Global Equity

Quarterly Report | Third Quarter 2023

HARDING LOEVNER

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Composite Performance

Total Return (%) – Periods Ended September 30, 2023

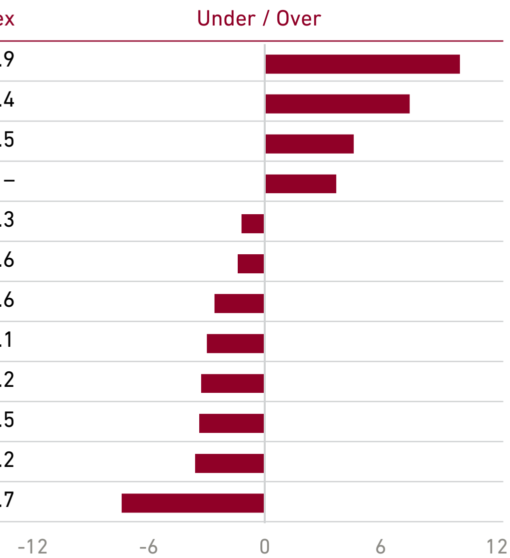
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
HL Global Equity (Gross)	-5.24	8.96	17.50	0.70	5.30	8.87	9.47
HL Global Equity (Net)	-5.34	8.64	17.04	0.28	4.86	8.39	8.85
MSCI All Country World Index	-3.30	10.49	21.41	7.39	6.98	8.11	7.20
MSCI World Index	-3.36	11.55	22.58	8.60	7.80	8.84	7.39

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Global Equity composite inception date: November 30, 1989. MSCI All Country World Index, the benchmark index, and MSCI World Index, the supplemental index, are shown gross of withholding taxes.

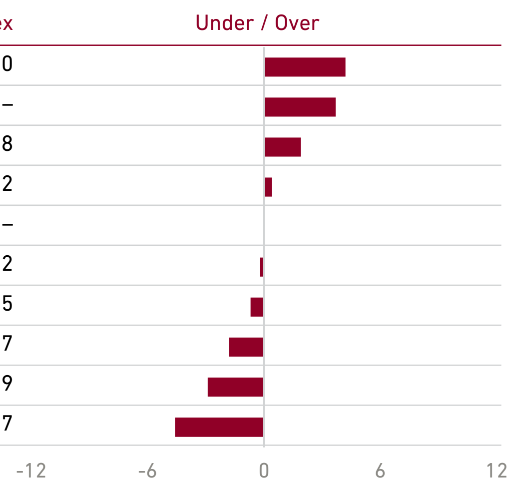
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Health Care	22.0	11.9
Industrials	17.9	10.4
Comm Services	12.1	7.5
Cash	3.7	–
Real Estate	1.1	2.3
Info Technology	20.2	21.6
Utilities	0.0	2.6
Cons Staples	4.1	7.1
Energy	1.9	5.2
Materials	1.1	4.5
Cons Discretionary	7.6	11.2
Financials	8.3	15.7



Geography	HL	Index
Europe EMU	12.2	8.0
Cash	3.7	–
Europe ex EMU	9.7	7.8
US	62.6	62.2
Frontier Markets	0.0	–
Middle East	0.0	0.2
Japan	4.8	5.5
Pacific ex Japan	0.9	2.7
Canada	0.0	2.9
Emerging Markets	6.1	10.7



"Frontier Markets": 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.

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Market Review

After gaining 14.3% in the first half of 2023, global stocks, as gauged by the MSCI ACWI Index, pulled back 3.3% in the third quarter. This leaves the index with a gain of 10.5% for the year to date.

Share prices peaked globally in late July, just after the US Federal Reserve's 11th short-term interest-rate hike of the current cycle, to 5.5%, although US stocks proved more resilient than non-US markets in August. The Bank of England raised rates in August, and Sweden's Riksbank did so in September. The European Central Bank (ECB) followed in mid-September with its own rate hike to 4.0%, the highest level in its 25-year history, despite lowering its growth forecast for the eurozone. Both the ECB and the Fed used their September meeting communications to stress that rates, although not going higher in the short term, might stay high for longer than anticipated to bring inflation back to target. Bond investors reacted negatively and sold longer-maturity bonds heavily. The US yield curve flattened further, indicating the economy is more resistant to the tightening medicine than had been assumed, postponing, perhaps, the start of any imminent recession but not, by any means, sending an all-clear signal. The decline of equities, including in the US, during the quarter was presumably a reaction more to the receding prospect of a return to easier monetary policy due to stubborn inflation than to the idea that the large hike in rates has not yet dented the economy enough to subdue inflation.

