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Composite Performance

Total Return (%) — Periods Ending June 30, 2021¹

	3 Months	YTD	1 Year	3 Years ²	5 Years ²	10 Years ²	Since Inception ^{2,3}
HL Intl. Small Companies (Gross of Fees)	8.81	8.36	41.43	12.65	14.72	10.34	10.10
HL Intl. Small Companies (Net of Fees)	8.55	7.83	39.98	11.41	13.50	9.16	8.90
MSCI All Country World ex-US Small Cap Index ^{4,5}	6.49	12.47	47.58	10.19	12.38	7.40	6.13

¹The Composite performance returns shown are preliminary; ²Annualized Returns; ³Inception Date: December 31, 2006; ⁴The Benchmark Index; ⁵Gross 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 ISC	ACW ex-US SC	(Under) / Over
Info Technology	24.4	11.9	12.5
Comm Services	10.0	4.1	5.9
Health Care	12.0	7.7	4.3
Cons Staples	9.5	5.7	3.8
Cash	3.0	—	3.0
Energy	1.7	2.5	-0.8
Utilities	2.2	3.3	-1.1
Industrials	18.0	20.9	-2.9
Materials	7.4	10.8	-3.4
Financials	6.3	10.2	-3.9
Cons Discretionary	4.7	12.6	-7.9
Real Estate	0.8	10.3	-9.5

Geography	HL ISC	ACW ex-US SC	(Under) / Over
Frontier Markets ⁶	7.4	—	7.4
Europe ex-EMU	30.1	23.4	6.7
Europe EMU	19.4	14.3	5.1
Cash	3.0	—	3.0
Other ⁷	1.3	—	1.3
Middle East	1.3	1.9	-0.6
Emerging Markets	21.7	25.1	-3.4
Canada	1.9	6.5	-4.6
Japan	13.3	19.2	-5.9
Pacific ex-Japan	0.6	9.6	-9.0

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

Sector and geographic allocations are supplemental information only and complement the fully compliant International Small Companies Equity Composite GIPS Presentation. Source: Harding Loevner International Small Companies Equity 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

Despite an uneven global economic recovery, stock markets continued to rise this quarter in response to progress in vaccination rollouts around the world. In this still-buoyant environment, international small caps continued to outperform large caps, as they have for the trailing twelve months.

Economic growth continues to support corporate earnings. The International Monetary Fund is projecting 6% growth in 2021; pending fiscal initiatives by several large economies could boost activity further. The Biden administration segued from providing relief for individuals and businesses to striking a bipartisan deal on a trillion-dollar commitment to infrastructure and social investment plans. Outside the US, the EU approved an €800 billion (US\$957 billion) recovery fund aimed at infrastructure investment and support for businesses.

The resumption of more normal consumer and business activity has caused shortages and sharp price rises for many goods due to inventory liquidations last year. Corporate capital spending is also expected to underpin the global economy; economists project a rebound in global real investment that should vastly outpace the lethargic multi-year capex recovery following the global financial

MSCI ACW ex-US Small Cap Index Performance (USD %)

Geography	2Q 2021	Trailing 12 Months
Canada	10.0	57.8
Emerging Markets	11.4	64.4
Europe EMU	6.5	50.9
Europe ex -EMU	6.5	52.2
Japan	-0.9	21.6
Middle East	13.0	62.7
Pacific ex -Japan	5.6	43.4
MSCI ACW ex -US Small Cap Index	6.5	47.6

Sector	2Q 2021	Trailing 12 Months
Communication Services	5.0	47.5
Consumer Discretionary	4.8	54.5
Consumer Staples	2.5	23.6
Energy	8.3	61.2
Financials	4.8	48.9
Health Care	9.3	35.9
Industrials	8.3	58.3
Information Technology	6.2	48.9
Materials	6.5	55.4
Real Estate	7.7	33.0
Utilities	4.4	37.1

Source: FactSet (as of June 30, 2021). MSCI Inc. and S&P.

crisis. Much of this new investment is expected to come from spending on information technology (IT). *The Economist* projects 42% greater global IT spending in 2021 compared to 2019. Semiconductor makers like Taiwan-based TSMC are investing hundreds of billions of dollars both to meet resurgent microchip demand and to avoid a repeat of the current global shortage that has rippled across many different industries. We explore the implications for smaller chip-related companies below.

