

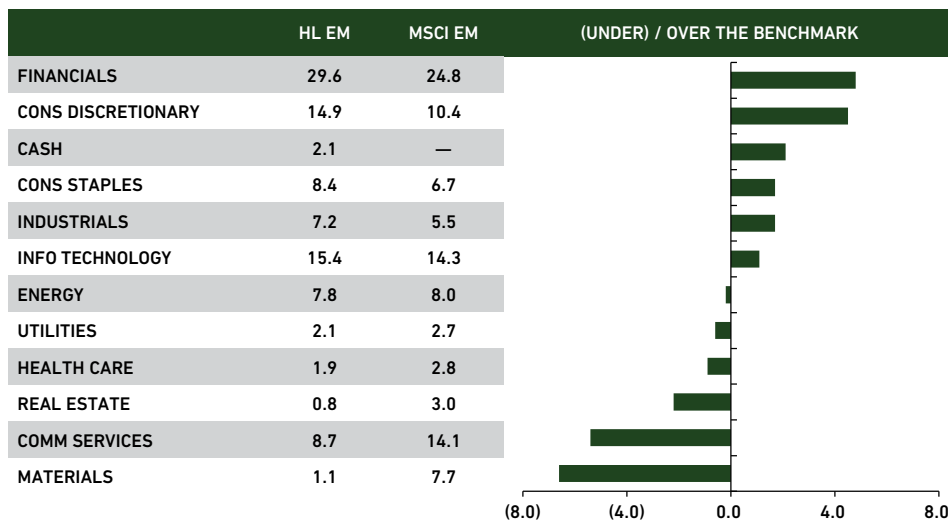
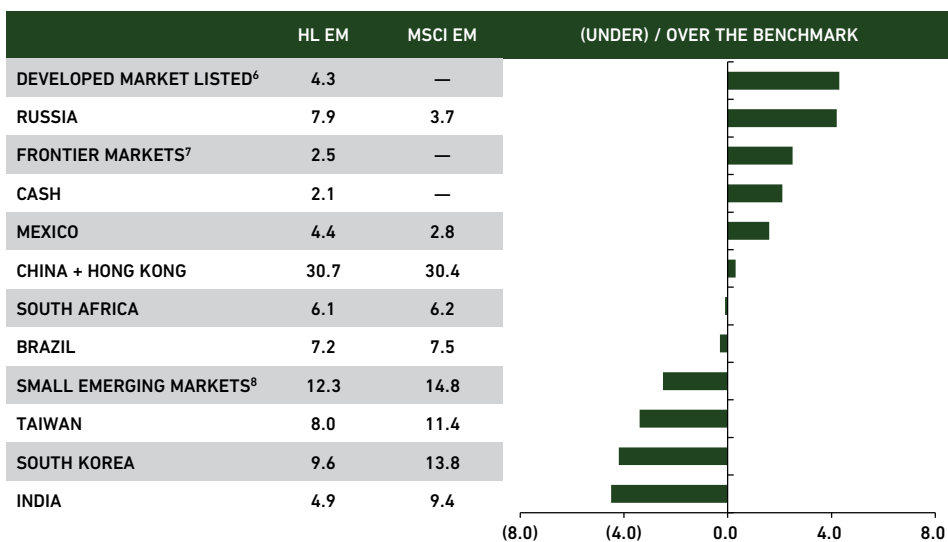
The Harding Loevner Emerging Markets Equity strategy is generally closed to new investors.

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED DECEMBER 31, 2018¹

	3 MONTHS	1 YEAR	3 YEARS ²	5 YEARS ²	10 YEARS ²	SINCE INCEPTION ^{2,3}
HL EMERGING MARKETS (GROSS OF FEES)	-9.68	-17.29	9.12	2.67	10.02	12.04
HL EMERGING MARKETS (NET OF FEES)	-9.89	-18.03	8.17	1.78	9.04	11.14
MSCI EMERGING MARKETS INDEX (GROSS) ^{4,5}	-7.40	-14.25	9.64	2.02	8.38	8.72

¹The Composite performance returns shown are preliminary; ²Annualized Returns; ³Inception Date: November 30, 1989; ⁴The Benchmark Index; ⁵Gross of withholding taxes.

Please read the above performance in conjunction with the footnotes on the last page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

SECTOR EXPOSURE (%)

GEOGRAPHIC EXPOSURE (%)


⁶Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong; ⁷Includes countries with less-developed markets outside the Index; ⁸The Harding Loevner Emerging Markets Model Portfolio's end weight in China is 24.1% and Hong Kong is 6.6%. The Benchmark does not include Hong Kong; ⁹Includes the remaining emerging markets, which individually, comprise less than 5% of the Index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation.

