



HARDING  
LOEVNER

# Harding Loevner Funds plc

## Annual Commentary

30 June 2021

Global Equity Fund

International Equity Fund

Emerging Markets Equity Fund

Global Small Companies Equity Fund



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## Portfolio Management Team



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## Performance Summary

The Global Equity Fund USD Class A shares rose 38.90% (at dealing prices) for the 12 months ended 30 June 2021, net of fees, in US dollar terms, underperforming its benchmark, the MSCI All Country World Index, which rose 39.27%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## Market Review

The global economic rebound gathered steam throughout the period as numerous COVID vaccine candidates were approved, economic policymakers provided unparalleled levels of fiscal stimulus, and central banks slashed borrowing costs and rolled out a dizzying array of measures designed to support asset prices and keep liquidity flowing to businesses. In the US, retail sales climbed to the strongest level on record and restaurant and airline bookings, while still below pre-COVID levels, continued to improve. Additionally, the Biden administration passed a colossal US\$1.9 trillion relief package, the third such stimulus measure since the pandemic began, sending direct payments to millions of Americans and extending unemployment insurance. In China, electricity generation and rail cargo volume rose substantially year over year, but consumer spending remained subdued despite much of daily life having returned to normal. Many emerging economies outside of China, however, continued to struggle with inadequate vaccine supplies and health care logistics to get enough shots in arms even as the new, more virulent Delta strain of the virus led to resurgent waves of infections. The recovery in Europe has also remained precarious with Delta's spread and vaccine rollout delays extending

or renewing lockdowns. Cognizant of these difficulties, the EU approved an €800 billion recovery fund late in the period aimed at infrastructure investment and support for businesses.

Lockdown measures helped to spur a sharp rise in retail trading activity, with a record number of people opening online accounts, and option volumes rising dramatically. This speculative frenzy extended to initial public offerings (IPOs) in many markets, with shares of newly listed companies (many of them still loss-making) being met by strong institutional and retail demand.

Cryptocurrencies continued their run of popularity. As homebuyers and corporate treasurers alike raced to lock in low interest rates, bond yields rose, with the yield on the US 10-year reaching nearly 1.75% in the first quarter of 2021. Commodity prices, particularly those linked with industrial activity such as iron ore and copper, jumped higher, while Brent crude rose to over US\$60 per barrel.

This speculation was tempered somewhat towards the end of the period due to a slew of regulatory actions. In the IPO market, the US Security and Exchange Commission suggested that heightened regulation of special purpose acquisition companies (SPACs) is an agency priority, grinding IPO activity in the space to a halt. Cryptocurrency prices also fell sharply from their first quarter highs as Chinese regulators introduced new proposals to curtail the country's large cryptocurrency mining sector. On the other hand, the re-opening of more normal consumer and business activity caused shortages and sharp price rises for many goods due to inventory liquidations last year that need to be rebuilt, stoking fears that inflation may again return to the fore.

By sector, Materials and Financials performed well in the year, the latter aided by a steepening yield curve and surprisingly low credit defaults. Stocks in the Information Technology and Consumer Discretionary sectors were also strong performers. Less-cyclical sectors—Consumer Staples, Health Care, and Utilities—all underperformed for the period.

In terms of geography, Canada was a big outperformer, helped by its large weighting in banks and Energy. The US also outperformed, bolstered by its large tech industry. Stocks in Japan and Europe both inside and outside the eurozone lagged as both regions experienced a steep rise in COVID-19 infections towards the end of the period.

Style effects favored the least expensive and fastest-growing companies. However, shares of the lowest-quality companies—those with more leverage and less consistent returns—outperformed those of the highest-quality companies.

## Performance Attribution

Strong stocks in Health Care contributed the most to relative performance in the period, particularly US-based manufacturer of 3D digital scanners and clear dental aligners **Align Technologies**. The company reported strong earnings during the fourth quarter of 2020, continuing to benefit from pent-up demand once dentist's offices began to reopen during the previous quarter. Additionally, Align has been expanding its product line by combining orthodontics with restorative dental treatment, aiming to increase its business to General Practitioners as well as orthodontists. Strong stocks in Financials were also helpful; **SVB Financial Group**, a US-based bank focus on the tech and biotech startup communities, benefited from rising expectations for increased economic growth and higher interest rates. The company also reported exceptional earnings growth during the period. Weak stocks in Materials detracted, particularly German supplier of flavors and fragrance ingredients **Symrise**. Shares lagged as the company experienced slower organic sales growth in its beverage

### Portfolio Positioning (% Weight) at 30 June 2021

Sector	Fund	Benchmark <sup>1</sup>
Comm Services	11.2	9.4
Cons Discretionary	10.5	12.7
Cons Staples	2.2	6.9
Energy	2.2	3.4
Financials	14.4	14.1
Health Care	21.7	11.6
Industrials	11.2	9.9
Info Technology	24.1	21.9
Materials	0.0	4.9
Real Estate	0.0	2.6
Utilities	0.5	2.6
Cash	2.0	–

Geography	Fund	Benchmark <sup>1</sup>
Canada	0.0	2.9
Emerging Markets	14.8	12.9
Europe EMU	6.3	8.5
Europe ex-EMU	7.0	7.9
Frontier Markets <sup>2</sup>	0.0	–
Japan	3.4	5.9
Middle East	0.0	0.2
Pacific ex-Japan	2.6	3.0
United States	63.9	58.7
Cash	2.0	–

<sup>1</sup>MSCI All Country World Index; <sup>2</sup>Includes countries with less-developed markets outside the index.

and sweets segments. The Fund's overweight in Health Care and small cash weight also detracted during the period.

Viewed by geography, strong stocks in the US contributed, especially SVB Financial and agricultural equipment manufacturer **John Deere**. Deere delivered stronger-than-expected fourth-quarter earnings and raised its guidance for 2021. Poor stocks in Emerging Markets and Europe (both inside and outside the eurozone) detracted. Polish video game producer **CD Projekt** declined as a ransomware attack delayed the company's efforts to patch its game *Cyberpunk 2077*, whose highly anticipated launch late last year was marred by bugs. Chinese internet giant **Alibaba** was forced to withdraw its planned IPO for its Ant Financial affiliate and was hit with fines by Chinese regulators over alleged antitrust abuse.

## Perspective and Outlook

Regulation of the antitrust variety became an increasingly relevant issue worldwide following muscular interventions by regulators in Europe, Asia, and the US in the second quarter of 2021. The shift in regulatory headwinds is a development we take seriously, as any changes can swiftly reshape entire industries and companies. However, it's also a phenomenon with which we're intimately familiar; we deal with regulatory threats routinely as an explicit factor in our industry analyses, our business assessments, and our projections of companies' growth and profitability.

In the US, there is growing concern that too much market power is concentrated in a handful of companies that dominate their respective industries. Under the new presidential administration, antitrust regulators appear to be gearing up to take legal action against big technology firms in particular. The rising threat is epitomized by the bipartisan appointment of Lina Khan, a controversial legal scholar, to the FTC. Khan has argued for a new antitrust framework that counters market power in companies even if their product is free to consumers or has led to lower prices. In Europe, antitrust agencies are already further along in clamping down on the tech behemoths, pursuing active investigations into potential market abuses by **Apple**, **Facebook**, **Alphabet**, and **Amazon.com**. In April, Chinese regulators sent a strong message to all companies tempted to abuse the market power derived from potent platform and network effects—imposing a US\$2.8 billion fine on Alibaba and summoning 34 leading Chinese technology and e-commerce companies to inform them that they had one month to self-inspect and “completely rectify” any conflicts with recently updated regulations on online competition.

Antitrust is far from the only category of shifting regulatory risk facing many companies globally; environmental regulations also continue to ratchet up as the political and social consensus surrounding climate change solidifies. This is a particular headwind for the oil industry, which suffered a notable setback in May when a Dutch court ordered Royal Dutch Shell, generally considered one of the more progressive oil and gas producers in terms of transitioning toward greener energy sources, to ensure

the net CO<sub>2</sub> emissions of all its products and operations are 45% lower by 2030. Though the company has the right to appeal, and it is not entirely clear how the Dutch court will enforce its decision (perhaps explaining the negligible impact on Royal Dutch's share price so far), if this judgment is a sign of things to come, it throws doubt on the viability of many global energy companies.

Our analysts incorporate the range of potential effects of existing and potential future regulations into their analysis of the competitive structure of each industry. We model regulations in terms of their impact on each of Michael Porter's "Five Forces," our workhorse template for understanding business strategy.<sup>1</sup> We know, for instance, that the threat of new entrants can increase if the state nurtures them, and that the threat of substitution can be tilted by subsidies or prohibitions of alternative products.

Regulatory influences may affect our view of Porter's competitive forces so negatively that it pushes us to avoid some industries entirely. Electric utilities are an example, *except* where we think regulators have good reason to allow adequate returns on invested capital.

Regulatory influences may affect our view of Porter's competitive forces so negatively that it pushes us to avoid some industries entirely. Electric utilities, for example, are generally treated as regulated monopolies, due to the critical necessity of their product, the asset intensity of their physical infrastructure, and the typical absence of competitive alternatives. Their rates are controlled, and their investments are mandated by regulators with a view to providing reliable power to the residents and industries within reach of their grid. There is broad political support for this approach, and the consequence is to weaken severely the utilities' bargaining power over their customers. Environmental regulations targeted at reducing CO<sub>2</sub> emissions also have broad political support and, by requiring the use of specific energy sources, weaken the utilities' bargaining power over their suppliers and hamstringing their cash flow return on invested capital (CFROI).

We cover no electric utilities and only a few companies in the broader Utilities sector; the exceptions are cases where we think regulators have good reason to allow adequate returns on invested capital. **ENN Energy**, a private-sector gas utility in China, is one. ENN earned a five-year average annual CFROI of about 11% while growing at a double-digit pace thanks to regulations pressing businesses and consumers to switch away from coal to natural gas as part of a key step in the transition toward the country's long-term goal of net carbon neutrality.

Though ENN's gas sales are subject to controls on pricing and profits, it can collect a connection fee from residential users, a

lucrative incentive intended to help fund expansion of the gas distribution network. Also, many local governments are promoting the development of communities and industrial parks with smaller carbon footprints. This is proving to be a boon for ENN's integrated energy business, which combines natural gas and renewable energy sources to meet customers' steam, cooling, heating, and electricity needs, and which saw its sales volumes grow 79% YoY this quarter.

In each instance, investors have suffered from the unpredictable regulatory change in China, a pattern of caprice we have come to accept as part of the price of admission to investing in some of the world's most attractive high-quality growing companies.

In the US and Europe, open political debate tends to presage where new regulatory scrutiny is likely to fall, as well as the magnitude and scope of potential mandates, restrictions, or penalties. There are established legal processes by which companies can argue their side and courts to which they can appeal. In contrast, in less developed markets, regulatory action can come suddenly without warning, and allow companies no opportunity to argue their case or avenue for appeal. We have experienced this kind of seemingly arbitrary regulatory action in China in recent years: from the 2018 freezing of new video game approvals that harmed **Tencent** and **NetEase**; to the 11th-hour suspension of Ant Group's initial public offering due to financial regulatory reforms, and the forced seclusion of Jack Ma, founder of its parent company, Alibaba; to recent proposals to restrict the provision of supplementary tutoring. In each instance, investors have suffered from the unpredictable regulatory change, a pattern of caprice we have come to accept as part of the price of admission to investing in some of the world's most attractive high-quality growing companies.

We should note that in addition to incorporating country-level regulatory considerations into our Porter forces assessments and growth forecasts, we also use country-level risk differentials to adjust the discount rates we use in our valuation models—and on this score China only falls to the middle of the pack. We require higher risk premia to be reflected in discount rates for companies operating in countries with higher legal, governance, and regulatory risks or weak governmental finances (which often lead to a grasping regulatory hand). To assess comparative country risk, we use third-party measures of political stability, rule of law, corruption, and openness of markets from the World Bank's Worldwide Governance Indicators and the Heritage Foundation's Index of Economic Freedom, and sovereign credit ratings from ratings agencies.

Our monitoring of regulatory risks faced by industries and companies along with our country-level real discount rate premiums tend to tilt us toward markets with lower risk exposure, and away from more vulnerable ones. But predicting

<sup>1</sup>Of Porter's 15 books, his 2008 *Competitive Strategy: Techniques for Analyzing Industries and Competitors* is perhaps the best single source for explaining the principles we find so helpful in our own analysis.

which industries, countries, or companies may face unfavorable regulatory change is a hugely imprecise task. These differences in discount rates may not account sufficiently for the capriciousness of regulators. Therefore, our portfolio investment guidelines constrain industry, country, and individual security weights to ensure a high level of diversification and thereby limit the potential impact of regulatory (as well as other) shocks that we fail to foresee. The recent unforeseen shifts in China's regulation of fintech and e-commerce illustrate how limiting our holding in a single country or company—such as Alibaba—can mitigate our exposure.

Lest we leave the impression that regulation and regulatory changes provide only risk and not their own form of opportunity, consider the global automotive industry, where environmental regulations such as emissions and fuel-efficiency standards have increased manufacturing costs, but have also sparked innovation, providing potential growth opportunities for innovative suppliers able to walk the tight rope between regulatory mandates and market preferences. Likewise, while the entire Health Care sector faces perennial regulatory pressure as governments implement various methods of constraining the prices of medical treatment, it also enjoys key regulatory benefits. These structures—patent protection for new drugs (which keeps rivalry at bay), safety regulations (which raise the bar for less-experienced new entrants), and government funding of drugs for large portions of the population—have kept returns to investing in research, development, and drug manufacturing high for many decades. This regulatory framework, though altered from time to time, has been effective at sustaining innovation in drug development, to the benefit of many patients not only within the US, but throughout the world. It also underpins the long-term growth of many of our Health Care holdings.

### Ten Largest Holdings at 30 June 2021

Company	Sector	Market	%
Alphabet	Comm Services	US	3.5
First Republic Bank	Financials	US	3.5
SVB Financial Group	Financials	US	3.2
Illumina	Health Care	US	3.0
Amazon.com	Cons Discretionary	US	3.0
PayPal	Info Technology	US	2.8
Facebook	Comm Services	US	2.6
John Deere	Industrials	US	2.5
Microsoft	Info Technology	US	2.1
Wuxi Biologics	Health Care	China	2.1
Ten Largest Holdings			28.3%

## Performance (% Total Return)

as of 30 June 2021

Class A	6 Month	1 Year	3 Years	5 Years	10 Years	Since Inception
US Dollar						21 June 2007
Global Equity Fund USD A <sup>1</sup>	11.80	38.90	17.55	18.32	12.23	9.17
MSCI All Country World Index <sup>2</sup>	12.30	39.27	14.57	14.61	9.90	6.39
Euro						21 June 2007
Global Equity Fund EUR A <sup>1</sup>	15.19	31.60	16.94	16.76	14.50	10.18
MSCI All Country World Index <sup>2</sup>	15.87	31.90	13.97	13.13	12.13	7.33
GBP Sterling						5 March 2008
Global Equity Fund GBP A <sup>1</sup>	10.54	24.38	15.70	17.42	13.91	13.06
MSCI All Country World Index <sup>2</sup>	11.12	24.56	12.85	13.86	11.56	10.37

Class B	6 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
US Dollar						5 June 2018
Global Equity Fund USD B <sup>1</sup>	11.66	38.47	17.24	–	–	16.08
MSCI All Country World Index <sup>2</sup>	12.30	39.27	14.57	–	–	13.51
GBP Sterling						15 August 2018
Global Equity Fund GBP B <sup>1</sup>	10.37	23.96	–	–	–	14.94
MSCI All Country World Index <sup>2</sup>	11.12	24.56	–	–	–	11.51

Class D	6 Month	1 Year	3 Years	5 Years	10 Years	Since Inception
US Dollar						4 January 2018
Global Equity Fund USD D <sup>1</sup>	11.39	37.77	16.66	–	–	14.32
MSCI All Country World Index <sup>2</sup>	12.30	39.27	14.57	–	–	11.64

Class M	6 Month	1 Year	3 Years	5 Years	10 Years	Since Inception
Euro						31 January 2018
Global Equity Fund EUR M <sup>1</sup>	15.19	31.61	17.00	–	–	15.88
MSCI All Country World Index <sup>2</sup>	15.87	31.90	13.97	–	–	12.37
Singapore Dollar						21 September 2015
Global Equity Fund SGD M <sup>1</sup>	13.80	34.06	17.09	18.33	–	15.81
MSCI All Country World Index <sup>2</sup>	14.22	34.19	14.02	14.58	–	12.24

Class S	6 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Canadian Dollar						23 August 2019
Global Equity Fund CAD S <sup>1</sup>	9.27	27.69	–	–	–	27.44
MSCI All Country World Index <sup>2</sup>	9.16	26.62	–	–	–	19.02
Euro						3 June 2019
Global Equity Fund EUR S <sup>1</sup>	15.60	32.49	–	–	–	22.97
MSCI All Country World Index <sup>2</sup>	15.87	31.90	–	–	–	16.58
GBP Sterling						26 October 2018
Global Equity Fund GBP S <sup>1</sup>	10.92	25.28	–	–	–	21.32
MSCI All Country World Index <sup>2</sup>	11.12	24.56	–	–	–	15.65

Class S1	6 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
US Dollar						29 August 2018
Global Equity Fund USD S1 <sup>1</sup>	11.87	39.05	–	–	–	17.35
MSCI All Country World Index <sup>2</sup>	12.30	39.27	–	–	–	13.65

<sup>1</sup>Net of fees; <sup>2</sup>Net of withholding taxes. Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.



## Portfolio Management Team



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## Performance Summary

The International Equity Fund USD Class A shares rose 34.12% (at dealing prices) for the 12 months ended 30 June 2021, net of fees, in US dollar terms, underperforming its benchmark, the MSCI All Country World ex-US Index, which rose 35.72%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## Market Review

The global economic rebound gathered steam throughout the period as numerous COVID vaccine candidates were approved, economic policymakers provided unparalleled levels of fiscal stimulus, and central banks slashed borrowing costs and rolled out a dizzying array of measures designed to support asset prices and keep liquidity flowing to businesses. In the US, retail sales climbed to the strongest level on record and restaurant and airline bookings, while still below pre-COVID levels, continued to improve. Additionally, the Biden administration passed a colossal US\$1.9 trillion relief package, the third such stimulus measure since the pandemic began, sending direct payments to millions of Americans and extending unemployment insurance. In China, electricity generation and rail cargo volume rose substantially year over year, but consumer spending remained subdued despite much of daily life having returned to normal. Many emerging economies outside of China, however, continued to struggle with inadequate vaccine supplies and health care logistics to get enough shots in arms even as the

new, more virulent Delta strain of the virus led to resurgent waves of infections. The recovery in Europe has also remained precarious with Delta's spread and vaccine rollout delays extending or renewing lockdowns. Cognizant of these difficulties, the EU approved an €800 billion recovery fund late in the period aimed at infrastructure investment and support for businesses.

Lockdown measures helped to spur a sharp rise in retail trading activity, with a record number of people opening online accounts, and option volumes rising dramatically. This speculative frenzy extended to initial public offerings (IPOs) in many markets, with shares of newly listed companies (many of them still loss-making) being met by strong institutional and retail demand. Cryptocurrencies continued their run of popularity. As homebuyers and corporate treasurers alike raced to lock in low interest rates, bond yields rose, with the yield on the US 10-year reaching nearly 1.75% in the first quarter of 2021. Commodity prices, particularly those linked with industrial activity such as iron ore and copper, jumped higher, while Brent crude rose to over US\$60 per barrel.

This speculation was tempered somewhat towards the end of the period due to a slew of regulatory actions. In the IPO market, the US Security and Exchange Commission suggested that heightened regulation of special purpose acquisition companies (SPACs) is an agency priority, grinding IPO activity in the space to a halt. Cryptocurrency prices also fell sharply from their first quarter highs as Chinese regulators introduced new proposals to curtail the country's large cryptocurrency mining sector. On the other hand, the re-opening of more normal consumer and business activity caused shortages and sharp price rises for many goods due to inventory liquidations last year that need to be rebuilt, stoking fears that inflation may again return to the fore.

By sector, Information Technology (IT) and Materials performed well in the year. Stocks in the Consumer Discretionary, Financials, and Industrials sectors were also strong performers. Less-cyclical sectors—Consumer Staples, Health Care, and Utilities—all underperformed for the period.

In terms of geography, Canada was a big outperformer, helped by its large weighting in banks and Energy and from the strong pull from the US for its exports of commodities and manufactured goods. Emerging Markets, particularly Taiwan and South Korea, also outperformed as their domestic semiconductor manufacturers benefitted from the global chip shortage. In contrast, China lagged the rest of EM and the broader index, with domestic regulatory shifts reversing the positive sentiment towards that market enjoyed in the spring of 2020 when the country quickly managed to control the coronavirus outbreak. Stocks in Japan and Europe outside the eurozone also lagged as both regions experienced a steep rise in COVID-19 infections towards the end of the period. Style effects



significantly favored the least expensive and fastest-growing companies. However, shares of the lowest-quality companies—those with more leverage and less consistent returns—outperformed those of the highest-quality companies.

## Performance Attribution

Stock selection in Consumer Discretionary and Materials detracted the most from relative performance during the period. In Consumer Discretionary, shares of Japan's largest home furnishing retailer NITORI detracted as the yen weakened against the US dollar, hurting Japanese importers. Within the strong-performing Materials sector, shares of German supplier of flavors and fragrance ingredients Symrise lagged as the company experienced slower organic sales growth in its beverage and sweets segments. The Fund's overweighted in Health Care and Consumer Staples, and underweight in Consumer Discretionary also detracted.

### Portfolio Positioning (% Weight) at 30 June 2021

Sector	Fund	Benchmark <sup>1</sup>
Comm Services	4.2	6.7
Cons Discretionary	2.4	13.8
Cons Staples	12.8	8.5
Energy	3.0	4.5
Financials	16.2	18.6
Health Care	13.3	9.3
Industrials	14.3	11.8
Info Technology	20.3	12.9
Materials	9.9	8.3
Real Estate	0.0	2.6
Utilities	1.0	3.0
Cash	2.6	–

Geography	Fund	Benchmark <sup>1</sup>
Canada	1.9	7.0
Emerging Markets	24.8	31.3
Europe EMU	22.2	20.5
Europe ex-EMU	25.7	19.2
Frontier Markets <sup>2</sup>	0.0	–
Japan	12.5	14.3
Middle East	1.1	0.4
Pacific ex-Japan	8.2	7.3
Other <sup>3</sup>	1.0	–
Cash	2.6	–

<sup>1</sup>MSCI All Country World ex-US Index; <sup>2</sup>Includes countries with less-developed markets outside the index; <sup>3</sup>Includes companies classified in countries outside the index.

Strong stocks in Consumer Staples and Health Care mostly offset the drag from large sector weights. In Consumer Staples, French cosmetic maker **L'Oréal** reported first-quarter 2021 sales declined about 5% overall but also provided upbeat guidance for the rest of the year. Sales in China grew 6% year-over-year, and cosmetics demand globally appears resilient. **Sonova Holding**, a Swiss hearing aid manufacturer, was a top contributor in Health Care. The company's business rebounded strongly from lockdowns as management raised earnings guidance for the full year. Sonova also announced the acquisition of the consumer audio division of Sennheiser, which will allow it to face off against Bose or other consumer audio brands entering the hearing aid market. The Fund's large weight in IT was also helpful during the period, with our holdings almost matching the torrid 57% return for the sector.

Viewed by region, our stocks in Japan were the largest source of underperformance. Pharmaceutical manufacturer **Chugai Pharmaceutical** was hurt by falling off-label usage of its rheumatoid arthritis drug Actemra as a treatment for COVID-19 after its initial promise faltered in subsequent clinical trials. Additionally, sales of other Chugai-discovered products for export by its majority owner, Roche, were weak in the first quarter of 2021. Shares of manufacturer of hygiene and household cleaning products **Unicharm** declined in response to rising input costs (like for petroleum) and a year-over-year decline in sales in Japan. The Fund's modest holding of cash also detracted during this period of strong equity returns. Strongly performing stocks in Emerging Markets helped boost relative returns, especially Taiwanese semiconductor manufacturer **TSMC**. The company posted strong earnings throughout the period, seeing an increased demand for its high-performance chips, including from Apple (which unveiled new iPad models which utilize TSMC-manufactured A14 processors) and AMD, a US-based design studio which has been gaining share from Intel's integrated design-and-manufacturing model by leveraging TSMC's advanced manufacturing lead. Another semiconductor stock helped lift our returns in the eurozone. Shares of **Infineon Technologies**, a German manufacturer of semiconductors used for electric power management in automobiles and industrial machinery, rose on expectations for a stronger recovery in the auto industry and the rising share of electric vehicles in China, Europe, and the US; all despite near-term shortages plaguing the broader auto-related semiconductor segment.

## Perspective and Outlook

Regulation of the antitrust variety became an increasingly relevant issue worldwide following muscular interventions by regulators in Europe, Asia, and the US in the second quarter of 2021. The shift in regulatory headwinds is a development we take seriously, as any changes can swiftly reshape entire industries and companies. However, it's also a phenomenon with which we're intimately familiar; we deal with regulatory threats routinely as an explicit factor in our industry analyses, our business assessments, and our projections of companies' growth and profitability.

In the US, there is growing concern that too much market power is concentrated in a handful of companies that dominate their respective industries. Under the new presidential administration, antitrust regulators appear to be gearing up to take legal action against big technology firms in particular. The rising threat is epitomized by the bipartisan appointment of Lina Khan, a controversial legal scholar, to the FTC. Khan has argued for a new antitrust framework that counters market power in companies even if their product is free to consumers or has led to lower prices. In Europe, antitrust agencies are already further along in clamping down on the tech behemoths, pursuing active investigations into potential market abuses by Apple, Facebook, Alphabet, and Amazon.com. In April, Chinese regulators sent a strong message to all companies tempted to abuse the market power derived from potent platform and network effects—imposing a US\$2.8 billion fine on **Alibaba** and summoning 34 leading Chinese technology and e-commerce companies to inform them that they had one month to self-inspect and “completely rectify” any conflicts with recently updated regulations on online competition.

Antitrust is far from the only category of shifting regulatory risk facing many companies globally; environmental regulations also continue to ratchet up as the political and social consensus surrounding climate change solidifies. This is a particular headwind for the oil industry, which suffered a notable setback in May when a Dutch court ordered **Royal Dutch Shell**, generally considered one of the more progressive oil and gas producers in terms of transitioning toward greener energy sources, to ensure the net CO<sub>2</sub> emissions of all its products and operations are 45% lower by 2030. Though the company has the right to appeal, and it is not entirely clear how the Dutch court will enforce its decision (perhaps explaining the negligible impact on Royal Dutch’s share price so far), if this judgment is a sign of things to come, it throws doubt on the viability of many global energy companies.

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within reach of their grid. There is broad political support for this approach, and the consequence is to weaken severely the utilities’ bargaining power over their customers. Environmental regulations targeted at reducing CO<sub>2</sub> emissions also have broad political support and, by requiring the use of specific energy sources, weaken the utilities’ bargaining power over their suppliers and hamstringing their cash flow return on invested capital (CFROI).

We cover no electric utilities and only a few companies in the broader Utilities sector; the exceptions are cases where we think regulators have good reason to allow adequate returns on invested capital. **ENN Energy**, a private-sector gas utility in China, is one. ENN earned a five-year average annual CFROI of about 11% while growing at a double-digit pace thanks to regulations pressing businesses and consumers to switch away from coal to natural gas as part of a key step in the transition toward the country’s long-term goal of net carbon neutrality.

Though ENN’s gas sales are subject to controls on pricing and profits, it can collect a connection fee from residential users, a lucrative incentive intended to help fund expansion of the gas distribution network. Also, many local governments are promoting the development of communities and industrial parks with smaller carbon footprints. This is proving to be a boon for ENN’s integrated energy business, which combines natural gas and renewable energy sources to meet customers’ steam, cooling, heating, and electricity needs, and which saw its sales volumes grow 79% YoY this quarter.

In the US and Europe, open political debate tends to presage where new regulatory scrutiny is likely to fall, as well as the magnitude and scope of potential mandates, restrictions, or penalties. There are established legal processes by which companies can argue their side and courts to which they can appeal. In contrast, in less developed markets, regulatory action can come suddenly without warning, and allow companies no opportunity to argue their case or avenue for appeal. We have experienced this kind of seemingly arbitrary regulatory action in China in recent years: from the 2018 freezing of new video game approvals that harmed **Tencent** and NetEase; to the 11th-hour suspension of Ant Group’s initial public offering due to financial regulatory reforms, and the forced seclusion of Jack Ma, founder of its parent company, Alibaba; to recent proposals to restrict the provision of supplementary tutoring. In each instance, investors have suffered from the unpredictable regulatory change, a pattern of caprice we have come to accept as part of the price of admission to investing in some of the world’s most attractive high-quality growing companies.

We should note that in addition to incorporating country-level regulatory considerations into our Porter forces assessments and growth forecasts, we also use country-level risk differentials to adjust the discount rates we use in our valuation models—and on this score China only falls to the middle of the pack. We require higher risk premia to be reflected in discount rates for companies operating in countries with higher legal, governance, and regulatory risks or weak governmental finances (which often

<sup>1</sup>Of Porter’s 15 books, his 2008 *Competitive Strategy: Techniques for Analyzing Industries and Competitors* is perhaps the best single source for explaining the principles we find so helpful in our own analysis.

lead to a grasping regulatory hand). To assess comparative country risk, we use third-party measures of political stability, rule of law, corruption, and openness of markets from the World Bank's Worldwide Governance Indicators and the Heritage Foundation's Index of Economic Freedom, and sovereign credit ratings from ratings agencies.

Our monitoring of regulatory risks faced by industries and companies along with our country-level real discount rate premiums tend to tilt us toward markets with lower risk exposure, and away from more vulnerable ones. But predicting which industries, countries, or companies may face unfavorable regulatory change is a hugely imprecise task. These differences in discount rates may not account sufficiently for the capriciousness of regulators. Therefore, our portfolio investment guidelines constrain industry, country, and individual security weights to ensure a high level of diversification and thereby limit the potential impact of regulatory (as well as other) shocks that we fail to foresee. The recent unforeseen shifts in China's regulation of fintech and e-commerce illustrate how limiting our holding in a single country or company—such as Alibaba—can mitigate our exposure.

Lest we leave the impression that regulation and regulatory changes provide only risk and not their own form of opportunity, consider the global automotive industry, where environmental regulations such as emissions and fuel-efficiency standards have increased manufacturing costs, but have also sparked innovation, providing potential growth opportunities for innovative suppliers able to walk the tight rope between regulatory mandates and market preferences. Likewise, while the entire Health Care sector faces perennial regulatory pressure as governments implement various methods of constraining the prices of medical treatment, it also enjoys key regulatory benefits. These structures—patent protection for new drugs (which keeps rivalry at bay), safety regulations (which raise the bar for less-experienced new entrants), and government funding of drugs for large portions of the population—have kept returns to investing in research, development, and drug manufacturing high for many decades. This regulatory framework, though altered from time to time, has been effective at sustaining innovation in drug development, to the benefit of many patients not only within the US, but throughout the world. It also underpins the long-term growth of many of our Health Care holdings.

#### Ten Largest Holdings at 30 June 2021

Company	Sector	Market	%
Infineon Technologies	Info Technology	Germany	3.9
Samsung Electronics	Info Technology	South Korea	3.8
TSMC	Info Technology	Taiwan	3.7
Atlas Copco	Industrials	Sweden	3.4
L'Oréal	Cons Staples	France	3.4
AIA Group	Financials	Hong Kong	3.0
Adyen	Info Technology	Netherlands	3.0
BHP	Materials	Australia	2.9
Roche	Health Care	Switzerland	2.8
Schneider Electric	Industrials	France	2.5
Ten Largest Holdings			32.4%



## Performance (% Total Return)

as of 30 June 2021

<b>Class A</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
US Dollar <sup>1</sup>					7 June 2013
International Equity Fund USD A <sup>2</sup>	6.26	34.12	11.36	12.76	9.07
MSCI All Country World ex-US Index <sup>3</sup>	9.16	35.72	9.38	11.08	6.80
GBP Sterling					7 June 2013
International Equity Fund GBP A <sup>2</sup>	5.03	20.13	9.62	11.91	10.67
MSCI All Country World ex-US Index <sup>3</sup>	8.02	21.39	7.74	10.35	8.37
<b>Class B</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
US Dollar					25 October 2013
International Equity Fund USD B <sup>2</sup>	6.13	33.79	11.08	12.51	8.28
MSCI All Country World ex-US Index <sup>3</sup>	9.16	35.72	9.38	11.08	6.03
<b>Class S</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
US Dollar					26 October 2018
International Equity Fund USD S <sup>2</sup>	6.70	35.13	–	–	18.55
MSCI All Country World ex-US Index <sup>3</sup>	9.16	35.72	–	–	14.66

<sup>1</sup>USD Class A shares launched on 2 December 2013; returns prior to this are derived from the GBP Class A return; <sup>2</sup>Net of fees; <sup>3</sup>Net of withholding taxes. Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.

