HARDING LOEVNER

INTERNATIONAL EQUITY RESEARCH

2018 Year End Report

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

	3 MONTHS	1 YEAR	3 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL EQUITY RESEARCH (GROSS OF FEES)	-12.15	-12.08	7.78	7.78
HL INTL EQUITY RESEARCH (NET OF FEES)	-12.32	-12.74	6.99	6.99
MSCI ALL COUNTRY WORLD EX-US INDEX[4,5]	-11.41	-13.78	4.97	4.97
MSCI EAFE INDEX[5,6]	-12.50	-13.36	3.38	3.38

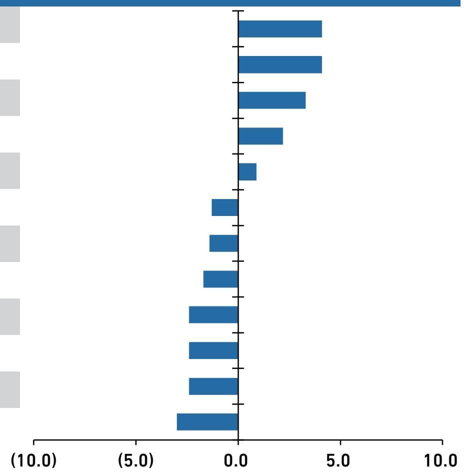
[1]The Composite performance returns shown are preliminary; [2]Annualized returns; [3]Inception Date: December 31, 2015; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

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 IER	ACWI EX-US
CONS STAPLES	13.9	9.8
INDUSTRIALS	15.8	11.7
CONS DISCRETIONARY	13.9	10.6
CASH	2.2	—
INFO TECHNOLOGY	8.9	8.0
HEALTH CARE	7.1	8.4
REAL ESTATE	1.9	3.3
FINANCIALS	20.5	22.2
COMM SERVICES	5.2	7.6
MATERIALS	5.3	7.7
UTILITIES	1.0	3.4
ENERGY	4.3	7.3

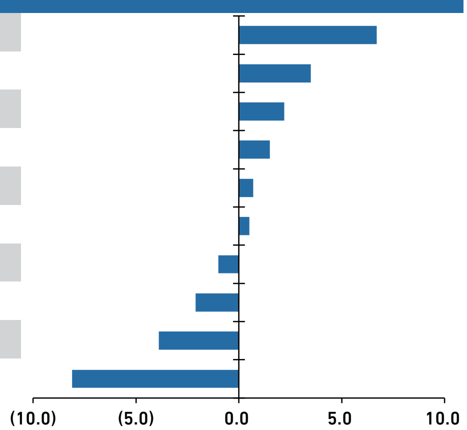
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL IER	ACWI EX-US
EMERGING MARKETS	32.7	26.0
EUROPE EX-EMU	24.3	20.8
CASH	2.2	—
FRONTIER MARKETS[7]	1.5	—
MIDDLE EAST	1.0	0.3
OTHER[8]	0.5	—
JAPAN	15.6	16.6
PACIFIC EX-JAPAN	6.3	8.4
CANADA	2.6	6.5
EUROPE EMU	13.3	21.4

(UNDER) / OVER THE BENCHMARK



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

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

Source: Harding Loevner International Equity Research 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

International stock markets suffered their sharpest quarterly fall in three years, led by double-digit declines in developed market equities amid worries that a global recession looms. Emerging markets (EMs), weak all year, fell less in the quarter than developed markets, aided in part by rebounds in the weakest countries and currencies. Stocks of the fastest-growing companies reversed their earlier outperformance, posting some of the quarter's worst declines.

The US Federal Reserve declared in October that it planned more hikes in short-term interest rates if economic data continued to be strong; in December, it duly delivered its ninth quarter-point rise. Long-term US Treasury yields fell, however, flattening the yield curve. That, and widening credit spreads in global bond markets, suggested investors foresee an end to the economic expansion. A precipitous decline in crude oil prices reinforced that suggestion. The European Central Bank formally ended its quantitative easing monetary policy in December, having bought nearly US$3 trillion worth of bonds with printed money.