Source: Harding Loevner Emerging Markets Model; MSCI Inc. and S&P MSCI Inc. 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.

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ONLINE SUPPLEMENTS


Watch the Emerging Markets Equity quarterly review



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MARKET REVIEW

Emerging Market (EM) stocks fell in the quarter amid fears that a global economic slowdown looms due to continued monetary tightening and the effects of a protracted trade war between the US and China. But the MSCI EM Index's 7% fall in US-dollar terms paled in comparison to the double-digit drop of developed markets. For the year, however, EMs lost 14%, compared with the MSCI World Index's 8% decline.

The US Federal Reserve declared in October that it planned more hikes in short-term interest rates if economic data continued strong; in December, it duly delivered its ninth quarter-point rise. Long-term US Treasury yields fell, however, flattening the yield curve. That, and widening credit spreads in global bond markets, suggested investors saw an end to the economic expansion. A precipitous decline in crude oil prices reinforced

that suggestion. The European Central Bank formally ended its quantitative easing monetary policy in December.

Developments in the US-China trade war did not assuage recessionary fears. In October, US Vice President Mike Pence delivered a foreign-policy speech that made clear that President Trump's objective is not just reducing the trade imbalance but also reducing the economic and military threat that China poses to the US. The administration appears intent on ensuring that China's continued access to American technology and intellectual property—critical for China's ambitious industrial and technological development goals—comes at the price of establishing more open economic arrangements with foreign businesses and more protection for their intellectual property rights. A protracted trade war threatens the growth of cross-border trade, raises the possibility of disruption to global supply chains, and discourages company managements from making fixed-capital investments.

MARKET PERFORMANCE (USD %)

REGION/COUNTRY	4Q 2018	TRAILING 12 MONTHS
AFRICA	-3.8	-24.0
SOUTH AFRICA	-3.7	-24.3
ASIA	-9.2	-15.2
CHINA	-10.7	-18.8
INDIA	2.5	-7.3
SOUTH KOREA	-12.8	-20.5
TAIWAN	-13.7	-8.2
EUROPE	-6.0	-11.4
RUSSIA	-8.8	0.2
LATIN AMERICA	0.5	-6.2
BRAZIL	13.6	-0.1
MEXICO	-18.7	-15.3
MIDDLE EAST	2.7	11.6
MSCI EM INDEX	-7.4	-14.3

SECTOR PERFORMANCE (USD %) OF THE MSCI EM INDEX

SECTOR	4Q 2018	TRAILING 12 MONTHS
COMMUNICATION SERVICES	-6.8	-21.9
CONSUMER DISCRETIONARY	-11.9	-26.1
CONSUMER STAPLES	-4.5	-13.5
ENERGY	-10.5	5.2
FINANCIALS	-0.8	-8.2
HEALTH CARE	-16.1	-20.8
INDUSTRIALS	-3.8	-12.7
INFORMATION TECHNOLOGY	-15.3	-17.3
MATERIALS	-10.7	-10.9
REAL ESTATE	1.5	-16.9
UTILITIES	3.7	-3.9

Source: FactSet (as of December 31, 2018). MSCI Inc. and S&P.

A protracted trade war threatens the growth of cross-border trade, raises the possibility of disruption to global supply chains, and discourages company managements from making fixed-capital investments.

China's economy showed new signs of weakness: measures of economic activity and business confidence deteriorated, with the Purchasing Managers' Index turning negative at the end of December and monthly retail sales growth decelerating to its lowest level since 2003. China's monetary policy became more accommodative, officially moving to "neutral" from "tightening," with bank reserve requirements reduced to supply liquidity to property markets and private enterprises.

By geography, Asian stocks underperformed in the quarter, led by declines in China and its tech-heavy neighbors, Taiwan and South Korea. India, Indonesia, and the Philippines posted positive returns, benefiting from cheaper energy imports. Latin America was a relative outperformer, with large dispersion among countries. Brazil's 14% gain contrasted sharply with the 19% declines of Mexico and Colombia, both significant energy exporters.

In Brazil, voters elected an authoritarian but ostensibly business-friendly president, Jair Bolsonaro. Its equity market responded favorably, boosted by the credibility of key government appointees and the new president's promise to fight the country's endemic crime and corruption. In Mexico, President Andrés Manuel López Obrador (AMLO) swept to power with a huge majority of public support but, even before his inauguration, dispirited investors with a series of suspect policy decisions. Among these, AMLO ordered the immediate cessation of development of the new Mexico City airport, citing as vindication the results of a "democratic" referendum among selected voters assured to garner the desired result. South

Africa's new President Cyril Ramaphosa's proposal to seize white-owned farmland without compensation for redistribution to black farmers angered critics, who said such disrespect of property rights would deter foreign investment and damage the economy.

