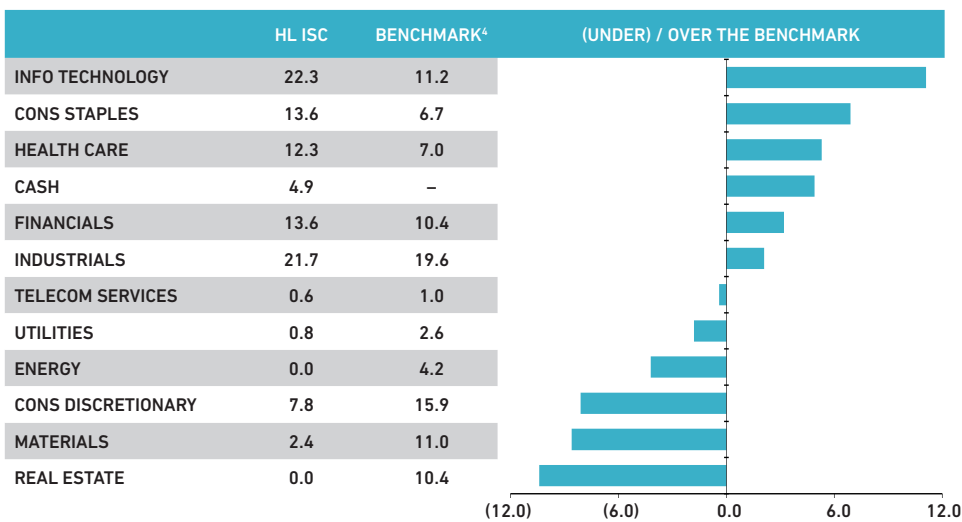
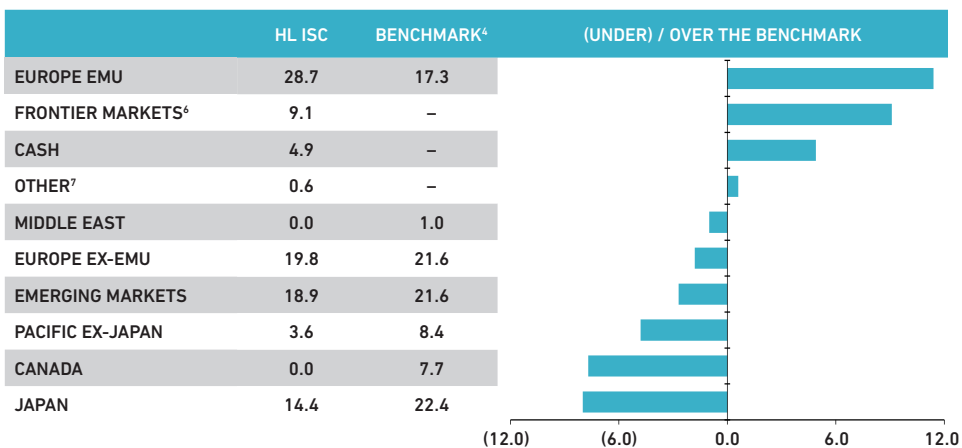


COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDING DECEMBER 31, 2016¹

	3 MONTHS	1 YEAR	3 YEARS ²	5 YEARS ²	10 YEARS ²	SINCE INCEPTION ^{2,3}
HL INTL SMALL COMPANIES (GROSS OF FEES)	-3.65	0.79	1.45	10.99	7.45	7.45
HL INTL SMALL COMPANIES (NET OF FEES)	-3.91	-0.22	0.37	9.78	6.27	6.27
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX ^{4,5}	-3.47	4.29	1.12	8.11	3.26	3.26

¹The Composite performance returns shown are preliminary; ²Annualized Returns; ³Inception Date: December 31, 2006; ⁴The Benchmark Index; ⁵Gross of withholding taxes.

Please read the above performance in conjunction with the footnotes on page 8 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 (%)

GEOGRAPHIC EXPOSURE (%)


⁴Includes countries with less-developed markets outside the Index; ⁷Includes companies classified in countries outside the Index.

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

Source: Harding Loevner International Small Companies Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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MARKET REVIEW

During the year, global markets experienced three notable downturns in January, June, and November.

A “value rally,” present all year, was most pronounced in the fourth quarter.

Energy and Materials, two of the worst-performing sectors in 2015, were the best-performing sectors in 2016.

All regions except Europe generated positive returns for investors in 2016.

PORTFOLIO HIGHLIGHTS

We initiated positions in four companies with product strength and intellectual property that have helped establish a strong foothold in their respective industries.

