

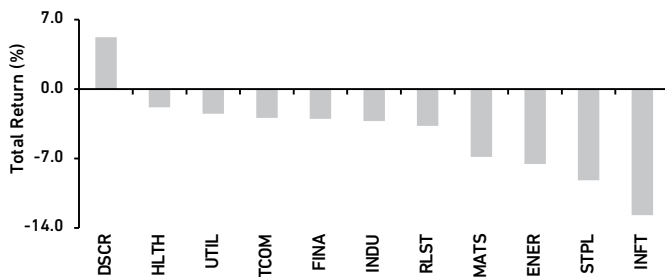
Prior to 2013, subsidiaries of major European banks dominated Romania’s financial sector. The branches of France’s Société Générale, Italy’s UniCredit, Greece’s Eurobank, and others were highly profitable because their corporate headquarters provided plentiful and cheap euro funding for loans, while locally based banks had to rely on more-expensive funding from local deposits and international wholesale markets. The subsidiaries’ superior profitability, however, was not sustainable. Their loans were denominated in euros, and borrowers who earned their incomes in Romanian leu were exposed to currency risk. When the leu lost value, the subsidiaries saw a surge in the number of non-performing loans (NPLs). Their problems were compounded when a banking crisis struck the eurozone in 2011–12, which led the parent banks to shut off the funding spigot to their subsidiaries.

The subsidiaries’ woes created an opportunity for Romania’s domestic banks to lend profitably and gain market share. The local banks had a better understanding of their home markets and sounder risk management practices than their foreign rivals. Their leu-denominated loans also did not expose borrowers to currency risks. Some Romanian banks with strong balance sheets acquired the assets of their foreign rivals—often at a discount. **Banca Transilvania (BT)**, a portfolio holding since November 2014, has built a dominant position in Romania’s retail and business banking markets. Most recently, it acquired Bancpost, a former subsidiary of Eurobank and one of the top 10 banks by assets in Romania. BT has skillfully managed credit risk, keeping its NPL ratio at 3%, comfortably below the industry average of 6%.

PERFORMANCE (% TOTAL RETURN) FOR THE PERIODS ENDED OCTOBER 31, 2018¹

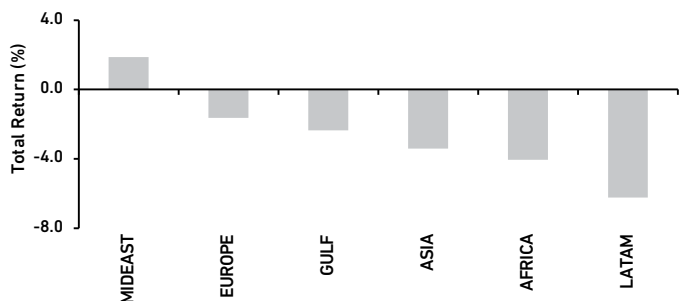
	1 MONTH	YTD	1 YEAR	3 YEARS ²	5 YEARS ²	10 YEARS ²	SINCE INCEPTION ^{2,3}
HL FRONTIER EMERGING MARKETS (GROSS OF FEES)	-4.23	-12.47	-6.99	3.43	1.41	7.75	0.54
HL FRONTIER EMERGING MARKETS (NET OF FEES)	-4.34	-13.45	-8.23	1.99	-0.04	6.24	-0.87
MSCI FRONTIER EMERGING MARKETS INDEX ^{4,5}	-4.01	-14.41	-10.19	2.53	-0.13	4.01	-2.35

BENCHMARK PERFORMANCE BY SECTOR – OCTOBER



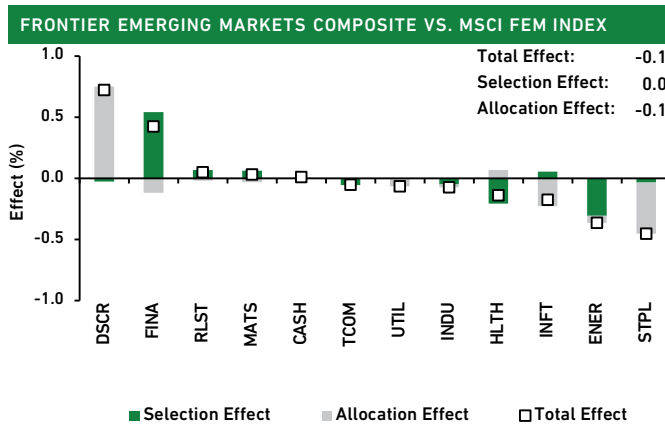
- Consumer Staples dragged down returns. **Vietnam Dairy Products** announced weak earnings that indicated that staples consumption is slowing in Vietnam.

