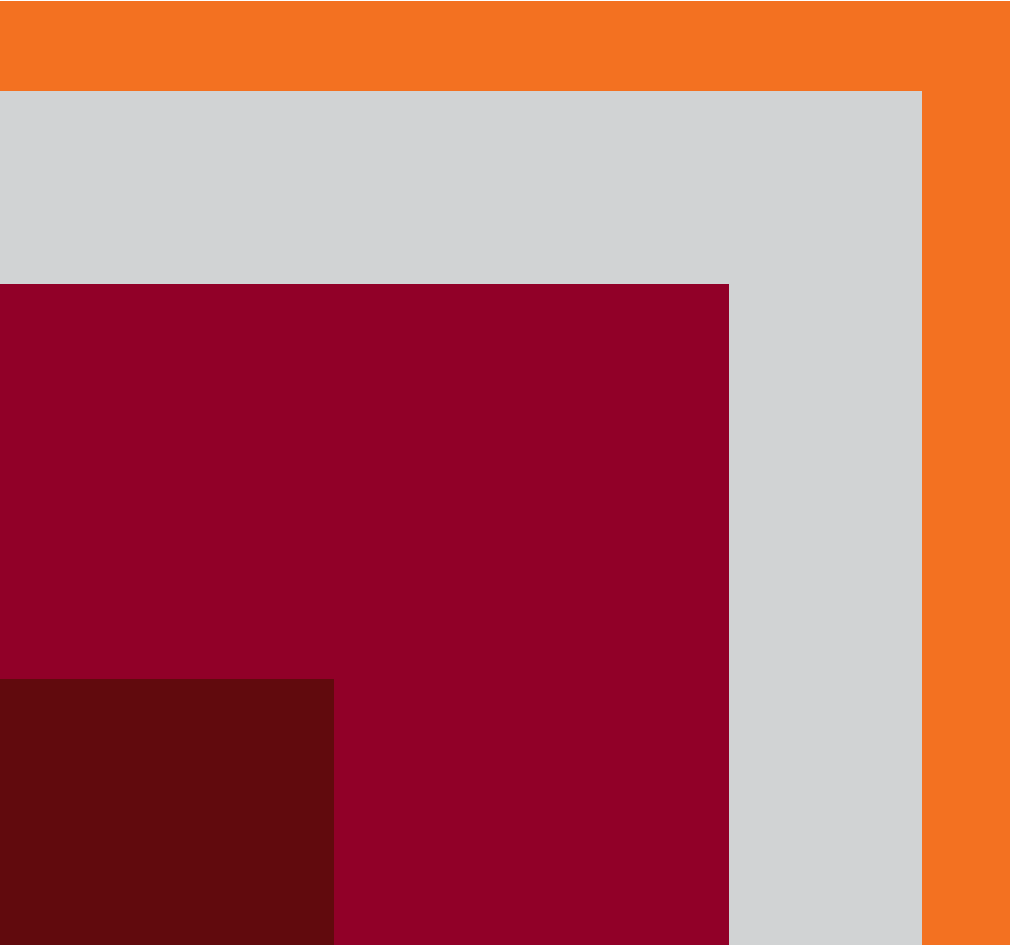


# HARDING LOEVNER FUNDS PLC

## Semi-Annual Commentary

Global Equity Fund  
International Equity Fund  
Emerging Markets Equity Fund



31 December 2017



Fundamental. Thinking. Worldwide.

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## ■ CONTACT

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## ■ PERFORMANCE SUMMARY

The Global Equity Fund USD Class A shares increased 12.29% (at dealing prices) for the six months ended 31 December 2017, net of fees, in US dollar terms, outperforming its benchmark, the MSCI All Country World Index, which rose 11.21%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## ■ MARKET REVIEW

Markets posted strong returns in the trailing six months ended 31 December 2017, extending the MSCI All Country World Index's streak of positive monthly returns to a record 14 months. Economic growth across all major regions remained positive and synchronized, while inflation was subdued. In the US, investors ignored the Federal Reserve's signals of further interest rate increases, including the most-recent hike in mid-December. They weighed approvingly the expected future benefits of lower corporate tax rates from tax legislation, which finally passed in late December. In Europe, the European Central Bank (ECB) remained accommodative on monetary policy, although it signaled a slowing pace of bond buying. China's economy gathered momentum, shrugging off concerns over government corruption crackdowns and shaky property loans, with positive pull-through effects on its trading partners. Japanese economic growth edged higher, while inflation remained positive—a critical policy goal.

Emerging Markets (EMs) was the top-performing region in the period, particularly South Africa, Chile, and China. The US trailed the index, as did Europe (both inside and outside the European Monetary Union). The eurozone was beset by election results toward the end of 2017 that renewed uncertainty over the region's cohesion: two referenda on Catalonia's independence from Spain bookended an inconclusive German election that left Chancellor Angela Merkel unable as yet to form a coalition government.

All sectors posted positive returns in the trailing six months. Information Technology (IT), Materials, and Energy companies in particular benefited from rising expectations for sustained global demand. Health Care lagged, as governments and insurers continued to exert their bargaining power to resist price increases from pharmaceutical companies.

Stocks of the fastest-growing businesses outperformed the slowest-growing by more than 12 percentage points in the period. Many of those rapid growers were also the most expensive stocks, on simple rules of thumb, but that did not deter investors from pushing them higher. Quality effects on relative performance were mixed.

## ■ PERFORMANCE ATTRIBUTION

The fund benefited most from stock selection in IT and Health Care in the period. IT was led by Chinese social media company **Weibo**, **PayPal**, **Cognex**, and **IPG Photonics**. Our overweight in the strong sector was beneficial as well. In Health Care, **Sino Biopharmaceutical** and **Sysmex**, whose revenue growth accelerated at the end of 2017, boosted relative performance. However, our overweight in the poorly performing sector was a modest detractor.

Stock selection in Consumer Discretionary was the most significant detractor, led by online travel search service **Priceline** and Mexican broadcaster **Televisa**. The latter continued to struggle with shifts in ad spending away from traditional media and toward digital channels. Energy holdings lagged, as supplier **Schlumberger** failed to keep up with oil and gas producers, who were the more immediate beneficiaries of the 39% rise in the oil price.

Viewed geographically, the fund added the most value through stock selection in EMs, especially China's Sino Biopharmaceutical and Weibo. Strong stocks in Japan were beneficial as well, led by Sysmex and **Keyence**. Relative performance was hurt by weak stocks in the US. Biotech company **Regeneron** declined as its EYLEA treatment for macular degeneration may face significant competition from a new Novartis drug. Other significant detractors included **Priceline** and **First Republic Bank**.

