HARDING LOEVNER

Fundamental. Thinking. Worldwide.

International Small Companies Review | First Quarter 2020

Composite Performance

As of March 31, 2020

Performance (% Total Return)

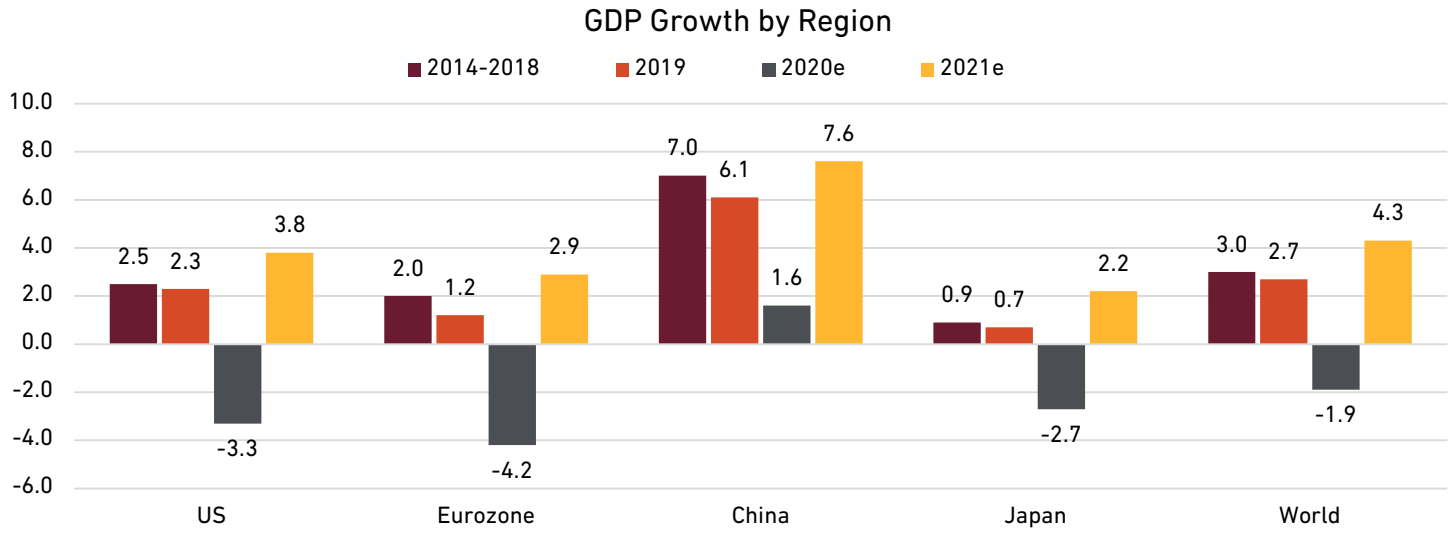
	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL Intl Small Cos. (gross of fees)	-26.17	-14.74	0.71	2.62	7.23	6.45
HL Intl Small Cos. (net of fees)	-26.39	-15.71	-0.38	1.53	6.07	5.28
MSCI ACW ex-US Small Cap Index[3,4]	-28.94	-20.84	-4.51	-0.44	3.16	2.04

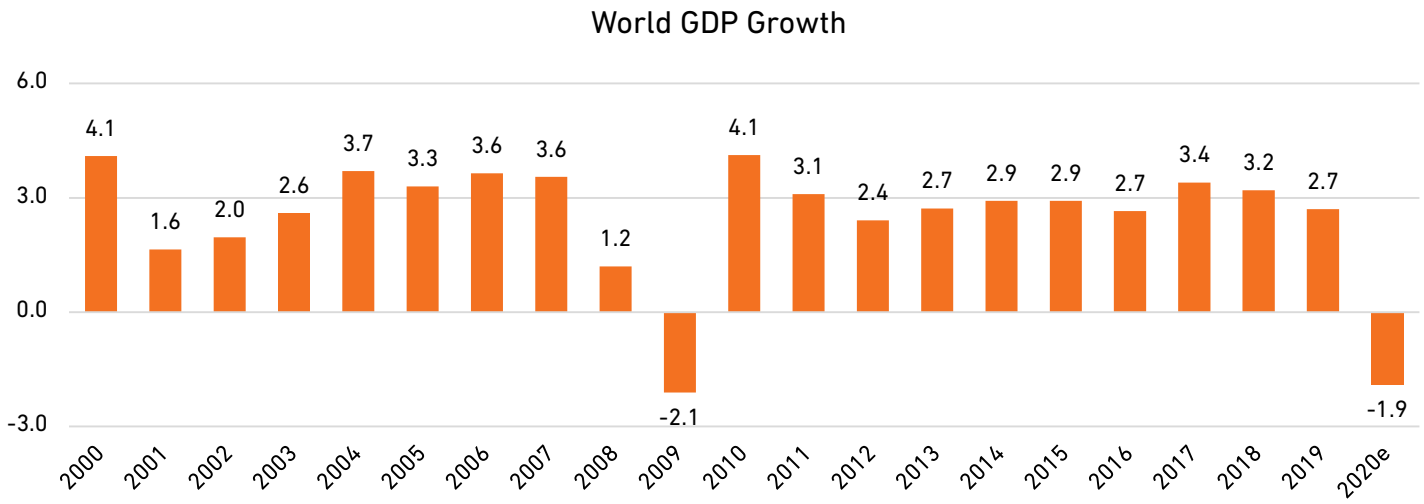
	HL Intl Small Cos	MSCI ACWI ex-US Small Cap
Alpha (%)	3.02	—
Beta	0.91	—
R-Squared	0.91	—
Standard Deviation (%)	14.94	15.64

	HL Intl Small Cos	MSCI ACWI ex-US Small Cap
Information Ratio	0.67	—
Sharpe Ratio	0.10	-0.10
Up/Down Capture (%)	99/87	—

[1]Annualized Returns; [2]Inception date: December 31, 2006; [3]The Benchmark Index; [4]Gross of withholding taxes. Inception date of the International Small Companies Composite: December 31, 2006. 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). 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. Harding Loevner claims compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner has been independently verified for the period November 1, 1989 through December 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 December 31, 2019. Performance data quoted represents past performance; past performance does not guarantee future results. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. The US dollar is the currency used to express performance. For complete information on the construction and historical record of International Small Companies Composite, please contact Harding Loevner at 908-218-7900 or visit www.hardingloevner.com. The firm maintains a complete list and description of composites, which is available upon request.

