HARDING · LOEVNER®

International Small Companies Equity

2012 Year End Report

Composite Performance (%) For Periods Ending December 31, 2012[1]

	3 Months	1 Year	3 Years[2]	5 Years[2]	Since Inception[2,3]
HL International Small Companies (gross of fees)	4.82	25.74	11.73	5.39	7.36
HL International Small Companies (net of fees)	4.52	24.31	10.47	4.16	6.16
MSCI All Country World ex-US Small Cap Index[4]	4.95	18.96	6.90	-0.03	1.75

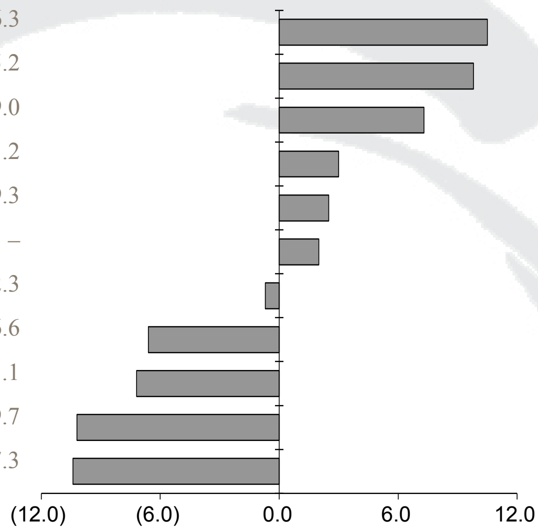
[1]The Composite performance returns shown are preliminary; [2]Annualized returns; [3]Inception Date: December 31, 2006; [4]The Benchmark Index.

Please read the above performance in conjunction with the footnotes on the back 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 (%)

Sector	HL ISC	ACW xUS SC
Cons Staples	16.8	6.3
Health Care	15.0	5.2
Industrials	26.3	19.0
Telecom Services	4.2	1.2
Info Technology	11.8	9.3
Cash	2.0	–
Utilities	1.6	2.3
Energy	0.0	6.6
Materials	5.9	13.1
Financials	9.5	19.7
Cons Discretionary	6.9	17.3

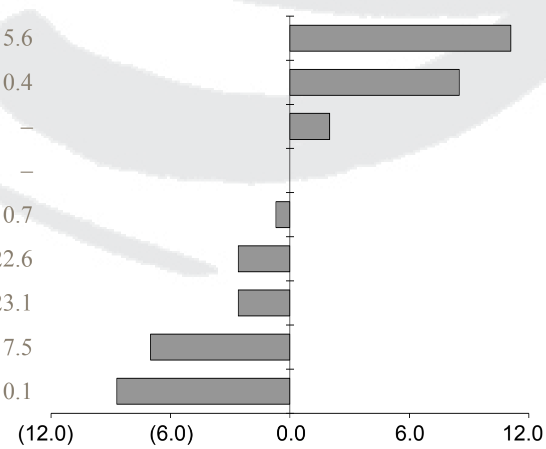
(Under) / Over The Benchmark



Geographical Exposure (%)

Region	HL ISC	ACW xUS SC
Europe EMU	26.7	15.6
Pacific ex-Japan	18.9	10.4
Cash	2.0	–
Frontier Markets[1]	0.0	–
Middle East	0.0	0.7
Europe ex-EMU	20.0	22.6
Emerging Markets	20.5	23.1
Japan	10.5	17.5
Canada	1.4	10.1

(Under) / Over The Benchmark



[1]Includes countries with less developed markets outside the Index.

Sector and region allocations are supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation.

Source: MSCI and S&P. MSCI Barra 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.

Market Review & Outlook

- Strong earnings growth supported a rally in small company stocks in 2012.
- There was no clear trend in sector performance, with both more-cyclical (Consumer Discretionary) and less-cyclical (Health Care) sectors outperforming.
- Small companies have increased borrowing to fund investments, a sign of greater confidence in their long-term prospects.

Portfolio Highlights

- Our focus is on growing companies that are financially strong, well-managed, and have sustainable competitive advantages.
- A number of portfolio companies completed acquisitions in 2012 to further their growth.
- Portfolio weightings are determined through company-specific stock selection without considering the Index composition.

