HARDING LOEVNER

EMERGING MARKETS EQUITY

2019 Year End Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED DECEMBER 31, 2019[1]

	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL EMERGING MARKETS (GROSS OF FEES)	12.73	26.90	12.82	7.52	6.95	12.70
HL EMERGING MARKETS (NET OF FEES)	12.47	25.78	11.83	6.59	6.00	11.79
MSCI EMERGING MARKETS INDEX (GROSS)[4,5]	11.93	18.88	11.99	6.00	4.04	9.18

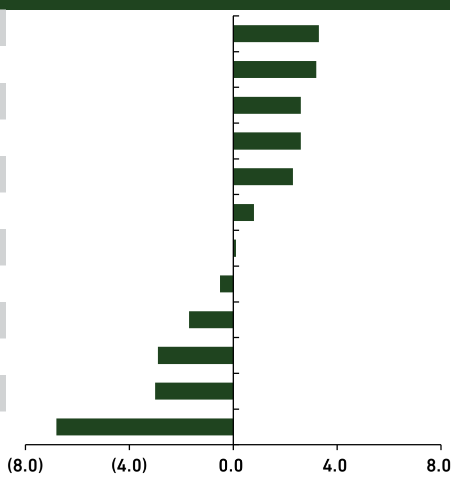
[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1998; [4]The Benchmark Index; [5]Gross of withholding taxes.

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 (%)

	HL EM	MSCI EM
CASH	3.3	—
INFO TECHNOLOGY	18.9	15.7
CONS STAPLES	8.9	6.3
INDUSTRIALS	7.9	5.3
FINANCIALS	26.5	24.2
CONS DISCRETIONARY	15.0	14.2
ENERGY	7.5	7.4
UTILITIES	2.1	2.6
HEALTH CARE	1.2	2.9
COMM SERVICES	8.1	11.0
REAL ESTATE	0.0	3.0
MATERIALS	0.6	7.4

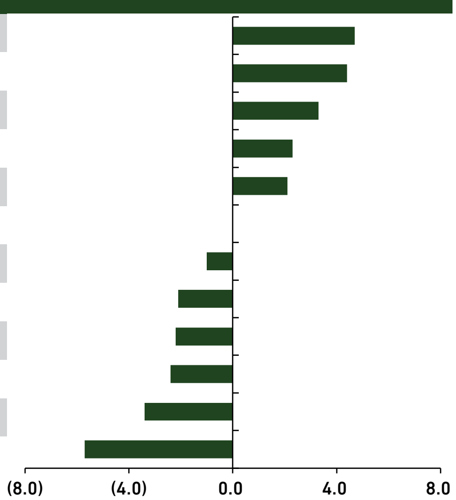
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL EM	MSCI EM
RUSSIA	8.6	3.9
DEVELOPED MARKET LISTED[6]	4.4	—
CASH	3.3	—
FRONTIER MARKETS[7]	2.3	—
MEXICO	4.4	2.3
BRAZIL	7.5	7.5
CHINA + HONG KONG[8]	33.3	34.3
SOUTH AFRICA	2.6	4.7
INDIA	6.4	8.6
SOUTH KOREA	9.3	11.7
TAIWAN	8.3	11.7
SMALL EMERGING MARKETS[9]	9.6	15.3

(UNDER) / OVER THE BENCHMARK



[6]Emerging markets or frontier markets companies listed in developed markets; [7]Includes countries with less-developed markets outside the Index; [8]The Harding Loevner Emerging Markets Model Portfolio's end weight in China is 26.8% and Hong Kong is 6.5%. The Benchmark does not include Hong Kong; [9]Includes 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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MARKET REVIEW

Emerging Markets (EMs) ended 2019 with the strongest quarterly return in almost eight years. De-escalation in the US-China trade conflict, accommodative central bank policies, and easing fears of an imminent global recession all contributed to general bullishness. For the full year, EMs gained 19%, a strong showing but considerably less than the 28% return of developed markets.

Investors began 2019 in a pessimistic mood. EMs had just suffered their sharpest annual decline in three years at the appearance of recessionary harbingers: a flattening yield curve, declining inflation expectations, and weak commodity prices. As the year drew on, the US-China trade war took an increasing toll on bilateral trade and global GDP growth forecasts. Central banks and governments responded with fiscal and monetary support, retracing some normalizing steps of 2018. The People's Bank of China cut its bank reserve ratios three times over the course of the year and lowered its short-term funding rate for the first time since 2015. Chinese state-owned banks were guided to increase their lending. Starting in July, Brazil's central bank cut its key rate four times, down to 4.5% in December, a record low. The European Central Bank (ECB) lowered the interest rate on the deposit facility in September and restarted asset purchases in November. In the fourth quarter, calling it insurance against recession, the US Federal Reserve again cut interest rates, almost completely reversing the rate increases of 2018.

