Frontier Emerging Markets Equity

HARDING LOEVNER

Quarterly Report | Year End 2021

What's Inside

Market Review →
Frontier Emerging Markets (FEMs) rose in the fourth quarter, continuing the trend of the previous two quarters despite the uncertainty caused by two new threats: Omicron and rising inflation.

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

Perspective and Outlook →
Inflation is an ever-present threat for FEMs, always top of mind for policy makers and company managements. This perspective colors the ways the current inflation cycle is being managed in these markets, starting with the Index's largest country by weight, the Philippines.

Portfolio Highlights →
With several FEM central banks having already hiked rates (or about to), but vaccination levels also on the rise, we've positioned the portfolio to benefit from a post-COVID-19 cyclical recovery, as well as hedged against rising interest rates.

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

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

Get More Online

Webcast →
Watch the Frontier Emerging Markets quarterly review.

Insights →
View other reports.

Composite Performance

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

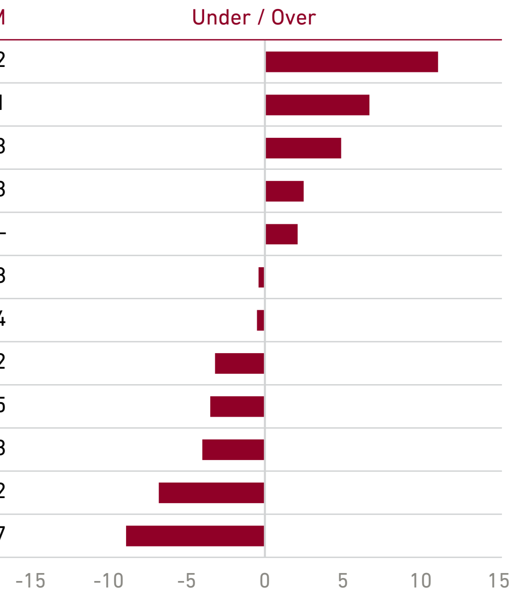
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Frontier Emerging Markets Equity (Gross of Fees)	1.71	12.18	9.12	7.32	7.10	2.24
HL Frontier Emerging Markets Equity (Net of Fees)	1.36	10.67	7.65	5.87	5.59	0.82
MSCI Frontier Emerging Markets Index[4,5]	1.98	4.61	5.34	4.95	4.14	-0.67

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: May 31, 2008; [4]The Benchmark Index; [5]Gross of withholding taxes.

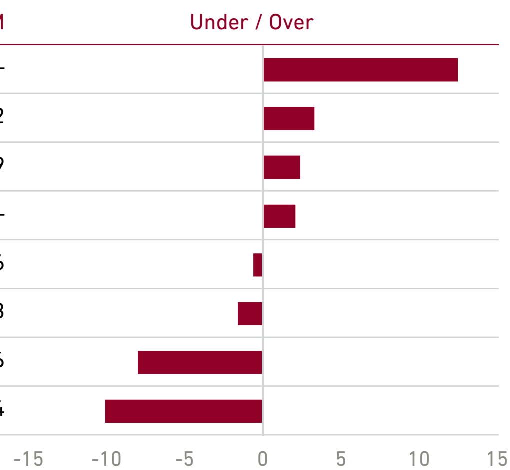
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL FEM	MSCI FEM
Info Technology	11.3	0.2
Cons Discretionary	7.8	1.1
Cons Staples	12.2	7.3
Health Care	5.8	3.3
Cash	2.1	–
Financials	35.4	35.8
Energy	3.9	4.4
Comm Services	5.0	8.2
Utilities	0.0	3.5
Materials	4.3	8.3
Real Estate	6.4	13.2
Industrials	5.8	14.7



Geography	HL FEM	MSCI FEM
Dev. Market Listed[6]	12.5	–
Africa	19.5	16.2
Gulf States	7.3	4.9
Cash	2.1	–
Middle East	0.0	0.6
Europe	13.7	15.3
Latin America	6.6	14.6
Asia	38.3	48.4



[6]Includes companies in frontier markets or small emerging markets listed in developed markets. Current frontier markets exposure in the portfolio is 42.2% and emerging markets exposure is 43.2%.

