

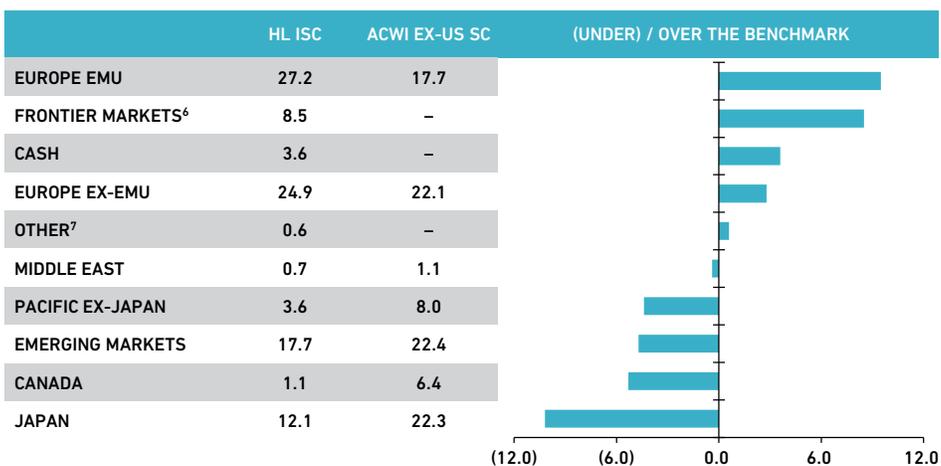
**COMPOSITE PERFORMANCE (%TOTAL RETURN) FOR PERIODS ENDED MARCH 31, 2018<sup>1</sup>**

	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)	1.03	27.30	12.36	11.25	10.24	9.77
HL INTL SMALL COMPANIES (NET OF FEES)	0.77	26.10	11.22	10.10	9.03	8.58
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	-0.28	21.03	10.78	8.95	5.89	5.44

<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>6</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.

**WHAT'S INSIDE**
**Market Review >**

Stocks of non-US small companies fell 0.3%, their first quarterly decline since the fourth quarter of 2016. Despite investors' rising concerns over interest rates and trade, many small companies continued to report strong revenue and earnings growth.

**Performance and Attribution >**

Sources of relative return by region and sector.

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Our diversified portfolio of fundamentally strong small companies has a record of below-benchmark volatility.

**Portfolio Highlights >**

We sold four companies, and purchased six relatively cheaper high-quality companies. As a result, we increased our portfolio's exposure to Frontier and Emerging Markets, as well as to the Energy and Materials sectors.

**Portfolio Holdings >**

Information about the companies held in our portfolio.

**Portfolio Facts >**

Contributors, detractors, characteristics, and completed transactions.

**ONLINE SUPPLEMENTS**

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## MARKET REVIEW

Equities of international small companies fell 0.3% in the first quarter, their first quarterly decline since the fourth quarter of 2016.

Stocks of non-US small caps began 2018 as they had ended 2017, rising steadily in the first 25 days of the new year on the prospects of continued economic growth and strong corporate earnings. In late January, however, employment reports stoked fears that economies were overheating and that central bankers would quicken their responses. Largely absent since the Brexit vote in June 2016, market volatility returned. Between January 26 and February 9, non-US small cap stocks fell about 9% before stabilizing. Then, in March, US President Donald Trump threatened to precipitate a trade war by declaring tariffs on steel, aluminum, and other products. China and other trading partners vowed to retaliate.

Amid the tumult, non-US small caps continued to report strong revenue and earnings growth and outperformed non-US large companies by 80 basis points in the quarter. Smaller companies, which tend to focus more on their home markets, are relatively insulated from the effects of trade wars. One example is the [Moscow Exchange](#), which is discussed later in this report.