The quarter's weakest sectors were Health Care and Information Technology (IT). Chinese pharmaceutical shares fell when the State Medical Insurance Administration demanded steeper-than-expected price cuts (some upward of 90%) before drugs can appear in the formularies of government-sponsored health plans. IT stocks in EMs fell in sync with their US counterparts as concerns raged over the disruptive impact of deteriorating US-China relations on supply chains and global growth, and, in the case of semiconductors, on oversupply. The new Communication Services sector fared better than IT, despite weakness in shares of Chinese internet platforms such as **Baidu** and **Weibo**. Gaming giant **Tencent** declined only modestly after its third-quarter earnings report indicated solid growth in advertising revenues, which helped mitigate a continued contraction in margins.

Energy stocks underperformed as oil prices fell 36% during the quarter, a response to concerns over lagging Chinese demand and oversupply, exacerbated by the US government's decision to exempt eight importing countries from Iranian oil sanctions. EM Energy stocks held up better than their developed market peers largely due to the double-digit returns of giant Brazilian oil producer Petrobras.

The quarter's strongest-performing sectors were Utilities, Real Estate, and Financials. Utilities was boosted by strong advances in Brazilian stocks on speculation that the new administration may consider reforms and further privatizations in the sector.

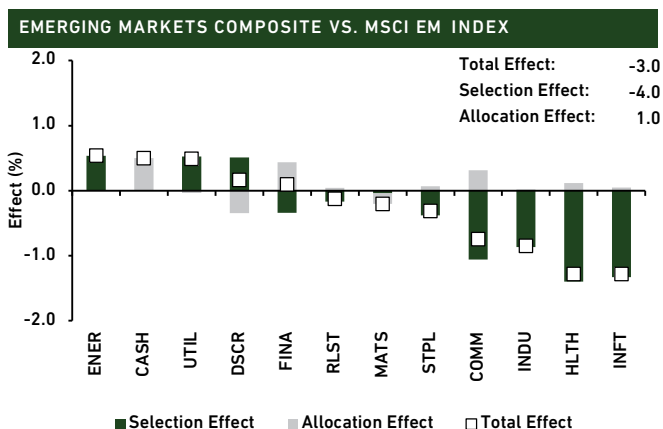
The three weakest markets in the year—Turkey (-41%), Greece (-37%), and Pakistan (-34%)—all suffered bouts of political unrest that threatened to disrupt their fragile economies. Each is less than 1% of the index. The worst heavyweights included South Africa (-24%), South Korea (-21%), and China (-19%). The best-performing major markets, Brazil and Russia, merely posted flat returns.

■ PERFORMANCE AND ATTRIBUTION

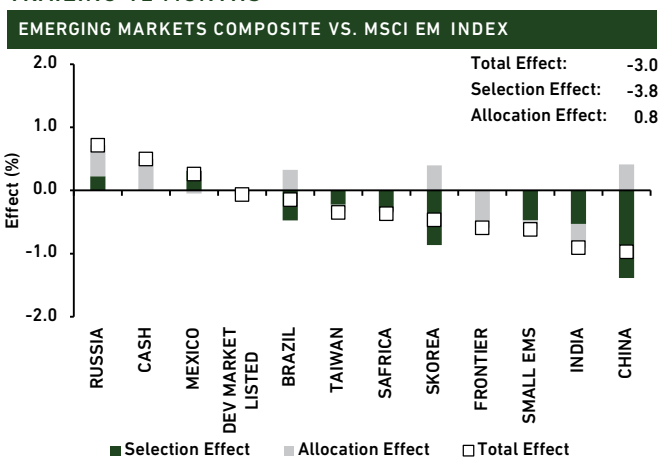
The Emerging Markets composite fell 9.7% in the quarter, compared with the 7.4% drop of the MSCI EM Index. For the year, the composite fell 17.3%, behind the 14.3% decline of its benchmark. The charts on the right attribute the year's performance by sector and region.

Companies held in the portfolio during the year appear in bold type; only the first reference to a particular holding appears in bold. 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 as of December 31, 2018 is available on page 9 of this report.

SECTOR PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS



GEOGRAPHIC PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS



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. Source: FactSet; Harding Loevner Emerging Markets Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on page 1 of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS presentation.

