

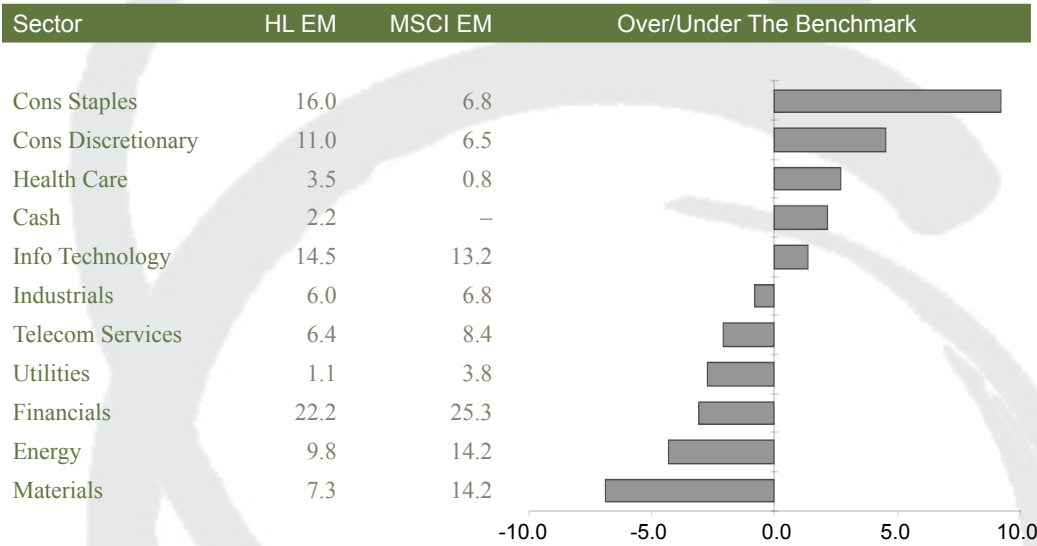


Composite Performance (%) For Periods Ending June 30, 2010<sup>1</sup>

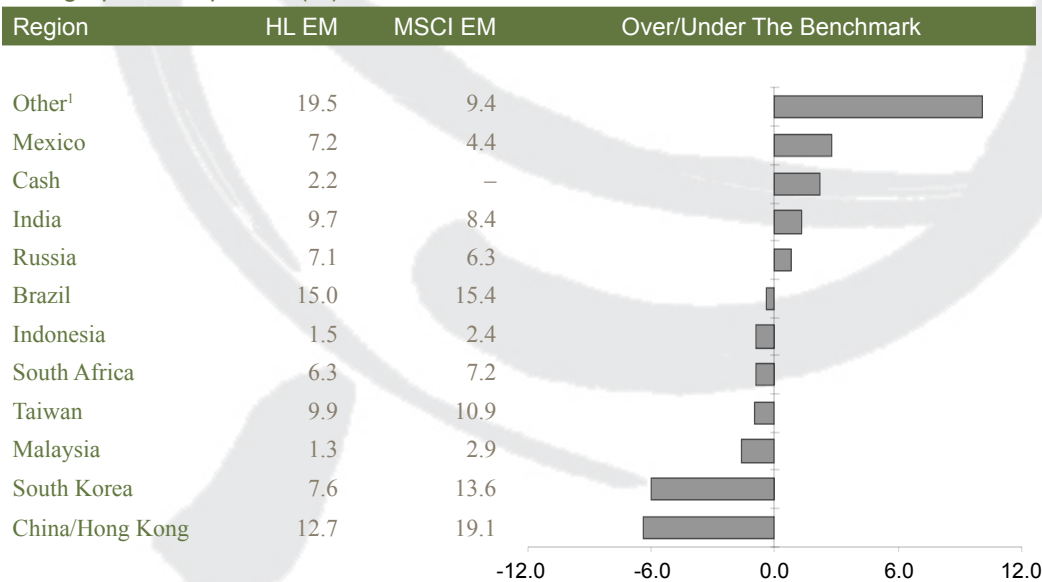
	3 Months	Calendar YTD	1 Year	3 Years <sup>2</sup>	5 Years <sup>2</sup>	10 Years <sup>2</sup>	Since Inception <sup>2,3</sup>
HL Emerging Markets (gross of fees)	-7.10	-3.82	24.74	-2.20	13.08	12.68	16.94
HL Emerging Markets (net of fees)	-7.32	-4.25	23.64	-3.09	12.02	11.72	16.07
MSCI Emerging Markets Index <sup>4</sup>	-8.29	-6.04	23.48	-2.22	13.07	10.34	12.80

