

Global Developed Markets Equity



Monthly Update | July 2023

Performance (% Total Return)

Periods ended July 31, 2023 ¹	1 Month	YTD	1 Year	3 Years ²	5 Years ²	Since Inception ^{2,3}
HL Global Developed Markets Equity (Gross)	3.09	19.99	11.61	7.14	9.39	11.34
HL Global Developed Markets Equity (Net)	2.99	19.66	11.20	6.72	8.96	10.90
MSCI World Index ^{4,5}	3.38	19.34	14.07	12.20	9.67	9.74
MSCI All Country World Index ^{5,6}	3.69	18.48	13.49	10.93	8.77	9.02

Portfolio Positioning (% Weight)

Sector	HL	Index	Under / Over
Health Care	22.0	12.5	9.5
Industrials	17.8	11.0	6.8
Comm Services	11.2	7.2	4.0
Cash	1.9	-	1.9
Info Technology	21.7	22.1	-0.4
Real Estate	1.1	2.4	-1.3
Utilities	0.0	2.7	-2.7
Energy	1.9	4.7	-2.8
Cons Staples	4.4	7.3	-2.9
Materials	1.2	4.2	-3.0
Cons Discretionary	6.9	11.0	-4.1
Financials	9.9	14.9	-5.0

Geography	HL	Index	Under / Over
Europe EMU	13.3	9.2	4.1
Europe ex EMU	12.5	8.7	3.8
Emerging Markets	3.0	-	3.0
Cash	1.9	-	1.9
Frontier Markets ⁷	0.0	-	0.0
Middle East	0.0	0.2	-0.2
Pacific ex Japan	2.8	3.2	-0.4
Japan	4.5	6.1	-1.6
Canada	0.0	3.2	-3.2
United States	62.0	69.4	-7.4

Investment Perspectives

Market

Global developed markets rose, responding to what may have been the final interest rates hike in this cycle as inflationary pressures ease. Energy was the top-performing sector due to a surge in crude oil prices. Communication Services was a close second thanks to enthusiasm for the prospects of artificial intelligence (AI). After fading in the first half of 2023, style headwinds returned. The lowest-quality companies in the MSCI World Index outperformed the highest by over 300 basis points in July, buoyed by optimism that the US will avoid a recession thanks to resilient economic data.

Portfolio

Medical equipment suppliers have fared well this year thanks to the continued recovery in surgical procedures after the COVID-19-induced hiatus. **Intuitive Surgical**, a provider of robotic-assisted, minimally invasive surgical systems, reported that procedures using its flagship da Vinci surgical system grew 22% versus the second quarter of 2022. Meanwhile, **Edwards Lifesciences**, a manufacturer of heart valves, reported 12% organic earnings growth. Despite their strong performances, neither company met the elevated expectations of the market, and shares fell. We think this recent dip does not reflect the fundamental strength of both companies, which provide critical supplies for surgical procedures that help resolve severe, often urgent health issues.

Ten Largest Holdings

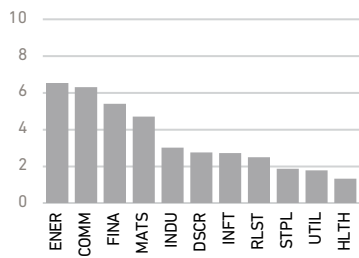
Company	Market	Sector
Schneider Electric	France	Industrials
Alphabet	US	Comm Services
Meta Platforms	US	Comm Services
Vertex Pharmaceuticals	US	Health Care
Amazon.com	US	Cons Discretionary
John Deere	US	Industrials
Microsoft	US	Info Technology
Danaher	US	Health Care
Rockwell Automation	US	Industrials
CME Group	US	Financials

¹HL: Global Developed Markets Equity model portfolio. ²Index: MSCI World Index.

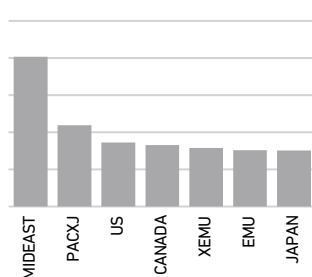
Ten Largest Holdings are the top ten holdings by weight. Please read the disclosures on the last page, which are an integral part of this presentation.

Benchmark Performance | Jul.

Total Return by Sector (%)

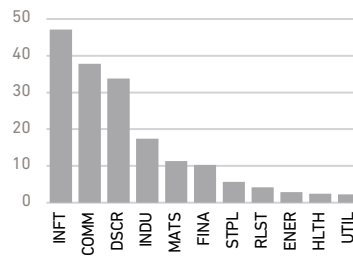


Total Return by Geography (%)

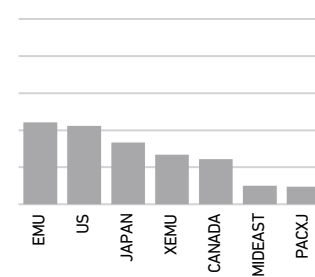


Benchmark Performance | YTD

Total Return by Sector (%)



Total Return by Geography (%)



Performance Attribution | Jul.