Table of Contents

Performance Summary

The International Small Companies Composite (the "Composite") rose 4.8% for the quarter, in line with the 5.0% return for its benchmark, the MSCI All Country World ex-US Small Cap Index (the "Index"). For the year, the Composite outperformed the Index, rising 25.7% compared to 19.0% for the benchmark.

Market Review

The stage for last year's rally was set in the prior year, when the Index fell 18% despite a year-over-year, weighted-median earnings growth of 5% amongst its constituents. The combination of depreciated stock prices and higher earnings meant that small company stocks started 2012 attractively priced and poised to bounce back—which indeed they did, rising 19% in the year with the help of continued strong earnings growth.

For the full year, international small caps outperformed large caps (represented by the MSCI All Country World ex-US Index) by 1.6%, albeit with characteristic greater volatility. By industry sector, small cap market performance in the Index was particularly strong in Telecom Services, Health Care, Financials, and Consumer Discretionary—a potpourri, given their disparate historical sensitivity to economic cycles. European small caps did particularly well; valuations depressed by eurozone anxiety created upside potential that was realized as uncertainty surrounding the region's future began to dissipate.

European small caps did particularly well as uncertainty surrounding the region's future began to dissipate.

The year saw another interesting shift, as small-cap investors favored value stocks over growth stocks for the first time since 2009. The outperformance of value stocks owed largely to the rally of financial companies, two thirds of which are considered value stocks.

Market Performance (%)

Market	4Q 2012	Trailing 12 months
	USD	USD
Canada	-2.2	3.4
Emerging Markets	5.3	22.9
Europe EMU	11.3	26.7
Europe ex-EMU	5.9	31.9
Japan	1.6	4.5
Middle East	21.7	46.6
Pacific ex-Japan	5.8	20.9
MSCI ACWxUS Small Cap Index	5.0	19.0

Sector Performance (%) of the MSCI ACW ex-US Small Cap Index

Sector	4Q 2012	Trailing 12 months
	USD	USD
Consumer Discretionary	7.0	24.9
Consumer Staples	3.8	21.8
Energy	-0.6	1.5
Financials	7.8	28.4
Health Care	2.3	25.9
Industrials	6.8	18.1
Information Technology	2.1	19.8
Materials	1.9	5.8
Telecom Services	12.9	46.4
Utilities	3.8	16.5

Source: Wilshire Atlas (as of December 31, 2012)

Performance Attribution

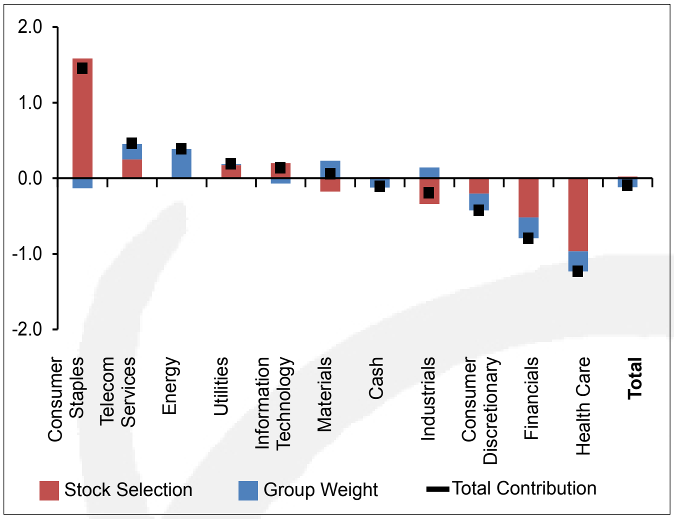
For the quarter, the portfolio performed in line with the Index. The standout contributor to returns was Singapore-based food packager **Super Group**. This Consumer Staples company has proven its ability to allocate capital effectively and is reaping the benefits of investments that expanded manufacturing capacity and versatility. Super Group has demonstrated that with improved packaging and increased variety, even instant coffee and packaged noodle product lines can be revitalized. Such innovations have strengthened the brand and attracted new customers—particularly important in packaged food businesses, which are characterized by the "stickiness" of the customer base. Revenue growth and improved margins on increasing popularity contributed to a 60% year-over-year increase in operating profit.

