

International Small Companies Equity



Quarterly Report | Second Quarter 2023

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International small caps gained in the second quarter, although not as much as their large-cap counterparts, which rode a wave of sudden enthusiasm related to artificial intelligence.

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The portfolio experienced more stocks being affected by acquisition offers than usual despite a broader slowdown in global dealmaking. We think it has something to do with the type of companies we invest in.

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Composite Performance

Total Return (%) — Periods Ended June 30, 2023¹

	3 Months	YTD	1 Year	3 Years ²	5 Years ²	10 Years ²	Since Inception ^{2,3}
HL International Small Cos. (Gross of Fees)	3.67	8.27	15.52	7.33	4.56	7.88	7.94
HL International Small Cos. (Net of Fees)	3.43	7.77	14.43	6.28	3.48	6.77	6.78
MSCI All Country World ex US Small Cap Index ^{4,5}	2.25	7.17	11.50	8.64	3.06	6.16	4.47

¹The composite performance returns shown are preliminary. ²Annualized returns. ³Inception Date: December 31, 2006. ⁴The benchmark index. ⁵Gross of withholding taxes.

Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index	Under / Over
Info Technology	19.5	11.8	7.7
Comm Services	10.8	3.9	6.9
Cash	4.5	—	4.5
Health Care	11.3	7.0	4.3
Cons Staples	9.9	6.0	3.9
Utilities	2.0	3.3	-1.3
Industrials	18.7	20.9	-2.2
Energy	1.3	3.8	-2.5
Financials	8.2	10.9	-2.7
Materials	7.8	11.7	-3.9
Cons Discretionary	5.4	11.8	-6.4
Real Estate	0.6	8.9	-8.3

Geography	HL	Index	Under / Over
Europe ex EMU	30.1	19.3	10.8
Europe EMU	22.0	13.7	8.3
Frontier Markets ⁶	7.2	—	7.2
Cash	4.5	—	4.5
Other ⁷	1.4	—	1.4
Middle East	1.9	1.8	0.1
Canada	1.3	7.2	-5.9
Emerging Markets	20.5	27.8	-7.3
Pacific ex Japan	0.5	9.5	-9.0
Japan	10.6	20.7	-10.1

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

"HL": International Small Companies model portfolio. "Index": MSCI All Country World ex US Small Cap 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, FactSet, MSCI Inc. 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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What Happened

Global equity markets gained during the quarter, buoyed by declining inflation and a surge in enthusiasm for the prospects of artificial intelligence (AI). Most regions and sectors rose. International small caps gained, although not as much as their large-cap counterparts.

While concerns lingered over US regional banks, generative AI took center stage after the release of an updated version of ChatGPT, OpenAI's large language model. The AI fervor kicked into overdrive after US chipmaker NVIDIA announced better-than-expected results and increased guidance based on strong demand for its graphics processing units (GPUs). As a result, global returns were concentrated among large US tech-affiliated stocks.

Declining inflation in the US also bolstered investor sentiment, as the Consumer Price Index increased 4% year over year in May, its smallest rise in two years. The US Federal Reserve paused its rate-hiking campaign while suggesting that two more increases of 25 basis points (bps) later in the year may still be necessary. Monetary conditions in other parts of the world continued to tighten, however, with the European Central Bank opting for a marginal increase in its main interest rate to address persistent regional inflation. Meanwhile, China's central bank, facing a stalled

economic rebound, chose to loosen its key lending rates, and the Bank of Japan maintained its ultra-accommodative policy despite signs of nascent inflation.

A unique feature of the international small-cap benchmark—the MSCI ACWI ex US Small Cap Index, which has 4,402 constituents—is that the largest weight for any single company is 0.29%, and among the 10 largest constituents there is only one tech stock. While the Information Technology (IT) sector did have a strong showing among international small caps, it was outpaced by Financials, which rebounded from a weak first quarter.

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Real Estate and Energy were among the weakest sectors, with negative returns in both the first and second quarters driven by higher interest rates and weak oil prices, respectively. By region, Emerging Markets (EMs) delivered the strongest performance, supported by good economic growth and improving sentiment related to economic reforms. They were led by larger markets such as Brazil and India, as well as smaller ones, including Poland and Saudi Arabia.

The only discernible style effect was the outperformance of the fast-growing companies relative to the slowest.

