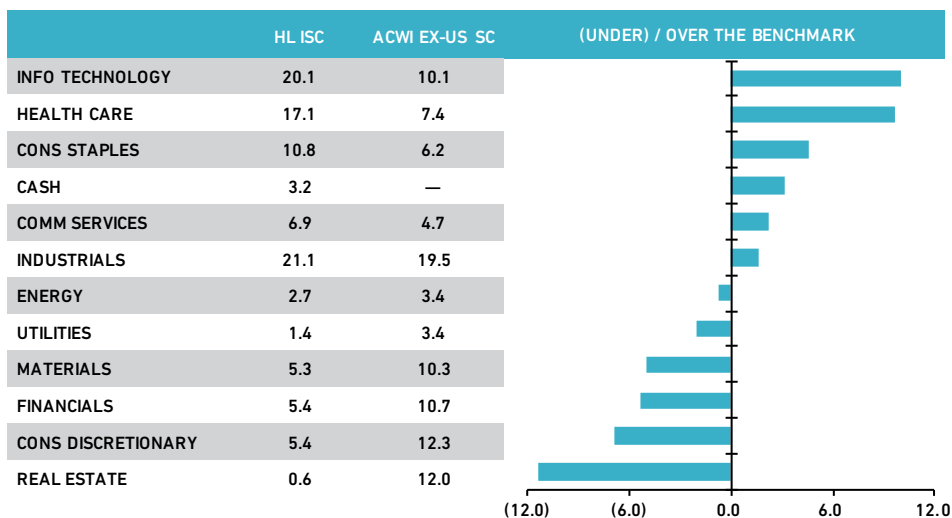
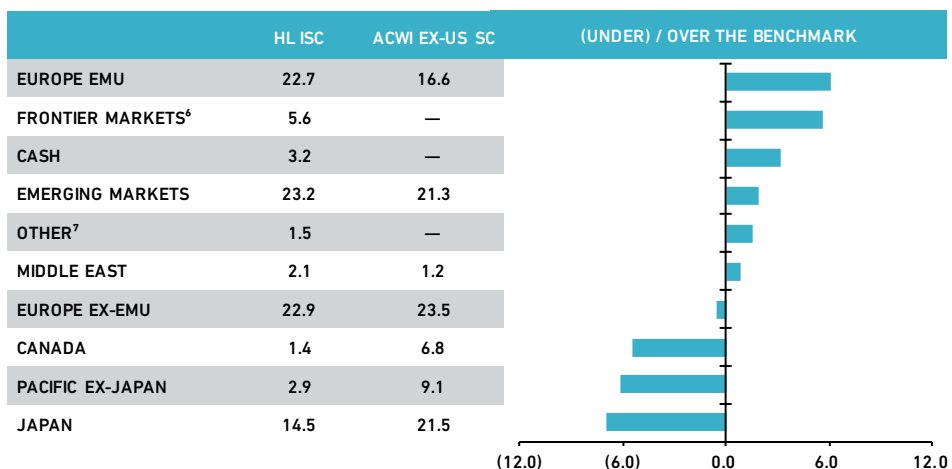


**COMPOSITE PERFORMANCE (% TOTAL RETURN) FOR PERIODS ENDED JUNE 30, 2019<sup>1</sup>**

	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)	5.18	19.58	0.04	11.62	5.94	12.90	8.66
HL INTL SMALL COMPANIES (NET OF FEES)	4.89	18.93	-1.09	10.45	4.83	11.67	7.47
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	1.39	11.89	-5.56	8.17	3.15	8.85	4.20

<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.

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## MARKET REVIEW

Stocks of international small companies rose 1% in a volatile quarter as investors reacted, in turn, to developments in the US-China trade dispute, weak economic data, and signs of monetary policy response. By May, at the peak of trade tensions, the small-cap index had fallen by as much as 5%, but rebounded in June when central bankers indicated they may lower interest rates to boost their economies.

