

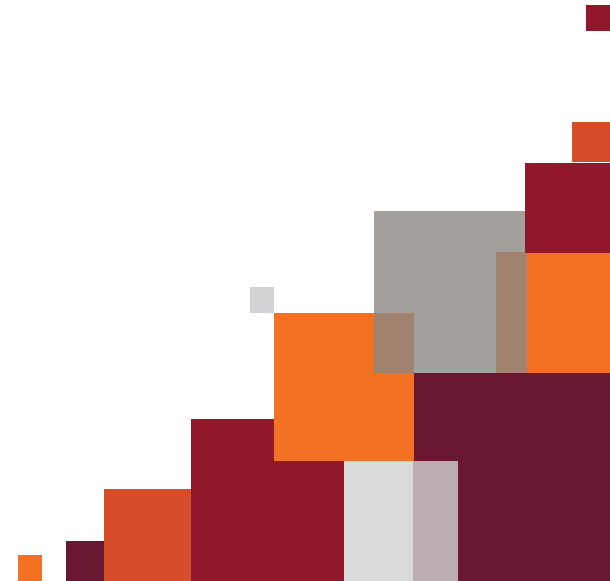


HARDING  
LOEVNER

Fundamental. Thinking. Worldwide.

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Global Equity Review | Second Quarter 2019



# Composite Performance

As of June 30, 2019

## Performance (% Total Return)

	3 Months	Year to Date	1 Year	3 Years <sup>1</sup>	5 Years <sup>1</sup>	10 Years <sup>1</sup>	Since Inception <sup>1, 2</sup>
HL Global Equity (gross)	3.98	18.63	3.42	14.56	9.63	12.48	9.95
HL Global Equity (net)	3.88	18.39	2.99	14.05	9.14	12.01	9.30
MSCI All Country World Index <sup>3,4</sup>	3.80	16.60	6.32	12.22	6.73	10.73	7.12

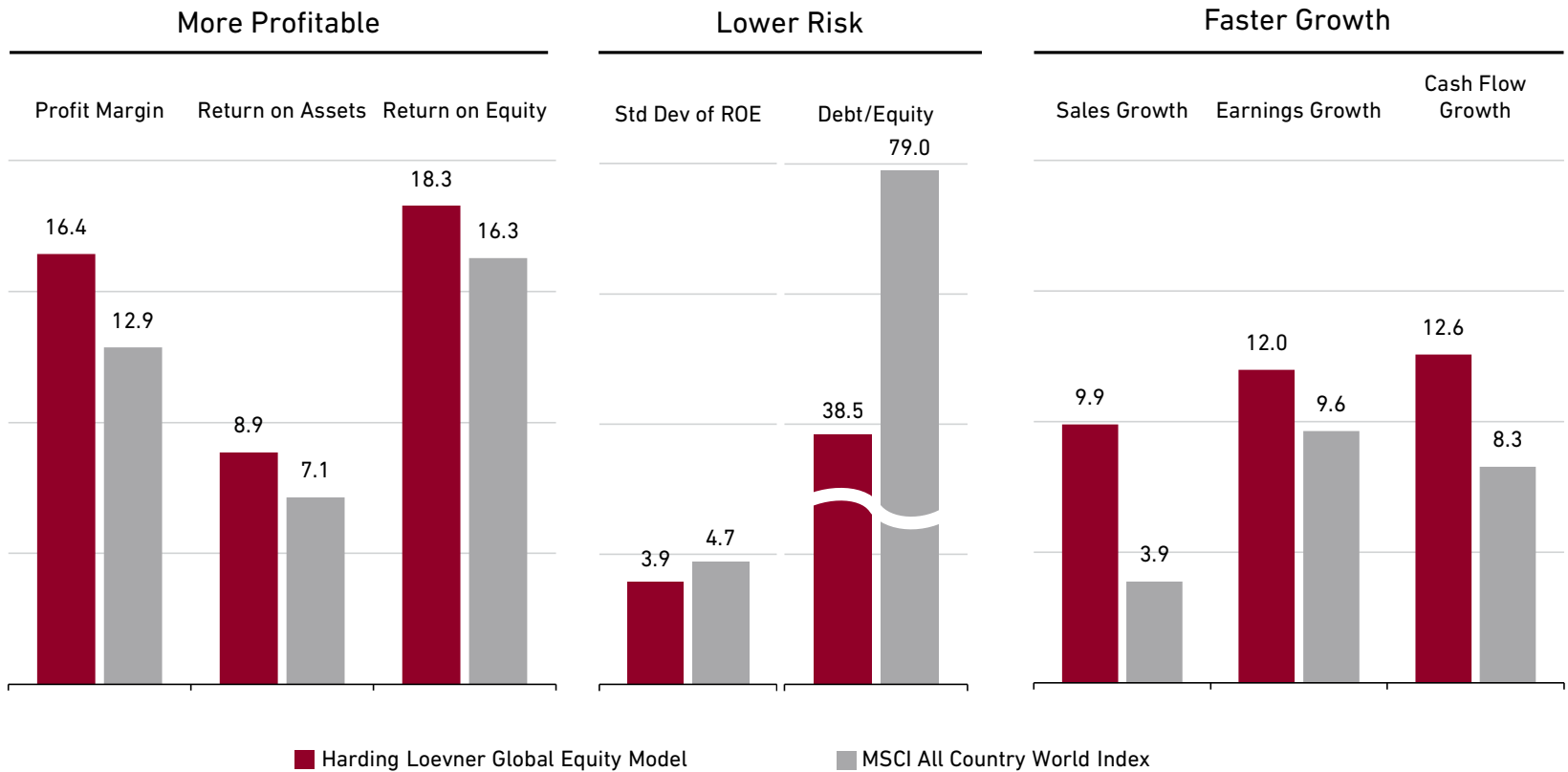
■ Up/Down Capture (trailing five years, annualized): 112/95

<sup>1</sup>Annualized Returns; <sup>2</sup>Inception date November 30, 1989; <sup>3</sup>The Benchmark Index; <sup>4</sup>Gross of withholding taxes. The performance returns shown are preliminary.

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. 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 March 31, 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 Global Equity Composite has been examined for the periods December 1, 1989 through March 31, 2019. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Global Equity Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list and description of composites, which is available upon request. Please read the disclosures on the last page, which are an integral part of this presentation.

# Quality & Growth Investment Philosophy

As of June 30, 2019

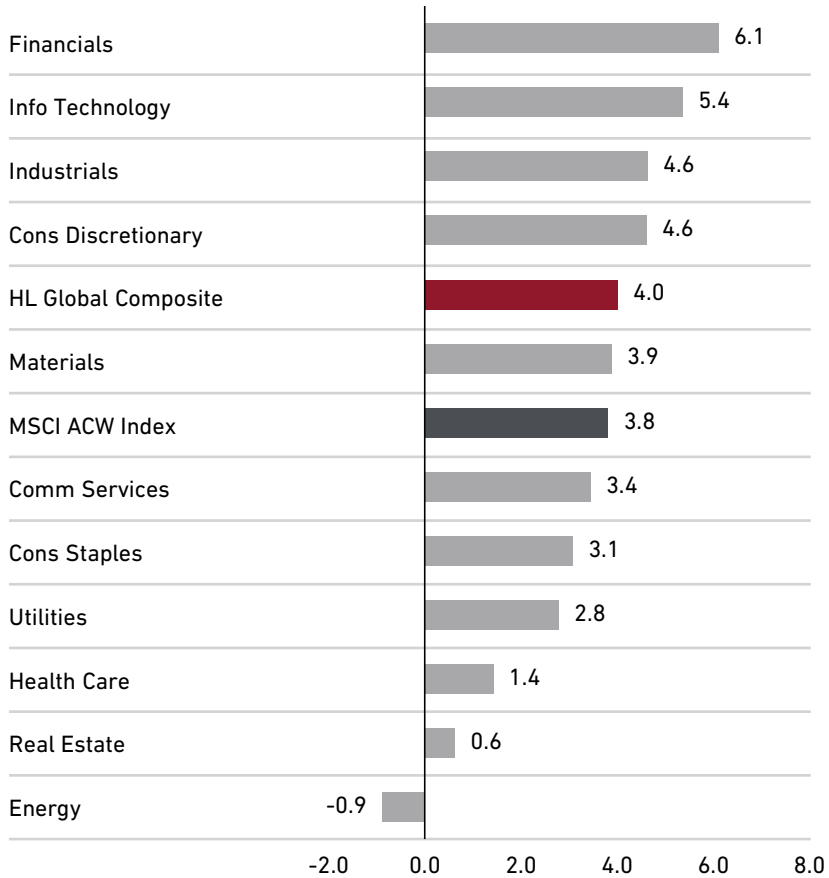


Data as of June 30, 2019. Source: FactSet. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