During the quarter, the impact of our stock selection was negative in nine of the eleven sectors where we are invested, especially Industrials, Consumer Staples, and Energy. The impact was partially offset by gains in Financials. In Industrials, shares of Mexican airport operator **ASUR** fell following the contentious decision by AMLO to cancel construction of a US\$13 billion airport near Mexico City, which will deprive ASUR of some passenger flow to its airports in southern Mexico. The market's worries are valid but we believe they are overblown, because the majority of ASUR's revenues are from passengers arriving on direct flights from international airports. Chinese online job-search platform **51job Inc.** underperformed after soft guidance from management suggested it expects weakening business confidence in China will hurt white-collar hiring.

In Consumer Staples, **Walmart de México** detracted as investor sentiment soured in reaction to AMLO's anti-business rhetoric and actions. South Korean cosmetics holdings **AmorePacific** and **LG Household & Health Care**, which make products popular with Chinese consumers, were hurt by worries over China's slowing economy. In Energy, steel-pipe manufacturer **Tenaris** and Chinese oil giant **CNOOC** fell along with crude oil prices. In Financials, optimism for positive policy changes boosted our bank holdings in Brazil while lower-cost oil imports helped our banks in India and Indonesia.

By region, stock selection in China, South Africa, and Mexico was particularly weak. Our underweight in India and overweight in Mexico also hurt. In China, key detractors included **CNOOC** and **51job Inc.**, as well as Health Care companies **CSPC Pharmaceutical Group** and **Sino Biopharmaceutical**, which reacted sharply to the steeper-than-expected drug price cuts. Our investments in Chinese smartphone-component manufacturers **AAC Technologies** and **Sunny Optical** also hurt returns, which we discuss further in the next section. In Mexico, the largest detractor was **GF Banorte**, the country's second-largest bank. AMLO's left-leaning administration has pressured the industry to reduce banking fees. In South Africa, shares of **Sasol** fell with oil prices while drug manufacturer **Aspen Pharmacare** fell after saying it had renegotiated its debt-covenants, which the market interpreted as a sign of weakening cash flow.

For the calendar year, we faced a significant style headwind as the fastest-growing stocks significantly underperformed the broad index. Under our growth ranking methodology, prices of stocks in the fastest-growing quintile fell 26% while those in the slowest-growing quintile fell only 7%. Selection effects were especially negative in Health Care, IT, and Communication Services. The main culprits in the first two sectors were Chinese drug manufacturers and smartphone-component manufacturers. In Communications Services, India's leading wireless telecom company **Bharti Airtel** faced increasing pricing pressure from an aggressive new entrant. By region, the bulk of our underperformance came from Chinese and Indian stocks. Indian carmaker **Maruti Suzuki** suffered from the rising cost of auto financing.

■ PERSPECTIVE AND OUTLOOK

Historically, the growth of EM companies has been linked to their local economies, which, as they develop, see increasing consumption of diverse goods and services as household incomes rise. More recently, another type of EM growth company has emerged: across many industries, EM companies have become successful multinational competitors after developing their own technical capabilities, in research, technology, and manufacturing.

Our goal is to find companies that can grow, and our analysis is focused on how likely a company is to sustain its growth through competitive advantages within its industry, skillful

management, and financial strength. In 30 years of investing in EMs, we have found that companies with these high-quality characteristics are more likely than their lesser-quality peers to weather economic down cycles and for their stocks to outperform in periods of stock market declines.

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competitive advantages within its industry, skillful
management, and financial strength.**

In 2018, however, our portfolio underperformed its benchmark. It began to lag after midyear, our large exposure to banks (a classic example of "traditional" EM) the major culprit. In August, for instance, bank stocks were among the worst performers in Brazil, Russia, South Africa, and Turkey amid concerns about the economic and monetary conditions in their respective markets. During the last quarter of the year, however, amid the acute correction in global equity markets (down 15%), EM bank stocks proved effective defenders. In contrast to developed-market banks (which also fell 15%), EM banks rose nearly 1% in the quarter, and our EM bank investments did modestly better than that. Instead, it was new paradigm EM companies that hurt us, with a negative impact from investments in three advanced smartphone components manufacturers (SCMs) that represented less than 3% of the portfolio.

Banks

We are attracted to EM banks by the industry's generally favorable characteristics: the household penetration of financial services is typically low in emerging economies, so, as income levels rise, the demand for these services accelerates. Each country's banking sector also tends to be concentrated in the hands of relatively few participants, which allows efficient operators to generate high returns on capital with a relatively simple, traditional business model of deposit-taking and lending. Banks also provide valuable portfolio diversification, insofar as their stocks, apart from reflecting their own business performance, tend to act as proxies for the domestic economic outlook and country factors such as political risk and sovereign credit risk. EM bank stocks have also been attractively priced in recent years, especially compared with those of other companies that also provide exposure to the EM consumer. Nearly a quarter of our portfolio holdings are in EM banks; we hold 17 bank stocks in 14 countries across Latin America, Middle East, emerging Europe, Africa, and Asia.

