EAFE Equity

Quarterly Report | Year End 2021

HARDING LOEVNER

What's Inside

Market Review →
Stock markets rose modestly in the quarter, with spiking Omicron cases and surging prices for goods and services eating into earlier share price gains as the year drew to a close.

Performance and Attribution →
Sources of relative return by sector and geography.

Perspective and Outlook →
For several years, we have been leaning against the rising valuations being paid for shares of the highest-quality, fastest-growing companies. Recently, it has started to pay dividends.

Portfolio Highlights →
While manufacturers are vulnerable to rising labor and transportation costs, many of the capital goods makers we like are involved in raising the efficiency—and lowering the costs—of economic production.

Portfolio Holdings →
Information about the companies held in the portfolio.

Portfolio Facts →
Contributors, detractors, characteristics, and completed transactions.

Get More Online

Insights →
View other reports.

Composite Performance

Total Return (%) — Periods Ended December 31, 2021[1]

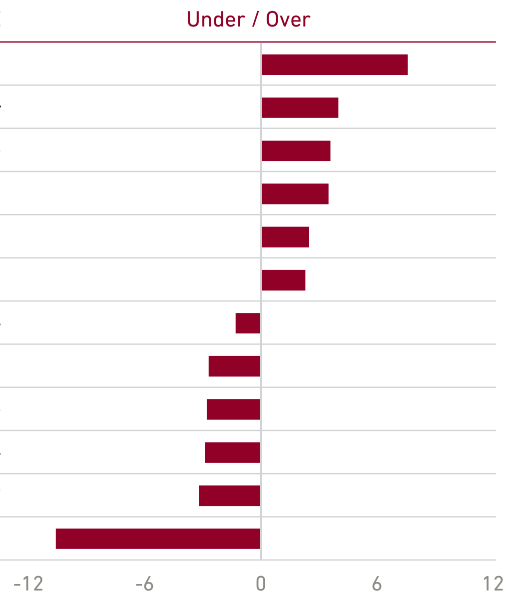
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL EAFE Equity (Gross of Fees)	5.41	12.67	20.93	15.12	12.16	11.00
HL EAFE Equity (Net of Fees)	5.27	12.13	20.32	14.53	11.54	10.39
MSCI EAFE Index[4,5]	2.74	11.78	14.06	10.06	8.53	7.21

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: February 28, 2010; [4]The Benchmark Index; [5]Gross of withholding taxes.

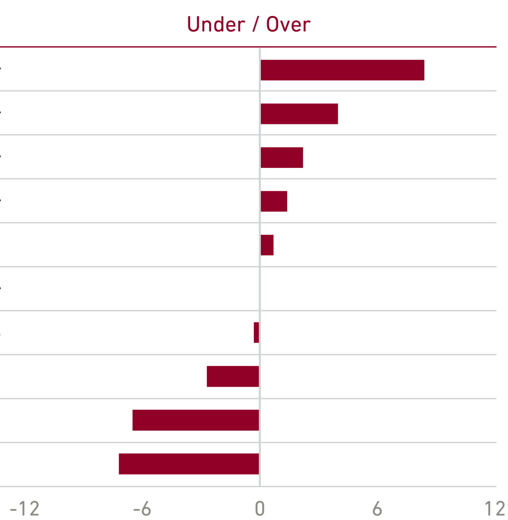
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL EAFE	MSCI EAFE
Info Technology	17.3	9.7
Cash	4.0	–
Health Care	16.4	12.8
Cons Staples	13.8	10.3
Materials	10.0	7.5
Industrials	18.5	16.2
Energy	2.1	3.4
Comm Services	1.8	4.5
Real Estate	0.0	2.8
Utilities	0.5	3.4
Financials	13.7	16.9
Cons Discretionary	1.9	12.5



Geography	HL EAFE	MSCI EAFE
Emerging Markets	8.4	–
Cash	4.0	–
Canada	2.2	–
Other[6]	1.4	–
Middle East	1.4	0.7
Frontier Markets[7]	0.0	–
Europe ex-EMU	32.1	32.4
Pacific ex-Japan	8.4	11.1
Europe EMU	26.8	33.3
Japan	15.3	22.5



[6]Includes companies listed in the United States; [7]Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant EAFE Equity Composite GIPS Presentation. Source: Harding Loevner EAFE Equity Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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Market Review

Stock markets rose modestly in the quarter, with Omicron cases and prices for goods and services rising immodestly, trimming the gains as the year drew to a close.