Sector and geographic allocations are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. Source: Harding Loevner Frontier Emerging Markets 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.

Market Review

Frontier Emerging Markets (FEMs) rose in the fourth quarter, continuing the trend of the previous two quarters despite the uncertainty caused by two new threats: the emergence of the more contagious, although apparently less deadly, Omicron variant of the COVID-19 virus; and rising inflation across FEMs that will lead to higher interest rate hikes, slower growth, and higher hurdles for equities.

Some of the strongest gains in the quarter came from the three largest markets—the Philippines, Vietnam, and Peru—which had been among the weakest performers in the previous quarter. In the Philippines and Vietnam, the widespread lockdowns that had been imposed over the summer to stem a tide of Delta variant infections were lifted. In combination with accelerating vaccinations, the mass quarantines seemed to work; caseloads declined, at least temporarily. In Peru, the political crisis that had engulfed the country since the election of leftist Pedro Castillo as President in June abated, leading to an improvement in sentiment. The Peruvian stock market gained 10% after Castillo replaced his leftist prime minister Guido Bellido with Mirtha Vásquez, a former head of the Peruvian Congress who is seen as more moderate and possibly able to unite divided factions behind much-needed economic reforms. Castillo also renewed the appointment of central bank governor Julio Velarde, whose time in office has been marked by market-friendly policies.

MSCI FEM Index Performance (USD %)

Geography	4Q 2021	Trailing 12 Months
Philippines	3.7	-3.4
Vietnam	5.1	24.8
Peru	10.4	-19.9
Colombia	-2.7	-13.7
Morocco	-2.0	13.4
Kazakhstan	4.6	92.7
Iceland	-1.4	-3.6
Bahrain	-1.3	28.5
Egypt	18.4	7.6
Kenya	-8.7	14.3
MSCI FEM Index	2.0	4.6
Sector	**4Q 2021**	**Trailing 12 Months**
Communication Services	-1.9	12.6
Consumer Discretionary	5.2	8.6
Consumer Staples	-0.2	0.9
Energy	-2.3	23.6
Financials	5.9	8.0
Health Care	-2.7	9.8
Industrials	-0.4	-3.1
Information Technology	-6.9	15.7
Materials	-0.5	7.3
Real Estate	7.9	-7.2
Utilities	-2.1	-11.0

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

Selected countries are the 10 largest by ending weight, representing 83.8% of the MSCI Frontier Emerging Markets Index, listed in order of their weighting.

Performance was led by sectors sensitive to economic reopening and recovery. Real Estate, Financials, and Consumer Discretionary performed the best, while pandemic "winners" such as Information Technology (IT), Health Care, Communication Services, and Utilities declined.

Looking at the whole of 2021, a poor first quarter when FEMs slumped 6% due to lagging vaccination rates in most frontier countries gave way to strong performance in the remainder of the year, allowing the Index to finish the year in positive territory. The gain would have been even higher in US dollar terms if not for the drag of weaker FEM currencies. A strong rally in oil prices, which saw Brent crude rise more than 50%, resulted in oil-producing countries posting the largest gains. Kazakhstan rose 93% for the year, although it sold off sharply in early 2022 as *too*-high domestic fuel prices helped trigger deadly riots and the summoning of Russian troops. The Gulf region finished up 30%.

The strong oil rally helped make Energy the best-performing sector for the year, but good performance was broad-based, occurring both in long-duration growth sectors like IT and Health Care, as well as in economically sensitive segments such as Consumer Discretionary, Financials, and Materials. The lagging sectors for the year were Real Estate, Industrials, and Consumer Staples. Not coincidentally, these are also the sectors with the heaviest concentrations of Philippine and Vietnamese companies most impacted by their countries' lockdowns.

