



## International Equity Research Review | Third Quarter 2021

# Composite Performance Summary

As of September 30, 2021

## Performance (% Total Return)

	3 Months	Year to Date	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	Since Inception <sup>1,2</sup>
HL International Equity Research (Gross)	-1.84	5.50	23.68	9.88	10.89	11.72
HL International Equity Research (Net)	-2.02	4.94	22.82	9.10	10.09	10.91
MSCI All Country World ex-US Index <sup>3,4</sup>	-2.88	6.29	24.45	8.51	9.44	9.31

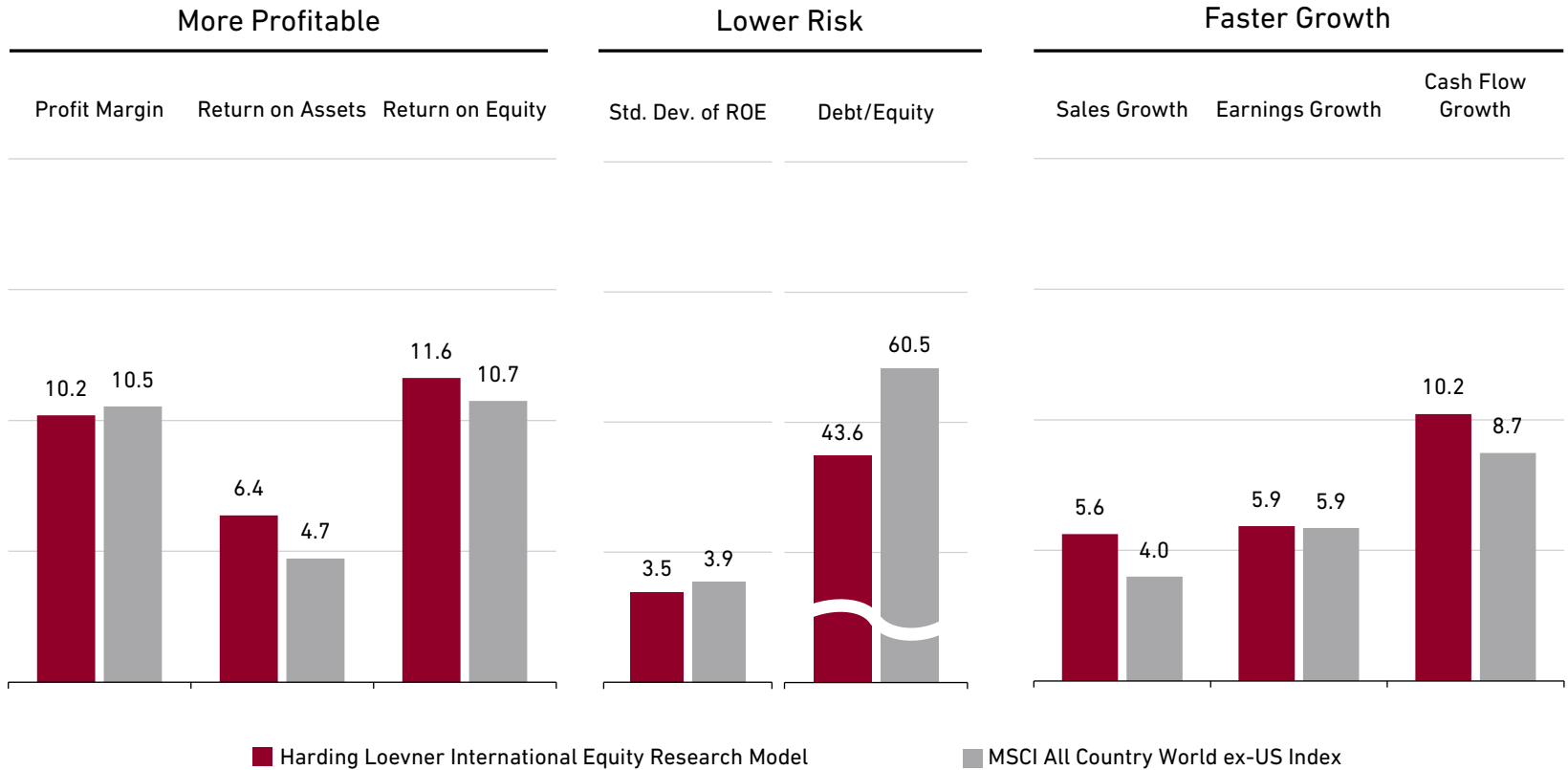
■ Up/Down Capture (trailing five years, annualized): 101/94

<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.

The performance returns shown are preliminary. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index (Gross). 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®). Harding Loevner has been independently verified for the period November 1, 1989 through June 30, 2021. 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. 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. 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. Please read the disclosures, which are an integral part of this presentation.

