International Equity Research

Quarterly Report | Year End 2021

HARDING LOEVNER

What's Inside

Market Review →
Stock markets rose modestly in the quarter, with spiking Omicron cases and surging prices for goods and services eating into earlier share price gains as the year drew to a close.

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

Perspective and Outlook →
We wrote in the first quarter of 2021 about the negative returns implied by the high share prices commanded by many of the fastest-growing companies, and have since significantly narrowed the valuation gap of the portfolio vs. the index. Recently, we have been turning to the valuation risks embedded in our highest-quality stocks as well.

Portfolio Highlights →
In the quarter, our actions increased the portfolio's exposure to Financials and Consumer Staples and decreased the exposure to Energy and Industrials. By region, Canada increased and Japan decreased. For the full year, the portfolio's exposure to Consumer Staples declined the most, primarily driven by the underperformance of the sector, while Health Care increased the most.

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

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

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Composite Performance

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

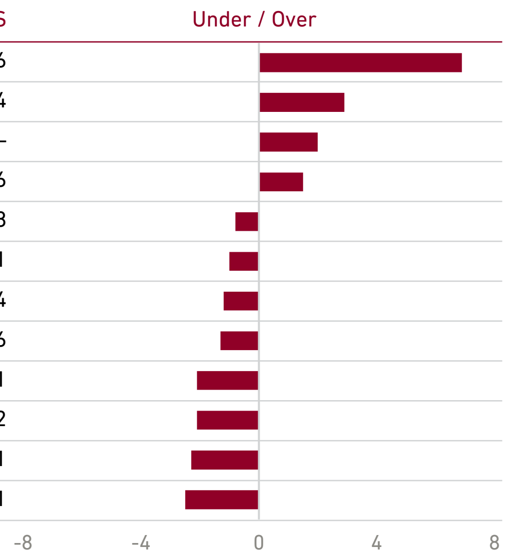
	3 Months	1 Year	3 Years[2]	5 Years[2]	Since Inception[2,3]
HL International Equity Research (Gross of Fees)	0.72	6.26	15.00	11.80	11.34
HL International Equity Research (Net of Fees)	0.54	5.51	14.19	10.99	10.53
MSCI All Country World ex-US Index[4,5]	1.88	8.29	13.68	10.11	9.24

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 2015; [4]The Benchmark Index; [5]Gross of withholding taxes.

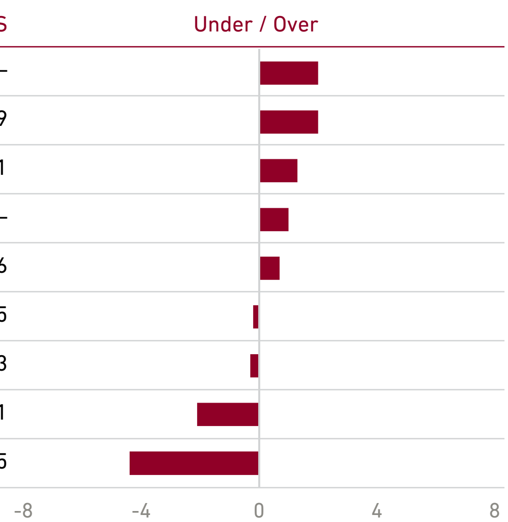
Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL IER	ACWI ex-US
Industrials	19.5	12.6
Health Care	12.3	9.4
Cash	2.0	–
Cons Staples	10.1	8.6
Energy	4.0	4.8
Comm Services	5.1	6.1
Real Estate	1.2	2.4
Info Technology	12.3	13.6
Cons Discretionary	10.0	12.1
Financials	17.1	19.2
Materials	5.8	8.1
Utilities	0.6	3.1



Geography	HL IER	ACWI ex-US
Cash	2.0	–
Emerging Markets	30.9	28.9
Europe EMU	22.4	21.1
Frontier Markets[6]	1.0	–
Europe ex-EMU	21.3	20.6
Middle East	0.3	0.5
Japan	14.0	14.3
Pacific ex-Japan	5.0	7.1
Canada	3.1	7.5



[6]Includes countries with less-developed markets outside the Index. Sector and geographic allocations are supplemental information only and complement the fully compliant International Equity Research Composite GIPS Presentation. Source: Harding Loevner International Equity Research Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

Market Review

Stock markets rose modestly in the quarter, with Omicron cases and prices for goods and services rising immodestly, trimming the gains as the year drew to a close.

