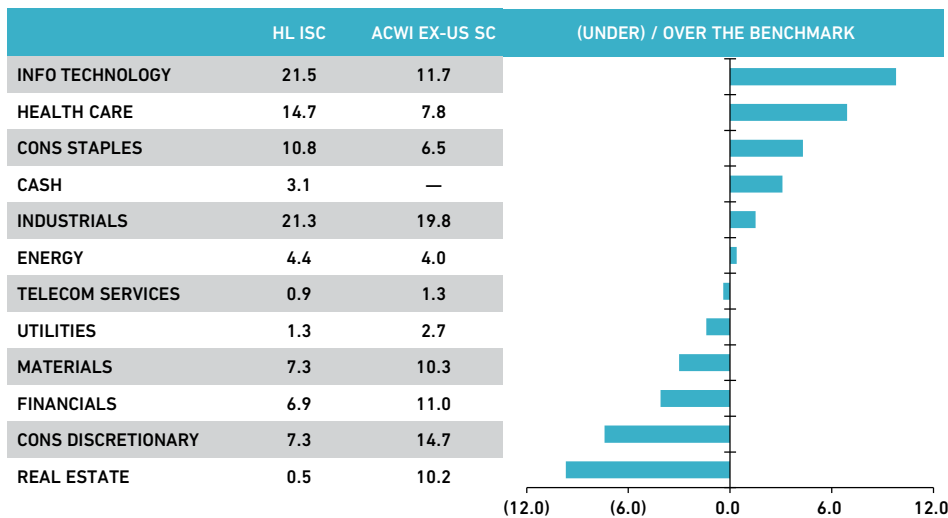
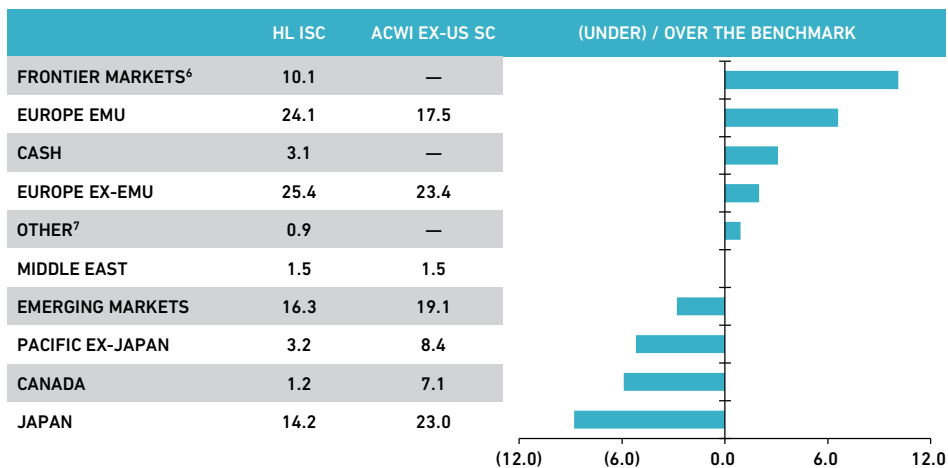


**COMPOSITE PERFORMANCE (%TOTAL RETURN) FOR PERIODS ENDED SEPTEMBER 30, 2018<sup>1</sup>**

	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)	0.23	0.17	5.87	14.37	8.97	13.18	9.25
HL INTL SMALL COMPANIES (NET OF FEES)	-0.06	-0.67	4.79	13.18	7.84	11.94	8.06
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	-1.42	-4.10	2.24	11.64	6.52	9.11	4.86

<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 >**

Shares of non-US small caps lagged their US peers and—for the first time since late 2016—large non-US companies.

**Performance and Attribution >**

Sources of relative return by region and sector.

**Investment Perspectives >**

Industries that matured long ago in developed economies still offer opportunities for small-cap investors in emerging and frontier markets.

**Portfolio Highlights >**

We saw the recent sell-off in EMs and FMs as an opportunity to add to our portfolio exposure to these regions at reasonable prices.

