International Equity Research

Quarterly Report | First Quarter 2022

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Composite Performance

Total Return (%) — Periods Ended March 31, 2022[1]

	3 Months	1 Year	3 Years[2]	5 Years[2]	Since Inception[2,3]
HL International Equity Research (Gross of Fees)	-9.47	-5.72	7.39	7.68	9.12
HL International Equity Research (Net of Fees)	-9.62	-6.38	6.63	6.91	8.33
MSCI All Country World ex-US Index[4,5]	-5.33	-1.04	8.00	7.25	7.91

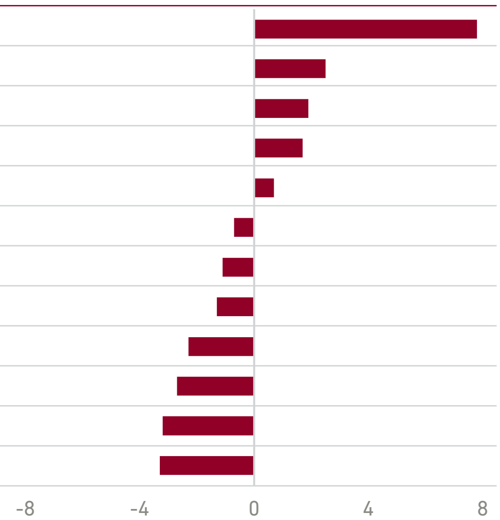
[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 2015; [4]The Benchmark Index; [5]Gross of withholding taxes.

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.

Portfolio Positioning (% Weight)

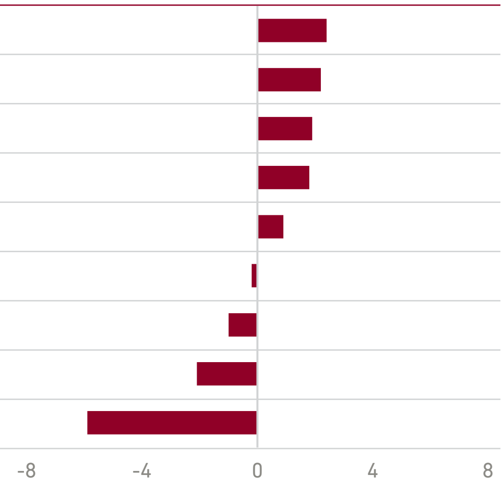
Sector	HL IER	ACWI ex-US
Industrials	20.0	12.2
Health Care	11.9	9.4
Cash	1.9	–
Info Technology	13.9	12.2
Cons Discretionary	11.8	11.1
Cons Staples	7.7	8.4
Real Estate	1.4	2.5
Comm Services	4.9	6.2
Utilities	0.9	3.2
Financials	17.8	20.5
Materials	5.7	8.9
Energy	2.1	5.4

Under / Over



Geography	HL IER	ACWI ex-US
Europe EMU	22.3	19.9
Japan	16.3	14.1
Cash	1.9	–
Emerging Markets	30.4	28.6
Frontier Markets[6]	0.9	–
Middle East	0.3	0.5
Europe ex-EMU	19.6	20.6
Pacific ex-Japan	5.9	8.0
Canada	2.4	8.3

Under / Over



[6]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.

Market Review

Stock markets fell in the quarter, as the world watched in horror Russia's invasion of Ukraine. The reaction by Western governments was swift and emphatic as they sought to tread a delicate balance between punishing Russian aggression and avoiding an escalating military conflict. The US and its allies enacted crippling economic sanctions against Russia, including freezing a significant share of the Russian central bank reserve assets, cutting off many of the country's banks from the SWIFT global financial messaging system, and outlawing the export of a variety of industrial and luxury goods. The revulsion at Russian aggression also provoked an exodus of Western companies from Russian markets. The sanctions initially led to a collapse in the ruble, forcing the central bank to raise overnight interest rates to 20% per annum to bolster the currency, while the Moscow stock exchange closed for almost a month before re-opening for domestic investors only. With foreign investors effectively unable to trade, major market index providers expunged all Russian securities from their indices. Prices for a wide range of commodities for which Russia is a major producer—including oil, gas, grains, and metals—surged on fears of disruption, prompting billions of US dollars in margin calls to cover futures positions.

