



HARDING  
LOEVNER

Fundamental. Thinking. Worldwide.

## International Small Companies Equity Review | Year End 2024

# Composite Performance Summary

As of December 31, 2024

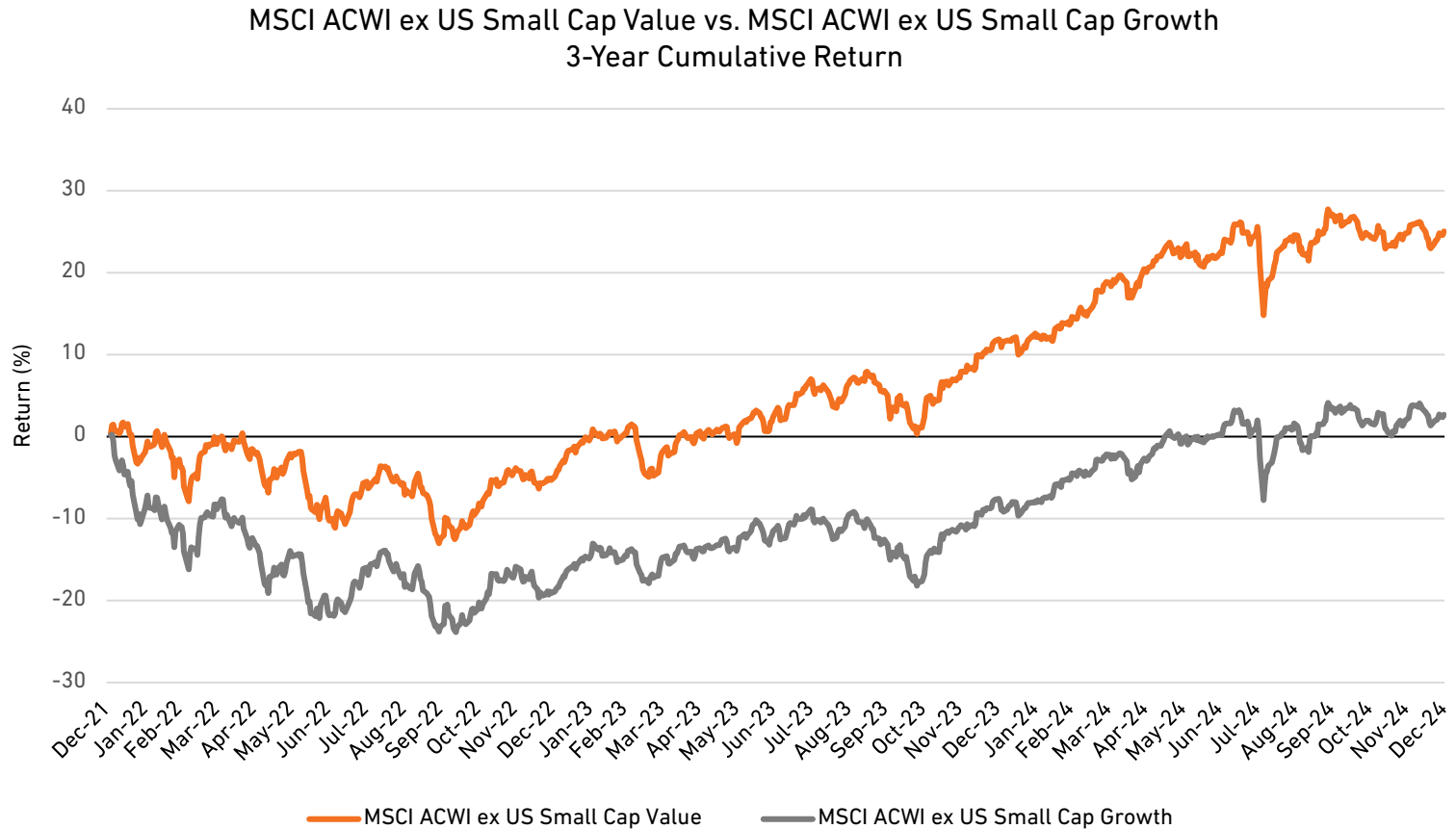
## Performance (% Total Return)

	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	-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, the benchmark index, is shown gross of withholding taxes. For comparison purposes the composite return is measured against the MSCI All Country World ex US Small Cap (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). 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 composite has had a performance examination for the period January 1, 2007 through September 30, 2024. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the International Small Companies Equity composite, please contact Harding Loevner at (908) 218-7900 or invest@hlmnet.com. The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which 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. Please read the disclosures, which are an integral part of this presentation.