Political developments around the world provided little support for investor sentiment, starting in the US. A hawkish foreign policy speech by Vice President Mike Pence at the beginning of October gave investors the impression that the tariffs President Donald Trump imposed on China are more than just a negotiating tactic, despite the president's assurances that trade talks with China have been productive. Prospects of a protracted trade war threatened the growth of cross-border trade, raised the possibility of disruption to global supply chains, and discouraged company managements from making fixed-capital investments.

Outside the US, a "no-deal" Brexit scenario appeared increasingly likely as Prime Minister Theresa May pulled her negotiated proposal for withdrawal from the European Union before British lawmakers could reject it. German Chancellor Angela Merkel, long a steadying hand in volatile European politics, signaled an end to her 13 years in office by relinquishing the post of leader of her political party following recent election setbacks. French President Emmanuel Macron faced violent protests in a backlash against his fiscal reform agenda. Latin American politics intoxicated by populism lurched both left and right. The anti-corruption campaign of new Mexican President Andrés Manuel López Obrador (AMLO) claimed its first casualties: airport construction contracts signed by the government under the previous administration, which it immediately abrogated. In Brazil, voters elected an authoritarian but ostensibly business-friendly president, Jair Bolsonaro. Its equity market was one of the few to rise in the quarter.

Stocks in cyclical industries such as capital goods, energy, technology hardware, and semiconductors lagged in the fourth quarter, while non-cyclical sectors such as Utilities, Real Estate, and Consumer Staples performed the strongest.

By style, stocks of the fastest-growing companies performed much worse than their slower-growing counterparts, a reversal from the first nine months of the year. The MSCI All Country World (ACW) ex-US Growth Index underperformed its Value Index counterpart, but we find no pattern in the returns of cheaper stocks relative to pricier ones in the quarter; if anything, cheap stocks fared slightly worse than other valuation cohorts.

The least-volatile stocks outperformed, and only the Utilities sector finished the quarter in positive territory. Equity investors had nowhere else to hide: no regions, other sectors, or styles gained in the period.

MARKET PERFORMANCE (USD %)

MARKET	4Q 2018	TRAILING 12 MONTHS
CANADA	-15.1	-16.6
EMERGING MARKETS	-7.4	-14.2
EUROPE EMU	-14.0	-16.2
EUROPE EX-EMU	-11.2	-12.3
JAPAN	-14.2	-12.6
MIDDLE EAST	-14.3	-5.2
PACIFIC EX-JAPAN	-7.9	-10.2
MSCI ACW EX-US INDEX	-11.4	-13.8

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

SECTOR	4Q 2018	TRAILING 12 MONTHS
COMMUNICATION SERVICES	-8.1	-16.8
CONSUMER DISCRETIONARY	-13.9	-19.0
CONSUMER STAPLES	-7.2	-10.9
ENERGY	-16.2	-7.4
FINANCIALS	-10.6	-16.4
HEALTH CARE	-11.1	-5.7
INDUSTRIALS	-13.5	-14.6
INFORMATION TECHNOLOGY	-15.8	-15.5
MATERIALS	-13.5	-15.5
REAL ESTATE	-3.7	-11.1
UTILITIES	0.6	-0.5

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

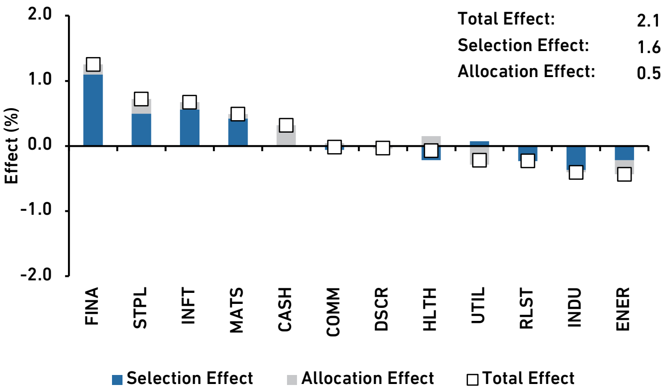
PERFORMANCE AND ATTRIBUTION

The International Equity Research composite fell 12.2% in the quarter, more than the index's 11.4% decline. For the year, the composite dropped 12.1%, outperforming its index, which declined 13.8%. The charts on the following page attribute the year's performance by sector and region.