MSCI ACWI ex-US Index Performance (USD %)

Geography	1Q 2022	Trailing 12 Months
Canada	4.8	21.0
Emerging Markets	-6.9	-11.1
Europe EMU	-11.1	-3.0
Europe ex-EMU	-3.3	11.9
Japan	-6.4	-6.1
Middle East	-6.8	8.1
Pacific ex-Japan	3.8	3.9
MSCI ACWI ex-US Index	-5.3	-1.0

Sector	1Q 2022	Trailing 12 Months
Communication Services	-6.0	-16.1
Consumer Discretionary	-14.3	-21.3
Consumer Staples	-7.1	0.5
Energy	7.0	24.0
Financials	1.7	9.8
Health Care	-4.8	3.3
Industrials	-8.5	-1.3
Information Technology	-15.0	-5.1
Materials	5.3	9.9
Real Estate	-2.7	-8.5
Utilities	-2.3	2.5

Source: FactSet (as of March 31, 2022). MSCI Inc. and S&P.

Headline inflation, which had already been rising rapidly around the world prior to the invasion, received a fillip from the shock to energy and food supplies stemming from the war, increasing the pressure on central banks to tighten monetary policy. The Bank of England—along with the South Korean, South African, and Brazilian central banks—continued raising short-term policy rates to beat back rising prices. In the US, the Federal Reserve lifted rates for the first time since December 2018 and signaled a willingness to do whatever it takes to bring inflation under control, announcing an aggressive rate hike path for the months ahead. The yield curve flattened dramatically; in March, the US two-year yield briefly exceeded the ten-year yield for the first time since 2019, flashing a recession warning as bond investors bet that higher yields would crimp growth.

The prospect of tighter monetary conditions further undermined the case for highly priced growth stocks, whose expected cash flows, in lying further out into the future, are more sensitive to interest rates. Through mid-February, just prior to the outbreak of hostilities, the MSCI ACWI ex-US Growth Index had declined nearly 9%, while its value counterpart had actually risen, by nearly 4%. That large underperformance for growth stocks persisted through the end of the quarter, echoed in an even larger disparity between highly priced stocks and less expensive ones; for non-US markets as a whole the most expensive quintile of stocks fell more than 15%, while the least expensive eked out a small gain. High-quality companies were no refuge from the sell-off of growth stocks unless they were also inexpensive—such as the highly profitable but slower-growing pharmaceutical companies, which outpaced the rest of Health Care by a wide margin. The poor showing for high-quality companies marked the first time since 2001 that they underperformed in a quarter when the index declined more than 5%.

> Chinese officials signaled room for compromise on a mutually agreeable auditing framework for US-listed Chinese ADRs, suggesting this is at least one volatile area of market concern where the sentiment is likely worse than reality.

Sector performance reflected the meteoric rise in commodity prices caused by supply shocks from war and sanctions, with both Energy and Materials finishing in positive territory. Demand for commodities could be set to fall, though, given that consumer confidence (critical to the slumping Consumer Discretionary sector) and business confidence (a big influence on swooning Information Technology, or IT, stocks) seem to be flagging. Financials managed modest gains on the prospect of higher interest rates and wider margins.

Companies held in the portfolio at the end of the quarter 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 March 31, 2022 is available on page 6 of this report.

Canada was the best performing region, helped by its heavy weight in energy and financial stocks. In Emerging Markets (EMs), exceptional returns in Brazil were offset by weakness in China, which faces an economic slowdown aggravated by difficulties in maintaining its zero-COVID policy and the government's attempts to slowly deflate its colossal real estate bubble. China's "no limits" friendship with Russia also threatened to expose the country to retaliatory Western economic sanctions. Worsening the sentiment toward China, the US Securities and Exchange Commission began the procedural implementation of the Holding Foreign Companies Accountable Act, identifying several US-listed Chinese companies whose latest financial reports fail to adhere to US audit standards and could be subject to delisting. Shortly after, Chinese officials signaled room for compromise on a mutually agreeable auditing framework, suggesting this is at least one area where the sentiment is likely worse than reality.