Collapsing GDP Growth Expectations



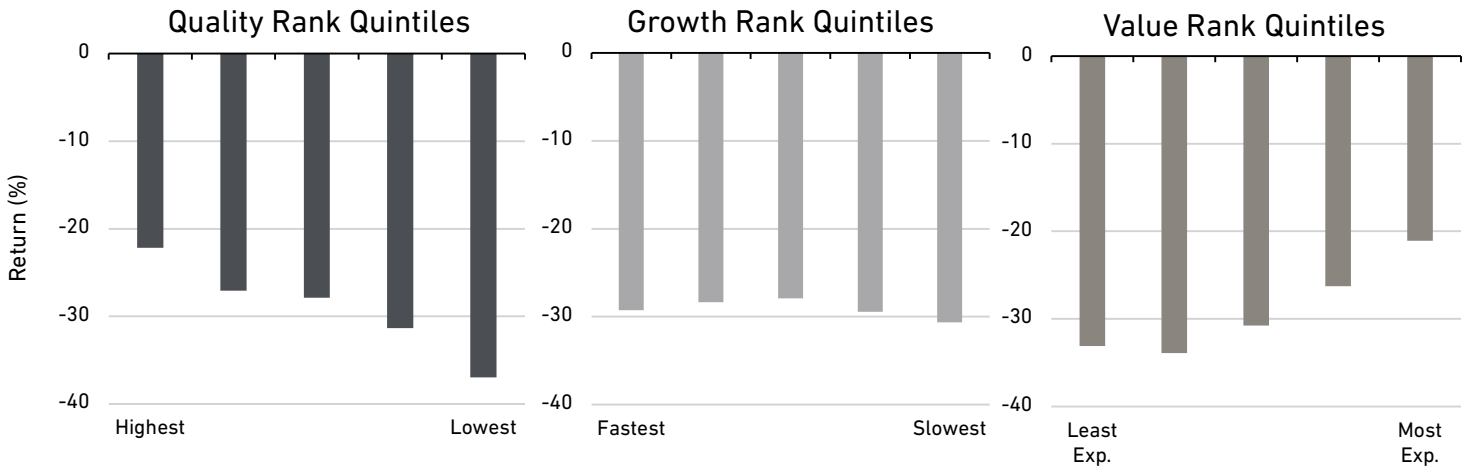


Source: Fitch Ratings. April 2, 2020. https://www.fitchratings.com/research/sovereigns/global-economic-outlook-covid-19-crisis-update-april-2-2020-02-04-2020

