



Emerging Markets Equity

Third Quarter 2018 Review

COMPOSITE PERFORMANCE SUMMARY

As of September 30, 2018

Performance (% Total Return)

	3 MONTHS	YTD	1 YEAR	3 YEARS ¹	5 YEARS ¹	10 YEARS ¹	SINCE INCEPTION ^{1,2}
HL EMERGING MARKETS EQUITY (gross of fees)	-4.86	-8.43	-2.68	13.55	5.78	7.60	12.78
HL EMERGING MARKETS EQUITY (net of fees)	-5.07	-9.03	-3.54	12.56	4.87	6.64	11.87
MSCI EMERGING MARKETS INDEX ^{3,4}	-0.95	-7.39	-0.44	12.76	3.99	5.76	9.26

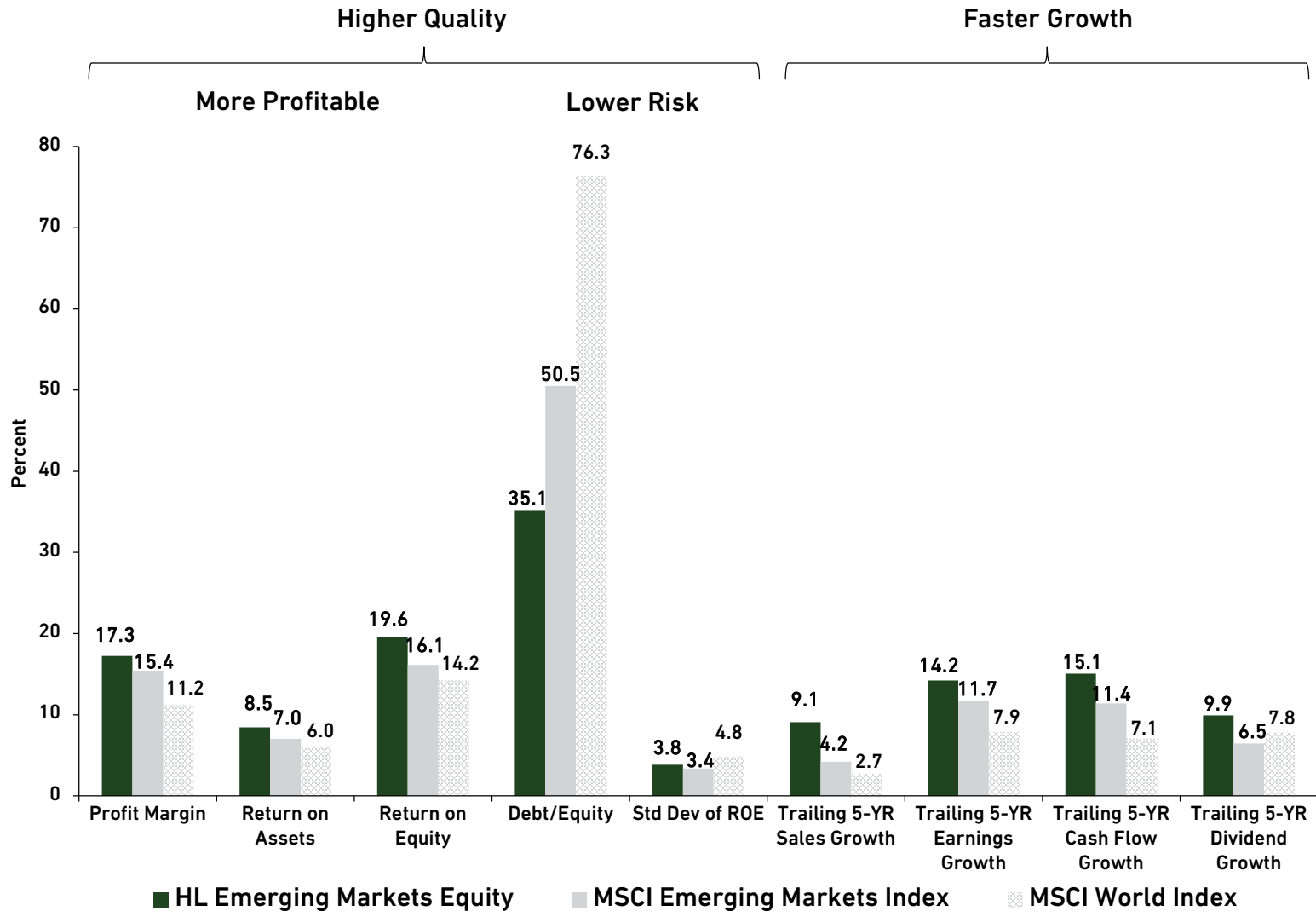
¹Annualized Returns; ²Inception date: November 30, 1998; ³The Benchmark Index; ⁴Gross of withholding taxes.

The performance returns shown are preliminary.

The Emerging Markets Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities of companies domiciled predominately in emerging markets and cash reserves, and is measured against the MSCI Emerging Markets Total Return Index (Gross) for comparison purposes. 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 been independently verified for the period November 1, 1989 through June 30, 2018. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The Emerging Markets Composite has been examined for the periods December 1, 1998 through June 30, 2018. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Emerging Markets Composite, please contact Harding Loevner at (908) 218-7900 or visit www.hardingloevner.com. The firm maintains a complete list and description of composites, which is available upon request. Please read the disclosures on the last page, which are an integral part of this presentation.