**Portfolio Characteristics >**

Quality, growth, and risk characteristics of the portfolio.

**Portfolio Holdings >**

Information about the companies held in our portfolio.

**Portfolio Facts >**

Contributors, detractors, and completed transactions.

**ONLINE SUPPLEMENTS**

 Watch the Intl Small Companies Equity quarterly review

 View other reports at [hardingloevner.com/library](http://hardingloevner.com/library)

## MARKET REVIEW

Stocks of international small companies fell 1.4% in the quarter, dragged down by rising US interest rates, dollar strength, and an escalating trade war between the US and China. Shares of non-US small caps lagged their US peers and—for the first time since late 2016—large non-US companies.

The US economy is firing on all cylinders. In the second quarter, it grew at a 4.2% annual rate, the fastest in four years. Unemployment fell to 3.7%, the lowest since 1969, and inflation remains moderate. The Federal Reserve raised interest rates in September for the third time in 2018. The move contributed to dollar strength against most major currencies and detracted from international returns for US dollar-based investors.

The picture is less rosy outside the US. Small companies in Emerging Markets (EMs) fared worst. Escalating trade tensions between the US and China weighed on Taiwan, South Korea, Malaysia, and other developing countries that export to China. A prolonged trade war could further weaken China's economy and demand for those countries' products. Higher US interest rates and the strong dollar also took a toll on developing countries. Capital flowed to the US in pursuit of higher rates, while the strong dollar increased the cost of US-dollar denominated debt, which has risen to 16% of GDP in

### MARKET PERFORMANCE (USD %)

MARKET	3Q 2018	TRAILING 12 MONTHS
CANADA	-0.1	1.1
EMERGING MARKETS	-4.1	-3.9
EUROPE EMU	-1.4	-0.8
EUROPE EX-EMU	-1.7	4.1
JAPAN	0.0	7.7
MIDDLE EAST	14.5	19.3
PACIFIC EX-JAPAN	-1.5	3.2
MSCI ACW EX-US SC INDEX	-1.4	2.2

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

SECTOR	3Q 2018	TRAILING 12 MONTHS
CONSUMER DISCRETIONARY	-3.4	-1.6
CONSUMER STAPLES	-3.0	5.7
ENERGY	4.0	11.6
FINANCIALS	-0.7	-2.8
HEALTH CARE	3.5	20.1
INDUSTRIALS	-0.2	-1.3
INFORMATION TECHNOLOGY	-3.8	6.6
MATERIALS	-3.8	-2.4
REAL ESTATE	-0.8	4.3
TELECOM SERVICES	1.8	0.3
UTILITIES	-2.1	-3.1

Source: FactSet (as of September 30, 2018); MSCI Inc. and S&P.

EMs, a level not reached since the late 1990s.<sup>1</sup> The price of oil rose 6% in the quarter, further pressuring the economies of India, China, and other countries reliant on imported petroleum. India also faced a liquidity crunch after IL&FS, one of the country's largest infrastructure lenders, defaulted on US\$13 billion of debt, sending tremors through the Indian financial markets.

In Europe, small-cap stocks performed roughly in line with the index. In the UK, shares fell 4% as the March 29 deadline for its exit from the European Union (EU) nears. The “hard” Brexit scenario—one where the UK leaves the EU without retaining privileged access to its single market—appears increasingly likely. In late September, Prime Minister Theresa May said negotiations with the EU had stalled and her government was prepared to leave the EU without a deal.

**The “hard” Brexit scenario—one where the UK leaves the EU without retaining privileged access to its single market—appears increasingly likely.**

By sector, Energy stocks performed best as tightening global inventories and the pending US sanctions against Iran buoyed oil prices. Health Care and Telecom Services—typically viewed as “safe” sectors—also registered positive returns. Information Technology (IT) performed the worst. The semiconductors and semiconductor equipment industry group fell 12% as reported book-to-bill ratios indicated orders may have peaked. Prices for memory chips and other semiconductors have begun to decline.

