Global Equity

Quarterly Report | Second Quarter 2023

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Through our fundamental framework, we can appreciate the broad excitement for AI, which is creating new revenue opportunities for some of our holdings. But we remain conscious of valuations and thoughtful about diversification.

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Given the narrow concentration of market returns during the quarter, many high-quality growth stocks remain attractively valued. We took the opportunity to buy **Symrise** and **Haleon**.

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Composite Performance

Total Return (%) – Periods Ended June 30, 2023[1]

	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Global Equity (Gross of Fees)	8.12	14.99	17.02	5.74	7.10	10.34	9.72
HL Global Equity (Net of Fees)	8.02	14.76	16.55	5.31	6.66	9.86	9.09
MSCI All Country World Index[4,5]	6.35	14.26	17.13	11.51	8.63	9.31	7.37
MSCI World Index[5,6]	7.00	15.43	19.13	12.71	9.62	10.08	7.56

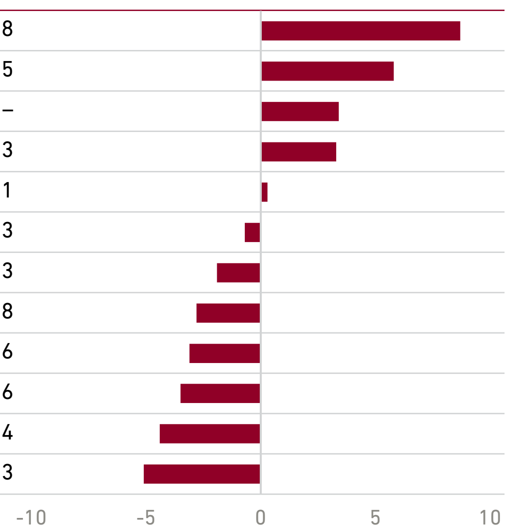
[1]The composite performance returns shown are preliminary. [2]Annualized returns. [3]Inception Date: November 30, 1989. [4]The benchmark index. [5]Gross of withholding taxes. [6]Supplemental index.

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

Portfolio Positioning (% Weight)

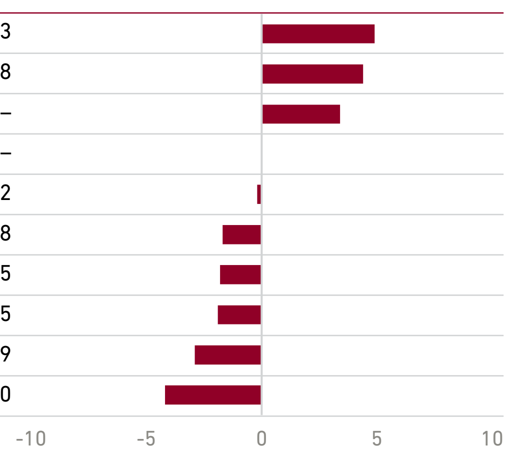
Sector	HL	Index
Health Care	20.5	11.8
Industrials	16.3	10.5
Cash	3.4	–
Comm Services	10.6	7.3
Info Technology	22.4	22.1
Real Estate	1.6	2.3
Cons Staples	5.4	7.3
Utilities	0.0	2.8
Energy	1.5	4.6
Materials	1.1	4.6
Financials	11.0	15.4
Cons Discretionary	6.2	11.3

Under / Over



Geography	HL	Index
Europe EMU	13.2	8.3
Europe ex EMU	12.2	7.8
Cash	3.4	–
Frontier Markets[7]	0.0	–
Middle East	0.0	0.2
Pacific ex Japan	1.1	2.8
Japan	3.7	5.5
Emerging Markets	8.6	10.5
Canada	0.0	2.9
US	57.8	62.0

Under / Over



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

"HL": Global Equity model portfolio. "Index": MSCI All Country World Index. Sector and geographic allocations are supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Source: Harding Loevner Global Equity model, FactSet, MSCI Inc. 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

Global equity markets gained during the quarter, buoyed by declining inflation and a surge in enthusiasm for the prospects of artificial intelligence (AI) that drove up prices of a handful of US technology companies. Most regions and sectors rose.