MSCI ACWI ex-US Small Cap Index Total Returns by Quality, Growth, and Value Rank

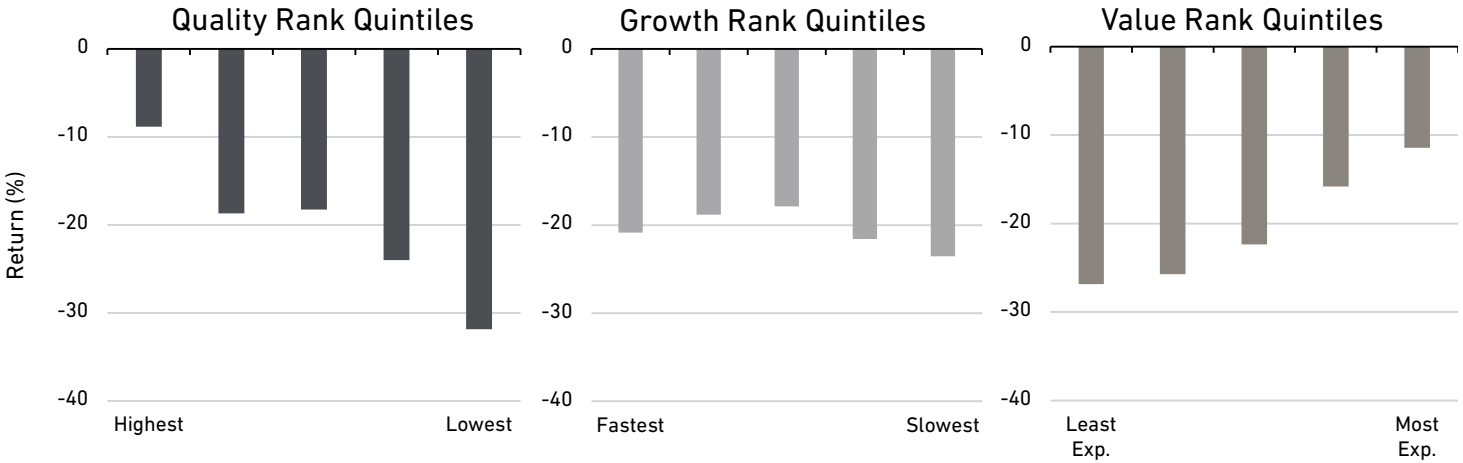
1Q20

Highest quality, and most expensive stocks outperformed



Trailing 12 Months

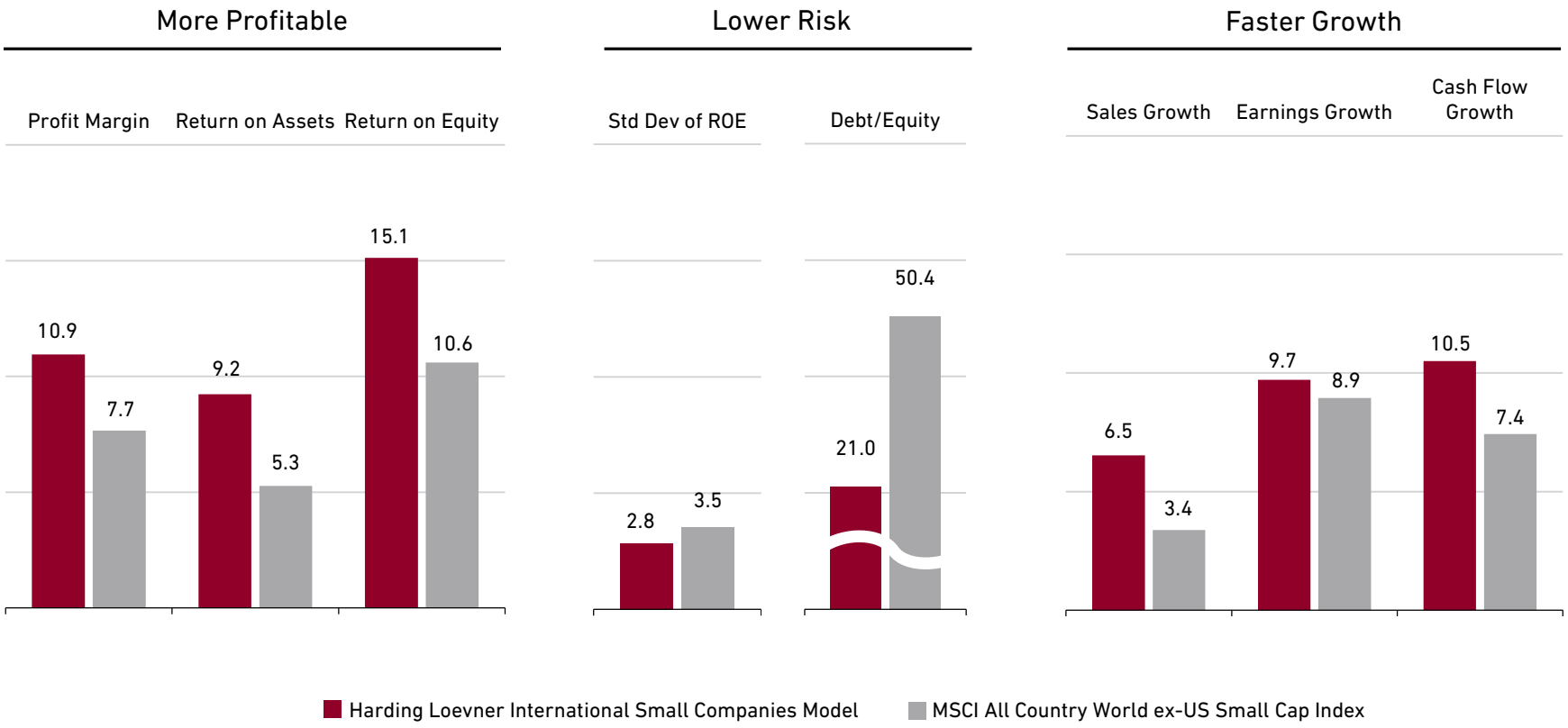
Highest quality, and most expensive stocks outperformed



Source: FactSet; Data as of March 31, 2020. Please read the disclosures on the last page, which are an integral part of this presentation.

