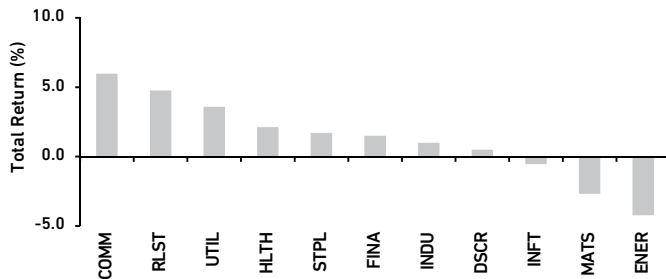


China's life insurance market is booming. As incomes rise and the country's middle class grows, people are looking for ways to protect their families' wealth. Over the past 10 years, per-capita spending on life insurance has risen more than fivefold, from US\$44 a year to US\$225. While the growth is impressive, China has a long way to go before catching up to the developed world, where the average per-person premium is US\$1,900 a year.

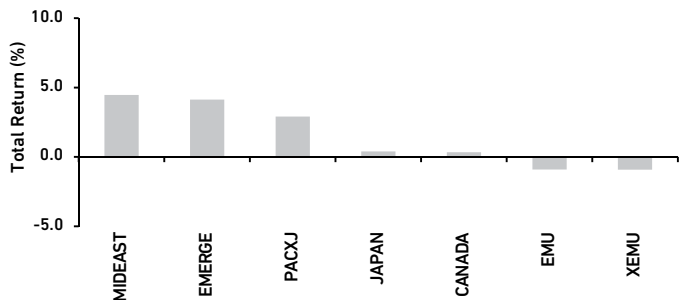
**AIA Group**, a multinational insurance company based in Hong Kong, has been successful in China, even with regulations that restricted its operations to just three cities and two provinces. Despite its limited market, its value of new business grew from US\$68 million in 2010 to US\$828 million in 2017. Its future growth may be even more robust: in November, China announced it will allow foreign insurers to operate throughout the country within five years as part of a liberalization of financial regulations. In preparation for a nationwide expansion, AIA has struck distribution agreements with large banks and other companies. It recently announced a deal to sell life insurance on WeDoctor, a **Tencent**-backed health care platform with over 110 million registered users.

**PERFORMANCE (% TOTAL RETURN) FOR THE PERIODS ENDED NOVEMBER 30, 2018<sup>1</sup>**

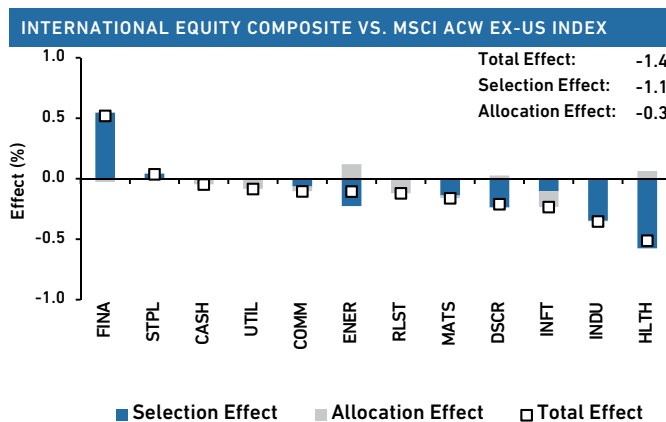
	1 MONTH	YTD	1 YEAR	3 YEARS <sup>2</sup>	5 YEARS <sup>2</sup>	10 YEARS <sup>2</sup>	SINCE INCEPTION <sup>2,3</sup>
HL INTERNATIONAL EQUITY (GROSS OF FEES)	-0.39	-8.70	-7.39	7.41	5.04	11.47	8.15
HL INTERNATIONAL EQUITY (NET OF FEES)	-0.44	-9.24	-7.99	6.72	4.39	10.78	7.34
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>4,5</sup>	0.96	-9.72	-7.67	5.93	2.26	8.15	4.91
MSCI EAFE INDEX <sup>5,6</sup>	-0.11	-8.96	-7.48	4.63	2.31	7.97	4.57

