HARDING LOEVNER

INTERNATIONAL EQUITY RESEARCH

2019 First Quarter Report

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

	3 MONTHS	1 YEAR	3 YEARS[2]	SINCE INCEPTION[2,3]
HL INTL EQUITY RESEARCH (GROSS OF FEES)	11.22	-3.20	10.82	10.74
HL INTL EQUITY RESEARCH (NET OF FEES)	11.02	-3.91	10.00	9.92
MSCI ALL COUNTRY WORLD EX-US INDEX[4,5]	10.44	-3.74	8.61	7.83
MSCI EAFE INDEX[5,6]	10.13	-3.22	7.80	6.22

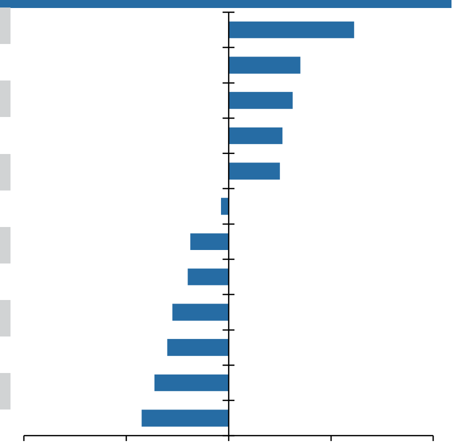
[1]The Composite performance returns shown are preliminary; [2]Annualized returns; [3]Inception Date: December 31, 2015; [4]The Benchmark Index; [5]Gross of withholding taxes; [6]Supplemental Index.

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	14.8	9.9
INDUSTRIALS	14.5	11.7
CASH	2.5	—
CONS DISCRETIONARY	13.2	11.1
INFO TECHNOLOGY	10.4	8.4
MATERIALS	7.3	7.6
REAL ESTATE	2.0	3.5
HEALTH CARE	6.8	8.4
COMM SERVICES	4.9	7.1
UTILITIES	0.9	3.3
ENERGY	4.5	7.4
FINANCIALS	18.2	21.6

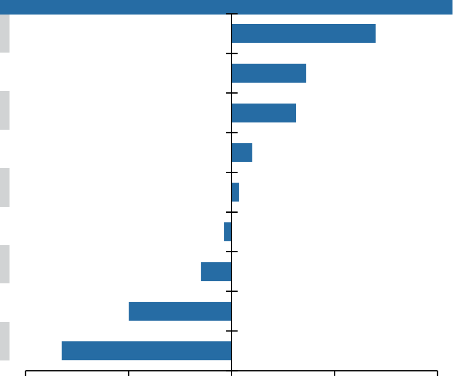
(UNDER) / OVER THE BENCHMARK



GEOGRAPHIC EXPOSURE (%)

	HL IER	ACWI EX-US
EMERGING MARKETS	31.7	26.1
EUROPE EX-EMU	23.8	20.9
CASH	2.5	—
MIDDLE EAST	1.1	0.3
FRONTIER MARKETS[7]	0.3	—
JAPAN	15.8	16.1
PACIFIC EX-JAPAN	7.3	8.5
CANADA	2.8	6.8
EUROPE EMU	14.7	21.3

(UNDER) / OVER THE BENCHMARK



[7]Includes countries with less-developed markets 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 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 ACW EX-US 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

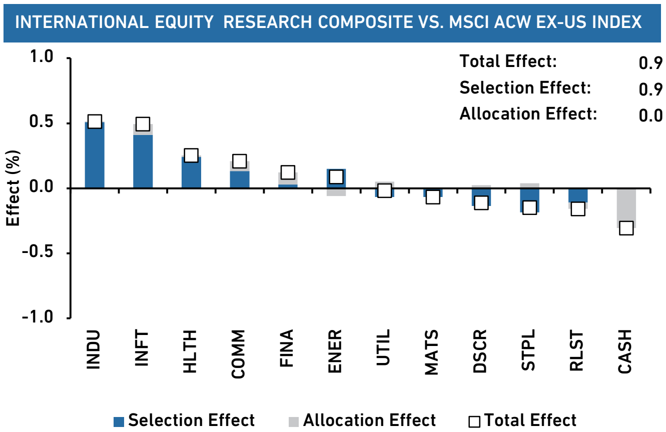
Source: FactSet (as of March 31, 2019); MSCI Inc. and S&P.