# A Challenging Environment

In International Small Caps, growth has lagged since late 2021

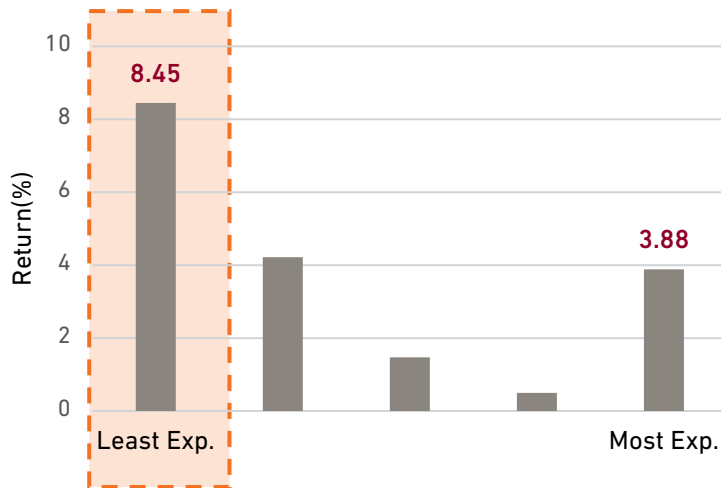


# Cheapness Did Better Across Several Regions

Most acute in Japan

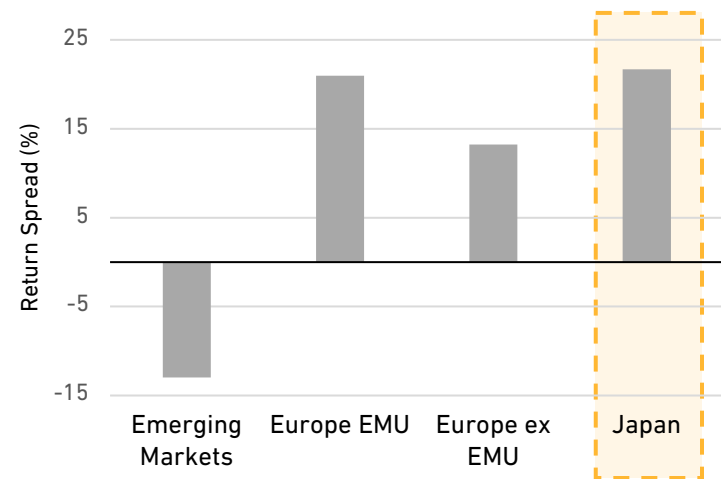
## Cheap Companies Did Better...

MSCI ACWI ex US Small Cap Index  
1-Year ending December 31, 2024  
Value Rank Quintiles



## ...Across Regions

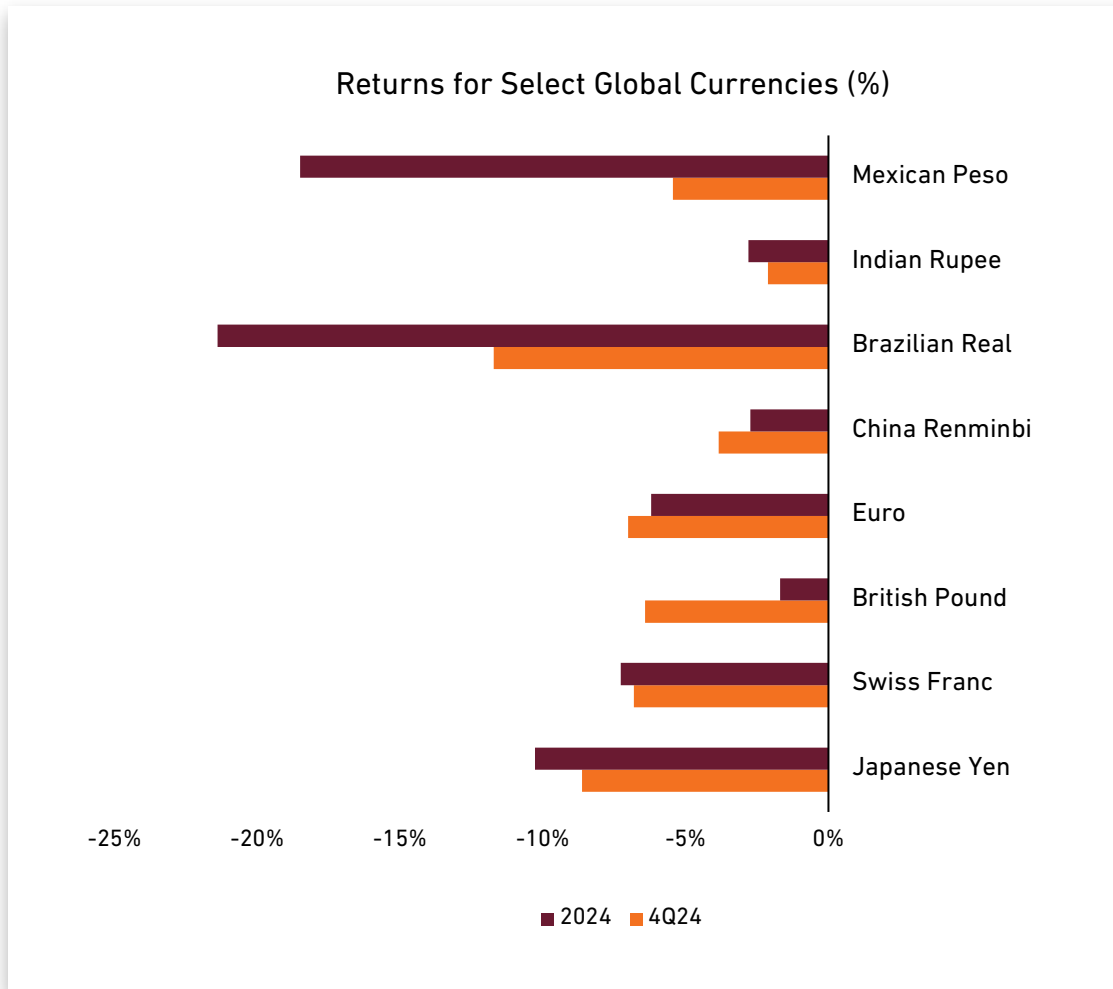
MSCI ACWI ex US Small Cap Index  
1-Year ending December 31, 2024  
Least Expensive – Most Expensive