Central banks in the developed world have yet to begin to reverse easy monetary policies, despite a spike in inflation and rising economic growth forecasts, maintaining a belief that current price rises are a temporary phenomenon that can easily be addressed later if it persists. Global fixed income markets rallied as bond yields fell on the dual message of watchful guardian tomorrow and easy money today. Meanwhile, the boom in some commodities such as copper and lumber waned in June. Out of step with the rest (or one step ahead), the People's Bank of China did, delicately, begin the process of unwinding some of its pandemic-driven stimulus.

In contrast to the uniform rally in cheaper stocks of lower quality and slower growth companies that had characterized markets since early November, performance this past quarter was far more mixed across sectors, regions, and style factors. Health Care, and in particular health care equipment and services companies, which have broad exposure to various promising areas of research and drug development, saw a boost. Several more-cyclical sectors, such as Financials and Materials, ceded their market leadership from the previous couple of quarters. Energy stocks, however, continued to outperform as oil prices moved higher.

From a geographic perspective, EMs were the strongest segment, helped by commodity-driven economies like Brazil as well as the chip shortage, which particularly benefitted shares of companies based in Taiwan. Japan was the sole region that declined in the quarter after the country reimposed a state of emergency following a steep rise in COVID-19 infections from its low base, likely delaying its own economic recovery.

Performance and Attribution

The International Small Companies composite advanced 8.8% during the quarter, ahead of the MSCI All Country World ex-US Small Cap Index's 6.5% advance, helping the composite narrow its year-to-date underperformance to 4.1%.

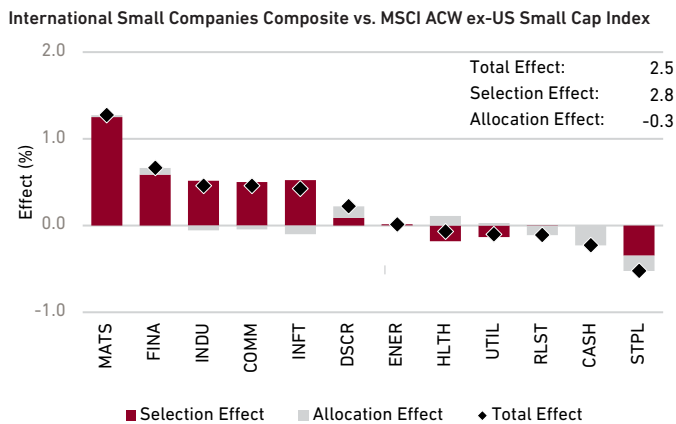
By sector, Materials was by far the standout contributor this quarter, largely due to Vietnamese steelmaker **Hoa Phat Group**,

Companies held in the portfolio during 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 complete list of holdings at June 30, 2021 is available on page 6 of this report.

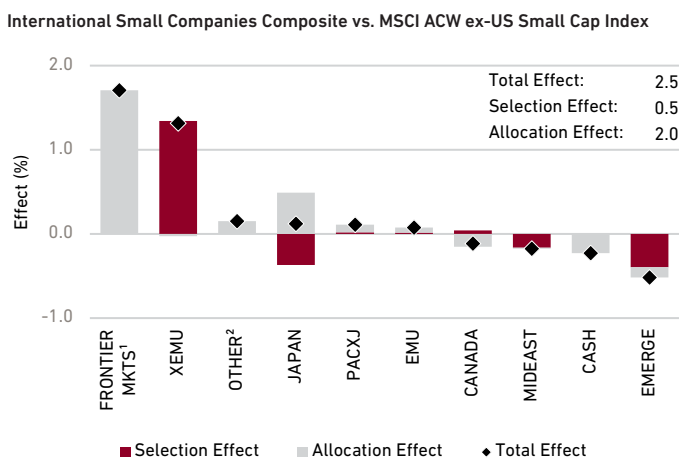
which is benefitting from a combination of rising global steel prices, strong demand inside Vietnam, and a new, state-of-the-art production complex that is helping the company grow export sales to China. Within IT, **Reply**, an Italian IT services provider, has also been a strong contributor. For months, the company's strengths in cloud computing and mobile payments have offset pandemic headwinds buffeting its manufacturing and tourism clients, setting up the company for an eventual recovery in the latter segments. Another strong IT performer was **Silergy**, a Taiwan-based specialized supplier of power-management chips. The company has taken advantage of more established suppliers' inability to keep up with demand during the chip shortage, which has allowed Silergy to gain an important foothold in the automotive industry.