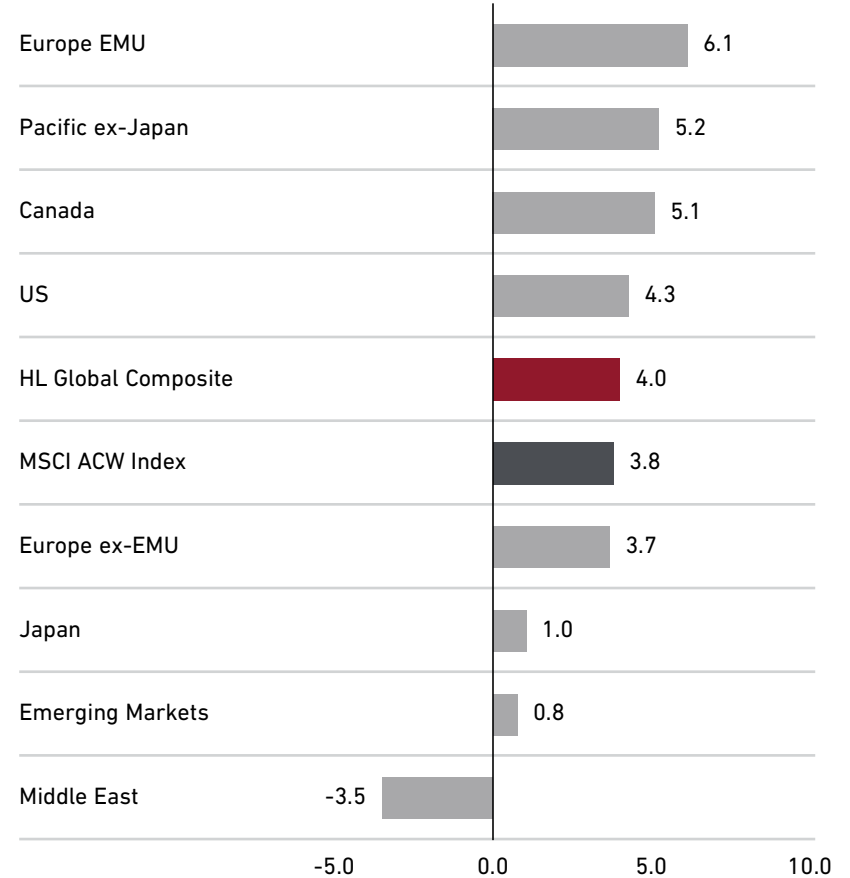
# Benchmark Sector/Region Returns

## Second Quarter

Sector Total Return (%)



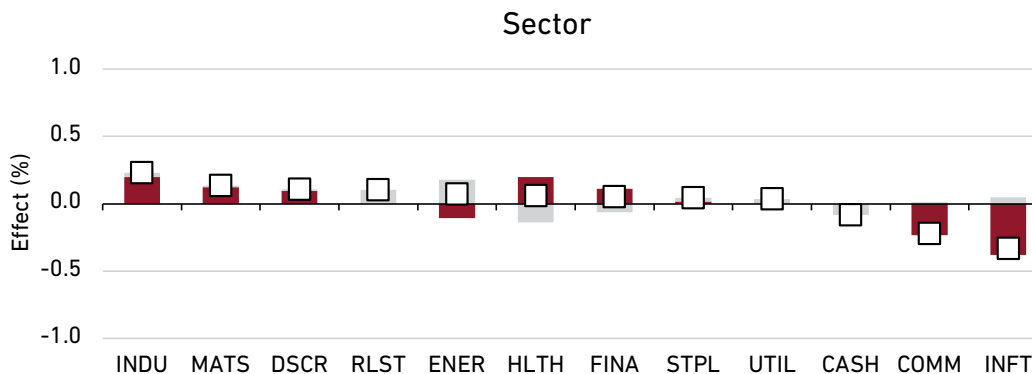
Region Total Return (%)



# Performance Attribution: Composite vs Benchmark

## Second Quarter

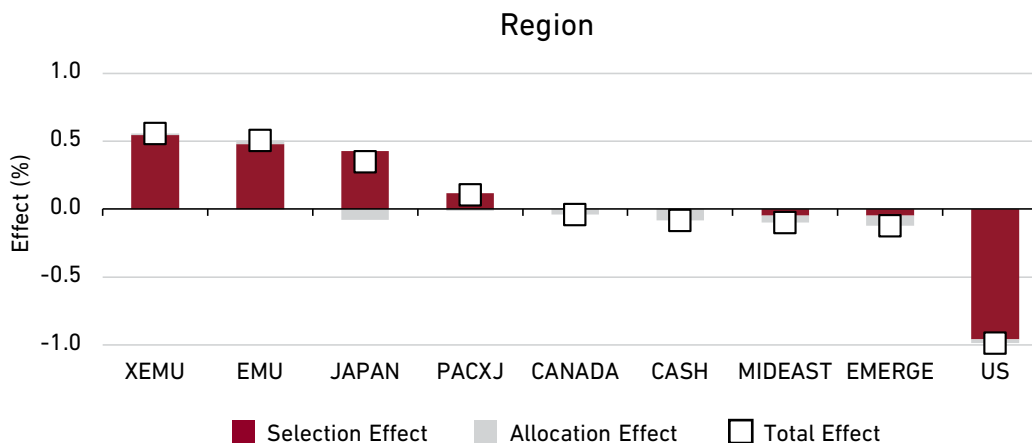
Total Effect:	0.2
Selection Effect:	0.0
Allocation Effect:	0.2



### Top Five Contributors to Absolute Returns

- PayPal
- EssilorLuxottica
- Verisk
- Mastercard
- Disney

Total Effect:	0.2
Selection Effect:	0.5
Allocation Effect:	-0.3



### Top Five Detractors from Absolute Returns

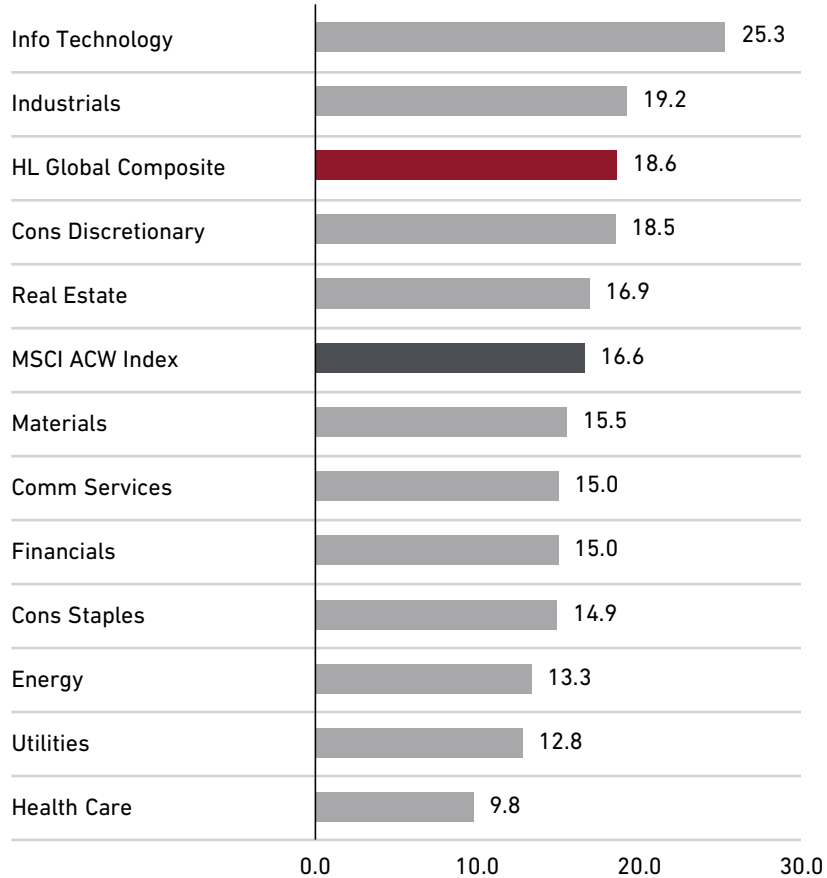
- Regeneron
- Alphabet
- Baidu
- Waters
- Sasol

"Composite": Global Equity Composite. "Benchmark": MSCI All Country World Index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and contribution of all holdings during the quarter. Contribution is the contribution to overall performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Please read the disclosures on the last page, which are an integral part of this presentation.

