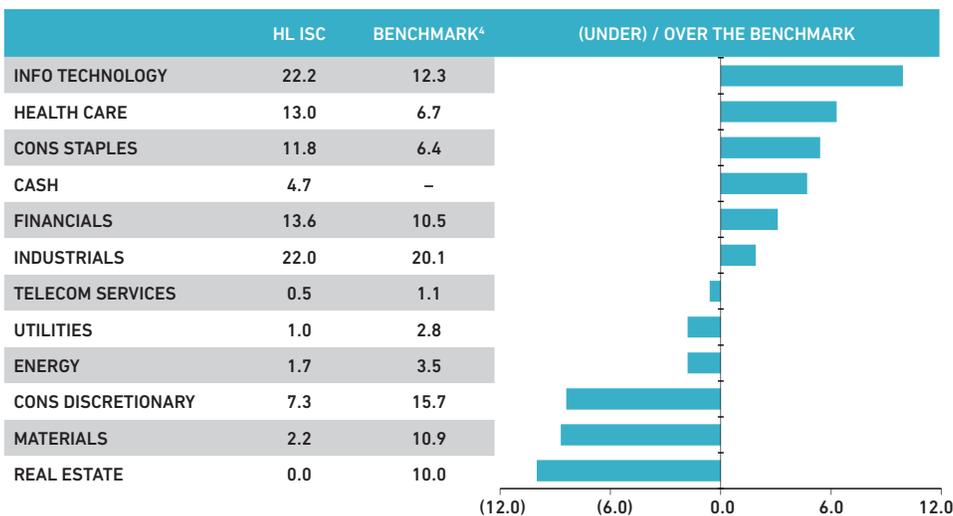
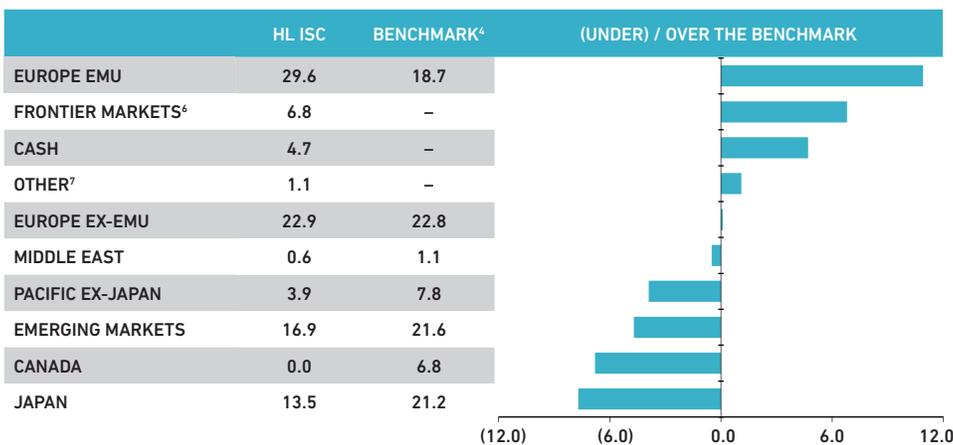


**COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDING SEPTEMBER 30, 2017<sup>1</sup>**

	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)	6.64	30.20	25.44	10.69	12.83	7.94	9.57
HL INTL SMALL COMPANIES (NET OF FEES)	6.37	29.24	24.19	9.54	11.63	6.74	8.37
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	6.99	23.93	19.63	8.52	10.07	3.95	5.10

<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 the back page of this report. Past performance does not guarantee future results. All performance and data shown are in US dollar terms, unless otherwise noted.

**SECTOR EXPOSURE (%)**

**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 rose for the tenth consecutive month as accelerating global economic growth underpinned investor optimism.

The recent positive market sentiment is in contrast to the rising political risks globally.

Europe outperformed other regions thanks to strong currencies.

Sustained global growth lifted commodity prices.

**PORTFOLIO HIGHLIGHTS**

We expect many of our holdings to benefit from the growth in sales of electric vehicles.