By region, the portfolio benefitted from both stock and allocation effects in the quarter. In Europe outside the monetary union, British aerospace technology supplier **Senior** was a strong

Second Quarter 2021 Performance Attribution Sector



Geography



¹Includes countries with less-developed markets outside the index. ²Includes companies classified in countries 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.

contributor both in the first quarter when a private equity firm made a cash offer to purchase the company, and this past quarter when Senior's board rejected the bid for being too low. Contributions to performance from Frontier Markets were especially strong. In addition to Hoa Phat, two banks, Lithuania's **Siauliu Bankas** and **Bank of Georgia**, were large contributors, buoyed by an expectation of further market share gains and by their fast-recovering economies. While our holdings in Japan underperformed, the portfolio's underweight to the country, which continues to struggle to contain the pandemic, boosted relative returns. One of the laggards in the Japanese market was **JCU**, a specialty chemicals company which has underperformed our other semiconductor-related holdings of late, largely due to what we believe is the market's misperception of its business. The company produces additives used in the increasingly complex packaging of integrated logic circuits. But because it also makes additives for plating motherboards, a more prosaic aspect of electronics manufacturing, it is mostly associated by investors with that end use. In fact, our analyst thinks JCU stands to benefit from exploding chip demand every bit as much as its pure-play IC packaging rivals.

Perspective and Outlook

While the recent chip shortage has garnered much attention and has highlighted strengths and weakness across the semiconductor supply chain, our bottom-up research, focused on identifying companies that exhibit the right combination of quality and growth, led us to a fresh perspective on this industry several years ago. At the time, we saw a roughly US\$450 billion industry made up of companies focused on capital equipment, memory, power management, fabrication, and packaging and assembly. We identified improvements in the industry's structure as it consolidated, noting that this could help tame its cyclical boom-and-bust nature.

Historically, the industry has grown on average slightly above global GDP levels, but we believed the future held faster growth, spurred by the increasing use of artificial intelligence, big data, and 5G, not only in the electronic equipment and devices traditionally reliant upon semiconductor chips, but also in industrial and agricultural equipment, autos, and appliances as the Internet-of-Things vision becomes a reality.

While the current chip shortage is likely to be transient, it reinforces our expectation of faster secular growth. In the spring of 2020, as the pandemic began to unfold, companies all along the semiconductor supply chain dialed back production in the face of declining demand from customers in several industries, especially automakers, who rely on chips to run everything from seat belt sensors to self-driving controllers. At the same time, many of these manufacturers failed to anticipate the imminent surge in demand for consumer electronic devices like laptops, tablets, gaming consoles, and TVs. When car sales bounced back sooner and more strongly than expected, many chipmakers and their customers found themselves caught short there, too.

Some of the most obvious beneficiaries of the current cycle have been large cap companies such as TSMC, which fabricates 84% of the world's most advanced chips and has announced plans to spend US\$100 billion over the next three years to grow its capacity. Or, Netherlands-based ASML, the sole manufacturer of the lithography machines used by TSMC and its competitors like Samsung Electronics to print patterns of transistors on the materials that go into the most advanced chips. ASML expects to see 2021 revenue up 30% YoY. The explosive growth of these companies reflects both the short-term demand pressure they're feeling and longer-term dynamics, as parts of the supply chain become ever more specialized and the gaps widen between those at the leading edge and the rest. (See our recent Fundamental Thinking "Third Law: How a Pair of Chip Companies Came to Control the Keys to Everything.") But this confluence of short- and long-term forces also benefits semiconductor-related companies further down the size spectrum. As small cap investors with a deep-rooted expertise in the industry, we have identified smaller, less well-known companies operating with strong competitive advantages in attractive niches of the value chain.

