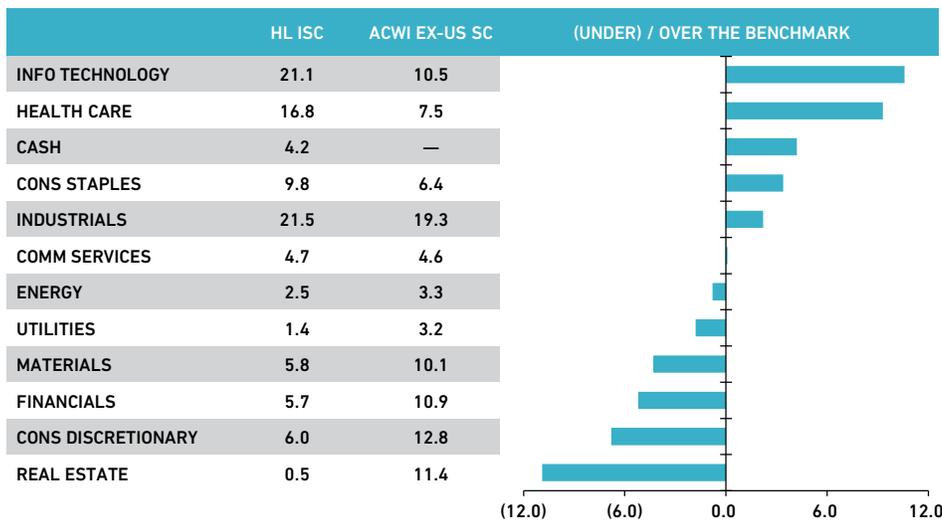
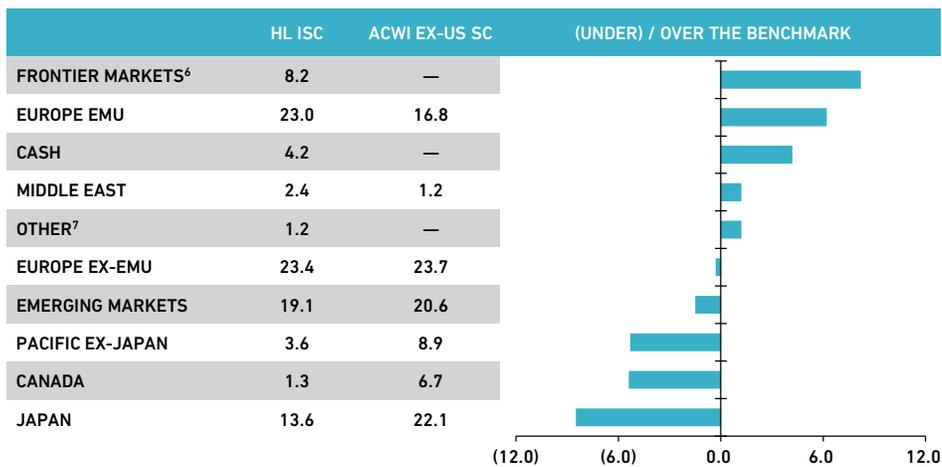


**COMPOSITE PERFORMANCE (%TOTAL RETURN) FOR PERIODS ENDED MARCH 31, 2019<sup>1</sup>**

	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)	13.70	-5.90	9.62	5.52	16.46	8.40
HL INTL SMALL COMPANIES (NET OF FEES)	13.39	-6.98	8.48	4.42	15.19	7.21
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	10.36	-9.13	7.41	3.63	12.25	4.17

<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 >**

Small-cap equities rebounded strongly from last year's sell-off.

**Performance and Attribution >**

Sources of relative return by region and sector.

**Investment Perspectives >**

We have uncovered numerous quality businesses that are thriving in Japan.

**Portfolio Highlights >**

Our portfolio's exposure to developing markets remains near our self-imposed ceiling of 30%.

**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 gained 10% in the quarter, rebounding strongly from last year's sell-off. Investor sentiment was buoyed by signals that the US Federal Reserve will pause hiking interest rates, and by progress in US-China trade negotiations.