By sector, our stock selection in Financials contributed the most to relative returns during the quarter. Our bank stocks were especially helpful, including **Bank Central Asia**, which reported strong corporate and commercial loan growth in the third quar-

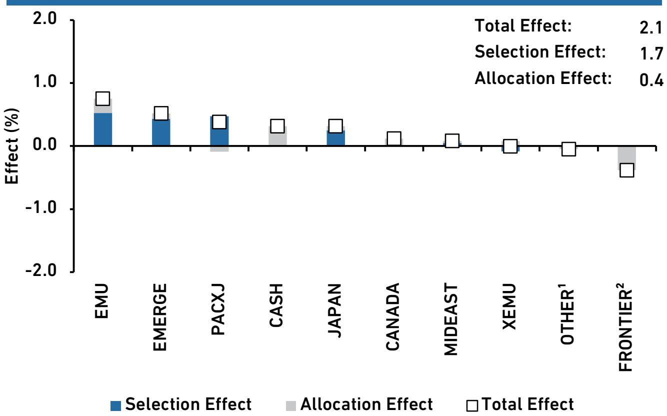
SECTOR PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

INTERNATIONAL EQUITY RESEARCH COMPOSITE VS. MSCI ACW EX-US INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION
TRAILING 12 MONTHS

INTERNATIONAL EQUITY RESEARCH COMPOSITE VS. MSCI ACW EX-US INDEX



[1]Includes companies classified in countries outside the Index; [2]Includes countries with less-developed markets outside the Index. Source: FactSet; Harding Loevner International Equity Research 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.

ter. Our poor stock selection in Health Care detracted, pulled down by life science companies **Abcam** and **Bayer**. Our stocks in Industrials also hurt returns, especially two Japanese manufacturers—**Makita** and **Komatsu**.

By region, our poor stock selection in Europe ex-EMU detracted most from our relative returns. The UK has been especially weak due to uncertainty surrounding its scheduled March 29 exit from the EU. Shares of London-based online retailer **ASOS** fell after it lowered its revenue guidance in December amid weakening consumer confidence and other economic indicators.

For the year, Financials and Consumer Staples contributed the most to returns while Energy and Industrials were the greatest detractors. By geography, every region except Frontier Markets and Europe ex-EMU helped returns. In the eurozone, good stocks included France's **Dassault Systèmes**, a 3D-design software company, and Germany's **Linde**, a supplier of industrial gasses. In Frontier Markets all of our holdings declined except for **Globant**. Amid Argentina's currency crisis, this Argentine technology consultant benefited from the peso's sharp depreciation: more than 85% of its revenues are in US dollars, while two-thirds of its costs are in the Argentine peso and other Latin American currencies.

PERSPECTIVE AND OUTLOOK

In an environment in which the Fed has been steadily raising short-term interest rates, leading other central banks to signal a retreat from the ultra-low interest rate policies of the last decade, combined with rising risks of trade disruption for political reasons from Brexit to US tariffs, what should an investor reasonably expect from our strategy? We believe that stocks of high-quality companies generally offer a return premium over the market return. That premium is due in part to the competitive advantages and financial strength of the businesses themselves, which makes them more resilient and maneuverable in shifting economic currents. And it is due in part to the behavior of investors, who time and again demonstrate their love of exciting "stories," their irrational preference for risk, and their overconfidence in extrapolating today's growth. These foibles tend to result in the underpricing of boring-and-steady profitable growth at less-than-heady rates. This belief in high-quality businesses' return premium underpins our investment philosophy.