By style, the year exhibited somewhat of a deep cyclical rally due to the recovery of cheap, hitherto pandemic-embattled, Financials and Energy stocks. But investors also favored growth, with the fastest-growing quintile of stocks outperforming the slowest-growing by about 19 percentage points.

Performance and Attribution

The Frontier Emerging Markets Composite rose 1.7% in the fourth quarter, slightly underperforming the MSCI Frontier Emerging Markets Index's gain of 2.0%. For 2021, the portfolio rose 12.1% compared to a 4.6% rise for the Index.

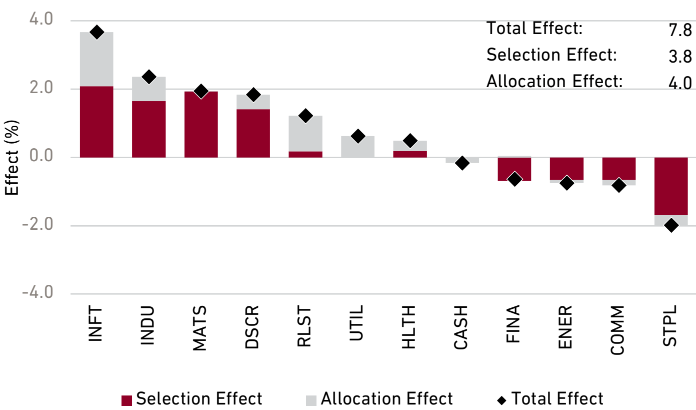
Companies held in the portfolio at the end of the year appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. 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 list of holdings at December 31, 2021 is available on page 6 of this report.

Financials detracted most from performance in the fourth quarter due to poor stock picking within banks. **Banca Transilvania** reported a surge in profits in November that reflected a positive trend in asset quality. However, net interest margins came under pressure as its loan book finally repriced to the low policy rate set earlier in the year by the National Bank of Romania. Kazakhstan-based **Halyk Savings Bank** also detracted due to sluggish fee growth. Management attributed the weakness to its cash-processing operations and disbursements of employee pension benefits. Positive stock picking in the strong-performing IT sector helped the most. Argentina-based IT outsourcer **Globant** continued to grow its sales, especially to its largest customer, Disney. Strong demand for digitalization services enabled the company to offset labor cost inflation and expand its operating margins.

Trailing 12 Months Performance Attribution

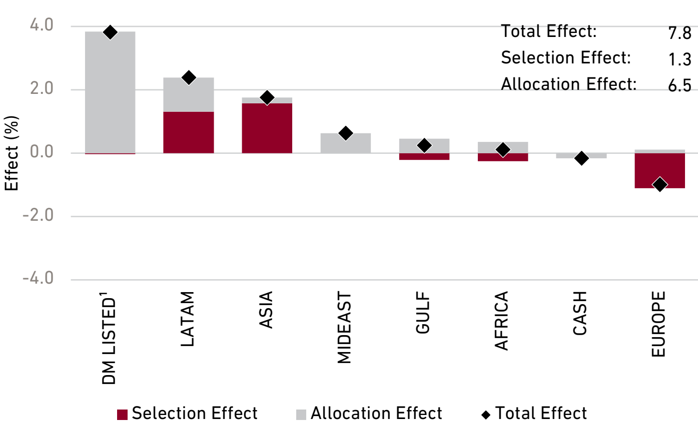
Sector

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



Geography

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



[1]Includes companies in frontier markets or small emerging markets listed in developed markets.
Source: FactSet; Harding Loevner Frontier Emerging Markets 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.

By region, Latin America detracted most as we were underexposed to the strong recovery in Peru. Stock picking in the region also hurt, especially Colombia-based **Ecopetrol**. The company's production slowed as lingering pandemic restrictions and social unrest affected the company's supply chain, delivery schedules, and project execution. Developed market-listed frontier companies, including the US-listed Globant, contributed most positively.