Health Care detracted most from returns, primarily due to poor stock selection. Japanese nursing home operator **Message** underperformed as the market reacted to a decline in operating margins. We do not believe our long-term investment thesis has been broken. To support an aggressive expansion plan, Message is rapidly adding new homes and workers. These upfront investments depress margins, but if Message can achieve the same occupancy rates in these new homes as in its existing homes, we believe margins will recover. We are monitoring its progress.

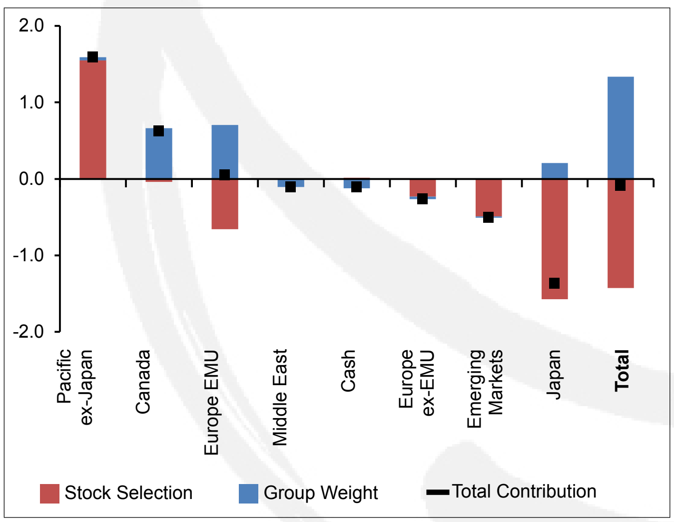
By region, Pacific ex-Japan contributed most to performance, led by Super Group, Australia's **TPG Telecom**, and three Hong Kong-based companies, all of which posted strong returns in the quarter. Event company **Pico Far East** maintained a healthy order book and continued to grow in China. Japan was the largest detractor, where the benefits of our underweight in an underperforming market

Bold indicates companies held in the portfolio during the quarter. 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 December 31, 2012 is available on page six of this report.

International Small Companies Composite 4Q12
Relative Performance Attribution by Sector vs.
MSCI ACW ex-US Small Cap Index



International Small Companies Composite 4Q12
Relative Performance Attribution by Region vs.
MSCI ACW ex-US Small Cap Index



Source: Wilshire Atlas; Harding Loevner International Small Companies Composite; MSCI Barra.

could not overcome poor stock selection. In addition to Message, shares of **Rohto Pharmaceuticals** lagged as the company experienced slower sales in one of its flagship skincare products, Hado Labo. Rohto still managed to grow its skincare segment, thanks to its Obagi brand, a technologically advanced, premium line.

For the year, the portfolio outperformed the Index with positive contributions from seven of ten sectors. Consumer Staples and Industrials led, almost entirely due to positive stock selection. Within Industrials, where our large overweight was a slight detractor, the performance of individual holdings varied. **Wijaya Karya**, the Indonesian engineering and construction firm, was the largest contributor. The company benefitted from spending on infrastructure by the Indonesian government.

Financials and Health Care were the largest detractors in 2012. The single largest factor in our underperformance in Financials was our lack of holdings in the real estate industry, which returned more than 35%. We generally avoid real estate because we are unable to predict real estate price trends with confidence. In addition, overcapacity of rental properties in many markets has limited the potential for growth in rental revenues.

By region, Pacific ex-Japan performed strongly, returning over 20%. TPG Telecom benefitted from growth in the company's subscriber base which led to strong free cash flow generation that enabled the company to pay down debt and raise its dividend. The Europe ex-EMU region detracted from returns, as a result of poor stock selection in the United Kingdom. British retail bakery **Greggs** suffered a dual blow as it reported a decline in same-store sales followed by the CEO's resignation. Over the past year, the company has been launching new store formats and retail products for export. We are closely following changes to management's growth strategy.

