INTERNATIONAL EQUITY

2019 First Quarter Report

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

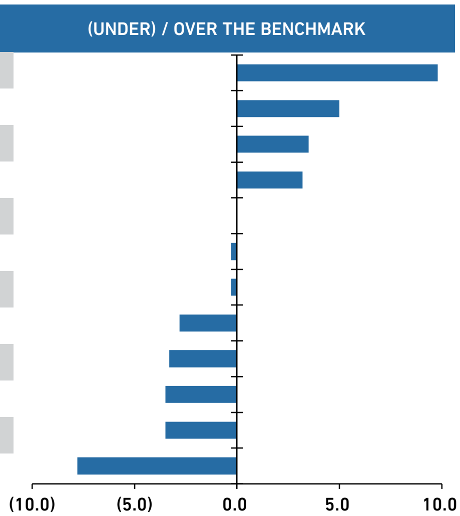
	3 MONTHS	1 YEAR	3 YEARS[2]	5 YEARS[2]	10 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL EQUITY (GROSS OF FEES)	11.65	-3.74	10.15	6.11	12.17	8.27
HL INTL EQUITY (NET OF FEES)	11.48	-4.36	9.44	5.44	11.47	7.47
MSCI ALL COUNTRY WORLD EX-US INDEX[4,5]	10.44	-3.74	8.61	3.04	9.34	5.05
MSCI EAFE INDEX[5,6]	10.13	-3.22	7.80	2.81	9.46	4.68

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: December 31, 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.

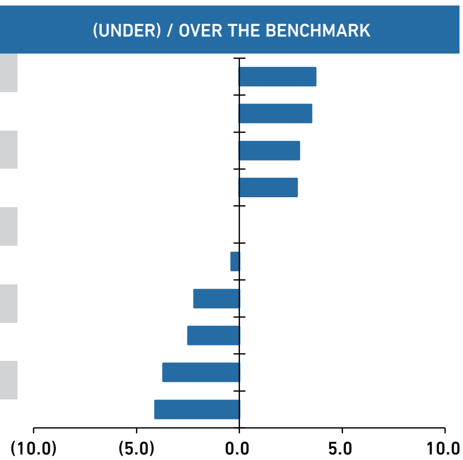
SECTOR EXPOSURE (%)

	HL INTL	ACWI EX-US
INFO TECHNOLOGY	18.2	8.4
CONS STAPLES	14.9	9.9
CASH	3.5	—
HEALTH CARE	11.6	8.4
INDUSTRIALS	11.7	11.7
COMM SERVICES	6.8	7.1
MATERIALS	7.3	7.6
FINANCIALS	18.8	21.6
UTILITIES	0.0	3.3
ENERGY	3.9	7.4
REAL ESTATE	0.0	3.5
CONS DISCRETIONARY	3.3	11.1



GEOGRAPHIC EXPOSURE (%)

	HL INTL	ACWI EX-US
EUROPE EX-EMU	24.6	20.9
CASH	3.5	—
OTHER[7]	2.9	—
MIDDLE EAST	3.1	0.3
FRONTIER MARKETS[8]	0.0	—
EUROPE EMU	20.9	21.3
PACIFIC EX-JAPAN	6.3	8.5
EMERGING MARKETS	23.6	26.1
CANADA	3.1	6.8
JAPAN	12.0	16.1



[7]Includes companies classified in countries outside the Index; [8]Includes countries with less-developed markets outside the Index.

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

Source: Harding Loevner International 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.

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MARKET REVIEW

International stock markets rose in the quarter, rebounding sharply from last year's sell-off. Investor sentiment was buoyed by progress in US-China trade negotiations and signals that the US Federal Reserve will pause hiking interest rates. All sectors and regions ended the quarter in positive territory.

Signs of a global economic slowdown appeared throughout the quarter. In China, retail sales and manufacturing activity fell amid a sharp decline in bank lending. In Europe, EU officials predicted GDP growth would slow this year to 1.3%, from 1.9% in 2018. Germany's manufacturing sector abruptly contracted, and the country's export sales and orders declined at the fastest rate since the financial crisis. In Italy, weak business and consumer confidence, precipitated by its populist government's budget standoff with the EU, sent the country into recession. European economists were increasingly concerned about the bloc slipping, Japan-style, into a liquidity trap, where monetary policy loses its ability to stimulate economic growth because would-be lenders fear ultralow rates are unsustainable.