# Quality & Growth Investment Philosophy

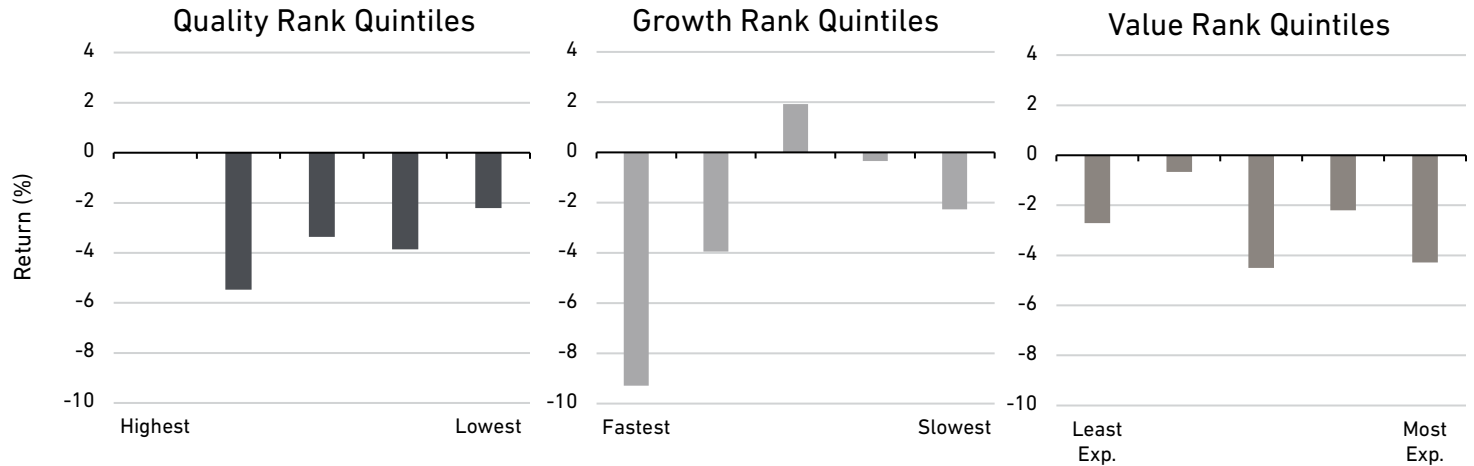
As of September 30, 2021



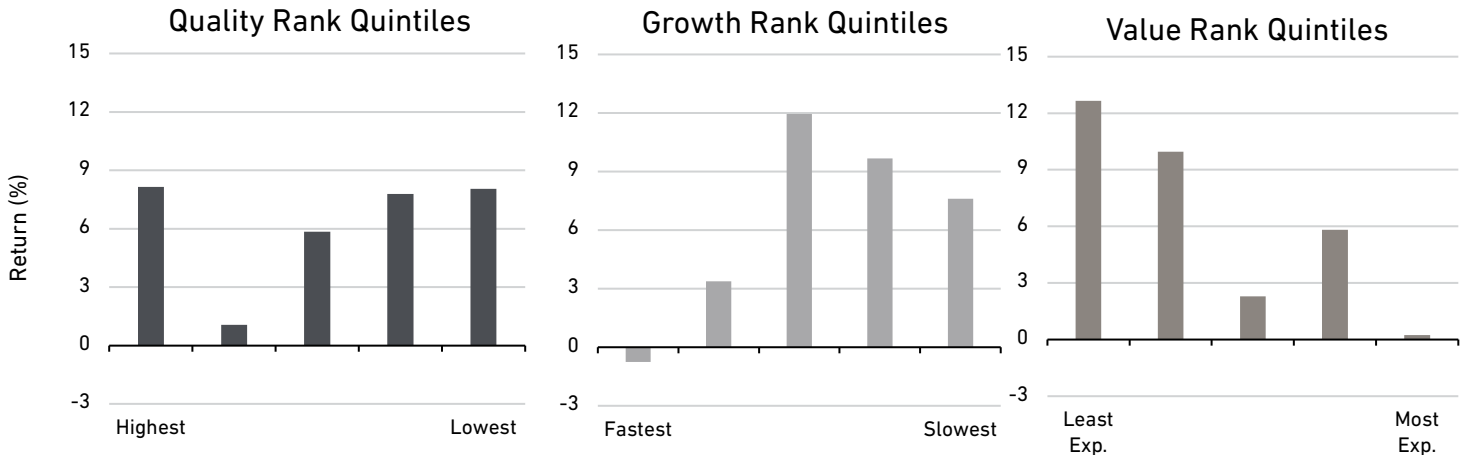
Source: FactSet, MSCI Inc. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures, which are an integral part of this presentation.

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

**3Q21**  
High growth  
underperformed



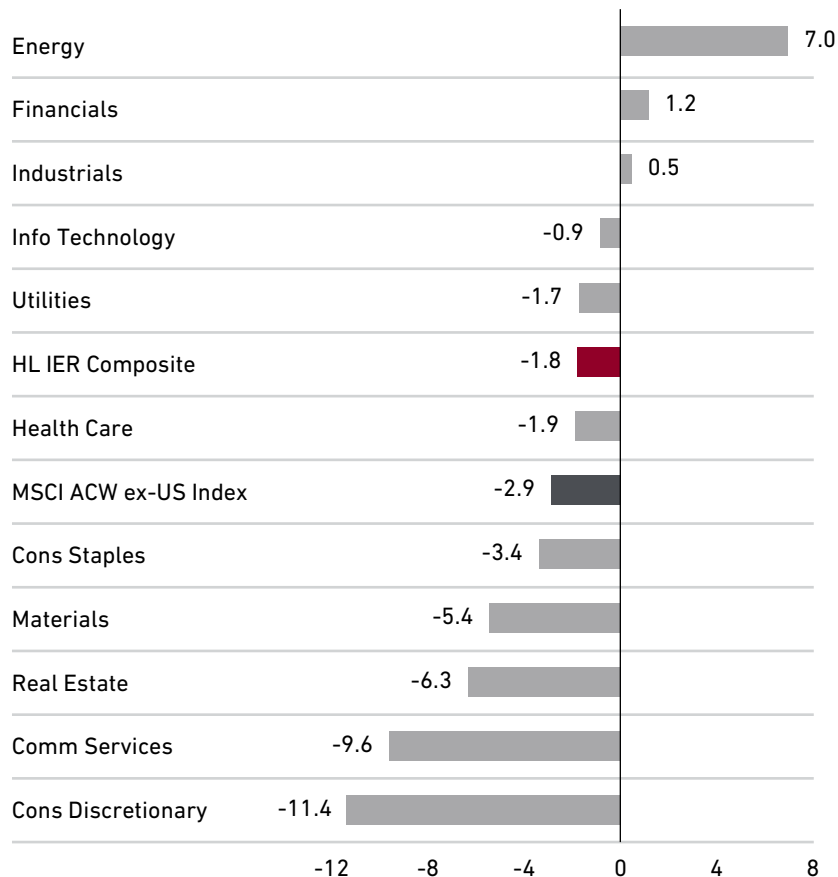
**Year to  
Date**  
Cheap stocks  
outperformed