For the full year, as was the case in the quarter, strong stock picking in IT was the biggest sectoral contributor. In addition to Globant, Belarusian (and US-listed) engineering outsourcer **EPAM** performed well. The company reported strong earnings as its extensive operations across Eastern Europe met increasing demand from global corporations' digital transformation projects. An underweight to the poorly performing Real Estate sector also helped performance. Consumer Staples was the chief detractor, partly a result of the Delta variant's walloping of Southeast Asia. Pandemic restrictions, especially school closings, disrupted the sales of **Vietnam Dairy Products**. Its gross margins also took a hit from higher costs for milk powder, sugar, and packaging. The shares of Vietnam's **Sabeco** brewery fell as well, as higher advertising spending in response to stiffening competition decreased the company's operating margins.

By region, an underweight to poorly performing Latin American markets helped as did strong stock picking within Colombia. Packaged food maker Grupo Nutresa rose when an entity controlled by Colombian billionaire Jaime Gilinski bid for a stake in the company at a hefty premium. Eastern European holdings hurt performance most, especially Polish video game maker CD Projekt. The company was hacked early in the year, delaying fixes for the embarrassing bugs contained in its *Cyberpunk 2077* at launch.

Perspective and Outlook

Over the years, most FEMs have learned the hard way how little margin for error they have when it comes to corralling inflation. When a major developed market like the US finds itself in a fiscal bind, it can finance its spending needs cheaply through borrowing because of the strong global demand for safe assets denominated in reserve currencies. FEMs have no such luxury. In contrast to Treasurys or the greenback, their debt and currencies are generally considered high-risk assets. Fiscal profligacy financed by monetary expansion or excessive foreign borrowing, thus, is likely to set off a vicious circle of price inflation and currency depreciation—with currency weakness raising costs for imported goods and raw materials, which, in turn, leads to further inflation and greater currency weakness. Because FEM per capita incomes are low and a high proportion of consumption is directed toward necessities, FEMs are also vulnerable to external shocks such as spikes in food or energy prices. FEM central banks, furthermore, generally lack the independence of Western central banks and their credibility in maintaining price stability.

As a result, inflation is an ever-present threat for FEMs, always top of mind for policy makers and company managements. The annual rise in US consumer prices reached 6.8% in November, representing the highest rate in more than 30 years. In contrast, the (slightly lower) spikes seen in many developing countries in 2021 were only a point or two above what is considered "normal" in these countries. This difference in perspective colors the ways the current inflation cycle is being managed in FEMs, including by the companies in our portfolio.

The experience of the Philippines, the largest country by weight in the FEM index, is instructive. Like many other emerging economies, the country has its own dark history of inflation. In the waning days of the Ferdinand Marcos regime in 1984, consumer prices soared by 47%. The Philippine economy has since found much more stable footing: through decades of political and economic reform, the "sick man of Asia" has gradually transformed itself into the latest "Asian tiger." From 2010 through 2019, its annual GDP growth averaged over 6%, with average annual inflation of just 3%.

When COVID-19 arrived, however, the Philippines were especially vulnerable. Strict mandatory lockdowns battered the large retailing and travel sectors. Overseas remittances, another major pillar of the economy, dried up as the service sectors in which many of the Filipinos abroad were employed were hit by shutdowns themselves. In 2020, Philippine GDP contracted by 9.6%, the steepest decline in more than 40 years. Seeking to mitigate the decline, Bangko Sentral ng Pilipinas (BSP)—the country's central bank—cut its policy interest rate to an all-time low of 2.0% and trimmed the reserves banks were required to keep on deposit with BSP. These actions increased the liquidity in the banking system and helped limit further damage to lending, which, after nearly a decade of double-digit increases, contracted by 2.8% in 2020.