Peformance and Attribution

The International Equity Research composite fell 9.4% in the first quarter gross of fees, compared to the MSCI ACWI-ex US Index, which fell 5.3%.

In a quarter during which investors fled from richly priced, high-quality growth companies, it should come as no surprise that, whether viewed through the lens of sector or geographic attribution, our portfolio underperformed within most sectors and most regions. A laundry list of the contributors to underperformance would not improve much on the explanation except for the value destruction stemming from our four Russian holdings—**Sberbank**, **Lukoil**, **Novatek**, and **Yandex**—and, even there, the 25 basis points of underperformance turned out to be a relatively small impact with a portfolio of over 200 holdings.

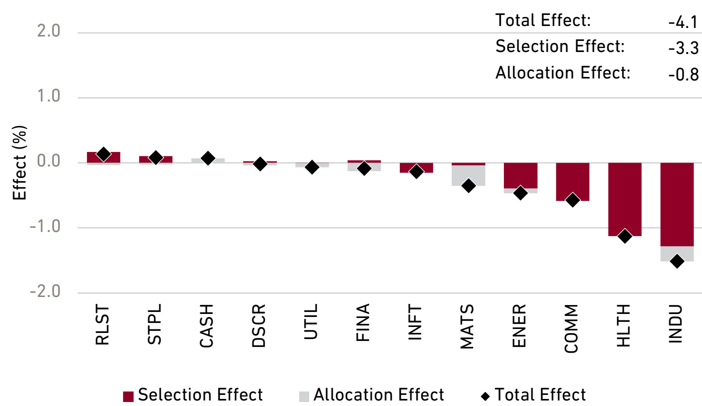
A more informative parsing of returns comes from viewing them according to how they relate to rankings of growth, quality, and valuation. Viewed through the lens of growth, our efforts to resist a skew towards the most expensive members of the faster-growing quintiles of the market meant that only a modest amount of our underperformance, just over 50 basis points, is attributable to our preference for growth businesses. The rest, like sector or regional attribution, comes across as poor stocks within the different quintiles of growth. Similarly, our emphasis on the highest-quality companies (half the portfolio is sourced from the top two quintiles of our quality rankings) detracted only 40 basis points from relative performance. Nevertheless, however much we've steadily reduced holdings of highly priced stocks, the portfolio remains skewed toward the expensive end of the market, and that skew cost about 100 basis points of relative performance.

From a sector perspective the portfolio was hurt by poor stock selection in Industrials, Health Care, and Communication Services. Among industrial companies, capital goods holdings underperformed. Japanese power tool manufacturer **Makita** saw its share price fall after the company was caught between upward pressure on its China-based manufacturing costs caused by a weakening yen and a slowdown in European demand for its products. UK-based specialized seals and instruments distributor **Diploma** saw its share price decline despite posting organic revenue growth of 16%. Management noted they expect growth to moderate in 2022. Other capital goods laggards included Swedish compressor manufacturer **Atlas Copco**, fluid handling specialist **Alfa Laval**, and Japanese factory automation specialist **MISUMI Group**. The common threads for these underperformers are their expensive valuation, their multinational footprint, and their sensitivity to capital expenditures, and therefore business confidence.

First Quarter 2022 Performance Attribution

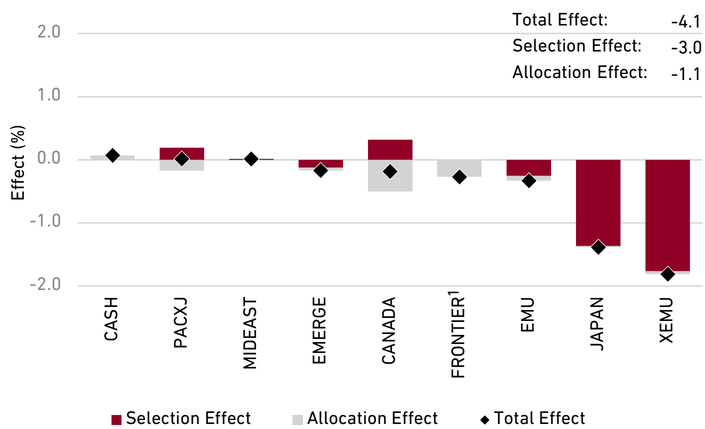
Sector

International Equity Research Composite vs. MSCI ACWI ex-US Index



Geography

International Equity Research Composite vs. MSCI ACWI ex-US Index



[1]Includes countries with less-developed markets 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.