China's economy continued to slow, but the resilience of its consumers, who experienced real wage growth and benefited from targeted fiscal policy measures, helped avert a worse economic downturn.

MARKET PERFORMANCE (USD %)

REGION/COUNTRY	4Q 2019	TRAILING 12 MONTHS
AFRICA	13.0	12.6
SOUTH AFRICA	13.2	12.1
ASIA	12.6	19.7
CHINA	14.7	23.7
INDIA	5.3	7.6
SOUTH KOREA	13.7	13.1
TAIWAN	18.0	37.7
EUROPE	13.3	33.6
RUSSIA	17.1	52.7
LATIN AMERICA	10.6	18.0
BRAZIL	14.4	26.7
MEXICO	6.3	11.8
MIDDLE EAST	2.0	-1.3
MSCI EM INDEX	11.9	18.9

SECTOR PERFORMANCE (USD %)
OF THE MSCI EM INDEX

SECTOR	4Q 2019	TRAILING 12 MONTHS
COMMUNICATION SERVICES	9.8	10.9
CONSUMER DISCRETIONARY	16.8	34.3
CONSUMER STAPLES	2.6	11.0
ENERGY	10.0	20.7
FINANCIALS	9.8	13.1
HEALTH CARE	14.7	3.8
INDUSTRIALS	7.9	7.3
INFORMATION TECHNOLOGY	19.0	42.6
MATERIALS	12.5	6.5
REAL ESTATE	17.7	24.2
UTILITIES	4.3	7.9

Source: FactSet (as of December 31, 2019). MSCI Inc. and S&P.

Positive economic data from the US gradually dispelled fears of an imminent recession in the world's largest economy. China's economy continued to slow, but the resilience of its consumers, who experienced real wage growth and benefited from targeted fiscal policy measures, helped avert a worse economic downturn. The trade war between the US and China witnessed something of a détente late in the year, with the two parties agreeing to a limited pull-back from their entrenched positions. In mid-December, days before new tariffs were to take effect, officials announced a "Phase One" trade agreement. The deal, hinted at in November, rolls back some US tariffs on Chinese goods while boosting Chinese purchases of US energy, manufactured goods, and agricultural products. The countries also agreed on enhanced protections for intellectual property. The developments bolstered investor sentiment toward China and EMs generally. The improved global outlook also boosted commodity prices, including oil, which ended the year trading 25% above its 12-month low. EM currencies strengthened against the US dollar, regaining ground lost earlier in the year.

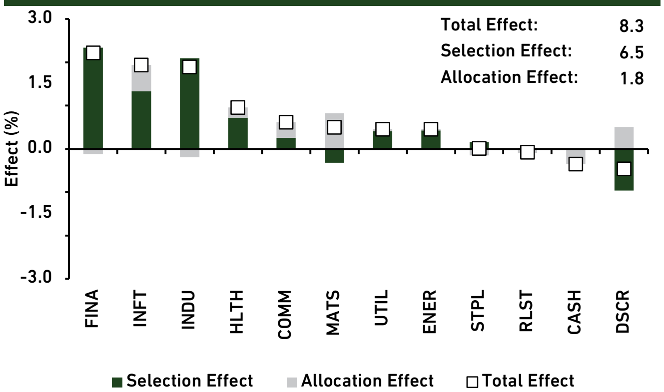
All major regions in the index posted positive returns in 2019, with emerging Europe leading the pack. The tiny Greek and Hungarian markets rose as investors anticipated a continuation of the ECB's accommodative policies. Russia, which has relatively little exposure to global trade war issues, was the best-performing EM, advancing over 50% despite anemic corporate earnings growth. The country's large state-owned enterprises soared after increasing their dividends and clarifying their payout policies.

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 at December 31, 2019 is available on page 9 of this report.

In Asia, the technology-heavy markets of Taiwan, China, and South Korea led in the quarter, and the full year. Taiwan was the strongest in 2019, posting a 38% return. China exhibited high volatility throughout the year as trade negotiations waxed and waned. But with an initial trade agreement appearing within grasp at last, the market advanced strongly toward the end of the year. Chinese growth stocks significantly outperformed their value counterparts as the resilient consumer and services sectors outstripped Industrials. India produced only modest returns for the quarter and the year, lagging other large EMs. Measures by the Indian government to support its ailing economy, including reducing corporate taxes and funding affordable housing projects, had little impact on its market.