We sold five holdings—two due to broken-down investment theses and three based on valuation concerns.

We established positions in five high-quality companies whose shares were attractively priced.

## MARKET REVIEW

The MSCI All Country World ex-US Small Cap Index rose 7.0% in the third quarter of 2017, extending its string of monthly gains to ten, the longest since 2012. Accelerating global economic growth has been an important factor underpinning investor optimism. The International Monetary Fund in July projected global economic growth of 3.5% for this year, an improvement over 3.1% last year. Central banks in the US, Europe, and Japan have echoed this forecast. From our perspective deep within the company research trench, smaller companies continue to meet or exceed their growth expectations.

In contrast with the stock market's sanguinity, political risks have been rising. Tensions between the US and North Korea heightened after North Korea launched several intercontinental ballistic missiles, two of which flew over Japanese territory. Although Angela Merkel won the election in Germany, the extreme right Alternative for Germany (AfD) party gained a foothold in the German parliament. The party draws those skeptical of the European Union; it has opposed German-backed bailouts of struggling members such as Greece and its manifesto calls for the dissolution of the euro.

The US dollar weakened as the Federal Reserve hesitated to raise rates and investors' confidence in the administration's

ability to deliver on business-friendly tax policy changes waned. With the exception of the Swiss franc, all currencies in Europe—both inside and outside the eurozone—appreciated against the dollar, helping these two regions perform in dollar terms most strongly.

Emerging Markets also rose strongly, led by Peru, Brazil, Chile, China, and Russia. These countries benefitted from rising commodity prices lifted by sustained global growth and, with the exception of Peru, appreciating currencies. Canada was also strong, for the same reasons.

Energy, Industrials, and Materials all bettered the Index thanks to improving global economic conditions and rising commodity prices. In the case of oil, prices have also been helped by cuts in production by OPEC and Russia. Information Technology (IT) rose even more than the commodity-driven sectors as companies continued to report good earnings.

Although the MSCI All Country World ex-US Small Cap Value and Growth Indexes had almost identical returns, our proprietary metrics suggest a slightly different picture. By our metrics, the fastest-growing quintile of stocks outperformed. Value, however, was strongly associated with returns; according to our rankings the cheapest quintile of stocks outperformed the most-expensive quintile by roughly 280 basis points, which was a noticeable contrast with recent quarters, when expensive stocks performed best. We think this result is explained by the rebound in Energy and Materials stocks, which tend to be more cheaply valued. Our Quality rankings, however, exhibited no clear performance pattern.

### MARKET PERFORMANCE (USD %)

MARKET	3Q 2017	TRAILING 12 MONTHS
CANADA	5.3	8.0
EMERGING MARKETS	5.8	15.1
EUROPE EMU	10.8	34.5
EUROPE EX-EMU	7.3	21.0
JAPAN	6.3	19.1
MIDDLE EAST	3.4	32.4
PACIFIC EX-JAPAN	4.4	9.3
MSCI ACW EX-US SMALL CAP INDEX	7.0	19.6

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

SECTOR	3Q 2017	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	6.9	16.1
CONSUMER STAPLES	3.3	11.1
ENERGY	9.5	7.9
FINANCIALS	6.2	27.1
HEALTH CARE	3.3	9.3
INDUSTRIALS	8.2	26.4
INFORMATION TECHNOLOGY	10.6	31.8
MATERIALS	7.5	20.5
REAL ESTATE	5.4	9.8
TELECOM SERVICES	3.7	15.8
UTILITIES	5.8	20.7

