

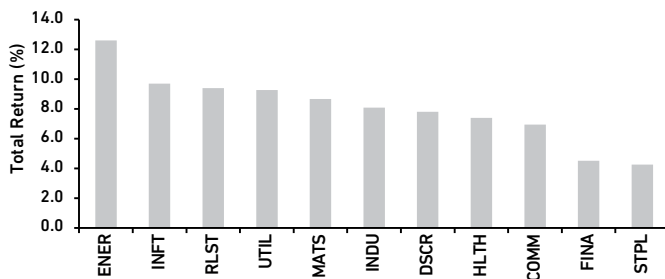
Shipbrokers play an important role in global trade, connecting ship buyers with sellers and negotiating charters between vessel owners and companies that need to transport cargo. Most brokers specialize in certain types of ships (e.g., dry cargo, containers, or tankers), while a few serve multiple maritime transportation needs. The fortunes of all shipbrokers, however, are anchored to the health of the world's economy. When shipping volumes rise or fall, so do the commissions of the shipbrokers.

London-based **Clarksons**, the world's largest shipbroker, consistently delivers earnings and revenue growth that surpass that of its smaller peers. The 166-year-old company serves clients in virtually every segment of the market across geographies and arranges financial transactions for everything from the construction of new vessels to the demolition of old ones. Clarksons' management also has long recognized the value of the proprietary data it collects on vessels, shipping companies, and shipyards, and it has invested heavily in programmers and researchers to analyze and exploit this data. Its brokers use its dataset to identify new clients and source deals more efficiently than rivals, helping the company expand its market share. Clarksons also sells both raw data and market analyses to customers. Over the last decade, Clarksons' revenues have grown at a compounded rate of 6% a year, far outpacing the overall shipping industry in that period.

## PERFORMANCE (% TOTAL RETURN) FOR THE PERIODS ENDED JANUARY 31, 2019<sup>1</sup>

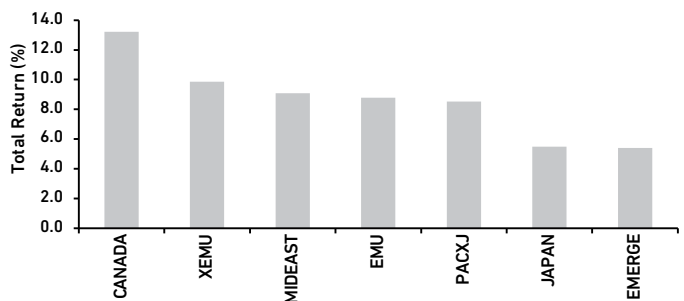
	1 MONTH	1 YEAR	3 YEARS <sup>2</sup>	5 YEARS <sup>2</sup>	10 YEARS <sup>2</sup>	SINCE INCEPTION <sup>2,3</sup>
HL INTL SMALL COMPANIES (GROSS OF FEES)	9.39	-12.85	10.80	6.08	15.91	8.17
HL INTL SMALL COMPANIES (NET OF FEES)	9.29	-13.81	9.68	4.98	14.64	6.99
MSCI ALL COUNTRY WORLD EX-US SMALL CAP INDEX <sup>4,5</sup>	7.84	-15.60	9.72	4.28	11.92	4.03

## BENCHMARK PERFORMANCE BY SECTOR – JANUARY



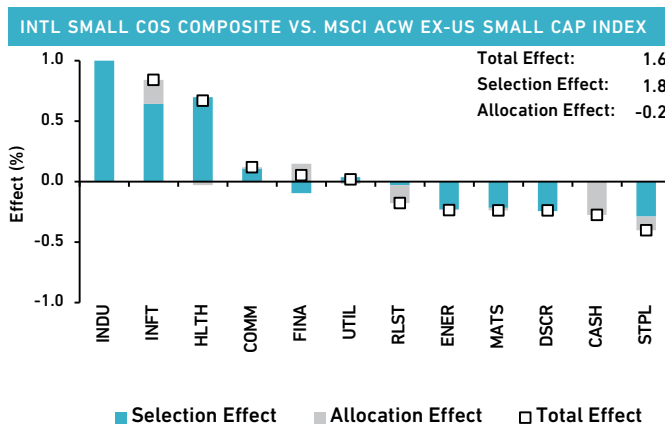
- Cyclical sectors outperformed defensive ones as markets rebounded in January. Energy was the top-performing sector as oil prices rose 15% in the month.

