HARDING LOEVNER

INTERNATIONAL SMALL COMPANIES EQUITY

2019 Year End Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED DECEMBER 31, 2019[1]

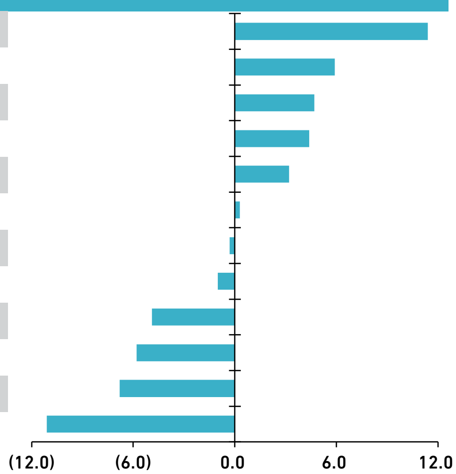
	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL SMALL COMPANIES (GROSS OF FEES)	12.98	31.30	14.74	10.01	10.94	9.09
HL INTL SMALL COMPANIES (NET OF FEES)	12.66	29.83	13.53	8.84	9.73	7.90
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX[4,5]	11.07	22.93	10.07	7.44	7.30	4.79

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 2006; [4]The Benchmark Index; [5]Gross of withholding taxes.

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

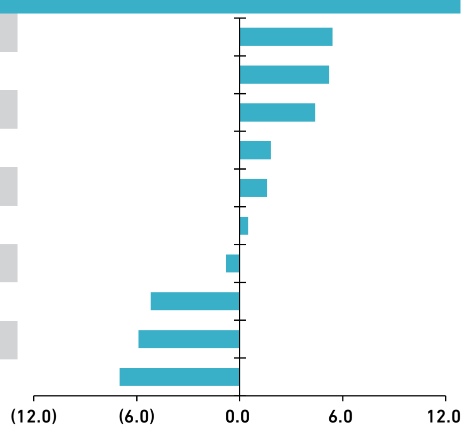
SECTOR EXPOSURE (%)

	HL ISC	ACWI EX-US SC	(UNDER) / OVER THE BENCHMARK
INFO TECHNOLOGY	22.5	11.1	
HEALTH CARE	13.2	7.3	
CONS STAPLES	10.6	5.9	
CASH	4.4	—	
COMM SERVICES	7.5	4.3	
INDUSTRIALS	20.0	19.7	
ENERGY	3.0	3.3	
UTILITIES	2.2	3.2	
FINANCIALS	5.5	10.4	
MATERIALS	4.2	10.0	
CONS DISCRETIONARY	5.7	12.5	
REAL ESTATE	1.2	12.3	



GEOGRAPHIC EXPOSURE (%)

	HL ISC	ACWI EX-US SC	(UNDER) / OVER THE BENCHMARK
FRONTIER MARKETS[6]	5.4	—	
EUROPE EMU	21.5	16.3	
CASH	4.4	—	
OTHER[7]	1.8	—	
EUROPE EX-EMU	26.0	24.4	
MIDDLE EAST	1.8	1.3	
EMERGING MARKETS	19.9	20.7	
CANADA	1.6	6.8	
JAPAN	16.0	21.9	
PACIFIC EX-JAPAN	1.6	8.6	



[6]Includes countries with less-developed markets outside the Index; [7]Includes companies classified in countries outside the index.

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

Source: Harding Loevner International Small Companies 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

Stocks of international small companies reflected in the benchmark index rose 11% in the quarter as US-China trade tensions eased, and fears of an imminent global downturn faded amid renewed central bank largesse. For the year, all sectors and regions finished in positive territory, with the index gaining 23%.

The year began on a pessimistic note. Stocks of small companies outside the US had just suffered their sharpest annual decline since 2011, reacting to harbingers of recession: a flattening yield curve, declining inflation expectations, and weak commodity prices. As the year drew on, the US-China trade war took an increasing toll on bilateral trade and global GDP growth. The IMF estimated worldwide growth of just 3% in 2019, the lowest since 2009. In October, China reported that its GDP rose 6% in the third quarter, the weakest in 27 years. India's GDP fell from 8% in the first half of 2018 to 4.5% at the end of the third quarter. Developed economies were also weak. In the eurozone, the manufacturing Purchaser's Manager Index (PMI) closed the year at its lowest level since the 2011–12 European debt crisis.