<sup>1</sup>The Composite performance returns shown are preliminary; <sup>2</sup>Annualized Returns; <sup>3</sup>Inception Date: November 30, 1998; <sup>4</sup>The Benchmark Index. 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 (%)



Geographical Exposure (%)



<sup>1</sup> Includes the remaining 12 smaller emerging markets countries plus developed countries where some holdings that have operations and/or sales focused on emerging markets are domiciled.

Market Review & Outlook

- Markets fell sharply, reflecting concern over sovereign debt burdens and weak global growth.
- Emerging markets outperformed developed markets, as Asian markets in particular enjoy relatively strong growth and solid fiscal positions.
- Overheating, one of the biggest risks facing emerging markets, currently appears under control.

Portfolio Highlights

- Focus on high-quality companies with above-average growth potential.
- Large exposure to consumer industries, as rising household wealth supports growth in demand for consumer products.
- Increased exposure to smaller emerging and frontier markets.

Table of Contents

Performance Summary  
page 2

Market Review  
page 2

Performance Attribution  
page 3

Outlook  
page 3

Portfolio Structure  
page 4

Portfolio Holdings & Facts  
pages 6 & 7

Sector and region allocations are supplemental information only and complement the fully compliant Emerging Markets 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 MSCI Emerging Markets Index (“the Index”) fell 8.3% in the second quarter, interrupting a string of five consecutive quarterly gains. Harding Loevner’s Emerging Markets Composite declined 7.1%, outperforming its benchmark in the period. For the half year, the Composite has also outperformed the Index, declining 3.8% versus a decline of 6.0% for the Index.

## Market Review

Markets fell worldwide on sovereign debt fears in Europe and the prospect of renewed global economic weakness. Emerging markets fell less than the 12% decline of the developed markets—perhaps an acknowledgement of the former’s overall better financial health. Export-oriented stocks, i.e., those with the greatest exposure to global growth, lagged while emerging consumer-oriented stocks led. Materials sector fell the most (down 14%) on generally declining commodity prices. Consumer Staples was flat, making it the best performing sector, while Consumer Discretionary and Telecom Services stocks fell only 2% and 3%, respectively, on continuing strong domestic customer demand.

Developed Europe, Japan, and the US are facing a stark choice of cutting public budgets now and jeopardizing their nascent recoveries from recession, or allowing large deficits to continue

Market Performance (%)		
Region/Country	2Q 2010	Trailing 12 months
	USD	USD
<b>Latin America</b>	<b>-11.9</b>	<b>26.0</b>
Brazil	-15.1	22.4
Mexico	-8.9	31.9
<b>Asia</b>	<b>-5.1</b>	<b>23.1</b>
China	-4.5	11.2
India	-2.4	31.8
Indonesia	4.4	67.9
Malaysia	0.2	34.2
South Korea	-7.5	32.3
Taiwan	-9.3	16.2
<b>Africa</b>	<b>-9.6</b>	<b>16.6</b>
South Africa	-9.5	18.5
<b>Eastern Europe</b>	<b>-15.4</b>	<b>27.0</b>
Russia	-15.1	26.6
<b>MSCI EM Index</b>	<b>-8.3</b>	<b>23.5</b>

Source: Wilshire Atlas; MSCI Barra (as of June 30, 2010)  
Selected countries are the 10 largest, representing over 90% of the MSCI EM Index

## Sector Performance (%) of the MSCI Emerging Markets Index

Sector	2Q 2010	Trailing 12 months
	USD	USD
Consumer Discretionary	-2.5	43.0
Consumer Staples	0.0	44.0
Energy	-11.3	10.7
Financials	-7.8	23.0
Health Care	-8.5	18.1
Industrials	-8.3	16.2
Information Technology	-10.1	31.9
Materials	-13.9	31.2
Telecom Services	-3.2	10.7
Utilities	-3.7	16.1

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

and thereby risking debt and currency crises later. In the wake of Greece’s near-default, European policymakers in particular have swung hard toward austerity.

