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International small caps rose in 2024, despite finishing on a down note. Financials, Energy, and Information Technology did relatively well during the quarter, while Europe continued to be weak, and quality failed to provide a tailwind.

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For investors in quality growth small companies, the market has behaved strangely over the past few years. We examine what's happened, and why it has little bearing on the fundamental reasons for owning our companies.

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Composite Performance

Total Return (%) — Periods Ended December 31, 2024

	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL International Small Companies Equity (Gross)	-10.26	-5.26	-6.28	2.55	6.21	7.23
HL International Small Companies Equity (Net)	-10.48	-6.16	-7.17	1.54	5.13	6.09
MSCI All Country World ex US Small Cap Index	-7.59	3.85	-0.98	4.76	6.09	4.78

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. International Small Companies Equity composite inception date: December 31, 2006. MSCI All Country World ex US Small Cap Index, the benchmark index, is shown gross 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
Comm Services	11.2	3.6	7.6
Info Technology	17.2	11.7	5.5
Cons Staples	9.7	5.9	3.8
Health Care	10.4	6.6	3.8
Cash	2.4	-	2.4
Industrials	22.5	21.1	1.4
Utilities	1.3	3.1	-1.8
Energy	1.4	3.7	-2.3
Materials	8.3	11.1	-2.8
Financials	8.5	11.8	-3.3
Cons Discretionary	7.1	12.0	-4.9
Real Estate	0.0	9.4	-9.4

Geography	HL	Index	Under / Over
Europe EMU	27.6	10.7	16.9
Europe ex EMU	28.8	17.5	11.3
Frontier Markets	7.7	-	7.7
Cash	2.4	-	2.4
Other	1.0	-	1.0
Middle East	2.9	2.2	0.7
Canada	1.1	7.0	-5.9
Pacific ex Japan	0.5	8.8	-8.3
Japan	10.4	22.9	-12.5
Emerging Markets	17.6	30.9	-13.3

"HL": International Small Companies Equity model portfolio. "Index": MSCI All Country World ex US Small Cap Index. "Frontier Markets": Includes countries with less-developed markets outside the index. "Other": Includes 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, 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.

What Happened

International markets finished the final quarter of 2024 on a down note, while US stocks significantly outpaced the rest of the world, in both the quarter and the year, boosted by strong returns from growth-oriented heavyweights in the large-cap index. International small caps were down 7.6% for the quarter, although they were still up 3.9% for the year.

Donald Trump's victory in the US presidential election gave US equities an extra bump, as investors looked forward to some business-friendly policies, such as tax cuts and deregulation, while perhaps overlooking the consequences to US companies of some potentially less business-friendly ones. International equity markets took a more cautious view of the incoming administration, as did US bond investors, who sent bond prices lower presumably anticipating further fiscal largesse. The ICE US Treasury Core Bond Index, which maintains exposure to Treasuries ranging from one- to thirty-year maturities, fell 4% after peaking in mid-September.

European yields also rose but to a lesser degree than those in the US, even with significant political upheaval, including loss of confidence votes for the ruling coalitions in Germany and France. Asian bond markets shrugged off political uncertainty as well, as the impeachment of South Korean President Yoon Suk Yeol and

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

Sector	4Q 2024	Trailing 12 Months
Communication Services	-7.0	2.2
Consumer Discretionary	-7.7	1.8
Consumer Staples	-9.4	1.8
Energy	-4.9	0.3
Financials	-1.6	18.9
Health Care	-8.2	3.1
Industrials	-7.0	8.7
Information Technology	-4.7	-0.8
Materials	-11.7	-3.2
Real Estate	-12.9	-4.0
Utilities	-10.1	5.9
Geography	4Q 2024	Trailing 12 Months
Canada	-3.2	11.9
Emerging Markets	-7.1	5.2
Europe EMU	-9.9	-5.2
Europe ex EMU	-10.9	2.7
Japan	-5.9	4.8
Middle East	16.4	28.7
Pacific ex Japan	-11.7	-0.5
MSCI ACWI ex US Small Cap Index	-7.6	3.9

Source: FactSet, MSCI Inc. Data as of December 31, 2024.

election of Japanese Prime Minister Shigeru Ishiba had minimal effect on long-term bond yields.