We have much of our semiconductor-related exposure through capital equipment and materials suppliers. About eight years ago, we identified growth opportunities for ASML's sister company **ASM International** (ASMI), which supplies the machines that deposit the microscopic films that help capture the fine patterns imprinted by the lithography on the surface of the silicon wafer. Over the ensuing years, ASMI more than fulfilled our expectations, eventually growing to some US\$15 billion in market capitalization. That finally became too large for our small cap portfolio's market cap guidelines which require a vast majority of our holdings to stay below the market cap of the largest company in the benchmark (currently about US\$9 billion), and this past quarter we exited the position.

The environment in which semiconductors are made must be cleansed of dust and other impurities to standards many times cleaner than a hospital operating room to prevent contamination of the silicon wafer. Producing the equipment needed to create those special conditions is another niche within the niche of capital equipment and materials suppliers where we have made investments. Germany-based **Pfeiffer Vacuum** is the semiconductor industry's second-largest supplier of specialized pumps used to create the hyper-clean vacuum inside the lithographic and other machines with which chips are made. (The top supplier is Atlas Copco, a Swedish company owned by our large cap portfolios.) Founded in 1890, Pfeiffer has a long history of manufacturing vacuum pumps for precision industries like pharmaceuticals and scientific instruments, which it leveraged to develop an early focus on pumps for the semiconductor industry. The company currently supplies all major semiconductor equipment makers, including ASML and Applied Materials, and also sells directly to chipmakers like Samsung, Intel, and TSMC for production lines ranging from their largest legacy chips to their most advanced transistors, which are measured in nanometers (one-billionth of a meter).

Switzerland-based **VAT Group** is the dominant supplier of the *valves* on the pumps that generate the vacuums. VAT's spend on research and development alone is more than the *revenue* generated by its next-largest competitor. The ubiquity of vacuum pumps and valves throughout semiconductor manufacturing suggests that Pfeiffer and VAT will grow naturally along with chip production. But, in fact, they are positioned to grow incrementally faster because, as chips become smaller and more advanced, their manufacture involves additional production steps, each of which requires more pumps and valves. Companies like Intel and ASML are already working with Pfeiffer and VAT to develop their next-generation machines. These small cap suppliers become an integral part of such planning cycles, making the switching costs for their customers high.

Switzerland-based VAT Group is the dominant supplier of the *valves* on the pumps that generate the vacuums inside the machines with which chips are made. Its spend on R&D is more than the *revenue* generated by its next-largest competitor.

After assembly, semiconductor chips are packaged, a process which involves adding insulators and leads to protect the chip and to connect it to the motherboard which holds all the chips that run and power the device. The various components are connected by copper-filled pathways called "via" (the Latin word for pathway). The via—many times finer than an eyelash—must be filled completely so that electricity is properly conducted. To do that, special chemicals must be added to the molten copper to ensure it flows smoothly into every via. JCU, the Japanese company mentioned earlier, provides these additives, which are mixtures of acids and organic compounds. It has been a pioneer in developing these additives, and today has 60% share of the global market, supplying the packaging and motherboard manufacturing companies serving chip fabricators like TSMC. JCU maintains an extensive network of service centers near, and sometimes even within, its customers' facilities so that it can respond in real time to their needs.

Unlike the previous examples, Silergy is not an equipment maker or materials supplier—it's a developer of a critical electronic component, the power-management integrated circuit (PMIC) that controls the flow of electrical power from the power source to the logic circuits. The company's proprietary IP allows it to pack more functionality into a smaller chip surface, reducing its production cost. The firm follows an unorthodox "virtual integrated device manufacturer model," in which it doesn't produce or assemble anything itself but does prescribe to its own suppliers every single aspect of the design, fabrication, packaging, and testing of the components that go into its products. This asset-light level of micromanagement, intrusive as it may be for some vendors, provides Silergy with cost and technical advantages and helps thwart competitors' efforts to copy its products.