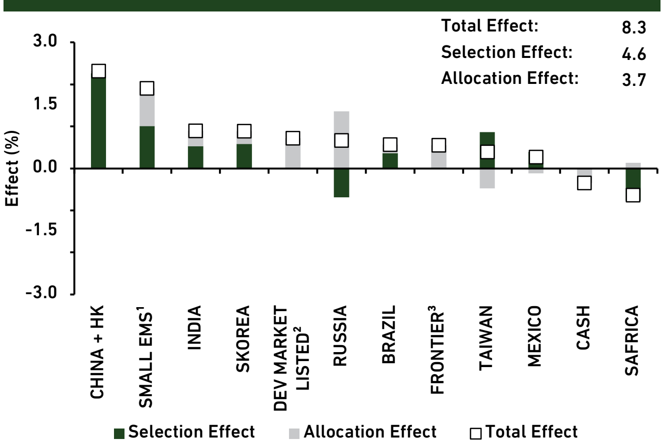
SECTOR PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

EMERGING MARKETS COMPOSITE VS. MSCI EM INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

EMERGING MARKETS COMPOSITE VS. MSCI EM INDEX



[1]Includes the remaining emerging markets, which individually, comprise less than 5% of the Index; [2]Emerging markets or frontier markets companies listed in developed markets; [3]Includes countries with less-developed markets outside 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 the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS presentation.

Strong contributions from Brazil and Colombia propelled Latin America. In the fall, Brazil's parliament enacted a long-overdue pension reform, which will boost the country's fiscal position. Colombia's market rose along with oil prices. Chile's market fell amid increasing social unrest over government plans to privatize businesses and increase subway fares. The severity of the protests prompted lawmakers to call a referendum on creating a new constitution.

The Information Technology (IT), Consumer Discretionary, and Real Estate sectors led EMs in the fourth quarter, and in 2019 as a whole. Semiconductor manufacturers rose on improving demand for memory and logic chips in the second half of the year, and smartphone component makers were boosted by the rollout of 5G wireless networks and the launches of new smartphones that feature higher-quality cameras than previous models. Consumer Discretionary's gains were led by index heavyweight **Alibaba**, China's dominant e-commerce platform. The company reported growth in customers in small cities and stable profit margins. Brazilian e-commerce companies also contributed to EM returns, as did Chinese education businesses. Chinese Real Estate stocks spiked late in the year after the government relaxed constraints on new home purchases. Broadly, the Consumer Staples and Utilities sectors lagged the index in the quarter and the year as increasingly optimistic investors flocked to stocks promising faster growth.

Health Care was the weakest sector in 2019, dragged down by South Korean biopharma stocks. Shares of two major drug manufacturers, SillaJen and Celltrion, fell amid reports of accounting irregularities. However, many leading Chinese health care stocks produced stellar returns as regulatory pressure eased. Mandated price cuts for generic drugs covered by government health insurance plans were more modest than investors had feared.

PERFORMANCE AND ATTRIBUTION

The Emerging Markets composite rose 12.7% in the quarter, exceeding the 11.9% gain of the MSCI EM Index. For the year, the composite rose 26.9%, compared with the index's 18.9% return. The charts to the left attribute the year's performance by sector and region.

In the quarter, our stock selection was strongest in Industrials, Communication Services, and Consumer Staples. Our overweight in the latter sector detracted. In Industrials, our relative returns were boosted by a diverse group of companies, including Brazil's electric motor maker **WEG** and car-rental company **Localiza**, which rose in line with Brazil's improving economic outlook. **Yandex** and **Baidu**, the leading search engines in Russia and China, respectively, contributed strongly in Communication Services. Yandex crafted a new shareholder agreement that addressed concerns over a potential government takeover of the business. Baidu reported a significant improvement in its profit margin, a result of effective cost management. Our stock selection was weakest in Consumer Discretionary. Shares of Taiwan's **Eclat Textile** were flat amid concerns about constraints on production capacity in Vietnam, where the company has a major factory but has struggled to hire enough employees due to a labor shortage. Eclat seeks to alleviate this bottleneck by investing US$170 million to build a factory in Indonesia.

For the year, Financials contributed most to our outperformance because of positive selection from a range of EM banks. The largest contributors were **Sberbank** of Russia and **Bancolombia**, both leading banks in economies that are showing signs of improvement, in part due to rising oil prices. In IT, we had a large contribution from **EPAM**, a US-headquartered IT services consultancy that is growing in excess of 20%.[1] The company recently won several lucrative deals with financial services companies to develop software for asset management and payment processing. Our smartphone component makers—China's **Sunny Optical** and Taiwan's **Largan Precision**—also performed strongly, reporting higher-than-expected revenues.

We underperformed in Consumer Discretionary for the year, largely due to auto-related investments. Global auto sales fell for a second consecutive year, led by an 8% drop in China. The slump impacted South Korea's **Hankook Tire**, whose profits have remained weak despite some success in growing its share in premium tires. Automakers **Astra International** of Indonesia and **Maruti Suzuki** of India faced weak home markets. In India, tight credit raised the cost of auto loans as tighter emissions standards increased car prices.