A PORTFOLIO OF HIGH-QUALITY, GROWING COMPANIES

As of September 30, 2018

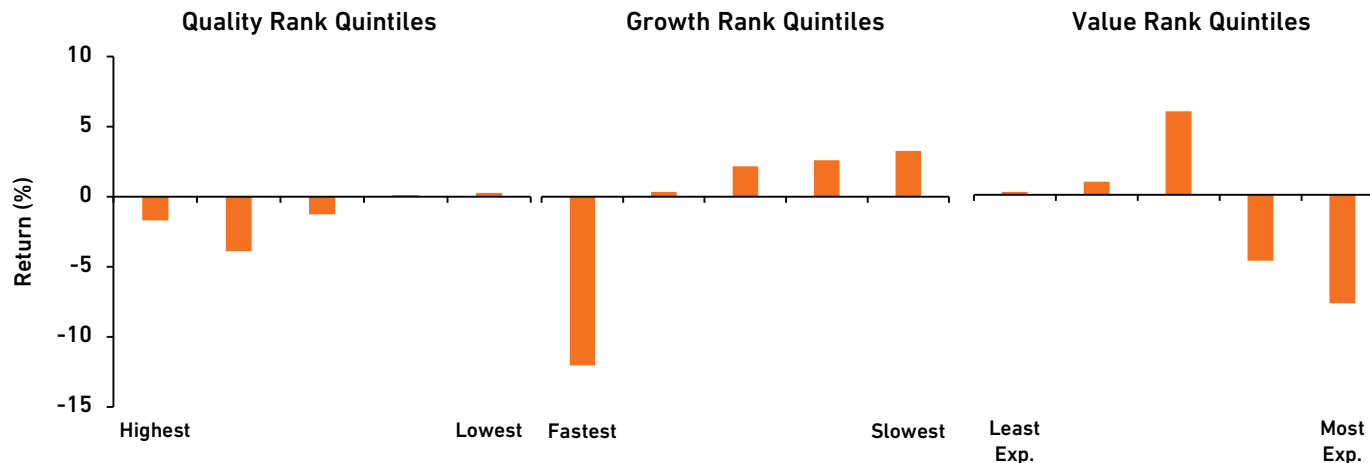


Source: FactSet. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

MSCI EM INDEX TOTAL RETURNS BY QUALITY, GROWTH, AND VALUE RANK

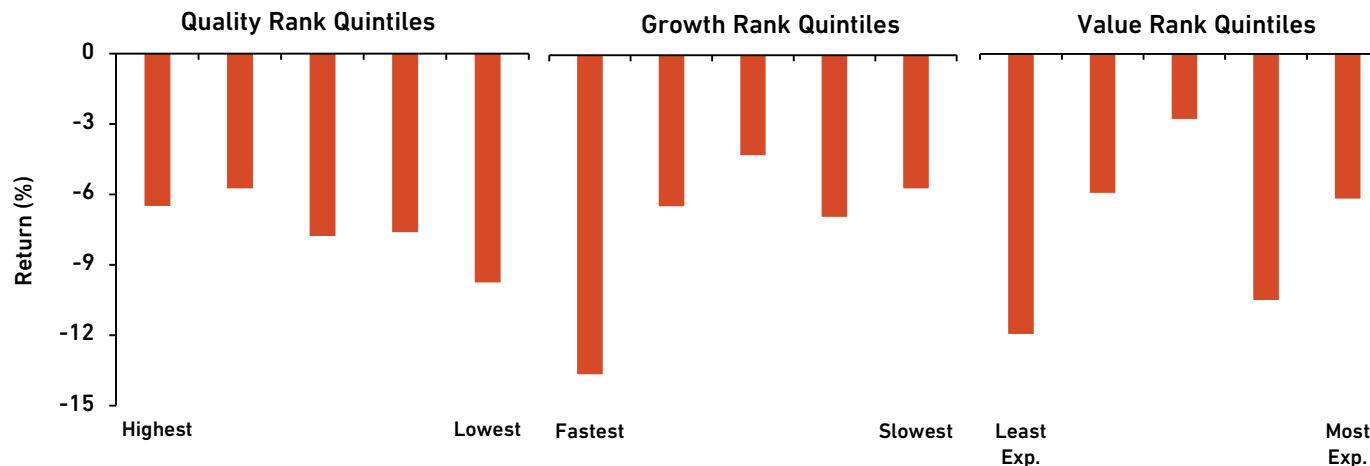
3Q2018

The fastest growing and most expensive stocks significantly underperformed



2018 YTD

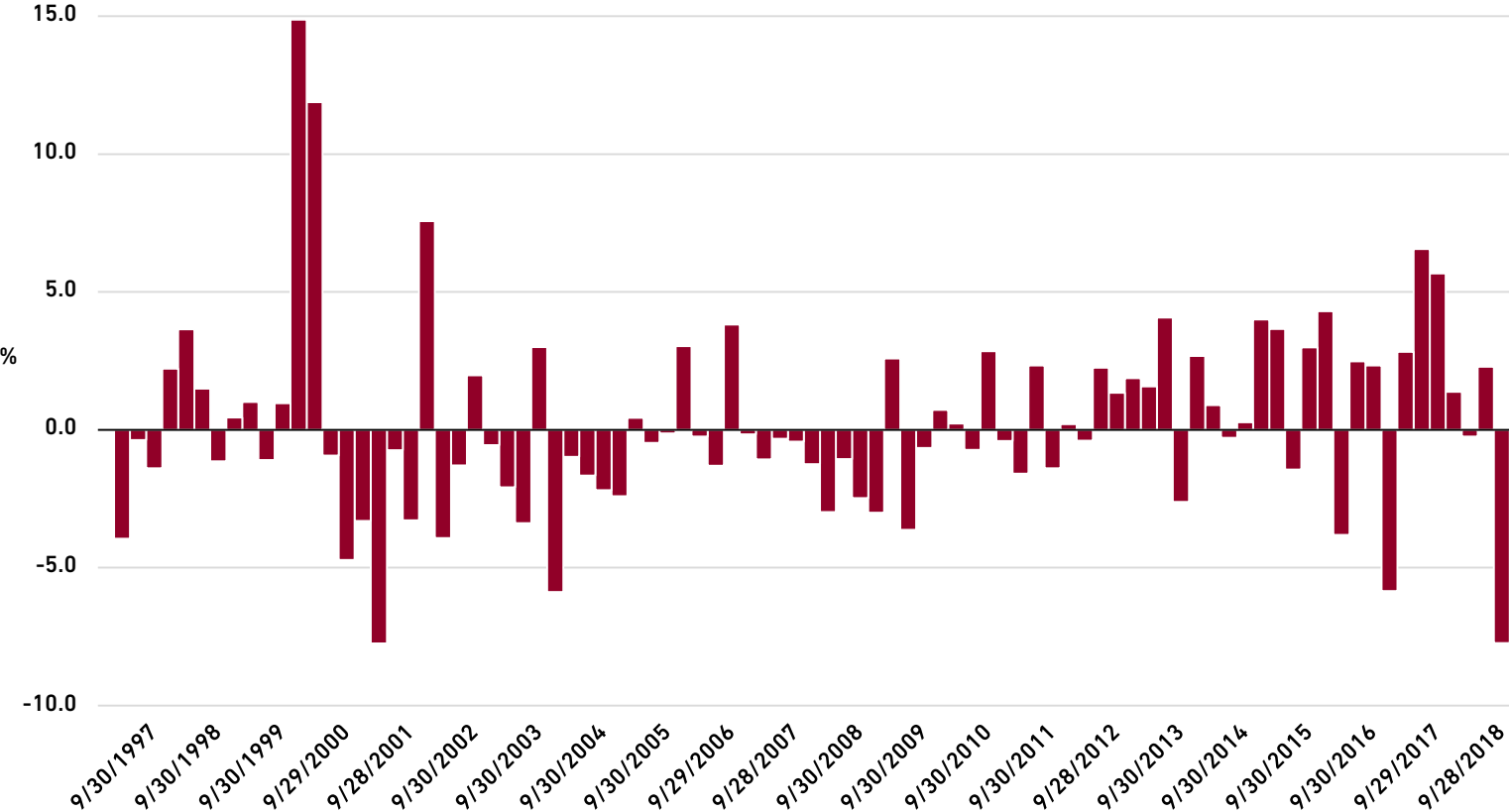
The fastest growing stocks are now trailing



Source: FactSet; Data as of September 30, 2018. Please read the disclosures on the last page, which are an integral part of this presentation.

GROWTH UNDERPERFORMED VALUE BY THE WIDEST MARGIN SINCE 1Q2001

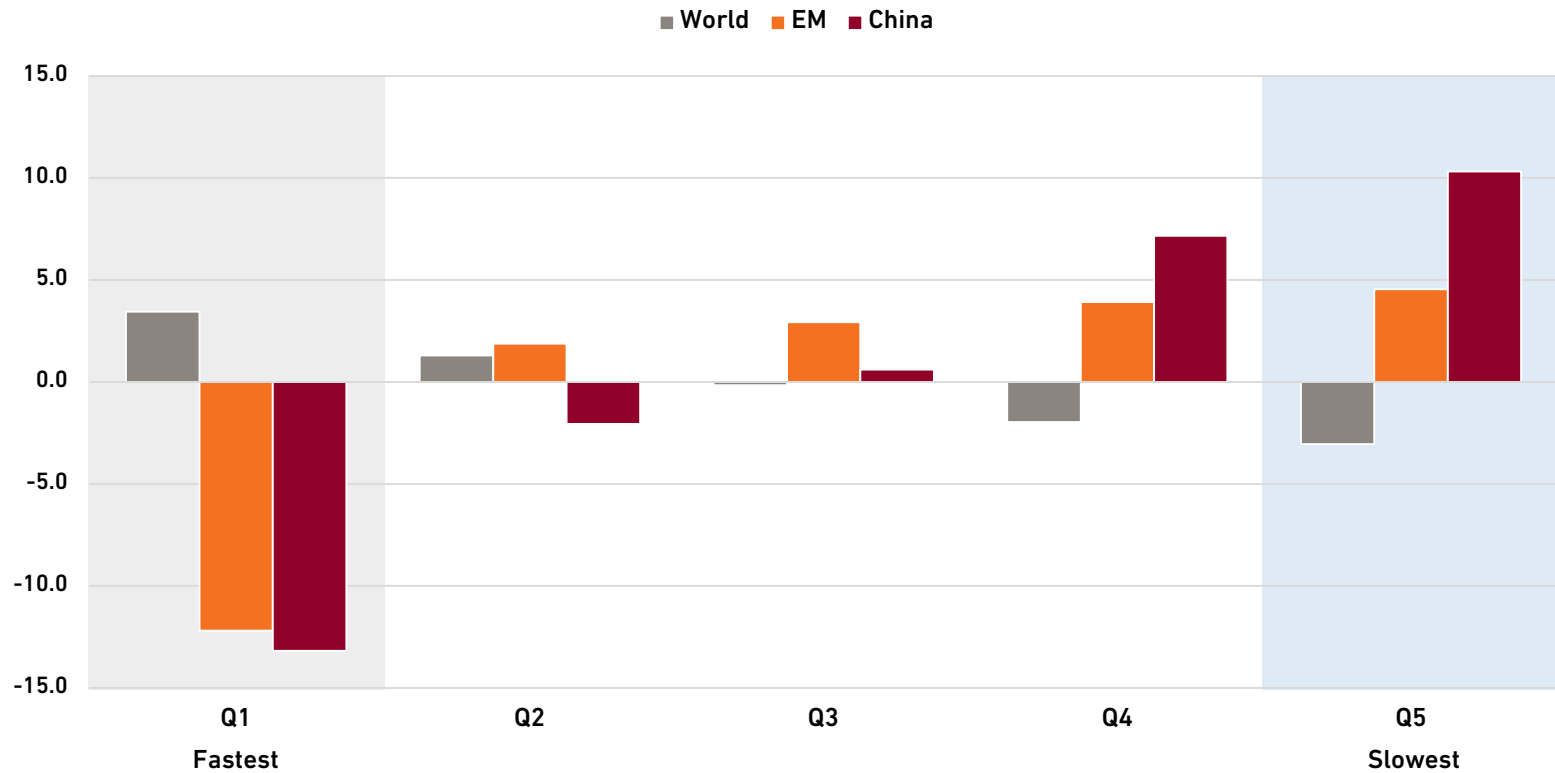
MSCI EM Growth vs Value Indices: Quarterly Performance Difference (US\$)



Source: MSCI; Data as of September 30, 2018.