The company has performed well for years by focusing on products that find their way into a wide variety of consumer electronics and specialized industrial applications, but the recent supply crunch has presented it with an opportunistic new source of growth. As Chinese and South Korean automakers grew increasingly desperate to secure supply from their established suppliers, Silergy stepped in. This bodes well for its long-term revenue growth, given carmakers' lengthy (five- to seven-year) product refresh cycles for their electronic components and what appears to be shaping up as a super-cycle for automotive chips as the move toward electric vehicles (EVs) accelerates. For the moment, every EV requires an average of up to 10x more chips than a gas-powered vehicle.

Portfolio Highlights

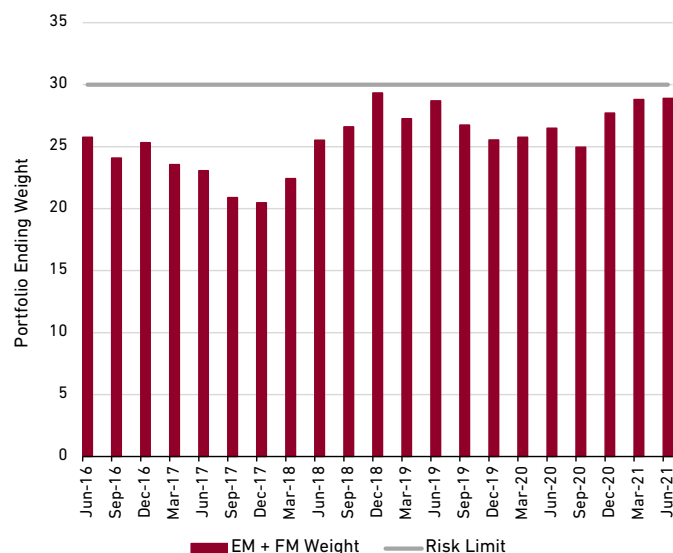
As we have described in prior letters, we pre-commit to investment guidelines for the purposes of managing risk through diversification and ensuring the portfolio is invested in a manner consistent with its stated objectives. In the International Small Companies Equity strategy, one guardrail we bump up against from time to time is a ceiling on the market capitalization of companies considered to be "small" companies. The latest company whose dramatic growth in value forced us to sell it was ASMI, as noted above.

Other guidelines ensure geographic diversification. The portfolio is currently invested across 34 different countries, including 19 emerging and frontier markets. Indeed, developing markets have historically provided many attractively valued opportunities. Following several years of strong relative returns, our holdings in Emerging and Frontier (EM + FM) markets combined have expanded toward their risk limit under our regional exposure guidelines.

This quarter, strong performance by Hoa Phat in Vietnam and **Towers Bersama** in Indonesia caused the portfolio to reach its permitted EM + FM exposure, requiring us to trim positions to prevent it from being exceeded. To be sure, while exposure limits were one impetus, so was a rise in political and financial risk for some of our EM + FM holdings. In addition to trimming our positions in Hoa Phat, Towers Bersama, and **Max Financial**, an Indian life insurance company, we exited Consumer Staples company **Alicorp** and mining equipment company **Ferreycorp**, two holdings based in Peru, where the populist agenda and deep political divisions surrounding the election of dark-horse socialist candidate Juan Castillo has cast doubts on the growth prospects of these otherwise high-quality companies. We also sold our position in Philippines-based **Security Bank**, due to a combination of deteriorating asset quality and valuation concerns, as non-performing loans have begun to pile up following the expiration of the repayment moratoriums imposed by the government last year.

These sales brought the portfolio sufficiently under the EM + FM limit to allow us to add to Sialiu Banakas, a more attractively valued existing EM + FM holding. We also added three new

International Small Companies Model Weight in Emerging Markets and Frontier Markets



Source: FactSet, Data as of June 30, 2021.

holdings, one of them also in a developing market. The glitches plaguing *Cyberpunk 2077*, the highly anticipated December 2020 release from Poland-based gaming developer **CD Projekt**, provided an opportunity to add a holding in the company at an attractive valuation. We are confident it will be able to restore its reputation for successfully developing big-budget AAA games. Despite its recent stumbles, CD Projekt's low-cost Polish location and the huge buzz it's shown it can generate around its games should help it yield new hits and rising cash flows over time.