● 60% of the most expensive quintile were Indian stocks, which were up 24%.

(Left) MSCI ACWI ex US Small Cap Index returns by Harding Loevner's proprietary value rank quintiles. (Right) MSCI ACWI ex US Small Cap Index return quintile spreads between most and least expensive quintiles within each listed region. Source: FactSet, MSCI Inc. Data as of December 31, 2024.

# Impact From Strong Dollar

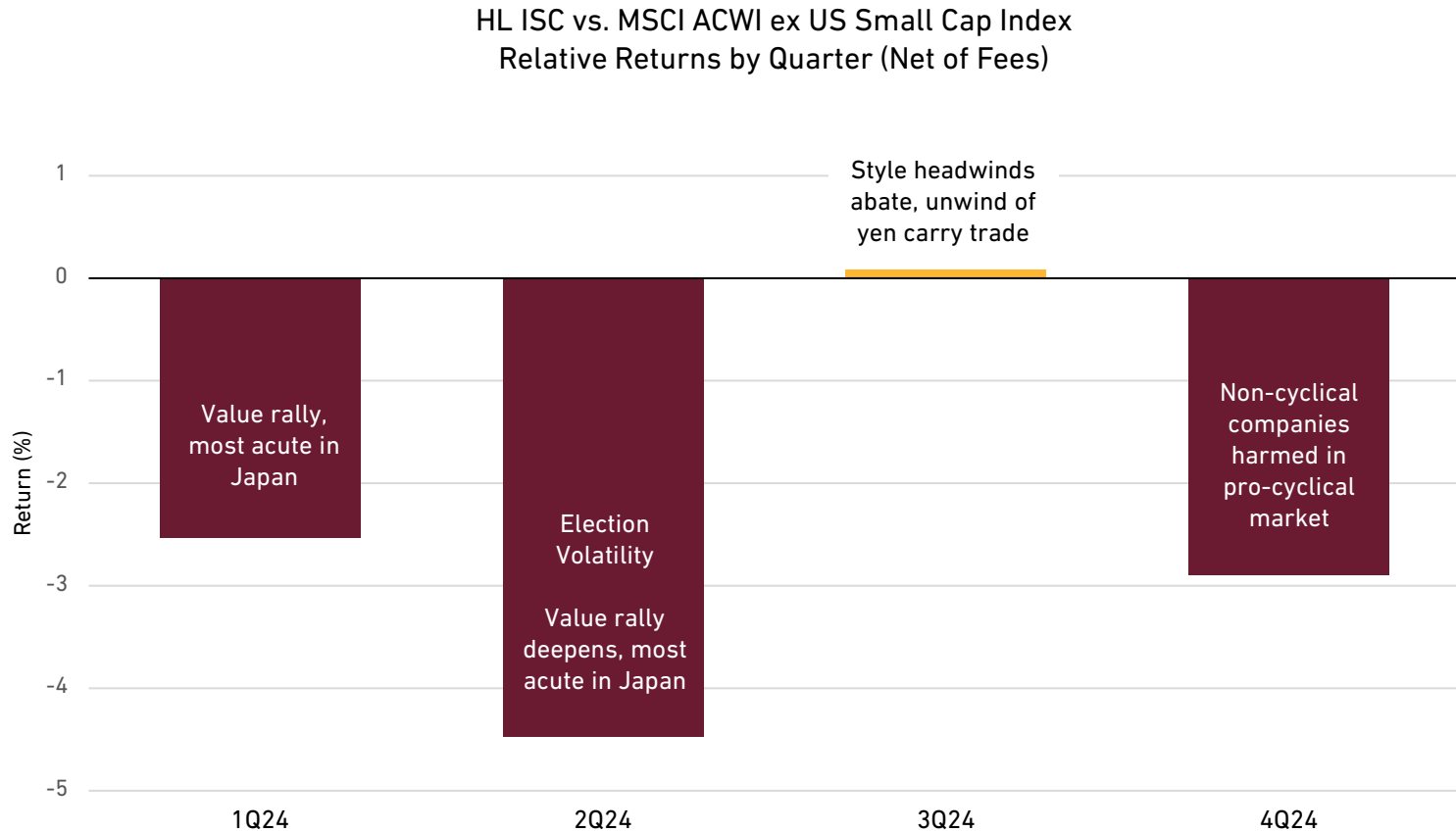


	2024 Return (%, Net of Fees)
HL Intl. Small Cos. Equity (USD)	-6.16
HL Intl. Small Cos. Equity (Local )	-0.75

Source: Bloomberg. Data as of December 31, 2024. (Left) Select current returns relative to USD. (Right) The net of fee dollar-based and local currency returns of the Harding Loevner International