## ■ PERSPECTIVE AND OUTLOOK

Futurist Roy Amara observed that people—including investors—“tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run.” An overestimation of the positive effects for the first wave of internet-business successes resulted in the 1999 stock market bubble and subsequent bust. The market awarded unprecedented valuations to the perceived winners, but most of those winners disappeared after only a short star turn in the limelight. The high share prices of the Technology, Media, and Telecoms (TMT) businesses at the turn of the millennium were

not sustained: it took NASDAQ 15 years to regain its March 2000 highs. There are echoes of that evanescent phenomenon in today's market. Even if history only rhymes, the potential implications are significant.

Yet the long-term changes wrought by the internet have proved inexorable. As internet connectivity and underlying technologies spread, barriers to entry in industry after industry weaken. As products or services transform from physical things or relationships to a stream of bits and bytes, industries become susceptible to new entrants. Startups and established businesses can enter new businesses and succeed merely with better data, more processing power, or more-efficient algorithms. We see this in today's media, telecom, retail, and financial industries, where the threat of new entrants like Google and Facebook—and the competitive response from incumbents—is resulting in intensifying battles over growth and profit margins.

In media, internet platforms have altered the dynamics of industry power. Advertising profits used to be shared between the creators of content (TV networks, movie studios, and publishers) and its distributors (TV stations, cinemas, and bookstores). Today, the free-to-consumer services offered by Google and Facebook have proven so popular that a majority of consumers now access information through their websites. Advertisers no longer need to pay multiple distributors but can instead concentrate their spending with the two leading internet platforms. As a result, Google and Facebook have captured 99% of the growth in digital advertising in the US. Media incumbents have responded (in the classic fashion of all imperiled incumbents) with mergers, in an effort to increase their own bargaining power against their new suppliers of readers and viewers. To the adage that “content is king,” consolidations like that of Disney and 21st Century Fox have added the dictum that, to match the market power of the two new giants, one must be the “king of content.”

Years ago, the telecom industry companies responded to the threat of the rise of internet with their own mergers. Today, in response to the growing disintermediation of their services through the use of over-the-top services like WhatsApp and Netflix, industry players are lobbying politicians in both Europe and the US to “level the playing field” and allow them to worsen service or charge higher fees to users

#### GEOGRAPHIC EXPOSURE (%) at 31 December 2017

COUNTRY/REGION	FUND	BENCHMARK <sup>1</sup>
CANADA	0.0	3.1
EMERGING MARKETS	14.7	11.8
EUROPE EMU	13.8	10.7
EUROPE EX-EMU	12.3	10.2
JAPAN	10.3	7.9
MIDDLE EAST	0.9	0.2
PACIFIC EX-JAPAN	2.5	3.9
UNITED STATES	41.8	52.2
FRONTIER MARKETS <sup>2</sup>	0.0	–
CASH	3.7	–

<sup>1</sup>MSCI All Country World Index; <sup>2</sup>Includes countries with less-developed markets outside the Index.

#### SECTOR EXPOSURE (%) at 31 December 2017

SECTOR	FUND	BENCHMARK <sup>1</sup>
CONSUMER DISCRETIONARY	11.5	12.0
CONSUMER STAPLES	5.6	8.8
ENERGY	3.7	6.4
FINANCIALS	13.8	18.7
HEALTH CARE	17.9	10.7
INDUSTRIALS	14.7	10.9
INFORMATION TECHNOLOGY	20.1	18.0
MATERIALS	9.0	5.5
REAL ESTATE	0.0	3.1
TELECOM SERVICES	0.0	3.0
UTILITIES	0.0	2.9
CASH	3.7	–

<sup>1</sup>MSCI All Country World Index.

whose heavy usage taxes their infrastructure. Success, such as seen in the Trump administration's recent repeal of net neutrality regulations, could shift industry profits back to telecom providers from the internet giants.

In retailing, the internet allowed Amazon.com, Alibaba, and others to reach critical mass faster and increased consumer bargaining power through easy comparison pricing. But the effect has varied by country as legacy retailers in the developed world, thanks to their physical presence, have been able to fight back with omnichannel (combining online and offline) selling efforts. For all of Amazon's fearsome reputation, e-commerce in the US captures less than 10% of overall retail sales. In developing markets like China, e-commerce's share is double that amount, possibly because the rise of China's online retail occurred before its brick-and-mortar retailing reached significant scale. As a result, Chinese online retailers not only faced less competition, but also encountered less entrenched consumer shopping habits and rivals with fewer financial resources to buy into the changing game than their e-commerce peers in developed markets. Investors have declared the Chinese retail battle over before it began, as the market value of Alibaba and Tencent, China's two leading online companies, each far exceeds that of all listed Chinese traditional retailers combined. Several of these retailers have recently sold equity stakes to Alibaba or Tencent, in the spirit of “If you can't beat 'em, join 'em.”

In Financials, the internet's effect so far has been less damaging to the incumbents—but that may be changing. To mitigate risks, including regulatory risks, banks adopt new technology only cautiously and slowly, often at the insistence of regulators. The limits on their ability to introduce new technologies quickly may well have created opportunities for new financial service business models and substitute banking products to take hold, although these themselves have been held up by the need for regulators to catch up with modern advances. Startups like Square and PayPal's Venmo offer easier and cheaper real-time payment services. Established internet businesses, including Apple, Google, Alibaba, Tencent, and Samsung, are incorporating mobile payment applications that compete with traditional credit cards. Even banks' core activity of collecting deposits and

lending money is threatened. Online lending clubs bypass the bank as middleman altogether by linking savers directly with borrowers, taking a small fee for the service.

We have written repeatedly over the past few years about the rising popularity—and expensiveness—of high-quality growth stocks in the world’s recent state of slow growth and plentiful liquidity. On simple measures such as price-to-earnings and price-to-book ratios, the US stock market appears more expensive today than at any time since the TMT bubble of the late 1990s. Developed European and Asian markets are less expensive, but, after strong gains in 2017, none appear particularly cheap any longer.

Several factors explain these high valuations. Unlike in 1999, tech companies today are highly profitable and rapidly expanding. The tendency of today’s internet business models toward winner-take-most outcomes—as a result of network effects and scale economies—has given rise to large, profitable, high-growth businesses. Stock prices of companies both in and out of the tech sector have also been supported by low or even negative real interest rates. When the discount rate is as low as it has recently been, growing equity cash flows, especially those in the far-off future, are worth more in the present. Along with those of internet winners, share prices of “legacy” businesses that have been able to continue to grow have been pushed up as well, as investors gravitate to investments that they hope can return more than bonds. An alternative explanation behind today’s high IT sector valuations could be that investors are just overly optimistic about the speed and potential extent of future earnings growth. We have been reducing our investments in IT companies whose share prices we think overstate their potential future cash flow generation. While we don’t know whether any of today’s internet-related businesses will follow the boom-bust path of Pets.com (which in 2000 went from initial public offering [IPO] to liquidation in 268 days), we think that many share prices are too high.