In Health Care, the waning boost to demand from the pandemic for laboratory services and products weighed on several holdings including Switzerland-based laboratory equipment supplier **Tecan** and UK specialist supplier of recombinant agents **Abcam**. Shares of Japanese hematology diagnostics equipment maker **Sysmex** tumbled after it reported issues with its largest distributor in China.

Perspective and Outlook

As previously shared in interim communications, we own shares in four Russian companies: Lukoil, a major producer of Russian oil and natural gas; Novatek, the country's second-largest natural gas producer; Sberbank, a majority-state owned bank and Russia's leading retail banking franchise; and Yandex, an internet search engine with diversified communications assets. As the invasion of Ukraine unfolded, we marked the value of our Russian positions, which had stood at around 1% of the portfolio at the start of the year, down to zero on March 7, the point at which these US- and UK-listed shares became untradeable because of Western sanctions and actions taken by stock exchanges and brokers to avoid any possibility of entanglement. Even though the Moscow Stock Exchange resumed trading some of these shares in late March, trading of ADRs in New York and GDRs in London remains closed and recovering value from these holdings is at best a distant and uncertain prospect, so we continue to hold the securities at a zero value.

We've owned shares in these companies for several years with the view that while a grasping and ruthless government posed political risks, companies able to navigate those risks and build sound growing businesses that deliver highly valued products and services to their customers could nevertheless generate strong business results. Due to fears of the Russian state's confiscatory tendencies and corporate governance risks more generally, shares in these companies traded at a discount relative to their global peers, which could lead to strong returns for intrepid investors. Additionally, these political risks bore almost no correlation to other risks embedded in our portfolio. In an investment climate where most fast-growing, resilient businesses commanded historically high valuations, Russian shares offered a tempting mix of diversification and inexpensive growth.

In the end, it wasn't the corporate governance or expropriation risks that proved our undoing, nor even the brutal and unexpected invasion itself. Instead, it was the resulting broad *social* revulsion in most developed democracies, which united previously divided or reluctant actors, calling down a ferocious firestorm of nearly inconceivable official and private actions targeting the Russian economy, and in the process also rendering Russian investments held by private Western bystanders effectively worthless. If anything, the episode will have alerted skeptics to the potency of seemingly remote investment risks, including social ones.

But we must stress that the Russian invasion and the West's financially fierce response, as dramatic as they are, have merely accelerated the style headwinds we've been facing in recent months, as investors retreat from high-priced stocks. Well before the Ukraine crisis, headline inflation had been rising almost everywhere and intruding on the discount rates used to value shares. The energy and food shocks emanating from the conflict and consequent sanctions have supercharged the existing trends for expected inflation, bond yields, and equity discount rates, and the prospects for tighter monetary policies to combat the rise in prices. These trends have the largest effects on the present value (and therefore the current price) of distant future earnings—and thus pointedly on the price of growth stocks whose expected cash flows lie far in the future. The damage from these style headwinds was almost as great in the first quarter of 2022 as in the prior 14 months, since the first COVID-19 vaccine was approved and the retreat began from higher growth and quality towards less-expensive, lower-growth companies that will earn more of their cash flows in the near and medium term.

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The monetary policy tightening now underway by central banks is intended to dampen speculative or less productive demand for goods, services, and assets by raising borrowing costs. But those policies, when combined with the demand destruction likely to emanate from soaring food and energy prices, may contain the seeds of their own reversal. If consumer and producer confidence take more than a temporary hit from the war in Ukraine and its ramifications, a recession—either in Europe or more globally—could conspire to reduce the inflationary impulse from COVID-19 re-openings and offset some of the need for monetary tightening. We're not in the business of making such forecasts but, were that scenario to unfold, it's possible that the headwinds for our quality/growth investment style would abate.