Consumer price inflation in the US reached 6.8% in the year to November, the highest rate since 1982, prompting Federal Reserve Chair Jerome Powell to retire the word "transitory" from his lexicon. The Fed assumed an unambiguously hawkish stance at its December meeting, signaling as many as three interest rate hikes in 2022 and an imminent end to its bond buying program. Other central banks moved more quickly: the Bank of England raised its main interest rate for the first time since the onset of the pandemic to combat the country's highest inflation in a decade, and the European Central Bank announced it would end its bond buying program in March 2022. A handful of other central banks also hiked rates in the quarter, including Norway and New Zealand among developed countries, and Poland, Brazil, Mexico, and South Africa in Emerging Markets (EMs). The prospect of a newly aggressive Federal Reserve boosted the US dollar.

China faced a different set of challenges. Its economic growth stalled amid a slowdown in construction spending after several heavily indebted property developers, including the gargantuan Evergrande, defaulted on bond payments. In response, the People's Bank of China loosened monetary policy, by reducing the amount of cash that banks must hold in reserve and cutting its benchmark one-year loan prime rate by five basis points.

MSCI EAFE Index Performance (USD %)

Geography	4Q 2021	Trailing 12 Months
Europe EMU	3.7	14.3
Europe ex-EMU	7.9	19.8
Japan	-3.9	2.0
Middle East	7.2	15.6
Pacific ex-Japan	-0.1	4.8
MSCI EAFE Index	2.7	11.8

Sector	4Q 2021	Trailing 12 Months
Communication Services	-5.5	-4.7
Consumer Discretionary	3.0	11.2
Consumer Staples	5.1	7.5
Energy	-0.5	24.2
Financials	1.4	17.3
Health Care	3.0	9.1
Industrials	2.7	14.2
Information Technology	3.8	20.6
Materials	5.9	10.7
Real Estate	-0.4	4.6
Utilities	8.8	0.5

Source: FactSet (as of December 31, 2021). MSCI Inc. and S&P.

Just as supply chain bottlenecks showed signs of easing, the emergence of Omicron in November threatened to upend the progress. Markets were rattled by an explosion of cases in South Africa and Europe and the reintroduction of lockdowns. Chinese officials, still aiming for zero transmission, locked down a city of more than 200,000 following a single coronavirus case while, in the US, new cases eclipsed their peak of last winter. Preliminary data from the UK and South Africa suggesting that Omicron causes milder disease, especially for those with some immunity from vaccination or prior infection, tempered concerns at year-end.

The year had begun with investors in an optimistic mood, as accelerating vaccination efforts ushered in a burgeoning economic recovery after a jarring 2020. Cyclical stocks rallied, banks rebounded, and the price of industrial commodities such as oil and copper surged. But the outlook darkened as the year progressed: resurgent consumer demand, turbocharged by fiscal stimulus and large household cash balances accumulated during lockdowns, ran headlong into pandemic-related supply chain constraints, pushing inflation rates up to levels not seen in decades. Meanwhile, the prospect of additional social spending in the US further stimulating growth was extinguished when the Senate failed to pass President Biden's Build Back Better bill.

In the fourth quarter, Energy gave back some of its earlier outperformance, while Real Estate and Communication Services lagged the Index. Information Technology (IT) outperformed, helped by semiconductor stocks borne aloft by the ongoing chip shortage. But, in the full year, Energy, Financials, and IT all outpaced less economically sensitive sectors such as Consumer Staples and Health Care. Utilities and Communication Services underperformed in the year.

> The most highly priced shares suffered throughout the year—first from the rebound of cyclical stocks, then from a reassessment of discount rates in the face of rising inflation—before gaining back some ground in the fourth quarter.

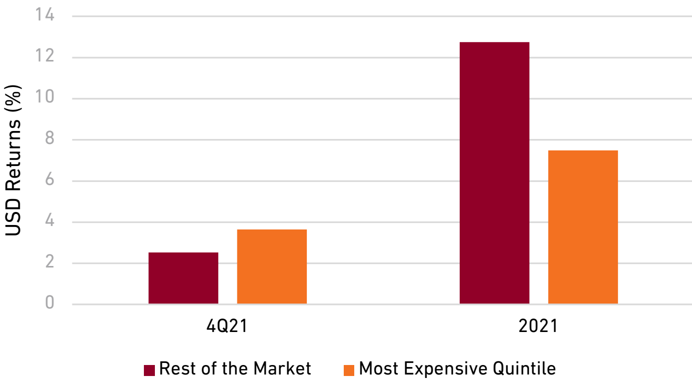
Regionally, the main story of the year was the dramatic divergence between Western developed markets, which rose handsomely, and China, which fell heavily and dragged its economically connected neighbors—Hong Kong and Japan—along with it. European markets enjoyed double-digit gains in US dollar terms.