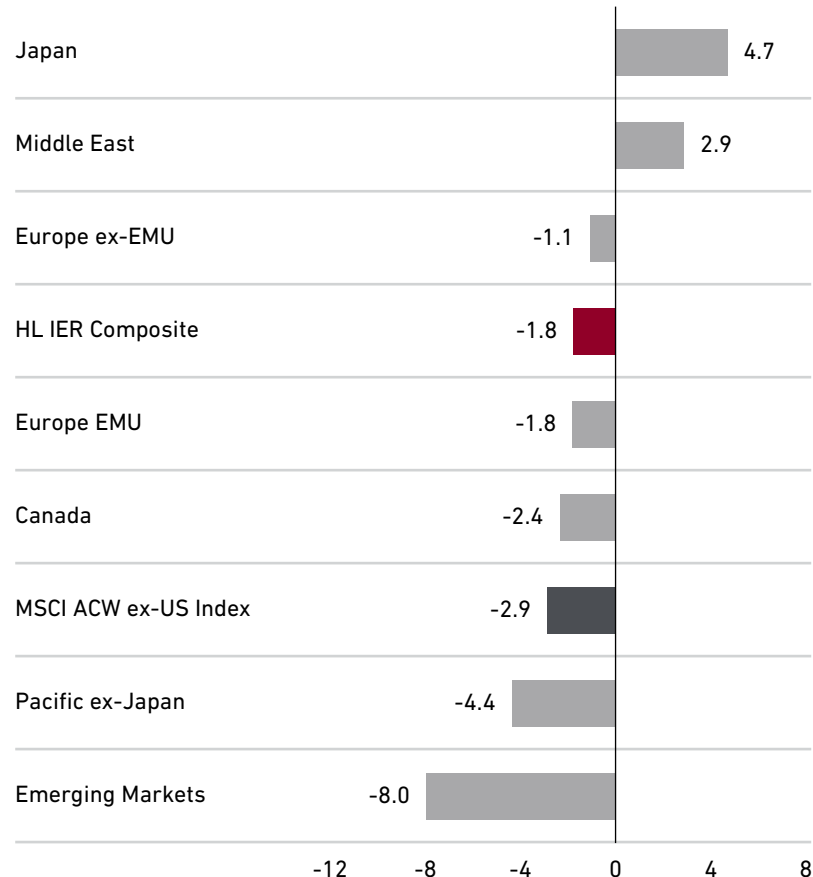
# Benchmark Performance

Third Quarter 2021

Sector Total Return (%)



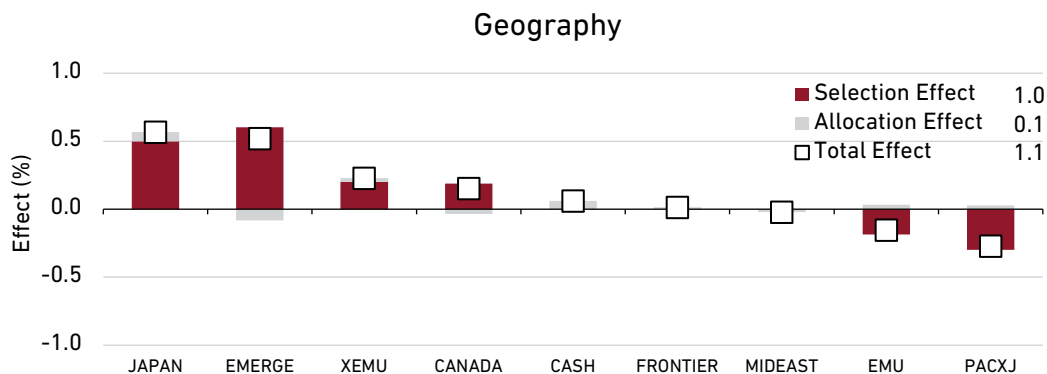
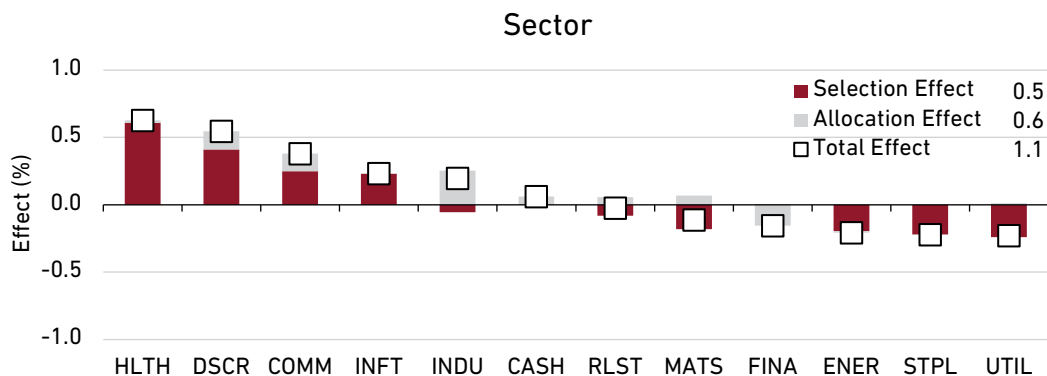
Geographic Total Return (%)



Source: FactSet, MSCI Inc. Data as of September 30, 2021. Composite performance is gross of fees. Past performance does not guarantee future results. Please read the disclosures, which are an integral part of this presentation.

# Performance Attribution: Composite vs. Benchmark

Third Quarter 2021



## Top 5 Contributors

to Relative Returns	Avg Wt. %	Port. Index	Effect %
Alibaba	0.2	1.4	0.42
Shionogi	0.8	0.1	0.26
Benefit One	0.5	0.0	0.24
Tencent	0.3	1.4	0.23
Reply	1.2	0.0	0.18

## Top 5 Detractors

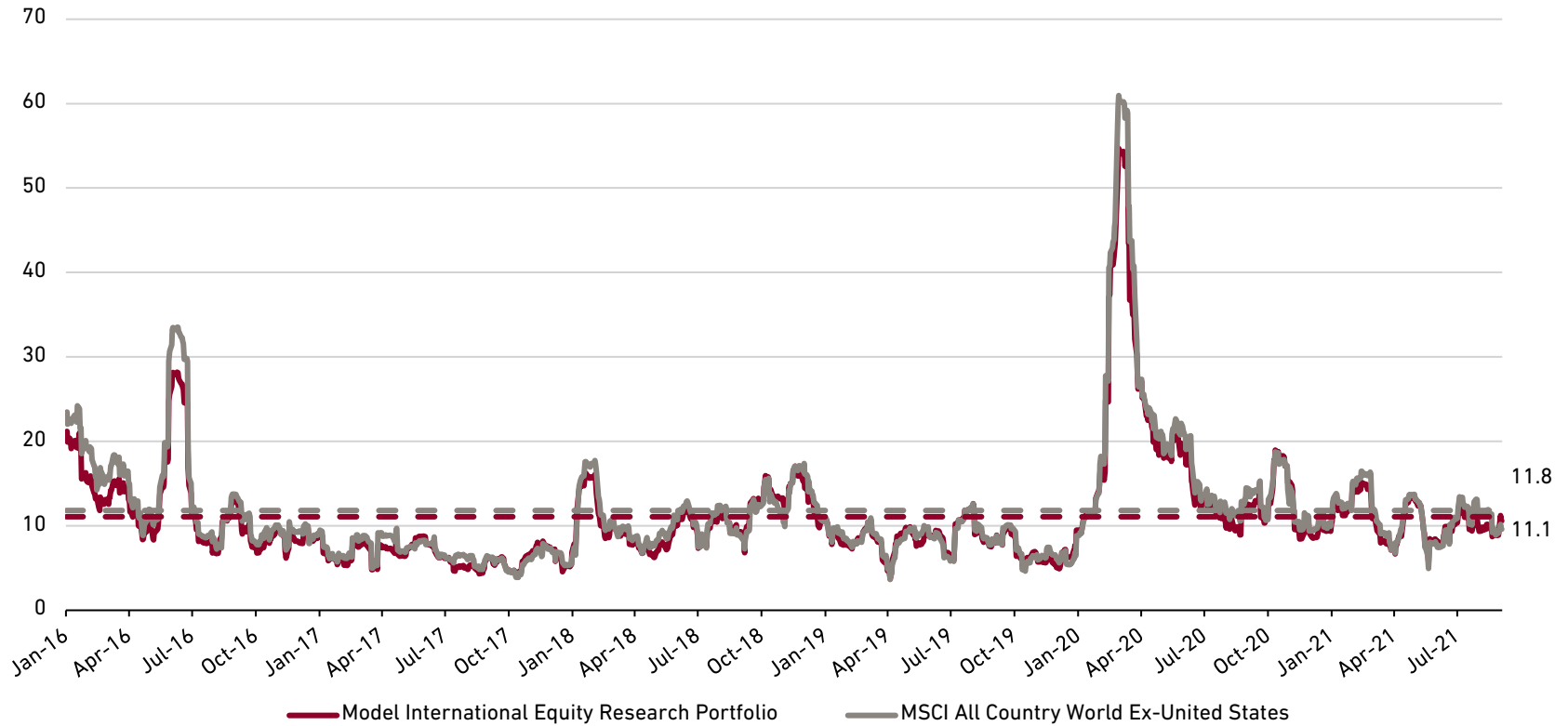
from Relative Returns	Avg. Wt. %	Port. Index	Effect %
Rubis	0.8	0.0	-0.17
AAC Technologies	0.4	0.0	-0.13
CBD	0.3	0.0	-0.12
ASM Pacific Technology	0.8	0.0	-0.12
Novo Nordisk*	0.0	0.6	-0.10