PERFORMANCE AND ATTRIBUTION

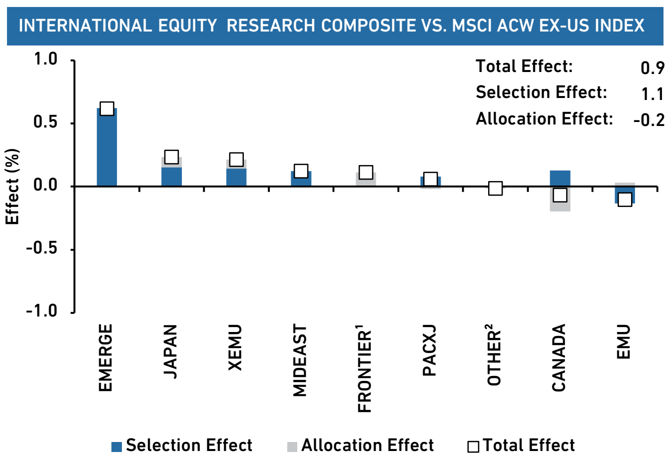
The International Equity Research composite gained 11.2% in the quarter, exceeding the 10.4% gain of the MSCI All Country World ex-US Index. The charts on the following page attribute the quarter's performance by sector and region.

Our stock selection was positive in every region except the eurozone, with EMs contributing the most to our relative returns. Our Chinese holdings were especially helpful; many soared more than 30% during the quarter. Chinese internet giant **JD.com** reported stronger-than-expected growth and margin improvement in its core e-commerce business, while tutoring service provider **New Oriental Education** posted higher-than-expected revenue growth and strong enrollment in its courses. In the eurozone, shares of France-based **EssilorLuxottica** fell as boardroom tensions became public at the recently merged eyewear company. In Germany, shares of automaker **BMW** and chip-maker **Infineon Technology** also sagged in conjunction with the country's weak economic data.

SECTOR PERFORMANCE ATTRIBUTION
FIRST QUARTER 2019



GEOGRAPHIC PERFORMANCE ATTRIBUTION
FIRST QUARTER 2019



[1]Includes countries with less-developed markets outside the Index; [2]Incldues companies classified in countries 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.

By sector, strong stocks in Industrials boosted our returns. Shares of Philippines-based port operator **ICTSI** rose after its operating margins improved due to increased volumes and efficiencies at its Argentinian, Columbian, and Australian ports. **Canadian National Railway** posted revenue growth in every segment of its business from a combination of increased volume and higher pricing. The portfolio's overweight in IT also contributed to relative returns.

Our returns lagged the benchmark in both consumer sectors. Within Consumer Discretionary, the automobiles-and-components industry was particularly weak. South Korea's **Hankook Tire** continued to suffer from a weak global auto market and rising raw material costs, while its factory in Tennessee, which opened in late 2017, is taking longer than expected to staff. Indian motorcycle manufacturer **Hero MotoCorp** reported higher input costs and rising competition from lower-priced competitors. In Consumer Staples, chemicals company **Henkel**, cosmetics manufacturer **Amorepacific**, and food-and-beverage manufacturer **Agthia** lagged the index. UAE-based Agthia fell amid weak demand for bottled water and increasing competition in its home market, while its water business in Saudi Arabia faced capacity constraints.

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

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 March 31, 2019 is available on page 6 of this report.

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 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.

In our view, the internet's most significant impact has been in advertising and promotion.

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

The International Equity Research strategy's holdings are directly determined by analysts' recommendations among Harding Loevner's collection of researched companies. During this quarter, our analysts recommended buying 12 companies and selling 20. In addition to responding to changes in analysts' ratings, we also adjusted individual position weights periodically to maintain our desired risk profile (moderately lower volatility compared with the benchmark and restrained tracking error).

New analyst recommendations (both upgrades and downgrades) resulted in a modest increase in the number of IT and Health Care holdings and a reduction in our Industrials and Consumer Discretionary investments compared with the fourth quarter. We ended the first quarter with 189 holdings in the portfolio.