While concerns lingered over US regional banks, investor attention was captivated by the promise of generative AI, spurred in no small part by the mid-March release of an impressive, updated version of OpenAI's large language model (LLM), known as ChatGPT. This fervor kicked into overdrive following **NVIDIA**'s better-than-expected results and guidance as the company forecast surging demand for its graphics processing units (GPUs). Shares of NVIDIA, already up over 100% year to date prior to the announcement, rose another 25% on the news, launching the company into the rarefied ranks of trillion-dollar market caps alongside other high-growth US-based tech titans such as **Apple**, **Amazon.com**, **Microsoft**, and **Alphabet**.

Declining inflation in the US also bolstered investor sentiment, as the Consumer Price Index increase of 4% year over year in May was its smallest rise in two years. The US Federal Reserve paused its rate-hiking campaign while suggesting that two more hikes of 25 basis points (bps) later in the year may still be necessary. Monetary conditions in other parts of the world continued to tighten, however, with the European Central Bank opting for a marginal increase in its main interest rate to address persistent regional inflation. Meanwhile, China's central bank, facing a stalled economic rebound, chose to loosen its key lending rates, and the Bank of Japan maintained its ultra-accommodative policy despite signs of nascent inflation.

MSCI ACWI Index Performance (USD %)

Sector	2Q 2023	Trailing 12 Months
Communication Services	7.1	10.9
Consumer Discretionary	8.7	20.4
Consumer Staples	0.2	7.7
Energy	1.0	14.4
Financials	5.2	12.5
Health Care	2.4	6.2
Industrials	6.3	25.3
Information Technology	14.9	37.1
Materials	-0.7	12.7
Real Estate	0.3	-5.9
Utilities	0.2	1.5
Geography	**2Q 2023**	**Trailing 12 Months**
Canada	3.9	7.9
Emerging Markets	1.0	2.2
Europe EMU	3.7	30.5
Europe ex EMU	2.6	15.3
Japan	6.4	18.6
Middle East	-3.8	-4.0
Pacific ex Japan	-1.8	5.9
United States	8.7	19.6
MSCI ACWI Index	6.3	17.1

Source: FactSet, MSCI Inc. Data as of June 30, 2023.

The widespread optimism surrounding the economic outlook was not reflected in the US Treasury yield curve which remains steeply inverted with short-term rates almost one whole percentage point higher than long-term government borrowing rates. Yield curves in nearly all developed economies outside of Japan are also inverted. Historically this widening negative spread, which has reached levels not seen since 1981, has been a reliable indicator of an impending recession. Higher short-term rates throttle banks' and other lenders' willingness to extend longer-term loans because those rates have been compressed by bond investors attempting to lock in the prevailing yields while they last.

> In the US, the growth index outperformed its value counterpart by a stunning 1,000 basis points.

Commodities, which drifted lower in April and May, rebounded substantially in mid-June. However, this resurgence lost steam as the quarter drew to a close, primarily due to increasing apprehension about the health of the Chinese economy.

Information Technology (IT) and sectors related to technology, such as Communication Services and Consumer Discretionary, maintained stellar performance, significantly exceeding the returns from more-staid sectors such as Consumer Staples and Health Care. Leadership within these outperforming sectors came from US constituents, while non-US constituents lagged, especially Chinese internet companies **Tencent** and Alibaba.

Excluding Pacific ex Japan, all major regions recorded positive returns. Japanese equities rallied strongly in response to the Bank of Japan's still-easy monetary policy, but the gains were reduced for overseas investors by weakness in the yen. China grappled with its faltering recovery, and its stock market fell, as did the yuan. China's large weight in the index brought down overall returns in Emerging Markets (EMs), overshadowing strong markets in India and Brazil.

