



Composite Performance (%) For Periods Ending June 30, 2010¹

	3 Months	Calendar YTD	1 Year	3 Years ²	5 Years ²	10 Years ²	Since Inception ^{2,3}
HL Intl Equity ADR (gross of fees)	-10.07	-7.71	14.95	-5.49	6.25	2.88	7.98
HL Intl Equity ADR (net of fees)	-10.23	-8.05	14.05	-6.21	5.45	2.07	7.08
MSCI All Country World ex-US Index ^{4,5}	-12.45	-11.06	10.43	-10.70	3.38	1.88	4.27
MSCI EAFE Index ⁵	-13.97	-13.23	5.92	-13.38	0.88	0.16	3.24

¹The Composite performance returns shown are preliminary; ²Annualized Returns; ³Inception Date: December 31, 1989 corresponds to that of the linked International Equity Composite; ⁴The Benchmark Index; ⁵The Indices are net of foreign withholding taxes on dividends, interest income and capital gains.

Please read the above performance in conjunction with the footnotes on the back page of this report. Past performance does not guarantee future results.

Sector Exposure (%)

Sector	HL Intl ADR	ACW ex-US	Over/Under The Benchmark
Info Technology	16.2	6.9	9.3
Health Care	12.8	6.4	6.4
Cons Staples	15.3	9.1	6.2
Cash	1.7	—	1.7
Cons Discretionary	10.4	8.9	1.5
Energy	11.4	10.2	1.2
Telecom Services	6.0	6.1	-0.1
Industrials	9.4	10.5	-1.1
Utilities	0.0	4.8	-4.8
Materials	4.5	11.8	-7.3
Financials	12.3	25.3	-13.0

Market Review & Outlook

- Markets fell sharply, reflecting concern over sovereign debt burdens and weak global growth.
- Emerging markets and non-cyclical sectors generally outperformed.
- Companies generating good returns are especially attractive in an environment of low interest rates and uncertain growth.

Portfolio Highlights

- Low turnover—no major changes made in response to European crisis.
- High quality emphasis, focusing on companies with strong balance sheets, high margins, and high returns.
- Increased exposure to growing banking industry in emerging markets.

Geographical Exposure (%)

Region	HL Intl ADR	ACW ex-US	Over/Under The Benchmark
Europe EMU	26.7	20.5	6.2
Other ¹	3.7	—	3.7
Cash	1.7	—	1.7
Europe ex-EMU	24.8	23.2	1.6
Middle East	1.6	0.6	1.0
Emerging Markets	21.2	23.2	-2.0
Japan	12.3	16.0	-3.7
Canada	3.8	7.9	-4.1
Pacific ex-Japan	4.2	8.6	-4.4

Table of Contents

Performance Summary page 2

Market Review page 2

Performance Attribution page 2

Outlook page 3

Portfolio Structure page 5

Portfolio Holdings & Facts pages 6 & 7

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

Sector and region allocations are supplemental information only and complement the fully compliant International Equity ADR Composite GIPS Presentation.

Source: MSCI 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.

Performance Summary

The International Equity ADR Composite declined 10.1% in the quarter, while the MSCI All Country World ex-US Index (“the Index”), fell 12.4% (net of foreign withholding taxes). For the half year, the Composite has also outperformed the Index, declining 7.7% versus a decline of 11.1% for the Index.

Market Review

Equity markets declined sharply from an early peak in April, as concerns deepened over Greece’s ability to service its debt beyond just the large bond issues coming due in May and July. This crystallization of worries over Greek debt continued to incite more generalized anxiety about the sovereign debts of other European countries. As Spain and Portugal followed Greece’s lead in promulgating austerity measures, prospects for accelerating economic growth dimmed, increasing the likelihood that loan losses would rise at banks in the growing club of countries where governments were hacking at public expen-

ditures. The souring outlook also re-ignited worries about the dependence of many banks on interbank lending and securities markets to meet the accumulated gap between their customers’ deposits and their loan books after years of over-lending; when the asset quality at banks is suspect, their peers (and other investors) are naturally reluctant to lend to them, causing a spike in interbank interest rates. The euro continued to weaken, with all eyes on Germany in particular, where politicians face rising domestic criticism and falling popularity for their acquiescence in the very large support guarantees and loans made available to Greece and other troubled European countries. The broad European market fell 9% in local currency, and, with the weakening exchange rate, was down 15% in US dollar terms. European financial stocks fell even more, losing 20% in US dollar terms in the quarter.