Signs of a global economic slowdown appeared throughout the quarter. In the US, GDP growth forecasts were revised downward. In Europe, EU officials predicted GDP growth would slow this year to 1.3%, from 1.9% in 2018. Germany's manufacturing sector abruptly contracted, and the country's export sales and orders declined at the fastest rate since the financial crisis. In China, retail sales and manufacturing activity fell amid a sharp decline in bank lending.

Central banks reacted to the downbeat economic data. In January, the US Federal Reserve signaled that December's rate hike would be its last for a while, and Chairman Jerome Powell announced a halt to the planned reduction of the Fed's US\$4 trillion balance sheet, supporting market liquidity. The European Central Bank followed suit, extending its time horizon for keeping interest rates low and offering additional cheap funding for banks. China, too, announced measures to lower borrowing costs and encourage loan growth.

The US-instigated trade war, which left stock markets battered and bruised last year, appeared to take a favorable turn. For much of 2018, companies fearful of escalation that would disrupt their global supply chains were discouraged from making fixed-capital investments. In a reversal over the past few months, hopes for trade peace have risen, as both the US and China signaled an eagerness to reach an accord and reported progress in their negotiations.

Many market segments hardest hit by last year's rout led in the first quarter's bounce. Information Technology (IT), which sold off sharply at the end of 2018, was the best-performing sector in the quarter. A 27% rise in oil prices thanks to production cuts from OPEC and a slightly improved demand outlook lifted small-cap Energy stocks, which likewise had underperformed in the fourth quarter.

Canada, whose market is highly correlated to energy prices, was the quarter's best-performing region. Emerging Markets and Japan lagged the most, gaining 8% and 7%, respectively. India's upcoming general elections cast uncertainty over its stock market; Prime Minister Narendra Modi is favored in the polls, but any reduction in his party's parliamentary majority may slow his promised reforms.

By style, the most-expensive growth stocks strongly outperformed the rest of the market. High-quality stocks outperformed by an even wider margin than they did in the fourth quarter.

## MARKET PERFORMANCE (USD %)

MARKET	1Q 2019	TRAILING 12 MONTHS
CANADA	14.2	-0.2
EMERGING MARKETS	7.8	-12.1
EUROPE EMU	11.7	-12.5
EUROPE EX-EMU	12.7	-7.4
JAPAN	7.3	-11.6
MIDDLE EAST	13.8	14.6
PACIFIC EX-JAPAN	12.5	-3.6
MSCI ACWXUS SC INDEX	10.4	-9.1

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

SECTOR	1Q 2019	TRAILING 12 MONTHS
COMMUNICATION SERVICES	11.9	-5.9
CONSUMER DISCRETIONARY	9.7	-11.4
CONSUMER STAPLES	5.4	-10.9
ENERGY	16.1	-6.4
FINANCIALS	6.5	-14.3
HEALTH CARE	10.7	-4.5
INDUSTRIALS	9.9	-13.3
INFORMATION TECHNOLOGY	17.7	-8.5
MATERIALS	7.9	-13.2
REAL ESTATE	12.3	3.0
UTILITIES	9.5	2.5

Source: FactSet (as of March 31, 2019); MSCI Inc. and S&P.

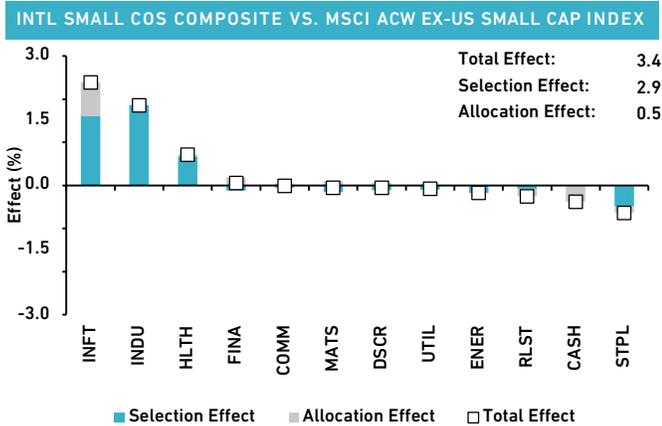
## ■ PERFORMANCE AND ATTRIBUTION

The International Small Companies composite rose 13.7% in the quarter, exceeding the benchmark's 10.4% return. The charts on the next page attribute the quarter's performance by sector and region.

