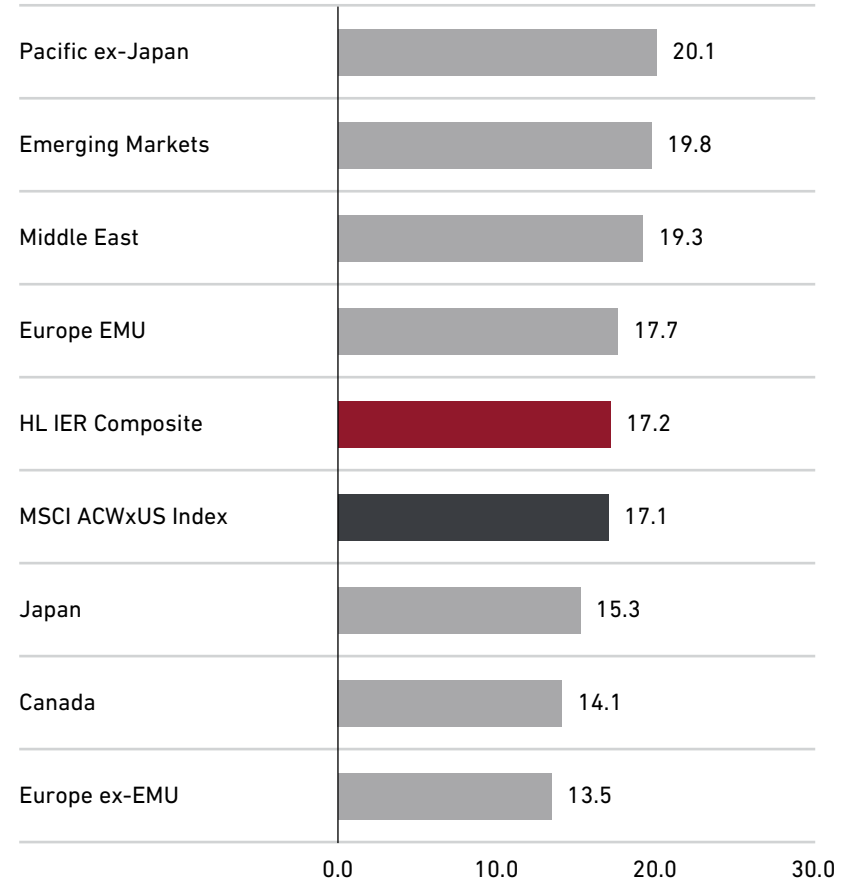
# Benchmark Sector/Region Returns

## Fourth Quarter

Sector Total Return (%)



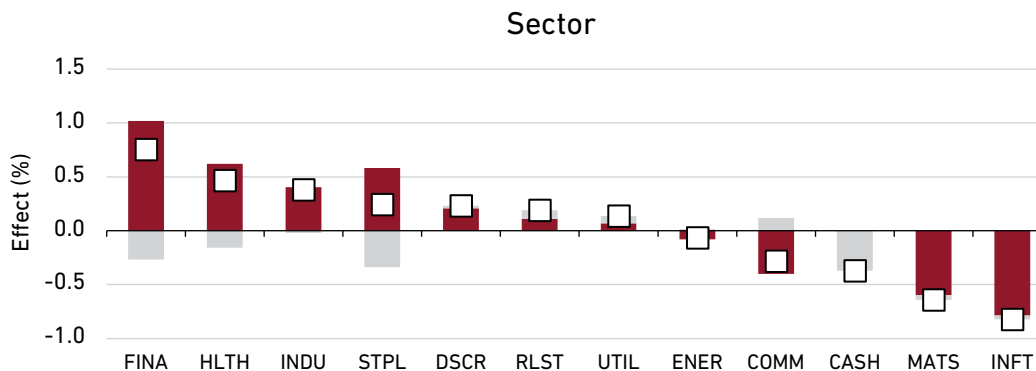
Region Total Return (%)



# Performance Attribution: Composite vs Benchmark

## Fourth Quarter

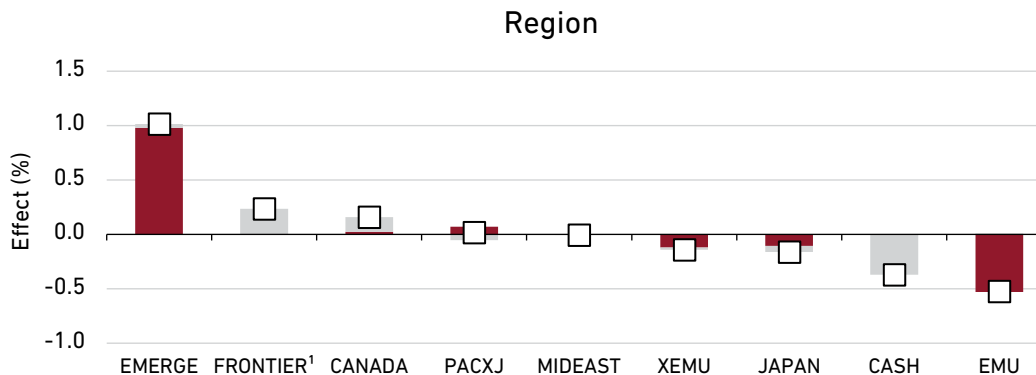
Total Effect:	0.2
Selection Effect:	1.1
Allocation Effect:	-0.9



### Top Five Contributors to Absolute Returns

- Safran
- Fast Retailing
- Banco Santander
- Royal Dutch Shell
- Shenzhen Inovance Technology