Central banks responded with monetary support, retracing some normalizing steps of 2018. The People's Bank of China cut its bank reserve ratios three times over the course of the year, and lowered its short-term funding rate for the first time since 2015. Chinese state-owned banks were guided to increase their lending. The European Central Bank lowered the interest rate on the deposit facility in September and restarted asset purchases in November. In the fourth quarter, calling it insurance against recession, the US Federal Reserve again cut interest rates, almost completely reversing the rate increases of 2018. Not to be left out, the Bank of Japan revised its forward guidance, signaling it may take interest rates deeper into negative territory.

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The trade war between the US and China witnessed something of a détente late in the year, with the two parties agreeing to a limited pull-back from their entrenched positions. In mid-December, days before new tariffs were to take effect, officials announced a "Phase One" trade agreement. The deal, hinted at in November, rolls back some US tariffs on Chinese goods while boosting Chinese purchases of US energy, manufactured goods, and agricultural products. The countries also agreed on enhanced protections for intellectual property. The developments bolstered investor sentiment toward China and Emerging Markets (EMs) generally. China's GDP growth, which appeared to falter at the end of last year, stabilized by the end of 2019.

MARKET PERFORMANCE (USD %)

MARKET	4Q 2019	TRAILING 12 MONTHS
CANADA	10.5	30.9
EMERGING MARKETS	9.7	12.5
EUROPE EMU	11.9	27.0
EUROPE EX-EMU	17.5	31.9
JAPAN	8.2	20.1
MIDDLE EAST	7.4	47.3
PACIFIC EX-JAPAN	5.0	18.9
MSCI ACW EX-US SC INDEX	11.1	22.9

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

SECTOR	4Q 2019	TRAILING 12 MONTHS
COMMUNICATION SERVICES	8.5	24.1
CONSUMER DISCRETIONARY	11.5	20.1
CONSUMER STAPLES	6.2	8.0
ENERGY	8.3	12.8
FINANCIALS	10.0	15.8
HEALTH CARE	13.6	21.4
INDUSTRIALS	12.9	22.9
INFORMATION TECHNOLOGY	15.6	46.5
MATERIALS	12.3	19.3
REAL ESTATE	7.4	30.5
UTILITIES	9.4	26.3

Source: FactSet (as of December 31, 2019); MSCI Inc. and S&P.

Europe ex-EMU was the top-performing major region in 2019, led by the UK, where the Conservative Party's overwhelming election victory in December increased the likelihood of an orderly Brexit. EMs lagged, with notable declines in India, South Korea, and the smaller markets of Peru, Chile, and Argentina.

By sector, Information Technology (IT) widely outperformed in 2019, returning 46%. Stocks of semiconductor manufacturers and chip-equipment providers led the way, gaining 63% after their 37% drop in 2018. Investors were cheered by signs of a pickup in demand for chips, in addition to the easing of trade tensions. Real Estate and Utilities, sectors with bond-like characteristics, outperformed on declining interest rates.

PERFORMANCE AND ATTRIBUTION

The International Small Companies composite rose 13.0% in the quarter, exceeding the index's 11.1% return. For the year, the composite gained 31.3%, versus the index's 22.9% rise. The charts on the next page attribute the year's performance by sector and region.

For the year, the portfolio benefited from strong stock selection in IT. All of our IT services stocks outperformed, helped by Argentine technology consultancy **Globant**. The company reported 24% revenue growth in the first nine months of the year, and its margins expanded due to the Argentine peso's weakness. Our semiconductor equipment companies also contributed, led by Netherlands-based **ASM International**, which posted 38% year-over-year revenue growth for the first nine months of 2019 as new orders rose 40%. The company's operating profit jumped over 80% during the same period.

We also had good stock selection in Industrials. Companies with exposure to semiconductor manufacturing benefited from a cyclical rebound in the chip market, including German vacuum systems manufacturer **Pfeiffer Vacuum** and **VAT Group**, a Swiss manufacturer of precision valves. Shares of UK-based shipbroker **Clarksons** rose after it reported increased tanker shipping rates.

Our relative returns were hurt by our large underweight to Real Estate, one of the index's best-performing sectors, but one where we struggle to find companies that meet our criteria for financial strength because it is dominated by businesses with unpredictable cash flows and high leverage. In a year in which markets rose strongly, our average cash holdings, at 4% of the portfolio, detracted materially.

