HARDING LOEVNER

FRONTIER EMERGING MARKETS EQUITY

2016 First Quarter Report

COMPOSITE PERFORMANCE (%) FOR PERIODS ENDING MARCH 31, 2016[1]

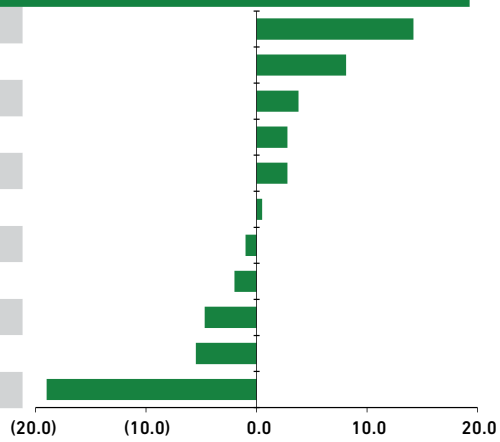
	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	SINCE INCEPTION[2,3]
HL FRONTIER EMERGING MARKETS (GROSS OF FEES)	0.69	-12.51	-0.29	2.25	-1.18
HL FRONTIER EMERGING MARKETS (NET OF FEES)	0.31	-13.83	-1.74	0.75	-2.57
MSCI FRONTIER EMERGING MARKETS INDEX[4,5]	5.20	-11.72	-2.43	0.79	-4.18

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: May 31, 2008; [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.

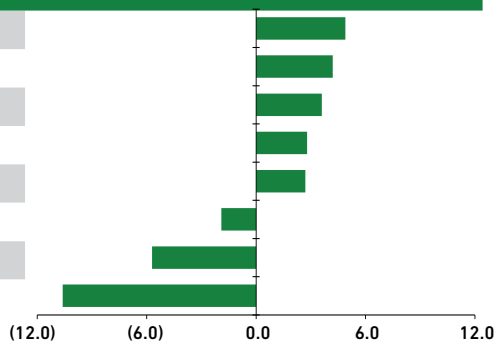
SECTOR EXPOSURE (%)

	HL FEM	MSCI FEM
CONS STAPLES	20.6	6.4
CONS DISCRETIONARY	9.8	1.7
HEALTH CARE	5.4	1.6
MATERIALS	11.4	8.6
CASH	2.8	–
INFO TECHNOLOGY	0.7	0.2
ENERGY	5.0	6.0
UTILITIES	0.7	2.7
TELECOM SERVICES	5.8	10.5
INDUSTRIALS	3.3	8.8
FINANCIALS	34.5	53.5



GEOGRAPHIC EXPOSURE (%)

	HL FEM	MSCI FEM
AFRICA	21.8	16.9
DEVELOPED MARKET LISTED[6]	4.2	–
EUROPE	8.7	5.1
CASH	2.8	–
GULF STATES	15.7	13.0
MIDDLE EAST	0.3	2.2
ASIA	32.0	37.7
LATIN AMERICA	14.5	25.1



[6]Includes frontier markets or small emerging markets companies listed in developed markets.
Current Frontier Markets exposure in the portfolio is 61.9% and Emerging Markets exposure is 35.3%.

Sector and geographic allocations are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation.

Source: Harding Loevner Frontier Emerging Markets Model; MSCI and S&P. MSCI Barra 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.

TABLE OF CONTENTS

MARKET REVIEW

Rebounding commodity and oil prices in the quarter drove the performance of many frontier markets.

Strengthening FEM currencies contributed to USD returns, a reversal of last year's trend.

Currency woes in Africa have weighed heavily on many markets in the region.

GEOGRAPHIC HIGHLIGHTS

Given the high idiosyncratic risk in individual frontier markets, we keep the portfolio broadly diversified to mitigate volatility.

The structural foundation for long-term growth in Saudi Arabia remains strong despite the recent low oil price and reduced government spending.

MARKET REVIEW

The MSCI Frontier Emerging Markets (FEM) Index advanced 5.2% in the first quarter of 2016. That strength was not broadly based, however, as declines in Africa, the Gulf States, and the Middle East regions partially offset advances in Latin America, Asia, and Europe. Currency contributed a positive 0.7% return, in contrast to 2015, when falling FEM currencies accounted for about half of the benchmark's 18% decline in US dollar terms.