Style factors played a significant role in the year: the most highly priced shares suffered throughout most of 2021—first from the rebound of cyclical stocks, then from a reassessment of discount rates in the face of rising inflation—before gaining back some ground in the fourth quarter.

Companies held in the portfolio at the end of the year appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at December 31, 2021 is available on page 9 of this report.

Index Returns to Valuation

MSCI ACWI ex-US Index



Source: MSCI Inc., FactSet.

Performance and Attribution

The EAFE Equity Composite returned 5.4% in the quarter gross of fees, ahead of the 2.7% return of the MSCI EAFE Index. For the full year, the Composite returned 12.7% gross of fees, modestly ahead of the 11.8% return of the Index, and the 11.6% return for the MSCI EAFE Growth Index.

Good relative performance in the fourth quarter resulted primarily from stock selection, with a modest additional boost from sector allocation. The biggest contribution came from Industrials, where **Atlas Copco** and **Epiroc** delivered strong returns as both Swedish manufacturers saw their order books swell, signaling that less-faster-growing revenues were a lagging indicator. Additionally, **Schneider Electric**'s management raised its forecast for medium-term revenue growth, signaling rising confidence in the company's opportunities to help customers meet energy efficiency and carbon-reduction goals.

Health Care boosted relative performance as our holdings benefitted from the pandemic both coming and going. **Roche** and **Lonza** saw heightened interest in treatment, testing, and vaccination activities to battle the waves of newer COVID-19 variants, while normalizing trends in standard blood tests and eye treatments benefited **Sysmex** and **Alcon**, respectively. **L'Oréal**'s strong revenue growth helped returns in Consumer Staples, while modest outperformance from a range of Materials yielded good relative results as well.

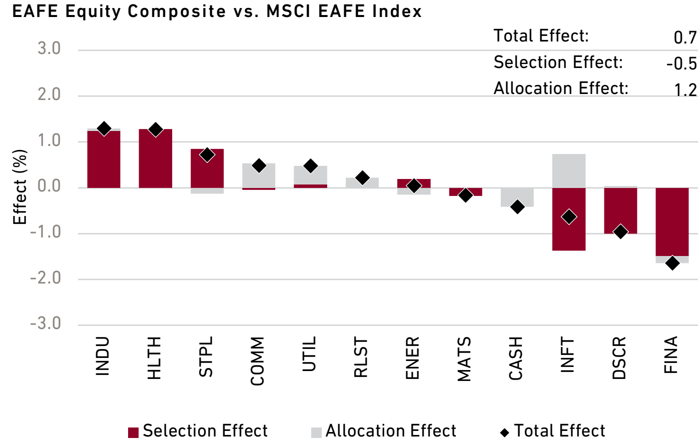
Viewed geographically, the portfolio enjoyed good stock picking within every region save for neutral results in Canada and the Middle East. That said, because of the region's poor performance, EM holdings accounted for three of the portfolio's ten biggest detractors, while two more were companies nominally based in developed markets that have a decided business emphasis on emerging markets: Spanish bank **BBVA** and Hong Kong-based insurer **AIA Group**.

Viewed by style, the portfolio benefited handsomely from its strong bias in favor of the highest-quality companies. We suffered only modestly from our somewhat heavy weight in the more richly priced end of the market, which we largely overcame by good stock picking *within* those pricey cohorts.

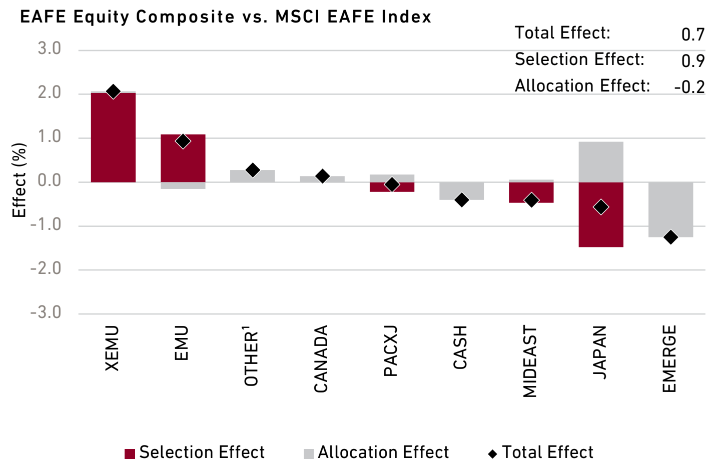
In the full year, relative performance was hampered by poor returns in the first five months, when—in the heady climate of the initial vaccine rollouts and fiscal stimulus in the US and elsewhere—inexpensive stocks of lower quality companies led the market. Overall, the portfolio's modest outperformance for the year came mostly from sector allocation. The biggest effect was from our large overweight in IT stocks, but that was dampened by relative underperformance from our semiconductor holdings, including **Infineon Technologies** and **TSMC**. Underweights in Communication Services and Utilities contributed much of the rest of the positive sector allocation effect.