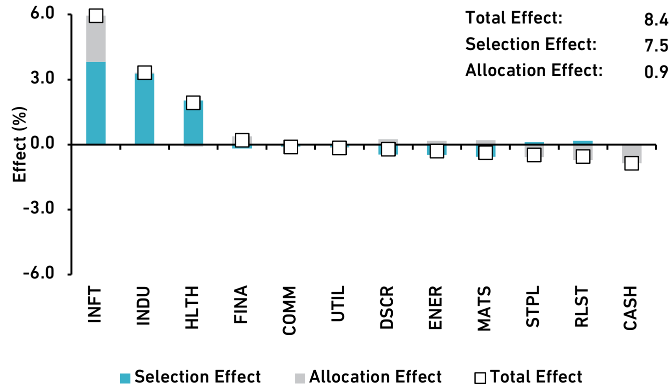
Our stock selection was positive in every region in 2019, but especially so in the eurozone. **Carl Zeiss Meditec**, a German manufacturer of microscopes and ophthalmologic equipment, posted higher-than-expected earnings growth during the year. The company also reported rapidly growing sales of high-margin consumable products required for its equipment. Our underweight to the outperforming Canadian market detracted, and our relative performance was also hampered by having no exposure to Brazil, which rose 52% in 2019.

In the quarter, our IT stocks contributed to our outperformance. German IT services company **Bechtle** reported stellar third-quarter results. Our Industrial stocks also helped: **Diploma**, a UK-based conglomerate, posted better-than-expected earnings due to price increases and cost reductions. The company's international businesses provide a variety of technical products and services, including diagnostic equipment and supplies for hospital labs, filters and gaskets for industrial equipment, and specialty wiring used by aerospace, transportation, and defense companies. Our stock selection in Consumer Staples was poor, however. In November, Japan-based **Ariake**, a supplier of food flavorings, reduced its guidance for sales growth in China on the back of weakening consumer demand.

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 complete list of holdings at December 31, 2019 is available on pages 8-9 of this report.

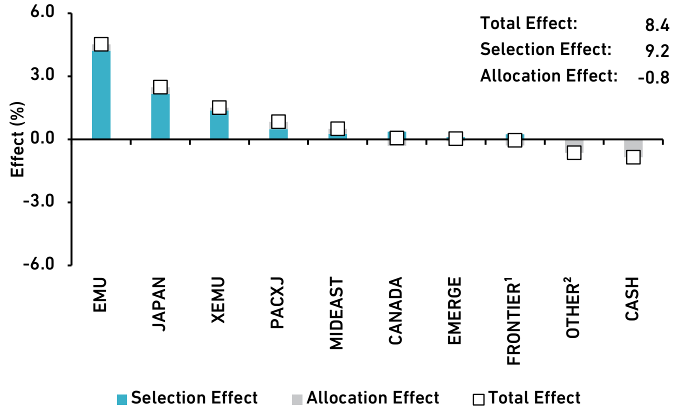
SECTOR PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

INTL SMALL COS COMPOSITE VS. MSCI ACW EX-US SMALL CAP INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

INTL SMALL COS COMPOSITE VS. MSCI ACW EX-US SMALL CAP INDEX



[1]Includes companies classified in countries outside the index; [2]Includes countries with less-developed markets outside the Index. Source: FactSet; Harding Loevner International Small Companies 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.

Viewed geographically, our stocks in the eurozone contributed most. Shares of **Reply**, an Italian IT services company, rose after it reported stronger-than-expected earnings. Our allocation to "Other Markets" (out of benchmark) detracted the most. **Core Laboratories**, a Netherlands-based energy services company listed on the NYSE, underperformed because US shale producers decreased their drilling activity.

PERSPECTIVE AND OUTLOOK

Finding Quality Growth in Small-Cap Staples

Consumer packaged goods (CPG) companies were long considered quintessential examples of sustainably growing businesses. Thanks to steady demand for staples, such as food and household products, investors could count on the sector as a source of reliable returns. The largest multinational CPG companies such as Nestlé and Unilever were able to achieve economies of scale in manufacturing, marketing, and distribution, and generate vast amounts of cash to spend on advertising their brands, expanding their retail presence, and developing new products to meet the changing tastes of consumers. In a virtuous circle, their spending not only reinforced the dominance of their brands and their financial success but also raised the barriers against upstart brands seeking to enter their markets.

Growth of CPG companies—particularly the largest ones—has turned anemic over the last five years, calling into question the future of their business models. We attribute their slowing growth to changes in the competitive landscape. Traditional barriers to entry to the CPG business have been eroded, largely by the digital transformation of consumer marketing and retail distribution. Historically, established CPG companies have sheltered behind three key barriers to new entrants: (i) the high cost of creating and sustaining brand awareness through advertising; (ii) the large manufacturing scale required to achieve low production costs; and (iii) the difficulty of obtaining a share of limited shelf space in major retail chains. Digital technology has dramatically lowered each of these barriers, enabling new brands to enter long-settled markets and directly challenge incumbents. Highly targeted digital advertising, for example, makes it feasible to create awareness of new brands at relatively modest cost. New brands no longer have to achieve large sales volume to drive down production costs because manufacturing can increasingly be outsourced to an expanding global array of contract manufacturers—a result not of digital technology, per se, but certainly facilitated by its adoption for communications, design, and payments, especially by manufacturers in low-cost locations far from wealthy consumers. And, thanks to the explosion of business-to-consumer e-commerce, "virtual" retail shelf space is now unlimited.