### MARKET PERFORMANCE (USD %)

MARKET	1Q 2018	TRAILING 12 MONTHS
CANADA	-8.0	0.0
EMERGING MARKETS	0.3	19.1
EUROPE EMU	0.9	30.2
EUROPE EX-EMU	-1.2	21.2
JAPAN	2.2	25.9
MIDDLE EAST	-0.6	14.8
PACIFIC EX-JAPAN	-1.8	15.3
MSCI ACW EX-US SMALL CAP INDEX	-0.3	21.0

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

SECTOR	1Q 2018	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	-1.4	17.1
CONSUMER STAPLES	0.5	21.2
ENERGY	-5.5	-0.9
FINANCIALS	0.0	20.4
HEALTH CARE	6.1	31.0
INDUSTRIALS	-1.4	21.3
INFORMATION TECHNOLOGY	2.1	34.8
MATERIALS	-3.4	16.9
REAL ESTATE	1.9	20.5
TELECOM SERVICES	-6.5	13.2
UTILITIES	-1.8	13.9

Source: FactSet (as of March 31, 2018); MSCI Inc. and S&P.

Japan was the strongest performing “region,” rising over 2%. The European Monetary Union (EMU) also performed well, supported by the strong returns of Health Care stocks. Overall, Emerging Market small caps rose slightly, with India declining significantly and Mexico, Indonesia, Brazil, China, South Africa, and South Korea rising. Declines in the Materials and Energy sectors dragged on returns in Canada. Sweden, Switzerland, and the UK declined in Europe ex-EMU.

### Between January 26 and February 9, non-US small cap stocks fell about 9% before stabilizing.

By sector, Health Care rose the most (6%), driven by innovations and improving prospects for growth at many small biotech and biopharmaceutical firms in both emerging and developed markets. The Information Technology (IT) sector also rose, led by companies in the software and services industry group. Telecom Services, Energy, and Materials fell.

Based on our categorizations, stocks of the highest-quality and fastest-growing companies performed best—continuing a trend from 2017. The most expensive quintile of stocks also outperformed the rest by a wide margin. The MSCI All Country World ex-US Small Cap Growth Index outperformed the Value index by about 2.3%.

## PERFORMANCE AND ATTRIBUTION

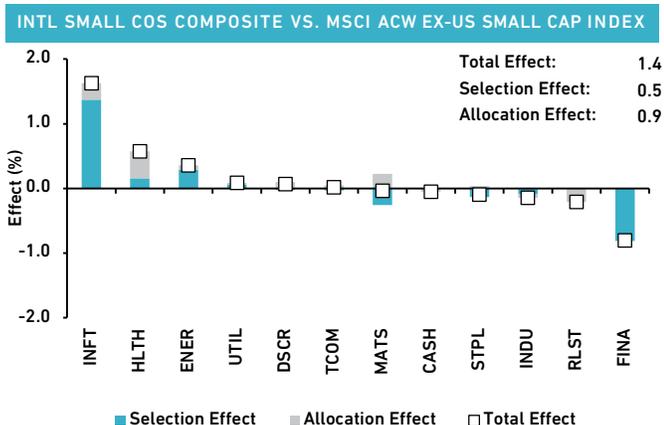
The outperformance of the highest-quality and fastest-growing stocks was a tailwind for our portfolio. The International Small Companies composite rose 1.0% in the first quarter, whereas its benchmark declined 0.3%. The charts on the following page attribute the quarter’s performance by sector and region.

Viewed by sector, our strong stocks in IT and the portfolio’s overweight to Health Care more than offset weak stocks in Financials. The bulk of our IT exposure is to software and services, which was the sector’s best-performing industry group. **Infomart**, a Japanese e-commerce company that services the restaurant industry, contributed the most to relative returns. Last year, Infomart’s heavy investments in software that enables online invoicing weighed on profits. But in February, management forecast 42% growth in operating profit in 2018, suggesting that these investments are now bearing fruit as customers shift away from inefficient paper-invoicing systems in favor of Infomart’s product. In Financials, **Suruga Bank**, which has over 100 branches across Japan, detracted from performance due to credit problems with the real estate company

*Companies held in the portfolio during the year 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, 2018 is available on page 6 of this report.*