## PERFORMANCE AND ATTRIBUTION

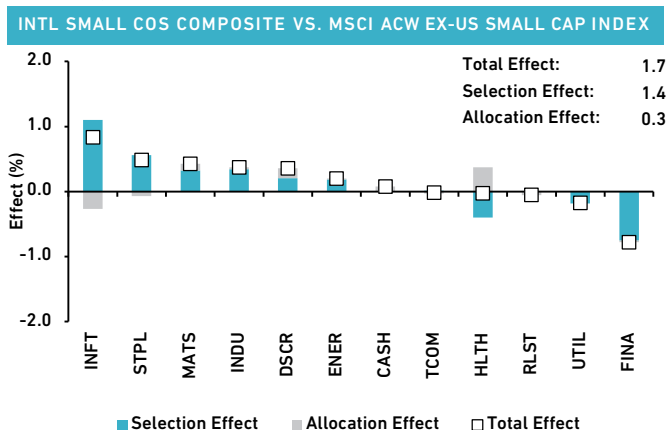
The International Small Companies composite rose 0.2% in the quarter, outperforming its benchmark, which fell 1.4%. The charts on the following page attribute the quarter's performance by sector and region.

Our strong stock selection in IT contributed to the portfolio's outperformance, especially within the software and services industry group. Shares of **Bechtle**, a German technology consultant, surged in August after the company reported a 17% increase in sales, in part due to its successful expansion in Austria and Switzerland. Bechtle also revised upward its revenue and earnings estimates for the remainder of the year.

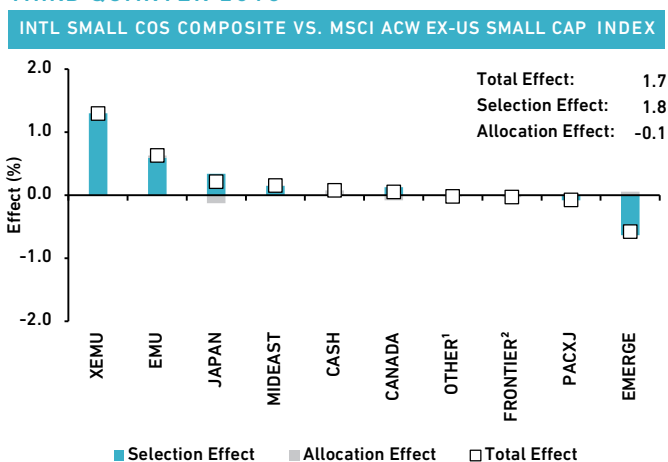
<sup>1</sup>BCA Research. Daily Insights. October 1, 2018.

*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, 2018 is available on pages 6–7 of this report.*

## SECTOR PERFORMANCE ATTRIBUTION THIRD QUARTER 2018



## GEOGRAPHIC PERFORMANCE ATTRIBUTION THIRD QUARTER 2018



<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 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.

Poor selection in Financials partially offset our success in IT. The greatest detractor was **Anadolu Hayat Emeklilik**, Turkey's oldest life insurer and our only holding in the country. Investors expect that public participants will contribute less to government-subsidized savings plans as Turkey's economy deteriorates. Returns for US dollar-based investors were also hurt by the lira's 24% decline against the greenback in the quarter.

Viewed by region, our selections in Europe contributed to our outperformance. In the UK, our stocks gained 2% while the index fell 4%. Shares of London-based insurer **Jardine Lloyd Thompson** rose after it agreed to be acquired by Marsh & McLennan. Marsh will pay Jardine Lloyd Thompson shareholders £19.15 per share in cash, a 33.7% premium to the closing price the day prior to the announcement. The deal is expected to close in the spring.

Shares of Kazakhstan-based **Nostrum Oil & Gas**, which is listed on the London Stock Exchange, rose after the company reached an agreement to process hydrocarbons supplied by Ural Oil & Gas LLP. The pact will help Nostrum monetize the excess capacity of its soon-to-be-expanded gas treatment facility in northwest Kazakhstan.