Growing wariness of the prospect of economic recession may have contributed to the outperformance of assets deemed safer. Small companies—generally considered more economically sensitive—underperformed large ones by two percentage points in the quarter. Similarly, the highest-quality small companies outperformed the lowest-quality ones by nearly five percentage points.

**Small companies—generally considered more economically sensitive—underperformed large ones by two percentage points in the quarter.**

The US and China appeared to be closing in on a landmark trade deal before talks broke down, with each side accusing the other of pulling back commitments that had been made early in the negotiations. Within days, Trump raised tariffs on US\$200 billion of Chinese goods from 10% to 25% and threatened to extend them to an additional US\$300 billion of goods. In retaliation, China implemented its own tariff increases on US\$60 billion of US goods. The dispute also expanded beyond the realm of tariffs: the US Department of Commerce placed Huawei on its “entity list,” banning US companies from doing business with the Chinese technology giant on the grounds of national security. China, in return, established its own “unreliable entities list,” and in a further tit-for-tat, the US added another five Chinese tech companies to its blacklist. In the closing days of the quarter, however, there were signs of de-escalation, as the leaders of the two countries agreed to defer any additional tariffs and resume talks.

Meanwhile, the global economy continued to weaken. In June, the Eurozone Purchasing Manager’s Index (PMI) continued its downward trend, reaching 47.6, the lowest level since 2013. Readings below 50 signify contraction. Central banks responded with declarations of policy support. On June 18, European Central Bank (ECB) President Mario Draghi indicated that the central bank is open to further interest rate cuts and renewed asset buying to boost liquidity. The next day, the US Federal Reserve struck a similar tone, suggesting it may cut US interest rates as soon as July. These remarks pushed global interest rates lower, surpassing their 2016 lows and creating more negative-yielding debt than ever before.

Under such ECB encouragement, European Monetary Union (EMU) markets rose, making it the best-performing major region in the quarter, up 5%. French small caps were among the

## MARKET PERFORMANCE (USD %)

MARKET	2Q 2019	TRAILING 12 MONTHS
CANADA	2.0	-4.2
EMERGING MARKETS	-0.6	-4.5
EUROPE EMU	4.9	-4.6
EUROPE EX-EMU	2.1	-7.8
JAPAN	-0.6	-9.3
MIDDLE EAST	10.5	27.6
PACIFIC EX-JAPAN	2.2	0.4
MSCI ACW EX-US SC INDEX	1.39	-5.56

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

SECTOR	2Q 2019	TRAILING 12 MONTHS
COMMUNICATION SERVICES	1.7	-2.8
CONSUMER DISCRETIONARY	-1.5	-10.1
CONSUMER STAPLES	-2.2	-12.2
ENERGY	-5.0	-19.6
FINANCIALS	2.3	-7.7
HEALTH CARE	-0.2	-3.4
INDUSTRIALS	2.3	-7.4
INFORMATION TECHNOLOGY	4.9	-2.4
MATERIALS	2.7	-8.1
REAL ESTATE	2.9	8.2
UTILITIES	5.0	11.5

Source: FactSet (as of June 30, 2019); MSCI Inc. and S&P.

strongest in the region. The country’s PMI was the only one in the eurozone to expand over the quarter. President Emmanuel Macron mapped out reforms to the country’s burdensome unemployment benefits program, and the populist “Yellow Vest” protests that paralyzed the country last year subsided.