Much has been written recently about "the end of globalization" being another result of the war in Ukraine, and about the reluctance of some large countries—notably China and India—to sign onto the sanctions imposed by Western and Asian-Pacific governments. We, like many observers, worry that China, ostensibly aiming to be neutral, might risk some consequences by facilitating sanctions workarounds for Russia, and misjudge the West's resolve. The economic disincentives would appear to work against the possibility. China's total trade with Russia in 2020 was around a tenth of its US$1.4 trillion total trade with the US and Europe. Given China's flagging growth as it manages its deflating property market—a multi-year prospect, if previous property bubbles are anything to go by—and its stated priority to improve “common prosperity” for its people, the last thing it’s likely to want is to impair its access to the global trading system and court rejection by its largest customers.

Indeed, the statement by economic policy czar and Vice Premier Liu He on March 16th affirming the importance of economic growth and markets, offered insight into the government’s leanings and helped reverse a dramatic swoon in Chinese stocks that had coincided with reports that China might be contemplating military aid to Russia. The separate salutary comments from the Chinese securities regulator regarding its ongoing negotiations with the US over audit inspections added to the more reassuring narrative (although, we’ll note, the US legislation that sparked the whole audit and delistings issue has a long fuse that could allow negotiations and decisions to be tortuously slow).

While risks of unforeseen consequences arising from the Ukraine conflict are high, on this front we are cautiously optimistic that China will work hard to maintain its neutrality in a credible way, as it is a huge beneficiary of trade with the rest of the world, especially the rich developed nations. We think it likely that China, along with India, will continue to buy oil and gas from Russia (just as Europe, at least for now, plans to keep its gas pipelines open), and do not expect that fact to alter China’s trade relations with the West much. Nevertheless, we must contemplate that our optimism is misplaced on the importance of membership in the global network of exchange. If our central and optimistic case—admittedly an educated guess—is wrong, then we’d need to greatly modify our views of which companies in our opportunity set will face new barriers to profitable growth, and which might stand to benefit, relatively, from a further receding of globalization. (Global trade, after all, has never matched the peak share of GDP it reached in 2008, before the Global Financial Crisis.) We’d expect such a world to be less efficient, as the cold logic of comparative advantage is demoted as a determinant of which goods or services are produced and where. That would lead to a less prosperous world, since exploiting comparative advantage is a cornerstone of wealth creation. If regional blocs began to raise limits on the movement of capital as well as goods, we’d need to parse which of our multi-national companies were at risk of declining sales from increasingly hostile, siloed countries. **Royal Dutch Shell** has found its Siberian oil and gas joint venture assets stranded by the combination of sanctions and the public opprobrium of Russia’s actions. Could Fanuc’s robots, **L’Oréal**’s cosmetics, or Apple’s iPhone businesses in China or elsewhere face something similar?

> On a positive note, some retrenching of globalization could create substantial opportunities for companies that enable others to make investments in more resilient supply chains, including many of the capital goods companies that hurt our relative performance this quarter.

On the other hand, there would be substantial opportunities for companies that enable others to make investments in more resilient supply chains. Strangely, such a “near-shoring” wave would bring sustained new orders to many of the capital goods companies that have hurt our relative performance this quarter, such as **Fanuc**, Atlas Copco, and **Schneider Electric**. In addition, the desire or need to make do without energy from Russia, along with the high energy prices currently seen, will spur greater efforts to build substitutes for oil and gas.

Portfolio Highlights

The holdings in the portfolio are directly determined from the universe of companies that are rated a buy by our analysts. We ended the quarter with 223 holdings. We sold several Consumer Staples companies during the quarter due to rating downgrades and added to our holdings in IT as our analysts upgraded a number of companies as a result of falling share prices leading to more attractive entry points. Our exposure in Consumer Discretionary sector increased, driven by a combination of analyst ratings changes and portfolio rebalancing. By region, our exposure to Europe ex-EMU and EMs decreased while our exposure to Japan increased when we purchased shares of several newly qualified Japanese companies.

