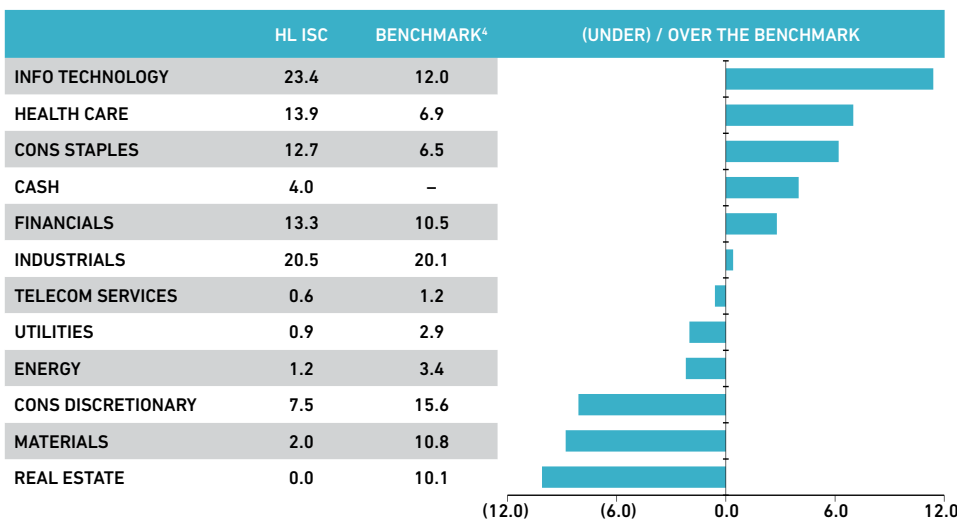
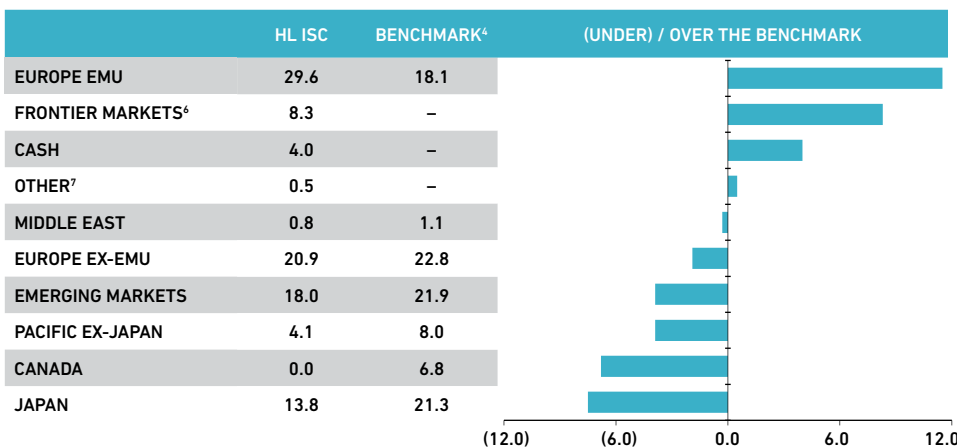


**COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDING JUNE 30, 2017<sup>1</sup>**

	3 MONTHS	YTD	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)	11.80	22.09	23.39	5.80	13.23	7.49	9.14
HL INTL SMALL COMPANIES (NET OF FEES)	11.52	21.50	22.15	4.69	12.02	6.29	7.95
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	6.40	15.83	20.76	3.67	10.40	3.28	4.55

<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**

Stocks of small-cap companies in Europe rose alongside positive economic indicators and encouraging political developments.

Weaker commodity prices, especially the decline in oil prices, negatively impacted the markets of Canada, Russia, and Brazil.

Following the outperformance of small-cap value stocks during the second half of 2016, the second quarter of 2017 was marked by a notable style shift back to growth stock leadership.

**PORTFOLIO HIGHLIGHTS**

We emphasize high-quality, growing companies regardless of shifts in market environment.

We reduced our most-expensive holdings in favor of relatively cheaper alternatives.

We initiated our first position in Israel and increased the portfolio's still-small exposure to Energy.