In this most recent market decline our portfolio modestly underperformed, even though stocks of higher-quality companies in general fell less than other market constituents, and despite our portfolios being laden with companies that exhibit high-quality characteristics. We have identified several reasons for this outcome. First, the decline itself was marked by the most-liquid stocks—which describes many of our holdings—falling the furthest, while less liquid ones had smaller declines. That strikes us as a common feature of rapid crashes in the past, and it has often just meant that investors sold first what they could sell efficiently, while the stocks with less turnover take more time to find the price level that attracts new willing owners and experience longer, slower declines that end up of similar magnitude. The 1987 crash very distinctly had that feature. Second, lower stock prices are likely reflecting higher discount rates demanded by investors to incorporate the unstable business environment created by politicians in the UK and US, which heretofore have been fairly predictable places for profit-making activities, in contrast to, say, Russia, Brazil, or Indonesia.

A third notable feature of this decline is the dreadful performance of stocks of the fastest-growing companies, the cohort

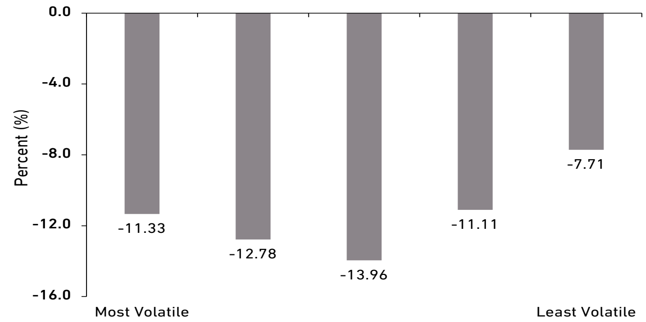
Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings since inception, please contact Harding Loevner. A list of the 25 largest holdings at December 31, 2018 is available on page 6 of this report.

most avidly pursued by investors over the past few years. Our portfolios have always emphasized growing businesses, a look that was certainly "in fashion" over the past couple of years. What has been different in this cycle is that many of the fastest-growing companies also rank objectively among the highest-quality, so that it has been possible to own a portfolio that was both fast growing and high quality. We had our share of those fast-growing stocks that suddenly went out of fashion. The downside protection we normally get from our high-quality focus was lost in the rush to exit from the fastest-growth companies.

A final feature of the quarter was the smaller decline of "low-volatility" stocks. As seen in the chart to the right, the quintile of stocks in the index with the lowest volatility fell only two-thirds as much as the broad index.

Investors sometimes conflate low-volatility stocks and high-quality companies, and indeed, there is some overlap, not least because, in our taxonomy, one of the hallmarks of high quality is low cyclicality, for which we take the volatility of returns on capital as a proxy. But low-volatility stocks are just that: stocks

MSCI ACW EX-US INDEX PERFORMANCE BY VOLATILITY (TOTAL RISK) 4Q18



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

whose share prices vary less than that of the average stock, and many of those companies do not meet our standards as high quality. They are over-represented in the "defensive" sectors of Utilities, Real Estate, and Consumer Staples, along with a portion of Health Care known as "Big Pharma," and, surprisingly, a considerable part of Financials. It is no surprise that those were the best-performing sectors this quarter. We have owned—on quality grounds—very few companies from the

THE ECONOMIC ENVIRONMENT AND OUR PROCESS

When describing market developments, we normally touch on significant economic shifts and political forces that we think provide context. Sometimes a newer colleague asks us why we do that. After all, we take pains to say, over and over, that we make investment decisions from our bottom-up analysis of companies, rather than from a top-down view of the economy or political climate.

Still, we believe that reviewing the economic environment, and sometimes the political environment, is a way to provide context for not only our decisions but also our portfolios' returns, which are often better than the market, but sometimes—like in this quarter—worse. We think that such a review helps set our investors' expectations of what might be possible, and what would be unlikely in the short run, even as we focus on forecasting the long-term prospects of individual businesses.

The main economic factors that affect the environment for making investment decisions include inflation, interest rates, and broad economic growth. Inflation, when not subdued as at the present time, can have significant impact on individuals' consumption behavior, on corporate cash flows, and investor preferences. We pay attention to inflation expectations revealed in markets, even though we don't try to forecast inflation. In an unconstrained market, inflation expectations exert direct influence on interest rates, which act as the great equalizer of cash flows from different time periods and different currencies. As current focus on the yield curve demonstrates, long-term interest rates driven by those expectations can diverge from short-term rates controlled by central banks. The level of long-term interest rates also has a huge effect on individuals', companies' and governments' willingness to invest, either in housing or consumer durable goods financed by debt, or in plants and equipment, or in infrastructure and public works, which, in turn, spurs or reins in overall economic activity.