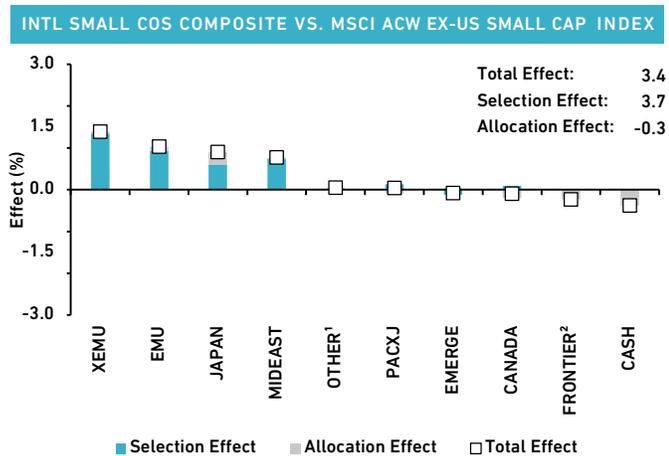
Our strong stock selection in Europe, both within and outside the monetary union, contributed the most to relative performance. Shares of technology consultant **Alten** rose sharply after the company reported its revenue rose 15% in 2018, its fifth-straight year of double-digit sales growth. In the UK, veterinary-pharmaceuticals manufacturer **Dechra** posted stronger-than-expected results for the last six months of 2018 due to an increase in US sales. Our exposure to Frontier Markets detracted, as did our nearly 4% average weight in cash.

*Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at March 31, 2019 is available on pages 6-7 of this report.*

## SECTOR PERFORMANCE ATTRIBUTION FIRST QUARTER 2019



## GEOGRAPHIC PERFORMANCE ATTRIBUTION FIRST QUARTER 2019



<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.

By sector, strong stocks in Industrials boosted our returns. Shares of Philippines-based port operator **ICTSI** rose after its operating margins improved due to increased volumes and efficiencies at its Argentinian, Columbian, and Australian ports. Our IT stocks also bolstered returns. Israel-based **CyberArk** posted stronger-than-expected earnings due to strong sales of its security software. Shares of two Japanese e-commerce companies—**GMO Payment Gateway** and **Infomart**—rebounded strongly after underperforming in December. GMO Payment Gateway’s first-quarter revenues jumped 35% year over year as e-commerce continued to grow in Japan. Infomart, whose software connects restaurants and their suppliers, reported that its sales rose 14% in 2018.

Our overweight and poor stock selection in Consumer Staples detracted from returns. **Ariake**, a Japanese supplier of natural flavorings, sold its highly profitable US business, surprising us and other investors who had viewed it as a long-term growth

opportunity. The company said its American operations were weakening, and the sale will allow it to focus on its fast-growing business in China. We think the company achieved a fair price for its US assets and applaud it for prioritizing long-term growth opportunities in its capital allocation plans.

## INVESTMENT PERSPECTIVES

In terms of economic growth, Japan would appear to be one of the least-promising developed markets for investors. Japan’s economy has been largely stagnant for more than two decades: since 1997, GDP growth has averaged just 1% per annum and the country has endured six recessions. Prime Minister Shinzo Abe’s “Three Arrows” stimulus program of fiscal spending, monetary easing, and structural reforms has shown only limited success over the past five years; the country remains in a malaise and now faces a huge debt burden. One impediment is Japan’s aging and shrinking population. Among developed countries, Japan has the highest percentage (27%) of citizens over 65. Last year the population fell by 263,000, around 2%, its eighth consecutive annual decline. The working-age population shrank to 75 million, or 60% of the total—its lowest percentage on record.