## MARKET REVIEW

The MSCI All Country World ex-US Small Cap Index rose 6.4% in the second quarter of 2017. In April, the International Monetary Fund raised its outlook for the global economy as it saw the long-awaited cyclical recovery in capital investment, manufacturing, and trade indicate more robust global demand. Central bankers also acknowledged that global economic growth is accelerating.

By region, the European Monetary Union (EMU) performed the best, rising 12.4%, followed by Europe ex-EMU, which rose 9.1%. Stocks of small-cap companies in Europe rose alongside positive economic indicators and encouraging political developments. The Eurozone Manufacturing Purchasing Managers' Index (PMI) rose to a 6-year high.<sup>1</sup> Unemployment rates in the UK, Germany, and several other major European countries are at multi-year lows. The victory of Emmanuel Macron in the French presidential election alleviated acute concerns about the cohesion of the European Union. Japan also showed signs of continued economic recovery. The country's unemployment rate was only 2.8% in April, the lowest since the 1970s. The Bank of Japan in its quarterly review expressed optimism on the prospects for growth, as private consumption, business investment, and exports have all been improving. Weaker commodity prices, especially the decline in oil prices, negatively impacted the markets of Canada, Russia, and Brazil.

### MARKET PERFORMANCE (USD %)

MARKET	2Q 2017	TRAILING 12 MONTHS
CANADA	-0.2	5.1
EMERGING MARKETS	2.7	17.2
EUROPE EMU	12.4	33.3
EUROPE EX-EMU	9.1	23.3
JAPAN	6.5	19.8
MIDDLE EAST	5.8	42.1
PACIFIC EX-JAPAN	3.4	14.0
MSCI ACW EX-US SMALL CAP INDEX	6.4	20.8

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

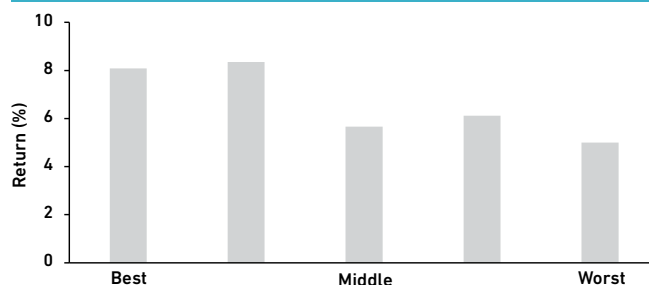
SECTOR	2Q 2017	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	4.2	16.9
CONSUMER STAPLES	7.2	12.0
ENERGY	-6.6	4.1
FINANCIALS	9.8	30.2
HEALTH CARE	7.8	11.9
INDUSTRIALS	8.7	28.1
INFORMATION TECHNOLOGY	8.4	34.4
MATERIALS	3.9	23.0
REAL ESTATE	6.6	8.4
TELECOM SERVICES	8.4	19.4
UTILITIES	5.2	18.3

Source: FactSet (as of June 30, 2017); MSCI Inc. and S&P.

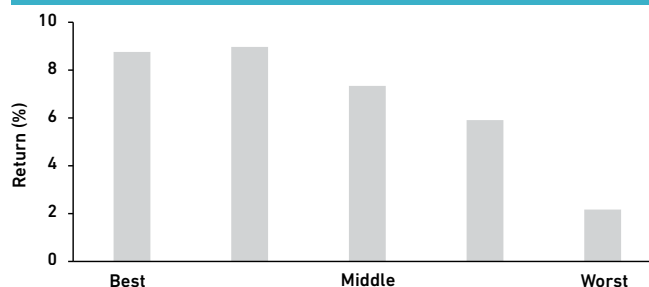
By sector, Financials and Industrials performed the best. Information Technology (IT) also rose more than the Index, with companies in that sector reporting good earnings and providing strong guidance for the rest of the year. The Consumer Staples sector also performed well thanks to rising consumer confidence in both Japan and the eurozone. In May, OPEC extended its crude oil production cuts by nine months, but the stubbornly slow declines in global crude oil inventories thus far this year—along with concerns about rising oil production in the US, Nigeria, and Libya as well as the lack of further OPEC actions to support oil prices—put pressure on oil prices in the quarter, impacting Energy sector performance.

