Global Equity ADR

Quarterly Report | Year End 2021

HARDING LOEVNER

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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.

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Composite Performance

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

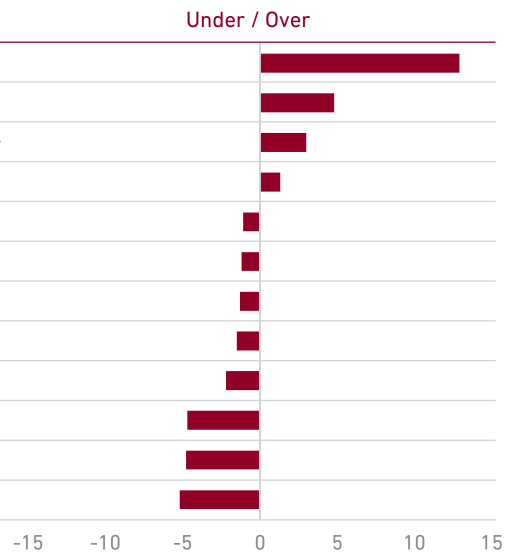
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Global Equity ADR (Gross of Fees)	6.00	18.80	26.18	19.43	14.96	10.49
HL Global Equity ADR (Net of Fees)	5.81	17.95	25.22	18.50	14.05	9.60
MSCI All Country World Index[4,5]	6.77	19.04	20.95	14.97	12.43	7.94
MSCI World Index[5,6]	7.86	22.35	22.30	15.63	13.30	8.10

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1989 corresponds to that of the linked Global Equity composite; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

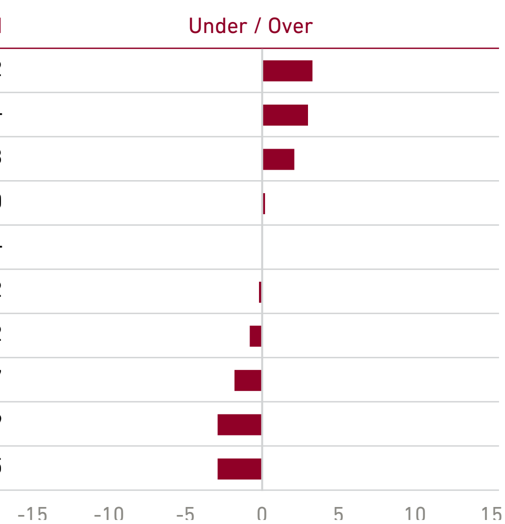
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL GADR	MSCI ACWI
Health Care	24.6	11.7
Comm Services	13.4	8.6
Cash	3.0	–
Industrials	10.9	9.6
Financials	12.7	13.8
Info Technology	22.4	23.6
Real Estate	1.4	2.7
Energy	1.9	3.4
Utilities	0.5	2.7
Materials	0.0	4.7
Cons Staples	2.0	6.8
Cons Discretionary	7.2	12.4



Geography	HL GADR	MSCI ACWI
Emerging Markets	14.5	11.2
Cash	3.0	–
US	63.4	61.3
Europe ex-EMU	8.2	8.0
Frontier Markets[7]	0.0	–
Middle East	0.0	0.2
Europe EMU	7.4	8.2
Pacific ex-Japan	0.9	2.7
Canada	0.0	2.9
Japan	2.6	5.5



[7]Includes countries with less-developed markets outside the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Global Equity ADR Composite GIPS Presentation. Source: Harding Loevner Global Equity ADR 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 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.

MSCI ACWI Index Performance (USD %)

Geography	4Q 2021	Trailing 12 Months
Canada	7.4	26.9
Emerging Markets	-1.2	-2.2
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
United States	10.1	27.0
MSCI ACWI Index	6.8	19.0
Sector	**4Q 2021**	**Trailing 12 Months**
Communication Services	-1.6	10.9
Consumer Discretionary	6.1	9.2
Consumer Staples	8.4	11.6
Energy	3.1	37.7
Financials	3.3	25.1
Health Care	6.8	18.0
Industrials	5.6	16.6
Information Technology	12.7	27.7
Materials	7.2	15.2
Real Estate	9.2	22.7
Utilities	10.4	10.9

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

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.