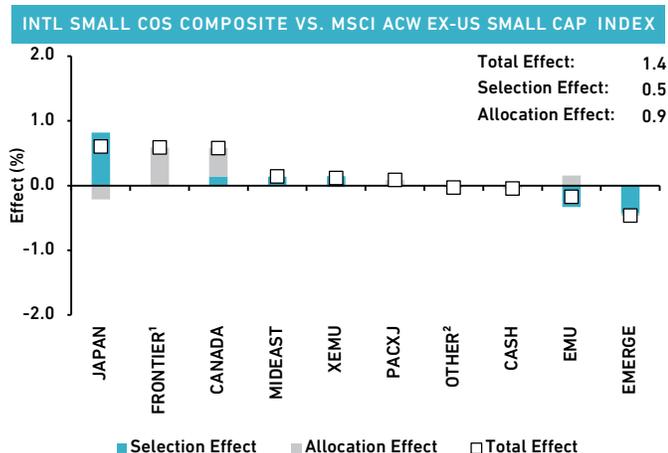
## SECTOR PERFORMANCE ATTRIBUTION

### FIRST QUARTER 2018



## GEOGRAPHIC PERFORMANCE ATTRIBUTION

### FIRST QUARTER 2018



<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 the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

Smart Days. Smart Days leases residential property from investor-owners, then re-releases them to subtenants. Many of the owners financed their property purchases with Suruga Bank. In February, Japanese news outlets reported that due to low occupancy rates, Smart Days had been unable to continue making lease payments to many of the property owners and, as a result, the owners have stopped making payments to Suruga Bank on their loans. We are investigating whether Suruga's arrangement with Smart Days was a one-off mistake, or if it is indicative of systematic credit-underwriting problems at the bank.

Regionally, our portfolio gained from strong selection in Japan, our underweight to Canada, and our (off-benchmark) Frontier Market holdings, notably in Kenya. In 2016 we wrote about how a banking law newly enacted in Kenya that established a floor on deposit rates and capped lending rates was hurting the profitability of the entire sector. Since then, **Equity**

**Bank** has sustained its profitability by increasing fee income, and by reclassifying savings accounts as current accounts to reduce the cost of funding. Equity Bank's profits rose 14% in 2017. Further, the governor of the Central Bank of Kenya, Patrick Ngugi Njoroge, is pushing for a repeal of the 2016 interest rate regulation.

Our poor stock selection in Emerging Markets detracted from relative returns. In India, Axis Bank accounts for over half of **Max Financial's** life insurance distribution. This arrangement is likely in jeopardy, as Axis Bank is reportedly pursuing its own life insurance business. The news weighed on Max Financial's stock price, but we continue to believe in the company's ability to grow its other distribution channels and in the long-term growth of the Indian life insurance market overall.

## INVESTMENT PERSPECTIVES

We rely on an investment process that offers our clients a portfolio of businesses that we believe are more resilient to volatility and shocks from any number of directions. We look for competitive businesses with steady returns on capital, significant free cash flow, healthy balance sheets, and management focused on their companies' core strengths. In particular, we look for pricing power, which we see as key to companies maintaining their margins in growth-challenged environments.

**We look for competitive businesses with steady returns on capital, significant free cash flow, healthy balance sheets, and management focused on their companies' core strengths.**

In Japan, a shrinking labor market and rising labor costs are sources of mounting concern for companies large and small. We are hard pressed to think of a company more advantageously positioned than **SMS**, a niche health care IT firm that provides software and services for staff recruitment for hospitals and elderly care facilities. While other Japanese companies have been struggling with the country's shrinking labor pool and rising wages, SMS has thrived. Japan's rising number of elderly increases demand for nurses and other health care workers. The company—which earns a 20% commission on the first-year salary of recruited personnel—not only benefits from that market growth, but also from rising wages. SMS has not grown complacent; it is channeling more resources into its Kaipoke software, which provides nursing care placement services, and the platform's expanding capabilities are transforming neatly into pricing power and market share. Subscriber growth has been steady despite a nearly seven-fold increase in subscription fees since the software was released in 2006.

Unlike SMS, which operates in the idiosyncratic Japanese labor market, Ottawa-based **Kinaxis** competes in the much faster-growing global market for supply chain management software. The company is outpacing its competitors, racking up an impressive win rate over the likes of SAP, Infor, and JDA Soft-

ware, primarily due to the high quality and functionality of its product. Its revenue retention exceeds 100%, with clients not only renewing subscriptions but spending more each year. Because its recurring revenues are so reliable, Kinaxis can afford to be highly selective in its sales strategy. At its recent Investor Day in Toronto, CEO John Sicard stated that management is comfortable losing low-margin deals with customers with tight budgets and limited needs to focus on comprehensive solutions for potentially larger customers. In fact, Sicard said he wants Kinaxis's sales staff to walk away from deals rather than compromise on pricing. This strategy aims to ensure that the company's growth does not reduce margins, and that it generates free cash for reinvestment. The company is committed to spending 18% of revenues on R&D. Spending is concentrated on its core supply chain software, introducing more advanced machine-learning-based analytics tools and a cloud-based mobile app that allows managers to monitor their entire supply chain in real time.