Following the outperformance of small-cap “value” stocks during the second half of 2016, the recent quarter was marked by a notable style shift back to “growth” stock leadership. According to our proprietary growth factor ranking, the fastest-growing quintile outperformed the slowest-growing by around 300 basis points. The quality factor performed even better: performance was nearly monotonic with rising quality, with the highest-quality quintile outperforming the lowest-quality quintile by about 650 basis points. Unsurprisingly given this pattern, the most expensive stocks outperformed the cheapest ones—by almost 300 basis points.

### MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY GROWTH 2Q17



### MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY QUALITY 2Q17

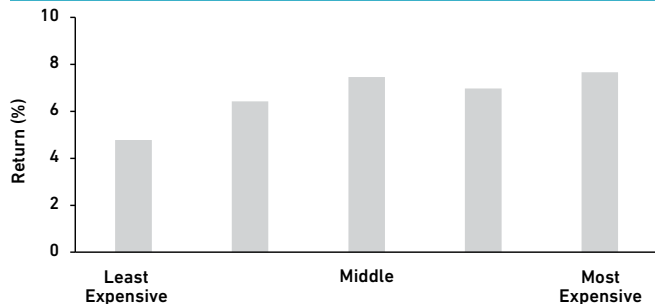


Source: FactSet. Data as of June 30, 2017, MSCI Inc. and S&P.

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

<sup>1</sup>IHS Markit Purchasing Managers' Index, “Eurozone Manufacturing upturn gains further momentum as PMI hits 74-month high,” IHS Markit News Release (July 3, 2017).

## MSCI ACW EX-US SMALL CAP INDEX PERFORMANCE BY VALUE 2Q17



Source: FactSet. Data as of June 30, 2017, MSCI Inc. and S&P.

Harding Loevner's Growth, Quality, and Value rankings are proprietary measures determined using objective data. Value rankings are based on several valuation measures, including price ratios

## PERFORMANCE AND ATTRIBUTION

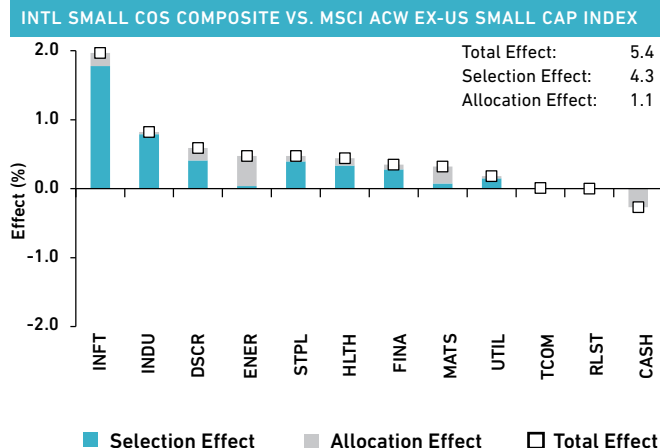
The International Small Companies composite rose 11.8% in the quarter, ahead of the 6.4% rise of the Index. The quality-growth companies on which we focus delivered superior returns in a strongly rising market. Strong stock selection, especially in the IT sector, and a large overweight to Europe EMU contributed to outperformance in the quarter. The charts to the right illustrate the sources of relative return by sector and region, respectively.

Thanks to our focus on high-quality companies with sustainable competitive advantages, our strategy has tended to outperform in declining markets. On the other hand, rapidly rising markets that are the result of cyclical rebounds in which low-quality stocks lead have typically been a headwind for us. This year's strong rally was different insofar as both high-quality and high-growth stocks outperformed, supporting our portfolio's returns. We held an average of 73% of our portfolio in the top two quintiles of quality by Index weight. Similarly, 64% of the portfolio falls into the top two quintiles of growth. This profile helped the portfolio achieve superior returns in a strong market.