By region, our performance in 2019 was helped by our overweight to Russia and underweights to the weak markets of India, Malaysia, Poland, and Saudi Arabia. Stock selection was particularly strong in North Asia, with contributions from our companies in China, Taiwan, and South Korea. In Taiwan, **TSMC**, the portfolio's largest single holding, rallied strongly as its third-quarter results confirmed strong growth in demand for chips used in smartphones and high-performance computers. Shares of Indian mortgage lender **HDFC Corp** also rose after the government unveiled a US$3.5 billion program to assist and encourage developers to finish residential development projects that had stalled due to a lack of financing. We lagged in South Africa, as insurer **Discovery Holdings** sold off following the government's announcement of a plan for universal health insurance that would limit Discovery to services not covered by the public system. Given EM's strong performance, our average cash holdings of 3% also detracted.

[1]Our strategy admits companies listed in DMs only if they meet certain criteria qualifying them as essentially EM businesses, such as receiving or holding at least 50% of their revenues or productive assets in developing countries. In the case of EPAM, the vast majority of staff work in Eastern Europe at the company's hubs in Minsk and Kyiv, and in offices in Russia, Poland, China, and India.

PERSPECTIVE AND OUTLOOK

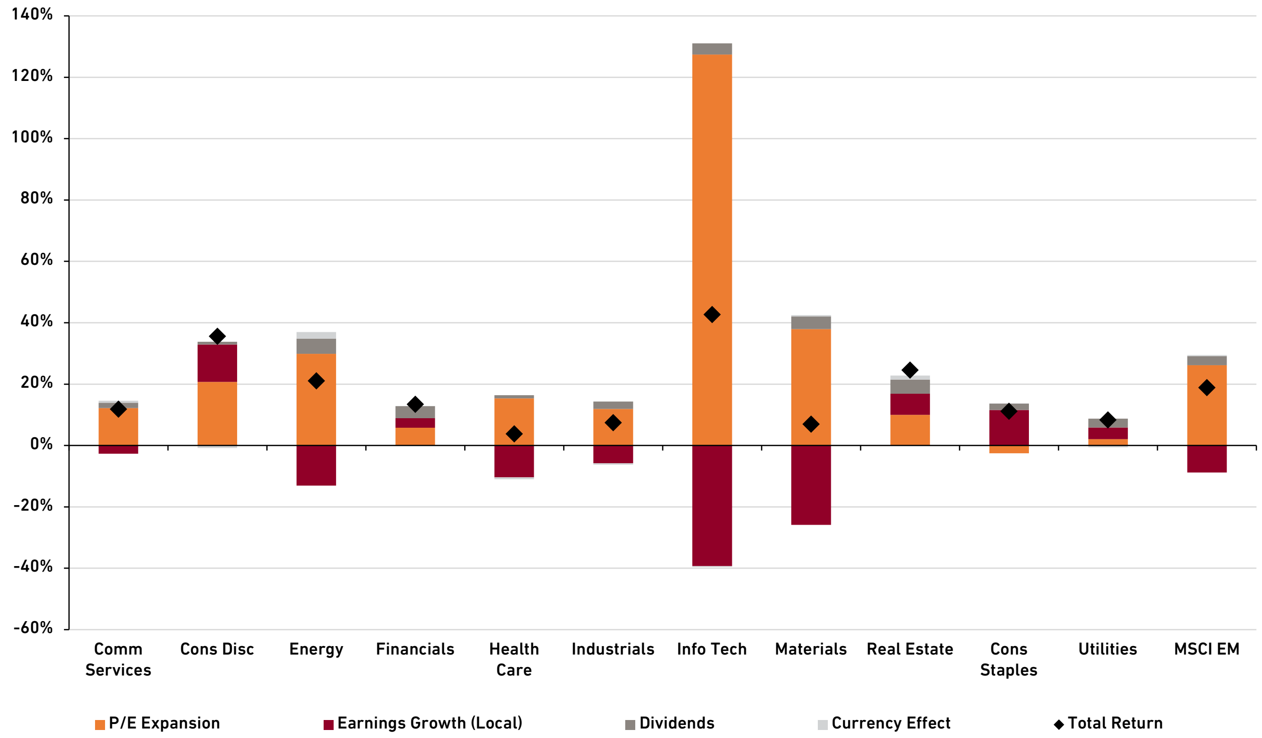
Over the long term, realized earnings growth and cash flow ultimately determine equity returns. In the short term, therefore, inflections in *expectations* for the rate and duration of future growth have a big impact on share prices. 2019 offered a powerful illustration: the strong appreciation of EM and developed market equities primarily reflected a jump in the multiple of current earnings that investors were prepared to pay for companies' future cash flows. Investors' willingness to accept a higher multiple reflects expectations of stronger or longer growth, perhaps including a reduction in the estimated probability of a recession in the US or an equivalent slowdown in China.

The strong appreciation of EM and developed market equities primarily reflected a jump in the multiple of current earnings that investors were prepared to pay for companies' future cash flows.