Given our long investment horizon we tend to be patient when companies we own encounter operational issues that appear to be transient, but our scrutiny of the investment thesis will be heightened. We’ve been watching for signs of a turnaround at Henkel, German chemical company under its new management team. Their repeated failures to deliver on either organic revenue growth or margin expansion finally led us to conclude that the company is unlikely to resume growing, so we sold our shares. Unilever Indonesia is another previously growing business that grew complacent. Its failure to reinvest in its business has resulted in a loss of market share that threatens its longer-term growth and led to our exit. We also sold Japanese disposable hygiene and household products maker Unicharm, Indian conglomerate Godrej, and Indian consumer good multinational Marico after the analysts downgraded the companies due to high their valuations. Grupo Nutresa, a Columbian food processor, was similarly downgraded after multiple takeover bids led to a surge in its share price.

We purchased **LONGi**, newly added to our research universe. LONGHi is the world’s largest and most vertically integrated supplier of solar power equipment, with market-leading technology and one of the lowest costs of production. The company is well positioned to benefit from the accelerated adoption of solar power necessary to meet emission reduction targets over the coming decades. We also purchased **Starpower**, the largest Chinese maker of power modules for managing energy distribution in industrial robots, home appliances, and, increasingly, electric vehicles. It is a frontrunner in silicon carbide technology, a more energy-efficient future replacement of the IGBTs (insulated-gate bipolar transistors) which have long been the core output-switch technology used in high-voltage high-current applications. Our analyst expects the company to gain share from its developed market competitors by offering lower prices in combination with customized service provided by its China-based engineering staff.

One of our associate analysts, Japan specialist Takayuki Hayano, CFA, was promoted to an analyst role, making his recommendations eligible for the strategy. We purchased employee outsourcing company **UT Group**, job recruiter and human resources company **Recruit**, and **Daifuku**, a leading provider of automated material handling solutions. We also added to some of our existing Japanese holdings, Misumi, Makita, and **Fast Retailing**, the owner of Uniqlo among other brands.

International Equity Research 25 Largest Holdings (as of March 31, 2022)

Company	Market	Sector	End Wt. (%)
DBS Group (Commercial bank)	Singapore	Financials	1.2
Couche-Tard (Convenience stores operator)	Canada	Cons Staples	1.2
Manulife (Financial services and insurance provider)	Canada	Financials	1.2
BHP (Mineral miner and processor)	Australia	Materials	1.2
Rio Tinto (Mineral miner and processor)	United Kingdom	Materials	1.1
Chugai Pharmaceutical (Pharma manufacturer)	Japan	Health Care	1.1
Alcon (Eye care products manufacturer)	Switzerland	Health Care	1.1
Shimano (Bicycle component manufacturer)	Japan	Cons Discretionary	1.1
Royal Dutch Shell (Oil and gas producer)	United Kingdom	Energy	1.1
MISUMI Group (Machinery-parts supplier)	Japan	Industrials	1.0
Daifuku (Material-handling equipment manufacturer)	Japan	Industrials	1.0
ASML (Semiconductor equipment manufacturer)	Netherlands	Info Technology	1.0
ASSA ABLOY (Security equipment manufacturer)	Sweden	Industrials	1.0
Makita (Power tools manufacturer)	Japan	Industrials	1.0
Bechtle (IT services and IT products reseller)	Germany	Info Technology	1.0
BMW (Automobile manufacturer)	Germany	Cons Discretionary	1.0
OCBC Bank (Financial services)	Singapore	Financials	1.0
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	Info Technology	1.0
Allianz (Financial services and insurance provider)	Germany	Financials	1.0
Air Liquide (Industrial gases producer)	France	Materials	1.0
Genmab (Biotechnology producer)	Denmark	Health Care	0.9
Diploma (Specialized technical services)	United Kingdom	Industrials	0.9
Reply (IT consultant)	Italy	Info Technology	0.9
Recruit (Online human resources services)	Japan	Industrials	0.9
Evolution (Online casino services)	Sweden	Cons Discretionary	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.

1Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IER	Avg. Weight ACWI ex-US	Effect
Shopify*	INFT	–	0.4	0.26
Imperial Oil	ENER	0.5	<0.1	0.22
Rio Tinto	MATS	1.0	0.3	0.19
Gazprom*	ENER	–	0.1	0.18
Emaar Properties	RLST	0.7	<0.1	0.17

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL IER	Avg. Weight ACWI ex-US	Effect
Alibaba	DSCR	0.1	1.2	0.73
Imperial Oil	ENER	0.8	<0.1	0.64
Tencent	COMM	0.2	1.4	0.53
Emaar Properties	RLST	0.6	<0.1	0.34
Reply	INFT	1.0	–	0.32

1Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IER	Avg. Weight ACWI ex-US	Effect
Lukoil	ENER	0.3	0.1	-0.22
Novatek	ENER	0.2	<0.1	-0.21
Sberbank	FINA	0.2	0.1	-0.21
Diploma	INDU	0.9	–	-0.19
Hakuhodo	COMM	1.0	<0.1	-0.18

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL IER	Avg. Weight ACWI ex-US	Effect
HomeServe	INDU	0.7	–	-0.42
Rubis	UTIL	0.8	–	-0.33
Sugi Holdings	STPL	0.8	–	-0.32
Stanley Electric	DSCR	0.8	<0.1	-0.31
TeamViewer	INFT	0.3	<0.1	-0.30

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the Index.

Portfolio Characteristics

Quality and Growth	HL IER	ACWI ex-US
Profit Margin[1] (%)	12.3	13.2
Return on Assets[1] (%)	7.5	5.7
Return on Equity[1] (%)	13.9	13.9
Debt/Equity Ratio[1] (%)	38.8	60.0
Std. Dev. of 5 Year ROE[1] (%)	3.7	4.3
Sales Growth[1,2] (%)	7.9	6.1
Earnings Growth[1,2] (%)	11.5	10.5
Cash Flow Growth[1,2] (%)	10.9	8.3
Dividend Growth[1,2] (%)	7.9	6.5
Size and Turnover	**HL IER**	**ACWI ex-US**
Wtd. Median Mkt. Cap. (US $B)	20.3	45.2
Wtd. Avg. Mkt. Cap. (US $B)	42.0	94.2
Turnover[3] (Annual %)	43.7	–

Risk and Valuation	HL IER	ACWI ex-US
Alpha[2] (%)	0.48	–
Beta[2]	0.99	–
R-Squared[2]	0.97	–
Active Share[3] (%)	83	–
Standard Deviation[2] (%)	14.90	14.79
Sharpe Ratio[2]	0.44	0.42
Tracking Error[2] (%)	2.7	–
Information Ratio[2]	0.15	–
Up/Down Capture[2]	99/97	–
Price/Earnings[4]	17.4	13.6
Price/Cash Flow[4]	13.6	9.3
Price/Book[4]	2.4	1.9
Dividend Yield[5] (%)	2.0	2.7

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Equity Research Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 5, 2022, based on the latest available data in FactSet on this date.); 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 tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. 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 March 31, 2022)

	HL Intl. Equity Research Gross (%)	HL Intl. Equity Research Net (%)	MSCI ACWI ex-US[1] (%)	MSCI EAFE[2] (%)	HL 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 ($M)	Firm Assets ($M)
2022 YTD[5]	-9.47	-9.62	-5.33	-5.79	16.84	16.64	16.97	N.A.[6]	1	13	64,240
2021	6.26	5.51	8.29	11.78	16.58	16.77	16.89	N.M.[7]	1	15	75,084
2020	15.43	14.59	11.13	8.28	17.76	17.92	17.87	N.M.	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 2022 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period; [7]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 46 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The Index consists of 21 developed market countries. You cannot invest directly in these Indexes.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through December 31, 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. 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.

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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 of assets for the first $20 million; 0.50% for the next $80 million; 0.45% for the next $150 million; 0.40% for the next $250 million; above $500 million upon request. 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.