The outstanding share-price performance of fast-growing US-based index heavyweights pulled indexes higher while contributing to divergent global style returns. Within international

Companies held in the portfolio at the end of the quarter 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 June 30, 2023 is available on page 6 of this report.

markets there was only modest deviation between growth and value returns, yet in the US, the growth index outperformed its value counterpart by a stunning 1,000 bps. High-priced stocks, particularly those in the most expensive quintile of our valuation rankings, surpassed securities with lower valuations, and higher-quality companies, with their steady cash flows and lower leverage, slightly outpaced their lower-quality counterparts.

Performance and Attribution

The Global Equity composite rose 8.1% gross of fees in the quarter, ahead of the 6.4% return for the MSCI All Country World Index.

Our tilt toward the fastest-growing businesses (two-thirds of the portfolio's holdings are ranked in the top two quintiles of growth) helped drive our outperformance. Even more welcome was the outperformance of high-quality businesses, which were back in favor after failing to provide support during last year's market pullback. Shares of companies in the highest-quality quintile outpaced those in the lowest by 337 bps.

By region, the US was a significant contributor, accounting for seven of our top 10 relative performers. Notable contributors were Communication Services holdings **Meta Platforms** and **Netflix**, as their management teams overcame growth challenges that had weighed on both stocks. Meta and Netflix also joined other Communication Services and Information Technology holdings such as **Adobe**, Alphabet, and **Broadcom** in surging alongside a boom in spending on AI. (While we hold strong performers Apple, Microsoft, and NVIDIA as well, we own them at less than the index weight, meaning they did not boost relative returns.)

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We also saw strong returns in Europe. **Atlas Copco** reported a series of large orders for industrial compressors from shipbuilders constructing tankers to transport liquefied natural gas. **Abcam**, a supplier of antibodies and other essential tools for life scientists, is reportedly attracting takeover interest as an activist investor—who is also the company's retired founder—puts pressure on the board to improve performance.

Detractors included stocks listed in China, where the expectation of a quick economic rebound from the relaxing of COVID-19 restrictions has been tempered by lagging consumer confidence. While all three of our holdings in China declined by double digits, the effect was muted by our underweight to the region. Our stocks in Japan performed better but didn't keep pace with the broader Japanese market.

By sector, Financials detracted. A strong resurgence in two Brazilian financial-services companies—the stock exchange **B3** and investment manager **XP**—was not enough to offset weakness in **CME Group**, PayPal, and **Tradeweb**.

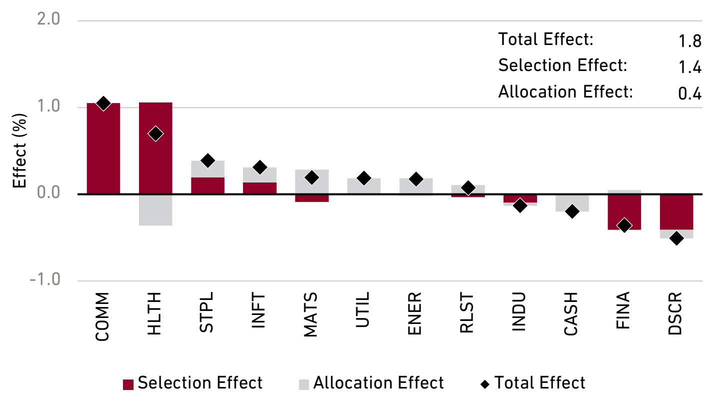
Perspective and Outlook

Anyone who has interacted with popular AI models—asked them about the mysteries of life and the cosmos or created convincing Van Gogh replicas using AI-enabled image generators—can sense that we may be in the midst of a technological revolution. That prospect has consumed equity markets lately, with seven US tech-related stocks responsible for most of the market appreciation in the second quarter.