*Emerging economies are learning to thrive without strong demand for their exports from the developed world.*

China is also facing the question of how quickly to withdraw government stimulus, the answer to which has worldwide economic implications. After blunting the domestic impact of global recession last year with a flood of infrastructure and capital investment spending, Chinese authorities are now stepping back from stimulus, by tightening bank reserve requirements, reducing bank loan growth targets, and otherwise restricting the availability of credit for investment projects. At the same time, in an effort to reorient the economy from its overwhelming current emphasis on capital investment toward a balance with consumption, they are acting to spur household spending, adopting or modifying policies to raise wages and improve housing affordability. China relaxed its renminbi-US dollar peg, with the expectation of moderate currency appreciation, and reduced various tax incentives for exporters. The government increased Beijing’s minimum wage by 20%, and conspicuously and uncharacteristically declined to intervene in labor protests that led to substantial wage hikes in numerous factories nationally. Reflecting the shift in policy, Chinese Consumer Staples stocks (which we favor) rose 4%, while Chinese Materials stocks (which we do not) declined 16%.

The Asian region outperformed, as its major economies including China are experiencing strong growth and enjoy relatively strong fiscal positions. Indonesia gained 4%, as investors were cheered by the country’s 6% first-quarter GDP growth and declining interest rates, despite a recent uptick in inflation. India’s

9% GDP growth rate is similarly inspiring investors, albeit also accompanied by rising inflation. Even Thailand outperformed, despite a bout of political instability that led to violence on the streets of Bangkok. In Asia, only Taiwan underperformed the benchmark, as its large export-oriented Information Technology sector suffered from fading global demand, as well as rising labor costs at its Chinese factories.

Latin American stocks declined 12%, as the large Brazilian Materials and Energy sectors each declined by more than 20% in the face of lower commodity prices. Though export demand may be cooling, Brazil's domestic economy is heating up: the central bank forecasts 7% GDP growth and 5% inflation in 2010, which has led it to raise interest rates for the first time in years. Strong local demand helped Brazil's consumer companies to strongly outperform the market's 15% drop.

Emerging Europe was the weakest region, declining 15%, as its generally weaker national and household finances fed concerns about growth and stability. Hungary was the worst performing market, down 30% in US dollars, half of which was currency loss precipitated by doubts about its new government's commitment to addressing the national debt. Fear of contagion and further weakening of the eurozone economies led the markets of Poland and the Czech Republic to underperform as well, with their currencies declining by more than 10% relative to the dollar. A weaker currency should actually enhance the export competitiveness of our single holding in Hungary, pharmaceutical company **Gedeon Richter**.

## Performance Attribution

The portfolio's outperformance of the benchmark was attributable mainly to our sector weightings, as we continue to tilt the portfolio towards the emerging consumer and away from export-oriented and highly-cyclical companies, which underperformed this quarter. Consumer Staples stocks represent 16% of our portfolio (versus 7% of the Index). Good performers within the Consumer Staples and Consumer Discretionary sectors included India's **Dabur India** (personal care and health products); China's **Hengan International** (diapers); and Brazil's **Natura Cosméticos** (cosmetics).

Stock selection was neutral overall within sectors. Our Financials stocks outperformed, as we continued to enjoy gains from solid banking businesses operating in smaller emerging markets countries by weight, such as **Bank Rakyat**, **Banco San-**

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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.

**tander Chile**, and **Bancolombia**. Stock selection was poor in the Energy and Materials sectors, however. **Petrobras** was our weakest energy stock, as investors recoiled from the company's heavy capital-raising proposals to fund drilling in coming years. Brazilian Materials stocks **Vale** (iron ore), and **Usiminas** (steel) declined due to the weakening of global demand and pricing for their respective products.