Consumer price inflation in the US reached 6.8% in the year to November, the highest rate since 1982, prompting Federal Reserve Chair Jerome Powell to retire the word "transitory" from his lexicon. The Fed assumed an unambiguously hawkish stance at its December meeting, signaling as many as three interest rate hikes in 2022 and an imminent end to its bond buying program. Other central banks moved more quickly: the Bank of England raised its main interest rate for the first time since the onset of the pandemic to combat the country's highest inflation in a decade, and the European Central Bank announced it would end its bond buying program in March 2022. A handful of other central banks also hiked rates in the quarter, including Norway and New Zealand among developed countries, and Poland, Brazil, Mexico, and South Africa in Emerging Markets (EMs). The prospect of a newly aggressive Federal Reserve boosted the US dollar.

MSCI ACWI ex-US Index Performance (USD %)

Geography	4Q 2021	Trailing 12 Months
Canada	7.4	26.9
Emerging Markets	-1.2	-2.2
Europe EMU	3.7	14.3
Europe ex-EMU	7.9	19.8
Japan	-3.9	2.0
Middle East	7.2	15.6
Pacific ex-Japan	-0.1	4.8
MSCI ACWI ex-US Index	1.9	8.3
Sector	**4Q 2021**	**Trailing 12 Months**
Communication Services	-2.8	-6.4
Consumer Discretionary	-0.8	-5.9
Consumer Staples	3.8	5.5
Energy	-0.3	27.4
Financials	2.0	17.1
Health Care	0.1	4.2
Industrials	2.6	13.6
Information Technology	5.3	15.6
Materials	3.6	10.1
Real Estate	-2.2	-1.9
Utilities	6.9	3.7

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

China faced a different set of challenges. Its economic growth stalled amid a slowdown in construction spending after several heavily indebted property developers, including the gargantuan Evergrande, defaulted on bond payments. In response, the People's Bank of China loosened monetary policy, by reducing the amount of cash that banks must hold in reserve and cutting its benchmark one-year loan prime rate by five basis points.

Just as supply chain bottlenecks showed signs of easing, the emergence of Omicron in November threatened to upend the progress. Markets were rattled by an explosion of cases in South Africa and Europe and the reintroduction of lockdowns. Chinese officials, still aiming for zero transmission, locked down a city of more than 200,000 following a single coronavirus case while, in the US, new cases eclipsed their peak of last winter. Preliminary data from the UK and South Africa suggesting that Omicron causes milder disease, especially for those with some immunity from vaccination or prior infection, tempered concerns at year-end.

The year had begun with investors in an optimistic mood, as accelerating vaccination efforts ushered in a burgeoning economic recovery after a jarring 2020. Cyclical stocks rallied, banks rebounded, and the price of industrial commodities such as oil and copper surged. But the outlook darkened as the year progressed: resurgent consumer demand, turbocharged by fiscal stimulus and large household cash balances accumulated during lockdowns, ran headlong into pandemic-related supply chain constraints, pushing inflation rates up to levels not seen in decades. Meanwhile, the prospect of additional social spending in the US further stimulating growth was extinguished when the Senate failed to pass President Biden's Build Back Better bill.

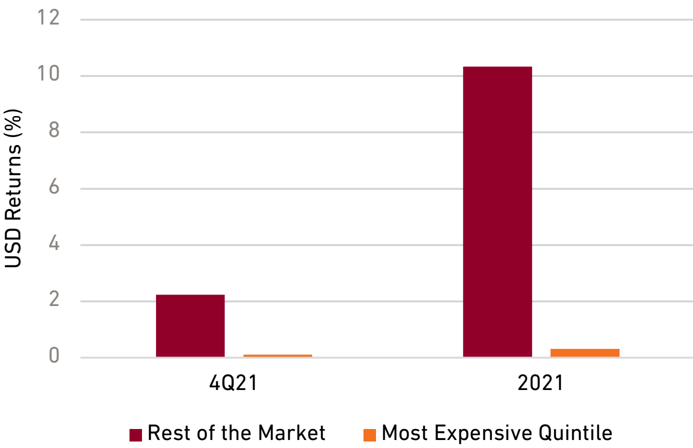
> The most highly priced shares suffered throughout the year, first from the rebound of cyclical stocks, then from the mauling of many Chinese growth leaders, and finally from a reassessment of discount rates in the face of rising inflation.