FAST GROWING STOCKS IN CHINA WERE THE HARDEST HIT

3Q2018 Growth Quintiles - Performance of Quintile Relative to Overall Index

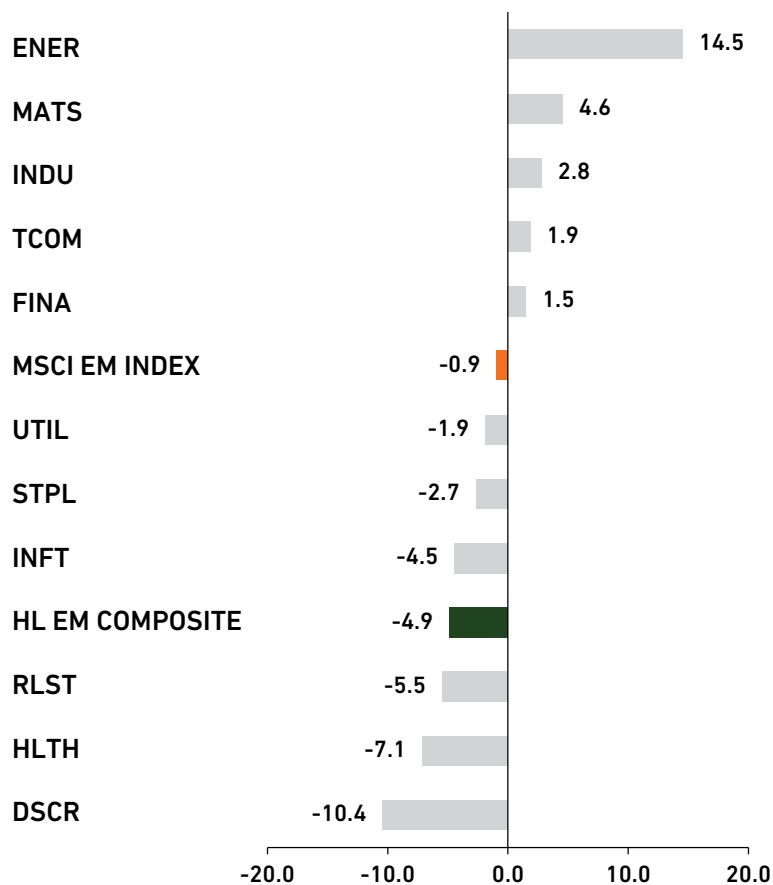


Source: FactSet; Data as of September 30, 2018. Please read the disclosures on the last page, which are an integral part of this presentation.

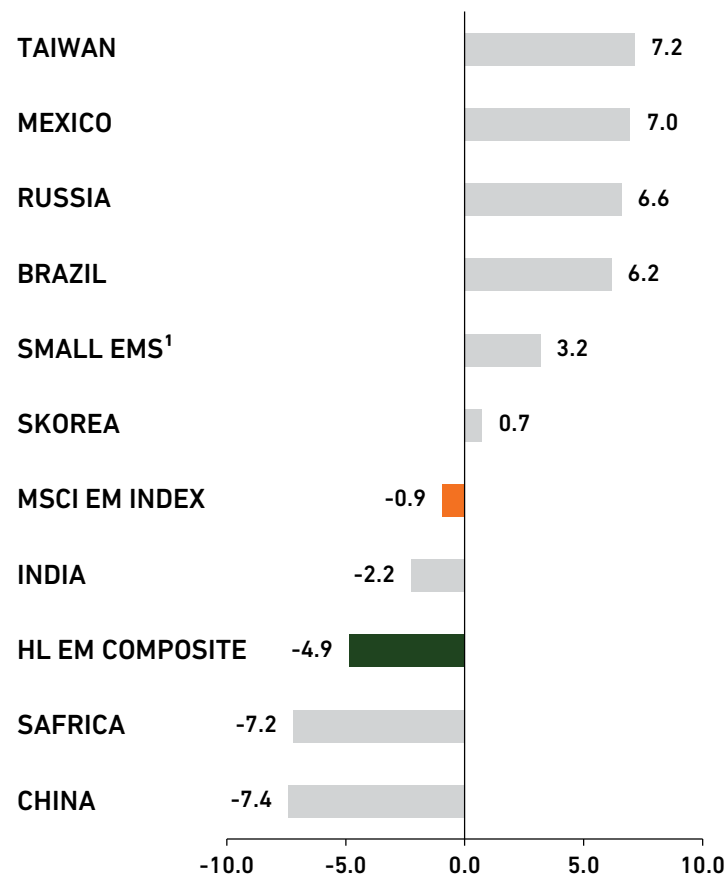
BENCHMARK SECTOR/REGION RETURNS

Third Quarter 2018

Sector Total Return (%)



Region Total Return (%)



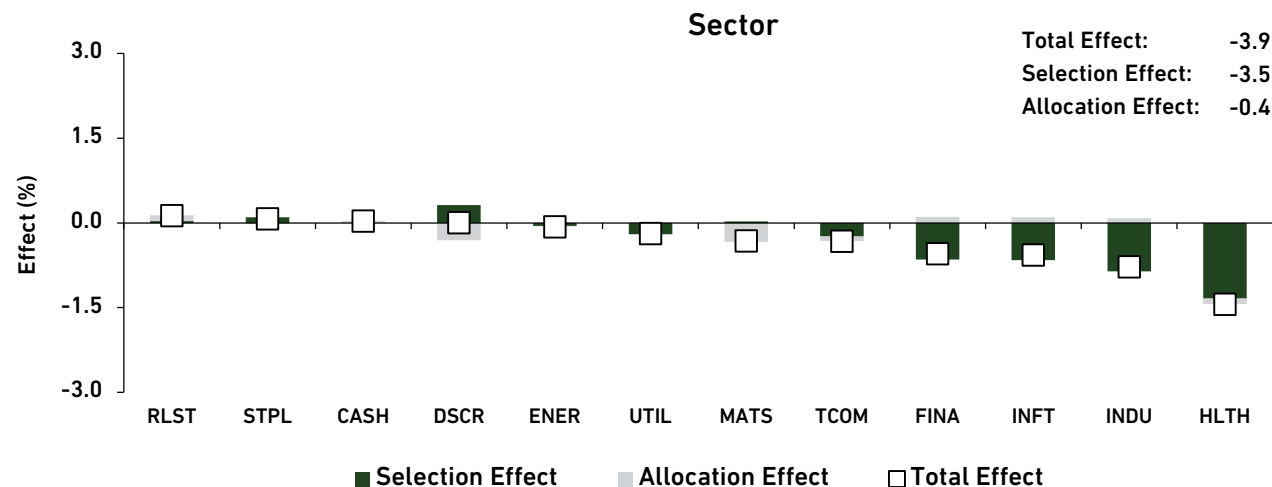
¹Includes the remaining emerging markets, which individually comprise less than 5% of the Index.

Source: FactSet; Data as of September 30, 2018.

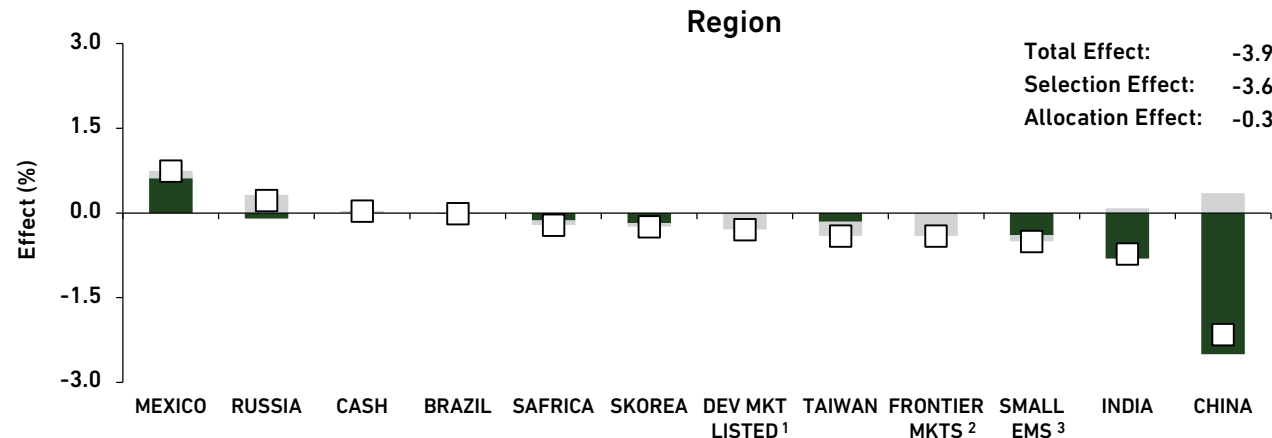
Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

PERFORMANCE ATTRIBUTION | COMPOSITE VS BENCHMARK

Third Quarter



- #### TOP 5 CONTRIBUTORS TO ABSOLUTE RETURNS
- TSMC
 - NOVATEK
 - ASUR
 - SIAM COMMERCIAL BANK
 - GF BANORTE



- #### TOP 5 DETRACTORS FROM ABSOLUTE RETURNS
- TENCENT
 - SINO BIOPHARMACEUTICAL
 - ASPEN PHARMACARE
 - 51JOB INC.
 - CSPC PHARMACEUTICAL GROUP

¹Emerging markets or frontier markets companies listed in developed markets; ²Includes countries with less-developed markets outside the Index; ³Includes the remaining emerging markets, which individually comprise less than 5% of the Index. Past performance does not guarantee future results.