Our poor stock selection in EMs, particularly Turkey and China, detracted from our relative returns. In China, shares of online job portal **51Job Inc.** fell after it reported lower-than-expected profits. The company's margins compressed due to a 44% increase in spending on sales and marketing. Chinese furniture company **Suofeiya** also declined after reporting slow second-quarter growth.

## INVESTMENT PERSPECTIVES

When supported by pro-growth public policies and political stability, emerging and frontier economies are capable of rapid expansion; the rise of China is the most salient example of this phenomenon. Investing in this growth, however, requires fortitude. Developing countries—especially those dependent on external financing to fund their capital formation—are vulnerable to internal and external shocks that raise the cost of borrowing or undermine the confidence of foreign lenders. This year, many emerging and frontier markets (EMs and FMs) sold off as US interest rates rose, the dollar strengthened, and trade disputes escalated.

As small-cap investors, we are finding opportunities to invest in companies that are introducing the necessities and luxuries of modern life, from urban apartments to financial services, to millions of newly minted middle class consumers. Whereas our small developed market companies tend to be niche businesses serving narrowly targeted customers, in EMs and FMs our small caps often are not limited to niche products and therefore enjoy greater potential. In these markets, industries that matured long ago in developed economies still offer growth opportunities.

**In developed countries, the steel industry has been contracting for decades. In Vietnam, it is booming.**

One such example is the steel industry, where large caps tend to dominate. In developed countries, the steel industry has been contracting for decades. In Vietnam, it is booming. The country's rapidly rising need for industrial plants, infrastructure, and urban residential construction creates enormous demand for the material. The country's market leader is **Hoa Phat Group**, an integrated steel producer with the most capacity and the lowest production costs—competitive advantages that will improve next year when a new plant with four million tons of additional capacity comes online, without sacrificing profit margins or overleveraging.

In a small market like Peru, a small-cap company can operate nationwide. **Alicorp** makes a broad range of consumer packaged goods including pasta, cooking oil, flour, detergent, and soap. The Peruvian economy is strong, with low public debt, a stable currency, and accelerating growth. From 2001 to 2016, the percentage of Peruvians in poverty fell from 55% to 21%, lifting demand for Alicorp’s products. Alicorp tailors its goods to local tastes, unlike the multinationals that compete with it, including Unilever, Nestlé, and Kraft. The company has high brand recognition and one of Peru’s largest distribution networks, covering every major town in the country. The company has little debt and its management team has a good track record of capital allocation.

**We see the recent sell-off in EMs and FMs as an opportunity to add to several of them at more attractive prices.**

The rising middle classes in developing countries need more than apartments and pasta; urbanization and the other structural changes that accompany modernization disrupt traditional social networks and safety nets, creating demand for a more modern form of financial security. India’s **Max Financial** is a small company selling into a nascent market for life insurance. The Indian life insurance market was only privatized in 2001. Premium per capita lags significantly behind not only developed markets but also other EMs, pointing to a long runway for growth. Max has been growing quickly due to its strong agent network and its distribution partnership with Axis Bank. The recent troubles in the Indian banking sector are not expected to disrupt Max’s growth significantly, and the company is expanding its own agent network to hedge the risk that Axis

does not renew the distribution partnership in 2021. The costs of this expansion will reduce Max’s margins in the short term, but ensure Max’s long-term growth prospects and strengthen its negotiating position vis-à-vis its partner. It is representative of the strategic foresight Max has demonstrated as it expanded its market share over the last decade.