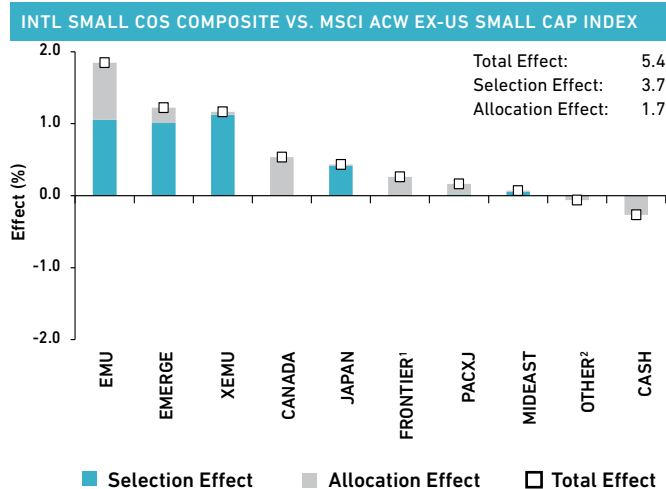
By sector, stock selection in IT contributed the most to relative returns in the quarter. Our European IT exposure fared particularly well, led by **Vaisala**, **LEM Holdings**, and **Bechtle**. Finland-based Vaisala manufactures microscopic mechanical sensors primarily used in weather equipment. In April, the company disclosed that its first-quarter new-order growth increased by 26% year-over-year. Similarly, LEM, a developer of transducers that control and measure current and voltage, reported strong fourth-quarter 2016 numbers in April, which boasted operating profit growth of about 15% year-over-year.

*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 June 30, 2017 is available on page 6 of this report.*

## SECTOR PERFORMANCE ATTRIBUTION SECOND QUARTER 2017



## GEOGRAPHIC PERFORMANCE ATTRIBUTION SECOND 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.

The demand for transducers is growing rapidly due to growth in electric and hybrid vehicles, which use nearly ten times as many transducers as traditional vehicles. In May, German IT-services company Bechtle reported its first-quarter numbers, which also surpassed market expectations (its revenues were up 14% year-over-year). Bechtle has exposure to a wide range of end-markets, and it benefited from the generally stronger European economy.

Japan-based **Infomart** also aided our IT stock selection. Infomart offers an internet-based platform that connects food manufacturers with commercial customers such as restaurants, hotels, and caterers. The company's e-commerce model is winning over manufacturers who formerly conducted business through slower, more-expensive means such as direct market-

ing and trade shows. The company's heavy investment in software and systems to support its anticipated growth depressed its operating margins in 2016. In late April, the company revealed its first-quarter results and operating profit grew 9%, slightly faster than revenue. We believe this to be the first fruit born from the heavy investment in 2016, and expect continued margin expansion in 2017.

Viewed by region, the portfolio had the greatest success in Europe EMU, due to both our large overweight compared to the Index and strong stock selection. Approximately 30% of our portfolio is invested in Europe EMU, compared to just 18% of the Index. France, Germany, and the Netherlands are the main sources of the overweight. In terms of stock selection, in addition to the strong performance of European IT, German seed manufacturer **KWS Saat** was a top contributor. The company raised its full-year guidance in May due to stronger-than-expected results in its sugar beet business, the primary causes for which were a higher sugar price and deregulation of the European sugar beet industry, where production quotas and export limits for sugar were recently lifted for the first time since 2006.

The largest drag on relative performance by country was stock selection in the Netherlands, due to professional-staffing company **Brunel International**. The company reported a 37% drop in operating income for the first quarter. We believe the pain inflicted by Brunel's high exposure to the oil and gas industry has peaked.

Our modest cash position detracted from relative performance in a strong quarter for equity returns.

## ■ INVESTMENT PERSPECTIVES

International small-cap stocks have more than tripled since their March 2009 nadir in the wake of the global financial crisis, outstripping the gains of their larger-cap brethren. The climb has not been straight up, nor has it been led by a single type of stock; the eight years have been marked by episodic swings from growth style to value style leadership and back again. The swings have lasted for as little as 11 months to as long as two-and-a-half years, and reversals have been unpredictable. Investors who believed at the start of this year that the value leadership that began in February 2016 was just getting started have been wrong-footed by growth stocks leading in the half year thus far.

