



The Global Equity Composite increased 6.8% for the month, trailing its benchmark, the MSCI All Country World Index (“the Index”), which increased 8.2%. Year-to-date, the Composite has declined 0.3%, while the Index has fallen 1.7 %.

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.

As noted above, the portfolio underperformed during the month. 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 Information Technology sectors that were only partially offset by good stock selection 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 **Autonomy**, a UK-based enterprise software company, whose shares declined after reporting second quarter results that modestly trailed expectations. Autonomy is a leader in the emerging industry of helping institutions manage the burgeoning growth in unstructured data by providing “intelligent” software protocols. We continue to find the company’s fundamentals attractive: organic product revenues grew 19% year on year during the second quarter, pricing remained firm, product innovation and new customer wins were robust, and there are no signs of change in Autonomy’s benign competitive landscape.

**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 will 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 included Yoko Sakai’s annual summer pilgrimage to her native Japan where she is visiting companies in a variety of industries.

#### Returns (%) for the Periods Ending July 31, 2010<sup>1</sup>

	1 Month	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 Global Equity (gross of fees)	6.82	-0.28	13.02	-2.08	6.56	3.46	9.30
HL Global Equity (net of fees)	6.76	-0.51	12.66	-2.49	6.07	2.91	8.57
MSCI All Country World Index <sup>4</sup>	8.17	-1.68	11.61	-7.16	2.54	1.29	6.04
MSCI World Index	8.13	-2.20	10.40	-7.91	1.49	0.54	5.79

<sup>1</sup>The July 2010 Composite performance shown is preliminary; <sup>2</sup>Annualized returns; <sup>3</sup>Inception Date: November 30, 1989; <sup>4</sup>The Benchmark Index.

The Global Equity Composite contains fully discretionary US dollar-based global equity 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 Composite has received a performance examination beginning November 30, 1989. 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 Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://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 25 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	1.6	0.58
Monsanto	Materials	2.1	0.49
Emerson Electric	Industrials	3.2	0.42
Standard Chartered	Financials	2.4	0.40
Oracle Systems	Info Technology	2.6	0.26

Largest Detractors	Sector	Portfolio Weight	Contribution
Autonomy	Info Technology	3.3	-0.21
Medco Health Solutions	Health Care	0.9	-0.13
Teva Pharmaceuticals	Health Care	1.2	-0.07
Qiagen	Health Care	0.8	-0.05
Sonova Holding	Health Care	1.7	-0.04

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	MSCI ACW Index	Over/Under the Benchmark
Info Technology	23.2	12.0	11.2
Cons Staples	14.9	9.8	5.1
Health Care	12.9	8.3	4.6
Cons Discretionary	11.0	9.5	1.5
Cash	1.0	—	1.0
Industrials	11.3	10.5	0.8
Materials	8.1	8.3	-0.2
Utilities	0.0	4.3	-4.3
Energy	6.1	10.6	-4.5
Telecom Services	0.0	4.9	-4.9
Financials	11.5	21.8	-10.3

## Geographical Exposure (%) at July 31, 2010

Region	HL Global	MSCI ACW Index	Over/Under the Benchmark
United States	50.7	42.5	8.2
Europe ex-EMU	16.7	13.5	3.2
Other <sup>1</sup>	1.6	—	1.6
Japan	10.2	8.8	1.4
Middle East	1.0	0.3	0.7
Cash	0.9	—	0.9
Pacific ex-Japan	3.8	5.0	-1.2
Canada	1.0	4.4	-3.4
Europe EMU	8.0	12.2	-4.2
Emerging Markets	6.1	13.3	-7.2

<sup>1</sup>Includes 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 Composite GIPS Presentation, which is available upon request.

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