Total Effect:	0.2
Selection Effect:	0.3
Allocation Effect:	-0.1



### Top Five Detractors from Absolute Returns

- SAP
- Bayer
- Novozymes
- Alibaba
- Shionogi

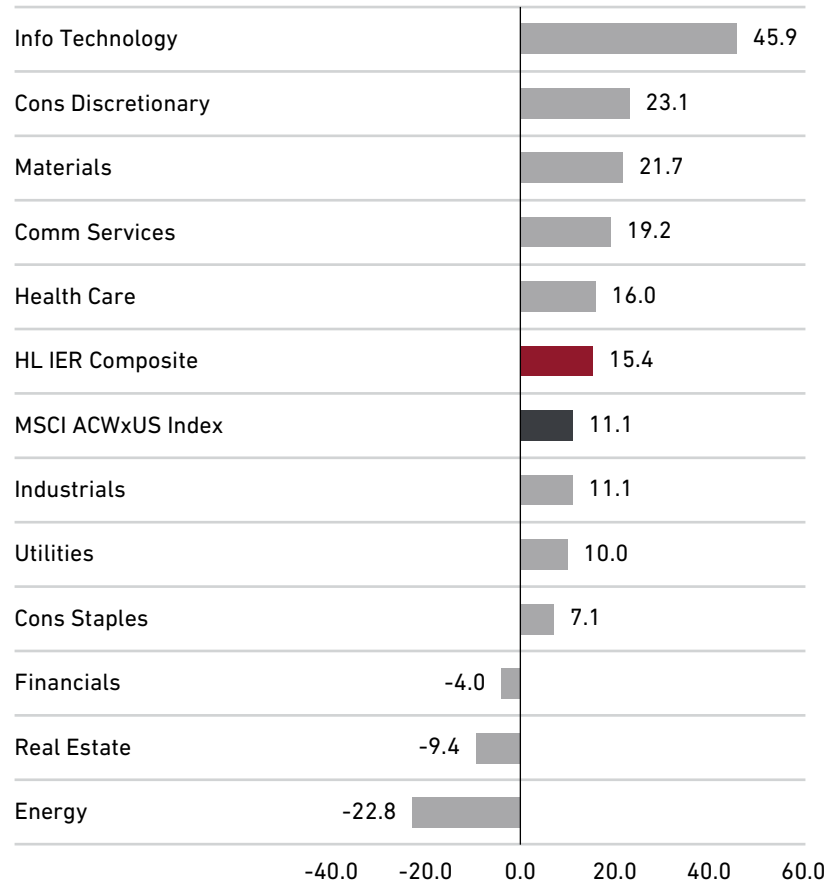
■ Selection Effect    ■ Allocation Effect    □ Total Effect

<sup>1</sup>Includes countries with less-developed markets outside the Index. "Composite": International Equity Research Composite. "Benchmark": MSCI All Country World ex-US 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 Research 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 contribution of all holdings during the quarter. 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. Please read the disclosures on the last page, which are an integral part of this presentation.

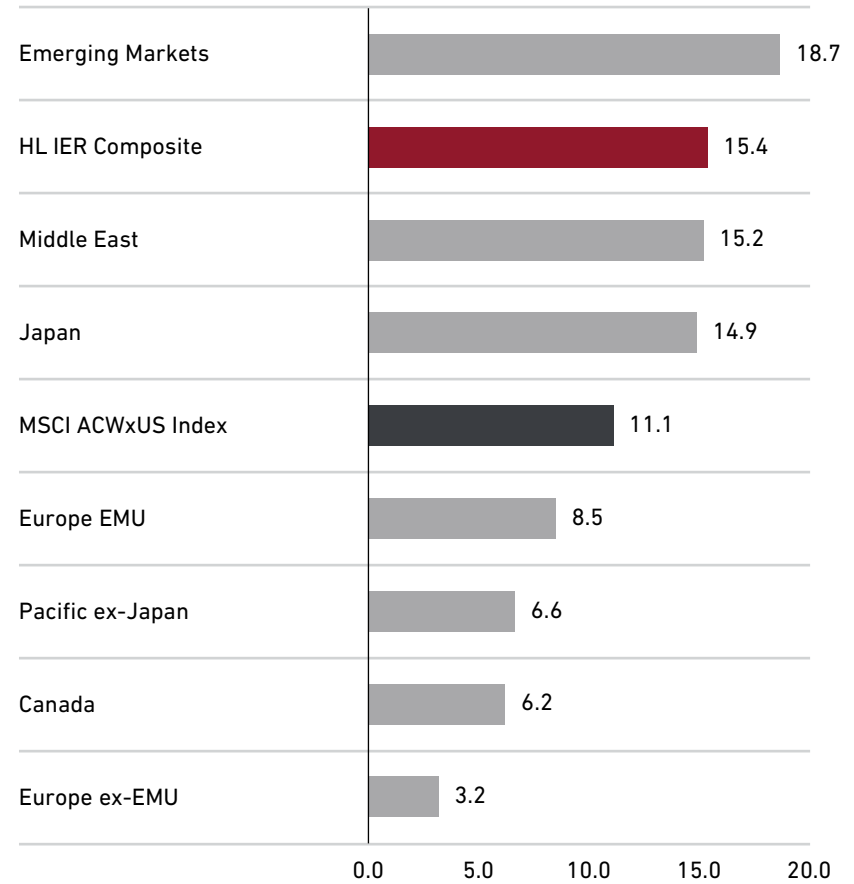
# Benchmark Sector/Region Returns

Trailing 12 Months

Sector Total Return (%)



Region Total Return (%)