\*Not held in the portfolio; its absence had an impact on the portfolio's return relative to 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 relative contribution of all holdings during the quarter. Contribution is the contribution to overall relative 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, which are an integral part of this presentation.

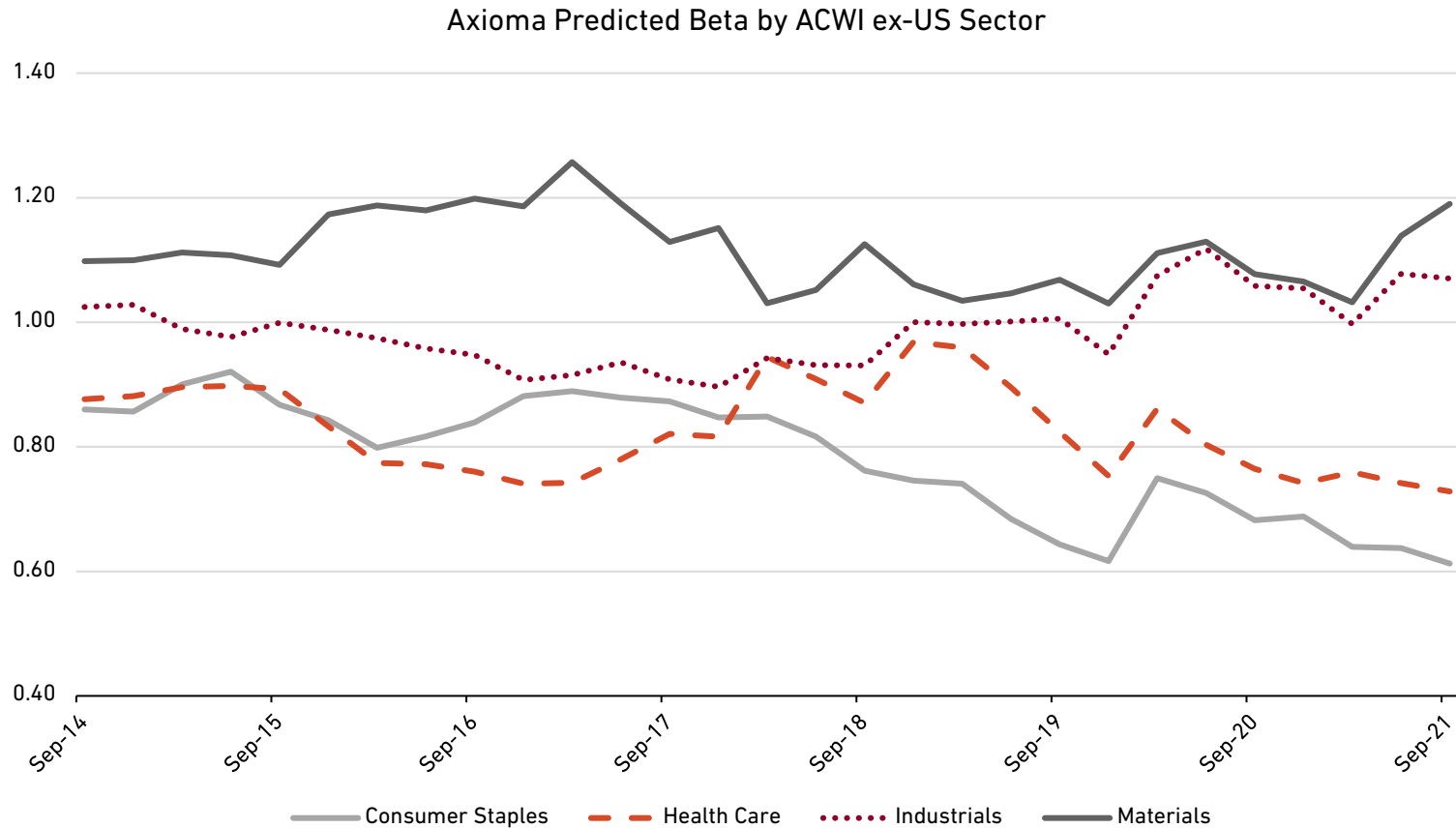
# Volatility Remained Near Its Five-Year Average

Trailing 20-Day Standard Deviation of Daily Returns (Annualized)