In practical terms, it was not Greece that was bailed out, but German and Dutch creditors.

Other developed equity markets away from the European turmoil fell nearly as much, with the latest chapter of the debt crisis hurting both business and consumer confidence in the US and Japan, raising risks that the global economy could slip back into recession. The US market fell more than 11%, and the Japanese market fell 10% in US dollars, despite a strengthening yen. In contrast, the equity markets of many developing countries proved to be relatively resilient, rebounding more sharply than the developed markets did from late May onwards so the MSCI Emerging Markets Index lost 8% in the quarter. Indeed, a few Latin American and Asian markets, including Indonesia, Chile, and Columbia, managed to post a net gain in US dollar terms. Central and Eastern European emerging markets, however, were very weak, similar to the peripheral developed European markets.

In addition to Financials, the weakest sectors globally were Energy and Materials, with the latter reflecting the concerns about the robustness of the global recovery, but also in recognition of increasing political hostility towards extractive industries, ranging from the US administration’s aggressive stance towards BP over its handling of the oil spill in the Mexican Gulf, to the emergence of new taxation schemes on miners from Australia to Chile. (Although perhaps we are confusing an intense ‘softening up’ exercise on a rich potential source of public funding with ‘hostility.’) The better performing sectors were the traditional non-cyclical ones: Telecom Services, Consumer Staples, and Health Care.

Performance Attribution

The portfolio outperformed the Index, benefiting from its overweight positions in Consumer Staples and Health Care, as well as from its less-than-benchmark weight in Financials and Ma-

Sector Performance (%) of the MSCI ACW ex-US Index

Sector	2Q 2010	Trailing 12 months
	USD	USD
Consumer Discretionary	-8.6	15.3
Consumer Staples	-6.2	22.4
Energy	-16.7	0.8
Financials	-14.6	7.4
Health Care	-9.4	12.1
Industrials	-10.5	14.8
Information Technology	-13.2	14.7
Materials	-15.2	19.9
Telecom Services	-7.0	7.6
Utilities	-10.9	-0.5

Market Performance (%)

Market	2Q 2010	Trailing 12 months
	USD	USD
Canada	-10.3	19.3
Germany	-12.2	7.8
Japan	-10.0	0.9
United Kingdom	-13.8	8.8
United States	-11.5	14.3
Europe EMU	-17.3	-0.1
Europe ex-EMU	-12.4	12.9
Pacific ex-Japan	-14.1	19.1
Emerging Markets	-8.1	23.6
MSCI ACW ex-US Index	-12.5	10.4

Source: Wilshire Atlas, MSCI Barra (as of June 30, 2010)

materials. The portfolio also enjoyed good stock selection within industry groups, especially from capital goods (**Fanuc**, **Atlas Copco**), semiconductors and semiconductor equipment (**ARM Holdings**), software & services (**Dassault Systemes**), and energy (due to our Canadian holdings, **Imperial Oil**, **EnCana**, and **Cenovus**, in a sector whose negative returns were dominated by BP's 50% price decline). Partially offsetting the good results from stock selection were **Nokia**, the mobile handset maker, and **Bunge**, the agricultural processing company, which hurt stock selection results within Information Technology and Consumer Staples, respectively.

Geographically, our regional weights made little difference to relative performance, leaving stock selection overwhelmingly the key driver of outperformance. The portfolio enjoyed very good stock selection within four of seven major regions: Canada, Europe EMU, Europe non-EMU, and the Pacific ex-Japan. Standouts were Dassault Systemes, **Air Liquide**, and **LVMH Moët Hennessy** in France, and ARM Holdings and **WPP** in the UK. Detracting from this good performance was our stock selection within emerging markets, where our holdings are skewed somewhat towards Energy and Financials, two of the worst performing sectors.