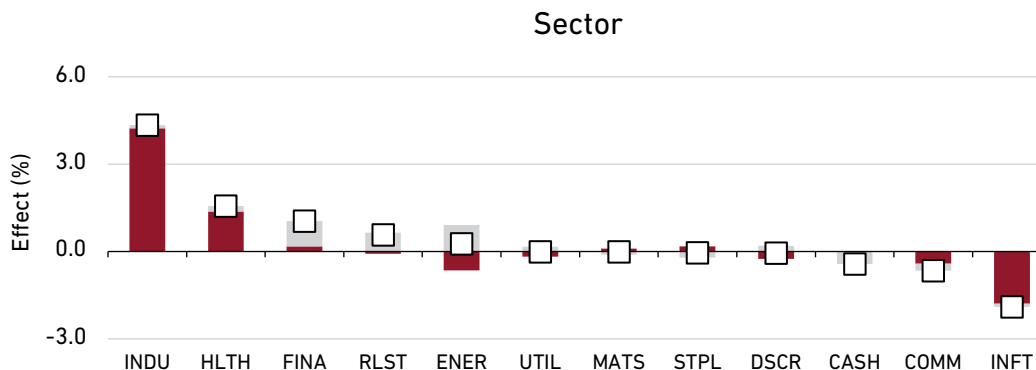




# Performance Attribution: Composite vs Benchmark

Trailing 12 Months

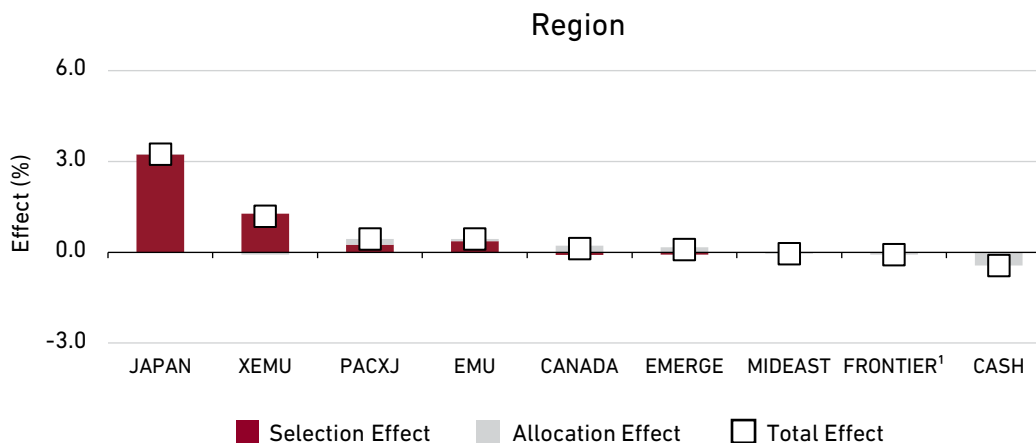
Total Effect:	4.6
Selection Effect:	2.7
Allocation Effect:	1.9



## Top Five Contributors to Absolute Returns

- Techtronic Industries
- Chugai Pharmaceutical
- Shenzhen Inovance Technology
- Nomura Research Institute
- Adyen

Total Effect:	4.6
Selection Effect:	4.9
Allocation Effect:	-0.3



## Top Five Detractors from Absolute Returns

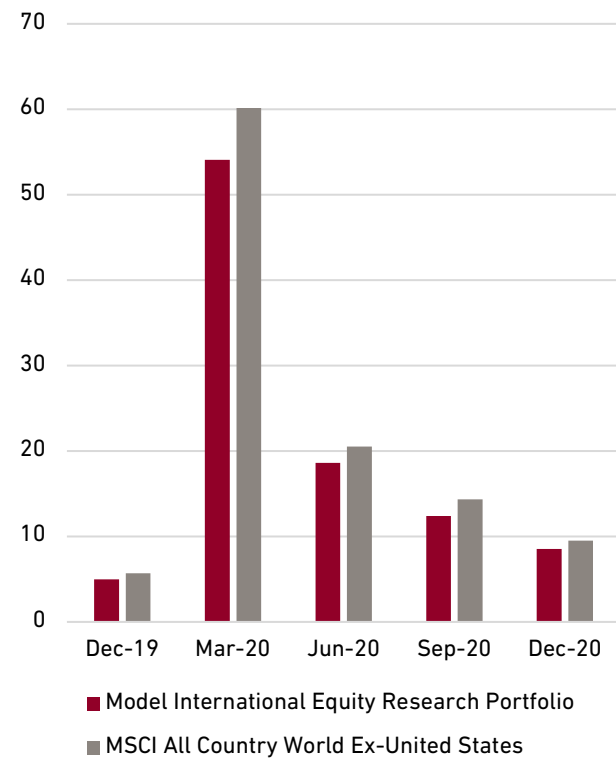
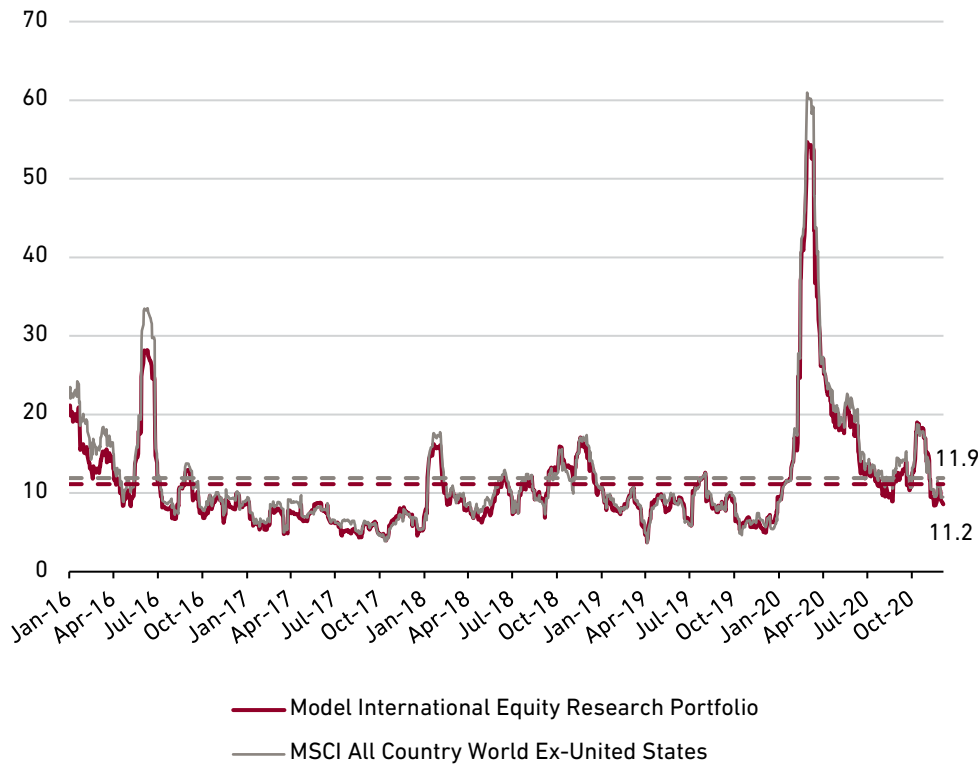
- Anheuser-Busch InBev
- Amadeus
- Rubis
- Royal Dutch Shell
- Banco Santander

<sup>1</sup>Includes countries with less-developed markets outside the Index. "Composite": International Equity Research Composite. "Benchmark": MSCI All Country World ex-US 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 Research 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 contribution of all holdings during the period. 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. Data is not annualized. Please read the disclosures on the last page, which are an integral part of this presentation.