With subdued inflation providing room for action, the Federal Reserve cut interest rates in both November and December. However, Chairman Powell's language after the December meeting hinted at a potential pause in the current rate cut cycle as inflation stubbornly remains above the Fed's target. This cautious tone spooked bond markets, driving yields higher as investors recalibrated expectations for future monetary policy.

In December, the European Central Bank cut its key lending rate for the fourth time in the year as domestic inflation edged down; in contrast, the Bank of England and the Bank of Japan both kept rates unchanged. China continued to grapple with worsening deflationary pressures, as ongoing fiscal and monetary stimulus efforts struggled to counteract the drag from the ailing real estate sector.

Meanwhile, commodities such as oil and gold showed little change in the quarter, while industrial metals such as copper fell as doubts persisted about a Chinese manufacturing recovery and concerns over the potential impact of heightened trade frictions with the US.

Major currencies in both developed and emerging markets broadly weakened against the US dollar. Currency weakness accounted for 85% of the decline in international small caps during the quarter, while it also dragged down returns for the full year from 11.6% in local-currency terms to 3.9% in dollar terms.

Within the MSCI ACWI ex US Small Cap Index, Financials, Energy, and Information Technology (IT) did relatively well during the quarter. However, among those sectors, only Financials did well for the year, soaring 19% as higher interest rates helped net interest margins at banks. Small caps in the Industrials sector, especially capital-goods stocks, also performed well for the year.

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Persistent concerns over China's subdued demand for key commodities, such as iron ore—the price of which dropped 15% during the year—continued to weigh on the Materials sector, both for the quarter and year. Higher borrowing rates also hurt Real Estate stocks, particularly small-cap real estate investment trusts, for the quarter and year. In sharp contrast to the strong

Companies held in the portfolio at the end of 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. A complete list of holdings at December 31, 2024 is available on page 6 of this report.

performance of US technology stocks, which have benefited from continued enthusiasm for artificial intelligence (AI), the shares of non-US small companies in the IT sector were hurt in 2024 by concerns over high interest rates and the possible ramifications of US trade policy.

By region, and accounting for the currency weakness, European small caps did poorly throughout the year, as several important economies—Germany, France, and Switzerland—experienced anemic to no growth.

Quality did not provide a tailwind, as the returns of small caps in the top two quality quintiles were similar to those for the bottom two quintiles. We have bemoaned the expensiveness of high-quality and superior-growth companies in the past; this year, small caps in the most expensive quintiles—which contain a preponderance of quality-growth companies—performed poorly relative to those in the cheaper quintiles.

How We Did

The International Small Companies Equity composite fell 10.3% gross of fees in the fourth quarter, compared with a 7.6% decline in the MSCI ACWI ex US Small Cap Index. For the full year, the composite fell 5.3% gross of fees, compared with the index's 3.9% gain.

The portfolio's underperformance during the quarter was primarily due to weak stocks in three sectors—Health Care, Industrials, and IT—as well as in the Emerging Markets (EM) region. Two significant detractors were **CellaVision** in Healthcare and **LEM Holdings** in IT.

CellaVision, based in Sweden, is a developer of equipment used in health-care labs to analyze blood cells. The company reported year-over-year sales growth in the third quarter of 6%, a slowdown from its 16% growth rate in the first half of the year. This was mainly due to weak demand in the US, where purchase decisions by labs and hospitals were delayed due to political uncertainty ahead of the presidential election. LEM Holdings is a Swiss company whose main products are transducers, which are used for measuring electrical parameters such as current and voltage and have a wide range of applications, including in the electric vehicle (EV), smart grid, automation, renewable energy, and industrial markets. Its shares have fallen mainly due to weaker-than-expected demand in the EV market, as well as in China, a key geographical market.