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, Financials and Energy both underperformed, a reversal of their outperformance earlier in the year. Information Technology (IT) performed the best, 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. Consumer Discretionary and Communication Services fared poorly in the year, hurt by China's regulatory crackdown on mega-caps Alibaba, **Baidu**, and **Tencent**, among others.

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, Japan, and South Korea—along with it. European markets enjoyed double-digit gains in US dollar terms, while China tumbled more than 20%.

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.

Style factors played a significant role in the year: the most highly priced shares suffered throughout, first from the rebound of cyclical stocks, then from the mauling of many Chinese growth leaders, and finally from a reassessment of discount rates for valuing equities in the face of rising inflation.

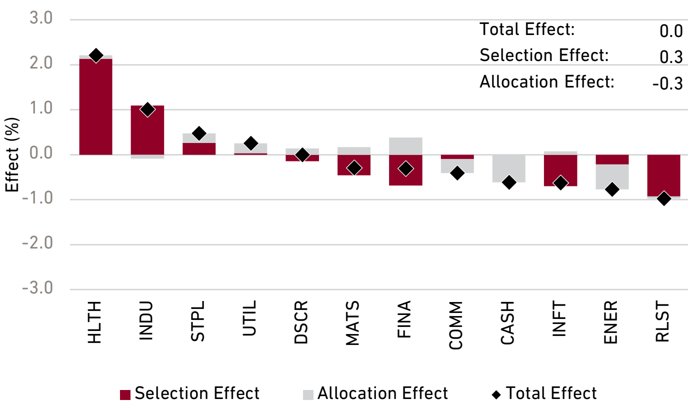
Performance and Attribution

The Global Equity ADR composite climbed 6.0% gross of fees in the fourth quarter, trailing the 6.8% return for the MSCI All Country World Index. For the full year, the composite rose 18.8% (also gross of fees), failing to match the benchmark's gain of 19.0%.

Trailing 12 Months Performance Attribution

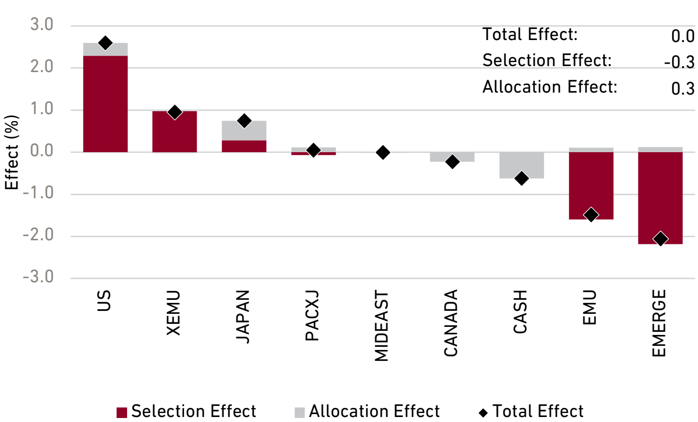
Sector

Global Equity ADR Composite vs. MSCI ACWI Index



Geography

Global Equity ADR Composite vs. MSCI ACWI Index

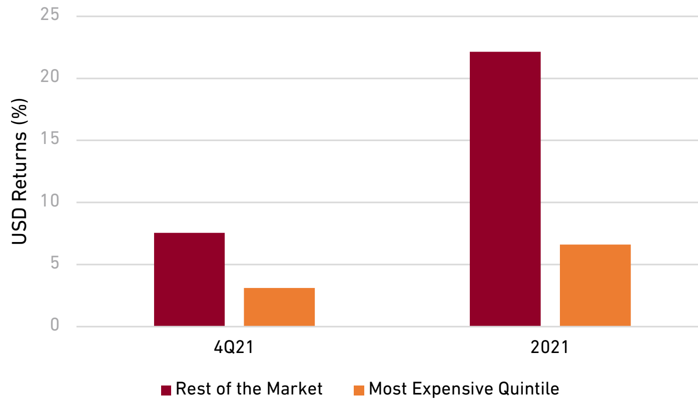


A majority of the assets contained in the Global ADR composite are in separate accounts that are restricted from purchasing certain model securities, including securities in the health care sector. As a result, the performance attribution indicated in the above chart may not accurately represent that of an unrestricted account following Harding Loevner's Global ADR strategy.