## Portfolio Management Team



**Scott Crawshaw**  
*Co-Lead Portfolio Manager*



**Craig Shaw, CFA**  
*Co-Lead Portfolio Manager*



**Pradipta Chakraborty**  
*Portfolio Manager*



**Richard Schmidt, CFA**  
*Portfolio Manager*

## Performance Summary

The Emerging Markets Equity Fund USD Class A shares rose 43.21% (at dealing prices) for the fiscal year ended 30 June 2021, net of fees, in US dollar terms, outperforming its benchmark the MSCI Emerging Markets Index, which rose 40.90%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## Market Review

Stocks in Emerging Markets (EMs) surged upward during the fiscal year, sustaining their remarkable recovery from the sharp market decline in early 2020 caused by the initial shock of the global COVID-19 outbreak. The discovery and broadening global distribution of effective vaccines starting in late 2020 especially helped ignite an acceleration in economic activity, which boosted commodity prices and stoked enthusiasm for EM assets. Brent crude prices rose nearly 75% during the year to touch US\$75 per barrel, with support from continued supply discipline by OPEC+ and expectations of increasing oil demand. Prices of industrial metals, agricultural products, and other commodities also made significant gains.

Investor enthusiasm appeared to wane at the end of the fiscal year, however, reflecting the new threat posed by COVID-19 variants and the potential for higher interest rates as the Chinese central bank tightened credit to contain rising debt levels and the US Federal Reserve signaled that interest rate increases might come sooner than previously expected due to rising inflationary pressures.

All sectors in the MSCI EM Index were positive, with Information Technology (IT) posting the best performance led by semiconductor and other hardware manufacturers. A strong appetite for stocks in more speculative areas like electronic vehicles (EVs) further helped

IT shares. The Materials sector was also particularly strong, as mining stocks rallied with the rise in metals prices. Communication Services and Consumer Staples lagged the index, but the worst sector was Real Estate, which is dominated by Chinese developers whose stocks were weighed down by the prospect of tightening liquidity conditions. Revelations of financial stress at Evergrande, one of China's largest property companies, also hurt sentiment.

By geography, Latin America produced the strongest returns, led by Mexico and Brazil, supported by stronger commodity prices. Brazil was also lifted in part by the government's progress in tax and administrative reform as well as supportive comments from officials about potential privatization plans, which boosted state-owned assets including oil giant Petrobras. Smaller markets in Latin America underperformed, however, amid a cloud of political uncertainty and the threat of populist movements. In Peru, for instance, the new president Pedro Castillo was narrowly elected on a socialist platform that supported nationalizing various industries, including mining.

Asia performed roughly in line with the index, but China significantly lagged the broad market, despite its early control of the pandemic and its economy's robust recovery. The equity market was hampered by a rising intensity in government regulation, including new rules at the very end of the period constraining the practices of after-school tutoring firms. The country's giant internet platforms, including social media and game giant **Tencent**, also continued to be jostled by a flurry of new regulatory directives. Elsewhere in Asia, South Korea, Taiwan, and India all participated in the market rally. But here, too, smaller markets were weak, with Malaysia, Thailand, and Indonesia struggling with new COVID-19 waves and necessary shutdowns.

## Performance Attribution

The Fund's outperformance in the year was primarily due to strong stocks in Consumer Staples and Industrials as well as the Fund's overweight in IT. In Consumer Staples, shares of **Jiangsu Yanghe Brewery**, a Chinese white liquor maker, rose to reflect the company's success in reviving its previously lagging sales growth with a new marketing campaign and improved management of its distributors. Hong Kong-based cordless power tool manufacturer **Techtronic Industries** and Taiwanese pneumatic equipment producer **AirTAC** led within Industrials. Techtronic benefited from the surge in do-it-yourself activities as the pandemic kept people at home; its research and development efforts also paid off in good reception for new products such as ride-on lawn mowers and heavy-duty utility cable crimpers. AirTAC enjoyed strong year-over-year sales growth in the first quarter of 2021 partly owing to what appears to be a surge in automation investment by Chinese factories.

The Fund lagged within the Consumer Discretionary sector, despite strong returns from a number of holdings, including Chinese auto glass producer **Fuyao Glass**, which benefited from a recovery in China's auto industry. The biggest detractor in the sector was **New Oriental**, which was caught up in the regulatory dragnet deployed against after-school tutoring companies. Sands China, the Macao-based casino group, also lagged as travel restrictions have continued to severely limit its foot traffic. The Fund's lack of holdings in the very strong Materials sector also hurt relative returns.

By geography, the Fund benefited from strong stocks in Asia, particularly China, where key contributors included Fuyao Glass and **Sunny Optical**, a manufacturer of smartphone cameras, and Taiwan. Relative returns in Taiwan were helped by AirTAC and **Eclat Textile**, a leading manufacturer of performance-based fabrics that has benefited from strong consumer demand for athleisure apparel (i.e., yoga pants). Our South Korean holdings contributed negatively to relative returns despite posting overall strong returns over the 12-month period as stocks not held, including leading social and ecommerce platform Kakao and many auto and EV-related stocks, performed even more strongly.

The Fund underperformed in Latin America, especially Brazil where energy and chemicals business **Ultrapar** reported lower revenues in 2020 primarily due to declines in its fuel distribution business. Shares of Peruvian commercial bank **Credicorp** were weak amid rising political and regulatory risk associated with the country's sharp turn to the left in the wake of Pedro Castillo's victory.

## Investment Perspectives

Sudden and jarring regulatory change has always been a fact of life for investors in EMs, one of the trade-offs of investing in companies with large growth opportunities found in emerging economies whose regulatory structures are less developed. Of course, smart business managers in all economies, developing and developed, will look to capitalize on market opportunities previously overlooked by regulators...until they no longer are! With the rise of a plethora of new, highly innovative internet-based business models, it seems as if regulators are in catch-up mode, trying to understand the new business models and their broader economic, social, and political impact while trying to control them at the same time.

The Chinese government's recently revived aggression against the after-school tutoring industry was a reminder that regulatory risk in China is acute. Under the Chinese political system, officials have the power to act quickly and suddenly, without the forewarning that comes with the relatively more transparent regulatory sausage-making in the US and other democratic countries. In many cases, regulatory change in China has been targeted toward goals for the benefit of the overall economy and society. Yet under the leadership of President Xi Jinping, the tempo of state interference in various industries in recent years has increased—and has not been limited to addressing social, economic, and development

## Portfolio Positioning (% Weight) at 30 June 2021

Sector	Fund	Benchmark <sup>1</sup>
Comm Services	9.2	11.3
Cons Discretionary	15.4	17.6
Cons Staples	9.1	5.6
Energy	5.6	5.0
Financials	21.5	17.8
Health Care	3.6	5.0
Industrials	9.8	4.9
Info Technology	23.2	20.4
Materials	0.0	8.4
Real Estate	0.0	2.0
Utilities	1.7	2.0
Cash	0.9	–

Geography	Fund	Benchmark <sup>1</sup>
Brazil	6.9	5.2
China + Hong Kong <sup>2</sup>	34.0	37.5
India	7.8	9.9
Mexico	5.2	1.8
Russia	8.5	3.3
South Africa	1.5	3.5
South Korea	9.6	13.2
Taiwan	11.5	14.0
Small Emerging Markets <sup>3</sup>	5.3	11.6
Frontier Markets <sup>4</sup>	1.6	–
Developed Market Listed <sup>5</sup>	7.2	–
Cash	0.9	–

<sup>1</sup>MSCI Emerging Markets Index; <sup>2</sup>The Emerging Markets Equity Fund's end weight in China is 27.2% and Hong Kong is 6.6%. The Benchmark does not include Hong Kong; <sup>3</sup>Includes the remaining emerging markets which, individually, comprise less than 5% of the index; <sup>4</sup>Includes countries with less-developed markets outside the index; <sup>5</sup>Includes emerging markets or frontier markets companies listed in developed markets.

goals, but also aimed to achieve the political goals of the Chinese Communist Party, currently celebrating its 100th anniversary. The government's execution of these multiple agendas adds uncertainty and presents analytical challenges for investors seeking to understand the long-term prospects of industries and the companies within them.

Our approach to grappling with this risk is essentially the same no matter the country. Rather than analyzing regulation as an independent factor, we integrate this analysis into our qualitative assessment of individual industries and businesses. Our analysts consider the impact of existing and potential future regulations on the competitive structure of each industry, on a business's growth potential, and on the ESG risks or opportunities it faces. We focus on regulations' and potential regulations' impact on



each of Harvard Business School professor Michael Porter's "Five Forces," our workhorse template for understanding competitive strategy. We know, for instance, that the threat of new entrants can increase if the state nurtures or subsidizes them, or it can recede if regulation demands quality standards that only incumbents with large financial resources can sustain; bargaining power of buyers can be enhanced via price controls or regulations that strengthen consumer rights; and threat of substitution can be tilted either by subsidization of or restrictions upon alternative products.

Our consistent use of this framework facilitates collaborative debate among our colleagues that supports analysts in honing their independent insights about key foreseeable regulatory risks *prior* to investing in a company, and helps us react prudently, and adapt our expectations, after policy "shocks" occur. We recently found ourselves in that position with regards to our holding in New Oriental. For several years the government maintained a firm but generally supportive regulatory framework for the after-school tutoring industry that favored larger, higher-quality companies such as New Oriental. Beginning in March the government pivoted to criticizing the industry as a whole (President Xi called it a "social problem"), with reports spreading of harsher regulations to come. It is unclear what has so irked the authorities. Student burnout continues to be a concern; the government may additionally be seeking ways to control child-rearing expenses now that parents are being encouraged to go from aiming for one child to three in an attempt to reverse the country's declining birth rate. Regulators may also be reacting to the fact that some giants of the internet, which are facing their own bouts of regulatory torment of late, are behind the launch of larger new entrants into after-school tutoring. From the regulators' perspective, dominating Chinese social media and commerce may be (barely) tolerable, but purloining control of the education system—that may be a step too far. Before the other shoe dropped, with the government's announcement in July that it would effectively force every company in the sector to operate as a non-profit, we initiated a sale of our position, which was completed shortly after the conclusion of the fiscal year.

**Regulation, especially in China, is a double-edged sword, as capable of turning the competitive forces for a company or industry benign as malignant. Moreover, this process is frequently an opaque one that may fully reveal itself only over time.**

Regulation, especially in China, is a double-edged sword, as capable of turning the Porter forces for a company or industry benign as malignant. Moreover, this process is frequently an opaque one that may fully reveal itself only over time. The development of pharmaceutical industry regulations is a case in point. Over the past five years, China has been pursuing a two-pronged reform agenda as part of its efforts to improve the performance of its health care system, upgrading the quality and availability of effective drugs and therapies available to its citizens, and controlling drug prices, which historically have been on the

high end globally. In 2017, the government began focusing on the first prong, implementing reforms to accelerate the drug approval process, raise drug quality standards, and tighten restrictions on producers of ineffective products. We gradually increased our investments in China's pharmaceutical industry, purchasing **CSPC Pharmaceutical Group**, a high-quality drug manufacturer, and **Jiangsu Hengrui Medicine**, a specialist in surgical anesthetics and oncology drugs among other products, based partly on our view that these reforms would advantage the country's best-managed, world-class companies over less-capable peers.

In the second half of 2018, the government began pushing its second reform goal. Officials introduced "centralized procurement" or "group purchasing" for commonly administered drugs eligible under China's government-administered health plans. But while the impact of the group-purchasing policies on China's leading pharmaceutical companies was initially significant, it has not been as bad as the market feared. We have come to appreciate that, in addition to forcing companies to sacrifice some pricing, group pricing also expands their addressable market and thus can actually help them to generate higher sales and, for those with scale and efficiency, higher profits despite the lower pricing. We believe our portfolio holdings, with their strong production and distribution capabilities, will be able to navigate the group-purchasing process effectively. What has also become clear is that regulators have a *third* prong in their agenda: encouraging the development of more innovative drugs. We see this, too, as benefitting companies like Hengrui and CSPC, which possess strong R&D and robust pipelines of innovative treatments.

And then there is the happy confluence of regulatory impacts on **ENN Energy**, our private-sector gas utility holding. In the context of utilities, *positive regulation* is almost always an oxymoron. Utilities are generally treated as regulated monopolies due to the critical necessity of their product, the asset intensity of their physical infrastructure, and the typical lack of competitive alternatives. There is widespread political support for this approach, and the consequence is to severely weaken utilities' bargaining power over their customers.

Across the global stock universe, we only cover a few companies in the Utilities sector; the exceptions are where we think regulators have good reason to allow adequate returns on invested capital. Starting last October, the Chinese government began laying out an ambitious plan to decarbonize its economy with a goal of carbon net neutrality by 2060. A key feature of that plan is using natural gas to quickly wean off coal the large segments of the economy still reliant on this filthiest of energy sources, and to ease the eventual transition to even cleaner sources such as solar power and wind. ENN sits at the juncture of all these forces. Though ENN's gas sales are subject to controls on pricing and profits, it is able to collect a connection fee from residential users, a lucrative incentive intended to help fund expansion of the gas distribution network. Furthermore, many local governments are promoting the development of communities and industrial parks with smaller carbon footprints. This is proving to be a boon for ENN's integrated energy business, which combines natural gas and renewable

energy sources to meet customers' steam, cooling, heating, and electricity needs, and which saw its sales volumes grow 79% year-over-year in the second quarter of 2021.

Policy changes in China often reflect an intense interplay between the government's top-down agenda and the bottom-up forces driven by private firms moving quickly to explore new ideas. At one extreme, the government has shown a willingness to be remarkably hands-off, providing sufficient leeway for private firms to operate and innovate, and often proactively clearing red tape for innovators. At the other, it has demonstrated a suddenness, and at times a level of caprice, that can be painful for investors who didn't see that one coming. We continue to view regulatory shifts with a long-term perspective and, in China especially, against the broader backdrop of growth and innovation taking place.

#### Ten Largest Holdings at 30 June 2021

Company	Sector	Market	%
Samsung Electronics	Info Technology	South Korea	5.1
TSMC	Info Technology	Taiwan	5.1
Alibaba	Cons Discretionary	China	4.4
Tencent	Comm Services	China	4.3
EPAM	Info Technology	United States	3.8
LG Household & Health Care	Cons Staples	South Korea	2.6
AIA Group	Financials	Hong Kong	2.5
Novatek	Energy	Russia	2.3
Tata Consultancy Services	Info Technology	India	2.3
Sberbank	Financials	Russia	2.2
Ten Largest Holdings			34.6%

## Performance (% Total Return)

as of 30 June 2021

Class A	6 Months	1 Year	3 Years	5 Years	Since Inception
US Dollar					25 September 2012
Emerging Markets Equity Fund USD A <sup>1</sup>	6.89	43.21	8.89	11.56	6.82
MSCI Emerging Markets Index <sup>2</sup>	7.45	40.90	11.27	13.03	6.11
Class B	6 Months	1 Year	3 Years	5 Years	Since Inception
US Dollar					25 October 2013
Emerging Markets Equity Fund USD B <sup>1</sup>	6.68	42.62	8.56	11.22	6.68
MSCI Emerging Markets Index <sup>2</sup>	7.45	40.90	11.27	13.03	7.45
Canadian Dollar					28 February 2020
Emerging Markets Equity Fund CAD B <sup>1</sup>	3.88	30.23	–	–	16.89
MSCI Emerging Markets Index <sup>2</sup>	4.44	28.11	–	–	21.57
Class I	6 Months	1 Year	3 Years	5 Years	Since Inception
US Dollar					9 January 2017
Emerging Markets Equity Fund USD I <sup>1</sup>	7.01	43.57	9.20	–	12.06
MSCI Emerging Markets Index <sup>2</sup>	7.45	40.90	11.27	–	13.08
Class S	6 Months	1 Year	3 Years	5 Years	Since Inception
Canadian Dollar					7 October 2020
Emerging Markets Equity Fund CAD S <sup>1</sup>	–	–	–	–	4.69
MSCI Emerging Markets Index <sup>2</sup>	–	–	–	–	4.44

<sup>1</sup>Net of fees; <sup>2</sup>Net of withholding taxes. Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.



## Portfolio Management Team



**Christopher Mack, CFA**  
*Co-Lead Portfolio Manager*

**Jafar Rizvi, CFA**  
*Co-Lead Portfolio Manager*

## Performance Summary

The Global Small Companies Equity Fund USD Class A shares rose 36.70% (at dealing prices) for the fiscal year ended 30 June 2021, net of fees, in US dollar terms, underperforming its benchmark the MSCI All Country World Small Cap Index, which rose 54.07%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## Market Review

Global small company stocks rose steeply in the fiscal year, continuing the market recovery since late March 2020 from the market collapse that occurred in reaction to the initial COVID-19 outbreak. The announcement in early November of the availability of effective vaccines especially energized markets, as did governments' continued extensive aid to economies still suffering the impact of pandemic lockdowns. During the second half of the fiscal year, the Biden administration passed a colossal US\$1.9 trillion relief package, the third such stimulus measure since the pandemic began, sending direct payments to millions of Americans and extending unemployment insurance. The EU approved an €800 billion (US\$957 billion) recovery fund aimed at infrastructure investment and support for businesses. Some Emerging Markets (EMs), despite more limited fiscal wiggle room, also followed suit, with India, for instance, unveiling its own US\$84 billion package at the end of the period.

As vaccinations efforts began in earnest, signs of a global economic rebound multiplied, boosted by the massive global stimulus. The IMF raised its global GDP growth forecast for 2021 by 0.3% to 6.0% since its last update in October. In the US, which has been among the world's leaders in vaccination rates, retail sales climbed

sharply. Restaurant bookings and the number of airline passengers, while still below pre-COVID-19 levels, also continued to improve. Better economic data coupled with seemingly unlimited central bank liquidity led to rising management confidence and a surge in mergers and acquisition activity (M&A). Commodity prices, particularly those linked with industrial activity such as iron ore and copper, jumped higher, while Brent crude rose to over US\$75 per barrel, up 75% since the start of the fiscal year. In Europe, Australia, and some EMs, the recovery remained precarious, however, with the emergence of new, more contagious virus strains and problems with vaccine rollouts extending or renewing lockdowns in some countries as of the end of the period.

Sector performance reflected the improved economic outlook with all of them generating positive returns. Energy did best, surging in lockstep with rising oil prices. The Consumer Discretionary sector benefitted from optimism that broader vaccine rollouts would normalize demand for goods and services, and Industrials outperformed reflecting the improving economic outlook. Less cyclical sectors such as Consumer Staples and Utilities lagged the broad market.

From a geographic perspective, EMs was the strongest major region (led by India and South Africa), followed by the US. Japan lagged significantly, as the country reimposed a state of emergency late toward the end of the fiscal year following a steep rise in COVID-19 infections from its prior low base, likely delaying the country's own economic recovery.

By style, low-quality stood out, outperforming shares of high-quality companies by more than 2,500 bps. Shares of low-growth companies also outperformed, though with a more muted effect.

## Performance Attribution

The Fund significantly underperformed the index due to negative stock selection effects across nearly all sectors in which we were invested; the one exception was Financials. The broad-based underperformance is consistent with our quality growth investment style facing severe headwinds from the market dominance of shares of low-quality, lower-growth companies.

Stock-specific issues also hurt returns, particularly in Industrials and Information Technology (IT). In the former, **Protolabs**, a US-based provider of rapid, flexible, and highly automated software-driven manufacturing, was a significant detractor. The company's injection molding and 3D printing application businesses were resilient through 2020, but the demand for the company's machining and (still somewhat-less-automated) sheet-metal segments disappointed. Enthusiasm generally over the potential addressable

market for the company's technology appeared to peak at the end of January. **Kinaxis**, a Canada-based supply chain software company, hurt returns in IT. The company was a major beneficiary of the pandemic-related disruptions as businesses across various industries flocked to its platform to navigate logistics challenges. But the company's growth pipeline then slowed a bit, disappointing investors.

Good stocks in Financials included **Signature Bank**, a full-service commercial bank in New York, whose shares soared on signs it had done a better job than expected containing losses from the impact of the pandemic on its loan book, and that the city's economic recovery was underway. Also, cryptocurrency emerged as a surprising new source of deposit inflows and growth for the company. Signature is becoming the bank of choice for businesses in the digital asset ecosystem, now holding the deposits and managing the liquidity for the top five crypto exchanges and many of the largest crypto trading firms. The Fund's lack of holdings in the lagging Real Estate sector was also helpful during the year.

Viewed by geography, poor stocks in the US, including Protolabs and **Guidewire Software**, a Silicon Valley-based niche provider of

software to property and casualty insurers, were among the Fund's largest relative detractors. The Fund's underweight to the US and overweight to Japan also hurt performance versus the index.

In Europe outside the monetary union, British aerospace technology supplier **Senior** was a major contributor following a private equity firm's cash offer to purchase the company, which Senior's board rejected as too low. Senior's strength in fluid conveyance and thermal management technology should drive its revenue growth in a rebounding aerospace market. Within Frontier Emerging Markets, shares of Vietnamese steelmaker

**Hoa Phat Group** surged as demand for steel in Vietnam remained high, while the company's new production complex has helped it grow its export sales to China.

## Perspective and Outlook

Thinking about how customer habits form and evolve is central to our task of finding industries with favorable competitive structures and companies with durable growth prospects. Following the outbreak of COVID-19, the daily habits of consumers and enterprises throughout the world were transformed. As vaccination efforts have progressed, variants emerged, and what our post-pandemic reality will look like comes fitfully more into focus, we've had to discern where habits have shifted, which new habits have become ingrained, and which may revert. Perhaps the most obvious set of behavioral changes resulting from lockdowns and social distancing is people's increased dependence on digital technologies.

Among small cap technology companies, many of whom are niche service providers to large enterprises, the same sort of digitization of standard routines and daily tasks has occurred as experienced elsewhere, and no less powerfully for being "behind the scenes."

A greater proportion of the populace has become much more reliant on technology for a wide range of interactions including work, school, health care, social interaction, and many aspects of daily life such as buying food and other goods. Among small cap technology companies, many of whom are niche service providers to large enterprises, the same sort of digitization of standard routines and daily tasks has occurred, no less powerfully for being "behind the scenes." While the shares of companies that benefitted commercially from the shift to online living fared very well in 2020, for much of the second half of the fiscal year starting in 2021 they have been among the worst performers. The market assumes "back to the old normal" and turned its favor away from 2020's darlings toward more economically sensitive businesses that stand to benefit more from an immediate pickup in business activity.

### Portfolio Positioning (% Weight) at 30 June 2021

Sector	Fund	Benchmark <sup>1</sup>
Comm Services	6.6	3.5
Cons Discretionary	10.3	13.6
Cons Staples	6.0	4.4
Energy	0.5	3.4
Financials	12.2	12.5
Health Care	13.8	11.7
Industrials	22.5	17.8
Info Technology	22.7	13.5
Materials	3.4	7.7
Real Estate	0.0	9.3
Utilities	0.8	2.6
Cash	1.2	–

Geography	Fund	Benchmark <sup>1</sup>
Canada	1.1	3.1
Emerging Markets	8.0	11.9
Europe EMU	16.4	6.8
Europe ex-EMU	19.9	11.1
Frontier Markets <sup>2</sup>	2.8	–
Japan	14.4	9.1
Middle East	1.2	0.9
Pacific ex-Japan	2.1	4.6
United States	32.9	52.5
Cash	1.2	–

<sup>1</sup>MSCI All Country World Small Cap Index; <sup>2</sup>Includes countries with less-developed markets outside the index.

The market's expectations for rising inflation and interest rates have also hurt high-growth small cap stocks, including technology stocks. The market valuations of such companies are based on earnings growth projected well into the future. As the rates at which those future earnings are discounted back to the present go up, intrinsic valuations of companies come down, and eventually so must the prices paid for their shares. The net result was a significant rotation from companies trading at lofty valuations whose growth is "on the come" to more cyclically exposed firms benefiting "in the here and now" from a post-pandemic recovery. In some cases, the share prices of our holdings looked expensive even before 2021's pickup in rates and we trimmed our exposures to them. With benefit of hindsight, we might have trimmed more. By and large, though, we have maintained our positions in these stocks because we continue to believe that the new habits formed during the pandemic are likely to become more ingrained over time, raising the rate and duration of their prospective growth from already high levels. A recovery in their share prices toward the end of the fiscal have only added to our resolve.

If there is one pandemic habit that almost everyone agrees should persist, it is the shift in grocery shopping from supermarket aisle to online. What some may not realize is that a similar shift has occurred in how restaurants and caterers obtain their provisions, as their proprietors graduate from recurrent faxes and stamped contracts to online ordering, where transactions occur at the click of a mouse. Portfolio company **Infomart**, Japan's largest B2B platform catering to the food service industry, has been one beneficiary of the online-ordering trend.

To be sure, Infomart isn't the only Japanese company facilitating food sales online. But whereas its competitors might sell software to food wholesalers to help with e-invoicing, for example, or build an e-commerce wholesale platform just for one food category like fish, Infomart gets all types of wholesalers and their restaurant clients to participate in a single cloud-based system. The model exploits the strong network effect that takes hold once a critical mass of participants is achieved. Both wholesalers and restaurants pay a flat monthly subscription fee (which Infomart waived for the restaurants through much of the pandemic), and the wholesalers also pay a 1.2% commission on all their sales occurring on the platform. So far, Infomart has been able to leverage its enterprise wholesaler clients to encourage their customers to participate. Those smaller businesses, in turn, have gravitated toward Infomart wholesalers for an increasing portion of their orders as it saves them the hassle of toggling among paper-based or independent online systems of companies not yet on Infomart's centralized platform. Further, information sharing across the network enables valuable new services to participants such as access to a database for tracing foods back to their source and checking on potential allergens.

Prior to the pandemic, marketing expenditures for Infomart were largely devoted to promoting the value of an online system; since the start of the pandemic, the "selling" hurdle has been reduced to a more pro-forma manager sign-off. The company continued

to grow the number of participating distributors throughout 2020, and, while the recent return of lockdowns has thrown a crimp into its plans, the surge in eateries signing up earlier in the year gave an indication of what the future should like once diners physically return with fewer interruptions to restaurants.

Throughout the pandemic, businesses have sometimes had to go to great lengths to guarantee a steady flow of goods amid the disruptions of quarantines, shifting demand, and backlogs in supply chains. As consumer memory of household cleaner, toilet paper, and flour shortages recede, here again we think investors are underestimating the stickiness of new behaviors that have arisen behind-the-scenes during the past year—in this case involving the way businesses manage their supply chains. **Kinaxis**, a Canada-based supply chain software company, was a major beneficiary of the pandemic-related disruptions as businesses across various industries flocked to its platform to navigate logistics challenges. The company's software utilizes standard inventory information from internal enterprise resource planning (ERP) systems together with alternative data such as container backlogs, weather forecasts, and competitors' price promotions to adjust orders to changing conditions automatically—while also giving customers an ability to probe for even deeper efficiencies and levels of resilience. Once a company's data is loaded onto the platform, the software becomes tough to replace because of the costs involved in swapping out a system so deeply embedded in customers' core processes, and because the company can no longer necessarily envision how to operate without it.

Over the early months of 2021, Kinaxis's growth pipeline slowed a bit. But we view the blip as transitory. Part of the issue involves the company's ongoing shift to a software-as-a-service (SaaS) model. The transition to this model away from fixed software packages is expected to be a long-term positive for the growth and profitability of software companies generally, as the benefits of deploying technology through the cloud boosts the addressable market and provides software architects with valuable information from users to better tailor future upgrades and versions. In the short-term, however, the SaaS transition to a subscription model has created

### Ten Largest Holdings at 30 June 2021

Company	Sector	Market	%
Stock Yards Bancorp	Financials	US	2.4
EnerSys	Industrials	US	2.4
Signature Bank	Financials	US	2.3
Altair Engineering	Info Technology	US	2.2
Healthcare Services	Industrials	US	2.2
Ollie's Bargain Outlet	Cons Discretionary	US	2.0
BorgWarner	Cons Discretionary	US	2.0
Dechra	Health Care	UK	1.8
Reply	Info Technology	Italy	1.8
Alten	Info Technology	France	1.8
Ten Largest Holdings			20.9%



tough earnings comparisons for some of these companies, as one-time revenues from perpetual license fees recognized immediately are replaced by term license fees that have to be amortized over the term of the license. Kinaxis is one of those companies. From our perspective, deferral of revenues from this transition has no bearing on its growth potential going forward.

Israeli cybersecurity firm **CyberArk** is another example of a company whose products have become further entrenched, but where near-term earnings saw a hit due to revenue model transitions. CyberArk had a robust year in 2020 as its customers prioritized digital transformation initiatives in the remote working environment. Towards the end of 2020, shares of CyberArk rallied even further following the December SolarWinds cyberattacks. This large-scale break was engineered by Russian hackers to take advantage of a common weakness of cloud-based software applications—the tendency of users to bypass security measures when updating programs from vendors they know and trust. The SolarWinds event will, in our view, result in even greater security spending by businesses, many of which had already identified cybersecurity as an imperative. And CyberArk—which leads in preventing or cutting off hackers' access to the most-high-access accounts once a network has been breached—seems poised to benefit from its role as a key last line of defense. Somewhat paradoxically, CyberArk's stock price retreated during the first three months of 2021 when earnings saw less of an immediate bounce from SolarWinds than some investors expected. Given the increased focus on security to counter the various ways the frictionless convenience of SaaS makes us all more vulnerable, we remain encouraged that CyberArk's long-term growth outlook is bright—and potentially getting brighter.

## Performance (% Total Return)

as of 30 June 2021

Class A	6 Months	1 Year	3 Years	Since Inception
US Dollar				13 December 2018
Global Small Companies Equity Fund USD A <sup>1</sup>	6.25	36.70	–	22.18
MSCI All Country World Small Cap Index <sup>2</sup>	15.43	54.07	–	20.41

<sup>1</sup>Net of fees; <sup>2</sup>Net of withholding taxes.

Please read the separate disclosures page for important information.

## Disclosures

Companies held in the Funds during the period appear in bold type; only the first reference to a particular holding appears in bold. The Funds are actively managed; therefore holdings shown may not be current. Fund holdings and sector and geographic allocations should not be considered recommendations to buy or sell any security. Current and future Fund holdings are subject to risk.

Sector and geographical weightings and Top 10 data is sourced from: FactSet, Harding Loevner Funds, and MSCI Inc. Differences may exist between this source data and similar information reported in the financial statements due to timing differences and/or adjustments required pursuant to International Financial Reporting Standards (IFRS).

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; All data is based on the US dollar class.

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## Sources

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Global Equity Fund: FactSet; Harding Loevner Funds plc Global Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

International Equity Fund: FactSet; Harding Loevner Funds plc International Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

Emerging Market Equity Fund: FactSet; Harding Loevner Funds plc Emerging Markets Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

Global Small Companies Equity Fund: FactSet; Harding Loevner Funds plc Global Small Companies Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

## Index Definitions

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The MSCI All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The Index consists of 49 developed and emerging market countries. Net dividends reinvested.

The MSCI All Country World ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 48 developed and emerging market countries. Net dividends reinvested.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Index consists of 26 emerging market countries. Net dividends reinvested.

The MSCI All Country World Small Cap Index is a free float-adjusted market capitalization index that is designed to measure small cap developed and emerging market equity performance. The Index consists of 50 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 3-28,441 million (as of June 30, 2021).

You cannot invest directly in these Indexes.



# Harding Loevner Funds plc

## Annual Disclosure of Voting Activity

30 June 2021



The EU Shareholder Rights Directive (“SRD II”), as transposed into Irish law, requires asset managers to publicly disclose an engagement policy that describes how they integrate shareholder engagement into their investment strategy.

The following disclosure summarizes how Harding Loevner Funds plc, through its Investment Manager Harding Loevner LP (“Harding Loevner,” “we”), has implemented its engagement policy, including a general description of its voting behavior, its use of third-party corporate governance research providers, and an explanation of the most significant votes it cast in 2020.

## Description of Voting Behavior

Harding Loevner votes all proxies on behalf of clients who have delegated such authority to us, including Harding Loevner Funds plc. We have a fiduciary duty to act solely in the best interest of our clients, including exercising voting rights to maximize shareholder value. Therefore, we demand that firms provide clear information in their financial reporting and offer shareholders regular access to management. We seek to use our voting power to promote high standards of corporate governance, including adequate disclosure of company policies, activities, and returns. We support company boards in aligning management compensation with long-term shareholder returns through remuneration policies. In addition, we support board independence, both in the composition of individual committees and of the board overall. If company management or shareholders propose a policy that we believe will damage long-term shareholder value, we vote against it.

### Overview of Proxy Voting Guidelines

Harding Loevner assigns responsibility for determining how to vote on proposals of a company whose shares we hold in our clients’ portfolio to the individual research analyst who is primarily responsible for research coverage of that company. Applying Harding Loevner’s proxy voting guidelines, analysts consider each proposal separately according to its individual circumstances. In considering a complex or controversial proposal, the covering analyst may submit their proposed voting decision to investment colleagues for additional input if desired. However, the covering analyst retains the ultimate discretion on how to vote. Harding Loevner requires analysts to engage with a company formally whenever they vote against a company’s management’s recommendation; this engagement is normally initiated in the form of a letter to management explaining our rationale for the vote and inviting discussion.

We record all votes along with the reason for deviations from management recommendations and any related company engagement, where applicable, in our centralized research management system, where the information is accessible to our entire firm, including all investment professionals.

We disclose to clients our votes on their behalf upon request or as required by law or regulation. Our website, [www.hardingloevner.com](http://www.hardingloevner.com), contains a complete record of all proxies cast by Harding Loevner Funds plc in addition to our Shareholder Engagement Policy and our Form ADV Part 2, which includes our proxy voting guidelines.

To assure the effectiveness of our engagement policy, we periodically review our proxy voting guidelines to ensure that they provide appropriate guidance on emerging issues.

### Use of Third-Party Corporate Governance Research Providers

Harding Loevner obtains proxy voting research including voting recommendations from corporate governance research firm Glass Lewis. Our research analysts refer to Glass Lewis research when determining how Harding Loevner should vote, but they do not rely upon Glass Lewis recommendations and retain sole responsibility for each voting decision.