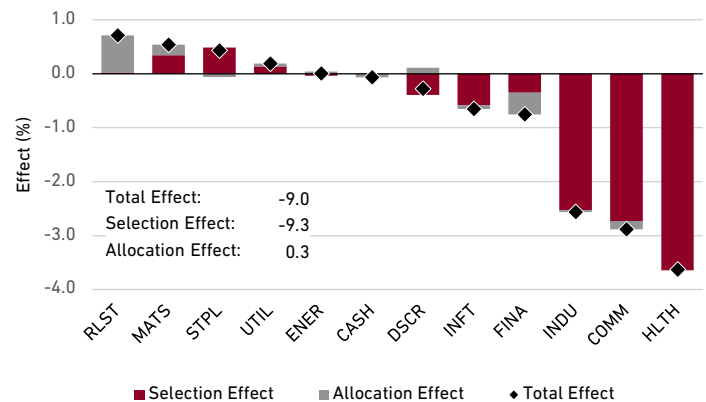
In EMs, the major detractors were Communications Services holdings **Sarana Menara Nusantara** of Indonesia and **Megacable** of Mexico. For Sarana Menara Nusantara, investors were concerned that expected further consolidation among Indonesia's wireless-service providers would lead to capacity sharing and diminish future demand for space on the company's cell towers. Cable company Megacable reported good revenue growth, but increased spending to enable future growth opportunities reduced its margins.

For the full year, relative returns were mainly hurt by a handful of poor stocks in the Health Care, Communication Services, Industrials, and IT sectors. **Evotec**, a German company in the life-sciences tools and services industry within Health Care, reported weak demand for its contract-research services, which aid customers in the discovery of new drug candidates. Revenue growth and profitability have taken a hit due to slow spending by pharmaceutical and biotechnology firms. Within Communication Services, **YouGov**, a UK-based provider of market research, lowered its outlook for both revenue and earnings growth, amid slower sales in its data-products division as well as the company's increased investment in its products and services, including higher sales and marketing expenses.

For **SMS**, a Japanese Industrials holding that provides recruitment services to hospitals and elderly-care facilities, a shortage of

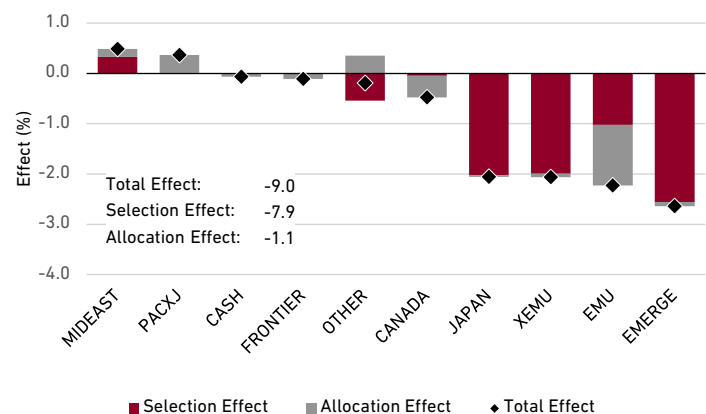
Trailing 12 Months Performance Attribution Sector

Intl. Small Cos. Equity Composite vs. MSCI ACWI ex US Small Cap Index



Geography

Intl. Small Cos. Equity Composite vs. MSCI ACWI ex US Small Cap Index



"FRONTIER": Includes countries with less-developed markets outside the index.
 "OTHER": Includes companies classified in countries outside the index.

Source: Harding Loevner International Small Companies Equity composite, FactSet, MSCI Inc. Data as of date December 31, 2024. 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.

nurses and medical care providers in Japan has not produced the level of revenue and profit growth that was expected in 2024. This was partly due to regulatory changes that may help increase salaries for health-care workers, which is leading fewer of them to seek new jobs. As a result, it has become costlier for SMS to find job applicants. **Alten**, an IT-services company based in France, suffered from weak demand for its engineering services from European customers in end markets such as automotive, aerospace, retail, and banking, as well as the public sector. Margins also shrank due to Alten not being able to put its engineers to work at client sites.

Our life-insurance holding, Max Financial, as well as Keva, a flavors and fragrances company in the Materials sector, enjoyed continued strong demand for their products and services, on the back of healthy consumer demand in India.

By region, stock selection was weak in several markets, especially Europe. Holdings both in and outside the European Monetary Union together accounted for about half our underperformance for the year. The major detractors were those discussed above. Our EM holdings also performed poorly, especially Localiza, as the Brazilian rental-car service had to write down the resale value of its used-car inventory and increase depreciation expenses in the face of cheap new cars imported from China.