MSCI ACWI Index Performance (USD %)

Sector	3Q 2023	Trailing 12 Months
Communication Services	0.5	29.6
Consumer Discretionary	-4.8	17.9
Consumer Staples	-6.1	8.0
Energy	10.9	28.5
Financials	-0.7	18.6
Health Care	-2.6	11.2
Industrials	-5.0	26.0
Information Technology	-6.1	39.2
Materials	-3.8	17.3
Real Estate	-6.4	0.3
Utilities	-8.4	0.9
Geography	**3Q 2023**	**Trailing 12 Months**
Canada	-3.8	12.5
Emerging Markets	-2.8	12.2
Europe EMU	-7.1	35.4
Europe ex EMU	-2.5	24.6
Japan	-1.4	26.4
Middle East	5.1	2.7
Pacific ex Japan	-4.7	10.7
United States	-3.1	21.6
MSCI ACWI Index	-3.3	21.4

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

Nearly all developed country indexes wrapped up the quarter in the red, with the only exceptions in tiny, idiosyncratic markets. Japan fell the least among the regions, maintaining its status as one of the year's strongest performers, alongside the US. The Tokyo Stock Exchange's January push for capital allocation reforms at companies with lowly valued shares continued to capture both investor and management attention. Activist-investor and bargain-hunting activity, combined with a positive view that a dose of global inflation could end Japan's long battle with deflation (and along with it the long-standing zero interest policy, as hinted at by the Bank of Japan's new governor), fueled a rally in the country's Financials sector.

Markets in the European Monetary Union had a challenging quarter, reacting to the prospects of slower growth and higher interest rates. Returns were led lower by the Consumer Discretionary and Information Technology (IT) sectors, which are heavily represented in the region. Emerging Markets (EMs) performed better than the global index but displayed a wide dispersion among countries. Brazil and Mexico, two of the biggest gainers in the first half of the year, both declined. China, EM's largest constituent, slowed its downward trajectory, falling less than the EM index and less than developed markets, having been one of the worst-performing markets in the first half.

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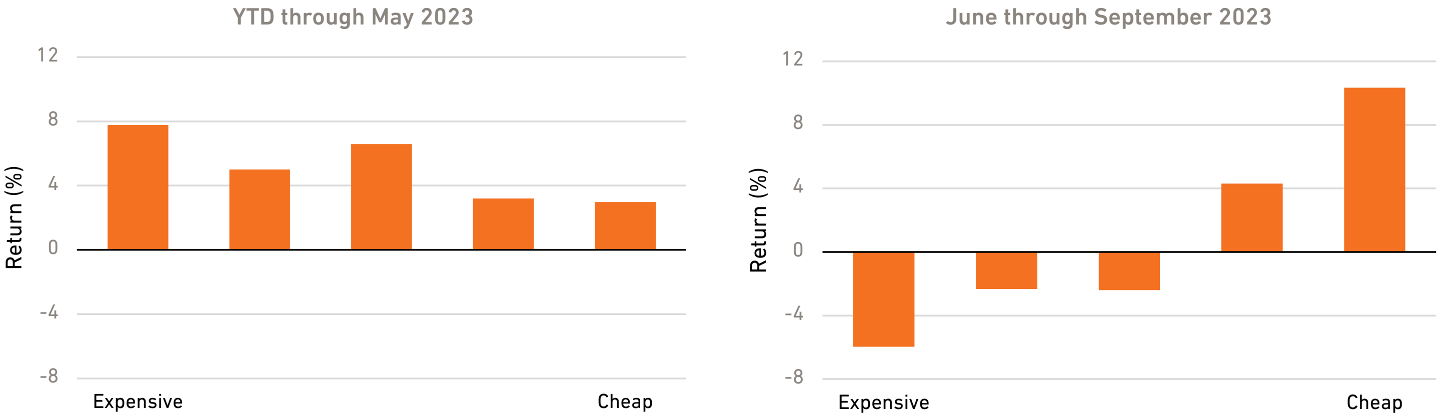
After a surge of more than 40% in the first half of the year, the IT sector cooled. In our previous commentary, we highlighted the disproportionate gains accruing to a select group of US stocks, colloquially dubbed the "Magnificent Seven." This quarter, many from that group were on the forefront of market declines—a reminder, perhaps, that the classic namesake movie doesn't end happily for all seven. News of regulatory actions—such as China's ban on Apple devices for state employees—and signs of slowing growth, such as Microsoft's revenue guidance that fell short of expectations, shifted investor focus from a long-term AI-optimistic narrative to immediate earnings concerns.