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

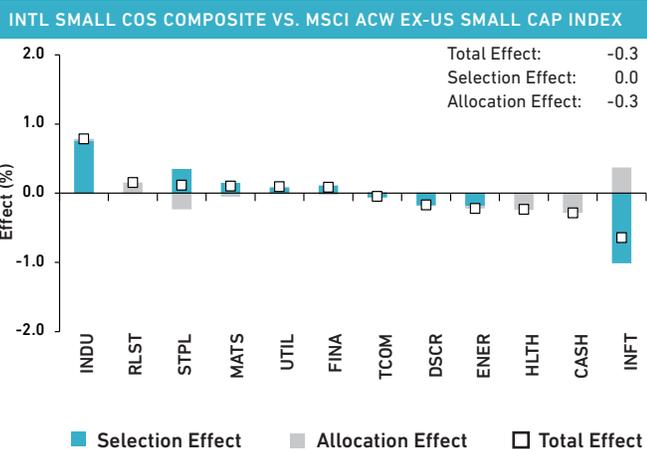
## PERFORMANCE AND ATTRIBUTION

The International Small Companies composite rose 6.6% in the quarter, lagging slightly the 7.0% return of the Index. Viewed by sector, stock selection had little effect on relative returns, while our sectoral allocation detracted. The charts on the following page illustrate the sources of relative return for the quarter by sector and region, respectively.

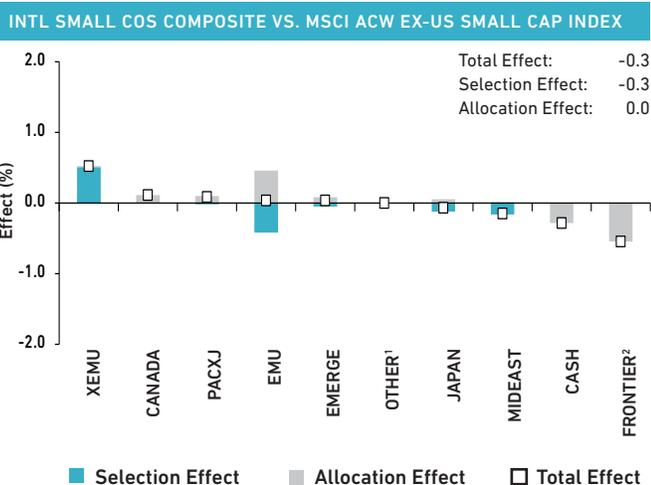
Our overweight to the defensive Health Care and Consumer Staples sectors hurt amidst outperformance by more cyclical sectors. Our stock selection in IT, in particular Chinese **PAX Global** and Japanese **Infomart**, detracted significantly. PAX, a manufacturer of electronic payment terminals, reported a 15% fall in net income year-over-year for the first half of 2017 due to increased spending on sales, marketing, and technology. These investments are aimed at enhancing PAX's distribution capabilities outside of China and at developing more software

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

## SECTOR PERFORMANCE ATTRIBUTION THIRD QUARTER 2017



## GEOGRAPHIC PERFORMANCE ATTRIBUTION THIRD QUARTER 2017



<sup>1</sup>Includes companies classified in countries outside the Index; <sup>2</sup>Includes 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 Presentation.

to enhance the company's hardware products, pursuits that we believe will lead to future growth.

Infomart is an e-commerce company that connects food manufacturers with food buyers (such as restaurants, hotels, and caterers). In late July, Infomart announced a write-down of a prior investment in software for its business-to-business digital invoicing product, a new offering from the company. The invoicing product is meant to replace slower, more expensive invoicing methods such as traditional post. The long-term prospects for digital invoicing in Japan are promising, and we think this product will be accepted by a growing percentage of the marketplace. We view the non-cash charge against earnings as only a temporary setback.

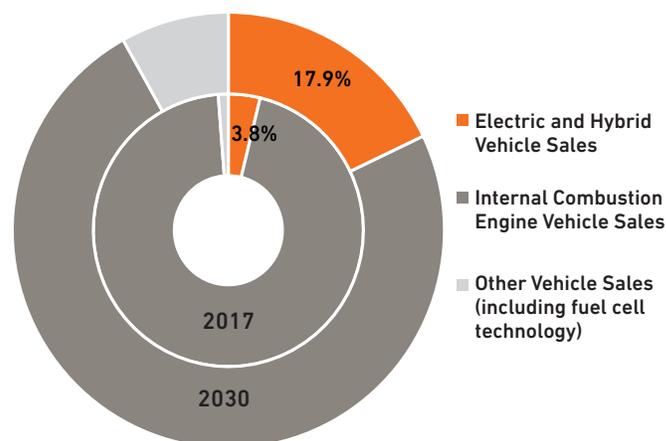
By region, our frontier market companies detracted the most from performance. IT-services provider **Globant**, based in Argentina, faced foreign exchange headwinds. Around half of Globant's expenses are based in Uruguay, Mexico, and India, whose currencies have strengthened versus the US dollar, the currency in which it reports and earns nearly all of its revenue. In addition, over half of the company's employees are based in Argentina, where acute wage inflation has also pressured margins. Thus, while Globant was able to grow its revenue in the second quarter by 25% year-over-year, its earnings declined by 7%.