Offsetting some of this weakness for the year were strong stocks in India. Our life-insurance holding, **Max Financial**, as well as **Keva**, a flavors and fragrances company in the Materials sector, enjoyed continued strong demand for their products and services, on the back of healthy consumer demand in India. Keywords Studios, a UK-based provider of IT services to the video-game software industry, was another positive contributor, after receiving a buyout offer from the private-equity firm EQT. **CyberArk**, a cybersecurity company based in Israel and Boston, was the top contributor for the year, as it enjoyed robust demand for its privileged-access and identity-management products, which have become a major defense for enterprises in their efforts to ward off cyberattacks.

What's On Our Minds

For investors in quality-growth small companies, the market environment of the past few years has been challenging. There has been a protracted divergence between the performance of large and small caps, with the MSCI ACWI ex US Small Cap Index lagging its large-cap counterpart since 2021. More importantly, the stocks of quality-growth small companies outside the US have underperformed throughout that period. At a high level, part of what seems to be happening is that markets are being influenced more by the fear of missing out (FOMO) than company fundamentals. Look no further than the remarkable concentration of global equity returns in a handful of large US stocks, as

investors clamor for exposure to fast-growing technologies such as AI, even though the AI supply chain includes many other companies around the world, such as the German small cap we **highlighted in the first quarter of 2024, Pfeiffer Vacuum**.

Another challenge was the relative richness of quality-growth stocks in the wake of the COVID-19 pandemic. It's to be expected that investing in the most competitively advantaged, financially strong, growing businesses will often mean having to be tolerant of higher prices, as other investors value these characteristics, too. However, after economic fears in 2020 spurred a flight to the stocks of high-quality companies, virtually the entire quality-growth cohort seemed to be left with valuations that were higher than the fundamentals could justify. Therefore, we sold many of our most expensive holdings. Nevertheless, when central banks around the world began aggressively raising interest rates in 2022, it was hard for us to avoid the impact of the sweeping market shift away from expensive quality-growth stocks.

Since late 2023, the headwinds against our quality-growth style have been particularly prevalent in Japan, the largest-weighted country in our benchmark. There, stocks of poor-quality companies have rallied on vague hopes that new policies and regulations will suddenly turn them into high-quality businesses. The pressure to improve corporate governance and shareholder returns may eventually work in some cases, and we welcome the chance to expand our opportunity set if it does, but in the meantime, the junk rally has been concentrated in low-quality Financials, where we don't invest. In addition to the boost those stocks have received from new policies and regulations, many Japanese regional banks that have historically traded well below book value are starting to benefit from the country's return to a world of interest rates.

The strong US dollar has also played a role in the poor performance of international stocks relative to US stocks more broadly, by hindering the returns of dollar-denominated investors in international markets, especially some EMs.

The portfolio's underperformance isn't entirely explained by these high-level challenges, and so we have looked more deeply at companies whose shares have performed poorly for disconfirming evidence of our investment thesis. In 2024, nine holdings out of a total of about 80 accounted for nearly all of our underperformance. Of these nine companies, we sold one: Localiza. Our research led us to keep the other eight holdings, and in some cases, we've added to our shares because we believe that the companies' growth prospects and our investment thesis remain intact.

The main reasons for selling Localiza were that its net debt had climbed to three times its Ebitda, and the business continues to suffer as depreciation expenses remain elevated due to the downward pressure on used-car prices.

The other companies that detracted from our portfolio performance in 2024 continue to exhibit the characteristics we expect of quality-growth businesses, as do all our holdings. The

average sales and earnings growth rates of the companies in our portfolio exceed those of the benchmark over the trailing one- and three-year periods. The portfolio's average profit margin, return on equity, and return on assets are also superior, and our holdings have healthier balance sheets on average.

The fundamental outlooks are strong as well. Even among the year's biggest relative detractors, our analysts project that over the next five years, their revenue and earnings will grow by an average of 8% and 13%, respectively.

Alten, LEM Holdings, and CellaVision are examples of companies for which the fundamental outlook is stronger than their recent stock performance implies. Alten has a durable competitive position in the technology consulting and engineering market as well as longstanding relationships with its customers. The business has a history of delivering high-single-digit to low-double-digit growth in revenue and earnings, along with healthy returns on invested capital, which we expect to continue. The shares are attractively valued relative to both historical and projected figures.