The chart on the following page deconstructs the year's returns for each sector in the MSCI EM Index into four key components: change in corporate earnings, change in valuation measured by the price/earnings multiple, dividends paid, and currency movements. Overall, EM earnings *contracted* 9%, but the 26% expansion of EM's P/E multiple helped produce a net 19% return in dollars. The valuation effect on the IT and Consumer Discretionary sectors was particularly notable. IT, led by semiconductor companies, posted the strongest net returns of any sector despite its 40% *contraction* in earnings. Consumer Discretionary, dominated by Chinese e-commerce companies, benefited from multiple expansion *and* earnings growth. Our exposure to both sectors is significant: we own leading businesses such as chip foundry TSMC, semiconductor equipment maker **ASM Pacific Technology**, memory chip maker **Samsung Electronics**, and e-commerce giants Alibaba and **JD.com**. In the remainder of this commentary, we examine whether investors' revised expectations for higher or longer growth for chipmakers and online retailers, as reflected in their willingness to pay higher multiples of those sectors' earnings, are justified.

The year began with low expectations for chipmakers. Smartphone sales, a key driver of semiconductor demand, were slowing, and the price of memory chips, which collapsed in 2018, was still dropping. In mid-2019, however, TSMC released strong forward guidance for revenue growth, citing rising demand for logic chips for smartphones and high-performance computers. Hundreds of millions of 5G smartphones were forecast to be produced in 2020, each requiring more silicon chips than earlier models for connectivity, power management, and memory. As the year drew on, inventory levels of DRAM and NAND flash memory began to recede, and the pace of price erosion declined. Reports of increasing chip demand from large data center operators like Amazon, Facebook, and Alibaba also stoked optimism.

2019 RETURNS DECOMPOSITION



Source: MSCI Inc., FactSet; Data as of December 31, 2019.

The sharp rise in the share prices of semiconductor companies reflected increased optimism on the part of investors about a near-term upturn in the chip cycle. We don't know if this optimism is justified; demand and cycles are notoriously unpredictable. Our enthusiasm for the manufacturing and memory segments of the semiconductor industry is grounded in our expectation of long-term earnings growth, underpinned by two discernable trends: increasing industry concentration and rising production discipline among chipmakers.

The skyrocketing cost of manufacturing state-of-the-art chips has been the driving force behind the industry's intensifying concentration. With each new generation, engineers have increased the computing power and storage capacity of chips by cramming onto them ever-smaller transistors and other components. In 2001, when the most advanced chips used in servers and high-end PCs had features as small as 130 nanometers, a new fab cost US$1.7 billion to build and equip. By 2018, when the smallest chip features had shrunk to 7 nm, the cost of a new fab hit US$20 billion. In recent years, the number of leading-edge logic chip manufacturers has dropped from 25 to only 3: TSMC, Samsung, and Intel. In the memory segment, the number of companies producing DRAM (used in everything from phones and cars to PCs and servers) has also dwindled, from more than a dozen companies in 2010 to just 3 today—Samsung, SK Hynix, and Micron.

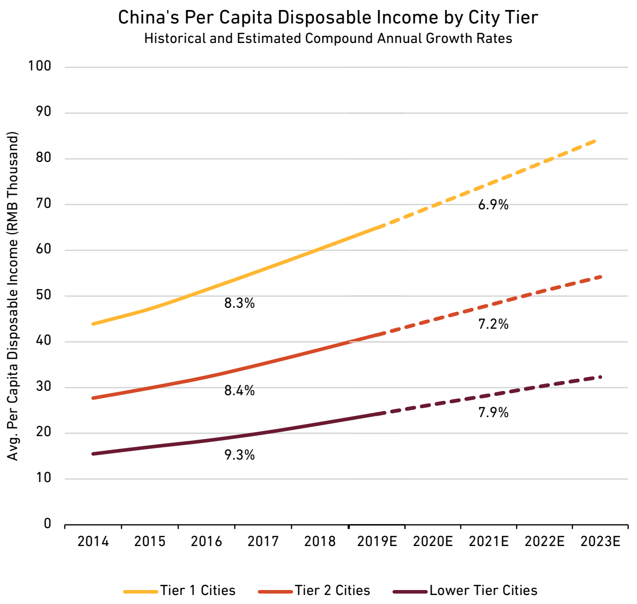
The memory segment's concentration has led to another positive development that we view as even more important: disciplined management of the supply of chips by producers in response to downturns in demand. In past cycles, DRAM makers typically expanded capacity during downturns to capture more market share and annihilate weaker rivals, at a great cost to their short-term profitability. Today, only the financially strong remain, and there is no longer any benefit from such predatory behavior. In the most recent downturn, memory chipmakers for the first time *reduced* rather than expanded capacity. So far, none of the three companies has lost money during the slump. We see in this new supply discipline a bright outlook for the industry's long-term profitability, a primary driver of our estimates of fair stock valuations.