Central banks reacted to the downbeat economic data. After downgrading its GDP forecast for this year, the Fed signaled that December's rate hike would be its last for a while, and Chairman Jerome Powell announced a halt to the planned reduction of the Fed's US$4 trillion balance sheet, supporting market liquidity. Bond yields in both developed and emerging markets (EMs) fell markedly in response. The European Central Bank followed suit, extending its time horizon for keeping interest rates low and offering additional cheap funding for banks. China, too, announced measures to lower borrowing costs and encourage loan growth.

The US-instigated trade war, which left stock markets battered and bruised last year, appeared to take a favorable turn. For much of 2018, companies fearful of escalation that would disrupt their global supply chains were discouraged from making fixed-capital investments. In a reversal over the past few months, hopes for trade peace have risen, as both the US and China signaled eagerness to reach an accord and reported progress in their negotiations.

By sector, Information Technology (IT) performed best, with strong rebounds in the hardware and software stocks that had performed poorly toward the end of 2018. Energy stocks also recovered as the oil price rebounded sharply from its December low. Communication Services was the weakest sector, with media and internet services strength outweighed by lackluster returns from telecom stocks, part of the low-volatility group that had held up so well last quarter. Asian e-commerce and media stocks, however, returned to the winners' circle after falling steadily for most of last year, helped in part by China's decision to end its moratorium on new video game approvals.

In terms of geography, EMs lagged developed markets in spite of very strong returns from China. Canada was the strongest region, rebounding alongside the US market and the oil price. Developed Asian markets were mixed: Japan's consumer stocks mostly moved sideways in the quarter, while commodity-oriented stocks in the Pacific ex-Japan region gained.

MARKET PERFORMANCE (USD %)

MARKET	1Q 2019	TRAILING 12 MONTHS
CANADA	15.6	3.9
EMERGING MARKETS	10.0	-7.1
EUROPE EMU	10.0	-7.5
EUROPE EX-EMU	12.0	1.7
JAPAN	6.8	-7.5
MIDDLE EAST	10.1	10.2
PACIFIC EX-JAPAN	12.3	4.7
MSCI ACWXUS INDEX	10.4	-3.7

SECTOR PERFORMANCE (USD %)
OF THE MSCI ACW EX-US INDEX

SECTOR	1Q 2019	TRAILING 12 MONTHS
COMMUNICATION SERVICES	6.6	-8.3
CONSUMER DISCRETIONARY	11.2	-10.4
CONSUMER STAPLES	11.2	1.8
ENERGY	12.5	5.9
FINANCIALS	7.8	-9.0
HEALTH CARE	11.3	4.9
INDUSTRIALS	10.4	-4.3
INFORMATION TECHNOLOGY	14.7	-4.7
MATERIALS	11.4	-3.1
REAL ESTATE	14.6	3.5
UTILITIES	8.4	6.7

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

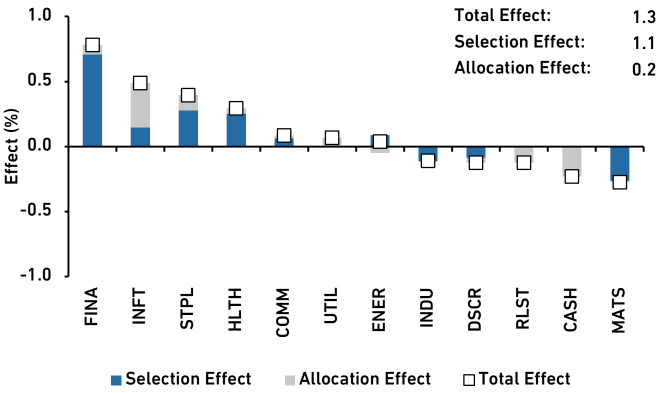
PERFORMANCE AND ATTRIBUTION

The International Equity composite rose 11.7% in the quarter, exceeding the benchmark's 10.4% gain. The following charts attribute the quarter's performance by sector and region.