## Outlook

Emerging economies are moving in the opposite direction to developed economies. The latter, burdened with debt at the national and household levels as a legacy of years of excessive consumption, are finding growth difficult if not impossible to sustain. Their policymakers will likely continue to attempt to heat their cold economies with the fire of accommodative monetary policy including ultra-low interest rates. In contrast, emerging economies have resumed their brisk growth pace and, if threatened by anything, are perhaps in danger of overheating. Emerging economies are learning to thrive without strong demand for their exports from the developed world. Increasingly, they are deploying their human, material, and now-considerable financial resources to fulfill their own needs.

*Global investors are increasingly directing capital to investment opportunities in emerging equity markets as low global real rates have starved them for return in their home markets.*

China's recent policy actions to boost household incomes and domestic consumption—while accelerating structural reforms to cool fixed-asset investment growth—exemplifies the trend that explains our focus on domestic consumer-oriented stocks. Some segments of China's economy may be hurt by this trend but we think it should be beneficial for the consumer sector as a whole. Labor's share of income, today representing less than 45% of the economy, should rise toward the 60%+ share typical in wealthier economies, supporting a higher standard of living across the country. Rising wealth is supporting the emergence of larger and more sophisticated consumer-oriented industries as consumers spend more on health and wellness, education, financial services, and high-quality branded goods purchased at organized retail chains. Roughly half of our China exposure is in companies that reflect this gradual transformation—for example, Hengan International, retailer **Wumart**, life insurer **China Taiping Insurance**, education company **New Oriental**, and pharmaceutical maker **Shandong Weigao**.

Improving availability and affordability of credit is another factor nudging emerging consumers toward greater consumption, and not just in China: the trend is spreading across the emerging world. As short-term interest rates have remained low in

the developed economies, rates in the emerging world have declined in sympathy, to roughly 5% on average. Meanwhile, economic growth has spurred a rebound in inflation, to an average of around 5% as well. With household incomes and consumer confidence continuing to rise, savings levels already high, and no inflation-adjusted return on money deposited in the bank, emerging households are incentivized to spend, particularly on big-ticket durable goods that are typically financed. Thus, low rates have spurred an upturn in the purchases of housing, white goods, and automobiles in markets as diverse as Indonesia, India, China, Turkey, and Brazil.

*We have invested heavily in consumer industries, where the competitive structures tend to support steady profit margins, high returns on invested capital, and limited economic cyclicalities.*

Global investors are increasingly directing capital to investment opportunities in emerging equity markets as low global real rates have starved them for return in their home markets and enhanced the relative attractiveness of emerging market stocks. Policymakers in developed economies are attempting (with very limited success) to stimulate consumption via ultra-low policy rates approaching zero, leaving depositors with a negative real return. Emerging markets are trading under 12 times forecasted 2010 earnings—representing an over 8% earnings yield—and with a 3% dividend yield. Moreover, the earnings and dividends are expected to grow at an above-global-average pace in coming years. (While stocks in our portfolio tend to trade at higher multiples than the emerging markets broadly, we expect faster and longer-lasting earnings growth from our companies.) With emerging markets valuations thus fairly attractive, and alternative destinations for capital less so, the stage has been set for continued capital flows into emerging markets.

There are significant risks associated with the current global environment of negative real interest rates. We think overheating, and policy reactions to it, are the biggest investment risks we face in emerging markets. While developed economies are concerned with the ice of deflation, we are watching for signs of overheating. An extended period of negative real rates is liable to lead to inflation and asset bubbles. The early stages of inflation are not at all unpleasant for investors. Economic output and corporate revenues and earnings accelerate in nominal terms, exciting investors and propelling market valuations upward. Local investor enthusiasm attracts foreign money, further supporting asset prices. But in the absence of a timely, intelligent policy response, valuations become excessive. Policymakers must eventually take away the punchbowl, resulting in an abrupt end to the party.

We don't see stock markets near this stage at present. So far, it appears that policymakers in the developing world are aware of the possibility of such overheating, and are acting prudently to prevent this dynamic from occurring. We are already seeing interest rates rising in some countries, as accommodative monetary policies, capital inflows, and robust consumer demand have pushed inflation above levels that their central banks can tolerate. China is clearly concerned that its loose policy was spurring a bubble in property prices over the last year, and in response took strong action against it. Other countries are tightening monetary policy more gradually to ward off inflation. Brazil hiked its policy rate for the first time in years during the quarter, and India's central bank hiked policy rates for the third time this year, while noting that double-digit inflation is now moving widely through its economy.