We also added Japan-based **Santen Pharmaceutical**, the market share leader in ophthalmic drugs in Japan and the fifth largest globally, with a rising presence in China, South Korea, and EMEA. While the Japanese patent expiration of Eylea, a popular macular degeneration drug it has been co-promoting in the country with Bayer, does pose a risk to Santen's growth starting around 2023, Santen has an interesting pipeline, headlined by candidates in glaucoma and ptosis (droopy eyelid). The company has finally entered the US market with the acquisition of fellow eye drug maker Eyeavance.

In IT, we added **TeamViewer**, a German company that offers a differentiated suite of remote work solutions to its customers worldwide. In addition to providing software for traditional remote access, the company draws on augmented reality and the Internet of Things to enable remote access to specialized industrial equipment. The company has focused on small industrial customers, with whom it has achieved high penetration through a low-cost, largely self-service sales and distribution model. It is now attempting to achieve those same efficiencies with bigger-ticket accounts as it takes on more of the large industrial enterprise market.

International Small Companies Holdings (as of June 30, 2021)

Communication Services	Country	End Wt. (%)
CD Projekt (Video game developer)	Poland	0.5
Cheil Worldwide (Marketing and advertising services)	South Korea	1.6
Megacable (Cable operator)	Mexico	1.0
Paradox Interactive (Video game publisher)	Sweden	1.5
Rightmove (Online property listings operator)	UK	0.8
Sarana Menara Nusantara (Telecom tower operator)	Indonesia	1.7
TIME dotCom Berhad (Telecom services)	Malaysia	0.7
Tower Bersama (Telecom infrastructure provider)	Indonesia	0.6
YouGov (Market research and data analytics services)	UK	1.6
Consumer Discretionary		
ABC-Mart (Footwear retailer)	Japan	0.3
Eclat Textile (Technology-based textile manufacturer)	Taiwan	0.6
Jarir Marketing (Consumer products retailer)	Saudi Arabia	1.0
Rinnai (Consumer appliances manufacturer)	Japan	0.6
Stanley Electric (Automotive lighting manufacturer)	Japan	1.6
Thule Group (Lifestyle consumer products manufacturer)	Sweden	0.5
Consumer Staples		
Agthia (Foods and beverages manufacturer)	UAE	0.9
Ariake (Natural seasonings manufacturer)	Japan	1.6
Clicks Group (Drugstores operator)	South Africa	0.3
Cosmos Pharmaceutical (Drugstores operator)	Japan	1.2
Cranswick (Foods manufacturer)	UK	0.8
Edita Food Industries (Foods & consumer products retailer)	Egypt	0.9
Grupo Herdez (Processed foods manufacturer)	Mexico	1.1
Kernel (Foods and agricultural products manufacturer)	Ukraine	0.8
KWS SAAT (Agricultural products producer)	Germany	1.3
Pigeon (Consumer products manufacturer)	Japan	0.2
Rohto Pharmaceutical (Health & consumer products mfr.)	Japan	0.5
Energy		
Core Laboratories (Oilfield services)	US	0.7
Dialog Group Berhad (Petrochemical services)	Malaysia	0.7
Romgaz (Natural gas producer)	Romania	0.3
Financials		
Bank of Georgia (Commercial bank)	UK	1.4
Bankinter (Commercial Bank)	Spain	0.6
Discovery Holdings (Insurance provider)	South Africa	0.3
Max Financial (Financial services and insurance provider)	India	1.7
Rathbone Bros (Wealth manager)	UK	0.7
Siauliu Bankas (Commercial bank)	Lithuania	1.7
Health Care		
Abcam (Life science services)	UK	1.9
BML (Clinical testing and information services)	Japan	0.7
Dechra (Veterinary pharma manufacturer)	UK	2.3
EMIS Group (Health care software developer)	UK	1.2
Integrated Diagnostics (Medical laboratory services)	Egypt	0.7
Santen Pharmaceutical (Pharma manufacturer)	Japan	1.3
Solasto (Medical admin outsourcing)	Japan	0.6