## Explanation of the Most Significant Votes Cast in 2020

In 2020, Harding Loevner analysts cast approximately 5,000 proxy votes for more than 400 different companies held across our investment strategies. The charts on the right summarize our voting activity.

Harding Loevner's careful research and extensive analysis of a company's governance, management foresight, and business strategy mean that we generally expect to be supportive of boards and often tend to vote with company management; indeed, the vast majority of our votes were cast alongside management's recommendation. This makes votes against management noteworthy. In 2020, we voted against management's recommendation on 271 proposals across all of Harding Loevner's investment strategies; roughly half of our votes against management were in connection with director appointments. Our concerns in this area included insufficient board or committee independence, inadequate qualifications, lack of cognitive and skill diversity, a director serving on an excessive number of boards ("overboarding"), and committee chairs whose committee failed to carry out its duties.

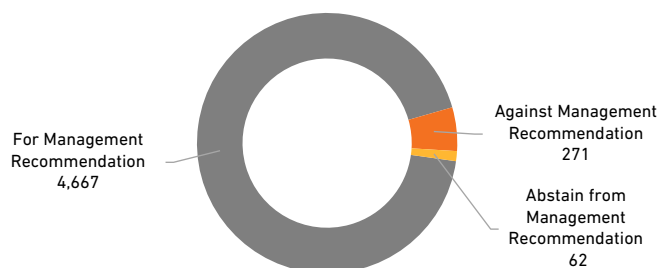
We chose to abstain from voting in 62 proxies. Most often, we abstained because we had insufficient information to cast a vote responsibly. In other instances, we disagreed with management recommendation but wanted to engage with management instead of voting against them. We also abstained for procedural reasons, including cumulative voting structures in which shareholders can choose to either allocate their votes across all candidates for the board of directors when the board has multiple openings, or apply their votes to just one candidate and abstain from voting on the appointment of the remaining candidates.

Some of our votes against management are more significant than others. For the purposes of this annual disclosure to clients, our definition of "significant" votes against management considers whether the company was held by Harding Loevner Funds plc and the size of our investment in the company, as well as other factors, including whether the proposal:

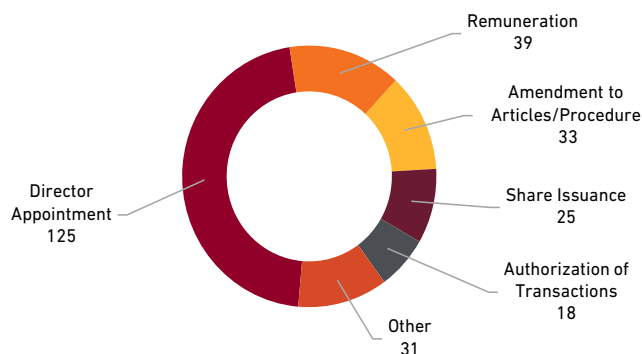
- Was controversial in nature, defined as those proposals for which more than 25% of shareholders voted against management;<sup>1</sup>
- Involved a high-profile issue, such as those that are typically subject to supermajority approval, or involved a specific issue of material importance to the industry in which the company operates; or
- Involved HL analyst engagement with company management, either before or after the vote, beyond sending them a letter explaining our vote.

Of the 271 votes against management across all of our investment strategies in 2020, 28 votes met at least one of the criteria to be considered significant. On the following pages, we summarize 10 of the votes that were indicative of the types of proposals where we disagreed with management that we believe were most significant.

2020 Proxy Vote Activity



Votes Cast Against Management



<sup>1</sup>Harding Loevner selected a 25% threshold to define "controversial" in order to focus on those votes with particularly high instances of votes against management proposals (or for shareholder proposals). We acknowledge that other thresholds could be used and will continue to review market practice and regulatory guidance in establishing a definition of "significant."

# Director Appointment

## Makita

Country: Japan

Sector: Industrials

Sub-Fund: Global Equity

**The company:** Makita is one of the world's leading manufacturers of electric power tools.

**The proposal, our vote & rationale:** Management proposed the reelection of Mr. Mitsuhiro Wakayama, an internal statutory auditor for Makita, to its board of directors and board of statutory auditors. We voted against the appointment due to his lack of independence, which we believe hampers his objectivity and the board of director's ability to perform proper oversight.

**The outcome:** The resolution passed, leaving the board of directors with less than a third of its members as independent. Many Japanese companies have limited board independence; Harding Loevner analysts have engaged with Makita and other Japanese holdings often to promote the importance of board independence. After Mr. Wakayama was re-appointed, our covering analyst again engaged with company management to reiterate our belief in the importance of board independence as well as board diversity, and to urge it to improve the company's governance in this regard. We were pleased to see a slight improvement in board independence in 2021, with five independent directors out of a total of 15 directors.

## Linde

Country: United States

Sector: Materials

Sub-Fund: Global & International Equity

**The company:** Linde is one of the world's leading industrial gas companies, with sizeable operations throughout North and South America and a growing presence in Asia.

**The proposal, our vote & rationale:** In 2019 and 2020, we voted against the re-appointment of Prof. Dr. Martin H. Richenhagen as a director on the Linde board. At the time of each vote, Dr. Richenhagen served as the chairman, president, and CEO of AGCO Corporation as well as a board member for Linde and an additional company. We were concerned that Dr. Richenhagen was "overboarded," and that he would not be able to effectively fulfill his obligations as a director on three different boards while also serving as a CEO.

**The outcome:** The resolution passed, and Dr. Richenhagen was appointed to the board. We wrote to the chairman of Linde to express our concerns about the appointment, as we had done after we voted against his appointment in 2019. At the end of 2020, Dr. Richenhagen retired from his roles at AGCO, but remained a director for Linde. His retirement assuaged our concerns that he was overboarded and in 2021 we voted in favor of his reappointment to the Linde board.

## Walgreens Boots Alliance

Country: United States

Materials: Consumer Staples

Sub-Fund: Global Equity

**The company:** Walgreens Boots Alliance (WBA) is a global, pharmacy-led health and wellbeing enterprise. The company's portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare.

**The proposal, our vote & rationale:** We voted in favor of a shareholder proposal for the appointment of an independent board chairman. We believe it to be best practice to require an independent chairman to protect shareholder interests and ensure independent oversight of the company. This is especially important for boards that have demonstrated sub-optimal decision making or insufficient ability to challenge and oversee management, two specific concerns that we had with WBA.

**The outcome:** The proposal did not pass. We engaged with WBA to reiterate our belief in the importance of an independent chairman.

## CSPC Pharmaceutical Group

Country: China

Sector: Health Care

Sub-Fund: Emerging Markets Equity

**The company:** CSPC is a leader in China's pharmaceutical industry. CSPC derives the bulk of its revenues from finished drugs—specialties include treatments for cancer and stroke. The company also manufactures materials for drug production, such as vitamin C and caffeine.

**The proposal, our vote & rationale:** We voted against a proposal to re-elect Mr. Lee Ka Sze as a non-executive director on the audit committee. Mr. Lee serves as a partner at a law firm that provides legal services to CSPC, which we view as a conflict of interest. We further believe that the audit committee should be composed exclusively of independent directors.

**The outcome:** The proposal passed, and Mr. Lee was re-appointed as a director on the audit committee. We wrote to the CSPC chairman to express our concerns about Mr. Lee's position on the board, and the potential for him to prioritize his own interests over those of shareholders. We continue to monitor board independence at CSPC and intend to continue voting against proposals that are inconsistent with adequate board independence.

## LG Household & Health Care

Country: South Korea

Sector: Consumer Staples

Sub-Fund: Emerging Markets Equity

**The company:** LG Household & Health Care is the leading provider of household and personal care products in South Korea, with dominant market shares in home care products, cosmetics, and beverages. The company is rapidly expanding in China and throughout Southeast Asia.

**The proposal, our vote & rationale:** We voted against a management proposal to appoint Mr. Ki-Young Kim to the board of directors on concerns about board independence. LG Household & Health Care considers Mr. Kim to be an independent director; however, Mr. Kim serves as a partner at Yulchon LLC, a law firm that has provided advisory services to over a dozen members of the Koo family, which founded and still owns a large stake in LG Household & Health Care.

**The outcome:** The proposal passed, and Mr. Kim was appointed to the board. We wrote to LG Household & Health Care to emphasize the importance of an independent board in ensuring fair and objective oversight and adding value to the company's corporate governance. We continue to monitor board independence at LG Household & Health Care and intend to continue voting against proposals that are inconsistent with adequate board independence.

## Amendment to Procedure

### Alphabet

Country: United States

Sector: Communication Services

Sub-Fund: Global Equity

**The company:** Alphabet is the parent company of Google, the world's leading search engine, as well as several other subsidiaries.

**The proposal, our vote & rationale:** We voted against management's recommendation and in favor of a shareholder proposal that called for equal shareholder voting. We have supported multiple proposals over time to improve Alphabet's voting structure and agreed that a policy of one vote per share generally safeguards minority shareholders and allows those with a significant minority of shares to weigh in on issues set forth by the board.

**The outcome:** The proposal did not pass. We followed up by sending a letter to the chairman of the Alphabet board outlining our decision to vote against management recommendation. We will continue to monitor the company and its treatment of minority shareholders.

## Abbott Labs

Country: United States

Sector: Health Care

Sub-Fund: Global Equity

**The company:** Abbott Labs develops, manufactures, and sells a broad range of health care products, including nutritional products, branded generic pharmaceuticals, diagnostic systems and tests, and medical devices.

**The proposal, our vote & rationale:** We voted in favor of a shareholder proposal to institute a simple majority vote, against management recommendation. We agreed that Abbott's supermajority approval structure for votes could act as an impediment to takeover proposals and limit minority shareholders' ability to approve ballot items.

**The outcome:** The proposal passed, leading Abbott to transition from a supermajority to a simple majority for future proxy votes. While we were pleased that the proposal had passed and that Abbott improved its voting structure, we still sent a letter to the chairman of Abbott as a follow-up to reiterate our belief in the importance of a simple majority vote.

## Globant

Country: Argentina

Sector: Information Technology

Sub-Fund: Global Small Companies Equity

**The company:** Globant is an Argentine information technology services provider that specializes in developing creative, customer-facing technology, including websites and mobile apps. Its clients include Disney, American Express, Ubisoft, and Google.

**The proposal, our vote & rationale:** We voted against a management proposal to increase the percentage of share capital required to add an agenda item to a shareholder meeting from 5% to 10%. We seek to vote in accordance with proposals that are in the best interests of minority shareholders, and this proposal would have made it more difficult for minority shareholders to voice concerns.

**The outcome:** The proposal did not pass. As a follow-up to our vote against management, we wrote to Globant to explain our belief in protecting minority shareholder rights and our decision to vote against management. We were pleased that nearly two-thirds of shareholders voted against the proposal.

# Remuneration

## Nike

Country: United States

Sector: Consumer Discretionary

Sub-Fund: Global Equity

**The company:** Nike is the world's largest seller of athletic footwear and apparel.

**The proposal, our vote & rationale:** We voted against a management proposal on the remuneration for the newly appointed CEO, as we believed that the signing bonus of \$45 million, not including an additional \$10 million to be paid after the first year, was excessive. The proposal also included an additional \$10 million for the previous CEO, who resigned in the wake of an athlete doping scandal.

**The outcome:** The proposal passed. While we understand that the board needed to act quickly to find a replacement after the resignation of both the former CEO and his presumed successor, we engaged with Nike to express our belief that the new CEO's remuneration was excessive. We also shared our disappointment over the generous compensation for the ex-CEO; we felt Nike should not reward executives who were stepping down due to alleged misconduct. Our analyst will continue to monitor executive compensation at Nike and advocate for compensation that is aligned with shareholder interests.

# Lobbying & Political Spending

## Vertex Pharmaceuticals

Country: United States

Sector: Health Care

Sub-Fund: Global Equity

**The company:** Vertex Pharmaceuticals develops, manufactures, and commercializes treatments for patients with serious diseases, with a focus on cystic fibrosis and related diseases.

**The proposal, our vote & rationale:** Shareholders introduced a proposal to increase company disclosures related to political lobbying. We voted in favor of the proposal, believing that Vertex could meet the disclosure standards set by its peers without compromising its relationships with patients or its ability to receive fair treatment from lawmakers. Vertex recommended voting against the proposal.

**The outcome:** The proposal did not pass. Following our vote against management, we sent Vertex a letter explaining our rationale. Additionally, Harding Loevner's covering analyst, ESG Analyst, and Deputy Director of Research discussed the importance of adequate disclosures with the company's investor relations team, Head of Corporate Responsibility, and Corporate Counsel. While the proposal failed, Vertex has since enhanced its disclosures around lobbying and political spending, publishing a Political Engagement Principles document that outlines the extent of its lobbying and political activities and discloses all contributions to industry and trade organizations as well as other corporate contributions.

*Holdings identified may not be held in the identified sub-fund as of 30 June 2021. A complete list of holdings is available upon request.*







HARDING  
LOEVNER

# Harding Loevner Funds plc

## Audited Financial Statements

30 June 2021

Global Equity Fund

International Equity Fund

Emerging Markets Equity Fund

Global Small Companies Equity Fund



# Harding Loevner Funds plc

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# Harding Loevner Funds plc

## Directors and Other Information

For the Financial Year Ended 30 June 2021

<b>DIRECTORS</b>	David Loevner Mike Kirby Jim Cleary Ryan Bowles	(US resident) (Non-executive) (Irish resident) (Non-executive) (Irish resident) (Independent, Non-executive) (US resident) (Non-executive)
<b>REGISTERED OFFICE</b>	2nd Floor 5 Earlsfort Terrace Dublin 2 Ireland Registered Number: 437095	
<b>INVESTMENT MANAGER</b>	Harding Loevner LP 400 Crossing Boulevard 4th Floor Bridgewater New Jersey 08807 USA	
<b>DEPOSITARY</b>	Northern Trust Fiduciary Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2, D02 R156 Ireland	
<b>ADMINISTRATOR</b>	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2, D02 R156 Ireland	
<b>COMPANY SECRETARY</b>	Dechert Secretarial Limited 2nd Floor 5 Earlsfort Terrace Dublin 2, D02 CK83 Ireland	
<b>INDEPENDENT AUDITORS</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2, D02 AY28 Ireland	
<b>IRISH LEGAL ADVISERS</b>	Dechert 2nd Floor 5 Earlsfort Terrace Dublin 2, D02 CK83 Ireland	

# Harding Loevner Funds plc

## Directors' Responsibilities Statement

For the Financial Year Ended 30 June 2021

### Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Harding Loevner Funds plc (the "Company") as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the Directors are required to:

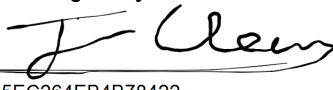
- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (the "Central Bank UCITS Regulations"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under the UCITS Regulations, the Directors are required to entrust the assets of the Company to the Depositary for safe-keeping. In carrying out this duty, the Directors have delegated custody of the Company's assets to Northern Trust Fiduciary Services (Ireland) Limited.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Director

DocuSigned by:  
  
5EC264EB4B78422...  
J. Cleary

Director

DocuSigned by:  
  
924E03A647A54F9...  
M. Kirby

24 September 2021

## Harding Loevner Funds plc

### Background to the Company and Directors' Report

#### For the Financial Year Ended 30 June 2021

The following information is derived from and should be read in conjunction with the full text and definition section of the Prospectus. Capitalised terms shall bear the meaning as defined in the Prospectus, unless otherwise stated.

#### Date of Incorporation

The Company was incorporated on 29 March 2007 and commenced operations on 1 June 2007.

#### Background to the Company

The Company is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "Central Bank") under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended ("the UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 as amended, (the "Central Bank UCITS Regulations"). Shares representing interests in different sub-funds may be issued from time to time by the Directors. Shares of more than one class may be issued in relation to a sub-fund. A separate portfolio of assets will be maintained for each sub-fund (and accordingly not for each class of shares) and will be invested in accordance with the investment objective and policies applicable to such sub-fund.

There are five sub-funds (the "sub-funds") of the Company currently in existence, namely:

#### The Harding Loevner Global Equity Fund

The Company created the Harding Loevner Global Equity Fund (the "Global Equity Fund") on 31 May 2007 and commenced its operations on 1 June 2007.

The investment objective of the Global Equity Fund is to achieve long-term capital appreciation by investing primarily in global equities.

As at 30 June 2021 the following classes of shares were authorised to be issued in the Global Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar	Singapore Dollar
Class A Class B Class D Class I Class M Class S Class S1	Class A Class D Class M Class S	Class A Class B Class D Class I Class M Class S	Class A Class F Class M	Class A Class D Class M Class S
Swiss Franc	Canadian Dollar			
Class A Class D	Class A Class S			

As at 30 June 2021 the following share classes were in issue in the Global Equity Fund:

US Dollar	Euro	Sterling	Singapore Dollar	Canadian Dollar
Class A Class B Class D Class S1	Class A Class M Class S	Class A Class B Class S	Class M	Class S

#### The Harding Loevner International Equity Fund

The Company created the Harding Loevner International Equity Fund (the "International Equity Fund") on 31 May 2007 and commenced its operations on 3 April 2013.

The investment objective of the International Equity Fund is to achieve long-term capital appreciation by investing primarily in equities of companies based in global markets other than the United States of America.



## Harding Loevner Funds plc

### Background to the Company and Directors' Report (Continued)

#### For the Financial Year Ended 30 June 2021

##### The Harding Loevner International Equity Fund (Continued)

As at 30 June 2021 the following classes of shares were authorised to be issued in the International Equity Fund:

US Dollar	Euro	Sterling
Class A Class B Class I Class M Class S	Class A Class S	Class A Class S

As at 30 June 2021 the following share classes were in issue in the International Equity Fund:

US Dollar	Sterling
Class A Class B Class S	Class A

##### The Harding Loevner Emerging Markets Equity Fund

The Company created the Harding Loevner Emerging Markets Equity Fund (the "Emerging Markets Equity Fund") on 31 May 2007 and commenced its operations on 25 September 2012.

The investment objective of the Emerging Markets Equity Fund is to achieve long-term capital appreciation by investing primarily in emerging markets equities.

As at 30 June 2021 the following classes of shares were authorised to be issued in the Emerging Markets Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar	Canadian Dollar
Class A Class B Class I Class M Class S	Class A Class B Class I Class M Class S	Class A Class B Class I Class M Class S	Class A Class B Class I Class F	Class A Class B Class I Class M Class S

As at 30 June 2021 the following share classes were in issue in the Emerging Markets Equity Fund:

US Dollar	Canadian Dollar
Class A Class B Class I	Class B Class S

##### The Harding Loevner Frontier Emerging Markets Equity Fund

The Company created the Harding Loevner Frontier Emerging Markets Equity Fund (the "Frontier Emerging Markets Equity Fund") on 31 May 2007 and commenced its operations on 25 September 2012. On 15 August 2017 shares for the Frontier Emerging Markets Equity Fund were fully redeemed. The Fund will remain in a dormant status and open to investors should Subscriptions arise in the future.

The investment objective of the Frontier Emerging Markets Equity Fund is to achieve long-term capital appreciation by investing primarily in frontier emerging markets equities.

As at 30 June 2021 the following classes of shares were authorised to be issued in the Frontier Emerging Markets Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar
Class A	Class A	Class A	Class A

As at 30 June 2021 there were no share classes in issue in the Frontier Emerging Markets Equity Fund.

## Harding Loevner Funds plc

### Background to the Company and Directors' Report (Continued)

#### For the Financial Year Ended 30 June 2021

##### The Harding Loevner Global Small Companies Equity Fund

The Company created the Harding Loevner Global Small Companies Equity Fund ("Global Small Companies Equity Fund") on 4 December 2018 and commenced its operations on 13 December 2018.

The investment objective of the Global Small Companies Equity Fund is to achieve long-term capital appreciation through investments in equity securities of small companies based both inside and outside the United States.

As at 30 June 2021 the following class of shares were authorised to be issued in the Global Small Companies Equity Fund:

Euro	Sterling	US Dollar
Class A	Class A	Class A Class B Class S

As at 30 June 2021, only the US Dollar Class A shares were in issue in the Global Small Companies Equity Fund.

##### Connected Persons

The Central Bank UCITS Regulations requires that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if conducted at arm's length and must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

##### Significant Events During the Financial Year

Effective 1 July 2020 on the Global Equity Fund the expense caps were reduced to 0.75% for the Class M shares, 0.80% for the Class A shares, 1.10% for the Class B shares, 10 bps of operating expenses excluding Investment Management Fees ("Management fee") for the USD Class S1 and 0.10% and for Class S shares.

Effective close of business 30 September 2020, the Prospectus and Supplements in respect of the Company were updated. The update reduced the Emerging Markets Equity Fund's Class A Management fees from 1.10% to 1.00% and permitted purchases and repurchases of shares to take place via certain electronic means, going forward.

On 7 October 2020, the Canadian Dollar Class S shares for Emerging Market Equity Fund were first issued.

On 7 October 2020, the Canadian Dollar Class I shares for Emerging Markets Equity Fund liquidated.

On 9 November 2020, the Canadian Dollar Class M shares for Emerging Markets Equity Fund liquidated.

On 8 January 2021, the US Dollar Class S shares for Global Equity Fund liquidated.

An updated Prospectus and Supplements were filed with the Central Bank of Ireland on 9 March 2021. These were updated to reflect the requirements of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

During the financial year ended 30 June 2021, the Global Equity Fund distributed the following net income:

A distribution of 0.002428750 per share on the Sterling Class S shares, with a total value of GBP 395,651, for the financial year ended 30 June 2021. This distribution was declared on 19 January 2021 with a record date of 15 January 2021, an ex-date of 19 January 2021 and a pay date of 22 January 2021.

A distribution of 0.005009537 per share on the Sterling Class S shares, with a total value of GBP 814,103, for the financial year ended 30 June 2021. This distribution was declared on 21 July 2020 with a record date of 20 July 2020, an ex-date of 21 July 2020 and a pay date of 24 July 2020.

During the financial year ended 30 June 2021, the International Equity Fund distributed the following net income:

A distribution of 0.001825456 per share on the Sterling Class A shares, with a total value of GBP 3,266, for the financial period ended 31 December 2020. This distribution was declared on 19 January 2021 with a record date of 15 January 2021, an ex-date of 19 January 2021 and a pay date of 22 January 2021.

# Harding Loevner Funds plc

## Background to the Company and Directors' Report (Continued)

### For the Financial Year Ended 30 June 2021

#### Significant Events During the Financial Year (Continued)

A distribution of 0.012711116 per share on the Sterling Class A shares, with a total value of GBP 13,170. This distribution was declared on 21 July 2020 with a record date of 20 July 2020, an ex-date of 21 July 2020 and a pay date of 24 July 2020.

The continued outbreak of Covid-19, including the Delta variant, has resulted in ongoing restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets continue to react to this news to varying degrees, with concerns regarding the economic impact this may have on a global scale. The eventual impact on the global economy and the operations and financial performance of certain sub-fund's investments will largely depend upon future developments, including (i) the duration and spread of the outbreak, including the Delta variant, (ii) the effects on the financial markets, and (iii) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of a sub-fund is impacted because of these factors for an extended period, the relevant sub-fund's investment results may be adversely affected. The Board of Directors ("the Board") has considered the general impact resulting from the spread of Covid-19 on the Company and has ongoing engagement with its delegates. The delegates have invoked their Business Continuity Plans (BCPs) which are operating effectively allowing the Company to continue to service its client base. The Board continues to closely monitor market conditions taking into account any changes in liquidity or other market volatility and/or restrictions.

#### Review of the Business and Future Developments

The movement in Dealing Net Asset Value ("NAV") per share for the Global Equity Fund, International Equity Fund, Emerging Markets Equity Fund and Global Small Companies Equity Fund during the financial year was as follows:

##### The Harding Loevner Global Equity Fund

Class	30 June 2021	30 June 2020
Euro Class A	EUR 2.882	EUR 2.190
Sterling Class A	GBP 2.464	GBP 1.981
US Dollar Class A	USD 3.421	USD 2.463
Sterling Class B	GBP 1.490	GBP 1.202
US Dollar Class B	USD 1.580	USD 1.141
US Dollar Class D	USD 1.594	USD 1.157
Euro Class M	EUR 1.653	EUR 1.256
Singapore Dollar Class M	SGD 2.334	SGD 1.741
Canadian Dollar Class S	CAD 1.568	CAD 1.228
Euro Class S	EUR 1.615	EUR 1.219
Sterling Class S	GBP 1.650	GBP 1.324
US Dollar Class S	–	USD 1.260
US Dollar Class S1	USD 1.574	USD 1.132

##### The Harding Loevner International Equity Fund

Class	30 June 2021	30 June 2020
Sterling Class A	GBP 2.104	GBP 1.765
US Dollar Class A	USD 1.867	USD 1.392
US Dollar Class B	USD 1.853	USD 1.385
US Dollar Class S	USD 1.577	USD 1.167

##### The Harding Loevner Emerging Markets Equity Fund

Class	30 June 2021	30 June 2020
US Dollar Class A	USD 1.783	USD 1.245
Canadian Dollar Class B	CAD 1.232	CAD 0.946
US Dollar Class B	USD 1.566	USD 1.098
Canadian Dollar Class I	–	CAD 1.524
US Dollar Class I	USD 1.664	USD 1.159
Canadian Dollar Class M	–	CAD 1.353
Canadian Dollar Class S	CAD 1.206	–

##### Frontier Emerging Markets Equity Fund

As at 30 June 2021 there were no share classes in issue in the Frontier Emerging Markets Equity Fund.

##### The Harding Loevner Global Small Companies Equity Fund

Class	30 June 2021	30 June 2020
US Dollar Class A	USD 1.652	USD 1.218

# Harding Loevner Funds plc

## Background to the Company and Directors' Report (Continued)

### For the Financial Year Ended 30 June 2021

#### Review of the Business and Future Developments (Continued)

The Investment Manager's report on pages 3 to 21 of the Annual Commentary section contains a review of the factors which contributed to the performance for the financial year. The Investment Manager's report covers the financial year to 30 June 2021. The NAV per share differs from the dealing NAV due to the treatment of preliminary expenses. The Directors do not anticipate any change in the structure or investment objective of the Company.

#### Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are set out in the Company's Prospectus and in note 13 'Financial Instruments and Associated Risks'.

The Investment Manager may use financial derivative instruments for investment purposes, for efficient portfolio management purposes, to gain exposure to markets in a cost efficient manner consistent with the maintenance of an appropriate level of risk within the sub-funds, or for hedging purposes in accordance with the requirements of the Central Bank.

#### Results and Dividends

The results and dividends for the financial year are set out in the Statement of Comprehensive Income on pages 32 to 33. The Directors intend to declare a dividend in respect of the Sterling currency classes of the Global Equity and International Equity Funds such that substantially all of the net income relating to such classes shall be distributed on a semi-annual basis (on or about 15 January and 15 July in each calendar year).

#### UK Reporting Fund Status

The United Kingdom HM Revenue and Customs ("HMRC") has confirmed that the Global Equity Fund Sterling Class A Shares is in the UK Reporting Fund Regime from 1 July 2010 onwards (and was previously certified as a distributing fund) and the Global Equity Fund Sterling Class B is in the UK Reporting Fund Regime from 15 August 2018. All required submissions for Reporting Status for the financial year ended 30 June 2021 will be made within the required timeframe with the initial deadline being currently six months after the year end date.

#### Events After the Reporting Date

The Global Equity Fund distributed net income of 0.004754419 per share on the Sterling Class S shares, with a total value of GBP 775,307. This distribution was declared on 20 July 2021 with a record date of 19 July 2021, an ex-date of 20 July 2021 and a pay date of 23 July 2021.

The International Equity Fund distributed net income of 0.013512861 per share on the Sterling Class A shares, with a total value of GBP 24,194. This distribution was declared on 20 July 2021 with a record date of 19 July 2021, an ex-date of 20 July 2021 and a pay date of 23 July 2021.

There have been no other material events to report subsequent to the financial year ended 30 June 2021.

#### Directors

The names of the persons who were Directors of the Company at any time during the financial year ended 30 June 2021 are set out below.

David Loevner	(US resident)
Mike Kirby	(Irish resident)
Jim Cleary	(Irish resident)
Ryan Bowles	(US resident)

#### Company Secretary

Dechert Secretarial Limited, 2nd Floor 5 Earlsfort Terrace, Dublin 2, D02 CK83, Ireland.

#### Directors' and Secretary's Interests in Shares and Contracts

Entities related to David Loevner and Ryan Bowles are limited partners of the Investment Manager. Mike Kirby is the Managing Principal of KB Associates, who provide consulting services to the Company. No other Directors had, at any time during the year or at the end of the financial year, a material interest in any contract of significance, in relation to the business of the Company. No Director held any shares in the Company at 30 June 2021.

#### Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records of the Company are kept at Northern Trust International Fund Administration Services (Ireland) Limited, Georges Court, 54-62 Townsend Street, Dublin 2, D02 R156, Ireland.

# Harding Loevner Funds plc

## Background to the Company and Directors' Report (Continued)

### For the Financial Year Ended 30 June 2021

#### Independent Auditors

The independent auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have declared their willingness to continue in office in accordance with the Companies Act 2014.

#### Statement of Corporate Governance

The European Communities (Directive 2006/461EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") require the inclusion of a corporate governance statement in the Directors' Report. Although there is no specific statutory corporate governance code applicable to Irish collective investment schemes, the Company is subject to corporate governance practices imposed by:

- (i) The Irish Companies Act 2014, which are available for inspection at the registered office of the Company; and may also be obtained at <http://www.irishstatutebook.ie>
- (ii) The Articles of Association of the Company, which are available for inspection at the registered office of the Company at 2nd Floor 5 Earlsfort Terrace, Dublin 2, Ireland and at the Companies Registration Office in Ireland; and
- (iii) The Central Bank of Ireland ("Central Bank") in their UCITS regulations, which can be obtained from the Central Bank's website at: <http://www.centralbank.ie/regulation/industry-sectors/funds/ucits/Pages/default.aspx> and are available for inspection at the registered office of the Company.

The Board of Directors voluntarily complies with the Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds (the "IF Code") as the Company's corporate governance code. The Board of Directors has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

#### Audit Committee

The Directors believe that there is no requirement to form an audit committee as the Board has four non-executive, including one independent, Directors and the Company complies with the provisions of the IF Code. The Directors have delegated the day-to-day investment management and administration of the Company to the Investment Manager and to the Administrator respectively. The Directors have also appointed Northern Trust Fiduciary Services (Ireland) Limited as depositary of the assets of the Company.

#### Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014.

The Directors confirm that:

- 1) A compliance policy document has been drawn up that sets out policies that in our opinion are appropriate to the Company, respecting compliance by the company with its relevant obligations.
- 2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and
- 3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

#### Statement on Relevant Audit Information

The Directors confirm that during the financial year end 30 June 2021:

- 1) so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- 2) the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.



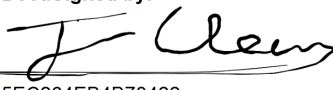
## Harding Loevner Funds plc

### Background to the Company and Directors' Report (Continued)

For the Financial Year Ended 30 June 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Director

DocuSigned by:  
  
5EC264EB4B78422...  
J. Cleary

Director

DocuSigned by:  
  
924E03A647A54F9...  
M. Kirby

24 September 2021

# Harding Loevner Funds plc

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## Depository's Report

### For the Financial Year Ended 30 June 2021

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#### Report of the Depository to the Shareholders

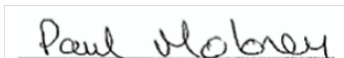
We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depository to Harding Loevner Funds plc ("the Fund"), provide this report solely in favour of the shareholders of the Fund for the financial year ended 30 June 2021. This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011), as amended, which implemented Directive 2009/65/EU into Irish Law ("the Regulations").

We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depository obligation as provided for under the Regulations, we have enquired into the conduct of the Fund for the financial year ended 30 June 2021 and we hereby report thereon to the shareholders of the Fund as follows;

We are of the opinion that the Fund has been managed during the financial year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.