BENCHMARK PERFORMANCE BY GEOGRAPHY – OCTOBER



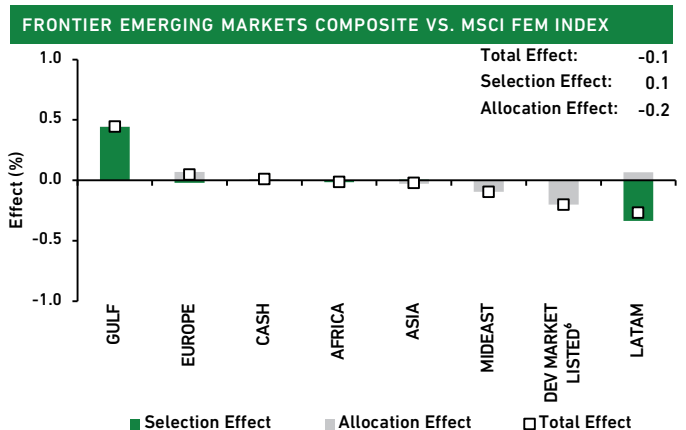
- Sri Lanka was among the best-performing markets after the president sacked his prime minister and appointed former president Mahinda Rajapaksa to the post. Though controversial, Rajapaksa’s appointment fueled optimism for faster project approvals in the country.

PERFORMANCE ATTRIBUTION BY SECTOR – OCTOBER



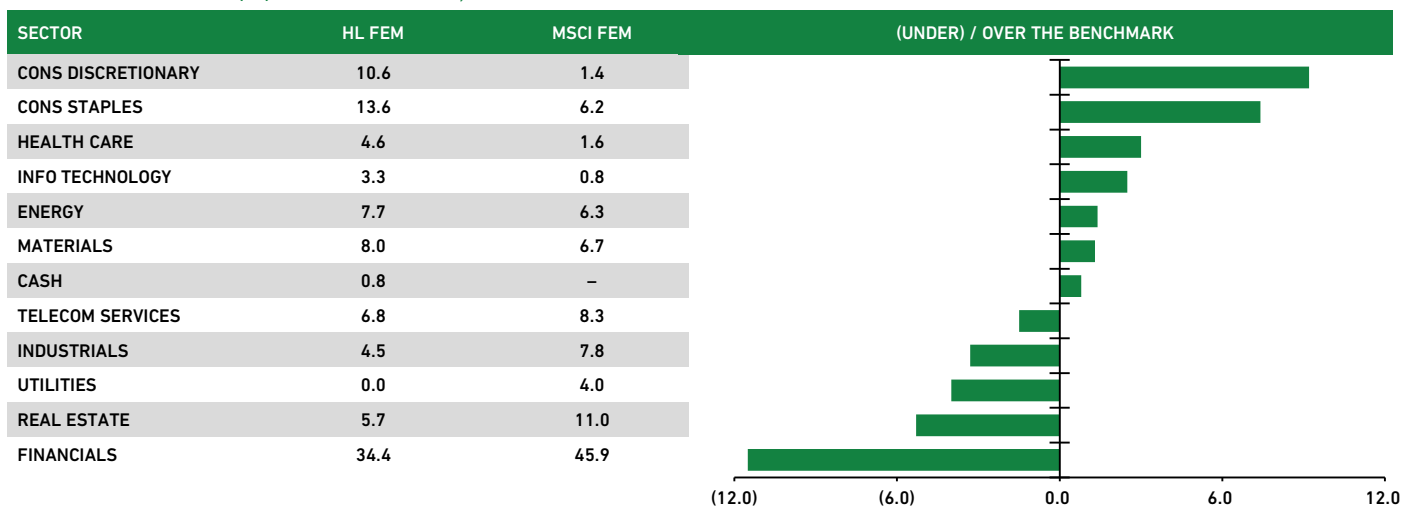
- In Consumer Staples, Peruvian packaged-goods maker **Alicorp** underperformed as its small Brazilian and Argentine businesses struggled from sluggish demand, although its domestic Peruvian business continued to gain market share.

