Global Equity

2009 Year End Report

HARDING · LOEVNER®

Composite Performance (%) For Periods Ending December 31, 2009[1]

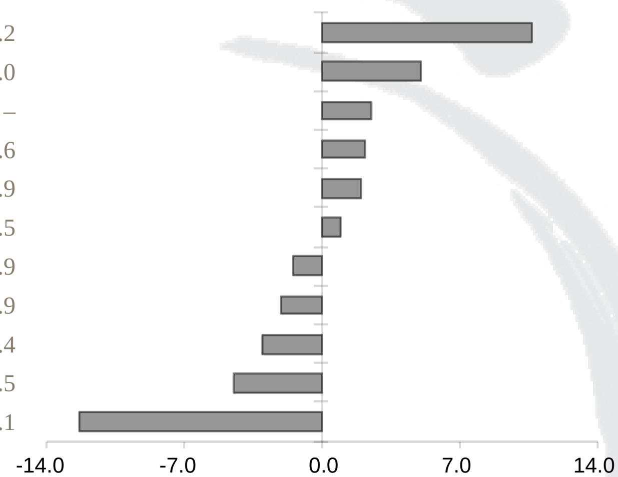
	3 Months	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Global Equity (gross of fees)	4.72	42.87	1.39	7.81	3.87	9.60
HL Global Equity (net of fees)	4.64	42.44	0.93	7.32	3.28	8.85
MSCI All Country World Index[4]	4.72	35.41	-4.05	3.64	0.89	6.31
MSCI World Index	4.18	30.79	-5.09	2.57	0.23	6.08

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1989; [4]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 (%)

Sector	HL Glbl	MSCI ACW
Info Technology	22.8	12.2
Health Care	14.0	9.0
Cash	2.5	–
Cons Staples	11.8	9.6
Cons Discretionary	10.9	8.9
Materials	9.5	8.5
Industrials	8.5	9.9
Telecom Services	2.8	4.9
Energy	8.4	11.4
Utilities	0.0	4.5
Financials	8.8	21.1

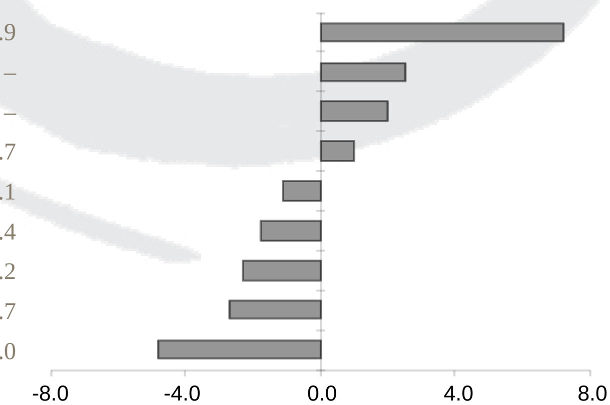
Over/Under The Benchmark



Geographical Exposure (%)

Region	HL Glbl	MSCI ACW
United States	49.1	41.9
Cash	2.5	–
Other[1]	2.0	–
Europe ex-EMU	14.7	13.7
Pacific ex-Japan	4.0	5.1
Japan	6.6	8.4
Canada	1.9	4.2
Europe EMU	11.0	13.7
Emerging Markets	8.2	13.0

Over/Under The Benchmark



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

Market Review & Outlook

- Despite a weak start, 2009 was one of the best years on record for equity markets.
- Growth led value and riskier markets outperformed less risky ones.
- The environment remains treacherous for investors, with inflation and deflation both threats.
- Growth likely to be dampened by private sector caution and limits to public sector expansion.

Portfolio Highlights

- Focus on growth a key factor in this year's outperformance.
- Weighting in US the largest in nearly a decade.
- Emphasis on innovative companies that can achieve productivity gains from existing resources.

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Sector and region allocations are supplemental information only and complement the fully compliant Global Equity 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.