Meanwhile, Western governments were responding to COVID-19 with unprecedented income-support packages on top of monetary loosening. Consumers, particularly in the US and Europe, found themselves with extra cash. Unable to spend it on services like dining, live events, and travel, they bought household goods instead. As the recovery picked up steam, producers, many of whom had shuttered their factories in the early stages of the pandemic, were unprepared to ramp up output, leading to product shortages. Perception of scarcity stimulated precautionary buying and hoarding, aggravating initial shortages in a bullwhip phenomenon that set the stage for 2021's runup in consumer prices.

Many of these issues were particular to the developed world. However, because of the globalized nature of today's supply and production chains, their causes and effects stretched into developing markets like the Philippines. Today, shipping containers packed with materials and components cross borders multiple times before finished goods reach the consumer. This meant that dislocations in manufacturing were compounded by disruptions at ports as the cat's cradle of modern-day logistics tangled. At Long Beach, California, one of the world's busiest ports, ships queued for weeks waiting to unload, with shortages of trucks, truck drivers, and rail cars adding to the dock space crunch. It now takes 73 days to move a container from China to the US, up from about 40 days before COVID-19. With freight capacity in short supply, shipping lines have hiked their prices: the cost of shipping a 40-foot container from East Asia to the West Coast has risen fivefold from pre-pandemic levels. A.P. Moller-Maersk, the world's largest shipping line, reported higher profits during the first nine months of 2021 than for the previous *five years* combined.

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Philippine port operator **ICTSI** may not have reaped an outsized windfall, but its earnings proved resilient throughout the pandemic. ICTSI operates 32 container ports in 19 countries across Asia, Europe, the Middle East, Africa, and South America, with a focus on so-called "origin and destination" ("O&D") ports. O&Ds handle cargo traffic coming from or destined for the hinterlands of the port city, as opposed to transshipment ports, which are way stations for cargo coming from or heading to another country. O&D cargo is stickier than transshipments, for which alternative hubs are more plentiful, and competition among O&D port operators is less intense. In addition, shipping lines are generally able to pass the cost of handling containers at O&Ds onto the shippers of the goods, whereas they tend to absorb similar costs at transshipment ports. All that adds up to more stable fees for an O&D specialist like ICTSI.

The company's bargaining power is especially strong in ports where it is the largest operator. This is the case in Manila, its flagship facility, which accounts for about one-fifth of ICTSI's US$1.5 billion in annual revenues. Under ICTSI's contract, local port authorities receive a portion of the company's fees. This aligns their interests with ICTSI's and creates a strong barrier to entry for competitors. Although ICTSI has generally managed to keep Manila operating at full capacity through the pandemic, at points during the lockdowns shortages of truck drivers led to backlogs of goods awaiting transport onto their ultimate destination. These delays actually worked to ICTSI's *advantage*, as shippers were forced to pay premium rent to ICTSI to stack and hold their containers in the storage facilities it operates at the port.

Congestion at the port of Manilla—and even more so, spilling over from ships circling back from Long Beach to Shenzhen and onto Manilla—has contributed to higher costs and lower profit margins for importers and exporters throughout the Philippines. One of the industries most impacted is retailing. Retailers that scaled back purchases at the height of the pandemic saw their inventory levels depleted as demand recovered. Heading into the recent holiday season, many were still scrambling to restock, creating a perfect storm of product shortages and escalating costs. Philippine home improvement retailer **Wilcon Depot** overcame these challenges and emerged stronger.

When the country reopened after the first wave of COVID-19 lockdowns in May 2020, many retailers found themselves under severe stress. Smaller chains whose credit lines had been pulled struggled to find working capital to purchase inventory. Wilcon's stores, in contrast, were fully stocked—the company's solid finances meant it did not need to rely on banks to fund its purchases, and its scale gave it leverage over its suppliers, so it got priority access to products that were in in short supply. Wilcon's store format—stand-alone big boxes—also proved advantageous since COVID 19-wary consumers felt comfortable shopping in large stores where they could physically distance, while foot traffic at mall-based competitors like Ace and True Value remained anemic.