While Kinaxis shows that a company can achieve pricing power by building a clientele selectively, the Moscow Exchange demonstrates the merits of another approach: domination of a single domestic market. The company provides clearing and custody services as well as a trading platform for financial products (equities, bonds, derivatives, foreign exchange) in Russia. The strength of the company's competitive position is evident in its ability to coordinate price increases with system upgrades in such a way as to meet widespread approval from its client base. In the volatile Russian market, the Moscow Exchange is highly successful in providing a core financial service, demand for which would only increase if developments in the political arena lead to more sanctions or other actions that further isolate Russian firms from rival financial institutions in the West.

The Moscow Exchange illustrates our belief that, even in challenging environments, companies with steady fundamentals and financial strength can be resilient to a variety of shocks. Kinaxis shows how a company with a high-quality product

and laser-focused management can gain market share without compromising profit margins in a highly competitive industry. SMS reminds us that, even in slowly growing economies, companies with innovative technological or service solutions for a precisely targeted market can flourish. We hold in our International Small Companies portfolio a mix of these fundamentally strong small companies across a range of industries in developed, emerging, and frontier markets. The result of this broad diversification is a record of volatility below that of the benchmark and, in recent years, below that of international large caps as well (see chart below).

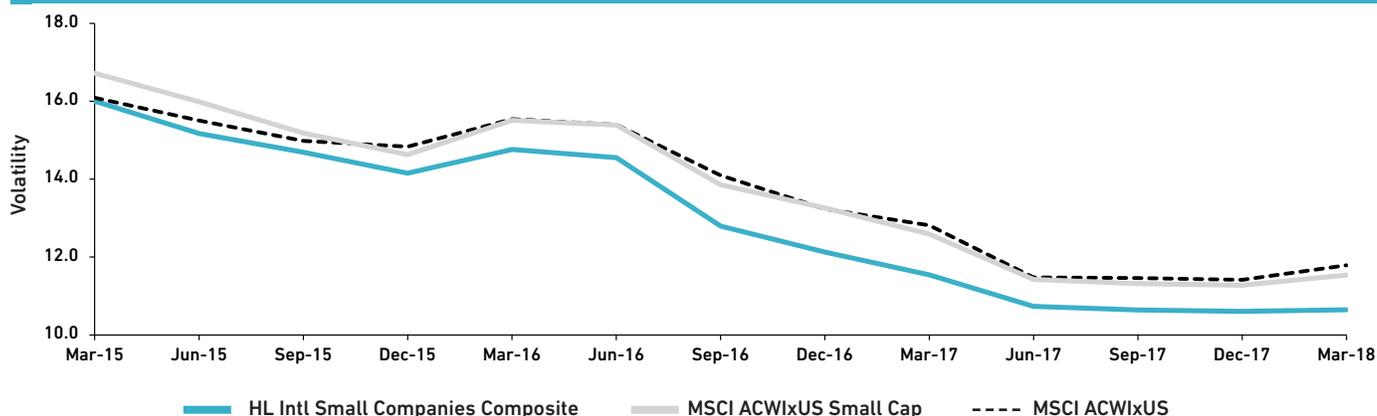
## ■ PORTFOLIO HIGHLIGHTS

In the first quarter, we sold four companies, including two companies for which our investment thesis had broken down. **Dignity** is a funeral services provider in the UK. Bereaved families are growing less accepting of high prices, in part due to the rising ease of comparing prices online. Dignity—which historically has differentiated itself by offering superior service—has responded to competitive pressures by slashing its prices. As a result, its profitability has suffered. Dignity will struggle to remain competitive, especially given its lack of a digital channel.

**PAX Global** makes electronic point-of-sale payment terminals in China. The market for terminals is shrinking in the country as merchants opt for online platforms such as WePay and Alipay. Our analyst's original investment thesis anticipated that PAX would be able to move from a hardware maker to a software and services company. Despite the company's investments in R&D, we no longer see PAX making this leap to keep up with the online payments platforms.