**As implemented through our consistent investment process, our investment philosophy and valuation discipline help us navigate through changing style regimes.**

Predicting the onset and duration of style cycles is an exercise in futility that we endeavor to avoid. Whether markets at any moment provide a headwind or a tailwind to our approach

does not influence our commitment to identifying high-quality, durable growth companies through fundamental, bottom-up research. As implemented through our consistent investment process, our investment philosophy and valuation discipline help us navigate through changing style regimes. Our simultaneous emphasis on both quality and sustainable growth is crucial. When present in combination, these characteristics enable a company not only to survive in cyclically varying economic and market environments, but also to emerge stronger from each cycle. The various aspects of quality—strong competitive positioning, financial strength, and good management and corporate governance—help companies gain market share to sustain long-term revenue and earnings growth. One example is Bechtle, a German IT-services and consulting company that we have owned for over four years. The company's high quality is manifest in its strong suite of products, long-lasting customer relationships, and focused management team. These have enabled it to increase its market share while consistently generating double-digit returns on invested capital over the past ten years.

### **Long-range thinking is particularly relevant for small-cap investing.**

Our emphasis on quality and growth emerges naturally from our focus on the long term—in our research process and our investment horizon. Long-range thinking is particularly relevant for small-cap investing. Small-cap markets are often more inefficient than other equity markets, due to information asymmetries arising from lack of sell-side coverage and minimal news coverage. This can result in significant time lags before relevant information is reflected in the stock prices of our companies. Our analysts forecast business results over a period of at least five years and typically much longer. Their focus on the underlying long-term drivers of revenue, earnings, and cash-flow growth helps them look past transient factors. The investment potential of a high-quality company, capable of sustainably growing revenues and earnings, can be realized only by patient investors—which is why our investment horizon is similarly long.

For example, when Bechtle's management announced in March that earnings and revenue growth in 2017 would be weaker than expected due to slower deployments of hardware by their customers, the stock sold off. We interpreted this drag as short-term in nature, as customers take time in finalizing their IT budgets, and may revise them through the course of a year. We continued to focus on our long-term reasons for investing in the company, such as our view that Bechtle has strong enduring potential to gain market share in Germany and adjacent markets. Though management's near-term earnings guidance hurt the stock price, underlying developments did not violate any of the *mileposts* set out by the analyst to measure on an ongoing basis the company's progress in fulfilling the investment thesis. For example, one milestone we have set for Bechtle is that it sustain a revenue-growth rate above that of its industry, which it has attained. At the time of writing, our tolerance for short-

term setbacks has benefited the portfolio. In May 2017 Bechtle reported strong first-quarter earnings with revenue growth of 14% year-over-year and operating profit of 17%, positively surprising investors.

## ■ PORTFOLIO HIGHLIGHTS

In the quarter, we continued to redeploy capital away from our most-expensive holdings in favor of relatively cheaper alternatives that nonetheless offer quality and growth characteristics.

We trimmed positions in India's **GRUH Finance** and **Max Financial**, Germany's **Carl Zeiss Meditec**, South Africa's **Clicks Group**, and Switzerland's **Bossard**, which had become a bit expensive in our estimation. Two other positions we sold completely: Japan's **Sugi Holdings**—as we considered it significantly overvalued—and Saudi Arabia's **Herfy Food Services**—out of concern about intensifying competition from McDonald's and Burger King. We redeployed this capital into new holdings in high-quality growth companies whose stocks we deemed more attractively priced based on our valuation modeling: **Emami Limited**, **CyberArk Software**, and **Moscow Exchange**.

Emami is an Indian company that manufactures personal care and medicinal products, such as skin cream, hair oils, pain-relief creams, and digestion aids. Emami's products are mostly herbal based, which Indian consumers perceive as safer and more effective than chemical-based products. Over its 43-year history, Emami has built up a distribution network of 4.6 million retail locations in India that sell its products. Through its 16 brands Emami controls approximately two-thirds of the Indian herbal-products market, a share we think it can maintain due to the nationwide reach of its distribution and customer loyalty to its brands. It would be very difficult and expensive for a competitor to build an equivalent network. Thanks to these competitive advantages, Emami grew its earnings 27% per annum over the last ten years and routinely generates a return on capital of over 20%. The negative impact of India's 2016 currency demonetization on consumer spending is now largely behind the company. We expect it to resume growing its earnings rapidly, as consumers' rising disposable income enables them to spend more on brand-name products.