The average sales and earnings growth rates of the companies in our portfolio exceed those of the benchmark over the trailing one- and three-year periods. The portfolio's average profit margin, return on equity, and return on assets are also superior, and our holdings have healthier balance sheets on average.

The same is true for LEM Holdings after its latest round of share-price weakness. We added to our holding partly because of the evidence that LEM Holdings is expanding its addressable market in EVs, where it sells products for motor control, battery management, and charging systems. It also has a strong presence in the traditional industrial market, providing everything from drive sensors—used in machinery such as forklifts and escalators—to sensors for welding, traction, high-precision equipment, and renewable-energy applications. LEM Holdings designs and makes its own chips, called application-specific integrated circuits, or ASICs, which not only provides the company a better cost structure than competitors, but also gives it greater ability to differentiate its products.

CellaVision is the global leader in digital cell morphology, which involves the pre-classification of cells using AI. This proprietary technology is used to identify and monitor disease at a cellular level; however, there is low penetration for these solutions in labs around the world, which gives CellaVision ample room to grow. The company has strong strategic partners, including Sysmex of Japan, the global leader in hematology equipment and reagents, for which CellaVision is a supplier. Sysmex is thus an important source of access to distribution and an external validation of the quality of CellaVision's technology, as there is increasing coordination

between the companies on research and development. Additionally, the conditions that weighed on CellaVision's stock price in 2024—weak demand in the US stemming from election uncertainty—appear to be temporary.

While we continue to emphasize the highest-quality, fastest-growing companies in our portfolio, the valuation premium for such companies has substantially narrowed over the past year, hurting past performance, but creating better future return opportunities. We recently took advantage of the more reasonable valuations to add two strong companies to the portfolio—**Carl Zeiss Meditec**, which is based in Germany, and **Shift**, which is based in Japan. Both have consistently generated good revenue and earnings growth over long periods, as well as returns on invested capital that are two or three times their cost of capital. They also have capable management teams and remain leaders in structurally growing end markets.

Carl Zeiss specializes in medical devices for ophthalmology, such as intraocular lenses, microsurgery equipment, and digital tools that help surgeons and researchers analyze and visualize data. Its share price had taken a significant hit, primarily due to concerns over its exposure to China, which is the source of about 25% of the company's revenue. But its valuation had fallen to a level that not only sufficiently reflects those risks but also implied much lower growth than our analyst's estimates.

Shift is Japan's leading provider of outsourced software testing, which is one of the most labor-intensive parts of the software-development process, as it entails the time-consuming work of manually looking for bugs within code and making sure an application works as intended. Shift is poised to benefit from the massive shortage of IT engineers in its home country, as it poaches workers from other industries and trains them in how to do software testing, and as companies scramble to adopt tech capabilities that will enable them to increase productivity and keep up with global competitors.

While we continue to emphasize the highest-quality, fastest-growing companies in our portfolio, the valuation premium for such companies has substantially narrowed over the past year, hurting past performance, but creating better future return opportunities.

Stepping back, the global economy of the past few years has been defined by persistently high inflation and rising interest rates, which have hurt the performance of long-duration growth assets, including small caps. It has also been a period of macroeconomic uncertainty and geopolitical tension, and small caps appear to have been punished more harshly than large caps. This has left high-quality, growing companies trading at attractive prices, as their underlying businesses have been resilient in a challenging economic environment. Carl Zeiss and Shift are examples of the opportunity this has created to scoop up strong businesses.

International Small Companies Equity Holdings (as of December 31, 2024)