# Predicted Beta By Sector

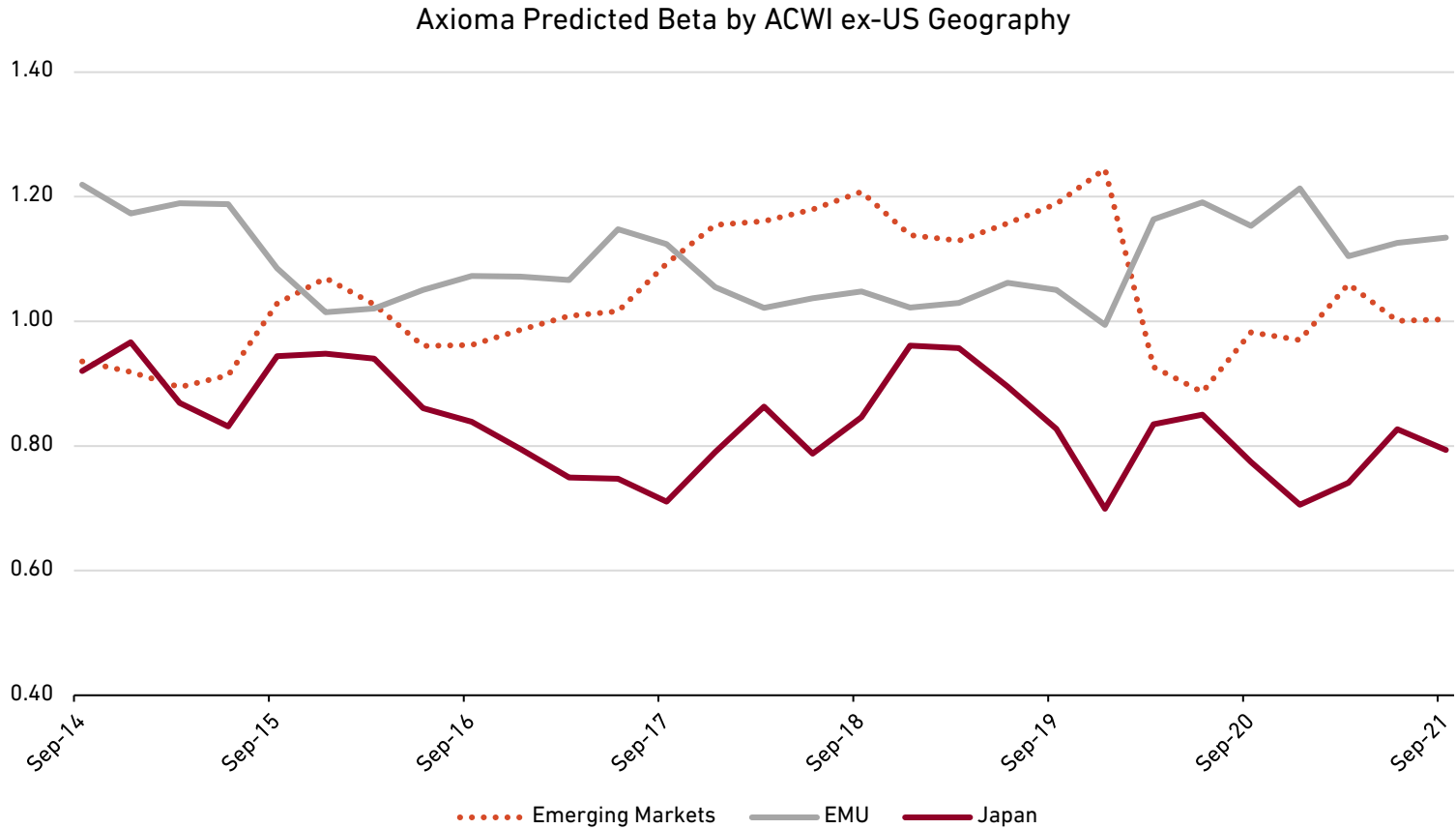
Some sectors have diverged from their long-term median.





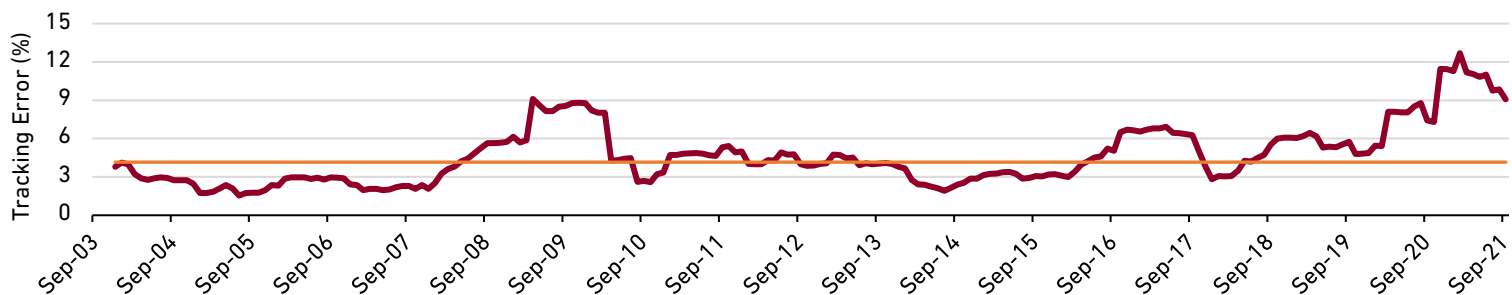
# Predicted Beta By Geography

Less divergence by geography.