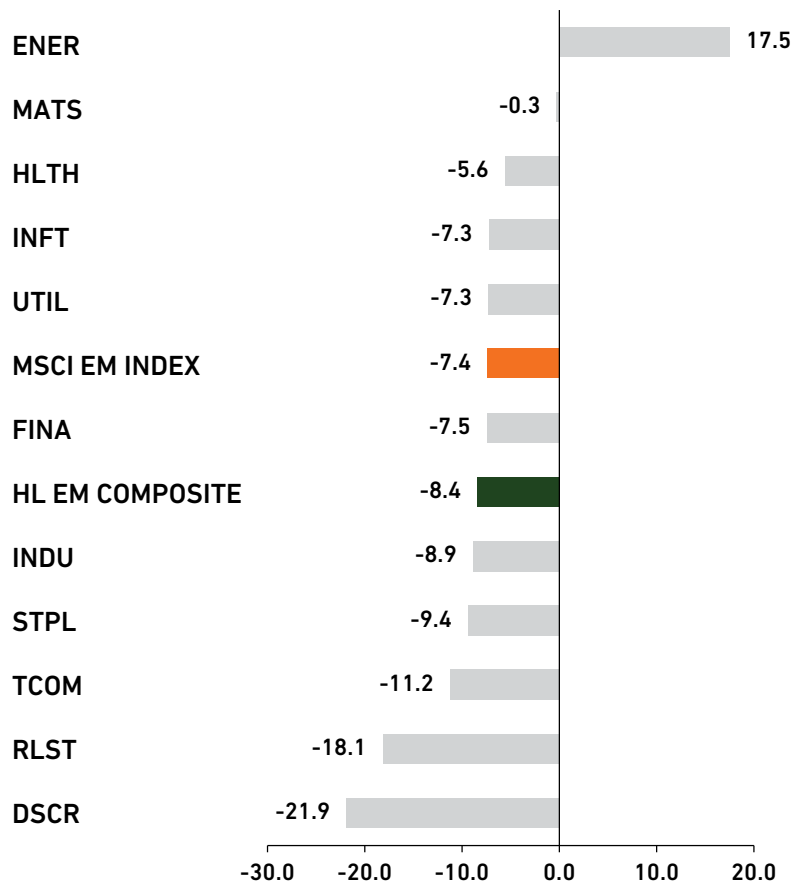
"Composite": Emerging Markets Composite. "Benchmark": MSCI Emerging Markets Index.

Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. 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 and (2) a list showing the weight and contribution of all holdings during the quarter. Contribution is the contribution to overall performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Please read the disclosures on the last page, which are an integral part of this presentation.

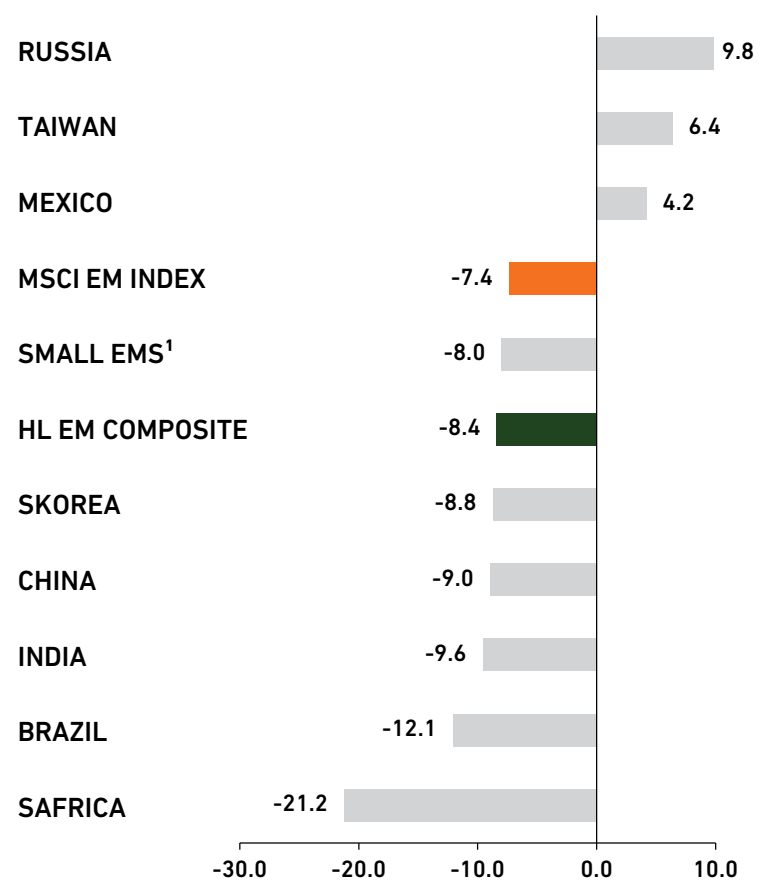
BENCHMARK SECTOR/REGION RETURNS

Year to Date

Sector Total Return (%)



Region Total Return (%)



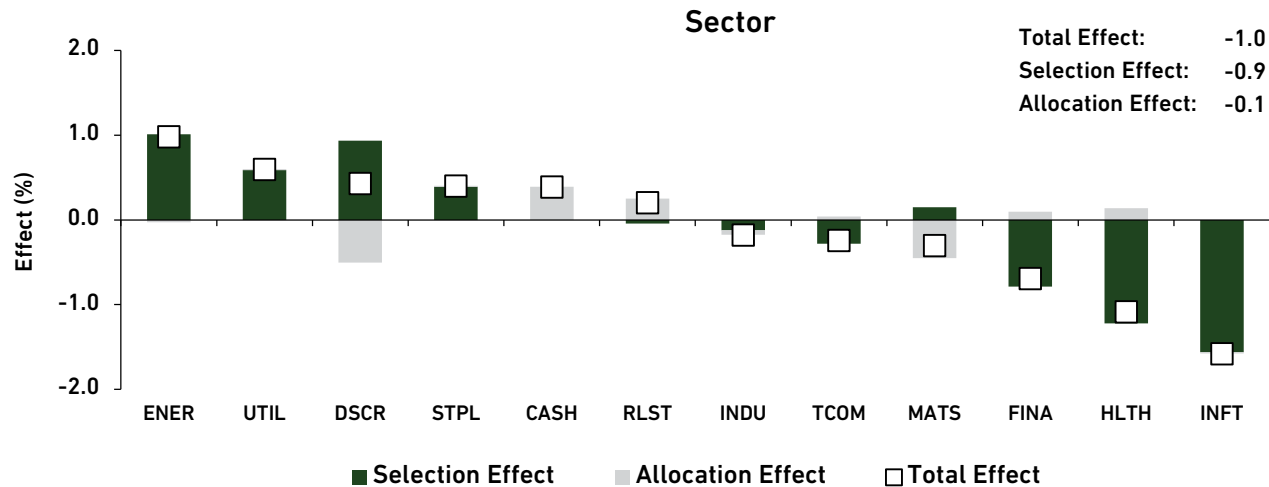
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Source: FactSet; Data as of September 30, 2018.

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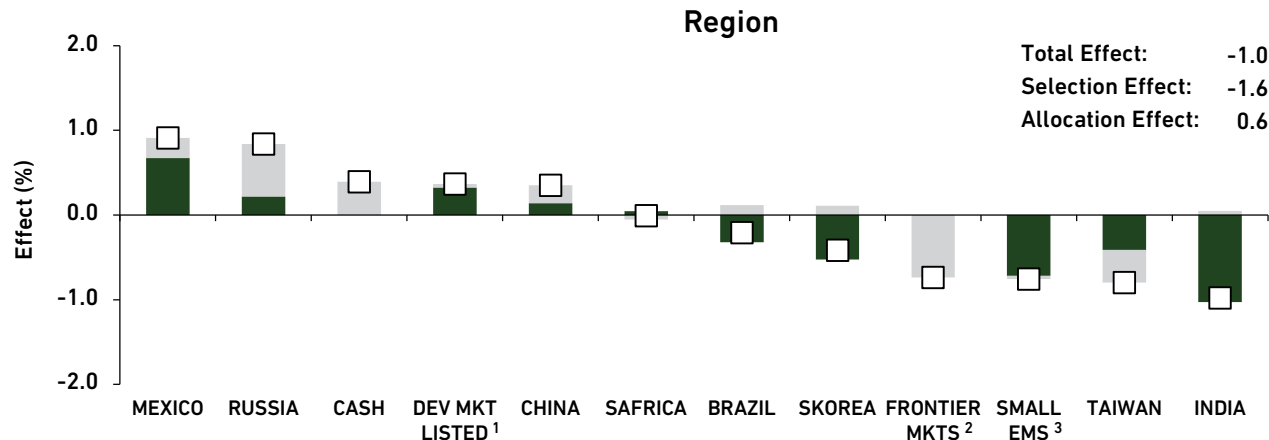
PERFORMANCE ATTRIBUTION | COMPOSITE VS BENCHMARK

Year to Date



TOP 5 CONTRIBUTORS TO ABSOLUTE RETURNS

NOVATEK
LUKOIL
CNOOC
TSMC
SHENZHOU INTERNATIONAL



TOP 5 DETRACTORS FROM ABSOLUTE RETURNS

TENCENT
ASPEN PHARMACARE
MARUTI SUZUKI
AAC TECHNOLOGIES
BANCO MACRO

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COMPLETED PORTFOLIO TRANSACTIONS

