GLOBAL EQUITY

2018 First Quarter Report

COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED MARCH 31, 2018[1]

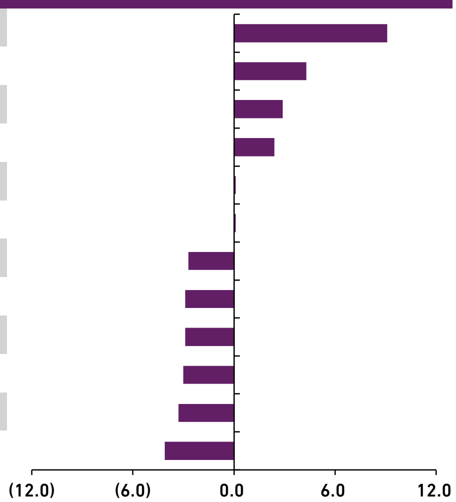
	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL GLOBAL EQUITY (GROSS OF FEES)	2.34	24.43	13.24	13.12	8.95	10.22
HL GLOBAL EQUITY (NET OF FEES)	2.23	23.88	12.72	12.60	8.51	9.55
MSCI ALL COUNTRY WORLD INDEX[4,5]	-0.84	15.44	8.70	9.78	6.15	7.19
MSCI WORLD INDEX[5,6]	-1.15	14.20	8.57	10.31	6.50	7.19

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: November 30, 1989; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

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.

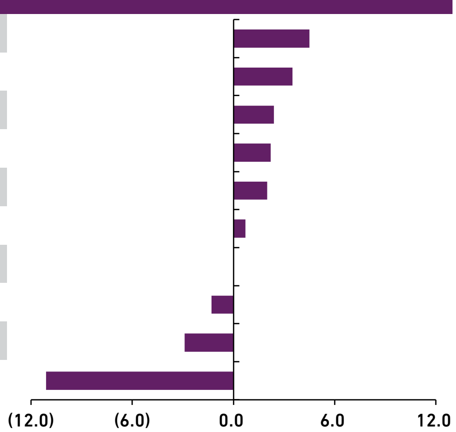
SECTOR EXPOSURE (%)

	HL GLOBAL	MSCI ACWI
HEALTH CARE	19.7	10.6
INDUSTRIALS	15.1	10.8
MATERIALS	8.3	5.4
CASH	2.4	–
CONS DISCRETIONARY	12.4	12.3
INFO TECHNOLOGY	18.9	18.8
ENERGY	3.5	6.2
TELECOM SERVICES	0.0	2.9
UTILITIES	0.0	2.9
REAL ESTATE	0.0	3.0
CONS STAPLES	5.1	8.4
FINANCIALS	14.6	18.7



GEOGRAPHIC EXPOSURE (%)

	HL GLOBAL	MSCI ACWI
EUROPE EX-EMU	14.4	9.9
JAPAN	11.5	8.0
CASH	2.4	–
EUROPE EMU	13.0	10.8
EMERGING MARKETS	14.2	12.2
MIDDLE EAST	0.9	0.2
FRONTIER MARKETS[7]	0.0	–
PACIFIC EX-JAPAN	2.5	3.8
CANADA	0.0	2.9
UNITED STATES	41.1	52.2



[7]Includes countries in less-developed markets outside the Index.

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

Source: Harding Loevner Global Equity 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.

WHAT'S INSIDE

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MARKET REVIEW

Global stock markets fell in the recent quarter, ending their streak of nine quarterly gains, the longest since 1995–97. Although the backdrop of improving and increasingly synchronized economic growth and good corporate earnings remained in place, investors had to come to terms with some ugly prospects: higher interest rates, a trade war between the US and China, and increased regulation of technology companies.

The markets' strong gains at the start of the year evaporated as sanguinity gave way to worry. Strong employment reports worldwide sowed fears of quickening monetary tightening by central banks seeking to avert a resurgence of general inflation. The bond market declined in accord with the higher rate outlook and the latter's deleterious effect on credit spreads, prompting equity investors, long accustomed to a disinflationary environment, to recalibrate the discount rates they use for valuation. Stock price volatility spiked at the end of January, exacerbated by the collapse of derivatives-based "inverse volatility" ETFs, contributing to a near 9% decline in equities in just 10 days.