Quality & Growth Investment Philosophy

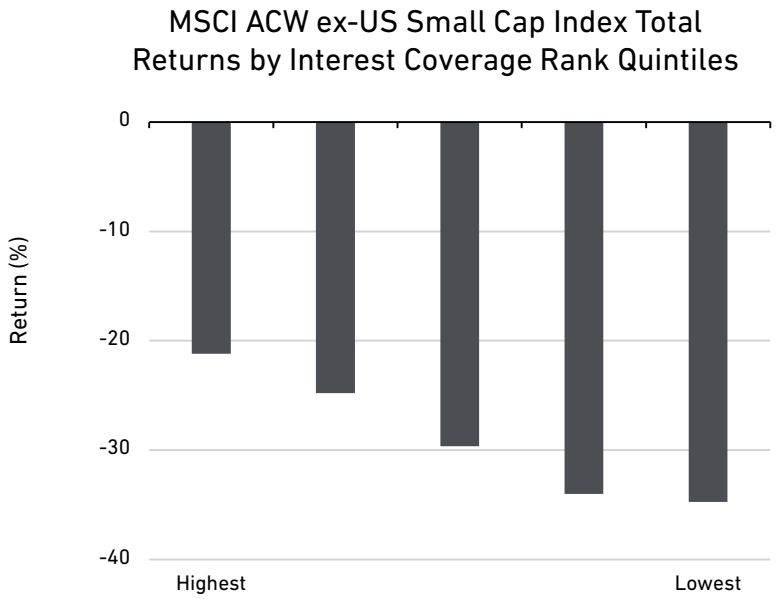
As of March 31, 2020

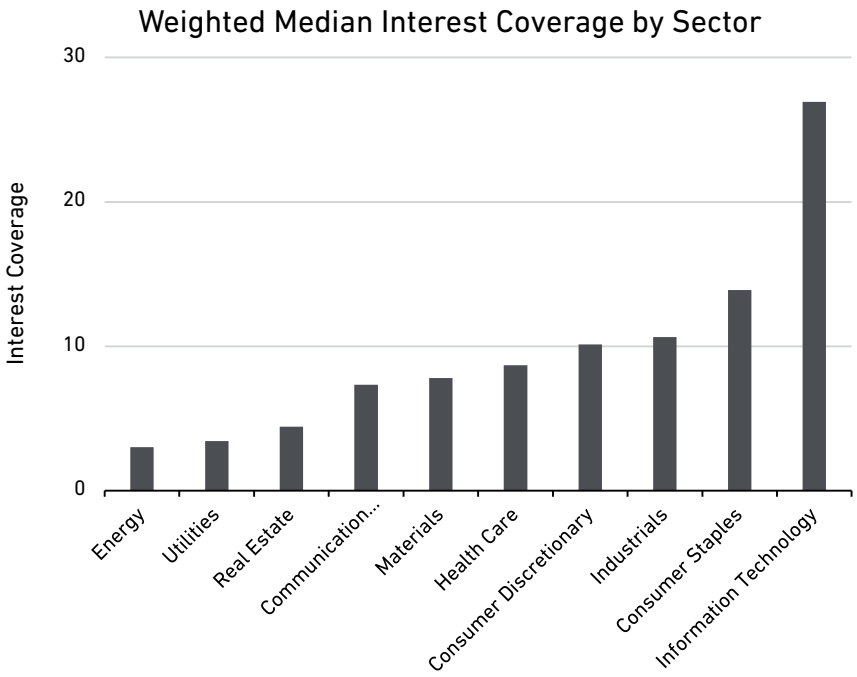


Source: FactSet. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

MSCI ACW ex-US Small Cap Index - Interest Coverage

Leverage was an important factor this quarter

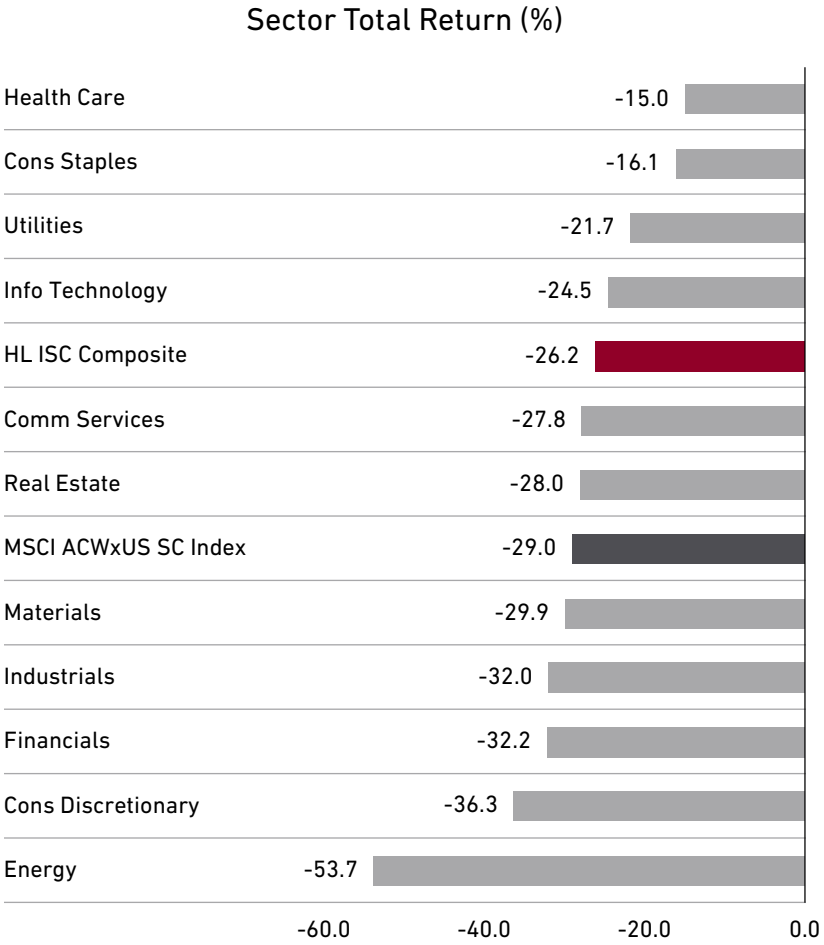


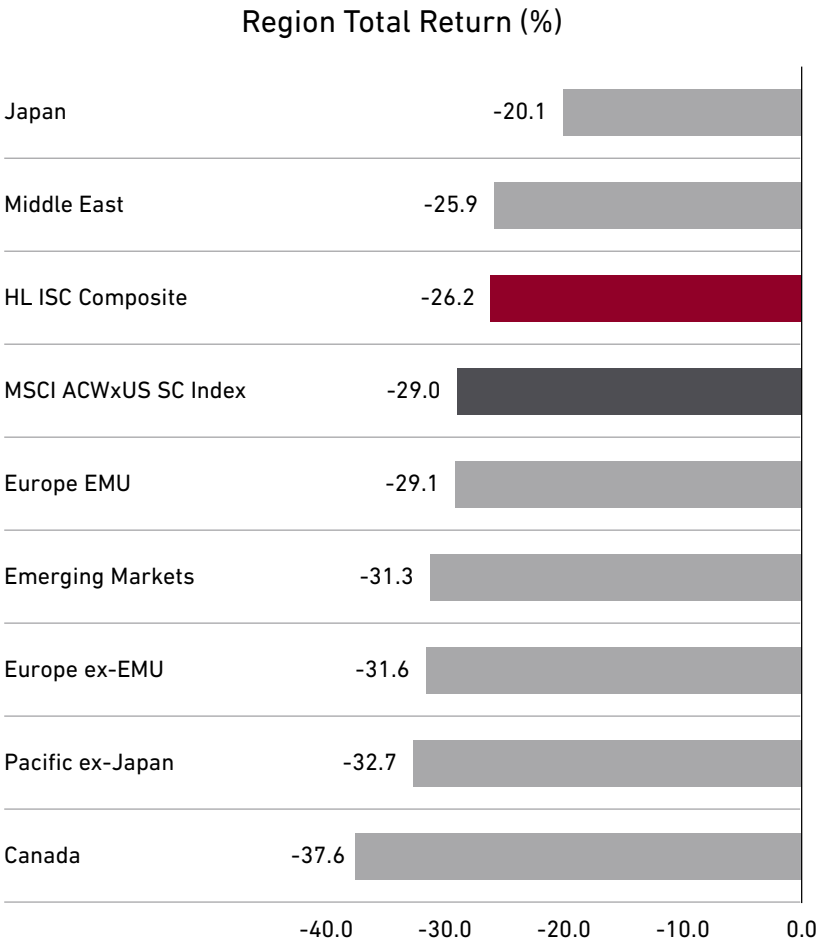


The interest coverage ratio is a measure of a company's ability to meet its interest payments. Interest coverage ratio is equal to earnings before interest and taxes (EBIT) for a time period, often one year, divided by interest expenses for the same time period. Source: FactSet; Data as of March 31, 2020. Please read the disclosures on the last page, which are an integral part of this presentation. Note: these graphs exclude Financials

Benchmark Sector/Region Returns

First Quarter



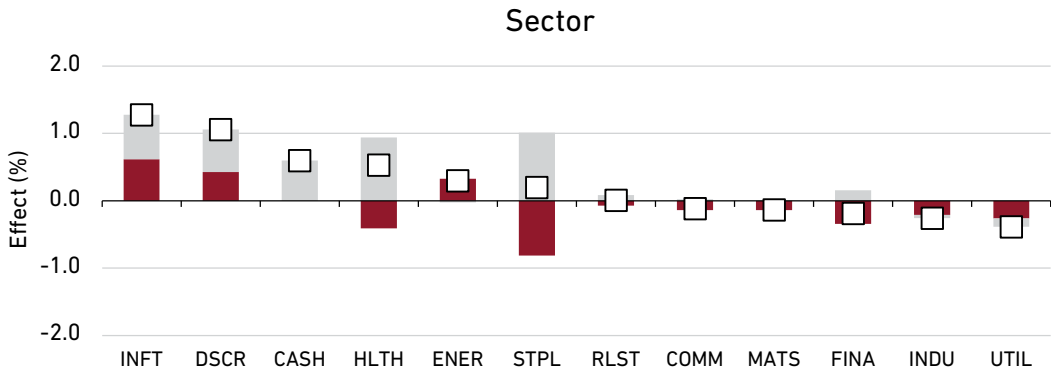


Source: FactSet; Data as of March 31, 2020. Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