Outperformance derived primarily from good stock selection. Financials contributed the biggest gains as two of our China-focused insurance holdings, **AIA Group** and **Ping An Insurance**, participated in the strong rebound of stocks tied to China. Our other EM bank shares continued their good performance of the previous quarter. In Health Care, three of our worst stocks in the fourth quarter (Japanese electronic medical information platform **M3**, blood-testing equipment manufacturer **Sysmex**, and Swiss biotech manufacturer **Lonza Group**) also recovered. Their gains were partially offset by weakness in **Bayer's** shares, which fell sharply in March after a second trial jury found that use of its Roundup herbicide caused a man's blood cancer.

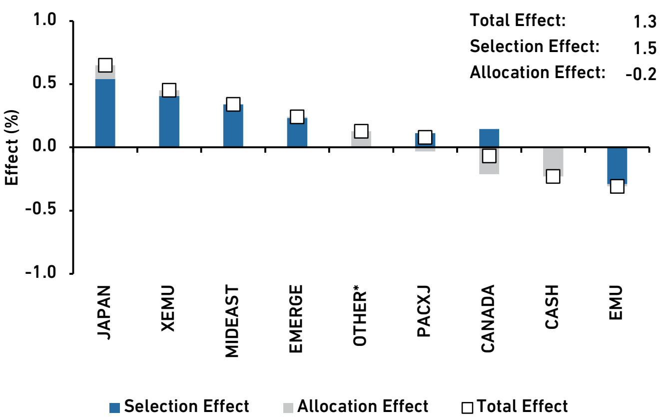
SECTOR PERFORMANCE ATTRIBUTION
FIRST QUARTER 2019

INTERNATIONAL EQUITY COMPOSITE VS. MSCI ACW EX-US INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION
FIRST QUARTER 2019

INTERNATIONAL EQUITY COMPOSITE VS. MSCI ACW EX-US INDEX



**Includes companies classified in countries outside the Index. Source: FactSet; Harding Loevner International 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.*

The portfolio's large overweight in IT contributed to relative returns, with our stocks outpacing the index's top-performing sector. Stock selection in Materials detracted, especially French chemicals company **Air Liquide**. Several Japanese Industrials also dragged on performance.

By geography, the portfolio had strong stocks in every region except the eurozone. Our Japanese stocks—including M3, Sysmex, **Chugai Pharmaceutical**, and automation equipment maker **Fanuc**—contributed the most. European stocks from outside the eurozone were strong performers, especially our Swiss holdings: branded-food giant **Nestlé**, hearing-aid manufacturer **Sonova Holdings**, bank-software developer **Temenos Group**, pharmaceutical giant **Roche**, and Lonza.

In the UK, where our holdings are of internationally rather than domestically focused companies, we lagged amid a strong local market and British pound. EM stocks added to returns, although our holdings in China were light and underperformed that country's index. In the eurozone, we were hurt by Bayer. Shares of automaker **BMW,** chip-maker **Infineon Technology**, and Air Liquide also sagged in conjunction with the weak economic data from Germany.

PERSPECTIVE AND OUTLOOK

In a famous Monty Python sketch, a customer returns to a pet shop with his recently purchased—and clearly expired—Norwegian Blue parrot. The customer, played by John Cleese, complains that the stiff bird is "bereft of life" and "an ex-parrot." But, to Cleese's rising frustration, the shopkeeper repeatedly disputes his claim, insisting, "It's not dead, it's only restin'!"

Recently, we and other investors have had similar exchanges about the once-fast-growing and now seemingly moribund Consumer Staples companies: are their business models truly dead, or are they only resting, preparing to resume their historic rates of growth?

The Staples sector had been a reliable source of returns for investors for many decades thanks to secular growth trends in demand and a favorable competitive structure. In the developing world, industrialization, urbanization, and rising living standards created new and growing markets for packaged goods as people stopped growing their own food and came in time to value the convenience of buying and storing supplies and ingredients and, ultimately, prepared meals in boxes and cans. In developed economies, Staples companies benefited from consumers' increased ability and willingness to pay for what they perceived to be higher-quality products. The dominant positions of the market leaders—many of them over 100 years old—have been protected by three barriers to entry that have made it difficult for newcomers to challenge them: the high costs of (i) creating and sustaining brand awareness (through advertising and marketing), (ii) achieving the massive scale needed to drive down manufacturing costs; and (iii) obtaining sufficient scarce shelf space in major retail chains. Facing therefore few new entrants and wielding strong influence over their distribution channels, multinational companies like Nestlé, Unilever, Procter & Gamble, Coca-Cola, and others were able to grow steadily both their revenues and margins.