We also sold Australia's **TPG Telecom** and US retailer **Pricemart**. Both had come to look expensive in light of increasing competition. We also reduced our positions in **Hiday Hidaka** and **LEM Holdings** due to high valuation. We redeployed these proceeds toward cheaper high-quality, sustainable-growth companies.

**THE HL INTERNATIONAL SMALL COMPANIES PORTFOLIO HAS BELOW-BENCHMARK VOLATILITY**  
Rolling 5 Year Standard Deviation of Monthly Returns



Source: eVestment; data as of March 31, 2018.

We bought two South Korean companies—**Hankook Tire** and **Coway**—as well as UAE food and beverages manufacturer **Agthia**, UK technical services provider **Diploma**, Vietnamese steel producer **Hoa Phat Group**, and Romanian natural gas producer **Romgaz**.

Coway is an air- and water-purifier manufacturer that sells through a unique army of 13,000 door-to-door salespeople. In addition to answering questions and negotiating leases of its products, the salespeople return to customers' homes and offices to perform maintenance. Coway's reputation was tested in 2015 by crisis when its water purifiers were found to contain potentially hazardous nickel. Coway replaced the purifiers and the South Korean government ultimately determined that they would not have had an adverse effect on health, but only after a national outcry. Coway retained over three-quarters of the affected customers. Today, Coway's cancellation rate of equipment rental contracts is less than 1%. Its sales are growing, and it continues to command a higher selling price for its appliances compared with competitors due to its premium brand.

### Each of Diploma's businesses operates in lucrative niches.

Diploma is an international group of businesses that sell technical products and services, including diagnostic equipment and supplies for hospital labs, filters and gaskets for industrial equipment, and specialty wiring used by aerospace, transportation, and defense companies. Each of Diploma's businesses operates in lucrative niches. The company uses part of its strong cash flow to acquire more niche businesses with successful track records, expanding and diversifying Diploma's client base.

By region and sector, these transactions increased the portfolio's weights in Frontier and Emerging Markets, as well as Energy and Materials.



### Portfolio Management Team Update

Anix Vyas, CFA was appointed co-lead portfolio manager of Harding Loevner's International Small Companies Equity strategy, effective April 2, 2018. He joins Jafar Rizvi, CFA, who has served as a portfolio manager on the strategy since 2011. Anix joined Harding Loevner in 2013 as a research analyst and covers capital goods and materials companies—a role that he will continue as a portfolio manager.

## INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF MARCH 31, 2018)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>CONSUMER DISCRETIONARY</b>		
ABC-MART Footwear retailer	Japan	0.4
CHEIL WORLDWIDE Marketing and advertising services	South Korea	0.3
COWAY Consumer appliances manufacturer	South Korea	0.6
HANKOOK TIRE Tire manufacturer	South Korea	1.0
HIDAY HIDAKA Restaurant chain operator	Japan	0.1
IPSOS Market-research services	France	1.2
PICO FAR EAST HOLDINGS Event marketing services	Hong Kong	1.4
SHENZHO INTERNATIONAL Textile manufacturer	China	0.8
<b>CONSUMER STAPLES</b>		
AGTHIA Foods and beverages manufacturer	UAE	0.8
ALICORP Consumer products manufacturer	Peru	0.6
ARIAKE Natural seasonings manufacturer	Japan	1.4
BRITVIC Beverages manufacturer	UK	0.7
COSMOS PHARMACEUTICAL Drug stores operator	Japan	0.6
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.8
EMAMI Consumer products manufacturer	India	0.6
GRUPO HERDEZ Processed foods manufacturer	Mexico	1.3
KERNEL Foods and agricultural products manufacturer	Ukraine	1.7
KWS SAAT Agricultural products producer	Germany	1.2
TANZANIA BREWERIES Alcoholic beverages manufacturer	Tanzania	0.7
VITASOY Foods and beverages manufacturer	Hong Kong	1.5
<b>ENERGY</b>		
DIALOG GROUP BERHAD Petrochemical services	Malaysia	0.8
NOSTRUM OIL & GAS Oil and gas producer	UK	0.8
ROMGAZ Natural gas producer	Romania	1.2
<b>FINANCIALS</b>		
ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	1.2
BANK OF GEORGIA Commercial bank	UK	1.5
BRAC BANK Commercial bank	Bangladesh	0.8
EQUITY BANK Commercial bank	Kenya	0.6
JARDINE LLOYD THOMPSON Insurance provider	UK	0.5
MAX FINANCIAL Financial services and insurance provider	India	1.9
MOSCOW EXCHANGE Clearing house and exchange	Russia	1.5
RATHBONE BROS Wealth manager	UK	1.7
SECURITY BANK Commercial bank	Philippines	0.8
SURUGA BANK Commercial Bank	Japan	0.5
<b>HEALTH CARE</b>		
ABCAM Life science services	UK	2.6
BML Clinical testing and information services	Japan	1.5
CARL ZEISS MEDITEC Medical technology provider	Germany	2.2
DIASORIN Reagent kits developer	Italy	0.5
EMIS GROUP Health care software developer	UK	0.6
FINDEX Health care software developer	Japan	0.4
GERRESHEIMER Pharma packaging manufacturer	Germany	1.2
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.4
NAKANISHI Dental instruments manufacturer	Japan	1.8
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.9
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	1.7
<b>INDUSTRIALS</b>		
ALFA LAVAL Industrial equipment manufacturer	Sweden	0.7
ARCADIS Built asset manager and consultant	Netherlands	1.3