Defying broader market trends, the Energy sector thrived. Oil prices jumped, reaching nearly US$95 a barrel, up from about US$75 on June 30, on the back of Saudi Arabian production cuts. Oil demand also reached record highs, boosted by strong summer

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 September 30, 2023 is available on page 9 of this report.

MSCI ACWI ex US Returns by Value Quintile



Source: FactSet, MSCI Inc.

air travel and an uptick in Chinese petrochemical production to rebuild inventories. Consequently, it was one of only two sectors to register gains for the quarter, along with the modest rise in Communication Services shares.

Stubborn inflation, rising interest rates, flattening yield curves, and disparate growth outlooks have caused confusing crosswinds in style factors. The rip-roaring US embrace of growth stocks abated in the quarter, but the MSCI USA Growth Index lagged its value counterpart by only about a percentage point in the quarter, so growth still leads value year to date in the US by a staggering 29 percentage points. Meanwhile, in Japan, the revived interest in low-profitability, cheaply priced companies caused its growth index to lag its value index by 14 percentage points in the third quarter alone. The eurozone growth index lagged its value counterpart by about nine percentage points in the quarter. Stocks of the cheapest companies in non-US markets lagged in performance this year through the end of May, but shot ahead in the months since, as seen in the charts above.

Performance and Attribution

The Global Equity composite declined 5.2% gross of fees in the quarter, trailing the 3.3% fall in the MSCI ACWI Index. Year to date, the portfolio has appreciated 9.0% gross of fees, falling short of the index's 10.5% gain.

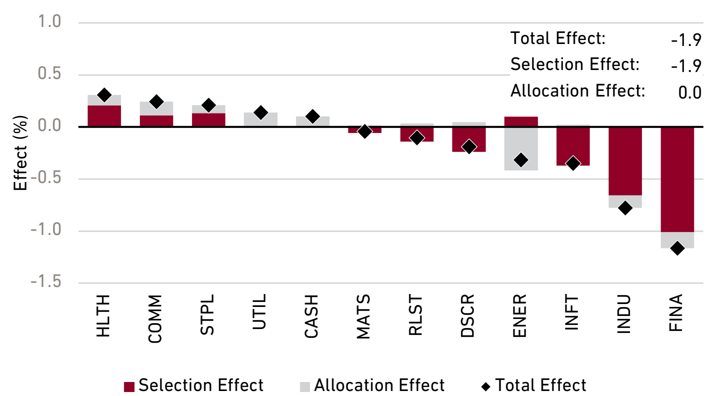
Negative stock selection was the primary drag on our returns this quarter. Europe was the epicenter of this underperformance with five out of the top seven negative contributors to relative returns (**Adyen**, **Hexagon**, **Kering**, **Schneider Electric**, and **ASML**) hailing from the region.

Sweden-based Hexagon, an industrial-technology company, has been augmenting its traditional hardware offerings with software. While its second-quarter results showed revenue growth in line with expectations, they also revealed a squeeze on profit margins. This could have been a minor setback, but it comes on top of

Third Quarter 2023 Performance Attribution

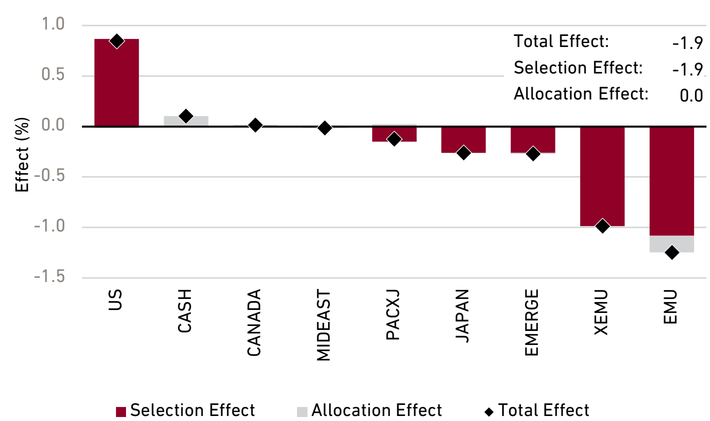
Sector

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.

several unsettling developments, such as executive reshuffling, the departure of three independent board members, and a damaging report from a short seller.