Economic activity waxes and wanes. When generalized growth is strong, opportunities are plentiful for most companies. Rivalry among them declines, and most companies are able to expand their sales at profitable prices. When economic growth is less abundant, only those companies with the strongest competitive advantages manage to maintain profitable growth.

Politics can foster benign climates for corporate expansion, or can create instability, which raises the variability of returns that any investment made today will have over the coming years. The only way of improving expected returns in such a situation is to shorten the pay-back period, which is tantamount to saying "raise the required return" of any investment project. Unstable political environments will cast a chill over most investment plans in this way, such that only the expected returns of the most lucrative projects meet the hurdle of the higher required return. Fewer projects initiated leads to both slower revenue growth and lower employment. The UK's struggle with Brexit and the US' unilateral instigation of trade hostilities are two current instances of politically rooted sources of instability.

Utilities and Real Estate sectors over our firm's history. They tend to be both highly regulated and highly leveraged, with low unlevered profitability.

Our fundamental research into a company does not take into account the volatility of its shares, but we do take it into account when we construct our portfolio. With the help of a portfolio optimization system, we adjust position weights to achieve modestly lower volatility than the index and control tracking error. The holdings, however, are always determined by analysts' purchase recommendations from our select universe of high-quality, growing companies. Our distinctive investment style, as expressed in our analysts' opinions, will always be a bigger influence on portfolio returns than the risk management we undertake through our position-weighting decisions.

Moving ahead, we are unwilling to reduce either our emphasis of growth or of quality, and we will continue to build portfolios of companies that exhibit both. We do worry about the bias we manifest in favor of multinational businesses. These companies are repeatedly recognized by our process: they tend to be more diversified and less cyclical, with higher profit margins and returns on capital, and are thus able to operate with less leverage while investing around broader growth opportunities. As the trade war worsens, it becomes an attack on the bounty of globalization: the efficiencies of global supply chains that have benefited consumers everywhere while bolstering the profits of those companies most adept at exploiting them. If global supply chains are further disrupted, we will be working overtime to identify less-exposed companies, using the same analytical framework (that is, our criteria of competitive advantage, good growth prospects, sound management, and financial strength) that led us in the past to so many beneficiaries of trade.

PORTFOLIO HIGHLIGHTS

The International Equity Research portfolio's holdings are directly determined by analysts' purchase recommendations among Harding Loevner's collection of researched companies. During the quarter, our analysts recommended buying 19 companies and selling 14. In addition to responding to changes in the analysts' ratings, we also adjusted individual position weights periodically to maintain our desired risk profile (moderately below-market volatility and moderate tracking error).

In the fourth quarter, our weight in Consumer Discretionary increased. Our purchases included two online fashion retailers, Japan's **ZOZO** and the UK's ASOS. ZOZO is Japan's largest online fashion marketplace. With over five million active users, ZOZO hosts e-commerce sites for some 6,900 brands. The firm's consignment model, by which it takes approximately 30% of revenues from product sales, uses little capital and results in high margins and strong free cash flow. Our other Consumer Discretionary purchases included Chinese tutoring company **TAL Education**, Indian motorcycle manufacturer **Hero Motorcorp**, and **Songcheng**, which operates 30 theme parks across China.

Our weight in Health Care fell 220 basis points, moving the portfolio from an overweight to an underweight position relative to the benchmark. This quarter we sold German dialysis company **Fresenius SE**, French biopharma equipment supplier **Sartorius Stedim Biotech**, and Chinese drug maker **Wuxi Biologics**. Fresenius' profits have been hurt by new hospital regulations in Germany that require more nurses to be present during dialysis procedures. Sartorius and Wuxi were downgraded by the analysts due to valuation concerns. We bought **Dechra Pharmaceuticals**, a UK-based maker of veterinary drugs. The company's competitive advantages include its strong R&D capabilities, regulatory expertise, and brand recognition among vets. We expect Dechra will benefit as owners continue to increase spending on their pets.