The breadth and depth of Wilcon's product selection, unrivaled among Philippine home improvement chains, helped smooth the company's sales over the course of the pandemic. As people stayed at home, the demand for furniture, furnishings, and tools for DIY projects picked up; when construction activity rebounded, sales of paints and building materials rose along with it. While the company was not immune from rising transportation costs, its long-standing relationships with domestic and overseas suppliers provided it with some wiggle room. Close to half of Wilcon's revenue comes from brands made specifically for it or for which it has exclusive Philippine distribution rights. It procures these products directly from suppliers rather than through wholesalers, passing part of its savings onto consumers. These preferred distributor arrangements have allowed Wilcon to increase prices by 5-7% during the pandemic while still meeting customer's value expectations and *expand* its gross margins by about 3 percentage points.

How retailers like Wilcon continue to manage cost pressures is one of the signs that the BSP will be watching as it plots its next monetary move. After the annual inflation rate reached 4.9% in August, nearly a point above BSP's 2-4% target range, it moderated toward the end of the year. The central bank has stated that it will remain accommodative "for as long as the inflation outlook will allow," suggesting that if inflation reaccelerates in the first half of 2022 the BSP could be compelled to issue its first hikes since the start of the pandemic. In that case, revenue and profit growth at many Philippine companies would slow—all part of the tight leash on which central banks in FEM markets like Philippines have come to rely for keeping inflation in check.

An exception would be the banks, whose ability to raise their asset yields faster than their rising funding costs makes them one the few industries that benefit from rising interest rates. **BPI**, the country's fourth-largest bank, is especially well positioned in this regard. BPI took advantage of the extra liquidity pumped into the banking system in 2020 to reduce its funding costs, paring down term deposits and replacing them with current and savings (CASA) deposits that earn less interest. Its CASA ratio climbed by over 10 percentage points from 2019 and now stands at 80%—one of the highest among Philippine banks. On the other side of its balance sheet, three-quarters of its loan book consists of corporate loans with floating interest rates tied directly to the central bank's policy rate. As these loans reprice upwards, the interest income earned by BPI will more than offset the increased interest it pays on deposits.

Portfolio Highlights

The recent signals out of BSP are right in line with those of its peers across FEMs. A handful of central banks, such as Colombia's, Pakistan's, and Peru's, have already started to raise rates from their previously very low levels, marking the start of an interest rate cycle that, depending on the country, could extend for a couple years or more. That would generally be bad for stocks given that fixed income assets could offer competitive returns, and equity investors would increase the discount rate they use in valuing companies' future cash flows.

On the other hand, FEM stocks are still relatively cheap, especially when compared to developed market stocks. As of late December, stocks in FEMs were trading at an average price-to-earnings multiple of 16 compared to 23 in developed markets. As partially indicated by cheaper valuations, we see frontier markets as being in the early innings of their post-pandemic economic recovery. Over the past several months, most FEMs have seen steady increases in their vaccine supplies and their vaccination rates, which should help their economies rebound in 2022. Therefore, we have positioned our portfolio to benefit from a post-COVID-19 cyclical recovery, as well as hedged against rising interest rates.

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One of the ways we have prepared for higher rates is through our investments in high-quality banks like BPI. We have been adding to these holdings for two years and are now above the Index's 31.6% weighting to banks (its largest industry weight). Beyond banks, we are confident that, as with Wilcon Depot, most of our companies have sufficient pricing power to pass on cost inflation to customers over time. For that reason, we have maintained our overweight position in Consumer Discretionary, one of the sectors best positioned to benefit from post-pandemic economic reopening. For example, we added to our position in **Jollibee Foods**—the largest quick-service restaurant chain in the Philippines—whose 60% domestic market share is complemented by sizeable chains it owns in the US (most notably Smashburger and The Coffee Bean and Tea Leaf), China, and other parts of Southeast Asia. Its business was adversely impacted by the lockdowns in the Philippines and Vietnam, but management has taken sensible actions, including slashing corporate overhead and overhauling its logistics, to lift Jollibee out of the crisis and position it for fast recovery.