The portfolio's hefty overweight to Europe EMU and strong selection in Europe ex-EMU helped relative performance. Switzerland-based **Bossard**, a supplier of specialized fasteners, reported strong earnings. Bossard continued to exhibit robust growth in the US, where sales increased by 32%, largely due to revenue earned from Tesla.

## INVESTMENT PERSPECTIVES

The automotive trend toward electric and hybrid vehicles will provide a significant impetus to several of our holdings. Electric Vehicles (EVs) make up slightly less than 1% of all vehicles on the road today. Hybrid vehicles<sup>1</sup> constitute another 3%. Forecasts vary, but some middle-of-the-road forecasts suggest the proportion of EV's and hybrids could rise to 11% by 2025, and 18% by 2030. As shown in the chart on the following page, UBS projects that about 30% of car sales in Europe will be EVs by 2025.

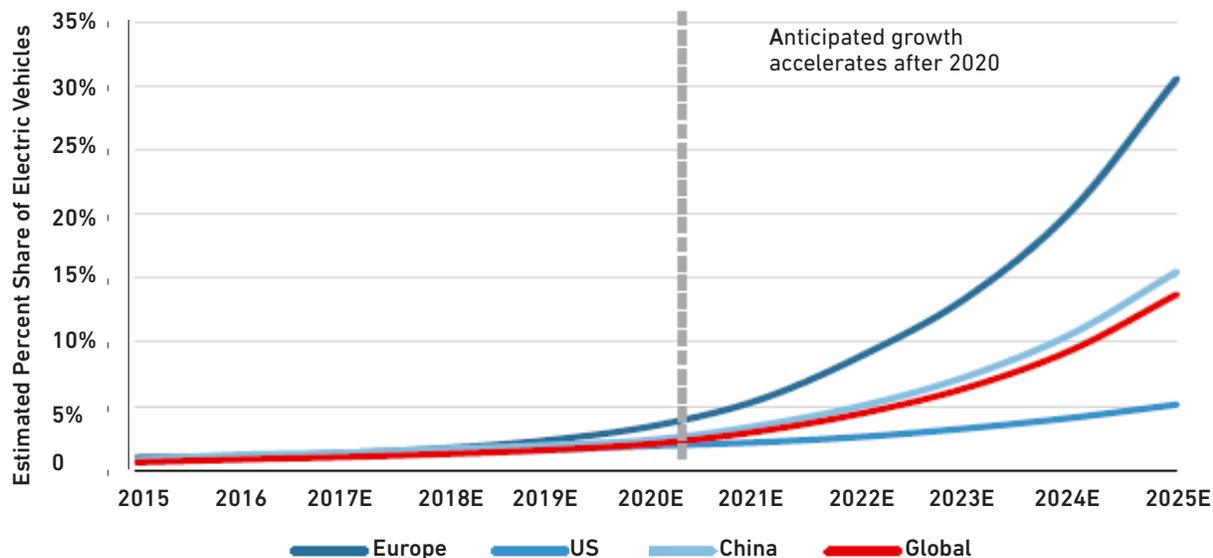
### Electric Vehicle Sale Forecasts 2017 vs. 2030 estimates



Source: Bank of America Merrill Lynch Global Research estimates, LMC Automotive, IHS Markit.

<sup>1</sup>Vehicles with an internal combustion engine and an electric motor.