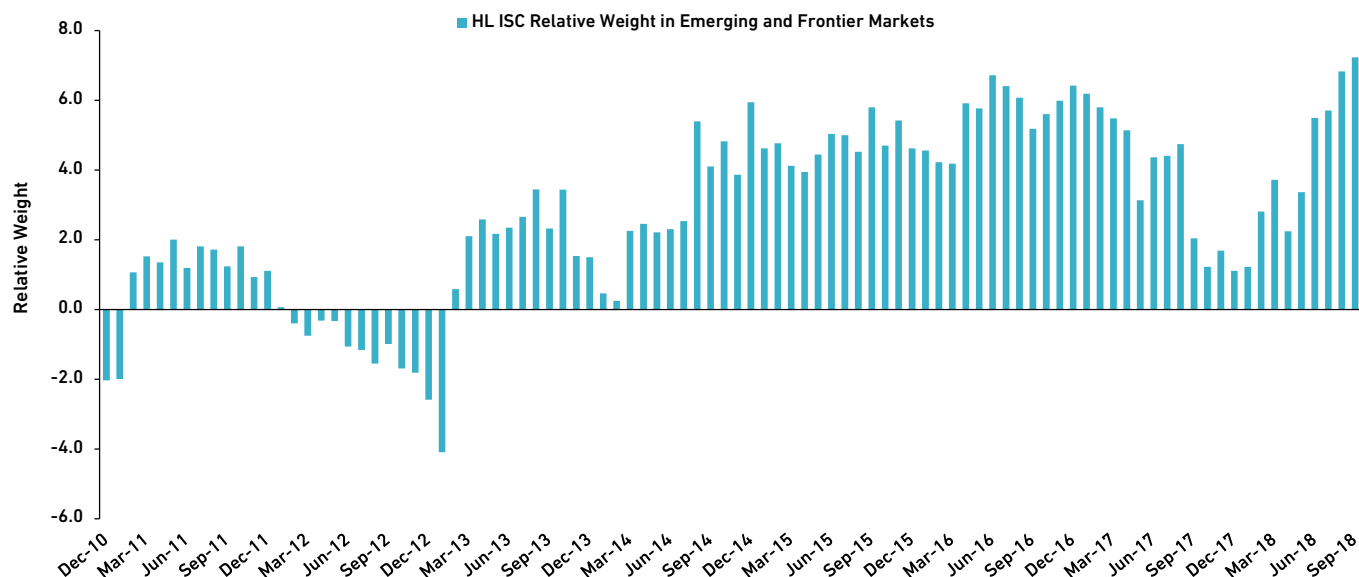
For the reasons described, we are overweight in developing regions when emerging and frontier markets are combined. This exposure detracted from relative returns in the quarter. Because our view of the long-term prospects for each of these high-quality, growing businesses has not changed, we see the recent sell-off in EMs and FMs as an opportunity to add to several existing holdings at more attractive prices, and to make new investments in Argentina and South Africa. Warren Buffett once said, “You pay a very high price in the stock market for a cheery consensus.” We think the inverse is true in emerging and frontier markets today: the overwhelmingly gloomy consensus offers the potential to acquire strong long-term growth at reasonable prices.

## ■ PORTFOLIO HIGHLIGHTS

In the quarter, we added to existing EM and FM holdings (Hoa Phat, **Moscow Exchange**, **Kernel**, and **Tower Bersama**). We also initiated positions in **Loma Negra**, Argentina’s largest cement producer, and **Tiger Brands**, South Africa’s dominant packaged goods company.

Stocks in Argentina were especially hard hit amid the country’s escalating currency crisis. The government responded by hiking interest rates to 60% (the world’s highest) and accelerating its plan to reduce the country’s fiscal deficit. Latin America’s

### HL INTERNATIONAL SMALL COMPANIES EQUITY MODEL HAS SUPPLEMENTED A RELATIVE UNDERWEIGHT IN EMS WITH OFF-BENCHMARK FM HOLDINGS



Source: Harding Loevner International Small Companies Equity Model, MSCI Inc. and S&P.

third-largest economy will likely shrink this year and next. Construction activity and cement demand will decline. At the time of our purchase, Loma Negra's shares had fallen 60% from their peak in January, and we believed its poor near-term outlook was more than fully reflected in its share price.

The Argentine cement industry has grown over the long term, despite the country's frequent economic crises. In its 92 years in business, Loma has accumulated competitive advantages that should help it withstand the current crisis and eventually return to growth. Through one of its subsidiaries, Loma has indirect control of Ferrosur Roca, which operates a rail network that connects five of Loma's eight factories to distribution centers. This enables Loma to move its cement faster and more cheaply than its competitors, and to shift production among factories based on regional demand. With its logistical advantages and lower production costs, Loma could comfortably match its rivals on price—but it doesn't. On the strength of the company's brand, it prices its cement at a 3% premium to peers. A new plant in Buenos Aires province, scheduled to be operational in 2020, will expand the company's production capacity by 30% and produce at lower costs than existing plants, cementing Loma's structural advantages over the competition.