Performance Attribution: Composite vs Benchmark

First Quarter

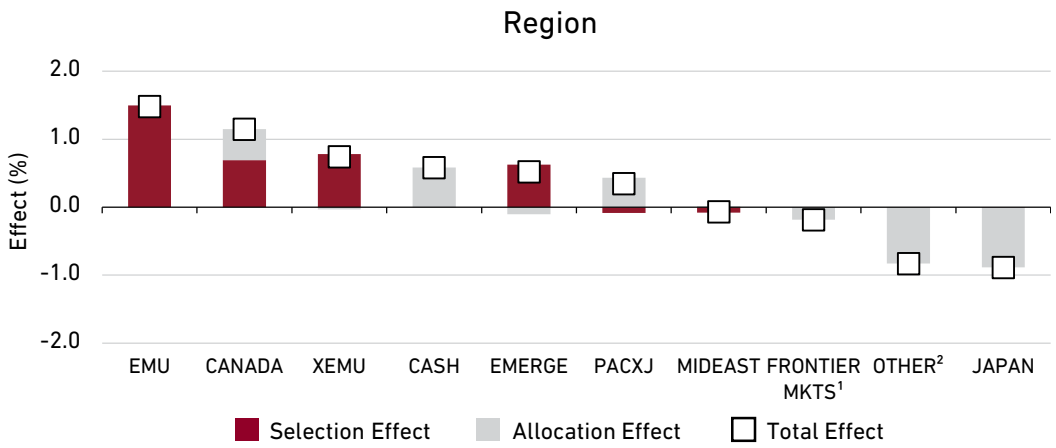
Total Effect:	2.9
Selection Effect:	-1.0
Allocation Effect:	3.9



Top Five Contributors to Absolute Returns

- STRATEC Biomedical
- Cosmos Pharmaceutical
- Paradox Interactive
- SimCorp
- Diasorin

Total Effect:	2.9
Selection Effect:	3.4
Allocation Effect:	-0.5



Top Five Detractors from Absolute Returns

- Alten
- Senior
- Core Laboratories
- Intrum Justitia
- Max Financial

[1]Includes countries with less-developed markets outside the Index; [2]Includes companies classified in countries outside the index. "Composite": International Small Companies Composite. "Benchmark": MSCI All Country World ex-US Small Cap Index. Past performance does not guarantee future results. Sector and Region Attribution and Contributors and Detractors are shown as supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation. The portfolio holdings identified above do not represent all of the securities held in the portfolio. 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 and (2) a list showing the weight and contribution of all holdings during the quarter. 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. Please read the disclosures on the last page, which are an integral part of this presentation.

Completed Portfolio Transactions

Trailing 12 Months

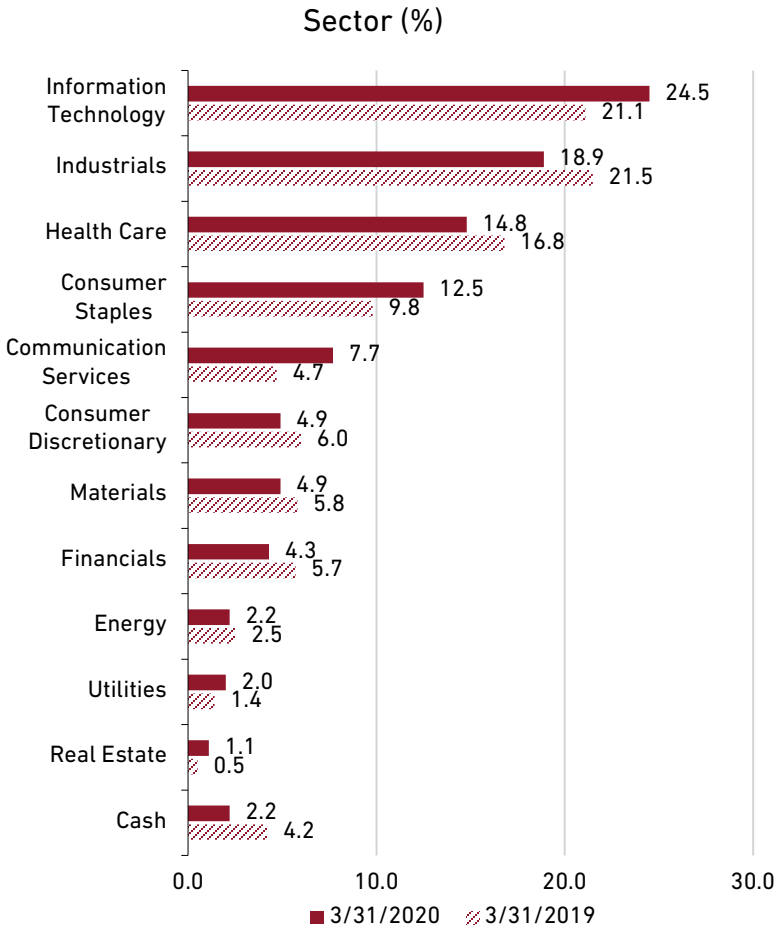
	2Q19	3Q19	4Q19	1Q20
Positions Established	Megacable			Edita Food Industries
	Pigeon			Ferreycorp
	Sarana Menara Nusantara	Network International	Keywords Studios	SimCorp
				TIME dotCom Berhad
Positions Sold	Chr. Hansen	Britvic	Bertrandt	Bharti Infratel
	RIB Software	Brunel International	Hankook Tire	Coway
	Temenos Group	DuluxGroup	ICTSI	East African Breweries
	Vitasoy	Emami		Nestlé Nigeria
		Loma Negra		Rational
		Suofeiya		
		Tiger Brands		

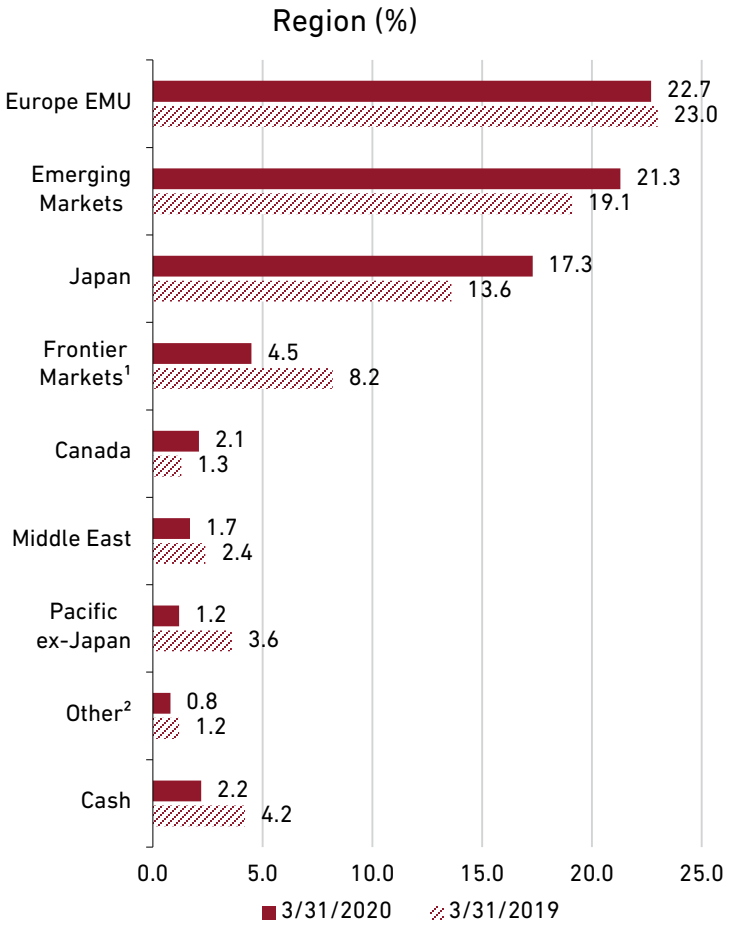
- Portfolio Turnover (5 year annualized average): 27.7%