Source: FactSet; Harding Loevner Global Equity ADR 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.

Index Returns to Valuation

MSCI ACWI Index



Source: MSCI Inc., FactSet.

While our underperformance resulted from no single cause, the "expensiveness" of some of our holdings was a common thread. We have been fretting (and writing) about valuation risks and trimming our exposure to expensive stocks for two years, and that certainly helped mitigate the results. But few high-quality companies that can reliably grow their earnings are cheap in today's market—and that, in various guises, hurt us in a market that turned its attention strongly to traditional cyclical value themes.

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Despite our trimmings, an average of 40% of our holdings resided in the market's most expensive quintile of stocks[1] throughout the year—a subset of the benchmark's constituents that returned 6.6% in the year, compared to the benchmark's total return of 19%. Overall, our allocation decisions, which were skewed toward more highly valued stocks relative to the benchmark, cost about 320 bps of relative performance in the year.

Our Chinese holdings again detracted from relative performance this quarter. The stocks of **WuXi AppTec** and **WuXi Biologics**, organizations that provide outsourced drug development and manufacturing services to pharmaceutical companies, fell after Chinese health regulators tightened the standards for approving new oncology drugs. The new standards, designed to raise the level of innovation in drug development, led to worries that many domestic companies' current pipelines will fail to measure up. In the case of WuXi AppTec and WuXi Biologics, we believe concerns about their long-term growth are unwarranted. Both companies

[1]Refers to Harding Loevner's proprietary Value Ranking, which is based upon several traditional valuation metrics such as price-to-earnings and price-to-cash-flow ratios as well as an objective third-party discounted cash flow valuation.

have significant exposure to global as well as domestic clients with strong pipelines that should not be greatly impacted by the raised standards. **Country Garden Services** (CGS) was caught in the general slowdown of the Chinese real estate sector and tarnished by its association with its sister company Country Garden Holdings (CGH), a real estate developer controlled by the same family. There is a risk that if CGH is unable to roll over its debt and runs into distress, it could spill over into the finances of CGS. However, CGS management has reiterated its confidence in its 2022 projections. We were also encouraged that CGS recently raised additional equity capital to take advantage of the turmoil within the property sector by acquiring other high-quality property managers.

At a time when heightened policy-driven risks have caused some investors to lose their appetite for Chinese stocks altogether, we continue to regard that for *long-term growth-oriented* investors such as ourselves, there is a greater risk eschewing the opportunities that China provides to invest in some of the world's most dynamic companies. Nevertheless, although our Chinese stocks on average fell less than the Chinese market, our overweight to the country detracted heavily from relative returns over the full year. The two WuXi stocks and CGS did among the most damage.

We suffered poor stock selection for the year across regions. Some detractors—such as **TeamViewer**, a German remote access software firm, and **CD Projekt**, a Polish video game developer behind the bug-ridden *Cyberpunk 2077* game—are simply cases where our investment thesis was wrong. More of them, though, were cases like **Adyen**—a Dutch online payments firm that has rapidly established itself as indispensable to enterprises' ability to unify online and offline payment processing—an underperformer whose high (though we would argue still justified) valuation made it particularly vulnerable to the fourth-quarter shift in investor preference. The one region where the style headwinds didn't slow us at all was the US, where the portfolio's holdings outperformed a very strong market. Good relative performance within the US was amplified by our hefty allocation there, which for most of the year remained close to the 65% ceiling of our risk guidelines, despite our trimming exposure to several US holdings as their valuations climbed. The positive contributors included Google parent **Alphabet**, up strongly on the year, thanks to a solid recovery in its core advertising business and ongoing progress on its cloud computing offerings. Chip designer **NVIDIA**, digital consulting and platform engineering company **EPAM**, **SVB Financial Group**, and electronic financial exchange **Tradeweb** were other standout US holdings.

