

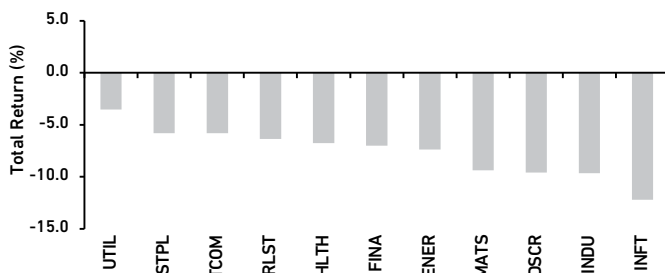
China's once rapid rate of internet adoption is slowing as nearly 60% of its 1.4 billion people are now online. As a result, internet companies are spending heavily to develop new services to increase the value of existing users and attract new ones. Such investments accelerate revenue growth but often compress margins, sometimes to the point of destroying value. **Baidu**, China's largest search engine provider, provides a cautionary tale.

In 2015, Baidu, in a bid to become a greater part of its users' lives, embarked on US\$3.2 billion of spending over three years to develop a variety of "online-to-offline" services, such as food delivery. E-commerce giant Alibaba and social and gaming platform Tencent had entered the same areas, and the three companies raced to achieve the scale necessary for profitability. All lost money on these initiatives. After two years of hemorrhaging, Baidu capitulated, selling the startup services—often to its rivals.

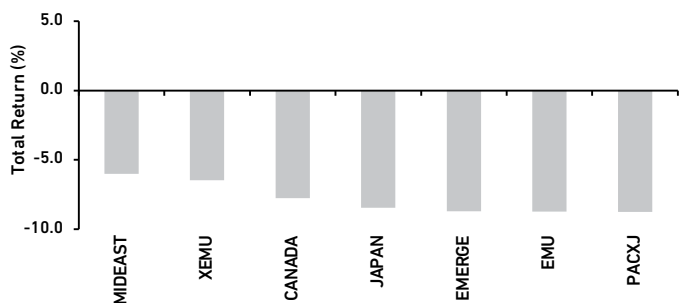
Baidu's pruning and return to focus on its main businesses, online search and artificial intelligence, have been fruitful. In the third quarter, its revenues grew 27% year over year, and its margins remained stable. Its news feed app has helped the company increase the amount of time each user spends on its platform, and capture a larger share of ad budgets. Sometimes, discretion is the better part of valor.

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

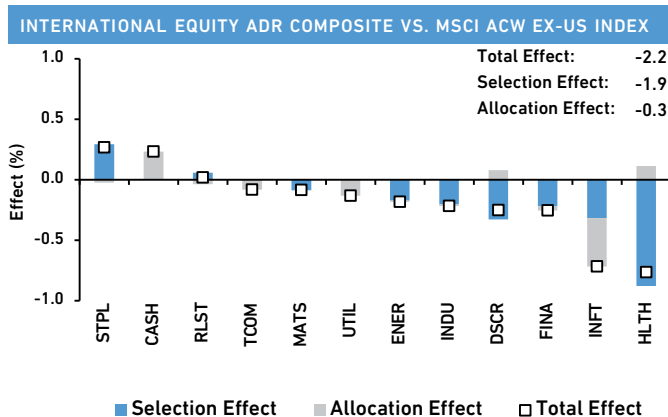
	1 MONTH	YTD	1 YEAR	3 YEARS ²	5 YEARS ²	10 YEARS ²	SINCE INCEPTION ^{2,3}
HL INTERNATIONAL EQUITY ADR (GROSS OF FEES)	-10.35	-8.41	-6.58	6.57	4.51	9.45	8.02
HL INTERNATIONAL EQUITY ADR (NET OF FEES)	-10.52	-9.04	-7.22	5.84	3.79	8.66	7.16
MSCI ALL COUNTRY WORLD EX-US INDEX ^{4,5}	-8.12	-10.58	-7.80	4.87	2.10	7.41	4.89
MSCI EAFE INDEX ^{5,6}	-7.95	-8.86	-6.39	4.13	2.50	7.39	4.58