We also had several transaction in Industrials. We purchased Swiss transport company **Kuehne + Nagel**, Chinese laser equipment maker **Han's Laser**, and Japanese engineering company **JGC** after our analysts upgraded their stocks following price corrections. We also bought the Swedish mining and construction equipment company **Epiroc**. We sold UK valve actuator manufacturer **Rotork** and Japanese ceramic insulator maker **NGK Insulators**. We also sold refrigeration-equipment manufacturer **Hoshizaki**. After it missed a deadline for filing its third-quarter results and delayed its quarterly financial report our analyst determined that the company no longer meets our corporate-governance standards.

By region, we reduced our weight in Japan by 260 basis points and increased our weight in EM by 370 basis points during the quarter. In Japan, we sold cosmetics companies **Kao** and **Shiseido**, NGK Insulators, and Hoshizaki. We also trimmed two Japanese holdings—power tools maker Makita and advertising agency **Hakuhodo**—as our position sizes had grown large after a period of outperformance. In EM, the majority of our purchases were Chinese companies: distiller **Jiangsu Yanghe**, **Shanghai International Airport**, TAL Education, Han's Laser, and Songcheng.

INTERNATIONAL EQUITY RESEARCH 25 LARGEST HOLDINGS (AS OF DECEMBER 31, 2018)

COMPANY	COUNTRY	SECTOR	END WT.(%)
UNICHARM Consumer products manufacturer	JAPAN	CONS STAPLES	1.2
OCBC Commercial bank	SINGAPORE	FINANCIALS	1.1
AIA GROUP Insurance provider	HONG KONG	FINANCIALS	1.1
ROCHE Pharma and diagnostic equipment manufacturer	SWITZERLAND	HEALTH CARE	1.1
ALIMENTATION COUCHE-TARD Convenience stores operator	CANADA	CONS STAPLES	1.1
ALLIANZ Financial services and insurance provider	GERMANY	FINANCIALS	1.1
SHIMANO Bicycle component manufacturer	JAPAN	CONS DISCRETIONARY	1.1
NOVARTIS Pharma manufacturer	SWITZERLAND	HEALTH CARE	1.1
ESSILORLUXOTTICA Eyewear manufacturer and retailer	FRANCE	CONS DISCRETIONARY	1.0
ROYAL DUTCH SHELL Oil and gas producer	UNITED KINGDOM	ENERGY	1.0
SAP Enterprise software developer	GERMANY	INFO TECHNOLOGY	1.0
UNILEVER Foods and consumer products producer	UNITED KINGDOM	CONS STAPLES	1.0
DBS GROUP Commercial bank	SINGAPORE	FINANCIALS	1.0
KUEHNE + NAGEL Transportation systems operator	SWITZERLAND	INDUSTRIALS	1.0
ABC-MART Footwear retailer	JAPAN	CONS DISCRETIONARY	1.0
CANADIAN NATIONAL RAILWAY Railway operator	CANADA	INDUSTRIALS	1.0
CHECK POINT Cybersecurity software developer	ISRAEL	INFO TECHNOLOGY	1.0
BMW Automobile manufacturer	GERMANY	CONS DISCRETIONARY	0.9
SGS Quality assurance services	SWITZERLAND	INDUSTRIALS	0.9
AIR LIQUIDE Industrial gases producer	FRANCE	MATERIALS	0.9
BANKINTER Commercial Bank	SPAIN	FINANCIALS	0.9
ASSA ABLOY Security equipment manufacturer	SWEDEN	INDUSTRIALS	0.9
HSBC Commercial bank	UNITED KINGDOM	FINANCIALS	0.9
HAKUHODO Marketing and advertising services	JAPAN	COMM SERVICES	0.9
ST. JAMES'S PLACE Financial services	UNITED KINGDOM	FINANCIALS	0.9