Viewed by sector, IT was the biggest detractor in the quarter as **PayPal** reported slower growth outside its core US market and lowered its earnings guidance for 2022 just enough to catch the wrath of the expensiveness vigilantes. In Health Care, the disappointing share price performance of Wuxi AppTec and Wuxi Biologics was partially offset by the strong rebound in **Vertex Pharmaceuticals**' share price. Vertex reported encouraging Phase 2 results for its drug candidate to treat a rare form of kidney disease, as well as positive pilot data for the first patient treated with its groundbreaking stem cell therapy for Type 1 diabetes. These studies' results were all the more encouraging as they validated the company's strategy to deploy its unique drug development approach beyond its cystic fibrosis franchise.

> Within IT, PayPal reported slower growth outside its core US market and lowered its earnings guidance for 2022 just enough to catch the wrath of the expensiveness vigilantes.

In the full year, we suffered modest negative stock selection across a number of sectors, including fourth-quarter culprit IT, but also within Financials, where a couple of high-quality but economically sensitive EM banks—another way we gear our portfolio to secular growth trends—faltered in the face of their countries' sluggish climb from their pandemic-induced troughs. Brazilian bank Itaú Unibanco and Indonesia's **Bank Central Asia** fell into this bucket. **HDFC Bank**, meanwhile, fell victim to India's own version of a strong cyclical rally, its share price outshined by lower-quality institutions. Partly offsetting Financials, the Industrials sector was a top contributor for both the quarter and the year. **VAT Group** saw its share price jump over the year, as the voracious appetite for semiconductors bolstered the demand for its high-quality vacuum valves, which are critical components in semiconductor manufacturing.

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 to tighten 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.

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.

> We are not practitioners of the (futile, in our opinion) arts of interest rate prognostication or market style timing. And as hard as we work to value companies, we recognize the imprecise nature of that art.

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.

The investment challenge boils down to identifying which companies can sustain profitable growth into an uncertain future. We are living in a time of profound technological innovation enabled by rapid advances in semiconductors and their information processing applications. Companies that substantially contribute to or benefit from these innovations enjoy enormous growth tailwinds. One such example of technology-enabled innovation is the application of artificial intelligence (AI) to drug discovery. In December, *Science* magazine designated the use of AI to predict the three-dimensional structure of proteins as its 2021 Breakthrough of the Year. Alphabet's AlphaFold 2 program and another, non-profit effort known as RoseTTAfold (supported in part by **Microsoft**) are now able to simulate the 3D structures of proteins rapidly, allowing scientists to model a protein's binding and inhibitory functions in the pathway of a disease.

The significance to our portfolio is twofold. First, are the direct applications to our holdings. In Health Care these include the state-of-the-art providers of drug development services Wuxi Biologics and Wuxi Apptec, as well as life sciences services and consumables companies **Illumina**, **Thermo Fisher Scientific**, **Danaher**, and **Abcam**—the "picks and shovels" suppliers to the AI-wielding scientists and biotech firms on the frontlines of this new golden age of drug discovery. The life sciences breakthroughs are but one example of the remarkable impact AI is having across autonomous transport, logistics, automation, climate science, and many other fields.

The second significance to our portfolio is through the companies helping to make possible the AI itself. Alphabet is one company helping to drive these breakthroughs, but so is NVIDIA, the chip designer whose signature graphic processing units and complementary software is at the forefront of providing the tools to unlock the potential of the oceans of data involved in AI development. Another key enabler is **Synopsys**—one of the few key providers of software to design chips for the AI age—as are **ASML** and **Applied Materials**—who provide the critical equipment needed to turn sophisticated chip designs into real products.