Our bank holdings in Indonesia, **Bank Central Asia (BCA)** and **Bank Rakyat**, illustrate the basis for our enthusiasm. Indonesia is a populous and still relatively poor country. Almost half the population is unbanked and credit penetration falls well below that of other ASEAN peers, providing domestic banks a long runway for growth. Like a number of EMs, Indonesia

experienced an economic slowdown in the middle of this decade due to a collapse in commodity prices. This slowdown challenged the country's banks and was reflected in their stock prices. We took this opportunity to add to our positions. Since then, BCA and Rakyat, unconstrained by their flexible balance sheets, have been achieving robust loan growth and taking share from weaker competitors. BCA, the highest-quality bank in the country, has benefited particularly from a high share of capital in low-cost deposits. The company's return on assets has been remarkably stable in the last five years, hovering at just above 3%.

Banks stocks, apart from reflecting their own business performance, also tend to act as proxies for the domestic economic outlook and country factors such as political risk and sovereign credit risk.

BCA is at the forefront of digital banking and use of data analysis to exploit the vast opportunities for growth in the market. The increasing adoption of smartphones (currently used by around 25% of the population) has provided an effective medium to deliver financial services and grow the banked population at a relatively low cost, as an alternative to the costly expansion of branches. However, like many other developing countries, Indonesia has seen an acceleration in the number of fintech startups, including payment gateways and peer-to-peer lenders, which seek to compete with and disrupt the incumbent banks. For the banks, perhaps the best form of defense is offense. BCA has chosen to work with several fintech companies, offering elements of its scale advantages in data and customer relationships in exchange for access to new approaches to growth opportunities.

Smartphone-Component Manufacturers

Smartphone-component manufacturers (SCMs) represent the newer breed of EM companies, whose growth opportunities stem from their potential to be strong multinational competitors in their industries. The challenges such businesses face are global in nature, driven by global industry factors rather than domestic developments.

The portfolio has three SCM investments: **Largan Precision**, which manufactures plastic lens sets; **AAC Technologies**, which makes speakers and microphones; and **Sunny Optical**, which makes camera lens modules. While they each focus on a particular type of component, they share three key competitive advantages:

- The know-how to manufacture ultra-miniature components that are notoriously difficult to make, while sustaining high yields at large volume from their manufacturing lines and responding as needed to the rapidly changing demands of customers such as Apple;

- An edge in technical design and product development that is highly valued by customers (who themselves are fervently looking for an edge over their competition);
- Large investments in automation and geographical diversification to achieve cost efficiencies. All three companies in recent years have shifted some plants from China to Vietnam, Cambodia, and Singapore.

In 2018, SCMs' share prices fell sharply as investors sustained a barrage of negative news. Their first-quarter results indicated a sharp deceleration in growth rates, which provided evidence of a global slowdown in smartphone growth including a slowdown in consumers' migration to the latest phones, due to their cost and modest enhancements in capabilities. Apple, which is the largest customer of AAC and Largan, subsequently reported weak sales of its newest iPhones. In addition, significant shifts in the competitive landscape became clearer. Apple manages its suppliers with a heavy hand and maintains a strategy of diversifying its supply chain where possible. Apple pushed the second tier of component manufacturers to increase their capacity. As this new capacity entered the market, at a time when the pace of upward migration of specifications had slowed, the likes of AAC and Sunny recorded market share losses and their profit margins contracted significantly. The pressure on SCMs' shares was compounded by the uncertainty and threats to profits presented by the US-China trade war and weakening overall global economic growth outlook.

Our holdings fell victim to the disappointment of the market's short-term growth expectations as the global cycle for smartphones reached an inflection point, which we didn't foresee. But another reason for the severe decline in profit growth is a shift in the competitive dynamics of the industry: we underestimated the ability of inferior manufacturers to take advantage of a slowdown in the product upgrade cycle to catch up their production capabilities.

We underestimated the ability of inferior smartphone-component manufacturers to take advantage of a slowdown in the product upgrade cycle to catch up their production capabilities.