In the fourth quarter, Energy gave back some of its earlier outperformance, while Consumer Discretionary and Communication Services lagged the Index again. Information Technology (IT) outperformed, helped by semiconductor stocks borne aloft by the ongoing chip shortage. But, in the full year, Energy, Financials, and IT all outpaced less economically sensitive sectors such as Consumer Staples and Health Care. Consumer Discretionary and Communication Services fared poorly in the year, hurt by China's regulatory crackdown on mega-caps Alibaba, **Baidu**, and Tencent, among others.

Companies held in the portfolio at the end of the year appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A list of the 25 largest holdings at December 31, 2021 is available on page 6 of this report.

Index Returns to Valuation

MSCI ACWI ex-US Index



Source: MSCI Inc., FactSet.

Regionally, the main story of the year was the dramatic divergence between Western developed markets, which rose handsomely, and China, which fell heavily and dragged its economically connected neighbors—Hong Kong, Japan, and South Korea—along with it. European markets enjoyed double-digit gains in US dollar terms, while China tumbled more than 20%.

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

Peformance and Attribution

The International Equity Research Composite returned 0.7% in the fourth quarter gross of fees, compared to the MSCI ACWI ex-US Index, which returned 1.9%. For the full year, the composite returned 6.3% (also gross of fees) while the benchmark returned 8.3%.

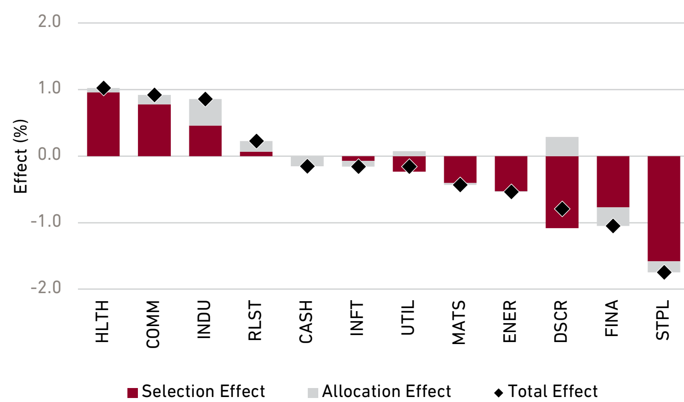
The portfolio benefited from good stock selection in Industrials and Communication Services, but this was far outweighed by poor stock selection in Consumer Staples, Consumer Discretionary, and Financials. In Industrials, France's **Schneider Electric** raised its forecast for medium-term revenue growth, as management's confidence grew in the company's opportunities to help customers meet energy-efficiency and carbon-reduction goals. **Epiroc**, a Swedish manufacturer of mining equipment, delivered strong returns as its order book swelled, signaling that slower-growing revenues were a lagging indicator. In Communication Services, **Rightmove**, a British property listing service, benefited from a surge in home buying inspired by a temporary stamp-fee exemption.

In Consumer Staples, two food retailers were notable detractors. Shares of **Sugi Holdings**, a Japanese drug store chain, dropped as the company saw lower sales and higher competition, although its prescription drug business continued to grow and should drive future growth. **BIM**, a Turkish supermarket chain, delivered strong sales growth and expansion of its business but was unable to escape Turkey's dour macroeconomic environment, which saw inflation balloon to 36% in December, its highest rate in more than 19 years. In Consumer Discretionary, several other retailers—Brazil's leading online and offline retailer Magazine Luiza, Japan's **NITORI** (furniture), and ABC-Mart (shoes)—posted poor sales and dragged on performance as well.