## BENCHMARK PERFORMANCE BY GEOGRAPHY – JANUARY



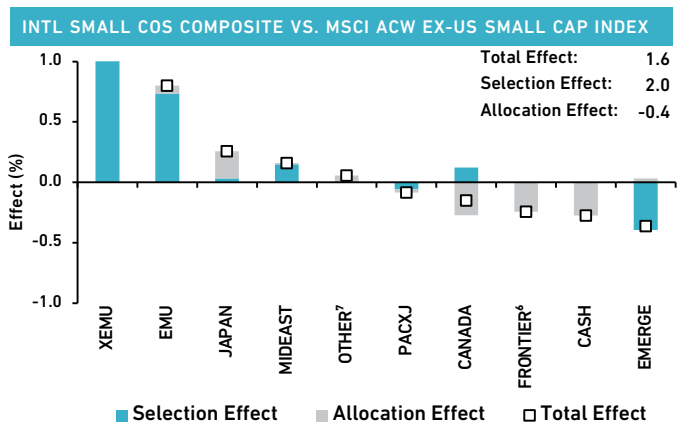
- Small caps in the UK rose as the market priced in a higher probability that the country's separation from the European Union will be delayed or possibly even avoided.

## PERFORMANCE ATTRIBUTION BY SECTOR – JANUARY



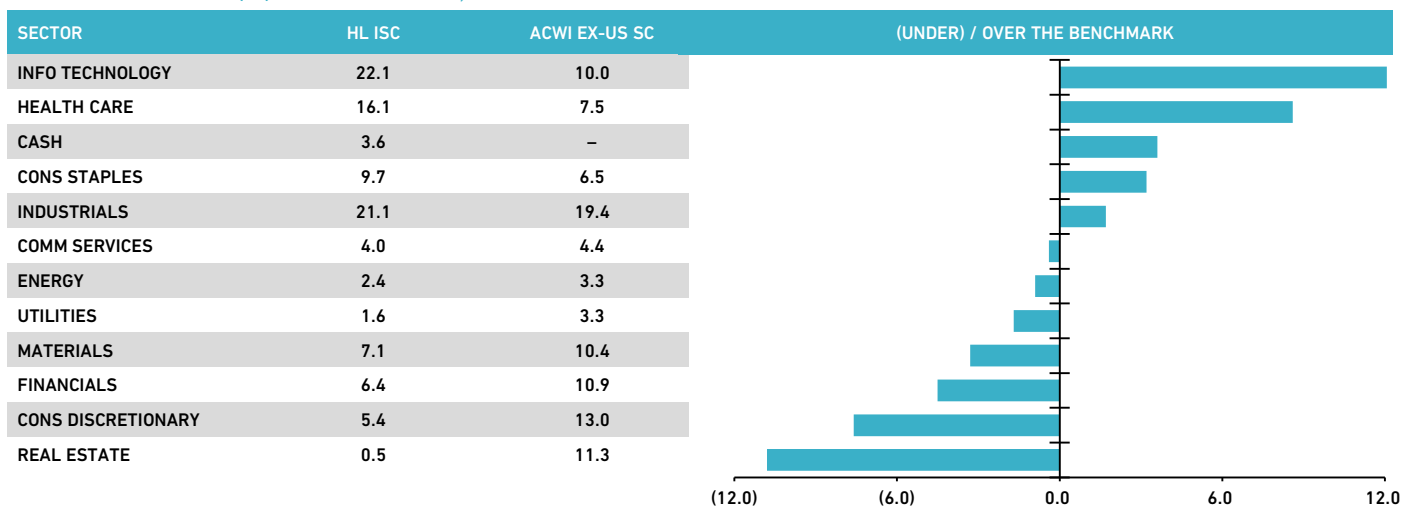
- Within Industrials, shipbroker Clarksons was a top performer in January after selling off in December.