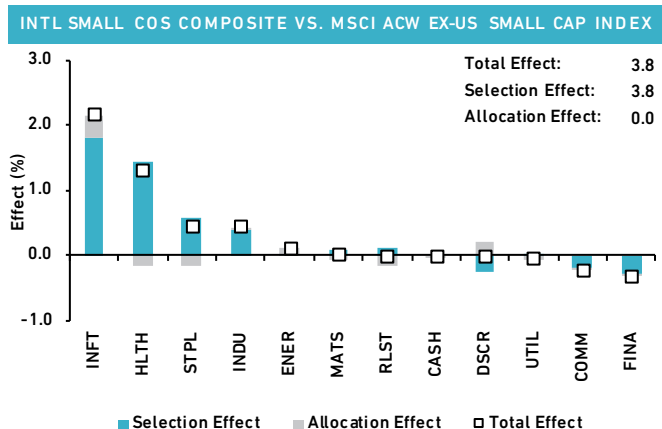
Japan’s market fell in the quarter. Its economy is especially affected by that of China, which is the biggest buyer of Japanese exports. The Tankan Index, an influential economic survey of large manufacturers conducted by the Bank of Japan, registered its lowest level since 2016. Another manufacturing headwind is the government’s plan to hike the sales tax from 8% to 10% in October, which is expected to suppress retail sales.

## PERFORMANCE AND ATTRIBUTION

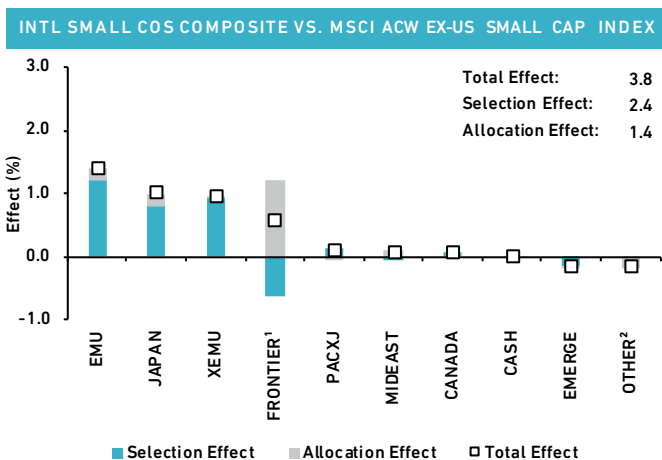
The International Small Companies composite rose 5.2% in the quarter, surpassing the benchmark’s 1.4% gain. The charts on the following page attribute the quarter’s performance by sector and region.

By sector, our good stock selection in Information Technology (IT) and Health Care contributed the most to relative performance. Our largest IT holding, German technology consultant

## SECTOR PERFORMANCE ATTRIBUTION SECOND QUARTER 2019



## GEOGRAPHIC PERFORMANCE ATTRIBUTION SECOND QUARTER 2019



<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.

**Bechtle**, was a top performer. It reported a strong first quarter, in which it grew revenue 15% organically despite the weakening of the German economy, its largest market. In Health Care, our relative returns were boosted by **Abcam**, a UK-based distributor of antibodies to research institutions. Its stock tumbled last fall and winter following slight reductions in the company's earnings guidance. We thought the reaction was overdone. This quarter the market came to agree with us, and the stock recovered significantly.

*Companies held in the portfolio during the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at June 30, 2019 is available on page 6 of this report.*

Strength in Health Care and IT was partially offset by poor selection in Financials. The three biggest detractors were **Max Financial**, an Indian life-insurer; **Anadolu Hayat Emeklilik**, a Turkish insurance and pension company; and **Bank of Georgia**, the country's second-largest financial institution behind TBC Bank. Each of these detractors continues to execute well, but their shares are weighed down by poor sentiment toward the markets in which they operate due to political or economic challenges. Consumer Discretionary stocks also detracted. In April, Chinese furniture manufacturer Suofeiya reported disappointing first-quarter results, including a 5% fall in revenue, due to China's weakening property market.

By region, holdings in Europe EMU contributed the most to our returns. **Carl Zeiss Meditec**, a German manufacturer of ophthalmic and microsurgery equipment, announced in April that its full-year margin would exceed its previous forecasts. The company's improving performance owes part to growing sales of its laser-eye-surgery equipment. In June, **Vaisala**, a Finland-based manufacturer of measurement equipment, raised its revenue guidance. The company's products are used in a variety of end markets to measure humidity, temperature, dew point, and air quality. Vaisala also recently acquired a liquid-measurement business that should provide a new avenue for growth.