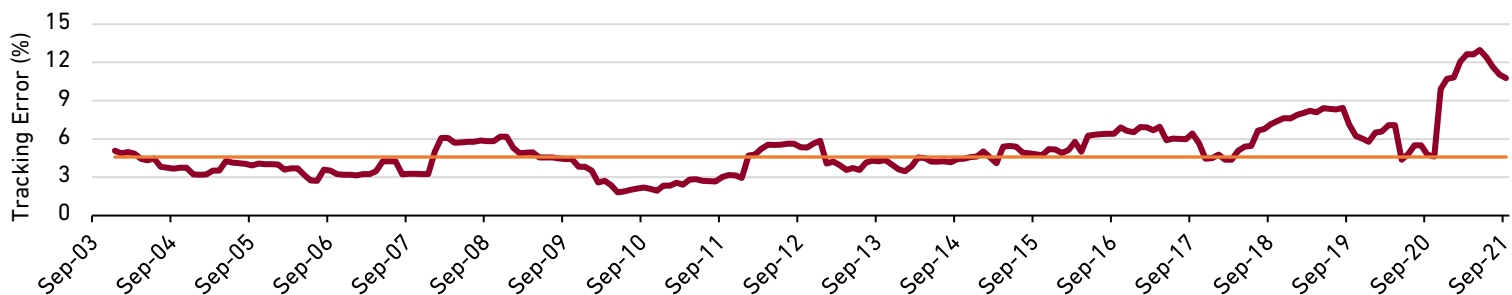


# Style – Growth versus Value

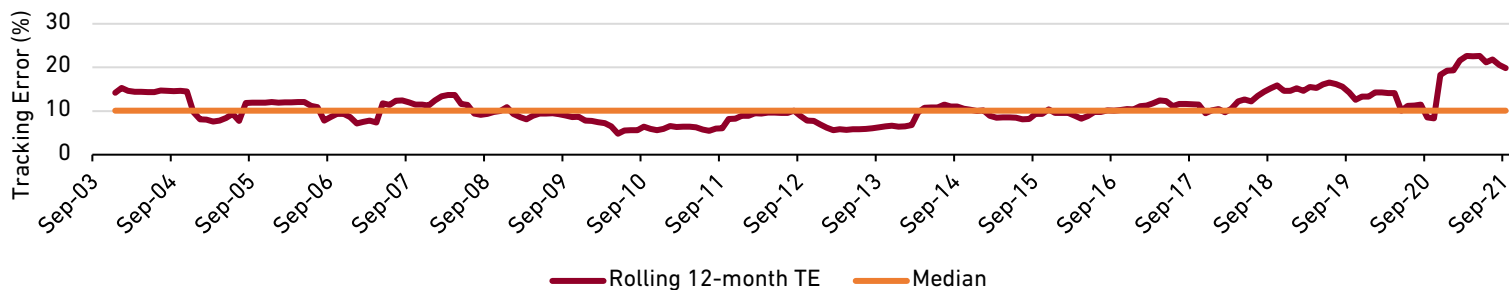
## MSCI ACWI ex-US – Growth vs. Value



## MSCI EM – Growth vs. Value



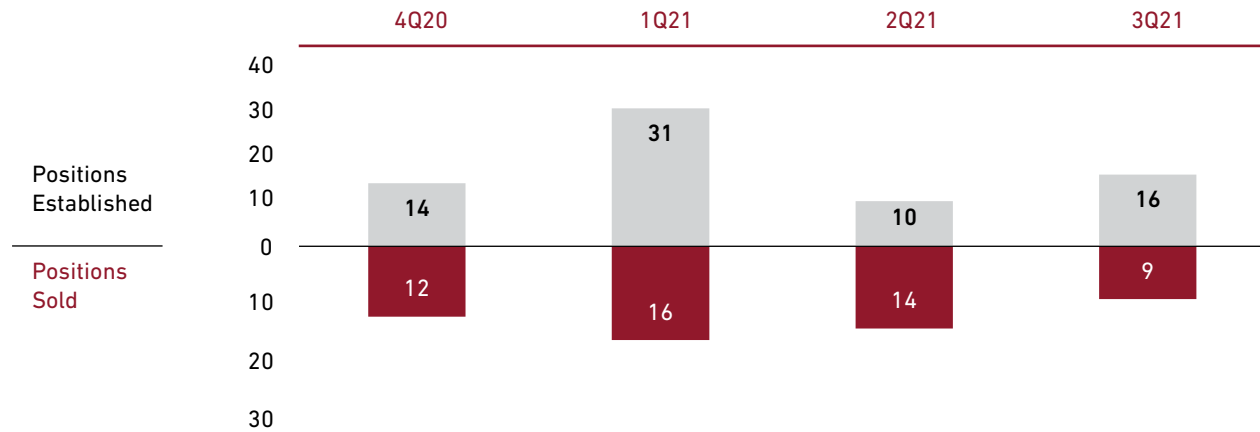
## MSCI China – Growth vs. Value



— Rolling 12-month TE — Median

# Completed Portfolio Transactions

Trailing 12 Months



- Portfolio Turnover (5-year annualized average): 43.8%

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, which are an integral part of this presentation.

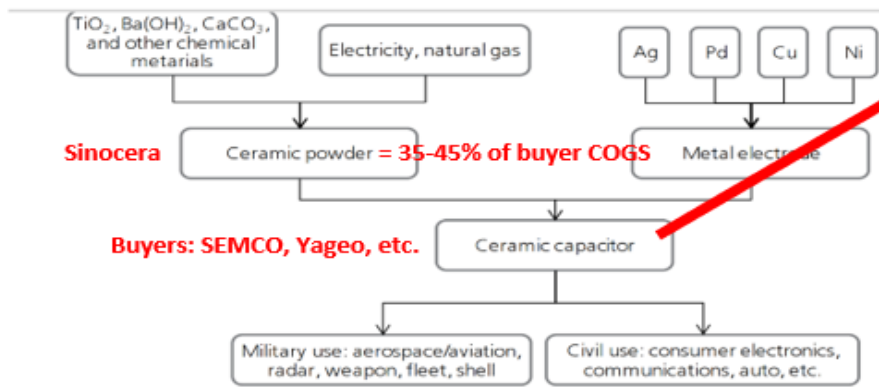
# Portfolio Transactions

## China - Opportunity amid chaos.

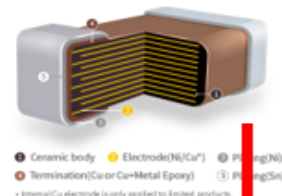
Company Purchased	Description
Hefei Meyer	<ul style="list-style-type: none"> <li>Makes systems that use optical sensors to automate sorting, used for food and dental imaging with future opportunity in recycling as well.</li> </ul>
Shandong Sinocera	<ul style="list-style-type: none"> <li>Makes tiny, nano-sized ceramics essential in cars, smartphones, computers, and dental implants, among other applications.</li> <li>Sinocera is a supplier of 70-90% of MLCC and dental powder market in China and 20-30% globally.</li> </ul>
Haier Smart Home	<ul style="list-style-type: none"> <li>Leading maker of high-end appliances in China.</li> <li>Its efficient design capability and lean manufacturing model are expected to help growth beyond China.</li> </ul>

### Visual Depiction of Sinocera Industrial Chain

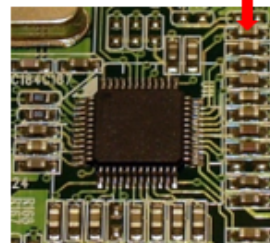
**Figure 1: MLCC industrial chain overview**



Source: C-MRS



Source: Samsung Electro-Mechanics (SEMCO)



