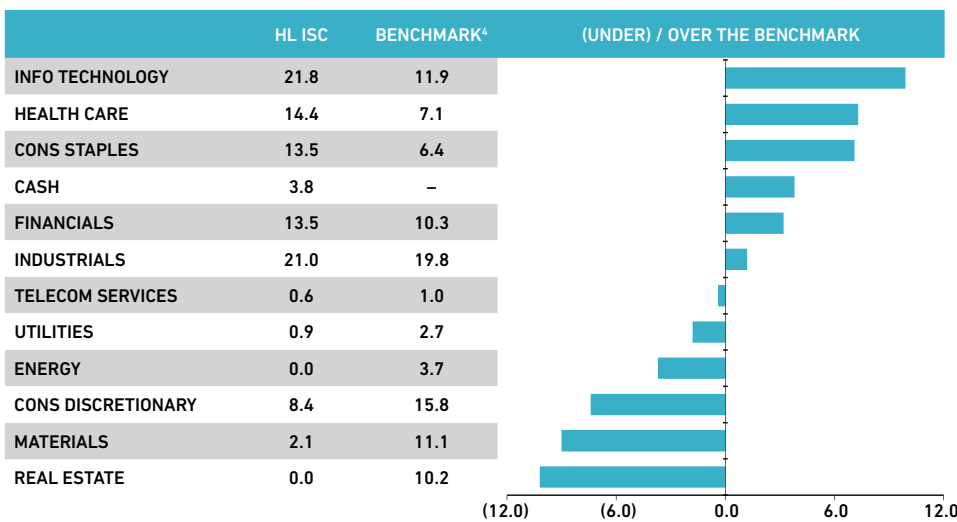
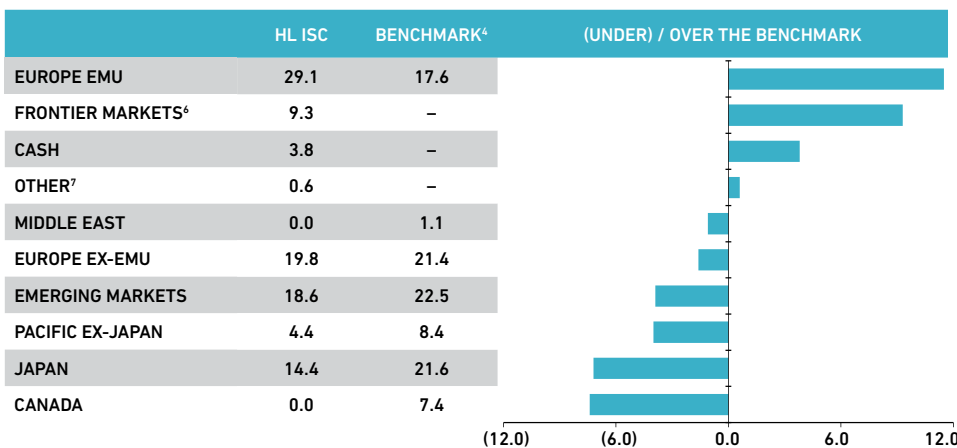


**COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDING MARCH 31, 2017<sup>1</sup>**

	3 MONTHS	1 YEAR	3 YEARS <sup>2</sup>	5 YEARS <sup>2</sup>	10 YEARS <sup>2</sup>	SINCE INCEPTION <sup>2,3</sup>
HL INTL SMALL COMPANIES (GROSS OF FEES)	9.21	9.96	2.99	9.53	7.51	8.19
HL INTL SMALL COMPANIES (NET OF FEES)	8.95	8.84	1.91	8.35	6.30	7.00
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	8.86	12.67	2.82	7.06	3.41	4.04

<sup>1</sup>The Composite performance returns shown are preliminary; <sup>2</sup>Annualized Returns; <sup>3</sup>Inception Date: December 31, 2006; <sup>4</sup>The Benchmark Index; <sup>5</sup>Gross 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 (%)**


<sup>4</sup>Includes countries with less-developed markets outside the Index; <sup>7</sup>Includes 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**

Investors were encouraged by generally positive company results and macroeconomic data indicating growth.

Non-US small-cap markets outperformed US small caps, a reversal from last quarter.

Information Technology was the best performing sector, mainly due to industry growth in semiconductors.