Over the course of the year, our bottom-up stock-selections increased the portfolio’s exposure to Health Care and Materials and reduced its exposure to Consumer Discretionary.

MARKET REVIEW

The MSCI All Country World ex-US Small Cap Index fell 3.5% in the fourth quarter, reducing its 2016 calendar-year return to 4.3%. Over the course of the year, global markets experienced three notable downturns in January, June, and November. The Index plunged 12% in the first three weeks of the year as investors worried about the slowing Chinese economy and its knock-on effect on commodity prices. But by the end of the first quarter, these worries receded as the Chinese economy still chugged along and oil prices rose; international small companies rebounded 13% from January 21, ending the first quarter about where they began it.

At mid-year, the focus shifted to Europe, with UK citizens voting June 23 to withdraw from the European Union. The shocking Brexit vote sent markets reeling, with international small companies falling 8% over the next two trading days.

In the fourth quarter, Donald Trump's victory in the US presidential election elicited very different reactions from US and international small cap stock markets. US stocks rose strongly as investors expected Trump's promised pro-growth policies— involving tax cuts, infrastructure spending, and reduced regulation—to benefit corporate profits. Meanwhile, most other stock markets declined amid worries about the implications of Trump's restrictive stance on trade. From Election Day, Novem-

MARKET PERFORMANCE (USD %)

MARKET	4Q 2016	TRAILING 12 MONTHS
CANADA	-1.5	31.9
EMERGING MARKETS	-6.2	2.6
EUROPE EMU	-2.5	0.8
EUROPE EX-EMU	-3.3	-3.5
JAPAN	-1.6	7.7
MIDDLE EAST	3.0	16.2
PACIFIC EX-JAPAN	-6.0	7.7
MSCI ACW EX-US SMALL CAP INDEX	-3.5	4.3

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

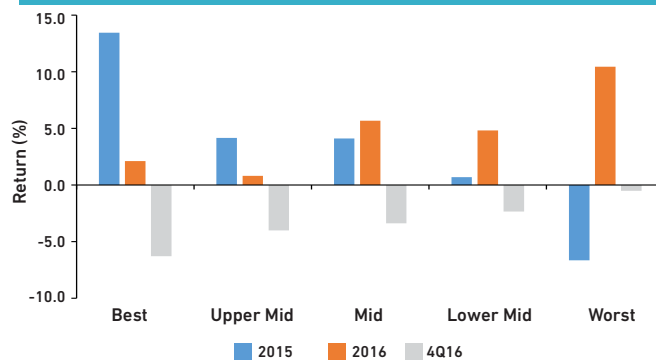
SECTOR	4Q 2016	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	-3.9	-2.1
CONSUMER STAPLES	-6.3	7.7
ENERGY	9.9	26.3
FINANCIALS	1.6	-4.7
HEALTH CARE	-10.3	-3.4
INDUSTRIALS	-2.0	5.7
INFORMATION TECHNOLOGY	-4.8	4.7
MATERIALS	-2.0	20.9
REAL ESTATE	-7.9	1.4
TELECOM SERVICES	-7.9	-7.7
UTILITIES	-1.9	10.5

Source: FactSet (as of December 31, 2016); MSCI Inc. and S&P.

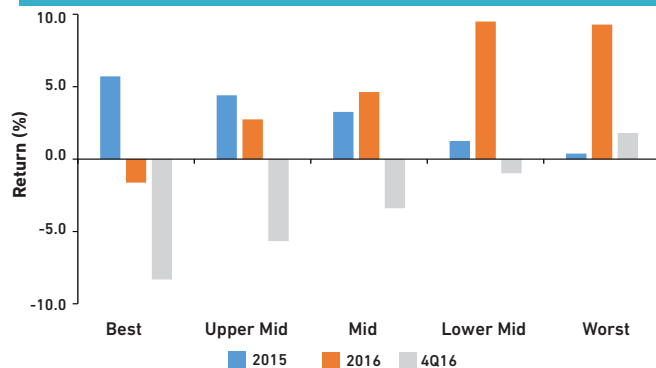
ber 8, to year-end, US small caps outperformed non-US small caps by 11% in US dollar terms (7% in local currency).