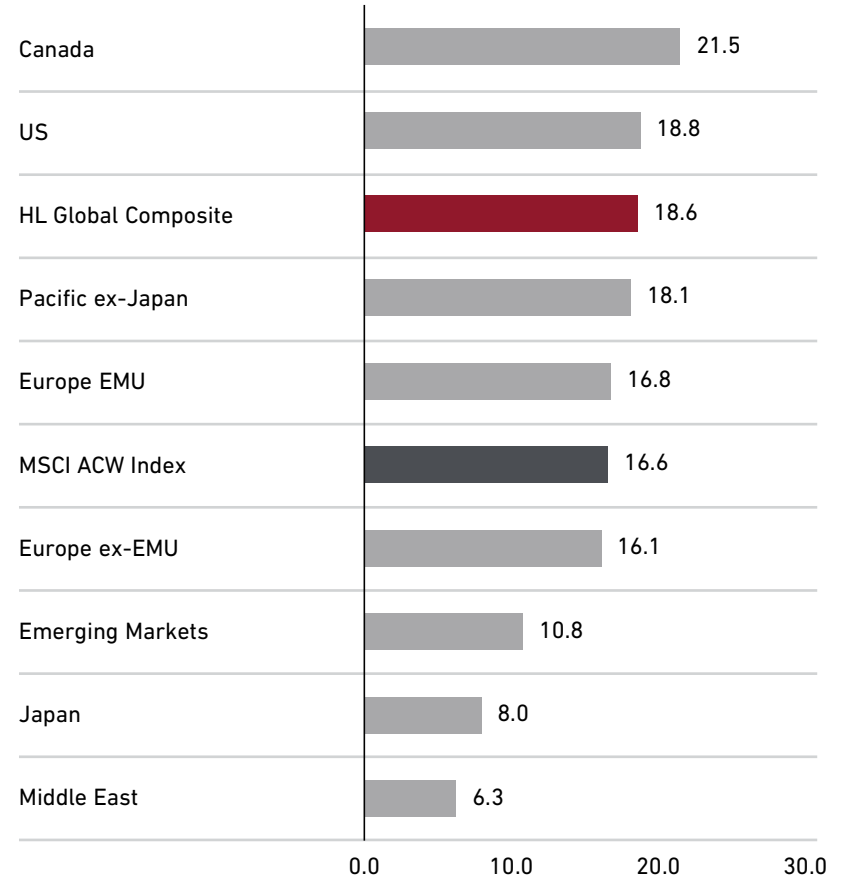
# Benchmark Sector/Region Returns

Year to Date

Sector Total Return (%)



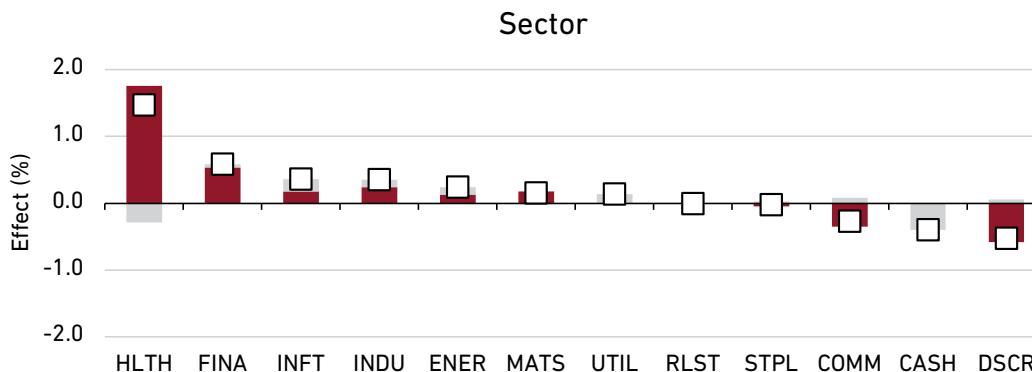
Region Total Return (%)



# Performance Attribution: Composite vs Benchmark

Year to Date

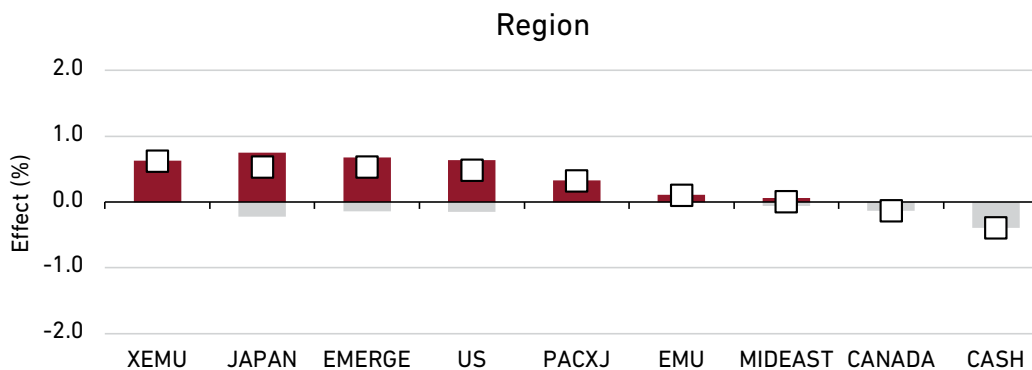
Total Effect:	2.1
Selection Effect:	2.0
Allocation Effect:	0.1