Latin America performed best among regions with Index heavyweights Colombia up 23%, Peru up 27%, and Argentina up 8%, all in US dollars. Colombia and Peru, which plunged in 2015 along with commodity prices, rebounded strongly with rising commodity prices in the quarter. Peru benefited specifically from the increasing prices of copper and gold, the country's two main exports. Recovering oil prices contributed to both a rising market and strengthening currency in Colombia. The Colombian peso gained about 6% against the dollar during the quarter after losing 25% in 2015. Argentina continued to benefit from improving sentiment related to the market-friendly reforms of newly elected President Mauricio Macri and anticipation of the country's return to borrowing in international capital markets.

MARKET PERFORMANCE (USD %)

COUNTRY	1Q 2016	TRAILING 12 MONTHS
PHILIPPINES	7.2	-8.7
KUWAIT	-1.9	-14.8
COLOMBIA	22.5	-11.9
PERU	27.0	-7.7
ARGENTINA	8.3	-13.7
NIGERIA	-14.4	-24.0
PAKISTAN	-0.5	-4.5
MOROCCO	8.9	-1.5
EGYPT	-5.8	-29.0
KENYA	7.0	-18.3
MSCI FEM INDEX	5.2	-11.7

SECTOR PERFORMANCE (USD %)
OF THE MSCI FEM INDEX

SECTOR	1Q 2016	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	3.4	-1.5
CONSUMER STAPLES	-3.4	-20.1
ENERGY	9.8	-29.2
FINANCIALS	4.2	-9.7
HEALTH CARE	-1.0	8.0
INDUSTRIALS	7.1	-6.8
INFORMATION TECHNOLOGY	-17.7	-12.2
MATERIALS	11.6	-4.6
TELECOM SERVICES	7.8	-15.7
UTILITIES	9.6	-9.0

Source: FactSet (as of March 31, 2016). MSCI Barra and S&P. Selected countries are the 10 largest by weight, representing 85% of the MSCI Frontier Emerging Markets Index.

Asia benefited from strong returns in the Philippines, which accounts for almost 30% of the Index. **Universal Robina**, a leading food and beverage company, saw margins bolstered by soft input prices. The gains in the Philippines more than offset the weak performance of other Asian countries. Sri Lanka declined 15% due to investor concerns over its widening trade deficit and the increasing tax burden on companies in key sectors of the economy.

Europe's modest gains were due to the performance of companies in smaller markets in central and Eastern Europe. **Banca Transilvania** bolstered Romania; the company's 2015 results showed strong earnings growth, improvement in net interest margins, and further market share gains, in part due to the opportunistic acquisition of a foreign competitor's distressed assets early in the year. In Estonia, the good business results and growth outlook of cruise and transport ferry operator **Tallink Group** and casino operator **Olympic Entertainment** contributed to positive performance.

Africa's decline owed to the poor performance of Nigeria and Egypt, where currency woes continued to weigh heavily. In March, the Central Bank of Egypt adopted a more flexible exchange rate regime to reflect the forces of supply and demand better, effectively devaluing the Egyptian pound by 13%. Acute foreign currency shortages were reflected in the unofficial market, where the gap between the official exchange rate and that of the unofficial market had reached 25%. The new exchange rate regime should alleviate foreign currency shortages for Egypt's importers, and encourage greater foreign economic investment over time. Nigeria is also experiencing a currency crunch. President Muhammadu Buhari's administration has been stubborn in its refusal to devalue the naira, resorting instead to administrative restrictions and limiting access to foreign currency. These measures push individuals and businesses to the unofficial market, where the naira is reportedly exchanged at a rate double the official exchange rate.[2]

In the Middle East, the Lebanese and Jordanian markets were impacted by concerns over the potential spillover of ongoing hostilities in Syria and Iraq. All three Gulf States countries in the Index (Bahrain, Kuwait, and Oman) fell amid investors' anxieties over a growth slowdown stemming from cuts to fiscal spending, tightened liquidity conditions, and strains on consumer purchasing power.

[1]Oliver Masetti, "Emerging Markets Monthly," *Deutsche Bank Market Research*, Deutsche Regis Partners, Inc. (March 17, 2016).

[2]Maggie Fick and David Pilling, "Nigeria Central Bank Changes Tack with Surprise Rate Rise," *The Financial Times* (March 22, 2016).