As investors, we always seek growth, even in places where it is not readily apparent. Despite Japan’s dismal economic performance, some Japanese companies are managing to grow. Our investment challenge is to find them. At 3,534, the number of small companies in Japan is large relative to the size of its economy—significantly greater, for example, than the UK and Germany combined. Further raising the bar for foreign investors, over three-quarters of Japan’s small companies publish their investor materials only in Japanese, and the vast majority of company managers do not speak English.

Over the years, we have uncovered numerous quality businesses that are thriving in Japan. While not entirely insulated from the weak economy, their competitive advantages, financial strength, and, most distinctively and importantly, their skillful managers have enabled them to succeed by growing their share of the market in their industries. One example is M3, a Japanese company that has achieved extraordinary growth by disrupting how pharmaceutical companies market to doctors. For years, drug companies have marketed their products through legions of highly paid sales representatives who call on doctors at their offices. In 2000, M3 launched an online platform through which drug companies could share product information with doctors digitally. Doctors accessed the site for free, while pharmaceutical companies paid to post information but at just a fraction of the cost of sales reps’ salaries. M3’s innovation arrived as drug companies were cutting costs due to revenue pressures from patent expirations, and busy doctors were increasingly turning down in-person marketing meetings.

We began covering M3 in 2005. In an early note, our analyst reported that the company had signed up 21 of Japan’s 100 drug companies within its first five years of existence, and believed

it could capture another 30. The company had an advantage of being an early mover in a new, growing market. She noted that, with more doctors, there would be additional opportunities for M3 to grow by expanding its services beyond pharmaceutical information. In fact, M3's site could become a "must join" for doctors. Once M3 reached critical mass, it would be hard for new entrants to take its market share. By early 2006, nearly half of the country's 257,000 physicians had registered.

Over the last 10 years, M3 has expanded its business to the US, UK, South Korea, and China. It now has access to 4.5 million physicians worldwide and has introduced new services for employee recruitment and career development, electronic medical records management, and support for clinical trials. It has grown its revenues at an annual rate of nearly 20%. In 2015, we sold our position because the company had grown too large for our small-cap strategy, but we continue to hold it in other strategies.

In 2015, at the suggestion of M3's founder, we took a look at [SMS](#), a relatively young company providing recruiting services to hospitals and elderly care facilities. Through our research we found that the company was tapping a large but poorly served group: job-seeking nurses. An estimated 10% of Japan's 1.5 million nurses leave their jobs every year, but at the time very few worked with an online recruitment service. SMS offers its services for free to job seekers; hospitals pay on average 20% of a successful recruit's annual salary. It also charges hospitals and health facilities to post job descriptions on its site.

The company quickly established market-leading positions in providing employment services to nurses and senior-care workers, and later developed insurance-billing software for small- and medium-sized nursing homes. The popularity of its services and loyalty of its customers are reflected in SMS's high level of cash-flow return on invested capital, which has averaged 31% over the last five years. In that same period, its revenue and operating profit have grown at a compound annual rate of 21%. Currently, about 80% of SMS's revenues come from Japan, but the company has established a presence in eleven other Asian countries that will eventually face Japan-like demographic trends.

**Food-and-beverage companies are increasingly reliant on specialized ingredient suppliers that help differentiate the taste, color, and smell of a product.**

Our analysts, whether they be focused on an industry or a region, are required to investigate companies' fundamentals in the context of the competitive structures of the global industries in which they participate. This industry-level approach helps us identify broad trends that may represent market opportunities. Our work covering large multinational and regional food-and-beverage companies is informed by the perspectives of two different analysts, one focusing on Consumer Staples and another

on Materials. We have learned that food-and-beverage companies are increasingly reliant on specialized ingredient suppliers that help differentiate the taste, color, and smell of a product. These suppliers enjoy strong loyalty as their customers are unlikely to risk altering the taste or smell of their popular products by switching to lower-cost ingredients. A favorable industry competitive structure thus underpins the growth of flavor-and-fragrance companies like Symrise, Givaudan, and International Foods & Fragrances.