MSCI ACWI ex US Small Cap Index Performance (USD %)

Sector	2Q 2023	Trailing 12 Months
Communication Services	-1.8	1.5
Consumer Discretionary	3.1	14.5
Consumer Staples	-1.1	5.0
Energy	-1.2	8.6
Financials	6.5	17.5
Health Care	2.8	0.9
Industrials	2.9	18.7
Information Technology	6.0	21.5
Materials	-0.5	15.9
Real Estate	-2.1	-8.3
Utilities	4.8	6.2
Geography	2Q 2023	Trailing 12 Months
Canada	-0.3	9.4
Emerging Markets	6.5	13.9
Europe EMU	1.4	16.6
Europe ex EMU	0.1	9.0
Japan	1.3	13.0
Middle East	3.4	-12.0
Pacific ex Japan	0.0	6.4
MSCI ACWI ex US Small Cap Index	2.2	11.5

Source: FactSet, MSCI Inc. Data as of June 30, 2023.

How We Did

The International Small Companies composite rose 3.7% gross of fees in the second quarter, compared with a 2.2% gain in the MSCI ACWI ex US Small Cap Index. Stock selection largely drove the portfolio's relative return.

By region, we outperformed in Europe outside the eurozone due to strength in our UK holdings, including three companies that drew takeover interest. Shares of Health Care holding **Abcam**, a supplier of antibodies and other essential tools for life scientists, rallied more than 80%. The company is reportedly attracting potential suitors while an activist investor—who is also the company's retired founder—puts pressure on the board to improve performance. Veterinary drugmaker Dechra received an all-cash offer from Swedish private-equity firm EQT, which has made other acquisitions in animal health. Electronic-payment-services company Network International agreed to sell itself to Brookfield

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. A complete list of holdings at June 30, 2023 is available on page 6 of this report.

Asset Management, ending a bidding war for the company and giving Brookfield the ability to expand its presence in credit-card processing in the Middle East.

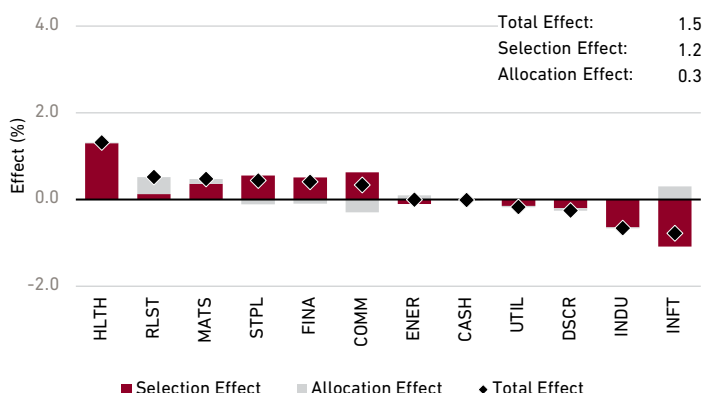
We outperformed in Europe outside the eurozone due to strength in our UK holdings, including three companies that drew takeover interest.

Returns in EMs were hurt by poor performance in South Korea. **Cheil Worldwide**, the country's largest advertising firm, lagged on continued weakness in the local advertising market and lingering concerns that outsourced work and consulting expenses will further compress margins. Video-game developer **NCSOFT** reported declining revenue from its *Lineage* franchise. The company's new *Throne and Liberty* game is also drawing some

Second Quarter 2023 Performance Attribution

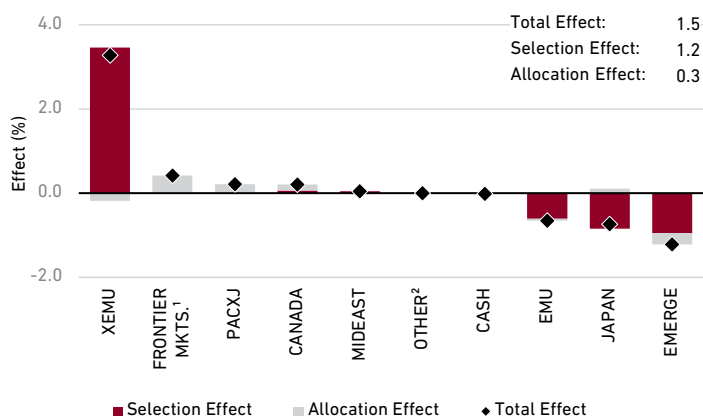
Sector

International Small Cos. Composite vs. MSCI ACWI ex US Small Cap Index



Geography

International Small Cos. Composite vs. MSCI ACWI ex US Small Cap Index



¹Includes countries with less-developed markets outside the index; ²Includes companies classified in countries outside the index. Source: Harding Loevner International Small Cos. composite, FactSet, MSCI Inc. 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.

poor reviews in beta testing from online streamers, even though professional reviewers have had more positive reactions.