BENCHMARK PERFORMANCE BY SECTOR – OCTOBER


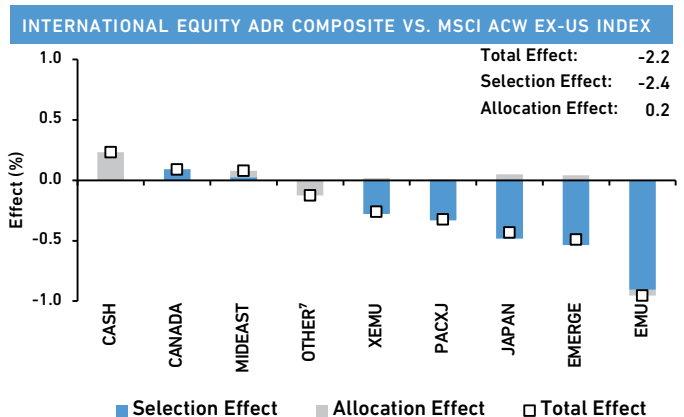
- All sectors declined in the month. Information Technology was hurt by significant declines in Chinese internet stocks.
- Sectors featuring lower-growth stocks such as Consumer Staples and Utilities performed relatively better than those featuring higher-growth stocks.

BENCHMARK PERFORMANCE BY GEOGRAPHY – OCTOBER


- Emerging Markets continued to fall as concerns persisted about slowing China growth, trade tensions, and higher interest rates. Brazil was the lone bright spot, rising sharply after far-right candidate Jair Bolsonaro won the country's presidential election.

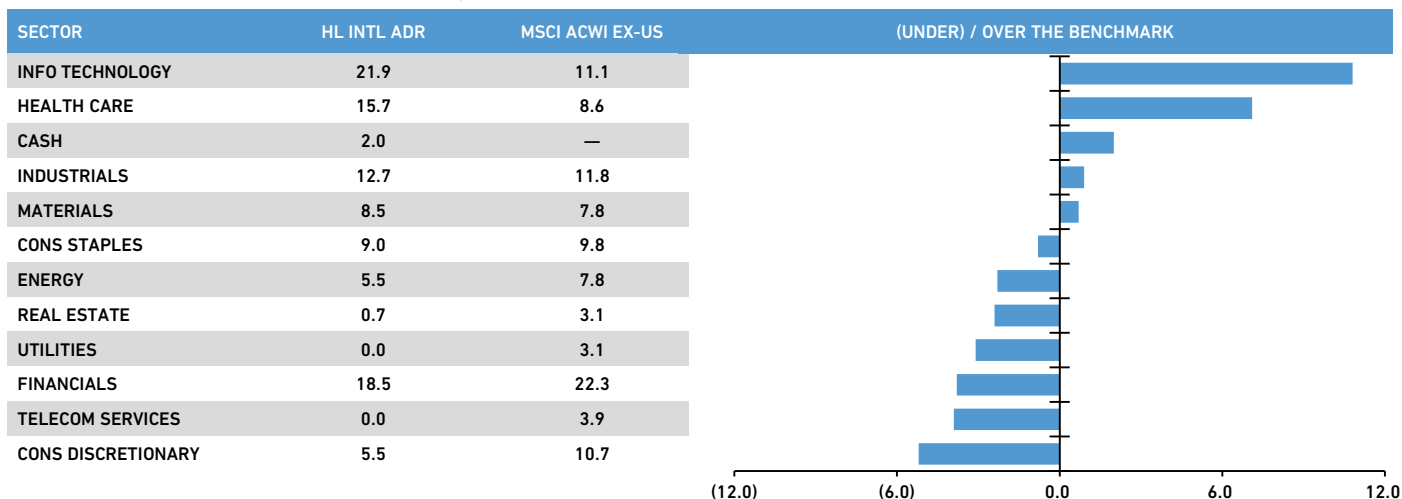
PERFORMANCE ATTRIBUTION BY SECTOR – OCTOBER


- Nestlé** led our stocks in Consumer Staples. Its steady growth continued, particularly in Asia and North America, and in pet care, infant nutrition, and coffee.