Outlook

As investors abandoned select government debt markets and fled the euro currency, it became clear that a general collapse of, say, Greek and Spanish bond markets due to failures to honor maturing bond redemptions would have caused large losses at financial institutions in Germany, Switzerland, The Netherlands, and France. That the problems of European sovereign funding are also a problem for European financial institutions dawned on markets quickly, but on German politicians belatedly, forcing them into an awkward climbdown from their indignant moral arguments against 'bailing out' profligate Greece and the other PIIGS countries. In a sense, the financially sounder nations (relatively speaking) confronted the truth of Benjamin Franklin's dictum about the American colonies facing down the British redcoats: "We must hang together, or we shall most assuredly all hang separately!" In practical terms, it was not Greece that was bailed out, but German and Dutch creditors.

Although it took some time (thus creating more uncertainty) the politicians heeded the needs of their financial institutions (pension funds and insurers as well as banks), and cobbled to-

Bold indicates companies held in the portfolio during the quarter. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at June 30, 2010 is available on page six of this report.

gether a large rescue package for the vulnerable nations in the form of a €750 billion loan fund, an amount exceeding the total maturities for the next three years of Greece, Spain, Portugal, and Ireland combined. On top of that, the European Central Bank effectively committed to unlimited liquidity support for the banks in the eurozone, and bought sovereign bonds (including Greek bonds) for its own account (rather than on repurchase agreement) in a limited form of quantitative easing (money creation). While the currency markets don't care too much for this policy shift, it does have the effect of ensuring the continuity of national bond markets and funding liquidity for banks for the indefinite future.

The market convulsions over European sovereign debt have reignited the debate in the US over the best route out of the financial crisis and recession. On the one hand are the Keynesians, who believe that government must be the consumer of last resort, stepping in to create demand in the economy when the private sector, both individuals and company managements, lack the confidence to go forward with spending or investment plans, especially if those plans require taking on more debt. On the other side are the Hayekians, who cannot believe that the way to permanently resolve an economic crisis brought on by too much debt is by taking on even more debt, while encouraging others to do the same, and ignoring the absolute level of debt and the eventual need to repay it, not to mention its depressive effect on private investment initiative and access to funds.

Companies in the US, Europe, and Japan are hoarding cash as the current uncertainty over economic growth is not spurring much optimism to invest in new capacity.

This debate appears to be over in Europe: governments in Greece, Spain, Romania, and the UK, among others, have all mounted substantial efforts to cut government expenditure immediately and over the next several years. Germany, already one of the more prudent of governments, has announced €80 billion of spending cuts. Estonia may run both a current account surplus and one of the smallest government budget deficits in Europe this year. While there have been significant mass protests and general strikes in Athens, Madrid, and Bucharest, there as yet has been no government back-down from the austerity programs announced. In the UK, the party promising the greater austerity won a general election, albeit with a weak mandate and a coalition partner. In our view, the reining in of government stimulus has already begun, setting up a test, however imperfect, of the assertions of both sides of the economic debate, as governments are set to reduce their explicit contribution to the growth equation not only in Europe, but globally, this year and next.

The reaction of bond and stock markets has been rational: deflation risks have risen, despite assurances from monetary authorities that liquidity should be easy and short-term interest rates should be low. As a result, the more creditworthy bonds have rallied sharply, while the more risky ones have stalled or fallen, and equity markets have taken fright, expanding the risk premium amidst rising doubt on future earnings streams.

In an environment of scarce economic growth, uncertain corporate earnings growth, and low interest rates, we remain relatively optimistic for the returns of those equities that can generate both growth and good returns on capital.