Health Care	Country	End Wt. (%)
Square Pharmaceuticals (Pharma manufacturer)	Bangladesh	0.7
STRATEC (Life science products manufacturer)	Germany	2.5
Industrials		
Bossard (Industrial components supplier)	Switzerland	1.6
Clarkson (Shipping services)	UK	1.2
Diploma (Specialized technical services)	UK	2.0
Haitian International (Injection-molding machines mfr.)	China	1.3
HomeServe (Emergency repair services)	UK	0.7
Intrum Justitia (Credit management services)	Sweden	1.3
LISI (Industrial components manufacturer)	France	0.8
MISUMI Group (Machinery-parts supplier)	Japan	0.4
Nihon M&A Center Inc. (Financial advisory)	Japan	0.5
Pfeiffer Vacuum (Vacuum pump manufacturer)	Germany	0.8
Senior (Aerospace and auto parts manufacturer)	UK	2.2
Sensata Technologies (Industrial sensors manufacturer)	US	0.6
SMS (Health care employment services)	Japan	1.6
TOMRA (Industrial sensors manufacturer)	Norway	2.2
VAT Group (Vacuum valve manufacturer)	Switzerland	0.9
Information Technology		
Advantech (Industrial PCs manufacturer)	Taiwan	0.5
Alten (Technology consultant and engineer)	France	2.1
ASM Pacific Technology (Semiconductor eqpt mfr.)	Hong Kong	0.6
Bechtel (IT services and IT products reseller)	Germany	1.9
Chipbond Technology (Electronic chip packager)	Taiwan	1.1
Cyberark (Cybersecurity software developer)	Israel	1.3
Globant (Software developer)	Argentina	1.6
Infomart (Restaurant supply chain operator)	Japan	1.1
Keywords Studios (Video game technical services)	UK	1.8
Kinaxis (Supply chain software developer)	Canada	1.8
LEM Holdings (Electrical components manufacturer)	Switzerland	1.6
Network International (Electronic payment services)	UK	1.3
Reply (IT consultant)	Italy	3.5
Silergy (Electronics chips manufacturer)	Taiwan	1.3
SimCorp (Asset management software provider)	Denmark	0.6
TeamViewer (Remote connectivity software developer)	Germany	0.5
Vaisala (Atmospheric measuring devices manufacturer)	Finland	1.6
Materials		
Fuchs Petrolub (Lubricants manufacturer)	Germany	1.8
Hoa Phat Group (Steel producer)	Vietnam	3.9
JCU (Industrial coating manufacturer)	Japan	1.0
SH Kelkar (Fragrances and flavors manufacturer)	India	0.8
Real Estate		
Mabaneer (Real estate developer and manager)	Kuwait	0.8
Utilities		
Rubis (Liquid chemical storage and distribution)	France	2.2
Cash		3.0

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

2Q21 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL ISC	ACW ex-US SC	
Hoa Phat Group	MATS	4.0	0.0	1.58
Reply	INFT	3.1	0.1	0.64
Silergy	INFT	1.1	0.0	0.51
Senior	INDU	1.9	<0.1	0.50
Bossard	INDU	1.3	<0.1	0.40

2Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL ISC	ACW ex-US SC	
Haitian International	INDU	1.5	0.0	-0.28
JCU	MATS	1.1	<0.1	-0.26
Network International	INFT	1.5	0.1	-0.26
Paradox Interactive	COMM	1.6	0.0	-0.21
Ferreycorp	INDU	0.5	0.0	-0.21

Portfolio Characteristics

Quality and Growth	HL ISC	ACW ex-US SC
Profit Margin ¹ (%)	8.6	6.0
Return on Assets ¹ (%)	7.6	4.0
Return on Equity ¹ (%)	14.0	7.9
Debt/Equity Ratio ¹ (%)	26.3	54.6
Std. Dev. of 5 Year ROE ¹ (%)	4.0	5.0
Sales Growth ^{1,2} (%)	7.6	4.7
Earnings Growth ^{1,2} (%)	5.7	5.4
Cash Flow Growth ^{1,2} (%)	12.3	8.4
Dividend Growth ^{1,2} (%)	7.4	5.1
Size and Turnover	HL ISC	ACW ex-US SC
Wtd. Median Mkt. Cap. (US \$B)	4.0	2.4
Wtd. Avg. Mkt. Cap. (US \$B)	4.2	2.9
Turnover ³ (Annual %)	23.5	-