**BENCHMARK PERFORMANCE BY SECTOR – NOVEMBER**


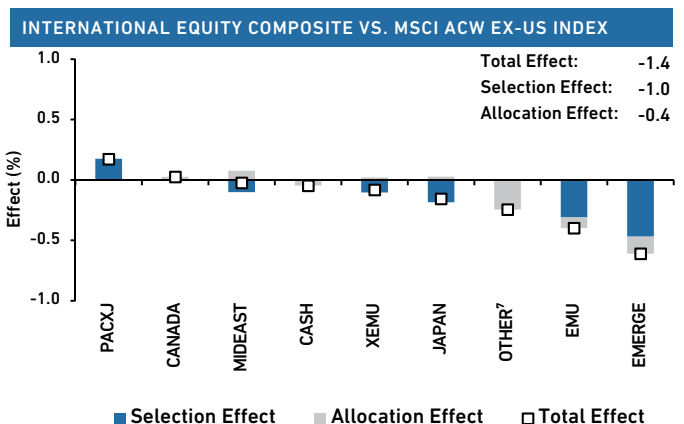
- Positive returns in Health Care were buoyed by the shares of pharmaceutical manufacturers, which benefited from investors' preference for more defensive stocks.

**BENCHMARK PERFORMANCE BY GEOGRAPHY – NOVEMBER**


- China's performance was boosted in November by strong sales on the country's busiest shopping day of the year. "Singles' Day"—a celebration of unmarried life—is bigger than Black Friday and Cyber Monday, combined.

**PERFORMANCE ATTRIBUTION BY SECTOR – NOVEMBER**


- In Health Care, Japanese clinical testing equipment maker **Sysmex** reported weak sales of blood analyzers. Management also lowered estimates for revenue growth worldwide.

**PERFORMANCE ATTRIBUTION BY GEOGRAPHY – NOVEMBER**


- In Emerging Markets, our relative performance was hurt in China by our low exposure to gaming company Tencent and lack of exposure to e-commerce company Alibaba. The online giants were among the strongest stocks in the month, rebounding from October declines.
- Our positive stock selection in Pacific ex-Japan was due primarily to AIA.

## SECTOR EXPOSURE (%) AT NOVEMBER 30, 2018

SECTOR	HL INTL	MSCI ACWI EX-US	(UNDER) / OVER THE BENCHMARK
INFO TECHNOLOGY	16.8	8.1	8.7
HEALTH CARE	13.4	8.8	4.6
CASH	4.5	—	4.5
INDUSTRIALS	13.6	11.8	1.8
MATERIALS	8.1	7.5	0.6
CONS STAPLES	10.1	9.7	0.4
COMM SERVICES	6.8	7.6	-0.8
ENERGY	4.9	7.3	-2.4
REAL ESTATE	0.0	3.2	-3.2
UTILITIES	0.0	3.2	-3.2
FINANCIALS	18.4	22.4	-4.0
CONS DISCRETIONARY	3.4	10.4	-7.0

## GEOGRAPHIC EXPOSURE (%) AT NOVEMBER 30, 2018

REGION	HL INTL	MSCI ACWI EX-US	(UNDER) / OVER THE BENCHMARK
CASH	4.5	—	4.5
EUROPE EMU	25.9	21.4	4.5
OTHER <sup>7</sup>	2.9	—	2.9
MIDDLE EAST	2.8	0.4	2.4
FRONTIER MARKETS <sup>8</sup>	0.0	—	0.0
EUROPE EX-EMU	20.8	21.1	-0.3
PACIFIC EX-JAPAN	6.7	8.2	-1.5
JAPAN	13.6	16.8	-3.2
CANADA	2.4	6.7	-4.3
EMERGING MARKETS	20.4	25.4	-5.0

## ENDNOTES

(1) The November 2018 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: December 31, 1989 (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 Composite; MSCI Inc. and S&P.

Sector/Geographic Exposure: FactSet; Harding Loevner International Equity Model; MSCI Inc. and S&P.

## DISCLOSURES

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. Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through June 30, 2018. Verification 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 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 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.

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 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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