Companies in the US, Europe, and Japan are hoarding cash, rather than expanding staff or capacity, because managements cannot be sure that capital markets should be open to them on friendly terms when they do decide to expand again, and the current uncertainty over economic growth is not spurring much optimism to invest in new capacity anyway. Meanwhile, individuals in the developed world continue to try to pay down debt, rather than splash out for lower-priced houses (or cars) despite mortgage loans offered at record-low rates. Consumer debt in the US has fallen in 19 of the last 22 months, breaking a string of 125 consecutive monthly expansions, and in the latest two months fell by \$24 billion, an accelerating pace. Employment, although no longer shrinking, has not offered fresh hope to those without jobs, and the impending government cuts at the national level in European economies, and at the state and local level in the US, are likely to mean more labor on the market in coming months.

A more pressing problem for capital spending, certainly in the US, is the deepening government involvement in many areas of the economy, with new regulations, subsidies and taxes altering the playing field with rapid, rather than considered, steps. Clearly this is the case in the financial services industry (comprising roughly a quarter of the US economy), where the Administration is trying hard to exploit the fading sense of crisis by ‘fixing’ the structural issues that led to the latest debacle. But there are also big changes afoot in the Health Care sector (one sixth of the economy) as a result of the new legislation, in the Energy sector (as much as a tenth of the economy) as a result of the BP oil spill in the Gulf as well as the government’s views about traditional and alternative energy, not to mention changes in labor policies in government contracts and in taxation—the latter, yet to be revealed. With more than half the US economy facing substantive regulatory and tax changes, there is little wonder why company managements are cautious about investing.

Economic growth has few robust supports. Consumption demand in Europe and the US is destined to be weak due to

private deleveraging and public spending cuts, and thus the great hope of policy makers is for investment demand in developing economies to continue its rebound, and for consumer demand in those same developing economies to grow rapidly from its modest base. This hope has certainly been encouraged by recent reality in China and in Brazil, two of the biggest emerging markets, over the last twelve months, so much so that inflation, rather than deflation, is becoming a potential policy headache. Chinese authorities have been attempting to shift economic activity away from residential property development and local government-sponsored factory construction, by ordering credit to be rationed and by high-profile prosecutions of local government corruption related to development. Brazil is enjoying the rebound in iron ore and pulp & paper prices that had collapsed during the worst months of the financial crisis, while Lula-promoted social programs have stimulated building demand, reigniting growth and loan demand in the country.

A number of countries, then, have already begun raising interest rates in response to accelerating economic activity and a bounce in monetary inflation. These include countries with resurgent domestic consumption demand, such as Brazil and India, as well as those with significant commodity exports including Australia, New Zealand, Canada, Norway, and Malaysia, and finally a few countries with large capital goods exports to developing countries, such as Sweden, Taiwan, and, this past week, South Korea.

Real yields, that is, interest rates adjusted for expected or experienced inflation, are near zero in most developed economies, and strongly positive in just a handful of developing ones. As investors seek to secure a positive return on their capital with a minimum of risk, they have quite naturally gravitated to those latter markets. Recall that Brazil last year imposed taxes on capital inflows from foreign investors, in recognition of the pernicious effect that short-term portfolio flows could have on their money growth and thus their domestic inflation. Indonesia has followed suit, and the closed capital accounts of China are intended to have similar effects. This quarter brought the news that China would allow the renminbi to appreciate against a basket of other currencies, which is in part intended to dampen imported inflation.

In an environment of scarce and uneven economic growth, uncertain corporate earnings growth, and low interest rates, we remain relatively optimistic for the returns to those equities that can generate both growth and good returns on capital. Despite the greater uncertainty in the macroeconomic environment, the alternatives for portfolio investment capital have limited appeal. In our view, it is not a coincidence that emerging markets outperformed developed markets this quarter. Indeed, we object to the generic description of the investment environment as that of ‘increased risk aversion.’

Rather, markets were making relative judgments about where risks are greater (or lesser) than had been previously acknowledged. We find the best likelihood of good company returns to come from well-managed multinationals operating across a diversified range of markets, especially developing ones, or else from companies domiciled within the emerging markets themselves.