¹Weighted median; ²Trailing five years, annualized; ³Five-year average; ⁴Weighted harmonic mean; ⁵Weighted 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: July 5, 2021, based on the latest available data in FactSet on this date.); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Country	Sector
CD Projekt	Poland	COMM
Santen Pharmaceutical	Japan	HLTH
TeamViewer	Germany	INFT

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL ISC	ACW ex-US SC	
Hoa Phat Group	MATS	3.0	0.0	3.04
Reply	INFT	2.8	0.1	1.10
Senior	INDU	1.3	<0.1	1.06
Tower Bersama	COMM	1.1	<0.1	0.77
Max Financial	FINA	2.1	0.1	0.61

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL ISC	ACW ex-US SC	
Kinaxis	INFT	2.5	0.1	-1.35
Ariake	STPL	1.9	0.0	-0.91
Rubis	UTIL	2.0	0.1	-0.86
Bechtle	INFT	2.7	0.1	-0.78
Cosmos Pharmaceutical	STPL	1.6	0.0	-0.71

Size and Valuation	HL ISC	ACW ex-US SC
Alpha ² (%)	3.23	-
Beta ²	0.91	-
R-Squared ²	0.89	-
Active Share ³ (%)	97	-
Standard Deviation ² (%)	16.32	16.97
Sharpe Ratio ²	0.83	0.66
Tracking Error ² (%)	5.6	-
Information Ratio ²	0.42	-
Up/Down Capture ²	99/88	-
Price/Earnings ⁴	24.5	17.4
Price/Cash Flow ⁴	16.6	10.4
Price/Book ⁴	3.3	1.6
Dividend Yield ⁵ (%)	1.4	1.9

*Spinoff from Bankinter.

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 relative 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 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 Small Companies Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

International Small Companies Equity Composite Performance (as of June 30, 2021)

	HL ISC Gross (%)	HL ISC Net (%)	ACWI ex-US Small Cap ¹ (%)	HL ISC 3-yr. Std. Deviation ² (%)	ACWI ex-US Cap 3-yr Std. Deviation ² (%)	Internal Dispersion ³ (%)	No. of Accounts	Composite Assets (\$M)	Firm Assets (\$M)
2021 YTD ⁴	8.36	7.83	12.47	19.67	20.75	N.A. ⁵	1	561	77,155
2020	20.14	18.81	14.67	19.78	20.97	N.M. ⁶	1	454	74,496
2019	31.30	29.83	22.93	12.36	11.60	N.M.	1	350	64,306
2018	-16.39	-17.34	-17.89	12.47	12.36	N.M.	1	165	49,892
2017	37.61	36.34	32.12	10.76	11.54	N.M.	3	323	54,003
2016	0.79	-0.22	4.29	10.78	12.15	N.M.	2	154	38,996
2015	5.83	4.63	2.95	10.26	11.32	N.M.	1	95	33,296
2014	-2.12	-3.14	-3.69	12.30	13.13	N.M.	3	157	35,005
2013	28.37	26.92	20.13	16.41	16.65	N.M.	3	166	33,142
2012	25.73	24.31	18.96	19.24	19.96	N.M.	2	119	22,658
2011	-11.90	-12.80	-18.21	23.37	23.89	N.M.	2	84	13,597

¹Benchmark Index; ²Variability of the Composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; ³Asset-weighted standard deviation (gross of fees); ⁴The 2021 YTD performance returns and assets shown are preliminary; ⁵N.A.—Internal dispersion less than a 12-month period; ⁶N.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 49 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 3-11,647 million (as of June 30, 2021). 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 March 31, 2021. 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.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Small Companies Equity Composite has had a performance examination for the periods January 1, 2007 through March 31, 2021. 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. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Additional information is available upon request. Past performance does not guarantee future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate International 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 and the performance inception date is January 1, 2007.