### Most of Tiger's food and personal-care brands lead the market in their categories.

In South Africa, shares of consumer-products maker Tiger Brands have fallen sharply this year due to a recession and a listeriosis outbreak traced to its meat-processing facilities. More than 200 people died and a thousand sickened this spring after eating polony sausage and other chilled meats. Scientists tied

the outbreak to a strain of listeria that existing government and industry tests did not detect. Tiger recalled the tainted products and closed several factories, and is now leading efforts to improve national food-testing standards.

When we initiated our position in August, Tiger shares had fallen 25% from their highs reached before the listeria tragedy. Though it faces headwinds from South African economic weakness and litigation in the short term, the company's competitive advantages remain strong. Most of Tiger's food and personal-care brands lead the market in their categories. To capture share, Tiger packages its products in a variety of sizes and price points. The company, which primarily targets South Africa's growing middle class, enjoys one of the largest distribution networks in Africa. At home, its distribution system extends across modern and traditional retail outlets, such as "spaza" shops (convenience stores run out of homes). About 10% of Tiger's sales are in other African countries, including Nigeria, Kenya, and Cameroon.

#### PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	10.0	7.3
RETURN ON ASSETS <sup>1</sup> (%)	8.1	5.6
RETURN ON EQUITY <sup>1</sup> (%)	14.9	11.0
DEBT/EQUITY RATIO <sup>1</sup> (%)	16.6	47.9
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	3.4	4.3
SALES GROWTH <sup>1,2</sup> (%)	5.4	2.2
EARNINGS GROWTH <sup>1,2</sup> (%)	11.8	11.0
CASH FLOW GROWTH <sup>1,2</sup> (%)	12.4	6.9
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.5	5.2
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	2.5	1.9
WTD AVG MKT CAP (US \$B)	3.0	2.5
TURNOVER <sup>3</sup> (ANNUAL %)	23.7	—

RISK AND VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	3.18	—
BETA <sup>2</sup>	0.87	—
R-SQUARED <sup>2</sup>	0.86	—
ACTIVE SHARE <sup>3</sup> (%)	97	—
STANDARD DEVIATION <sup>2</sup> (%)	10.00	10.66
SHARPE RATIO <sup>2</sup>	0.85	0.57
TRACKING ERROR <sup>2</sup> (%)	4.0	—
INFORMATION RATIO <sup>2</sup>	0.61	—
UP/DOWN CAPTURE <sup>2</sup>	94/74	—
PRICE/EARNINGS <sup>4</sup>	19.9	14.9
PRICE/CASH FLOW <sup>4</sup>	14.8	10.4
PRICE/BOOK <sup>4</sup>	3.0	1.6
DIVIDEND YIELD <sup>5</sup> (%)	2.1	2.5

<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 3, 2018); Harding Loevner International Small Companies Model, based on the underlying holdings; MSCI Inc.

Portfolio characteristics are supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation.

**INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF SEPTEMBER 30, 2018)**

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>CONSUMER DISCRETIONARY</b>		
ABC-MART Footwear retailer	Japan	0.2
CHEIL WORLDWIDE Marketing and advertising services	South Korea	0.5
COWAY Consumer appliances manufacturer	South Korea	0.3
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	0.5
HANKOOK TIRE Tire manufacturer	South Korea	0.9
IPSOS Market-research services	France	1.0
JARIR MARKETING Consumer products retailer	Saudi Arabia	1.0
PICO FAR EAST HOLDINGS Event marketing services	Hong Kong	1.1
RINNAI Consumer appliances manufacturer	Japan	0.3
STANLEY ELECTRIC Automotive lighting manufacturer	Japan	1.3
SUOFEIYA Home-furnishings retailer	China	0.3
<b>CONSUMER STAPLES</b>		
AGTHIA Foods and beverages manufacturer	UAE	0.9
ALICORP Consumer products manufacturer	Peru	0.3
ARIAKE Natural seasonings manufacturer	Japan	2.9
BRITVIC Beverages manufacturer	UK	0.8
COSMOS PHARMACEUTICAL Drugstores operator	Japan	0.3
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.3
EMAMI Consumer products manufacturer	India	0.3
GRUPO HERDEZ Processed foods manufacturer	Mexico	1.1
KERNEL Foods and agricultural products manufacturer	Ukraine	1.1
KWS SAAT Agricultural products producer	Germany	1.1
NESTLÉ NIGERIA Foods manufacturer	Nigeria	0.5
TANZANIA BREWERIES Alcoholic beverages manufacturer	Tanzania	0.7
TIGER BRANDS Foods and consumer products manufacturer	South Africa	0.3
VITASOY Foods and beverages manufacturer	Hong Kong	0.3
<b>ENERGY</b>		
CORE LABORATORIES Oilfield services	US	0.6
DIALOG GROUP BERHAD Petrochemical services	Malaysia	1.1
NOSTRUM OIL & GAS Oil and gas producer	UK	1.7
ROMGAZ Natural gas producer	Romania	1.0
<b>FINANCIALS</b>		
ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	0.6
BANK OF GEORGIA Commercial bank	UK	1.0
BRAC BANK Commercial bank	Bangladesh	0.4
EQUITY BANK Commercial bank	Kenya	0.2
JARDINE LLOYD THOMPSON Insurance provider	UK	0.9
MAX FINANCIAL Financial services and insurance provider	India	1.1
MOSCOW EXCHANGE Clearing house and exchange	Russia	1.3
RATHBONE BROS Wealth manager	UK	1.2
SECURITY BANK Commercial bank	Philippines	0.3
<b>HEALTH CARE</b>		
ABCAM Life science services	UK	2.6
BML Clinical testing and information services	Japan	0.9
CARL ZEISS MEDITEC Medical technology provider	Germany	2.9
DECHRA Veterinary pharma manufacturer	UK	1.2
DIASORIN Reagent kits developer	Italy	0.6
EMIS GROUP Health care software developer	UK	1.0
FINDEX Health care software developer	Japan	0.5

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>HEALTH CARE (continued)</b>		
INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.1
NAKANISHI Dental instruments manufacturer	Japan	2.5
SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.4
STRATEC BIOMEDICAL Diagnostic equipment manufacturer	Germany	0.9
<b>INDUSTRIALS</b>		
51JOB INC. Online human resource services	China	0.6
ALFA LAVAL Industrial equipment manufacturer	Sweden	1.1
ARCADIS Built asset manager and consultant	Netherlands	1.4
BBA AVIATION Flight support systems and services	UK	1.1
BERTRANDT Industrial development services	Germany	0.7
BOSSARD Industrial components supplier	Switzerland	0.9
BRUNEL INTERNATIONAL Employment services	Netherlands	0.2
CLARKSON Shipping services	UK	1.3
DANIELI Industrial equipment manufacturer	Italy	0.4
DIPLOMA Specialized technical services	UK	1.3
HAITIAN Plastic injection-molding machines manufacturer	China	1.0
ICTSI Container-terminal operator	Philippines	1.0
INTRUM JUSTITIA Credit management services	Sweden	1.4
LISI Industrial components manufacturer	France	1.1
MISUMI GROUP Machinery-parts supplier	Japan	0.5
MONOTARO Factory materials supplier	Japan	0.3
PFEIFFER VACUUM Vacuum pump manufacturer	Germany	0.8
RATIONAL Commercial kitchen equipment manufacturer	Germany	0.3
RPS GROUP Environmental consultant	UK	0.6
SENIOR Aerospace and auto parts manufacturer	UK	2.3
SENSATA TECHNOLOGIES Industrial sensors manufacturer	US	0.3
SMS Health care employment services	Japan	1.5
TOMRA Industrial sensors manufacturer	Norway	1.4
<b>INFORMATION TECHNOLOGY</b>		
ADVANTECH Industrial PCs manufacturer	Taiwan	0.2
ALTEN Technology consultant and engineer	France	2.2
ASM INTERNATIONAL Semiconductor equipment manufacturer	Netherlands	0.5
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.6
BECHTLE IT services and IT products reseller	Germany	2.4
CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	0.9
CYBERARK Cybersecurity software developer	Israel	1.5
GLOBANT Software developer	Argentina	1.6
GMO PAYMENT GATEWAY Payment processing services	Japan	1.2
INFOMART Restaurant supply chain operator	Japan	1.9
KINAXIS Supply chain software developer	Canada	1.2
LEM HOLDINGS Electrical components manufacturer	Switzerland	1.0
REPLY IT consultant	Italy	2.7
RIB SOFTWARE Software developer	Germany	1.0
SILERGY Electronics chips manufacturer	Taiwan	0.4
TEMENOS GROUP Banking software developer	Switzerland	0.5
VAISALA Atmospheric measuring devices manufacturer	Finland	1.4
<b>MATERIALS</b>		
CHR. HANSEN Natural ingredients developer	Denmark	0.7
DULUXGROUP Paints and coatings manufacturer	Australia	1.2