The way in which established CPG companies respond to the challenges arising from these changes in the competitive landscape is critical to their long-term health. In response to loss of market share and slowing sales growth, some of the largest companies, like Unilever, have aggressively cut their spending on advertising and product innovation to improve their profitability, though at the expense of sales growth. Others, like Nestlé, have taken the opposite approach and kept their focus on long-term growth. As growth investors, our preference, clearly, is for the latter, underlining the importance we place on financial strength, without which sustained spending on advertising and innovation in the face of competitive challenges may not be possible. (For this reason we do not typically invest in new entrants, because, in lacking scale, they also lack the requisite financial strength. In eschewing new brands, the tradeoff we are making is that we miss the highest growth phase of those that ultimately succeed.) The CPG companies we hold in our portfolio are established brands that have more in common with large multinational CPG companies than with early-stage companies: dominant market shares, well-established brands, and financial strength. Our companies are still "small" simply because their focus, in terms of product line or geography, is narrower.

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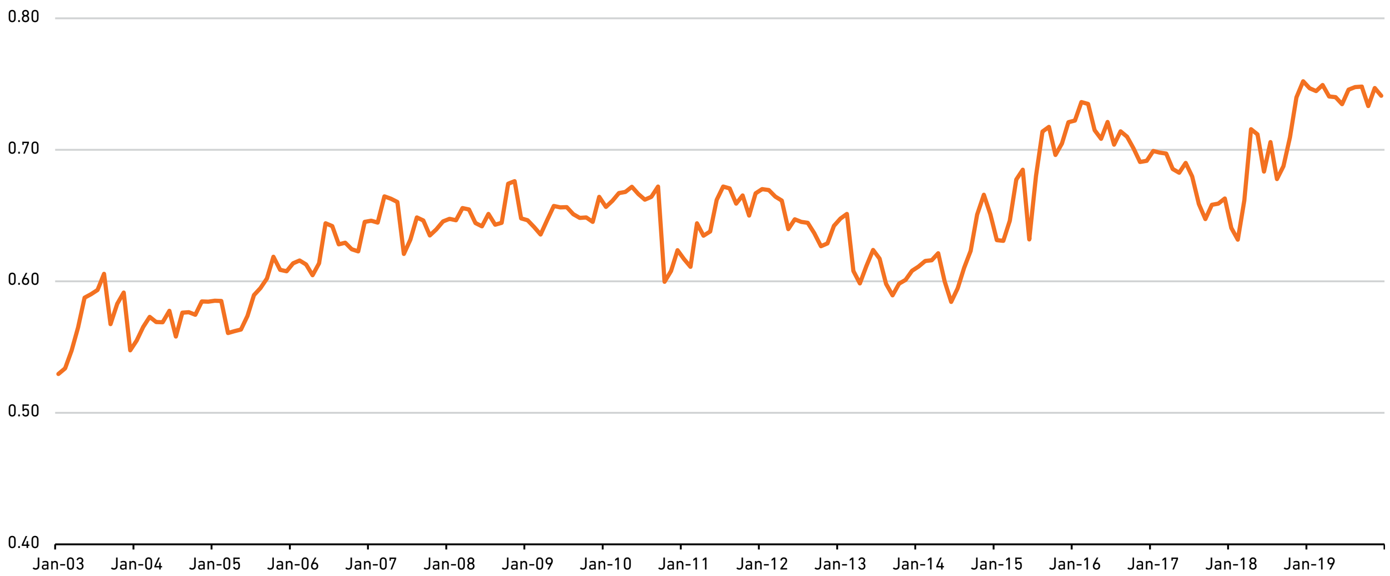
One example of a small, attractively valued CPG company that we hold is **Grupo Herdez**, a Mexican producer of processed foods. The company has dominant market share in several categories, such as tomato puree (74% share) and mayonnaise (72%), and it is a significant competitor in others, such as pasta (29%) and home-style salsa (44%). The company enjoys pricing power due to the strength of its brands; according to management, it is the price-setter for about 80% of its product portfolio. The company also innovates in many categories. In salsa, a Mexican staple, for example, the company sponsors a recipe contest that helps it capture changing customer tastes. The combination of pricing power and product innovation has enabled the company to deliver double digit operating profit growth over the last five years.