Trailing 12 Months

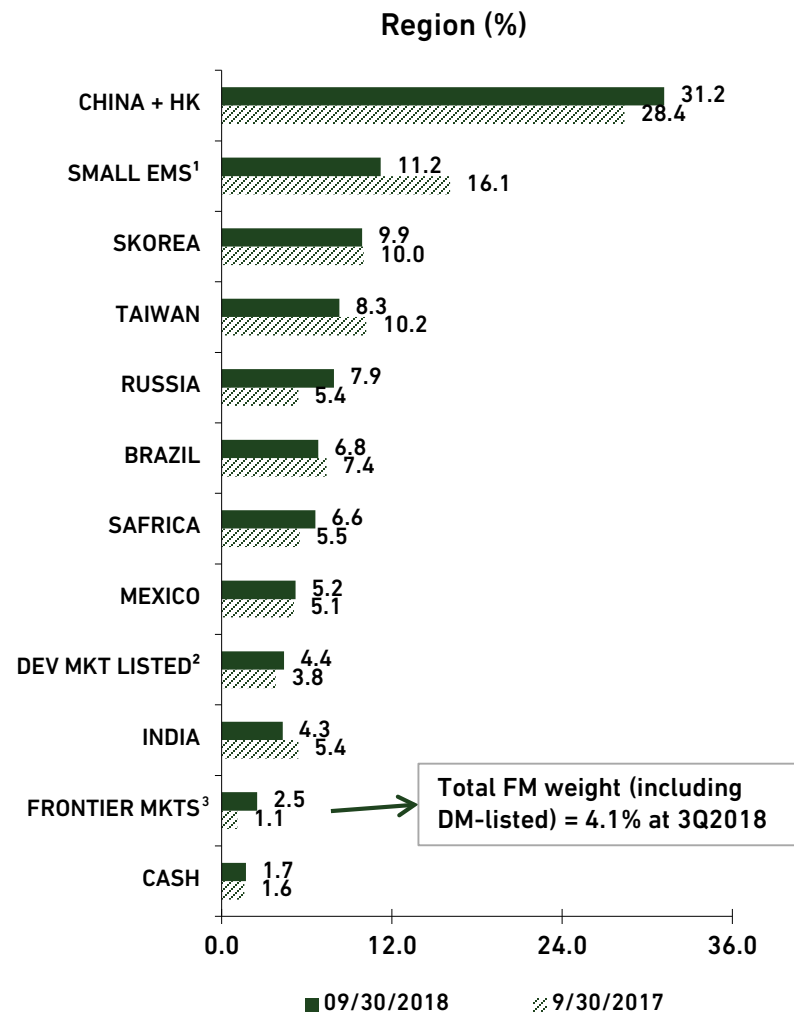
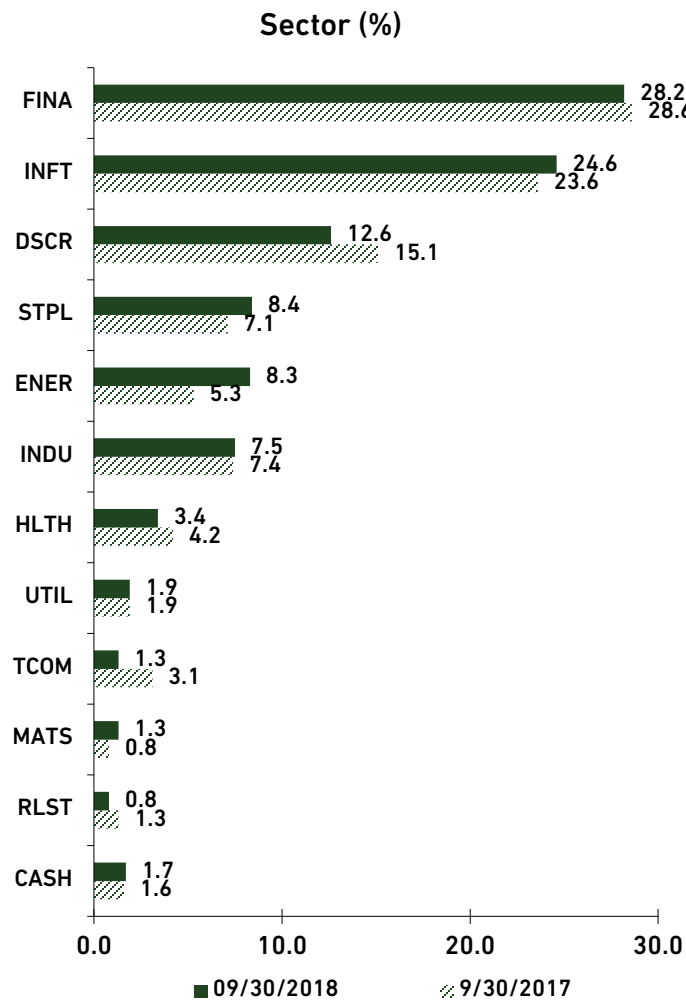
	4Q2017	1Q2018	2Q2018	3Q2018
Positions Established	COPA HOLDINGS HANGZHOU HIKVISION NOVATEK	BAIDU BANCO MACRO CSPC PHARMACEUTICAL GROUP HAN'S LASER SUNNY OPTICAL	WALMART DE MÉXICO	BANK CENTRAL ASIA COWAY EPAM KOTAK MAHINDRA BANK PING AN INSURANCE RAIA DROGASIL YANDEX
	AXIS BANK MAGNIT MASSMART HOLDING QATAR NATIONAL BANK TELEVISA UNIVERSAL ROBINA	BHARTI INFRATEL CHINA MERCHANTS	BANK PEKAO CHINA MOBILE NAVER NOSTRUM OIL & GAS	ADVANTECH ARÇELIK GARANTI BANK GEDEON RICHTER HANSSEM NETEASE

- Portfolio Turnover (5-yr avg annual): 21.7%

The portfolio is actively managed therefore holdings shown may not be current. 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. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

PORTFOLIO ALLOCATION COMPARISON

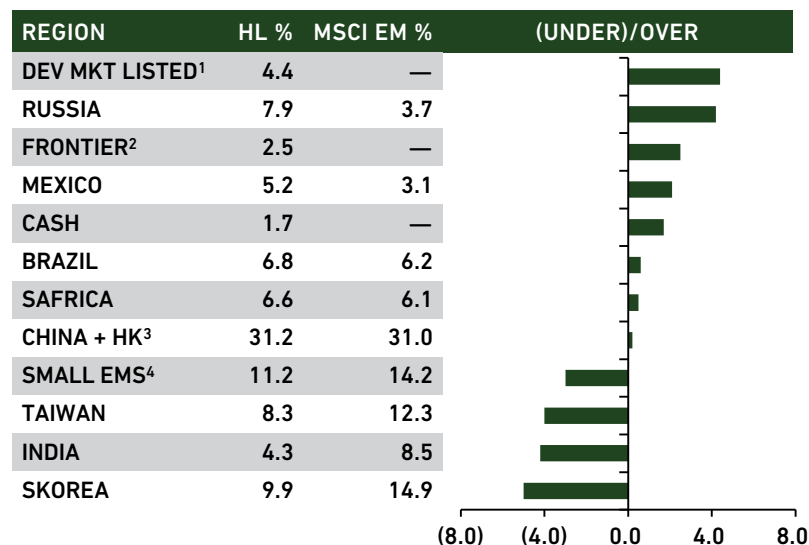
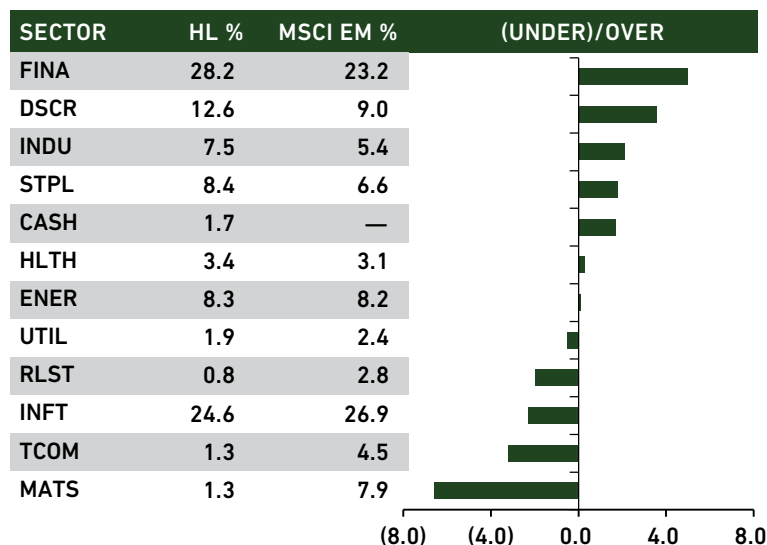
September 30, 2018 vs September 30, 2017



¹Includes the remaining emerging markets, which individually, comprise less than 5% of the Index; ²Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong; ³Includes countries with less-developed markets outside the Index. Sector and Region end weights are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

PORTFOLIO PROFILE END WEIGHTS

As of September 30, 2018



Ten Largest Holdings – Total Weight 29.9%

COMPANY	COUNTRY	SECTOR	WT (%)
TSMC	TAIWAN	INFT	4.9
SAMSUNG ELECTRONICS	SOUTH KOREA	INFT	4.7
TENCENT	CHINA	INFT	3.5
ALIBABA	CHINA	INFT	3.1
LUKOIL	RUSSIA	ENER	2.5

COMPANY	COUNTRY	SECTOR	WT (%)
NOVATEK	RUSSIA	ENER	2.4
AIA GROUP	HONG KONG	FINA	2.4
SBERBANK	RUSSIA	FINA	2.4
LG HOUSEHOLD & HEALTH CARE	SOUTH KOREA	STPL	2.1
HDFC CORP	INDIA	FINA	1.9