## Top Five Contributors to Absolute Returns

- PayPal
- Roper
- Verisk
- AIA Group
- Mastercard

Total Effect:	2.1
Selection Effect:	3.2
Allocation Effect:	-1.1



## Top Five Detractors from Absolute Returns

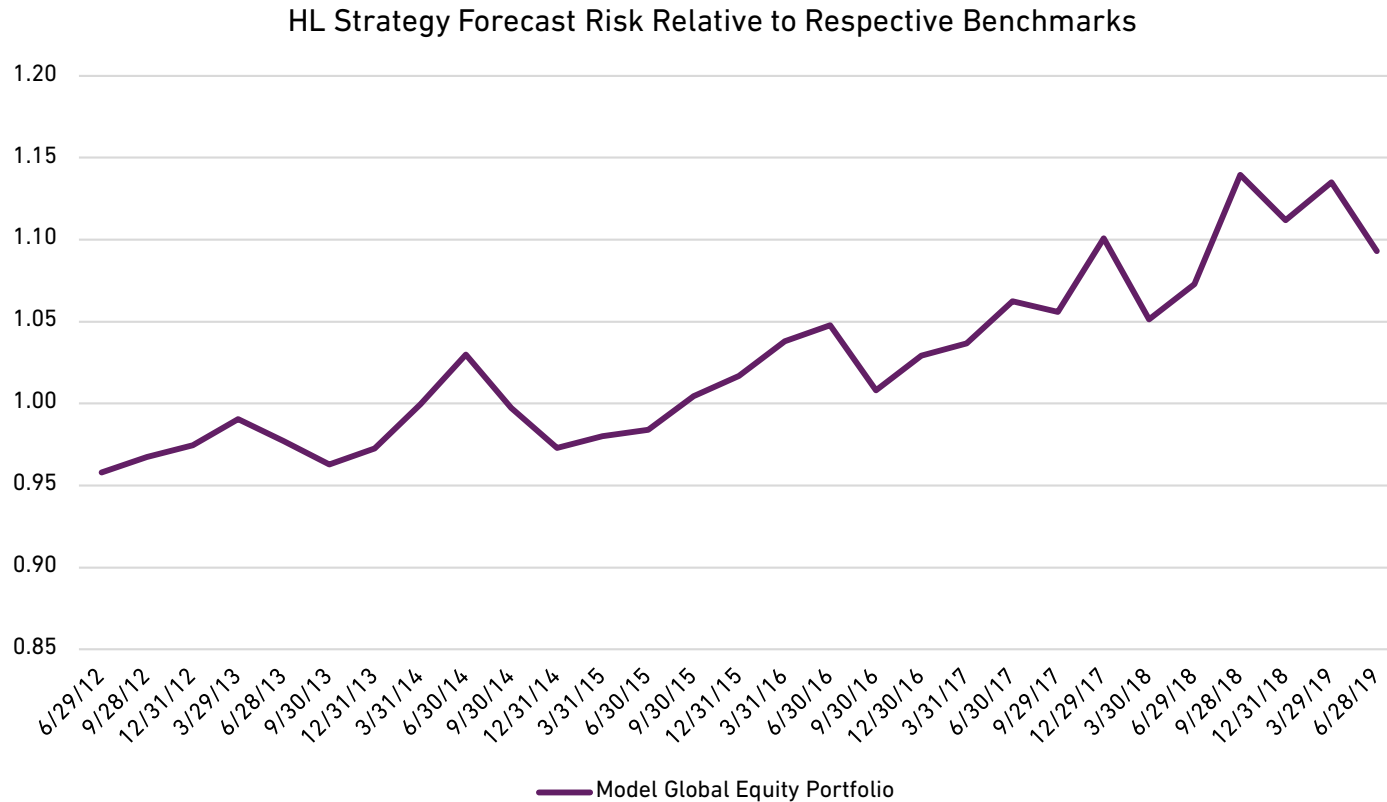
- Regeneron
- Walgreens Boots Alliance
- Baidu
- Alphabet
- Televisa

■ Selection Effect    ■ Allocation Effect    □ Total Effect

"Composite": Global Equity Composite. "Benchmark": MSCI All Country World Index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data and (2) a list showing the weight and contribution of all holdings during the period. 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. Data is not annualized. Please read the disclosures on the last page, which are an integral part of this presentation.

# Global Portfolio Forecast Volatility Relative to Benchmark

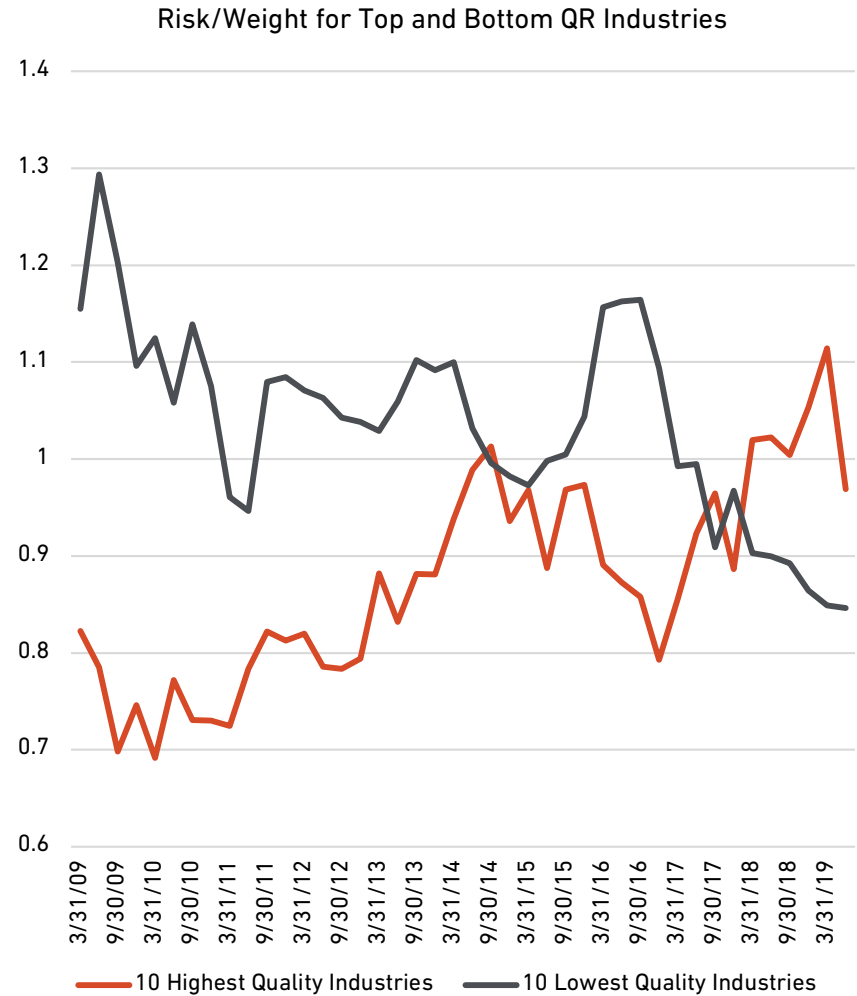
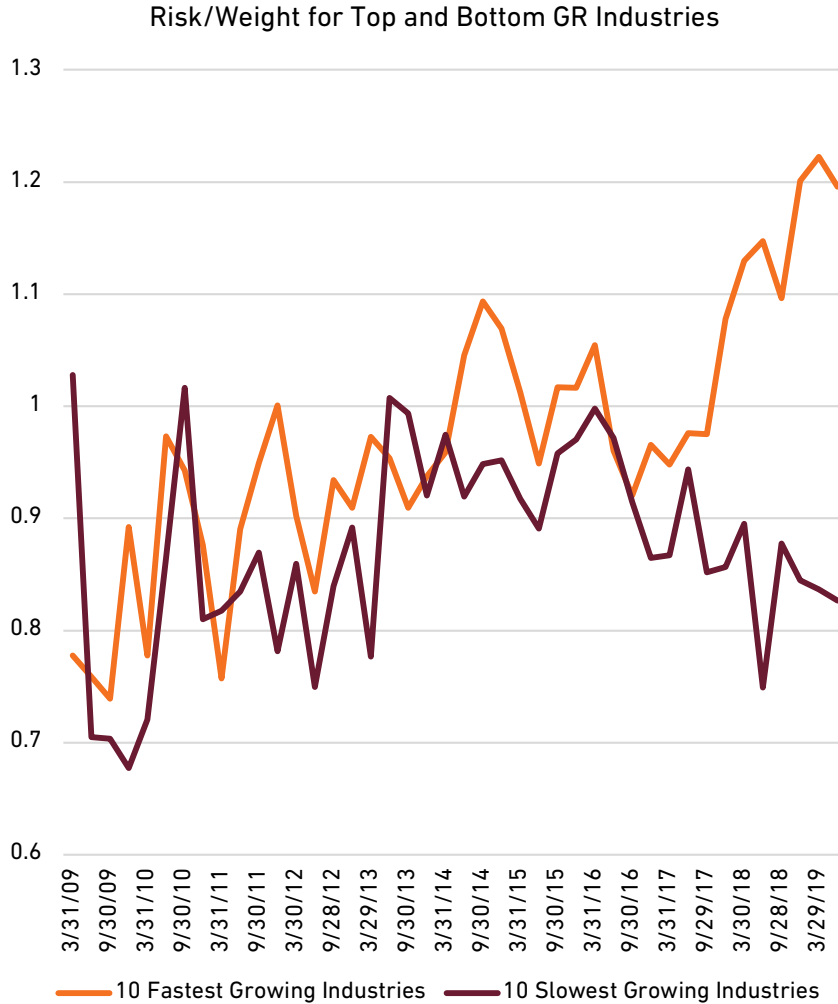
Rising risk relative to the benchmark.





# Why is our Forecast Volatility up?

Quality and Growth stocks have gotten more volatile, relative to the benchmark.