What, then, could threaten the high valuations of today’s market? For tech companies, regulation and enforcement head the list. Legal risks include changes in net neutrality as well as a “techlash,” in which governments move to limit the size or scope of internet businesses on monopoly or privacy grounds. The most significant precedent is from the time of the TMT bubble: the US Department of Justice’s prosecution of **Microsoft** in 1998 using antitrust regulations from the 1890s, on the grounds that Microsoft engaged in anti-competitive practices. Another potential legal snare is Europe’s General Data Protection Regulation, which aims to strengthen data protection in the European Union and prescribes fines for non-compliance of up to 4% of annual revenues—a potential unexpected blow to any internet-related business. Future regulation also could gut the profitability of today’s winners by forcing them to pay consumers for use of their personal data or to open their platforms to competitors for “fair” compensation, just as has been required of telecom infrastructure providers.

A threat to expensive stocks generally—not just to IT and internet stocks—is the inevitable withdrawal of liquidity by central banks. So long as global inflation has remained low, central banks have been able to remain highly accommodative, but that condition may now be at an end. It has been said that “Economic expansions do not die

## TEN LARGEST HOLDINGS at 31 December 2017

COMPANY	SECTOR	COUNTRY	%
PAYPAL	INFO TECHNOLOGY	UNITED STATES	3.2
ROPER	INDUSTRIALS	UNITED STATES	2.8
SYSMEX	HEALTH CARE	JAPAN	2.6
AIA GROUP	FINANCIALS	HONG KONG	2.6
SVB FINANCIAL GROUP	FINANCIALS	UNITED STATES	2.5
NIKE	CONS DISCRETIONARY	UNITED STATES	2.4
SYMRISE	MATERIALS	GERMANY	2.4
PRICELINE	CONS DISCRETIONARY	UNITED STATES	2.2
VERISK	INDUSTRIALS	UNITED STATES	2.0
SCHLUMBERGER	ENERGY	UNITED STATES	2.0

of old age. They are murdered by central banks.” The Fed is already raising interest rates and reducing its balance sheet. Other central banks are now following suit: the ECB announced it will cut monthly asset purchases in half starting in January 2018, while the central banks of Canada and England have raised their reference interest rates. The pace of normalization of extraordinary monetary policy could accelerate if there is an “inflation surprise,” which stock markets might find difficult to absorb calmly. This risk seems to be rising: labor slack has ended, particularly in the US, as discouraged workers have re-entered the labor force and part-time workers have found full-time work. Globalization has acted as a disinflationary force in the developed world. If populist policies restrict free trade or favor domestic (i.e., less-competitive) producers, prices for traded goods and services will rise faster, unless countered by contractionary monetary policy.

As quality-growth investors, we and our clients have benefited from generally rising prices of the companies in our portfolio, even as we’ve worried about them. In our commentaries, we have referenced the rising prices of high-quality companies routinely since 2014! In general, we have been tolerant of those rising prices, willing to hold shares even as they came to appear expensive on simple measures such as price-to-earnings ratios, on the basis that ultra-low interest rates, a durable, albeit slow, global economic expansion, and unprecedented earnings growth opportunities for exceptional businesses rendered such traditional rules of thumb inadequate to the task of reflecting true intrinsic value. Such price tolerance was a key factor in our success in 2017 even as we leaned into the wind, reducing our investments in the most expensively priced shares, particularly in those businesses we viewed as more exposed to cyclical and regulatory risks.

### Portfolio Management Team Update

Scott Crawshaw has joined our Global Equity strategy portfolio management team as of 2 January 2018. He is responsible specifically for the World Equity strategy, which is based on our Global Equity strategy but benchmarked to the developed market MSCI World Index. In this role, Scott, in consultation with its co-lead PMs, will adapt the Global Equity strategy to the requirements of the World Equity strategy. Co-lead PM Peter Baughan, CFA previously performed this function.

## PERFORMANCE (% TOTAL RETURN)

as of 31 December 2017

CLASS A	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
<b>US DOLLAR<sup>1</sup></b>						
						21 JUNE 2007
GLOBAL EQUITY FUND USD A <sup>2</sup>	12.29	32.19	12.52	12.65	6.85	6.99
MSCI ALL COUNTRY WORLD INDEX <sup>3</sup>	11.21	23.97	9.30	10.80	4.65	4.52
<b>EURO</b>						
						21 JUNE 2007
GLOBAL EQUITY FUND EUR A <sup>2</sup>	6.87	15.94	12.83	14.80	8.94	8.19
MSCI ALL COUNTRY WORLD INDEX <sup>3</sup>	5.63	8.89	9.58	12.89	6.73	5.62
<b>GBP STERLING</b>						
						5 MARCH 2008
GLOBAL EQUITY FUND GBP A <sup>2</sup>	8.30	20.62	18.01	16.86	–	12.31
MSCI ALL COUNTRY WORLD INDEX <sup>3</sup>	6.79	13.24	14.60	14.95	–	9.94
<b>CLASS I</b>						
<b>US DOLLAR<sup>4</sup></b>						
						29 JULY 2015
GLOBAL EQUITY FUND USD I <sup>2</sup>	12.04	31.92	–	–	–	13.20
MSCI ALL COUNTRY WORLD INDEX <sup>3</sup>	11.21	23.97	–	–	–	10.15
<b>GBP STERLING</b>						
						29 JULY 2015
GLOBAL EQUITY FUND GBP I <sup>2</sup>	8.38	20.74	–	–	–	20.34
MSCI ALL COUNTRY WORLD INDEX <sup>3</sup>	6.79	13.24	–	–	–	16.98
<b>CLASS M</b>						
<b>US DOLLAR<sup>5</sup></b>						
						21 SEPTEMBER 2015
GLOBAL EQUITY FUND USD M <sup>1</sup>	12.30	32.21	–	–	–	17.91
MSCI ALL COUNTRY WORLD INDEX <sup>2</sup>	11.21	23.97	–	–	–	14.65
<b>SINGAPORE DOLLAR</b>						
						21 SEPTEMBER 2015
GLOBAL EQUITY FUND SGD M <sup>1</sup>	9.10	22.04	–	–	–	15.16
MSCI ALL COUNTRY WORLD INDEX <sup>2</sup>	7.94	14.68	–	–	–	11.97
<b>GBP STERLING</b>						
						24 NOVEMBER 2015
GLOBAL EQUITY FUND GBP M <sup>1</sup>	8.32	20.70	–	–	–	21.90
MSCI ALL COUNTRY WORLD INDEX <sup>2</sup>	6.79	13.24	–	–	–	19.65

<sup>1</sup>USD Class A shares launched on 18 July 2011; returns prior to this are derived from EUR Class A returns; <sup>2</sup>Net of fees; <sup>3</sup>Net of withholding taxes; <sup>4</sup>USD Class I shares are not yet launched; returns are derived from GBP Class I returns; <sup>5</sup>USD Class M shares are not yet launched; returns are derived from SGD Class M returns. Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.