Trailing 12 Months Performance Attribution

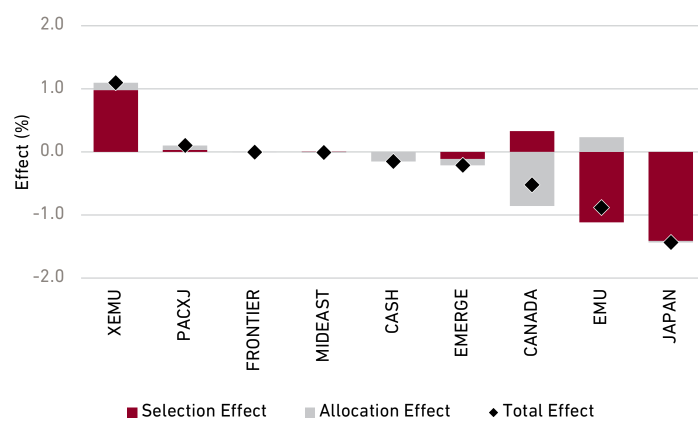
Sector

International Equity Research Composite vs. MSCI ACWI ex-US Index



Geography

International Equity Research Composite vs. MSCI ACWI ex-US Index



[1]Includes countries with less-developed markets outside the Index. Source: FactSet; Harding International Equity Research Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

Regionally, the portfolio was hurt by poor stock selection in Japan. Companies that rely on imports saw margins decline due to the higher costs associated with a weakening yen; NITORI, ABC-Mart, and power tools maker **Makita** were among our hardest-hit holdings. Stock selection in Europe ex-EMU and EMs was good. Shares of Vifor Pharma, a Switzerland-based company known for its kidney and iron deficiency treatments, jumped after it announced it would be acquired by Australian-based vaccine and blood plasma specialist CSL Limited. In EMs, we benefited the most from stock selection in China. Key contributors included **Sunny Optical**, a manufacturer of camera lenses for smartphones and automobiles, whose shares rose on expectations of accelerating sales of premium phones. **Haier Smart Home**, an appliance manufacturer, and **Hongfa Technology**, a maker of electric relay switches, also saw strong sales, as both nimbly navigated supply chain challenges.

For the full year, we experienced some of the same trends as in the quarter. Poor selection in Consumer Staples, Consumer Discretionary, and Financials dragged on returns, while stock selection in Industrials and Health Care was helpful. Stock selection in Communication Services was also strong, with **Hakuhodo**, a Japanese ad agency, having a strong year as the industry rebounded from its pandemic-related slowdown. The portfolio also benefited from an underweight to Tencent and the pressure it has come under from Chinese regulators. Regionally, Japan was again the worst performer in the portfolio, with the weak yen hurting the margins of many companies. Stock selection in Europe ex-EMU was strong, particularly Swiss luxury goods holding company **Richemont** and **VAT Group**, a Swiss manufacturer of valves for creating the vacuum chambers used in semiconductor-fabrication clean rooms.

Perspective and Outlook

Investors are keenly focused on how policymakers will react to current levels of inflation. Will it subside without robust intervention as supply chains overcome logistical bottlenecks and new capacity comes on? Or will persistent price pressures force central bankers' hands, tightening monetary policy significantly to avoid inflation becoming embedded in consumer and business expectations?

The valuation of long-duration growth stocks entails discounting earnings from far in the future back to the present stock price. While we've long committed to using stable required rates of return as the discount rates in our own valuation work, the discount rates used by other investors are heavily influenced by both inflation and interest rates. They pose a bigger challenge to us than we'd like, given our inability to predict or control them.

However, we have no process for, nor professed skill at, predicting either inflation or its policy responses. We are not practitioners of the (futile, in our opinion) arts of interest rate prognostication or stock market timing—nor even market style timing. And as hard as we work to value companies, we recognize the imprecise nature of that art.

Rather than trying to predict inflation, we analyze industry and company vulnerabilities to inflation through the lens of Michael Porter's "Five Forces," especially through the relative bargaining power of buyers and suppliers. That is, we aim to identify which businesses will be resilient in an inflationary environment due to their ability to pass on whatever higher costs or supply chain frictions they experience. More broadly, we attempt to evaluate *all* the forces that shape and define industry profitability and assess the efficacy of the capital allocation decisions that underpin each of our companies' long-term growth trajectory, with inflation merely one variable in, or facet of, that analysis. Our bottom-up analysis has kept us optimistic about the potential for continued strong earnings growth from our companies, especially considering what we see as high and sustained levels of innovation and secular growth in their target markets. But that optimism is tempered by the knowledge that, when it comes to precisely assessing stock prices, we are still vulnerable to significant and persistent changes in inflation or interest rates.