Several of our new IT holdings are domiciled in EMs, including **Tata Consultancy Services (TCS)**. The Indian technology company enjoys a strong reputation for its ability to execute large-scale IT projects, and its workforce of over 400,000 people provides it with scale advantages unmatched by most peers. As businesses worldwide in all industries initiate large and complex digital initiatives, we expect demand for TCS's services to continue to grow. We also established positions in electronics contract-manufacturer **Hon Hai Precision** and analog chip-maker **Silergy** (both of Taiwan). In developed markets, we bought **Infomart**, a Japanese e-commerce company that serves the restaurant industry. We sold two IT companies whose shares had become overly expensive: Argentine technology consultant **Globant** and Netherlands-based payment-services provider **Adyen**.

In the quarter, our underweight in Financials expanded by 170 basis points. We sold Argentina's **Banco Macro** after its shares rose sharply on stronger-than-expected earnings, and our analyst determined the price exceeded her estimate of fair value. In the UK, we sold London-based **Jardine Lloyd Thompson** in advance of the company's sale to Marsh & McLennan. The deal is expected to close in the spring.

Our exposures to Industrials, Consumer Discretionary, and Communication Services also declined. In Industrials, high valuations prompted our sale of two Japanese companies (factory-materials supplier **MonotaRO** and parking lot operator **Park24**) and Taiwan's **AirTAC**, a pneumatic equipment manufacturer. In addition, we sold Panamanian airline **Copa Holdings**. Economic weakness in its key markets of Brazil and Argentina is dampening demand, while rising fuel prices are negatively impacting margins. In Consumer Discretionary, we sold two Chinese companies—tutoring services provider **TAL Education** and branded sportswear company **ANTA Sports**—due to high valuation after a period of outperformance. In Communication Services, we sold Chinese gaming company **Tencent** after our analyst downgraded the stock due to growth-slowdown concerns in the gaming segment and more competition from new social media companies. We also sold Mexican broadcaster **Televisa** as our analyst thinks the company no longer meets our growth and financial strength criteria and that its expenses will continue to rise faster than revenue, compressing margins.

By geography, our weight in Frontier and Emerging Markets declined while our weight increased in Pacific ex-Japan and the eurozone. In EM, our analysts downgraded ten companies and upgraded seven companies (three of which were in IT). In the eurozone, our weight increased as we added to our positions in **AB InBev**, **Fuchs Petrolub**, Henkel, and **Banco Santander**. We also purchased French biopharma-equipment supplier **Sartorius Stedim Biotech**.

INTERNATIONAL EQUITY RESEARCH 25 LARGEST HOLDINGS (AS OF MARCH 31, 2019)

COMPANY	COUNTRY	SECTOR	END WT.(%)
ALIMENTATION COUCHE-TARD Convenience stores operator	CANADA	CONS STAPLES	1.2
ANHEUSER-BUSCH INBEV Alcoholic beverage manufacturer	BELGIUM	CONS STAPLES	1.1
ROCHE Pharma and diagnostic equipment manufacturer	SWITZERLAND	HEALTH CARE	1.1
SHIMANO Bicycle component manufacturer	JAPAN	CONS DISCRETIONARY	1.1
UNICHARM Consumer products manufacturer	JAPAN	CONS STAPLES	1.1
CHECK POINT Cybersecurity software developer	ISRAEL	INFO TECHNOLOGY	1.1
ALLIANZ Financial services and insurance provider	GERMANY	FINANCIALS	1.1
SAP Enterprise software developer	GERMANY	INFO TECHNOLOGY	1.1
NESTLÉ Foods manufacturer	SWITZERLAND	CONS STAPLES	1.1
CANADIAN NATIONAL RAILWAY Railway operator	CANADA	INDUSTRIALS	1.1
BHP Mineral miner and processor	AUSTRALIA	MATERIALS	1.0
AIA GROUP Insurance provider	HONG KONG	FINANCIALS	1.0
OVERSEA-CHINESE BANKING CORP Financial services	SINGAPORE	FINANCIALS	1.0
HENKEL Consumer products manufacturer	GERMANY	CONS STAPLES	1.0
ASSA ABLOY Security equipment manufacturer	SWEDEN	INDUSTRIALS	1.0
BANCO SANTANDER Commercial bank	SPAIN	FINANCIALS	1.0
RECKITT BENCKISER Consumer products manufacturer	UNITED KINGDOM	CONS STAPLES	1.0
ROYAL DUTCH SHELL Oil and gas producer	UNITED KINGDOM	ENERGY	1.0
TATA CONSULTANCY SERVICES IT consultant	INDIA	INFO TECHNOLOGY	1.0
UNILEVER Foods and consumer products producer	UNITED KINGDOM	CONS STAPLES	1.0
DBS GROUP Commercial bank	SINGAPORE	FINANCIALS	1.0
DAITO TRUST Real estate developer and manager	JAPAN	REAL ESTATE	1.0
KUEHNE + NAGEL Transportation systems operator	SWITZERLAND	INDUSTRIALS	0.9
ABC-MART Footwear retailer	JAPAN	CONS DISCRETIONARY	0.9
NOVOZYMES Biotechnology producer	DENMARK	MATERIALS	0.9