Trailing 12 Months Performance Attribution

Sector



Geography



[1]Includes companies listed in the United States. Source: FactSet; Harding Loevner EAFE Equity Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

Viewed regionally, the modest relative outperformance in the year was helped by our light weight in Japan relative to the Index. By style, the portfolio was hurt in the year by its relatively heavy holdings of richly priced, faster-growing, high-quality companies, but made up for that with good stock picking within the more expensive cohorts of valuation. Our stock picking among the fastest-growing (and usually expensive) quintile of stocks was poor—an odd fact to stack up against our *good* stock picking within expensive stocks. Rather, the good relative results came from the strong performance of ultra-high quality companies that are growing, but less rapidly, such as those in non-cyclical sectors such as Consumer Staples and Health Care, which have become quite highly priced in the past two years of economic volatility.

Perspective and Outlook

Investors are keenly focused on how policymakers will react to current levels of inflation. Will it subside without robust intervention as supply chains overcome logistical bottlenecks and new capacity comes on? Or will persistent price pressures force central bankers' hands, tightening monetary policy significantly to avoid inflation becoming embedded in consumer and business expectations?

The valuation of long-duration growth stocks entails discounting earnings from far in the future back to the present stock price. While we've long committed to using stable required rates of return as the discount rates in our own valuation work, the discount rates used by other investors are heavily influenced by both inflation and interest rates. They pose a bigger challenge to us than we'd like, given our inability to predict or control them.

However, we have no process for, nor professed skill at, predicting either inflation or its policy responses. We are not practitioners of the (futile, in our opinion) arts of interest rate prognostication or stock market timing—nor even market style timing. And as hard as we work to value companies, we recognize the imprecise nature of that art.

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Rather than trying to predict inflation, we analyze industry and company vulnerabilities to inflation through the lens of Michael Porter's "Five Forces," especially through the relative bargaining power of buyers and suppliers. That is, we aim to identify which businesses will be resilient in an inflationary environment due to their ability to pass on whatever higher costs or supply chain frictions they experience. More broadly, we attempt to evaluate *all* the forces that shape and define industry profitability and assess the efficacy of the capital allocation decisions that underpin each of our companies' long-term growth trajectory, with inflation merely one variable in, or facet of, that analysis. Our bottom-up analysis has kept us optimistic about the potential for continued strong earnings growth from our companies, especially considering what we see as high and sustained levels of innovation and secular growth in their target markets. But that optimism is tempered by the knowledge that, when it comes to precisely assessing stock prices, we are still vulnerable to significant and persistent changes in inflation or interest rates.

This dual existence of a business and its share price underpins why we always try to be careful to distinguish *companies* from *stocks*, both when we consider their investment merits as well as when we write about them. We see our valuation efforts as a quest to detect unsupportable optimism or unwarranted pessimism embedded in share prices, rather than arraying companies precisely along an orderly spectrum of expensiveness with a finely tuned financial model. In our portfolio, we have for several years been leaning against the rising valuations being paid for shares of the highest-quality, fastest-growing companies. When researching a company, we defer consideration of its valuation to the end, but it is then often a key factor in deciding *whether* and *when* we purchase or sell its shares. We've worked hard to reduce, or at least prevent from rising further, our weight in the most expensive quintile of non-US stocks over the past three years.

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We wrote in the first quarter of 2021 about the negative returns implied by the high share prices commanded by many of the fastest-growing companies. For the moment, other investors have begun to share our skepticism. The worst performers within the fastest-growing cohort were those that exhibited the lowest quality characteristics, a category that our process aims to keep out of our opportunity set and our portfolio. Fast growers with the best quality profile continued to enjoy strong share price returns in the year.

Our attention is now turning to the valuation risks embedded in the highest-quality stocks, where we have been steadfast in our hefty allocation. Investors have become more cognizant of the resilience of companies that benefit from such sustained demand for their products that these companies are able to pass cost increases through to customers via price hikes. As uncertainties have risen, investors have been willing to pay higher prices—and accept lower prospective returns—for shares of such companies. In other words, the implied returns for stocks of the highest-quality cohort of non-US companies have shrunk relative to the rest of the market.