Based on this insight into the flavors-and-fragrances industry, we looked for related investment opportunities in Japan. We found Ariake, the country's largest maker of meat-extract based natural seasonings. Its products include soups, sauces, bouillon, consommé; meat, seafood and vegetable extracts; and vegetable oils. The quality and consistency of its products have secured its longstanding relationships with customers. Rising global appreciation of Japanese food and seasonings and consumers' increasing preference for natural rather than chemical ingredients are helping propel the company's growth. Ariake's major overseas markets include China, Taiwan, Indonesia, and France. Ariake has grown its revenues and earnings at compound annual rates of 10% and 16%, respectively, over the last five years while delivering average cash flow return on invested capital of 14%.

While our Japanese holdings show slightly slower sales growth than our average portfolio company, by expanding their operating margins they have managed to deliver faster than average earnings and cash flow growth—despite operating primarily in an economy that perennially lags the rest of the developed world.

## ■ PORTFOLIO HIGHLIGHTS

Our exposure to Japan increased this quarter as we established a position in [Rohto Pharmaceutical](#), a maker of health and beauty products, and purchased additional shares of [Nakanishi](#), a manufacturer of equipment for dentists. We sold payments company GMO Payment Gateway and trimmed our position in restaurant e-commerce platform operator Infomart, in both cases due to high valuations.

Rohto Pharmaceutical, founded in 1899, sells a variety of cosmetics, personal care products, and over-the-counter medications. The company's eye-care business, which includes drops, washes, and contact-lens solutions, enjoys a 40% market share in Japan. However, Rohto's revenue exposure is balanced geographically and growing, thanks to its continuing expansion into international markets, including North America, Europe, and other countries in Asia.

Shares of Nakanishi fell after the company lowered its profit guidance. We believe the margin weakness will prove temporary, a result of rising costs associated with the upcoming launch of new tools for dental cleanings and restoration procedures. We expect these products will support the company's growth over the long term.

Our portfolio's exposure to Emerging and Frontier Markets remains near our self-imposed ceiling of 30%. Our weight in South Africa increased as we bought **Discovery Holdings**, the country's largest health insurer and one of its largest life insurers. The company is expanding beyond its home market by partnering with other companies. In China, for example, Ping An Insurance agents now sell Discovery's health insurance products. Discovery's balance sheet is healthy, with a cash buffer of 3.4 billion rand, and its management continues to execute well on the global diversification strategy. We thought shares were significantly undervalued at the time of purchase. We also bought South Africa's leading pharmacy chain, **Clicks Group**. With over 800 stores, Clicks has about 23% market share in an otherwise fragmented industry, conferring economies of scale. It also owns a wholesale and distribution business, United Pharmaceutical Distributors (UPD).

In the quarter, we sold **Moscow Exchange**. Ongoing risks related to US sanctions and increasingly weak Russian financial markets led our analyst to question whether the company can continue to grow. We also exited our position in **Nostrum Oil & Gas**, a Kazakhstan-based energy company whose shares trade in London. Management has repeatedly guided down production targets and delayed the commissioning of a gas treatment unit that was expected to double production volumes. They also appear unable to resolve technical issues the company has suffered, like the flooding of oil wells.

By sector, IT remains our portfolio's largest overweight. Our purchases this quarter included **Rightmove**, the UK's leading online real-estate portal. Over one million UK properties are listed on its platform, which logged nearly 1.6 billion visits last year. With 75% market share, agents and buyers have little choice but to use Rightmove, and its market dominance is a durable source of pricing power. Last year, it raised its listing fees despite a weak UK housing market and grew its profits by 11%. We also bought **Paradox Interactive**, a leading Swedish publisher of online strategy games.

## PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	10.5	7.5
RETURN ON ASSETS <sup>1</sup> (%)	8.6	5.5
RETURN ON EQUITY <sup>1</sup> (%)	15.7	10.9
DEBT/EQUITY RATIO <sup>1</sup> (%)	15.6	48.3
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	2.4	3.9
SALES GROWTH <sup>1,2</sup> (%)	6.9	3.2
EARNINGS GROWTH <sup>1,2</sup> (%)	10.9	10.8
CASH FLOW GROWTH <sup>1,2</sup> (%)	9.3	7.6
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.9	6.0
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	2.5	1.8
WTD AVG MKT CAP (US \$B)	2.9	2.3
TURNOVER <sup>3</sup> (ANNUAL %)	27.2	—

RISK AND VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	2.14	—
BETA <sup>2</sup>	0.93	—
R-SQUARED <sup>2</sup>	0.88	—
ACTIVE SHARE <sup>3</sup> (%)	97	—
STANDARD DEVIATION <sup>2</sup> (%)	11.85	12.03
SHARPE RATIO <sup>2</sup>	0.41	0.24
TRACKING ERROR <sup>2</sup> (%)	4.2	—
INFORMATION RATIO <sup>2</sup>	0.46	—
UP/DOWN CAPTURE <sup>2</sup>	93/82	—
PRICE/EARNINGS <sup>4</sup>	21.7	14.3
PRICE/CASH FLOW <sup>4</sup>	15.9	9.5
PRICE/BOOK <sup>4</sup>	3.0	1.4
DIVIDEND YIELD <sup>5</sup> (%)	1.9	2.6