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

This dual existence of a business and its share price underpins why we always try to be careful to distinguish *companies* from *stocks*, both when we consider their investment merits as well as when we write about them. We see our valuation efforts as a quest to detect unsupportable optimism or unwarranted pessimism embedded in share prices, rather than arraying companies precisely along an orderly spectrum of expensiveness with a finely tuned financial model. In our portfolio, we have for several years been leaning against the rising valuations being paid for shares of the highest-quality, fastest-growing companies. When researching a company, we defer consideration of its valuation to the end, but it is then often a key factor in deciding *whether* and *when* we purchase or sell its shares. We wrote in the first quarter of 2021 about the negative returns implied by the high share prices commanded by many of the fastest-growing companies, and since then have significantly narrowed the valuation gap of the portfolio vs. the index. For the moment, other investors have begun to share our skepticism. The worst performers within the fastest-growing cohort were those that exhibited the lowest quality characteristics, a category that our process aims to keep out of our opportunity set and our portfolio. Fast growers with the best quality profile continued to enjoy strong share price returns in the year.

But we have been turning to the valuation risks embedded in those highest-quality stocks as well. Investors have become more cognizant of the resilience of companies that benefit from such sustained demand for their products that these companies are able to pass cost increases through to customers via price hikes. As uncertainties have risen, investors have been willing to pay higher prices—and accept lower prospective returns—for shares of such companies. In other words, the implied returns for stocks of the highest-quality cohort of non-US companies have shrunk relative to the rest of the market. We are scrutinizing—with an increasingly jaundiced eye—their valuations relative to their prospects.

Portfolio Highlights

The International Equity Research portfolio's holdings are directly determined by analysts' recommendations among Harding Loevner's collection of researched companies. During the fourth quarter, we executed 20 new purchases and 22 complete sales. Most of these transactions were triggered by changes in our analysts' recommendations, but there were cases where purchases resulted from buy-rated companies becoming newly eligible for the strategy after meeting market-cap and valuation thresholds, or sales where buy-rated companies fell below those thresholds. In the quarter, our actions increased the portfolio's exposure to Financials and Consumer Staples and decreased the exposure to Energy and Industrials. By region, Canada increased and Japan decreased. For the full year, the portfolio's exposure to Consumer Staples declined the most, primarily driven by the underperformance of the sector, while Health Care increased the most, driven by analyst upgrades and buy ratings on companies newly added to our collection of researched companies.

In Financials, we made several new purchases during the quarter, including three insurance companies: Canada's **Manulife**, China's **Ping An Insurance**, and **Bupa Arabia**, based in Saudi Arabia. Manulife is one of Canada's "Big 3" (along with Sun Life and Great Western), each with 20–25% share of the country's life insurance market. The company is also one of the larger life insurers in the US through its ownership of John Hancock, which it purchased in 2004. Manulife's stable cash flows from its huge North American operations have helped fund its expansion in emerging Asia, where the acceleration of middle-class household formation and the wide "protection gap" between the amount of insurance that is needed and the amount in place in the average household offers a large and growing market.

Our purchase of Ping An illustrates Harding Loevner's "collaboration without consensus" ethos, which valorizes both teamwork and individual accountability and helps lead to better investment recommendations over the long term. The covering analyst for Ping An decided to "unrate" the company (thus removing it from consideration for the portfolio) after she grew concerned about its financial strength and management quality. She estimated that, through its investment portfolio, Ping An's investment exposure to China's embattled property sector equates to around 15% of its total equity. She was also concerned that it had recently increased that exposure despite the obvious stress in the sector. Another experienced China analyst on the team had a different take on these issues, however. While acknowledging management is not perfect, he emphasizes that Ping An remains the best-run insurer in China, with good and consistent profitability in its core insurance business serving a market where penetration of insurance products is still low. Confident the company has enough surplus cash to absorb any shock from its real estate holdings, he believes Ping An's long-term growth prospects remain solid and took over its coverage with a buy rating.

Some of our transactions during the quarter were forced by our position-size constraints. We added to various Consumer Staples holdings, namely Turkish supermarket chain BIM, Unilever Indonesia, Brazil-based drug store chain **Raia Drogasil**, and South Korea's **LG Household & Healthcare**, because each fell below our minimum-permitted position size after a period of underperformance. In contrast, we trimmed Energy holdings **Imperial Oil** of Canada and **Royal Dutch Shell** as each position weight exceeded our maximum allowed after a period of outperformance.