Beginning in the early part of the year, there was a major reversal in style preference. In 2015, the more expensive, higher-quality, and higher-growth international small company stocks performed better than their cheaper, lower-quality, and lower-growth counterparts. In 2016, the leadership reversed; this new pattern was particularly evident in the fourth quarter. The following charts, which show returns to each quintile of the

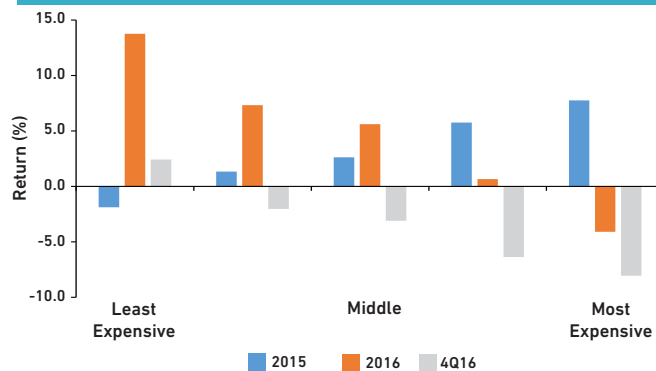
MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY QUINTILE OF QUALITY



MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY QUINTILE OF GROWTH



MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY QUINTILE OF VALUE



Source: FactSet (as of December 31, 2016).

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

Index ranked by our proprietary measures of quality, growth, and value, illustrate the market's dramatic change in style preference.

This style shift was reflected in sector performance, naturally. Energy and Materials, two of the worst-performing sectors within the international small cap universe in 2015, were the best-performing sectors in 2016. Both sectors are associated with lower quality and slower growth. Energy stocks in particular turned in a strong performance as the oil price rose over 40% in 2016, with small caps in the sector rising 24% after collapsing 36% in 2015. In contrast, two sectors that are associated with high quality and growth, Health Care and Consumer Discretionary, did not do so well this year. International small caps in Health Care were down 3% in 2016 after returning 22% in 2015.

All regions except Europe generated positive returns for investors in 2016. Europe performed poorly (EMU up only 0.8% and ex-EMU down 4%) due to existential concerns in contemplation of Brexit. Currency depreciation had a substantial impact on returns: the British pound declined 16% against the US dollar, the Swedish Krona declined 7%, and the Swiss franc, Danish krone, and euro all declined between 2–3%.

In Canada, small companies returned 32% in 2016, boosted by a high proportion of resource companies and the economy's heavy exposure generally to the oil and gas industry.

Japanese small caps continued to do well after a strong 2015, up another 8% in US dollars, despite a 13% depreciation of the yen in response to the Bank of Japan's pledge to buy a potentially unlimited amount of bonds in support of its yield-curve control program. Small-cap Japanese equities have benefited significantly from the Bank of Japan's loose monetary policy.

■ PERFORMANCE AND ATTRIBUTION

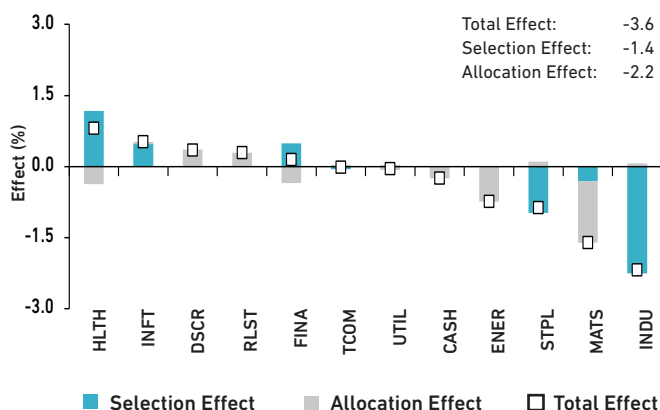
The International Small Companies composite declined 3.7% in the quarter, just behind the 3.5% decline of the Index. For the full year, the composite returned 0.8% and the Index returned 4.3%. The charts on the right illustrate the sources of relative return for the year by sector and region, respectively.

We faced especially strong headwinds to our quality-growth style in the year's final quarter. We are consistently underweight Materials and Energy because we struggle to find suitable quality-growth businesses in those sectors. The underweights significantly detracted from our relative performance in the quarter. Similarly, our complete lack of holdings in Canada, where many companies operate in resource extraction industries, hurt.