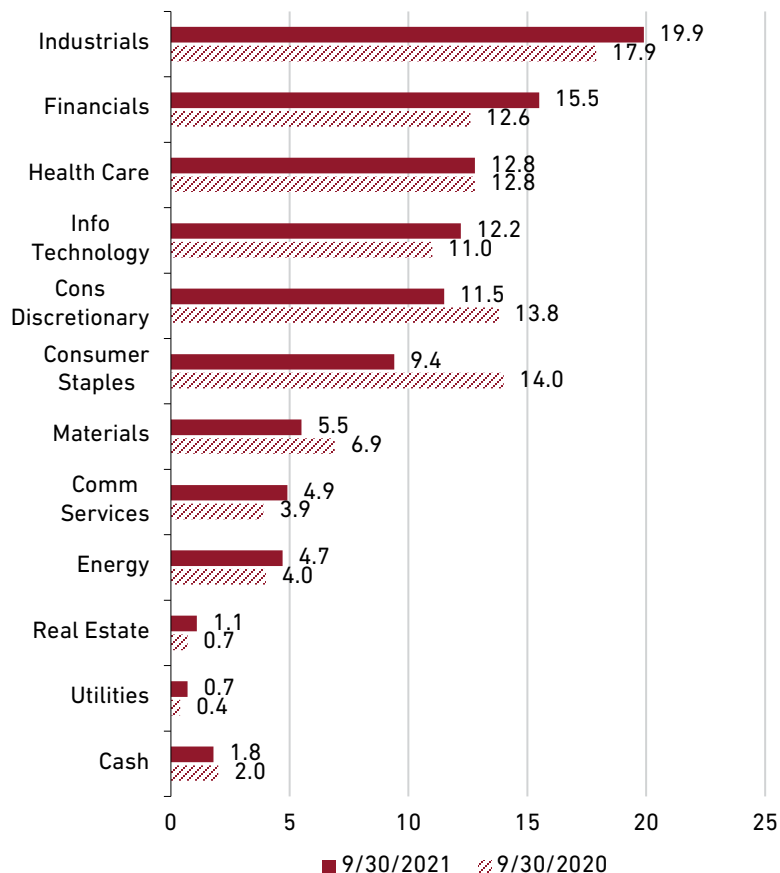
Source: Elcap, Wikipedia

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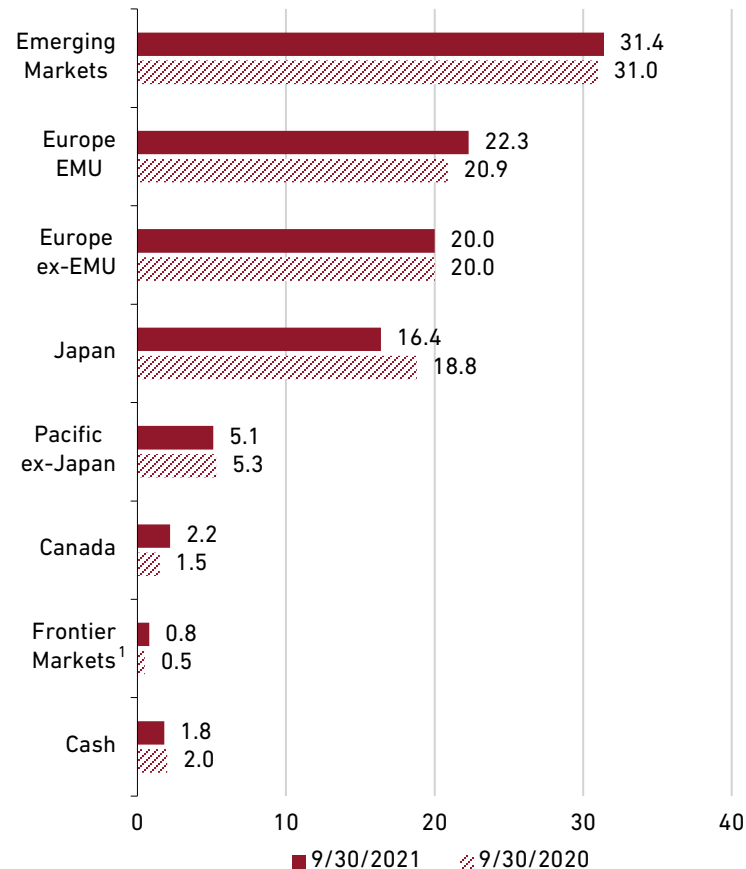
# Portfolio Allocation Comparison

September 30, 2021 vs. September 30, 2020

Sector (%)



Geography (%)

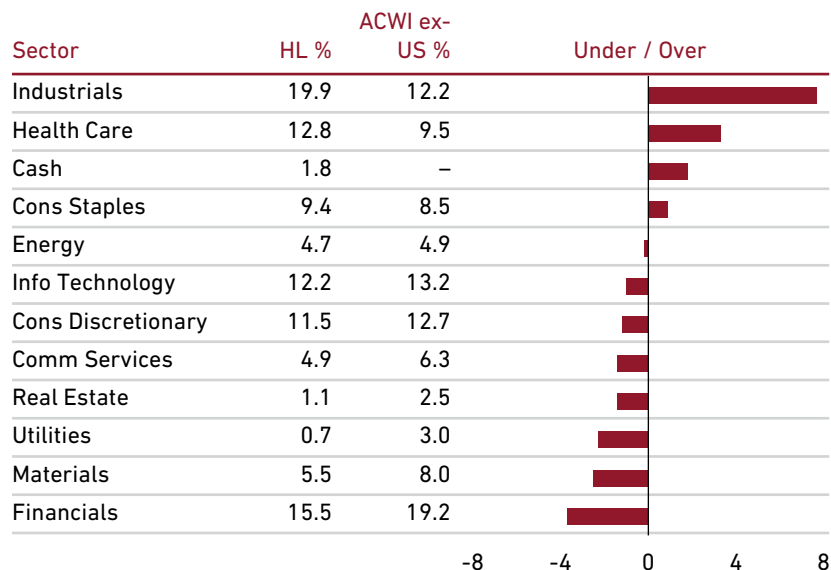


<sup>1</sup>Includes countries with less-developed markets outside the index.