The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

Portfolio Allocation Comparison

March 31, 2020 vs March 31, 2019





[1]Includes countries with less-developed markets outside the Index; [2]Includes companies classified in countries outside the index. Sector and Region end weights are shown as supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

Portfolio Exposures

As of March 31, 2020

Sector	HL%	ACWIxUS SC%	(Under) / Over
Info Technology	24.5	11.8	
Health Care	14.8	8.8	
Cons Staples	12.5	7.0	
Comm Services	7.7	4.4	
Cash	2.2	—	
Energy	2.2	2.1	
Industrials	18.9	18.8	
Utilities	2.0	3.6	
Materials	4.9	9.9	
Financials	4.3	10.0	
Cons Discretionary	4.9	11.1	
Real Estate	1.1	12.5	

(14.0) (7.0) 0.0 7.0 14.0

Geography	HL%	ACWIxUS SC%	(Under) / Over
Europe EMU	22.7	16.1	
Frontier Markets[1]	4.5	—	
Europe ex-EMU	26.2	23.5	
Cash	2.2	—	
Emerging Markets	21.3	20.1	
Other[2]	0.8	—	
Middle East	1.7	1.4	
Canada	2.1	6.0	
Pacific ex-Japan	1.2	8.3	
Japan	17.3	24.6	

(14.0) (7.0) 0.0 7.0 14.0

Ten Largest Holdings – Total Weight: 23.2%

Company	Country	Sector	Wt (%)
Bechtle	Germany	Info Technology	3.0
Ariake	Japan	Cons Staples	2.9
Fuchs Petrolub	Germany	Materials	2.6
Abcam	UK	Health Care	2.5
Reply	Italy	Info Technology	2.2

Company	Country	Sector	Wt (%)
Kinaxis	Canada	Info Technology	2.1
Rubis	France	Utilities	2.0
Vaisala	Finland	Info Technology	2.0
Alten	France	Info Technology	2.0
Dechra	UK	Health Care	1.9

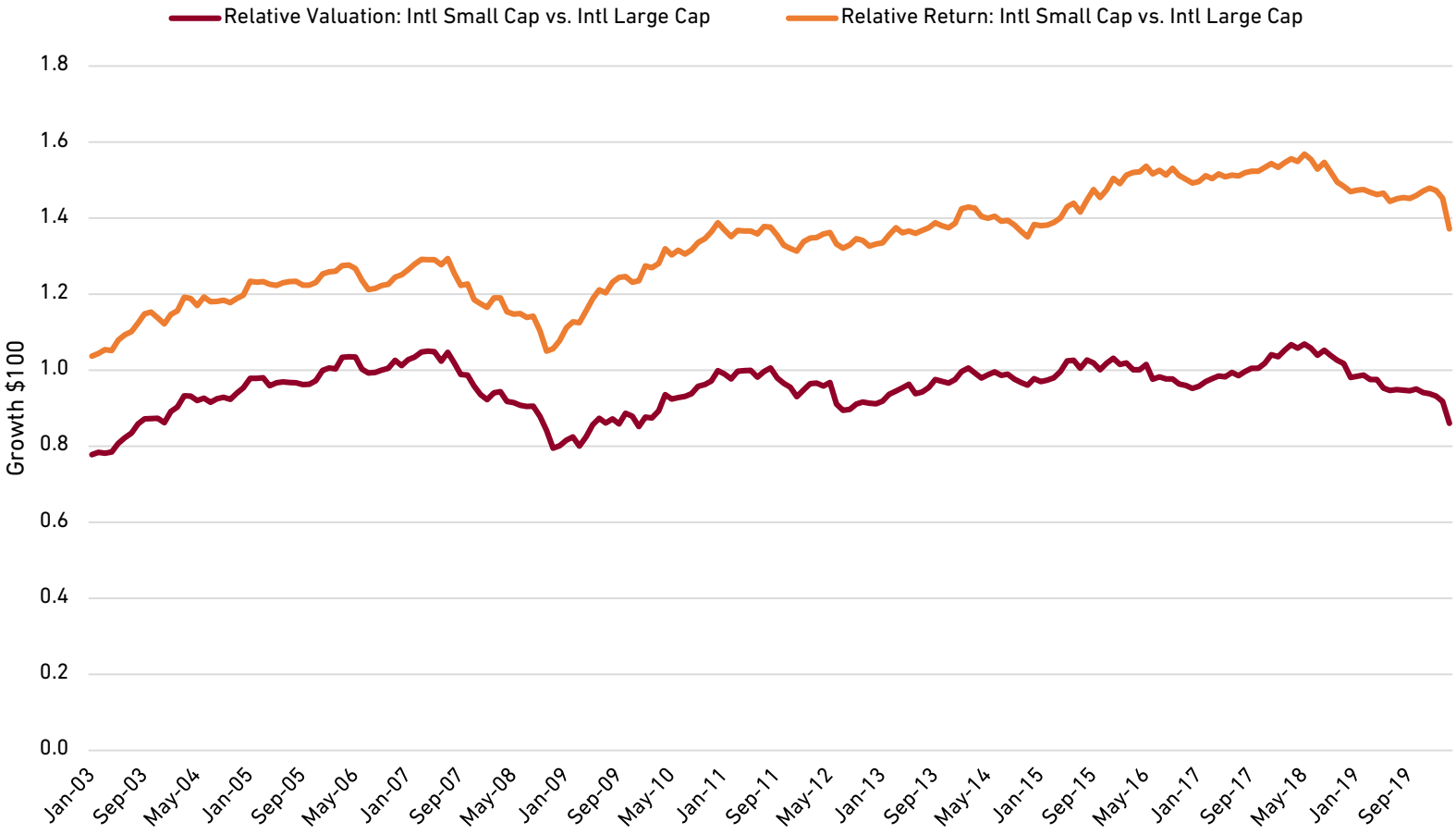
97% Active Share

[1]Includes countries with less-developed markets outside the Index; [2]Includes companies classified in countries outside the Index.
Source: Harding Loevner International Small Companies Equity Model; MSCI Inc. and S&P. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