# Completed Portfolio Transactions

Trailing 12 Months

	3Q18	4Q18	1Q19	2Q19
<b>Positions Established</b>	None	NVIDIA ZOSO	Alphabet Illumina UnitedHealth Group Vertex Pharmaceuticals	Facebook NetEase
<b>Positions Sold</b>	None	Atlas Copco Epiroc Facebook Weibo WPP	AmerisourceBergen Novozymes Reckitt Benckiser Tenaris	Park24 Televisa WABCO

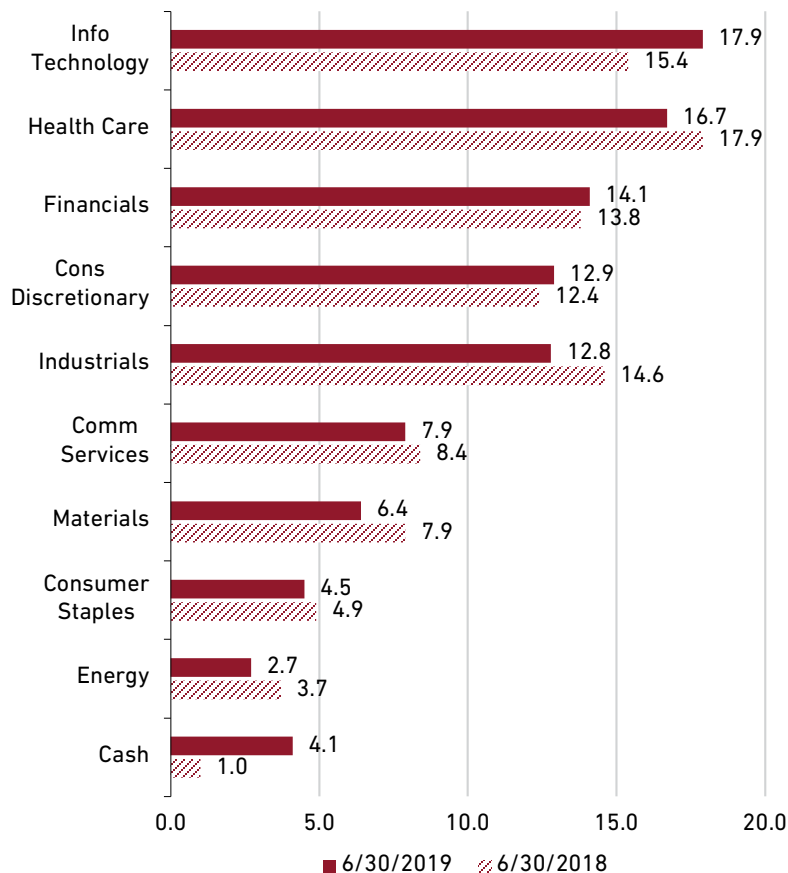
- Portfolio Turnover (5 year annualized average): 22.2%

The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

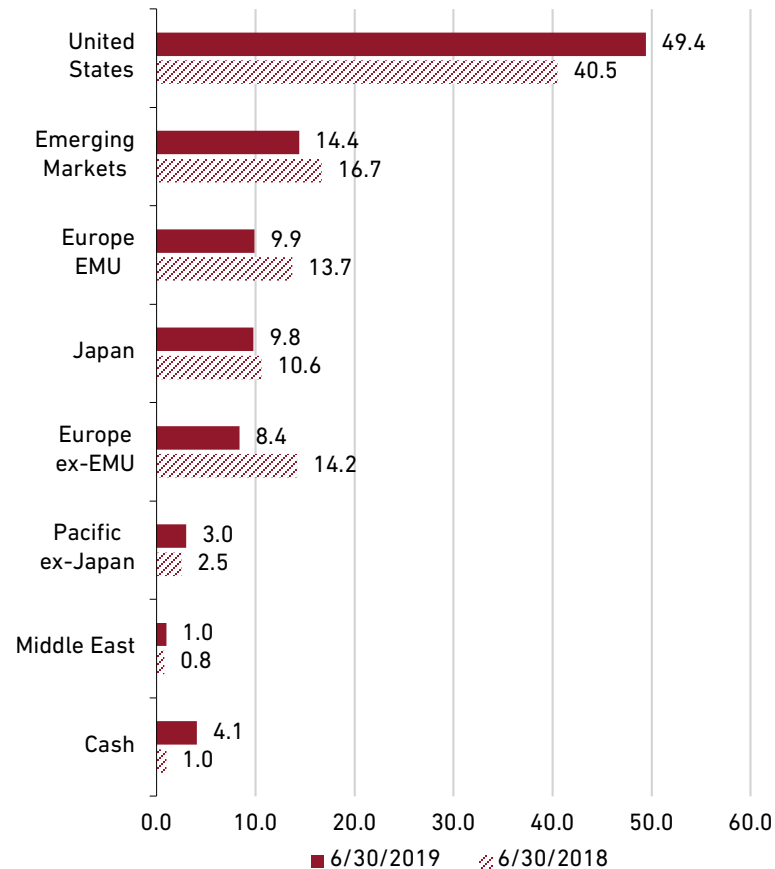
# Portfolio Allocation Comparison

June 30, 2019 vs June 30, 2018

Sector (%)



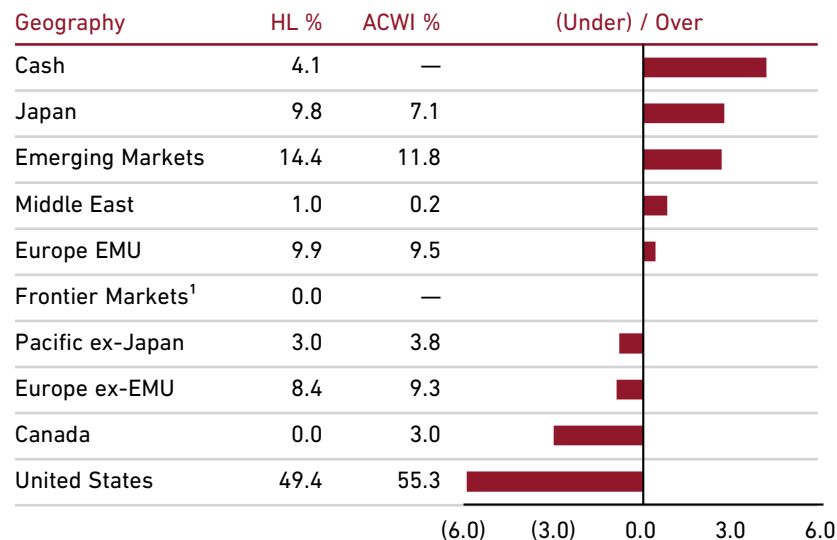
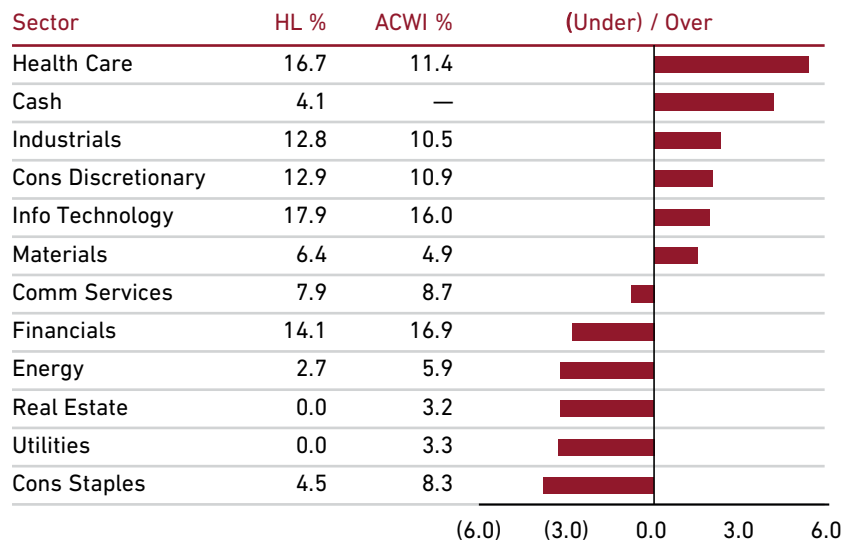
Region (%)



Sector and Region end weights are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Portfolio Exposures