After a brief bounce in mid-February, stocks resumed their decline in March, reflecting a new set of worries about increasingly ubiquitous technology platforms. A mounting furor over

MARKET PERFORMANCE (USD %)

MARKET	1Q 2018	TRAILING 12 MONTHS
CANADA	-7.2	5.7
EMERGING MARKETS	1.5	25.4
EUROPE EMU	-0.4	18.2
EUROPE EX-EMU	-3.4	12.1
JAPAN	1.0	20.0
MIDDLE EAST	-5.2	-8.0
PACIFIC EX-JAPAN	-3.7	8.6
UNITED STATES	-0.6	14.0
MSCI ACW INDEX	-0.8	15.4

SECTOR PERFORMANCE (USD %)
OF THE MSCI ACW INDEX

SECTOR	1Q 2018	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	1.1	17.7
CONSUMER STAPLES	-4.8	5.2
ENERGY	-3.6	7.8
FINANCIALS	-0.9	17.1
HEALTH CARE	-0.8	10.4
INDUSTRIALS	-1.4	15.5
INFORMATION TECHNOLOGY	3.2	29.9
MATERIALS	-3.6	16.4
REAL ESTATE	-3.5	9.0
TELECOM SERVICES	-5.3	0.5
UTILITIES	-1.1	6.1

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

Facebook data illicitly exploited by political consultant Cambridge Analytica in favor of US President Donald Trump and Brexit, and the mowing down of a pedestrian by an Uber self-driving car drew calls for more regulation of technology companies. The European Union continued its efforts to rein in "big tech," announcing a tax on turnover of large digital companies and moving ahead with its General Data Protection Regulation mandate, which imposes strict requirements and stiff penalties regarding treatment of private data. The tech tumult turned farcical with Trump tweeting potshots at **Amazon.com** over its use of the Postal Service.

All sectors registered declines, with the exception of Information Technology (IT) and Consumer Discretionary (specifically e-commerce), whose outsized January gains were nearly but not quite depleted by sharp declines late in the quarter as large internet companies came under increased scrutiny. Energy and Materials stocks fell despite rising inflation expectations. Growing US shale production led to doubts that the recent increase in oil prices would be sustained. Materials suffered from concern that rising protectionism threatens trade in commodities.

Emerging Markets (EMs), more typically the loser from rising global risk and volatility, was the strongest-performing region. Confoundingly, its rise was supported by Brazil and Russia, two of the biggest exporters of steel and other commodities whose trade is endangered. A Brazilian court upheld the conviction of former president Luiz Inácio Lula da Silva on corruption charges, likely precluding him from running again and restoring his redistributionist policies. Japan was the only other region to eke out a positive return in US dollars, as a stronger yen more than offset its decline in local currency. US stock prices fell overall despite gains in IT and Consumer Discretionary. US asset returns looked even worse to non-dollar based investors, as the dollar fell broadly against most major currencies.

The most expensive quintile of stocks gained in a declining market, outperforming the rest by a wide margin. The fastest-growing quintile of stocks rose, while the other 80% of stocks declined, on average. The MSCI All Country World Growth Index outperformed the Value Index. Quality was not a significant return factor in the period, in contrast to prior periods of market decline, rising risk premiums, and higher volatility.

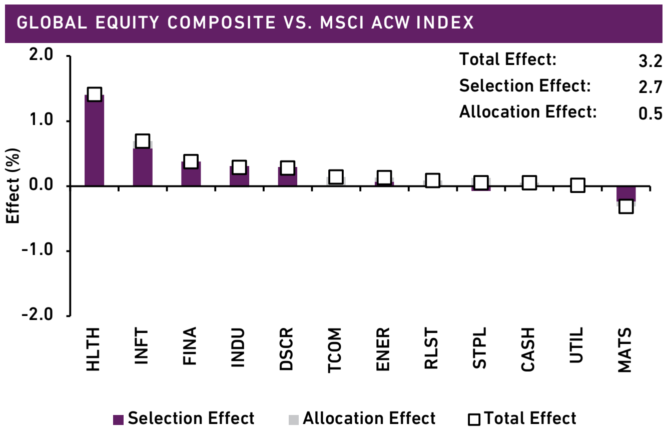
PERFORMANCE AND ATTRIBUTION

The Global Equity composite rose 2.3% in the first quarter, while the MSCI All Country World Index (ACWI) declined 0.8%. The charts on the next page attribute the quarter's performance by sector and region.