Most sectors gained value during the quarter, including Financials, Industrials, Materials, and Energy, which collectively account for over 75% of the Index. Financials benefited from the strength of banks in Colombia and Peru. Only three sectors lost value, including the small Health Care and Information Technology sectors, as well as Consumer Staples, which lagged due to poor sentiment surrounding Nigerian consumer companies.

PERFORMANCE AND ATTRIBUTION

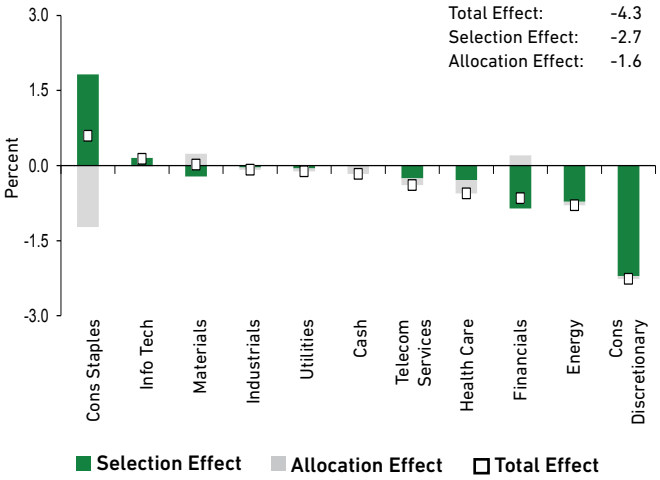
The Frontier Emerging Markets composite underperformed the MSCI Frontier Emerging Markets Index in the quarter, rising only 0.7% while the Index rose 5.2%. The charts to the right illustrate performance attribution for the quarter by sector and region. As the charts display, poor weight allocations and stock selection across both regions and sectors drove the portfolio's underperformance.

Stock selection in the Consumer Discretionary sector and overweights in the weak Consumer Staples and Health Care sectors detracted from sector performance relative to the benchmark. In Consumer Discretionary, Saudi fast food chain **Herfy Foods** and Saudi electronics retailer **Jarir Marketing** each unperformed due to weakening consumer demand in the face of still relatively low oil prices. The portfolio benefited most from our Consumer Staples holdings, especially Universal Robina. Strong growth in the company's branded packaged foods business complemented the higher margins gained through lower commodity prices and cost controls.

By geography, weak stock selection in the Gulf States region and the portfolio's underweight to the outperforming Latin American market detracted from relative returns. In the Gulf, the biggest detractors were the aforementioned consumer companies in Saudi Arabia. Our holdings in Europe contributed to relative performance, including Romania-based Banca Transilvania, which exhibited solid earnings growth and falling nonperforming loans.

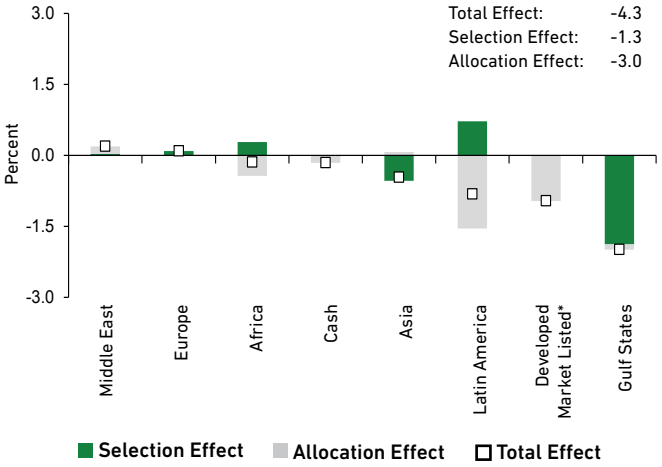
SECTOR PERFORMANCE ATTRIBUTION FIRST QUARTER 2016

FRONTIER EMERGING MARKETS COMPOSITE VS. MSCI FEM INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION FIRST QUARTER 2016

FRONTIER EMERGING MARKETS COMPOSITE VS. MSCI FEM INDEX



**Includes frontier markets or emerging markets companies listed in developed markets. Source: FactSet; Harding Loevner Frontier Emerging Markets Composite; MSCI Barra 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.*