Our stocks in Emerging Markets detracted from relative returns. Shares of Taiwan-based semiconductor manufacturer **Chipbond Technology** fell after the Trump administration blocked US companies from selling to Chinese technology giant Huawei. Chipbond derives about 15% of its sales from Huawei's smartphone business and investors feared that these might decline if Huawei's phone business suffers due to the US blacklisting.

## INVESTMENT PERSPECTIVES

Companies pursue mergers and acquisitions (M&A) for a variety of reasons: to achieve economies of scale, add new products, services, or markets, gain access to technology, or strengthen their managerial talent. Though the motives for M&A are ever present, the pace of deal making is variable. There is no single factor beneath the ebb and flow of M&A activity, but rather a combination of factors that include the economic environment, the level of interest rates, and equity valuations, among others. Over the course of 13 years in managing our portfolio, we've experienced multiple cycles of M&A among our holdings. In 2016, we noted how the environment of anemic growth and low interest rates appeared to support an uptick in activity. When growth targets are difficult to achieve organically, managements are tempted to turn to acquisitions. Low interest rates and reasonable valuations foster activity because, all else being equal, they mean deals are more likely to be earnings accretive to the buyer. From March 2015 to November 2016, five companies in our portfolio were acquired. The following year, however, the environment changed: growth perked up globally, and central banks began raising interest rates for the first time since the 2008 financial crisis. Even though interest

rates remained relatively low, M&A activity noticeably slowed. None of our holdings were acquired in 2017 or the first three quarters of 2018.

Since late 2018, amid increasing trade tensions and a weakening global economy, the optimistic growth outlook of the previous year has faded. Though the US Federal Reserve and other central banks have not yet cut rates, they have signaled their intent to do so. In this environment of declining growth expectations and still-cheap funding, deal-making is again on the rise. Global M&A activity accelerated in the first six months of 2019, marking the third-strongest first half in history. We have seen an uptick in activity in small-cap deals, too. Last year, small-cap M&A volume was the highest in eight years, and 2019 is on track to exceed that number. Since September, three of our holdings have been acquisition targets.

### Acquirers are often attracted by the same traits that we value when identifying and qualifying companies for investment.

While we do not specifically seek out companies that are likely to be acquired, we are not surprised when one of our portfolio companies becomes a target. Acquirers are often attracted by the same traits that we value when identifying and qualifying companies for investment: durable growth, clear competitive advantages, financial strength, and strong management. Below, we highlight what attracted us—and eventually other suitors—to three of our holdings.

In September, the insurance giant Marsh & McLennan made a bid for London-based insurer Jardine Lloyd Thompson (JLT) to expand its presence in developing countries. When our analyst began coverage of JLT in 2012, he noted that the London-based insurer's growth had outpaced its peers, largely due to its above-average exposure to developing countries in Asia and Latin America. While the company earned only 16% of its revenue from those regions at the time, the proportion was quickly rising. Five years after we established our position, Marsh seemed to agree with our assessment of the business. The deal, which closed in April, not only added to Marsh's existing customer base but also instantly deepened its expertise in developing countries where JLT has operated since 1836.

In January, US-based plastic-packaging company Berry Group made a bid for RPC, a small British rival, to broaden its geographic exposure and strengthen its product mix. We valued RPC's technological leadership in all three major categories of plastic-packaging manufacturing—blow molding, injection molding, and thermoforming—and thought it would help the company grow in a variety of markets, including food and beverages, disposable products, and pharmaceuticals. RPC grew faster than the broader packaging industry by offering manufacturers lighter and more versatile packaging choices to replace metal and glass containers. We sold our shares, and the acquisition closed in June. Berry's sales exposure to Europe has

grown from about 10% to about 36%, and it also gained products that will boost its sales in the food and beverage industry, a large market that has durable-growth characteristics. In addition, Berry's newly strengthened R&D team is now better positioned to develop environmentally friendly plastic packaging that is increasingly demanded by consumers.