69% Active Share

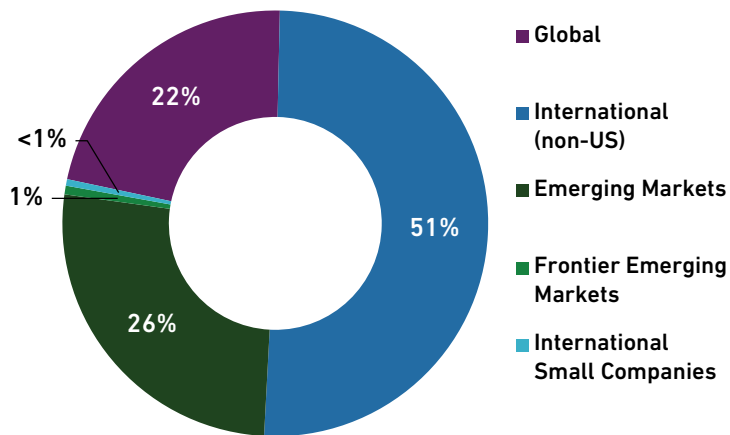
¹Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong; ²Includes countries with less-developed markets outside the Index; ³The Harding Loevner Emerging Markets Model portfolio's end weight in China at September 30, 2018 is 25.1% and Hong Kong is 6.1%. The Benchmark does not include Hong Kong; ⁴Includes the remaining emerging markets, which individually comprise less than 5% of the Index. Source: Harding Loevner Emerging Markets Model; MSCI Inc. and S&P. Sector and Region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

FIRM PROFILE

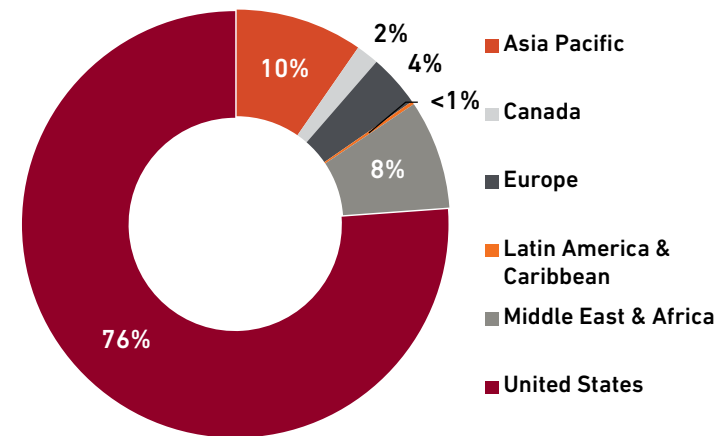
As of September 30, 2018

- 41 investment professionals
- Emerging Markets Equity portfolio management team averages 13 years at Harding Loevner

OUR GLOBAL EQUITY STRATEGIES



OUR GLOBAL CLIENTELE



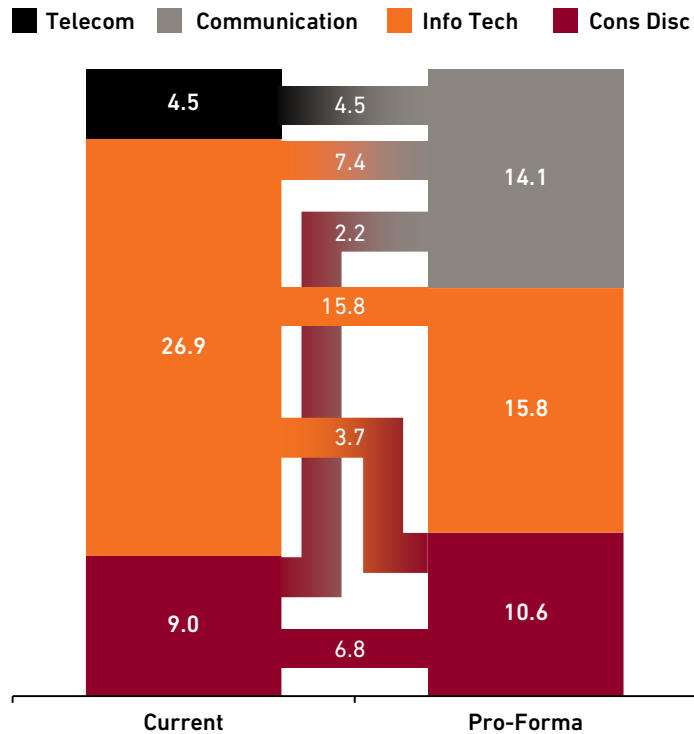
■ Total AUM \$67B

Data as of September 30, 2018. Total AUM includes all the assets under management and is presented as supplemental information. Please read the disclosures on the last page, which are an integral part of this presentation.

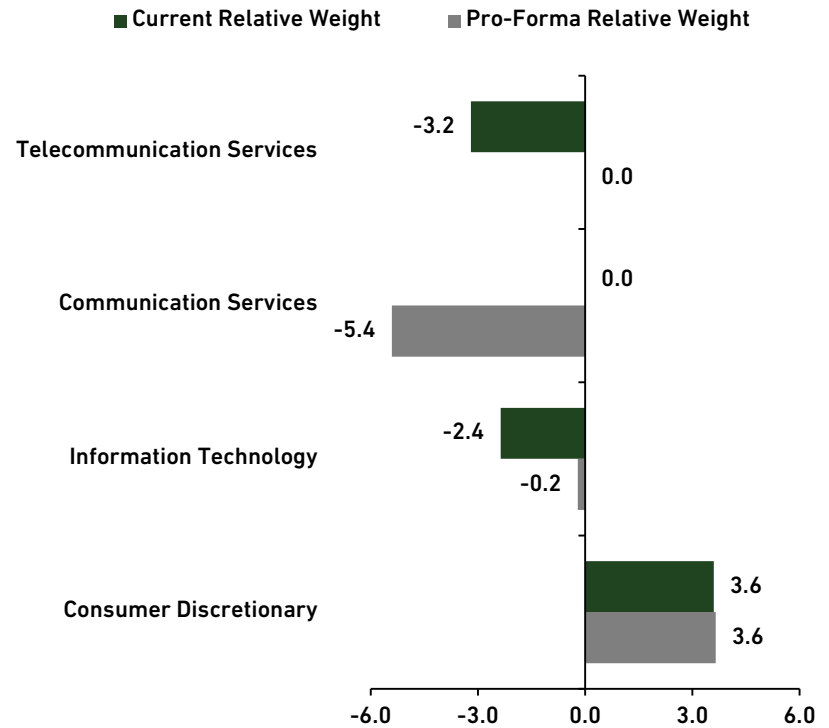
SUPPLEMENTAL INFORMATION

MSCI GICS SECTOR REVISIONS TO BE IMPLEMENTED IN DECEMBER 2018

MSCI Emerging Markets Index Weights Current vs New GICS Sector



HL Emerging Markets Portfolio Relative Weights: Current vs New GICS Sector



Source: MSCI Inc., Factset; Data as of September 30, 2018.

CONVERGENCE OF CHALLENGES

Policy issues reversed the performance of growth stocks

China



US trade policy

- Renminbi weakness
- Capex uncertainty
- Reduced EM investor sentiment



China policy shifts

- Gaming, social media
- Drug pricing and approval policy
- Education
- Energy

Other negatives



Argentina fiscal discipline

- Peso weaker, confidence in Macri hit



Turkey and Erdogan

- Lira weakness



Saudi political policy shift

- UAE/property market



South Africa politics

- Rand weakness



Kenya tax changes

- Telecommunications

Small positives



AMLO victory in Mexico

- More market friendly than feared



Russia sanctions

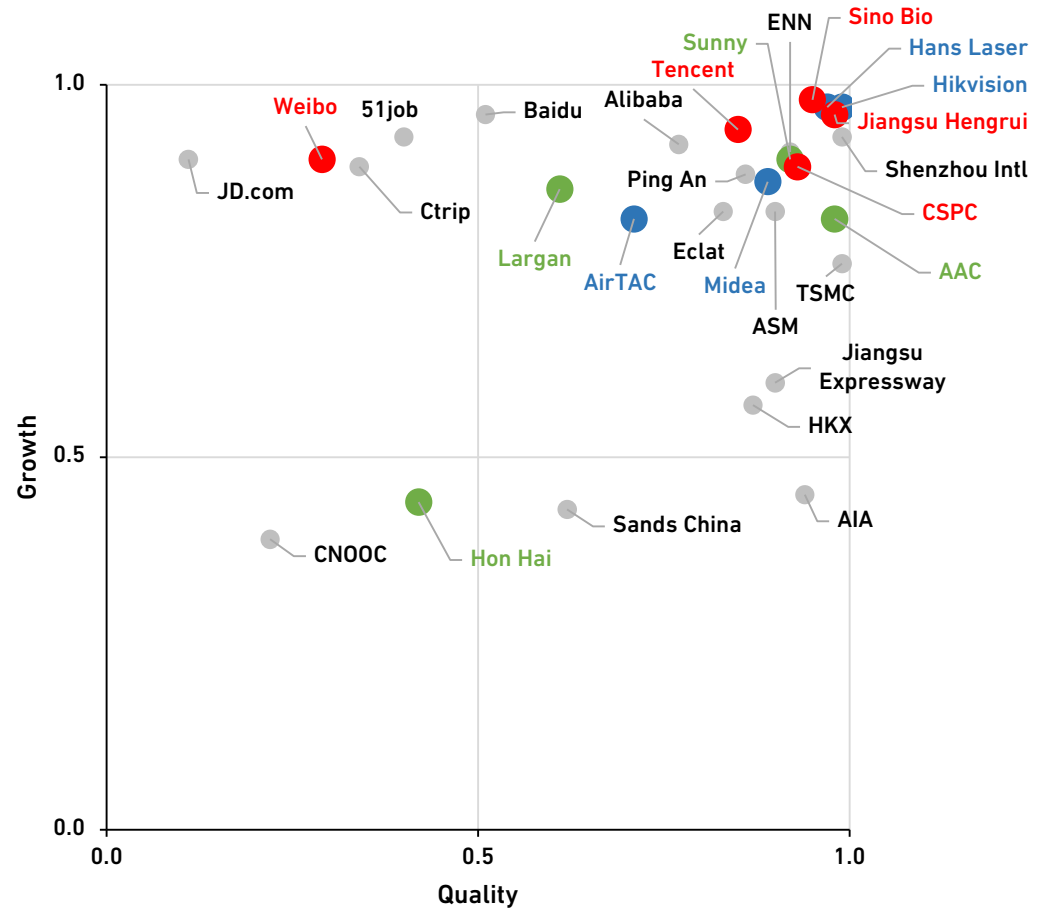
- Oil prices mattered more

CHINA: CONVERGENCE OF CHALLENGES

In addition to concerns for slowing growth, 3 critical issues hit a number of stocks