# Volatility Remained Near its Five-Year Average

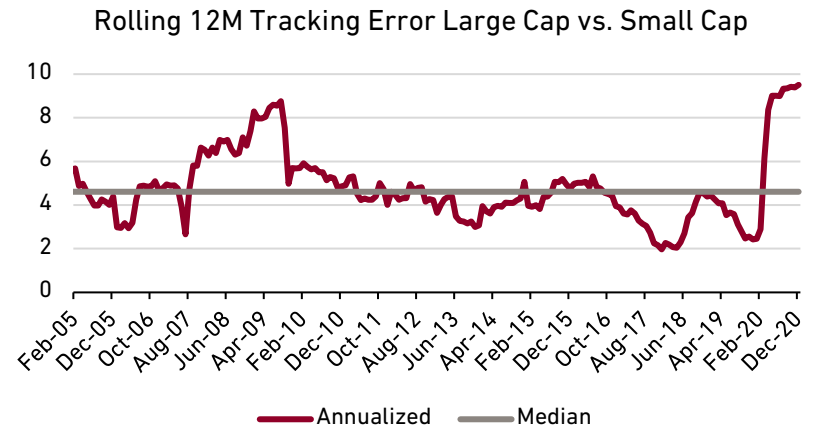
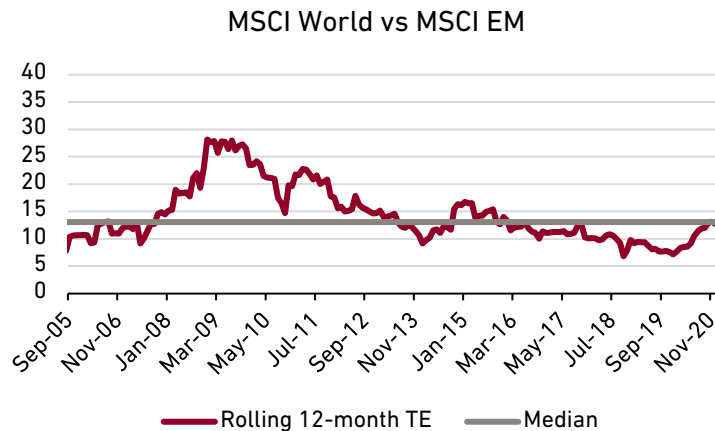
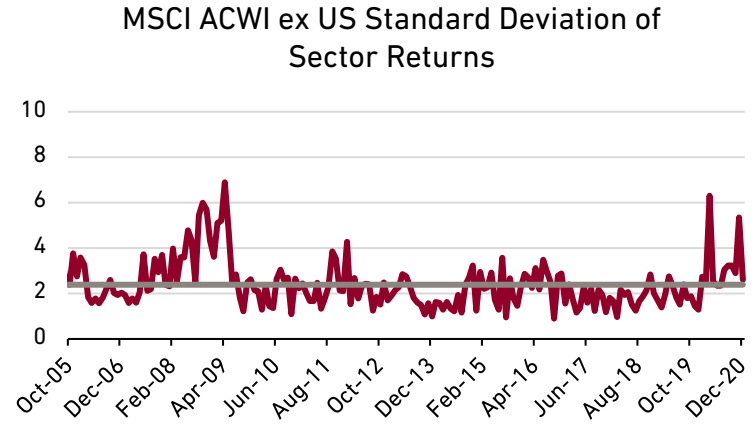
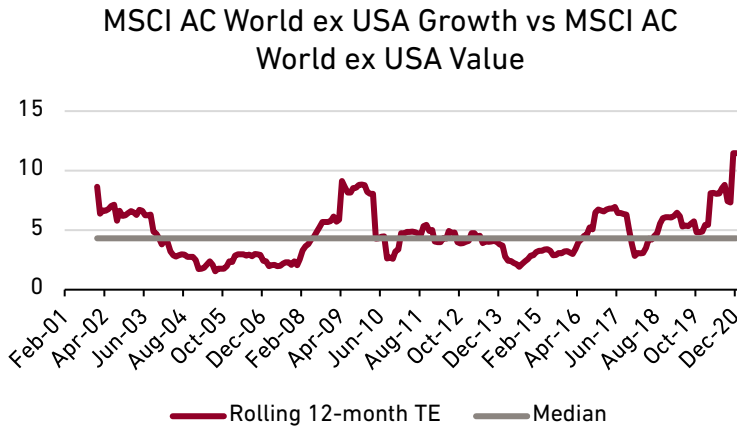
The portfolio's standard deviation remains below the index

Trailing 20-Day Standard Deviation of Daily Returns, annualized



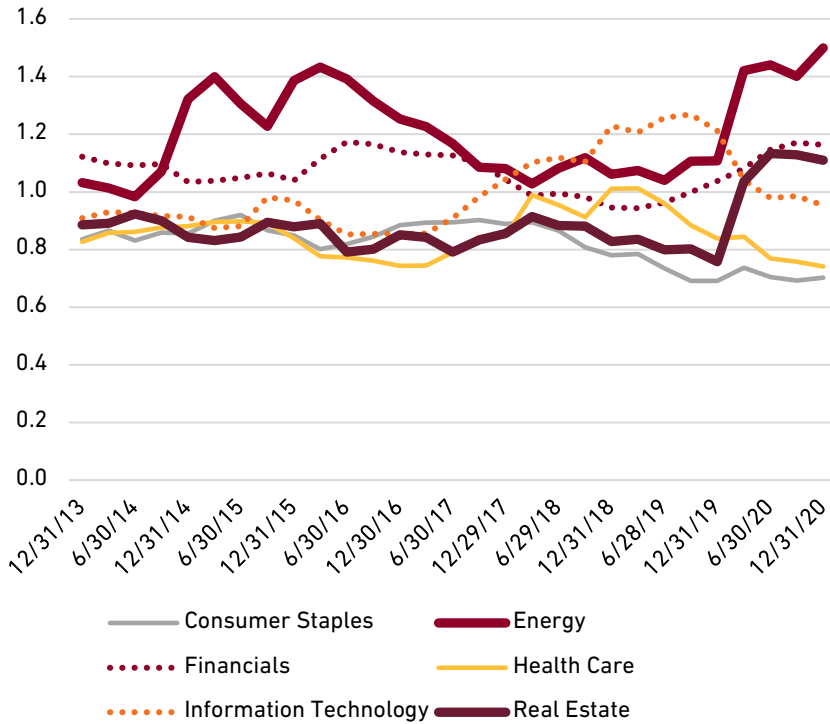
# There Are Divergences Beneath The Surface