**PORTFOLIO HIGHLIGHTS**

In the Information Technology sector, we find the most investment opportunities in the software & services industry group.

As of February 2017, we have adjusted our market-capitalization guidelines, with the goal of establishing more dynamic guidelines that better reflect the strategy's opportunity set.

We purchased one Health Care company, and sold one Industrials company and one Financials company.

## MARKET REVIEW

The MSCI All Country World ex-US Small Cap Index rose 8.9% in the first quarter of 2017, outpacing the MSCI All Country World ex-US Index, which rose 8.0%. Investors were encouraged by generally robust revenue and earnings growth in recent company results, as well as macroeconomic data on jobs, industrial production, and GDP growth. Divergent monetary policy actions across the US, Japan, and Europe suggested some differences in growth expectations, however. The US Federal Reserve enacted an interest rate increase in March that was largely expected following the increase in December 2016. Another two increases are likely through 2017, assuming the US economy continues to improve. The European Central Bank and Bank of Japan both indicated that they would continue to provide aggressive support, suggesting that in their view global growth is not yet sufficient for normalized interest rates.

Non-US small-cap markets outpaced the US market, a reversal from the prior quarter, as some of the investor optimism that helped US markets since the election of President Trump waned. Among major regions, Emerging Markets (EMs) rose the most, by 13%, led by the strong performance of India and Brazil. In India, the demonetization of roughly 85% of the currency in circulation did not have a major impact as GDP grew 7% in the fourth quarter. Brazil, still in the deepest economic

### MARKET PERFORMANCE (USD %)

MARKET	1Q 2017	TRAILING 12 MONTHS
CANADA	4.4	19.1
EMERGING MARKETS	13.0	14.7
EUROPE EMU	10.7	12.1
EUROPE EX-EMU	6.8	4.7
JAPAN	6.9	16.7
MIDDLE EAST	17.5	34.1
PACIFIC EX-JAPAN	7.7	11.1
MSCI ACW EX-US SMALL CAP INDEX	8.9	12.7

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

SECTOR	1Q 2017	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	8.5	7.4
CONSUMER STAPLES	7.1	9.4
ENERGY	-4.0	21.8
FINANCIALS	7.2	8.7
HEALTH CARE	9.4	8.2
INDUSTRIALS	9.6	14.8
INFORMATION TECHNOLOGY	15.4	21.1
MATERIALS	10.2	24.6
REAL ESTATE	6.1	2.6
TELECOM SERVICES	11.9	5.6
UTILITIES	10.6	18.0

Source: FactSet (as of March 31, 2017); MSCI Inc. and S&P.

recession in its history with eight successive quarters of declines in GDP through December, has shown some signs of stabilization. The significant reduction in the country's current account deficit and an almost 400 basis point decline in inflation could provide the Brazilian Central Bank room to lower interest rates. Mexico also rose 12%, supported by an almost 11% increase in its currency in the quarter. The best performance among developed countries came from the EMU, especially Italy and Germany. Though elections in countries across Europe, most notably Germany and France, and the recent triggering of Article 50 to begin the process of removing the UK from the European Union may have long-term effects, they did not adversely impact markets in the quarter.

Viewed by sector, Information Technology (IT), Telecom Services, and Utilities were the top three performing, followed by Materials. IT rose 15% and was the leading sector in most regions. The strong performance in IT was mainly due to the semiconductors industry group, though the technology hardware & equipment and software & services groups also outperformed the Index. Data from World Semiconductor Trade Statistics (WSTS), an organization representing the majority of companies in the semiconductor industry, suggest continued strong growth from the fourth quarter of last year.<sup>1</sup> WSTS forecasts faster growth in 2017 due to increasing demand for sensors, analog semiconductors, and memory. The forthcoming iPhone 8 will have major enhancements that we believe are likely to create demand for the phone and, consequently, for components across the semiconductor supply chain this year.

The only sector to decline was Energy; oil fell 7%, as rig counts and inventory levels in the US began to increase.