Elsewhere in EMs, the portfolio was hurt by its underweight in India and Taiwan, as both markets rose sharply. In Taiwan, the negative allocation effect was exacerbated by weakness in semiconductor-chip packager **Chipbond Technology**. The company reported lower revenues and narrower margins while suggesting that near-term pricing power may worsen due to weakening demand for display driver integrated circuits, used in smartphones and TVs.

By sector, Materials holding **Hoa Phat Group**, Vietnam's largest producer of steel used in construction, benefited from improving gross margins amid reduced prices of coking coal as well as expectations of a pickup in sales volumes as the country's infrastructure spending increases.

We lagged in IT. **Keywords Studios**, an Irish provider of technical services for the video-game industry, fell on the concerns of some investors that generative AI will be negative for certain lines of business. Germany-based **Bechtle** said its margins shrank due to continued wage inflation.

What's On Our Minds

The portfolio experienced more stocks being affected by acquisition offers than usual. Four holdings—**Chr. Hansen** and SimCorp, both Danish companies, along with UK-based Dechra and Dubai-based Network International—have received bids in just the past seven months, while Abcam also seems to be in play. This flurry of potential M&A comes on the heels of United Healthcare's attempt to acquire EMIS Group in June 2022. This is a significant amount of dealmaking: on average, only one or two portfolio holdings have been acquired each year since 2013.

What makes this M&A spurt all the more intriguing is that our companies are drawing interest at a time when broader dealmaking has pulled back significantly in the face of higher borrowing rates and recession fears. The volume of acquisitions for international small caps fell 28% in the first half of 2023 compared with the same period of 2022, amid an almost 40% slowdown in all dealmaking, Bloomberg data show.

In our fourth-quarter review in January, we noted the compressed valuations for international small caps, whose underlying businesses delivered significant earnings growth in 2021 and 2022 (a reversal from the first year of the pandemic when earnings fell and valuations swelled). The price-to-earnings ratio for our portfolio was 17 at year-end, down from a high of 27 in 2021. Prices for small caps were also looking particularly attractive relative to large caps.

It's difficult to extrapolate meaning from a small number of transactions and say why our holdings are getting scooped up

when, despite enticing valuations, lots of M&A is on ice. But we think it has at least something to do with the type of companies we invest in. While high interest rates and a slowdown in economic growth can have a chilling effect on dealmaking, these conditions can also highlight the attractiveness of fast-growing, cash-generating businesses led by skillful managers who are committed to protecting their company's competitive edge and financial health.

What makes this M&A spurt all the more intriguing is that our companies are drawing interest at a time when broader dealmaking has pulled back significantly in the face of higher borrowing rates and recession fears.

Many of our holdings possess strong competitive advantages in niche areas that would be time-consuming and costly for other companies to enter. In some cases, the specialized expertise and intellectual property involved can present barriers to entry so high that the only option to enter the market is to acquire one's way in. Behind those barriers may be a business that strongly complements the acquirer's own existing products or services.

For example, SimCorp's software for asset managers and allocators is one of only four services like it globally, and it took decades to develop, suggesting any new entrants would need to make significant investments to catch up. Deutsche Boerse, the German stock-exchange operator, offered in April to buy SimCorp for €3.9 billion (US\$4.4 billion), calling the business "highly complementary" to its own data and analytics offerings, Qontigo and Institutional Shareholder Services. The deal, should it close, will give Deutsche Boerse an almost immediate opportunity to cross-sell the three products or combine them into a single platform, potentially boosting its subscription revenues from the investment-management industry.

Novozymes' 87.1 billion kroner (US\$8.7 billion) offer for Chr. Hansen is another example of buying growth and access to related markets. Chr. Hansen is a maker of cultures, probiotics, and enzymes for human and animal health. Its investments in ingredients used for plant health, premium infant formula, and to improve the safety and shelf life of other foods have helped drive high-single-digit growth of late. Meanwhile, Novozymes' own growth had slowed to the low single digits, forcing the leader in industrial enzymes to make a management change in 2020.