This growing valuation disparity has caused us to reexamine some of our positioning, particularly the generous room we've afforded holdings in the Consumer Staples sector. This sector consists of many businesses are renowned for their stability and resilience in economic downturns, and their shares usually trade at higher valuations than the average company despite modest growth rates. We've been tolerant of their valuations in light of the durability of their growth and profitability, their ability to pass inflation through to customers over time, and their contribution to portfolio stability during bouts of market volatility. We reduced our Staples holdings at their high point in March 2020, after they had outperformed in the initial pandemic market plunge and swelled to over 17% of our portfolio, judging them less attractive than more beaten-down stocks. But a year and a half later, our Staples holdings still comprise more than an eighth of the portfolio: 33% more than the index. We are scrutinizing—with an increasingly jaundiced eye—their valuations relative to their prospects.

Portfolio Highlights

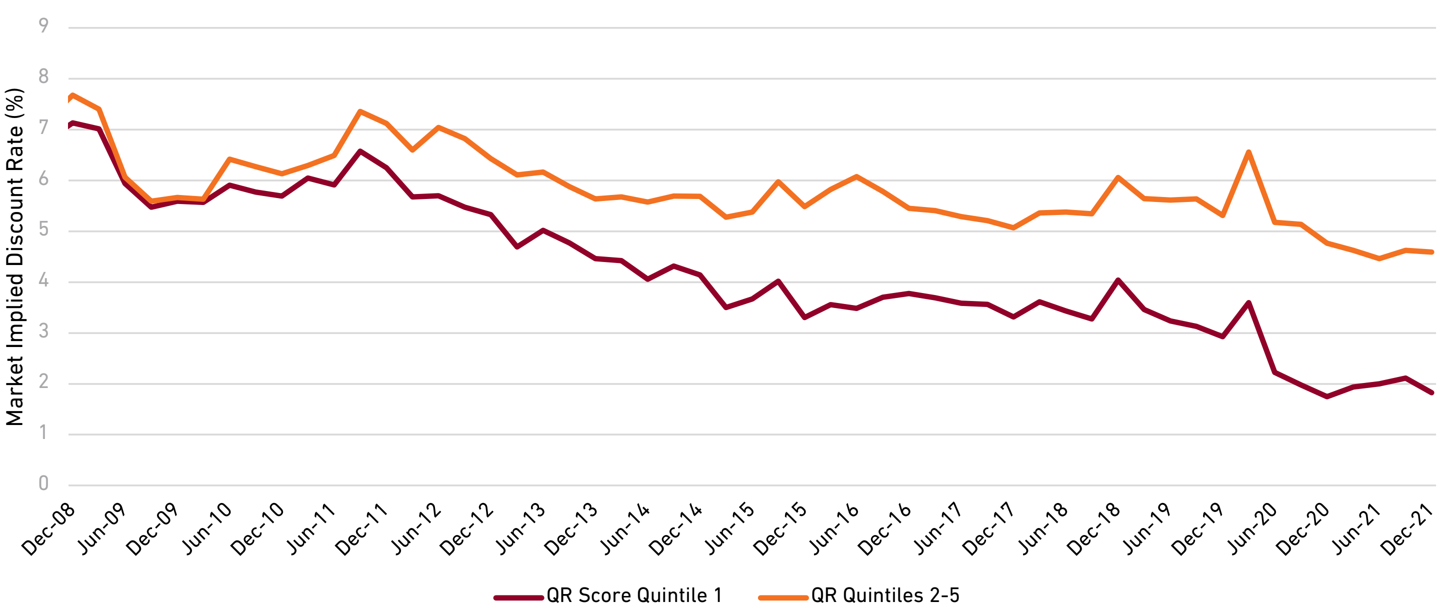
Our watchful eye on valuation has driven us to cut our IT sector weight by nearly one fifth over the course of the year; valuation was directly responsible for the reductions of software provider **Dassault Systèmes**, machine vision specialist **Keyence**, and payments software platform **Adyen**. Within IT, we also cut our exposure to semiconductor-related stocks by almost a quarter by reducing our weight in TSMC early in 2021 after a surge in its share price, and trimming Infineon Technologies twice in recognition of its full valuation and historically volatile share price.

Our ongoing overweight in semiconductor stocks reflects our view that the industry's competitive structure has matured and is much improved from its fragmented and volatile adolescence. Today, there are just a handful of companies with the requisite technology and scale advantages to manufacture advanced circuits competitively. At the same time, demand growth for semiconductors has held up due to the adoption of cloud computing, their rising use in household goods and automobiles, and the proliferation of new computing devices. The World Semiconductor Trade Statistics organization predicted in November that, when semiconductor sales are tallied for 2021, they will have grown 26% year-over-year, expected to be followed by still-respectable 9% growth in 2022.

Despite the semiconductor industry's favorable long-term demand trends, there is a risk that chip shortages are artificially boosting sales as customers build buffer inventories. Hence our prudent trimming.