## Portfolio Structure

We remain focused on high-quality companies with above-average growth potential. This has led us to invest heavily in consumer industries, where the competitive structures tend to support steady profit margins, high returns on invested capital, and limited economic cyclicalities. Rising household wealth and structural economic changes should support growth in demand for consumer products. Approximately 27% of the portfolio is allocated to the Consumer Discretionary and Consumer Staples sectors, offset by our below-benchmark weight positions in Materials and Energy.

The portfolio remains underweight China as we choose not to invest in the structurally-unattractive industries that make up the bulk of this market. China represents only about 11% of our portfolio, versus 19% of the benchmark. However, we own significant, above-market positions in China's Consumer Discretionary, Consumer Staples, and Health Care sectors, where companies are largely owned and managed for the benefit of private, rather than state, shareholders.

We bought shares of Chinese retailer Wumart, after a share price decline. With over 450 retail outlets in its network of convenience and supercenter stores, Wumart has developed strong market shares in the wealthier regions of Beijing, Tianjin, and Zhejiang. The company's strong IT system helps it manage inventory and control costs, and generate same-store sales growth above the industry average. Given our expectation that Chinese consumption spending should rise along with household incomes (helped by 20% and higher wage rate increases this year amidst tighter labor markets), we anticipate continued strong growth for the company.

This quarter we made one of our first investments in a "frontier" market, also in a consumer-oriented company. **Jarir Marketing** is a major bookseller in the Kingdom of Saudi Arabia, where it has some 25 outlets. It also serves the greater Gulf

region. The company has expanded beyond its core book business to create a modern retailing format that is equivalent to a combination of Barnes and Noble, Staples, and Best Buy. Telecom and PC-related goods have rapidly become the majority of its sales: Jarir sells roughly half of all PCs and one-third of the smartphones sold in the Kingdom, whose young and fairly wealthy population (per capita income is around \$14,000) are attracted to these goods.

Also within the consumer arena, we purchased Brazilian brewer **Ambev**, while selling South Korean discount store chain **Shinsegae**. This shift captures Ambev's higher growth prospects and better returns on invested capital. Shinsegae is facing serious competitive pressures and deteriorating growth prospects, in our view.

We bought **Jain Irrigation Systems**, India's largest irrigation systems manufacturer by sales and a major onion and mango processor. The company has significant growth opportunities related to the modernization of Indian agriculture, in our view. Water is a scarce resource throughout India. Jain's drip irrigation systems enhance agricultural productivity, enabling farmers to move from subsistence farming to the production of cash crops such as fruits and vegetables. Jain benefits from rising investment in infrastructure, as well as from growth in the consumption of processed foods in both the Indian and export markets.

We also increased our stakes in recently-purchased Indian consumer companies **Bajaj Auto** and **Dabur**, which, coupled with the purchase of Jain and our gains in existing Indian holdings, brought us to a modest overweight position in India this quarter.

*The portfolio remains underweight China as we choose not to invest in the structurally-unattractive industries that make up the bulk of this market.*

We purchased **Cyrela Brazil Realty**, a housing developer in Brazil, taking advantage of recent share price weakness that reflected concerns about rising interest rates. The rising prosperity of Brazil's middle and upper classes should support strong demand for high-end housing from premier brands like Cyrela. At the same time, Cyrela has a subsidiary that captures growth in mass-market housing spurred by government policies to promote home ownership.

We bought a small stake in **Banco Macro**, after being impressed in a meeting with management by its strong position in the Argentinean banking industry. With the largest branch network in Argentina, the bank enjoys low-cost funding. Banco Macro generates relatively high asset yields through its loans to

small- and medium-sized businesses and credit cards linked to corporate payroll accounts.

During the quarter, Israel graduated from the Index. This was the primary reason we sold **Israel Chemicals**, but we also saw signs that pricing discipline in the potash industry may be eroding. We also sold Israel-based **Teva Pharmaceutical**, replacing it with **Aspen Pharmacare**, a major producer of generic drugs and HIV medicines in South Africa.