1989 - 2009 YEARS

Performance Summary

The Global Equity strategy Composite rose 4.7% in the fourth quarter, in line with the 4.7% gain for its benchmark, the MSCI All Country World Index (the "Index"). The Composite outperformed for the year, rising 42.9% versus the 35.4% gain for the benchmark. The Composite also outperformed the MSCI All Country World Growth Index, which returned 38.1% for the year.

Market Review

The year just ended encompassed one of the biggest rallies in global stock markets in the last hundred years, and yet most stock prices remain below where they were two years ago. That is the tyranny of the arithmetic relating to large percentage declines—you have to run much further than you think to catch up to where you thought you already were. When we wrote to you in fourth quarter 2008, we expressed a grim optimism that the echoes of the 1930s that we read in daily headlines would not prove to be prophetic. At this point, the single parallel from the era that we have experienced has been the massive rise in stock prices that accompanied the first year of the new US presidential administration. (The #1 biggest rally in the Dow Jones Industrial Average began in March 1933, and totaled 116%.) The US rise has been mirrored around the world, with a number of less developed markets more than doubling from the lows—as the US did back when its economy was more volatile and its stock market was less developed.

Sector Performance (%) of the MSCI ACW Index

Sector	4Q 2009	Trailing 12 months
	USD	USD
Consumer Discretionary	6.3	44.3
Consumer Staples	7.1	25.1
Energy	6.3	34.1
Financials	-2.2	37.4
Health Care	7.7	20.2
Industrials	3.6	29.8
Information Technology	8.3	58.7
Materials	11.8	70.8
Telecom Services	3.5	17.6
Utilities	2.9	10.9

Market Performance (%)

Market	4Q 2009	Trailing 12 months
	USD	USD
Canada	5.2	57.4
Germany	2.2	26.6
Japan	-2.8	6.4
United Kingdom	7.0	43.4
United States	6.0	27.1
Europe EMU	0.8	32.8
Europe ex-EMU	5.9	41.1
Pacific ex-Japan	5.2	73.0
Emerging Markets	8.6	79.0
MSCI ACW Index	4.7	35.4

Source: Wilshire Atlas; MSCI Barra (as of December 31, 2009)

Yet although 2009 ended up as one of the better years on record for most stock markets, sifting through the returns reveals a more complicated, less uniform, pattern than the overall numbers might imply. Equity markets rose again in the fourth quarter, but the gains were not as pronounced as in the third quarter, which had itself posted a less impressive rise than the record-setting second quarter. Financials, leading the rally from March through September, actually declined in the fourth quarter, the only sector in the red. Instead of Financials, it was Materials that returned the most in the quarter, reflecting the noticeable improvement in cyclical economic statistics, especially in Asia and Latin America. That said, non-cyclical Consumer Staples and Health Care shared honors with Information Technology as runners up in the fourth quarter, another difference from earlier months in the rally.

For the full year, Materials, Information Technology, and Consumer Discretionary led performance, while Utilities and Telecom Services were at the bottom. Instead of driving the rally, as most casual observers believe, Financials managed only fourth best of the ten sectors. Drilling down further into Industry Groups, the best performers for the year were semiconductors & semiconductor equipment, materials, tech hardware & equipment, retailing, and automobiles & components; clearly, this rally has been cyclically driven. That pattern, however, was much less a factor in the fourth quarter, when groups such as health care equipment & services and software & services shared top honors with materials.

Emerging markets turned in the best regional performance in both the quarter and the year, rising 9% and 79% in US dollars, respectively. It will come as a surprise to some that those returns were not led by China, which garnered much of the media and strategy attention but delivered only Index-like returns (MSCI Emerging Markets Index). Instead the good quarter for emerging markets was driven by double-digit returns from Russia, Mexico, Israel, and Brazil, whilst the full year returns were aided by a handful of markets, including Russia, Brazil, India, and Indonesia, that more than doubled in the year.