Performance of small vs. large caps and Value vs. growth diverged meaningfully during the year

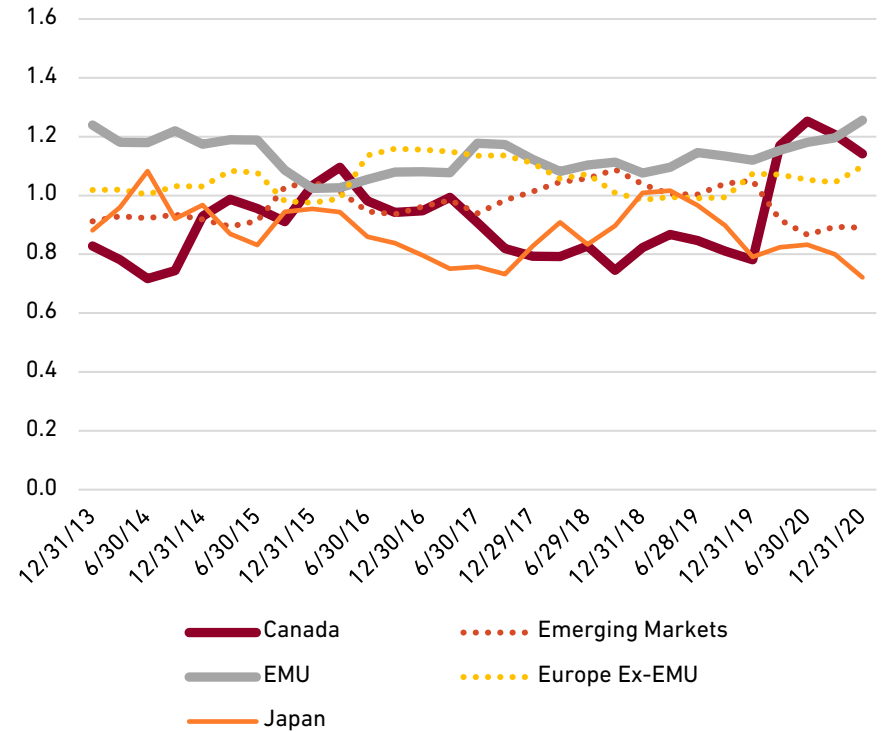


# Predicted Index Beta by Sector and Region

Axioma Predicted Beta by ACWixUS Sector

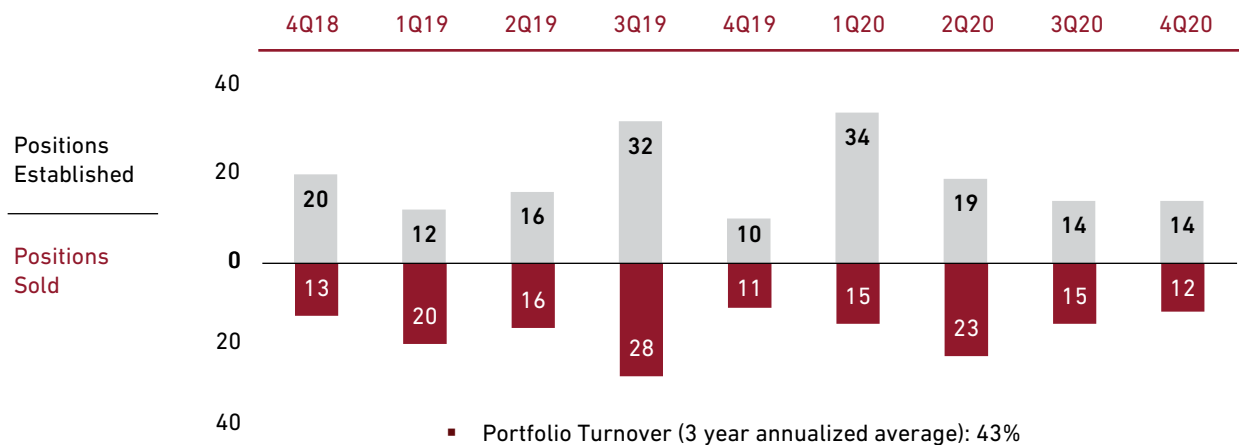


Axioma Predicted Beta by ACWixUS Region



# Completed Portfolio Transactions

Trailing 12 Months