Following analysts' recommendations, we exited four Industrials holdings this quarter. We sold TOMRA, a Norwegian manufacturer of recycling sorting machines, due to its excessive valuation. We also exited a trio of Chinese companies, including injection molding machine manufacturer Haitian International following the stock's strong rebound from March 2020 lows. The analyst became concerned about the expected impact of China's slowing economy on the company. Additionally, we sold private toll road operator Jiangsu Expressway, after a slow-drip of regulatory interventions ending or suspending tolls caused the analyst to question the company's long-term growth prospects, and Meyer Optoelectronic, a manufacturer of machine vision sorting equipment, as the stock no longer met the more stringent valuation criteria we apply to our smaller-cap holdings.

In Japan, we sold shoe retailer ABC-Mart. For many years, the company has taken enough share from rivals to overcome the demographic challenges facing peddlers of fashionable shoes to members of an aging society, but the company's still-limited overseas presence caused the analyst to finally question whether enough long-term upside remained to justify the shorter-term pain inflicted on the business by the pandemic. We also sold machine vision specialist Keyence as the stock had become too expensive and trimmed our positions in corporate outsourcing provider **Benefit One** and **Shionogi** pharmaceuticals.

International Equity Research 25 Largest Holdings (as of December 31, 2021)

Company	Market	Sector	End Wt.(%)
Diploma (Specialized technical services)	United Kingdom	Industrials	1.1
Alcon (Eye care products manufacturer)	Switzerland	Health Care	1.1
ASML (Semiconductor equipment manufacturer)	Netherlands	Info Technology	1.1
Imperial Oil (Oil and gas producer)	Canada	Energy	1.1
Hakuhodo (Marketing and advertising services)	Japan	Comm Services	1.1
OCBC Bank (Financial services)	Singapore	Financials	1.0
Reply (IT consultant)	Italy	Info Technology	1.0
Infineon Technologies (Semiconductor manufacturer)	Germany	Info Technology	1.0
Couche-Tard (Convenience stores operator)	Canada	Cons Staples	1.0
DBS Group (Commercial bank)	Singapore	Financials	1.0
ASSA ABLOY (Security equipment manufacturer)	Sweden	Industrials	1.0
BMW (Automobile manufacturer)	Germany	Cons Discretionary	1.0
Manulife (Financial services and insurance provider)	Canada	Financials	1.0
Schneider Electric (Energy management products)	France	Industrials	1.0
Chugai Pharmaceutical (Pharma manufacturer)	Japan	Health Care	1.0
Kubota (Industrial and consumer equipment manufacturer)	Japan	Industrials	1.0
Royal Dutch Shell (Oil and gas producer)	United Kingdom	Energy	0.9
Symrise (Fragrances and flavors manufacturer)	Germany	Materials	0.9
Genmab (Biotechnology producer)	Denmark	Health Care	0.9
Dechra (Veterinary pharma manufacturer)	United Kingdom	Health Care	0.9
Brenntag (Chemical distribution services)	Germany	Industrials	0.9
SE Banken (Commercial bank)	Sweden	Financials	0.9
Epiroc (Industrial equipment manufacturer)	Sweden	Industrials	0.9
Air Liquide (Industrial gases producer)	France	Materials	0.9
Allianz (Financial services and insurance provider)	Germany	Financials	0.8

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

4Q21 Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL IER	ACWI ex-US	Effect
Vifor Pharma	HLTH	0.8	<0.1	0.29
Alibaba*	DSCR	0.0	1.1	0.19
Diploma	INDU	1.0	–	0.16
Imperial Oil	ENER	1.1	<0.1	0.13
VAT Group	INDU	0.6	–	0.13

Last 12 Mos. Contributors to Relative Return (%)

		Avg. Weight		
Largest Contributors	Sector	HL IER	ACWI ex-US	Effect
Alibaba	DSCR	0.2	1.5	0.79
Imperial Oil	ENER	0.8	<0.1	0.54
Reply	INFT	1.0	–	0.54
Tencent	COMM	0.3	1.6	0.35
VAT Group	INDU	0.5	–	0.31