In the last decade or so, however, these historical advantages of the multinationals proved to be insufficient to prevent smaller brands from capturing market share and thereby much of the sector's incremental growth. In 2017, the consumer-research firm Nielsen estimated that small manufacturers, accounting for

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, 2019 is available on page 6 of this report.

only 19% of the food-and-beverage industry's global sales, accounted for more than 50% of its growth.

How did small companies overcome the formidable advantages of the giants to capture more than their share of the market's growth? The explanations share a common element: the internet. One factor is the direct access brands now have to consumers via e-commerce platforms. While that is real, its significance can be overstated: e-commerce's share of overall Staples sales remains small. Another factor is the internet's ability to connect sub-scale brands to large outsourced manufacturers, reducing the incumbents' scale advantage in manufacturing. Though the internet no doubt facilitates connections, its role is likely limited as outsourcing has been a common practice for decades. In our view, the internet's most significant impact has been in advertising and promotion. Targeted digital ads have supplanted the need for expensive national TV campaigns to introduce new and promote old brands. The internet also enables clever—and often free—viral marketing over social media. Advertising has effectively changed from a fixed to a variable cost, allowing small brands to gain recognition by a large number of consumers cheaply and thereby achieve profitability at smaller scale.

As their recognition of this new competitive landscape grew, the large Staples companies divided into two camps: doubters and believers in growth. The managements of the first group saw no need to invest significantly in innovative products. Instead, they milked the existing business more aggressively, cutting R&D and marketing costs to maximize cash flow to pay dividends to shareholders or make acquisitions, which brought new opportunities to reduce costs and generate cash. The managements of the second group made changes that they hoped would enable their businesses to compete effectively in the new, more fragmented landscape. They streamlined their portfolios by selling brands or businesses that did not generate adequate growth. These managers, unlike those of the first group, did not give up on their revenue growth ambitions. They increased investments in R&D and marketing (including digital media) to make their brands more appealing to ever-changing consumer tastes. Some also acquired smaller, innovative rivals that were taking market share. For years, we and other investors have debated the merits of each approach.

Several corporate announcements in the quarter highlighted a significant risk of the cost-cutting strategy. A bevy of well-known companies including Coca-Cola, Pepsi, Colgate-Palmolive, and Kraft Heinz, which had for years prioritized growing profit margins over revenues, posted 2018 results that fell below their forecasts. A number admitted that their margin targets were too high or their cost-cutting efforts too aggressive, acknowledging that they had failed to spend enough on R&D and marketing to sustain current revenues, let alone to grow them with new products and new customers. Kraft Heinz stood out: it announced a US$15 billion write-down of the value of its iconic Kraft and Oscar Meyer brands, cut its dividend, and vowed to "step up brand support." Kraft Heinz's share price plummeted more than 25% on the announcement.

We are not shareholders of Kraft Heinz. Our food-and-beverage analyst deemed the company unqualified for investment according to our growth and quality criteria, thereby making it effectively off-limits to our portfolio managers. He judged Kraft Heinz's business to be one that had few avenues to grow without substantial investment in new products or markets. He also worried about its high level of debt.

While Kraft Heinz and others in its camp have relentlessly cut costs, other Staples giants are developing their franchises through marketing, investing in R&D, and expansion into developing economies. One such company is Nestlé, which has taken the view that the growth in Staples can be recaptured. In recent years, the company has sold or put a "For Sale" sign on several businesses it considered subscale, including its US candy and European cold cuts brands. It acquired new brands and reorganized its R&D process to emphasize speed and foster a culture conducive to risk-taking. As a result, Nestlé has reduced the development time of new products by two-thirds, and accelerated its sales growth in each of the last three quarters. Its share price reflects these changes, rising 17% since the start of 2018 and reaching an all-time high in the recent quarter.