**For and on behalf of**

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2, D02 R156  
Ireland

24 September 2021

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARDING LOEVNER FUNDS PLC

### Report on the audit of the financial statements

#### Opinion on the financial statements of Harding Loevner Funds Plc ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 June 2021 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework, the applicable Regulations and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Net Assets attributable to holders of Redeemable Shares;
- the Statement of Cash Flows; and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards as adopted by the European Union ("IFRS") ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 ("the applicable Regulations").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARDING LOEVNER FUNDS PLC

### **Other information**

The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Audited Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARDING LOEVNER FUNDS PLC

opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

### Report on other legal and regulatory requirements

#### Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

#### Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Hartwell  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

28 September 2021

# Harding Loevner Funds plc

## Global Equity Fund Schedule of Investments 30 June 2021

Transferable Securities Security Description - Equities	Shares	Market Value USD	% Net Assets	Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Australia: 0.48% (30 June 2020: 0.00%)</b>				<b>Russian Federation: 0.00% (30 June 2020: 1.63%)</b>			
Xero (Information Technology)	62,921	6,469,421	0.48%	<b>Singapore: 0.95% (30 June 2020: 0.00%)</b>			
<b>Brazil: 0.99% (30 June 2020: 2.22%)</b>				DBS Group (Financials)	577,586	12,804,223	0.95%
B3 (Financials)	3,944,100	13,337,843	0.99%	<b>Spain: 0.00% (30 June 2020: 0.43%)</b>			
<b>China: 8.68% (30 June 2020: 6.64%)</b>				<b>Sweden: 1.73% (30 June 2020: 0.00%)</b>			
Alibaba (Consumer Discretionary)	469,204	13,294,808	0.98%	Atlas Copco AB (Industrials)	218,287	13,365,395	0.99%
Country Garden Services (Industrials)	2,181,000	23,567,598	1.75%	Epiroc (Industrials)	436,548	9,946,935	0.74%
ENN Energy (Utilities)	386,000	7,347,835	0.54%	<b>SWEDEN TOTAL</b>			
NetEase (Communication Services)	654,800	14,834,476	1.10%			<b>23,312,330</b>	<b>1.73%</b>
Tencent Holdings (Communication Services)	238,100	17,908,942	1.33%	<b>Switzerland: 2.94% (30 June 2020: 6.51%)</b>			
Trip.com (Consumer Discretionary)	348,418	12,385,324	0.92%	Alcon (Health Care)	195,014	13,701,683	1.01%
Wuxi Biologics (Health Care)	1,520,500	27,866,923	2.06%	Roche Holding (Health Care)	44,825	16,885,981	1.25%
<b>CHINA TOTAL</b>				VAT Group (Industrials)	27,586	9,170,985	0.68%
		<b>117,205,906</b>	<b>8.68%</b>	<b>SWITZERLAND TOTAL</b>			
<b>Denmark: 0.83% (30 June 2020: 0.78%)</b>						<b>39,758,649</b>	<b>2.94%</b>
Genmab (Health Care)	27,431	11,223,910	0.83%	<b>Taiwan: 1.07% (30 June 2020: 0.00%)</b>			
<b>Finland: 0.88% (30 June 2020: 1.00%)</b>				Taiwan Semiconductor ADR (Information Technology)	45,589	5,477,974	0.41%
Neste (Energy)	194,446	11,906,344	0.88%	Taiwan Semiconductor (Information Technology)	418,000	8,926,335	0.66%
<b>France: 2.12% (30 June 2020: 3.11%)</b>				<b>TAIWAN TOTAL</b>			
L'Oreal (Consumer Staples)	31,435	14,007,590	1.04%			<b>14,404,309</b>	<b>1.07%</b>
Schneider Electric SE (Industrials)	93,113	14,649,033	1.08%	<b>United Kingdom: 1.52% (30 June 2020: 2.88%)</b>			
<b>FRANCE TOTAL</b>				Abcam (Health Care)	724,542	13,841,198	1.02%
		<b>28,656,623</b>	<b>2.12%</b>	Spirax-Sarco Engineering (Industrials)	35,593	6,703,454	0.50%
<b>Germany: 0.96% (30 June 2020: 2.35%)</b>				<b>UNITED KINGDOM TOTAL</b>			
TeamViewer (Information Technology)	344,863	12,970,985	0.96%			<b>20,544,652</b>	<b>1.52%</b>
<b>Hong Kong: 1.11% (30 June 2020: 2.29%)</b>				<b>United States: 63.93% (30 June 2020: 57.02%)</b>			
AIA Group (Financials)	1,208,400	15,018,817	1.11%	Accenture (Information Technology)	56,159	16,555,111	1.23%
<b>India: 1.24% (30 June 2020: 2.74%)</b>				Adobe Systems (Information Technology)	46,934	27,486,428	2.04%
HDFC Bank ADR (Financials)	228,880	16,735,706	1.24%	Align Technology (Health Care)	37,868	23,137,348	1.71%
<b>Indonesia: 0.94% (30 June 2020: 1.31%)</b>				Alphabet (Communication Services)	19,336	47,214,451	3.49%
Bank Central Asia (Financials)	6,114,976	12,704,390	0.94%	Amazon.com (Consumer Discretionary)	11,871	40,838,139	3.03%
<b>Japan: 3.34% (30 June 2020: 7.52%)</b>				AMETEK (Industrials)	96,807	12,923,734	0.96%
Chugai Pharmaceutical (Health Care)	254,100	10,068,394	0.75%	Apple Inc (Information Technology)	99,518	13,629,985	1.01%
Keyence (Information Technology)	22,400	11,305,351	0.83%	CME Group (Financials)	88,582	18,839,620	1.40%
Misumi Group (Industrials)	167,200	5,658,869	0.42%	Danaher (Health Care)	65,789	17,655,136	1.31%
Sysmex (Health Care)	152,556	18,126,281	1.34%	Deere (Industrials)	94,786	33,431,970	2.47%
<b>JAPAN TOTAL</b>				Disney (Communication Services)	72,685	12,775,843	0.95%
		<b>45,158,895</b>	<b>3.34%</b>	eBay (Consumer Discretionary)	312,273	21,924,687	1.62%
<b>Netherlands: 2.35% (30 June 2020: 0.00%)</b>				Edwards Lifesciences (Health Care)	135,244	14,007,221	1.04%
Adyen (Information Technology)	5,553	13,567,301	1.01%	EPAM Systems (Information Technology)	42,381	21,654,996	1.60%
ASML (Information Technology)	26,231	18,121,424	1.34%	Estee Lauder (Consumer Staples)	48,234	15,342,271	1.13%
<b>NETHERLANDS TOTAL</b>				Etsy (Consumer Discretionary)	68,965	14,195,756	1.05%
		<b>31,688,725</b>	<b>2.35%</b>	Facebook (Communication Services)	101,654	35,346,112	2.62%
<b>Poland: 0.87% (30 June 2020: 0.00%)</b>				First Republic Bank (Financials)	248,597	46,529,900	3.45%
CD Projekt (Communication Services)	241,120	11,699,980	0.87%	Illumina (Health Care)	86,699	41,026,834	3.04%
<b>Republic of South Korea: 1.04% (30 June 2020: 0.00%)</b>				Intuitive Surgical Inc (Health Care)	14,697	13,515,949	1.00%
Samsung Electronics (Voting) GDR Reg S (Information Technology)	7,907	14,102,134	1.04%	IQVIA (Health Care)	50,575	12,255,334	0.91%
				MasterCard (Information Technology)	31,099	11,353,934	0.84%
				Microsoft (Information Technology)	105,411	28,555,840	2.11%
				Nike (Consumer Discretionary)	180,014	27,810,363	2.06%
				NVIDIA (Information Technology)	26,413	21,133,041	1.56%
				PayPal (Information Technology)	128,298	37,396,301	2.77%
				Pinterest (Communication Services)	145,372	11,477,119	0.85%
				Roper (Industrials)	24,538	11,537,768	0.85%
				salesforce.com (Information Technology)	54,578	13,331,768	0.99%
				Schlumberger (Energy)	565,005	18,085,810	1.34%
				SVB Financial Group (Financials)	77,271	42,995,903	3.18%
				Synopsys (Information Technology)	61,710	17,019,001	1.26%
				Thermo Fisher Scientific (Health Care)	41,653	21,012,689	1.55%

## Harding Loevner Funds plc

### Global Equity Fund Schedule of Investments (Continued) 30 June 2021

Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>United States (Continued)</b>			
Trade Desk (Information Technology)	177,970	13,767,759	1.02%
Tradeweb Markets (Financials)	180,963	15,302,231	1.13%
UnitedHealth Group (Health Care)	37,110	14,860,328	1.10%
Verisk Analytics (Industrials)	55,508	9,698,358	0.72%
Vertex Pharmaceuticals (Health Care)	122,001	24,599,062	1.82%
VF (Consumer Discretionary)	135,038	11,078,518	0.82%
Workday (Information Technology)	50,755	12,117,249	0.90%
<b>UNITED STATES TOTAL</b>		<b>863,419,867</b>	<b>63.93%</b>

**Total transferable securities (30 June 2020: 98.43%)**      **1,323,123,709**      **97.97%**  
(Cost: USD 914,731,178) (30 June 2020: Cost: USD 706,633,237)

**Cash and cash equivalents (30 June 2020: 1.81%)**      **23,800,170**      **1.76%**

**Other assets and liabilities (30 June 2020: (0.24)%)**      **3,612,949**      **0.27%**

<b>Net assets attributable to holders of redeemable participating shares</b>	<b>1,350,536,828</b>	<b>100.00%</b>
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<b>Analysis of total gross assets</b>	<b>% of total gross assets</b>
Transferable securities admitted to an official stock exchange listing	97.90%
Cash and cash equivalents	1.76%
Other assets	0.34%
	<u>100.00%</u>

# Harding Loevner Funds plc

## International Equity Fund Schedule of Investments 30 June 2021

Transferable Securities Security Description - Equities	Shares	Market Value USD	% Net Assets	Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Australia: 2.88% (30 June 2020: 0.00%)</b>				<b>Japan (Continued)</b>			
BHP Group Limited ADR (Materials)	84,953	6,187,127	2.88%	Keyence (Information Technology)	8,600	4,340,447	2.02%
<b>Brazil: 2.74% (30 June 2020: 2.84%)</b>				Komatsu (Industrials)	99,900	2,482,326	1.16%
Ambev ADR (Consumer Staples)	775,606	2,668,085	1.24%	Kubota (Industrials)	157,500	3,185,584	1.48%
Itau Unibanco (Pref) ADR (Financials)	536,802	3,226,180	1.50%	Nitori Holdings (Consumer Discretionary)	10,200	1,805,050	0.84%
<b>BRAZIL TOTAL</b>		<b>5,894,265</b>	<b>2.74%</b>	Shionogi (Health Care)	47,300	2,465,586	1.14%
<b>Canada: 1.87% (30 June 2020: 2.15%)</b>				Sysmex (Health Care)	28,898	3,433,580	1.60%
Alimentation Couche-Tard (Consumer Staples)	56,900	2,090,832	0.97%	UNICHARM (Consumer Staples)	97,200	3,910,923	1.82%
Canadian National Railway (Industrials)	18,291	1,930,066	0.90%	<b>JAPAN TOTAL</b>		<b>26,874,176</b>	<b>12.50%</b>
<b>CANADA TOTAL</b>		<b>4,020,898</b>	<b>1.87%</b>	<b>Mexico: 1.09% (30 June 2020: 1.09%)</b>			
<b>China: 7.21% (30 June 2020: 7.09%)</b>				FEMSA ADR (Consumer Staples)	27,833	2,352,167	1.09%
Alibaba Group Holding ADR (Consumer Discretionary)	14,328	3,249,304	1.51%	<b>Netherlands: 3.01% (30 June 2020: 2.40%)</b>			
CSPC Pharmaceutical Group (Health Care)	1,632,000	2,362,567	1.10%	Adyen (Information Technology)	2,647	6,467,251	3.01%
ENN Energy (Utilities)	117,000	2,227,194	1.03%	<b>Republic of South Korea: 3.77% (30 June 2020: 3.06%)</b>			
Ping An Insurance (Financials)	256,000	2,507,476	1.17%	Samsung Electronics (Pref) GDR Reg S (Information Technology)	2,650	4,314,200	2.01%
Tencent Holdings (Communication Services)	68,500	5,152,300	2.40%	Samsung Electronics (Voting) GDR Reg S (Information Technology)	2,126	3,791,721	1.76%
<b>CHINA TOTAL</b>		<b>15,498,841</b>	<b>7.21%</b>	<b>REPUBLIC OF SOUTH KOREA TOTAL</b>		<b>8,105,921</b>	<b>3.77%</b>
<b>Denmark: 0.99% (30 June 2020: 1.09%)</b>				<b>Russian Federation: 2.69% (30 June 2020: 2.85%)</b>			
Novozymes (Materials)	28,395	2,140,294	0.99%	Lukoil ADR (Energy)	43,000	3,956,000	1.84%
<b>France: 8.13% (30 June 2020: 8.37%)</b>				Yandex (Communication Services)	25,835	1,827,826	0.85%
Air Liquide (Materials)	11,560	2,024,016	0.94%	<b>RUSSIAN FEDERATION TOTAL</b>		<b>5,783,826</b>	<b>2.69%</b>
Dassault Systemes (Information Technology)	11,695	2,835,873	1.32%	<b>Singapore: 2.30% (30 June 2020: 2.17%)</b>			
L'Oreal (Consumer Staples)	16,515	7,359,165	3.42%	DBS Group (Financials)	223,294	4,950,096	2.30%
Schneider Electric SE (Industrials)	33,488	5,268,510	2.45%	<b>Spain: 1.37% (30 June 2020: 1.37%)</b>			
<b>FRANCE TOTAL</b>		<b>17,487,564</b>	<b>8.13%</b>	BBVA (Financials)	477,144	2,957,864	1.37%
<b>Germany: 9.67% (30 June 2020: 12.60%)</b>				<b>Sweden: 7.72% (30 June 2020: 5.60%)</b>			
Allianz (Financials)	20,392	5,085,016	2.36%	Alfa Laval (Industrials)	91,287	3,224,555	1.50%
Fuchs Petrolub (Pref) (Materials)	19,097	928,868	0.43%	Atlas Copco AB (Industrials)	120,806	7,396,775	3.44%
Infineon Technologies (Information Technology)	211,525	8,482,590	3.95%	Epiroc (Industrials)	154,617	3,523,015	1.63%
SAP ADR (Information Technology)	21,935	3,080,990	1.43%	Skandinaviska Enskilda Banken (Financials)	190,993	2,467,169	1.15%
Symrise (Materials)	23,050	3,211,456	1.50%	<b>SWEDEN TOTAL</b>		<b>16,611,514</b>	<b>7.72%</b>
<b>GERMANY TOTAL</b>		<b>20,788,920</b>	<b>9.67%</b>	<b>Switzerland: 10.76% (30 June 2020: 12.04%)</b>			
<b>Hong Kong: 3.02% (30 June 2020: 3.21%)</b>				Alcon (Health Care)	39,860	2,800,564	1.30%
AIA Group (Financials)	522,500	6,493,985	3.02%	Lonza Group (Health Care)	6,478	4,591,486	2.14%
<b>India: 2.69% (30 June 2020: 2.12%)</b>				Nestle ADR (Consumer Staples)	33,384	4,164,320	1.94%
HDFC Bank ADR (Financials)	36,285	2,653,159	1.23%	Roche Holding (Health Care)	15,941	6,005,118	2.79%
ICICI Bank ADR (Financials)	183,123	3,131,403	1.46%	SGS (Industrials)	603	1,859,997	0.86%
<b>INDIA TOTAL</b>		<b>5,784,562</b>	<b>2.69%</b>	Sonova Holding (Health Care)	9,893	3,720,901	1.73%
<b>Indonesia: 0.97% (30 June 2020: 0.00%)</b>				<b>SWITZERLAND TOTAL</b>		<b>23,142,386</b>	<b>10.76%</b>
Telkom Indonesia Persero ADR (Communication Services)	96,161	2,083,809	0.97%	<b>Taiwan: 3.69% (30 June 2020: 4.15%)</b>			
<b>Israel: 1.16% (30 June 2020: 1.45%)</b>				Taiwan Semiconductor ADR (Information Technology)	66,088	7,941,134	3.69%
Check Point (Information Technology)	21,420	2,487,504	1.16%	<b>United Kingdom: 6.25% (30 June 2020: 6.95%)</b>			
<b>Japan: 12.50% (30 June 2020: 15.78%)</b>				Diageo (Consumer Staples)	49,734	2,381,066	1.11%
Chugai Pharmaceutical (Health Care)	82,600	3,272,922	1.52%	Rio Tinto (Materials)	56,493	4,648,952	2.16%
Fanuc (Industrials)	8,200	1,977,758	0.92%	Royal Dutch Shell (Energy)	128,764	2,491,889	1.16%
				Standard Chartered PLC (Financials)	216,780	1,382,409	0.64%

## Harding Loevner Funds plc

### International Equity Fund Schedule of Investments (Continued) 30 June 2021

Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>United Kingdom (Continued)</b>			
Unilever (Consumer Staples)	43,510	2,546,227	1.18%
<b>UNITED KINGDOM TOTAL</b>		<b>13,450,543</b>	<b>6.25%</b>
<b>United States: 1.01% (30 June 2020: 1.53%)</b>			
Linde (Materials)	7,497	2,163,276	1.01%
<b>Total transferable securities (30 June 2020: 99.91%) (Cost: USD 147,517,843) (30 June 2020: Cost: USD 164,034,819)</b>			
<b>Cash and cash equivalents (30 June 2020: 1.54%)</b>		<b>5,188,033</b>	<b>2.41%</b>
<b>Other assets and liabilities (30 June 2020: (1.45)%)</b>		<b>210,762</b>	<b>0.10%</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>215,066,718</b>	<b>100.00%</b>
<b>Analysis of total gross assets</b>			
Transferable securities admitted to an official stock exchange listing			97.38%
Cash and cash equivalents			2.41%
Other assets			0.21%
			<b>100.00%</b>



# Harding Loevner Funds plc

## Emerging Markets Equity Fund Schedule of Investments 30 June 2021

Transferable Securities Security Description - Equities	Shares	Market Value USD	% Net Assets	Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Brazil: 6.95% (30 June 2020: 6.97%)</b>				<b>Hong Kong (Continued)</b>			
Ambev ADR (Consumer Staples)	1,246,402	4,287,623	1.08%	Sands China (Consumer Discretionary)	1,213,300	5,109,915	1.29%
B3 (Financials)	886,800	2,998,910	0.76%	Techtronic (Industrials)	463,000	8,086,086	2.04%
Banco Bradesco ADR (Financials)	1,011,913	5,191,114	1.31%	<b>HONG KONG TOTAL</b>		<b>26,462,630</b>	<b>6.68%</b>
Cia Brasileira de Distribuicao ADR (Consumer Staples)	74,382	579,436	0.15%	<b>India: 7.88% (30 June 2020: 7.09%)</b>			
Itau Unibanco (Pref) ADR (Financials)	746,239	4,484,896	1.13%	HDFC Bank ADR (Financials)	59,719	4,366,653	1.10%
Localiza Rent a Car (Industrials)	321,755	4,140,158	1.05%	Housing Development Finance (Financials)	254,594	8,478,189	2.14%
Lojas Renner (Consumer Discretionary)	216,900	1,928,804	0.49%	Kotak Mahindra Bank (Financials)	208,057	4,774,843	1.20%
Ultrapar Participacoes (Energy)	468,400	3,767	0.00%	Maruti Suzuki India (Consumer Discretionary)	43,399	4,388,303	1.11%
Ultrapar Participacoes (Energy)	379,725	1,403,985	0.35%	Tata Consultancy Services (Information Technology)	204,940	9,224,781	2.33%
WEG (Industrials)	370,180	2,507,412	0.63%	<b>INDIA TOTAL</b>		<b>31,232,769</b>	<b>7.88%</b>
<b>BRAZIL TOTAL</b>		<b>27,526,105</b>	<b>6.95%</b>	<b>Indonesia: 2.21% (30 June 2020: 2.78%)</b>			
<b>Chile: 0.24% (30 June 2020: 0.28%)</b>				Astra International (Consumer Discretionary)	4,655,400	1,586,046	0.40%
Banco Santander Chile ADR (Financials)	46,992	933,731	0.24%	Bank Central Asia (Financials)	1,490,274	3,096,173	0.78%
<b>China: 27.45% (30 June 2020: 26.77%)</b>				Bank Rakyat (Financials)	14,965,925	4,066,603	1.03%
51job ADR (Industrials)	34,331	2,669,922	0.67%	<b>INDONESIA TOTAL</b>		<b>8,748,822</b>	<b>2.21%</b>
Alibaba (Consumer Discretionary)	402,788	11,412,923	2.88%	<b>Italy: 0.76% (30 June 2020: 0.64%)</b>			
Alibaba Group Holding ADR (Consumer Discretionary)	26,197	5,940,956	1.50%	Tenaris ADR (Energy)	136,711	2,993,971	0.76%
Baidu (Communication Services)	137,560	3,532,767	0.89%	<b>Kenya: 1.24% (30 June 2020: 1.29%)</b>			
China Tourism Group Duty Free (Consumer Discretionary)	85,153	3,950,868	1.00%	East African Breweries (Consumer Staples)	356,559	597,294	0.15%
Country Garden Services (Industrials)	307,000	3,317,401	0.84%	Safaricom (Communication Services)	11,276,290	4,331,810	1.09%
CSPC Pharmaceutical Group (Health Care)	3,983,760	5,767,096	1.45%	<b>KENYA TOTAL</b>		<b>4,929,104</b>	<b>1.24%</b>
ENN Energy (Utilities)	346,265	6,591,446	1.66%	<b>Mexico: 5.20% (30 June 2020: 3.99%)</b>			
Fuyao Glass Industry Group (Consumer Discretionary)	665,200	4,686,377	1.18%	FEMSA ADR (Consumer Staples)	59,039	4,989,386	1.26%
Hefei Meiya Optoelectronic Technology (Industrials)	297,489	2,564,604	0.65%	GF Banorte (Financials)	973,370	6,287,304	1.59%
Jiangsu Hengrui Medicine (Health Care)	142,920	1,501,886	0.38%	Grupo Aeroportuario del Sureste ADR (Industrials)	19,718	3,645,858	0.92%
Midea Group (China A) (Consumer Discretionary)	540,887	5,968,276	1.51%	Wal-Mart de Mexico (Consumer Staples)	1,739,300	5,677,549	1.43%
New Oriental Education & Technology (Consumer Discretionary)	146,210	1,205,188	0.31%	<b>MEXICO TOTAL</b>		<b>20,600,097</b>	<b>5.20%</b>
Ping An Insurance (Financials)	569,000	5,573,259	1.41%	<b>Panama: 0.40% (30 June 2020: 0.81%)</b>			
Sangfor Technologies (Information Technology)	82,200	3,297,633	0.83%	Copa Holdings (Industrials)	21,323	1,606,262	0.40%
SF Holding (Industrials)	177,400	1,856,816	0.47%	<b>Peru: 0.00% (30 June 2020: 0.96%)</b>			
Shenzhen (Consumer Discretionary)	221,550	5,595,605	1.41%	<b>Poland: 0.41% (30 June 2020: 0.00%)</b>			
Sino Biopharmaceutical (Health Care)	1,381,160	1,355,491	0.34%	CD Projekt (Communication Services)	33,457	1,623,450	0.41%
Sunny Optical (Information Technology)	190,300	6,014,660	1.52%	<b>Republic of South Korea: 9.67% (30 June 2020: 9.73%)</b>			
Tencent Holdings (Communication Services)	226,750	17,055,240	4.30%	Amorepacific (Consumer Staples)	7,893	1,766,226	0.45%
Wuxi Biologics (Health Care)	317,000	5,809,809	1.47%	Coway (Consumer Discretionary)	39,104	2,732,749	0.69%
Zhejiang Sanhua Intelligent Controls (Industrials)	636,345	2,359,220	0.59%	LG Household & Health Care (Consumer Staples)	6,674	10,442,293	2.63%
ZTO Express Cayman ADR (Industrials)	24,208	734,713	0.19%	NCSOFT (Communication Services)	4,171	3,037,091	0.77%
<b>CHINA TOTAL</b>		<b>108,762,156</b>	<b>27.45%</b>	Samsung Electronics (Pref) GDR Reg S (Information Technology)	846	1,377,288	0.35%
<b>Colombia: 0.53% (30 June 2020: 0.69%)</b>				Samsung Electronics (Voting) GDR Reg S (Information Technology)	10,625	18,949,687	4.78%
Bancolombia (Pref) ADR (Financials)	73,218	2,108,678	0.53%	<b>REPUBLIC OF SOUTH KOREA TOTAL</b>		<b>38,305,334</b>	<b>9.67%</b>
<b>Czech Republic: 0.65% (30 June 2020: 0.62%)</b>				<b>Russian Federation: 8.56% (30 June 2020: 8.67%)</b>			
Komerční Banka (Financials)	73,775	2,596,763	0.65%	Lukoil ADR (Energy)	93,985	8,646,620	2.18%
<b>Egypt: 0.44% (30 June 2020: 0.73%)</b>				NovaTek GDR Reg S (Energy)	42,423	9,303,364	2.35%
Commercial International Bank GDR (Financials)	525,861	1,727,453	0.44%	Sberbank ADR (Financials)	537,098	8,918,512	2.25%
<b>Hong Kong: 6.68% (30 June 2020: 6.79%)</b>							
AIA Group (Financials)	814,800	10,126,888	2.56%				
ASM Pacific Technology (Information Technology)	231,729	3,139,741	0.79%				

## Harding Loevner Funds plc

### Emerging Markets Equity Fund Schedule of Investments (Continued) 30 June 2021

Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Russian Federation (Continued)</b>			
Yandex (Communication Services)	99,922	7,069,482	1.78%
<b>RUSSIAN FEDERATION TOTAL</b>		<b>33,937,978</b>	<b>8.56%</b>
<b>South Africa: 1.50% (30 June 2020: 1.34%)</b>			
Discovery Holdings (Financials)	358,369	3,168,855	0.80%
Standard Bank (Financials)	309,460	2,765,420	0.70%
<b>SOUTH AFRICA TOTAL</b>		<b>5,934,275</b>	<b>1.50%</b>
<b>Taiwan: 11.50% (30 June 2020: 9.28%)</b>			
Airtac (Industrials)	145,000	5,594,437	1.41%
Eclat (Consumer Discretionary)	283,273	6,669,433	1.69%
Hon Hai Precision (Information Technology)	1,528,568	6,144,446	1.55%
Largan Precision (Information Technology)	32,000	3,560,341	0.90%
Silergy (Information Technology)	25,000	3,400,628	0.86%
Taiwan Semiconductor (Information Technology)	945,465	20,190,280	5.09%
<b>TAIWAN TOTAL</b>		<b>45,559,565</b>	<b>11.50%</b>
<b>Thailand: 0.83% (30 June 2020: 0.91%)</b>			
Siam Commercial Bank (Financials)	1,076,800	3,292,555	0.83%
<b>United Kingdom: 2.70% (30 June 2020: 2.19%)</b>			
Bank of Georgia (Financials)	40,788	758,312	0.19%
Coca-Cola HBC (Consumer Staples)	220,833	7,985,203	2.02%
Network International (Information Technology)	386,909	1,957,268	0.49%
<b>UNITED KINGDOM TOTAL</b>		<b>10,700,783</b>	<b>2.70%</b>
<b>United States: 3.77% (30 June 2020: 2.99%)</b>			
EPAM Systems (Information Technology)	29,232	14,936,383	3.77%
<b>Total transferable securities (30 June 2020: 95.52%)</b>		<b>394,518,864</b>	<b>99.57%</b>
<b>(Cost: USD 264,222,268) (30 June 2020: Cost: USD 320,890,600)</b>			
<b>Cash and cash equivalents (30 June 2020: 3.67%)</b>		<b>2,741,811</b>	<b>0.69%</b>
<b>Other assets and liabilities (30 June 2020: 0.81%)</b>		<b>(1,026,392)</b>	<b>(0.26%)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>396,234,283</b>	<b>100.00%</b>
<b>Analysis of total gross assets</b>			
Transferable securities admitted to an official stock exchange listing		99.09%	
Cash and cash equivalents		0.69%	
Other assets		0.22%	
		<u>100.00%</u>	

# Harding Loevner Funds plc

## Global Small Companies Equity Fund Schedule of Investments 30 June 2021

Transferable Securities Security Description - Equities	Shares	Market Value USD	% Net Assets	Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Argentina: 0.61% (30 June 2020: 0.58%)</b>				<b>Japan: 14.46% (30 June 2020: 18.26%)</b>			
Globant (Information Technology)	46	10,082	0.61%	ABC-Mart (Consumer Discretionary)	300	17,202	1.04%
<b>Australia: 1.10% (30 June 2020: 0.00%)</b>				Ariake Japan (Consumer Staples)	300	18,606	1.13%
Domain Holdings (Communication Services)	4,689	18,145	1.10%	Bengo4.com (Communication Services)	70	6,124	0.37%
<b>Bangladesh: 0.63% (30 June 2020: 0.26%)</b>				Cosmos Pharmaceutical (Consumer Staples)	150	22,008	1.33%
Square Pharmaceuticals (Health Care)	4,087	10,392	0.63%	Infomart (Information Technology)	1,000	8,200	0.49%
<b>Canada: 1.07% (30 June 2020: 2.03%)</b>				JCU (Materials)	500	16,112	0.98%
Kinaxis (Information Technology)	135	17,759	1.07%	Kakaku.com (Communication Services)	200	6,040	0.37%
<b>China: 0.51% (30 June 2020: 1.09%)</b>				Misumi Group (Industrials)	510	17,261	1.04%
Haitian (Industrials)	2,500	8,388	0.51%	MonotaRO (Industrials)	360	8,522	0.51%
<b>Denmark: 1.81% (30 June 2020: 2.11%)</b>				Nihon M&A Center Inc (Industrials)	380	9,855	0.60%
Ambu (Health Care)	226	8,688	0.53%	Nomura Research Institute (Information Technology)	400	13,232	0.80%
SimCorp (Information Technology)	169	21,214	1.28%	Pigeon (Consumer Staples)	250	7,044	0.43%
<b>DENMARK TOTAL</b>		<b>29,902</b>	<b>1.81%</b>	Rakus (Information Technology)	500	13,660	0.83%
<b>Finland: 1.09% (30 June 2020: 1.37%)</b>				Rinnai (Consumer Discretionary)	100	9,514	0.58%
Vaisala (Information Technology)	439	18,037	1.09%	Santen Pharmaceutical (Health Care)	1,200	16,526	1.00%
<b>France: 3.43% (30 June 2020: 3.86%)</b>				SMS (Industrials)	320	9,577	0.58%
Alten (Information Technology)	226	29,960	1.81%	Stanley Electric (Consumer Discretionary)	200	5,788	0.35%
LISI (Industrials)	434	14,178	0.86%	Sugi (Consumer Staples)	200	14,582	0.88%
Rubis (Utilities)	281	12,491	0.76%	UT Group (Industrials)	650	18,957	1.15%
<b>FRANCE TOTAL</b>		<b>56,629</b>	<b>3.43%</b>	<b>JAPAN TOTAL</b>		<b>238,810</b>	<b>14.46%</b>
<b>Germany: 6.95% (30 June 2020: 7.59%)</b>				<b>Lithuania: 0.98% (30 June 2020: 0.78%)</b>			
Bechtle (Information Technology)	115	21,361	1.29%	Siauliu Bankas (Financials)	20,515	16,177	0.98%
Carl Zeiss Meditec (Health Care)	66	12,753	0.77%	<b>Malaysia: 0.64% (30 June 2020: 0.66%)</b>			
Fuchs Petrolub (Materials)	408	15,844	0.96%	TIME dotCom (Communication Services)	3,100	10,499	0.64%
Nemetschek (Information Technology)	161	12,317	0.75%	<b>Mexico: 0.45% (30 June 2020: 1.29%)</b>			
Rational (Industrials)	18	16,306	0.99%	Megacable Holdings (Communication Services)	2,100	7,431	0.45%
STRATEC Biomedical (Health Care)	134	18,717	1.13%	<b>Netherlands: 0.00% (30 June 2020: 0.79%)</b>			
Symrise (Materials)	85	11,843	0.72%	<b>Norway: 1.36% (30 June 2020: 1.25%)</b>			
TeamViewer (Information Technology)	151	5,679	0.34%	Tomra Systems (Industrials)	408	22,508	1.36%
<b>GERMANY TOTAL</b>		<b>114,820</b>	<b>6.95%</b>	<b>Peru: 0.00% (30 June 2020: 0.36%)</b>			
<b>Hong Kong: 1.01% (30 June 2020: 1.44%)</b>				<b>Philippines: 0.49% (30 June 2020: 0.00%)</b>			
Vitasoy International (Consumer Staples)	4,500	16,721	1.01%	Robinsons Retail (Consumer Staples)	7,400	8,141	0.49%
<b>Indonesia: 0.96% (30 June 2020: 0.65%)</b>				<b>Republic of South Korea: 0.35% (30 June 2020: 0.29%)</b>			
Bank BTPN Syariah (Financials)	32,200	6,396	0.39%	Cheil Worldwide (Communication Services)	257	5,740	0.35%
Sarana Menara Nusantara (Communication Services)	109,900	9,398	0.57%	<b>South Africa: 1.27% (30 June 2020: 1.19%)</b>			
<b>INDONESIA TOTAL</b>		<b>15,794</b>	<b>0.96%</b>	Discovery Holdings (Financials)	2,378	21,027	1.27%
<b>Israel: 1.27% (30 June 2020: 1.33%)</b>				<b>Spain: 1.29% (30 June 2020: 0.00%)</b>			
CyberArk (Information Technology)	161	20,973	1.27%	Bankinter (Financials)	2,995	15,054	0.91%
<b>Italy: 3.79% (30 June 2020: 3.13%)</b>				Linea Directa (Financials)	2,995	6,275	0.38%
DiaSorin (Health Care)	86	16,265	0.99%	<b>SPAIN TOTAL</b>		<b>21,329</b>	<b>1.29%</b>
Fineco (Financials)	912	15,896	0.96%	<b>Sweden: 2.33% (30 June 2020: 3.03%)</b>			
Reply (Information Technology)	185	30,404	1.84%	Alfa Laval (Industrials)	175	6,182	0.37%
<b>ITALY TOTAL</b>		<b>62,565</b>	<b>3.79%</b>	Paradox Interactive (Communication Services)	315	6,625	0.40%
				Thule Group AB (Consumer Discretionary)	580	25,713	1.56%
				<b>SWEDEN TOTAL</b>		<b>38,520</b>	<b>2.33%</b>