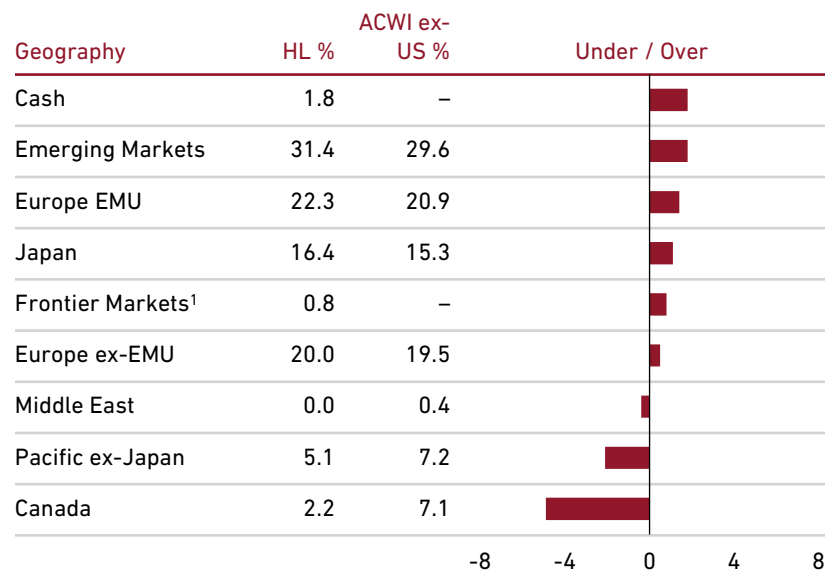
Sector and Region end weights are shown as supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Portfolio Positioning

As of September 30, 2021



Ten Largest Holdings – Total Weight: 11.1%



Company	Country	Sector	Wt. (%)
Imperial Oil	Canada	Energy	1.3
Royal Dutch Shell	UK	Energy	1.2
SE Banken	Sweden	Financials	1.2
DBS Group	Singapore	Financials	1.1
Hakuhodo	Japan	Comm Services	1.1

Company	Country	Sector	Wt. (%)
Reply	Italy	Info Technology	1.1
NITORI	Japan	Cons Discretionary	1.1
OCBC Bank	Singapore	Financials	1.0
Shionogi	Japan	Health Care	1.0
Genmab	Denmark	Health Care	1.0

82% Active Share

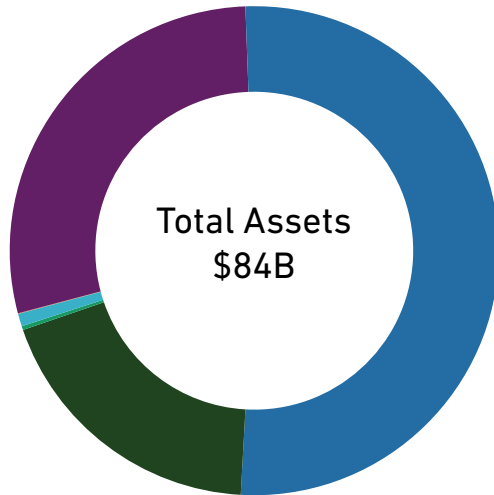
<sup>1</sup>Includes countries with less-developed markets outside the index.

Source: Harding Loevner International Equity Research Model; MSCI Inc. and S&P. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Harding Loevner Profile

As of September 30, 2021

- 48 investment professionals
- International Equity Research portfolio management team averages 14 years at Harding Loevner



	Strategy Assets	Firm Assets
Global	\$24.1B	29%
International (non-US)	\$43.5B	51%
Emerging Markets	\$15.9B	19%
Frontier Emerging Markets	\$0.2B	<1%
Chinese Equity	<\$0.1B	<1%
Global Small Companies	<\$0.1B	<1%
International Small Companies	\$0.7B	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 September 30, 2021 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 gross 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 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 Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality & Growth Characteristics [Run date: October 4, 2021, 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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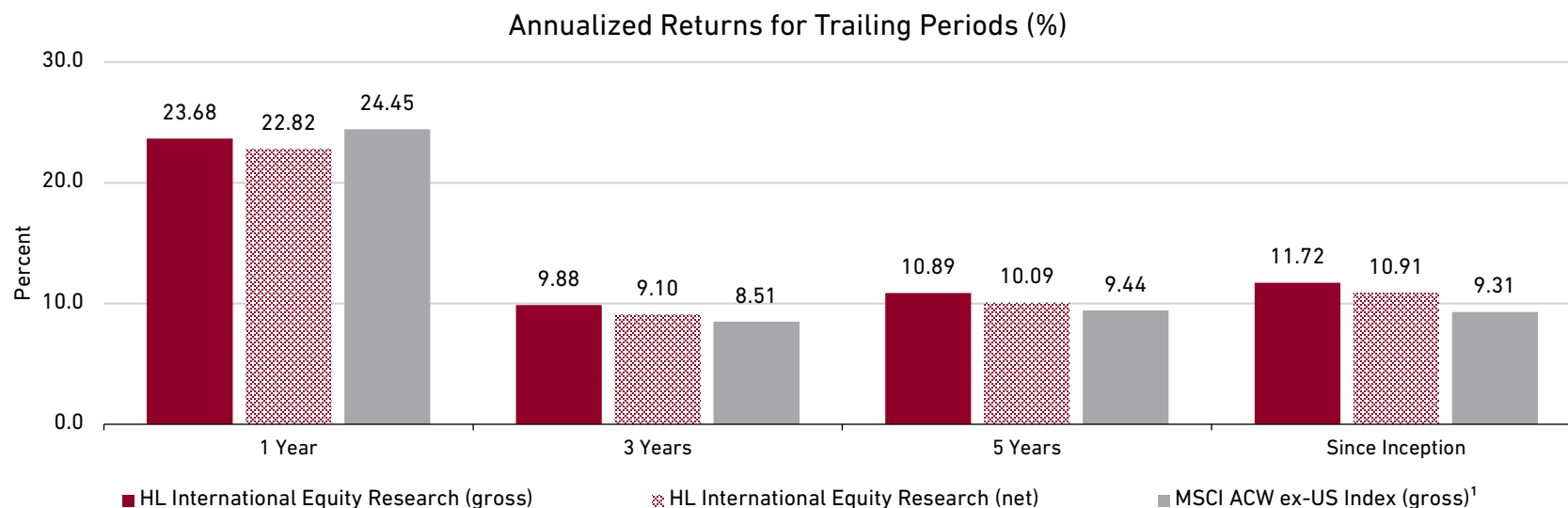


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## Appendix

# Composite Performance

As of September 30, 2021



	HL IER	MSCI ACW ex-US
Alpha (%)	1.50	-
Beta	0.98	-
R-Squared	0.97	-
Standard Deviation (%)	14.47	14.51

	HL IER	MSCI ACW ex-US
Information Ratio	0.58	-
Sharpe Ratio	0.67	0.57
Up/Down Capture (%)	101/94	-

<sup>1</sup>The benchmark index, gross of withholding taxes. The 3-year, 5-year, and since inception returns are annualized. Inception date of the International Equity Research Composite: December 31, 2015. Investment statistics shown are derived from trailing five years' monthly returns. Composite performance shown is preliminary. For comparison purposes the Composite return is measured against the MSCI All Country World ex-US Total Return Index (Gross). 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®). Harding Loevner has been independently verified for the period November 1, 1989 through June 30, 2021. 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. 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. 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. Statistics are supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.