CONTINUED ON FOLLOWING PAGE >

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.

## INTERNATIONAL SMALL COMPANIES HOLDINGS (AS OF SEPTEMBER 30, 2018)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>MATERIALS (continued)</b>		
FUCHS PETROLUB Lubricants manufacturer	Germany	0.8
HOA PHAT GROUP Steel producer	Vietnam	2.0
LOMA NEGRA Cement manufacturer	Argentina	0.7
RPC Plastic products designer and engineer	UK	1.4
SH KELKAR Fragrances and flavors manufacturer	India	0.5

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>REAL ESTATE</b>		
MABANEE Real estate developer and manager	Kuwait	0.5
<b>TELECOM SERVICES</b>		
TOWER BERSAMA Telecom infrastructure provider	Indonesia	0.8
<b>UTILITIES</b>		
RUBIS Liquid chemical storage and distribution	France	1.3
<b>CASH</b>		
		3.1

### 3Q18 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BECHTLE	INFT	2.3	0.59
CARL ZEISS MEDITEC	HLTH	2.9	0.57
ARIAKE	STPL	2.5	0.40
CYBERARK	INFT	1.4	0.33
JARDINE LLOYD THOMPSON	FINA	0.7	0.29

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CARL ZEISS MEDITEC	HLTH	2.3	1.17
INFOMART	INFT	1.9	1.09
TOMRA	INDU	1.7	0.87
BECHTLE	INFT	2.1	0.79
ABCAM	HLTH	2.5	0.76

### 3Q18 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ANADOLU HAYAT EMEKLILIK	FINA	0.8	-0.48
DECHRA	HLTH	1.5	-0.33
LEM HOLDINGS	INFT	1.1	-0.24
VAISALA	INFT	1.6	-0.24
NAKANISHI	HLTH	2.5	-0.24

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
LISI	INDU	1.8	-0.76
MAX FINANCIAL	FINA	1.4	-0.59
ANADOLU HAYAT EMEKLILIK	FINA	1.4	-0.44
NOSTRUM OIL & GAS	ENER	1.0	-0.42
SURUGA BANK	FINA	0.5	-0.39

### COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
CCR	BRAZIL	INDU
LOMA NEGRA	ARGENTINA	MATS
TIGER BRANDS	SOUTH AFRICA	STPL

POSITIONS SOLD	COUNTRY	SECTOR
CCR	BRAZIL	INDU
HALMA	UK	INFT

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, 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	FIRM ASSETS
	(%)	(%)	(%)	(%)	(%)	(%)		(\$M)	(%)
2018 YTD <sup>4</sup>	0.17	-0.67	-4.10	10.28	10.69	N.A. <sup>5</sup>	1	237	0.41
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 62-12,687 million (as of September 30, 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 June 30, 2018.

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, 2018. 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.