As of June 30, 2019



Ten Largest Holdings – Total Weight: 28.7%

Company	Country	Sector	Wt (%)
PayPal	US	Info Technology	4.6
Roper	US	Industrials	3.7
AIA Group	Hong Kong	Financials	3.0
Verisk	US	Industrials	2.9
Booking Holdings	US	Cons Discretionary	2.7

Company	Country	Sector	Wt (%)
Alphabet	US	Comm Services	2.5
First Republic Bank	US	Financials	2.5
EssilorLuxottica	France	Cons Discretionary	2.3
Lonza	Switzerland	Health Care	2.3
Mastercard	US	Info Technology	2.2

85% Active Share

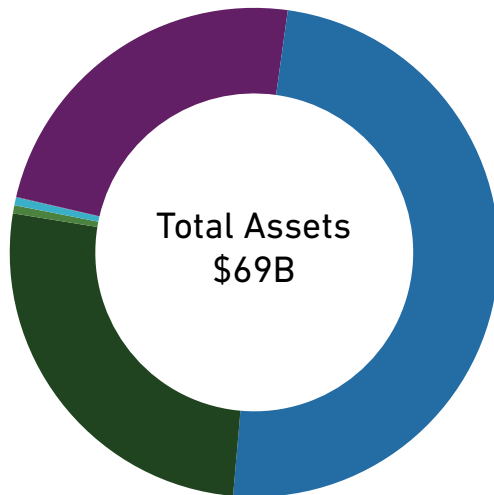
<sup>1</sup>Includes countries with less-developed markets outside the Index.

Source: Harding Loevner Global Equity Model; MSCI Inc. and S&P. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Harding Loevner Profile

As of June 30, 2019

- 43 investment professionals
- Global Equity portfolio management team averages 14 years at Harding Loevner



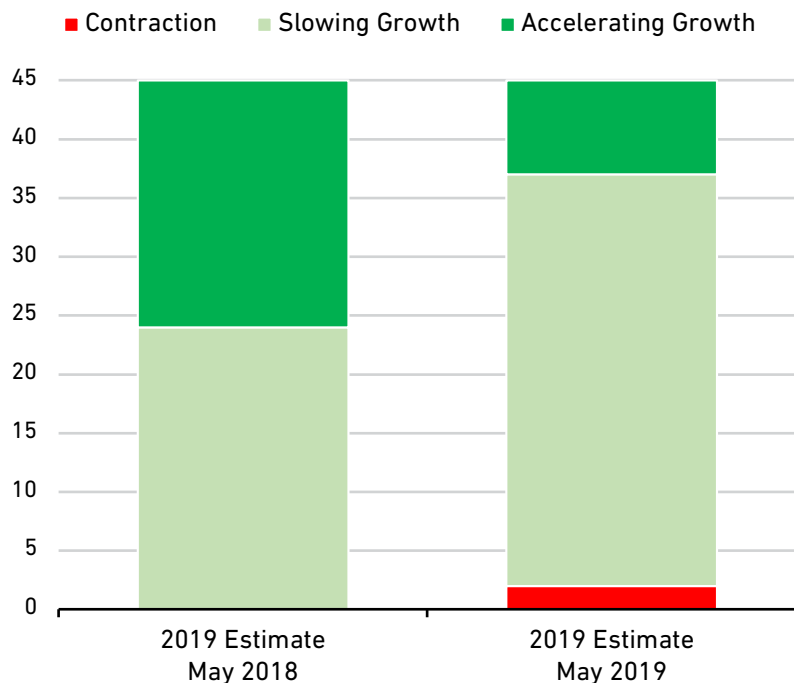
	Strategy Assets	Firm Assets
Global	\$16.2B	24%
International (Non-US)	\$33.8B	49%
Emerging Markets	\$18.0B	26%
Frontier Emerging Markets	\$0.4B	1%
Global Small Companies	<\$0.1B	<1%
International Small Companies	\$0.4B	1%
Research Portfolios	<\$0.1B	<1%

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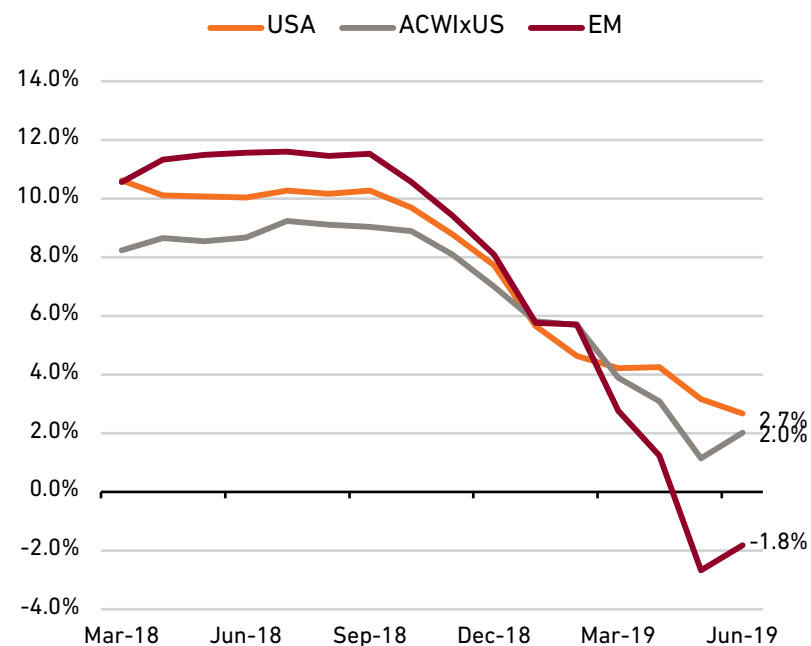
## Appendix