Our companies aren't just drivers of change and innovation, they are also subject to its consequences. The disruption that many of these enterprises have unleashed has upended whole industries, creating waves that reverberate back to shake the companies themselves. PayPal, the online payments company that helped eBay disrupt e-commerce, has evolved to become a frenemy of banks and credit cards, as it pursues its goal to become the default digital wallet and singular medium of commerce for consumers worldwide. We've been long-time owners of the company (also online payment pioneers **Mastercard** and, recently, Adyen) because we have recognized how ripe the world's fragmented, byzantine payment systems are for disruption. PayPal has lived up to our expectations as these trends we foresaw have unfolded. The company has received an added boost from the acceleration of online payments during the pandemic, the rising popularity of cryptocurrencies, and good reception of its Buy Now, Pay Later plan (consumer credit updated for the digital age). Unsurprisingly, the success has caught the attention of venture capitalists and entrepreneurs, who are bringing forth innovative payment technologies from new entrants (Bakkt), older players (Stripe, Chime), and newly renamed ones (Block, née Square) alike. These incursions have slowed PayPal's growth and, given its high valuation, investors have reacted negatively.

> As digital payment services become commoditized, it takes a company of vast scale to be able to cater to the evolving expectations of users at low marginal cost.

However, there is more to the PayPal story. As digital payment services become commoditized, it takes a company of vast scale to be able to cater to the evolving expectations of users at low marginal cost. CEO Dan Schuman makes this point: "When something becomes commoditized, then distribution, like massive distribution, is important because your margins are low, so you want the maximum amount of distribution." At this point, PayPal is operating with a base of over 400 million consumers—eleven times its next-largest competitor, Cash App—and is interacting with some 30 million merchants worldwide. We are watching how PayPal grapples with its competition as it attempts to navigate the next stage of its quest to become the financial super app for consumers globally.

Now, as always, part of the challenge of assessing the sustainability of companies' growth at rates that are sufficient to justify their elevated valuations comes from the ready availability of less-rapidly growing companies trading at more modest valuations. Time will tell how well we make those assessments; in the meantime, the shifting views of other investors and changes in the discount rates they employ will have equal or greater impact on our relative performance than the verifiable progress of the companies themselves.

Portfolio Highlights

Innovation can foster growth in Health Care fields other than drug discovery. **Edwards Lifesciences** makes minimally invasive devices to treat heart disease or for critical care monitoring. Its transcatheter heart valve, SAPIEN, is the most-implanted aortic heart valve in the world. Having settled a lawsuit with Abbott over alleged patent infringement, Edwards is now moving ahead with a newer product line called PASCAL to treat elderly or frail patients—for whom currently available treatments are ineffective—for mitral and tricuspid disease. PASCAL is the fruit of the company's ongoing investment in research and development. Between PASCAL and its next-generation SAPIEN valve, the company expects to double its addressable market to approximately US$20 billion by 2028.

Align Technology, which we wrote about a year ago, employs computer-aided design and manufacturing to make custom invisible orthodontics—an application of established technology to a new market. In an imaginative exploitation of the work-from-home phenomenon driven by COVID-19, Align dramatically expanded its digital marketing efforts last year, establishing a direct relationship with potential end-users who were seeing their smiles up close every day on video calls. The results of this very effective campaign to win new patients has endeared the company to its key customers, the family orthodontist or dentist.

> When many highly priced securities weakened in December, we took advantage to acquire shares of MercadoLibre, Latin America's largest e-commerce and payments platform.

When many highly priced securities weakened in December, we took advantage to acquire shares of **MercadoLibre**. Established in 1999, MercadoLibre is Latin America's largest e-commerce and payments platform, operating in 18 countries but skewed primarily to the region's three largest economies, Argentina, Brazil, and Mexico. Approximately two-thirds of the company's revenues come from its e-commerce marketplace, where the average fee it charges on transactions by third-part sellers (its "take rate") has expanded sharply from 6.4% in 2014 to over 16.0% in the third quarter of 2021. MercadoLibre is growing rapidly: the gross merchandise value (GMV) traded across its commerce platform reached US$20.9 billion in 2020, vs. US$12.5 billion just two years earlier.

The remainder of the company's revenue comes from its electronic payments platform. Two-thirds of the payments it processes occur outside MercadoLibre's e-commerce marketplace, including at local shops. The investment thesis for MercadoLibre is similar in many ways to that for PayPal: as it incorporates more services, MercadoLibre's integrated commerce, payments, logistics, and financing platform will attract more merchants and consumers and entice them to spend more time and money within it, sustaining its growth and strengthening its pricing power.