# INTERNATIONAL EQUITY FUND

## PORTFOLIO MANAGEMENT TEAM



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**ANDREW WEST, CFA**  
PORTFOLIO MANAGER

## ■ PERFORMANCE SUMMARY

The International Equity Fund USD Class A shares increased 11.02% (at dealing prices) for the six months ended 31 December 2017, net of fees, in US dollar terms, underperforming its benchmark, the MSCI All Country World ex-US Index, which rose 11.48%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## ■ MARKET REVIEW

Markets posted robust returns in the trailing six months ended 31 December 2017, extending the MSCI All Country World ex-US Index's streak of positive monthly returns to a record 13 months. Economic growth across all major regions remained positive and synchronized, while inflation was subdued. In Europe, the European Central Bank (ECB) remained accommodative on monetary policy, although it signaled a slowing pace of bond buying. China's economy gathered momentum, shrugging off concerns over government corruption crackdowns and shaky property loans, with positive pull-through effects on its trading partners. Japanese economic growth edged higher, while inflation remained positive—a critical policy goal.

Emerging Markets (EMs) were the top-performing region in the period, particularly South Africa, Chile, and China. Strong Energy and Materials companies boosted Canada and other resource-rich markets and helped EM returns, too, although the strong performance of IT stocks, especially Chinese internet stocks, were also important to EM gains.

Better economic growth data across Europe allowed investors to view the future more optimistically. However Europe (both inside and outside the European Monetary Union) did not keep up with the returns of the index over the past six months. At the end of 2017, the eurozone was beset by election results that renewed uncertainty over the region's cohesion: two referenda on Catalonia's independence from Spain bookended an inconclusive German election that left Chancellor Angela Merkel unable as yet to form a coalition government.

All sectors posted positive returns in the period. Materials, Energy, Information Technology (IT), and Consumer Discretionary companies in particular benefited from rising expectations for sustained global demand. Health Care lagged, as governments and insurers continued to exert their bargaining power to resist price increases from pharmaceutical companies.

Stocks of the fastest-growing businesses outperformed the slowest-growing by over 10 percentage points in the trailing six months. Many of those rapid growers were also the most expensive stocks, on simple rules of thumb, but that did not deter investors from pushing them higher. Quality effects on relative performance were mixed.

## ■ PERFORMANCE ATTRIBUTION

Viewed by sector, our strong stocks in Health Care, especially Japan's clinical-testing equipment manufacturer **Sysmex** and medical-information provider **M3**, were offset by the portfolio's overweight to the lagging sector. We also benefited from our hefty weight in IT, and our portfolio return was in line with the index. We did not own two large contributors to IT's outsized performance: China's Alibaba and Tencent, both large market cap stocks that roughly doubled in 2017.

Poor returns in Consumer Staples, especially **Nestlé**, was a significant detractor in the period. We had good returns in Industrials, led by **Fanuc**, which continues to see strong demand from trends in factory automation, and in Financials, led by commercial bank **DBS Group**.

Viewed by region, stocks in Europe ex-EMU detracted most from relative performance. Our UK holdings pharmaceutical company **Shire** and advertising agency **WPP** underperformed. Our single holding in Canada, **Canadian National Railway**, was also detractive. We had good returns in Japan (Fanuc, M3, Sysmex), the eurozone (design software company **Dassault Systèmes**), and EMs (South African media company **Naspers**).

## ■ PERSPECTIVE AND OUTLOOK

The pronouncement that the "Internet changes everything" is unlikely to come as a surprise to anyone today. In fact, we wrote those words in a previous quarterly report...in 1999. Yet, as we look back at 2017 and forward into 2018, we are struck by how the world is *still* changing rapidly due to the internet and how, in particular, these changes continue to affect the competitive structure of industries and the fortunes of their constituents. One of our fourth-quarter 1999 reports described a well-known 230-year-

old publishing brand as a business that was already being pillaged by highwaymen on the information superhighway. The example led us to a prescient insight:

What will it mean when a long-established enterprise, such as the Encyclopedia Britannica, no longer charges money for its wealth of scholarly and general information?...It means that consumers will expect to get valuable products and services at far lower costs than traditional business models can profitably deliver them. And it means that many traditional businesses could face a stark future where their customers evaporate into cyberspace.

While the shift to online consumption of information we cautioned about in 1999 devastated the business models of traditional media quite rapidly (the Encyclopedia Britannica's 2010 edition was the last printed version), other industries were not threatened until much later. (As the novelist William Gibson said, "The future is here—it's just not evenly distributed.") Various catalysts and bottlenecks created an uneven pace of encroachment. Internet retail required customer trust, for everything from entering credit card information online to believing you could return regretted purchases. Netflix and Uber didn't take off until broadband internet and mobile data became widely available. Online financial services required changes to regulation. Overcoming consumer habit, incumbent power, and high delivery costs slowed e-commerce's spread into groceries. The uneven impact of the internet has created both threats and opportunities for investors.

Futurist Roy Amara observed that people—including investors—"tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run." An overestimation of the positive effects for the first wave of internet-business successes resulted in the 1999 stock market bubble and subsequent bust. The market awarded unprecedented valuations to the perceived winners, but most of those winners disappeared after only a short star turn in the limelight. The high share prices of the Technology, Media, and Telecoms (TMT) businesses at the turn of the millennium were not sustained: it took NASDAQ 15 years to

#### GEOGRAPHIC EXPOSURE (%) at 31 December 2017

COUNTRY/REGION	FUND	BENCHMARK <sup>1</sup>
CANADA	2.1	6.6
EMERGING MARKETS	20.6	24.8
EUROPE EMU	30.8	22.3
EUROPE EX-EMU	19.1	21.3
JAPAN	13.9	16.5
MIDDLE EAST	2.4	0.3
PACIFIC EX-JAPAN	7.4	8.2
FRONTIER MARKETS <sup>2</sup>	0.0	-
OTHER <sup>3</sup>	1.5	-
CASH	2.2	-

<sup>1</sup>MSCI All Country World ex-US Index; <sup>2</sup>Includes countries with less-developed markets outside the Index; <sup>3</sup>Includes companies classified in countries outside the Index.

#### SECTOR EXPOSURE (%) at 31 December 2017

SECTOR	FUND	BENCHMARK <sup>1</sup>
CONSUMER DISCRETIONARY	6.9	11.3
CONSUMER STAPLES	7.3	9.6
ENERGY	5.5	6.7
FINANCIALS	19.6	23.1
HEALTH CARE	17.3	7.6
INDUSTRIALS	12.6	11.9
INFORMATION TECHNOLOGY	20.7	11.5
MATERIALS	6.9	8.2
REAL ESTATE	1.0	3.2
TELECOM SERVICES	0.0	4.0
UTILITIES	0.0	2.9
CASH	2.2	-

<sup>1</sup>MSCI All Country World ex-US Index.

regain its March 2000 highs. There are echoes of that evanescent phenomenon in today's market. Even if history only rhymes, the potential implications are significant.