Second Quarter 2023 Performance Attribution

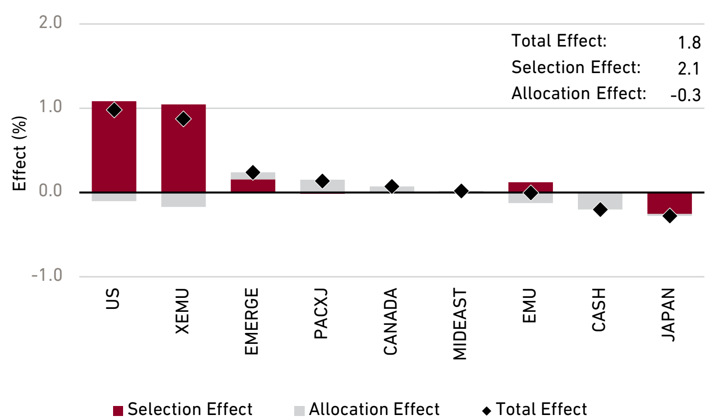
Sector

Global Equity Composite vs. MSCI ACWI Index



Geography

Global Equity Composite vs. MSCI ACWI Index



Source: Harding Loevner Global Equity composite, FactSet, MSCI Inc. 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.

As an investor in high-quality, growing businesses, we have always tried to position this portfolio to benefit from secular trends, the kind that transcend economic cycles and are driven by fundamental changes in key areas such as tech. Still, it is incredibly difficult for anyone to predict how such trends will unfold; the vicissitudes of cryptocurrency are a sobering reminder of this. Furthermore, as seen with the rise of the internet and, later, mobile connectivity, technology is merely a platform; it's the applications of the technology that eventually determine many of the winners and losers. In the case of generative AI, some of the future applications may not yet be conceivable, although many companies, even outside the tech field, are now pondering the possibilities.

ChatGPT, the chatbot that helped spark the market's AI enthusiasm, is an important innovation because it can digest large amounts of text (hence the term large language model), communicate in natural (human) language, and generate sophisticated responses. It demonstrates the advances that have been made in AI that open the door to a wider set of business uses. But while natural language models recently produced epiphanies among lay chief executives and investors regarding AI, some tech companies were already investing in such capabilities and are being rewarded for that foresight. NVIDIA has been the biggest beneficiary this year in terms of its stock run and projected revenue gains; however, our other holdings, such as Adobe, Microsoft, **Salesforce**, **ServiceNow**, **Synopsys**, and **TSMC**, also appear among the possible beneficiaries. More companies—including, perhaps, some not yet in existence—will certainly join the ranks over time.

> In the case of generative AI, some of the future applications may not yet be conceivable, although many companies, even outside the tech field, are now pondering the possibilities.

While it is still early, it's evident that these companies see generative AI as transformative to their businesses and something upon which they can build new revenue models. Additionally, they are turning to AI to boost internal productivity, enhance existing customer offerings, and improve the quality and efficiency of customer interactions.

Most notably, Microsoft was able to gain an immediate leadership position in generative AI by making a US$10 billion investment in OpenAI, the company behind ChatGPT, earlier this year. Microsoft's Bing search engine has since introduced ChatGPT into its web index data—a collection so large that it is rivaled by the dataset of only one other business in the world, Alphabet's Google. Data are the feedstock of AI models, and an AI-enhanced search engine trained on so much data may attract more users to Bing, allowing Microsoft to sell more ads on the service. Microsoft is also adding generative AI to other products, including the Azure cloud service, enabling business customers who use Azure to easily integrate OpenAI models to glean more insights from their data and automate functions such as certain IT tasks. These added capabilities should motivate more businesses to migrate their data to the cloud and make Azure more competitive with Amazon.com's AWS and Google Cloud.