Communication Services	Market	End Wt. (%)	Health Care	Market	End Wt. (%)
Airtel Africa (Telecom services)	UK	1.6	STRATEC (Life science products manufacturer)	Germany	1.0
Baltic Classifieds (Online classifieds portal operator)	UK	1.2	Tecan (Life science products and services)	Switzerland	0.9
Cheil Worldwide (Marketing and advertising services)	South Korea	0.7	Industrials		
Megacable (Cable operator)	Mexico	1.3	Belimo (HVAC manufacturer)	Switzerland	1.6
Paradox Interactive (Video game publisher)	Sweden	0.8	Bossard (Industrial components supplier)	Switzerland	1.3
Rightmove (Online property listings operator)	UK	0.8	Brenntag (Chemical distribution services)	Germany	0.9
Sarana Menara Nusantara (Telecom tower operator)	Indonesia	0.9	Burckhardt Compression (Compressor manufacturer)	Switzerland	1.7
Scout24 (Real estate information services)	Germany	1.5	Carel (HVAC and refrigeration solutions)	Italy	0.4
TIME dotCom Berhad (Telecom services)	Malaysia	0.7	Clarkson (Shipping services)	UK	1.9
YouGov (Market research and data analytics services)	UK	1.6	Copa Holdings (Airline operator)	Panama	1.2
Consumer Discretionary			Diploma (Specialized technical services)	UK	2.4
Allegro (E-commerce retailer)	Poland	0.7	Grafton (Construction products distributor)	UK	1.4
Eclat Textile (Technology-based textile manufacturer)	Taiwan	0.5	Haitian International (Injection-molding machines mfr.)	China	0.7
Jarir Marketing (Consumer products retailer)	Saudi Arabia	0.4	Hanbell Precise Machinery (Compressor manufacturer)	China	0.9
Stanley Electric (Automotive lighting manufacturer)	Japan	1.5	Meyer Optoelectronic (Optical machine manufacturer)	China	0.5
Thule Group (Lifestyle consumer products manufacturer)	Sweden	1.5	MISUMI Group (Machinery-parts supplier)	Japan	1.0
TravelSky (Aviation IT services)	China	1.8	Pfeiffer Vacuum (Vacuum pump manufacturer)	Germany	1.4
Wilcon Depot (Home improvement retailer)	Philippines	0.8	Senior (Aerospace and auto parts manufacturer)	UK	2.9
Consumer Staples			SMS (Health care employment services)	Japan	1.2
Ariake (Natural seasonings manufacturer)	Japan	1.7	TOMRA (Industrial sensors manufacturer)	Norway	1.0
Cranswick (Foods manufacturer)	UK	2.3	Information Technology		
Grupo Herdez (Processed foods manufacturer)	Mexico	1.0	Alten (Technology consultant and engineer)	France	1.1
KWS SAAT (Agricultural products producer)	Germany	1.8	ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	0.5
Lotus Bakeries (Confectionery snack manufacturer)	Belgium	1.0	Bechtle (IT services and IT products reseller)	Germany	1.5
Robinsons Retail (Foods & consumer products retailer)	Philippines	0.9	Bochu (Laser control system manufacturer)	China	0.7
Yantai China Pet Foods (Pet food manufacturer)	China	1.0	CyberArk (Cybersecurity software developer)	Israel	2.9
Energy			Globant (Software developer)	US	1.0
Dialog Group Berhad (Petrochemical services)	Malaysia	0.8	Kinaxis (Supply chain software developer)	Canada	1.1
Romgaz (Natural gas producer)	Romania	0.6	LEM Holdings (Electrical components manufacturer)	Switzerland	1.4
Financials			Nemetschek (Engineering software developer)	Germany	1.1
Bankinter (Commercial bank)	Spain	1.1	Reply (IT consultant)	Italy	2.4
GMO Payment Gateway (Payment processing services)	Japan	1.5	Shift (Software assurance provider)	Japan	0.7
Linea Directa (Insurance provider)	Spain	1.1	TeamViewer (Remote connectivity software developer)	Germany	1.0
Max Financial (Financial services & insurance provider)	India	1.9	Vaisala (Atmospheric measuring devices manufacturer)	Finland	1.8
Rathbones (Wealth manager)	UK	0.7	Materials		
Siauliu Bankas (Commercial bank)	Lithuania	2.2	Fuchs Petrolub (Lubricants manufacturer)	Germany	1.8
Health Care			Hoa Phat Group (Steel producer)	Vietnam	2.9
BML (Clinical testing and information services)	Japan	0.5	JCU (Industrial coating manufacturer)	Japan	1.2
Carl Zeiss Meditec (Medical technology provider)	Germany	1.4	Keva (Fragrances and flavors manufacturer)	India	1.2
CellaVision (Medical device manufacturer)	Sweden	1.4	Verallia (Glass packaging manufacturer)	France	1.3
DiaSorin (Reagent kits developer)	Italy	1.1	Real Estate		
Evotec (Drug discovery and developer)	Germany	1.6	No Holdings		
Medistim (Medical device supplier)	Norway	0.4	Utilities		
Santen Pharmaceutical (Pharma manufacturer)	Japan	0.7	Rubis (Liquid chemical storage and distribution)	France	1.3
Solasto (Medical admin outsourcing)	Japan	0.5	Cash		
Square Pharmaceuticals (Pharma manufacturer)	Bangladesh	0.9			

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.