The strong financial health of our holdings makes them ripe for private-equity deals as well, particularly when valuations look cheap. Our companies are generally debt free and have strong fundamentals, ideal attributes for any target of a leveraged buyout. For small companies, which have more-limited resources and financial flexibility than larger ones, a strong balance sheet can also become a source of competitive advantage in periods when interest rates increase the cost of debt. A buyer thus gains a management team that not only has deep expertise in a growing niche but also is adept at managing a tight budget.

Network International, which offers payment solutions to businesses in the Middle East and Africa, became the target of a bidding war between financial suitors this year. We suspect that a large part of the attraction was the company's underleveraged balance sheet, with a net-debt-to-Ebitda ratio of 0.9, making the business capable of shouldering the debt used to fund the deal. In June, Network International agreed to sell itself for £2.2 billion (US\$2.9 billion) to Brookfield Asset Management, which plans to combine the business with Magnati, another purchase the Canadian investor recently made in the region.

In the deals struck over the past seven months for our holdings, the takeover price was, on average, nearly 50% higher than our analysts' estimate of fair value for each company. They also commanded an average trailing 12-month Ebitda multiple of 25, a premium valuation for acquisitions in the space. The median takeover multiple for international small-cap companies over the past five years was only 11.3. It's always nice to see acquirers endorse our investment view and have it pay off for our clients.

Of the four companies that received bids, we have sold Dechra, Network International, and SimCorp. In the case of Dechra, management recently reduced its near-term outlook, and any further downgrades in expectations could impact the price its buyer is willing to pay. In the case of Network International, because the PE buyer also owns a rival payments company, there may be a risk of regulatory intervention. Given that Deutsche Boerse and SimCorp operate in related markets, their transaction may face some regulatory risks as well. As we learned from our past sale of EMIS Group, after it received a bid from United Healthcare last year, exiting at an attractive price before a deal closes has its advantages. Regulators ultimately scuttled that transaction, and EMIS's share price subsequently collapsed. Furthermore, the deals for Dechra, Network International, and SimCorp all carry some form of financing risk.

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Meanwhile, the takeover of Chr. Hansen has already received clearance from US antitrust enforcers, which is usually the largest hurdle. As an all-stock deal without financing risk and limited remaining regulatory risk, we have opted to hold on, as we continue to see fundamental support for the stock's valuation. The deal is expected to close later this year or early in 2024.

International Small Companies Holdings (as of June 30, 2023)