# Slowing Growth Expectations

Forecasted Real GDP Growth  
45 Countries tracked by OECD



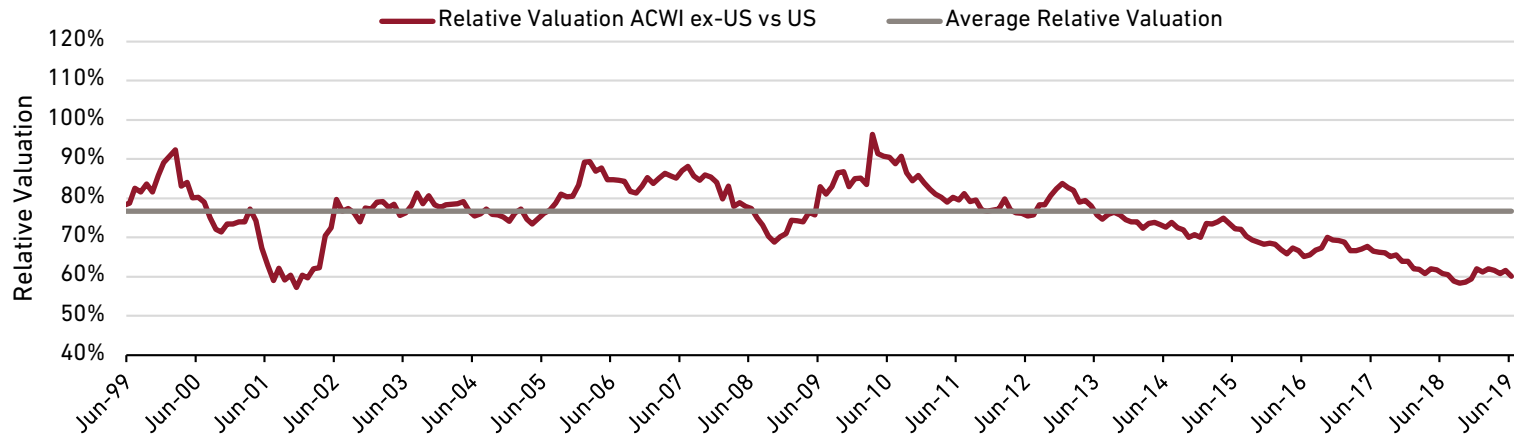
2019 EPS Growth  
Consensus Estimate



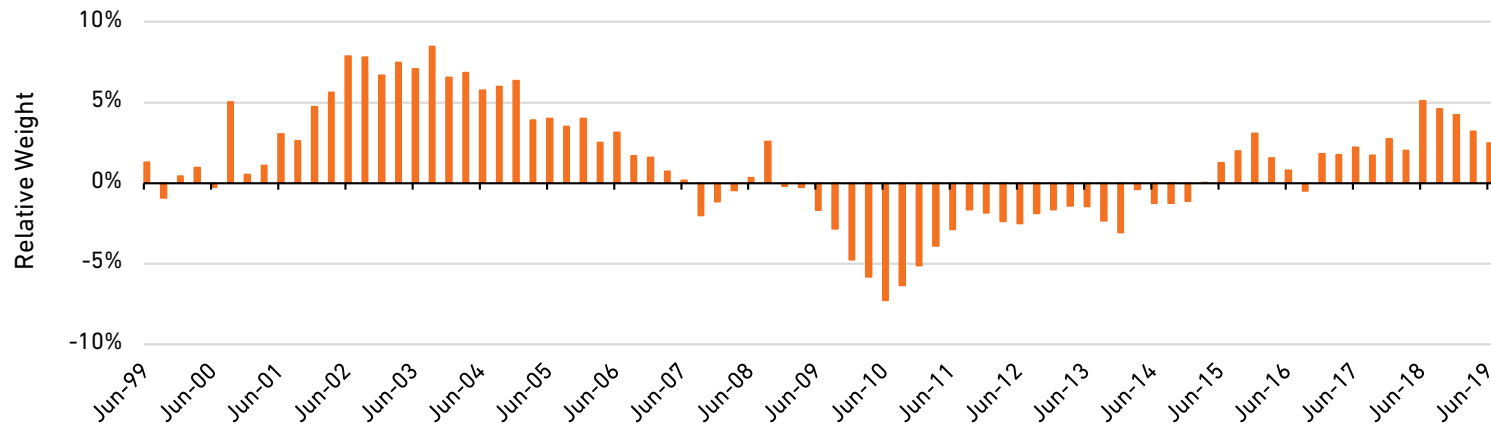
Source: OECD Economic Outlook database. No. 105 – May 2019. Data extracted June 13, 2019 from OECD.Stat.  
Source: MSCI Inc., FactSet; Data as of June 30, 2019. Please read the disclosures on the last page, which are an integral part of this presentation.

# The Global Portfolio Weight in the US vs the Index June Update

International vs US Relative Valuations and HL Global Relative US Exposure



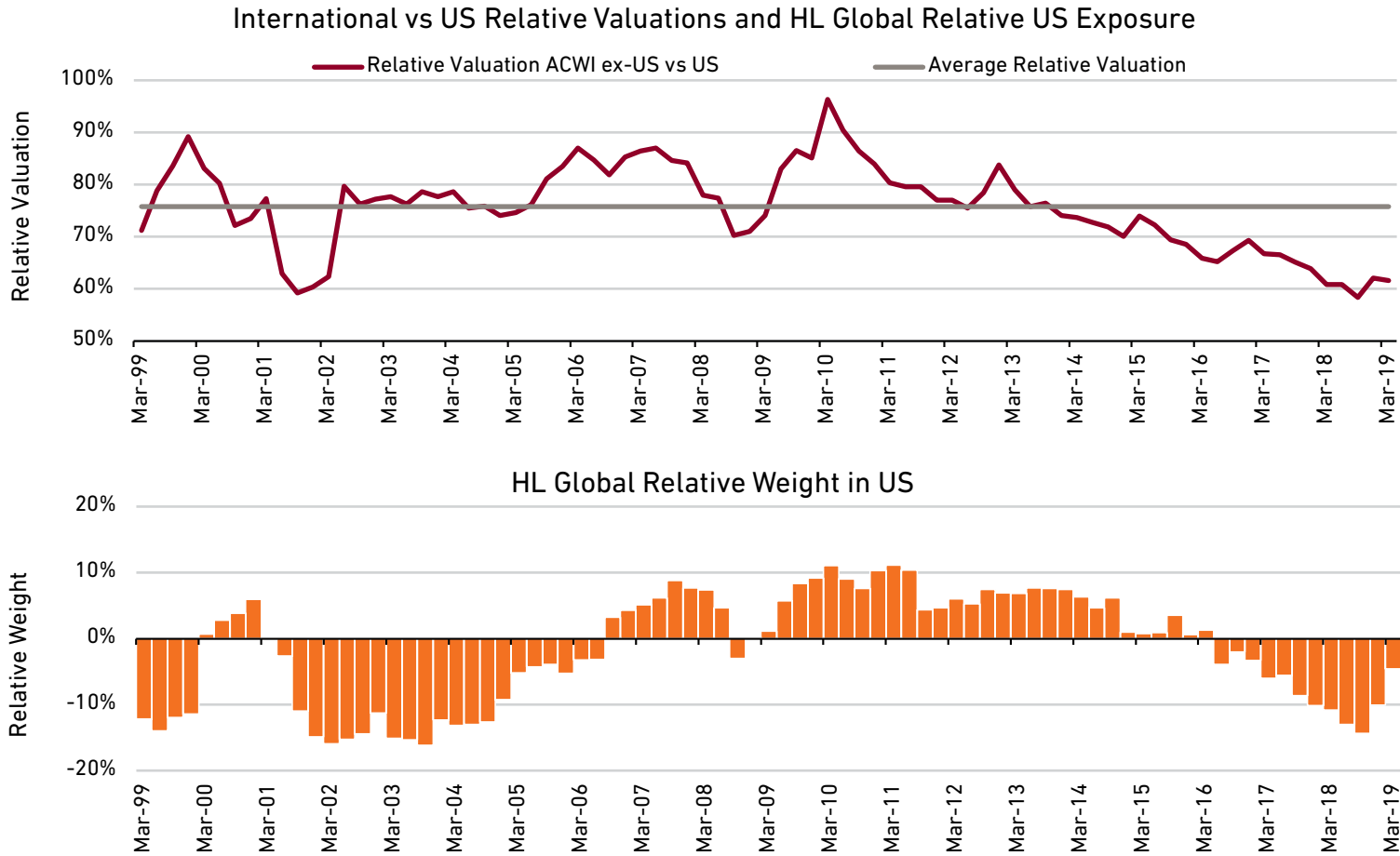
HL Global Relative Weight in US



Data as of June 30, 2019. Source: Harding Loevner Global Equity Model, MSCI Inc. and S&P. Valuation is the equal-weighted composite of relative P/E, P/B, and P/CF multiples, MSCI ACW ex-US Index vs MSCI USA Index. Please read the disclosures on the last page, which are an integral part of this presentation.