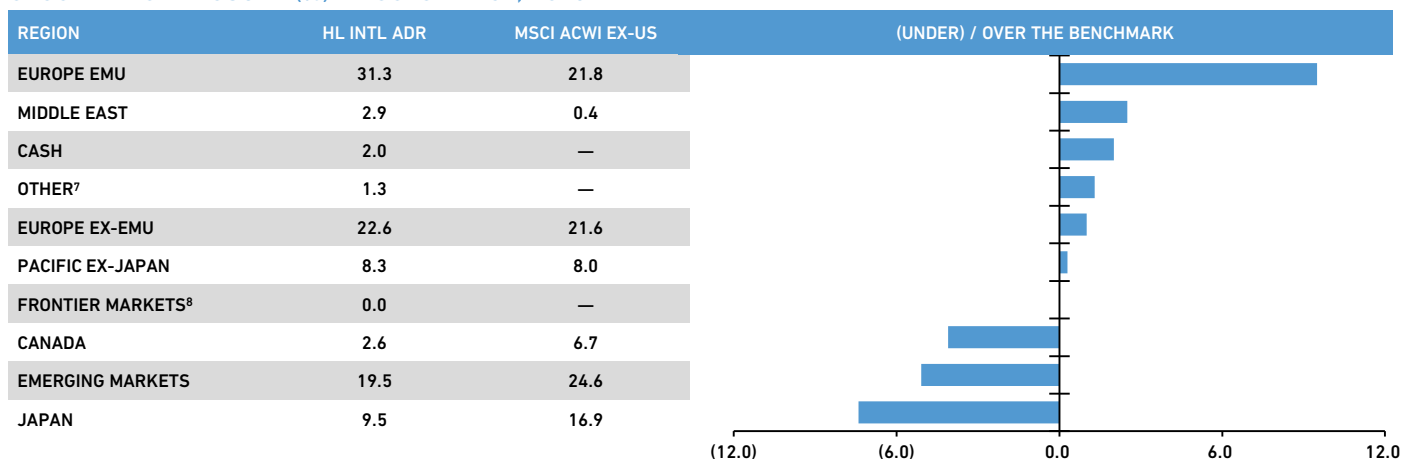
PERFORMANCE ATTRIBUTION BY GEOGRAPHY – OCTOBER


- Stock selection in Japan was dragged down by factory-materials supplier **MonotaRO** and clinical laboratory equipment manufacturer **Sysmex**.
- Our portfolio's underweight in China and overweight in Brazil partially offset declines in our EM stocks.

SECTOR EXPOSURE (%) AT OCTOBER 31, 2018



GEOGRAPHIC EXPOSURE (%) AT OCTOBER 31, 2018



ENDNOTES

(1) The October 2018 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: December 31, 1989 corresponds to that of the linked International Equity Composite (4) The Benchmark Index (5) Gross of withholding taxes (6) Supplemental Index (7) Includes companies classified in countries outside the Index (8) Includes countries with less-developed markets outside the Index.

SOURCES

Benchmark Performance: FactSet; MSCI Inc. and S&P.
Sector/Geographic Attribution: FactSet; Harding Loevner International Equity ADR Composite; MSCI Inc. and S&P.
Sector/Geographic Exposure: FactSet; Harding Loevner International Equity ADR Model; MSCI Inc. and S&P.

DISCLOSURES

The International Equity ADR Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves. Securities are held in Depository Receipt (DR) form, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), or are otherwise traded on US exchanges. For comparison purposes, the Composite return is measured against the MSCI All Country World ex-US Total Return Index. From 1999 (when the net index first became available) through December 30, 2012, the index return is presented net of foreign withholding taxes. Beginning December 31, 2012, Harding Loevner LP presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the Composite. Harding Loevner presents the gross version of the index to conform the benchmark's treatment of dividend withholding with that of the Composite. Harding Loevner 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 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 International Equity ADR Composite has been examined for the periods January 1, 1990 through June 30, 2018. 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 International Equity ADR 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 All Country World ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 46 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The Index consists of 21 developed market countries. You cannot invest directly in these Indices.

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 International Equity ADR 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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