4Q24 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight		Effect
		HL	Index	
Cyberark	INFT	2.5	-	0.49
Yantai China Pet Foods	STPL	0.9	-	0.32
Evotec	HLTH	1.5	<0.1	0.31
Reply	INFT	2.3	0.1	0.25
Siauliu Bankas	FINA	2.1	-	0.24

4Q24 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
STRATEC	HLTH	1.2	<0.1	-0.45
CellaVision	HLTH	1.5	-	-0.45
SMS	INDU	1.4	<0.1	-0.42
LEM Holdings	INFT	0.9	<0.1	-0.40
Bechtel	INFT	1.4	-	-0.32

"HL": International Small Companies Equity 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	
Cyberark	INFT	2.2	-	0.87
Keywords Studios	INFT	1.0	<0.1	0.64
Keva	MATS	1.0	-	0.39
Cranswick	STPL	2.1	0.1	0.38
Clarkson	INDU	1.8	<0.1	0.31

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight		Effect
		HL	Index	
YouGov	COMM	2.1	<0.1	-1.74
Evotec	HLTH	1.4	<0.1	-1.18
LEM Holdings	INFT	1.0	<0.1	-1.09
SMS	INDU	1.4	<0.1	-0.89
Alten	INFT	1.5	0.1	-0.84

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin ¹ (%)	8.8	7.5
Return on Assets ¹ (%)	7.2	5.2
Return on Equity ¹ (%)	13.7	10.4
Debt/Equity Ratio ¹ (%)	34.0	47.2
Std. Dev. of 5 Year ROE ¹ (%)	3.5	4.7
Sales Growth ^{1,2} (%)	8.8	4.5
Earnings Growth ^{1,2} (%)	7.4	7.9
Cash Flow Growth ^{1,2} (%)	12.2	9.5
Dividend Growth ^{1,2} (%)	9.5	5.2
Size and Turnover	HL	Index
Wtd. Median Mkt. Cap. (US \$B)	2.8	2.3
Wtd. Avg. Mkt. Cap. (US \$B)	3.7	2.8
Turnover ³ (Annual %)	16.0	-

Risk and Valuation	HL	Index
Alpha ² (%)	-1.81	-
Beta ²	0.95	-
R-Squared ²	0.90	-
Active Share ³ (%)	97	-
Standard Deviation ² (%)	19.64	19.57
Sharpe Ratio ²	0.00	0.11
Tracking Error ² (%)	6.2	-
Information Ratio ²	-0.36	-
Up/Down Capture ²	99/106	-
Price/Earnings ⁴	18.7	14.6
Price/Cash Flow ⁴	10.7	8.5
Price/Book ⁴	2.3	1.4
Dividend Yield ⁵ (%)	2.3	2.7

¹Weighted median. ²Trailing five years, annualized. ³Five-year average. ⁴Weighted harmonic mean. ⁵Weighted mean. Source: (Risk characteristics): Harding Loevner International Small Companies Equity composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (Other characteristics): Harding Loevner International Small Companies Equity model based on the underlying holdings, FactSet (Run Date: January 6, 2025) based on the latest available data in FactSet on this date., MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Verallia	France	MATS

Positions Sold	Market	Sector
Advantech	Taiwan	INFT
Localiza	Brazil	INDU
Mabanee	Kuwait	RLST
Novonesis	Denmark	MATS
Pigeon	Japan	STPL

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 December 31, 2024)

	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)
2024 ⁴	-5.26	-6.16	3.85	17.84	16.81	N.M.	1	411	35,471
2023	13.91	12.83	16.23	18.05	16.98	N.M.	1	537	43,924
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

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 2024 performance returns and assets shown are preliminary. 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 184-10,733 million (as of December 31, 2024). 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, 2024.

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 September 30, 2024. The verification and performance examination report is 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.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of AMG (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 withholding taxes on dividends, interest income and capital gains for certain portfolios within the composite and net of withholding for others. 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.