## PERFORMANCE ATTRIBUTION BY GEOGRAPHY – JANUARY

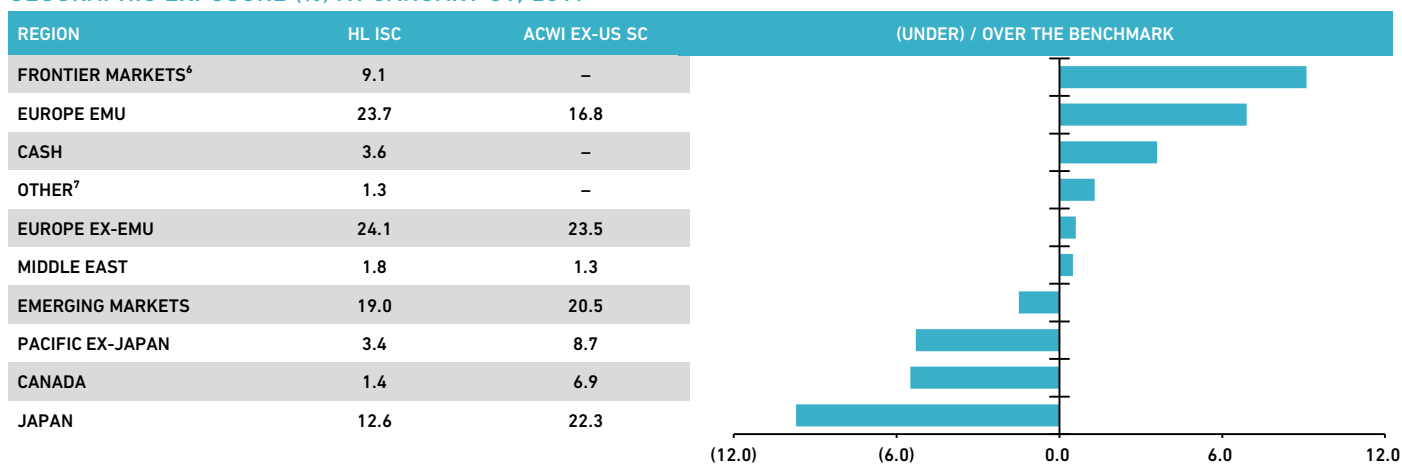


- Shares of **Abcam**, a UK-based supplier of antibodies, rose sharply after the company reported an 11% revenue gain in the first half of its fiscal year.

## SECTOR EXPOSURE (%) AT JANUARY 31, 2019



## GEOGRAPHIC EXPOSURE (%) AT JANUARY 31, 2019



## ENDNOTES

(1) The January 2019 Composite performance shown is preliminary (2) Annualized returns (3) Inception date: December 31, 2006 (4) The Benchmark Index (5) Gross of withholding taxes (6) Includes companies classified in countries outside the Index (7) Includes countries with less-developed markets outside the Index.

## SOURCES

Benchmark Performance: FactSet; MSCI Inc. and S&P.  
Sector/Geographic Attribution: FactSet; Harding Loevner International Small Companies Composite; MSCI Inc. and S&P.  
Sector/Geographic Exposure: FactSet; Harding Loevner International Small Companies Model; MSCI Inc. and S&P.

## DISCLOSURES

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 September 30, 2018. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policy and procedures are designed to calculate and present performance in compliance with GIPS standards. The International Small Companies Composite has been examined for the periods January 1, 2007 through September 30, 2018. The verification and performance examination reports are available upon request. 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 the International Small Companies Equity Composite, please contact Harding Loevner at (908) 218-7900 or visit [www.hardingloevner.com](http://www.hardingloevner.com). The firm maintains a complete list and description of composites, which 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 96-8,807 million (as of December 31, 2018). You cannot invest directly in this Index.

Companies held in the portfolio during the month appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings may not be current. They should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner.

Portfolio holdings, portfolio attribution, and sector/geographic allocations are supplemental information only and complement a fully compliant International Small Companies Composite GIPS Presentation, which is available upon request. The Composite and Attribution returns may show discrepancies due to the different data sources for these returns. Composite performance is 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.

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