PERSPECTIVE AND OUTLOOK

Diversification and Deviation

We approach portfolio construction from the bottom up, investing in what we believe are high-quality, sustainable-growth businesses supported by strong competitive advantages and capable, experienced managements whose interests are aligned with ours as minority shareholders. We seek investment opportunities across the entire frontier markets (FM) universe, not attempting to mimic the benchmark's country or sector weights. As we have noted in previous reports, the Index is unrepresentative of the opportunity set, as it skews heavily towards several large markets: the Philippines, Kuwait, and Colombia together account for roughly half of the Index. Because idiosyncratic risk in individual FMs is high, broad diversification across countries and sectors, taking advantage of low correlations, is important to mitigate portfolio volatility. While this approach, involving significant structural deviation from the benchmark, will inevitably lead to periods of underperformance (as

Companies held in the portfolio during 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 list of the ten largest holdings at March 31, 2016 is available on page 6 of this report.

was the case this quarter), we believe that our portfolio, constructed in accordance with our investment process and adhering to our diversification guidelines, should deliver superior long-term returns with somewhat lower volatility than the benchmark.

During the quarter, we selectively added to our Consumer Staples holdings, increasing our positions in several high-quality companies at attractive valuations. One such position was **Tanzania Breweries**, the dominant brewer in Tanzania with over 80% market share. The company should continue its growth trend, driven by increased consumption of its mainstream beer brands and Chibuku, its value brand. Chibuku targets consumers of home brew, who still account for half of total alcohol consumption in the country. We also added to our position in Estonia's Tallink Group. Tallink is one of the largest passenger ferry companies in the North Baltic Sea region, operating routes between the Estonian capital Tallinn and other regional capitals, including Riga, Helsinki, and Stockholm. Lower fuel costs and strong passenger numbers should have a positive impact on the company's profitability. We also added to our position in Ukrainian agro-industrial company **Kernel** during the quarter. With 21% of Ukraine's sunflower-crushing capacity, Kernel is the country's largest oilseed crusher and sunflower oil exporter. Kernel's competitive advantages include its access to bank financing to fund oilseed purchases from farmers, as well as its ownership of grain storage silos and port transshipment terminals, all of which enable Kernel to earn superior margins relative to smaller competitors. We believe Kernel is well positioned to acquire distressed local competitors in Ukraine to expand its crushing capacity at a relatively low cost.

Saudi Arabia

Reacting to Oil Price Volatility

Saudi Arabia is the Gulf region's largest economy, and one with vast hydrocarbon reserves. Companies based in Saudi Arabia enjoy low energy costs, and the country's large pool of foreign workers contributes to cheap labor. In addition, Saudi corporates have traditionally benefited from protective regulations, creating high barriers-to-entry for foreign competitors. At the same time, many local corporates have built substantial in-house technical capabilities and management expertise, allowing them to become formidable competitors in the Gulf region. The Saudi Arabian stock market has the largest number of listed companies and the biggest market capitalization among the Gulf States; the 168 companies listed on the Saudi Tadawul Stock Exchange have an aggregate market capitalization in excess of US$380 billion. These factors make Saudi Arabia a fertile ground for finding businesses that meet our investment criteria.

We observed in our November 2014 trip to the country (discussed in our first quarter 2015 report) that, despite a steep fall in oil prices, business in the kingdom continued as usual. Since then, the global oil price has continued to slide—the average price for 2015 was 45% lower than 2014—putting the Saudi current and fiscal accounts under pressure and causing foreign exchange reserves to fall 16% during 2015.[3] While some market participants have begun to question the sustainability of the long-standing US dollar-riyal peg, the Saudi government has made clear its determination to defend the peg with the extensive tools at its disposal. Through prudent fiscal management during the era of high oil prices, the kingdom built a substantial buffer, with its foreign reserves estimated at over US$600 billion at the end of 2015. With public debt at one of the lowest levels globally—only 6% of GDP at the end of 2015—the government also has ample room to borrow to meet its spending needs.[4]

When we visited Saudi Arabia again in January of this year, we noticed a more cautious attitude toward fiscal management on the part of the government officials, consumers, and corporate managements. The kingdom's 2016 budget contemplates spending cuts and subsidy reforms as it seeks to rebalance its public finances to the reality of lower oil prices. The cuts target government agencies, especially their personnel costs, which make up over half of government spending.[5] Gasoline and diesel prices were raised by over 50% and water prices more than doubled for corporate, industrial, and governmental users. Electricity tariffs were also raised, by an average of 43%, with some exemptions for poorer households.[6] These spending cuts, combined with salary and bonus freezes for public sector workers—who constitute a large part of the Saudi labor force—will affect consumer sentiment and purchasing power, and increased energy costs from subsidy cuts will pressure companies' margins and profitability in the near term. However, despite these short-term headwinds, the structural foundation of long-term growth remains in place. The country's young population (approximately half of which is under 24 years old), relatively low penetration of goods and services, and rising per capita incomes (forecasted to increase from US$25,000 in 2012 to US$33,500 by 2020) should support the sustained growth of non-oil private sector companies.[7]