## Emerging Markets Holdings (as of June 30, 2010)

Sector/Company/Description	Country	End Wt. %
<b>Consumer Discretionary</b>		
<b>Anhanguera Educacional</b> - Education services	Brazil	1.6
<b>Arcelik</b> - Household electronics manufacturer	Turkey	1.7
<b>Bajaj Auto</b> - Motorcycle & small vehicle mfg.	India	1.9
<b>CME</b> - Commercial television broadcaster	Czech Rep	0.4
<b>Cyrela Brazil Realty</b> - Luxury apartment developer	Brazil	0.7
<b>Grupo Televisa</b> - Television broadcaster	Mexico	0.3
<b>Hankook Tire</b> - Tire manufacturer	South Korea	0.7
<b>LG Electronics</b> - Electronics manufacturer	South Korea	0.8
<b>Li &amp; Fung</b> - Trading & logistics	Hong Kong	1.1
<b>New Oriental</b> - Education services	China	1.2
<b>Urbi Desarrollos</b> - Housing development	Mexico	0.7
<b>Consumer Staples</b>		
<b>Ambev</b> - Beverage company	Brazil	1.1
<b>Central European Distribution</b> - Wine and spirits	Poland	0.4
<b>Coca-Cola Hellenic Bottling</b> - Beverage distributor	Greece	0.7
<b>Dabur India</b> - Household products	India	1.3
<b>Hengan International</b> - Personal hygiene prod mfg	China	3.4
<b>Massmart</b> - Consumer goods distributor	South Africa	1.3
<b>Natura Cosméticos</b> - Cosmetics manufacturer	Brazil	1.3
<b>Pão de Açúcar</b> - Food retailer	Brazil	1.3
<b>SABMiller</b> - Beer brewery & soft drink bottler	South Africa	1.1
<b>Wal-Mart de México</b> - Goods/food retailer	Mexico	1.9
<b>Wumart</b> - Supermarket operator	China	0.5
<b>X5 Retail Group</b> - Food retailer	Russia	1.9
<b>Energy</b>		
<b>Gazprom</b> - Natural gas producer/transporter	Russia	1.9
<b>Lukoil</b> - Exploration, drilling, retail & distributor	Russia	2.0
<b>Petrobras</b> - Oil & natural gas production	Brazil	3.3
<b>PTT Exploration &amp; Production</b> - Oil & natural gas	Thailand	1.4
<b>Transneft</b> - Oil pipelines	Russia	1.5
<b>Financials</b>		
<b>Axis Bank</b> - Commercial bank	India	1.7
<b>Banco Bradesco</b> - Commercial bank	Brazil	1.9
<b>Banco Macro</b> - Commercial bank	Argentina	0.4
<b>Banco Santander Chile</b> - Commercial bank	Chile	1.4
<b>Bancolombia</b> - Commercial bank	Colombia	1.4
<b>Bank Pekao</b> - Commercial bank	Poland	0.9
<b>Bank Rakyat</b> - Commercial bank	Indonesia	1.6
<b>China Taiping Insurance</b> - Insurance	China	1.3
<b>Credicorp</b> - Commercial bank	Peru	1.4
<b>GarantiBank</b> - Commercial bank	Turkey	1.3
<b>GF Banorte</b> - Commercial bank	Mexico	1.2
<b>HDFC Bank</b> - Mortgage bank	India	2.2