**We redeployed capital into new holdings in high-quality growth companies whose stocks we deemed more attractively priced based on our valuation modeling.**

CyberArk, an Israel-based cybersecurity company, offers a software suite that protects an enterprise after its firewall has been breached. Its products create a digital vault inside the enterprise that securely stores sensitive credentials (known as "privileged accounts"), monitors and records the movement of a hacker once inside the network, and alerts the enterprise's security/IT professionals of the breach. Since its founding in 1999, the company has rapidly gained market share and now has the highest market share in the privileged account manage-

ment segment of the broader cybersecurity market. Its base of over 3,000 customers includes more than 45% of Fortune 100 companies and 25% of the Global 2000. The company has a balanced mix of direct and indirect sales channels, the latter including large IT-consulting firms such as Accenture, Deloitte, KPMG, and Pricewaterhouse Coopers.

Moscow Exchange benefits from growth in the Russian economy and development of the financial system without facing the credit and competitive risks of the banking sector. The Exchange was formed in December 2011 after the merger of Micex Group—the oldest local exchange with leading positions in securities, foreign exchange, and money markets—and the RTS Group—which operated the leading derivatives market in the country. The Exchange, with its own securities depository and clearing house, is fully integrated, cementing its leading position in the Russian markets. The revenue stream is well diversified across equities, fixed income, money markets, foreign exchange, depository and settlement services, derivatives, and IT services and listings.

We also purchased Kazakstan's **Nostrum Oil & Gas**, Japanese health care software developer **FINDEX**, and UK-based flight-support and services company **BBA Aviation**.

## INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF JUNE 30, 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	0.3	BBA AVIATION Flight support and services	UK	0.7
DIGNITY Funeral services provider	UK	0.7	BERTRANDT Engineering services	Germany	1.0
HIDAY HIDAKA Restaurants	Japan	2.5	BOSSARD Fasteners distributor	Switzerland	1.9
IPSOS Market research	France	1.3	BRUNEL INTERNATIONAL Employment services	Netherlands	1.0
PICO FAR EAST HOLDINGS Events services	Hong Kong	1.8	COASTAL CONTRACTS Marine transportation services	Malaysia	0.4
SHENZHOU INTERNATIONAL Textile manufacturer	China	0.6	DANIELI Builds iron and steel facilities	Italy	0.9
<b>CONSUMER STAPLES</b>			<b>INFORMATION TECHNOLOGY</b>		
ALICORP Consumer goods manufacturer	Peru	0.5	HAITIAN Plastic injection molding machine maker	China	1.3
ARIAKE Produces seasonings from meat products	Japan	1.4	INTRUM JUSTITIA Credit management	Sweden	0.8
BRITVIC Soft drink supplier	UK	0.7	LISI Industrial fasteners manufacturer	France	2.4
CLICKS GROUP Retail pharmacy chain	South Africa	0.7	MISUMI GROUP Machinery parts distributor	Japan	0.9
COSMOS PHARMACEUTICAL Drug store operator	Japan	0.7	MONOTARO Online distributor of maintenance supplies	Japan	0.4
EAST AFRICAN BREWERIES Beverage manufacturer	Kenya	0.9	PARK24 24-hour automated parking operator	Japan	0.6
EMAMI LIMITED Consumer health	India	0.7	PFEIFFER VACUUM TECHNOLOGY Vacuum pump mfg.	Germany	1.2
GRUPO HERDEZ Processed foods	Mexico	0.8	RATIONAL Semi combi-steamers for industrial kitchens	Germany	0.4
KERNEL Diversified agribusiness conglomerate	Ukraine	1.7	ROTORK Actuator maker	UK	0.5
KWS SAAT Agricultural products	Germany	1.4	RPS GROUP Environmental health, safety and risk	UK	1.6
PIGEON Baby care goods	Japan	0.8	SENIOR Aerospace and auto parts manufacturer	UK	1.4
PRICESMART Membership club warehouse retailer	US	0.5	TOMRA Creates solutions to critical industries	Norway	1.5
TANZANIA BREWERIES Beverage manufacturer	Tanzania	0.7	<b>ENERGY</b>		
VITASOY INTL HOLDINGS Soy-based foods & bev. mfg.	Hong Kong	1.4	DIALOG GROUP BERHAD Petrochemical tech. services	Malaysia	0.5
<b>FINANCIALS</b>			NOSTRUM OIL & GAS Kazakhstani oil and gas company	UK	0.7
ANADOLU HAYAT EMEKLILIK Life insurance/pension	Turkey	1.1	<b>HEALTH CARE</b>		
BANK OF GEORGIA Commercial bank	UK	1.5	ABCAM Research antibody mfg. and distributor	UK	2.1
BRAC BANK Commercial bank	Bangladesh	1.8	BML Medical laboratory operator	Japan	1.3
EQUITY BANK Commercial bank	Kenya	1.3	CARL ZEISS MEDITEC Ophthalmology systems	Germany	2.0
GRUH FINANCE Mortgages	India	2.2	DIASORIN Producer of reagents for diagnostics	Italy	0.4
JARDINE LLOYD THOMPSON Insurance brokerage	UK	0.5	EMIS GROUP Health care information technology	UK	0.7
MAX FINANCIAL Life insurance	India	2.1	FINDEX Health care software developer	Japan	0.6
MOSCOW EXCHANGE Clearing house and exchange	Russia	1.0	GERRESHEIMER Specialty packaging manufacturer	Germany	1.4
RATHORNE BROS Wealth management	UK	1.8	INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.3
<b>HEALTH CARE</b>			NAKANISHI Dental tool manufacturer	Japan	1.3
ABCAM Research antibody mfg. and distributor	UK	2.1	ROHTO PHARMACEUTICAL Pharma/cosmetics mfg	Japan	0.4
BML Medical laboratory operator	Japan	1.3	SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.9
CARL ZEISS MEDITEC Ophthalmology systems	Germany	2.0	STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	1.4
DIASORIN Producer of reagents for diagnostics	Italy	0.4	<b>MATERIALS</b>		
EMIS GROUP Health care information technology	UK	0.7	CEMEX LATAM Multinational building materials company	Colombia	0.4
FINDEX Health care software developer	Japan	0.6	CHR. HANSEN Produces natural food ingredients	Denmark	0.5
GERRESHEIMER Specialty packaging manufacturer	Germany	1.4	DULUXGROUP Paints and varnishes manufacturer	Australia	0.7
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.3	RPC Plastic packaging manufacturer	UK	0.5
NAKANISHI Dental tool manufacturer	Japan	1.3	<b>REAL ESTATE</b>		
ROHTO PHARMACEUTICAL Pharma/cosmetics mfg	Japan	0.4	No holdings		
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.9	<b>TELECOM SERVICES</b>		
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	1.4	TOWER BERSAMA Wireless telecom towers	Indonesia	0.4
<b>INDUSTRIALS</b>			TPG TELECOM Telecom services	Australia	0.2
ARCADIS Engineering consulting services	Netherlands	1.4	<b>UTILITIES</b>		
BBA AVIATION Flight support and services	UK	0.7	RUBIS Liquid chemical storage and distribution	France	0.9
BERTRANDT Engineering services	Germany	1.0	<b>CASH</b>		
BOSSARD Fasteners distributor	Switzerland	1.9	4.0		
BRUNEL INTERNATIONAL Employment services	Netherlands	1.0			
COASTAL CONTRACTS Marine transportation services	Malaysia	0.4			
DANIELI Builds iron and steel facilities	Italy	0.9			
HAITIAN Plastic injection molding machine maker	China	1.3			
INTRUM JUSTITIA Credit management	Sweden	0.8			
LISI Industrial fasteners manufacturer	France	2.4			
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MONOTARO Online distributor of maintenance supplies	Japan	0.4			
PARK24 24-hour automated parking operator	Japan	0.6			
PFEIFFER VACUUM TECHNOLOGY Vacuum pump mfg.	Germany	1.2			
RATIONAL Semi combi-steamers for industrial kitchens	Germany	0.4			
ROTORK Actuator maker	UK	0.5			
RPS GROUP Environmental health, safety and risk	UK	1.6			
SENIOR Aerospace and auto parts manufacturer	UK	1.4			
TOMRA Creates solutions to critical industries	Norway	1.5			
<b>INFORMATION TECHNOLOGY</b>					
ADVANTECH Manufacturer & marketer of industrial PCs	Taiwan	0.5			
ALTEN Technology consulting	France	2.7			
ASM INTERNATIONAL Semiconductor equipment	Netherlands	1.3			
BECHTLE IT servicing and IT product reseller	Germany	3.3			
CHIPBOND TECHNOLOGY Chip packaging service	Taiwan	0.9			
CYBERARK SOFTWARE Cyber-security software	Israel	0.8			
GLOBANT Software solutions	Argentina	1.0			
GMO PAYMENT GATEWAY Credit card transaction services	Japan	0.6			
INFOMART Online restaurant supply chain operator	Japan	1.9			
LEM HOLDINGS Electrical components mfg.	Switzerland	2.0			
PAX GLOBAL Electronic payments	China	1.4			
REPLY IT services company	Italy	2.2			
TEMENOS GROUP Banking software	Switzerland	0.7			
VAISALA Atmospheric measuring devices	Finland	3.0			
WASION GROUP HOLDINGS Smart metering company	China	1.0			