In April, Japan's Nippon Paint offered to purchase paint-and-coatings manufacturer **DuluxGroup** in a bid to expand into Australia and New Zealand's durable paint market. Nippon Paint had struggled to find growth in its home market due to Japan's shrinking and aging population. We invested in Dulux in 2016 because of its dominant market share in its home region. Once a paint company achieves a high density of customers in a specific geography, it can be difficult for rivals to take market share due to economies of scale and high brand awareness. In fact, Dulux has maintained its leading position—and a high cash flow return on investment—despite attempts by multinational rivals to enter the market. In 2007, for example, US paint company PPG Industries bought Dulux's smaller local competitor Taubmans but failed to take meaningful share from Dulux. Once the deal is finalized, Nippon will have a dominant position in a growing—and otherwise difficult to enter—market.

In each of these recent acquisitions, the company's share price surged on the deal's announcement, reflecting the control premium offered by the suitor. While we appreciate the occasional boost from acquisitions, it is not the main contributor to our long-term returns. By identifying companies with durable competitive advantages operating in industries we understand, buying them when their valuations are attractive and holding them, we benefit as they compound their superior returns over time. The accelerated realization of value that is the “pop” of an acquisition bid is an unanticipated bonus.

## ■ PORTFOLIO HIGHLIGHTS

Due to our small-cap investment mandate, we are sometimes forced to exit positions earlier than we would prefer. Two sales this quarter exemplify the “problem” of companies growing too big.

Our internal guidelines, which ensure that our strategy stays true to its name, require that the weighted average market cap of our portfolio remain between 0.7 and 1.5 times that of its benchmark, the MSCI All Country World ex-US Small Cap Index. In May, MSCI undertook its semiannual rebalance of the index, significantly lowering its weighted average market cap, from US\$12.4 billion to US\$7.6 billion. To keep our portfolio in compliance, we had no choice but to sell our two largest companies by market cap: **Chr. Hansen**, a Danish producer of cultures, enzymes, and natural food ingredients, and **Temenos Group**, a Swiss developer of banking applications. Both companies have been strong contributors to our performance since we established positions in 2013.

The recent strong performance of our IT stocks has further increased our significant overweight to the sector, which now represents about 20% of the portfolio. During recent reviews of our portfolio's risk profile, we noticed that these holdings had elevated the portfolio's risk, specifically in terms of volatility, beta, and tracking error.

### To keep our portfolio in compliance, we had no choice but to sell our two largest companies by market cap.

In response, we trimmed several of our IT holdings: **Globant**, **CyberArk**, and **Infomart**. We exited our position in GMO Payment Gateway completely in the first quarter because of its high valuation. The actions had their desired effect, reducing the portfolio's overall risk profile, though the continued rise in these companies' share prices has exacted an opportunity cost.

During the quarter, we purchased and added to several existing positions with attractive valuations across various sectors. These included two Indonesian tower companies, **Towers Bersama** and **Sarana Menara Nusantara**, which together control roughly 75% of the portion of the market that is not owned by mobile operators. Smartphone penetration in Indonesia is about 64%, which is low compared with other countries at a similar stage of development. As more mobile subscribers upgrade to smartphones, new towers will be needed to support the additional network data traffic. We expect mobile operators increasingly to outsource to independent tower operators over time, following a trend we have observed in other markets.

We also established a position in **Megacable**, Mexico's third-largest cable TV and internet provider by subscriber base. The company has a dominant market share in many of the country's poorest states, including Sonora and Sinaloa. Unlike larger rivals Televisa and América Movil, Megacable doesn't offer residential services in the country's wealthy areas, such as Mexico City or Monterrey. Megacable's revenue and operating profit have compounded annually at 14% and 17%, respectively, over the last five years. And the company has built a strong foundation for future growth by investing in high speed broadband, while managing its costs to keep its prices low. It was among the first cable companies in Mexico to upgrade its network with fiber-optic cables to boost both speed and capacity. It now offers speeds of up to 100 megabits per second across 95% of its network, compared with about 10 megabits on the legacy copper-wire DSL service offered by America Movil. Unlike many large cable providers, Megacable does not produce its own content, nor buy high-priced content from sports leagues or other providers for its pay-TV service.