Small Companies Equity composite. The local return net of fees is calculated by subtracting the net of fee total return less the total currency impact - management fees are USD-based and do not form part of the calculus.

# 2024 Performance by Quarter

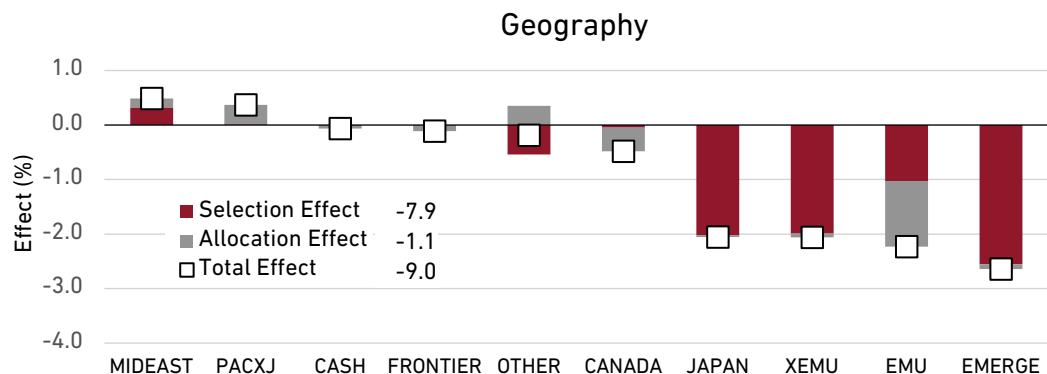
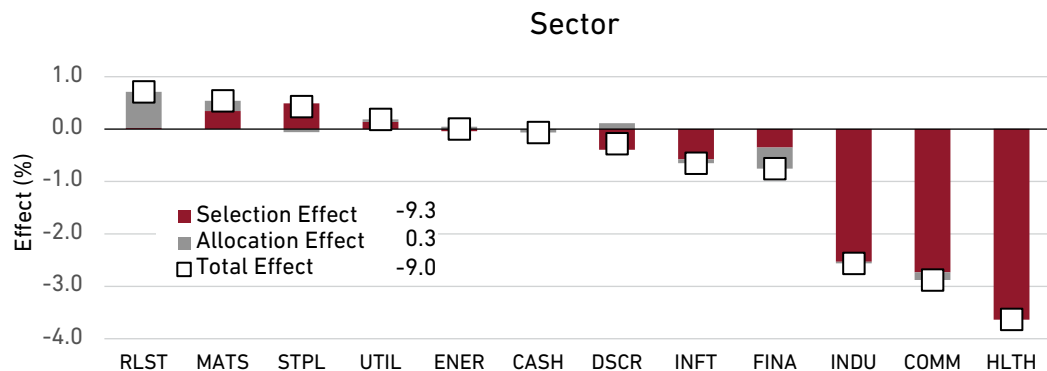
Substantial challenges during the year



Source: Harding Loevner International Small Companies Equity composite. Data as of December 31, 2024. Chart shows relative returns versus the MSCI ACWI ex US Index for each quarter during calendar year 2024. HL composite performance is shown net of fees. Performance data quoted represents past performance; past performance does not guarantee future results.