Outlook

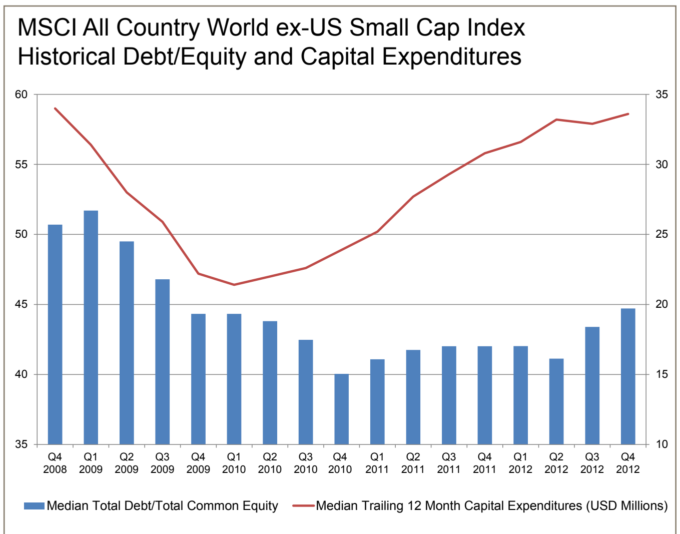
The endless debates over austerity measures and monetary policy actions have contributed to a heightened uncertainty that has permeated the global economy, with serious implications for planning at many levels. Customers are delaying decisions about outlays for equipment and materials, which challenges their suppliers' ability to anticipate future revenues, plan production, and maintain appropriate inventory levels. Last fall, a trade group's survey of nearly 400 UK-based manufacturing firms concluded that order books were shrinking in the UK for the first time in two-and-a-half years.[1]

We have heard this story repeatedly from the companies we follow. During our recent visit to Taiwan, for example, managers of computer chip equipment manufacturer **Youngtek Electronics** highlighted the change in environment. Whereas formerly orders were placed three to six months in advance, one to two months' lead time is now more typical. Fortunately, the company's level of orders remains normal, but the duration of its order book has greatly contracted, which impacts planning and capital expenditures. **Gerresheimer**, a specialty glass and medical packaging producer, identified similar customer behavior on our visit to its recently expanded Czech Republic facility. In some cases customers have explicitly chosen to shorten their order timeframe (by half, in the case of one key customer of Super Group) in order to reduce their exposure to fluctuations in raw material prices.

While compressed order time frames and lack of forward visibility have led companies to behave more cautiously in the short-term,

[1]Engineering Employers' Federation (EEF), *Manufacturing Outlook* (September 2012), p. 4

there are indications that companies are bullish about their long-term opportunities. In the liquidity constrained market following the financial crisis, small companies struggled mightily to obtain credit. Their experience of being unable to borrow to meet even urgent cash requirements led them to change their approach to managing their balance sheets, including stockpiling cash to grant them flexibility in unfavorable markets. This trend appears to have passed a turning point, however. Since about the middle of last year, small companies have steadily taken on more debt. As illustrated in the chart below, the median debt-to-equity ratio of companies within the Index began rising in the second quarter of 2012 and at the end of year stood at its highest level since climbing out of the 2008-09 financial crisis.



Source: Bloomberg; Data as of January 17, 2013

This increased debt was used to fund investments in new plants and equipment. Capital expenditures for Index companies also increased throughout 2012, reaching their highest level since the fourth quarter of 2008. Companies' willingness not only to deploy capital for future growth but also to borrow in order to do so suggests a certain level of confidence in their long-term prospects. Optimism is peeking through the gloom.

Generally speaking, we favor companies with demonstrable financial strength, that is, those with liquid balance sheets and cash flows strong enough to finance their own growth. We worry if a company borrows out of necessity. The result is a portfolio of companies with a debt-to-equity ratio 12 percentage points lower than that of the Index. We've seen an increase in leverage even amongst these financially strong companies. The weighted-median debt-to-equity ratio of our portfolio rose from 6.4% to 16.3% during the year (still well short of that of the Index). We view positively this sign that the shrewd managements of our portfolio companies are investing in business expansion at a time when interest rates are historically low, and their profitability (as measured by return on equity) is at its highest point since 2007.

We saw a number of portfolio companies invest in their future growth through acquisitions in 2012. The acquisition game can be dangerous; academic research tells us that acquisitions are more likely to destroy than to add value. Where transactions explicitly support companies' strategic models, however, we are inclined to view them more charitably. Here are a few examples:

Semperit, an Austrian rubber and plastic consumables manufacturer, acquired Malaysian glove maker Latexx Partners Bhd. The move will increase its production by 70%, making it the world's number two glove maker and solidifying its competitive position within the industry. **Rathbone Brothers**, a UK investment management advisor, saw its funds under management grow by 13%, or roughly £2 Billion, in 2012. Approximately a quarter of this growth was due to acquired assets, including those of the investment management business of AIB Jersey. Rathbone also took stakes in two independent financial advisers, Vision Independent Financial Planning and Castle Investment Solutions. These moves support its strategy to increase funds under management organically and through acquisitions.