4Q21 Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL IER	ACWI ex-US	Effect
NITORI	DSCR	1.0	<0.1	-0.26
Makita	INDU	0.8	<0.1	-0.21
Nestlé*	STPL	0.0	1.4	-0.18
TeamViewer	INFT	0.2	<0.1	-0.18
Rinnai	DSCR	0.8	<0.1	-0.17

Last 12 Mos. Detractors from Relative Return (%)

		Avg. Weight		
Largest Detractors	Sector	HL IER	ACWI ex-US	Effect
TeamViewer	INFT	0.5	<0.1	-0.50
Kobayashi Pharma	STPL	0.6	<0.1	-0.41
Rubis	UTIL	0.9	–	-0.38
Chugai Pharmaceutical	HLTH	0.7	0.1	-0.36
Vopak	ENER	0.8	<0.1	-0.35

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

Portfolio Characteristics

Quality and Growth	HL IER	ACWI ex-US
Profit Margin[1] (%)	10.5	10.9
Return on Assets[1] (%)	6.2	4.9
Return on Equity[1] (%)	12.3	11.7
Debt/Equity Ratio[1] (%)	43.0	59.9
Std. Dev. of 5 Year ROE[1] (%)	3.2	3.7
Sales Growth[1,2] (%)	6.0	4.2
Earnings Growth[1,2] (%)	7.0	7.1
Cash Flow Growth[1,2] (%)	10.6	9.0
Dividend Growth[1,2] (%)	7.9	6.0
Size and Turnover	**HL IER**	**ACWI ex-US**
Wtd. Median Mkt. Cap. (US $B)	22.8	48.4
Wtd. Avg. Mkt. Cap. (US $B)	43.7	100.3
Turnover[3] (Annual %)	42.7	–

Risk and Valuation	HL IER	ACWI ex-US
Alpha[2] (%)	1.73	–
Beta[2]	0.98	–
R-Squared[2]	0.97	–
Active Share[3] (%)	82	–
Standard Deviation[2] (%)	14.59	14.68
Sharpe Ratio[2]	0.73	0.61
Tracking Error[2] (%)	2.4	–
Information Ratio[2]	0.69	–
Up/Down Capture[2]	101/94	–
Price/Earnings[4]	20.7	15.3
Price/Cash Flow[4]	15.0	10.1
Price/Book[4]	2.5	2.0
Dividend Yield[5] (%)	1.8	2.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Equity Research Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 4, 2022, based on the latest available data in FactSet on this date.); Harding Loevner International Equity Research Model, based on the underlying holdings; MSCI Inc.

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

International Equity Research Composite Performance (as of December 31, 2021)

	Intl. Equity Research Gross (%)	Intl. Equity Research Net (%)	MSCI ACWI ex-US[1] (%)	MSCI EAFE[2] (%)	Intl. Equity Research 3-yr. Std. Deviation[3] (%)	MSCI ACWI ex-US 3-yr. Std. Deviation[3] (%)	MSCI EAFE 3-yr. Std. Deviation[3] (%)	Internal Dispersion[4] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2021[5]	6.26	5.51	8.29	11.78	16.58	16.77	16.89	N.M.[6]	1	15	75,084
2020	15.43	14.59	11.13	8.28	17.76	17.92	17.87	N.M.	1	15	74,496
2019	24.06	23.20	22.13	22.66	11.18	11.33	10.8	N.M.	1	20	64,306
2018	-12.08	-12.74	-13.78	-13.36	11.45	11.40	11.27	N.M.	1	10	49,892
2017	30.59	29.64	27.77	25.62	+	+	+	N.M.	1	11	54,003
2016	9.09	8.28	5.01	1.51	+	+	+	N.M.	1	8	38,996

[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 2021 performance returns and assets shown are preliminary; [6]N.M.-Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year; +Less than 36 months of return data.

The International Equity Research Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI All Country World ex-US 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 ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The index consists of 47 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The index consists of 21 developed market countries. You cannot invest directly in these Indices.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through September 30, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. 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.

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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 International Equity Research accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; 0.40% of amounts from $250 million to $500 million; above $500 million on request. 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 International Equity Research Composite was created on December 31, 2015 and the performance inception date is January 1, 2016.