



The Global Equity ADR Composite increased 7.7% for the month, trailing its benchmark, the MSCI All Country World Index (“the Index”) which increased 8.1%. (net of foreign withholding taxes). Year-to-date, the Composite has declined 3.0%, while the Index has fallen 2.0%.

Global equity markets reversed in July—with the best monthly performance in a year—following a spring swoon that saw markets slide over 15% between April and the end of June. Relief from the market’s second quarter angst arrived this month in a variety of forms— good corporate earnings, the fact that nearly all European banks passed the European Central Bank’s stress test, a relaxation of the pending Basel III standards for bank capitalization, and, finally, the capping of BP’s blown-out well in the Gulf of Mexico.

Portfolio underperformance this month was due primarily to unfavorable sector allocations. Financials, our largest underweight, was the strongest sector in the Index while Health Care, a significant overweight in the portfolio, was the weakest sector. In addition, we had several poor stocks in the Consumer Discretionary and Consumer Staples sectors. Stock selection was relatively strong, however, in Health Care and Materials.

The strongest contributor during the month was **Genzyme**, a U.S.-based pharmaceuticals company specializing in the manufacture of biologic drugs and so-called orphan drugs. “Orphan drugs” refers generally to drugs that target small patient populations and tend to have less competition given their complexity and limited market size. Such drugs also often enjoy favorable legislation that limits competition in order to incentivize companies to target diseases with small addressable markets. Genzyme shares rose sharply on news that the French pharmaceutical company Sanofi-Aventis may be poised to bid for the company.

Monsanto, a US-based provider of seeds and traits for the global agriculture industry, was also an especially good stock, buoyed by

news of strengthening grain prices, which may result in farmers being more willing to spend on the company’s latest generation of productivity-enhancing seed traits. Further, it appears that Monsanto may be resolving some of the issues that led to initially disappointing productivity results from its latest generation of seeds and traits.

The largest detractor from performance this month was **Medco Health Solutions**, a large US-based pharmacy benefit manager (PBM) whose stock overall has been a strong long-term holding. Medco shares declined on fears that renewal prices for some large contracts may be lower than expected given rising competition and on concerns that growth from generic substitution of ethical drugs, an important profit driver, may slow in coming quarters. We continue to believe that Medco has favorable growth prospects and note that the shares are prone to sharp declines around issues that have proven transient in the past. That said, we do expect growth prospects for the company to moderate starting in 2015 and we are factoring these expectations into revised estimates of fair value.

Teva Pharmaceuticals’ shares were also especially weak, declining sharply after the FDA approved a generic biologic drug made by Sanofi-Aventis, one of Teva’s competitors. Biologic drugs are difficult to manufacture, and this marks the first time the FDA has approved a generic version of one of these drugs. The decline in Teva’s shares reflects market expectations that the FDA may in the future approve generic drugs to compete with Teva’s very profitable biologic drug Copaxone used to treat multiple sclerosis. At the end of July, Teva reported robust second quarter results, with revenues and earnings per share rising 12% and 30%, respectively, ahead of our expectations. We continue to like the risk-reward scenario at Teva given the company’s double-digit growth prospects and attractive valuation.

Analyst travels in the month were limited to Yoko Sakai’s annual summer pilgrimage to her native Japan where she is spending two months visiting Japanese companies.

Returns (%) for the Periods Ending July 31, 2010¹

	1 Month	Calendar YTD	1 Year	3 Years ²	5 Years ²	10 Years ²	Since Inception ^{2,3}
HL Global Equity ADR (gross of fees)	7.67	-3.02	10.23	-4.09	4.21	2.48	8.80
HL Global Equity ADR (net of fees)	7.47	-3.60	9.35	-4.89	3.36	1.61	7.90
MSCI All Country World Index ^{4,5}	8.14	-2.00	11.08	-7.68	2.01	0.83	5.80
MSCI World Index ⁵	8.11	-2.53	9.83	-8.45	0.94	0.05	5.28

¹The July 2010 Composite performance shown is preliminary; ²Annualized returns; ³Inception date: October 31, 2001; performance prior to October 31, 2001 is that of the Global Equity Composite, which is managed similarly and materially represents the strategy of the Global Equity ADR Composite; ⁴The Benchmark Index; ⁵The Indices are net of foreign withholding taxes on dividends, interest income and capital gains.

The Global Equity ADR Composite contains fully discretionary US dollar-based global equity ADR accounts. 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. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has received a firm-wide GIPS verification by Ashland Partners & Company, LLP beginning November 1, 1989. The most recent verification was for the Quarter ending March 31, 2010. The Global Equity ADR Composite has received a performance examination beginning October 31, 2001. Performance data quoted represents past performance; past performance does not guarantee future results. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Global Equity ADR Composite, please contact Harding Loevner at (908) 218-7900 or visit www.hardingloevner.com.

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 45 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 24 developed market countries. You cannot invest directly in these Indices.

Bold indicates companies held in the portfolio during the month. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner.

Contributors to Returns (%) for the Month Ending July 31, 2010

Largest Contributors	Sector	Portfolio Weight	Contribution
Genzyme	Health Care	1.8	0.63
Monsanto	Materials	2.0	0.48
Emerson Electric	Industrials	3.1	0.40
Oracle Systems	Info Technology	3.7	0.37
Itau Unibanco	Financials	1.6	0.35

Largest Detractors	Sector	Portfolio Weight	Contribution
Medco Health Solutions	Health Care	1.0	-0.14
Teva Pharmaceuticals	Health Care	1.3	-0.08
Qiagen	Health Care	1.2	-0.03
Sonova Holding	Health Care	1.2	-0.02
EnCana	Energy	1.2	0.01

The portfolio holdings identified above do not represent all of the securities held in the portfolio. 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 month. 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. The portfolio is actively managed therefore holdings shown may not be current. They should not be considered recommendations to buy or sell any security.

Sector Exposure (%) at July 31, 2010

Sector	HL Global ADR	MSCI ACW Index	Over/Under the Benchmark
Info Technology	22.3	12.0	10.3
Health Care	14.6	8.3	6.3
Cons Staples	12.4	9.8	2.6
Cash	2.4	—	2.4
Cons Discretionary	10.9	9.5	1.4
Materials	9.4	8.3	1.1
Industrials	9.5	10.5	-1.0
Energy	7.1	10.6	-3.5
Utilities	0.0	4.3	-4.3
Telecom Services	0.0	4.9	-4.9
Financials	11.4	21.8	-10.4

Geographical Exposure (%) at July 31, 2010

Region	HL Global ADR	MSCI ACW Index	Over/Under the Benchmark
United States	59.5	42.5	17.0
Cash	2.4	—	2.4
Other ¹	1.9	—	1.9
Middle East	1.1	0.3	0.8
Pacific ex-Japan	4.3	5.0	-0.7
Europe EMU	10.6	12.2	-1.6
Canada	1.1	4.4	-3.3
Japan	4.7	8.8	-4.1
Emerging Markets	7.6	13.3	-5.7
Europe ex-EMU	6.8	13.5	-6.7

¹Includes countries outside the benchmark where some holdings are incorporated.

Source: Wilshire Atlas; MSCI Barra and S&P. MSCI 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. Portfolio holdings and sector/geographic allocations are supplemental information only and complement a fully compliant Global Equity ADR Composite GIPS Presentation, which is available upon request.

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