## PERFORMANCE AND ATTRIBUTION

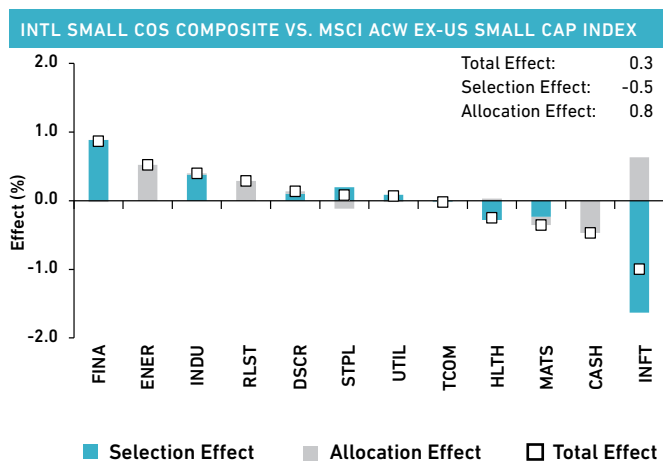
The International Small Companies composite rose 9.2% in the quarter, slightly ahead of the 8.9% rise of the Index. The charts on the following page illustrate the sources of relative return by sector and region, respectively.

The portfolio benefited from strong stock selection in Financials thanks to two companies in rapidly growing economies: **Brac Bank** of Bangladesh and **GRUH Finance** of India. Brac Bank reported strong 2016 earnings in March. Net profit grew 74% in the year, as loan growth continued to be particularly strong in retail (loan growth of 54%) and among small- and medium-sized enterprises (31%)—loans to smaller clients being more profitable than those to large corporations. Mortgage lender Gruh Finance also released solid numbers, growing net

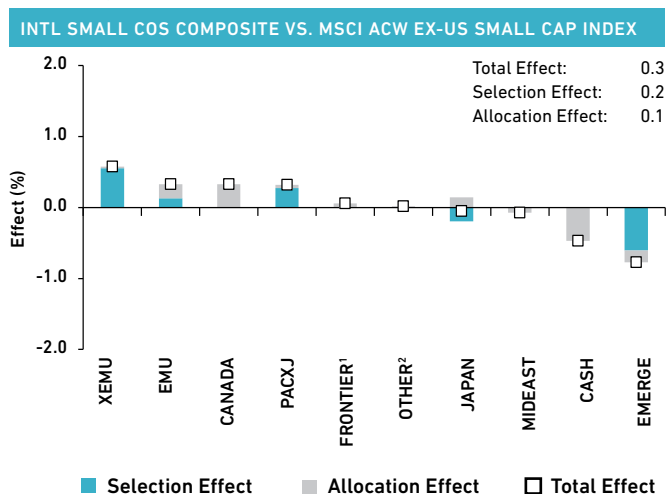
<sup>1</sup>World Semiconductor Trade Statistics, "WSTS News Release February 2017."

*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 March 31, 2017 is available on page 6 of this report.*

## SECTOR PERFORMANCE ATTRIBUTION FIRST QUARTER 2017



## GEOGRAPHIC PERFORMANCE ATTRIBUTION FIRST QUARTER 2017



<sup>1</sup>Includes countries with less-developed markets outside the Index;  
<sup>2</sup>Includes companies classified in countries 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 Presentation.

profit 23% in the year. These results, combined with resilient economic growth in India following demonetization, supported the stock price.

The portfolio also benefited from its zero-weight in the declining Energy sector. Our stock selection in IT, our largest sector, dragged on performance. German IT-services company **Bechtle** lagged the strong IT sector return. The company reported a strong financial year 2016 with revenue growth of 9% year-over-year and operating profit growth of 11%, but management gave a weaker than expected forecast for 2017, citing weakness in customer hardware deployments.

Viewed geographically, poor stock selection in EMs hurt relative returns. China-based payment-terminal provider **PAX Global** released disappointing 2016 financial results in March.

The company's revenues in China fell 38% in the fourth quarter of last year after regulators redefined the rates that merchants pay to their banks for processing electronic payments. As the banks' profits shrank under the new regulations, so did their demand for new terminals from PAX. However, the new regulatory regime creates a market-based environment, normalizing the fees paid to merchants across industries and removing loopholes, which we believe will support the company's growth over the long term.

In contrast, our strong stocks in Europe ex-EMU helped performance. Swiss-based **Bossard**—a producer of industrial fastening equipment such as screws, nuts, and bolts—reported very strong 2016 numbers. In the US, Bossard grew business with one of its largest clients, Tesla Motors, which increased production last year. The company also benefitted from a much more stable currency environment in Switzerland. Our zero weight to Canada also helped relative returns.