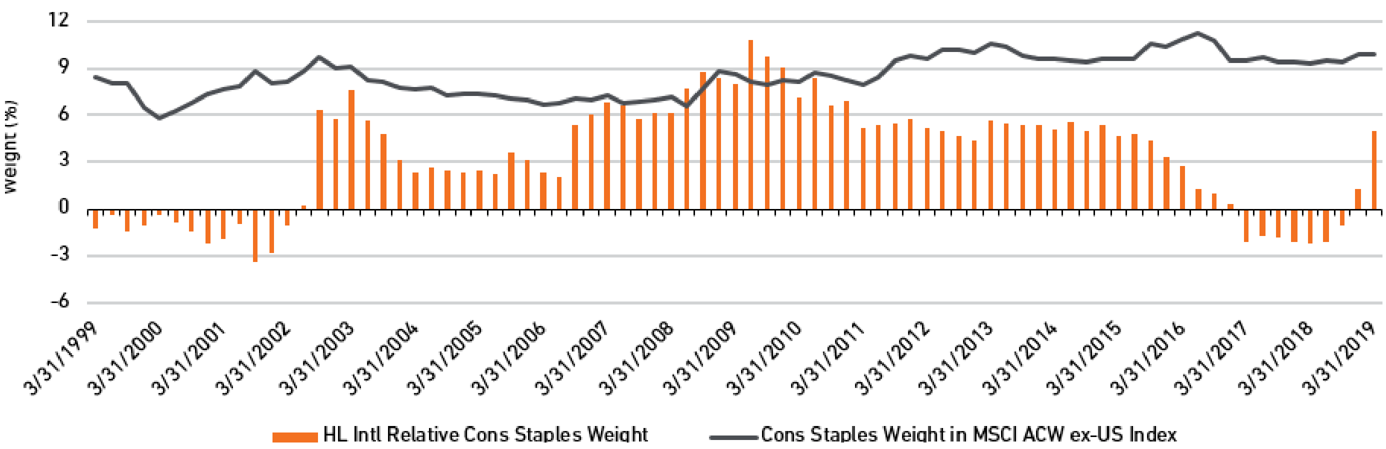
We own several other Staples companies that we believe are responding astutely to the competitive changes in their industries. **Diageo** sold off its non-core assets (hotels and mass-market spirits brands such as Seagram's and Yukon Jack) and bought faster-growing, more contemporary premium brands like George Clooney's Casamigos tequila. It also acquired local spirits brands in growth markets like India and China. Unilever, which rejected a merger proposal from Kraft Heinz in 2017, has recalibrated its cost structure, setting high savings targets and a goal of reinvesting two-thirds of the newly freed cash back into the business. It has been hiring experts in digital marketing and software engineers to help its existing brands connect better with young consumers and to boost the success rates of new products. Unilever has also significantly shortened product development times: in the last two years, it has launched 28 new brands compared with just three in the entire decade prior to 2017.

So, on balance, and with all due respect to our idol John Cleese, we take the pet-shopkeeper's side. The growth opportunity is still alive for Staples companies that are investing in their brands and in new ways to connect with their customers. Many have yet to overcome fully the disruption to their business models wrought by the internet, and the required spending will burden their profit margins in the near term and test the patience of some investors. Yet, their initial successes in adaptation encourage us in our belief that sustained investment in revenue growth will ultimately prove more profitable for them than the alternative of endless cost-cutting. The parrot, we insist, is just resting.

PORTFOLIO HIGHLIGHTS

Although not immune from the changing competitive dynamics discussed above, Staples companies tend to be relatively resilient during economic downturns and have steady levels of

HARDING LOEVNER INTERNATIONAL EQUITY MODEL RELATIVE CONSUMER STAPLES EXPOSURE



Source: Harding Loevner International Equity Model; MSCI Inc., and S&P; Data as of March 31, 2019.

profitability as measured by returns on invested capital. Because of this, their shares tend to exhibit lower-than-average volatility, an attractive feature for portfolio construction.

The challenge is finding growing Staples businesses whose stocks are reasonably priced. Because investors value steadiness, the stocks are often fully or more-than-fully priced. In 2017 and most of 2018, we were underweight the sector as we found few companies whose growth we had sufficient confidence in to justify the high prices, given the competitive challenges unfolding. Recently, however, we have had more success, and our sectoral exposure has risen to the point that we are now overweight relative to the index. Though average valuations in the sector remain at a premium to the index, we have found several quality companies with above-average growth prospects at attractive prices. Since March of last year, our Staples weight has more than doubled, from 7% to 15%. Such an overweight position in Staples is not unusual for us historically; in fact, our weight was above that of the benchmark and similar to current levels all through 2007–15.