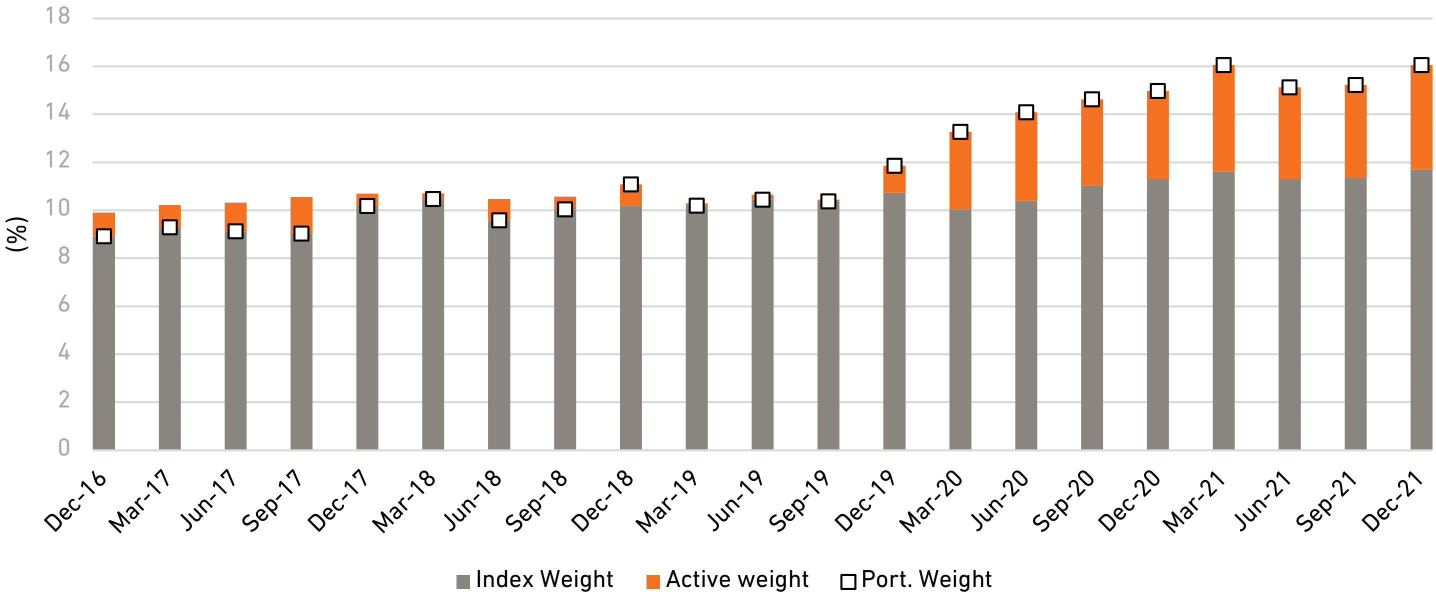
Our confidence in the industry's improved business quality and sustained growth has been vindicated over recent years, as its revenues have nearly doubled since the beginning of 2016, and the slowdown it experienced in 2019 and 2020 proved much milder than the previous downturns of 2001 and 2009. Still, we refuse to let ourselves be complacent, despite the favorable long-term demand trends. In particular, there is a risk that semiconductor shortages are artificially boosting sales as customers build buffer inventories to guard against future shortages. Hence our prudent trimming.

Market Implied Discount Rate by Quality Quintiles
MSCI ACWI ex-US Index



Source: MSCI Inc., FactSet, HOLT database.

Capital Goods



Source: FactSet.

Among Industrials we've found many high-quality companies within the capital goods industry group; our holdings encompass the subindustries of industrial machinery (Atlas Copco, **Alfa Laval**, **Fanuc**, **Sanhua Intelligent Controls**), electrical components (Schneider), construction machinery (Epiroc and **Komatsu**), and agricultural & farm machinery (**Kubota**). While manufacturing is exposed to rising labor and transportation costs, virtually all these companies are involved in improving the efficiency of economic production. Robots made by Fanuc help temper labor costs. Schneider's electrical components and efficiency consulting and software help to reduce the energy costs of buildings and manufacturing; Komatsu and Epiroc help mining companies produce greater tonnages at lower costs; Sanhua's thermal controls help make appliances and automobiles more energy efficient. Historically all these companies have been vulnerable to economic downturns. As a result, their stocks typically trade at less-demanding valuations than companies with similar quality and long-term growth characteristics that are less exposed to the business cycle. Over the past couple of years, in gravitating towards that combination of high-quality and less-lofty valuation, we've implicitly accepted the risk of greater cyclical volatility.