<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 2, 2019); 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 MARCH 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)	SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>COMMUNICATION SERVICES</b>			<b>INDUSTRIALS</b>		
BHARTI INFRATEL Telecom infrastructure provider	India	0.5	DECHRA Veterinary pharma manufacturer	UK	2.0
CHEIL WORLDWIDE Marketing and advertising services	South Korea	0.6	DIASORIN Reagent kits developer	Italy	0.6
IPSOS Market-research services	France	0.4	EMIS GROUP Health care software developer	UK	1.1
PARADOX INTERACTIVE Video game publisher	Sweden	0.4	FINDEX Health care software developer	Japan	0.5
PICO FAR EAST HOLDINGS Event marketing services	Hong Kong	1.2	INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.3
RIGHTMOVE Online property listings operator	UK	0.9	NAKANISHI Dental instruments manufacturer	Japan	2.6
TOWER BERSAMA Telecom infrastructure provider	Indonesia	0.7	ROHTO PHARMACEUTICAL Health and consumer products mfr	Japan	0.7
<b>CONSUMER DISCRETIONARY</b>			SQUARE PHARMACEUTICALS Pharma manufacturer	Bangladesh	0.4
ABC-MART Footwear retailer	Japan	0.2	STRATEC BIOMEDICAL Life science products manufacturer	Germany	1.4
CHARGEURS Specialty fabrics and coatings manufacturer	France	0.4	<b>CONSUMER STAPLES</b>		
COWAY Consumer appliances manufacturer	South Korea	0.3	AGTHIA Foods and beverages manufacturer	UAE	0.8
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	0.5	ALICORP Consumer products manufacturer	Peru	0.3
HANKOOK TIRE Tire manufacturer	South Korea	0.7	ARIAKE Natural seasonings manufacturer	Japan	1.4
JARIR MARKETING Consumer products retailer	Saudi Arabia	1.1	BRITVIC Beverages manufacturer	UK	0.5
RINNAI Consumer appliances manufacturer	Japan	0.3	CLICKS GROUP Drugstores operator	South Africa	0.3
STANLEY ELECTRIC Automotive lighting manufacturer	Japan	1.6	COSMOS PHARMACEUTICAL Drugstores operator	Japan	1.0
SUOFEIYA Home-furnishings retailer	China	0.5	EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.3
THULE GROUP Transportation equipment manufacturer	Sweden	0.4	EMAMI Consumer products manufacturer	India	0.2
<b>CONSUMER STAPLES</b>			GRUPO HERDEZ Processed foods manufacturer	Mexico	1.1
AGTHIA Foods and beverages manufacturer	UAE	0.8	KERNEL Foods and agricultural products manufacturer	Ukraine	1.1
ALICORP Consumer products manufacturer	Peru	0.3	KWS SAAT Agricultural products producer	Germany	1.1
ARIAKE Natural seasonings manufacturer	Japan	1.4	NESTLÉ NIGERIA Foods manufacturer	Nigeria	0.6
BRITVIC Beverages manufacturer	UK	0.5	TIGER BRANDS Foods and consumer products manufacturer	South Africa	0.5
CLICKS GROUP Drugstores operator	South Africa	0.3	ÜLKER Processed foods manufacturer	Turkey	0.1
COSMOS PHARMACEUTICAL Drugstores operator	Japan	1.0	VITASOY Foods and beverages manufacturer	Hong Kong	0.5
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.3	<b>ENERGY</b>		
EMAMI Consumer products manufacturer	India	0.2	CORE LABORATORIES Oilfield services	US	0.9
GRUPO HERDEZ Processed foods manufacturer	Mexico	1.1	DIALOG GROUP BERHAD Petrochemical services	Malaysia	1.1
KERNEL Foods and agricultural products manufacturer	Ukraine	1.1	ROMGAZ Natural gas producer	Romania	0.5
KWS SAAT Agricultural products producer	Germany	1.1	<b>FINANCIALS</b>		
NESTLÉ NIGERIA Foods manufacturer	Nigeria	0.6	ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	0.6
TIGER BRANDS Foods and consumer products manufacturer	South Africa	0.5	BANK OF GEORGIA Commercial bank	UK	1.0
ÜLKER Processed foods manufacturer	Turkey	0.1	DISCOVERY HOLDINGS Insurance provider	South Africa	0.7
VITASOY Foods and beverages manufacturer	Hong Kong	0.5	MAX FINANCIAL Financial services and insurance provider	India	1.9
<b>ENERGY</b>			RATHBONE BROS Wealth manager	UK	1.2
CORE LABORATORIES Oilfield services	US	0.9	SECURITY BANK Commercial bank	Philippines	0.3
DIALOG GROUP BERHAD Petrochemical services	Malaysia	1.1	<b>HEALTH CARE</b>		
ROMGAZ Natural gas producer	Romania	0.5	ABCAM Life science services	UK	2.2
<b>FINANCIALS</b>			BML Clinical testing and information services	Japan	0.9
ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	0.6	CARL ZEISS MEDITEC Medical technology provider	Germany	3.1
BANK OF GEORGIA Commercial bank	UK	1.0	<b>MATERIALS</b>		
DISCOVERY HOLDINGS Insurance provider	South Africa	0.7	CHR. HANSEN Natural ingredients developer	Denmark	0.7
MAX FINANCIAL Financial services and insurance provider	India	1.9	DULUXGROUP Paints and coatings manufacturer	Australia	1.1
RATHBONE BROS Wealth manager	UK	1.2	<b>INFORMATION TECHNOLOGY</b>		
SECURITY BANK Commercial bank	Philippines	0.3	ADVANTECH Industrial PCs manufacturer	Taiwan	0.3
<b>HEALTH CARE</b>			ALTEN Technology consultant and engineer	France	2.5
ABCAM Life science services	UK	2.2	ASM INTERNATIONAL Semiconductor equipment manufacturer	Netherlands	0.6
BML Clinical testing and information services	Japan	0.9	ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.7
CARL ZEISS MEDITEC Medical technology provider	Germany	3.1	BECHTLE IT services and IT products reseller	Germany	2.3
<b>MATERIALS</b>			CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	1.2
CHR. HANSEN Natural ingredients developer	Denmark	0.7	CYBERARK Cybersecurity software developer	Israel	2.4
DULUXGROUP Paints and coatings manufacturer	Australia	1.1	GLOBANT Software developer	Argentina	1.2
<b>INFORMATION TECHNOLOGY</b>			INFOMART Restaurant supply chain operator	Japan	1.2
ADVANTECH Industrial PCs manufacturer	Taiwan	0.3	KINAXIS Supply chain software developer	Canada	1.3
ALTEN Technology consultant and engineer	France	2.5	LEM HOLDINGS Electrical components manufacturer	Switzerland	1.2
ASM INTERNATIONAL Semiconductor equipment manufacturer	Netherlands	0.6	REPLY IT consultant	Italy	2.2
ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.7	RIB SOFTWARE Software developer	Germany	1.7
BECHTLE IT services and IT products reseller	Germany	2.3	SILERGY Electronics chips manufacturer	Taiwan	0.4
CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	1.2	TEMENOS GROUP Banking software developer	Switzerland	0.5
CYBERARK Cybersecurity software developer	Israel	2.4	VAISALA Atmospheric measuring devices manufacturer	Finland	1.4
GLOBANT Software developer	Argentina	1.2	<b>CONCLUDED</b>		
INFOMART Restaurant supply chain operator	Japan	1.2	<b>CONTINUED ON FOLLOWING PAGE &gt;</b>		
KINAXIS Supply chain software developer	Canada	1.3			
LEM HOLDINGS Electrical components manufacturer	Switzerland	1.2			
REPLY IT consultant	Italy	2.2			
RIB SOFTWARE Software developer	Germany	1.7			
SILERGY Electronics chips manufacturer	Taiwan	0.4			
TEMENOS GROUP Banking software developer	Switzerland	0.5			
VAISALA Atmospheric measuring devices manufacturer	Finland	1.4			