Like the chipmakers, China's e-commerce companies started the year facing stiff headwinds, including the trade war and China's weakening economy. Investors feared that consumers, who had remained resilient through the prior year, would capitulate as the economy weakened further, cutting their spending. Online retailers also struggled with long-term challenges as the market matured, including rising costs for acquiring customers and decelerating customer growth. Unlike semiconductor manufacturers, whose high capital requirements represent a formidable barrier to new entrants, established e-commerce companies have faced waves of new competition, from e-commerce startups like Pinduoduo (PDD) and Meituan to established companies. **Tencent**, the world's largest gaming company and operator of China's largest social media platform, opened its popular WeChat messaging service to brands seeking to sell their products directly to consumers.

These fears for the leading e-commerce companies receded, however, as their revenues grew another 30% and profit margins expanded over the course of the year. The resilience of the middle-class urban Chinese consumer was one factor. More important, however, was the companies' unanticipated success in tapping the vast pool of potential new customers living outside the country's largest cities. Until recently, Alibaba and JD had focused their attention on the residents of more affluent coastal cities. Thanks to rising incomes and high smartphone and internet penetration in those areas, e-commerce developed in China at a faster rate than any other country. Today, online shopping accounts for 20% of China's retail sales and growing. Alibaba alone has roughly 700 million active users.

Internet is now widely available in China's smaller cities, and access to mobile internet service has also been catching up with the large urban areas.

But 70% of China's population—about 950 million people—live in so-called lower-tier cities. A decade ago, few residents in China's lower-tier inland cities had internet access, and those lucky ones who did were less likely than coastal urbanites to purchase the premium goods offered on online platforms. Internet is now widely available in the lower-tier cities, and access to mobile internet service has also been catching up with the large urban areas. Growth in disposable income in those areas, which account for 59% of the country's GDP, is projected to outpace that of wealthier cities, like Shanghai and Shenzhen, over the next five years (see chart below).



Source: Dasin Retail Trust Investor Presentation.

PDD's successful launch in 2015 revealed the emerging opportunity in China's smaller cities. PDD engaged their less-affluent consumers by introducing a "team buying" model that allows shoppers to invite friends to join them in bulk purchases and receive discounts. PDD has also led the way in working with manufacturers to create cheaper versions of products for lower-income consumers. Leveraging its key shareholder Tencent, PDD introduced a WeChat app that allows shoppers to share product information and chat with friends about potential purchases. PDD's strategy proved effective. From 2017 to the end of 2019, its number of active buyers rose from 160 million to over 500 million.

To counter PDD's threat, Alibaba and JD invested to improve their value proposition to price-sensitive consumers, sometimes copying from PDD's playbook. For example, Alibaba upgraded Juhuasuan, its platform for group buying and flash sales, and repositioned it as a destination for lower-income consumers. JD launched an online platform, called Jingxi, which offers low-priced goods via social-media promotions. It also charges lower rates to merchants to encourage participation on the platform. Both Alibaba and JD cited their penetration of lower-tier cities as key reasons for exceeding 2019 earnings expectations.

Even with the arrival of new e-commerce rivals, we believe both Alibaba and JD will be able to maintain their leadership positions. While Alibaba and JD are generating significant cash flow from their core operations with which they can sustain their existing businesses and develop new ones, PDD and other new entrants are still making losses and need the continued willingness of capital markets to fund their fight, which is not assured. The incumbents also have advantages that stem from their long histories in selling online. These include vast amounts of customer data and the technological tools to analyze it, enabling steady improvements in customers' shopping experience and thereby their engagement and loyalty. Both Alibaba and JD have developed logistics networks at scale, which they can leverage to reduce their costs, further increasing their value proposition to consumers, especially the price-sensitive ones just now increasingly coming online.

PORTFOLIO HIGHLIGHTS

As is typical for us, we made only incremental changes to the portfolio this year, following our judgments of business quality and growth prospects in relation to the changing relative share prices of the qualified companies we follow. The portfolio maintains its long-standing overweight in Financials and underweight in Materials. Our underweight to Communication Services narrowed following an investment in **Autohome**, China's leading online site for auto buyers. The company plans to grow revenues by offering data and analytic services to car dealerships and auto manufacturers to help them improve their sales operations. In November, we increased our position in Baidu, China's leading search engine. Looking beyond the weak advertising market it weathered in 2019, we see its significant investments in artificial intelligence creating new opportunities in smart speakers, voice-based search, and autonomous driving, potential growth engines whose value is not reflected in Baidu's share price today. Our IT overweight increased largely due to strong appreciation of our existing holdings. We added a position in Indian multinational **Tata Consultancy Services (TCS)**, offset by trimming US-based software engineering company EPAM in response to the stock's rise.

In the fourth quarter, we added a new holding in Industrials: **SF Express**, a premium Chinese delivery services company. Unlike many other carrier companies in China, which rely on subcontractors to do the "last mile" delivery at a low cost, SF Express operates a large fleet of cargo aircraft and its own vans to deliver time-sensitive documents and parcels to businesses. With tight control over its operations, the company has built a reputation for superior service and commands a price much higher than its peers. Recently, SF Express launched an express service that utilizes the spare capacity on its trucks and is targeted to e-commerce merchants who want to provide buyers a premium delivery experience.