The shrewd managements of portfolio companies are investing in business expansion at a time when interest rates are historically low and their profitability is at its highest since 2007.

Australian-based information, compliance, and assurance services provider **SAI Global** acquired Quality & Safety Risk Professional Services International, a provider of food-safety auditing and microbiological testing in Southern Africa, to deepen its competence in the fast emerging agri-food safety market and to bring critical scale to existing operations, which we believe will help to improve profitability. Veterinary pharmaceuticals producer **Virbac** acquired a majority stake in Chilean specialty aquaculture vaccine manufacturer CENTROVET, allowing Virbac to become a leading player in technology for cold-water aquaculture breeding, in particular salmon and trout vaccines. We believe Virbac will benefit not only from access to its promising product line but also to the rapidly growing Chilean market.

Portfolio Structure

As we undertake our fundamental, bottom-up research, we seek to ensure that the companies we bring under coverage are well managed, financially sound, and possess clear, sustainable competitive advantages. We are patient investors and aim not to be influenced by short-term market fluctuations. We believe that if we can gain insight into a company's growth plan and invest when its valuation is attractive, our insights will be monetized over the long term as the market comes to appreciate the company's prospects as we do. This patience is reflected in the low turnover of the portfolio; the average holding period for a company is approximately five years. Thus, the structure of our portfolio is relatively stable over time.

The portfolio's largest absolute and relative to the Index sector weights continue to be in Consumer Staples, Health Care and Industrials. Its largest underweights relative to the Index are in Consumer Discretionary, Financials, and Materials. It is important to understand that we don't consider the composition of the Index explicitly when building the portfolio. Portfolio exposures are a direct result of our seeking to include the best opportunities, company by company from the bottom-up, while maintaining diversification within our risk-control guidelines. The overweight to the eurozone, for example, is not a result of a bullish outlook for Europe overall, but rather of our finding relatively more companies domiciled in Europe that meet our four key investment criteria (Competitive Advantage, Financial Strength, Sustainable Growth and Management Quality) and whose shares are offered at more compelling prices than Europe's Index weight would predict. Similarly, our nil-weight in Energy isn't an indication of a negative outlook for the sector, but rather reflects our difficulty in finding companies that meet our standards of business quality and long-duration growth in a sector whose growth trajectory is hostage to commodity prices and whose small cap companies are typically highly levered.

The key investment criteria noted above frame our portfolio construction decisions when considering both initial establishment and ultimate liquidation of a holding. We formulate an investment thesis for each new holding as well as "mileposts" for corporate performance to help us track the company's progress and inform our assumptions for valuation. As patient investors, we give each company ample opportunity to execute on its plan. A company's repeated failure to demonstrate progress against our mileposts results in its removal from the portfolio. This quarter we exited our positions in three holdings following such serial disappointment.

We are patient investors and aim not to be influenced by short-term market fluctuations, which is reflected in the low turnover of the portfolio.

We sold **Asahi Diamond**, a manufacturer of diamond cutting tools. The company is highly exposed to the solar and semi-conductor industries. Our mileposts for the company included the expectation that the company would be able to grow its sales volumes, but over time we've seen that customers have moved to cheaper alternatives for certain key products, such as its 'EcoMEP' diamond-cutting wire products. The company has been unable to sustain margins, and we don't see a reversal on the horizon.

We completed the sale of a Swiss-based producer of dry blended soups, sauces, and bouillons, **Huegli**. Despite making significant investments to improve operating efficiencies, management has failed over time to sustain volume growth or margins due to increasing competition from private-label brands. Finally, we liquidated our investment in **NKT Holding**, a Danish conglomerate. Its electrical cables division continues to cite technical problems as the reason for the slower-than-anticipated integration of its new German factory with the rest of its business. This factory was a significant investment and its problems have resulted in a lower-than-anticipated utilization rate, a loss of efficiency, and depressed margins. We allowed the company ample time to address these issues before concluding that they are intractable.