Viewed by sector, the portfolio benefited most from strong stock selection in Health Care. **Nakanishi**, a Japanese manufacturer of dental handpieces (dentists' handheld tools such as drills, ultrasonic scalers, and air polishers), derives roughly 80% of its sales from exports, so it benefited from the depreciation of the

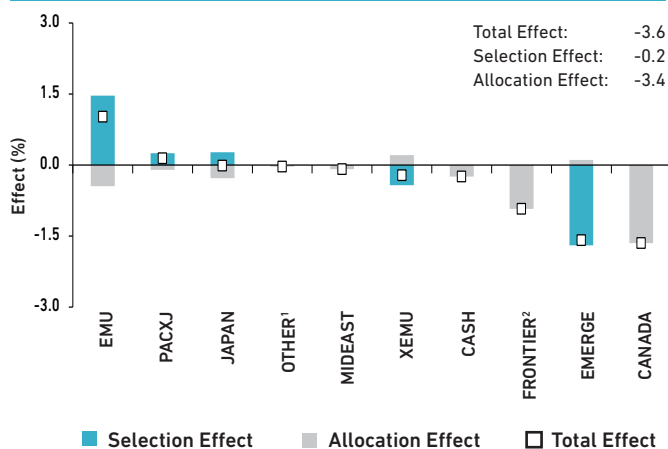
SECTOR PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS

INTL SMALL COS COMPOSITE VS. MSCI ACW EX-US SMALL CAP INDEX



GEOGRAPHIC PERFORMANCE ATTRIBUTION TRAILING 12 MONTHS

INTL SMALL COS COMPOSITE VS. MSCI ACW EX-US SMALL CAP INDEX



¹Includes companies classified in countries outside the Index; ²Includes countries with less-developed markets outside the Index. Source: FactSet; Harding Loevner International Small Companies 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 page 1 of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS

yen. Stock selection in Financials detracted most from relative returns. Here currency also played a role. The local stock price of Turkish life insurance and pension management company **Anadolu Hayat Emeklilik** was roughly flat, but the lira fell 15% against the US dollar in the quarter. Unlike Nakanishi, Anadolu Hayat Emeklilik is a purely domestic business.

By region, poor stock selection in Japan detracted from relative returns. The same yen depreciation that benefited Nakanishi

Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at December 31, 2016 is available on page 6 of this report.

shi's foreign earnings translation and competitiveness left the business of **Cosmos Pharmaceutical**, a local operator of convenience stores, unaffected, but hurt its stock price in US dollar terms. In Pacific-ex Japan, the portfolio benefited from the proposed acquisition of Singapore-based instant-coffee manufacturer **Super Group** by a Dutch coffee conglomerate, Jacobs Douwe Egberts.

For the full year, our underweights in Materials, Energy, and Canada hurt relative performance. Poor stock selection in Industrials and EMs also detracted. In Industrials, UK-based **Senior**, which supplies air-duct and fluid systems used in aerospace and commercial vehicles, issued two profit warnings this year. The first warning was due to weak demand for Senior's commercial vehicle products because of softness in some important end markets, such as the oil and gas and mining industries. Conditions for the aerospace business, in contrast, remain favorable; aircraft manufacturers are shipping planes at a record pace. Nonetheless, the aerospace business was responsible for Senior's second profit warning because some of its suppliers were unable to keep pace with the elevated demand. In EMs, smart electricity meter manufacturer **Wasion Group Holdings** detracted. Wasion's largest customer, State Grid Corporation of China, slowed its investment in smart-grid technology, with a direct impact on Wasion's income.

Strong stock selection in the eurozone and in Health Care helped. In France, **Alten**, an engineering and technology consulting services company, delivered stronger-than-expected revenues and earnings. The company did particularly well in North America, India, Germany, and Italy, where demand for outsourced research and development (R&D) services is growing. Alten benefited from strong demand in the automotive, railway, and aerospace segments. Within Health Care, **BML** was a strong performer. The company provides clinical and medical laboratory testing services for hospitals and clinics in Japan. Throughout the year, BML benefited from stable pricing, growth in volumes for existing tests as well as new advanced tests for cancer and heart disease, and good progress in acquiring new customers.

■ INVESTMENT PERSPECTIVES

Investors may fear that non-US companies will suffer after Brexit and Donald Trump's victory because of potential trade restrictions on their goods and services. The actual impact from these policy disruptions, however, is likely to be less severe than the fear indicated by recent stock-price reactions. First, the checks and balances embedded in the US political system should ensure there is no extreme, unchecked policy action. Post-election pragmatism could further temper inflammatory campaign rhetoric and many may eventually see that protectionist policies end up hurting US companies and citizens instead of helping them. Second, our portfolio companies' average revenue exposure to the US is actually quite low—roughly 10%. Third, it would be very costly and complicated to break down the efficient and well-entrenched global supply chains.

Some of our portfolio companies, for instance, are deeply embedded in bigger supply chains, and they make a product or provide a service that is a critical component difficult to source elsewhere. Thus, these companies are very important for their customers. For example, **Abcam** is a producer of antibodies used by pharmaceutical and biotechnology companies and research institutions in pre-human/pre-clinical research. These antibodies bind with specific molecules (antigens) that scientists are interested in studying to understand where they are located within a cell or tissue sample. It is hard to switch vendors as the scientific community regards antibodies from only the most trusted suppliers as reliable.