Salesforce, a company we've owned since 2019, recently added ChatGPT-like capabilities onto its existing AI module, Einstein, to support its internal sales efforts and customer-facing software. For example, Einstein GPT can help generate marketing emails tailored to specific clients by using Salesforce's customer database and past email correspondence to learn the most effective approach for each client. Einstein GPT is also different from off-the-shelf LLMs in three important ways: It keeps personal identifiable information private and secure, compared with external tools that retain anything a user enters. It employs the latest data in Salesforce's system, as opposed to the sometimes-stale public data that train generic models. And generative AI capabilities can be integrated with other Salesforce offerings; the company has already introduced Slack GPT and Tableau GPT, AI-equipped versions of its workplace collaboration and analytics tools.

Despite weakening macroeconomic conditions that might normally lead customers to curtail IT spending, Salesforce recently reiterated its full-year revenue projection and raised the forecast for its operating margin by 100 bps, suggesting that the newly launched products are competitive and drawing enough customer interest to more than justify the R&D investment. **Kering**'s Gucci division is among the early users, incorporating Salesforce's AI tools into its call centers.

Although the market initially feared that Adobe would lose out to AI image-generating programs Dall-E, Midjourney, and Stable Diffusion, the design-software giant has since released its own generative AI model called Firefly. One feature of Firefly is that it can help designers generate ideas and create and manipulate images more quickly in Photoshop or Illustrator that can then be processed by other Adobe products for further development, fostering a seamless workflow. There's more work involved when trying to manipulate images created by outside tools. Also, because Firefly is trained on Adobe's vast inventory of stock images and other licensed content, it can generate professional-quality, commercially viable results, further setting it apart from generic models that are often trained on copyrighted content that isn't properly licensed. These are just two examples of how AI enhances the Adobe suite, which should allow the company to raise subscription prices and upsell users.

The beneficiaries of demand for generative AI aren't limited to traditional IT-sector companies. Data centers used to train AI models require up to ten times more power than typical data centers, thus requiring more-powerful equipment and backup power. Given the amount of heat they generate, new liquid-cooling solutions will be needed as well. This creates an opportunity for **Schneider Electric**, which has been developing innovative data-center equipment solutions for many years. EcoStruxure IT, Schneider's infrastructure-management software, is well positioned to help customers manage these increasingly complex systems, even as the stock's valuation flies under the market's AI radar for the time being. Schneider is our largest holding, as we view it as a reasonably valued industrials company poised to benefit from other long-term growth opportunities irrespective of an AI revolution.

> One feature of Firefly is that it can help designers generate ideas and create and manipulate images more quickly in Photoshop or Illustrator that can then be processed by other Adobe products for further development.

In the meantime, NVIDIA has emerged as the unrivaled global leader in providing the technologies at the center of the AI arms race. NVIDIA's competitive advantage is the result of investments that began two decades ago, when it recognized an early opportunity to repurpose its video-game graphics chips for the heavy-load computing done in scientific research. This led management to expand the GPU business. It also spent years and significant resources developing a free software platform that's exclusive to its chips called CUDA that allows developers to easily program its GPUs for a variety of computationally intensive applications. Researchers then began using both NVIDIA's chips and CUDA to train the human-brain-inspired neural networks that power AI models.

Now, due to an explosion of demand related to generative AI and LLMs from across its customer base, NVIDIA projects that data-center revenue for its fiscal second quarter ending in July will surge to US$11 billion. Not only is that more than double last quarter's total, but the forecast also shattered the average analyst estimate that called for about US$7 billion. Taking advantage of the stock's meteoric rise, we reduced our holding (it has risen tenfold since we first purchased in 2018).

> Through our fundamental framework, we can appreciate the broad excitement for AI, but we also remain conscious of valuations and thoughtful about diversification, recognizing that it's unlikely anyone can predict today the biggest long-term winners.

With the spotlight on AI and companies like NVIDIA, investors have temporarily disregarded the macroeconomic risks that governed markets last year, such as the potential for interest rates to climb further in the fight against inflation and unabating geopolitical tensions. We don't know when those worries will resurface in markets. We also don't know what will come of the concerns over the potential dangers of AI, recently highlighted by the "godfather" of modern AI himself, Professor Geoffrey Hinton. Rarely has a technology been heralded simultaneously as a potential cure-all and a dire threat to our existence, which raises the specter of regulators and social movements stepping in to slow its adoption.