## Harding Loevner Funds plc

### Global Small Companies Equity Fund Schedule of Investments (Continued) 30 June 2021

Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets	Transferable Securities Security Description - Equities (Cont'd)	Shares	Market Value USD	% Net Assets
<b>Switzerland: 2.63% (30 June 2020: 2.35%)</b>				<b>United States (Continued)</b>			
Bossard (Industrials)	48	14,655	0.89%	Stock Yards Bancorp (Financials)	787	40,050	2.42%
LEM Holding (Information Technology)	10	20,967	1.27%	<b>UNITED STATES TOTAL</b>		<b>546,125</b>	<b>33.06%</b>
Temenos Group AG (Information Technology)	49	7,870	0.47%				
<b>SWITZERLAND TOTAL</b>		<b>43,492</b>	<b>2.63%</b>	<b>Vietnam: 0.80% (30 June 2020: 0.35%)</b>			
<b>Taiwan: 2.40% (30 June 2020: 2.67%)</b>				Hoa Phat Group (Materials)	5,896	13,193	0.80%
Advantech (Information Technology)	1,099	13,608	0.82%				
Eclat (Consumer Discretionary)	415	9,771	0.59%	<b>Total transferable securities</b>		<b>1,642,238</b>	<b>99.42%</b>
Silergy (Information Technology)	120	16,323	0.99%	(Cost: USD 1,168,989) (30 June 2020: Cost: USD 1,039,413)			
<b>TAIWAN TOTAL</b>		<b>39,702</b>	<b>2.40%</b>	(30 June 2020: 99.42%)			
<b>Turkey: 0.16% (30 June 2020: 0.32%)</b>				<b>Cash and cash equivalents (30 June 2020: 2.89%)</b>		<b>10,720</b>	<b>0.65%</b>
Ulker Biskuvi Sanayi (Consumer Staples)	1,076	2,563	0.16%	<b>Other assets and liabilities (30 June 2020: (2.31)%)</b>		<b>(1,099)</b>	<b>(0.07%)</b>
<b>Ukraine: 0.43% (30 June 2020: 0.43%)</b>				<b>Net assets attributable to holders of redeemable participating shares</b>		<b>1,651,859</b>	<b>100.00%</b>
Kernel (Consumer Staples)	491	7,044	0.43%				
<b>United Arab Emirates: 0.21% (30 June 2020: 0.14%)</b>				<b>Analysis of total gross assets</b>			
Agthia Group (Consumer Staples)	2,160	3,470	0.21%	Transferable securities admitted to an official stock exchange listing			<b>% total gross assets</b>
<b>United Kingdom: 11.88% (30 June 2020: 9.48%)</b>				Cash and cash equivalents			97.58%
Abcam (Health Care)	1,361	26,000	1.58%	Other assets			0.64%
Bank of Georgia (Financials)	600	11,155	0.68%				1.78%
Clarkson (Industrials)	98	4,324	0.26%				<b>100.00%</b>
Dechra Pharmaceuticals (Health Care)	509	30,769	1.86%				
Diploma (Industrials)	624	25,067	1.52%				
EMIS Group (Health Care)	1,082	17,212	1.04%				
Rathbone Bros (Financials)	351	8,798	0.53%				
Rightmove (Communication Services)	1,209	10,861	0.65%				
Senior (Industrials)	14,183	29,723	1.80%				
Spirax-Sarco Engineering (Industrials)	50	9,417	0.57%				
YouGov (Communication Services)	1,405	22,934	1.39%				
<b>UNITED KINGDOM TOTAL</b>		<b>196,260</b>	<b>11.88%</b>				
<b>United States: 33.06% (30 June 2020: 30.34%)</b>							
ABIOMED (Health Care)	63	19,663	1.19%				
Allegion (Industrials)	64	8,915	0.54%				
Altair Engineering (Information Technology)	539	37,175	2.25%				
BorgWarner (Consumer Discretionary)	694	33,687	2.04%				
Cable One (Communication Services)	3	5,738	0.35%				
Cognex (Information Technology)	219	18,407	1.11%				
Elanco Animal Health (Health Care)	169	5,863	0.35%				
EnerSys (Industrials)	406	39,679	2.40%				
Exponent (Industrials)	230	20,518	1.24%				
Five Below Inc (Consumer Discretionary)	69	13,336	0.81%				
Guidewire Software (Information Technology)	156	17,584	1.06%				
Healthcare Services Group (Industrials)	1,137	35,895	2.17%				
HEICO (Industrials)	129	17,985	1.09%				
Helmerich & Payne (Energy)	227	7,407	0.45%				
IPG Photonics (Information Technology)	107	22,553	1.37%				
Lazard (Financials)	211	9,548	0.58%				
LeMaitre Vascular (Health Care)	317	19,343	1.17%				
Neurocrine Biosciences (Health Care)	117	11,386	0.69%				
Ollie's Bargain Outlet Holding (Consumer Discretionary)	402	33,820	2.05%				
Planet Fitness (Consumer Discretionary)	306	23,026	1.39%				
Proto Labs (Industrials)	321	29,468	1.79%				
Reinsurance Group of America (Financials)	116	13,224	0.80%				
Repligen (Health Care)	80	15,970	0.97%				
Sensata (Industrials)	122	7,072	0.43%				
Signature Bank (Financials)	158	38,813	2.35%				

## Harding Loevner Funds plc

### Global Equity Fund Significant Purchases & Sales 30 June 2021 (unaudited)

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
CME Group	157,933	28,088,494	PayPal	144,359	36,639,455
CD Projekt	249,111	23,694,758	Lonza Group	59,450	36,090,654
Adobe Systems	48,648	22,958,980	Apple Inc	202,721	27,136,393
Country Garden Services	2,207,000	21,611,624	Symrise	205,720	25,705,263
Amazon.com	6,434	21,102,327	Itau Unibanco (Pref) ADR	4,815,619	24,321,466
SVB Financial Group	46,574	20,926,126	Alibaba	659,500	22,267,897
Wuxi Biologics Cayman	1,538,500	20,201,267	Yandex	330,410	21,768,768
TeamViewer	360,973	19,149,492	Linde	76,419	19,768,208
Alibaba	524,000	18,132,484	Roper	49,275	19,127,932
Roche Holding	51,238	17,688,428	Proto Labs	97,871	18,694,584
Samsung Electronics (Voting) GDR Reg S	8,237	16,382,912	ICICI Bank ADR	1,245,680	18,634,336
Danaher	67,117	16,362,141	Trade Desk	39,042	17,961,694
B3	1,440,700	15,541,562	ExxonMobil	356,303	15,835,127
Accenture	58,129	15,408,358	Abbott Labs	140,943	15,204,698
Etsy	116,660	15,147,651	Tencent Holdings	198,600	14,957,580
Schlumberger	591,382	15,121,672	CME Group	69,351	14,809,155
ASML	27,256	15,115,739	Verisk Analytics	78,336	14,630,228
Chugai Pharmaceutical	261,200	13,272,765	Standard Chartered PLC	2,196,762	14,486,134
Atlas Copco AB	228,422	13,083,022	MasterCard	44,091	14,372,269
Trade Desk	18,545	13,072,099	AIA Group	1,319,600	13,928,803
UnitedHealth Group	38,755	13,039,174	Kubota	602,400	13,586,603
Adyen NV	5,709	12,959,570	Nestle ADR	119,858	13,561,387
DBS Group	711,886	12,894,739	Keyence	26,500	13,454,363
Edwards Lifesciences	151,282	12,775,230	Kone	152,334	12,415,044
Neste	199,678	12,411,894	Shiseido	184,000	12,172,941
Intuitive Surgical Inc	16,674	12,326,567	Sonova Holding	46,680	12,053,665
AMETEK	101,407	11,795,737	Air Liquide	73,121	11,837,366
Genmab	31,057	11,298,426	Makita	244,247	11,474,832
Tradeweb Markets	204,883	11,139,374	UnitedHealth Group	31,134	10,071,313
Deere	36,040	10,545,936	Etsy	47,695	10,014,004
VF	152,916	10,439,947	HDFC Bank ADR	137,010	9,803,101
Taiwan Semiconductor ADR	81,110	10,341,135	Cognizant Technology	116,954	9,412,827
Pinterest	145,372	10,020,471	Colgate-Palmolive	120,143	9,104,270
IQVIA	51,993	9,445,330	Nidec	130,600	8,836,864
Taiwan Semiconductor	429,000	9,209,253	Fanuc	33,700	8,650,169
Epiroc	388,261	8,798,720	CHR. Hansen	75,508	8,499,004
Illumina	24,941	7,994,202			
VAT Group	28,359	7,803,642			
Microsoft	34,384	7,622,404			
First Republic Bank	48,663	7,529,157			
eBay	128,276	6,904,586			

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.



## Harding Loevner Funds plc

### International Equity Fund Significant Purchases & Sales 30 June 2021 (unaudited)

Significant Purchases Security Description	Nominal	Base Cost USD	Significant Sales Security Description	Nominal	Base Proceeds USD
BHP Group Limited	97,862	6,655,765	Taiwan Semiconductor	78,303	7,603,959
Telkom Indonesia	110,240	2,553,247	ADIDAS	10,983	3,824,512
SEB Group (Skandinaviska Enskilda Banken)	190,993	2,377,570	SAP	24,510	3,221,868
CSPC Pharmaceutical Group	1,856,000	2,110,106	Lonza Group	4,147	2,502,735
ENN Energy	133,000	2,021,130	AIA Group	191,400	2,225,016
Alibaba Group Holding	6,201	1,610,661	Infineon Technologies	62,026	2,154,563
Lukoil	20,188	1,553,677	Atlas Copco AB	37,018	2,038,134
Shionogi	24,200	1,316,368	Yandex	31,941	2,004,474
Infineon Technologies	24,088	960,485	Tencent Holdings	25,200	1,944,518
Atlas Copco AB	13,736	787,976	China Mobile ADR	64,489	1,908,299
AIA Group	63,200	783,708	L'Oreal	4,953	1,902,246
L'Oreal	1,978	779,502	Linde	6,945	1,774,730
Adyen	334	743,758	BBVA	328,746	1,710,904
Taiwan Semiconductor	6,272	707,927	Diageo	41,359	1,701,051
Tencent Holdings	8,600	698,145	Roche Holding	4,850	1,667,211
Roche Holding	2,012	696,598	Adyen	805	1,627,907
Allianz	2,707	661,555	Dassault Systemes	7,645	1,595,563
Lonza Group	949	615,648	Keyence	3,300	1,547,069
DBS Group	29,744	599,977	DBS Group	81,200	1,515,546
Schneider Electric SE	3,905	591,157	Allianz	6,328	1,509,227
UNICHARM	12,600	549,227	UNICHARM	35,500	1,505,392
Keyence	1,100	544,455	Schneider Electric SE	10,358	1,484,971
Rio Tinto	6,572	537,816	Chugai Pharmaceutical	31,700	1,454,373
Nestle	4,531	528,495	Rio Tinto	16,627	1,256,033
Samsung Electronics (Pref)	286	461,265	Nestle	10,458	1,230,178
Chugai Pharmaceutical	9,600	446,522	Samsung Electronics (Pref)	759	1,094,726
Symrise	3,398	440,999	Kubota	54,500	1,074,219
Samsung Electronics (Voting)	223	403,421	Ping An Insurance	92,000	991,966
			BHP Group Limited	12,909	964,465
			Samsung Electronics (Voting)	604	961,707
			Symex	10,100	935,484
			Symrise	7,382	935,119
			Alibaba Group Holding	3,900	926,948
			Komatsu	35,200	896,664
			Lukoil	11,839	895,300
			Alcon	12,449	835,997
			Alfa Laval	27,907	822,412
			Sonova Holding	2,949	818,143
			ICICI Bank	54,450	808,280
			Itau Unibanco (Pref)	150,188	783,369
			Check Point	6,546	777,480

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.

## Harding Loevner Funds plc

### Emerging Markets Equity Fund Significant Purchases & Sales 30 June 2021 (unaudited)

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
New Oriental Education	46,430	7,265,009	Taiwan Semiconductor	934,000	17,627,557
Alibaba	197,100	6,263,865	Tencent Holdings	123,700	10,191,573
Wuxi Biologics Cayman	317,000	4,171,046	Samsung Electronics (Voting) GDR Reg S	4,339	7,995,152
CD Projekt	43,750	4,028,307	Hangzhou Hikvision Digital Tec (China A)	874,593	6,322,668
Fuyao Glass Industry Group	874,400	3,802,060	EPAM Systems	14,521	5,903,939
China International Travel (China A)	111,353	3,634,061	Samsung Electronics (Pref) GDR Reg S	3,267	5,207,796
Hon Hai Precision	1,295,000	3,466,363	Fuyao Glass Industry Group	799,693	4,476,743
Sangfor Technologies	82,200	3,355,835	Alibaba	135,600	4,102,509
NCSOFT	4,171	3,143,773	Alibaba Group Holding	14,660	3,920,070
Country Garden Services	307,000	2,716,581	Yandex	60,232	3,900,203
Hefei Meiya Optoelectronic Technology	297,489	2,271,772	Credicorp	26,596	3,470,757
Ping An Insurance	198,500	2,259,797	AIA Group	268,200	3,324,277
Zhejiang Sanhua Intelligent Controls	636,345	2,196,185	Copa Holdings	37,867	3,058,017
CSPC Pharmaceutical Group	1,450,000	2,146,180	Amorepacific	13,263	2,981,173
Ultrapar Participacoes SA	501,800	2,084,862	LG Household & Health Care	2,198	2,952,848
Jiangsu Hengrui Medicine	158,100	2,083,147	Housing Development Finance	83,842	2,884,291
Silergy	32,000	2,074,434	Jiangsu Yanghe Brewery	98,000	2,799,999
Network International	507,773	1,986,246	Tata Consultancy Services	67,467	2,722,110
Tata Consultancy Services	59,916	1,837,556	Trip.com ADR	84,498	2,692,408
Airtac	77,000	1,757,701	Sberbank GDR	176,875	2,628,687
Wal-Mart de Mexico	600,400	1,421,395	Midea Group (China A)	178,200	2,490,646
GF Banorte	324,900	1,189,880	Techtronic	152,000	2,417,494
B3	113,900	1,161,353	NovaTek GDR Reg S	13,354	2,379,587
Samsung Electronics (Voting) GDR Reg S	516	947,359	Baidu ADR	8,193	2,378,407
Yandex	13,284	879,494	Lukoil ADR	30,951	2,344,604
			Coca-Cola HBC	72,725	2,287,484
			51job ADR	31,011	2,102,898
			SF Holding	171,500	2,069,519
			New Oriental Education	10,999	2,061,527
			Ping An Insurance	163,000	1,977,967
			WEG	150,300	1,928,123
			Hon Hai Precision	481,000	1,919,633

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.

## Harding Loevner Funds plc

### Global Small Companies Equity Fund Significant Purchases & Sales 30 June 2021 (unaudited)

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
Stock Yards Bancorp	787	38,206	SVB Financial Group	45	22,722
Ollie's Bargain Outlet Holdings	402	34,794	Trade Desk	45	19,698
Diploma	624	19,999	Thule Group AB	437	17,961
UT Group	650	19,799	ASM International	61	15,874
Santen Pharmaceutical	1,200	19,675	EPAM Systems	30	14,567
Domain Holdings Australia	4,689	15,829	Grupo Herdez	6,300	14,512
Bankinter	2,995	13,934	Nihon M&A Center Inc	260	14,110
Healthcare Services Group	455	13,929	Eclat	585	13,571
Exponent	132	12,420	Nakanishi	800	12,871
Five Below	69	12,171	Nokian Renkaat	360	12,864
Proto Labs	129	11,441	Signature Aviation	2,182	12,398
Reinsurance Group of America	81	9,957	Penumbra	58	12,072
Rakus	500	8,344	Carl Zeiss Meditec	65	12,047
Vaisala	210	8,019	Rollins	324	10,655
Bank BTPN Syariah	32,200	7,977	Signature Bank	40	8,531
Robinsons Retail Holdings	7,400	7,949	MonotaRO	170	8,470
Reply	76	7,914	Cosmos Pharmaceutical	50	8,343
Bengo4.com	70	7,415	51job ADR	112	8,203
TeamViewer	151	7,006	Kansas City Southern	39	8,110
Square Pharmaceuticals	2,346	5,665	Exponent	77	7,440
EMIS Group	337	4,499	Misumi Group	240	7,117
Signature Aviation	1,077	3,215	Alten	57	6,597
Bank of Georgia	244	3,075	Kinaxis	35	5,326
Planet Fitness	40	3,012	Rightmove	615	4,899
			Pigeon	100	3,781
			Spirax-Sarco Engineering	19	3,596
			Infomart	400	3,468
			IPSOS	99	3,326
			Alicorp	1,914	3,281

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases/sales that exceed 1 per cent during the year the largest 20 purchases/sales are disclosed.

# Harding Loevner Funds plc

## Statement of Financial Position

As at 30 June 2021

		Global Equity Fund As at 30 June 2021 USD	International Equity Fund As at 30 June 2021 USD	Emerging Markets Equity Fund As at 30 June 2021 USD	Global Small Companies Equity Fund As at 30 June 2021 USD	Total As at 30 June 2021 USD
	Notes					
<b>Current assets</b>						
Financial assets at fair value through profit or loss	2,4,13	1,323,123,709	209,667,923	394,518,864	1,642,238	1,928,952,734
Cash and cash equivalents	2,5	23,800,170	5,188,033	2,741,811	10,720	31,740,734
Receivables	6	4,643,614	448,765	877,369	30,072	5,999,820
<b>Total current assets</b>		<b>1,351,567,493</b>	<b>215,304,721</b>	<b>398,138,044</b>	<b>1,683,030</b>	<b>1,966,693,288</b>
<b>Financial liabilities not at fair value through profit or loss</b>						
Creditors (amounts falling due within one year)	3,8	1,030,665	238,003	1,903,761	31,171	3,203,600
<b>Total liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>1,030,665</b>	<b>238,003</b>	<b>1,903,761</b>	<b>31,171</b>	<b>3,203,600</b>
<b>Net assets attributable to holders of redeemable participating shares</b>	15	<b>1,350,536,828</b>	<b>215,066,718</b>	<b>396,234,283</b>	<b>1,651,859</b>	<b>1,963,489,688</b>

The notes on pages 38 to 69 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position (Continued)

As at 30 June 2021

		Global Equity Fund As at 30 June 2021 USD	International Equity Fund As at 30 June 2021 USD	Emerging Markets Equity Fund As at 30 June 2021 USD	Global Small Companies Equity Fund As at 30 June 2021 USD
<b>Redeemable participating shares in issue at financial year end</b>	<b>Notes</b>				
Euro Class A	10	69,717,084.302	—	—	—
Sterling Class A	10	30,085,853.745	1,790,469.575	—	—
US Dollar Class A	10	50,975,107.177	43,710,789.940	6,436,502.294	1,000,000.000
Canadian Dollar Class B	10	—	—	500,000.000	—
Sterling Class B	10	99,000.000	—	—	—
US Dollar Class B	10	4,381,744.754	5,865,599.797	2,084,144.724	—
US Dollar Class D	10	375,318.483	—	—	—
US Dollar Class I	10	—	—	36,894,259.876	—
Euro Class M	10	30,938,896.021	—	—	—
Singapore Dollar Class M	10	74,230,336.126	—	—	—
Canadian Dollar Class S	10	35,500,000.000	—	328,617,200.376	—
Euro Class S	10	19,393,309.642	—	—	—
Sterling Class S	10	163,070,766.560	—	—	—
US Dollar Class S	10	—	74,439,994.939	—	—
US Dollar Class S1	10	116,723,426.995	—	—	—
<b>Net Asset Value per redeemable participating share</b>					
Euro Class A	14	EUR 2.882	—	—	—
Euro Class A USD equivalent	14	USD 3.417	—	—	—
Sterling Class A	14	GBP 2.464	GBP 2.104	—	—
Sterling Class A USD equivalent	14	USD 3.408	USD 2.911	—	—
US Dollar Class A	14	USD 3.421	USD 1.867	USD 1.783	USD 1.652
Canadian Dollar Class B	14	—	—	CAD 1.232	—
Canadian Dollar Class B USD equivalent	14	—	—	USD 0.994	—
Sterling Class B	14	GBP 1.490	—	—	—
Sterling Class B USD equivalent	14	USD 2.062	—	—	—
US Dollar Class B	14	USD 1.580	USD 1.853	USD 1.566	—
US Dollar Class D	14	USD 1.594	—	—	—
US Dollar Class I	14	—	—	USD 1.664	—

The notes on pages 38 to 69 are an integral part of these financial statements.



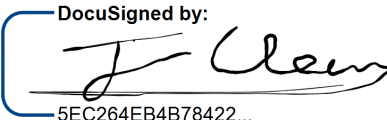
# Harding Loevner Funds plc

## Statement of Financial Position (Continued)

As at 30 June 2021

		Global Equity Fund As at 30 June 2021 USD	International Equity Fund As at 30 June 2021 USD	Emerging Markets Equity Fund As at 30 June 2021 USD	Global Small Companies Equity Fund As at 30 June 2021 USD
<b>Net Asset Value per redeemable participating share</b>	<b>Notes</b>				
Euro Class M	14	EUR 1.653	—	—	—
Euro Class M USD equivalent	14	USD 1.960	—	—	—
Singapore Dollar Class M	14	SGD 2.334	—	—	—
Singapore Dollar Class M USD equivalent	14	USD 1.735	—	—	—
Canadian Dollar Class S	14	CAD 1.568	—	CAD 1.206	—
Canadian Dollar Class S USD equivalent	14	USD 1.265	—	USD 0.973	—
Euro Class S	14	EUR 1.615	—	—	—
Euro Class S USD equivalent	14	USD 1.915	—	—	—
Sterling Class S	14	GBP 1.650	—	—	—
Sterling Class S USD equivalent	14	USD 2.283	—	—	—
US Dollar Class S	14	—	USD 1.577	—	—
US Dollar Class S1	14	USD 1.574	—	—	—

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Director   
J. Cleary  
24 September 2021

Director   
M. Kirby

The notes on pages 38 to 69 are an integral part of these financial statements.

## Harding Loevner Funds plc

### Statement of Financial Position (Continued)

As at 30 June 2020

		Global Equity Fund As at 30 June 2020 USD	International Equity Fund As at 30 June 2020 USD	Emerging Markets Equity Fund As at 30 June 2020 USD	Global Small Companies Equity Fund As at 30 June 2020 USD	Total As at 30 June 2020 USD
	Notes					
<b>Current assets</b>						
Financial assets at fair value through profit or loss	2,4,13	983,002,615	188,755,627	352,317,263	1,192,833	1,525,268,338
Cash and cash equivalents	2,5	18,027,090	2,903,899	13,553,803	34,684	34,519,476
Receivables	6	3,328,581	12,429,119	4,206,014	6,334	19,970,048
<b>Total current assets</b>		<b>1,004,358,286</b>	<b>204,088,645</b>	<b>370,077,080</b>	<b>1,233,851</b>	<b>1,579,757,862</b>
<b>Financial liabilities not at fair value through profit or loss</b>						
Creditors (amounts falling due within one year)	3,8	5,660,327	15,156,530	1,246,949	34,035	22,097,841
<b>Total liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>5,660,327</b>	<b>15,156,530</b>	<b>1,246,949</b>	<b>34,035</b>	<b>22,097,841</b>
<b>Net assets attributable to holders of redeemable participating shares</b>	15	<b>998,697,959</b>	<b>188,932,115</b>	<b>368,830,131</b>	<b>1,199,816</b>	<b>1,557,660,021</b>

The notes on pages 38 to 69 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position (Continued)

As at 30 June 2020

		Global Equity Fund As at 30 June 2020 USD	International Equity Fund As at 30 June 2020 USD	Emerging Markets Equity Fund As at 30 June 2020 USD	Global Small Companies Equity Fund As at 30 June 2020 USD
<b>Redeemable participating shares in issue at financial year end</b>	<b>Notes</b>				
Euro Class A	10	58,379,745.983	—	—	—
Sterling Class A	10	21,384,373.318	1,036,062.413	—	—
US Dollar Class A	10	35,066,441.702	44,421,112.392	10,601,892.194	1,000,000.000
Canadian Dollar Class B	10	—	—	500,000.000	—
Sterling Class B	10	99,000.000	—	—	—
US Dollar Class B	10	2,357,989.165	6,647,384.162	4,669,639.937	—
US Dollar Class D	10	375,318.483	—	—	—
Canadian Dollar Class I	10	—	—	145,824,614.180	—
US Dollar Class I	10	—	—	98,817,574.656	—
Canadian Dollar Class M	10	—	—	72,215,000.000	—
Euro Class M	10	37,605,562.688	—	—	—
Singapore Dollar Class M	10	69,491,829.620	—	—	—
Canadian Dollar Class S	10	35,500,000.000	—	—	—
Euro Class S	10	41,476,628.681	—	—	—
Sterling Class S	10	162,510,630.091	—	—	—
US Dollar Class S	10	44,034,323.011	99,094,946.145	—	—
US Dollar Class S1	10	143,126,067.259	—	—	—
<b>Net Asset Value per redeemable participating share</b>					
Euro Class A	14	EUR 2.190	—	—	—
Euro Class A USD equivalent	14	USD 2.462	—	—	—
Sterling Class A	14	GBP 1.981	GBP 1.765	—	—
Sterling Class A USD equivalent	14	USD 2.455	USD 2.188	—	—
US Dollar Class A	14	USD 2.463	USD 1.392	USD 1.245	USD 1.218
Canadian Dollar Class B	14	—	—	CAD 0.946	—
Canadian Dollar Class B USD equivalent	14	—	—	USD 0.697	—
Sterling Class B	14	GBP 1.202	—	—	—
Sterling Class B USD equivalent	14	USD 1.489	—	—	—
US Dollar Class B	14	USD 1.141	USD 1.385	USD 1.098	—

The notes on pages 38 to 69 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position (Continued)

As at 30 June 2020

		Global Equity Fund As at 30 June 2020 USD	International Equity Fund As at 30 June 2020 USD	Emerging Markets Equity Fund As at 30 June 2020 USD	Global Small Companies Equity Fund As at 30 June 2020 USD
<b>Net Asset Value per redeemable participating share</b>	<b>Notes</b>				
US Dollar Class D	14	USD 1.157	—	—	—
Canadian Dollar Class I	14	—	—	CAD 1.524	—
Canadian Dollar Class I USD equivalent	14	—	—	USD 1.122	—
US Dollar Class I	14	—	—	USD 1.159	—
Canadian Dollar Class M	14	—	—	CAD 1.353	—
Canadian Dollar Class M USD equivalent	14	—	—	USD 0.996	—
Euro Class M	14	EUR 1.256	—	—	—
Euro Class M USD equivalent	14	USD 1.411	—	—	—
Singapore Dollar Class M	14	SGD 1.741	—	—	—
Singapore Dollar Class M USD equivalent	14	USD 1.249	—	—	—
Canadian Dollar Class S	14	CAD 1.228	—	—	—
Canadian Dollar Class S USD equivalent	14	USD 0.904	—	—	—
Euro Class S	14	EUR 1.219	—	—	—
Euro Class S USD equivalent	14	USD 1.369	—	—	—
Sterling Class S	14	GBP 1.324	—	—	—
Sterling Class S USD equivalent	14	USD 1.641	—	—	—
US Dollar Class S	14	USD 1.260	USD 1.167	—	—
US Dollar Class S1	14	USD 1.132	—	—	—

The notes on pages 38 to 69 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Comprehensive Income

For the Financial Year Ended 30 June 2021

		Global Equity Fund Financial year ended 30 June 2021 USD	International Equity Fund Financial year ended 30 June 2021 USD	Emerging Markets Equity Fund Financial year ended 30 June 2021 USD	Global Small Companies Equity Fund Financial year ended 30 June 2021 USD	Total Financial year ended 30 June 2021 USD
	Notes					
<b>Income</b>						
Dividend income	2	8,448,939	4,133,912	7,815,018	17,003	20,414,872
Interest income	2	6,744	4,636	11,097	14	22,491
Other income		23,765	4,595	10,609	136,075	175,044
Operating expense reimbursements		232,500	48,598	139,479	–	420,577
Net realised gain on financial assets at fair value through profit or loss	2	260,573,137	20,860,664	54,930,333	128,220	336,492,354
Net realised loss on foreign currency	2	(212,789)	(16,350)	(69,936)	(3)	(299,078)
Net movement in unrealised gain on financial assets at fair value through profit or loss	2	132,023,152	37,429,273	98,869,933	319,829	268,642,187
Net movement in unrealised gain/(loss) on foreign currency	2	646	(542)	(778)	(5)	(679)
<b>Total investment gain</b>		<b>401,096,094</b>	<b>62,464,786</b>	<b>161,705,755</b>	<b>601,133</b>	<b>625,867,768</b>
<b>Expenses</b>						
Operating expenses	3	(6,306,642)	(914,503)	(3,524,587)	(146,444)	(10,892,176)
<b>Total investment gain before finance costs</b>		<b>394,789,452</b>	<b>61,550,283</b>	<b>158,181,168</b>	<b>454,689</b>	<b>614,975,592</b>
<b>Finance costs</b>						
Distributions paid during the financial year	9	(1,575,948)	(21,220)	–	–	(1,597,168)
Bank interest expense		(8,765)	(1)	(57)	(1)	(8,824)
Withholding tax		(1,404,800)	(454,205)	(1,010,807)	(2,645)	(2,872,457)
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>391,799,939</b>	<b>61,074,857</b>	<b>157,170,304</b>	<b>452,043</b>	<b>610,497,143</b>

The notes on pages 38 to 69 are an integral part of these financial statements.



## Harding Loevner Funds plc

### Statement of Comprehensive Income (Continued)

For the Financial Year Ended 30 June 2020

		Global Equity Fund Financial year ended 30 June 2020 USD	International Equity Fund Financial year ended 30 June 2020 USD	Emerging Markets Equity Fund Financial year ended 30 June 2020 USD	Global Small Companies Equity Fund Financial year ended 30 June 2020 USD	Total Financial year ended 30 June 2020 USD
	Notes					
<b>Income</b>						
Dividend income	2	9,043,130	5,336,310	10,683,714	14,739	25,077,893
Interest income	2	570,408	118,571	256,201	488	945,668
Other income		22,651	6,539	12,602	878	42,670
Operating expense reimbursements		—	38,286	135,999	132,944	307,229
Net realised gain/(loss) on financial assets at fair value through profit or loss	2	71,599,416	(319,669)	15,812,548	40,906	87,133,201
Net realised loss on foreign currency	2	(403,454)	(50,344)	(401,727)	(92)	(855,617)
Net movement in unrealised gain/(loss) on financial assets at fair value through profit or loss	2	66,863,347	(3,581,698)	(62,922,096)	34,000	393,553
Net movement in unrealised (loss)/gain on foreign currency	2	(917)	750	(2,690)	(7)	(2,864)
<b>Total investment gain/(loss)</b>		<b>147,694,581</b>	<b>1,548,745</b>	<b>(36,425,449)</b>	<b>223,856</b>	<b>113,041,733</b>
<b>Expenses</b>						
Operating expenses	3	(4,832,818)	(852,187)	(5,678,710)	(140,472)	(11,504,187)
<b>Total investment gain/(loss) before finance costs</b>		<b>142,861,763</b>	<b>696,558</b>	<b>(42,104,159)</b>	<b>83,384</b>	<b>101,537,546</b>
<b>Finance costs</b>						
Distributions paid during the financial year	9	(3,065,536)	(41,723)	—	—	(3,107,259)
Bank interest expense		(13)	(8)	(159)	(1)	(181)
Withholding tax		(1,401,329)	(569,431)	(987,241)	(2,439)	(2,960,440)
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>138,394,885</b>	<b>85,396</b>	<b>(43,091,559)</b>	<b>80,944</b>	<b>95,469,666</b>

The notes on pages 38 to 69 are an integral part of these financial statements.

## Harding Loevner Funds plc

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

For the Financial Year Ended 30 June 2021

		Global Equity Fund Financial year ended 30 June 2021 USD	International Equity Fund Financial year ended 30 June 2021 USD	Emerging Markets Equity Fund Financial year ended 30 June 2021 USD	Global Small Companies Equity Fund Financial year ended 30 June 2021 USD	Total Financial year ended 30 June 2021 USD
	Notes					
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>		998,697,959	188,932,115	368,830,131	1,199,816	1,557,660,021
Increase in net assets attributable to holders of redeemable participating shares from operations		391,799,939	61,074,857	157,170,304	452,043	610,497,143
Issue of redeemable participating shares during the financial year		162,274,015	32,162,637	681,708	–	195,118,360
Payments for shares redeemed during the financial year		(202,235,085)	(67,102,891)	(130,577,860)	–	(399,915,836)
Anti-dilution levy	2	–	–	130,000	–	130,000
Net decrease from redeemable participating shares issued/redeemed during the financial year		(39,961,070)	(34,940,254)	(129,766,152)	–	(204,667,476)
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>	15	<b>1,350,536,828</b>	<b>215,066,718</b>	<b>396,234,283</b>	<b>1,651,859</b>	<b>1,963,489,688</b>

The subscriptions and redemptions do not include share class switches.

The notes on pages 38 to 69 are an integral part of these financial statements.

## Harding Loevner Funds plc

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares (Continued)

For the Financial Year Ended 30 June 2020

	Global Equity Fund Financial year ended 30 June 2020 USD	International Equity Fund Financial year ended 30 June 2020 USD	Emerging Markets Equity Fund Financial year ended 30 June 2020 USD	Global Small Companies Equity Fund Financial year ended 30 June 2020 USD	Total Financial year ended 30 June 2020 USD
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>	996,748,798	239,275,905	609,649,565	1,118,872	1,846,793,140
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	138,394,885	85,396	(43,091,559)	80,944	95,469,666
Issue of redeemable participating shares during the financial year	100,242,829	68,538,350	19,691,018	–	187,436,897
Payments for shares redeemed during the financial year	(236,688,553)	(118,967,536)	(217,418,893)	–	(572,039,682)
Net decrease from redeemable participating shares issued/redeemed during the financial year	(136,445,724)	(50,429,186)	(197,727,875)	–	(384,602,785)
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>	<b>998,697,959</b>	<b>188,932,115</b>	<b>368,830,131</b>	<b>1,199,816</b>	<b>1,557,660,021</b>

The subscriptions and redemptions do not include share class switches.