## INVESTMENT PERSPECTIVES

### Information Technology Sector Investing

The IT sector is the portfolio's biggest sector exposure on an absolute basis, and also our largest overweight. Within IT, our largest weight is in software & services. Companies in this industry group target a variety of niche markets, and create competitive advantages by selling differentiated products and services focused on these niches. There are three types of companies within software & services that most interest us: those with internet-based business models, those with software-based business models, and IT consulting and services. It is more challenging to find high-quality growth companies in the other two IT industry groups—technology hardware & equipment and semiconductors—where technology substitution is a constant threat.

Companies with internet-based business models tend to disrupt old ways of doing business, scale up quickly and without much capital, and create high entry barriers via the network effect whereby the value of a network or platform to its users increases with the number of users. For example, Japanese portfolio holding **Infomart** operates a business-to-business e-commerce platform that links buyers (restaurants, hotels, caterers, and supermarkets) to suppliers (food producers, farmers associations, fishery associations, and wholesalers). This platform eliminates paperwork, allows for digital tracking of inventory, and creates a more efficient supply chain. Infomart has strong customer loyalty, with over 95% renewal rates. By working closely with both buyers and suppliers, the company has built a network advantage over time, making it difficult for others to replicate its success. The company only spends about 1%–2% of sales on capital expenditures, generates over 30% operating margins, earns return on assets of over 15%, and has strong cash flows.

Companies with software-based business models are in many ways similar to those with internet-based models—they replace labor intensive processes, do not require a lot of capital (as

the product is mainly software code), and create entry barriers quickly as their software is widely adopted. We also like software companies because they tend to have significant positive impacts on productivity as they involve some automation of business processes. Software product cycles are long and typically involve upgrades as opposed to major redesigns; the distribution of products is also inexpensive (on a CD or over the internet). For example, one portfolio holding, Switzerland-based **Temenos Group**, provides banking and wealth-management software for financial institutions globally. As banks face anemic revenue growth and pressure to automate processes and provide online services, their in-house legacy software and manual processes are no longer sufficient. Customers who use Temenos' software have improved their cost-to-income ratios and return on assets. As a result, demand for Temenos' products and services has been growing. The company's core banking software platform, T24, is ranked Number One in terms of new customers.<sup>2</sup> More recently, for customers who need more financial flexibility, the company introduced a cloud-based solution, paid for on a monthly basis instead of in one large upfront software-license payment. Temenos' software license revenues have grown at 22% annually over the last three years, and we expect them to grow at least in the high single-digit range over the next five years. The company generates about 20% operating margins, 10% return on assets, and 17% return on equity.

Software- and internet-based business models can be found outside the IT sector as well. For example, **MonotaRO**, which is an Industrials company, sells MRO (maintenance, repair and operations) supplies over the internet in Japan. These products include all the small items needed to run a business such as gloves, filters, duct tape, wire, nuts, and bolts. The company has disrupted, and continues to disrupt, the traditional MRO network in Japan, which supplied MRO products through face-to-face meetings during factory sales calls. Another company, **EMIS Group**, develops and sells software for physicians, pharmacies, and health care providers in the UK. The company is in the health care technology industry within the Health Care sector. The software creates detailed electronic medical records and connects primary care physicians with pharmacies, specialist doctors, and other health care professionals. Because of its comprehensive functionality, this software reduces overall health care costs for the National Health Service, the largest and oldest single-payer health care system in the world.

Software-based business models across any sector typically follow the competitive strategy of *differentiation*: creating unique products that competitors do not offer and cannot easily replicate. Software code is considered literary work and is therefore eligible for copyright protection. Many countries also provide patent protection if the code runs an algorithm with a useful application. Similar intellectual property (IP) protection is available for internet companies as well, but they may also combine differentiation with other competitive strategies, such as a *cost leadership* strategy, where a company prevails by hav-

ing lower costs than competitors. For example, the premise for Amazon's business is that goods can be provided more cheaply to consumers by businesses that avoid the need for bricks and mortar.