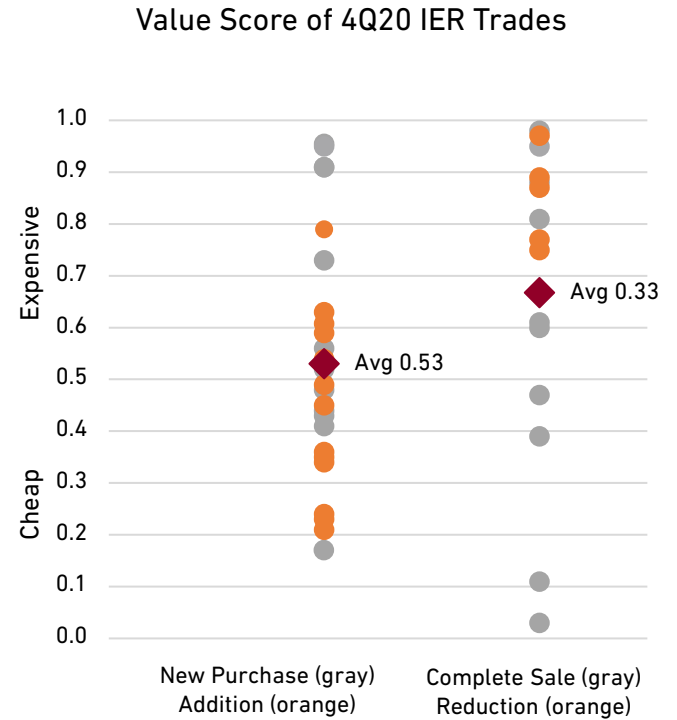
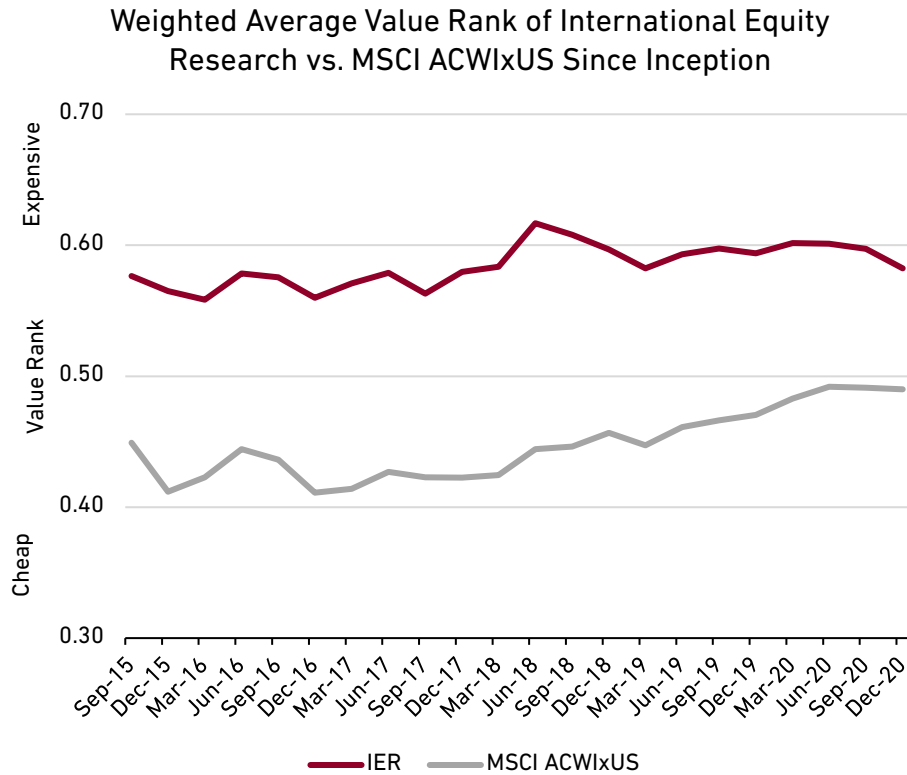


Source: Factset; Data as of December 31, 2020.

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 Research Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

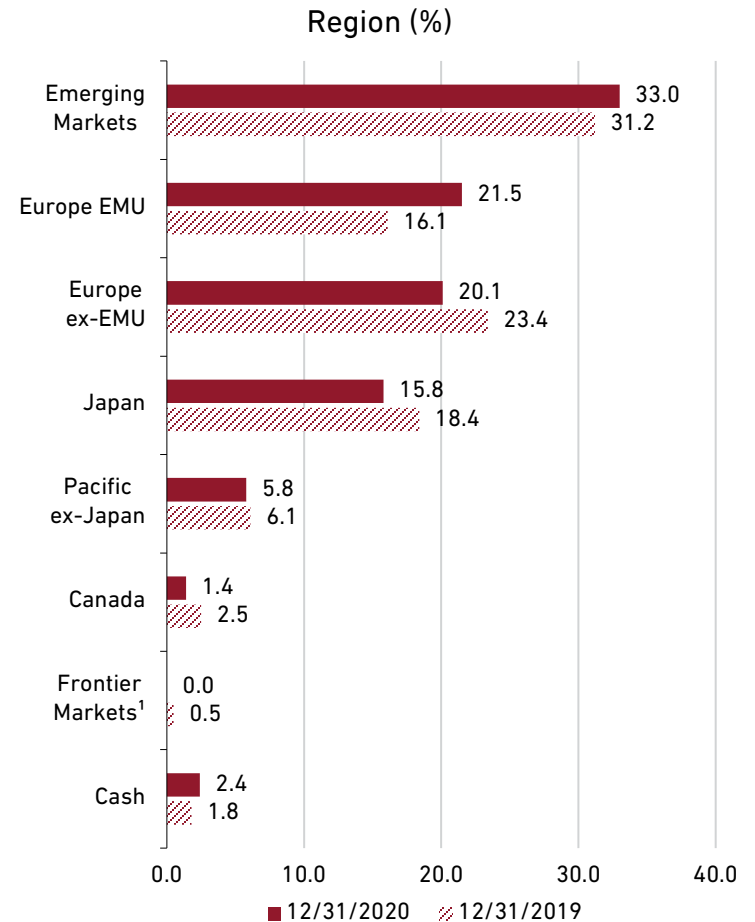
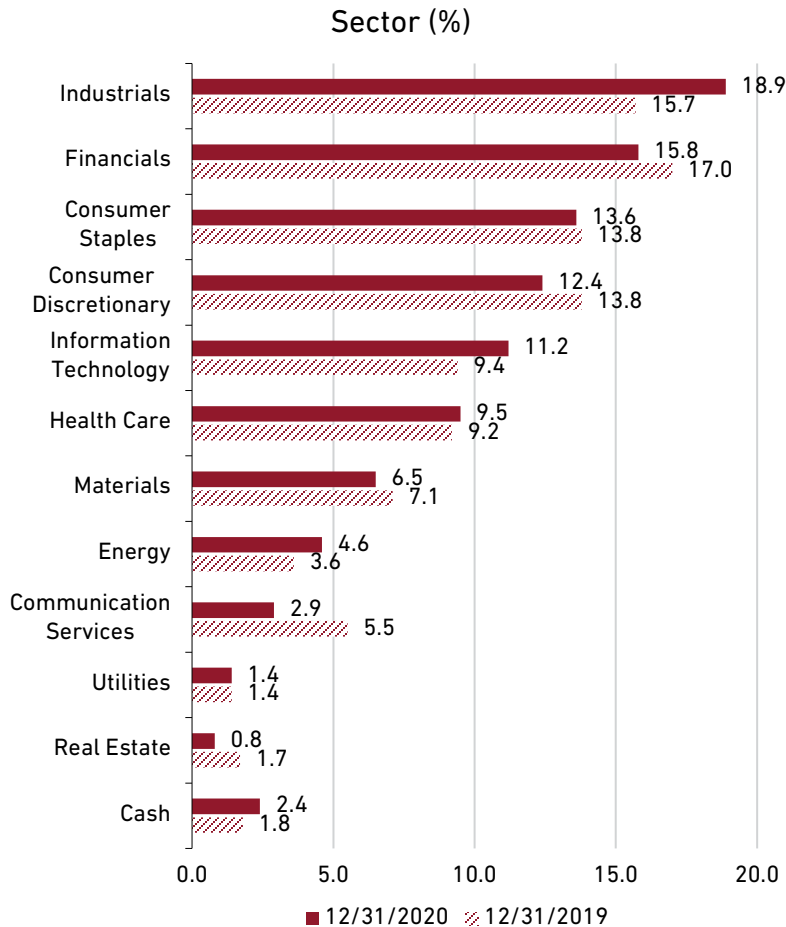
# Portfolio Remains Expensive Relative to the Index