Yet the long-term changes wrought by the internet have proved inexorable. As internet connectivity and underlying technologies spread, barriers to entry in industry after industry weaken. As products or services transform from physical things or relationships to a stream of bits and bytes, industries become susceptible to new entrants. Startups and established businesses can enter new businesses and succeed merely with better data, more processing power, or more-efficient algorithms. We see this in today's media, telecom, retail, and financial industries, where the threat of new entrants like Google and Facebook—and the competitive response from incumbents—is resulting in intensifying battles over growth and profit margins.

In media, internet platforms have altered the dynamics of industry power. Advertising profits used to be shared between the creators of content (TV networks, movie studios, and the erstwhile publishers of the Encyclopedia Britannica) and its distributors (TV stations, cinemas, and bookstores). Today, the free-to-consumer services offered by Google and Facebook have proven so popular that a majority of consumers now access information through their websites. Advertisers no longer need to pay multiple distributors but can instead concentrate their spending with the two leading internet platforms. As a result, Google and Facebook have captured 99% of the growth in digital advertising in the US. Media incumbents have responded (in the classic fashion of all imperiled incumbents) with mergers, in an effort to increase their own bargaining power against their new suppliers of readers and viewers. To the adage that "content is king," consolidations like that of Disney and 21st Century Fox have added the dictum that, to match the market power of the two new giants, one must be the "king of content."

Years ago, telecom industry companies responded to the threat of the rise of internet with their own mergers. Today, in response to the growing disintermediation of their services through the use of



## TEN LARGEST HOLDINGS at 31 December 2017

COMPANY	SECTOR	COUNTRY	%
AIA GROUP	FINANCIALS	HONG KONG	4.3
BAYER	HEALTH CARE	GERMANY	3.7
SAMSUNG ELECTRONICS	INFO TECHNOLOGY	SOUTH KOREA	3.6
ALLIANZ	FINANCIALS	GERMANY	3.5
NESTLÉ	CONS STAPLES	SWITZERLAND	3.4
DASSAULT SYSTÈMES	INFO TECHNOLOGY	FRANCE	3.3
NASPERS	CONS DISCRETIONARY	SOUTH AFRICA	3.3
FANUC	INDUSTRIALS	JAPAN	3.2
ROYAL DUTCH SHELL	ENERGY	UNITED KINGDOM	3.2
BBVA	FINANCIALS	SPAIN	2.7

over-the-top services like WhatsApp and Netflix, industry players are lobbying politicians in both Europe and the US to “level the playing field” and allow them to worsen service or charge higher fees to users whose heavy usage taxes their infrastructure. Success, such as seen in the Trump administration’s recent repeal of net neutrality regulations, could shift industry profits back to telecom providers from the internet giants.

In retailing, the internet allowed Amazon.com, Alibaba, and others to reach critical mass faster and increased consumer bargaining power through easy comparison pricing. But the effect has varied by country as legacy retailers in the developed world, thanks to their physical presence, have been able to fight back with omnichannel (combining online and offline) selling efforts. For all of Amazon’s fearsome reputation, e-commerce in the US captures less than 10% of overall retail sales. In developing markets like China, e-commerce’s share is double that amount, possibly because the rise of China’s online retail occurred before its brick-and-mortar retailing reached significant scale. As a result, Chinese online retailers not only faced less competition, but also encountered less entrenched consumer shopping habits and rivals with fewer financial resources to buy into the changing game than their e-commerce peers in developed markets. Investors have declared the Chinese retail battle over before it began, as the market value of Alibaba and Tencent, China’s two leading online companies, each far exceeds that of all listed Chinese traditional retailers *combined*. Several of these retailers have recently sold equity stakes to Alibaba or Tencent, in the spirit of “If you can’t beat ‘em, join ‘em.”

In Financials, the internet’s effect so far has been less damaging to the incumbents—but that may be changing. To mitigate risks, including regulatory risks, banks adopt new technology only cautiously and slowly, often at the insistence of regulators. The limits on their ability to introduce new technologies quickly may well have created opportunities for new financial service business models and substitute banking products to take hold, although these themselves have been held up by the need for regulators to catch up with modern advances. Startups like Square and PayPal’s Venmo offer easier and cheaper real-time payment services. Established internet businesses, including Apple, Google, Alibaba, and Tencent, are incorporating mobile payment applications that compete with traditional credit cards. Even banks’ core activity

of collecting deposits and lending money is threatened. Online lending clubs bypass the bank as middleman altogether by linking savers directly with borrowers, taking a small fee for the service.

As an aside, index-providers MSCI and S&P Dow Jones jointly announced in November that, effective September 2018, they will change the industry classifications of many internet businesses, including heavyweights like Google-parent Alphabet, Facebook, Tencent, and Alibaba. Those businesses grouped under the IT sector will be reclassified under the sectors in which they compete, including Communication Services (the new home for Facebook, Tencent, and Alphabet) and Consumer Discretionary (Alibaba, eBay, and MercadoLibre). The erstwhile software and services industry will literally disappear. We expect this change to have very little impact on our investing.

We have written repeatedly over the past few years about the rising popularity—and expensiveness—of high-quality growth stocks in the world’s recent state of slow growth and plentiful liquidity. On simple measures such as price-to-earnings and price-to-book ratios, the US stock market appears more expensive today than at any time since the TMT bubble of the late 1990s. Developed European and Asian markets are less expensive, but, after strong gains in 2017, none appear particularly cheap any longer.

Several factors explain these high valuations. Unlike in 1999, tech companies today are highly profitable and rapidly expanding. The tendency of today’s internet business models toward winner-take-most outcomes—as a result of network effects and scale economies—has given rise to large, profitable, high-growth businesses. Stock prices of companies both in and out of the tech sector have also been supported by low or even negative real interest rates. When the discount rate is as low as it has recently been, growing equity cash flows, especially those in the far-off future, are worth more in the present. Along with those of internet winners, share prices of “legacy” businesses that have been able to continue to grow have been pushed up as well, as investors gravitate to investments that they hope can return more than bonds. An alternative explanation behind today’s high IT sector valuations could be that investors are just overly optimistic about the speed and potential extent of future earnings growth. We have been reducing our investments in IT companies whose share prices we think overstate their potential future cash flow generation. While we don’t know whether any of today’s internet-related businesses will follow the boom-bust path of Pets.com (which in 2000 went from initial public offering [IPO] to liquidation in 268 days), we think that many share prices are too high.