Effect (%)	Selection	Allocation	Total
Sector	0.0	-0.3	-0.3
Geography	-0.2	-0.1	-0.3



Performance Attribution | YTD

Effect (%)	Selection	Allocation	Total
Sector	-0.3	1.0	0.7
Geography	1.6	-0.9	0.7



- The underperformance of high-quality companies weighed heavily on returns. Many of our largest detractors in July, such as **Schneider Electric**, were among our highest-quality holdings.
- Shares of **Hexagon**, a Swedish industrial sensor and digital reality company, fell after an inflammatory report from short seller Viceroy accused Hexagon of value-destructive acquisitions and subpar corporate governance. We strongly disagree with the allegations.
- We outperformed in the US. **Alphabet's** cloud division reported better-than-expected earnings and **Meta Platforms** announced improved user engagement and rapid adoption of its newest product, Threads. The spike in oil prices boosted **Schlumberger**.

- Exposure to SVB Financial Group and First Republic Bank was the largest detractor. SVB was placed into receivership in mid-March following accelerated withdrawals. We sold First Republic, but not before its shares fell drastically in the wake of SVB's collapse.
- The surge in spending on AI-related applications has benefited several of our holdings, including **Salesforce** and **Synopsys**. However, our limited exposure to two of the "Magnificent Seven" stocks weighed on returns: we do not own shares of Tesla, and we are underweight index heavyweight **Apple**.
- Abcam**, a supplier of antibodies and other essential tools for life scientists, is reportedly attracting takeover interest as the company's retired founder puts pressure on the board to improve performance.

Top Five Contributors/Detractors (%) | Jul.

to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
Schlumberger	US	ENER	0.1	0.23
Tradeweb	US	FINA	<0.1	0.18
Meta Platforms	US	COMM	1.2	0.17
DBS Group	Singapore	FINA	0.1	0.11
Alphabet	US	COMM	2.4	0.10
Detractors				
Hexagon	Sweden	INFT	<0.1	-0.48
Schneider Electric	France	INDU	0.2	-0.22
Edwards Lifesciences	US	HLTH	0.1	-0.15
Abcam	UK	HLTH	-	-0.12
Vertex Pharmaceuticals	US	HLTH	0.2	-0.12

Top Five Contributors/Detractors (%) | YTD

to Relative Returns

Contributors	Market	Sector	Index Weight	Effect
Meta Platforms	US	COMM	0.9	1.61
Abcam	UK	HLTH	-	0.52
Synopsys	US	INFT	0.1	0.42
Schneider Electric	France	INDU	0.2	0.41
Adobe	US	INFT	0.3	0.39
Detractors				
First Republic Bank	US	FINA	<0.1	-2.58
SVB Financial Group	US	FINA	<0.1	-1.96
Apple	US	INFT	4.9	-0.98
Tesla*	US	DSCR	1.0	-0.67
John Deere	US	INDU	0.2	-0.64

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

Index weight is the average weight of the security in the Index over the MTD and YTD periods. Please read the disclosures on the last page, which are an integral part of this presentation.

Endnotes

(1) The July 2023 composite performance shown is preliminary. (2) Annualized returns.
(3) Inception date: September 30, 2013. (4) The benchmark index. (5) Gross of withholding taxes.
(6) Supplemental index. (7) Includes countries with less-developed markets outside the index.

Sources

Benchmark Performance: FactSet, MSCI Inc.

Sector/Geographic Attribution: Harding Loevner Global Developed Markets Equity composite, FactSet, MSCI Inc.

Sector/Geographic Positioning and Ten Largest Holdings: Harding Loevner Global Developed Markets Equity model, FactSet, MSCI Inc.

Disclosures

Past performance does not guarantee future results. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

For comparison purposes the composite return is measured against the MSCI World Total Return Index (Gross). Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through March 31, 2023. 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 Developed Markets Equity composite has had a performance examination for the periods October 1, 2013 through March 31, 2023. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Global Developed Markets Equity composite, please contact Harding Loevner at (908) 218-7900 or invest@hlmnnet.com. The firm maintains a complete list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds, which are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. As of October 1, 2022, the World Equity Composite was renamed Global Developed Markets Equity Composite.

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. 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 47 developed and emerging market countries. You cannot invest directly in these indexes.

Companies held in the portfolio at the end of the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. The portfolio holdings identified above do not represent all of the securities held in the portfolio. To request a complete list of holdings for the past year, please contact Harding Loevner. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and relative contribution to return of all holdings during the month.

Portfolio holdings, portfolio attribution, contributors and detractors, and sector/geographic portfolio positioning are supplemental information only and complement a fully compliant Global Developed Markets Equity composite GIPS Presentation, which is available upon request. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the Global Developed Markets Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. The composite and attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is obtained from Harding Loevner's accounting system and attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

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