## PORTFOLIO CHARACTERISTICS

QUALITY & GROWTH	HL ISC	ACWI EX-US SC
PROFIT MARGIN <sup>1</sup> (%)	10.4	7.8
RETURN ON ASSETS <sup>1</sup> (%)	9.1	5.4
RETURN ON EQUITY <sup>1</sup> (%)	16.5	10.9
DEBT/EQUITY RATIO <sup>1</sup> (%)	17.6	50.4
STD DEV OF 5 YEAR ROE <sup>1</sup> (%)	2.5	4.1
SALES GROWTH <sup>1,2</sup> (%)	6.6	3.7
EARNINGS GROWTH <sup>1,2</sup> (%)	11.3	9.7
CASH FLOW GROWTH <sup>1,2</sup> (%)	9.3	6.4
DIVIDEND GROWTH <sup>1,2</sup> (%)	6.6	6.1
SIZE & TURNOVER	HL ISC	ACWI EX-US SC
WTD MEDIAN MKT CAP (US \$B)	2.5	1.8
WTD AVG MKT CAP (US \$B)	3.0	2.3
TURNOVER <sup>3</sup> (ANNUAL %)	26.0	—

RISK AND VALUATION	HL ISC	ACWI EX-US SC
ALPHA <sup>2</sup> (%)	3.01	—
BETA <sup>2</sup>	0.92	—
R-SQUARED <sup>2</sup>	0.88	—
ACTIVE SHARE <sup>3</sup> (%)	97	—
STANDARD DEVIATION <sup>2</sup> (%)	12.13	12.40
SHARPE RATIO <sup>2</sup>	0.42	0.19
TRACKING ERROR <sup>2</sup> (%)	4.3	—
INFORMATION RATIO <sup>2</sup>	0.64	—
UP/DOWN CAPTURE <sup>2</sup>	96/81	—
PRICE/EARNINGS <sup>4</sup>	20.6	14.1
PRICE/CASH FLOW <sup>4</sup>	14.9	9.3
PRICE/BOOK <sup>4</sup>	3.0	1.4
DIVIDEND YIELD <sup>5</sup> (%)	1.9	2.8