Among developed markets, those heavily populated with resource companies (Australia, Canada, Norway) led the Index in both the quarter and the year, as did markets in Asia ex-Japan. Markets within the eurozone failed in the quarter to build on strong gains earlier, due to weakness at the periphery (Austria, Finland, Italy, Ireland, Greece) that was triggered by debt jitters in Greece that fostered speculation about an EMU break-up—heretofore unthinkable. Japan also declined in the quarter, and managed just a single-digit gain for the year. The UK turned in strong performance for both the quarter and the year, while the US performed better than all developed markets save Norway, UK, and Singapore in the quarter, a reversal of its subpar full-year performance.

Investor attention has been focused on the US dollar exchange rates, but the year ended differently than most expected—or indeed, believed. Instead of a continued dollar slide, a number of the major currencies began to retrace earlier moves, with the euro losing 2% against the US dollar, the British pound gaining 1%, and the Japanese yen losing almost 4% in the quarter. The real action, however, was elsewhere in the currency markets. Unlike the euro or the yen, the Australian dollar and Canadian dollar extended their gains, and consolidated their 25% and 16% full-year rise against the US dollar, respectively. Other minor currencies also had large full year gains against the dollar, such as the Indonesian rupiah (18%), Korean won (8%), and Brazilian real (33%).

The recovery in stock prices makes us neither happy nor comfortable. The period ahead remains treacherous for investors.

Style factors appeared to abate or reverse the influence they exerted since the market trough in the first quarter, with growth indices leading value indices in all regions and most countries. Riskier markets ended their uniform outperformance of less risky ones: While emerging markets again outperformed (most) developed market indices, small-cap stocks did not this quarter, although the margin of victory for both higher-risk asset classes over large-cap developed markets in the full year remained substantial. Quality factors also waned in the quarter, with the high-leverage, low-ROA stocks ending their dramatic outperformance of those with low-leverage, consistent with the negative performance of Financials in the quarter. Growth factors (at the company level, as opposed to the "Growth sub-index" level) differed from quality factors by remaining strongly associated with good performance, with trailing revenue growth being a particularly strong indicator.

Performance Attribution

Given the potential for a quality- and growth-oriented portfolio to lag in a market of rebounding leveraged financials, commodity, and other cyclical stocks, we are pleased with the portfolio's performance. For the year as a whole, the positive relative return was mostly driven by good stock selection across the majority of industry groups, including consumer durables & apparel (**Swatch Group**, **Coach**), retailing (**Li & Fung**), food & staples retailing (**Olam International**), health care equipment & services (**Sonova Holdings**), transportation (**China Merchants**), software (**eBay**, **Google**), and telecom services (**América Móvil**, **Telekom Indonesia**). Recall that we bought or added to a number of these holdings in the Consumer sectors in response to price declines and valuation signals roughly a year ago; their contributing to performance so significantly is gratifying. The main detractors for the year were stock selection in diversified financials (**Nomura Holdings**—which we sold in the second quarter), tech hardware & equipment (**Keyence**), and materials (**Sigma-Aldrich**).

Viewed geographically, good relative performance in the year was driven exclusively by stock selection within most regions, with almost no value added from regional allocation. US holdings outperformed the US Index by more than ten percentage points, and they accounted for the majority of the value added through stock selection for the whole portfolio. **Standard Chartered** and **Rio Tinto** spurred UK holdings to return more than double the UK index. Holdings in Japan, Switzerland, and Pacific ex-Japan also performed better than the local indices, but our emerging markets holdings, while better than most other regions, trailed the sizzling returns of the MSCI Emerging Markets Index in the year.

The portfolio return for the fourth quarter was in line with that of the benchmark. Sector allocation was good, as the portfolio benefited from both the weak performance of Financials (we retain a light allocation to that sector) and the strong performance of Information Technology (we hold almost twice the benchmark weight). However, that benefit was offset by poor stocks within Information Technology (eBay, **Yahoo**) and Materials (Sigma-Aldrich). Geographic effects were tiny, with modestly good stock selection across Europe and within Emerging Markets offset by the portfolio's US stocks modestly lagging the MSCI US Index.