# Performance Attribution: Composite vs. Benchmark

Trailing 12 Months as of December 31, 2024



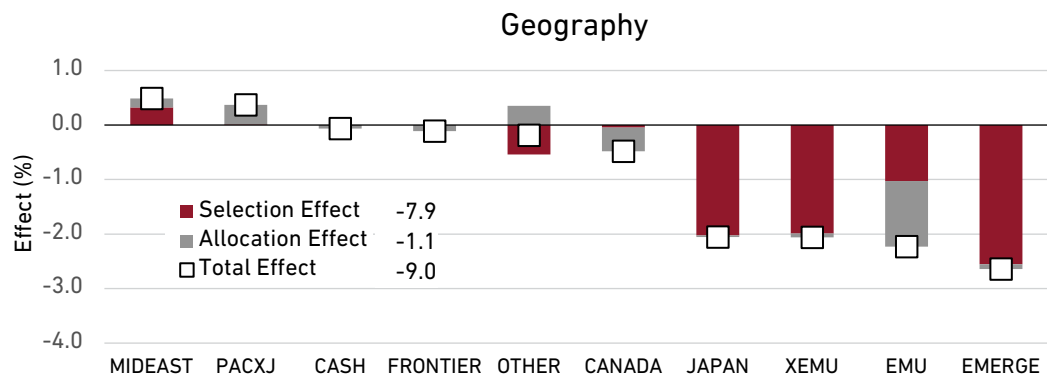
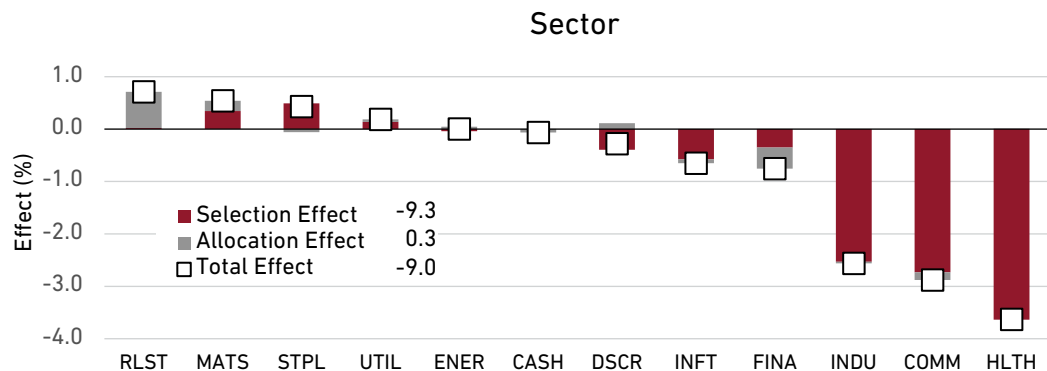
## Top 10 Detractors

from Relative Returns	Avg. Wt. %		Effect %
	HL	Index	
YouGov	2.1	<0.1	-1.74
Evotec	1.4	<0.1	-1.18
LEM Holdings	1.0	<0.1	-1.09
SMS	1.4	<0.1	-0.89
Alten	1.5	0.1	-0.84
Tecan	1.3	0.1	-0.71
Bechtle	1.6	-	-0.69
STRATEC	1.4	<0.1	-0.68
Localiza	0.7	-	-0.56
Sarana Menara Nusantara	1.1	<0.1	-0.55

"HL": International Small Companies Equity composite. "Index": MSCI All Country World ex US Small Cap. "FRONTIER": Includes countries with less-developed markets outside the index. "OTHER": Includes companies classified in countries outside the index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant International Small Companies Equity composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. 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 and (2) a list showing the weight and relative contribution of all holdings during the period. 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. Data is not annualized. Please read the disclosures, which are an integral part of this presentation.