<sup>1</sup>Weighted median; <sup>2</sup>Trailing five years, annualized; <sup>3</sup>Five-year average; <sup>4</sup>Weighted harmonic mean; <sup>5</sup>Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner International Small Companies Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: July 4, 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 JUNE 30, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)	SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>COMMUNICATION SERVICES</b>			<b>HEALTH CARE</b>		
BHARTI INFRA TEL Telecom infrastructure provider	India	0.4	ABCAM Life science services	UK	2.7
CHEIL WORLDWIDE Marketing and advertising services	South Korea	0.7	BML Clinical testing and information services	Japan	0.8
IPSOS Market-research services	France	0.4	CARL ZEISS MEDITEC Medical technology provider	Germany	3.5
MEGACABLE Cable operator	Mexico	0.9	DECHRA Veterinary pharma manufacturer	UK	1.9
PARADOX INTERACTIVE Video game publisher	Sweden	0.9	DIASORIN Reagent kits developer	Italy	0.6
PICO FAR EAST HOLDINGS Event marketing services	Hong Kong	0.9	EMIS GROUP Health care software developer	UK	1.2
SARANA MENARA NUSANTARA Telecom infrastructure provider	Indonesia	1.0	FINDEX Health care software developer	Japan	0.3
RIGHTMOVE Online property listings operator	UK	0.9	INTEGRATED DIAGNOSTICS Medical laboratory services	Egypt	1.4
TOWER BERSAMA Telecom infrastructure provider	Indonesia	0.8	NAKANISHI Dental instruments manufacturer	Japan	2.4
<b>CONSUMER DISCRETIONARY</b>			<b>INDUSTRIALS</b>		
ABC-MART Footwear retailer	Japan	0.2	51JOB INC. Online human resource services	China	0.6
CHARGEURS Specialty fabrics and coatings manufacturer	France	0.3	ALFA LAVAL Industrial equipment manufacturer	Sweden	0.9
COWAY Consumer appliances manufacturer	South Korea	0.2	BBA AVIATION Flight support systems and services	UK	1.0
ECLAT TEXTILE Technology-based textile manufacturer	Taiwan	0.5	BERTRANDT Industrial development services	Germany	0.5
HANKOOK TIRE Tire manufacturer	South Korea	0.6	BOSSARD Industrial components supplier	Switzerland	1.2
JARIR MARKETING Consumer products retailer	Saudi Arabia	1.1	BRUNEL INTERNATIONAL Employment services	Netherlands	0.2
RINNAI Consumer appliances manufacturer	Japan	0.2	CLARKSONS Shipping services	UK	1.2
STANLEY ELECTRIC Automotive lighting manufacturer	Japan	1.4	DANIELI Industrial equipment manufacturer	Italy	0.3
SUOFEIYA Home-furnishings retailer	China	0.4	DIPLOMA Specialized technical services	UK	1.3
THULE GROUP Transportation equipment manufacturer	Sweden	0.4	HAITIAN Plastic injection-molding machines manufacturer	China	1.1
<b>CONSUMER STAPLES</b>			<b>INFORMATION TECHNOLOGY</b>		
AGTHIA Foods and beverages manufacturer	UAE	0.7	ADVANTECH Industrial PCs manufacturer	Taiwan	0.3
ALICORP Consumer products manufacturer	Peru	0.3	ALTEN Technology consultant and engineer	France	2.6
ARIAKE Natural seasonings manufacturer	Japan	2.3	ASM INTERNATIONAL Semiconductor equipment manufacturer	Netherlands	0.7
BRITVIC Beverages manufacturer	UK	0.4	ASM PACIFIC TECHNOLOGY Semiconductor eqpt manufacturer	Hong Kong	0.6
CLICKS GROUP Drugstores operator	South Africa	0.3	BECHTLE IT services and IT products reseller	Germany	2.8
COSMOS PHARMACEUTICAL Drugstores operator	Japan	1.0	CHIPBOND TECHNOLOGY Electronic chip packager	Taiwan	0.9
EAST AFRICAN BREWERIES Alcoholic beverages manufacturer	Kenya	0.3	CYBERARK Cybersecurity software developer	Israel	2.1
EMAMI Consumer products manufacturer	India	0.2	GLOBANT Software developer	Argentina	1.6
GRUPO HERDEZ Processed foods manufacturer	Mexico	1.0	INFOMART Restaurant supply chain operator	Japan	1.5
KERNEL Foods and agricultural products manufacturer	Ukraine	1.0			
KWS SAAT Agricultural products producer	Germany	1.1			
NESTLÉ NIGERIA Foods manufacturer	Nigeria	0.5			
PIGEON Consumer products manufacturer	Japan	0.4			
TIGER BRANDS Foods and consumer products manufacturer	South Africa	0.4			
ÜLKER Processed foods manufacturer	Turkey	0.9			
<b>ENERGY</b>					
CORE LABORATORIES Oilfield services	US	1.2			
DIALOG GROUP BERHAD Petrochemical services	Malaysia	1.1			
ROMGAZ Natural gas producer	Romania	0.5			
<b>FINANCIALS</b>					
ANADOLU HAYAT EMEKLILIK Insurance provider	Turkey	0.5			
BANK OF GEORGIA Commercial bank	UK	0.8			
DISCOVERY HOLDINGS Insurance provider	South Africa	1.0			
MAX FINANCIAL Financial services and insurance provider	India	1.7			
RATHBONE BROS Wealth manager	UK	1.1			
SECURITY BANK Commercial bank	Philippines	0.3			