The notes on pages 38 to 69 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Cash Flows

For the Financial Year Ended 30 June 2021

	Global Equity Fund Financial year ended 30 June 2021 USD	International Equity Fund Financial year ended 30 June 2021 USD	Emerging Markets Equity Fund Financial year ended 30 June 2021 USD	Global Small Companies Equity Fund Financial year ended 30 June 2021 USD	Total Financial year ended 30 June 2021 USD
<b>Cash flows from operating activities</b>					
Increase in net assets attributable to holders of redeemable participating shares from operations	391,799,939	61,074,857	157,170,304	452,043	610,497,143
Adjustment for:					
Net realised gain on financial assets at fair value through profit or loss	(260,573,137)	(20,860,664)	(54,930,333)	(128,220)	(336,492,354)
Net movement in unrealised gain on financial assets at fair value through profit or loss	(132,023,152)	(37,429,273)	(98,869,933)	(319,829)	(268,642,187)
Purchase of financial assets	(660,233,254)	(40,320,816)	(71,682,262)	(300,385)	(772,536,717)
Sale of financial assets	712,708,449	77,698,457	183,280,927	299,029	973,986,862
Dividends paid	1,575,948	21,220	–	–	1,597,168
Decrease/(increase) in receivables and other assets	770,176	12,115,354	3,328,645	(23,738)	16,190,437
(Decrease)/increase in creditors	(4,634,452)	(14,993,854)	656,467	(2,864)	(18,974,703)
<b>Net cash flows provided by/(used in) operating activities</b>	<b>49,390,517</b>	<b>37,305,281</b>	<b>118,953,815</b>	<b>(23,964)</b>	<b>205,625,649</b>
<b>Cash flows from financing activities</b>					
Proceeds from redeemable participating shares issued during the financial year	160,188,806	32,027,637	681,708	–	192,898,151
Payments for redeemable participating shares redeemed during the financial year	(202,230,295)	(67,027,564)	(130,447,515)	–	(399,705,374)
Dividends paid	(1,575,948)	(21,220)	–	–	(1,597,168)
<b>Net cash flows used in financing activities</b>	<b>(43,617,437)</b>	<b>(35,021,147)</b>	<b>(129,765,807)</b>	<b>–</b>	<b>(208,404,391)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,773,080</b>	<b>2,284,134</b>	<b>(10,811,992)</b>	<b>(23,964)</b>	<b>(2,778,742)</b>
<b>Reconciliation of cash movement during the financial year</b>					
Net cash and cash equivalents at the beginning of the financial year	18,027,090	2,903,899	13,553,803	34,684	34,519,476
Net cash and cash equivalents at the end of the financial year	<b>23,800,170</b>	<b>5,188,033</b>	<b>2,741,811</b>	<b>10,720</b>	<b>31,740,734</b>
<b>Supplementary information</b>					
Dividends received	7,835,153	4,111,042	7,979,870	16,909	19,942,974
Interest received	16,168	5,637	15,829	23	37,657
Interest paid	(8,339)	(7)	(56)	(1)	(8,403)

The notes on pages 38 to 69 are an integral part of these financial statements.

## Harding Loevner Funds plc

### Statement of Cash Flows (Continued)

For the Financial Year Ended 30 June 2020

	Global Equity Fund Financial year ended 30 June 2020 USD	International Equity Fund Financial year ended 30 June 2020 USD	Emerging Markets Equity Fund Financial year ended 30 June 2020 USD	Global Small Companies Equity Fund Financial year ended 30 June 2020 USD	Total Financial year ended 30 June 2020 USD
<b>Cash flows from operating activities</b>					
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	138,394,885	85,396	(43,091,559)	80,944	95,469,666
Adjustment for:					
Net realised (gain)/loss on financial assets at fair value through profit or loss	(71,599,416)	319,669	(15,812,548)	(40,906)	(87,133,201)
Net movement in unrealised (gain)/loss on financial assets at fair value through profit or loss	(66,863,347)	3,581,698	62,922,096	(34,000)	(393,553)
Purchase of financial assets	(355,214,188)	(105,030,754)	(82,506,237)	(315,692)	(543,066,871)
Sale of financial assets	466,044,773	143,617,567	274,360,536	311,167	884,334,043
Dividends paid	3,065,536	41,723	–	–	3,107,259
Increase in receivables and other assets	(655,305)	(11,302,009)	(819,848)	(768)	(12,777,930)
Increase/(decrease) in creditors	3,397,690	(646,745)	(511,847)	15,594	2,254,692
<b>Net cash flows provided by operating activities</b>	<b>116,570,628</b>	<b>30,666,545</b>	<b>194,540,593</b>	<b>16,339</b>	<b>341,794,105</b>
<b>Cash flows from financing activities</b>					
Proceeds from redeemable participating shares issued during the financial year	99,118,164	68,538,350	19,691,018	–	189,284,562
Payments for redeemable participating shares redeemed during the financial year	(235,229,809)	(103,967,536)	(217,418,893)	–	(558,553,268)
Dividends paid	(3,065,536)	(41,723)	–	–	(3,107,259)
<b>Net cash flows used in financing activities</b>	<b>(139,177,181)</b>	<b>(35,470,909)</b>	<b>(197,727,875)</b>	<b>–</b>	<b>(372,375,965)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(22,606,553)</b>	<b>(4,804,364)</b>	<b>(3,187,282)</b>	<b>16,339</b>	<b>(30,581,860)</b>
<b>Reconciliation of cash movement during the financial year</b>					
Net cash and cash equivalents at the beginning of the financial year	40,633,643	7,708,263	16,741,085	18,345	65,101,336
Net cash and cash equivalents at the end of the financial year	<b>18,027,090</b>	<b>2,903,899</b>	<b>13,553,803</b>	<b>34,684</b>	<b>34,519,476</b>
<b>Supplementary information</b>					
Dividends received	9,242,080	5,587,812	12,834,460	14,762	27,679,114
Interest received	612,752	133,573	278,356	519	1,025,200
Interest paid	(139)	–	(159)	–	(298)

The notes on pages 38 to 69 are an integral part of these financial statements.



# Harding Loevner Funds plc

## Notes to Financial Statements

### For the Financial Year Ended 30 June 2021

#### 1. General Information

Harding Loevner Funds plc (the “Company”) is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds each a “Fund”, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “Central Bank”) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“the UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (the “Central Bank UCITS Regulations”).

The Company was incorporated and registered in Ireland under the Companies Act 2014 on 29 March 2007, with registered number 437095.

The state of the origin of the Company is Ireland. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Banque Cantonale de Genève, 17, Quai de l’Île, CH-1204 Geneva. The basic documents of the Company as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

#### 2. Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in accordance with Irish statute comprising the Companies Act 2014, the UCITS Regulations and the Central Bank UCITS Regulations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Company’s accounting policies.

##### Accounting standards in issue

###### *Accounting standards in issue and effective for the first time in these financial statements*

There were a number of standards and amendments which became effective during the financial year, however these did not have an impact on the sub-funds in the current year and are not expected to have an impact in future.

###### *Accounting standards in issue that are not yet effective and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021. None of these have a material effect on the financial statements of the Company.

##### Foreign Currency Translation

###### (i) Functional and Presentation Currency

Items included in the Company’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The functional currency and presentation currency of the Company and sub-funds is the US Dollar (“USD”).

###### (ii) Transactions and Balances

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollar at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollar at the foreign currency exchange rates ruling at the dates that the values were determined. Any unrealised and realised foreign exchange gains or losses arising on investments are included in “net movement in unrealised gain/(loss) on financial assets at fair value through profit or loss” and “net realised gain/(loss) on financial assets at fair value through profit or loss” respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are included in the “net realised gain/(loss) on foreign currency” and “net movement in unrealised gain/(loss) on foreign currency” in the Statement of Comprehensive Income.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 2. Significant Accounting Policies (Continued)

##### Financial Assets and Liabilities at Fair Value Through Profit or Loss

###### (i) Classification

In accordance with IFRS 9 - Financial Instruments: Recognition and Measurement ("IFRS 9"), all of the Company's investments are classified as financial assets and financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

###### *Financial Assets and Liabilities Held for Trading*

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term or, if on initial recognition, are part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are categorised as held for trading.

###### *Financial Assets and Liabilities Designated at Fair Value Through Profit or Loss at Inception*

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Manager and the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Equities are categorised as financial assets and liabilities designated at fair value through profit or loss at inception.

###### (ii) Recognition

Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the investment. Investments other than those subject to regular way sale are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

###### (iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise. Unrealised gains and losses on investments arising during the financial year are taken to the Statement of Comprehensive Income.

Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income using the effective interest method. Dividend income from equity investments at fair value through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Company's right to receive payments is established.

###### (iv) Fair Value Estimation

IFRS 13 – Fair Value Measurement ("IFRS 13") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities, exchange traded funds, warrants, floating rate notes and bonds) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets and liabilities held by the Company is the current last traded price.

###### (v) Derecognition of Financial Assets and Liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. The Company uses the average cost method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

##### Forward Currency Contracts

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward contract at the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts (if any) is calculated as the difference between the contract rate and the forward price, and is recognised in the Statement of Comprehensive Income.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 2. Significant Accounting Policies (Continued)

##### Redeemable Participating Shares

The Company issues redeemable participating shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable participating shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's Net Asset Value. The redeemable participating shares are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the shares back to the Company.

##### Anti-Dilution Levy

The Directors may, where there are large net subscriptions and/or redemptions, charge an anti-dilution levy which will be calculated to cover the costs of acquiring and/or redeeming investments as a result of net subscriptions and/or redemptions on any Dealing Day, which will include any dealing spreads, commissions and will be charged in circumstances where the Directors believe it is necessary to prevent an adverse effect on the value of the assets of the sub-funds. The level of the anti-dilution levy may vary but at no time shall exceed a maximum 5% of the Net Asset Value of the sub-fund. The amount of anti-dilution levy charged during the financial year, if any, is disclosed in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

##### Cash and Cash Equivalents

Cash and cash equivalents comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value of base currency, and may be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### Dividend and Interest Income

Dividend income, gross of withholding tax, relating to exchange-traded equity investments is recognised in the Statement of Comprehensive Income on the ex-dividend date. In some cases, the Company may receive or choose dividends in the form of additional shares rather than cash. In such cases, the Company recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment. Interest income is accounted for on an accrual basis.

Interest income on cash and cash equivalents is recognised in the Statement of Comprehensive Income using effective interest rates. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

##### Expenses

All expenses, including management fees, administration fees, depositary fees and custodian fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

##### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a) a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended are held by the Company; and
- b) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 2. Significant Accounting Policies (Continued)

##### Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs, when incurred, are immediately recognized in Statement of Comprehensive Income as a change in fair value of financial assets and at fair value through profit or loss.

For the financial year ended 30 June 2021 the Company incurred transaction costs totaling USD 1,234,972 (financial year ended 30 June 2020: USD 1,197,657). The transaction costs include USD 450,294 (financial year ended 30 June 2020: USD 675,169) of commissions and USD 784,678 (financial year ended 30 June 2020: USD 522,488) of brokerage charges.

#### 3. Operating Expenses

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
Administration fee	374,753	102,000	148,144	84,000	708,897
Directors' fees	42,633	9,313	18,545	53	70,544
Audit fee	12,691	12,691	12,691	5,689	43,762
Transfer agent fee	53,514	27,316	22,080	15,182	118,092
Sub-custodian fee	145,293	40,982	119,542	1,476	307,293
Depository fee	208,882	57,119	108,164	9,000	383,165
Management fee	5,181,213	619,392	1,756,918	13,402	7,570,925
Capital gains tax payment	12,054	—	1,191,790	20	1,203,864
Legal fees	111,169	19,709	42,175	138	173,191
Professional fee	74,331	6,191	13,841	2,792	97,155
Registration and filing fee	37,791	5,180	60,558	11,243	114,772
Other fees	52,318	14,610	30,139	3,449	100,516
<b>Total</b>	<b>6,306,642</b>	<b>914,503</b>	<b>3,524,587</b>	<b>146,444</b>	<b>10,892,176</b>

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
Administration fee	318,165	102,558	175,143	84,003	679,869
Directors' fees	35,907	9,359	20,344	41	65,651
Audit fee	11,627	11,627	11,627	5,915	40,796
Transfer agent fee	36,805	21,341	22,065	15,213	95,424
Sub-custodian fee	90,982	41,035	162,874	4,347	299,238
Depository fee	182,905	66,773	121,700	9,002	380,380
Management fee	3,913,157	543,194	4,309,672	10,269	8,776,292
Capital gains tax payment	—	—	715,297	—	715,297
Legal fees	89,178	23,535	45,981	187	158,881
Professional fee	81,062	17,295	29,502	77	127,936
Registration and filing fee	38,660	4,861	32,014	18,505	94,040
Other fees	34,370	10,609	32,491	(7,087)	70,383
<b>Total</b>	<b>4,832,818</b>	<b>852,187</b>	<b>5,678,710</b>	<b>140,472</b>	<b>11,504,187</b>

##### Directors' Fees

The total Directors' fees are disclosed in the operating expense tables. All of these fees were emoluments in respect of services for the Company. The listing of the members of the Board of Directors is shown on page 1 of the financial statements. Currently only Mike Kirby and Jim Cleary receive a Director's fee. David Loevner's and Ryan Bowles' Directors' fees have been waived. The fees for the financial year ended 30 June 2021 were USD 70,544 (financial year ended 30 June 2020: USD 65,651). There were no Directors fees payable as at 30 June 2021.

##### Auditors' Remunerations

Fees and expenses payable to the statutory auditors, Deloitte Ireland LLP, amounting to USD 35,579 (excluding VAT) (30 June 2020: USD 33,168), were earned in respect of the financial year, of which USD 35,579 (excluding VAT) (30 June 2020: USD 33,168) was payable at the financial year end, which entirely relates to the audit of the financial statements of the Company. There were no fees and expenses paid in respect of other assurance, tax advisory or non-audit services provided by the auditors for the financial year ended 30 June 2021 (30 June 2020: USD Nil).

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 3. Operating Expenses (Continued)

##### Administration Fee

The Company has an administration agreement with Northern Trust International Fund Administration Services (Ireland) Limited (the “Administrator”) to provide fund accounting & financial reporting services and transfer agency services for the sub-funds. As per the terms of the agreement, the sub-funds pay an administration fee determined as a percentage of the Net Asset Value of the sub-funds calculated in accordance with a sliding scale subject to a minimum monthly fee of USD 7,000 per sub-fund (up to 2 classes of shares) plus a minimum monthly fee of USD 750 per additional share class.

The Administrator shall be entitled to receive out of the net assets of each sub-fund an annual fee, accrued and calculated at each Valuation Point and payable monthly in arrears at an annual rate which will not exceed 0.05% of the Net Asset Value of the sub-fund, plus value added tax, if any, subject to a monthly minimum fee per sub-fund of USD 7,000. For its Transfer Agency services, the Administrator shall be entitled to receive out of the net assets of each sub-fund an annual base fee of USD 15,000 per sub-fund. For the provision of services in respect of German tax filings, the Administrator shall be entitled to receive out of the net assets of each sub-fund requiring such services an annual fee of EUR 15,000. The Administrator is entitled to be repaid all of its properly vouched out-of-pocket expenses out of the assets of the sub-funds plus value added tax, if any.

The Administration fee for the Company for the financial year ended 30 June 2021 was USD 708,897 (financial year ended 30 June 2020: USD 679,869). The amount payable at 30 June 2021 was USD 65,879 (30 June 2020: USD 104,037).

The Northern Trust Company, London Branch (“TNTC”) provides KIID services to the Company. Fees of USD 17,635 (30 June 2020: 15,635) were paid to TNTC during the financial year and USD 7,790 (30 June 2020: USD 6,729) was payable at 30 June 2021.

##### Depository Fee

The Company has a depository agreement with Northern Trust Fiduciary Services (Ireland) Limited (the “Depository”) to provide oversight and verification services for the sub-funds. Per the terms of the agreement, the sub-funds pay a fee up to 0.027% of the Net Asset Value of the sub-funds calculated in accordance with a sliding scale subject to a minimum monthly fee of USD 750 per sub-fund.

Subject to a minimum annual custody fee of USD 9,000 per sub-fund, the Depository will be entitled to receive out of the net assets of each sub-fund the following additional transaction fees: Clean Payments USD 10, ETD Transactions USD 25, Hedge Fund Holdings USD 1,500, Hedge Funds Transactions USD 25, Margin Movements USD 20, OTC Holdings Moderate – IM Valuations USD 900, OTC Holdings Moderate – Independent Valuations USD 900, OTC Holdings Simple – IM Valuations USD 600, OTC Holdings Simple – Independent Valuations USD 600, OTC Transactions – Moderate USD 150, OTC Transactions – Simple USD 100, Principal Paydowns USD 5, Private Market Holdings USD 1,500, Private Market Transactions USD 25, Real Estate Fund Holdings USD 1,500, Real Estate Holding Transactions USD 25, Single Line Item USD 1,500, Single Line Transactions USD 25, STIF Holdings, USD 1,500, STIF Transactions USD 10, Swap Resets USD 20, Third Party Fixed Deposits USD 50, and Third Party FX USD 50. The Depository fee is accrued and calculated at each valuation point and payable monthly in arrears.

The Depository fee for the financial year ended 30 June 2021 was USD 690,458 (financial year ended 30 June 2020: USD 679,618). The amount payable at 30 June 2021 was USD 68,248 (30 June 2020: USD 106,500).

##### Investment Manager Fees and Expenses

The Investment Manager is entitled to receive from the sub-funds out of the assets of the sub-funds an annual fee of:

- 0.70% for the Global Equity Fund Class M shares, 0.75% for the Class A shares, 1.00% for the Class B shares, 1.50% for the Class D shares and the following for USD Class S1 shares:
  - 0.65% on the first USD 50 million of assets attributable to the US Dollar Class S1 shares; plus
  - 0.55% on the next USD 50 million of assets attributable to the US Dollar Class S1 shares; plus
  - 0.45% on the next USD 150 million of assets attributable to the US Dollar Class S1 shares; plus
  - 0.40% on the next USD 250 million of assets attributable to the US Dollar Class S1 shares; plus
  - 0.35% on the next USD 250 million of assets attributable to the US Dollar Class S1 shares; plus
  - 0.30% on assets attributable to the US Dollar Class S1 shares in excess of USD 750 million.
- 0.75% for the International Equity Fund Class A shares, and 1.00% for the Class B shares.
- 0.80% for the Emerging Markets Equity Fund Class I shares, 1.00% for the Class A shares, 1.35% for the Class B shares and 0.95% for the Class M shares; and
- 0.90% for the Global Small Companies Equity Fund Class A shares.

The Investment Manager shall not receive a fee for the Class S shares of the Global Equity Fund, Emerging Market Equity Fund, the International Equity Fund and Global Small Companies Equity Fund. Fees for these share classes are charged outside of the net asset value.

This fee accrues and is calculated on each dealing day and is payable monthly in arrears.



# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 3. Operating Expenses (Continued)

##### Investment Manager Fees and Expenses (Continued)

The Investment Manager is also entitled to be reimbursed out of the assets of the sub-funds for its reasonable out-of-pocket costs and expenses incurred in the performance of its duties. The Investment Manager fee for the financial year ended 30 June 2021 for the Company was USD 7,570,925 (financial year ended 30 June 2020: USD 8,776,292). The amount payable as at 30 June 2021 was USD 883,673 (30 June 2020: USD 667,947).

In order to limit the sub-funds' total expenses, the Investment Manager voluntarily has agreed to reimburse the sub-funds for expenses in excess of the following (as a percentage relative to the classes' respective Net Asset Values):

- 0.75% for the Global Equity Fund Class M shares, 0.80% for the Class A shares, 1.10% for the Class B shares, 10 bps of operating expenses excluding Investment Management Fees ("Management fee") for the USD Class S1 shares, 1.60% for Class D shares and 0.10% for Class S shares;
- 0.90% for the International Equity Fund Class A shares, 1.15% for the Class B shares and 0.10% for the Class S share;
- 0.90% for the Emerging Markets Equity Fund Class I shares, 1.05% for the Class M shares, 1.10% for the Class A shares, 0.10% for the Class S shares and 1.50% for the Class B shares; and
- 1.05% for the Global Small Companies Equity Fund Class A shares.

#### 4. Financial Assets at Fair Value Through Profit or Loss

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
<b>Equity and equity related instruments</b>					
At cost	914,731,178	147,517,843	264,222,268	1,168,989	1,327,640,278
Unrealised gain on financial assets at fair value through profit or loss	408,392,531	62,150,080	130,296,596	473,249	601,312,456
	<u>1,323,123,709</u>	<u>209,667,923</u>	<u>394,518,864</u>	<u>1,642,238</u>	<u>1,928,952,734</u>

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
<b>Equity and equity related instruments</b>					
At cost	706,633,237	164,034,819	320,890,600	1,039,413	1,192,598,069
Unrealised gain on financial assets at fair value through profit or loss	276,369,378	24,720,808	31,426,663	153,420	332,670,269
	<u>983,002,615</u>	<u>188,755,627</u>	<u>352,317,263</u>	<u>1,192,833</u>	<u>1,525,268,338</u>

#### 5. Cash and Cash Equivalents

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
Cash held at custodian bank	23,800,170	5,188,033	2,741,811	10,720	31,740,734
	<u>23,800,170</u>	<u>5,188,033</u>	<u>2,741,811</u>	<u>10,720</u>	<u>31,740,734</u>

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
Cash held at custodian bank	18,027,090	2,903,899	13,553,803	34,684	34,519,476
	<u>18,027,090</u>	<u>2,903,899</u>	<u>13,553,803</u>	<u>34,684</u>	<u>34,519,476</u>

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

##### 5. Cash and Cash Equivalents (Continued)

Cash and cash equivalents include cash held in an interest bearing account with TNTC.

##### 6. Receivables

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
Dividends receivable	846,497	305,868	523,928	967	1,677,260
Interest receivable	–	1	1	–	2
Amounts receivable on securities sold	1,667,280	–	337,673	7,703	2,012,656
Amounts receivable on shares issued	2,085,209	135,000	–	–	2,220,209
Other assets	44,628	7,896	15,767	21,402	89,693
	<u>4,643,614</u>	<u>448,765</u>	<u>877,369</u>	<u>30,072</u>	<u>5,999,820</u>

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
Dividends receivable	232,711	282,998	688,780	873	1,205,362
Interest receivable	9,424	1,002	4,733	9	15,168
Amounts receivable on securities sold	2,972,357	12,124,866	3,476,729	–	18,573,952
Amounts receivable on shares issued	89,365	–	–	–	89,365
Other assets	24,724	20,253	35,772	5,452	86,201
	<u>3,328,581</u>	<u>12,429,119</u>	<u>4,206,014</u>	<u>6,334</u>	<u>19,970,048</u>

##### 7. Forward Foreign Exchange Contracts

The Company may engage in forward foreign currency transactions for protection against exchange rate risk. The Investment Manager would not normally expect to utilise such instruments except to act as a hedge against an adverse movement in the value of the portfolio of income producing securities held by the Company.

As at 30 June 2021 and 30 June 2020 the Company had no open forward foreign currency exchange contracts for the purpose of trade settlement.

##### 8. Creditors (Amounts Falling Due Within One Year)

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
Amounts payable on securities purchased	–	–	153,986	–	153,986
Amounts payable on capital shares redeemed	4,790	75,327	345	–	80,462
Management fee payable	755,575	66,727	60,020	1,351	883,673
Administration fee payable	36,484	9,222	12,578	7,595	65,879
Depository fee payable	34,170	10,226	22,000	1,852	68,248
Withholding tax payable	100,637	47,122	61,537	248	209,544
Audit fee payable	10,318	10,318	10,318	4,625	35,579
Capital gains tax provision	–	–	1,530,810	20	1,530,830
Other accrued expenses	88,691	19,061	52,167	15,480	175,399
	<u>1,030,665</u>	<u>238,003</u>	<u>1,903,761</u>	<u>31,171</u>	<u>3,203,600</u>

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 8. Creditors (Amounts Falling Due Within One Year) (Continued)

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
Amounts payable on securities purchased	4,655,882	–	–	–	4,655,882
Amounts payable on capital shares redeemed	423,444	15,000,000	–	–	15,423,444
Management fee payable	344,289	50,198	272,502	958	667,947
Administration fee payable	51,451	17,000	21,586	14,000	104,037
Depository fee payable	44,013	16,904	42,590	2,993	106,500
Capital gains tax provision	–	–	775,234	–	775,234
Other accrued expenses	141,248	72,428	135,037	16,084	364,797
	5,660,327	15,156,530	1,246,949	34,035	22,097,841

#### 9. Distributions to Redeemable Participating Shareholders

The Directors intend to declare a dividend in respect of the Sterling Class shares of Global Equity Fund such that substantially all of the net income relating to such classes shall be distributed on a semi-annual basis. There are no dividend entitlements for all other share classes of the Global Equity Fund. The Directors also intend to declare a dividend in respect of Sterling Class shares of the International Equity Fund on a semi-annual basis. There are no dividend entitlements for all other share classes of the International Equity Fund. There are no dividend entitlements for share classes of the Emerging Markets Equity Fund or the Global Small Companies Equity Fund.

During the financial year ended 30 June 2021 the Directors declared dividends totaling USD 1,597,168 (30 June 2020: USD 3,107,259).

#### 10. Redeemable Participating Shares

The authorised share capital of the Company is 1,000,000,000,000 shares of no par value initially designated as unclassified shares. The minimum issued share capital of the Company is €2 represented by 2 shares (the “Subscriber Shares”) issued for the purposes of the incorporation of the Company and to obtain a certificate to commence trade at an issue price of €1 per share which are fully paid up and which are beneficially owned by David Loevner (1 share) and Ryan Bowles (1 share). The maximum issued share capital of the Company is 1,000,000,000,000 unclassified shares of no par value. The Subscriber Shares do not form part of the Net Asset Value of the Company and are thus disclosed in the financial statements by way of this note only.

The unclassified shares are available for issue as shares. The issue price is payable in full on acceptance. There are no rights of pre-emption attaching to the shares in the Company.

#### Global Equity Fund

The Global Equity Fund issued the following redeemable participating shares during the financial year:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100
Euro Class A	EUR 1.000	USD 1,000,000 or currency equivalent	EUR 100
Sterling Class A	GBP 1.000	USD 1,000,000 or currency equivalent	GBP 100
US Dollar Class B	USD 1.000	USD 100	USD 100
Sterling Class B	GBP 1.000	USD 100 or currency equivalent	GBP 100
US Dollar Class D	USD 1.000	USD 100	USD 100
Euro Class M	EUR 1.000	USD 50,000,000 or currency equivalent	EUR 100
Sterling Class M	GBP 1.000	USD 50,000,000 or currency equivalent	GBP 100
Euro Class S	EUR 1.000	USD 20,000,000 or currency equivalent	EUR 100
Sterling Class S	GBP 1.000	USD 20,000,000 or currency equivalent	GBP 100
Canadian Dollar Class S	CAD 1.000	USD 20,000,000 or currency equivalent	EUR 100
US Dollar Class S1	USD 1.000	USD 20,000,000	USD 100

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 10. Redeemable Participating Shares (Continued)

##### International Equity Fund

The International Equity Fund issued the following redeemable participating shares during the financial year:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100
Sterling Class A	GBP 1.000	USD 1,000,000 or currency equivalent	GBP 100
US Dollar Class B	USD 1.000	USD 100	USD 100
US Dollar Class S	USD 1.000	USD 30,000,000	USD 100

##### Emerging Markets Equity Fund

The Emerging Markets Equity Fund issued the following redeemable participating shares during the financial year:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100
US Dollar Class B	USD 1.000	USD 100	USD 100
Canadian Dollar Class B	CAD 1.000	USD 100 or currency equivalent	CAD 100
Euro Class I	EUR 1.000	USD 100,000,000 or currency equivalent	EUR 100
US Dollar Class I	USD 1.000	USD 100,000,000	USD 100
US Dollar Class M	USD 1.000	USD 50,000,000	USD 100
Canadian Dollar Class S	CAD 1.000	USD 20,000,000 or currency equivalent	CAD 100

##### Frontier Emerging Markets Equity Fund

As at 30 June 2021, there were no share classes in issue in the Frontier Emerging Markets Equity Fund.

##### Global Small Companies Equity Fund

The Global Small Companies Fund issued the following redeemable participating shares during the financial year:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 10. Redeemable Participating Shares (Continued)

The following table details the movement in the redeemable participating shares during the financial year ended 30 June 2021 and 30 June 2020:

##### Global Equity Fund

	Opening shares	Shares issued during the financial year	Shares redeemed during the financial year	Closing shares
<b>30 June 2021</b>				
Euro Class A	58,379,746	19,967,840	(8,630,502)	69,717,084
Sterling Class A	21,384,373	9,869,054	(1,167,573)	30,085,854
US Dollar Class A	35,066,442	20,024,904	(4,116,239)	50,975,107
Sterling Class B	99,000	—	—	99,000
US Dollar Class B	2,357,989	2,758,906	(735,150)	4,381,745
US Dollar Class D	375,318	54,475	(54,475)	375,318
Euro Class M	37,605,563	—	(6,666,667)	30,938,896
Singapore Dollar Class M	69,491,830	4,738,506	—	74,230,336
Canadian Dollar Class S	35,500,000	—	—	35,500,000
Euro Class S	41,476,629	—	(22,083,319)	19,393,310
Sterling Class S	162,510,630	560,137	—	163,070,767
US Dollar Class S	44,034,323	—	(44,034,323)	—
US Dollar Class S1	143,126,067	—	(26,402,640)	116,723,427
<b>30 June 2020</b>				
Euro Class A	47,720,264	16,747,645	(6,088,163)	58,379,746
Sterling Class A	50,439,870	7,703,894	(36,759,391)	21,384,373
US Dollar Class A	31,288,577	4,675,774	(897,910)	35,066,442
Sterling Class B	99,000	—	—	99,000
US Dollar Class B	1,265,065	3,520,971	(2,428,047)	2,357,989
US Dollar Class D	470,501	172,938	(268,120)	375,318
Euro Class M	61,072,804	—	(23,467,241)	37,605,563
Singapore Dollar Class M	69,491,830	—	—	69,491,830
Canadian Dollar Class S	—	35,500,000	—	35,500,000
Euro Class S	52,523,827	3,846,154	(14,893,352)	41,476,629
Sterling Class S	202,788,814	1,079,703	(41,357,886)	162,510,630
US Dollar Class S	49,952,866	1,342,682	(7,261,226)	44,034,323
US Dollar Class S1	156,725,342	—	(13,599,275)	143,126,067

##### International Equity Fund

	Opening shares	Shares issued during the financial year	Shares redeemed during the financial year	Closing shares
<b>30 June 2021</b>				
Sterling Class A	1,036,062	867,020	(112,612)	1,790,470
US Dollar Class A	44,421,112	12,938,528	(13,648,850)	43,710,790
US Dollar Class B	6,647,384	1,602,937	(2,384,721)	5,865,600
US Dollar Class S	99,094,946	2,628,121	(27,283,072)	74,439,995
<b>30 June 2020</b>				
Sterling Class A	1,611,804	20,206	(595,948)	1,036,062
US Dollar Class A	51,051,341	8,609,723	(15,239,951)	44,421,112
US Dollar Class B	8,082,301	863,727	(2,298,644)	6,647,384
US Dollar Class S	137,582,471	49,403,240	(87,890,765)	99,094,946

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 10. Redeemable Participating Shares (Continued)

##### Emerging Markets Equity Fund

	Opening shares	Shares issued during the financial year	Shares redeemed during the financial year	Closing shares
<b>30 June 2021</b>				
US Dollar Class A	10,601,892	198,019	(4,363,409)	6,436,502
Canadian Dollar Class B	500,000	–	–	500,000
US Dollar Class B	4,669,640	221,281	(2,806,776)	2,084,145
Canadian Dollar Class I	145,824,614	–	(145,824,614)	–
US Dollar Class I	98,817,575	–	(61,923,315)	36,894,260
Canadian Dollar Class M	72,215,000	–	(72,215,000)	–
Canadian Dollar Class S	–	349,575,881	(20,958,681)	328,617,200
<b>30 June 2020</b>				
US Dollar Class A	39,271,363	2,761,741	(31,431,212)	10,601,892
Canadian Dollar Class B	–	500,000	–	500,000
US Dollar Class B	5,150,068	475,282	(955,710)	4,669,640
Canadian Dollar Class I	132,640,699	13,183,915	–	145,824,614
Euro Class I	81,140,182	–	(81,140,182)	–
US Dollar Class I	98,817,575	–	–	98,817,575
Canadian Dollar Class M	72,215,000	–	–	72,215,000
Sterling Class M	52,485,752	–	(52,485,752)	–

##### Global Small Companies Equity Fund

	Opening shares	Shares issued during the financial year	Shares redeemed during the financial year	Closing shares
<b>30 June 2021</b>				
US Dollar Class A	1,000,000	–	–	1,000,000
<b>30 June 2020</b>				
US Dollar Class A	1,000,000	–	–	1,000,000

Each of the shares entitles the shareholder to participate equally on a pro rata basis in the dividends and net assets of the Company, save in the case of dividends declared prior to becoming a shareholder. Each of the shares entitles the holder to attend and vote at meetings of the Company. No Class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class of shares or any voting rights in relation to matters relating solely to any other Class of shares. The Company may from time to time by ordinary resolution alter the share capital by consolidating, sub-dividing, cancelling and redenominating the currency of any Class of shares.