We have been reflecting on whether the competitive advantages of our SCM holdings still support our longer-term growth thesis. Do our companies still hold an edge, and will the components they supply (be they optical or audio) represent sufficiently attractive advancements to entice consumers to pay up? We cannot be certain, but our response continues to be "yes." Each of our companies has new products in development that will enable the lead innovations in the next smartphone cycle as well as in other consumer and industrial segments such as automobiles, home appliances, and health care. The wireless industry's transition to superfast 5G technology and the arrival of foldable smartphones may also rekindle consumers' desire to upgrade their current phones. We acknowledge that

renewed growth for the companies caught in this storm may have to await renewed momentum in consumer demand. But we are sticking with them and, indeed, have added selectively to some.

EM banks and SCMs are different varieties of growth opportunity that we identified through our uniform bottom-up investment process. Our analytic framework helps us distinguish the fundamentals that determine the long-term trajectory of a company's profits and cash flows from short-term noise. We use the framework in monitoring our holdings to judge the continued validity of our investment thesis. Holding fast to a consistent framework is particularly helpful in periods of underperformance, when it is difficult to stick with strong companies but critically important in order to benefit from the compounding of their growing profits over the long term.

■ PORTFOLIO HIGHLIGHTS

We did not establish any new positions this quarter, but price declines provided an opportunity to add to some existing holdings at attractive prices. We increased our investments in Sunny Optical and **Han's Laser**, believing their severe repricings were excessive even if one holds low expectations for smartphone growth. We also added to Chinese internet giants Tencent and **Alibaba** (e-commerce) on the view that recent weakness in their financial results was caused by specific and transitory regulatory and cyclical headwinds. Both companies retain their dominant competitive positions, which will support growth in their core businesses and from new opportunities. At the end of the year, Chinese regulators slowly resumed approving new game titles after a hiatus of some nine months, which should boost sentiment toward game companies and Chinese internet businesses more broadly.

We also added to Mexico's **FEMSA**, owner of a 47% stake in Coca-Cola FEMSA, the world's largest Coke bottler by volume. FEMSA also owns the OXXO convenience store chain, now the third-largest retailer in Mexico with over 11 million customers per day. OXXO's scale gives it buying power similar to Walmart de México, Mexico's largest retailer. OXXO stores are not just shops but also popular service centers where customers can make routine commercial transactions, such as paying utility and phone bills. FEMSA is pursuing various other growth opportunities as well. It launched a joint venture with Amazon so that online shoppers can pick up their orders in OXXO stores. FEMSA is also one of Latin America's largest drug-store operators with a significant presence in Chile, Colombia, and Peru.

We cut our Health Care exposure significantly, primarily by reducing our positions in Chinese pharmaceutical manufacturers **Jiangsu Hengrui** and Sino Biopharmaceuticals. While we believe these companies still enjoy long-term growth potential, they face increased uncertainty due to the Chinese government's new emphasis on lowering drug prices. This is a sharp shift from previous policies, which had been highly supportive of high-quality domestic drug manufacturers.

We sold two complete positions this quarter. We sold Bharti Airtel, a leading wireless telecommunications company in India, out of concern with rising competition. We also exited Chinese toll-road and bridge operator **Jiangsu Expressway**, because of the increasing likelihood that the government will order a reduction in toll prices.

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EMERGING MARKETS HOLDINGS (AS OF DECEMBER 31, 2018)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
BAIDU Internet products and services	China	0.9
NASPERS Internet and media services	South Africa	1.6
SAFARICOM Mobile network operator	Kenya	0.9
TENCENT Internet and IT services	China	4.2
WEIBO Social network	China	0.6
YANDEX Internet products and services	Russia	0.5
CONSUMER DISCRETIONARY		
ALIBABA E-commerce retailer	China	3.3
ASTRA INTERNATIONAL Auto business operator	Indonesia	1.2
COWAY Consumer appliances manufacturer	South Korea	0.8
CTRIIP.COM Online travel services	China	0.7
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	1.2
HANKOOK TIRE Tire manufacturer	South Korea	1.3
JD.COM E-commerce retailer	China	0.3
MARUTI SUZUKI Automobile manufacturer	India	1.2
MIDEA GROUP Consumer appliances manufacturer	China	1.2
SANDS CHINA Integrated resorts and casinos operator	Hong Kong	1.7
SHENZHOU INTERNATIONAL Textile manufacturer	China	1.8
TECHTRONIC INDUSTRIES Power tool manufacturer	Hong Kong	0.1
CONSUMER STAPLES		
AMBEV Alcoholic beverages manufacturer	Brazil	0.9
AMOREPACIFIC Cosmetics manufacturer	South Korea	0.9
CBD Foods and consumer products retailer	Brazil	0.6
COCA-COLA HBC Coca-Cola bottler	UK	1.3
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.2
FEMSA Beverages manufacturer and retail operator	Mexico	0.8
LG HOUSEHOLD & HEALTH CARE Cons products manufacturer	South Korea	2.0
RAIA DROGASIL Drugstores operator	Brazil	0.4
WALMART DE MÉXICO Foods and consumer products retailer	Mexico	1.3
ENERGY		
CNOOC Oil and gas producer	China	1.6
LUKOIL Oil and gas producer	Russia	2.6
NOVATEK Natural gas producer	Russia	2.5
TENARIS Steel-pipe manufacturer	Italy	1.1
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	2.5
B3 Clearing house and exchange	Brazil	0.8
BANCO BRADESCO Commercial bank	Brazil	1.7
BANCO MACRO Commercial bank	Argentina	0.3
BANCO SANTANDER CHILE Commercial bank	Chile	0.6
BANCOLOMBIA Commercial bank	Colombia	1.1
BANK CENTRAL ASIA Commercial bank	Indonesia	1.0
BANK OF GEORGIA Commercial bank	UK	0.3
BANK RAKYAT Commercial bank	Indonesia	1.6
COMMERCIAL INTERNATIONAL BANK Commercial bank	Egypt	0.7