Similarly, IT consulting and services companies often follow either a differentiation or a cost leadership strategy. One of our portfolio companies, **Alten**, based in France, provides advanced engineering consultancy and IT services for a variety of customers that design products such as cars, airplanes, and industrial machines using CAD (computer aided design) software. Instead of copyright and patent protection, the company differentiates itself by relying on its proprietary engineering and services expertise to deploy and use software. By focusing on a narrow segment within the US\$900 billion IT services and consulting market, the company has developed strong customer relationships—growing revenues and earnings in the low double digits—while delivering low- to mid-teens returns on assets and on equity.

In contrast to these high-quality, growing companies in the software & services industry group, many companies in the technology hardware & equipment and semiconductor industry groups have short product cycles and must continuously improve functionality of their products due to competitive pressure and threats from substitute technologies. These improvements in functionality come at a price—semiconductor and hardware companies must constantly spend on research and development (R&D) as well as on new plants and equipment; if they don't, a competitor or substitute technology will likely take over. Some of these substitution threats come from software companies. For example, virtualization technologies from companies like VMware and Microsoft substitute the need for additional physical servers (and the semiconductors such as microprocessors and memory contained therein). By locating and accessing excess capacity across all the physical servers in a company's data center, virtualization software allows IT administrators and other users to use existing capacity more efficiently instead of purchasing additional servers to expand capacity.

We invest in technology-hardware companies only when we believe the company's competitive advantages will protect it from some of the negative forces of the hardware-manufacturing industry. One example is **LEM Holdings**, a developer of transducers that control and measure current and voltage for a wide variety of technologies including elevators, trains, and hybrid and electric cars. The company designs its own chips, called ASICS (application specific integrated circuits), for its products—a significant competitive advantage since most competitors rely on off-the-shelf products that do not offer any opportunity for differentiation.

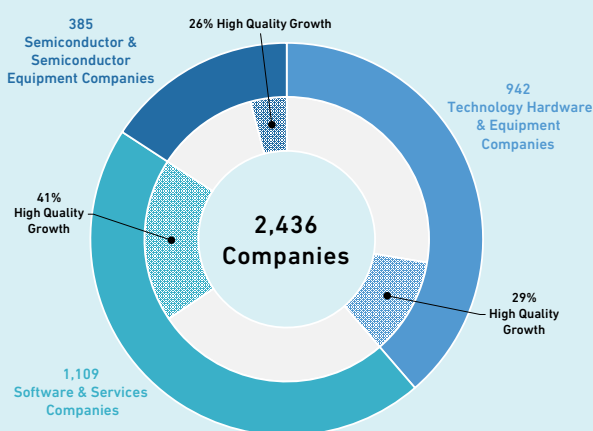
Competitive intensity can change very quickly in the technology hardware & equipment industry group due to short product cycles, the rapid pace of innovation, and lower IP barriers. One portfolio company we are monitoring closely for emerging risks is **Wasion Group Holdings**. The company provides electronic meters for China's electricity grids as well as for measuring

<sup>2</sup>IBS, *IBS Journal* (March 2016), 16.

heat, water, and gas. While the company started with some unique technology from its joint venture with Siemens, the electronic metering business has seen several new entrants as the pace of innovation has slowed and products have become increasingly similar.

#### NUMBER OF IT COMPANIES UNDER US\$10B MARKET CAP

Our proprietary measures reveal a preponderance of high-quality, high-growth companies in the software & services industry group. As the chart below shows, 41% of the 1,109 software & services companies below US\$10 billion market cap qualify as high-quality, high-growth companies, compared with 29% of technology hardware & equipment companies, and 26% of semiconductor & semiconductor equipment companies.



Source: Harding Loevner, HOLT database. "High-Quality Growth" companies are those ranked above the median on Harding Loevner's proprietary quality and growth measures relative to all companies with a market capitalization under US\$10 billion. 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.

#### Changes to Market-Cap Guidelines

Since its inception in 2006, the International Small Companies Equity strategy has focused upon non-US companies with market capitalizations under US\$3 billion. Up to 15% of the portfolio was permitted to be invested in companies with market capitalization greater than US\$3 billion.

Effective February 28, 2017, we have adjusted the static market-capitalization guidelines established at the inception of the strategy to the following benchmark-relative guidelines:

- The weighted-average market cap (WAMC) of the model portfolio's holdings must be in the range of 0.7–1.5 times the WAMC of the strategy's benchmark Index, the MSCI All Country World ex-US Small Cap Index.
- A minimum of 85% of the portfolio must be invested in companies with a market capitalization within the range of the market capitalization of companies in the benchmark.