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
BBA AVIATION Flight support systems and services	UK	0.7
BERTRANDT Industrial development services	Germany	1.6
BOSSARD Industrial components supplier	Switzerland	1.7
BRUNEL INTERNATIONAL Employment services	Netherlands	1.1
CLARKSON Shipping services	UK	0.8
DANIELI Industrial equipment manufacturer	Italy	0.8
DIPLOMA Specialized technical services	UK	0.6
HAITIAN Plastic injection-molding machines manufacturer	China	1.3
INTRUM JUSTITIA Credit management services	Sweden	1.2
LISI Industrial components manufacturer	France	1.8
MISUMI GROUP Machinery-parts supplier	Japan	1.0
MONOTARO Factory materials supplier	Japan	0.4
RATIONAL Commercial kitchen equipment manufacturer	Germany	0.4
ROTORK Actuator manufacturer	UK	1.1
RPS GROUP Environmental consultant	UK	1.5
SENIOR Aerospace and auto parts manufacturer	UK	1.8
SENSATA TECHNOLOGIES Industrial sensors manufacturer	US	0.6
TOMRA Industrial sensors manufacturer	Norway	2.3
<b>INFORMATION TECHNOLOGY</b>		
ADVANTECH Industrial PCs manufacturer	Taiwan	0.4
ALTEN Technology consultant and engineer	France	2.3
ASM INTERNATIONAL Semiconductor equipment manufacturer	Netherlands	1.5
BECHTLE IT services and IT products reseller	Germany	1.7
CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	1.2
CYBERARK Cybersecurity software developer	Israel	0.7
GLOBANT Software developer	Argentina	1.1
GMO PAYMENT GATEWAY Payment processing services	Japan	1.0
HALMA Health and safety products manufacturer	UK	0.8
INFOMART Restaurant supply chain operator	Japan	2.1
KINAXIS Supply chain software developer	Canada	1.1
LEM HOLDINGS Electrical components manufacturer	Switzerland	0.7
REPLY IT consultant	Italy	2.3
RIB SOFTWARE Software developer	Germany	0.4
SMS Health care employment services	Japan	0.9
TEMENOS GROUP Banking software developer	Switzerland	0.8
VAISALA Atmospheric measuring devices manufacturer	Finland	2.4
<b>MATERIALS</b>		
CEMEX LATAM Construction materials producer	Colombia	0.3
CHR. HANSEN Natural ingredients developer	Denmark	0.5
DULUXGROUP Paints and coatings manufacturer	Australia	0.7
HOA PHAT GROUP Steel producer	Vietnam	0.6
RPC Plastic products designer and engineer	UK	1.3
SH KELKAR Fragrances and flavors manufacturer	India	0.7
<b>REAL ESTATE</b>		
No Holdings		
<b>TELECOM SERVICES</b>		
TOWER BERSAMA Telecom infrastructure provider	Indonesia	0.3
<b>UTILITIES</b>		
RUBIS Liquid chemical storage and distribution	France	1.6
<b>CASH</b>		
3.6		

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.