# Performance Attribution: Composite vs. Benchmark

Trailing 12 Months as of December 31, 2024



## Top 10 Contributors

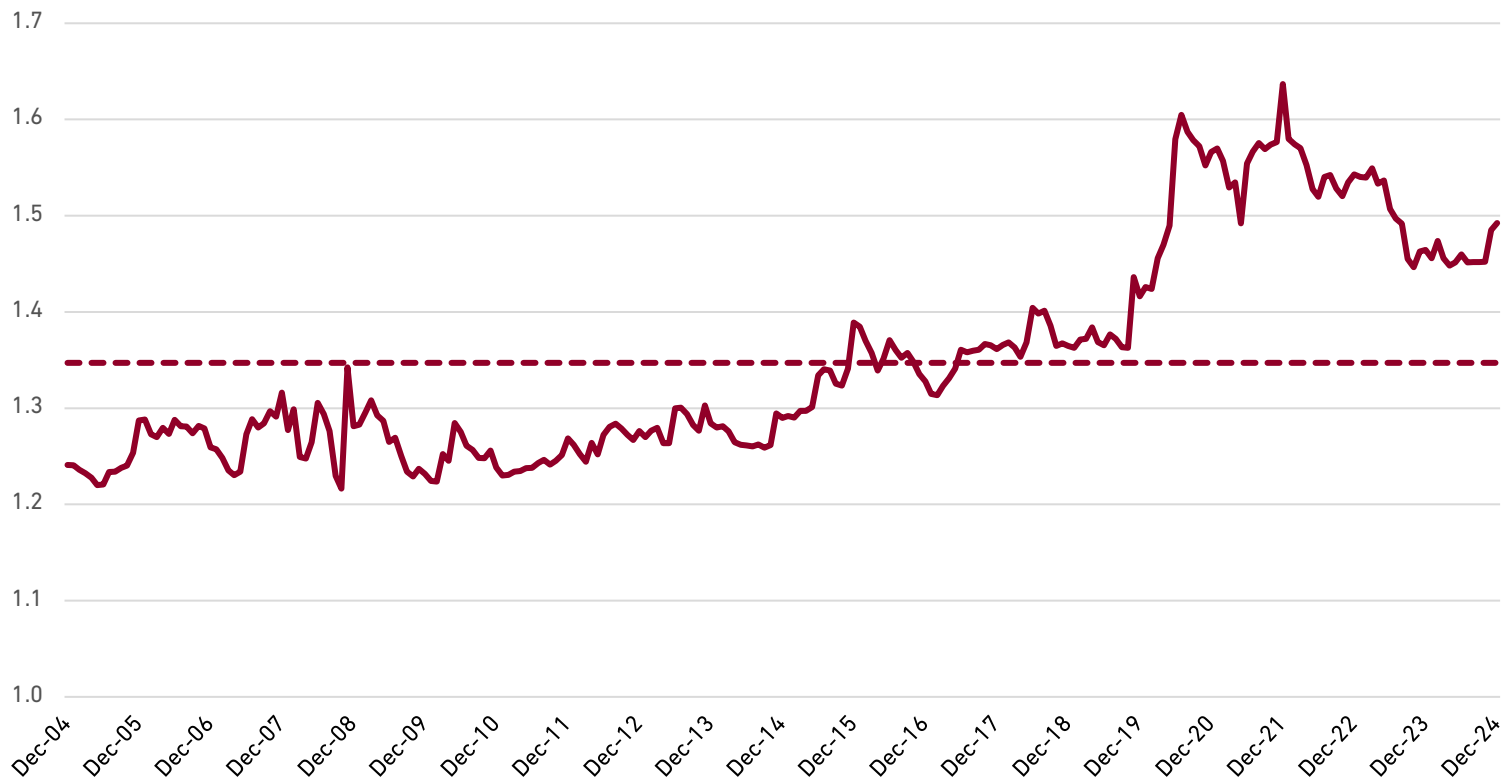
from Relative Returns	Avg. Wt. %		Effect %
	HL	Index	
Cyberark	2.2	-	0.87
Keywords Studios	1.0	<0.1	0.64
Keva	1.0	-	0.39
Cranswick	2.1	0.1	0.38
Clarkson	1.8	<0.1	0.31
Reply	2.1	0.1	0.29
Linea Directa	1.2	<0.1	0.25
Siauliu Bankas	1.9	-	0.25
Scout24	1.3	-	0.25
Diploma	2.3	0.2	0.25

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# Valuations of International Small Cap Growth Stocks Have Moderated

International Small Cap Growth Relative Valuation  
vs. International Small Cap  
(Equally-weighted composite of relative P/E, P/B, and P/CF multiples)



# Shift

## Japanese IT consulting and service provider



### Company Description

- Japan's leading provider of outsourced software testing services
- Pioneer in its field

### Industry Structure

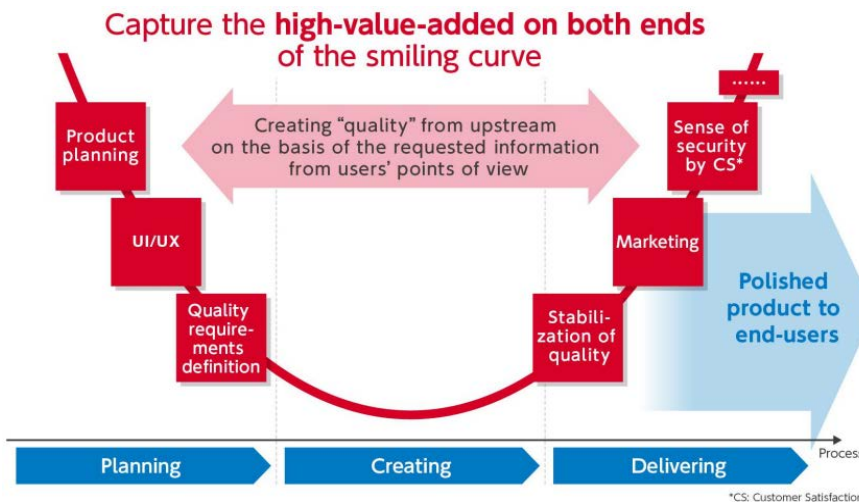
- Highly concentrated industry
- Shift has nearly 50% market share

### Competitive Advantage

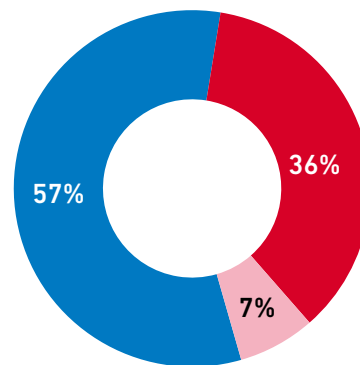
- Talent pool of permanent employees capable of software testing (highly laborious task)
- Proprietary CAT system to accumulate knowledge of bugs, testing processes

### Sustainable Growth

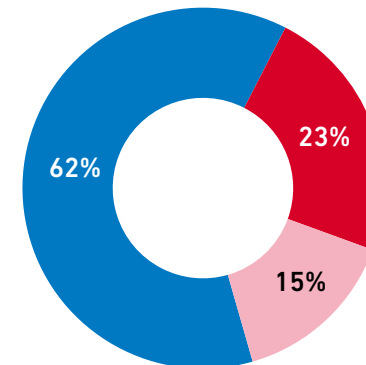
- Massive shortage of IT engineers in Japan as companies transition to digital



### Sales



### Gross Profit



■ Software Testing ■ System Development ■ High Value Added Services

Source: Company disclosure, Harding Loevner analyst estimates. Data as of December 31, 2024. The portfolio holding identified above does not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. Past performance does not guarantee future results. Please read the disclosures, which are an integral part of this presentation.