Alicorp is another small-cap CPG company whose products are dominant in a single market, Peru. It has a diverse portfolio of well-known brands, an extensive product range (over ten thousand SKUs!), and a distribution network that spans Peru. In several categories, including flour, edible oil, laundry detergent, shortening, mayonnaise, margarine, and powdered juice, it holds the majority of the market. Like larger multinational CPG companies, Alicorp has achieved economies of scale in manufacturing, marketing, and distribution. Unlike some of them, however, Alicorp has continued to grow, compounding its revenues at a 7% annual rate over the last decade. We attribute its success to management's foresight. Instead of opting to pull back spending on product innovation and marketing in categories where Alicorp was lagging, they ramped up this investment. One such category is canned tuna, where it is now approaching 25% market share due to rapid gains; another is salsa, where sales have grown 12%. The company is also continuously repositioning its products across its portfolio to ensure they are competitive in value segments, while still maintaining their reputation for high quality.

Japan-based **Pigeon** is a company that has found growth by expanding its geographic footprint rather than broadening its product range. Pigeon makes baby bottles, skincare products, and other goods for infants. Building on its nearly 50 years of research into breastfeeding and child development, Pigeon has established its brand as synonymous with high quality. The company has become the leader in maternity and infant care products in Japan, where it has more than 60% market share in multiple segments including nursing bottles, breast pumps, and

CONSUMER STAPLES HISTORICAL BETA - ALL COUNTRY WORLD EX-US SMALL CAP INDEX



Source: Axioma (as of December 31, 2019).

breast pads. Its reputation helped the company gain a foothold in China, a market that now accounts for more than half of its profits. Pigeon's success is reflected in its growth: over the last decade, it has grown revenue at about 6% annually, despite declining birthrates in both Japan and China. Nonetheless, Pigeon's growth outlook remains cloudy, due to changes in the nature of retail distribution already mentioned. For example, it is unclear what impact increasing e-commerce penetration in Japan and China may have on Pigeon products that have traditionally been sold in stores. Pigeon is actively exploring new internet retail channels to ensure that it is represented in those that will turn out to be relevant. In China, the company sells its products on JD.com, Tmall, and through its own websites, while continuing to distribute through brick-and-mortar retail stores where customers can touch its products. E-commerce now accounts for about 53% of Pigeon's China sales, which grew 33% year-over-year through the first three quarters of 2019. New sales channels, however, require higher investments, resulting in compressed profit margins. It remains to be seen whether Pigeon will succeed in retooling its distribution.

We have maintained an overweight to Consumer Staples for more than a decade, but the gap has been narrowing. Valuation is the issue. Despite the threat posed by digital disruption to the heart of their business models, the valuations of CPG companies are elevated. The Staples sector appears more expensive today in terms of real earnings yield than at any point over the past two decades, which is in part due to the low interest rate environment perpetuated by central banks around the world. Balancing precariously on that high perch, the sector has also become more volatile. The chart above illustrates the rising beta of Staples stocks in the small-cap index in recent years.

Since 2018, we have exited several positions on price grounds. While our focus remains on identifying small companies that meet our quality and growth criteria, their price must be right to add them to, or keep them in, the portfolio.

PORTFOLIO HIGHLIGHTS

Our focus is on identifying businesses with enduring competitive advantages within industries with favorable competitive structures. If their shares are attractively priced, we buy them, and then hold onto them so long as they remain at least reasonably valued, so that our clients can benefit over time from the compounding of these businesses' superior returns on capital. We strive to maintain our focus on our holdings' long-term business prospects in order to avoid overreacting to transient developments. If the share price falls, but the quality and long-term growth prospects remain strong, we see an opportunity to add to the position.

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There are only a few reasons that justify selling a position: a breakdown of the fundamental business thesis underlying our investment, an elevated share price no longer justified by a company's growth prospects relative to alternatives available within our stable of research-qualified companies, or a desire to reduce correlated exposures to reduce portfolio-level risk. The majority of the sales this year were prompted by deteriorating fundamentals. In February, for example, we sold **Moscow Exchange**, Russia's leading bourse, after our analyst—concerned about departures in top management and a string of operational failures—decided it no longer met our prospective growth standards. Our decision to sell UK engineering consultancy **RPS Group** was based on our re-examination of the durability of its competitive advantage through business cycles.