The WAMC of the Index as of March 31, 2017 was US\$1,187 million and the range of market capitalization was US\$68 million to US\$8,830 million. The WAMC of the International Small Companies Equity model portfolio as of March 31, 2017 was US\$1,553 million and the range of market capitalization was US\$158 million to US\$8,830 million.

The overall goal of this change is to establish more dynamic guidelines that better reflect the international small companies' investment opportunity set.

#### PORTFOLIO HIGHLIGHTS

This quarter, we bought **Stratec Biomedical**, a German company specializing in the design of automation and instrumentation technology for the in-vitro diagnostics (IVD) industry. The company's products and services are provided to diagnostic-equipment companies such as Siemens, Immucor, and Dialogic which, in turn, sell the final product to medical-diagnostic labs such as Quest Diagnostics. Stratec has a strong R&D team and over 150 patents, filing about 20 new patents annually. The company benefits from growth in the IVD industry as well as a trend toward outsourcing of R&D by its customers. Expansion of health care systems (especially in EMs), aging populations, increases in chronic diseases, and the development of new diagnostic technologies should help ensure sustained revenue growth for the company over the long term. Stratec's leading market share position and R&D efforts, combined with the company's ability to leverage its IP across multiple diagnostic instrumentation platforms, should help it sustain and even expand profit margins. Stratec has a healthy balance sheet with a net cash position, generates free cash flow, and boasts solid returns on invested capital.

In January, we exited our position in **Semperit**, an Austria-based manufacturer of rubber gloves and other rubber-based products used by industrial companies. Semperit and many of its competitors, such as Hartalega, Top Glove, and Kosan, have invested heavily in recent years to increase their glove-making capacity. Now, we believe, the industry is in a state of over-supply. Semperit reported 2016 revenues in its gloves business were 12% below the previous year, stating that, while volumes had grown, margins had fallen amidst a price decline that affected all producers. It is our belief that this state of overcapacity will prevent Semperit from growing earnings over the medium term, and that this was not accurately reflected in the share price.

We sold our remaining position in **Cetip**, the dominant Brazilian depository in fixed income and over-the-counter derivatives, as its acquisition by BVMF (the largest Brazilian exchange) closed during the quarter. While we like the merger as it creates a dominant exchange with diversified revenue streams, the resultant entity has a market cap of well over US\$13 billion.



## INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF MARCH 31, 2017)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)	SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>CONSUMER DISCRETIONARY</b>			<b>INDUSTRIALS</b>		
ABC-MART Footwear retailer	Japan	0.4	ARCADIS Engineering consulting services	Netherlands	1.4
CHEIL WORLDWIDE Marketing services	South Korea	0.4	BERTRANDT Engineering services	Germany	1.1
DIGNITY Funeral services provider	UK	0.7	BOSSARD Fasteners distributor	Switzerland	2.7
HERFY FOOD SERVICES Quick service restaurant chain	Saudi Arabia	0.9	BRUNEL INTERNATIONAL Employment services	Netherlands	1.3
HIDAY HIDAKA Restaurants	Japan	2.4	COASTAL CONTRACTS Marine transportation services	Malaysia	0.4
IPSOS Market research	France	1.2	DANIELI Builds iron and steel facilities	Italy	0.9
PICO FAR EAST HOLDINGS Events services	Hong Kong	1.9	DIALOG GROUP BERHAD Petrochemical tech. services	Malaysia	0.5
SHENZHOU INTERNATIONAL Textile manufacturer	China	0.6	HAITIAN Plastic injection molding machine maker	China	1.2
<b>CONSUMER STAPLES</b>			<b>INTRUM JUSTITIA Credit management</b>		
ALICORP Consumer goods manufacturer	Peru	0.5	LISI Industrial fasteners manufacturer	France	2.0
ARIAKE Produces seasonings from meat products	Japan	1.4	MISUMI GROUP Machinery parts distributor	Japan	0.8
BRITVIC Soft drink supplier	UK	0.7	MONOTARO Online distributor of maintenance supplies	Japan	0.4
CLICKS GROUP Retail pharmacy chain	South Africa	1.2	PARK24 24-hour automated parking operator	Japan	0.7
COSMOS PHARMACEUTICAL Drug store operator	Japan	0.7	PFEIFFER VACUUM TECHNOLOGY Vacuum pump mfg.	Germany	1.2
EAST AFRICAN BREWERIES Beverage manufacturer	Kenya	0.8	RATIONAL Semi combi-steamers for industrial kitchens	Germany	0.4
GRUPO HERDEZ Processed foods	Mexico	0.8	ROTORK Actuator maker	UK	0.5
KERNEL Diversified agribusiness conglomerate	Ukraine	1.9	RPS GROUP Environmental health, safety and risk	UK	1.6
KWS SAAT Agricultural products	Germany	1.2	SENIOR Aerospace and auto parts manufacturer	UK	1.4
PIGEON Baby care goods	Japan	0.7	TOMRA Creates solutions to critical industries	Norway	1.5
PRICESMART Membership club warehouse retailer	US	0.6	<b>INFORMATION TECHNOLOGY</b>		
SUGI HOLDINGS Pharmacy drugstore chain	Japan	0.6	ADVANTECH Manufacturer & marketer of industrial PCs	Taiwan	0.6
TANZANIA BREWERIES Beverage manufacturer	Tanzania	0.7	ALTEN Technology consulting	France	2.8
VITASOY INTL HOLDINGS Soy-based foods & bev. mfg.	Hong Kong	1.5	ASM INTERNATIONAL Semiconductor equipment	Netherlands	1.4
<b>ENERGY</b>			BECHTLE IT servicing and IT product reseller	Germany	3.1
No holdings			CHIPBOND TECHNOLOGY Chip packaging service	Taiwan	1.1
<b>FINANCIALS</b>			GLOBANT Software solutions	Argentina	1.0
ANADOLU HAYAT EMEKLILIK Life insurance/pension	Turkey	1.1	GMO PAYMENT GATEWAY Credit card transaction services	Japan	0.6
BANK OF GEORGIA Commercial bank	UK	1.5	INFOMART Online restaurant supply chain operator	Japan	1.6
BRAC BANK Commercial bank	Bangladesh	1.8	LEM HOLDINGS Electrical components mfg.	Switzerland	1.6
EQUITY BANK Commercial bank	Kenya	1.3	PAX GLOBAL Electronic payments	China	1.6
GRUH FINANCE Mortgages	India	2.9	REPLY IT services company	Italy	2.1
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	2.5
RATHORNE BROS Wealth management	UK	1.8	WASION GROUP HOLDINGS Smart metering company	China	1.3
<b>HEALTH CARE</b>			<b>MATERIALS</b>		
ABCAM Research antibody mfg. and distributor	UK	1.9	CEMEX LATAM Multinational building materials company	Colombia	0.4
BML Medical laboratory operator	Japan	1.6	CHR. HANSEN Produces natural food ingredients	Denmark	0.5
CARL ZEISS MEDITEC Ophthalmology systems	Germany	2.3	DULUXGROUP Paints and varnishes manufacturer	Australia	0.7
DIASORIN Producer of reagents for diagnostics	Italy	0.4	RPC Plastic packaging manufacturer	UK	0.5
EMIS GROUP Healthcare information technology	UK	0.7	<b>REAL ESTATE</b>		
FINDEX Healthcare products software developer	Japan	0.5	No holdings		
GERRESHEIMER Specialty packaging manufacturer	Germany	1.5	<b>TELECOM SERVICES</b>		
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.2	TOWER BERSAMA Wireless telecom towers	Indonesia	0.4
NAKANISHI Dental tool manufacturer	Japan	1.4	TPG TELECOM Telecom services	Australia	0.3
ROHTO PHARMACEUTICAL Pharma/cosmetics mfg	Japan	0.4	<b>UTILITIES</b>		
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	1.0	RUBIS Liquid chemical storage and distribution	France	0.9
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	1.4	<b>CASH</b>		
					3.8

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.