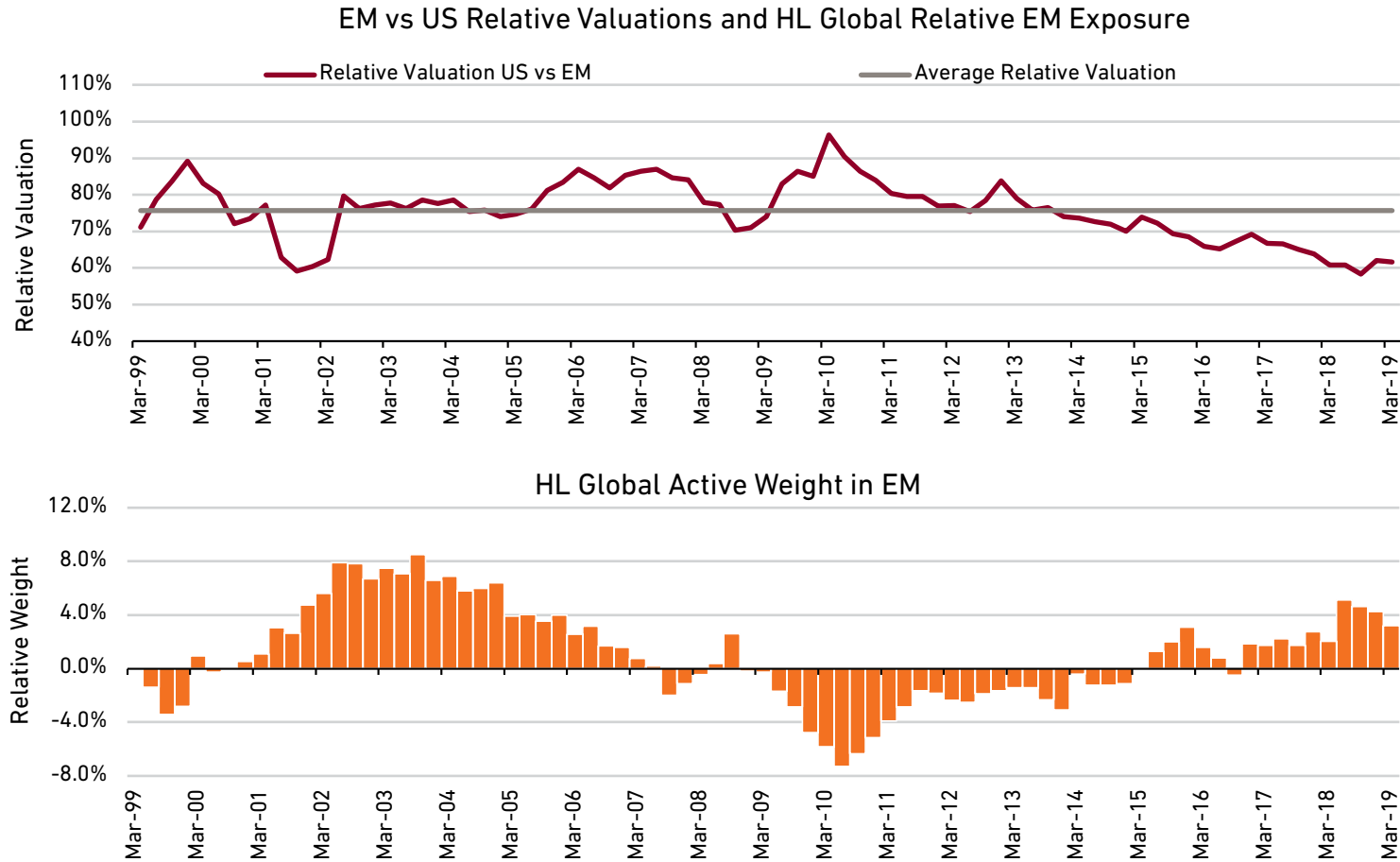


# The Global Portfolio Weight in the US vs the Index



Data as of March 31, 2019. Source: Harding Loevner Global Equity Model, MSCI Inc. and S&P. Valuation is the equal-weighted composite of relative P/E, P/B, and P/CF multiples, MSCI ACW ex-US Index vs MSCI USA Index. Please read the disclosures on the last page, which are an integral part of this presentation.

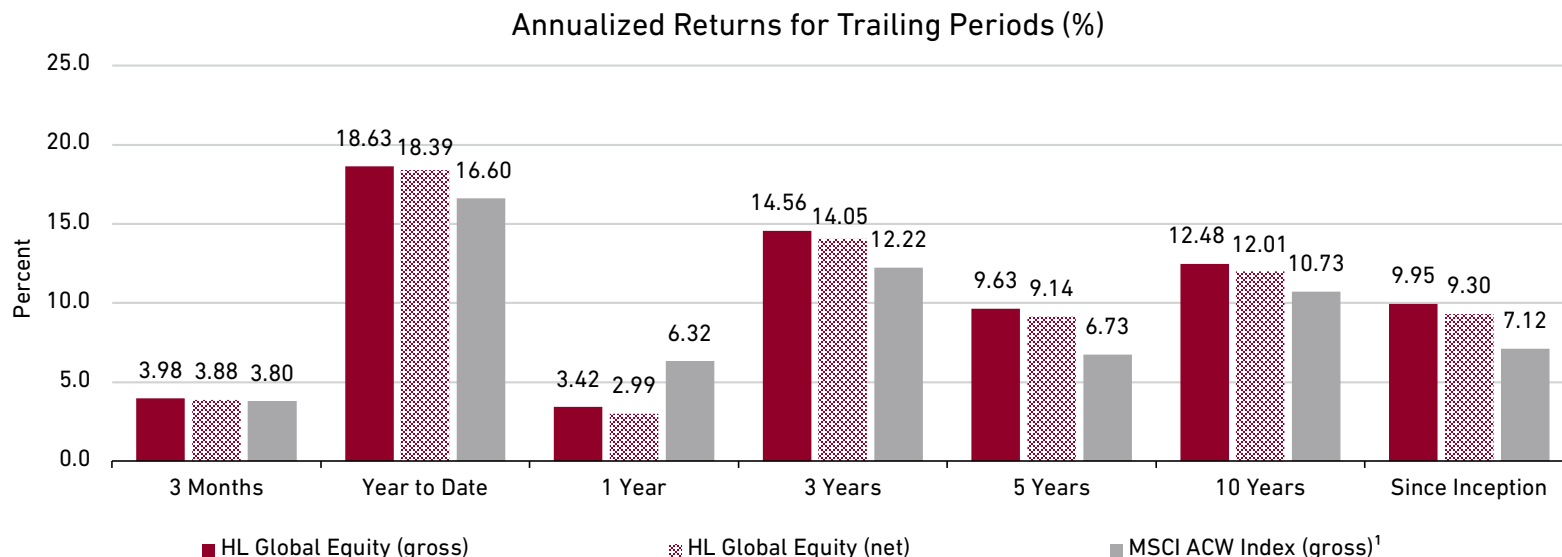
# The Global Portfolio Weight in Emerging Markets vs the Index



Data as of March 31, 2019. Source: Harding Loevner Global Equity Model, MSCI Inc. and S&P. Valuation is the equal-weighted composite of relative P/E, P/B, and P/CF multiples, MSCI EM Index vs MSCI USA Index. Please read the disclosures on the last page, which are an integral part of this presentation.

# Composite Performance

As of June 30, 2019



	HL Global Equity	MSCI ACWI
Alpha (%)	2.48	—
Beta	1.05	—
R-Squared	0.95	—
Standard Deviation (%)	12.61	11.69

	HL Global Equity	MSCI ACWI
Information Ratio	0.98	—
Sharpe Ratio	0.70	0.50
Up/Down Capture (%)	112/95	—

<sup>1</sup>The Benchmark Index, gross of withholding taxes. The 3-year, 5-year, 10-year, and since inception returns are annualized. Inception date of the Global Equity Composite: November 30, 1989. Investment statistics shown are derived from trailing five years' monthly returns. The performance returns shown are preliminary. 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. 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 March 31, 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 Global Equity Composite has been examined for the periods December 1, 1989 through March 31, 2019. The verification and performance examination reports are available upon request. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of the Global Equity Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list and description of composites, which is available upon request. Statistics are supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

# Disclosures

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The information provided in this Presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the Global Equity Model at June 30, 2019 is available on request.

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

Quality & Growth Characteristics, Investment Statistics, Benchmark Returns, Performance Attribution, Portfolio Exposures and Portfolio Transactions are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation, which is available on request.

*Alpha:* a measure of risk-adjusted return. *Beta:* a measure of the portfolio's sensitivity to the market. *R-Squared:* a measure of how well a portfolio tracks the market. *Standard Deviation:* the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Information Ratio:* a measure of risk-adjusted return calculated by dividing the portfolio active return (i.e., portfolio returns minus benchmark return) by the standard deviation of the active return. *Sharpe Ratio:* the return over the risk free rate per unit of risk. *Up/Down Capture:* a measure of the manager's performance in up/down markets relative to the market itself. *Profit Margin:* relationship of gross profits to net sales. *Return on Assets:* net income for past 12 months divided by total assets. *Return on Equity:* the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio:* total long-term debt divided by total shareholder's equity. *Sales Per Share:* the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share:* portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow:* a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Turnover:* calculated by dividing the lesser of Purchases or Sales by Average Capital. *Active Share:* the proportion of holdings by weight that differ from holdings of the benchmark index.

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. You cannot invest directly in these Indexes.

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

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

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

Source (Portfolio Exposures, Portfolio Transactions, Portfolio Allocation Comparison, Quality & Growth Characteristics [Run date: July 4, 2019]): FactSet; Harding Loevner Global Equity Model; MSCI Inc.

Source (Investment Statistics): eVestment Alliance; Harding Loevner Global Equity Composite, based on composite returns.

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