Meanwhile, Adyen, a Dutch payment platform, saw its stock plummet after announcing its first-half results. Despite maintaining strong year-over-year sales growth above 20%, Adyen faced an investor backlash as its report showed signs of pricing pressure from competitors, particularly in the US market. This decline was exacerbated by an already lofty valuation that anticipated faster growth.

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The rationale behind the weakness in other European stocks ranged from politics to fashion. The Dutch government restricted exports to China of Netherlands-based ASML's second-tier deep-ultra-violet lithography equipment, used in the creation of the circuitry of computer chips. Meanwhile global luxury group Kering shuffled the management of its fashion houses, including replacing the CEO of the underperforming Gucci brand with an interim head. The market wished for a clearer succession, as well as better reviews of its September Paris fashion show.

Our US investments fared significantly better. **Alphabet** and **Meta Platforms** bucked the downtrend seen in mega-cap IT stocks, and our underweight in **Apple**, which didn't escape the decline, proved advantageous. We also saw strong performances from our holdings in financial exchanges, **CME Group** and **Tradeweb**. Both entities gained as rising volatility led to higher trading volumes in bond and commodity markets. Optimism that higher energy costs would spur additional exploration activities gave a boost to our holding in **SLB**, a leading oil services provider.

From a sector perspective, Financials detracted, with Adyen's decline more than offsetting the gains from CME and Tradeweb. Our Industrials sector holdings also underperformed, chiefly because of setbacks in the share prices of Schneider Electric and **Rockwell Automation**.

Perspective and Outlook

The prevailing sentiment on China has undergone a dramatic transformation over the past 18 months. Once viewed with widespread awe, China's economic potency is now being viewed with increasing skepticism. Analysts diverge on the cause of its current sluggishness: some argue that China's authoritarian tendencies are stifling its private sector, while others believe that the country's former growth strategy has reached its limits, and ingrained power dynamics are obstructing necessary shifts in policies to support it. What's unequivocal though is that China's economy is facing increasing challenges as it confronts the fallout from its real estate crisis and looming demographic hurdles.

The unfolding slow-motion crisis in China's property market has inevitably drawn comparisons to Japan's prolonged economic quagmire following the collapse of its own real estate bubble in the late 1980s. Richard Koo, Nomura Research Institute's chief economist, coined the term "balance sheet recession" to characterize Japan's ensuing economic malaise.

According to Koo's framework, the bursting of a debt-fueled asset bubble often leaves corporations and households with depleted equity. As a result, the focus turns towards balance-sheet repair and deleveraging—using available cash flow to pay down debt or accumulate savings rather than investing in capital or consumer goods. This pivot to financial conservatism is immune to monetary easing and stymies economic growth, trapping the economy in a low-growth state for an extended period.

China today does exhibit some economic parallels with the Japan of yesteryear, most importantly in the long rise in property prices to levels disconnected to their use or rental value, fueled by debt and unattractive alternatives as a store of value. In Shanghai, house prices are a staggering 50 times the median annual income—a ratio that dwarfs comparable metrics in notoriously expensive cities such as San Francisco or New York by a factor of five.

> China's economy is facing increasing challenges as it confronts the fallout from its real estate crisis and looming demographic hurdles.

According to data from the Bank for International Settlements, China's total non-financial-sector debt has skyrocketed to more than 300% of GDP, up from around 200% a decade earlier. This ascent is reminiscent of Japan's financial trajectory leading up to its lost decade in the 1990s. When factoring in debts incurred by local-government-financing vehicles, China's fiscal leeway appears increasingly constrained, complicating matters for policymakers.

It's not just the wealth stored in property by the well-off that is imperiled by the lack of affordable housing and overall indebtedness. The stakes are high for employment as well. With real estate and construction activities constituting upwards of a fifth of China's economic output, any missteps in managing the slowly deflating real estate bubble could have wide-ranging implications.

China's dominant role in global export markets, much like Japan's in the past, has already triggered a backlash from its trading partners, not least the US, making it unlikely that a further increase in industrial exports can counterbalance the decline in housing. However, perhaps the most inescapable parallel between the two countries is their rapidly aging populations. While Japan began to experience a population decline approximately two decades into its economic stagnation, China's population contracted last year for the first time since the policy-induced famine of the Great Leap Forward more than 60 years ago.