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

4Q18 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
ULTRAPAR	ENER	0.3	0.12
BANCO BRADESCO	FINA	0.4	0.11
BANK CENTRAL ASIA	FINA	0.7	0.08
LINDE	MATS	0.3	0.07
EPIROC	INDU	0.4	0.07

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CSL LIMITED	HLTH	0.6	0.27
UNICHARM	STPL	1.1	0.24
SHISEIDO	STPL	0.7	0.21
JARDINE LLOYD THOMPSON	FINA	0.3	0.18
DASSAULT SYSTÈMES	INFT	0.7	0.16

4Q18 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ASOS	DSCR	0.5	-0.35
MAKITA	INDU	0.9	-0.31
ENCANA	ENER	0.4	-0.30
BBA AVIATION	INDU	0.8	-0.27
NOMURA RESEARCH INSTITUTE	INFT	0.9	-0.27

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BBA AVIATION	INDU	0.9	-0.40
BAYER	HLTH	0.8	-0.36
KOMATSU	INDU	0.9	-0.36
ASOS	DSCR	0.1	-0.35
TELECOM ARGENTINA	COMM	0.3	-0.31

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL IER	ACWI EX-US
PROFIT MARGIN[1] (%)	12.6	11.1
RETURN ON ASSETS[1] (%)	7.6	5.4
RETURN ON EQUITY[1] (%)	15.9	13.7
DEBT/EQUITY RATIO[1] (%)	41.6	57.4
STD DEV OF 5 YEAR ROE[1] (%)	2.4	2.9
SALES GROWTH[1,2] (%)	3.6	0.3
EARNINGS GROWTH[1,2] (%)	10.2	8.5
CASH FLOW GROWTH[1,2] (%)	8.5	6.8
DIVIDEND GROWTH[1,2] (%)	7.9	3.9
SIZE & TURNOVER	**HL IER**	**ACWI EX-US**
WTD MEDIAN MKT CAP (US $B)	14.2	31.0
WTD AVG MKT CAP (US $B)	36.8	60.9
TURNOVER[3] (ANNUAL %)	45.8	—

RISK & VALUATION	HL IER	ACWI EX-US
ALPHA[4] (%)	2.81	—
BETA[4]	0.98	—
R-SQUARED[4]	0.95	—
ACTIVE SHARE[3] (%)	83	—
STANDARD DEVIATION[4] (%)	11.45	11.40
SHARPE RATIO[4]	0.59	0.35
TRACKING ERROR[4] (%)	2.6	—
INFORMATION RATIO[4]	1.10	—
UP/DOWN CAPTURE[4]	102/85	—
PRICE/EARNINGS[5]	16.7	12.1
PRICE/CASH FLOW[5]	12.2	8.0
PRICE/BOOK[5]	2.3	1.5
DIVIDEND YIELD[6] (%)	2.6	3.4

[1]Weighted median; [2]Trailing five years, annualized; [3]Three-year average; [4]Trailing three years, annualized; [5]Weighted harmonic mean; [6]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Equity Research Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 9, 2019); Harding Loevner International Equity Research Model, based on the underlying holdings; MSCI Inc.

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

INTERNATIONAL EQUITY RESEARCH COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2018)

	INTL EQUITY RESEARCH GROSS (%)	INTL EQUITY RESEARCH NET (%)	MSCI ACWI EX-US[1] (%)	MSCI EAFE[2] (%)	INTL EQUITY RESEARCH 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 (%)
2018[5]	-12.08	-12.74	-13.78	-13.36	11.45	11.40	11.27	N.M.[6]	1	10	0.02
2017	30.59	29.64	27.77	25.62	+	+	+	N.M.	1	11	0.02
2016	9.09	8.28	5.01	1.51	+	+	+	N.M.	1	8	0.02

[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 performance returns and assets shown are preliminary; [6]N.M.–Information is not statistically significant due to an insufficient number of portfolios in the Composite for the entire year; +Less than 36 months of return data.

The International Equity Research 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 September 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. Verification does not ensure the accuracy of any composite presentation. The verification 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 Research 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 Research Composite was created on December 31, 2015.