Another portfolio holding, **Christian Hansen**, is a bioscience company that develops, produces, and sells natural ingredient solutions for the food, nutritional, pharmaceutical, and agricultural industries. Christian Hansen is the world leader in bacterial cultures and probiotic strains used in yogurt and cheese making. These cultures and strains are so deeply integrated in the dairy-production process that it would be extremely difficult for customers to change suppliers.

Beyond these trade policy issues, many secular trends remain intact: innovation in medical technology to improve patient outcomes, adoption of new technologies that enable mobile and cloud computing, and increased home ownership, particularly amongst the lower-income groups in EMs, to name a few. We believe our portfolio companies have strong products and services that will benefit from these trends.

Carl Zeiss Meditec, a German maker of ophthalmic and microsurgery equipment and systems, obtained US FDA approval in August 2016 for their SMILE (Small Incision Lenticule Extraction) technology—a new vision-correction surgical procedure requiring a smaller incision than traditional LASIK surgery. This technology has been successfully introduced in other parts of the world by Carl Zeiss, enabling the company to gain market share internationally. With the recent FDA approval, the management team at Carl Zeiss is now focused on training surgeons and building support and distribution infrastructure in the US that will enable successful penetration of the US market and further increases in market share.

Globant, an Argentinian technology consulting services company, continues to unroll new technologies on behalf of its clients. For example, Globant helped Disney develop the MagicBand solution for visitors to its theme parks; developed an Android mobile app for LinkedIn; and collaborated with Electronic Arts, a gaming software company, to develop video games for FIFA soccer. Disney's MagicBand is a wristband that contains both RFID (radio frequency identification) chips and 2.4 GHz radio technology. It is linked to Disney employees' cellphones as well as to sensors throughout Disney's parks. Visitors wearing these wristbands are instantly located and recognized by Disney's employees at various rides, restaurants, and hotels. The band enables a more "magical" experience as guests are personally greeted at the resort's restaurants upon arrival, don't need physical tickets for various attractions, and are able to skip (or

move faster through) long lines. In November 2016, about one week after the US presidential election, Globant's management announced an expanded engagement with the Walt Disney Company.

GRUH Finance provides housing finance in semi-urban and rural India. A typical Gruh customer lacks a credit history and proof of formal income. Through years of operating here, Gruh has developed a strict credit-appraisal process that has enabled it to underwrite successfully in one of the more risky market segments in the world. Founded in 1986, Gruh has a proven track record of strong returns. Mortgage finance is severely underpenetrated in India; all outstanding mortgages represent just 10% of GDP in India compared to 80% in the US.¹ In rural India, penetration is even lower due to the difficulty of obtaining credit history by financial service providers. Despite growing assets at over a 25% compounded annual rate over the last 10 years, Gruh still represents less than 1% of the mortgage market in India. Between further credit penetration in the country overall and rural credit becoming a larger share of the overall pie, Gruh has a tailwind.

■ PORTFOLIO HIGHLIGHTS

During the fourth quarter, we initiated positions in four companies with product strength and intellectual property that have helped establish a strong foothold in their respective industries.

We bought **Intrum Justitia**, the largest-listed company focused exclusively on credit risk management in Europe. The company has two business segments: Credit Management Services, which focuses primarily on the collection of credit card and other consumer debt on behalf of companies, and the Purchased Debt division, which buys bad loans from banks that do not have the capability or efficiency to collect the debt. Intrum Justitia's long experience in providing these services throughout Europe has enabled the company to build a robust database and analytic capabilities that allow the company to manage risk and price credits better than peers. By offering both consumer debt collection as well as debt purchase services, the company can capture emerging opportunities quickly. Its size and scale across 20 countries in Europe and its investment-grade balance sheet also provide cost advantages over peers. Intrum Justitia's economies of scale have helped the company gain market share over time and provide a stable underpinning for future growth.

We also bought **DuluxGroup**, an Australian company that focuses on the manufacturing and sale of premium-branded paint and coatings in Australia and New Zealand. Dulux has a leading share of over 40% in these markets, which provides economies of scale in R&D, marketing, and distribution. The company has leveraged its strong position by adding complementary products such as adhesives and sealants, decorative concrete products, garage doors, cabinets, and window and door hardware. The company generates solid returns on invested capital in the mid- to high-teens.

The remaining two purchases were **GMO Payment Gateway**, a Japanese online payments-processing company, and Globant.