Portfolio Structure

Portfolio turnover continues to be low, averaging 19% over the past three years. One feature of our investment process is that the structure of the portfolio changes only modestly and incrementally through time.

We made three new purchases this quarter, however. We made a new investment in ARM Holdings, the British designer of semiconductor chipsets for mobile devices. We view ARM as the “arms dealer” for the mobile device industry, given its dominance of energy-efficient telecommunications chips through its design experience and its patents. ARM stands to continue reaping the benefits from Apple’s success with the iPhone, but more importantly, it will gain from Apple Computer’s competitors attempts to catch up to the iPhone with better smart phones and other mobile devices of their own.

One feature of our investment process is that the structure of the portfolio changes only modestly and incrementally through time.

We bought **Itau Unibanco**, a large Brazilian bank, after the shares plummeted on news that Bank of America was anxious to sell its 5% holding in the company, in order to bolster its own capital ratios. We have followed this bank over the past decade, and have owned it in our related Emerging Markets strategy for many years, as it has demonstrated its ability to navigate the volatile economy in Brazil with adept and conservative management, generating high returns and strong growth year after year. The temporary decline, along with news that the family holding company would invest an additional \$1 billion in the shares being sold, gave us the incentive and opportunity to invest. This purchase, combined with our additions to **ICICI Bank** and **Erste Group Bank**, extends the skew of our financial sector holdings towards emerging markets-oriented businesses.

We bought a new holding in **JSR**, the Japanese specialty chemical producer of film coatings and photo resists for semiconductor manufacturing, and a key supplier to makers of flat LCD screens of all sizes and to chip makers in Asia. The business, along with its share price, was hurt in the inventory liquidation that followed the financial crisis; its key customers, however,

are seeing robust recoveries in their business, and we expect JSR’s profitable growth to resume in response. We sold Japanese holding **Mitsubishi Estate**, which offered no promise of strong near-term growth.

The portfolio continues to be of very high quality, invested in companies growing faster than their peers, yet with strong balance sheets, high margins, and high returns. The largest sector overweights are in Information Technology, Consumer Staples, and Health Care, with no exposure to Utilities, and a light exposure, relative to the benchmark, in Financials.

International Equity ADR Holdings (as of June 30, 2010)

Sector/Company/Description	Country	End Wt.(%)
Consumer Discretionary		
Jupiter Telecom - Cable TV service provider	Japan	1.4
Li & Fung - Trading & logistics	Hong Kong	2.2
LVMH Moët Hennessy - Luxury goods	France	3.7
WPP - Advertising & marketing	UK	3.2
Consumer Staples		
Bunge - Agri-business & food	Bermuda	2.1
China Resources Enterprise - Conglomerate	China	1.2
L'Oréal - Personal care products	France	2.2
Nestlé - Food & beverage	Switzerland	3.8
Tesco - Food retailer	UK	1.8
Unilever - Branded products	UK	1.6
Wal-Mart de México - Goods/food	Mexico	2.8
Energy		
BG Group - Integrated gas	UK	1.9
Cenovus Energy - Integrated oil company	Canada	1.0
EnCana - Natural gas	Canada	1.2
Gazprom - Natural gas producer	Russia	1.8
Imperial Oil - Integrated petroleum	Canada	1.9
Petrobras - Oil & natural gas production	Brazil	1.3
Sasol - Energy	South Africa	1.0
Schlumberger - Petroleum industry services	US	1.6
Financials		
Allianz - Insurance	Germany	2.4
DBS Group - Commercial bank	Singapore	2.1
Erste Group Bank - Commercial bank	Austria	2.5
HSBC Holdings - Universal bank	UK	1.4
ICICI Bank - Commercial bank	India	2.6
Itau Unibanco - Private bank	Brazil	1.5
Health Care		
Alcon - Eyecare	Switzerland	2.8
Fresenius Medical Care - Diabetes care	Germany	1.9
Novo Nordisk - Biotechnology	Denmark	2.5
Qiagen - Biotech & instrumentation	Germany	1.8
Roche Holding - Pharmaceuticals & diagnostics	Switzerland	2.4
Teva Pharmaceutical - Pharma manufacturing	Israel	1.7