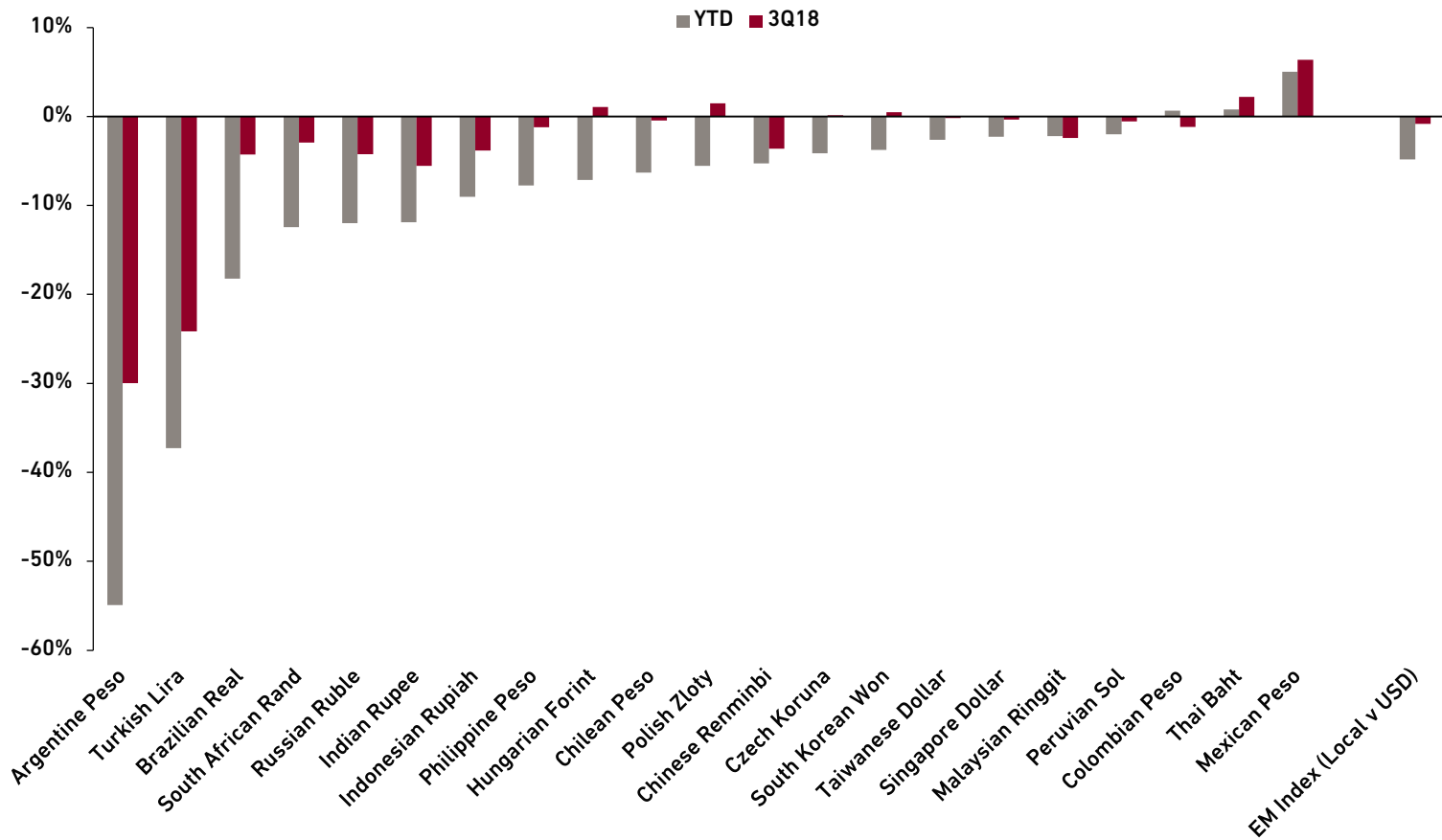
3 Critical Issues

- iPhone Value Chain
 - Weak sales
 - Delayed specification upgrades
- Trade War Fears
 - Impediments to supply chains
 - Delayed investments
 - Tariffs (minimal impact so far)
- China Policy Changes
 - Health Care
 - Internet Gaming
 - Social Media



EM CURRENCY HEADWINDS CONTINUED IN THE QUARTER

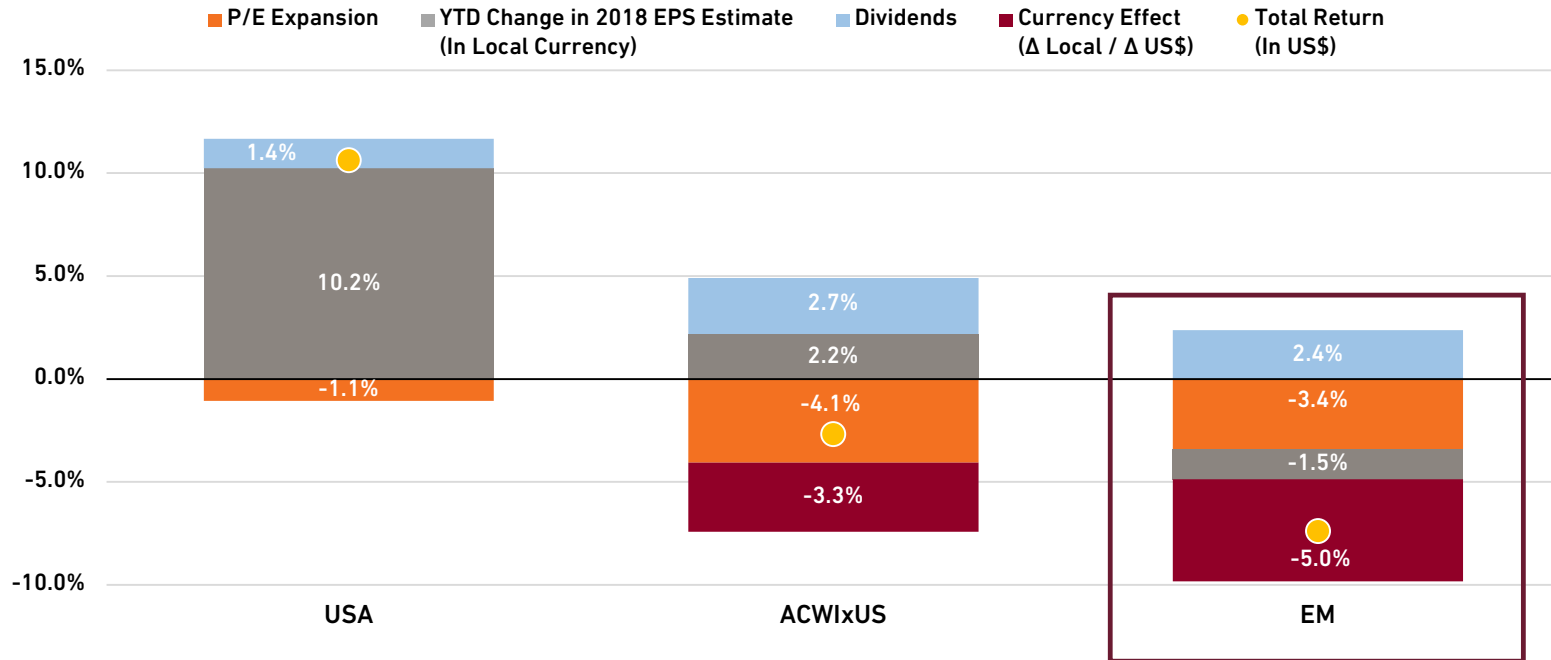
Currency Movement vs US Dollar for Periods ended September 30, 2018



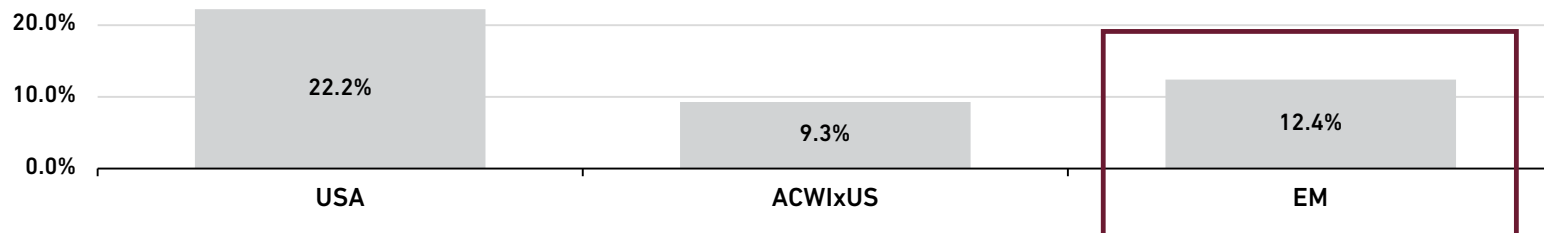
Source: MSCI Inc., Bloomberg, FactSet; Data as of September 30, 2018.