Outlook

The recovery in stock prices makes us neither happy nor comfortable. The period ahead remains treacherous for investors. Policy makers around the globe are indeed obliged to navigate the economic straits between the Scylla of stimulus-induced inflation and the Charybdis of de-leveraging-induced deflation, as we wrote recently in our letter to mutual fund shareholders.[1] There is, however, little basis in experience or economic theory for confidence that there even exists a possible safe passage between the two, given the starting point of accumulated debt and global imbalances between consumption and savings.

From a short-term point of view, it is not at all clear that economic activity in the private sector will expand in the coming year to replace the amount of demand that was delivered in 2009 by increases in direct government expenditure (i.e. record deficit spending). Consumers in the West have little appetite for a return to debt-financed expenditure, and incomes are being held back by job losses and wage competition. Investment by companies, meanwhile, has been reigned in to save costs, and shows little sign of reviving, especially in the large sector of small businesses. It does seem clear, however, that voter nervousness over the large debts already accumulated will limit most governments from increasing expenditure or monetary

Bold indicates companies held in the portfolio during the year. 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 December 31, 2009 is available on page six of this report.

[1]To obtain the Shareholder Letter, which is included in the Harding, Loevner Funds, Inc. 2009 Investor Class Annual Commentary, please contact us or visit the publications section of the Funds' website at www.hardingloevnerfunds.com/publications/overview.html.

stimulus by similar amounts yet again, and indeed, may influence them to begin reducing the unprecedented expenditures. So sources of GDP growth this coming year *all* seem muted.

From a longer-term perspective, we worry that achieving the realignment of consumption with production and savings in the world may require significant further de-leveraging. Indeed, one school of economics (the "Austrian") explicitly sees the realignment of consumption with production through the destruction of obsolete or uncompetitive capacity (and the associated debt) by liquidation as unavoidable; postponable perhaps, but inevitable certainly.

Something intangible has allowed US productivity to improve year after year for far longer than classical economic theory would predict.

Our list from late 2008 of apparent parallels with the 1930s mentioned China and the consequences of its role as both financier of, and supplier to, the excess consumption in the developed world. Although the consumption contraction has been forestalled in the debtor economies (US, UK, Spain, etc.), the inventory correction alone was nasty for China. It responded with one of the largest binges of directed lending in economic history, with net bank lending *doubling* in a single year, with money supply growing by one third. This lending spurred an extension of infrastructure, factory, building, and housing investment, extending the "fixed-asset" boom that had driven China's growth for the past decade. We doubt that much of this investment will see a productive, i.e. useful, future. If there was excess productive capacity in the world economy before, there is more now. With consumption in the West still to adjust over time to its income level, the "output gap" between demand and global supply has become, if anything, wider than it was a year ago. We can grasp that internal borrowing to build unneeded capacity can generate temporary employment but not that it can sustain permanently higher income from which Chinese citizens can afford to increase their consumption—the great hope for solving the global imbalances without debt destruction. Rather, it might create domestic inflation and internal distortions of their economy that may be costly and painful—but inevitably necessary—to correct.

Which brings us to the attractions of the US. The market consensus has returned to a negative view of its prospects in both the short and long run. We are less jaundiced than we have been in the past, and than others currently seem. Being reluctant macroeconomists, we doubt our own ability to predict the twists and turns in the eventual outcome of the inflation/deflation debate. But with the current popular obsession on this topic, we are growing more interested in another line of economic thinking, namely the attempts to lay bare the underlying causes of differentials of long-term growth and resilience between different cultures and national economies, through analysis of the drivers of innovation, creativity, and long-term productivity gains.

We are living in the "Protocol Society," as David Brooks summarizes the work of various interdisciplinary economists, including Arnold Kling, Nick Schulz, Edmund Phelps, and David Romer.[2] Something intangible has allowed US productivity to improve year after year for far longer than classical economic theory would predict. Romer calls the trial-and-error learning and implementation process that is behind this wonder (as it truly has been when the compounding effect over many years is considered) "recipe-making." We believe it to be no coincidence that a great many companies acting as recipe makers and protocol standard setters have developed within the diversity-embracing, risk-taking, trial-and-error-improving business culture of the US, and are US-based companies. These anthropological factors imply to us that it is far too early to count out the US as a fertile breeding ground for innovation and its related wealth creation. Indeed, these factors have implications for investment choices, and we have long been sensitive to the ability of good corporate environments, fostered by the best managements, to deliver better results than average across a variety of macro-economic conditions.