During the year, we reduced our Financials overweight, in part through the sale of **Hong Kong Exchanges (HKEX)** and the reduction of Brazil's **B3**. Both are dominant and highly profitable securities exchanges within their regional markets that are facing rising competitive threats. We perceive HKEX's growth to be challenged long term by China's local exchanges, which are increasingly innovative and, like HKEX, are forging connections with major foreign market operators. B3 is facing competition in Brazil from new entrants, even as regulators are pressuring it to open its depositary services to competitors.

We increased our exposure to India in 2019. In addition to our investment in TCS, we added to other Indian holdings following the announcement of corporate tax reform in September. We consider this positive step a sign that the government is willing to take further action to boost the economy, which has lost its momentum in recent quarters.

Our underweight to the Middle East widened in 2019. We sold **Emaar Properties**, a UAE-based real estate group, over concerns about the long-term growth prospects of Dubai's property market. The company continues to gain market share, but it has done so by extending more attractive financial terms to buyers. We fear the deals will erode its balance sheet over time. Also, Saudi Arabia, where we have no exposure, entered the EM Index in August. Following the IPO of oil giant Saudi Aramco in December, the country's index weight ended the year at 2.6%.

EMERGING MARKETS HOLDINGS (AS OF DECEMBER 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
AUTOHOME Automotive information services	China	0.7
BAIDU Internet products and services	China	1.0
SAFARICOM Mobile network operator	Kenya	1.1
TENCENT Internet and IT services	China	4.3
WEIBO Social network	China	0.3
YANDEX Internet products and services	Russia	0.7
CONSUMER DISCRETIONARY		
ALIBABA E-commerce retailer	China	4.8
ASTRA INTERNATIONAL Auto business operator	Indonesia	0.7
COWAY Consumer appliances manufacturer	South Korea	1.0
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	1.2
HANKOOK TIRE Tire manufacturer	South Korea	0.9
JD.COM E-commerce retailer	China	0.4
MARUTI SUZUKI Automobile manufacturer	India	1.2
MIDEA GROUP Consumer appliances manufacturer	China	1.4
SANDS CHINA Integrated resorts and casinos operator	Hong Kong	2.0
SHENZHOU INTERNATIONAL Textile manufacturer	China	1.1
TRIP.COM Online travel services	China	0.5
CONSUMER STAPLES		
AMBEV Alcoholic beverages manufacturer	Brazil	1.2
AMOREPACIFIC Cosmetics manufacturer	South Korea	0.8
CBD Foods and consumer products retailer	Brazil	0.5
COCA-COLA HBC Coca-Cola bottler	UK	1.4
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.2
FEMSA Beverages manufacturer and retail operator	Mexico	0.9
JIANGSU YANGHE BREWERY Alcoholic beverages manufacturer	China	0.9
LG HOUSEHOLD & HEALTH CARE Cons products manufacturer	South Korea	1.8
WALMART DE MÉXICO Foods and consumer products retailer	Mexico	1.1
ENERGY		
CNOOC Oil and gas producer	China	1.4
LUKOIL Oil and gas producer	Russia	2.8
NOVATEK Natural gas producer	Russia	2.4
TENARIS Steel-pipe manufacturer	Italy	0.9
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	2.6
B3 Clearing house and exchange	Brazil	0.7
BANCO BRADESCO Commercial bank	Brazil	1.6
BANCO SANTANDER CHILE Commercial bank	Chile	0.3
BANCOLOMBIA Commercial bank	Colombia	1.2
BANK CENTRAL ASIA Commercial bank	Indonesia	1.1
BANK OF GEORGIA Commercial bank	UK	0.3
BANK RAKYAT Commercial bank	Indonesia	1.5