Beyond restraining public spending, the Saudi government is focused on attracting foreign investment, and gradually shifting the economy away from a state-led growth model to one led

[3]"Recent Economic Developments and Highlights of Fiscal Years 1436/1437 (2015) & 1437/1438 (2016)," *Kingdom of Saudi Arabia Ministry of Finance* (December 28, 2015).

[4]Monica Malik, "Saudi Arabia 2016 Budget," *ADCB Economic Research* (December 29, 2015).

[5]"Recent Economic Developments and Highlights of Fiscal Years 1436/1437 (2015) & 1437/1438 (2016)," *Kingdom of Saudi Arabia Ministry of Finance* (December 28, 2015).

[6]"GCC: Adjusting to a Low Oil Price Environment," ADCB, (February 25, 2016).

[7]"Investment Climate," *Saudi Arabian General Investment Authority,* (accessed March 31, 2016), http://www.SAGIA.gov.

by the private sector. According to McKinsey Global Institute, Saudi GDP has the potential to double by 2030, but this would require an investment of about US$4 trillion, or about three times the size of the investment made in the Saudi economy during the 2003–2013 oil boom. Much of this sum will need to come from non-government sources, including both Saudi and foreign investors.[8] The Saudi government intends to leverage the private sector to diversify the economy, attract investment, and create jobs. The kingdom is currently drafting a National Transformation Plan as a blueprint for the restructuring of the economy, which is expected to contain privatization plans for state-owned businesses (airports, power plants), state-owned assets (land), and state-provisioned services (health care and education).[9] By 2030, non-oil revenue could increase from 10% to 70% of total government revenue, and wages from private-sector employment could rise from 19% to 58% of total household income.[10] Thus, the government's push to stimulate investment in certain key sectors, such as technology, health care, tourism, and transportation, should help diversify the economy away from its excessive reliance on hydrocarbons and create a more sustainable foundation for the country's growth going forward.

A holding expected to benefit from this long-term shift is Almarai, the leading Gulf States food and beverage company, whose products span fresh and long-life dairy, juices, poultry, and baked goods. A market leader in virtually every major category in which it competes, Almarai's strong brands, extensive distribution, and vertical integration are the basis of its competitive advantage. Over its 35-year history, Almarai has built a reputation with Gulf States consumers for quality, value, and freshness. In addition to a portfolio of leading brands, the company has developed unparalleled reach. It operates 100 distribution centers and a fleet of 4,000 refrigerated trucks that reach over 100,000 retail outlets in eight countries. Over the past decade, Almarai has substantially expanded its manufacturing capacity, and has acquired farmland in the US, Argentina, Poland, and the Ukraine in an effort to cushion the impact of volatile commodity prices. Today Almarai's own farms produce enough fresh milk to satisfy 95% of its internal production.

Hikes in electricity and fuel prices will create cost pressures, which the company aims to mitigate by enhancing distribution efficiency. It has introduced new high-capacity crates for dairy and juices and optimized delivery routes to reduce fuel costs. For the past ten years, Almarai has grown its revenues and earnings at annual rates of 19% and 17%, respectively.[11] Future growth will depend on deepening penetration in existing product categories and expanding geographically in the region. The company, guided by its goal of doubling revenues over the next five years, continues to invest aggressively in manufacturing, farming, distribution, and logistics.

Portfolio holding Al Rajhi Bank is the second-largest bank in Saudi Arabia. The company has over 15% market share of all loans and deposits and a network of over 500 branches across the kingdom. The industry is reasonably concentrated, with the top five banks accounting for roughly 60% of assets. Saudi banking penetration, as measured by its loans-to-GDP and deposits-to-GDP ratios, is still low relative to its peers in the Gulf—Kuwait, Qatar, and the UAE. Saudi's banking system is liquid and well capitalized—the system-wide capital adequacy ratio stood at 17.9% in 2014, well ahead of the 10.5% minimum regulatory requirement.[12] Equally important, the industry is well regulated, and the country's central bank, Saudi Arabian Monetary Agency (SAMA), is highly regarded for its stringent disclosure standards and enforcement credibility. SAMA follows major international conventions on supervision and regulation and was one of the first regulators in the region to move toward the globally accepted Basel III risk management and reporting framework.