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Global Equity ADR Holdings (as of December 31, 2021)

Communication Services	Market	End Wt. (%)
Alphabet (Internet products and services)	US	3.4
Baidu (Internet products and services)	China	1.4
CD Projekt (Video game developer)	Poland	0.8
Disney (Diversified media and entertainment provider)	US	0.9
Meta Platforms (Virtual reality and social network)	US	2.5
NetEase (Gaming and internet services)	China	1.3
Netflix (Entertainment provider)	US	1.1
Pinterest (Social network)	US	0.6
Tencent (Internet and IT services)	China	1.4
Consumer Discretionary		
Amazon.com (E-commerce retailer)	US	2.9
Etsy (E-commerce retailer)	US	1.1
MercadoLibre (E-commerce retailer)	US	1.2
Nike (Athletic footwear and apparel retailer)	US	2.1
Consumer Staples		
Hello Fresh (Food delivery services)	Germany	0.8
L'Oréal (Cosmetics manufacturer)	France	1.2
Energy		
Neste (Oil refiner and engineering services)	Finland	0.7
Schlumberger (Oilfield services)	US	1.2
Financials		
AIA Group (Insurance provider)	Hong Kong	0.9
Bank Central Asia (Commercial bank)	Indonesia	1.2
CME Group (Derivatives exchange and trading services)	US	1.3
First Republic Bank (Private bank and wealth manager)	US	3.2
HDFC Bank (Commercial bank)	India	1.1
SVB Financial Group (Commercial bank)	US	3.2
Tradeweb (Electronic financial trading services)	US	1.4
XP (Broker dealer and financial services)	Brazil	0.5
Health Care		
Abcam (Life science services)	UK	1.3
Alcon (Eye care products manufacturer)	Switzerland	1.3
Align Technology (Orthodontics products manufacturer)	US	1.9
Chugai Pharmaceutical (Pharma manufacturer)	Japan	0.6
Danaher (Diversified science & tech. products & svcs.)	US	1.6
Edwards Lifesciences (Medical device manufacturer)	US	1.3
Genmab (Biotechnology producer)	Denmark	0.8
Illumina (Life science products and services)	US	2.0
Intuitive Surgical (Medical equipment manufacturer)	US	1.2
IQVIA (Health care services)	US	1.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.4

Health Care	Market	End Wt. (%)
Sysmex (Clinical laboratory equipment manufacturer)	Japan	1.5
Thermo Fisher Scientific (Health care products & svcs.)	US	1.5
UnitedHealth Group (Health care support services)	US	2.0
Vertex Pharmaceuticals (Pharma manufacturer)	US	2.0
WuXi AppTec (Biopharma manufacturer)	China	1.5
WuXi Biologics (Biopharma manufacturer)	China	1.7
Industrials		
Ametek (Electronic instruments manufacturer)	US	1.4
Atlas Copco (Industrial equipment manufacturer)	Sweden	1.1
CoStar (Real estate information services)	US	0.9
Epiroc (Industrial equipment manufacturer)	Sweden	0.8
John Deere (Industrial equipment manufacturer)	US	2.4
MISUMI Group (Machinery-parts supplier)	Japan	0.5
Schneider Electric (Energy management products)	France	1.3
Spirax-Sarco (Industrial components manufacturer)	UK	0.6
VAT Group (Vacuum valve manufacturer)	Switzerland	1.0
Verisk (Risk analytics and assessment services)	US	0.9
Information Technology		
Accenture (Professional services consultant)	US	1.4
Adobe (Software developer)	US	1.9
Adyen (Payment processing services)	Netherlands	1.1
Apple (Consumer electronics and software developer)	US	1.5
Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.5
ASML (Semiconductor equipment manufacturer)	Netherlands	1.9
EPAM (IT consultant)	US	1.1
Mastercard (Electronic payment services)	US	0.8
Microsoft (Consumer electronics and software developer)	US	2.5
NVIDIA (Semiconductor chip designer)	US	1.0
PayPal (Electronic payment services)	US	1.4
salesforce.com (Customer relationship mgmt. software)	US	1.0
Synopsys (Chip-design software developer)	US	1.7
TeamViewer (Remote connectivity software developer)	Germany	0.5
The Trade Desk (Digital advertising mgmt. svcs.)	US	1.2
TSMC (Semiconductor manufacturer)	Taiwan	1.7
Materials		
No Holdings		
Real Estate		
Country Garden Services (Residential property mgr.)	China	1.4
Utilities		
ENN Energy (Gas pipeline operator)	China	0.5
Cash		3.0