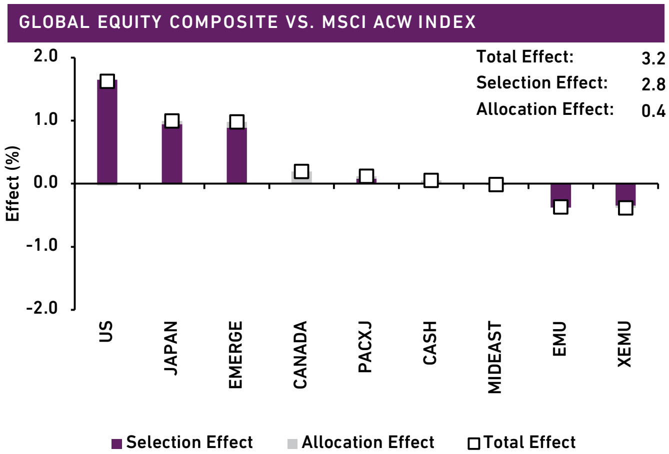
Our portfolio's good relative returns derived overwhelmingly from strong stock selection. Our stocks within Health Care delivered the most pronounced outperformance, followed by holdings in IT, Financials, Industrials, and Consumer Discretionary. Health Care stocks were led by **Wuxi Biologics**, a new investment in the fourth quarter, which became the first Chinese manufacturer to receive approval for Trogarzo, an antiretroviral drug, from the US Food and Drug Administration. Japan's **Sysmex** and **M3** were also strong performers in the sector. Our holdings in IT were led by Russian search engine **Yandex**, which reported surprisingly improved results after absorbing Uber's Russian operations, followed by **Mastercard**, **Weibo**, and **Keyence**, while Financials got a boost from Brazil's **Itaú Unibanco**.

From a geographic perspective, outperformance came mainly from good stocks in the US, EMs, and Japan. Returns for our US stocks exceeded the US market by 400 basis points. Key contributors were **Booking Holdings** (formerly Priceline), Amazon, Mastercard, and **Roper**. Facebook and **Regeneron**—high-priced, fast-growing companies—were the largest detractors from our relative performance in the US. Disappointingly, a number of low-volatility stocks of non-cyclical, high-quality companies, including **Walgreens Boots Alliance**, **AmerisourceBergen**, **Colgate Palmolive**, and **3M Company**, also

SECTOR PERFORMANCE ATTRIBUTION FIRST QUARTER 2018



GEOGRAPHIC PERFORMANCE ATTRIBUTION FIRST QUARTER 2018



Source: FactSet; Harding Loevner Global Equity 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.

performed poorly in the down quarter. Chinese stocks led our EM holdings, along with Yandex and Itaú Unibanco.

Together, the outperformance in the US, EMs, and Japan more than offset poor stock selection in Europe. The most significant detractor was Swedish debt collection company **Intrum Justitia**, which reported poor quarterly earnings. As in the US, several low-volatility stocks of high-quality, non-cyclical companies in Europe lagged the index and hurt relative performance, including **Reckitt Benckiser**, **Nestlé**, **Essilor**, and **Chr. Hansen**.

PERSPECTIVE AND OUTLOOK

> *"If you buy something because it's undervalued, then you have to think about selling it when it approaches your calculation of its intrinsic value. That's hard. But, if you can buy a few great companies, then you can sit on your ass. That's a good thing."*
>
> *— Charlie Munger, Berkshire Hathaway annual meeting, 2000*

Arguably the greatest contribution that Charlie Munger has made to Berkshire Hathaway's shareholders was in convincing Warren Buffett in the 1970s that a long-duration growth business trading at an apparently premium price could still represent a good value. His reasoning was that the return on the shares would ultimately converge with the return on capital for the business as the compounding of the latter would, over a long period of time (Munger cited 40 years), come to dwarf the initial premium paid for the shares. That inevitability meant that you could buy, then sit and wait—but, presumably (and critically), only if you were assured that the company would manage to maintain its growth rate and sustain its high profitability in the process. You could tolerate occasional periods of overvaluation of that business's shares because, given enough time, its profits would grow back into its share price.