Other sales resulted from overly expensive valuations, among them two beverage companies, Hong Kong-based **Vitasoy** and UK-based **Britvic**. We still consider both to be high-quality, growing businesses. Britvic, specifically, has continued to execute well despite the uncertainty around Brexit. Overvaluation was also the reason we sold Japanese online payments processor **GMO Payment Gateway** and **ICTSI**, a Philippines-based container and terminal operator. Remaining sales were for non-judgmental reasons: UK-based packaging company **RPC** and Australian paint manufacturer **DuluxGroup** were acquired, and Denmark-based bioscience company **Chr. Hansen** and Swiss software company **Temenos Group** outgrew our definition of a “small” company.

In the quarter, we added to our holding in **Paradox Interactive**, a Swedish video game publisher that specializes in historically-themed strategy games with titles like “Crusader Kings” and “Europa Universalis.” The video game industry—like the movie business—used to be dependent on single hit titles. Over recent years, however, Paradox, as well as other publishers, have stabilized their revenue streams by offering virtual characters or special weapons for “in game” purchase. Paradox also sells subscriptions packages to popular games and regularly refreshes its titles by releasing updates and expansion packs every few years. We also bought a new position in Ireland-based **Keywords Studios**, the video game industry’s leading provider of technical services. Thanks to Keywords’s large and diverse customer base, it is not dependent on the success of any single game. As its customers’ business models have evolved toward steadier, more predictable revenue streams, so has Keywords’s. The company has grown its revenues and profits every year since its 2013 IPO, compounding them at annual rates of 69% and 77%, respectively.

INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF DECEMBER 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
BHARTI INFRATEL Telecom infrastructure provider	India	0.5
CHEIL WORLDWIDE Marketing and advertising services	South Korea	0.3
IPSOS Market-research services	France	0.5
MEGACABLE Cable operator	Mexico	0.8
PARADOX INTERACTIVE Video game publisher	Sweden	1.4
PICO FAR EAST HOLDINGS Event marketing services	Hong Kong	0.8
RIGHTMOVE Online property listings operator	UK	1.0
SARANA MENARA NUSANTARA Telecom infrastructure provider	Indonesia	1.0
TOWER BERSAMA Telecom infrastructure provider	Indonesia	1.2
CONSUMER DISCRETIONARY		
ABC-MART Footwear retailer	Japan	0.5
CHARGEURS Specialty fabrics and coatings manufacturer	France	0.5
COWAY Consumer appliances manufacturer	South Korea	0.5
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	0.5
JARIR MARKETING Consumer products retailer	Saudi Arabia	1.0
RINNAI Consumer appliances manufacturer	Japan	0.3
STANLEY ELECTRIC Automotive lighting manufacturer	Japan	2.0
THULE GROUP Transportation equipment manufacturer	Sweden	0.4
CONSUMER STAPLES		
AGTHIA Foods and beverages manufacturer	UAE	0.7
ALICORP Consumer products manufacturer	Peru	0.2
ARIAKE Natural seasonings manufacturer	Japan	2.5
CLICKS GROUP Drugstores operator	South Africa	0.4
COSMOS PHARMACEUTICAL Drugstores operator	Japan	1.1
EAST AFRICAN BREWERIES Alcoholic beverages mfr.	Kenya	0.3
GRUPO HERDEZ Processed foods manufacturer	Mexico	0.9
KERNEL Foods and agricultural products manufacturer	Ukraine	0.9
KWS SAAT Agricultural products producer	Germany	1.3
NESTLÉ NIGERIA Foods manufacturer	Nigeria	0.5
PIGEON Consumer products manufacturer	Japan	0.3
ROHTO PHARMACEUTICAL Health and consumer products mfr.	Japan	0.7
ÜLKER Processed foods manufacturer	Turkey	0.9
ENERGY		
CORE LABORATORIES Oilfield services	US	1.5
DIALOG GROUP BERHAD Petrochemical services	Malaysia	1.0
ROMGAZ Natural gas producer	Romania	0.5
FINANCIALS		
ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	0.6
BANK OF GEORGIA Commercial bank	UK	0.9
DISCOVERY HOLDINGS Insurance provider	South Africa	0.7
MAX FINANCIAL Financial services and insurance provider	India	1.9
RATHBONE BROS Wealth manager	UK	1.0
SECURITY BANK Commercial bank	Philippines	0.3
HEALTH CARE		
ABCAM Life science services	UK	2.3
BML Clinical testing and information services	Japan	0.8
CARL ZEISS MEDITEC Medical technology provider	Germany	1.9