Communication Services	Market	End Wt. (%)	Health Care	Market	End Wt. (%)
Airtel Africa (Telecom services)	UK	0.6	Square Pharmaceuticals (Pharma manufacturer)	Bangladesh	0.9
Baltic Classifieds (Online classifieds portal operator)	UK	0.9	STRATEC (Life science products manufacturer)	Germany	1.2
Cheil Worldwide (Marketing and advertising services)	South Korea	1.2	Tecan (Life science products and services)	Switzerland	1.5
Megacable (Cable operator)	Mexico	1.8	Industrials		
NCSOFT (Video game developer)	South Korea	0.4	Bossard (Industrial components supplier)	Switzerland	1.4
Paradox Interactive (Video game publisher)	Sweden	1.1	Clarkson (Shipping services)	UK	1.4
Rightmove (Online property listings operator)	UK	0.3	Diploma (Specialized technical services)	UK	1.7
Sarana Menara Nusantara (Telecom tower operator)	Indonesia	1.6	Grafton (Construction products distributor)	UK	1.1
Scout24 (Real estate information services)	Germany	0.6	Haitian International (Injection-molding machines mfr.)	China	1.5
TIME dotCom Berhad (Telecom services)	Malaysia	0.8	Infomart (Restaurant supply chain operator)	Japan	0.7
YouGov (Market research and data analytics services)	UK	1.7	Localiza (Automobile rental services)	Brazil	1.7
Consumer Discretionary			Marel (Food processing equipment manufacturer)	Iceland	1.3
Eclat Textile (Technology-based textile manufacturer)	Taiwan	0.5	Meyer Optoelectronic (Optical machine manufacturer)	China	0.9
Jarir Marketing (Consumer products retailer)	Saudi Arabia	0.5	MISUMI Group (Machinery-parts supplier)	Japan	0.3
Rinnai (Consumer appliances manufacturer)	Japan	0.5	Pfeiffer Vacuum (Vacuum pump manufacturer)	Germany	0.8
Stanley Electric (Automotive lighting manufacturer)	Japan	1.7	Senior (Aerospace and auto parts manufacturer)	UK	2.7
Thule Group (Lifestyle consumer products manufacturer)	Sweden	1.4	Sensata Technologies (Industrial sensors mfr.)	US	0.6
TravelSky (Aviation IT services)	China	0.7	SMS (Health care employment services)	Japan	1.3
Consumer Staples			TOMRA (Industrial sensors manufacturer)	Norway	1.2
Ariake (Natural seasonings manufacturer)	Japan	1.7	Information Technology		
Cosmos Pharmaceutical (Drugstores operator)	Japan	1.0	Advantech (Industrial PCs manufacturer)	Taiwan	0.7
Cranswick (Foods manufacturer)	UK	1.5	Alten (Technology consultant and engineer)	France	2.0
Grupo Herdez (Processed foods manufacturer)	Mexico	1.0	ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	0.5
Hello Fresh (Food delivery services)	Germany	0.9	Bechtle (IT services and IT products reseller)	Germany	1.4
KWS SAAT (Agricultural products producer)	Germany	1.1	Chipbond Technology (Electronic chip packager)	Taiwan	0.7
Lotus Bakeries (Confectionery snack manufacturer)	Belgium	0.7	Cyberark (Cybersecurity software developer)	Israel	1.9
Pigeon (Consumer products manufacturer)	Japan	0.6	Friendess (Laser control system manufacturer)	China	0.5
Robinsons Retail (Foods & consumer products retailer)	Philippines	0.7	Globant (Software developer)	US	0.8
Yantai China Pet Foods (Pet food manufacturer)	China	0.7	Keywords Studios (Video game technical services)	UK	1.4
Energy			Kinaxis (Supply chain software developer)	Canada	1.3
Dialog Group Berhad (Petrochemical services)	Malaysia	0.8	LEM Holdings (Electrical components manufacturer)	Switzerland	2.3
Romgaz (Natural gas producer)	Romania	0.5	Nemetschek (Engineering software developer)	Germany	1.5
Financials			Reply (IT consultant)	Italy	1.7
Bank of Georgia (Commercial bank)	UK	1.7	TeamViewer (Remote connectivity software developer)	Germany	1.2
Bankinter (Commercial Bank)	Spain	0.8	Vaisala (Atmospheric measuring devices manufacturer)	Finland	1.6
Linea Directa (Insurance provider)	Spain	1.2	Materials		
Max Financial (Financial services & insurance provider)	India	2.3	Chr. Hansen (Natural ingredients developer)	Denmark	1.7
Rathbones (Wealth manager)	UK	0.5	Fuchs Petrolub (Lubricants manufacturer)	Germany	1.7
Siauliu Bankas (Commercial bank)	Lithuania	1.7	Hoa Phat Group (Steel producer)	Vietnam	2.7
Health Care			JCU (Industrial coating manufacturer)	Japan	1.1
Abcam (Life science services)	UK	2.9	SH Kelkar (Fragrances and flavors manufacturer)	India	0.6
BML (Clinical testing and information services)	Japan	0.5	Real Estate		
CellaVision (Medical device manufacturer)	Sweden	0.9	Mabanee (Real estate developer and manager)	Kuwait	0.6
DiaSorin (Reagent kits developer)	Italy	1.1	Utilities		
Evotec (Drug discovery and developer)	Germany	0.4	Rubis (Liquid chemical storage and distribution)	France	2.0
Prodia (Medical laboratory services)	Indonesia	0.6	Cash		4.5
Santen Pharmaceutical (Pharma manufacturer)	Japan	0.6			
Solasto (Medical admin outsourcing)	Japan	0.7			

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.

2Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Abcam	HLTH	2.1	–	1.32
Dechra	HLTH	1.0	0.1	0.55
SimCorp	INFT	1.0	0.1	0.52
Hoa Phat Group	MATS	2.3	–	0.51
Network International	FINA	0.6	0.1	0.45

2Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
Keywords Studios	INFT	1.8	0.1	-0.74
Bechtle	INFT	1.6	–	-0.33
Meyer Optoelectronic	INDU	1.0	–	-0.31
SMS	INDU	1.4	<0.1	-0.30
Tecan	HLTH	1.7	0.1	-0.23

"HL": International Small Companies composite. "Index": MSCI All Country World ex US Small Cap Index.