The rebuilding of our weight in Staples started last year with opportunistic purchases in Latin America, where politics and recession roiled markets. In the third quarter, we purchased **Ambev**, Brazil's largest brewer and the largest PepsiCo bottler outside the US. After its stock fell sharply amid Brazil's economic recession and a contentious presidential election campaign, we pounced on the opportunity to tap Ambev's steady profit stream at a reasonable price. In the fourth quarter, we purchased **FEMSA**, Mexico's largest convenience stores operator and controlling stakeholder in the country's largest Coca-Cola bottling business, at a price made attractive by Mexican stock market weakness engendered by investor fears of a more hostile regulatory environment for all businesses after the election of President Andrés Manuel López Obrador.

This quarter we added the world's largest spirits producer, UK's Diageo, which owns leading brands such as Johnnie Walker, Smirnoff, Tanqueray, Bailey's, and Guinness. While most of its revenues come from developed markets, Diageo is now marketing its global brands in faster-growing developing countries. It has also acquired some local spirits brands recently, including sizeable ones in China and India. We anticipate modest but steady revenue growth, while efficiency gains should allow profits to rise at a faster pace than sales.

We also bought Canadian roadside retailer **Alimentation Couche-Tard**, whose convenience store and gas station operator brands include Circle K and On the Run. The company has pursued a blend of organic and acquisition-led growth and now operates 16,000 stores worldwide. It has consolidated a fragmented and mature industry in Canada, the US, and Europe, integrating smaller retail chains into its major brands while upgrading the customer experience and improving the variety and quality of products. This strategy has led to positive same-store sales growth. Alimentation Couche-Tard's increasing scale also enhances its bargaining power over suppliers, allowing it to drive down input costs and support margins.

Over the past six months, our geographic exposure has shifted due to investment, divestment, and adjustment decisions relating to individual holdings. Our EM allocation has increased to 24% from 19% six months ago, narrowing the gap between our portfolio and the 26% EM weight of the index. We made several investments in China following that market's poor showing in 2018. We added gaming company **Tencent**, mobile phone operator **China Mobile**, and Ping An Insurance, the country's second-largest life-and-health insurer. In Russia, we bought **Lukoil**, a global low-cost oil producer.

Portfolio Management Team Update

As previously announced, Andrew West, a portfolio manager of the International Equity strategy since 2014, became a co-lead portfolio manager of the strategy on January 2, 2019, replacing Alec Walsh. Ferrill Roll continues as the strategy's other co-lead portfolio manager. Alec, along with Bryan Lloyd and Patrick Todd, remains a portfolio manager of the strategy. The assignment change was made in preparation for Alec's retirement at the end of this year.

INTERNATIONAL EQUITY HOLDINGS (AS OF MARCH 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
COMMUNICATION SERVICES		
BAIDU Internet products and services	China	1.9
CHINA MOBILE Mobile telecom services	China	1.8
DENTSU Marketing and advertising services	Japan	0.8
TENCENT Internet and IT services	China	1.1
YANDEX Internet products and services	Russia	1.1
CONSUMER DISCRETIONARY		
ADIDAS Athletic footwear and apparel retailer	Germany	1.5
BMW Automobile manufacturer	Germany	0.9
NASPERS Internet and media services	South Africa	0.9
CONSUMER STAPLES		
ALIMENTATION COUCHE-TARD Convenience stores operator	Canada	1.1
AMBEV Alcoholic beverages manufacturer	Brazil	1.6
DIAGEO Alcoholic beverages manufacturer	UK	2.0
FEMSA Beverages manufacturer and retail operator	Mexico	1.0
L'ORÉAL Cosmetics manufacturer	France	3.0
NESTLÉ Foods manufacturer	Switzerland	3.6
UNICHARM Consumer products manufacturer	Japan	1.0
UNILEVER Foods and consumer products producer	UK	1.7
ENERGY		
LUKOIL Oil and gas producer	Russia	1.3
ROYAL DUTCH SHELL Oil and gas producer	UK	1.6
SCHLUMBERGER Oilfield services	US	1.0
FINANCIALS		
AIA GROUP Insurance provider	Hong Kong	3.5
ALLIANZ Financial services and insurance provider	Germany	3.0
BBVA Commercial bank	Spain	2.4
DBS GROUP Commercial bank	Singapore	2.8
HDFC BANK Commercial bank	India	1.4
HSBC Commercial bank	UK	1.1
ICICI BANK Commercial bank	India	1.4
ITAÚ UNIBANCO Commercial bank	Brazil	1.2
PING AN INSURANCE Insurance provider	China	1.9
HEALTH CARE		
ASPEN PHARMACARE Pharma manufacturer	South Africa	0.2
BAYER Life science products manufacturer	Germany	0.1
CHUGAI PHARMACEUTICAL Pharma manufacturer	Japan	1.5
GRIFOLS Blood plasma fractionation operator	Spain	0.9