# Carl Zeiss Meditec

German medical technology provider



CARL ZEISS MEDITEC

## Company Description

Leader in the structurally growing surgical ophthalmology market

## Industry Structure

Concentrated, growing industry

Market share leader in surgical microscopes and ophthalmic diagnostics

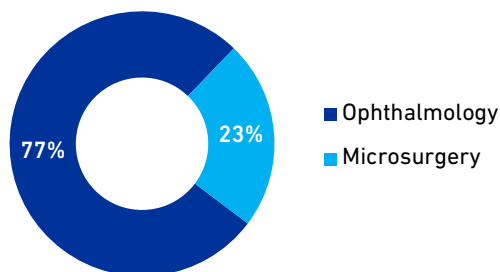
## Competitive Advantage

Zeiss uses its brand and access to distribution to take share in intraocular lenses (IOLs) and refractive correction (ReLex SMILE).

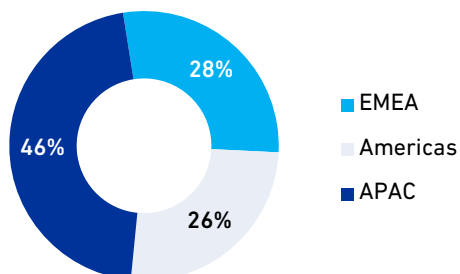
## Sustainable Growth

Market expanding by ~4-5% per year, due to aging populations in developed economies and improving access to care in emerging economies

2023/2024 Revenue (€m)  
Strategic Business Unit



2023/2024 Revenue (€m) Region



## Zeiss provides the most comprehensive diagnostic and solution portfolio in eye care



	ZEISS	Alcon	Johnson & Johnson	B+L	TOPCON	HAAG-STREIT
Diagnostics	Routine Diagnostics	+			+	+
	Retinal Imaging	+			+	+
	Perimetry	+				+
	Biometry	+	+		(+)	+
Surgical	Therapeutic Laser	+	+			
	Refractive Laser	+	+	+		
	Surgical Microscopy	+	+		(+)	+
	Phaco & IOLS	+	+	+	+	
	Vitrectomy	+	+		+	

Source: Company disclosure, Harding Loevner analyst estimates. Data as of December 31, 2024. The portfolio holding identified above does not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. Past performance does not guarantee future results. Please read the disclosures, which are an integral part of this presentation.

# Completed Portfolio Transactions

Trailing 12 Months as of December 31, 2024

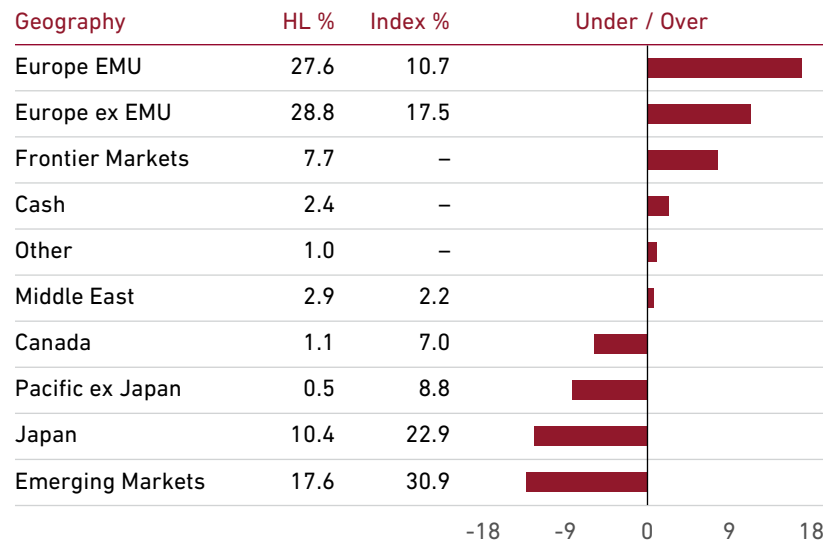
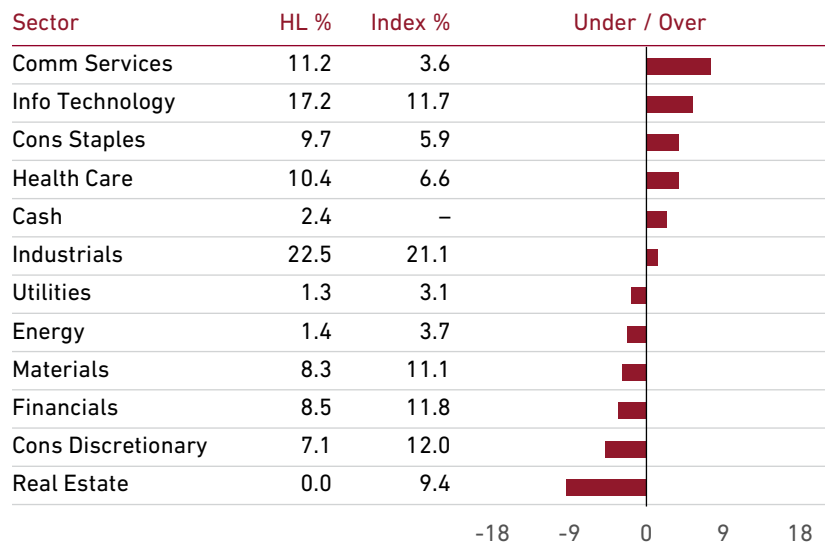
	1Q24	2Q24	3Q24	4Q24
<b>Positions Established</b>	Allegro	GMO Payment Gateway Shift	Brenntag Carl Zeiss Meditec Wilcon Depot	Verallia
<b>Positions Sold</b>	Chipbond Technology NCSOFT Sensata Technologies	Hello Fresh Prodia	Bank of Georgia Keywords Studios	Pigeon Localiza Advantech Mabanee Novonesis