Appendix

Intl Small Cap vs. Intl Large Cap Performance and Relative Valuation

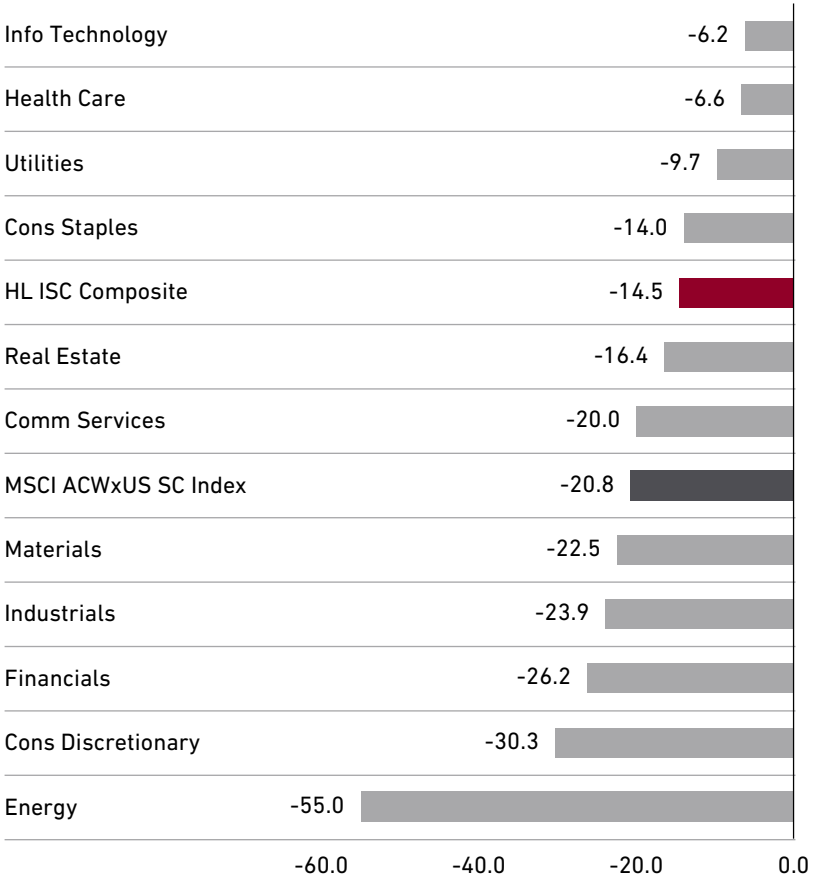
Equally-weighted composite of relative P/E, P/B, and P/CF multiples

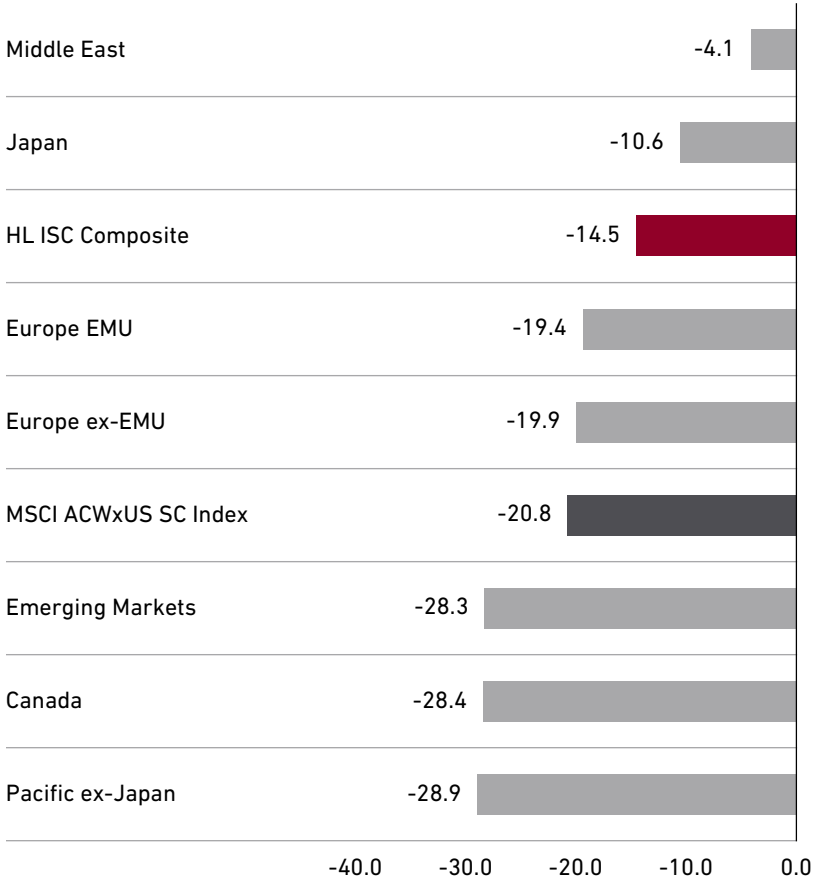


Source: FactSet; Data as of March 31, 2020.

Benchmark Sector/Region Returns

Trailing 12 Months



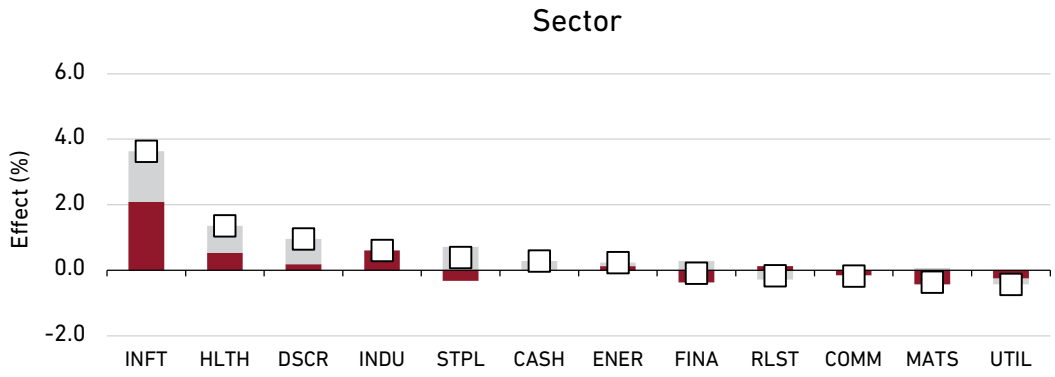


Source: FactSet; Data as of March 31, 2020. Past performance does not guarantee future results. Please read the disclosures on the last page, which are an integral part of this presentation.