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
LONZA Life science products developer	Switzerland	1.7
M3 Medical information services	Japan	1.6
ROCHE Pharma and diagnostic equipment manufacturer	Switzerland	3.2
SONOVA HOLDING Hearing aids manufacturer	Switzerland	1.3
SYSMEX Clinical laboratory equipment manufacturer	Japan	1.2
INDUSTRIALS		
ALFA LAVAL Industrial equipment manufacturer	Sweden	1.4
ATLAS COPCO Industrial equipment manufacturer	Sweden	2.2
CANADIAN NATIONAL RAILWAY Railway operator	Canada	1.9
EPIROC Industrial equipment manufacturer	Sweden	1.0
FANUC Industrial robot manufacturer	Japan	1.0
JGC CORP Industrial facilities engineer and operator	Japan	0.1
KOMATSU Industrial equipment manufacturer	Japan	0.9
KUBOTA Industrial and consumer equipment manufacturer	Japan	1.5
PARK24 Automated parking lot operator	Japan	0.7
SGS Quality assurance services	Switzerland	1.0
INFORMATION TECHNOLOGY		
CHECK POINT Cybersecurity software developer	Israel	3.1
DASSAULT SYSTÈMES CAD/CAM software designer	France	1.5
INFINEON TECHNOLOGIES Semiconductor manufacturer	Germany	1.8
KEYENCE Sensor and measurement equipment manufacturer	Japan	1.8
SAMSUNG ELECTRONICS Electronics manufacturer	South Korea	2.8
SAP Enterprise software developer	Germany	2.9
TEMENOS GROUP Banking software developer	Switzerland	1.1
TSMC Semiconductor manufacturer	Taiwan	3.2
MATERIALS		
AIR LIQUIDE Industrial gases producer	France	0.9
FUCHS PETROLUB Lubricants manufacturer	Germany	0.6
LINDE Industrial gases supplier and engineer	US	1.8
NOVOZYMES Biotechnology producer	Denmark	0.9
RIO TINTO Mineral miner and processor	UK	0.9
SASOL Energy and chemical technology developer	South Africa	0.8
SYMRISE Fragrances and flavors manufacturer	Germany	1.4
REAL ESTATE		
No Holdings		
UTILITIES		
No Holdings		
CASH		3.5

Model Portfolio holdings are supplemental information only and complement the fully compliant International 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.

1Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
AIA GROUP	FINA	3.8	0.69
CHECK POINT	INFT	2.9	0.63
NESTLÉ	STPL	3.5	0.60
L'ORÉAL	STPL	2.8	0.45
ROCHE	HLTH	3.1	0.45

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
NESTLÉ	STPL	3.3	0.74
AIA GROUP	FINA	4.1	0.69
CHECK POINT	INFT	2.6	0.65
ROCHE	HLTH	2.4	0.61
L'ORÉAL	STPL	2.6	0.55

1Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BAYER	HLTH	2.5	-0.12
MONOTARO	INDU	0.3	-0.10
ASPEN PHARMACARE	HLTH	0.4	-0.08
DENTSU	COMM	1.0	-0.05
AIR LIQUIDE	MATS	1.3	-0.04

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BAYER	HLTH	2.9	-1.44
FANUC	INDU	2.2	-1.12
M3	HLTH	2.3	-0.77
WEIBO	COMM	0.8	-0.70
BAIDU	COMM	2.4	-0.69