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMERCIAL INTERNATIONAL BANK Commercial bank	Egypt	0.8
CREDICORP Commercial bank	Peru	1.1
DISCOVERY HOLDINGS Insurance provider	South Africa	0.8
GF BANORTE Commercial bank	Mexico	1.2
HDFC CORP Mortgage lender	India	2.6
ITAÚ UNIBANCO Commercial bank	Brazil	1.4
KOMERČNÍ BANKA Commercial bank	Czech Rep.	0.8
KOTAK MAHINDRA BANK Commercial bank	India	1.5
PING AN INSURANCE Insurance provider	China	1.7
SBERBANK Commercial bank	Russia	2.7
SIAM COMMERCIAL BANK Commercial bank	Thailand	1.3
STANDARD BANK Commercial bank	South Africa	1.1
HEALTH CARE		
CSPC PHARMACEUTICAL GROUP Pharma manufacturer	China	0.8
SINO BIOPHARMACEUTICAL Pharma manufacturer	China	0.4
INDUSTRIALS		
51JOB INC. Online human resource services	China	1.3
ASUR Airport operator	Mexico	1.1
COPA HOLDINGS Airline operator	Panama	1.0
DP WORLD Container-terminal operator	UAE	0.6
LOCALIZA Automobile rental services	Brazil	0.8
SF HOLDING Delivery services	China	0.6
TECHTRONIC INDUSTRIES Power tool manufacturer	Hong Kong	1.2
WEG Industrial equipment manufacturer	Brazil	1.3
INFORMATION TECHNOLOGY		
AAC TECHNOLOGIES Smartphone components manufacturer	China	0.6
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.8
EPAM IT consultant	US	1.8
HANGZHOU HIKVISION Surveillance camera manufacturer	China	1.2
HON HAI PRECISION Electronics manufacturer	Taiwan	0.5
LARGAN PRECISION Smartphone lens modules producer	Taiwan	1.1
SAMSUNG ELECTRONICS Electronics manufacturer	South Korea	4.9
SUNNY OPTICAL Optical component manufacturer	China	1.4
TATA CONSULTANCY SERVICES IT consultant	India	1.1
TSMC Semiconductor manufacturer	Taiwan	5.5
MATERIALS		
SASOL Energy and chemical technology developer	South Africa	0.7
REAL ESTATE		
No Holdings		
UTILITIES		
ENN ENERGY Gas pipeline operator	China	2.1
CASH		3.3

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.

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4Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
TSMC	INFT	5.4	1.39
ALIBABA	DSCR	4.6	1.18
SAMSUNG ELECTRONICS	INFT	4.7	0.82
LUKOIL	ENER	2.9	0.65
TENCENT	COMM	4.2	0.58

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
TSMC	INFT	4.7	2.33
ALIBABA	DSCR	4.2	2.08
SAMSUNG ELECTRONICS	INFT	3.5	1.46
SBERBANK	FINA	2.6	1.35
LUKOIL	ENER	2.8	1.23

4Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BANCO SANTANDER CHILE	FINA	0.4	-0.08
DP WORLD	INDU	0.6	-0.05
NASPERS	DSCR	0.3	-0.04
AUTOHOME	COMM	0.7	-0.03
WALMART DE MÉXICO	STPL	1.3	-0.03

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
AUTOHOME	COMM	0.6	-0.35
SASOL	MATS	0.8	-0.30
DISCOVERY HOLDINGS	FINA	1.0	-0.30
HANKOOK TIRE	DSCR	1.0	-0.27
DP WORLD	INDU	0.7	-0.22

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL EM	MSCI EM
PROFIT MARGIN[1] (%)	18.0	16.7
RETURN ON ASSETS[1] (%)	10.9	7.0
RETURN ON EQUITY[1] (%)	19.6	16.5
DEBT/EQUITY RATIO[1] (%)	33.4	53.9
STD DEV OF 5 YEAR ROE[1] (%)	3.4	2.9
SALES GROWTH[1,2] (%)	9.1	6.1
EARNINGS GROWTH[1,2] (%)	13.3	10.4
CASH FLOW GROWTH[1,2] (%)	14.4	10.0
DIVIDEND GROWTH[1,2] (%)	15.1	8.6
SIZE & TURNOVER	**HL EM**	**MSCI EM**
WTD MEDIAN MKT CAP (US $B)	43.2	28.1
WTD AVG MKT CAP (US $B)	110.2	115.7
TURNOVER[3] (ANNUAL %)	18.7	—

RISK AND VALUATION	HL EM	MSCI EM
ALPHA[2] (%)	1.79	—
BETA[2]	0.94	—
R-SQUARED[2]	0.94	—
ACTIVE SHARE[3] (%)	71	—
STANDARD DEVIATION[2] (%)	15.19	15.66
SHARPE RATIO[2]	0.43	0.32
TRACKING ERROR[2] (%)	3.8	—
INFORMATION RATIO[2]	0.39	—
UP/DOWN CAPTURE[2]	98/92	—
PRICE/EARNINGS[4]	16.2	14.1
PRICE/CASH FLOW[4]	11.8	8.9
PRICE/BOOK[4]	2.7	1.9
DIVIDEND YIELD[5] (%)	2.3	2.7

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted 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 7, 2020); Harding Loevner Emerging Markets Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
SF EXPRESS	CHINA	INDU

POSITIONS SOLD	COUNTRY	SECTOR
NASPERS	SOUTH AFRICA	DSCR
PROSUS	NETHERLANDS	DSCR

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 EQUITY COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2019)

	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 (%)
2019[4]	26.90	25.78	18.88	14.64	14.17	0.4	17	19,045	29.62
2018	-17.29	-18.03	-14.25	13.94	14.62	0.4	21	15,114	30.07
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

[1]Benchmark Index; [2]Variability of the Composite and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2019 performance returns and assets shown are preliminary.

The Emerging Markets Equity 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 26 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, 2019.

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 Equity Composite has been examined for the periods December 1, 1998 through September 30, 2019. 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 Equity Composite was created on November 30, 1998.

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