By 2050, the proportion of people in China over 65 will rise sharply, with the working-age population projected to contract by almost a quarter. These are the long-term repercussions of the government's draconian "one-child policy" that restricted family size from 1979 to 2015. The aging and shrinking population will put pressure on the total size of the labor force, thereby hampering the economy's overall productivity as well as straining the current pension system.

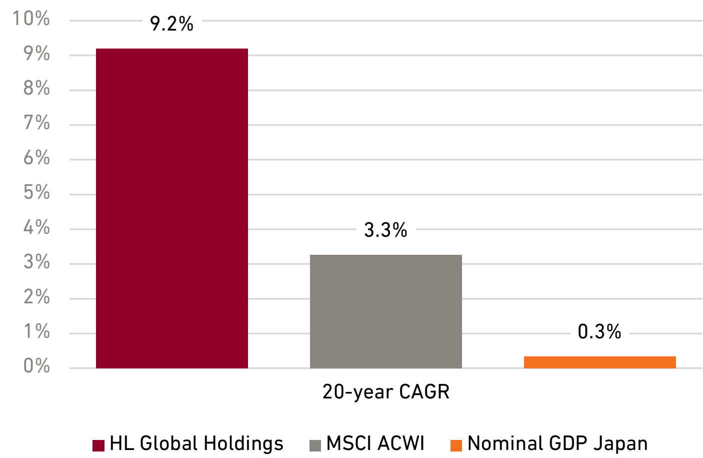
But China also boasts an impressive set of economic assets that could enable it to navigate these challenges. Its massive domestic market and significant sway over diverse global supply chains—ranging from electronics to pharmaceuticals and metals—endow it with considerable influence on global prices and product availability. The annual graduation of over a million engineers speaks to its vast human capital and potential for technological innovation. The world's busiest patent office underscores its commitment to research and development, fostering an environment conducive to groundbreaking inventions. China's highly entrepreneurial population not only powers many domestic businesses but also positions the country's innovative private sector as a global economic force. Notably, its leadership in electric vehicles and renewable energy infrastructure signifies its capacity to adapt to and dominate emerging industries. These strengths, if unleashed, could play a pivotal role in rejuvenating China's economic vitality, or at least support the growth of its most globally competitive industries.

> It's essential to separate the prospects of individual companies from the country's overall macroeconomic outlook. Slow-growing economies can still harbor sectors or niches that are dynamic and prosperous.

We claim no expertise in macroeconomic forecasting, but delve into this debate primarily for context and understanding rather than predictive utility. Our extensive experience investing in Japan has taught us that even if China enters a period of subdued economic growth, it's essential to separate the prospects of individual companies from the country's overall macroeconomic outlook. Slow-growing economies can still harbor sectors or niches that are dynamic and prosperous. Companies that pioneer new products, penetrate new markets, or simply consolidate their industries can find avenues for growth that are largely independent of broader economic trends.

The idea that China should be viewed as uninvestable due to a top-down outlook on its future GDP growth is not supported by our own experience investing in Japan. Over the past 20 years, a period that includes the recession that followed the financial crisis, our current holdings in Japan have grown revenues

Median Long-Term Sales Growth of Japanese Companies



Source: FactSet, Harding Loevner Global Equity Model.

substantially faster, according to available data, than both the average Japanese company and the Japanese economy, as measured by nominal GDP.

The demographic challenges mentioned above provide a case in point. Demographic trends, unlike macroeconomic conditions, are highly reliable and long-lasting and in Japan, at least, have presented a valuable lens though which to identify secular growth opportunities, notably in the field of industrial automation. The country's manufacturing efficiency ascendance combined with looming labor shortages helped turbocharge the growth of the automation industry. Today, robots are used in myriad applications, from the small collaborative robots, known as "cobots," utilized to improve human efficiency for quality testing and inspection, to large welding robots employed in automotive manufacturing. We discuss **Keyence**, a beneficiary of this trend, in detail below.

The rapid aging of Japan's population has also led to an almost twofold increase in health care expenditures as a percentage of GDP since 1990. One innovative firm, M3, seized this opportunity, creating a digital platform that streamlines everything from drug distribution to career placements to clinical trial enrollments. The result: M3 appreciated nearly 20-fold in the decade before COVID-19. As China navigates its own demographic and economic challenges, coupled with governmental ambitions to amplify health care coverage, we're scrutinizing potential investment opportunities that could similarly flourish.