Al Rajhi is the largest *Islamic* bank in the country and a clear leader in retail banking, with over 75% of its loans extended to retail customers and 36% market share in the retail segment. Currently, non-interest-bearing demand deposits account for over 90% of the bank's total deposit base, which is the highest ratio among its peers. This low-cost deposit base is a significant source of competitive advantage for the bank. Al Rajhi is expected to benefit from a cyclical upturn in interest rates and redeployment of excess liquidity from Saudi treasuries into longer-duration government bonds at higher yields. Moreover, solid loan-loss provision coverage means the bank has the capacity to withstand potentially higher credit costs, and its strong capital base should enable it to grow without raising additional capital.

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[8]McKinsey Global Institute, "Saudi Arabia Beyond Oil," *McKinsey & Company* (December 8, 2015).

[9]Saul A. Rans, Muneeba Kayani, and Madhvendra Singh, "Saudi Arabia: National Transformation Plan - Opportunities and Challenges," *Morgan Stanley Research* (April 12, 2016).

[10]McKinsey Global Institute, "Saudi Arabia Beyond Oil," *McKinsey & Company* (December 8, 2015).

[11]"Annual Report 2015," Almarai Company, (January 2016).

[12]"Fifty First Annual Report," S*audi Arabian Monetary Agency* (June 2015).

FRONTIER EMERGING MARKETS TEN LARGEST HOLDINGS (AS OF MARCH 31, 2016)

COMPANY	COUNTRY	SECTOR	END WT (%)
UNIVERSAL ROBINA Branded consumer foods	PHILIPPINES	CONS STAPLES	3.8
SAFARICOM Mobile operator	KENYA	TELECOM SERVICES	3.7
EQUITY BANK Commercial bank	KENYA	FINANCIALS	3.4
SQUARE PHARMACEUTICAL Pharmaceuticals manufacturer	BANGLADESH	HEALTH CARE	3.2
CEMENTOS ARGOS Cement manufacturer	COLOMBIA	MATERIALS	2.9
OLYMPIC INDUSTRIES Consumer product company	BANGLADESH	CONS STAPLES	2.8
EAST AFRICAN BREWERIES Beverage manufacturer	KENYA	CONS STAPLES	2.7
CREDICORP Commercial bank	PERU	FINANCIALS	2.5
JOLLIBEE FOODS Quick service restaurant chain	PHILIPPINES	CONS DISCRETIONARY	2.5
BANK OF THE PHILIPPINES Commercial bank	PHILIPPINES	FINANCIALS	2.4

Source: Harding Loevner Frontier Emerging Markets Model.
Model Portfolio holdings are supplemental information only and complement the fully compliant Frontier Emerging Markets 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.

1Q16 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
CREDICORP	FINA	2.3	0.78
UNIVERSAL ROBINA	STPL	4.0	0.77
CEMENTOS ARGOS	MATS	2.5	0.67
CEMEX LATAM HOLDINGS	MATS	1.7	0.52
BANCOLOMBIA	FINA	1.6	0.47

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
OLYMPIC INDUSTRIES	STPL	2.7	1.25
BANCA TRANSILVANIA	FINA	1.7	0.69
CEMENTOS ARGOS	MATS	2.3	0.58
BRAC BANK	FINA	1.9	0.45
ENGRO	MATS	1.5	0.36

1Q16 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
HERFY FOOD SERVICES	DSCR	2.1	-1.12
JARIR MARKETING	DSCR	2.5	-0.95
NOSTRUM OIL & GAS	ENER	0.9	-0.54
HALYK SAVINGS BANK	FINA	1.3	-0.32
HIKMA PHARMACEUTICALS	HLTH	1.4	-0.30

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
JARIR MARKETING	DSCR	3.3	-1.93
KOLAO HOLDINGS	DSCR	2.9	-1.52
HERFY FOOD SERVICES	DSCR	2.3	-1.32
PETROVIETNAM DRILLING	ENER	2.1	-0.95
HALYK SAVINGS BANK	FINA	2.1	-0.93