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
FINANCIALS (continued)		
CREDICORP Commercial bank	Peru	1.5
DISCOVERY HOLDINGS Insurance provider	South Africa	1.4
GF BANORTE Commercial bank	Mexico	1.4
HDFC CORP Mortgage lender	India	2.5
HONG KONG EXCHANGES Clearing house and exchange	Hong Kong	1.6
ITAÚ UNIBANCO Commercial bank	Brazil	1.8
KOMERČNÍ BANKA Commercial bank	Czech Rep.	1.1
KOTAK MAHINDRA BANK Commercial bank	India	1.2
PING AN INSURANCE Insurance provider	China	1.0
SBERBANK Commercial bank	Russia	2.3
SIAM COMMERCIAL BANK Commercial bank	Thailand	1.7
STANDARD BANK Commercial bank	South Africa	1.6
HEALTH CARE		
ASPEN PHARMACARE Pharma manufacturer	South Africa	0.4
CSPC PHARMACEUTICAL GROUP Pharma manufacturer	China	0.6
JIANGSU HENGRUI MEDICINE Pharma manufacturer	China	0.3
SINO BIOPHARMACEUTICAL Pharma manufacturer	China	0.6
INDUSTRIALS		
51JOB INC. Online human resource services	China	1.6
AIRTAC Pneumatic-equipment manufacturer	Taiwan	0.7
ASUR Airport operator	Mexico	1.0
COPA HOLDINGS Airline operator	Panama	0.9
DP WORLD Container-terminal operator	UAE	1.0
HAN'S LASER Laser equipment manufacturer	China	0.9
WEG Industrial equipment manufacturer	Brazil	1.0
INFORMATION TECHNOLOGY		
AAC TECHNOLOGIES Smartphone components manufacturer	China	0.5
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.7
EPAM IT consultant	US	1.7
HANGZHOU HIKVISION Surveillance camera manufacturer	China	1.1
HON HAI PRECISION Electronics manufacturer	Taiwan	0.5
LARGAN PRECISION Smartphone lens modules producer	Taiwan	0.9
SAMSUNG ELECTRONICS Electronics manufacturer	South Korea	4.5
SUNNY OPTICAL Optical component manufacturer	China	0.9
TSMC Semiconductor manufacturer	Taiwan	4.7
MATERIALS		
SASOL Energy and chemical technology developer	South Africa	1.1
REAL ESTATE		
EMAAR PROPERTIES Real estate developer and manager	UAE	0.8
UTILITIES		
ENN ENERGY Gas pipeline operator	China	2.1
CASH		
		2.1

Model Portfolio holdings are supplemental information only and complement the fully compliant Emerging Markets CompSite 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. 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.

4Q18 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BANCO BRADESCO	FINA	1.6	0.48
ITAÚ UNIBANCO	FINA	2.1	0.46
HDFC CORP	FINA	2.3	0.36
BANK RAKYAT	FINA	1.6	0.29
ASTRA INTERNATIONAL	DSCR	1.2	0.19

4Q18 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
GF BANORTE	FINA	1.6	-0.66
TSMC	INFT	4.4	-0.64
SAMSUNG ELECTRONICS	INFT	3.6	-0.64
TENARIS	ENER	1.3	-0.53
ALIBABA	DSCR	3.2	-0.53