## Almost 1 in 3 Cars Sold in Europe Will be Electric by 2025



Source: UBS Global Research, *Q-Series: UBS Evidence Lab Electric Car Teardown*. (May 18, 2017).

Investment in engineering and design for new EV and hybrid models means rising demand for **Bertrandt**, a provider of design and engineering services to German automakers. Special considerations pertaining to electrification include exterior and interior design, use of newer and lighter materials, noise reduction techniques, battery testing, and powertrain design.<sup>2</sup> Given the extent of design and engineering services required, we estimate that at least a quarter of Bertrandt's new business will relate to EVs and hybrids.

Companies that produce EV components will also benefit directly from the increased number of EVs and wider range of models. For example, **LEM Holdings** makes transducers that measure and control current and voltage. The company designs the chips that are used in its transducers, called application specific integrated circuits (ASICs), giving LEM a significant competitive advantage relative to competitors who rely on undifferentiated off-the-shelf chips. EVs use ten times as many transducers as internal combustion engine (ICE)-based cars. In the first quarter of 2017, the company increased sales of transducers for EVs and hybrids by 44%, and we estimate that they now represent 8% of its total sales. Bossard, the industrial fastener distributor, is also supplying the growing EV market. Tesla, one of Bossard's largest clients, plans to produce 500,000 electric cars per year by 2018, five times its current rate. Bossard will be supplying parts for Tesla's Model 3, which went into production in July, and its products will likely be chosen for new models that Tesla will introduce in the next few years. We estimate about 10% of Bossard's total sales come from EVs currently. Other EV-oriented clients of Bossard include Proterra (electric buses), Gogoro (electric scooters), Alta Motors (electric motocross bikes), and Lucid Motors (electric cars). **Sensata Technologies**, which makes sensors for the automotive market, was recently added to the portfolio and is discussed in the Portfolio Highlights section.

Though these companies may see sales related to traditional ICE cars decline, we expect their EV-related products to grow at a faster rate, offsetting the loss in sales to traditional business. Many automakers are setting targets that support these expectations. For instance, BMW aims for 15–25% of total sales to be from EVs by 2025.

For further reading, please see "Autonomous Driving Offers No Easy Path for Investors" in Harding Loevner's *Fundamental Thinking* series, located at <https://www.hardingloevner.com/fundamental-thinking>.



Other portfolio companies don't sell directly to the EV and hybrid car manufacturers, but are still beneficiaries from the increasing demand in semiconductors for these cars. One of the main parts of a car, the powertrain, is expected to have 6 to 10 times more semiconductors by value for an EV than for a traditional ICE-based car. For example, analysts at UBS found US\$580 worth of semiconductors in the powertrain of a Chevy Bolt, as opposed to US\$60–90 in a traditional engine.<sup>3</sup>

In addition, EVs use advanced driver assistance systems, which include many safety features such as automatic braking, lane departure warning, and adaptive cruise control. These fea-

<sup>2</sup>The powertrain includes the main power-generating components of a vehicle: the engine, differentials, drive shafts, transfer case, and transmission.

<sup>3</sup>UBS Global Research, *Q-Series: UBS Evidence Lab Electric Car Teardown*. (May 18, 2017).

tures require functionality provided by semiconductors including LiDAR (light detection and ranging), radar, sensors, and image processing.

Manufacturing of all of these semiconductors requires “clean rooms”—spaces that are cleansed of all particles by vacuum pumps. **Pfeiffer Vacuum Technology** is a German manufacturer of technologically-advanced pumps that can create near-perfect vacuums. Pfeiffer’s pumps are used in plants that operate at the nanometer scale and demand precision. About 38% of Pfeiffer’s sales are to manufacturers of semiconductors.

To pack more and more functionality onto the surface of a semiconductor, the integrated circuits must be made increasingly small. Deposition, which involves exposing silicon wafers to different chemicals to deposit thin films onto which the integrated circuits are etched, is the key process to create circuits on the molecular or even atomic scale. **ASM International** is the market leader in atomic layer deposition technology, and is benefitting from increased adoption of advanced semiconductors in EVs, which we estimate are the source of about 10–12% of ASM’s sales.