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL INTL	ACWI EX-US
PROFIT MARGIN[1] (%)	16.0	11.1
RETURN ON ASSETS[1] (%)	9.9	5.5
RETURN ON EQUITY[1] (%)	17.1	13.7
DEBT/EQUITY RATIO[1] (%)	39.2	61.2
STD DEV OF 5 YEAR ROE[1] (%)	2.5	3.3
SALES GROWTH[1,2] (%)	3.8	1.1
EARNINGS GROWTH[1,2] (%)	9.4	8.5
CASH FLOW GROWTH[1,2] (%)	7.4	6.5
DIVIDEND GROWTH[1,2] (%)	6.1	4.3
SIZE & TURNOVER	**HL INTL**	**ACWI EX-US**
WTD MEDIAN MKT CAP (US $B)	60.4	34.4
WTD AVG MKT CAP (US $B)	92.6	69.8
TURNOVER[3] (ANNUAL %)	15.9	—

RISK AND VALUATION	HL INTL	ACWI EX-US
ALPHA[2] (%)	3.04	—
BETA[2]	1.00	—
R-SQUARED[2]	0.93	—
ACTIVE SHARE[3] (%)	86	—
STANDARD DEVIATION[2] (%)	12.42	11.92
SHARPE RATIO[2]	0.43	0.19
TRACKING ERROR[2] (%)	3.4	—
INFORMATION RATIO[2]	0.91	—
UP/DOWN CAPTURE[2]	103/86	—
PRICE/EARNINGS[4]	17.4	14.2
PRICE/CASH FLOW[4]	12.4	8.8
PRICE/BOOK[4]	2.6	1.6
DIVIDEND YIELD[5] (%)	2.2	3.2

[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 International Equity Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: April 2, 2019); Harding Loevner International Equity Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
ALIMENTATION COUCHE-TARD	CANADA	STPL
CHINA MOBILE	CHINA	COMM
DIAGEO	UK	STPL
LUKOIL	RUSSIA	ENER
PING AN INSURANCE	CHINA	FINA
TENCENT	CHINA	COMM

POSITIONS SOLD	COUNTRY	SECTOR
GF BANORTE	MEXICO	FINA
LVMH	FRANCE	DSCR
MONOTARO	JAPAN	INDU
TENARIS	ITALY	ENER

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

INTERNATIONAL EQUITY COMPOSITE PERFORMANCE (AS OF MARCH 31, 2019)

	HL INTL EQUITY GROSS (%)	HL INTL EQUITY NET (%)	MSCI ACWI EX-US[1] (%)	MSCI EAFE[2] (%)	HL INTL EQUITY 3-YR STD DEVIATION[3] (%)	MSCI ACWI EX-US 3-YR STD DEVIATION[3] (%)	MSCI EAFE 3-YR STD DEVIATION[3] (%)	INTERNAL DISPERSION[4] (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS ($M)	FIRM ASSETS (%)
2019 YTD[5]	11.65	11.48	10.44	10.13	11.04	10.41	10.33	N.A.[6]	38	19,628	33.98
2018	-13.26	-13.82	-13.78	-13.36	11.79	11.40	11.27	0.2	39	16,908	33.64
2017	30.86	30.00	27.77	25.62	12.45	11.88	11.85	0.2	36	15,777	29.21
2016	6.18	5.49	5.01	1.51	13.28	12.53	12.48	0.1	40	10,316	26.45
2015	-0.46	-1.06	-5.25	-0.39	12.83	12.13	12.47	0.1	41	8,115	24.37
2014	-0.12	-0.68	-3.44	-4.48	11.98	12.78	12.99	0.2	43	9,495	27.12
2013	15.99	15.35	15.78	23.29	14.91	16.20	16.22	0.4	44	9,504	28.68
2012	19.97	19.36	17.39	17.90	17.61	19.22	19.32	0.6	40	6,644	29.32
2011	-8.30	-8.91	-13.33	-11.73	21.13	22.74	22.45	0.5	36	2,468	18.15
2010	18.38	17.56	11.60	8.21	25.88	27.33	26.28	0.5	26	1,646	14.95
2009	44.12	43.09	42.14	32.46	23.95	25.30	23.65	0.6	24	779	12.17

[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 2019 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period.

The International Equity Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities and cash reserves and is measured against the MSCI All Country World ex-US 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 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.

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, 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 Composite has been examined for the periods January 1, 1990 through December 31, 2018. 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 International 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 International Equity Composite was created on December 31, 1989.

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