Portfolio Highlights

The Global Equity portfolio currently holds just 2% of its assets in Chinese companies, slightly less than China's 3% weight in our benchmark. But that simple comparison doesn't fully capture the effect that changes in the Chinese market can have on our holdings. Many of the non-Chinese multinational corporations

(MNCs) held in the portfolio have significant operations in China and may also be vulnerable to the nation's economic fluctuations. Therefore, we closely monitor our holdings' business engagements within China. By our estimates, 8% of the weighted aggregate revenue for our portfolio companies is from China, while China represents almost 10% of weighted revenues for the ACWI Index, and China itself generates 18% of global GDP. In short, by various measures, the Global Equity portfolio has relatively low exposure to the downside risks of a China slowdown.

While a deceleration in China's economic growth would yield varied consequences, it's important to recognize that even with a 2% slowdown in its GDP growth over the next decade, China's incremental GDP in that period would roughly match India's *total* GDP in 2021. That immense growth potential keeps China at the forefront of strategic markets for global businesses, while they explore countries such as India and Indonesia as the preferred market and supply base for coming decades.

Diverse companies within our portfolio navigate China's market differently, influenced by their unique industrial niches and business models. Rather than "de-coupling" and pulling out of China completely, many MNCs are opting for a balanced approach of "de-risking," which includes diversifying their supply chains while maintaining their presence in China. But such a strategy requires navigating a complicated landscape. That's led to a widening gap between the fastest-growing MNCs and their slower-growing counterparts: according to McKinsey, the gap in the annual revenue growth for the highest-performing versus lowest-performing MNCs widened from 19% to 25% during 2019–21.[1]

Above, we discussed some of the coming demographic shifts in China as the population ages. A potential ramification of that trend is the robust potential it offers for cosmetics companies in China, mirroring historical trends in Japan where demand for cosmetics has grown alongside the aging of the population. But success isn't guaranteed by demographics; a company must effectively execute a sound strategy. Take, for instance, the contrast between **L'Oréal**'s and Estée Lauder's operations in China.

L'Oréal's operations in China have been robust, as its revenues from consumer products grew three times as fast as the overall mainland China market in the first half of 2023. Strategic brand introductions, including Valentino, Prada, and Takami, and gradual expansion into lower-tier cities have boosted market share for its luxury unit, which now has more of the market than its two largest competitors combined.

Local L'Oréal management has also been agile in reacting to changing conditions. As China reopened from COVID lockdowns at the start of the year, the company cut social-media-marketing spending when it found that the efforts weren't as effective as hoped in a difficult market, but then decisively stepped-up media spending when the market accelerated in the second quarter. L'Oréal has also found great success on TikTok for its flagship brand and is leveraging that expertise to boost the performance of other brands, as well as in adjacent Southeast Asian markets.

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In contrast, Estée Lauder's operations in China have been less effective. The company has struggled with inventory management issues caused by a long supply chain and poor internal communication, and a reliance on "travel retail" such as duty-free shops—especially in China's Hainan island—which have lagged as domestic travel has yet to recover from the pandemic. But we had believed that these recent troubles could be quickly addressed, so after a sharp decline in the company's share price, we bought Estée Lauder shares in late June after our analyst upgraded his rating.

Sales data released in early July showed that Estée Lauder's performance was notably weaker than its competitors—a particular concern as the sales data was normalizing after COVID-induced distortions. We realized that the company's issues in China may be harder to fix than we had previously believed. Our analyst downgraded the company; we sold the shares for a small gain, a rare example of us changing our minds rapidly about a recent investment.

Subsequent to our sale, Estée Lauder issued very poor guidance in mid-August, and the stock has suffered further. The CEO has vowed to have better local coordination in China, as well as better supply-chain management in the region. We think these initiatives are sensible and look forward to seeing concrete progress for a company that still has notable core competencies in product innovation and brand appeal to consumers.

> The incentives of the client-facing employees of Keyence are closely related to the business they generate and the overall performance of the company, a dramatic difference from most Japanese companies, which primarily compensate employees based on seniority, with little account taken of individual or collective performance.