Trade actions reflect attention to valuation



# Portfolio Allocation Comparison

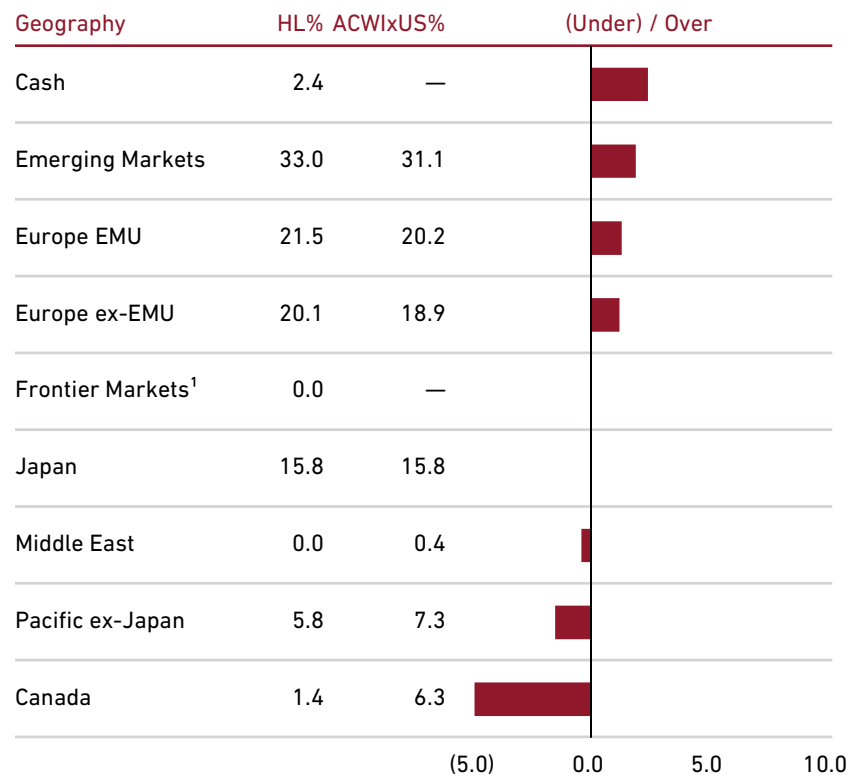
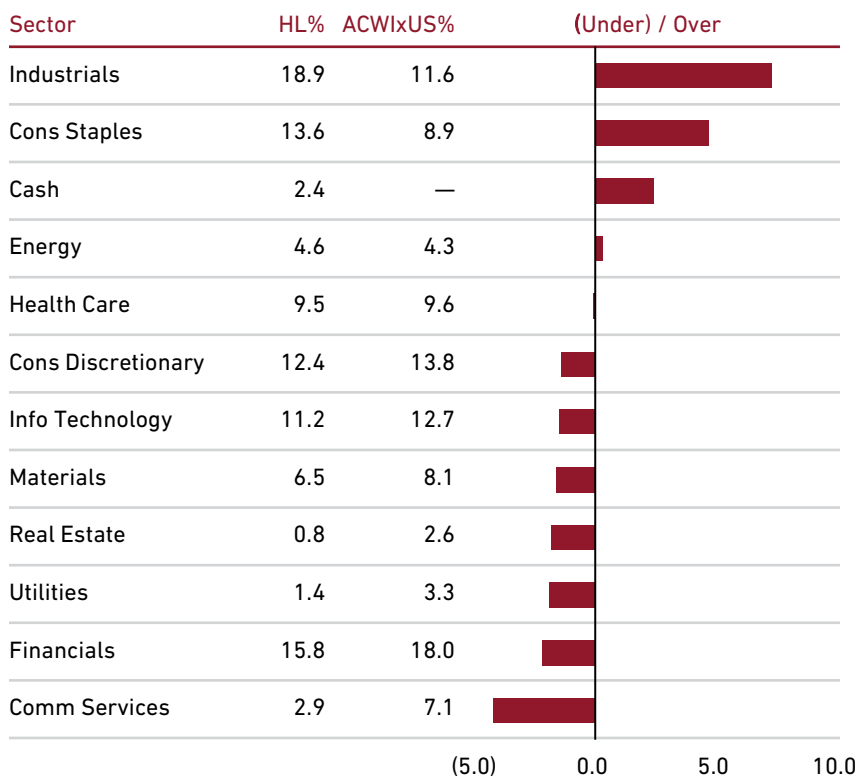
December 31, 2020 vs December 31, 2019



<sup>1</sup>Includes countries with less-developed markets outside the Index. Sector and Region end weights are shown as supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Portfolio Exposures