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
HEALTH CARE		
DECHRA Veterinary pharma manufacturer	UK	1.9
DIASORIN Reagent kits developer	Italy	0.6
EMIS GROUP Health care software developer	UK	1.1
FINDEX Health care software developer	Japan	0.4
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	0.7
NAKANISHI Dental instruments manufacturer	Japan	2.0
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.3
STRATEC BIOMEDICAL Life science products manufacturer	Germany	1.2
INDUSTRIALS		
51JOB INC. Online human resource services	China	0.6
ALFA LAVAL Industrial equipment manufacturer	Sweden	0.9
BBA AVIATION Flight support systems and services	UK	1.1
BOSSARD Industrial components supplier	Switzerland	1.2
CLARKSON Shipping services	UK	1.4
DANIELI Industrial equipment manufacturer	Italy	0.2
DIPLOMA Specialized technical services	UK	1.7
HAITIAN Plastic injection-molding machines manufacturer	China	1.2
INTRUM JUSTITIA Credit management services	Sweden	1.5
LISI Industrial components manufacturer	France	1.0
MISUMI GROUP Machinery-parts supplier	Japan	0.4
MONOTARO Factory materials supplier	Japan	0.3
NIHON M&A CENTER INC. Financial advisory	Japan	1.2
PFEIFFER VACUUM Vacuum pump manufacturer	Germany	0.9
RATIONAL Commercial kitchen equipment manufacturer	Germany	0.3
SENIOR Aerospace and auto parts manufacturer	UK	1.5
SENSATA TECHNOLOGIES Industrial sensors manufacturer	US	0.3
SMS Health care employment services	Japan	1.9
TOMRA Industrial sensors manufacturer	Norway	1.6
VAT GROUP Vacuum valve manufacturer	Switzerland	0.8
INFORMATION TECHNOLOGY		
ADVANTECH Industrial PCs manufacturer	Taiwan	0.5
ALTEN Technology consultant and engineer	France	2.5
ASM INTERNATIONAL Semiconductor equipment mfr.	Netherlands	0.5
ASM PACIFIC TECHNOLOGY Semiconductor eqpt mfr.	Hong Kong	0.8
BECHTLE IT services and IT products reseller	Germany	2.4
CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	1.0
CYBERARK Cybersecurity software developer	Israel	1.8
GLOBANT Software developer	Argentina	1.0
INFOMART Restaurant supply chain operator	Japan	1.6
KEYWORDS STUDIOS Video game technical services	UK	1.3
KINAXIS Supply chain software developer	Canada	1.5
LEM HOLDINGS Electrical components manufacturer	Switzerland	1.5
NETWORK INTERNATIONAL Electronic payment services	UK	1.5
REPLY IT consultant	Italy	2.1
SILERGY Electronics chips manufacturer	Taiwan	0.7
VAISALA Atmospheric measuring devices manufacturer	Finland	1.8

CONTINUED ON FOLLOWING PAGE >

Model Portfolio holdings are supplemental information only and complement the fully compliant International Small Companies 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.

INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF DECEMBER 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
MATERIALS		
FUCHS PETROLUB Lubricants manufacturer	Germany	1.7
HOA PHAT GROUP Steel producer	Vietnam	1.8
SH KELKAR Fragrances and flavors manufacturer	India	0.7
REAL ESTATE		
MABANEE Real estate developer and manager	Kuwait	1.2

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
UTILITIES		
RUBIS Liquid chemical storage and distribution	France	2.2
CASH		4.4

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
KEYWORDS STUDIOS	UK	INFT

POSITIONS SOLD	COUNTRY	SECTOR
BERTRANDT	GERMANY	INDU
HANKOOK TIRE	SOUTH KOREA	DSCR
ICTSI	PHILIPPINES	INDU

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4Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BECHTLE	INFT	2.3	0.79
REPLY	INFT	2.2	0.68
ABCAM	HLTH	2.2	0.57
VAISALA	INFT	1.9	0.48
DIPLOMA	INDU	1.5	0.45

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CARL ZEISS MEDITEC	HLTH	3.1	1.78
BECHTLE	INFT	2.4	1.52
VAISALA	INFT	1.6	1.22
INFOMART	INFT	1.5	1.19
GLOBANT	INFT	1.3	1.18

4Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
CORE LABORATORIES	ENER	2.0	-0.35
STRATEC BIOMEDICAL	HLTH	1.4	-0.19
SH KELKAR	MATS	0.7	-0.19
ARIAKE	STPL	2.7	-0.13
INTEGRATED DIAGNOSTICS	HLTH	0.9	-0.11