#### 11. Efficient Portfolio Management Techniques

The Company may employ investment techniques and instruments relating to its investments for the purpose of efficient portfolio management under the conditions and within the limits stipulated from time to time by the Central Bank under the UCITS Regulations. The Company may use the various investment techniques and instruments for efficient portfolio management such as taking long or short positions in derivative instruments including options, futures, forward contracts, and swaps so as to alter the interest rate, credit and/or currency exposure of the portfolio. Derivative instruments may be purchased for the purposes of efficient portfolio management only and in accordance with the Central Bank's guidelines. The Company did not use these techniques during the financial year or the prior financial year.

#### 12. Related Party Transactions

IAS 24 – Related Party Disclosures ("IAS 24") requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company has appointed Harding Loevner LP (the "Investment Manager") to perform investment management and advisory services, in accordance with the investment objectives and policies of the Company.

Ryan Bowles and entities owned by David Loevner are limited partners of the Investment Manager. David Loevner's and Ryan Bowles' Directors' fees have been waived. They each hold one Subscriber Share.



# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 12. Related Party Transactions (Continued)

Mike Kirby is the Managing Principal of KB Associates, who provide consulting services to the Company. Fees of USD 58,651 (30 June 2020: USD 71,241) were paid to KB Associates during the financial year and USD 17,322 (30 June 2020: USD 15,196) was payable at 30 June 2021.

TNTC earned fees for provision of KIID services to the Company. Please refer to Note 3 for details of these fees.

The amounts earned by the Directors and the Investment Manager are disclosed in Note 3 on pages 42 to 43. The amount owing to the Directors and the Investment Manager are disclosed in Note 3 on pages 42 to 43.

Although not deemed to be related parties under IFRS as they do not exercise "significant influence" over the activities of the sub-funds, UCITS Regulations also deems a "Depositary" and its "associated or group companies" to be related parties to the Company. As such, Northern Trust Fiduciary Services (Ireland) Limited, the Depositary, and Northern Trust International Fund Administration Services (Ireland) Limited, the Administrator, are related parties to the Company under the Central Bank's UCITS Regulations. During the year, Northern Trust Fiduciary Services (Ireland) Limited and Northern Trust International Fund Administration Services (Ireland) Limited earned fees for provision of custody and administration services to the Company as disclosed in Note 3 to the financial statements. During the year companies related to the Depositary were also selected by the Investment Manager on behalf of the Company to execute foreign currency spot and forward foreign currency transactions and to accept deposits. All of the above transactions were carried out as if conducted at arms length.

#### 13. Financial Instruments and Associated Risks

The Company maintains positions in a variety of freely transferable equity and equity related securities as dictated by its investment management strategy.

The Company seeks to achieve its objective by investing in companies that the Investment Manager regards as well managed, financially sound, fast growing, and competitively well positioned. Each sub-fund's investment portfolio comprises of quoted equity investments that it intends to hold for an indefinite period of time. Portfolio allocation is determined by the Investment Manager who manages the distribution of the assets to achieve the investment objectives. The composition of the portfolio and divergence from the target portfolio allocation is monitored by the Investment Manager. In instances where the portfolio has diverged from the target portfolio allocations, the Investment Manager will rebalance the portfolio to align it with the target portfolio allocations. The Company may invest in derivative financial instruments.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Company are discussed below. Further information on the risks arising from the Company's financial instruments are set out in the Prospectus and Supplements.

##### Market Risk

The market value of the Company's investments fluctuates with, amongst other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the securities in which the Company invests.

The Company's market risk is comprised mainly of price risk and foreign currency risk. Market price of the securities owned by the Company will fluctuate as a result of factors specific to an individual security as well as global factors affecting all instruments traded in the market. Interest rate risk, another component of market risk, is minimal since the Company tends to be fully invested in non-interest bearing assets minimizing each sub-fund's cash weighting.

Market risk is managed by the Investment Manager by ensuring that each sub-fund's portfolio remains diversified across economic sectors, industries, geography and currencies. Also, limits are imposed on the number of holdings, maximum position in a single security, single sector/industry, single country etc.

At the level of individual holdings, the Investment Manager monitors the performance of the companies in which it has invested to support continued investment in the stock of the companies. The Investment Manager continually reviews future growth prospects, financial strength, management quality and competitive position of each of the companies in the portfolio. At the portfolio level, the Investment Manager uses a global factor risk model to estimate prospective tracking error versus each sub-fund's benchmark (refer to the Investment Manager's report pages 3 to 21 of the Annual Commentary). Such analysis and review helps identify unacceptable risks and allows the Investment Manager to take corrective action where needed.

##### Equity Risk

The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. Prices of equities fluctuate daily dependent on market conditions. Markets can be influenced by factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events, pandemics and wider market expectations. The value of equities can fall as well as rise. A sub-fund investing in equities could incur significant losses.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Hong Kong – Shanghai and Shenzhen Stock Connect Risk

A sub-fund may invest in certain eligible securities listed and traded on the Shanghai Stock Exchange through China Connect. China Connect is a securities trading and clearing programme developed by The Stock Exchange of Hong Kong Limited (“SEHK”), the Shanghai Stock Exchange (“SSE”), Hong Kong Securities Clearing Company Limited (“HKSCC”), Shenzhen Stock Exchange (“SZSE”) and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE. A sub-fund may trade and settle select securities listed on the SSE through the SEHK, HKSCC and SZSE trading link. Trading through China Connect is subject to a number of restrictions which may impact a Fund’s investments. In particular, it should be noted that China Connect is in its initial stages. Further developments are likely and there is no assurance as to whether or how such developments may restrict or affect a Fund’s investments. Further details on the risks associated with investing through China Connect are set out in the Company’s Prospectus.

##### Price Risk

Price risk encompasses the risk that the value of an investment will fluctuate as a result of changes in market prices whether caused by factors specific to an individual investment or all factors affecting all securities traded in the market. All of the Company’s financial instruments are carried at fair value, with fair value changes recognised in the Statement of Comprehensive Income and the Statement of Financial Position, all changes in market conditions will directly affect Net Investment Income and Net Asset Value, respectively.

Adherence to the investment guidelines and to investment and borrowing powers set out in the instrument of incorporation, the Prospectus and the UCITS Regulations issued by the Central Bank mitigates the risk of excessive exposure to any particular sector, geographic region, type of security or issuer.

All of the Company’s equity investments are listed on stock exchanges and regulated markets as outlined in Appendix 1 at page 72 of the Prospectus. Details of the investment objective and policies for each sub-fund of the Company appear in the supplement for the relevant sub-fund.

##### Price Risk Sensitivity Analysis

Sensitivity analysis has been determined based on the exposure to risks as at 30 June 2021.

The Company’s price risk is one of the three main components of market risk. If the price of equities at 30 June 2021 had increased by 10% for the Global Equity Fund with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating shares by approximately USD 132,312,371 (30 June 2020: USD 98,300,262). Conversely, if the price of equities had decreased by 10%, this would have decreased net assets attributable to holders of redeemable participating shares by approximately USD 132,312,371 (30 June 2020: USD 98,300,262).

If the price of equities at 30 June 2021 had increased by 10% for the International Equity Fund with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating shares by approximately USD 20,966,792 (30 June 2020: USD 18,875,563). Conversely, if the price of equities had decreased by 10%, this would have decreased net assets attributable to holders of redeemable participating shares by approximately USD 20,966,792 (30 June 2020: USD 18,875,563).

If the price of equities at 30 June 2021 had increased by 10% for the Emerging Markets Equity Fund with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating shares by approximately USD 39,451,886 (30 June 2020: USD 35,231,726). Conversely, if the price of equities had decreased by 10%, this would have decreased net assets attributable to holders of redeemable participating shares by approximately USD 39,451,886 (30 June 2020: USD 35,231,726).

The Frontier Emerging Markets Equity Fund is a dormant sub-fund and did not hold any investments in the current financial year or prior financial year and therefore has no exposure to price risk.

If the price of equities at 30 June 2021 had increased by 10% for the Global Small Companies Equity Fund with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating shares by approximately USD 164,224 (30 June 2020: USD 119,283). Conversely, if the price of equities had decreased by 10%, this would have decreased net assets attributable to holder of redeemable participating shares by approximately USD 164,224 (30 June 2020: USD 119,283).

##### Foreign Currency Risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is US Dollars but the investments in equity securities are made in a number of countries worldwide in local currencies. The financial assets and liabilities of the sub-funds are denominated in currencies other than the base currency with the effect that the statement of financial position can be significantly affected by currency movements. Share classes not denominated in USD will have exposure to USD movements.

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk (Continued)

The Company's currency risk exposure is managed by the Investment Manager as follows:

- The Company's foreign currency exposure is embedded in the foreign equity securities it owns. The risk is managed through diversification and use of a global factor risk model as referenced above.
- The Company tends to be fully invested in equity securities and holds limited cash.

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities.

##### Global Equity Fund

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2021</b>				
Australian Dollar	6,469,421	—	6,469,421	0.48
Brazilian Real	13,337,843	164,728	13,502,571	1.00
British Sterling Pound	20,569,777	(27)	20,569,750	1.52
Danish Krone	11,223,910	—	11,223,910	0.83
Euro	67,189,236	(37)	67,189,199	4.97
Hong Kong Dollar	132,224,723	194,391	132,419,114	9.80
Indonesian Rupiah	12,704,390	—	12,704,390	0.94
Japanese Yen	45,158,895	58,323	45,217,218	3.35
Polish Zloty	11,699,979	(4)	11,699,975	0.87
Singapore Dollar	12,804,223	—	12,804,223	0.95
Swedish Krona	23,312,330	—	23,312,330	1.73
Swiss Franc	26,056,966	—	26,056,966	1.93
Taiwan Dollar	8,926,335	29,629	8,955,964	0.66
Foreign currency exposure	391,678,028	447,003	392,125,031	29.03
US Dollar	956,269,477	2,142,320	958,411,797	70.97
	<u>1,347,947,505</u>	<u>2,589,323</u>	<u>1,350,536,828</u>	<u>100.00</u>

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2020</b>				
British Sterling Pound	29,149,340	(412,287)	28,737,053	2.88
Danish Krone	7,787,029	—	7,787,029	0.78
Euro	87,288,354	(2,652,437)	84,635,917	8.48
Hong Kong Dollar	47,679,923	—	47,679,923	4.77
Indonesian Rupiah	13,066,758	—	13,066,758	1.31
Japanese Yen	75,119,278	105,172	75,224,450	7.53
Swiss Franc	39,983,930	—	39,983,930	4.00
Foreign currency exposure	300,074,612	(2,959,552)	297,115,060	29.75
US Dollar	700,955,042	544,931	701,499,973	70.25
	<u>1,001,029,654</u>	<u>(2,414,621)</u>	<u>998,615,033</u>	<u>100.00</u>

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk (Continued)

##### International Equity Fund

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2021</b>				
British Sterling Pound	13,450,543	—	13,450,543	6.25
Canadian Dollar	2,090,832	—	2,090,832	0.97
Danish Krone	2,140,294	—	2,140,294	1.00
Euro	46,783,885	—	46,783,885	21.76
Hong Kong Dollar	18,743,522	40,207	18,783,729	8.73
Japanese Yen	26,874,176	52,830	26,927,006	12.53
Singapore Dollar	4,950,096	—	4,950,096	2.30
Swedish Krona	16,611,514	—	16,611,514	7.72
Swiss Franc	16,177,502	(1)	16,177,501	7.52
Foreign currency exposure	147,822,364	93,036	147,915,400	68.78
US Dollar	67,033,593	117,725	67,151,318	31.22
	214,855,957	210,761	215,066,718	100.00

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2020</b>				
British Sterling Pound	12,095,118	1,029,729	13,124,847	6.95
Canadian Dollar	1,962,937	166,190	2,129,127	1.13
Danish Krone	1,992,089	59,181	2,051,270	1.08
Euro	40,050,338	3,434,528	43,484,866	23.02
Hong Kong Dollar	14,418,692	345,708	14,764,400	7.81
Japanese Yen	29,123,554	761,813	29,885,367	15.82
Singapore Dollar	3,940,628	160,119	4,100,747	2.17
Swedish Krona	9,767,325	806,846	10,574,171	5.60
Swiss Franc	14,422,720	1,262,994	15,685,714	8.30
Foreign currency exposure	127,773,401	8,027,108	135,800,509	71.88
US Dollar	63,882,012	(10,750,406)	53,131,606	28.12
	191,655,413	(2,723,298)	188,932,115	100.00

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk (Continued)

##### Emerging Markets Equity Fund

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2021</b>				
Brazilian Real	12,983,036	51,065	13,034,101	3.29
British Sterling Pound	10,700,783	—	10,700,783	2.70
Chinese Yuan	21,499,303	1	21,499,304	5.43
Czech Republic Koruna	2,596,763	—	2,596,763	0.66
Hong Kong Dollar	104,217,555	284,396	104,501,951	26.36
Indian Rupee	26,866,116	59,935	26,926,051	6.80
Indonesian Rupiah	8,748,822	—	8,748,822	2.21
Kenyan Shilling	4,929,103	—	4,929,103	1.24
Mexican Nuevo Peso	11,964,853	—	11,964,853	3.02
Polish Zloty	1,623,450	(1)	1,623,449	0.41
South African Rand	5,934,275	—	5,934,275	1.50
South Korean Won	17,978,359	—	17,978,359	4.54
Taiwan Dollar	45,559,565	114,152	45,673,717	11.52
Thai Baht	3,292,555	—	3,292,555	0.83
Foreign currency exposure	278,894,538	509,548	279,404,086	70.51
US Dollar	118,366,146	(1,535,949)	116,830,197	29.49
	397,260,684	(1,026,401)	396,234,283	100.00

	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
<b>30 June 2020</b>				
Brazilian Real	10,731,648	16,601	10,748,249	2.91
British Sterling Pound	8,095,686	—	8,095,686	2.19
Canadian Dollar	18	—	18	—
Chinese Yuan	16,351,573	—	16,351,573	4.43
Czech Republic Koruna	2,277,794	—	2,277,794	0.62
Euro	10	—	10	—
Hong Kong Dollar	73,827,317	157,617	73,984,934	20.06
Indian Rupee	22,546,277	—	22,546,277	6.11
Indonesian Rupiah	10,248,265	54,413	10,302,678	2.79
Kenyan Shilling	4,753,562	—	4,753,562	1.29
Mexican Nuevo Peso	7,471,525	1	7,471,526	2.03
South African Rand	4,927,803	—	4,927,803	1.34
South Korean Won	15,993,989	—	15,993,989	4.34
Taiwan Dollar	34,216,310	125,810	34,342,120	9.31
Thai Baht	3,357,413	—	3,357,413	0.91
Foreign currency exposure	214,799,190	354,442	215,153,632	58.33
US Dollar	151,071,874	2,604,625	153,676,499	41.67
	365,871,064	2,959,067	368,830,131	100.00

##### Frontier Emerging Markets Equity Fund

The Frontier Emerging Markets Equity Fund is a dormant sub-fund and so had no exposure to foreign currency risk as at 30 June 2021 and 30 June 2020.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk (Continued)

##### Global Small Companies Equity Fund

30 June 2021	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
Australian Dollar	18,145	—	18,145	1.10
Bangladesh Taka	10,392	—	10,392	0.63
British Sterling Pound	192,669	3,591	196,260	11.88
Canadian Dollar	17,759	—	17,759	1.08
Danish Krone	29,902	—	29,902	1.81
Euro	285,447	4,552	289,999	17.55
Hong Kong Dollar	25,109	—	25,109	1.52
Indonesian Rupiah	15,794	—	15,794	0.96
Japanese Yen	238,810	122	238,932	14.46
Malaysian Ringgit	10,499	—	10,499	0.64
Mexican Nuevo Peso	7,431	—	7,431	0.45
Norwegian Krone	22,508	—	22,508	1.36
Peruvian Nuevo Sol	1	—	1	—
Philippine Peso	8,141	—	8,141	0.49
Polish Zloty	7,044	—	7,044	0.43
South African Rand	21,027	—	21,027	1.27
South Korean Won	5,740	—	5,740	0.35
Swedish Krona	38,520	—	38,520	2.33
Swiss Franc	43,492	—	43,492	2.63
Taiwan Dollar	39,702	—	39,702	2.40
Turkish Lira	2,563	—	2,563	0.16
UAE Dirham	3,470	—	3,470	0.21
Vietnamese Dong	13,193	—	13,193	0.80
Foreign currency exposure	<u>1,057,358</u>	<u>8,265</u>	<u>1,065,623</u>	<u>64.51</u>
US Dollar	595,621	(9,385)	586,236	35.49
	<u>1,652,979</u>	<u>(1,120)</u>	<u>1,651,859</u>	<u>100.00</u>



## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk (Continued)

##### Global Small Companies Equity Fund (Continued)

30 June 2020	Monetary assets USD	Other assets/ (liabilities) USD	Net exposure USD	Net exposure %
Bangladesh Taka	3,145	—	3,145	0.29
British Sterling Pound	113,747	—	113,747	9.51
Canadian Dollar	24,300	—	24,300	2.06
Danish Krone	25,320	—	25,320	2.14
Euro	210,252	381	210,633	17.59
Hong Kong Dollar	22,292	—	22,292	1.89
Indonesian Rupiah	7,847	—	7,847	0.68
Japanese Yen	219,050	271	219,321	18.31
Malaysian Ringgit	7,871	—	7,871	—
Mexican Nuevo Peso	15,457	—	15,457	1.32
Norwegian Krone	14,967	—	14,967	1.28
Peruvian Nuevo Sol	4,340	—	4,340	0.39
Polish Zloty	5,175	—	5,175	0.46
South African Rand	14,328	—	14,328	1.23
South Korean Won	3,504	—	3,504	0.32
Swedish Krona	36,304	—	36,304	3.06
Swiss Franc	28,245	—	28,245	2.39
Taiwan Dollar	32,019	—	32,019	2.70
Turkish Lira	3,815	—	3,815	0.35
UAE Dirham	1,664	—	1,664	0.17
Vietnamese Dong	4,204	—	4,204	0.38
Foreign currency exposure	<u>797,846</u>	<u>652</u>	<u>798,498</u>	<u>66.55</u>
US Dollar	429,671	(28,353)	401,318	33.45
	<u>1,227,517</u>	<u>(27,701)</u>	<u>1,199,816</u>	<u>100.00</u>

##### Foreign Currency Risk Sensitivity Analysis

At 30 June 2021 had the exchange rate between the US Dollar and all other currencies increased or decreased by 10% for Global Equity Fund with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating shares would amount to approximately USD 39,212,503 (30 June 2020: USD 29,711,506).

At 30 June 2021 had the exchange rate between the US Dollar and all other currencies increased or decreased by 10% for International Equity Fund with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating shares would amount to approximately USD 14,791,540 (30 June 2020: USD 13,580,051).

At 30 June 2021 had the exchange rate between the US Dollar and all other currencies increased or decreased by 10% for Emerging Markets Equity Fund with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating shares would amount to approximately USD 27,940,409 (30 June 2020: USD 21,515,363).

Frontier Emerging Markets Equity Fund is a dormant sub-fund and had no exposure to foreign currency risk as at 30 June 2021 and 30 June 2020.

At 30 June 2021 had the exchange rate between the US Dollar and all other currencies increased or decreased by 10% for Global Small Companies Equity Fund with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating shares would amount to approximately USD 106,562 (30 June 2020: USD 78,950).

In accordance with the Company's policy, the Investment Manager monitors each sub-fund's currency position on a daily basis.

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk Sensitivity Analysis (Continued)

The following table demonstrates the impact of a 10% movement in exchange rates against the US Dollar for each individual currency:

##### Global Equity Fund

	Effect of increase/decrease 30 June 2021 USD +/-	Effect of increase/decrease 30 June 2020 USD +/-
Australian Dollar	646,942	—
Brazilian Real	1,350,257	—
British Sterling Pound	2,056,975	2,873,705
Danish Krone	1,122,391	778,703
Euro	6,718,920	8,463,592
Hong Kong Dollar	13,241,911	4,767,992
Indonesian Rupiah	1,270,439	1,306,676
Japanese Yen	4,521,722	7,522,445
Polish Zloty	1,169,998	—
Singapore Dollar	1,280,422	—
Swedish Krona	2,331,233	—
Swiss Franc	2,605,697	3,998,393
Taiwan Dollar	895,596	—
	<u>39,212,503</u>	<u>29,711,506</u>

##### International Equity Fund

	Effect of increase/decrease 30 June 2021 USD +/-	Effect of increase/decrease 30 June 2020 USD +/-
British Sterling Pound	1,345,054	1,312,485
Canadian Dollar	209,083	212,913
Danish Krone	214,029	205,127
Euro	4,678,389	4,348,486
Hong Kong Dollar	1,878,373	1,476,440
Japanese Yen	2,692,701	2,988,537
Singapore Dollar	495,010	410,075
Swedish Krona	1,661,151	1,057,417
Swiss Franc	1,617,750	1,568,571
	<u>14,791,540</u>	<u>13,580,051</u>

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Foreign Currency Risk Sensitivity Analysis (Continued)

##### Emerging Markets Equity Fund

	Effect of increase/decrease 30 June 2021 USD +/-	Effect of increase/decrease 30 June 2020 USD +/-
Brazilian Real	1,303,410	1,074,825
British Sterling Pound	1,070,078	809,569
Canadian Dollar	–	2
Chinese yuan	2,149,931	1,635,157
Czech Koruna	259,676	227,779
Euro	–	1
Hong Kong Dollar	10,450,195	7,398,493
Indian Rupee	2,692,605	2,254,628
Indonesian Rupiah	874,882	1,030,268
Kenyan Shilling	492,910	475,356
Mexican Peso	1,196,485	747,153
Polish Zloty	162,345	–
South African Rand	593,428	492,780
South Korean Won	1,797,836	1,599,399
Taiwan Dollar	4,567,372	3,434,212
Thai Baht	329,256	335,741
	<u>27,940,409</u>	<u>21,515,363</u>

##### Frontier Emerging Markets Equity Fund

Frontier Emerging Markets Equity Fund is a dormant sub-fund and so had no exposure to foreign currency sensitivity risk analysis as at 30 June 2021 or 30 June 2020.

##### Global Small Companies Equity Fund

	Effect of increase/decrease 30 June 2021 USD +/-	Effect of increase/decrease 30 June 2020 USD +/-
Australian Dollar	1,815	–
Bangladesh Taka	1,039	315
British Sterling Pound	19,626	11,375
Canadian Dollar	1,776	2,430
Danish Krone	2,990	2,532
Euro	29,000	21,063
Hong Kong Dollar	2,511	2,229
Indonesian Rupiah	1,580	785
Japanese Yen	23,893	21,932
Malaysian Ringgit	1,050	787
Mexican Peso	743	1,546
Norwegian Krone	2,251	1,497
Peruvian Nuevo Sol	–	434
Philippine Peso	814	–
Polish Zloty	704	518
South African Rand	2,103	1,433
South Korean Won	574	350
Swedish Krona	3,852	3,630
Swiss Franc	4,349	2,824
Taiwan Dollar	3,970	3,202
Turkish Lira	256	382
UAE Dirham	347	166
Vietnamese Dong	1,319	420
	<u>106,562</u>	<u>79,850</u>

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the sub-fund. The counterparty risk relates primarily to the brokers used for trading in equities of foreign companies and to cash and cash equivalents held with the Depositary. The Investment Manager uses brokers from its approved brokers list for investment by the sub-fund. The approved broker list is reviewed annually by the Investment Manager to determine if any changes are warranted. The factors used during the review process include, but are not limited to:

- The extent to which the broker, acting as Principal, is willing to commit its own capital to fulfill difficult orders;
- The extent of the broker's distribution network and the broker's ability to fulfill more difficult orders (e.g. thinly-traded securities);
- Demonstrated ability to execute a transaction in a particular market, region or security;
- The broker's execution abilities, including the level of accuracy in executing orders, speed of execution, and the ability to obtain best net price; and
- The broker's communications and administrative capabilities, including efficiency of reporting, settlement efficiency, and proper correction of trade errors.

Most trades settle DVP (delivery vs. payment) using the Company's Custodian bank thus further limiting the credit risk of counterparty. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The following financial assets were exposed to credit risk:

	<b>Global Equity Fund 30 June 2021 USD</b>	<b>International Equity Fund 30 June 2021 USD</b>	<b>Emerging Markets Equity Fund 30 June 2021 USD</b>	<b>Global Small Companies Equity Fund 30 June 2021 USD</b>	<b>Total 30 June 2021 USD</b>
Cash and cash equivalents	23,800,170	5,188,033	2,741,811	10,720	31,740,734
Amounts receivable on securities sold	1,667,280	–	337,673	7,703	2,012,656
Amounts receivable on shares issued	2,085,209	135,000	–	–	2,220,209
Dividend receivable	846,497	305,868	523,928	967	1,677,260
Interest receivable	–	1	1	–	2
Other assets	44,628	7,896	15,767	21,402	89,693
<b>Total</b>	<b>28,443,784</b>	<b>5,636,798</b>	<b>3,619,180</b>	<b>40,792</b>	<b>37,740,554</b>

	<b>Global Equity Fund 30 June 2020 USD</b>	<b>International Equity Fund 30 June 2020 USD</b>	<b>Emerging Markets Equity Fund 30 June 2020 USD</b>	<b>Global Small Companies Equity Fund 30 June 2020 USD</b>	<b>Total 30 June 2020 USD</b>
Cash and cash equivalents	18,027,090	2,903,899	13,553,803	34,684	34,519,476
Amounts receivable on securities sold	2,972,357	12,124,866	3,476,729	–	18,573,952
Amounts receivable on shares issued	89,365	–	–	–	89,365
Dividend receivable	232,711	282,998	688,780	873	1,205,362
Interest receivable	9,424	1,002	4,733	9	15,168
Other assets	24,724	20,253	35,772	5,452	86,201
<b>Total</b>	<b>21,355,671</b>	<b>15,333,018</b>	<b>17,759,817</b>	<b>41,018</b>	<b>54,489,524</b>

Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") is the appointed Depositary of the Fund, responsible for the safe-keeping of assets. NTFSIL has appointed The Northern Trust Company ("TNTC") as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at the financial year-end date 30 June 2021, NTC had a long term credit rating from Standard & Poor's of (A+) (30 June 2020: A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depositary duties, verifies the Fund's ownership of Other Assets, (as defined under Other Assets, (Art 22(5) of UCITS V Directive 2014/91/EU)), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Credit Risk (Continued)

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed.

The Responsible Party manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

##### Concentration Risk

The Investment Manager analyses concentration based on the sector allocation of the financial assets that each sub-fund holds. The sub-funds' concentration risk by sector as at 30 June 2021 and 30 June 2020 were as follows:

##### Global Equity Fund

	2021	2020
Sector	% of NAV	% of NAV
Communication Services	11.21%	11.84%
Consumer Discretionary	10.48%	7.33%
Consumer Staples	2.17%	5.41%
Energy	2.22%	1.57%
Financials	14.39%	13.19%
Health Care	21.74%	19.03%
Industrials	11.16%	12.95%
Information Technology	24.06%	21.53%
Materials	—	5.77%
Utilities	0.54%	—
Cash & other assets/(liabilities)	2.03%	1.38%
	<u>100.00%</u>	<u>100.00%</u>

##### International Equity Fund

	2021	2020
Sector	% of NAV	% of NAV
Communication Services	4.22%	5.51%
Consumer Discretionary	2.35%	4.20%
Consumer Staples	12.77%	14.68%
Energy	3.00%	2.59%
Financials	16.20%	15.48%
Health Care	13.32%	14.39%
Industrials	14.34%	13.79%
Information Technology	20.35%	21.46%
Materials	9.91%	7.81%
Utilities	1.03%	—
Cash & other assets/(liabilities)	2.51%	0.09%
	<u>100.00%</u>	<u>100.00%</u>

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Concentration Risk (Continued)

##### Emerging Markets Equity Fund

	2021	2020
Sector	% of NAV	% of NAV
Communication Services	9.24%	10.41%
Consumer Discretionary	15.46%	14.51%
Consumer Staples	9.17%	9.90%
Energy	5.64%	5.70%
Financials	21.64%	22.98%
Health Care	3.64%	1.72%
Industrials	9.86%	8.07%
Information Technology	23.26%	20.83%
Utilities	1.66%	1.40%
Cash & other assets/(liabilities)	0.43%	4.48%
	<u>100.00%</u>	<u>100.00%</u>

##### Global Small Companies Equity Fund

	2021	2020
Sector	% of NAV	% of NAV
Communication Services	6.64%	5.88%
Consumer Discretionary	10.41%	9.71%
Consumer Staples	6.07%	9.86%
Energy	0.45%	0.37%
Financials	12.25%	7.22%
Health Care	13.90%	14.60%
Industrials	22.67%	21.89%
Information Technology	22.81%	25.19%
Materials	3.46%	3.62%
Utilities	0.76%	1.08%
Cash & other assets/(liabilities)	0.58%	0.58%
	<u>100.00%</u>	<u>100.00%</u>

##### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's Memorandum and Articles of Association provides for the monthly creation and cancellation of shares. The Company has offered daily liquidity since inception and has been exposed to the liquidity risk of meeting shareholder redemptions at any time. The Directors may decline to affect a repurchase request that would have the effect of reducing the value of any holding of shares below the minimum holding for that Class of shares. Any repurchase request having such an effect may be treated by the Company as a request to repurchase the entire holding of that Class of shares.

The Company's securities may be listed on non-developed or emerging stock markets, which may result in less liquidity than securities traded on major developed market stock exchanges.

	Global Equity Fund 30 June 2021 USD	International Equity Fund 30 June 2021 USD	Emerging Markets Equity Fund 30 June 2021 USD	Global Small Companies Equity Fund 30 June 2021 USD	Total 30 June 2021 USD
<b>Financial liabilities not at fair value through profit or loss</b>					
Payable for securities purchased (due within one month)	—	—	(153,986)	—	(153,986)
Audit fee payable (due within one to three months)	(12,471)	(12,471)	(12,472)	(6,345)	(43,759)
Accrued expenses (due within one year)	(1,018,194)	(225,532)	(1,737,303)	(24,826)	(3,005,855)
Net assets attributable to holders of participating shares	<u>(1,350,536,828)</u>	<u>(215,066,718)</u>	<u>(396,234,283)</u>	<u>(1,651,859)</u>	<u>(1,963,489,688)</u>
<b>Total</b>	<u>(1,351,567,493)</u>	<u>(215,304,721)</u>	<u>(398,138,044)</u>	<u>(1,683,030)</u>	<u>(1,966,693,288)</u>



# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Liquidity Risk (Continued)

	Global Equity Fund 30 June 2020 USD	International Equity Fund 30 June 2020 USD	Emerging Markets Equity Fund 30 June 2020 USD	Global Small Companies Equity Fund 30 June 2020 USD	Total 30 June 2020 USD
<b>Financial liabilities not at fair value through profit or loss</b>					
Payable for securities purchased (due within one month)	(4,655,882)	–	–	–	(4,655,882)
Audit fee payable (due within one to three months)	(9,453)	(9,453)	(9,453)	(4,809)	(33,168)
Accrued expenses (due within one year)	(994,992)	(15,147,077)	(1,237,496)	(29,226)	(17,408,791)
Net assets attributable to holders of participating shares	(998,697,959)	(188,932,115)	(368,830,131)	(1,199,816)	(1,557,660,021)
<b>Total</b>	<b>(1,004,358,286)</b>	<b>(204,088,645)</b>	<b>(370,077,080)</b>	<b>(1,233,851)</b>	<b>(1,579,757,862)</b>

##### Valuation of Financial Instruments

IFRS 13 requires disclosures surrounding the level in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured in the statement of financial position. The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2, Significant accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company categorises investments using the following hierarchy as defined by IFRS 13:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table analyses within the fair value hierarchy each sub-fund's financial assets measured at fair value as at 30 June 2021 and 30 June 2020.

##### Global Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2021</b>				
Equities	1,323,123,709	–	–	1,323,123,709
	1,323,123,709	–	–	1,323,123,709
<b>30 June 2020</b>				
Equities	983,002,615	–	–	983,002,615
	983,002,615	–	–	983,002,615

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Valuation of Financial Instruments (Continued)

##### International Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2021</b>				
Equities	209,667,923	–	–	209,667,923
	209,667,923	–	–	209,667,923

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2020</b>				
Equities	188,755,627	–	–	188,755,627
	188,755,627	–	–	188,755,627

##### Emerging Markets Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2021</b>				
Equities	394,518,864	–	–	394,518,864
	394,518,864	–	–	394,518,864

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2020</b>				
Equities	352,317,263	–	–	352,317,263
	352,317,263	–	–	352,317,263

##### Global Small Companies Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2021</b>				
Equities	1,642,238	–	–	1,642,238
	1,642,238	–	–	1,642,238

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2020</b>				
Equities	1,192,833	–	–	1,192,833
	1,192,833	–	–	1,192,833

There were no transfers between levels during the financial year ended 30 June 2021 and 30 June 2020.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique. Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

##### Non-Developed Markets Risk

The Global Equity Fund, International Equity Fund, and Global Small Companies Equity Fund may invest a portion of its capital in securities of companies based in non-developed, emerging markets or frontier markets. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in securities of developed market companies or countries, including without limitations, less liquidity, greater price and foreign currency volatility, and greater legal, tax and regulatory risk.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 13. Financial Instruments and Associated Risks (Continued)

##### Non-Developed Markets Risk (Continued)

Securities listed on non-developed, emerging stock markets and frontier markets due to political or other events in these countries, may not be quickly liquidated at their fair value amounts. This risk is managed by limiting investment in a single non-developed or emerging country as follows:

This risk for the Global Equity Fund and Global Small Companies Equity Fund is managed by limiting investment in non-developed, emerging countries, and frontier countries to 25% in the aggregate. The risk for the International Equity Fund is managed by limiting investment in non-developed, emerging and frontier markets to 30% in the aggregate.