What, then, could threaten the high valuations of today’s market? For tech companies, regulation and enforcement head the list. Legal risks include changes in net neutrality as well as a “techlash,” in which governments move to limit the size or scope of internet businesses on monopoly or privacy grounds. The most significant precedent is from the time of the TMT bubble: the US Department of Justice’s prosecution of Microsoft in 1998 using antitrust regulations from the 1890s, on the grounds that Microsoft engaged in anti-competitive practices. Another potential legal snare is Europe’s General Data Protection Regulation, which aims to

strengthen data protection in the European Union and prescribes fines for non-compliance of up to 4% of annual revenues—a potential unexpected blow to any internet-related business. Future regulation also could gut the profitability of today’s winners by forcing them to pay consumers for use of their personal data or to open their platforms to competitors for “fair” compensation, just as has been required of telecom infrastructure providers.

A threat to expensive stocks generally—not just to IT and internet stocks—is the inevitable withdrawal of liquidity by central banks. So long as global inflation has remained low, central banks have been able to remain highly accommodative, but that condition may now be at an end. It has been said that “Economic expansions do not die of old age. They are murdered by central banks.” The Fed is already raising interest rates and reducing its balance sheet. Other central banks are now following suit: the ECB announced it will cut monthly asset purchases in half starting in January 2018, while the central banks of Canada and England have raised their reference interest rates. The pace of normalization of extraordinary monetary policy could accelerate if there is an “inflation surprise,” which stock markets might find difficult to absorb calmly. This risk seems to be rising: labor slack has ended, particularly in the US, as discouraged workers have re-entered the labor force and part-time workers have found full-time work. Globalization has acted as a disinflationary force in the developed world. If populist policies restrict free trade or favor domestic (i.e., less-competitive) producers, prices for traded goods and services will rise faster, unless countered by contractionary monetary policy.

As quality-growth investors, we and our clients have benefited from generally rising prices of the companies in our portfolio, even as we’ve worried about them. In our commentaries, we have referenced the rising prices of high-quality companies routinely since 2014! In general, we have been tolerant of those rising prices, willing to hold shares even as they came to appear expensive on simple measures such as price-to-earnings ratios, on the basis that ultra-low interest rates, a durable, albeit slow, global economic expansion, and unprecedented earnings growth opportunities for exceptional businesses rendered such traditional rules of thumb inadequate to the task of reflecting true intrinsic value. Such price tolerance was a key factor in our success in 2017 even as we leaned into the wind, reducing our investments in the most expensively priced shares and reinvesting in some of the more cyclical, but less pricey, companies vetted and qualified by our analysts.

### Portfolio Management Team Update

Scott Crawshaw has joined our International Equity strategy portfolio management team as of 2 January 2018. He is responsible specifically for the EAFE Equity strategy, which is based on our International Equity strategy but benchmarked to the developed market MSCI EAFE Index. In this role, Scott, in consultation with its co-lead PMs, will adapt the International Equity strategy to the requirements of the EAFE Equity strategy. Co-lead PM Alexander Walsh, CFA previously performed this function.

## PERFORMANCE (% TOTAL RETURN)

as of 31 December 2017

CLASS A	6 MONTHS	1 YEAR	3 YEARS	SINCE INCEPTION
<b>US DOLLAR<sup>1</sup></b>				
				<b>7 JUNE 2013</b>
INTERNATIONAL EQUITY FUND USD A <sup>2</sup>	11.02	29.89	10.43	8.75
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>3</sup>	11.48	27.19	7.83	6.78
<b>GBP STERLING</b>				
				<b>7 JUNE 2013</b>
INTERNATIONAL EQUITY FUND GBP A <sup>2</sup>	7.15	18.56	15.83	12.17
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>3</sup>	7.04	16.18	13.06	10.07
CLASS B	6 MONTHS	1 YEAR	3 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>				
				<b>27 SEPTEMBER 2013</b>
INTERNATIONAL EQUITY FUND USD B <sup>2</sup>	11.01	29.62	10.13	7.50
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>3</sup>	11.48	27.19	7.83	5.39
CLASS I	6 MONTHS	1 YEAR	3 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>				
				<b>18 AUGUST 2017</b>
INTERNATIONAL EQUITY FUND USD I <sup>2</sup>	-	-	-	9.20
MSCI ALL COUNTRY WORLD EX-US INDEX <sup>3</sup>	-	-	-	8.41

<sup>1</sup>USD Class A shares launched on 2 December 2013; returns prior to this are derived from GBP Class A return; <sup>2</sup>Net of fees; <sup>3</sup>Net of withholding taxes. Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.

## PORTFOLIO MANAGEMENT TEAM



**G. RUSTY JOHNSON, CFA**  
CO-LEAD PORTFOLIO MANAGER

**PRADIPTA CHAKRABORTY**  
PORTFOLIO MANAGER

**CRAIG SHAW, CFA**  
CO-LEAD PORTFOLIO MANAGER

**SCOTT CRAWSHAW**  
PORTFOLIO MANAGER

**RICHARD SCHMIDT, CFA**  
PORTFOLIO MANAGER

**New accounts into the Emerging Markets Equity Fund require prior approval.**

## ■ PERFORMANCE SUMMARY

The Emerging Markets Fund USD Class A shares increased 13.45% (at dealing prices) for the six months ended 31 December 2017, net of fees, in US dollar terms, lagging its benchmark, the MSCI Emerging Markets Index, which rose 15.92%. Please refer to the chart immediately following this commentary for returns related to the fund's other share classes.

## ■ MARKET REVIEW

The EM Index outperformed developed markets<sup>1</sup> by over five percentage points in the first half of the fiscal year as EMs benefited from a confluence of favorable economic and monetary factors. Economic growth gained momentum globally, giving a boost to trade. The continued absence of inflationary pressures allowed developed countries to continue the easy monetary policies that have supported lofty real asset and financial valuations. The US Federal Reserve raised rates three times in 2017 (including in December), EMs digesting each of these modest increases without faltering. Most EM currencies, particularly in emerging Europe and Asia, rose alongside the major developed currencies, and their strength accounted for about one-sixth of the EM Index's return in US dollar terms.

EM companies' earnings growth stood out mainly, but not exclusively, in the Information Technology (IT) sector, whose results surpassed even the most optimistic forecasts and compelled a crescendo of upgrades as the year progressed. However, shares of both "New" (technology-oriented) EM companies and "Old" (commodity-oriented) businesses companies soared together in this six-month period. Energy and Materials were aided by a resurgence in prices for oil and industrial metals. Information Technology (IT)

was led by Chinese internet and smartphone-component companies. Health Care rallied as well, with the fast-growing and innovative drug companies of China and South Korea increasingly overshadowing the Indian generic companies whose growth has been stunted by regulatory and competitive issues in the US. Meanwhile the Industrials sector was weak, and the more-defensive Consumer Staples, Telecom Services, and Utilities sectors also lagged.

By region, returns in emerging Europe were strong amid signs of improving growth across the region; Russia was also buoyed by higher oil prices. Asia was led by China, the largest EM market by far. The country's balance sheet risk—a source of anxiety at the beginning of 2017—fell as government measures to reduce capital outflows succeeded, net foreign exchange reserves increased, and the yuan strengthened against the greenback. Confidence was further spurred by rising corporate profits, which reduced the burden of servicing China's corporate debt pile.