> We have also added to our positions in companies that should benefit from a recovery in travel and tourism. In the UAE, we added to our position in Emaar Properties, the owner of entertainment centers, hotel chains, and The Dubai Mall—the world's largest.

We have also added to our positions in companies that should benefit from a recovery in travel and tourism. In the UAE, we added to our position in **Emaar Properties**, the country's largest real estate developer and the owner of entertainment centers, hotel chains, and The Dubai Mall—the world's largest. The company's revenue and profit took a big dip in 2020, but with a strong balance sheet, it is in better shape than its cash-strapped rivals for a quick bounce-back. In Kenya, we added to our holdings in **Equity Bank**, a digital banking pioneer with a strong retail deposit franchise that should benefit from the return of tourism, as well as the boost to net-interest margins it expects from rising interest rates.

We also exited two stocks this quarter—Grupo Nutresa and CD Projekt. We sold Nutresa, the leading consumer food packaged producer in Colombia, following Colombian billionaire Jaime Gilinski's recent takeover bid. Our analyst believed that the probability of the deal going through was low, but the deal price and reflexive jump in the stock price were close to his estimate of fair value. As for Polish video game maker CD Projekt, although we owned it for only a little over a year, we came to recognize our investment thesis was broken. When the company announced heavy prices cuts in an effort to win back gamers disillusioned by bugs and delays, it smacked to us of desperation. Ultimately, we lost confidence in management's ability to execute future game launches successfully.

MSCI Index Changes

MSCI implemented changes to our benchmark, the Frontier Emerging Markets Index, on November 30. Argentina was downgraded from small EM to standalone status due to capital controls in place in the country. Pakistan was also downgraded from small EM to frontier status due to low trading volume. These changes will not impact how we manage our portfolio but has increased its tracking error against the benchmark. The main sectoral change to the Index is a large reduction in the weight of IT, from about 6% to less than 1%, after Globant was removed along with other Argentinian shares. As a result, IT is now our portfolio's largest overweight by sector.

Frontier Emerging Markets Ten Largest Holdings (as of December 31, 2021)

Company	Market	Sector	End Wt.(%)
Commercial International Bank (Commercial bank)	Egypt	Financials	4.6
Globant (Software developer)	United States	Info Technology	4.6
EPAM (IT consultant)	United States	Info Technology	4.4
Banca Transilvania (Commercial bank)	Romania	Financials	3.7
Vietcombank (Commercial bank)	Vietnam	Financials	3.7
Safaricom (Mobile network operator)	Kenya	Comm Services	3.6
Halyk Savings Bank (Commercial Bank)	Kazakhstan	Financials	3.6
Hoa Phat Group (Steel producer)	Vietnam	Materials	3.6
Wilcon Depot (Home improvement retailer)	Philippines	Cons Discretionary	3.6
SM Prime Holdings (Real estate developer)	Philippines	Real Estate	3.2

Model Portfolio holdings are supplemental information only and complement the fully compliant Frontier Emerging Markets 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 FEM	Avg. Weight MSCI FEM	Effect
EPAM	INFT	4.4	–	0.56
JG Summit Holdings*	INDU	0.0	1.8	0.42
Wilcon Depot	DSCR	4.1	–	0.39
Commercial International Bank	FINA	4.5	2.6	0.35
Emaar Properties	RLST	2.2	–	0.33

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
EPAM	INFT	4.5	–	2.79
Wilcon Depot	DSCR	3.4	–	1.92
Hoa Phat Group	MATS	4.4	2.3	1.56
Credicorp	FINA	1.2	4.7	1.23
JG Summit Holdings*	INDU	0.0	2.0	0.88

4Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Network International	INFT	2.1	–	-0.49
Credicorp*	FINA	0.0	4.1	-0.28
Safaricom	COMM	3.9	2.2	-0.26
Hoa Phat Group	MATS	4.1	2.6	-0.23
Masan Group*	STPL	0.0	1.3	-0.22