Emerging market securities involve unique risks such as exposure to economies less diverse and mature than that of the US or more established foreign markets. Economic or political instability may cause larger price changes in emerging market securities than in securities of issuers based in more developed countries.

Investments in frontier markets involve risks similar to investments in emerging markets but to a greater extent since frontier markets are even smaller, less developed and less accessible than emerging markets. Frontier markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to emerging markets. The countries that comprise frontier markets include the lesser developed countries located in Africa, Asia (including countries in the Commonwealth of Independent States, formerly the Soviet Union), the Middle East, Eastern Europe and Latin America.

The Emerging Markets Equity Fund aims to invest primarily in emerging markets. Therefore, the fund does not have any limitation on aggregate emerging markets ownership.

##### Global Exposure

Under the Central Bank's UCITS Regulations, the Investment Manager is required to employ a risk management process which enables it to accurately measure, monitor and manage the global exposure to the Company from financial derivative instruments. The Investment Manager uses a methodology known as the commitment approach to measure the global exposure of the Company and the sub-funds. The commitment approach is a methodology that aggregates the underlying market or notional values of financial derivative instruments to determine the exposure of the Company to financial derivative instruments. In accordance with the UCITS Regulations, global exposures for each sub-fund to financial derivative instruments must not exceed 100% of the sub-fund's Net Asset Value.

#### 14. Net Asset Value per Redeemable Participating Share

##### Global Equity Fund

Net assets attributable to holders of redeemable participating shares	30 June 2021	30 June 2020	30 June 2019
Euro Class A	EUR 200,974,357	EUR 127,860,680	EUR 90,419,093
Euro Class A USD equivalent	USD 238,305,370	USD 143,651,466	USD 102,815,554
Sterling Class A	GBP 74,133,960	GBP 42,353,650	GBP 85,617,562
Sterling Class A USD equivalent	USD 102,549,491	USD 52,480,331	USD 108,730,033
US Dollar Class A	USD 174,374,158	USD 86,381,348	USD 67,487,737
Sterling Class B	GBP 147,547	GBP 118,963	GBP 102,025
Sterling Class B USD equivalent	USD 204,102	USD 147,408	USD 129,567
US Dollar Class B	USD 6,921,847	USD 2,690,156	USD 1,266,879
US Dollar Class D	USD 598,148	USD 434,121	USD 480,325
Euro Class M	EUR 51,150,934	EUR 47,232,360	EUR 66,321,832
Euro Class M USD equivalent	USD 60,652,226	USD 53,065,560	USD 75,414,557
Singapore Dollar Class M	SGD 173,221,076	SGD 120,965,939	SGD 102,782,293
Singapore Dollar Class M USD equivalent	USD 128,817,637	USD 86,801,047	USD 75,966,218
Canadian Dollar Class S	CAD 55,648,711	CAD 43,579,382	—
Canadian Dollar Class S USD equivalent	USD 44,892,474	USD 32,100,311	—
Euro Class S	EUR 31,316,427	EUR 50,552,783	EUR 54,964,458
Euro Class S USD equivalent	USD 37,133,457	USD 56,796,055	USD 62,500,087
Sterling Class S	GBP 269,144,654	GBP 215,232,747	GBP 230,142,137
Sterling Class S USD equivalent	USD 372,307,844	USD 266,694,918	USD 292,269,036
US Dollar Class S	—	USD 55,466,777	USD 54,683,090

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 14. Net Asset Value per Redeemable Participating Share (Continued)

##### Global Equity Fund (Continued)

Net assets attributable to holders of redeemable participating shares	30 June 2021	30 June 2020	30 June 2019
US Dollar Class S1	USD 183,780,073	USD 161,988,461	USD 155,005,715
<b>Net Asset Value per redeemable participating share</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Euro Class A	EUR 2.882	EUR 2.190	EUR 1.895
Euro Class A USD equivalent	USD 3.417	USD 2.462	USD 2.155
 Sterling Class A	 GBP 2.464	 GBP 1.981	 GBP 1.697
Sterling Class A USD equivalent	USD 3.408	USD 2.455	USD 2.156
US Dollar Class A	USD 3.421	USD 2.463	USD 2.157
Sterling Class B	GBP 1.490	GBP 1.202	GBP 1.031
Sterling Class B USD equivalent	USD 2.062	USD 1.489	USD 1.309
US Dollar Class B	USD 1.580	USD 1.141	USD 1.001
US Dollar Class D	USD 1.594	USD 1.157	USD 1.021
Euro Class M	EUR 1.653	EUR 1.256	EUR 1.086
Euro Class M USD equivalent	USD 1.960	USD 1.411	USD 1.235
Singapore Dollar Class M	SGD 2.334	SGD 1.741	SGD 1.479
Singapore Dollar Class M USD equivalent	USD 1.735	USD 1.249	USD 1.093
Canadian Dollar Class S	CAD 1.568	CAD 1.228	–
Canadian Dollar Class S USD equivalent	USD 1.265	USD 0.904	–
Euro Class S	EUR 1.615	EUR 1.219	EUR 1.046
Euro Class S USD equivalent	USD 1.915	USD 1.369	USD 1.190
Sterling Class S	GBP 1.650	GBP 1.324	GBP 1.135
Sterling Class S USD equivalent	USD 2.283	USD 1.641	USD 1.441
US Dollar Class S	–	USD 1.260	USD 1.095
US Dollar Class S1	USD 1.574	USD 1.132	USD 0.989

##### International Equity Fund

Net assets attributable to holders of redeemable participating shares	30 June 2021	30 June 2020	30 June 2019
Sterling Class A	GBP 3,767,650	GBP 1,829,019	GBP 2,763,763
Sterling Class A USD equivalent	USD 5,211,791	USD 2,266,337	USD 3,509,842
US Dollar Class A	USD 81,614,738	USD 61,853,345	USD 69,385,905
US Dollar Class B	USD 10,867,868	USD 9,207,847	USD 10,955,618
US Dollar Class S	USD 117,372,320	USD 115,604,585	USD 155,424,540
<b>Net Asset Value per redeemable participating share</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Sterling Class A	GBP 2.104	GBP 1.765	GBP 1.715
Sterling Class A USD equivalent	USD 2.911	USD 2.188	USD 2.178
US Dollar Class A	USD 1.867	USD 1.392	USD 1.359
US Dollar Class B	USD 1.853	USD 1.385	USD 1.356
US Dollar Class S	USD 1.577	USD 1.167	USD 1.130

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

#### 14. Net Asset Value per Redeemable Participating Share (Continued)

##### Emerging Markets Equity Fund

Net assets attributable to holders of redeemable participating shares	30 June 2021	30 June 2020	30 June 2019
US Dollar Class A	USD 11,475,486	USD 13,198,733	USD 11,724,616
Canadian Dollar Class B	CAD 616,089	CAD 472,891	–
Canadian Dollar Class B USD equivalent	USD 497,006	USD 348,328	–
US Dollar Class B	USD 3,263,900	USD 5,125,672	USD 6,195,701
Canadian Dollar Class I	–	CAD 222,193,885	CAD 212,406,426
Canadian Dollar Class I USD equivalent	–	USD 163,666,680	USD 162,198,027
Euro Class I	–	–	EUR 94,112,972
Euro Class I USD equivalent	–	–	USD 107,015,864
US Dollar Class I	USD 61,375,900	USD 114,545,557	USD 124,804,012
Canadian Dollar Class M	–	CAD 97,672,750	CAD 102,808,567
Canadian Dollar Class M USD equivalent	–	USD 71,945,161	USD 78,506,790
Sterling Class M	–	–	GBP 61,011,719
Sterling Class M USD equivalent	–	–	USD 77,481,840
Canadian Dollar Class S	CAD 396,203,420	–	–
Canadian Dollar Class S USD equivalent	USD 319,621,991	–	–

Net Asset Value per redeemable participating share	30 June 2021	30 June 2020	30 June 2019
US Dollar Class A	USD 1.783	USD 1.245	USD 1.361
Canadian Dollar Class B	CAD 1.232	CAD 0.946	–
Canadian Dollar Class B USD equivalent	USD 0.994	USD 0.697	–
US Dollar Class B	USD 1.566	USD 1.098	USD 1.203
Canadian Dollar Class I	–	CAD 1.524	CAD 1.601
Canadian Dollar Class I USD equivalent	–	USD 1.122	USD 1.223
Euro Class I	–	–	EUR 1.160
Euro Class I USD equivalent	–	–	USD 1.319
US Dollar Class I	USD 1.664	USD 1.159	USD 1.263
Canadian Dollar Class M	–	CAD 1.353	CAD 1.424
Canadian Dollar Class M USD equivalent	–	USD 0.996	USD 1.087
Sterling Class M	–	–	GBP 1.162
Sterling Class M USD equivalent	–	–	USD 1.476
Canadian Dollar Class S	CAD 1.206	–	–
Canadian Dollar Class S USD equivalent	USD 0.973	–	–

No shares were held in the Frontier Emerging Markets Equity Fund as at 30 June 2021, 30 June 2020 and 30 June 2019.

##### Global Small Companies Equity Fund

Net assets attributable to holders of redeemable participating shares	30 June 2021	30 June 2020	30 June 2019
US Dollar Class A	USD 1,651,859	USD 1,217,828	USD 1,118,872
Net Asset Value per redeemable participating share	30 June 2021	30 June 2020	30 June 2019
US Dollar Class A	USD 1.652	USD 1.218	USD 1.119

## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

##### 15. Reconciliation of Net Asset Value

The published Net Asset Value per redeemable participating share at which shareholders may subscribe to or redeem from the sub-funds, differs from the Net Asset Value per the financial statements. The difference is due to the treatment of preliminary expenses and subscriptions and redemptions posted after the year end. In accordance with provisions of the Company's Memorandum and Articles of Association, preliminary expenses are being amortised over 60 months. However, for the purposes of these financial statements, preliminary expenses have been expensed as incurred in line with International Financial Reporting Standards.

##### Global Equity Fund

	30 June 2021 USD	30 June 2020 USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	1,350,536,828	998,697,959
Reconciling Net Subscriptions/Redemptions received on 30 June	(1,022,691)	(82,926)
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>1,349,514,137</u>	<u>998,615,033</u>
Net Asset Value per redeemable participating share at dealing prices		
Euro Class A	EUR 2.882	USD 2.462
Sterling Class A	GBP 2.464	USD 2.455
US Dollar Class A	USD 3.421	—
US Dollar Class B	USD 1.580	—
US Dollar Class D	USD 1.594	—

##### International Equity Fund

	30 June 2021 USD	30 June 2020 USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	215,066,718	188,932,115
Reconciling Redemption Payable received on 30 June	<u>75,327</u>	<u>10,000,000</u>
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>215,142,045</u>	<u>198,932,115</u>
Net Asset Value per redeemable participating share at dealing prices		
Sterling Class A	GBP 2.104	—
US Dollar Class A	USD 1.867	—
US Dollar Class B	USD 1.853	—
US Dollar Class S	USD 1.577	USD 1.167

At 30 June 2021 and 30 June 2020, an adjustment was required with respect to the Financial Statements of Global Equity Fund and International Equity Fund to reconcile to transfer agency records. This adjustment was made for the purposes of the Financial Statements only.

##### The Global Small Companies Equity Fund

	30 June 2021 USD	30 June 2020 USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	1,651,859	1,199,816
Preliminary expenses	<u>12,724</u>	<u>18,012</u>
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>1,664,583</u>	<u>1,217,828</u>
Net Asset Value per redeemable participating share at dealing prices		
US Dollar Class A	USD 1.652	USD 1.218

At 30 June 2021 an adjustment was required with respect to the Financial Statements of Global Small Companies Equity Fund. The adjustment reflected the difference in accounting treatment of establishment expenses between the Prospectus and IFRS. The Prospectus requires establishment expenses to be amortised over the first 60 months or such other period as the Directors may determine. IFRS requires establishment costs to be expensed as incurred. This adjustment was made for the purposes of the Financial Statements only.



## Harding Loevner Funds plc

### Notes to Financial Statements (Continued)

#### For the Financial Year Ended 30 June 2021

##### 16. Exchange Rates

The following exchange rates (against the USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD as at 30 June 2021 and 30 June 2020:

		30 June 2021	30 June 2020
AED	UAE Dirham	3.6732	3.6732
AUD	Australian Dollar	1.3320	1.4524
BDT	Bangladesh Taka	84.7750	84.85
BRL	Brazilian Real	5.0179	5.4908
CAD	Canadian Dollar	1.2383	1.362
CHF	Swiss Franc	0.9244	0.9476
CLP	Chilean Peso	728.1100	820.6
CNH	Chinese Renminbi	6.4609	7.0678
CNY	Chinese Yuan	6.4615	7.0741
COP	Colombian Peso	3,734.0000	3,739.28
CZK	Czech Republic Koruna	21.5086	23.7213
DKK	Danish Krone	6.2706	6.636
EEK	Estonian Kroon	13.1939	13.931
EGP	Egyptian Pound	15.6950	16.14
EUR	Euro	0.8432	0.8904
GBP	British Sterling Pound	0.7239	0.8093
GHS	Ghanian Cedi	5.8900	5.785
HKD	Hong Kong Dollar	7.7659	7.7505
HRK	Croatian Kuna	6.3188	6.7404
HUF	Hungarian Forint	296.0031	315.5768
IDR	Indonesian Rupiah	14,500.0000	14,285.00
INR	Indian Rupee	74.3300	75.5038
JOD	Jordanian Dinar	0.7090	0.709
JPY	Japanese Yen	110.9900	107.885
KES	Kenyan Shilling	107.9000	106.55
KRW	South Korean won	1,126.1500	1,202.85
KZT	Kazakhstan Tenge	427.2450	405.73
LKR	Sri Lankan Rupee	199.5000	186.23
MAD	Moroccan Dirham	8.9300	9.7095
MUR	Mauritian Rupee	43.0000	40.275
MXN	Mexican Nuevo Peso	19.9105	23.107
MYR	Malaysian Ringgit	4.1515	4.285
NGN	Nigerian Naira	410.0000	386.58
PEN	Peruvian Nuevo Sol	3.8325	3.5355
PHP	Philippine Peso	48.8150	49.825
PKR	Pakistani Rupee	157.6000	167.9
PLN	Polish Zloty	3.8070	3.9557
QAR	Qatari Rial	3.6410	3.641
RON	Romanian Leu	4.1526	4.3091
RUB	Russian Rouble	73.0538	71.2544
SAR	Saudi Arabia Riyal	3.7504	3.751
SEK	Swedish Krona	8.5522	9.3167
SGD	Singapore Dollar	1.3442	1.3951
THB	Thai Baht	32.0500	30.9075
TRY	Turkish Lira	8.6875	6.8548
TTD	Trinidad & Tabago Dollar	6.7473	6.7413
TWD	Taiwan Dollar	27.8625	29.5045
TZS	Tanzanian Shilling	2,319.0000	2,318.00
VND	Vietnamese Dong	23,016.0000	23,206.00
XOF	West African CFA Franc	553.1302	584.0333
ZAR	South African Rand	14.2788	17.375

##### 17. Soft Commissions

The Investment Manager may place trades on behalf of the Company with brokers that will, from time to time, provide or procure research products, specialised software or related services that assist the investment manager in the provision of investment services to its clients, including the Company, provided that each broker has agreed to provide best execution with respect to such trades. The Investment Manager's use of soft commissions falls within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934. Where a product or service provides both eligible and non-eligible assistance, the Investment Manager will make a reasonable allocation of the cost that may be paid for with soft commissions.

# Harding Loevner Funds plc

## Notes to Financial Statements (Continued)

### For the Financial Year Ended 30 June 2021

#### 18. Contingent Liabilities

There were no contingent liabilities as at 30 June 2021 or 30 June 2020.

#### 19. Events During the Year

Effective 1 July 2020 on the Global Equity Fund the expense caps were reduced to 0.75% for the Class M shares, 0.80% for the Class A shares, 1.10% for the Class B shares, 10 bps of operating expenses excluding Investment Management Fees ("Management fee") for the USD Class S1 and 0.10% and for Class S shares.

Effective close of business 30 September 2020, the Prospectus and Supplements in respect of the Company were updated. The update reduced the Emerging Markets Equity Fund's Class A Management fees from 1.10% to 1.00% and permitted purchases and repurchases of shares to take place via certain electronic means, going forward.

On 7 October 2020, the Canadian Dollar Class S shares for Emerging Market Equity Fund were first issued.

On 7 October 2020, the Canadian Dollar Class I shares for Emerging Markets Equity Fund liquidated.

On 9 November 2020, the Canadian Dollar Class M shares for Emerging Markets Equity Fund liquidated.

On 8 January 2021, the US Dollar Class S shares for Global Equity Fund liquidated.

An updated Prospectus and Supplements were filed with the Central Bank of Ireland on 9 March 2021. These were updated to reflect the requirements of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

During the financial year ended 30 June 2021, the Global Equity Fund distributed the following net income:

A distribution of 0.002428750 per share on the Sterling Class S shares, with a total value of GBP 395,651, for the financial year ended 30 June 2021. This distribution was declared on 19 January 2021 with a record date of 15 January 2020, an ex-date of 19 January 2020 and a pay date of 22 January 2020.

A distribution of 0.005009537 per share on the Sterling Class S shares, with a total value of GBP 814,103, for the financial year ended 30 June 2021. This distribution was declared on 21 July 2020 with a record date of 20 July 2020, an ex-date of 21 July 2020 and a pay date of 24 July 2020.

During the financial year ended 30 June 2021, the International Equity Fund distributed the following net income:

A distribution of 0.001825456 per share on the Sterling Class A shares, with a total value of GBP 3,266, for the financial period ended 31 December 2020. This distribution was declared on 19 January 2021 with a record date of 15 January 2021, an ex-date of 19 January 2021 and a pay date of 22 January 2021.

A distribution of 0.012711116 per share on the Sterling Class A shares, with a total value of GBP 13,170. This distribution was declared on 21 July 2020 with a record date of 20 July 2020, an ex-date of 21 July 2020 and a pay date of 24 July 2020.

The continued outbreak of Covid-19, including the Delta variant, has resulted in ongoing restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets continue to react to this news to varying degrees, with concerns regarding the economic impact this may have on a global scale. The eventual impact on the global economy and the operations and financial performance of certain sub-fund's investments will largely depend upon future developments, including (i) the duration and spread of the outbreak, including the Delta variant, (ii) the effects on the financial markets, and (iii) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of a sub-fund is impacted because of these factors for an extended period, the relevant sub-fund's investment results may be adversely affected. The Board of Directors ("the Board") has considered the general impact resulting from the spread of Covid-19 on the Company and has ongoing engagement with its delegates. The delegates have invoked their Business Continuity Plans (BCPs) which are operating effectively allowing the Company to continue to service its client base. The Board continues to closely monitor market conditions taking into account any changes in liquidity or other market volatility and/or restrictions.

#### 20. Events After the Reporting Date

The Global Equity Fund distributed net income of 0.004754419 per share on the Sterling Class S shares, with a total value of GBP 775,307. This distribution was declared on 20 July 2021 with a record date of 19 July 2021, an ex-date of 20 July 2021 and a pay date of 23 July 2021.

The International Equity Fund distributed net income of 0.013512861 per share on the Sterling Class A shares, with a total value of GBP 24,194. This distribution was declared on 20 July 2021 with a record date of 19 July 2021, an ex-date of 20 July 2021 and a pay date of 23 July 2021.

There have been no other material events to report subsequent to the financial year ended 30 June 2021.

## **Harding Loevner Funds plc**

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### **Notes to Financial Statements (Continued)**

#### **For the Financial Year Ended 30 June 2021**

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#### **21. Approval of the Financial Statements**

The financial statements were approved and authorised for issue on 24 September 2021.

# Harding Loevner Funds plc

## Appendix 1 - Remuneration Disclosure (Unaudited)

For the Financial Year Ended 30 June 2021

### Remuneration

In line with the requirements of the UCITS Regulations, Harding Loevner Funds Plc (“the Company”) is required to adopt a remuneration policy. The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of senior staff is in line with the risk policies and objectives of the Company. The Company’s remuneration policy applies to those categories of identified staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Company. The Company applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities. The directors of the Company, Designated Persons and MLRO (the “Identified Staff of the Company”) receive fixed remuneration in respect of their services which is set at a level determined by the Board as a whole and which is not performance related. This is detailed on page 42. None of the Identified Staff of the Company are currently in receipt of variable remuneration in respect of their services as directors of the Company and none of the identified staff of the Company are currently in receipt of a pension from the Company.

Harding Loevner LP has been appointed as the Investment Manager to the Company (the “Investment Manager”). The Investment Manager’s compensation for all its employees and partners (“Staff Members”), including the Investment Manager’s Staff Members who can exert a material influence on the risk profile of the Company i.e. the co-lead portfolio managers for each sub-fund of the Company, as designated by the Investment Manager from time to time (the “Identified Staff”), includes a fixed base salary, a benefits package, an annual performance based cash bonus, and for Staff Members other than limited partners of the Investment Manager, an equity-linked deferred compensation plan.

### Variable Remuneration

Staff Members who are not partners of the Investment Manager, participation in the firm’s equity-linked deferred compensation plan (“ELIP”).

The Investment Manager does not pay any Identified Staff any Variable Remuneration, as the Investment Manager does not determine compensation based directly on the performance of any sub-fund.

Annual cash bonuses are determined for each employee, including Identified Staff, based upon the completion of agreed-upon personal objectives and contributions to the achievement of firm-wide objectives. These objectives are determined collaboratively by the employee and his/her supervisor at the beginning of each year, placed in writing, and subject to final approval by the Investment Manager’s Compensation Committee.

Personal objectives for investment professionals are primarily concerned with their contributions to investment performance. Contributions of portfolio managers, including Identified Staff, to investment performance are measured by the returns of their individual model portfolios relative to applicable benchmarks. No client account, including any sub-fund, is permitted to deviate from the relevant strategy-level model portfolio except to accommodate unique, agreed-upon client guidelines or restrictions. Portfolio managers are not rewarded for the outperformance of any individual client account, including of any sub-fund.

Identified Staff must achieve a specified level of outperformance in the measurement year in order to earn the target bonus amount related to their investment performance objective. This portion of the annual cash bonus is adjusted upward or downward based upon the degree of out- or underperformance of their individual model portfolio relative to its benchmark.

Another portion of the annual cash bonus for Identified Staff is based upon their degree of success in achieving other objectives relating to their portfolio management or other responsibilities that must be subjectively measured, such as collaborating with colleagues, supervising other investment professionals, representing the firm externally, producing written investment narratives, or completing any special projects.

### Long-term compensation

To all employees, including Identified Staff, who are not limited partners of the Investment Manager, the Investment Manager provides long-term deferred compensation via its ELIP, believing it is an effective approach to linking employees’ long-term financial rewards to the long-term investment success of its clients. The degree of participation in the ELIP is determined each year according to length of tenure and overall level of present and anticipated future contributions to the firm. Each year’s deferred compensation award under the ELIP is subject to a 5-year vesting schedule.

### Other Variable Remuneration principles

No level of Variable Remuneration is guaranteed.

The total number of Identified Staff of the Investment Manager as at 30 June 2021 was 10.

The Investment Manager’s pay to Identified Staff relates to all funds which the Identified Staff currently manage.

The assets under management of the Investment Manager, inclusive of those under management of the Identified Staff, as at 30 June 2021 was US \$87.6n of which the Company represents US \$1.96bn, or 2.24% of total assets.

## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited)

#### For the Financial Year Ended 30 June 2021

#### Global Equity Fund

#### For the Financial Year Ended 30 June 2021

Total Expenses Ratio	US Dollar Class A 30 June 2021 USD	US Dollar Class B 30 June 2021 USD	US Dollar Class D 30 June 2021 USD	Euro Class A 30 June 2021 USD	Euro Class M 30 June 2021 USD	Sterling Class A 30 June 2021 USD	Euro Class S 30 June 2021 USD
Expenses	994,172	50,113	9,048	1,511,594	470,242	617,130	42,877
Average net assets	124,276,490	4,587,778	568,691	188,937,592	62,704,090	77,131,382	47,986,886
<b>Total Expense Ratio (*,**)</b>	0.80%	1.09%	1.59%	0.80%	0.75%	0.80%	0.09%

	Canadian Dollar Class S 30 June 2021 USD	Singapore Dollar Class M 30 June 2021 USD	US Dollar Class S 30 June 2021 USD	Sterling Class S 30 June 2021 USD	US Dollar Class S1 30 June 2021 USD	Sterling Class B 30 June 2021 USD
Expenses	35,448	812,707	28,248	294,071	1,170,731	1,941
Average net assets	38,946,166	108,361,856	62,324,696	323,090,665	188,882,904	177,917
<b>Total Expense Ratio (*,**)</b>	0.09%	0.75%	0.09%	0.09%	0.62%	1.09%

#### Portfolio Turnover Ratio

Purchases and sales of securities (i)

Subscription and redemption of shares (ii) \*\*\*

Monthly average of total assets (iii)

#### Portfolio Turnover Ratio

Total
1,372,941,703
364,671,434
1,227,977,112
82%

\* The Total Expense Ratio for Global Equity Fund include operating expense reimbursements of USD 232,500 (30 June 2020: Nil).

\*\* The Total Expense Ratio is annualised.

\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

The US Dollar Class S closed on 8 January 2021.

## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited) (Continued)

#### For the Financial Year Ended 30 June 2021

##### Global Equity Fund

##### For the Financial Year Ended 30 June 2020

Total Expenses Ratio	US Dollar Class A 30 June 2020 USD	US Dollar Class B 30 June 2020 USD	US Dollar Class D 30 June 2020 USD	Euro Class A 30 June 2020 USD	Euro Class M 30 June 2020 USD	Sterling Class A 30 June 2020 USD	Euro Class S 30 June 2020 USD
Expenses	631,781	27,766	6,914	979,859	527,645	650,137	54,685
Average net assets	74,582,894	2,524,668	432,054	115,621,952	66,445,413	77,049,369	59,781,282
<b>Total Expense Ratio (*,**)</b>	0.84%	1.09%	1.59%	0.84%	0.79%	0.84%	0.09%
		<b>Canadian Dollar Class S 30 June 2020 USD</b>	<b>Singapore Dollar Class M 30 June 2020 USD</b>	<b>US Dollar Class S 30 June 2020 USD</b>	<b>Sterling Class S 30 June 2020 USD</b>	<b>US Dollar Class S1 30 June 2020 USD</b>	<b>Sterling Class B 30 June 2020 USD</b>
Expenses		23,049	620,114	47,376	248,242	991,143	1,455
Average net assets		28,878,769	77,855,946	51,247,448	270,095,565	154,293,566	132,465
<b>Total Expense Ratio (*,**)</b>		0.09%	0.79%	0.09%	0.64%	0.64%	1.09%
<b>Portfolio Turnover Ratio</b>							<b>Total</b>
Purchases and sales of securities (i)							821,258,961
Subscription and redemption of shares (ii) **							334,860,782
Monthly average of total assets (iii)							978,941,392
<b>Portfolio Turnover Ratio</b>							50%

\* The Total Expense Ratio is annualised.

\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.



## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited) (Continued)

#### For the Financial Year Ended 30 June 2021

##### International Equity Fund

##### For the Financial Year Ended 30 June 2021

Total Expenses Ratio	US Dollar Class A 30 June 2021 USD	US Dollar Class B 30 June 2021 USD	Sterling Class A 30 June 2021 USD	US Dollar Class S 30 June 2021 USD
Expenses	584,488	110,953	33,694	132,170
Average net assets	65,795,130	9,746,324	3,795,391	132,215,087
<b>Total Expense Ratio (*,**)</b>	0.89%	1.14%	0.89%	0.10%

##### Portfolio Turnover Ratio

Purchases and sales of securities (i)				<b>Total</b>
Subscription and redemption of shares (ii) ***				118,019,273
Monthly average of total assets (iii)				99,265,528
<b>Portfolio Turnover Ratio</b>				211,551,932
				9%

#### For the Financial Year Ended 30 June 2020

Total Expenses Ratio	US Dollar Class A 30 June 2020 USD	US Dollar Class B 30 June 2020 USD	Sterling Class A 30 June 2020 USD	US Dollar Class S 30 June 2020 USD
Expenses	501,448	107,052	20,802	178,060
Average net assets	57,022,784	9,479,114	2,370,644	177,092,632
<b>Total Expense Ratio (*,**)</b>	0.87%	1.12%	0.87%	0.10%

##### Portfolio Turnover Ratio

Purchases and sales of securities (i)				<b>Total</b>
Subscription and redemption of shares (ii) ***				248,648,321
Monthly average of total assets (iii)				187,505,886
<b>Portfolio Turnover Ratio</b>				245,965,174
				25%

\* The Total Expense Ratios for International Equity Fund include operating expense reimbursements of USD 48,598 (30 June 2020: USD 38,286).

\*\* The Total Expense Ratio is annualised.

\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited) (Continued)

#### For the Financial Year Ended 30 June 2021

#### Emerging Markets Equity Fund For the Financial Year Ended 30 June 2021

Total Expenses Ratio	US Dollar Class A 30 June 2021 USD	US Dollar Class B 30 June 2021 USD	US Dollar Class I 30 June 2021 USD	Canadian Dollar Class B 30 June 2021 USD	Canadian Dollar Class I 30 June 2021 USD	Canadian Dollar Class M 30 June 2021 USD	Canadian Dollar Class S 30 June 2021 USD
Expenses	100,836	66,502	1,018,217	6,571	432,843	299,603	216,945
Average net assets	12,256,178	4,486,003	113,133,987	442,244	177,317,276	78,898,581	297,645,760
<b>Total Expense Ratio (*, **)</b>	1.10%	1.48%	0.90%	1.48%	0.90%	1.05%	0.10%

#### Portfolio Turnover Ratio

Purchases and sales of securities (i)

Subscription and redemption of shares (ii) \*\*\*

Monthly average of total assets (iii)

#### Portfolio Turnover Ratio

#### Total

254,963,189

131,259,568

684,180,029

18%

\* The Total Expense Ratios for Emerging Markets Equity Fund include operating expense reimbursements of USD 139,485 (30 June 2020: USD 135,999).

\*\* The Total Expense Ratio is annualised.

\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited) (Continued)

#### For the Financial Year Ended 30 June 2021

#### Emerging Markets Equity Fund For the Financial Year Ended 30 June 2020

Total Expenses Ratio	US Dollar Class A 30 June 2020 USD	US Dollar Class B 30 June 2020 USD	US Dollar Class I 30 June 2020 USD	Canadian Dollar Class B 30 June 2020 USD	Canadian Dollar Class I 30 June 2020 USD	Canadian Dollar Class M 30 June 2020 USD	US Dollar Class M 30 June 2020 USD
Expenses	518,489	82,544	1,088,767	1,634	1,531,930	798,443	51,702
Average net assets	42,972,586	5,547,658	120,316,628	325,367	169,289,344	75,628,950	64,363,757
<b>Total Expense Ratio (*,**)</b>	1.20%	1.48%	0.90%	1.49%	0.90%	1.05%	1.05%
<b>Total Expenses Ratio</b>							<b>Euro Class I 30 June 2020 USD</b>
Expenses							741,303
Average net assets							92,473,339
<b>Total Expense Ratio (*,**)</b>							0.90%
<b>Portfolio Turnover Ratio</b>							<b>Total</b>
Purchases and sales of securities (i)							356,866,773
Subscription and redemption of shares (ii) ***							237,109,911
Monthly average of total assets (iii)							570,917,628
<b>Portfolio Turnover Ratio</b>							21%

\* The Total Expense Ratio is annualised.

\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

## Harding Loevner Funds plc

### Appendix 2 - Financial Information (Unaudited) (Continued)

#### For the Financial Year Ended 30 June 2021

##### Global Small Companies Equity Fund For the Financial Year Ended 30 June 2021

Total Expenses Ratio	US Dollar Class A 30 June 2021 USD
Expenses	15,636
Average net assets	1,489,104
<b>Total Expense Ratio (*, **, ***)</b>	<b>1.05%</b>
<b>Portfolio Turnover Ratio</b>	<b>Total</b>
Purchases and sales of securities (i)	599,414
Subscription and redemption of shares (ii) ****	-
Monthly average of total assets (iii)	1,489,104
<b>Portfolio Turnover Ratio</b>	<b>40%</b>

#### For the Financial Year Ended 30 June 2020

Total Expenses Ratio	US Dollar Class A 30 June 2020 USD
Expenses	11,981
Average net assets	1,134,819
<b>Total Expense Ratio (*, **, ***)</b>	<b>1.05%</b>
<b>Portfolio Turnover Ratio</b>	<b>Total</b>
Purchases and sales of securities (i)	626,859
Subscription and redemption of shares (ii) ****	-
Monthly average of total assets (iii)	1,134,819
<b>Portfolio Turnover Ratio</b>	<b>55%</b>

\* The Total Expense Ratios for Global Small Companies Equity Fund include operating expense reimbursements of USD 135,497 (30 June 2020: USD 132,944).

\*\* The Total Expense Ratios for Global Small Companies Equity Fund include preliminary expenses of USD 5,289 (30 June 2020: USD 5,332). These are amortised for valuation purposes over five years; however, they were expensed in the financial statements during the period they were incurred.

\*\*\* The Total Expense Ratio is annualised.

\*\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

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