As investors in businesses that can grow for many years with high and durable profitability, we at Harding Loevner adhere to an investment philosophy that resembles Munger's. Through our research process, we look for companies that meet our criteria of what makes a great business. The process is focused entirely on business fundamentals: we evaluate the competitive structure of an industry, examine each participant's competitive position, and then question whether a favorable industry structure or the particular advantages enjoyed by some participants are sustainable into the future. Upon identifying such apparently great businesses, we include them in our qualified investable universe. We estimate what their shares are worth by making financial forecasts and discounting their projected

Companies held in the portfolio during the quarter 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 March 31, 2018 is available on page 6 of this report.

long-term cash flows to the present. While we're not afraid to pay over the market average for shares of an excellent business, even a paragon will fail to make its way into our portfolios if its superior long-term prospects are more than fully discounted in its current share price.

Munger's challenge, and ours too, is in finding companies that will remain "great" for 10 years, let alone 40. Enduring jewels are more easily discovered in hindsight than in advance. The identification of such companies requires that all evidence in support of a purchase be weighed against an obvious fact—that the vast majority of businesses fail to maintain their profitability over the long term. Once an investment is made, we do much more than sit and watch the returns pour in. We set up structures to seek out evidence that the company will not stay great forever. To be able to "sit" comfortably on a holding presupposes, among other things, that the customers of that business continue to prefer its products or services. We guard against the risk of mishap through intensive monitoring of the business results of our portfolio companies, parsing financial disclosures, and checking third-party sources to gauge their progress against the mileposts that we set out in advance as supporting detail to our investment thesis. There is nothing sedentary about our ownership.

To "be right and sit tight," to borrow a phrase from legendary Wall Street trader Jesse Livermore, is easier said than done in other ways. In addition to guarding against the deterioration of companies' underlying businesses (the "be right" part), investors need also to guard against the human tendency to become risk averse when they are in a position of gain on their shares (the "sit tight" part); investors tend to harvest their gains too early. They process the constant bombardment of ever-shifting news as calls to action, feeding the instinct to lock in profits and avoid reversals. That flow of news can be company-specific but is often related to the general environment in which companies operate. We resist changing our views in reaction to current events. We didn't alter the portfolio materially in response to the Brexit referendum in 2016, nor to anticipate the "Trump bump," or, more recently, to benefit from the US tax cuts; we also haven't moved to a stance that bets significantly on rising interest rates. Instead, we focus on the growth prospects for each company and the specific threats that could endanger its stock's market valuation relative to the rest of the market.

These habits of tolerating elevated valuations and resisting wholesale top-down portfolio shifts continue to benefit the portfolio. Despite the rising interest rate headwind and consequential impact on discount rates, growth stocks (particularly the most expensive growth stocks) outperformed this quarter, extending the trend from last year. Although we recognize the share prices of most rapidly growing companies are high relative to earnings and their history, we continue to take action in

PORTFOLIO RISK ANALYSIS AND THE CORRECTION
BY SCOTT CRAWSHAW

The revival in market volatility this quarter provided a stark contrast to the recent period characterized by dampened volatility and investors' willingness to ignore the risks inherent in equities. By the end of 2017, the volatility in global equity index returns had fallen to that of fixed income barometers! We have written about the risks that we perceive in equity markets during this prolonged, ascending market, including our concerns about rising valuations of long-duration growth stocks, which are precisely the kind our investment philosophy propels us to own.

We are cognizant that during the last three years our Global Equity portfolio has exhibited higher volatility than that of the MSCI ACWI, though still low in an absolute sense, something contrary to its long-term historical tendency. The quantitative risk model we use to analyze portfolio risks has, in recent quarters, pointed to portfolio holdings in IT and in EMs as key contributors to forecast volatility, its (not necessarily our) primary measure of risk. More broadly, it has increasingly predicted that the fastest-growing companies, coincidentally where valuations have risen the most, would have the highest associated risk.

Mindful of our risk analysis, over the last year, whenever we considered making portfolio changes as a result of a change in our view of company fundamentals, we gave more than the usual priority to assessing the effect on portfolio risk, with the goal of reducing it. Despite the portfolio changes we made with this secondary goal in mind, the forecast volatility of the portfolio, as estimated by the model, has remained elevated relative to history, and its predicted "beta" has remained stubbornly close to 1.0. Still, both measures of portfolio risk would otherwise have risen further in the absence of our taking the actions we took.