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Masan Group*	STPL	0.0	1.2	-0.78
Kaspi Bank	FINA	0.4	1.3	-0.77
Kazatomprom*	ENER	0.0	1.0	-0.68
No Va Land*	RLST	0.0	0.9	-0.63
Ahli United Bank*	FINA	0.0	2.6	-0.57

*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 FEM	MSCI FEM
Profit Margin[1] (%)	14.7	14.1
Return on Assets[1] (%)	4.4	3.1
Return on Equity[1] (%)	16.3	10.1
Debt/Equity Ratio[1] (%)	41.4	92.3
Std. Dev. of 5 Year ROE[1] (%)	3.5	3.6
Sales Growth[1,2] (%)	6.6	3.6
Earnings Growth[1,2] (%)	9.4	-0.5
Cash Flow Growth[1,2] (%)	7.9	1.7
Dividend Growth[1,2] (%)	2.0	0.6
Size and Turnover	**HL FEM**	**MSCI FEM**
Wtd. Median Mkt. Cap. (US $B)	6.6	7.9
Wtd. Avg. Mkt. Cap. (US $B)	10.8	9.7
Turnover[3] (Annual %)	20.6	–

Risk and Valuation	HL FEM	MSCI FEM
Alpha[2] (%)	2.50	–
Beta[2]	0.99	–
R-Squared[2]	0.93	–
Active Share[3] (%)	60	–
Standard Deviation[2] (%)	17.11	16.72
Sharpe Ratio[2]	0.37	0.23
Tracking Error[2] (%)	4.4	–
Information Ratio[2]	0.56	–
Up/Down Capture[2]	101/90	–
Price/Earnings[4]	14.1	15.8
Price/Cash Flow[4]	12.9	11.4
Price/Book[4]	2.2	2.0
Dividend Yield[5] (%)	2.2	2.0

[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 Frontier Emerging Markets 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 Frontier Emerging Markets Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
There were no completed purchases this quarter.		

Positions Sold	Market	Sector
CD Projekt	Poland	COMM
Grupo Nutresa	Colombia	STPL

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

Frontier Emerging Markets Composite Performance (as of December 31, 2021)

	HL FEM Gross (%)	HL FEM Net (%)	MSCI FEM Index[1] (%)	HL FEM 3-yr. Std. Deviation[2] (%)	MSCI FEM Index 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2021[4]	12.18	10.67	4.61	20.37	19.75	N.M.[5]	1	213	75,084
2020	2.66	1.27	-2.36	20.72	19.66	N.M.	1	227	74,496
2019	12.85	11.32	14.46	10.58	10.95	N.M.	1	291	64,306
2018	-13.95	-15.11	-14.37	10.79	11.42	N.M.	1	356	49,892
2017	27.33	25.62	27.19	10.84	11.87	N.M.	1	480	54,003
2016	4.89	3.34	5.41	11.22	12.43	N.M.	1	387	38,996
2015	-16.76	-18.00	-17.99	11.28	11.81	N.M.	1	432	33,296
2014	8.51	6.93	7.52	10.19	10.76	N.M.	1	537	35,005
2013	19.77	18.09	4.59	12.68	11.82	N.M.	1	317	33,142
2012	22.92	21.08	21.23	14.01	13.97	N.M.	1	88	22,658
2011	-19.63	-20.83	-17.26	20.62	20.70	N.M.	1	95	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.

The Frontier Emerging Markets Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities, and cash reserves of companies domiciled predominately in frontier emerging markets and is measured against the MSCI Frontier Emerging Markets 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 Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The index consists of 26 frontier markets and 5 emerging markets. 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 verification report is available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of 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 Frontier Emerging Markets accounts is 1.50% annually of the market value up to $20 million; 1.15% of amounts above $20 million. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Frontier Emerging Markets Composite was created on May 31, 2008 and the performance inception date is June 1, 2008.