Cosmetic companies are potential beneficiaries as a society ages, but they aren't the only ones. This demographic shift can bolster other industries, including automation, as we mentioned above. For instance, Keyence registered a 10-fold surge in sales over the past two decades, while its share price has increased 10 times as well, making it Japan's fourth-most-valuable company. Every year in its annual report, the company reminds investors of its core

[1]McKinsey Global Institute, *The China Imperative for Multinational Companies* (January 2023).

mission: "There could be no automation of assembly lines without sensors. Keyence has consistently aided the automation revolution by developing superior sensor solutions."

That unwavering focus has underpinned the company's success. It places emphasis on innovation in industrial sensors—70% of its products are world or industry firsts—while outsourcing most manufacturing to keep the business asset light. The company has also worked to build close and direct relationships with its customers, so salespeople can not only provide the best solutions to clients but also gather real-world insights that help direct R&D. The incentives of the client-facing employees of Keyence are closely related to the business they generate and the overall performance of the company, a dramatic difference from most Japanese companies, which primarily compensate employees based on seniority, with little account taken of individual or collective performance. As a consequence, Keyence's employees are highly productive and collaborative, with gross profit per employee at the company running nearly twice as high as at its competitors.

With Japan's aging workforce and intensifying global competition, there has been steady demand from Japanese manufacturers for advanced industrial sensor technology across economic cycles. China may face an even more-daunting demographic challenge, so the long-term potential for automation is huge. The rapid aging of the current skilled workforce in China will pose a global challenge but an opportunity for Keyence as well as many other industrial automation solution providers in our portfolio, such as Schneider, Rockwell, and **Atlas Copco**.

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 September 30, 2023)

Communication Services	Market	End Wt. (%)
Alphabet (Internet products and services)	US	4.1
Meta Platforms (Virtual reality and social network)	US	3.4
Netflix (Entertainment provider)	US	1.7
Pinterest (Social network)	US	1.6
Scout24 (Real estate information services)	Germany	0.4
Tencent (Internet and IT services)	China	0.9
Consumer Discretionary		
Amazon.com (E-commerce retailer)	US	3.3
Kering (Luxury goods manufacturer)	France	1.4
Nike (Athletic footwear and apparel retailer)	US	0.8
Sony (Japanese conglomerate)	Japan	2.1
Consumer Staples		
Costco (Membership warehouse store operator)	US	1.4
Haleon (Consumer health products manufacturer)	UK	1.0
L'Oréal (Cosmetics manufacturer)	France	1.8
Energy		
SLB (Oilfield services)	US	1.9
Financials		
Adyen (Payment processing services)	Netherlands	0.6
AIA Group (Insurance provider)	Hong Kong	0.9
B3 (Clearing house and exchange)	Brazil	0.9
Bank Central Asia (Commercial bank)	Indonesia	1.5
CME Group (Derivatives exchange and trading services)	US	2.1
HDFC Bank (Commercial bank)	India	0.9
Tradeweb (Electronic financial trading services)	US	1.4
Health Care		
AbbVie (Biopharmaceutical manufacturer)	US	1.2
Alcon (Eye care products manufacturer)	Switzerland	1.4
Chugai Pharmaceutical (Pharma manufacturer)	Japan	1.5
Danaher (Diversified science and tech. products and svcs.)	US	2.5
Edwards Lifesciences (Medical device manufacturer)	US	0.9
Genmab (Oncology drug manufacturer)	Denmark	1.4
Intuitive Surgical (Medical equipment manufacturer)	US	1.2
Repligen (Biopharma equipment supplier)	US	1.0
Roche (Pharma and diagnostic equipment manufacturer)	Switzerland	0.9
Thermo Fisher Scientific (Health care products & svcs.)	US	2.9
UnitedHealth Group (Health care support services)	US	2.2
Vertex Pharmaceuticals (Pharma manufacturer)	US	4.0
WuXi AppTec (Biopharma manufacturer)	China	1.0