Moreover, we wondered if the risk model was seeing the whole picture. We suspected that, following our steady, if incremental, reduction of some of its priciest holdings, our portfolio would prove, when volatility returned, to be more defensive than the model was predicting. The acute correction in early February and resurgent volatility provided, in effect, a test of the model's predictions. During the market correction from January 26 to February 9, our portfolio "captured" only 96% of the market drop, slightly less than predicted by the model, thanks to idiosyncratic effects from some individual holdings that reacted to good, stock-specific news—something no model will ever forecast. Looking at the entire quarter, we note that, although the portfolio outperformed in January, some outperformance came in both of the down months, February and March, too.

Although we have no insight into the near-term direction of markets (nor indeed of our stocks), experience has taught us that sticking to our philosophy of owning only (apparent) quality and growth increases the probability of avoiding terrible outcomes in the poorest markets. Our equity strategies have compiled superior risk-adjusted returns over the long term in part through their tendency to achieve better-than-expected results in challenging environments, when market returns are negative or only slightly positive.

The calculations in this section are based on holdings-based returns.

favor of cheaper ones only incrementally, and only against the priciest stocks in our portfolio.

Our reluctance to position the portfolio in anticipation of political or economic developments does not mean we ignore the gathering clouds. Central banks are withdrawing monetary stimulus in reaction to signs that inflation expectations are increasing, and in the larger cause of normalizing interest rates ahead of the next recession. Rising populism, particularly in Europe, has called into question the longstanding consensus on advantages of a common currency, tax-free trade, and free movement of labor. And now the US threatens to precipitate a trade war that would have a devastating impact on globalization and potentially erase the enormous benefits that free trade has brought to nearly all parts of the world that have participated in it.

The recent announcements by the Trump administration to enact tariffs on various imports—including washing machines, solar panels, aluminum, steel, and, most recently, US$50 billion of other Chinese goods—could have devastating consequences for the US and its trading partners. While the brandishing of tariffs as a bilateral negotiating tactic—or as a domestic political sop—are not unique to the Trump presidency (recall tariffs from Barack Obama on Chinese tires or George W. Bush on steel), Trump's enthusiastic use of them seems to us unusually provocative. The absolute amount of goods subject to tariffs is small relative to GDP, but the legal justification for many of them relies on an obscure clause of trade law allowing redress on the grounds of national security. This rationale sets a dangerous precedent, as it is intended to evade any adverse ruling by objective outside bodies, such as the World Trade Organization (WTO), and undermines the entire rules-based trading system that has served the global economy so well since the Second World War.

While Trump insists that "trade wars are good," all evidence is to the contrary. Trade wars generally create losers on all sides. As countries, one after another, retaliate with their own tariffs or restrictions, the positive effects of globalization are undone. By preventing countries from focusing their productive efforts where each has a comparative advantage, trade barriers protect inefficient industries, resulting in misallocations of capital, higher costs and inflation, and lower wealth overall. Reversing globalization also has the potential to increase interest rates, which had been until recently on a more or less steady decline since the early 1980s. When economies are interdependent, local shocks are dampened by the global economy's equilibrating mechanism, reducing economic volatility and the real component of long-term interest rates.[1]

We are uneasy, but admit a range of possible outcomes, from spiraling tit-for-tat tariff actions to possibly more-measured responses, and perhaps even some positive long-term consequences, such as potential reform of the WTO. But we know from experience that we have little ability to forecast the political outcome. We have resisted the temptation to alter course, unsure even what overall course we would take if our worst fears were realized with respect to the health of the world's trading regime. Instead we continue to focus on the business fundamentals and valuations of the most resilient companies.

PORTFOLIO HIGHLIGHTS

Sticking to our last, portfolio transactions in the first quarter reflected our bottom-up assessments of profit outlook and valuation—with a particular emphasis on the latter. Every portfolio change during the quarter involved selling or reducing a more expensive-looking security in exchange for a less expensive alternative. In many cases, this meant going against prevailing momentum to sell an outperforming stock to buy an underperforming one. As one example, we sold our position in China's **Sino Biopharmaceutical** after the stock had doubled in prior months and become significantly overvalued in our model, in order to add to our holding in the UK's **Shire**, one of our worst-performing holdings and among the least expensive-looking securities in our analyst-qualified and -rated universe of companies. This transaction promptly yielded fruit when Japan's Takeda Pharmaceutical indicated interest in acquiring Shire, giving a welcome boost to Shire's beleaguered share price.