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 JUNE 30, 2019)

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>INFORMATION TECHNOLOGY (CONT.)</b>		
KINAXIS Supply chain software developer	Canada	1.4
LEM HOLDINGS Electrical components manufacturer	Switzerland	1.2
REPLY IT consultant	Italy	2.2
SILERGY Electronics chips manufacturer	Taiwan	0.4
VAISALA Atmospheric measuring devices manufacturer	Finland	1.7
<b>MATERIALS</b>		
DULUXGROUP Paints and coatings manufacturer	Australia	1.4
FUCHS PETROLUB Lubricants manufacturer	Germany	1.0
HOA PHAT GROUP Steel producer	Vietnam	1.4
LOMA NEGRA Cement manufacturer	Argentina	0.9
SH KELKAR Fragrances and flavors manufacturer	India	0.7

SECTOR/COMPANY/DESCRIPTION	COUNTRY	END WT (%)
<b>REAL ESTATE</b>		
MABANEE Real estate developer and manager	Kuwait	0.6
<b>UTILITIES</b>		
RUBIS Liquid chemical storage and distribution	France	1.4
<b>CASH</b>		
		3.2

### 2Q19 CONTRIBUTORS TO ABSOLUTE RETURN (%)

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
BECHTLE	INFT	2.6	0.60
ABCAM	HLTH	2.5	0.59
CARL ZEISS MEDITEC	HLTH	3.4	0.56
GLOBANT	INFT	1.4	0.50
SMS	INDU	1.6	0.41

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

LARGEST CONTRIBUTORS	SECTOR	AVG. WT.	CONTRIBUTION
CYBERARK	INFT	1.8	1.44
CARL ZEISS MEDITEC	HLTH	3.2	1.22
GLOBANT	INFT	1.5	1.01
BECHTLE	INFT	2.3	0.93
ICTSI	INDU	1.2	0.92

### 2Q19 DETRACTORS FROM ABSOLUTE RETURN (%)

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
PICO FAR EAST HOLDINGS	COMM	1.0	-0.21
CHIPBOND TECHNOLOGY	INFT	1.0	-0.18
CORE LABORATORIES	ENER	0.8	-0.17
SUOFEIYA	DSCR	0.4	-0.15
NAKANISHI	HLTH	2.5	-0.14

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

LARGEST DETRACTORS	SECTOR	AVG. WT.	CONTRIBUTION
NOSTRUM OIL & GAS	ENER	0.7	-0.92
SENIOR	INDU	1.9	-0.80
ARIAKE	STPL	2.2	-0.76
ANADOLU HAYAT EMEKLILIK	FINA	0.7	-0.58
NAKANISHI	HLTH	2.4	-0.56

### COMPLETED PORTFOLIO TRANSACTIONS

POSITIONS ESTABLISHED	COUNTRY	SECTOR
MEGACABLE	MEXICO	COMM
PIGEON	JAPAN	STPL
SARANA MENARA NUSANTARA	INDONESIA	COMM
ÜLKER	TURKEY	STPL

POSITIONS SOLD	COUNTRY	SECTOR
CHR. HANSEN	DENMARK	MATS
RIB SOFTWARE	GERMANY	INFT
TEMENOS GROUP	SWITZERLAND	INFT
VITASOY	HONG KONG	STPL

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

## INTERNATIONAL SMALL COMPANIES COMPOSITE PERFORMANCE (AS OF JUNE 30, 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>	19.58	18.93	11.89	12.47	11.70	N.A. <sup>5</sup>	1	252	0.42
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.

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 53-8,297 million (as of June 30, 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 March 31, 2019.

Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The International Small Companies Composite has been examined for the periods January 1, 2007 through March 31, 2019. 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.