As we look at the world through the lens of the companies we research, we can view their evolutionary changes, and assess how and where they are pursuing value creation and growth. Let us illustrate with **Proctor & Gamble** (P&G), the Cincinnati, Ohio-based producer of personal and household care products, such as Tide detergent, Gillette razor blades, and Olay skin unguents. We were struck by the audacity and cogency of the company's aims for the next five years, as expressed by the new CEO Bob McDonald at the annual shareholders meeting last October. "We don't believe that [P&G is subject to] the law of large numbers; and that because of that law, [P&G] can't possibly grow the same percentage year in, year out." McDonald then outlined a revolution going on inside the company that should enable the company with $100 billion in revenues to operate with the speed and agility of a company one tenth its size. How? By improving the recipes by which they benefit from their scale, by which they avoid bureaucratic waste through business simplification, and by which they disseminate best practices learnt in one part of their business to other geographies, other business units, and other product lines. The revolution involves a step change in the ability of the company's employees to collaborate globally.

Portfolio Structure

The portfolio is filled with companies that are enabling just the sort of step change in collaboration that is key to long-term productivity gains and innovation. We believe these companies, which promise higher productivity from existing resources, stand to be the most reliably growing companies in a period of heightened economic uncertainty and demand-constrained growth due to de-leveraging and volatile policy responses. In a meeting with management of **Dassault Systemes** in 2007, we learned that P&G had become a significant customer for the software maker's three-dimensional, computer-aided design products, long used as a tool for increased design productivity at the likes of Boeing and BMW. More interestingly, P&G has embarked on a much deeper strategic partnership

[2]David Brooks, "The Protocol Society," The New York Times, December 22, 2009.

with Dassault's Enovia "product lifecycle management" software that uses 3D visualization to foster collaboration throughout the design-to-shelf manufacturing process, across time zones and business units. The Dassault CEO believes that the P&G customer relationship will ultimately be as large, if not larger, than Dassault's relationship with Boeing (one of its largest). We think it is no coincidence that James McNerney, the CEO of Boeing, sits on the P&G board; in fact, serendipitous interactions between innovators are a key component in the emerging theory of transmission of new protocols across the economy. The easy gains are in procurement, but they serve to illustrate the benefits of scale to tiny improvements. P&G has 1.2 million specifications for its 12,000 products. Using Enovia, the company's engineers established that it used 1000 different colorants just to color different molded plastic parts throughout the organization. By creating a standard palette of 100 colors that can go into any design, this Enovia-enabled analysis led to significant savings worldwide.

Technology improvements since that 2007 meeting are only accelerating the ability to share information and set standards across P&G's many business units and geographies. **Cisco Systems** management recently highlighted the uses that P&G has made of Cisco's FlipShare pocket video camera communications architecture. Market research with consumers is captured live and the data then tagged, stored, and tracked systematically for more consistent study and understanding of their behavior. We expect this drive by P&G for more accurate and more detailed—more "real"—data for analysis will be emulated by its many admirers, and likely become a key strategy for customer-focused companies everywhere.

We believe that our focus on growth has been elemental in our good performance in this year of very strong markets.

As these methods gain adherents, the burgeoning amounts of data being stored might create productivity sinkholes for those attempting to sort through and make any sense of it. A UK software company, **Autonomy**, newly added to the portfolio this quarter, offers succor, and the company already claims P&G is using its products (on its own, as well as embedded in either/both the Dassault or Cisco products; both are original equipment manufacturer resellers of Autonomy). The company offers omnivorous search software that allows for searches across an enterprise, not just through email inboxes and other electronic documents for written information, but through saved voice (telecom) data and stored video content; in short, through anything that is, or referred to, in digitized form. Autonomy's voice and video search protocols are patented, and are utilized by customers they cannot name as well as by some they can, such as the US Securities and Exchange Commission, which uses the software to sort through masses of trading data to spot anomalies that might be indications of insider trading. The US Department of Defense has discussed publicly its need to improve its manpower-intensive methods of searching masses of video intelligence data in Iraq and Afghanistan.