South Africa's equity market and the rand rose despite the "junk" rating for its sovereign debt bestowed by S&P Global in November. Investors have been given a reason for hope in the victory of Cyril Ramaphosa as the new leader of the African National Congress (ANC) party, putting him in line to succeed Jacob Zuma as the country's next president. Ramaphosa, an avowed reformer, has promised to stamp out corruption and attract foreign investment back to the country.

Latin America lagged during this period despite strong returns from Brazil, Chile, and Peru, which were helped by stronger commodity prices. In Brazil, subdued inflationary pressures and slack industrial production have allowed the Brazilian Central Bank to make further interest rate cuts, raising prospects for a near-term economic recovery. In striking contrast, Mexico's market fell sharply as concerns grew about rising support in the July 2018 presidential election for the populist candidate Andres Manuel Lopez Obrador.

Together only five technology-related stocks (**Alibaba**, **Tencent**, **Samsung Electronics**, **TSMC**, and **Naspers**) accounted for nearly 30% of the total return of the EM Index in the first half of the fiscal year. The outstanding returns for mega-cap IT stocks also contributed to an extreme divergence in returns across different investment styles. The MSCI EM Growth Index outperformed the Value Index by nearly eight percentage points. The five stocks noted above comprise fully 35% of the increasingly concentrated Growth Index, which has a 44% weight in IT.

<sup>1</sup>Developed markets represented by MSCI World Index.

## ■ PERFORMANCE ATTRIBUTION

Stock selection in the Consumer Discretionary and IT sectors detracted the most from the Fund's relative performance in the first half of the fiscal year. In Consumer Discretionary, detractors included our overweight exposure to **Hankook Tire Co.** and Chinese travel advisor **Ctrip.com**. In IT, we were helped by **Weibo**, a leading Chinese social-media platform, which continued to post impressive revenue growth. However, we were hurt by poor returns from camera-lens manufacturer **Largan Precision** (due to concerns over weaker-than-expected demand for Apple's iPhone X) and by being underweight Alibaba and Tencent.

We had strong stock selection in Industrials (including **51Job Inc.**, the Chinese online job search and human-resource services company) and Telecom Services (**Bharti Airtel** of India).

By region, allocation effects were negative partly due to our underweight in China and overweight in the Middle East, where shares of the UAE's **Emaar Properties** fell after the company's sale of its property development subsidiary, Emaar Development, fetched a lower-than-expected price. We were also hurt by UK-listed **Nostrom Oil & Gas**, which failed to meet a December deadline for completing a major gas-treatment facility.

We had poor stock selection in Latin America partly due to our position in Mexican media company **Televisa**, which reported disappointing advertising sales amid increasing pressure from digital advertisers. Also **GF Banorte's** share price reacted negatively to news in October that the bank was considering the acquisition of a smaller Mexican bank, Interacciones, owned by the family of Carlos Hank González, Banorte's chairman. While the strategic benefits of the acquisition were, in our view, unclear, management nevertheless gained shareholder approval to move forward with the deal.

### GEOGRAPHIC EXPOSURE (%) at 31 December 2017

COUNTRY/REGION	FUND	BENCHMARK <sup>1</sup>
BRAZIL	6.7	6.8
CHINA + HONG KONG <sup>2</sup>	30.2	29.7
INDIA	5.3	8.8
MEXICO	3.1	2.9
RUSSIA	6.1	3.3
SOUTH AFRICA	6.3	7.1
SOUTH KOREA	10.0	15.4
TAIWAN	8.8	11.3
SMALL EMERGING MARKETS <sup>3</sup>	15.0	14.7
FRONTIER MARKETS <sup>4</sup>	2.8	-
DEVELOPED MARKET LISTED <sup>5</sup>	3.6	-
CASH	2.1	-

<sup>1</sup>MSCI Emerging Markets Index; <sup>2</sup>The Emerging Markets Equity Fund's end weight in China is 23.9% and Hong Kong is 6.3%. The Benchmark does not include Hong Kong; <sup>3</sup>Includes the remaining emerging markets which, individually, comprise less than 5% of the Index; <sup>4</sup>Includes countries with less-developed markets outside the Index; <sup>5</sup>Includes emerging markets or frontier markets companies listed in developed markets.

### SECTOR EXPOSURE (%) at 31 December 2017

SECTOR	FUND	BENCHMARK <sup>1</sup>
CONSUMER DISCRETIONARY	14.2	10.2
CONSUMER STAPLES	6.2	6.6
ENERGY	6.3	6.8
FINANCIALS	28.8	23.5
HEALTH CARE	5.0	2.6
INDUSTRIALS	7.8	5.3
INFORMATION TECHNOLOGY	22.6	27.6
MATERIALS	1.0	7.4
REAL ESTATE	1.0	2.8
TELECOM SERVICES	3.3	4.8
UTILITIES	1.7	2.4
CASH	2.1	-

<sup>1</sup>MSCI Emerging Markets Index.

Our stock selection was positive in Asia and Africa. In China, shares in **Sino Biopharmaceutical** surged as successful drug trials and regulatory approvals led to an acceleration in revenue projections. In South Africa, core bank holding **Standard Bank** reported stronger operating performance after implementing advanced IT systems to improve product development and risk-management processes. **Discovery Holdings** exhibited rising operating profit as insurance companies increase penetration into the South African population.

## ■ INVESTMENT PERSPECTIVES

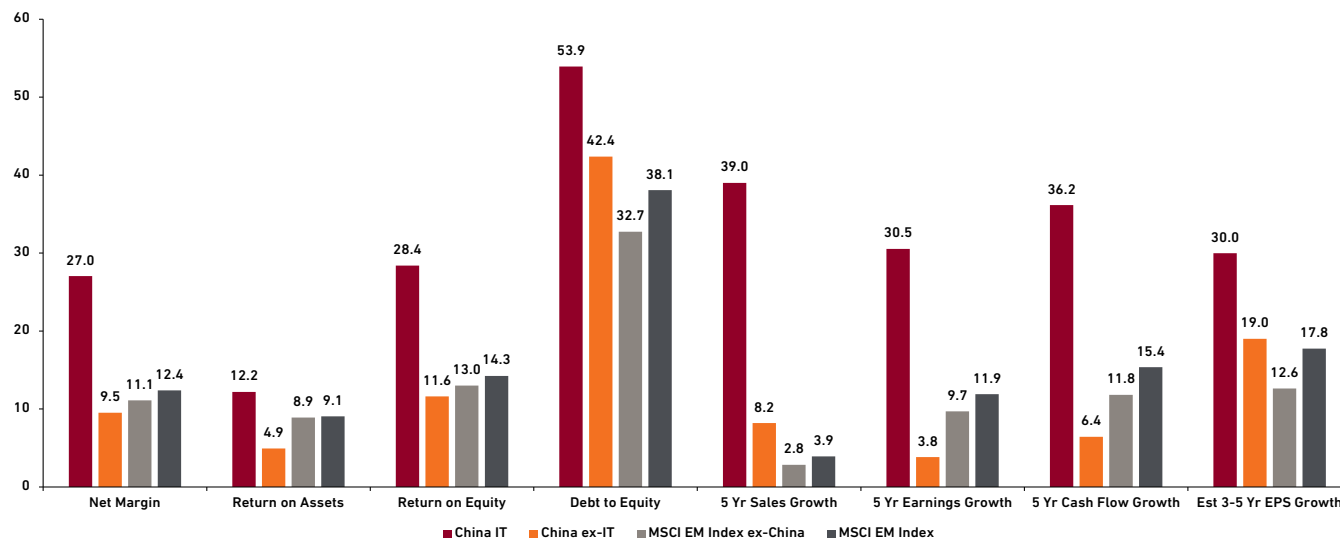
### China's Newest *New Era* (新時代): Powered by Fundamentals