Industrials	Market	End Wt. (%)
Ametek (Electronic instruments manufacturer)	US	1.5
Atlas Copco (Industrial equipment manufacturer)	Sweden	1.1
Diploma (Specialized technical services)	UK	1.0
Epiroc (Industrial equipment manufacturer)	Sweden	1.1
Honeywell (Diversified technology and product mfr.)	US	1.0
John Deere (Industrial equipment manufacturer)	US	2.8
MISUMI Group (Machinery-parts supplier)	Japan	0.4
Northrop Grumman (Aerospace and defense mfr.)	US	1.0
Rockwell Automation (Manufacturing IT provider)	US	2.0
Schneider Electric (Energy management products)	France	4.0
SGS (Quality assurance services)	Switzerland	1.0
Spirax-Sarco (Industrial components manufacturer)	UK	0.8
Information Technology		
Accenture (Professional services consultant)	US	2.1
Adobe (Software developer)	US	1.6
Apple (Consumer electronics and software developer)	US	1.7
Applied Materials (Semiconductor & display eqpt. mfr.)	US	1.1
ASML (Semiconductor equipment manufacturer)	Netherlands	1.4
Broadcom (Semiconductor manufacturer)	US	1.6
Keyence (Sensor and measurement eqpt. mfr.)	Japan	0.9
Microsoft (Consumer electronics & software developer)	US	2.6
NVIDIA (Semiconductor chip designer)	US	1.4
Salesforce (Customer relationship mgmt. software)	US	1.0
SAP (Enterprise software developer)	Germany	1.4
ServiceNow (Enterprise resource planning software)	US	1.3
Synopsys (Chip-design software developer)	US	1.1
TSMC (Semiconductor manufacturer)	Taiwan	0.9
Materials		
Symrise (Fragrances and flavors manufacturer)	Germany	1.1
Real Estate		
CoStar (Real estate information services)	US	1.2
Utilities		
No Holdings		
Cash		3.7

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.

3Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
WuXi AppTec	HLTH	0.9	<0.1	0.34
SLB	ENER	1.7	0.1	0.30
Apple	INFT	1.5	4.6	0.28
Tradeweb	FINA	1.3	<0.1	0.22
CME Group	FINA	2.0	0.1	0.21

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Meta Platforms	COMM	2.4	0.8	1.21
Schneider Electric	INDU	3.8	0.1	0.73
SLB	ENER	1.6	0.1	0.52
Broadcom	INFT	1.4	0.5	0.51
Adobe	INFT	1.3	0.3	0.50

3Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Adyen	FINA	0.9	<0.1	-0.65
Hexagon	INFT	1.1	<0.1	-0.51
Edwards Lifesciences	HLTH	1.0	0.1	-0.24
Kering	DSCR	1.4	0.1	-0.22
Rockwell Automation	INDU	2.1	0.1	-0.21

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
SVB Financial Group	FINA	0.9	<0.1	-3.51
First Republic Bank	FINA	1.2	<0.1	-3.12
Adyen	FINA	1.1	0.1	-0.71
PayPal	FINA	0.7	0.1	-0.58
Hexagon	INFT	1.7	<0.1	-0.53

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

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	16.9	15.2
Return on Assets[1] (%)	9.7	8.8
Return on Equity[1] (%)	21.1	18.5
Debt/Equity Ratio[1] (%)	39.8	67.6
Std. Dev. of 5 Year ROE[1] (%)	5.1	6.6
Sales Growth[1,2] (%)	12.1	9.0
Earnings Growth[1,2] (%)	20.4	14.5
Cash Flow Growth[1,2] (%)	14.9	12.3
Dividend Growth[1,2] (%)	10.4	6.9
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	108.7	92.7
Wtd. Avg. Mkt. Cap. (US $B)	371.6	407.7
Turnover[3] (Annual %)	32.4	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-1.62	–
Beta[2]	1.03	–
R-Squared[2]	0.92	–
Active Share[3] (%)	82	–
Standard Deviation[2] (%)	19.36	17.97
Sharpe Ratio[2]	0.18	0.29
Tracking Error[2] (%)	5.5	–
Information Ratio[2]	-0.31	–
Up/Down Capture[2]	101/106	–
Price/Earnings[4]	27.8	17.2
Price/Cash Flow[4]	19.4	12.1
Price/Book[4]	5.1	2.6
Dividend Yield[5] (%)	1.1	2.2

[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: October 4, 2023) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Diploma	UK	INDU
Honeywell	US	INDU
Repligen	US	HLTH
SGS	Switzerland	INDU

Positions Sold	Market	Sector
Abcam	UK	HLTH
Country Garden Services	China	RLST
Estée Lauder	US	STPL
Hello Fresh	Germany	STPL
Hexagon	Sweden	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. 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 September 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]	8.96	8.64	10.49	11.55	18.66	16.85	17.40	N.A.	18	9,256	40,633
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 June 30, 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 June 30, 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.

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