International Equity ADR Holdings (as of June 30, 2010)

Sector/Company/Description	Country	End Wt.(%)
Industrials		
Atlas Copco - Industrial compressors & equip.	Sweden	2.6
Fanuc - Industrial robots & machine tools	Japan	2.6
Komatsu - Construction equipment	Japan	1.2
Kubota - Industrial & farm machinery	Japan	2.0
Schneider Electric - Electrical control equip.	France	1.2
Information Technology		
ARM Holdings - Mobile devices chips design	UK	1.2
Canon - Image & information equipment	Japan	2.2
Dassault Systemes - CAD/CAM software	France	3.6
Hoya - Optical glass	Japan	2.1
Nokia - Cellular handset manufacturer	Finland	1.3
SAP - Enterprise software	Germany	2.8
Taiwan Semiconductor - Dedicated IC foundry	Taiwan	3.3
Materials		
Air Liquide - Industrial gas	France	3.6
JSR - Specialty chemicals	Japan	0.9
Telecom Services		
América Móvil - Cellular phone operator	Mexico	2.4
MTN Group - Cellular phone operator	South Africa	1.8
Telkom Indonesia - Fixed-line & mobile	Indonesia	1.9
Utilities		
No holdings		

Portfolio holdings are supplemental information only and complement the fully compliant International Equity ADR Composite GIPS Presentation. The portfolio end weight excludes cash. 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.

Last Quarter

Largest Contributors (%)

	Sector	Weight	Contribution
Fanuc	INDU	2.4	0.16
Novo Nordisk	HLTH	2.2	0.10
ARM Holdings	INFT	0.7	0.09
Dassault Systemes	INFT	3.4	0.08
HDFC Bank	FINA	0.8	0.06

Largest Detractors (%)

	Sector	Weight	Contribution
Nokia	INFT	1.7	-0.99
Erste Group Bank	FINA	2.4	-0.68
Hoya	INFT	2.3	-0.53
Allianz	FINA	2.4	-0.48
Bunge	STPL	2.1	-0.46

Last 12 Months

Largest Contributors (%)

	Sector	Weight	Contribution
Wal-Mart de México	STPL	3.1	1.44
Atlas Copco	INDU	2.7	1.18
WPP	DSCR	2.9	1.10
Dassault Systemes	INFT	3.2	1.09
LVMH Moët Hennessy	DSCR	3.3	1.09

Largest Detractors (%)

	Sector	Weight	Contribution
Nokia	INFT	2.0	-1.09
Canon	INFT	0.6	-0.56
Bunge	STPL	2.5	-0.50
MTN Group	TCOM	1.1	-0.39
BG Group	ENER	2.1	-0.25

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 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. Quarterly data is not annualized.

Portfolio Characteristics¹

	HL Intl ADR	ACW ex-US
Wtd Median Mkt Cap (\$Mil)	\$30,521	\$23,762
Return on Assets	7.3	3.5
Return on Equity	13.4	11.1
Std Dev of 5 Year ROE	3.8	4.9
Debt/Equity	29.6	45.0
Profit Margin	10.3	8.5
Sales Growth ²	9.8	9.2
Earnings Growth ²	6.4	3.1
CF Growth ²	9.6	5.9
Dividend Growth ²	7.8	4.9

Portfolio Characteristics

	HL Intl ADR	ACW ex-US
Avg Wtd Mkt Cap (\$Mil)	\$40,397	\$37,260
Price/Earnings ³	17.3	17.1
Price/Cash Flow ³	9.5	7.3
Price/Book ³	2.0	1.5
Dividend Yield ³	2.1	3.0
Alpha ⁴	3.15	–
Beta ⁴	0.93	1.00
R-Squared ⁴	0.96	1.00
Sharpe Ratio ⁴	-0.06	-0.10
Standard Deviation ⁴	24.94	26.13

¹Weighted median; ²Trailing five years, annualized; ³Harmonic mean; ⁴Trailing three years, annualized.