Our investments in NVIDIA and Schneider are reflective of how we are thinking through the many unknowns and approaching portfolio structure in this environment. Through our fundamental framework, we can appreciate the broad excitement for AI, but we also remain conscious of valuations and thoughtful about diversification, recognizing that it's unlikely anyone can predict today the biggest long-term winners.

Portfolio Highlights

In response to a surge in prices, and to keep our total IT weight below our risk-control limit that caps the weight of any sector at 25%, we reduced our holdings in semiconductor-related stocks. Aside from NVIDIA, we sold VAT Group. The Swiss small cap maintains a near-monopoly position in vacuum valves, a critical component in chip production. But as its proximity to the AI wave helped drive a rebound in the shares (and its price-to-earnings ratio shot above 50), we took the opportunity to exit. Our portfolio's weight in IT is now in line with the benchmark.

Given the narrow concentration of market returns during the quarter, many high-quality growth stocks remain attractively valued. We took the opportunity to buy companies such as **Symrise** and **Haleon**. These transactions also helped reduce the forecast beta of our portfolio from 1.15 to 1.03 while maintaining its overall quality-growth profile and valuation.

Symrise, a German company, operates in the attractive flavors and fragrances industry. It stands out among its global peers for having a significant position in pet food, producing ingredients that make such products taste better. This has been a resilient source of growth for the company, whose shares recently became attractively valued.

Haleon, a company that listed in London last year, was formed by the merger of GSK's (formerly GlaxoSmithKline) and Pfizer's consumer businesses. Haleon owns consumer-health brands such as Sensodyne (toothpaste) and Voltaren (pain-relieving gel). The business has earned one of the highest profit margins among European home- and personal-care companies, and it is highly cash generative. We expect organic revenue growth in the mid-single digits for the long run. Its valuation is attractive relative to peers due to an overhang from the large stakes still held by Pfizer and GSK, which together own more than 40% of the company. We are thrilled to hold such a high-quality business at a reasonable valuation, as we expect that ownership-related discount to fade in the coming years.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

Global Equity Holdings (as of June 30, 2023)

Communication Services	Market	End Wt. (%)
Alphabet (Internet products and services)	US	3.6
Meta Platforms (Virtual reality and social network)	US	3.1
Netflix (Entertainment provider)	US	1.8
Pinterest (Social network)	US	1.1
Tencent (Internet and IT services)	China	0.9
Consumer Discretionary		
Amazon.com (E-commerce retailer)	US	3.1
Kering (Luxury goods manufacturer)	France	1.2
Nike (Athletic footwear and apparel retailer)	US	0.9
Sony (Japanese conglomerate)	Japan	0.9
Consumer Staples		
Costco (Membership warehouse store operator)	US	1.2
Estée Lauder (Cosmetics manufacturer)	US	1.1
Haleon (Consumer health products manufacturer)	UK	0.9
Hello Fresh (Food delivery services)	Germany	0.3
L'Oréal (Cosmetics manufacturer)	France	1.9
Energy		
Schlumberger (Oilfield services)	US	1.5
Financials		
Adyen (Payment processing services)	Netherlands	1.3
AIA Group (Insurance provider)	Hong Kong	1.1
B3 (Clearing house and exchange)	Brazil	1.1
Bank Central Asia (Commercial bank)	Indonesia	2.7
CME Group (Derivatives exchange and trading services)	US	1.9
HDFC Bank (Commercial bank)	India	2.0
Tradeweb (Electronic financial trading services)	US	1.1
Health Care		
AbbVie (Biopharmaceutical manufacturer)	US	0.8
Abcam (Life science services)	UK	1.7
Alcon (Eye care products manufacturer)	Switzerland	1.4
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.3
Danaher (Diversified science and tech. products and svcs.)	US	2.3
Edwards Lifesciences (Medical device manufacturer)	US	1.1
Genmab (Biotechnology producer)	Denmark	1.4
Intuitive Surgical (Medical equipment manufacturer)	US	1.3
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	1.0
Thermo Fisher Scientific (Health care products & svcs.)	US	1.6
UnitedHealth Group (Health care support services)	US	2.0
Vertex Pharmaceuticals (Pharma manufacturer)	US	3.8
WuXi AppTec (Biopharma manufacturer)	China	0.7