MULTIPLE CONTRACTION & CURRENCY WEAKNESS HIT EM MARKETS

YTD 2018 Region US\$ Return Decomposition as of September 30, 2018



2018e EPS Growth (in Local Currency) as of September 30, 2018

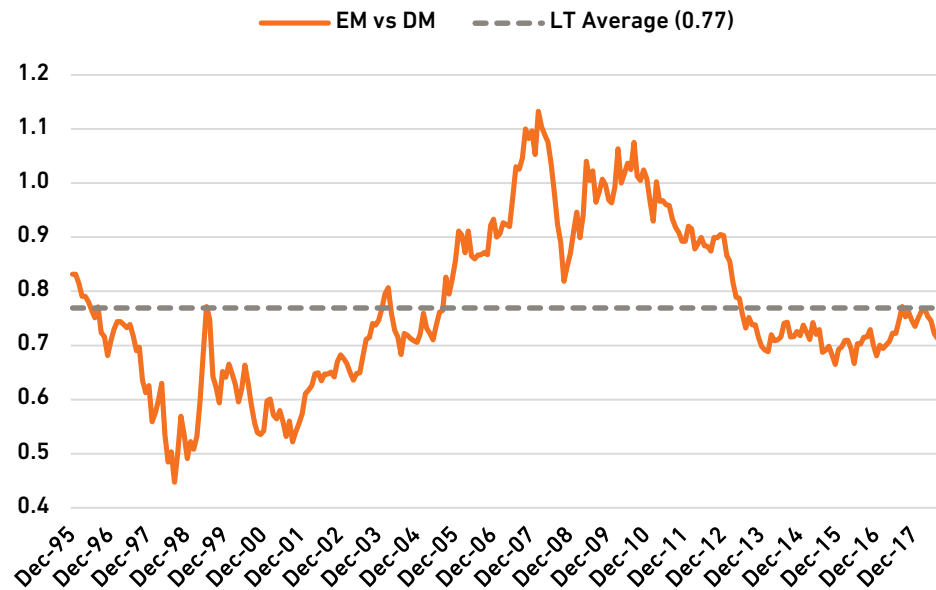


Source: MSCI Inc., FactSet; Data as of September 30, 2018.

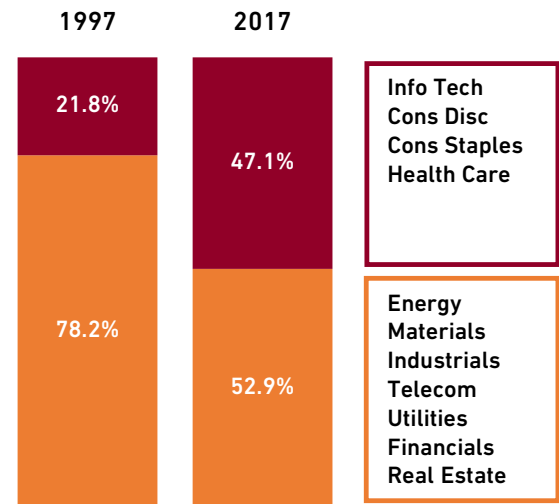
RELATIVE EM VALUATIONS HAVE FALLEN

Relative EM valuations are not at all-time lows, but EM markets have evolved

Emerging Markets vs Developed Markets Relative Valuation



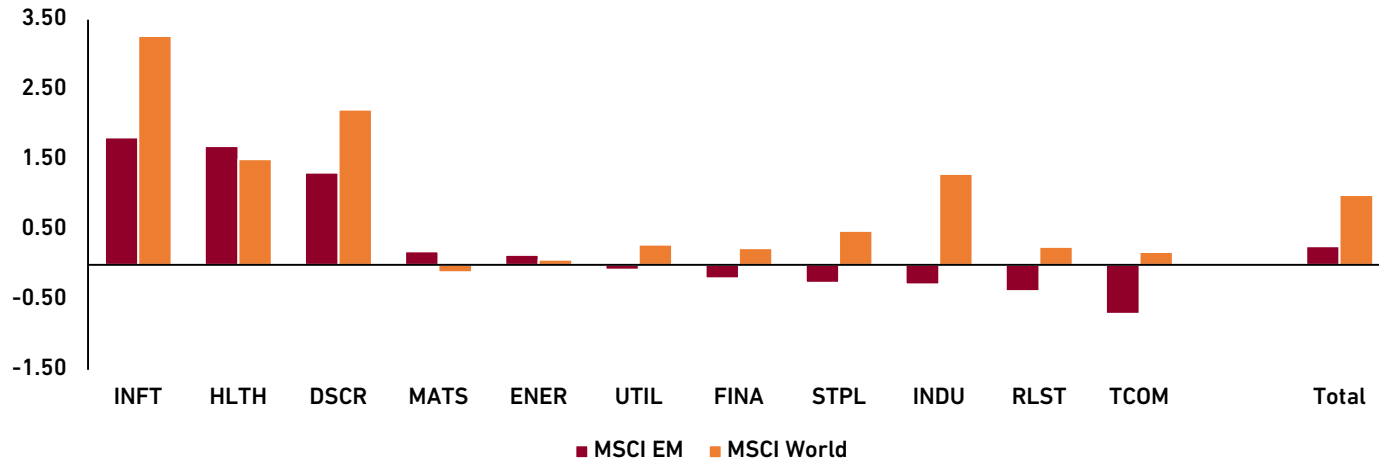
MSCI EM Index Sector Weights



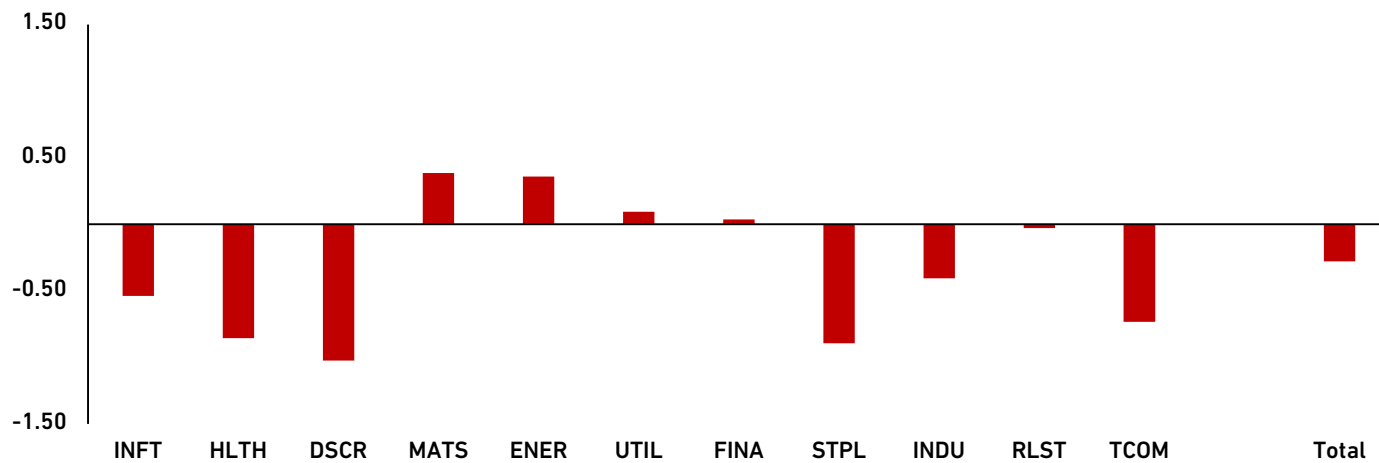
Source: Harding Loevner Global Equity Model, MSCI Inc. and S&P. Valuation is the equal-weighted composite of relative P/E, P/B, and P/CF multiples, MSCI EM Index vs MSCI World Index.

SECTOR VALUATIONS

Valuation (Price to Book) relative to 10Y average
MSCI EM v MSCI World as of 9/30/2018



Change in Relative Difference between MSCI EM and MSCI World Q3 v Q2 2018



Source: Fact Set; Data as of June 30, 2018.

DISCLOSURES

The information provided in this Presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the Emerging Markets Model at September 30, 2018 is available on request.

Investing in stocks entails the risks of market volatility. The value of all types of stocks may increase or decrease over varying time periods. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards.

Quality-Growth Characteristics, Benchmark Returns, Performance Attribution, Portfolio Profile and Portfolio Transactions are shown as supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation, which is available on request.

Profit Margin: relationship of gross profits to net sales. *Return on Assets:* net income for past 12 months divided by total assets. *Return on Equity:* the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio:* total long-term debt divided by total shareholder's equity. *Standard Deviation:* the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Sales Per Share:* the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share:* portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow:* a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Dividend Per Share:* a total dividends per share paid during the previous fiscal year. *Active Share:* the proportion of holdings by weight that differ from holdings of the benchmark index. *Turnover:* calculated by dividing the lesser of Purchases or Sales by Average Capital.

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 24 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 Indexes.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet; Harding Loevner Emerging Markets Composite; MSCI Inc.

Source (Portfolio Profile, Portfolio Transactions, Portfolio Allocation Comparison, Quality-Growth Characteristics [Run date: October 3, 2018]): FactSet; Harding Loevner Emerging Markets Model; MSCI Inc.

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