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
LOMA NEGRA	MATS	0.6	-0.48
SH KELKAR	MATS	0.8	-0.38
AGTHIA	STPL	0.8	-0.36
CORE LABORATORIES	ENER	1.3	-0.29
BERTRANDT	INDU	0.5	-0.14

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN[1] (%)	11.2	7.6
RETURN ON ASSETS[1] (%)	9.8	5.3
RETURN ON EQUITY[1] (%)	16.0	10.7
DEBT/EQUITY RATIO[1] (%)	20.4	52.8
STD DEV OF 5 YEAR ROE[1] (%)	2.4	3.4
SALES GROWTH[1,2] (%)	6.9	3.7
EARNINGS GROWTH[1,2] (%)	11.7	9.3
CASH FLOW GROWTH[1,2] (%)	9.6	6.2
DIVIDEND GROWTH[1,2] (%)	7.4	6.6
SIZE & TURNOVER	**HL ISC**	**ACWI EX-US SC**
WTD MEDIAN MKT CAP (US $B)	2.9	2.0
WTD AVG MKT CAP (US $B)	3.3	2.5

RISK AND VALUATION	HL ISC	ACWI EX-US SC
ALPHA[2] (%)	3.08	—
BETA[2]	0.91	—
R-SQUARED[2]	0.87	—
ACTIVE SHARE[3] (%)	97	—
STANDARD DEVIATION[2] (%)	12.13	12.36
SHARPE RATIO[2]	0.74	0.52
TRACKING ERROR[2] (%)	4.5	—
INFORMATION RATIO[2]	0.57	—
UP/DOWN CAPTURE[2]	97/81	—
PRICE/EARNINGS[4]	22.8	15.5
PRICE/CASH FLOW[4]	15.9	9.6
PRICE/BOOK[4]	3.2	1.5
DIVIDEND YIELD[5] (%)	1.8	2.6

[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 Small Companies Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 7, 2020); Harding Loevner International Small Companies 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 Small Companies Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

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INTERNATIONAL SMALL COMPANIES EQUITY COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2019)

	HL ISC GROSS (%)	HL ISC NET (%)	ACWI EX-US SMALL CAP[1] (%)	HL ISC 3-YR STD DEVIATION[2] (%)	ACWI EX-US SMALL CAP 3-YR STD DEVIATION[2] (%)	INTERNAL DISPERSION[3] (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS ($M)	FIRM ASSETS (%)
2019[4]	31.30	29.83	22.93	12.36	11.60	N.M.[5]	1	350	0.54
2018	-16.39	-17.34	-17.89	12.47	12.36	N.M.	1	165	0.33
2017	37.61	36.34	32.12	10.76	11.54	N.M.	3	323	0.60
2016	0.79	-0.22	4.29	10.78	12.15	N.M.	2	154	0.40
2015	5.83	4.63	2.95	10.26	11.32	N.M.	1	95	0.29
2014	-2.12	-3.14	-3.69	12.30	13.13	N.M.	3	157	0.45
2013	28.37	26.92	20.13	16.41	16.65	N.M.	3	166	0.50
2012	25.73	24.31	18.96	19.24	19.96	N.M.	2	119	0.53
2011	-11.90	-12.80	-18.21	23.37	23.89	N.M.	2	84	0.62
2010	25.94	24.40	25.58	28.53	30.38	N.M.	1	18	0.16
2009	75.88	73.80	63.50	26.81	28.45	N.M.	1	8	0.13

[1]Benchmark Index; [2]Variability of the Composite and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2019 performance returns and assets shown are preliminary; [5]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

The International Small Companies Equity Composite contains fully discretionary, fee-paying accounts investing primarily in non-US equity and equity-equivalent securities of companies with market capitalizations that fall within the range of the Composite's benchmark index and cash reserves. For comparison purposes, the Composite is measured against the MSCI All Country World ex-US Small Cap Total Return Index (Gross). 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 Small Cap Index is a free-float market capitalization index that is designed to measure small cap developed and emerging market equity performance. The Index consists of 48 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 35-9,151 million (as of December 31, 2019). You cannot invest directly in this Index.

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 September 30, 2019.

Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The International Small Companies Equity Composite has been examined for the periods January 1, 2007 through September 30, 2019. The verification and performance examination reports are available upon request.

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. The firm maintains a complete list and description of composites, which is 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. Past performance does not guarantee future results. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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 Small Companies accounts is 1.00% annually of the market value up to $20 million; 0.80% of amounts above $20 million. 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 Small Companies Equity Composite was created on December 31, 2006.

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