PERFORMANCE ATTRIBUTION BY GEOGRAPHY – OCTOBER

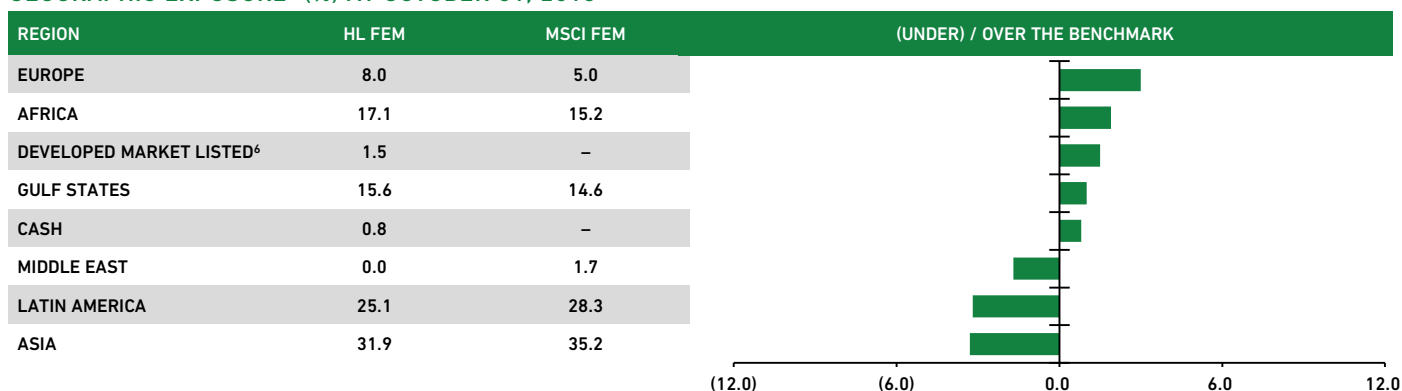


- Performance in the Gulf States was helped by retailer **Jarir Marketing** and **Al Rajhi Bank**, both based in Saudi Arabia. Jarir’s growth outlook was bolstered by strengthening consumer demand and new store openings. Al Rajhi benefited from rising interest rates that should help it expand net interest margins.

SECTOR EXPOSURE (%) AT OCTOBER 31, 2018



GEOGRAPHIC EXPOSURE⁷ (%) AT OCTOBER 31, 2018



ENDNOTES

(1) The October 2018 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: May 31, 2008 (4) The Benchmark Index (5) Gross of withholding taxes (6) Includes frontier markets or small emerging markets companies listed in developed markets (7) Current Frontier Markets exposure in the portfolio is 53.4% and Emerging Markets exposure is 44.3%.

SOURCES

Benchmark Performance: FactSet; MSCI Inc. and S&P.
Sector/Geographic Attribution: FactSet; Harding Loevner Frontier Emerging Markets Composite; MSCI Inc. and S&P.
Sector/Geographic Exposure: FactSet; Harding Loevner Frontier Emerging Markets Model; MSCI Inc. and S&P.

DISCLOSURES

The Frontier Emerging Markets Composite contains fully-discretionary, fee paying accounts investing in non-US equity and equity-equivalent securities of companies domiciled predominately in frontier emerging markets and cash reserves and is measured against the MSCI Frontier 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 assess whether (1) the firm has complied with all the 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 the GIPS standards. Verification does not ensure the accuracy of any composite presentation. The Frontier Emerging Markets Composite has not received a performance examination. 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 Frontier 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.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The Index consists of 29 frontier markets and 5 emerging markets. You cannot invest directly in this Index.

Companies held in the portfolio during the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner.

Portfolio holdings, portfolio attribution, and sector/geographic allocations are supplemental information only and complement a fully compliant Frontier Emerging Markets Composite GIPS Presentation, which is available upon request. The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is 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.

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