We sold our profitable holding in Chinese gaming and social media giant **Tencent**, reinvesting the proceeds into South Africa's **Naspers**, whose largest asset is a 31% stake in Tencent. The value of that stake alone approximates 145% of Naspers' market capitalization. The longstanding discount to net asset value at Naspers—around a record high today—is increasingly controversial, and pressure is building on Naspers' management to take steps to close it.

Finally, we reduced our sizable position in **Nike** during the quarter, seeing less valuation appeal after the stock's fourth-quarter 2017 share price surge, to add to Switzerland's **Lonza Group**, a global leader in outsourced manufacturing for pharmaceuticals. Though a very successful investment long term, Lonza's share price had declined sharply during the market correction, leaving its valuation looking more attractive than at any time in recent years.

Our portfolio structure has evolved considerably in the last year, the most significant changes being an increase in our Health Care weight and a decrease in IT. Health Care now comprises nearly 20% of the Global Equity strategy model portfolio. The portfolio has the smallest overweight in IT relative the index since 2003, as the sector's strong outperformance in recent quarters left valuations less attractive, leading us to sell a number of IT stocks. Geographically, we significantly decreased our US holdings. At the end of March 2018, 41% of the portfolio was invested in US stocks, versus 48% one year ago. The capital raised from sales of US stocks was redeployed mainly in companies domiciled in Europe and EMs.

[1]Tao Wu, "Globalization's Effect on Interest Rates and the Yield Curve," *Economic Letter: Insights from the Federal Reserve Bank of Dallas* 1, no. 9 (September 2006).

GLOBAL EQUITY HOLDINGS (AS OF MARCH 31, 2018)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
CONSUMER DISCRETIONARY		
AMAZON.COM E-commerce retailer	US	1.3
BMW Automobile manufacturer	Germany	1.0
BOOKING HOLDINGS Online travel services	US	2.6
DISNEY Diversified media and entertainment provider	US	0.9
LUXOTTICA Eyewear manufacturer and retailer	Italy	1.2
NASPERS Internet and media services	South Africa	1.1
NIKE Athletic footwear and apparel retailer	US	1.4
STARBUCKS Specialty coffee retailer	US	1.0
TELEVISA News and entertainment broadcaster	Mexico	1.0
WPP Marketing and advertising services	UK	0.7
CONSUMER STAPLES		
COLGATE PALMOLIVE Consumer products manufacturer	US	1.2
L'ORÉAL Cosmetics manufacturer	France	0.9
NESTLÉ Foods manufacturer	Switzerland	1.1
RECKITT BENCKISER Consumer products manufacturer	UK	1.2
WALGREENS BOOTS ALLIANCE Drug stores operator	US	0.7
ENERGY		
EXXONMOBIL Oil and gas producer	US	0.8
SCHLUMBERGER Oilfield services	US	1.9
TENARIS Steel-pipe manufacturer	Italy	0.9
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	2.5
BANK CENTRAL ASIA Commercial bank	Indonesia	1.3
BBVA Commercial bank	Spain	1.2
FIRST REPUBLIC BANK Private bank and wealth manager	US	2.5
GARANTI BANK Commercial bank	Turkey	0.6
HDFC BANK Commercial bank	India	0.9
ICICI BANK Commercial bank	India	1.3
ITAÚ UNIBANCO Commercial bank	Brazil	1.3
SIGNATURE BANK Commercial bank	US	0.7
STANDARD CHARTERED Commercial bank	UK	0.8
SVB FINANCIAL GROUP Commercial bank	US	1.5
HEALTH CARE		
ABBOTT LABS Health care products manufacturer	US	1.0
ABCAM Life science services	UK	1.0
AMERISOURCEBERGEN Pharma services	US	1.0
ESSILOR Ophthalmic lenses manufacturer	France	1.3
GRIFOLS Blood plasma fractionation operator	Spain	1.3
LONZA GROUP Life science products developer	Switzerland	2.4
M3 Medical information services	Japan	1.6
REGENERON Biopharma manufacturer	US	1.6
SHIRE Biopharma manufacturer	UK	1.9
SONOVA HOLDING Hearing aids manufacturer	Switzerland	0.9
SYSMEX Clinical laboratory equipment manufacturer	Japan	3.0
WATERS Analytical instruments manufacturer	US	1.2
WUXI BIOLOGICS Biopharma manufacturer	China	1.6