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.

## 2Q17 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
VAISALA	INFT	2.9	0.85
LEM HOLDINGS	INFT	2.0	0.69
LISI	INDU	2.1	0.60
BECHTLE	INFT	3.2	0.60
INFOMART	INFT	1.8	0.52

## 2Q17 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BML	HLTH	1.4	-0.18
BRUNEL INTERNATIONAL	INDU	1.3	-0.15
WASION GROUP HOLDINGS	INFT	1.1	-0.10
FINDEX	HLTH	0.7	-0.09
INTRUM JUSTITIA	INDU	1.0	-0.05

## PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	9.9	7.0
RETURN ON ASSETS <sup>1</sup> (%)	8.7	5.2
RETURN ON EQUITY <sup>1</sup> (%)	16.0	10.5
DEBT/EQUITY RATIO <sup>1</sup> (%)	15.4	50.7
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	2.9	4.4
SALES GROWTH <sup>1,2</sup> (%)	4.4	0.7
EARNINGS GROWTH <sup>1,2</sup> (%)	10.5	8.9
CASH FLOW GROWTH <sup>1,2</sup> (%)	10.8	8.8
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.9	3.5
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	1.7	1.8
WTD AVG MKT CAP (US \$B)	2.1	2.2
TURNOVER <sup>3</sup> (ANNUAL %)	28.4	-

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BOSSARD	INDU	2.3	1.77
VAISALA	INFT	2.6	1.43
LISI	INDU	1.9	1.37
ALTEN	INFT	2.8	1.11
INFOMART	INFT	1.7	0.96

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
PAX GLOBAL	INFT	1.4	-0.49
BRUNEL INTERNATIONAL	INDU	1.6	-0.36
SEMPERIT	INDU	0.9	-0.34
PARK24	INDU	0.8	-0.31
TPG TELECOM	TCOM	0.3	-0.28

RISK & VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	3.88	-
BETA <sup>2</sup>	0.87	1.00
R-SQUARED <sup>2</sup>	0.87	1.00
ACTIVE SHARE <sup>3</sup> (%)	97	-
STANDARD DEVIATION <sup>2</sup> (%)	10.73	11.40
SHARPE RATIO <sup>2</sup>	1.22	0.90
TRACKING ERROR <sup>2</sup>	4.2	-
INFORMATION RATIO <sup>2</sup>	0.68	-
UP/DOWN CAPTURE <sup>2</sup>	98/76	-
PRICE/EARNINGS <sup>4</sup>	21.3	16.2
PRICE/CASH FLOW <sup>4</sup>	14.6	11.0
PRICE/BOOK <sup>4</sup>	2.9	1.6
DIVIDEND YIELD <sup>5</sup> (%)	2.0	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: July 6, 2017); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

## COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
BBA AVIATION	UK	INDU
CYBERARK SOFTWARE	ISRAEL	INFT
EMAMI LIMITED	INDIA	STPL
FINDEX	JAPAN	HLTH
MOSCOW EXCHANGE	RUSSIA	FINA
NOSTRUM OIL & GAS	UK	ENER

POSITIONS SOLD	COUNTRY	SECTOR
HERFY FOOD SERVICES	SAUDI ARABIA	DSCR
SUGI HOLDINGS	JAPAN	STPL

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 JUNE 30, 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>	22.09	21.50	15.83	11.37	12.14	N.A. <sup>5</sup>	3	245	0.52
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 46 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 52–9,013 million (as of June 30, 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 for the period November 1, 1989 through March 31, 2017.

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 March 31, 2017. 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.