As of December 31, 2020



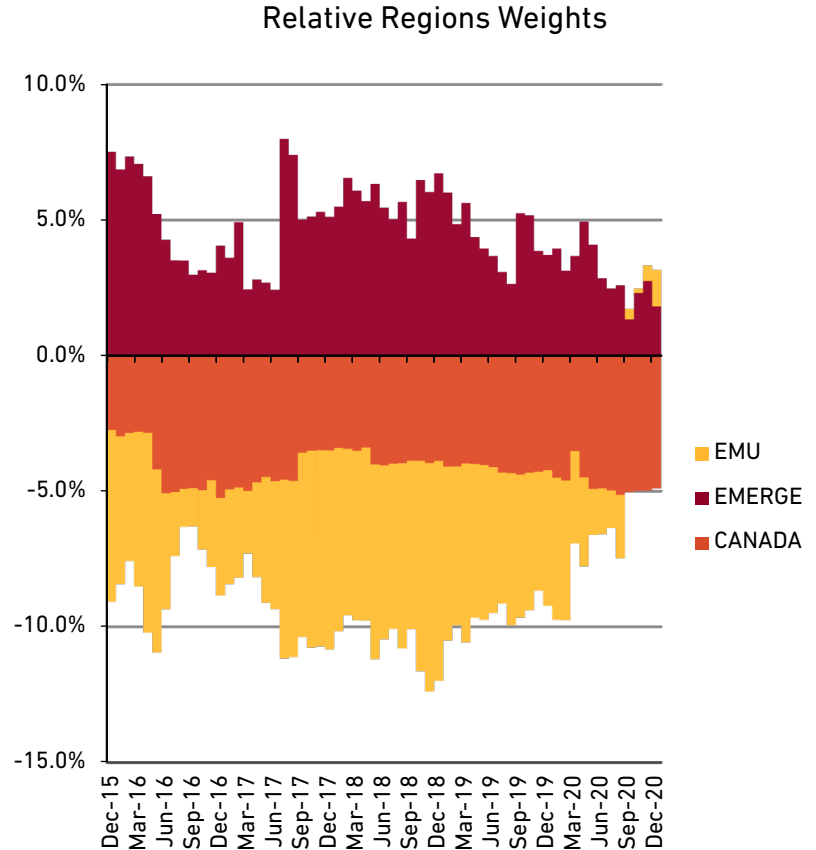
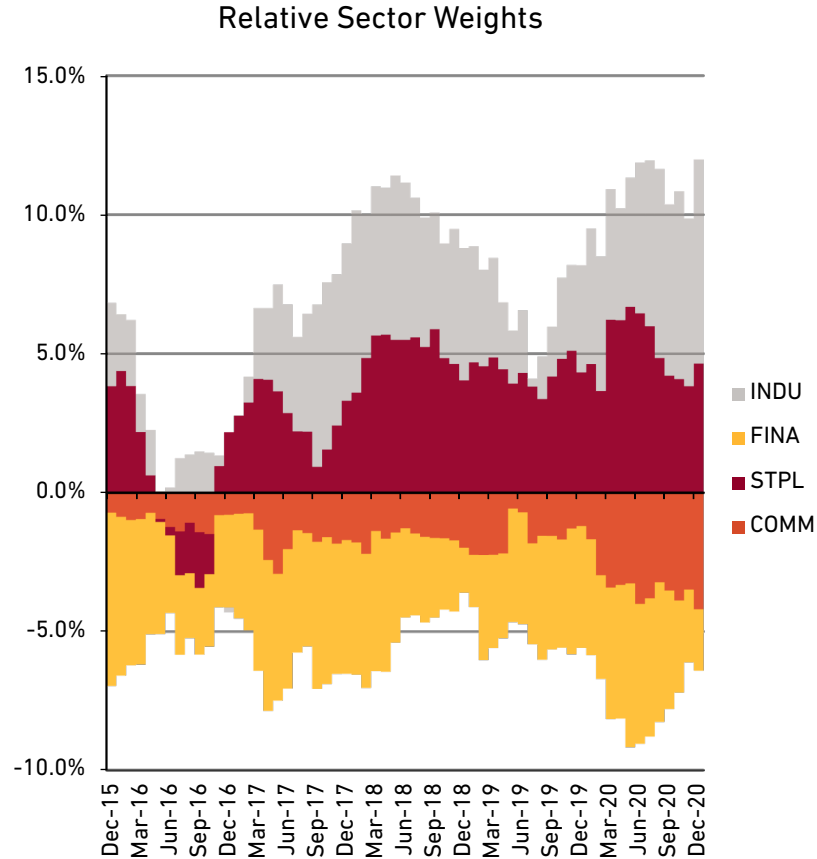
82% Active Share

<sup>1</sup>Includes countries with less-developed markets outside the Index. Source: Harding Loevner International Equity Research Model; MSCI Inc. and S&P. Sector and region end weights are shown as supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.



# Historical Relative Weights - Select Sectors and Regions

HL International Equity Research vs MSCI ACWI ex-US relative weights

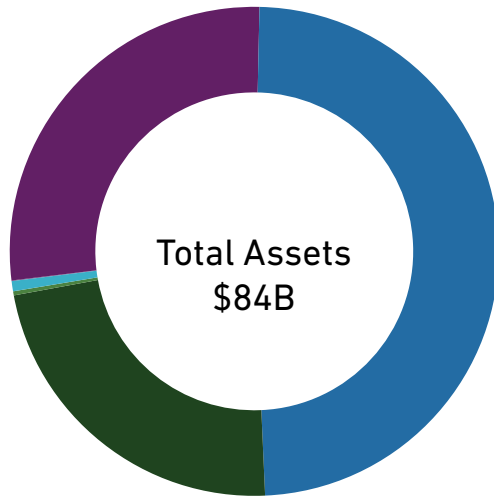


Relative to the benchmark, the MSCI All Country World ex-US Index; Includes companies classified in countries outside the Index. Absolute end weights and relative weights are shown as supplemental information only and complement the fully compliant GIPS Presentation.

# Harding Loevner Profile

As of December 31, 2020

- 46 investment professionals
- International Equity Research Equity portfolio management team averages 13 years at Harding Loevner



	Strategy Assets	Firm Assets
Global	\$22.9B	27%
International (Non-US)	\$41.1B	49%
Emerging Markets	\$19.2B	23%
Chinese Equity	<\$0.1B	<1%
Frontier Emerging Markets	\$0.2B	<1%
Global Small Companies	<\$0.1B	<1%
International Small Companies	\$0.6B	1%
Research Portfolios	<\$0.1B	<1%

# 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 Research Model at December 31, 2020 is available on request.

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-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 Research 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 income 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.

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. You cannot invest directly in this Index.

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 Research Composite; MSCI Inc.

Source (Portfolio Exposures, Portfolio Transactions, Portfolio Allocation Comparison, Quality-Growth Characteristics [Run date: January 6, 2020, based on the latest available data in FactSet on this date.]): FactSet; Harding Loevner International Equity Research Model; MSCI Inc.

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

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