## Emerging Markets Holdings (as of June 30, 2010)

Sector/Company/Description	Country	End Wt. %
<b>Itau Unibanco</b> - Private bank	Brazil	0.9
<b>KB Financial Group</b> - Commercial bank	South Korea	0.6
<b>Public Bank</b> - Diversified commercial bank	Malaysia	1.4
<b>Samsung Fire &amp; Marine</b> - Insurance	South Korea	1.4
<b>Siam Commercial Bank</b> - Commercial bank	Thailand	1.0
<b>Standard Bank</b> - Bank holding company	South Africa	0.9
<b>Health Care</b>		
<b>Aspen Pharmacare</b> - Health care services holding co.	South Africa	0.6
<b>Gedeon Richter</b> - Branded-generic pharmaceuticals	Hungary	0.5
<b>Hikma Pharmaceuticals</b> - Pharma manufacturing	UK	1.6
<b>Shandong Weigao</b> - Single-use medical consumables	China	0.9
<b>Industrials</b>		
<b>ASUR</b> - Airport operator in Cancun	Mexico	0.2
<b>China Comm Construction</b> - Transp. infrastructure	China	1.1
<b>Copa Holdings</b> - Airline	Panama	0.9
<b>Jain Irrigation</b> - Irrigation systems manufacturer	India	0.7
<b>Jarir Marketing</b> - Bookstore & wholesale chain	Saudi Arabia	0.6
<b>Jiangsu Expressway</b> - Road construction & operations	China	1.4
<b>Orascom Construction</b> - Contractor & cement mfg.	Egypt	0.8
<b>Taewoong</b> - Forged products manufacturer	South Korea	0.5
<b>Information Technology</b>		
<b>ASM Pacific Technology</b> - Semiconductor eqpt.	Hong Kong	1.1
<b>Delta Electronics</b> - Switching power supplies	Taiwan	2.2
<b>Hon Hai Precision</b> - PC connector manufacturer	Taiwan	1.4
<b>MediaTek</b> - CD / DVD read-only chips manufacturer	Taiwan	1.8
<b>Quanta Computer</b> - Notebook comp/peripherals mfg	Taiwan	0.9
<b>Samsung Electronics</b> - Electronics manufacturer	South Korea	3.6
<b>Synnex Technology</b> - Computer / I.T. prod distributor	Taiwan	1.9
<b>Taiwan Semiconductor</b> - Semiconductor chip foundry	Taiwan	1.9
<b>Materials</b>		
<b>Ambuja Cements</b> - Cement manufacturer	India	1.1
<b>Anhui Conch Cement</b> - Cement manufacturer	China	0.9
<b>Pretoria Portland Cement</b> - Cement company	South Africa	0.9
<b>Sociedad Quimica y Minera</b> - Chemical/fertilizer mfg	Chile	1.2
<b>Usiminas</b> - Steelmaker	Brazil	0.5
<b>Vale</b> - Iron-ore & nickel producer	Brazil	2.9
<b>Telecom Services</b>		
<b>América Móvil</b> - Cellular phone operator	Mexico	3.0
<b>Millicom Intl Cellular</b> - Cellular communications	Luxembourg	1.4
<b>MTN Group</b> - Cellular phone operator	South Africa	1.7
<b>Philippine Long Distance</b> - Telecommunications	Philippines	0.4
<b>Utilities</b>		
<b>NTPC</b> - Generation & sale of power to state utilities	India	1.1

Portfolio holdings are supplemental information only and complement the fully compliant Emerging Markets 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				Last 12 Months			
Largest Contributors (%)				Largest Contributors (%)			
	Sector	Weight	Contribution		Sector	Weight	Contribution
Hengan International	STPL	2.9	0.30	Hengan International	STPL	2.7	1.81
Bajaj Auto	DSCR	1.6	0.28	X5 Retail Group	STPL	1.5	1.22
Dabur India	STPL	1.0	0.21	Vale	MATS	3.0	1.08
Bank Rakyat	FINA	1.4	0.19	Samsung Electronics	INFT	2.8	0.98
Hikma Pharmaceuticals	HLTH	1.4	0.16	Delta Electronics	INFT	2.0	0.93
Largest Detractors (%)				Largest Detractors (%)			
	Sector	Weight	Contribution		Sector	Weight	Contribution
Vale	MATS	3.1	-0.78	Petrobras	ENER	3.8	-0.52
Petrobras	ENER	3.1	-0.75	Taewoong	INDU	0.8	-0.37
Transneft	ENER	1.6	-0.39	China Comm Construction	INDU	1.2	-0.31
Samsung Electronics	INFT	2.8	-0.39	China Overseas	FINA	0.7	-0.30
MediaTek	INFT	2.0	-0.37	MTN Group	TCOM	1.9	-0.29