We funded these new positions by selling four holdings from the portfolio. We exited **Grafton Group**, a UK-based wholesaler of building and plumbing materials to local merchants. The company has a portfolio of store brands, but its most successful chain has been its Selco stores. Selco sells to merchants with below-average credit quality. Grafton's other store brands—Homebase and Plumbase, which sell to the broader base of small local merchants—have been suffering from pricing pressure. We believe that the industry forces (mostly intense rivalry) that have hurt the profitability at these lower-growth stores will eventually catch up to Selco. Grafton's high stock price demands that Selco continue to generate strong profit growth for the company; our sale reflects our belief that this will be difficult to achieve.

We also sold our position in **Valid Solucoes**, a Brazilian supplier of credit card chips and telecom SIM cards, because it no longer meets our growth criteria. In 2015, US payment networks began demanding that merchants stop accepting payments from magnetic-stripe credit cards and start accepting payments from more secure chip-and-signature cards. While some merchants have yet to switch, the vast majority of debit and credit cards are now chip-enabled. Valid, a major supplier of the chips, benefited greatly from the regime shift—the company grew revenues by 26% in 2015. Now that this shift is nearly complete, the company's growth prospects have diminished.

Our two remaining sales were the consequences of acquisitions. We received cash when Australian-based information-services company **SAI Global** was acquired by a private equity buyer. We sold Super Group after its proposed acquisition by Jacobs Douwe Egberts. JDE made an exclusive and binding offer of SGD 1.30 per share (a 31% premium to the prior close) in early November on the condition that the deal is approved by the relevant anti-trust agencies across Asia. The controlling family of Super Group stock agreed to terms of exclusivity, meaning they could not accept a higher bid. On the day the stock resumed trading after the offer, it closed at SGD 1.26. The stock price left little room for upside if the deal were to be finalized, but lots of downside if anti-trust regulators ruled against the acquisition. Given the risk-reward tradeoff, we sold the position.

Over the course of the year, our bottom-up stock-selections increased the portfolio's exposure to Health Care and Materials and reduced its exposure to Consumer Discretionary. We also increased exposure to small EMs—Poland, Peru, Colombia, and Egypt—where we were able to find underpriced stocks of companies with strong competitive and financial positions and able management.

¹Sunil Tirumalai, Ashish Gupta, Chunky Shah, and Prashant Kumar, "India Mortgage Sector," *Credit Suisse* (May 20, 2013).

INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF DECEMBER 31, 2016)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)	SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
CONSUMER DISCRETIONARY			INDUSTRIALS		
ABC-MART Footwear retailer	Japan	0.4	ARCADIS Engineering consulting services	Netherlands	1.3
CHEIL WORLDWIDE Marketing services	South Korea	0.3	BERTRANDT Engineering services	Germany	1.3
DIGNITY Funeral services provider	UK	0.8	BOSSARD Fasteners distributor	Switzerland	2.3
HERFY FOOD SERVICES Quick service restaurant chain	Saudi Arabia	0.9	BRUNEL INTERNATIONAL Employment services	Netherlands	1.4
HIDAY HIDAKA Restaurants	Japan	2.4	COASTAL CONTRACTS Marine transportation services	Malaysia	0.4
IPSOS Market research	France	1.3	DANIELI Builds iron and steel facilities	Italy	0.9
PICO FAR EAST HOLDINGS Events services	Hong Kong	0.9	DIALOG GROUP BERHAD Petrochemical tech. services	Malaysia	0.5
SHENZHOU INTERNATIONAL Textile manufacturer	China	0.7	HAITIAN Plastic injection molding machine maker	China	1.1
CONSUMER STAPLES			INTRUM JUSTITIA Credit management	Sweden	1.0
ALICORP Consumer goods manufacturer	Peru	0.5	LISI Industrial fasteners manufacturer	France	2.0
ARIAKE Produces seasonings from meat products	Japan	1.3	MISUMI GROUP Machinery parts distributor	Japan	0.8
BRITVIC Soft drink supplier	UK	0.7	MONOTARO Online distributor of maintenance supplies	Japan	0.3
CLICKS GROUP Retail pharmacy chain	South Africa	1.2	PARK24 24-hour automated parking operator	Japan	0.8
COSMOS PHARMACEUTICAL Drug store operator	Japan	0.8	PFEIFFER VACUUM TECHNOLOGY Vacuum pump mfg.	Germany	1.0
EAST AFRICAN BREWERIES Beverage manufacturer	Kenya	1.0	RATIONAL Semi combi-steamers for industrial kitchens	Germany	0.4
GRUPO HERDEZ Processed foods	Mexico	0.8	ROTORK Actuator maker	UK	0.6
KERNEL Diversified agribusiness conglomerate	Ukraine	1.7	RPS GROUP Environmental health, safety and risk	UK	1.6
KWS SAAT Agricultural products	Germany	1.3	SEMPERIT Rubber product manufacturer	Austria	1.0
PIGEON Baby care goods	Japan	0.7	SENIOR Aerospace and auto parts manufacturer	UK	1.4
PRICESMART Membership club warehouse retailer	US	0.6	TOMRA Creates solutions to critical industries	Norway	1.6
SUGI HOLDINGS Pharmacy drugstore chain	Japan	0.7	INFORMATION TECHNOLOGY		
TANZANIA BREWERIES Beverage manufacturer	Tanzania	0.8	ADVANTECH Manufacturer & marketer of industrial PCs	Taiwan	0.6
VITASOY INTL HOLDINGS Soy-based foods & bev. mfg.	Hong Kong	1.6	ALTEN Technology consulting	France	2.8
ENERGY			ASM INTERNATIONAL Semiconductor equipment	Netherlands	1.2
No holdings			BECHTLE IT servicing and IT product reseller	Germany	3.2
FINANCIALS			CHIPBOND TECHNOLOGY Chip packaging service	Taiwan	1.0
ANADOLU HAYAT EMEKLILIK Life insurance/pension	Turkey	1.2	GLOBANT Software solutions	Argentina	1.0
BANK OF GEORGIA Commercial bank	UK	1.5	GMO PAYMENT GATEWAY Credit card transaction services	Japan	0.6
BRAC BANK Commercial bank	Bangladesh	1.5	INFOMART Online restaurant supply chain operator	Japan	1.8
CETIP Securities registry and depository	Brazil	1.0	LEM HOLDINGS Electrical components mfg.	Switzerland	1.8
EQUITY BANK Commercial bank	Kenya	1.3	PAX GLOBAL Electronic payments	China	1.8
GRUH FINANCE Mortgages	India	2.5	REPLY IT services company	Italy	1.8
JARDINE LLOYD THOMPSON Insurance brokerage	UK	0.5	TEMENOS GROUP Banking software	Switzerland	0.6
MAX FINANCIAL Life insurance	India	2.6	VAISALA Atmospheric measuring devices	Finland	2.6
RATHORNE BROS Wealth management	UK	1.6	WASION GROUP HOLDINGS Smart metering company	China	1.4
HEALTH CARE			MATERIALS		
ABCAM Research antibody mfg. and distributor	UK	1.9	CEMEX LATAM Multinational building materials company	Colombia	0.4
BML Medical laboratory operator	Japan	1.9	CHR. HANSEN Produces natural food ingredients	Denmark	0.4
CARL ZEISS MEDITEC Ophthalmology systems	Germany	2.2	DULUXGROUP Paints and varnishes manufacturer	Australia	0.7
DIASORIN Producer of reagents for diagnostics	Italy	0.4	RPC Plastic packaging manufacturer	UK	0.8
EMIS GROUP Healthcare information technology	UK	0.8	REAL ESTATE		
GERRESHEIMER Specialty packaging manufacturer	Germany	1.5	No holdings		
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	0.5	TELECOM SERVICES		
NAKANISHI Dental tool manufacturer	Japan	1.5	TOWER BERSAMA Wireless telecom towers	Indonesia	0.4
ROHTO PHARMACEUTICAL Pharma/cosmetics mfg	Japan	0.4	TPG TELECOM Telecom services	Australia	0.3
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	1.0	UTILITIES		
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	0.2	RUBIS Liquid chemical storage and distribution	France	0.8
			CASH		
			4.9		

Model 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.

4Q16 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
SUPER GROUP	STPL	0.8	0.35
RPS GROUP	INDU	1.4	0.32
LISI	INDU	1.8	0.28
DANIELI	INDU	0.8	0.17
ASM INTERNATIONAL	INFT	1.6	0.15

4Q16 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
LEM HOLDINGS	INFT	2.1	-0.43
ANADOLU HAYAT EMEKLILIK	FINA	1.9	-0.36
BECHTLE	INFT	3.2	-0.34
ABCAM	HLTH	2.5	-0.33
SENIOR	INDU	1.4	-0.29

LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
CETIP	FINA	1.8	0.93
BML	HLTH	1.8	0.78
BOSSARD	INDU	1.7	0.69
IPSOS	DSCR	1.5	0.62
ALTEN	INFT	2.6	0.58

LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
WASION GROUP HOLDINGS	INFT	1.4	-0.98
RATHBONE BROS	FINA	2.5	-0.73
ANADOLU HAYAT EMEKLILIK	FINA	2.1	-0.62
GRAFTON GROUP	INDU	1.0	-0.53
PAX GLOBAL	INFT	1.3	-0.52

PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN ¹ (%)	8.9	6.4
RETURN ON ASSETS ¹ (%)	8.7	4.9
RETURN ON EQUITY ¹ (%)	16.2	10.1
DEBT/EQUITY RATIO ¹ (%)	15.9	48.0
STD DEV OF 5 YEAR ROE ¹ (%)	2.5	3.8
SALES GROWTH ^{1,2} (%)	6.5	2.6
EARNINGS GROWTH ^{1,2} (%)	11.9	8.4
CASH FLOW GROWTH ^{1,2} (%)	10.6	6.5
DIVIDEND GROWTH ^{1,2} (%)	9.8	3.6
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	1.6	1.5
WTD AVG MKT CAP (US \$B)	1.8	1.9
TURNOVER ³ (ANNUAL %)	28.4	-

RISK & VALUATION	HL ISC	ACWI EX-US SC
ALPHA ² (%)	3.68	-
BETA ²	0.87	1.00
R-SQUARED ²	0.91	1.00
ACTIVE SHARE ³ (%)	98	-
STANDARD DEVIATION ² (%)	12.13	13.26
SHARPE RATIO ²	0.90	0.61
TRACKING ERROR ²	4.1	-
INFORMATION RATIO ²	0.71	-
UP/DOWN CAPTURE ²	92/73	-
PRICE/EARNINGS ⁴	19.0	15.5
PRICE/CASH FLOW ⁴	12.8	10.8
PRICE/BOOK ⁴	2.7	1.5
DIVIDEND YIELD ⁵ (%)	2.2	2.3

¹Weighted median; ²Trailing five years, annualized; ³Five-year average; ⁴Weighted harmonic mean; ⁵Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Small Companies Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: January 9, 2017); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
DULUXGROUP	AUSTRALIA	MATS
GLOBANT	ARGENTINA	INFT
GMO PAYMENT GATEWAY	JAPAN	INFT
INTRUM JUSTITIA	SWEDEN	INDU

POSITIONS SOLD	COUNTRY	SECTOR
GRAFTON GROUP	UNITED KINGDOM	INDU
SAI GLOBAL	AUSTRALIA	INDU
SUPER GROUP	SINGAPORE	STPL
VALID SOLUCOES	BRAZIL	INDU

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

INTERNATIONAL SMALL COMPANIES COMPOSITE PERFORMANCE (AS OF DECEMBER 31, 2016)

	HL ISC GROSS (%)	HL ISC NET (%)	ACWI EX-US SMALL CAP ¹ (%)	HL ISC 3-YR STD DEVIATION ² (%)	ACWI EX-US SMALL CAP 3-YR STD DEVIATION ² (%)	INTERNAL DISPERSION ³ (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS (\$M)	FIRM ASSETS (%)
2016 ⁴	0.79	-0.22	4.29	10.78	12.15	N.M. ⁵	2	154	0.39
2015	5.83	4.63	2.95	10.26	11.32	N.M.	1	95	0.29
2014	-2.12	-3.14	-3.69	12.30	13.13	N.M.	3	157	0.45
2013	28.37	26.92	20.13	16.41	16.65	N.M.	3	166	0.50
2012	25.73	24.31	18.96	19.24	19.96	N.M.	2	119	0.53
2011	-11.90	-12.80	-18.21	23.37	23.89	N.M.	2	84	0.62
2010	25.94	24.40	25.58	28.53	30.38	N.M.	1	18	0.16
2009	75.88	73.80	63.50	26.81	28.45	N.M.	1	8	0.13
2008	-47.01	-47.67	-50.01	+	+	N.M.	1	3	0.09
2007	17.80	16.73	11.11	+	+	N.M.	1	6	0.09

¹Benchmark Index; ²Variability of the composite and the Index returns over the preceding 36-month period, annualized; ³Asset-weighted standard deviation (gross of fees); ⁴The 2016 performance returns and assets shown are preliminary; ⁵N.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 international equity accounts investing primarily 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 withholding 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 45 developed and emerging market countries, targeting companies market capitalization range of USD 0–6,816 million (as of December 31, 2016) 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 September 30, 2016.

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 for the periods January 1, 2007 through September 30, 2016. 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 1.00% annually of the market value up to \$20 million; 0.80% of amounts above \$20 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.