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1Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
ANHEUSER-BUSCH INBEV	STPL	1.1	0.27
CHECK POINT	INFT	1.0	0.22
CANADIAN NATIONAL RAILWAY	INDU	1.0	0.21
ICTSI	INDU	0.8	0.21
AIA GROUP	FINA	1.1	0.20

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
ICTSI	INDU	0.5	0.32
ALIMENTATION COUCHE-TARD	STPL	0.9	0.29
ROCHE	HLTH	1.0	0.27
CHECK POINT	INFT	0.9	0.23
CSL LIMITED	HLTH	0.3	0.23

1Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ESSILORLUXOTTICA	DSCR	0.9	-0.13
FUCHS PETROLUB	MATS	0.9	-0.06
HANKOOK TIRE	DSCR	0.6	-0.05
HERO MOTOCORP	DSCR	0.2	-0.05
BANKINTER	FINA	0.9	-0.05

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ASOS	DSCR	0.1	-0.38
BAYER	HLTH	0.7	-0.35
TELECOM ARGENTINA	COMM	0.4	-0.33
MAKITA	INDU	0.9	-0.33
BANKINTER	FINA	0.9	-0.28

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL IER	ACWI EX-US
PROFIT MARGIN[1] (%)	12.1	11.1
RETURN ON ASSETS[1] (%)	8.2	5.5
RETURN ON EQUITY[1] (%)	15.3	13.7
DEBT/EQUITY RATIO[1] (%)	39.2	61.2
STD DEV OF 5 YEAR ROE[1] (%)	2.8	3.3
SALES GROWTH[1,2] (%)	4.1	1.1
EARNINGS GROWTH[1,2] (%)	9.4	8.5
CASH FLOW GROWTH[1,2] (%)	7.9	6.5
DIVIDEND GROWTH[1,2] (%)	7.7	4.3
SIZE & TURNOVER	**HL IER**	**ACWI EX-US**
WTD MEDIAN MKT CAP (US $B)	17.8	34.4
WTD AVG MKT CAP (US $B)	40.6	69.8
TURNOVER[3] (ANNUAL %)	45.1	—

RISK & VALUATION	HL IER	ACWI EX-US
ALPHA[4] (%)	2.31	—
BETA[4]	0.97	—
R-SQUARED[4]	0.94	—
ACTIVE SHARE[3] (%)	82.2	—
STANDARD DEVIATION[4] (%)	10.42	10.41
SHARPE RATIO[4]	0.93	0.71
TRACKING ERROR[4] (%)	2.5	—
INFORMATION RATIO[4]	0.87	—
UP/DOWN CAPTURE[4]	102/86	—
PRICE/EARNINGS[5]	18.6	14.2
PRICE/CASH FLOW[5]	13.4	8.8
PRICE/BOOK[5]	2.5	1.6
DIVIDEND YIELD[6] (%)	2.4	3.2

[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: FactSet (Run date: April 2, 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 MARCH 31, 2019)

	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 (%)
2019 YTD[5]	11.22	11.02	10.44	10.13	10.41	10.41	10.33	N.A.[6]	1	12	0.02
2018	-12.08	-12.74	-13.78	-13.36	11.45	11.40	11.27	N.M.[7]	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 2019 YTD performance returns and assets shown are preliminary; [6]N.A.–Internal dispersion less than a 12-month period; [7]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 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. 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.