The shift toward EVs will not be without negative impacts on some companies, however. Those with exposure to traditional fossil fuels, for instance, will face headwinds long term. Although we continue to hold a significant underweight in Energy relative to the Index, two companies in the portfolio—**Dialog Group Berhad** and **Nostrum Oil & Gas**—are classified under the Energy sector. Dialog provides both upstream and downstream technical and engineering services including logistics, plant maintenance, fabrication, engineering, and construction. Nostrum Oil & Gas is a UK-listed oil and gas exploration and development company with fields in Kazakhstan.

We think the impact of EV penetration on oil and gas prices will be very gradual. Currently, the installed base of traditional ICE-based vehicles is so large that even a faster-than-expected adoption of hybrid and electric alternatives would not be an immediate threat to the future of these oil and gas companies. With over 1.2 billion traditional cars on the road, there is certainly a sizable market for oil and gas in the near term. That said, we do think sustained EV adoption poses a risk to energy suppliers, and we are closely monitoring the fundamentals of both businesses relative to their share prices.

## ■ PORTFOLIO HIGHLIGHTS

We continue to redeploy capital away from the most-expensive companies and toward cheaper quality-growth companies. In the third quarter, we trimmed our positions in LEM, **Bechtle**, **Equity Bank**, and Pfeiffer as the shares had become expensive based on our valuation modeling. We exited a few positions completely. We sold **Coastal Contracts** of Malaysia as its core business of building, selling, and chartering of offshore vehicles remains weak and could weaken further as low oil prices continue to impact demand for offshore exploration and production ships. In addition, the company is now venturing outside

its main business to pursue offshore gas-treatment projects, detracting focus from its core business. Hong Kong-based electric-meter company **Wasion Group Holdings** was sold as we observed a significant slowdown in growth for Wasion’s smart meters now that the penetration of these products in China has increased significantly. Competition has also increased, mainly from local companies. In the case of both companies, our analysts determined that our original investment thesis had broken down. Other companies—**Rohto Pharmaceutical**, **Pigeon**, and **Park24**—all located in Japan, were sold due to high valuation as well as near-term weakness in growth.

We used the cash raised from these sales to establish positions in new high quality-growth companies whose stocks appeared more attractive on our financial models:

**Sensata Technologies** makes sensors and controls that measure physical phenomenon such as pressure, speed, and temperature. Its primary end markets are the industrial and automotive industries, both of which are increasingly adopting Sensata’s products—ranging from tire pressure monitoring systems to sensors that monitor the performance of energy-conserving industrial refrigerators—to enhance safety and efficiency. Sensata is a low-cost leader, with strong positions in both the sensor and control markets thanks to an ability to deliver high-quality, customized products. The company has consistently generated strong free cash flow and double-digit returns on invested capital and returns on equity.

**Suruga Bank** is an innovator in the Japanese banking market and is ahead of its peers in digital banking, relationship management, and operational efficiency. Its focus on basic retail banking and customer satisfaction has allowed it to win market share from its largest peers, who are focused on corporate customers. We believe growth should continue as the company expands its geographical footprint.

**SMS** offers recruitment and management services to elder care facilities and hospitals. SMS has a strong network of providers, caregivers, and pharmaceutical companies in Japan, which is difficult to replicate. The company has three sustainable sources of growth: recruitment of nurses and caregivers, sales of its Kaipoke software to elder care operators, and sales in South East Asia via the recently-acquired medical-information provider MIMS Group.

We purchased **Halma**, a UK-based electronic equipment and components manufacturer that supplies safety products including hazard detection and quality testing in the infrastructure, environment, and health care markets, and **Alfa Laval**, a Swedish industrial machinery company with leading positions in the manufacture of heat-transfer and fluid-separation products used to regulate energy in industrial operations. We also added to three existing positions—Bertrandt, Nostrum Oil & Gas, and **Moscow Exchange**—at what we believe were attractive valuations.

## INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF SEPTEMBER 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	0.3	ALFA LAVAL Heat exchangers/separation/fluid handling eqpt.	Sweden	0.8
CHEIL WORLDWIDE Marketing services	South Korea	0.3	ARCADIS Engineering consulting services	Netherlands	1.6
DIGNITY Funeral services provider	UK	0.6	BBA AVIATION Flight support and services	UK	0.7
HIDAY HIDAKA Restaurants	Japan	2.6	BERTRANDT Engineering services	Germany	1.5
IPSOS Market research	France	1.1	BOSSARD Fasteners distributor	Switzerland	2.1
PICO FAR EAST HOLDINGS Events services	Hong Kong	1.7	BRUNEL INTERNATIONAL Employment services	Netherlands	1.1
SHENZHOU INTERNATIONAL Textile manufacturer	China	0.6	DANIELI Builds iron and steel facilities	Italy	0.8
<b>CONSUMER STAPLES</b>			<b>INFORMATION TECHNOLOGY</b>		
ALICORP Consumer goods manufacturer	Peru	0.6	ADVANTECH Manufacturer and marketer of industrial PCs	Taiwan	0.5
ARIAKE Produces seasonings from meat products	Japan	1.4	ALTEN Technology consulting	France	2.8
BRITVIC Soft drink supplier	UK	0.7	ASM INTERNATIONAL Semiconductor equipment	Netherlands	1.3
CLICKS GROUP Retail pharmacy chain	South Africa	0.8	BECHTLE IT servicing and IT product reseller	Germany	2.5
COSMOS PHARMACEUTICAL Drug store operator	Japan	0.7	CHIPBOND TECHNOLOGY Chip packaging service	Taiwan	0.9
EAST AFRICAN BREWERIES Beverage manufacturer	Kenya	0.8	CYBERARK SOFTWARE Cybersecurity software	Israel	0.6
EMAMI LIMITED Consumer health	India	0.7	GLOBANT Software solutions	Argentina	0.9
GRUPO HERDEZ Processed foods	Mexico	0.8	GMO PAYMENT GATEWAY Credit card transaction services	Japan	0.7
KERNEL Diversified agribusiness conglomerate	Ukraine	1.4	HALMA Health and safety sensors	UK	0.8
KWS SAAT Agricultural products	Germany	1.4	INFOMART Online restaurant supply chain operator	Japan	1.7
PRICESMART Membership club warehouse retailer	US	0.5	LEM HOLDINGS Electrical components mfg.	Switzerland	1.2
TANZANIA BREWERIES Beverage manufacturer	Tanzania	0.6	PAX GLOBAL Electronic payments	China	1.1
VITASOY INTL HOLDINGS Soy-based foods & bev. mfg.	Hong Kong	1.4	REPLY IT services company	Italy	2.7
<b>ENERGY</b>			<b>MATERIALS</b>		
DIALOG GROUP BERHAD Petrochemical tech. services	Malaysia	0.5	CEMEX LATAM Multinational building materials company	Colombia	0.3
NOSTRUM OIL & GAS Kazakhstani oil and gas company	UK	1.2	CHR. HANSEN Produces natural food ingredients	Denmark	0.5
<b>FINANCIALS</b>			<b>REAL ESTATE</b>		
ANADOLU HAYAT EMEKLILIK Life insurance/pension	Turkey	1.3	No holdings		
BANK OF GEORGIA Commercial bank	UK	1.4	<b>TELECOM SERVICES</b>		
BRAC BANK Commercial bank	Bangladesh	1.8	TOWER BERSAMA Wireless telecom towers	Indonesia	0.4
EQUITY BANK Commercial bank	Kenya	0.5	TPG TELECOM Telecom services	Australia	0.2
GRUH FINANCE Mortgages	India	2.2	<b>UTILITIES</b>		
JARDINE LLOYD THOMPSON Insurance brokerage	UK	0.5	RUBIS Liquid chemical storage and distribution	France	1.0
MAX FINANCIAL Life insurance	India	1.9	<b>CASH</b>		
MOSCOW EXCHANGE Clearing house and exchange	Russia	1.6	4.7		
RATHORNE BROS Wealth management	UK	1.8			
SURUGA BANK Retail bank	Japan	0.8			
<b>HEALTH CARE</b>					
ABCAM Research antibody mfg. and distributor	UK	2.1			
BML Medical laboratory operator	Japan	1.3			
CARL ZEISS MEDITEC Ophthalmology systems	Germany	1.9			
DIASORIN Producer of reagents for diagnostics	Italy	0.5			
EMIS GROUP Health care information technology	UK	0.6			
FINDEX Health care software developer	Japan	0.5			
GERRESHEIMER Specialty packaging manufacturer	Germany	1.2			
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.3			
NAKANISHI Dental tool manufacturer	Japan	1.4			
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.9			
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	1.2			