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 Characteristics <sup>1</sup>			Portfolio Characteristics		
	HL EM	MSCI EM		HL EM	MSCI EM
Wtd Median Mkt Cap (\$Mil)	\$9,841	\$13,283	Avg Wgted Mkt Cap (\$Mil)	\$22,458	\$29,320
Return on Assets	7.5	5.8	Price/Earnings <sup>3</sup>	17.9	14.0
Return on Equity	17.9	15.2	Price/Cash Flow <sup>3</sup>	9.2	7.8
Std Dev of 5 Year ROE	3.3	4.4	Price/Book <sup>3</sup>	1.9	1.9
Debt/Equity	29.2	29.5	Dividend Yield <sup>3</sup>	1.9	2.2
Profit Margin	14.8	11.6	Alpha <sup>4</sup>	-0.55	-
Sales Growth <sup>2</sup>	20.4	19.6	Beta <sup>4</sup>	0.98	1.00
Earnings Growth <sup>2</sup>	13.4	9.6	R-Squared <sup>4</sup>	0.99	1.00
CF Growth <sup>2</sup>	15.3	11.5	Sharpe Ratio <sup>4</sup>	0.01	0.01
Dividend Growth <sup>2</sup>	5.2	5.1	Standard Deviation <sup>4</sup>	32.38	32.99

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

Purchases			Sales		
Company	Country	Sector	Company	Country	Sector
Ambev	Brazil	STPL	Israel Chemicals	Israel	MATS
Aspen Pharmacare	South Africa	HLTH	Shinsegae	South Korea	STPL
Banco Macro	Argentina	FINA	Teva Pharmaceuticals	Israel	HLTH
Cyrela Brazil Realty	Brazil	DSCR			
Jain Irrigation	India	INDU			
Jarir Marketing	Saudi Arabia	INDU			
Wumart	China	STPL			

Portfolio attribution and statistics are supplemental information only and complement the fully compliant 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. 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 Emerging Markets Composite; MSCI Barra.

## Emerging Markets Composite Performance (as of June 30, 2010)

	HL EM (Gross)	HL EM (Net)	MSCI EM <sup>1</sup>	Internal Dispersion <sup>2</sup>	Number of Accounts	Composite Assets (\$M)	Firm Assets (\$M)
2010 YTD <sup>3</sup>	-3.82%	-4.25%	-6.04%	N.A. <sup>4</sup>	6	2,764	6,703
2009	68.45%	66.95%	79.02%	0.2%	6	2,716	6,400
2008	-52.01%	-52.46%	-53.18%	0.4%	6	1,545	3,266
2007	38.81%	37.55%	39.78%	N.M. <sup>5</sup>	5	3,443	6,356
2006	30.96%	29.72%	32.59%	N.M.	5	2,233	4,720
2005	41.48%	39.96%	34.54%	N.M.	2	1,003	2,562
2004	31.30%	29.74%	25.95%	N.M.	1	137	1,524
2003	55.91%	54.33%	56.28%	N.M.	1	33	1,357
2002	-4.33%	-4.74%	-6.00%	N.M.	2	17	1,082
2001	1.78%	1.30%	-2.37%	N.M.	2	10	1,154
2000	-13.87%	-14.12%	-30.61%	N.M.	2	9	1,392

<sup>1</sup>Benchmark Index; <sup>2</sup>Asset-weighted standard deviation (gross of fees); <sup>3</sup>The 2010 YTD performance returns and assets shown are preliminary; <sup>4</sup>N.A.—Internal dispersion is less than a 12-month period; <sup>5</sup>N.M.—Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

Emerging Markets Composite contains fully discretionary US dollar-based emerging markets accounts investing in non-US equity and equity equivalent securities and cash reserves of companies domiciled predominantly in emerging markets countries, and for comparison purposes is measured against the MSCI Emerging Markets Index (gross of foreign withholding taxes). 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 Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Index consists of 21 emerging market countries. You cannot invest directly in this Index.

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 performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. 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 Emerging Markets accounts is 1.25% annually of the market value up to \$20 million; 0.90% of amounts from \$20 million to \$100 million; above \$100 million on request. Actual investment advisory fees incurred by clients may vary.

The Emerging Markets Composite was created on November 30, 1998.

## HARDING LOEVNER LP

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