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
INDUSTRIALS		
3M COMPANY Diversified product manufacturer	US	0.9
ATLAS COPCO Industrial equipment manufacturer	Sweden	1.2
FANUC Industrial robot manufacturer	Japan	1.0
INTRUM JUSTITIA Credit management services	Sweden	1.0
KONE Elevator and escalator manufacturer	Finland	0.9
KUBOTA Industrial and consumer equipment manufacturer	Japan	1.7
MAKITA Power tool manufacturer	Japan	1.0
MONOTARO Factory materials supplier	Japan	1.0
PARK24 Automated parking lot operator	Japan	0.4
ROPER Diversified technology businesses operator	US	2.9
VERISK Risk analytics and assessment services	US	2.2
WABCO Vehicle control systems supplier	US	0.9
INFORMATION TECHNOLOGY		
ALIBABA E-commerce retailer	China	1.0
APPLE Consumer electronics and software developer	US	1.5
BAIDU Internet products and services	China	1.1
CHECK POINT Cybersecurity software developer	Israel	0.9
COGNIZANT TECHNOLOGY IT consultant	US	1.1
EBAY E-commerce retailer	US	1.0
FACEBOOK Social network	US	1.4
IPG PHOTONICS Lasers and amplifiers manufacturer	US	1.5
KEYENCE Sensor and measurement equipment manufacturer	Japan	1.7
MASTERCARD Electronic payment services	US	1.5
MICROSOFT Consumer electronics and software developer	US	0.9
PAYPAL Electronic payment services	US	3.2
WEIBO Social network	China	0.6
YANDEX Internet products and services	Russia	1.5
MATERIALS		
AIR LIQUIDE Industrial gases producer	France	1.0
CHR. HANSEN Natural ingredients developer	Denmark	1.2
LINDE Industrial gases supplier and engineer	Germany	1.2
MONSANTO Agricultural products producer	US	0.8
NOVOZYMES Biotechnology producer	Denmark	1.1
SASOL Energy and chemical technology developer	South Africa	0.8
SYMRISE Fragrances and flavors manufacturer	Germany	2.2
REAL ESTATE		
No Holdings		
TELECOM SERVICES		
No Holdings		
UTILITIES		
No Holdings		
CASH		2.4

Model Portfolio holdings are supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. 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.

1Q18 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
WUXI BIOLOGICS	HLTH	1.2	0.65
BOOKING HOLDINGS	DSCR	2.4	0.43
SYSMEX	HLTH	2.7	0.40
M3	HLTH	1.4	0.34
ITAÚ UNIBANCO	FINA	1.2	0.26

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
PAYPAL	INFT	2.9	1.77
WEIBO	INFT	1.2	1.38
SYSMEX	HLTH	1.9	1.13
IPG PHOTONICS	INFT	1.5	1.11
TENCENT	INFT	1.2	0.96

1Q18 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
LONZA GROUP	HLTH	2.0	-0.29
INTRUM JUSTITIA	INDU	1.0	-0.25
KUBOTA	INDU	1.8	-0.20
NASPERS	DSCR	0.4	-0.18
TELEVISA	DSCR	0.8	-0.16

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
TELEVISA	DSCR	0.9	-0.47
SCHLUMBERGER	ENER	2.1	-0.46
F5 NETWORKS	INFT	0.9	-0.46
WPP	DSCR	1.0	-0.28
WALGREENS BOOTS ALLIANCE	STPL	0.9	-0.19

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL GLOBAL	MSCI ACWI
PROFIT MARGIN[1] (%)	15.3	11.4
RETURN ON ASSETS[1] (%)	8.0	5.9
RETURN ON EQUITY[1] (%)	16.0	14.2
DEBT/EQUITY RATIO[1] (%)	56.9	72.1
STD DEV OF 5 YEAR ROE[1] (%)	3.7	4.1
SALES GROWTH[1,2] (%)	6.9	2.6
EARNINGS GROWTH[1,2] (%)	11.4	7.9
CASH FLOW GROWTH[1,2] (%)	10.4	7.4
DIVIDEND GROWTH[1,2] (%)	10.8	7.6
SIZE & TURNOVER	**HL GLOBAL**	**MSCI ACWI**
WTD MEDIAN MKT CAP (US $B)	30.1	55.2
WTD AVG MKT CAP (US $B)	85.9	132.2
TURNOVER[3] (ANNUAL %)	21.9	—