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.

### 3Q17 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
REPLY	INFT	2.5	0.66
BECHTLE	INFT	3.0	0.46
ANADOLU HAYAT EMEKLILIK	FINA	2.0	0.43
TOMRA SYSTEMS	INDU	1.7	0.36
HIDAY HIDAKA	DSCR	2.7	0.33

### 3Q17 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
PAX GLOBAL	INFT	1.3	-0.23
CYBERARK SOFTWARE	INFT	0.6	-0.14
KERNEL	STPL	1.0	-0.13
STRATEC BIOMEDICAL	HLTH	1.3	-0.12
INFOMART	INFT	1.7	-0.11

### PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	9.0	6.9
RETURN ON ASSETS <sup>1</sup> (%)	8.6	5.2
RETURN ON EQUITY <sup>1</sup> (%)	15.7	10.5
DEBT/EQUITY RATIO <sup>1</sup> (%)	19.8	50.5
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	2.9	4.5
SALES GROWTH <sup>1,2</sup> (%)	4.4	0.7
EARNINGS GROWTH <sup>1,2</sup> (%)	10.5	9.0
CASH FLOW GROWTH <sup>1,2</sup> (%)	12.4	8.8
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.5	3.8
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	1.9	2.0
WTD AVG MKT CAP (US \$B)	2.4	2.5
TURNOVER <sup>3</sup> (ANNUAL %)	28.0	-

<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: October 6, 2017); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

### COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
ALFA LAVAL	SWEDEN	INDU
HALMA	UK	INFT
SENSATA TECHNOLOGIES	US	INDU
SMS	JAPAN	INFT
SURUGA BANK	JAPAN	FINA

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BOSSARD	INDU	2.3	1.63
LISI	INDU	2.1	1.57
REPLY	INFT	2.1	1.48
VAISALA	INFT	2.7	1.29
RPS GROUP	INDU	1.6	1.15

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
BML	HLTH	1.6	-0.47
PAX GLOBAL	INFT	1.4	-0.43
VALID SOLUCOES	INDU	0.2	-0.32
PARK24	INDU	0.7	-0.29
EAST AFRICAN BREWERIES	STPL	0.9	-0.20

RISK & VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	3.79	-
BETA <sup>2</sup>	0.87	-
R-SQUARED <sup>2</sup>	0.86	-
ACTIVE SHARE <sup>3</sup> (%)	97	-
STANDARD DEVIATION <sup>2</sup> (%)	10.64	11.32
SHARPE RATIO <sup>2</sup>	1.19	0.87
TRACKING ERROR <sup>2</sup>	4.2	-
INFORMATION RATIO <sup>2</sup>	0.66	-
UP/DOWN CAPTURE <sup>2</sup>	98/76	-
PRICE/EARNINGS <sup>4</sup>	22.5	15.6
PRICE/CASH FLOW <sup>4</sup>	15.5	11.0
PRICE/BOOK <sup>4</sup>	3.1	1.6
DIVIDEND YIELD <sup>5</sup> (%)	1.9	2.2

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 SEPTEMBER 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>	30.20	29.24	23.93	10.86	11.69	N.A. <sup>5</sup>	3	282	0.55
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 44–12,400 million (as of September 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 June 30, 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 June 30, 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.