Performance Attribution: Composite vs Benchmark

Trailing 12 Months

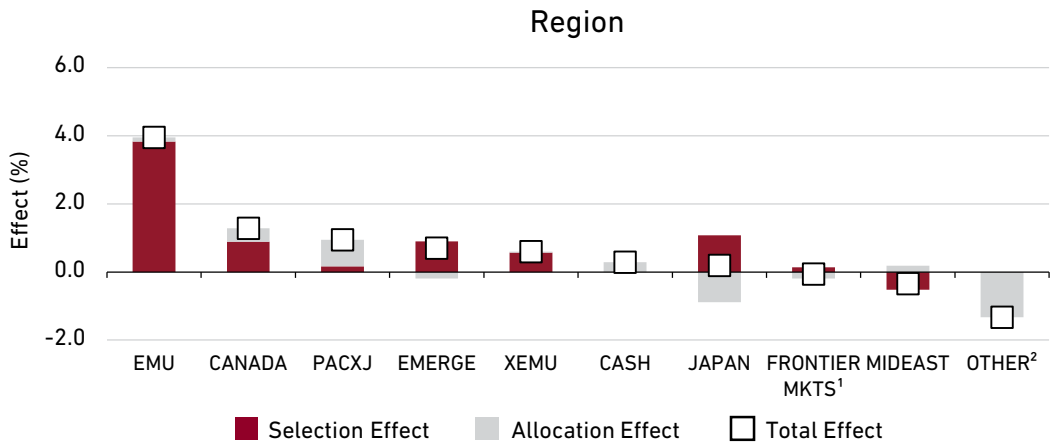
Total Effect:	6.2
Selection Effect:	2.1
Allocation Effect:	4.1



Top Five Contributors to Absolute Returns

- Carl Zeiss Meditec
- Bechtle
- Vaisala
- ASM International
- Ariake

Total Effect:	6.2
Selection Effect:	7.0
Allocation Effect:	-0.8



Top Five Detractors from Absolute Returns

- Senior
- Core Laboratories
- Alten
- Intrum Justitia
- Hoa Phat Group

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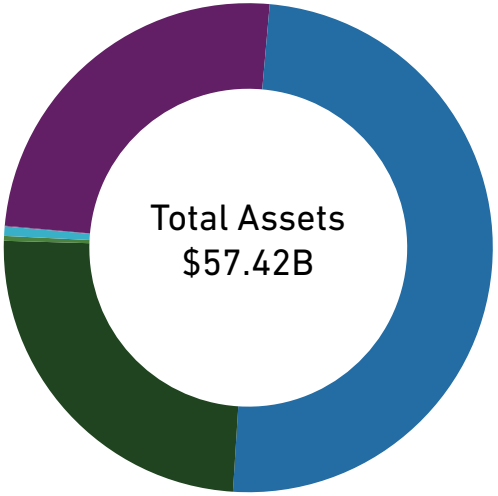
Harding Loevner Profile

As of March 31, 2020

- 43 investment professionals
- International Small Companies Equity portfolio management team averages 9 years at Harding Loevner



	Strategy Assets	Firm Assets
Global	$14.3B	25%
International (non-US)	$28.5B	50%
Emerging Markets	$14.0B	24%
Frontier Emerging Markets	$0.2B	<1%
Global Small Companies	<$0.1B	<1%
International Small Companies	$0.4B	1%
Research Portfolios	<$0.1B	<1%

Data as of March 31, 2020. Total AUM includes all the assets under management and is presented as supplemental information. Please read the disclosures on the last page, which are an integral part of this presentation.

Disclosures

The information provided in this Presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the International Small Companies Equity Model at March 31, 2020 is available on request.

Investing in stocks entails the risks of market volatility. The value of all types of stocks may increase or decrease over varying time periods. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards.

Quality & Growth Characteristics, Investment Statistics, Benchmark Returns, Performance Attribution, Portfolio Exposures and Portfolio Transactions are shown as supplemental information only and complement the fully compliant International Small Companies Composite GIPS Presentation, which is available on request.

Alpha: a measure of risk-adjusted return. *Beta:* a measure of the portfolio's sensitivity to the market. *R-Squared:* a measure of how well a portfolio tracks the market. *Standard Deviation:* the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Information Ratio:* a measure of risk-adjusted return calculated by dividing the portfolio active return (i.e., portfolio returns minus benchmark return) by the standard deviation of the active return. *Sharpe Ratio:* the return over the risk free rate per unit of risk. *Up/Down Capture:* a measure of the manager's performance in up/down markets relative to the market itself. *Profit Margin:* relationship of gross profits to net sales. *Return on Assets:* net income for past 12 months divided by total assets. *Return on Equity:* the net income divided by total common equity outstanding, expressed as a percent. *Debt/Equity Ratio:* total long-term debt divided by total shareholder's equity. *Sales Per Share:* the total revenue earned per share over a 12-month period, net of returns, allowances, and discounts. *Earnings Per Share:* portion of a company's profit allocated to each outstanding share of common stock. *Cash Flow:* a measure of the cash generating capability of a company calculated by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. *Turnover:* calculated by dividing the lesser of Purchases or Sales by Average Capital.

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 48 developed and emerging market countries, and is comprised of companies that fall within a market capitalization range of USD 12-7,777 million (as of March 31, 2020). You cannot invest directly in this Index.

All performance and data shown are in US dollar terms, unless otherwise noted.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is preliminary and obtained from Harding Loevner's accounting system and Attribution returns are obtained from the FactSet portfolio analysis system. Please note returns from FactSet are not audited for GIPS compliance and are for reference only.

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet, Harding Loevner International Small Companies Composite; MSCI Inc.

Source (Portfolio Exposures, Portfolio Transactions, Portfolio Allocation Comparison, Quality & Growth Characteristics [Run date: April 3, 2020]): FactSet; Harding Loevner International Small Companies Equity Model; MSCI Inc.

Source (Investment Statistics): eVestment Alliance; Harding Loevner International Small Companies Composite, based on composite returns.

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