Another enabler of collaboration and protocol innovation is **Adobe Systems**, which has won broad acceptance of its format standards (its "recipes") for creating documents, video clips, and other content vehicles that can be sent or viewed across a broad variety of computing or communication platforms, beginning with desktop computers, but now going beyond, to "smartphones" and other handheld devices. P&G has adopted Adobe's "LiveCycle" electronic document generator for its R&D experiments because it enables secure and trusted communications between researchers and regulators such as the US Food and Drug Administration, due to its use of electronic signatures. Doing so has allowed two substantial benefits: a 10% savings in time spent on manual documentation, up to four hours per week per researcher, plus a significant (17%) productivity gain from easily and reliably re-using knowledge across experiments. Roughly 5,000 scientists around the world are using the system, so the 17% productivity gain adds up to millions of dollars. As innovators in other industries adopt these solutions, Adobe's software is enabling them to create richer and smarter content, such as internet ads that measure their own effectiveness, surely a category killer! One commentator believes that Adobe's Omniture acquisition, which adds the ad measurement capability, should push the trial-and-error approach to "best practice" down the production chain to the ad creators themselves, dramatically increasing the speed and effectiveness of the iterative ad creation process. P&G has one of the largest advertising budgets in the world, and has been very vocal about shifting its advertising spend away from traditional media towards online "new" media. We think there is little doubt they will be early adopters of Adobe's latest standard.

We have used Proctor & Gamble as a lens through which to view a number of Information Technology holdings, but the theme of innovation-enabled productivity is popping up in other sectors as well, such as the Health Care sector, with **Qiagen**, the molecular biology testing enabler, and with **M3** (formerly So-Net M3), the Japanese internet-based pharmaceutical detailing service. Li & Fung, a long-time holding, has re-written the recipe for getting attractively-designed but cheaply-made consumer products onto the shelves of developed world stores from the factories of low-cost labor countries. With our global mandate, we can invest in such enablers and protocol standard-setters wherever we find them, but as mentioned, they are most plentiful within the US. Our weighting in US-domiciled companies is larger than at any time in nearly a decade.

Because of the critical role that company *quality* has played in our performance over the recent tumultuous quarters of the financial crisis and Great Recession, that particular facet of our investment philosophy has taken greater prominence in our recent communications and greater mindshare among our audience. Our concluding message today is that company *growth*—the emphasis on companies operating in growing industries or niches—is an equally important facet of our investment philosophy. We believe that our focus on growth has been elemental in our good performance in a year of very strong markets, and should continue to be important in the months and years ahead, even if (despite our worries to the contrary) quality-related issues were to recede from the headlines.

Global Equity Holdings (as of December 31, 2009)