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Bank of Georgia	FINA	1.9	<0.1	1.92
Abcam	HLTH	2.0	<0.1	1.25
Senior	INDU	2.3	<0.1	0.93
Localiza	INDU	1.7	–	0.71
SimCorp	INFT	0.8	0.1	0.69

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
STRATEC	HLTH	1.5	<0.1	-0.63
Intrum Justitia	INDU	0.6	<0.1	-0.58
Cheil Worldwide	COMM	1.5	<0.1	-0.57
Linea Directa	FINA	1.0	<0.1	-0.51
Keywords Studios	INFT	2.0	0.1	-0.49

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin ¹ (%)	9.4	7.7
Return on Assets ¹ (%)	7.7	5.3
Return on Equity ¹ (%)	13.6	11.0
Debt/Equity Ratio ¹ (%)	26.4	49.6
Std. Dev. of 5 Year ROE ¹ (%)	3.6	5.5
Sales Growth ^{1,2} (%)	8.8	5.6
Earnings Growth ^{1,2} (%)	7.2	8.4
Cash Flow Growth ^{1,2} (%)	4.5	6.1
Dividend Growth ^{1,2} (%)	7.0	4.9
Size and Turnover	HL	Index
Wtd. Median Mkt. Cap. (US \$B)	3.1	2.1
Wtd. Avg. Mkt. Cap. (US \$B)	3.6	2.5
Turnover ³ (Annual %)	17.9	–

Risk and Valuation	HL	Index
Alpha ² (%)	1.74	–
Beta ²	0.94	–
R-Squared ²	0.90	–
Active Share ³ (%)	97	–
Standard Deviation ² (%)	19.38	19.62
Sharpe Ratio ²	0.16	0.08
Tracking Error ² (%)	6.1	–
Information Ratio ²	0.25	–
Up/Down Capture ²	103/97	–
Price/Earnings ⁴	17.8	12.5
Price/Cash Flow ⁴	12.1	7.7
Price/Book ⁴	2.4	1.3
Dividend Yield ⁵ (%)	2.1	3.0

¹Weighted median. ²Trailing five years, annualized. ³Five-year average. ⁴Weighted harmonic mean. ⁵Weighted mean. Source: (Risk characteristics): Harding Loevner International Small Companies composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner International Small Companies model based on the underlying holdings, FactSet (Run Date: July 5, 2023 based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
DiaSorin	Italy	HLTH
Hello Fresh	Germany	STPL
Lotus Bakeries	Belgium	STPL
Marel	Iceland	INDU

Positions Sold	Market	Sector
Clicks Group	South Africa	STPL
Commercial International Bank	Egypt	FINA
Core Laboratories	US	ENER
Dechra	UK	HLTH
Discovery Holdings	South Africa	FINA
Integrated Diagnostics	Egypt	HLTH
Intrum Justitia	Sweden	INDU
Network International	UK	FINA
SimCorp	Denmark	INFT

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. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the International Small Companies Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. 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, 2023)

	HL ISC Gross (%)	HL ISC Net (%)	MSCI ACWI ex US Small Cap ¹ (%)	HL ISC 3-yr. Std. Deviation ² (%)	MSCI ACWI ex US Small Cap 3-yr. Std. Deviation ² (%)	Internal Dispersion ³ (%)	No. of Accounts	Composite Assets (\$M)	Firm Assets (\$M)
2023 YTD ⁴	8.27	7.77	7.17	17.57	17.78	N.A.	1	553	46,871
2022	-23.74	-24.46	-19.57	21.96	22.72	N.M.	1	523	47,607
2021	14.71	13.60	13.36	18.81	19.85	N.M.	1	594	75,084
2020	20.14	18.81	14.67	19.78	20.97	N.M.	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

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 2023 YTD performance returns and assets shown are preliminary. N.A.—Internal dispersion less than a 12-month period. 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-adjusted market capitalization index that is designed to measure small cap developed and emerging market equity performance, excluding the US. The index consists of 46 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 81-15,237 million (as of June 30, 2023). 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, 2023.

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, 2023. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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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 Small Companies accounts is 1.00% annually of the market for the first \$20 million; 0.80% for the next \$80 million; 0.70% above \$100 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.