RISK AND VALUATION	HL GLOBAL	MSCI ACWI
ALPHA[2]	2.96	—
BETA[2]	1.01	—
R-SQUARED[2]	0.93	—
ACTIVE SHARE[3] (%)	89	—
STANDARD DEVIATION[2] (%)	10.78	10.26
SHARPE RATIO[2]	1.19	0.92
TRACKING ERROR[2] (%)	2.8	—
INFORMATION RATIO[2]	1.19	—
UP/DOWN CAPTURE[2]	111/90	—
PRICE/EARNINGS[4]	25.4	17.2
PRICE/CASH FLOW[4]	18.7	11.5
PRICE/BOOK[4]	3.4	2.2
DIVIDEND YIELD[5] (%)	1.2	2.3

[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 Global Equity Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 3, 2018); Harding Loevner Global Equity Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
NASPERS	SOUTH AFRICA	DSCR

POSITIONS SOLD	COUNTRY	SECTOR
SINO BIOPHARMACEUTICAL	CHINA	HLTH
TENCENT	CHINA	INFT

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 Global Equity Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

GLOBAL COMPOSITE PERFORMANCE (AS OF MARCH 31, 2018)

	HL GLOBAL EQUITY GROSS (%)	HL GLOBAL EQUITY NET (%)	MSCI ACWI[1] (%)	MSCI WORLD[2] (%)	HL GLOBAL EQUITY 3-YR STD DEVIATION[3] (%)	MSCI ACWI 3-YR STD DEVIATION[3] (%)	MSCI WORLD 3-YR STD DEVIATION[3] (%)	INTERNAL DISPERSION[4] (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS ($M)	FIRM ASSETS (%)
2018 YTD[5]	2.34	2.23	-0.84	-1.15	11.54	10.72	10.48	N.A.[6]	27	9,044	16.09
2017	33.26	32.66	24.62	23.07	11.16	10.37	10.24	0.2	27	8,946	16.57
2016	7.13	6.62	8.48	8.15	11.37	11.07	10.94	0.1	29	7,976	20.45
2015	2.65	2.18	-1.84	-0.32	11.16	10.78	10.80	0.5	28	7,927	23.81
2014	6.91	6.43	4.71	5.50	10.82	10.48	10.21	0.3	31	9,961	28.46
2013	21.64	21.12	23.44	27.37	13.92	13.92	13.52	0.5	32	11,165	33.69
2012	18.44	17.98	16.80	16.54	16.49	17.11	16.72	0.1	25	9,071	40.03
2011	-6.96	-7.31	-6.86	-5.02	19.03	20.59	20.16	0.2	13	5,316	39.10
2010	16.54	16.16	13.21	12.34	22.85	24.51	23.74	N.M.[7]	6	2,879	26.15
2009	42.85	42.42	35.41	30.79	20.82	22.37	21.44	N.M.	4	1,463	22.86
2008	-37.98	-38.27	-41.84	-40.33	17.07	17.98	17.03	N.M.	3	118	3.61

[1]Benchmark Index; [2]Supplemental Index; [3]Variability of the Composite and the Index returns over the preceding 36-month period, annualized; [4]Asset-weighted standard deviation (gross of fees); [5]The 2018 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period; [7]N.M.–Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year.

The Global Equity Composite contains fully discretionary, fee-paying accounts investing in US and non-US equity and equity-equivalent securities and cash reserves, and is measured against the MSCI All Country World 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 All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The Index consists of 47 developed and emerging market countries. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The Index consists of 23 developed market countries. You cannot invest directly in these Indices.

Harding Loevner LP 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 December 31, 2017.

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 Global Equity Composite has been examined for the periods December 1, 1989 through December 31, 2017. 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 Global Equity accounts is 1.00% annually of the market value up to $20 million; 0.50% of amounts from $20 million to $100 million; 0.45% of amounts from $100 million to $250 million; above $250 million on request. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Global Equity Composite was created on November 30, 1989.

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