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 MARCH 31, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>MATERIALS (CONTINUED)</b>		
FUCHS PETROLUB Lubricants manufacturer	Germany	0.7
HOA PHAT GROUP Steel producer	Vietnam	1.6
LOMA NEGRA Cement manufacturer	Argentina	0.9
SH KELKAR Fragrances and flavors manufacturer	India	0.8

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>REAL ESTATE</b>		
MABANEE Real estate developer and manager	Kuwait	0.5
<b>UTILITIES</b>		
RUBIS Liquid chemical storage and distribution	France	1.4
CASH		4.2

### 1Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CYBERARK	INFT	2.0	0.97
ALTEN	INFT	2.3	0.61
DECHRA	HLTH	1.8	0.56
REPLY	INFT	2.1	0.54
INFOMART	INFT	1.5	0.48

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CYBERARK	INFT	1.5	1.44
CARL ZEISS MEDITEC	HLTH	2.9	0.80
GLOBANT	INFT	1.5	0.64
ICTSI	INDU	0.9	0.54
TOMRA	INDU	1.6	0.50

### 1Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
ARIAKE	STPL	1.5	-0.32
AGTHIA	STPL	0.9	-0.30
SH KELKAR	MATS	0.9	-0.10
STANLEY ELECTRIC	DSCR	1.4	-0.08
ANADOLU HAYAT EMEKLILIK	FINA	0.7	-0.07

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
NOSTRUM OIL & GAS	ENER	0.9	-1.28
ARIAKE	STPL	2.2	-0.88
SENIOR	INDU	2.1	-0.79
HOA PHAT GROUP	MATS	1.6	-0.60
ARCADIS	INDU	1.0	-0.57

## COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
CLICKS GROUP	SOUTH AFRICA	STPL
DISCOVERY HOLDINGS	SOUTH AFRICA	FINA
PARADOX INTERACTIVE	SWEDEN	COMM
RIGHTMOVE	UK	COMM
ROHTO PHARMACEUTICAL	JAPAN	HLTH

POSITIONS SOLD	COUNTRY	SECTOR
GMO PAYMENT GATEWAY	JAPAN	INFT
MOSCOW EXCHANGE	RUSSIA	FINA
NOSTRUM OIL & GAS	UK	ENER
RPC	UK	MATS
RPS GROUP	UK	INDU

The portfolio is actively managed, therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the charts above; and (2) a list showing the weight and contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the charts above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

## INTERNATIONAL SMALL COMPANIES COMPOSITE PERFORMANCE (AS OF MARCH 31, 2019)

	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)	(%)
2019 YTD <sup>4</sup>	13.70	13.39	10.36	12.11	11.26	N.A. <sup>5</sup>	1	205	0.36
2018	-16.39	-17.34	-17.89	12.47	12.36	N.M. <sup>6</sup>	1	165	0.33
2017	37.61	36.34	32.12	10.76	11.54	N.M.	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

<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 2019 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 87-12,489 million (as of March 31, 2019). 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, 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 December 31, 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.