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL EM	MSCI EM
PROFIT MARGIN ¹ (%)	17.3	15.4
RETURN ON ASSETS ¹ (%)	8.3	6.9
RETURN ON EQUITY ¹ (%)	19.6	16.1
DEBT/EQUITY RATIO ¹ (%)	33.3	51.6
STD DEV OF 5 YEAR ROE ¹ (%)	3.2	2.9
SALES GROWTH ^{1,2} (%)	9.1	4.3
EARNINGS GROWTH ^{1,2} (%)	14.3	11.7
CASH FLOW GROWTH ^{1,2} (%)	14.9	10.6
DIVIDEND GROWTH ^{1,2} (%)	10.7	6.1
SIZE & TURNOVER	HL EM	MSCI EM
WTD MEDIAN MKT CAP (US \$B)	31.4	22.9
WTD AVG MKT CAP (US \$B)	71.7	79.3
TURNOVER ³ (ANNUAL %)	21.5	—

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
NOVATEK	ENER	2.0	0.59
LUKOIL	ENER	2.3	0.45
ENN ENERGY	UTIL	2.2	0.41
ITAÚ UNIBANCO	FINA	2.0	0.36
SHENZHOU INTERNATIONAL	DSCR	1.9	0.25

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
SAMSUNG ELECTRONICS	INFT	3.5	-1.02
AAC TECHNOLOGIES	INFT	1.1	-0.94
TENCENT	COMM	4.2	-0.91
ALIBABA	DSCR	2.3	-0.81
ASPEN PHARMACARE	HLTH	1.1	-0.77

RISK AND VALUATION	HL EM	MSCI EM
ALPHA ² (%)	0.77	—
BETA ²	0.92	—
R-SQUARED ²	0.94	—
ACTIVE SHARE ³ (%)	73	—
STANDARD DEVIATION ² (%)	14.26	15.07
SHARPE RATIO ²	0.14	0.09
TRACKING ERROR ² (%)	3.8	—
INFORMATION RATIO ²	0.17	—
UP/DOWN CAPTURE ²	93/92	—
PRICE/EARNINGS ⁴	14.0	11.3
PRICE/CASH FLOW ⁴	10.1	7.6
PRICE/BOOK ⁴	2.4	1.5
DIVIDEND YIELD ⁵ (%)	2.3	2.9

¹Weighted median; ²Trailing five years, annualized; ³Five-year average; ⁴Weighted harmonic mean; ⁵Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner Emerging Markets Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 9, 2019); Harding Loevner Emerging Markets Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
THERE WERE NO NEW PURCHASES THIS QUARTER		

POSITIONS SOLD	COUNTRY	SECTOR
BHARTI AIRTEL	INDIA	COMM
JIANGSU EXPRESSWAY	CHINA	INDU

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. 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. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

EMERGING MARKETS COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2018)

	HL EM GROSS (%)	HL EM NET (%)	MSCI EM INDEX ¹ (%)	HL EM 3-YR STD DEVIATION ² (%)	MSCI EM INDEX 3-YR STD DEVIATION ² (%)	INTERNAL DISPERSION ³ (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS (\$M)	FIRM ASSETS (%)
2018 ⁴	-17.29	-18.03	-14.25	13.94	14.62	0.4	21	15,114	26.26
2017	36.81	35.64	37.75	13.90	15.36	0.3	23	19,177	35.51
2016	14.84	13.85	11.60	15.00	16.07	0.4	22	13,629	34.95
2015	-12.85	-13.59	-14.60	13.61	14.04	1.2	20	9,670	29.04
2014	0.74	-0.11	-1.82	14.06	14.99	0.5	14	8,212	23.46
2013	5.74	4.80	-2.27	17.56	19.03	0.6	12	5,649	17.04
2012	23.92	22.79	18.63	20.15	21.49	0.4	10	3,772	16.65
2011	-15.55	-16.36	-18.17	24.72	25.76	0.5	9	3,136	23.06
2010	22.22	21.06	19.20	31.54	32.59	0.1	7	3,881	35.25
2009	68.45	66.95	79.02	30.92	32.35	0.2	6	2,716	42.44
2008	-52.01	-52.46	-53.18	27.61	28.68	0.4	6	1,545	47.31

¹Benchmark Index; ²Variability of the Composite and the Index returns over the preceding 36-month period, annualized; ³Asset-weighted standard deviation (gross of fees); ⁴The 2018 performance returns and assets 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. 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 24 emerging market countries. You cannot invest directly in this Index.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through September 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 September 30, 2018. The verification and performance examination reports are available upon request.

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. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are 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. Net returns are calculated using actual fees. 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 Equity accounts is 1.25% annually of the market value up to \$20 million; 0.90% of amounts from \$20 million to \$100 million; 0.75% of amounts from \$100 million to \$200 million; 0.55% of amounts above \$200 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 Emerging Markets Composite was created on November 30, 1998.

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