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EAFE Holdings (as of December 31, 2021)

Communication Services	Market	End Wt. (%)
Telkom Indonesia (Telecom services)	Indonesia	0.4
Tencent (Internet and IT services)	China	1.2
Yandex (Internet products and services)	Russia	0.3
Consumer Discretionary		
Haier Smart Home (Consumer appliance manufacturer)	China	0.5
NITORI (Home-furnishings retailer)	Japan	1.4
Consumer Staples		
Ambev (Alcoholic beverages manufacturer)	Brazil	0.3
Couche-Tard (Convenience stores operator)	Canada	1.2
Diageo (Alcoholic beverages manufacturer)	UK	1.6
FEMSA (Beverages manufacturer and retail operator)	Mexico	0.3
L'Oréal (Cosmetics manufacturer)	France	4.3
Nestlé (Foods manufacturer)	Switzerland	2.5
Unicharm (Consumer products manufacturer)	Japan	2.4
Unilever (Foods and consumer products producer)	UK	1.3
Energy		
Lukoil (Oil and gas producer)	Russia	0.6
Royal Dutch Shell (Oil and gas producer)	UK	1.6
Financials		
AIA Group (Insurance provider)	Hong Kong	2.9
Allianz (Financial services and insurance provider)	Germany	2.6
BBVA (Commercial bank)	Spain	1.8
DBS Group (Commercial bank)	Singapore	2.9
HDFC Bank (Commercial bank)	India	0.3
ICICI Bank (Commercial bank)	India	0.5
Ping An Insurance (Insurance provider)	China	0.3
SE Banken (Commercial bank)	Sweden	1.4
Standard Chartered (Commercial bank)	UK	0.7
XP (Broker dealer and financial services)	Brazil	0.3
Health Care		
Alcon (Eye care products manufacturer)	Switzerland	2.0
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.5
CSPC Pharmaceutical Group (Pharma manufacturer)	China	0.4
Lonza (Life science products manufacturer)	Switzerland	3.1
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	3.7

Health Care	Market	End Wt. (%)
Shionogi (Pharma manufacturer)	Japan	1.9
Sonova Holding (Hearing aids manufacturer)	Switzerland	1.6
Sysmex (Clinical laboratory equipment manufacturer)	Japan	2.1
Industrials		
Alfa Laval (Industrial equipment manufacturer)	Sweden	2.0
Atlas Copco (Industrial equipment manufacturer)	Sweden	4.5
Canadian National Railway (Railway operator)	Canada	1.0
Epiroc (Industrial equipment manufacturer)	Sweden	1.9
Fanuc (Industrial robot manufacturer)	Japan	0.9
Komatsu (Industrial equipment manufacturer)	Japan	1.3
Kubota (Industrial and consumer equipment mfr.)	Japan	1.8
Sanhua Intelligent Controls (HVAC&R parts mfr.)	China	0.3
Schneider Electric (Energy management products)	France	3.7
SGS (Quality assurance services)	Switzerland	1.1
Information Technology		
Adyen (Payment processing services)	Netherlands	3.3
Check Point (Cybersecurity software developer)	Israel	1.4
Dassault Systèmes (CAD software developer)	France	2.0
Infineon Technologies (Semiconductor manufacturer)	Germany	4.4
Keyence (Sensor and measurement equipment mfr.)	Japan	2.0
Samsung Electronics (Electronics manufacturer)	South Korea	1.1
SAP (Enterprise software developer)	Germany	1.8
TSMC (Semiconductor manufacturer)	Taiwan	1.2
Materials		
Air Liquide (Industrial gases producer)	France	1.0
BHP (Mineral miner and processor)	Australia	2.6
Linde (Industrial gases supplier and engineer)	US	1.4
Novozymes (Biotechnology producer)	Denmark	1.2
Rio Tinto (Mineral miner and processor)	UK	2.0
Symrise (Fragrances and flavors manufacturer)	Germany	1.7
Real Estate		
No Holdings		
Utilities		
ENN Energy (Gas pipeline operator)	China	0.5
Cash		4.0

Model Portfolio holdings are supplemental information only and complement the fully compliant EAFE Equity Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

4Q21 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Atlas Copco	INDU	4.1	0.4	0.43
Schneider Electric	INDU	3.4	0.5	0.40
L'Oréal	STPL	4.1	0.7	0.39
Infineon Technologies	INFT	4.3	0.3	0.37
Epiroc	INDU	1.8	0.1	0.25

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Atlas Copco	INDU	4.2	0.4	0.83
Sonova Holding	HLTH	2.1	0.1	0.73
Schneider Electric	INDU	3.2	0.5	0.62
Alfa Laval	INDU	1.8	0.1	0.54
Dassault Systèmes	INFT	1.9	0.2	0.47

4Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
NITORI	DSCR	1.7	0.1	-0.50
AIA Group	FINA	3.3	0.8	-0.40
Adyen	INFT	3.8	0.3	-0.29
BBVA	FINA	1.9	0.2	-0.19
Chugai Pharmaceutical	HLTH	1.4	0.1	-0.18

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL EAFE	Avg. Weight MSCI EAFE	Effect
Chugai Pharmaceutical	HLTH	1.6	0.2	-1.00
AIA Group	FINA	3.3	0.9	-0.73
ASML*	INFT	0.0	1.7	-0.69
NITORI	DSCR	1.4	0.1	-0.64
Unicharm	STPL	2.6	0.1	-0.61

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.

Portfolio Characteristics

Quality and Growth	HL EAFE	MSCI EAFE
Profit Margin[1] (%)	12.7	9.2
Return on Assets[1] (%)	7.9	4.8
Return on Equity[1] (%)	12.6	11.0
Debt/Equity Ratio[1] (%)	43.8	68.4
Std. Dev. of 5 Year ROE[1] (%)	2.9	3.8
Sales Growth[1,2] (%)	4.4	2.6
Earnings Growth[1,2] (%)	5.9	5.6
Cash Flow Growth[1,2] (%)	9.1	7.9
Dividend Growth[1,2] (%)	6.0	4.7
Size and Turnover	**HL EAFE**	**MSCI EAFE**
Wtd. Median Mkt. Cap (US $B)	79.1	50.8
Wtd. Avg. Mkt. Cap (US $B)	114.8	87.5
Turnover[3] (Annual %)	13.8	–

Risk and Valuation	HL EAFE	MSCI EAFE
Alpha[2] (%)	5.32	–
Beta[2]	0.93	–
R-Squared[2]	0.92	–
Active Share[3] (%)	84	–
Standard Deviation[2] (%)	14.35	14.7
Sharpe Ratio[2]	0.98	0.61
Tracking Error[2] (%)	4.3	–
Information Ratio[2]	1.18	–
Up/Down Capture[2]	112/89	–
Price/Earnings[4]	23.9	16.6
Price/Cash Flow[4]	17.8	10.6
Price/Book[4]	3.2	1.9
Dividend Yield[5] (%)	1.9	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner EAFE Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 4, 2022, based on the latest available data in FactSet on this date.); Harding Loevner EAFE Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Haier Smart Home	China	DSCR
XP	Brazil	FINA

Positions Sold	Market	Sector
Alibaba	China	DSCR
Fuchs Petrolub	Germany	MATS
Itaú Unibanco	Brazil	FINA
Samsung Electronics (Pref.)	South Korea	INFT

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant EAFE Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

EAFE Equity Composite Performance (as of December 31, 2021)

	HL EAFE Gross (%)	HL EAFE Net (%)	MSCI EAFE Index[1] (%)	HL EAFE 3-yr. Std. Deviation[2] (%)	MSCI EAFE 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2021[4]	12.67	12.13	11.78	15.84	16.89	0.6	12	878	75,084
2020	23.89	23.26	8.28	17.19	17.87	3.2	13	981	74,496
2019	26.77	26.10	22.66	11.70	10.80	0.5	7	655	64,306
2018	-11.72	-12.20	-13.36	11.51	11.27	0.4	7	545	49,892
2017	29.48	28.85	25.62	12.03	11.85	0.4	7	643	54,003
2016	6.97	6.34	1.51	12.74	12.48	N.M.[5]	4	270	38,996
2015	2.53	1.96	-0.39	12.48	12.47	N.M.	1	99	33,296
2014	-0.93	-1.51	-4.48	11.67	12.99	N.M.	4	240	35,005
2013	18.73	17.95	23.29	15.25	16.22	N.M.	4	241	33,142
2012	20.88	20.11	17.90	+	+	N.M.	1	76	22,658
2011	-11.07	-11.61	-11.73	+	+	N.M.	1	83	13,597

[1]Benchmark Index; [2]Variability of the composite, gross of fees, and the index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2021 performance returns and assets shown are preliminary; [5]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year; +Less than 36 months of return data.

The EAFE Equity Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI EAFE Total Return Index (Gross) for comparison purposes. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The index consists of 21 developed market countries. You cannot invest directly in this Index.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through September 30, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The EAFE Equity Composite has had a performance examination for the periods March 1, 2010 through September 30, 2021. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

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

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate EAFE Equity accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; 0.40% of amounts from $250 million to $500 million; above $500 million on request. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The EAFE Equity Composite was created on February 28, 2010, and the performance inception date is March 1, 2010.

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