## 1Q18 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
INFOMART	INFT	1.7	0.79
TOMRA	INDU	1.9	0.53
ABCAM	HLTH	2.8	0.49
SENIOR	INDU	1.6	0.29
ALTEN	INFT	2.2	0.29

## 1Q18 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
MAX FINANCIAL	FINA	1.5	-0.44
INTRUM JUSTITIA	INDU	1.7	-0.42
LISI	INDU	2.2	-0.37
SURUGA BANK	FINA	0.7	-0.29
BOSSARD	INDU	2.0	-0.26

## PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	9.1	7.3
RETURN ON ASSETS <sup>1</sup> (%)	8.1	5.5
RETURN ON EQUITY <sup>1</sup> (%)	14.7	10.9
DEBT/EQUITY RATIO <sup>1</sup> (%)	16.6	47.4
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	3.4	4.1
SALES GROWTH <sup>1,2</sup> (%)	5.1	1.8
EARNINGS GROWTH <sup>1,2</sup> (%)	11.4	11.0
CASH FLOW GROWTH <sup>1,2</sup> (%)	10.7	7.8
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.0	4.5
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	2.0	2.1
WTD AVG MKT CAP (US \$B)	2.8	2.6
TURNOVER <sup>3</sup> (ANNUAL %)	20.6	—

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BECHTLE	INFT	2.6	1.42
ABCAM	HLTH	2.5	1.41
TOMRA	INDU	1.7	1.28
LEM HOLDINGS	INFT	1.7	1.25
VAISALA	INFT	2.7	1.18

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
NOSTRUM OIL & GAS	ENER	0.6	-0.39
DIGNITY	DSCR	0.5	-0.32
PAX GLOBAL	INFT	1.1	-0.32
INTRUM JUSTITIA	INDU	1.2	-0.29
SURUGA BANK	FINA	0.4	-0.26

RISK AND VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup>	3.31	—
BETA <sup>2</sup>	0.87	—
R-SQUARED <sup>2</sup>	0.88	—
ACTIVE SHARE <sup>3</sup> (%)	97	—
STANDARD DEVIATION <sup>2</sup> (%)	10.64	11.54
SHARPE RATIO <sup>2</sup>	1.03	0.75
TRACKING ERROR <sup>2</sup> (%)	4.0	—
INFORMATION RATIO <sup>2</sup>	0.58	—
UP/DOWN CAPTURE <sup>2</sup>	94/76	—
PRICE/EARNINGS <sup>4</sup>	21.4	15.4
PRICE/CASH FLOW <sup>4</sup>	14.8	11.0
PRICE/BOOK <sup>4</sup>	2.9	1.6
DIVIDEND YIELD <sup>5</sup> (%)	1.9	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 3, 2018); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

## COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
AGTHIA	UAE	STPL
COWAY	SOUTH KOREA	DSCR
DIPLOMA	UK	INDU
HANKOOK TIRE	SOUTH KOREA	DSCR
HOA PHAT GROUP	VIETNAM	MATS
ROMGAZ	ROMANIA	ENER

POSITIONS SOLD	COUNTRY	SECTOR
DIGNITY	UK	DSCR
PAX GLOBAL	CHINA	INFT
PRICESMART	US	STPL
TPG TELECOM	AUSTRALIA	TCOM

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, 2018)

	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 (%)
2018 YTD <sup>4</sup>	1.03	0.77	-0.28	11.21	11.80	N.A. <sup>5</sup>	3	355	0.63
2017	37.61	36.34	32.12	10.76	11.54	N.M. <sup>6</sup>	3	323	0.60
2016	0.79	-0.22	4.29	10.78	12.15	N.M.	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

<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 2018 YTD performance returns and assets shown are preliminary; <sup>5</sup>N.A.—Internal dispersion 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 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 and cash reserves. For comparison purposes, the Composite is measured against the MSCI All Country World ex-US Small Cap Total Return Index (Gross). 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 41-9,919 million (as of March 31, 2018). 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 December 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 December 31, 2017. The verification and performance examination 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 does not guarantee 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.