The sole purchase this quarter was UK-based **BBA Aviation**, which provides aviation-related services and aftermarket support to operators of business and commercial aircraft. The company boasts the largest global network of fixed-base operators in the business aviation services industry, with locations in four continents. BBA benefits from high barriers to entry in the technical services it provides, including refueling, de-icing, and baggage handling. Its portfolio of services has consistently produced attractive growth rates and financial returns. We anticipate the company will continue to grow the market share of its flight support business through geographic expansion, in South America, Africa and Asia. We also expect to see its aftermarket services and systems business grow through footprint expansion, parts licensing, and an expanded portfolio of aircraft authorizations.

Investment Process: Recent Enhancements

As students of behavioral finance, we constantly look to improve our investment process in order to combat complacency and other value-detracting behaviors. As a result, in 2012, we implemented a variety of marginal enhancements to our process.

The goal of these enhancements is to support effective decision-making, which is paramount to achieving good results in managing investments. We acknowledge that human memory is faulty and selective, for example, and this makes it difficult to judge the efficacy of previous decisions. We therefore implemented systematic post mortem reviews, called After Action Reports, and also heightened portfolio managers' awareness of opportunity costs by creating and monitoring notional portfolios of all of the eligible companies that we *don't* own (since what you don't own *can* hurt you!).

Simplicity of design of a decision-making process is a virtue insofar as complex processes provide many hiding places for human biases. We revised our Quality Assessment framework with this in mind, dividing its assessment categories into those that require our analysts' expert judgment and those where simple rule- or formula-based assessments will suffice. Determining the barriers to entry of an industry is an example of the former, assessing financial strength is an example of the latter.

Further details as to these and other improvements can be found in the Topic-Based Publications section of our web site: http://www.hardingloevner.com/publications.html

International Small Cos Holdings (as of December 31, 2012)

Sector/Company/Description	Country	End Wt.%
Consumer Discretionary		
Cheil Worldwide - Marketing services	South Korea	2.0
Kabe Husvagnar - Recreational vehicles	Sweden	0.9
Mekonomen - Automobile parts & supplies	Sweden	1.7
Pico Far East Holdings - Events services	Hong Kong	1.3
Taiwan Paiho - Loop fabric products	Taiwan	1.0
Consumer Staples		
Britvic - Soft drink supplier	UK	1.2
Greggs - Bakery and prepared foods retailer	UK	1.0
Khon Kaen Sugar - Sugar products	Thailand	1.1
KWS Saat - Agricultural products	Germany	2.4
MARR - Food services purveyor to hotels/resorts	Italy	1.1
Pigeon - Baby care goods	Japan	1.7
Sanford - Seafood harvesting	New Zealand	1.1
Super Group - Packaged foods	Singapore	3.2
United Plantations - Palm & coconut oil	Malaysia	1.1
Vinda International - Tissue products mfg	China	1.3
Vitasoy Intl Holdings - Soy-based foods & bev mfg	Hong Kong	1.6
Energy		
No holdings		
Financials		
Bank Bukopin - Commercial bank	Indonesia	1.5
Bank of Queensland - Commercial bank	Australia	1.3
Chong Hing Bank - Diversified commercial bank	Hong Kong	1.2
FBD Holdings - Diversified financial services	Ireland	1.5
KAS Bank - Financial services	Netherlands	0.9
Laurentian Bank - Banking & financial services	Canada	1.4
Rathbone Bros - Wealth management	UK	1.7
Health Care		
BML - Medical laboratory operator	Japan	1.1
Carl Zeiss Meditec - Ophthalmology systems	Germany	1.8
Draegerwerk - Medical, safety, & aerospace	Germany	1.4
Fleury - Lab operator & medical services	Brazil	1.0
Gerresheimer - Specialty packaging manufacturer	Germany	1.3
Message - Senior care facilities	Japan	1.2
Nakanishi - Dental tool manufacturer	Japan	1.1
Rohto Pharmaceutical - Pharma/cosmetics mfg.	Japan	1.3
Supermax Corporation - Latex gloves	Malaysia	1.0
Synergy Healthcare - Medical support services	UK	1.4
Tsumura - Pharmaceutical products	Japan	0.9
Virbac - Veterinary antibiotics & medicine mfg.	France	1.6
Industrials		
BBA Aviation - Aviation related services	UK	1.6
Bradken - Industrial products & maintenance	Australia	0.9