Purchases

Company	Country	Sector
ARM Holdings	United Kingdom	INFT
JSR	Japan	MATS
Itau Unibanco	Brazil	FINA

Sales

Company	Country	Sector
HDFC Bank	India	FINA
Mitsubishi Estate	Japan	FINA

Portfolio attribution and statistics are supplemental information only and complement the fully compliant International Equity ADR 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. The complete list of holdings at June 30, 2010 is available on the previous page.

Source: Wilshire Atlas (Run Date: July 8, 2010); Harding Loevner International Equity ADR Composite; MSCI Barra

International Equity ADR Composite Performance (as of June 30, 2010)

	Intl ADR Equity (Gross)	Intl ADR Equity (Net)	MSCI ACW ex-US ¹	MSCI EAFE	Internal Dispersion ²	Number of Accounts ³	Composite Assets (\$M) ³	Firm Assets (\$M)
2010 YTD ⁴	-7.71%	-8.05%	-11.06%	-13.23%	N.A. ⁵	141	284	6,703
2009	35.76%	34.69%	41.45%	31.78%	0.4%	118	265	6,400
2008	-35.17%	-35.67%	-45.53%	-43.38%	0.3%	91	161	3,266
2007	14.08%	13.28%	16.66%	11.17%	0.6%	84	243	6,356
2006	23.63%	22.69%	26.65%	26.34%	0.7%	80	153	4,720
2005	19.99%	19.04%	16.62%	13.54%	0.5%	52	99	2,562
2004	17.74%	16.79%	20.91%	20.25%	0.4%	49	89	1,524
2003	28.80%	27.72%	40.83%	38.59%	0.5%	55	86	1,357
2002	-15.67%	-16.31%	-14.96%	-15.94%	0.5%	40	51	1,082
2001	-15.62%	-16.15%	-19.75%	-21.44%	N.M. ⁶	9	11	1,154
2000	-14.90%	-15.71%	-15.09%	-14.17%	N.M.	1	2	1,392

¹Benchmark Index; ²Asset-weighted standard deviation (gross of fees); ³Total product accounts and assets are 6,412 and are \$1,611.2 million, respectively, at June 30, 2010; ⁴The performance returns and assets shown are preliminary; ⁵N.A.—Internal dispersion is less than a 12-month period; ⁶N.M.—Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

International Equity ADR Composite contains fully discretionary US dollar-based international equity accounts and for comparison purposes is measured against the MSCI All Country World ex-US Index (presented net of foreign withholding taxes since 2001, when the net index first became available). 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 44 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 & Canada. The Index consists of 22 developed market countries. You cannot invest directly in these Indices.

Harding Loevner LP has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner is GIPS compliant and is verified by Ashland Partners & Company, LLP. Harding Loevner has received a firm-wide GIPS verification beginning November 1, 1989. The most recent verification was for the Quarter ending March 31, 2010.

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 and benchmark performance is presented net of foreign withholding taxes on dividends, interest income and capital gains. However, some custodians may claim a portion of the foreign withholding taxes, which would be reflected in the Composite performance. Assets with foreign withholding taxes regularly reclaimed are deemed to be an immaterial percentage of the composite assets. The MSCI All Country World ex-US Index range uses withholding tax rates applicable to Luxembourg. Additional information is available upon request. Past performance does not guarantee future results. Additional information regarding the policies for calculating and reporting returns is 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. 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 ADR accounts is 0.80% annually of the market value of assets up to \$20 million; 0.40% of amounts from \$20 million to \$100 million; amounts over \$100 million upon 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 ADR Composite was created on August 31, 2000. Performance prior to August 31, 2000 is that of the International Equity Composite, which is managed similarly and materially represents the strategy of the International Equity ADR Composite.

HARDING LOEVNER LP

50 Division Street, Fourth Floor • Somerville, NJ 08876 • Tel (908) 218-7900 • Fax (908) 218-1915 • www.hardingloevner.com