Sector/Company/Description	Country	End Wt. (%)
Consumer Discretionary		
Coach - Luxury accessories & apparel	US	2.4
Li & Fung - Trading & logistics	Hong Kong	2.6
LVMH Moët Hennessy - Luxury goods	France	1.2
Staples - Office supply retailer	US	2.5
Swatch Group - Watch manufacturer	Switzerland	1.3
WPP - Advertising & marketing services	UK	1.1
Consumer Staples		
Bunge - Agricultural commodity processor	Bermuda	2.0
Colgate Palmolive - Household products	US	1.7
L'Oréal - Personal care products	France	2.4
Nestlé - Food & beverage	Switzerland	1.2
Procter & Gamble - Consumer goods company	US	1.8
Walgreen - Retail drugstore	US	2.9
Energy		
Cenovus Energy - Integrated oil company	Canada	0.9
EnCana - Natural gas producer	Canada	1.1
Exxon Mobil - Integrated oil company	US	1.4
Gazprom - Natural gas producer	Russia	2.3
Sasol - Alternative fuels	South Africa	1.0
Schlumberger - Petroleum industry services	US	2.0
Financials		
Charles Schwab - Financial services provider	US	1.3
Erste Group Bank - Money center retail banking	Austria	0.8
Greenhill - M&A boutique advisory firm	US	1.4
JPMorgan Chase - Commercial & invest. bank	US	1.4
Standard Chartered - Commercial bank	UK	2.2
Wells Fargo - Commercial bank	US	2.0
Health Care		
Abbott Labs - Health care & pharma products	US	1.7
Cochlear - Hearing implants	Australia	1.5
Fresenius - Provider of renal equipment & care	Germany	1.3
Genzyme - Biotech	US	1.5
M3 - Medical information services	Japan	0.7
Medco Health Solutions - Pharmacy benefits	US	1.1
Novartis - Life sciences	Switzerland	1.2
Novo Nordisk - Biotechnology	Denmark	1.0
Qiagen - Biotech & instrumentation	Germany	1.0
Sonova Holding - Hearing-aid manufacturer	Switzerland	1.6
Synthes - Orthopedic products	Switzerland	0.8
Teva Pharmaceuticals - Pharma manufacturing	Israel	1.2

Global Equity Holdings (as of December 31, 2009)

Sector/Company/Description	Country	End Wt. (%)
Industrials		
3M Company - Industrial technology	US	2.4
China Merchants - Container terminal operator	China	1.0
Emerson Electric - Electronics controls	US	2.9
Fanuc - Indust. robots & machine tools	Japan	0.9
Hamberger Hafen - Logistics & transportaion	Germany	0.7
RPS Group - Consulting	UK	0.8
Information Technology		
Adobe Systems - Business/mobile software	US	2.4
Autonomy - Software development company	UK	1.4
Canon - Image & information equipment	Japan	1.3
Cisco Systems - Internet networking	US	2.8
Dassault Systemes - CAD/CAM software	France	1.4
eBay - Internet shopping/trading marketplace	US	1.4
Ericsson - Telecom eqpt & services supplier	Sweden	0.9
Google - Internet search & multimedia	US	3.0
Keyence - Detection devices	Japan	2.1
Nintendo - Videogame developer	Japan	0.5
Oracle - Enterprise software developer	US	2.0
Qualcomm - CDMA wireless communications	US	1.2
SAP - Enterprise software	Germany	0.9
Yahoo - Internet search & multimedia	US	1.9
Materials		
Air Liquide - Industrial gas producer & distributor	France	1.6
JSR - Specialty chemicals	Japan	1.2
Monsanto - Life sciences & seed genomics	US	2.2
Praxair - Industrial gas producer & distributor	US	1.2
Rio Tinto - Diversified mining	UK	1.7
Sigma-Aldrich - Chemical developer & mfg	US	1.8
Telecom Services		
América Móvil - Cellular phone operator	Mexico	1.5
Telekom Indonesia - Fixed-line & mobile	Indonesia	1.4
Utilities		
No holdings		

Portfolio holdings are supplemental information only and complement the fully compliant Global Equity 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
Google	INFT	2.7	0.62
Rio Tinto	MATS	1.5	0.37
Oracle	INFT	1.8	0.30
Sonova Holding	HLTH	1.5	0.28
L'Oréal	STPL	2.3	0.28

Largest Detractors (%)

	Sector	Weight	Contribution
Genzyme	HLTH	1.5	-0.23
Erste Group Bank	FINA	0.9	-0.15
Greenhill	FINA	1.4	-0.14
Yahoo	INFT	1.9	-0.13
Sigma-Aldrich	MATS	1.9	-0.12

Last 12 Months

Largest Contributors (%)

	Sector	Weight	Contribution
Olam International	STPL	2.8	2.89
Li & Fung	DSCR	2.3	2.24
Google	INFT	2.5	2.12
eBay	INFT	2.4	2.06
Standard Chartered	FINA	1.9	1.66

Largest Detractors (%)