PORTFOLIO CHARACTERISTICS

RISK	HL FEM	MSCI FEM
ALPHA[1] (%)	1.64	–
BETA[1]	0.96	1.00
R-SQUARED[1]	0.85	1.00
STANDARD DEVIATION[1] (%)	13.97	13.51
SHARPE RATIO[1]	0.16	0.05
TRACKING ERROR[2] (%)	5.4	–
INFORMATION RATIO[2]	0.28	–
UP/DOWN CAPTURE[2]	108/95	–

VALUATION	HL FEM	MSCI FEM
PRICE/EARNINGS[2]	11.5	12.9
PRICE/CASH FLOW[2]	7.2	6.5
PRICE/BOOK[2]	2.0	1.7
SIZE & TURNOVER		
WTD MEDIAN MKT CAP (US $B)	2.4	2.1
TURNOVER (5-YR AVG ANNUAL %)	29.6	–

[1]Trailing five years, annualized; [2]Weighted harmonic mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner Frontier Emerging Markets Composite, based on the Composite returns; MSCI Barra. Source (other Characteristics): Bloomberg Finance L.P. (Run Date: April 18, 2016); Harding Loevner Frontier Emerging Markets Model, based on the underlying holdings; MSCI Barra.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
BDO UNIBANK	PHILIPPINES	FINA

POSITIONS SOLD	COUNTRY	SECTOR
FBN HOLDINGS	NIGERIA	FINA
GHANA COMMERCIAL BANK	GHANA	FINA
INTERCONEXION	COLOMBIA	UTIL
UNION ANDINA DE CEMENTOS	PERU	MATS

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 charts above; and (2) a list showing the weight and contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the charts above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall 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 Frontier Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

FRONTIER EMERGING MARKETS COMPOSITE PERFORMANCE (AS OF MARCH 31, 2016)

	HL FEM GROSS (%)	HL FEM NET (%)	MSCI FEM INDEX[1] (%)	HL FEM 3-YR STD DEVIATION[2] (%)	MSCI FEM INDEX 3-YR STD DEVIATION[2] (%)	INTERNAL DISPERSION[3] (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS ($M)	FIRM ASSETS (%)
2016 YTD[4]	0.69	0.31	5.20	12.10	13.00	N.A.[5]	1	361	1.02
2015	-16.76	-18.00	-17.99	11.28	11.81	N.M.[6]	1	432	1.30
2014	8.51	6.93	7.52	10.19	10.76	N.M.	1	537	1.53
2013	19.77	18.09	4.59	12.68	11.82	N.M.	1	317	0.96
2012	22.92	21.08	21.23	14.01	13.97	N.M.	1	88	0.39
2011	-19.63	-20.83	-17.26	20.62	20.70	N.M.	1	95	0.70
2010	27.25	25.59	29.07	+	+	N.M.	1	96	0.87
2009	42.83	41.02	25.85	+	+	N.M.	1	10	0.16
2008[7]	-53.41	-53.77	-54.74	+	+	N.A.	1	5	0.15

[1]Benchmark Index; [2]Variability of the composite and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2016 YTD performance returns and assets shown are preliminary; [5]N.A.–Internal dispersion is less than a 12-month period; [6]N.M.–Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year; [7]2008 represents the partial year, June 1, 2008 to December 31, 2008; +Less than 36 months of return data.

The Frontier Emerging Markets Composite contains fully discretionary, fee paying frontier emerging markets accounts investing in non-US equity and equity equivalent securities of companies domiciled predominantly in frontier and smaller emerging markets countries with the objective of long-term capital appreciation. For comparison purposes, the Composite is measured against the MSCI Frontier Emerging Market Index (gross of withholding taxes). Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark index is Reuters. The exchange rate source of the Composite is Bloomberg. Additional information about the benchmark index, including the percentage of composite assets invested in countries or regions not included in the Index, is available upon request.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The Index consists of 24 frontier markets and 4 emerging markets. You cannot invest directly in this Index.

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 by Ashland Partners & Company, LLP for the period November 1, 1989 through December 31, 2015.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any composite presentation. The verification reports are available upon request.

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. The firm maintains a complete list and description of composites, which is 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. Past performance is not indicative of future results. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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 Frontier Emerging Market accounts is 1.50% annually of the market value up to $20 million; 1.15% of amounts from $20 million to $100 million; above $100 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 Frontier Emerging Markets Composite was created on May 31, 2008.

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