Model Portfolio holdings are supplemental information only and complement the fully compliant Global Equity ADR 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 GADR	Avg. Weight MSCI ACWI	Effect
Vifor Pharma	HLTH	3.0	<0.1	1.03
IQVIA	HLTH	3.7	0.1	0.37
Synopsys	INFT	1.5	0.1	0.22
The Trade Desk	INFT	1.1	0.1	0.20
NVIDIA	INFT	1.2	1.0	0.20

4Q21 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL GADR	Avg. Weight MSCI ACWI	Effect
TeamViewer	INFT	0.7	<0.1	-0.64
Country Garden Services	RLST	1.7	<0.1	-0.56
PayPal	INFT	1.8	0.4	-0.54
Apple	INFT	1.3	3.8	-0.42
WuXi AppTec	HLTH	0.5	<0.1	-0.39

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL GADR	Avg. Weight MSCI ACWI	Effect
IQVIA	HLTH	3.3	0.1	1.04
SVB Financial Group	FINA	2.7	<0.1	0.70
EPAM	INFT	1.4	<0.1	0.70
First Republic Bank	FINA	3.3	<0.1	0.54
Alphabet	COMM	3.4	2.2	0.51

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL GADR	Avg. Weight MSCI ACWI	Effect
TeamViewer	INFT	0.9	<0.1	-1.59
Country Garden Services	RLST	1.0	<0.1	-0.94
Itaú Unibanco	FINA	1.3	<0.1	-0.79
Pinterest	COMM	0.4	<0.1	-0.55
CD Projekt	COMM	0.9	<0.1	-0.54

Portfolio Characteristics

Quality and Growth	HL GADR	MSCI ACWI
Profit Margin[1] (%)	19.8	13.8
Return on Assets[1] (%)	9.3	7.1
Return on Equity[1] (%)	20.7	16.3
Debt/Equity Ratio[1] (%)	31.6	66.4
Std. Dev. of 5 Year ROE[1] (%)	4.8	5.4
Sales Growth[1,2] (%)	14.7	7.0
Earnings Growth[1,2] (%)	21.4	11.0
Cash Flow Growth[1,2] (%)	18.4	12.3
Dividend Growth[1,2] (%)	9.6	9.0
Size and Turnover	**HL GADR**	**MSCI ACWI**
Wtd. Median Mkt. Cap. (US $B)	81.0	98.0
Wtd. Avg. Mkt. Cap. (US $B)	374.1	432.4
Turnover[3] (Annual %)		–

Risk and Valuation	HL GADR	MSCI ACWI
Alpha[2] (%)	3.86	–
Beta[2]	1.01	–
R-Squared[2]	0.94	–
Active Share[3] (%)	85	–
Standard Deviation[2] (%)	15.29	14.71
Sharpe Ratio[2]	1.20	0.94
Tracking Error[2] (%)	3.6	–
Information Ratio[2]	1.23	–
Up/Down Capture[2]	114/96	–
Price/Earnings[4]	38.2	20.3
Price/Cash Flow[4]	27.2	14.1
Price/Book[4]	6.6	3.1
Dividend Yield[5] (%)	0.5	1.7

[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 Global Equity ADR Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: October 4, 2021, based on the latest available data in FactSet on this date.); Harding Loevner Global Equity ADR Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Hello Fresh	Germany	STPL
MercadoLibre	US	DSCR
WuXi AppTec	China	HLTH
XP	Brazil	FINA