	Sector	Weight	Contribution
Swiss Re	FINA	0.1	-0.68
Genzyme	HLTH	1.4	-0.46
Nomura Holdings	FINA	0.3	-0.30
Exxon Mobil	ENER	1.7	-0.28
Greenhill	FINA	0.4	-0.20

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[1]

	HL Global	MSCI ACW
Wtd Median Mkt Cap ($Mil)	$32,042	$32,224
Return on Assets	11.2	5.4
Return on Equity	17.8	15.6
Std Dev of 5 Year ROE	3.6	4.4
Debt/Equity	20.0	43.3
Profit Margin	14.8	9.0
Sales Growth[2]	16.0	12.5
Earnings Growth[2]	14.0	10.6
CF Growth[2]	15.0	10.7
Dividend Growth[2]	7.3	6.5

Portfolio Statistics

	HL Global	MSCI ACW
Avg Wtd Mkt Cap ($Mil)	$56,247	$59,841
Price/Earnings[3]	21.5	23.6
Price/Cash Flow[3]	12.6	9.1
Price/Book[3]	2.8	1.8
Dividend Yield[3]	1.4	2.4
Alpha[4]	5.35	–
Beta[4]	0.94	1.00
R-Squared[4]	0.97	1.00
Sharpe Ratio[4]	0.02	-0.06
Standard Deviation[4]	21.35	22.36

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

Purchases

Company	Country	Sector
Autonomy	United Kingdom	INFT
Hamberger Hafen	Germany	INDU
Monsanto	United States	MATS

Sales

Company	Country	Sector
Olam International	Singapore	STPL
Sime Darby	Malaysia	INDU

Portfolio attribution and statistics are supplemental information only and complement the fully compliant Global Equity 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 December 31, 2009 is available on the previous page.

Source: Wilshire Atlas (Run Date: January 8, 2010); Harding Loevner Global Equity Composite; MSCI Barra.

Harding Loevner Global Equity Composite Performance (as of December 31, 2009)

	HL Glbl Equity (Gross)	HLGlbl Equity (Net)	MSCI ACW[1]	MSCI World	Internal Dispersion[2]	Number of Accounts	Composite Assets ($M)	Firm Assets ($M)
2009[3]	42.87%	42.44%	35.41%	30.79%	N.M.[4]	4	1,464	6,400
2008	-37.98%	-38.27%	-41.84%	-40.33%	N.M.	3	118	3,266
2007	17.62%	16.92%	12.18%	9.57%	N.M.	3	124	6,356
2006	19.24%	18.59%	21.53%	20.65%	N.M.	2	102	4,720
2005	17.22%	16.79%	11.37%	10.02%	N.M.	2	85	2,562
2004	9.02%	8.36%	15.75%	15.25%	N.M.	2	82	1,524
2003	32.45%	31.97%	34.63%	33.76%	N.M.	3	127	1,357
2002	-19.37%	-19.83%	-18.98%	-19.54%	0.6%	6	118	1,082
2001	-14.87%	-15.54%	-15.91%	-16.52%	0.4%	7	152	1,154
2000	1.28%	0.13%	-13.94%	-12.92%	N.M.	5	108	1,392
1999	38.90%	38.16%	26.81%	25.34%	N.M.	4	96	1,423

[1]Benchmark Index; [2]Asset-weighted standard deviation (gross of fees); [3]The 2009 performance returns and assets shown are preliminary; [4]N.M.–Information is not statistically meaningful due to an insignificant number of portfolios in the Composite for the entire year.

Global Equity Composite contains fully discretionary US dollar-based global equity accounts and for comparison purposes is measured against the MSCI All Country World 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 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 23 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, L.L.P. Harding Loevner has received firm-wide GIPS verification beginning November 1, 1989. The most recent verification was for the Quarter ending June 30, 2009.

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 global equity accounts is 1.00% annually of the market value of assets up to $20 million; 0.50% of amounts from $20 million to $100 million; negotiable for amounts over $100 million. 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 Global Equity Composite was created on November 30, 1989.

HARDING LOEVNER LP

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