- Portfolio Turnover (5-year annualized average): 16.0%

The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant International Small Companies Equity composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Portfolio Positioning

As of December 31, 2024



Ten Largest Holdings – Total Weight: 23.6%

Company	Market	Sector	Wt. (%)
Senior	UK	Industrials	2.9
Cyberark	Israel	Info Technology	2.9
Hoa Phat Group	Vietnam	Materials	2.9
Diploma	UK	Industrials	2.4
Reply	Italy	Info Technology	2.4

Company	Market	Sector	Wt. (%)
Cranswick	UK	Cons Staples	2.3
Siauliu Bankas	Lithuania	Financials	2.2
Max Financial	India	Financials	1.9
Clarkson	UK	Industrials	1.9
Fuchs Petrolub	Germany	Materials	1.8

98% Active Share

"HL": International Small Companies Equity model portfolio. "Index": MSCI All Country World ex US Small Cap. "Frontier Markets": 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 model, MSCI Inc. Data as of December 31, 2024. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Small Companies Equity composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

# Portfolio Company Operating Fundamentals are Strong

Three years ending December 31, 2024

	Sales Growth	EBIT Growth	Operating Margin	ROE	Debt to Equity	Net Debt/ EBITDA
HL Intl. Small Cos. Equity	10.70	9.78	13.17	13.67	39.97	0.16
MSCI ACWI ex US Small Cap Index	7.83	9.15	11.37	10.60	54.48	1.05
<i>Difference</i>	<i>2.87</i>	<i>0.63</i>	<i>1.80</i>	<i>3.07</i>	<i>-14.52</i>	<i>-0.89</i>

# Disclosures

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The information provided in this presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the International Small Companies Equity model at December 31, 2024 is available on request.

All International Small Companies Equity client accounts are based on the Harding Loevner International Small Companies Equity model, and are managed in strict accordance with this model. No deviation from the Harding Loevner International Small Companies Equity model is permissible except to accommodate unique, agreed-upon client guidelines or restrictions.

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*Alpha*: a measure of risk-adjusted return. *Beta*: a measure of the portfolio's sensitivity to the market. *R-Squared*: a measure of how well a portfolio tracks the market. *Standard Deviation*: the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Information Ratio*: a measure of risk-adjusted return calculated by dividing the portfolio active return (i.e., portfolio returns minus benchmark return) by the standard deviation of the active return. *Sharpe Ratio*: the return over the risk free rate per unit of risk. *Up/Down Capture*: a measure of the manager's performance in up/down markets relative to the market itself. *Profit Margin*: relationship of net profits to net sales. *Return on Assets*: net income for past 12 months divided by total assets. *Return on Equity*: the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio*: total long-term debt divided by total shareholder's equity. *Sales Per Share*: the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share*: portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow*: a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Turnover*: calculated by dividing the lesser of Purchases or Sales by Average Capital. *Active Share*: the proportion of holdings by weight that differ from holdings of the benchmark index.

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.

All performance and data shown are in US dollar terms, unless otherwise noted.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

The composite and attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet, Harding Loevner International Small Companies Equity composite, MSCI Inc.

Source (Portfolio Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality and Growth Characteristics [Run date: January 6, 2025, based on the latest available data in FactSet on this date.]): FactSet, Harding Loevner International Small Companies Equity model, MSCI Inc.

Source (Investment Statistics): eVestment Alliance LLC, Harding Loevner International Small Companies Equity composite, based on composite returns.

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