Positions Sold	Market	Sector
eBay	US	DSCR
Itaú Unibanco	Brazil	FINA
Roper	US	INDU
Trip.com Group	China	DSCR
Workday	US	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 Global Equity ADR Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Global Equity ADR Composite Performance (as of December 31, 2021)

	HL Global ADR Gross (%)	HL Global ADR Net (%)	MSCI ACWI[1] (%)	MSCI World[2] (%)	Hl Global ADR 3-yr. Std. Deviation[3] (%)	MSCI ACWI 3-yr. Std. Deviation[3] (%)	MSCI World 3-yr. Std. Deviation[3] (%)	Internal Dispersion[4] (%)	No. of Accounts[5]	Composite Assets[5] ($M)	Strategy Advisory Only Assets ($M)	Firm Assets ($M)
2021[6]	18.80	17.95	19.04	22.35	16.85	16.83	17.05	N.M.[7]	5	32	1061	75,084
2020	32.01	30.96	16.82	16.50	18.50	18.12	18.26	0.1	6	30	780	74,496
2019	28.18	27.18	27.30	28.40	12.51	11.21	11.13	N.M.	5	23	588	64,306
2018	-9.05	-9.85	-8.93	-8.20	11.85	10.48	10.39	N.M.	2	2	422	49,892
2017	32.97	32.00	24.62	23.07	11.33	10.37	10.24	N.M.	3	3	271	54,003
2016	5.91	5.04	8.48	8.15	11.56	11.07	10.94	N.M.	3	2	148	38,996
2015	2.89	2.07	-1.84	-0.32	11.22	10.78	10.80	N.M.	5	4	73	33,296
2014	6.34	5.47	4.71	5.50	10.90	10.48	10.21	N.M.	5	4	51	35,005
2013	20.91	19.95	23.44	27.37	14.53	13.92	13.52	0.1	7	5	52	33,142
2012	18.53	17.56	16.80	16.54	17.52	17.11	16.72	0.5	7	4	40	22,658
2011	-8.70	-9.41	-6.86	-5.02	20.15	20.59	20.16	0.2	15	8	17	13,597

[1]Benchmark Index; [2]Supplemental Index; [3]Variability of the composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; [4]Asset-weighted standard deviation (gross of fees); [5]Total product accounts and assets are 4,852 and $1,112 million, respectively, at December 31, 2021, include both separately managed and unified managed accounts, and are presented as supplemental information and include advisory-only assets; [6]The 2021 performance returns and assets shown are preliminary; [7]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year. Strategy Advisory Only Assets, total product accounts and assets are supplemental information.

The Global Equity ADR Composite contains fully discretionary, dual contract, fee-paying accounts that may also pay a wrap fee to their custodian investing in US and non-US equity and equity-equivalent securities and cash reserves. The Composite was re-defined in March 2018, to allow for the inclusion of dual contract wrap portfolios. The percentage of wrap assets in the Composite as of December 31, 2021 was 0.00%, as of December 31, 2020 was 3.59%, as of December 31, 2019 was 3.65%, and as of December 31, 2018 was 42.46%. Securities are held in Depository Receipt (DR) form, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), or are otherwise traded on US exchanges. For comparison purposes the Composite return is measured against the MSCI All Country World Total Return Index. From 2001 (when the net index first became available) through December 30, 2012, the index return is presented net of foreign withholding taxes. Beginning December 31, 2012, Harding Loevner LP presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the Composite. The exchange rate source of the Composite is Bloomberg. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

The MSCI All Country World 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 50 developed and emerging market countries. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The Index consists of 23 developed market countries. You cannot invest directly in these Indices.

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 Global Equity ADR Composite has had a performance examination for the periods December 1, 1989 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 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. Performance for accounts paying a wrap fee is calculated including the trading costs associated with their wrap program.

Under a wrap fee program, a client is charged a specified fee, which is not based directly upon transactions in a client's account, for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and execution of client transactions.

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 Global Equity ADR accounts is 0.80% annually of the market value up to $20 million; 0.40% of amounts above $20 million. Refer to Part 2A of our Form ADV for more details regarding our fees. 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 Global Equity ADR Composite was created on October 31, 2001 and the performance inception date is November 30, 1989.

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