International Small Cos Holdings (as of December 31, 2012)

Sector/Company/Description	Country	End Wt.%
Industrials *continued*		
Brunel International - Employment services	Netherlands	1.5
CAF - Railroad cars & components manufacturer	Spain	1.2
Cembre - Electrical connectors	Italy	0.9
Coastal Contracts - Marine transportation services	Malaysia	1.4
Dalian Refrigeration - Refrigeration solutions	China	0.6
Goodpack - Intermediate bulk container fleet	Singapore	1.3
Grafton Group - Building supplies retailer	Ireland	1.2
Huber+Suhner - Optical connectivity equipment	Switzerland	0.9
Morgan Crucible - Tech materials & components	UK	1.3
Nak Sealing Tech - Oil seals & rubber products	Taiwan	1.4
PayPoint - Bill-paying network	UK	2.1
Pfeiffer Vacuum Technology - Vacuum pump mfg.	Germany	1.4
RPS Group - Environmental health, safety & risk	UK	1.1
SAI Global - Distributor of business standards	Australia	1.2
Semperit - Rubber product manufacturer	Austria	0.9
Tat Hong Holdings - Heavy machinery & equip.	Singapore	1.7
Touax - Transportation equipment leasing	France	0.9
Vacon - Software-based frequency convertors	Finland	1.0
Wijaya Karya - Engineering & construction	Indonesia	1.8
Information Technology		
Domino Printing Sciences - Printing equipment	UK	1.2
GMO Internet - Internet-related services	Japan	1.6
Gooch & Housego - Optical device manufacturer	UK	1.2
Industrial & Financial Systems - Software devel.	Sweden	1.6
Ingenico - Electronic payment equipment mfg.	France	1.5
Lem Holdings - Electrical components mfg.	Switzerland	1.2
Samwha Capacitor - Electronic capacitor mfg.	South Korea	0.6
Vaisala - Atmospheric measuring devices	Finland	0.9
Wasion Meters Group - Power meters mfg.	China	0.9
Youngtek Electronics - High tech component svcs.	Taiwan	1.0
Materials		
C. Uyemura - Plating chemicals & machinery	Japan	0.6
Hankuk Carbon - Carbon insulation panels	South Korea	1.3
Imdex Limited - Drilling components	Australia	1.7
Lintec - Adhesive products & paper	Japan	0.9
Yip's Chemical - Chemical products & solvents	China	1.4
Telecom Services		
Drillisch - Cellular telecom services	Germany	1.8
TPG Telecom - Telecom services	Australia	2.4
Utilities		
RUBIS - Liquid chemical storage & distribution	France	1.6
Cash		2.0

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

Last Quarter

Largest Contributors (%)

	Sector	Weight	Contribution
Super Group	STPL	2.9	1.10
Wijaya Karya	INDU	1.9	0.47
KWS Saat	STPL	2.3	0.45
TPG Telecom	TCOM	2.3	0.39
Drillisch	TCOM	1.7	0.33

Largest Detractors (%)

	Sector	Weight	Contribution
Message	HLTH	1.3	-0.54
Rohto Pharmaceutical	HLTH	1.5	-0.41
Hankuk Carbon	MATS	1.3	-0.21
RPS Group	INDU	1.2	-0.19
Touax	INDU	1.1	-0.15

Last 12 Months

Largest Contributors (%)

	Sector	Weight	Contribution
Super Group	STPL	2.2	2.55
Wijaya Karya	INDU	2.0	1.94
TPG Telecom	TCOM	1.9	1.58
KWS Saat	STPL	2.1	1.16
Paypoint	INDU	1.9	1.03

Largest Detractors (%)

	Sector	Weight	Contribution
Message	HLTH	0.8	-0.51
Stella Chemifa	MATS	0.3	-0.30
Topsil	INFT	0.4	-0.22
Taiwan Paiho	DSCR	1.2	-0.22
Bradken	INDU	1.1	-0.20

The portfolio holdings identified above do not represent all of the securities held in the portfolio. 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. Quarterly data is not annualized.