Industrials	Market	End Wt. (%)
Ametek (Electronic instruments manufacturer)	US	1.6
Atlas Copco (Industrial equipment manufacturer)	Sweden	1.1
Epiroc (Industrial equipment manufacturer)	Sweden	1.0
John Deere (Industrial equipment manufacturer)	US	2.9
MISUMI Group (Machinery-parts supplier)	Japan	0.5
Northrop Grumman (Aerospace and defense mfr.)	US	1.0
Rockwell Automation (Manufacturing IT provider)	US	2.2
Schneider Electric (Energy management products)	France	4.2
SGS (Quality assurance services)	Switzerland	1.0
Spirax-Sarco (Industrial components manufacturer)	UK	0.9
Information Technology		
Accenture (Professional services consultant)	US	1.6
Adobe (Software developer)	US	1.5
Apple (Consumer electronics and software developer)	US	1.4
Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.1
ASML (Semiconductor equipment manufacturer)	Netherlands	1.7
Broadcom (Semiconductor manufacturer)	US	1.5
Hexagon (CAD and measurement technology provider)	Sweden	1.9
Keyence (Sensor and measurement eqpt. mfr.)	Japan	1.0
Microsoft (Consumer electronics & software developer)	US	2.7
NVIDIA (Semiconductor chip designer)	US	1.3
Salesforce (Customer relationship mgmt. software)	US	1.6
SAP (Enterprise software developer)	Germany	1.4
ServiceNow (Enterprise resource planning software)	US	1.2
Synopsys (Chip-design software developer)	US	1.4
TSMC (Semiconductor manufacturer)	Taiwan	1.0
Materials		
Symrise (Fragrances and flavors manufacturer)	Germany	1.1
Real Estate		
CoStar (Real estate information services)	US	1.3
Country Garden Services (Residential property mgr.)	China	0.4
Utilities		
No Holdings		
Cash		3.4

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

2Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Abcam	HLTH	1.3	–	0.82
Meta Platforms	COMM	2.8	0.9	0.48
B3	FINA	1.0	<0.1	0.32
Broadcom	INFT	1.4	0.5	0.27
Netflix	COMM	1.5	0.3	0.26

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Schneider Electric	INDU	3.5	0.1	1.10
Meta Platforms	COMM	2.0	0.7	0.83
Abcam	HLTH	1.3	–	0.65
Rockwell Automation	INDU	1.7	0.1	0.65
Netflix	COMM	0.9	0.2	0.62

2Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Apple	INFT	1.3	4.5	-0.36
Kering	DSCR	1.4	0.1	-0.30
WuXi AppTec	HLTH	0.9	<0.1	-0.30
Tradeweb	FINA	1.2	<0.1	-0.27
Thermo Fisher Scientific	HLTH	1.8	0.3	-0.25

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
SVB Financial Group	FINA	1.6	<0.1	-3.70
First Republic Bank	FINA	2.0	<0.1	-3.15
Country Garden Services	RLST	0.6	<0.1	-1.28
WuXi Biologics	HLTH	0.5	<0.1	-0.82
WuXi AppTec	HLTH	1.0	<0.1	-0.81