### 1Q17 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
BOSSARD	INDU	2.6	0.64
PICO FAR EAST HOLDINGS	DSCR	1.6	0.50
REPLY	INFT	1.9	0.47
GRUH FINANCE	FINA	1.7	0.42
ASM INTERNATIONAL	INFT	1.7	0.39

### 1Q17 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
BML	HLTH	1.7	-0.14
RPC	MATS	0.7	-0.14
EAST AFRICAN BREWERIES	STPL	0.9	-0.09
INFOMART	INFT	1.6	-0.06
EMIS GROUP	HLTH	0.7	-0.05

### PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	9.0	6.8
RETURN ON ASSETS <sup>1</sup> (%)	8.7	5.1
RETURN ON EQUITY <sup>1</sup> (%)	16.2	10.3
DEBT/EQUITY RATIO <sup>1</sup> (%)	12.3	48.0
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	2.6	4.4
SALES GROWTH <sup>1,2</sup> (%)	4.3	0.9
EARNINGS GROWTH <sup>1,2</sup> (%)	9.4	8.7
CASH FLOW GROWTH <sup>1,2</sup> (%)	10.4	7.0
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.9	3.3
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	1.6	1.7
WTD AVG MKT CAP (US \$B)	1.9	2.1
TURNOVER <sup>3</sup> (ANNUAL %)	27.9	-

### LAST 12 MOS CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	WEIGHT	CONTRIBUTION
BOSSARD	INDU	2.1	1.31
CARL ZEISS MEDITEC	HLTH	2.2	0.85
GRUH FINANCE	FINA	1.4	0.79
VAISALA	INFT	2.2	0.75
CETIP	FINA	1.5	0.70

### LAST 12 MOS DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	WEIGHT	CONTRIBUTION
ANADOLU HAYAT EMEKLILIK	FINA	2.1	-0.62
PAX GLOBAL	INFT	1.4	-0.60
SEMPERIT	INDU	1.4	-0.59
GRAFTON GROUP	INDU	0.7	-0.50
EQUITY BANK	FINA	1.4	-0.42

RISK & VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	3.22	-
BETA <sup>2</sup>	0.87	1.00
R-SQUARED <sup>2</sup>	0.90	1.00
ACTIVE SHARE <sup>3</sup> (%)	97	-
STANDARD DEVIATION <sup>2</sup> (%)	11.54	12.59
SHARPE RATIO <sup>2</sup>	0.82	0.55
TRACKING ERROR <sup>2</sup>	4.0	-
INFORMATION RATIO <sup>2</sup>	0.61	-
UP/DOWN CAPTURE <sup>2</sup>	93/76	-
PRICE/EARNINGS <sup>4</sup>	20.2	16.0
PRICE/CASH FLOW <sup>4</sup>	11.9	11.3
PRICE/BOOK <sup>4</sup>	2.8	1.5
DIVIDEND YIELD <sup>5</sup> (%)	2.1	2.3

<sup>1</sup>Weighted median; <sup>2</sup>Trailing five years, annualized; <sup>3</sup>Five-year average; <sup>4</sup>Weighted harmonic mean; <sup>5</sup>Weighted 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: April 7, 2017); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

### COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
STRATEC BIOMEDICAL	GERMANY	HLTH

POSITIONS SOLD	COUNTRY	SECTOR
CETIP	BRAZIL	FINA
SEMPERIT	AUSTRIA	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 MARCH 31, 2017)

	HL ISC GROSS (%)	HL ISC NET (%)	ACWI EX-US SMALL CAP <sup>1</sup> (%)	HL ISC 3-YR STD DEVIATION <sup>2</sup> (%)	ACWI EX-US SMALL CAP 3-YR STD DEVIATION <sup>2</sup> (%)	INTERNAL DISPERSION <sup>3</sup> (%)	NO. OF ACCOUNTS	COMPOSITE ASSETS (\$M)	FIRM ASSETS (%)
2017 YTD <sup>4</sup>	9.21	8.95	8.86	10.65	12.03	N.A. <sup>5</sup>	3	208	0.49
2016	0.79	-0.22	4.29	10.78	12.15	N.M. <sup>6</sup>	2	154	0.40
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

<sup>1</sup>Benchmark Index; <sup>2</sup>Variability of the composite and the Index returns over the preceding 36-month period, annualized; <sup>3</sup>Asset-weighted standard deviation (gross of fees); <sup>4</sup>The 2017 YTD performance returns and assets shown are preliminary; <sup>5</sup>N.A.—Internal dispersion is less than a 12-month period; <sup>6</sup>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 international equity accounts investing primarily in non-US equity and equity-equivalent securities of companies with market capitalizations that fall within the range of the Composite's benchmark index which is described below. 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, and is comprised of companies that fall within a market capitalization range of USD 68–8,830 million (as of March 31, 2017). 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 December 31, 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 December 31, 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.