Portfolio Characteristics

	HL ISC	ACW xUS SC		HL ISC	ACW xUS SC
Market Cap ($Mil)[1]	$937	$1,287	Wtd Avg Mkt Cap ($Mil)	$1,048	$1,549
Profit Margin[1] (%)	7.9	6.4	Price/Earnings[3]	14.7	16.5
Return on Assets[1] (%)	6.6	4.3	Price/Cash Flow[3]	9.7	8.5
Debt/Equity[1] (%)	16.3	27.9	Price/Book[3]	1.9	1.2
Return on Equity[1] (%)	14.8	10.3	Dividend Yield[3] (%)	2.9	2.7
Std Dev of 5 Year ROE[1] (%)	3.6	5.7	Alpha[2] (%)	5.26	–
Sales Growth[1,2] (%)	9.6	6.0	Beta[2]	0.93	1.00
Earnings Growth[1,2] (%)	2.3	1.6	R-Squared[2]	0.96	1.00
CF Growth[1,2] (%)	3.3	2.8	Sharpe Ratio[2]	0.20	-0.02
Dividend Growth[1,2] (%)	2.0	0.4	Standard Deviation[2] (%)	25.22	26.63

[1]Weighted median; [2]Trailing five years, annualized; [3]Harmonic mean.

Source (Alpha, Beta, R-Squared, Sharpe Ratio, Standard Deviation): eVestment Alliance (eA); Harding Loevner International Small Companies Composite, based on the Composite returns; MSCI Barra.

Source (other characteristics): Wilshire Atlas (Run Date: January 7, 2013); Harding Loevner International Small Companies Composite, based on the underlying holdings; MSCI Barra.

Completed Purchases

Company	Country	Sector
BBA Aviation	United Kingdom	INDU

Completed Sales

Company	Country	Sector
Asahi Diamond	Japan	INDU
BWT	Austria	INDU
Huegli	Switzerland	STPL
NKT Holding	Denmark	INDU

Portfolio attribution and characteristics are supplemental information only and complement the fully compliant International Small Companies 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. The complete list of holdings at December 31, 2012 is available on the previous page.

International Small Companies Composite Performance (as of December 31, 2012)

	HL ISC Gross (%)	HL ISC Net (%)	ACW ex-US Small Cap[1] (%)	Intl Small Cos. 3-Yr Std Deviation[2] (%)	ACW ex-US Small Cap 3-Yr Std Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2012[4]	25.74	24.31	18.96	19.24	19.96	N.M.[5]	2	119	22,658
2011	-11.91	-12.81	-18.21	23.37	23.89	N.M.	2	84	13,597
2010	25.94	24.40	25.58	28.53	30.38	N.M.	1	18	11,010
2009	75.88	73.80	63.50	26.81	28.45	N.M.	1	8	6,400
2008	-47.01	-47.67	-50.01	+	+	N.M.	1	3	3,266
2007	17.80	16.73	11.04	+	+	N.M.	1	6	6,356

[1]Benchmark Index; [2]Variability of the composite and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2012 performance returns and assets shown are preliminary; [5]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 Small Companies Composite contains fully discretionary, fee paying US dollar-based international equity accounts investing in non-US equity and equity-equivalent securities of companies with a market capitalization of below $3 Billion. The investment objective of the Composite is long-term capital appreciation. For comparison purposes, the Composite is measured against the MSCI All Country World ex-US Small Cap Index (gross of withholdings taxes). 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 Small Cap Index is a free-float market capitalization index that is designed to measure small cap developed and emerging market equity performance. The Index consists of 44 developed and emerging market countries, targeting companies market capitalization range of USD 170–4,200 million in terms of the company's full market capitalization. You cannot invest directly in this Index.

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 by Ashland Partners & Company, LLP for the period November 1, 1989 through June 30, 2012.

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 Small Companies Composite has been examined since January 1, 2007. Verification does not ensure the accuracy of any specific composite presentation. The verification and performance exam 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 is not indicative of 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 Small Companies accounts is 1.15% annually of the market value up to $15 million; 0.80% on amounts over $15 million. 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 Small Companies Composite was created on December 31, 2006.

HARDING LOEVNER LP
400 Crossing Blvd, Fourth Floor • Bridgewater, NJ 08807 • Tel (908) 218-7900 • Fax (908) 218-1915 • www.hardingloevner.com