"HL": Global Equity composite. "Index": MSCI All Country World Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	16.9	15.1
Return on Assets[1] (%)	10.0	8.8
Return on Equity[1] (%)	21.1	18.5
Debt/Equity Ratio[1] (%)	40.0	68.8
Std. Dev. of 5 Year ROE[1] (%)	5.1	6.6
Sales Growth[1,2] (%)	12.0	8.9
Earnings Growth[1,2] (%)	18.1	14.4
Cash Flow Growth[1,2] (%)	14.5	12.3
Dividend Growth[1,2] (%)	10.2	7.0
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	116.0	93.8
Wtd. Avg. Mkt. Cap. (US $B)	356.1	439.7
Turnover[3] (Annual %)	30.3	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-1.5	–
Beta[2]	1.03	–
R-Squared[2]	0.92	–
Active Share[3] (%)	83	–
Standard Deviation[2] (%)	19.12	17.75
Sharpe Ratio[2]	0.29	0.40
Tracking Error[2] (%)	5.4	–
Information Ratio[2]	-0.28	–
Up/Down Capture[2]	100/105	–
Price/Earnings[4]	30.7	17.9
Price/Cash Flow[4]	21.0	12.4
Price/Book[4]	5.4	2.7
Dividend Yield[5] (%)	1.0	2.1

[1]Weighted median. [2]Trailing five years, annualized. [3]Five-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk Characteristics): Harding Loevner Global Equity composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner Global Equity model based on the underlying holdings, FactSet (Run Date: July 5, 2023 based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Estée Lauder	US	STPL
Haleon	UK	DSCR
Sony	Japan	DSCR
Symrise	Germany	MATS

Positions Sold	Market	Sector
CD Projekt	Poland	COMM
Illumina	US	HLTH
PayPal	US	FINA
The Trade Desk	US	COMM
VAT Group	Switzerland	INDU

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. 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 Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. 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 Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Global Equity Composite Performance (as of June 30, 2023)

	HL Global Equity Gross (%)	HL Global Equity Net (%)	MSCI ACWI[1] (%)	MSCI World[2] (%)	HL Global Equity 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	Composite Assets ($M)	Firm Assets ($M)
2023 YTD[5]	14.99	14.76	14.26	15.43	19.06	17.03	17.61	N.A.	26	11,506	46,871
2022	-29.13	-29.43	-17.96	-17.73	21.13	19.86	20.43	0.2	26	12,189	47,607
2021	16.14	15.68	19.04	22.35	16.42	16.83	17.05	0.4	29	20,188	75,084
2020	31.22	30.68	16.82	16.50	18.17	18.12	18.26	0.3	30	18,897	74,496
2019	30.17	29.64	27.30	28.40	12.56	11.21	11.13	0.2	29	14,139	64,306
2018	-9.35	-9.75	-8.93	-8.20	11.85	10.48	10.39	0.2	30	10,752	49,892
2017	33.26	32.66	24.62	23.07	11.16	10.37	10.24	0.2	27	8,946	54,003
2016	7.13	6.62	8.48	8.15	11.37	11.07	10.94	0.1	29	7,976	38,996
2015	2.65	2.18	-1.84	-0.32	11.16	10.78	10.80	0.5	28	7,927	33,296
2014	6.91	6.43	4.71	5.50	10.82	10.48	10.21	0.3	31	9,961	35,005
2013	21.64	21.12	23.44	27.37	13.92	13.92	13.52	0.5	32	11,165	33,142

[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]The 2023 YTD performance returns and assets shown are preliminary. N.A.–Internal dispersion less than a 12-month period.

The Global Equity composite contains fully discretionary, fee-paying accounts investing in US and non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI All Country World 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 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. 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 indexes.

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 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 Equity composite has been examined for the periods December 1, 1989 through March 31, 2023. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

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

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate Global Equity accounts is 1.00% annually of the market value for the first $20 million; 0.50% for the next $80 million; 0.45% for the next $150 million; 0.40% for the next $250 million; above $500 million upon request. The management fee schedule and total expense ratio for the Global Equity Collective Investment Fund, which is included in the composite, are 0.70% on all assets and 0.75%, respectively. 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 composite was created on November 30, 1989 and the performance inception date is December 1, 1989.