The impressive share-price appreciation of China's dominant internet stocks in 2017 mesmerized investors. Equally remarkable was the elevation in profits and returns for China's IT sector that supported this upsurge, as shown in the chart on the following page. IT businesses' success has been underpinned by the rapid rise of China's middle class and its epochal transformation into a consumption-led economy. From 2000 to 2016, per-capita GDP rose from about US\$960 to US\$8,120, while the portion of the population defined as middle class jumped from 5 million to 225 million people.<sup>2</sup> With the help of supportive government policies, China's IT companies created highly engaging products and services for shopping, communications, and entertainment. Share prices reflect the companies' success at capturing the attention—and the money—of this vast and growing population.

Among developing countries, China is unique in possessing a combination of pro-development government policies, strong infrastructure, rising incomes for a vast population, and well-managed companies skillfully exploiting these advantages. This powerful com-

<sup>2</sup>"Chinese Society: The New Class War," *The Economist* (July 19, 2016); World Bank data.

## QUALITY AND GROWTH CHARACTERISTICS (EXCLUDING FINANCIALS)



bination aided the fundamental advance of IT companies. We believe it also presents attractive investment opportunities in other sectors.

Growth in China's IT and related businesses has been orchestrated by two highly skilled managements: the government and corporate leaders. Government provided the physical infrastructure (including advanced, and vast, transportation networks and a reliable energy grid) and schools and universities of an increasingly high quality lacking in most developing countries. State policies have also supported domestic champions in key industries, including internet-related enterprises, by providing incentives (such as tax breaks and subsidies for R&D) and protecting them from foreign competitors like Google and Facebook. Meanwhile, visionary leaders at businesses such as Alibaba and Tencent identified and seized the nascent growth opportunities that the internet provided by creating differentiated services and unique experiences for consumers. They also took advantage of the relative underdevelopment and lack of strong incumbents within the retailing, services, and entertainment industries.

But the combined efforts of government and companies are spurring the growth not only of IT and internet-related businesses. A key element of President Xi Jinping's "New Era" program—enshrined as the nation's lodestar during the 19th National Congress of the Communist Party of China held in October—is achieving a continued rise in living standards through more-advanced production methods and the development of higher-quality products and services. Xi's administration is therefore promoting innovation across multiple industries, including technology, energy, and health care. For example, the government has been encouraging more use of cleaner energy, notably natural gas. Further, China's Food and Drug Administration recently upgraded the drug approval and regulation process to meet standards akin to those of the US and Europe. These reforms, by weeding out producers of ineffective or poor-quality drugs, should reduce the competition faced by China's leading pharmaceutical companies.

This year we have markedly increased the breadth of investment opportunities in China available for the portfolio by completing the administrative work necessary to gain access to the Chinese domestic A-share market. While there is much to admire within China's brood of technology juggernauts, our portfolio increasingly reflects the proliferation of innovative, quality-growth businesses across a range of industries. Current holdings include **Hangzhou Hikvision** (security monitoring/analytics), **Weibo** (social media), **Midea** (home appliances), and **Alibaba and JD.com** (e-commerce). Another holding, **ENN Energy**, is a regulated monopoly that supplies natural gas to homes and businesses in 165 Chinese cities. We also hold two pharmaceutical companies, **Jiangsu Hengrui Medicine** and **Sino Biopharmaceutical**, whose treatments for serious ailments (including hepatitis and cancer) meet international quality standards but are available at prices notably lower than those of imported versions from foreign multinationals.

October's Communist Party Congress allowed President Xi to consolidate his power further. The strength of his authority means the state administration can pursue reforms more forcefully. But it

### TEN LARGEST HOLDINGS at 31 December 2017

COMPANY	SECTOR	COUNTRY	%
SAMSUNG ELECTRONICS	INFO TECHNOLOGY	SOUTH KOREA	4.8
TENCENT	INFO TECHNOLOGY	CHINA	4.5
TSMC	INFO TECHNOLOGY	TAIWAN	4.3
SBERBANK	FINANCIALS	RUSSIA	3.0
AIA GROUP	FINANCIALS	HONG KONG	2.8
MARUTI SUZUKI	CONS DISCRETIONARY	INDIA	2.2
ITAU UNIBANCO	FINANCIALS	BRAZIL	2.0
BANK RAKYAT	FINANCIALS	INDONESIA	1.9
LUKOIL	ENERGY	RUSSIA	1.8
CNOOC	ENERGY	CHINA	1.8

also poses risks. Such centralized authority, without even modest checks and balances, can make serious policy missteps. A source of risk from an investment perspective is how authorities reconcile the rapid growth of social-media companies and their desire to maintain the absolute state authority that includes restricting free expression in mass communications. While monitoring such risks, we think government efforts to raise living standards and promote the provision of higher-quality goods and services should continue to support the growth of China's highest-quality companies.

### EM ex-China: Strong Companies in (Sometimes) Challenging Environments

Our search for companies meeting our high-quality, durable-growth criteria is a truly global pursuit. It is the nature of investing in EMs that this quest leads to countries that may not possess all the factors supportive for business found today in China. Examples include Brazil and Russia, whose poor economic policies have slowed their recovery from the recessions caused by the recent years' cyclical commodity-price decline. Uncertainty is a watchword for much of Latin America, where pivotal elections are being held in 2018 in many countries, including Brazil, Mexico, Argentina, and Colombia. And while the outlook for South Africa may be improving with a change in leadership, the corruption under President Zuma and his poor fiscal policies continue to hurt the economy.

To create a diversified portfolio, we focus on companies and industries, not countries, to identify strong businesses that meet our high-quality, durable-growth criteria. We ensure the portfolio is geographically diversified to control risk by also adhering to the

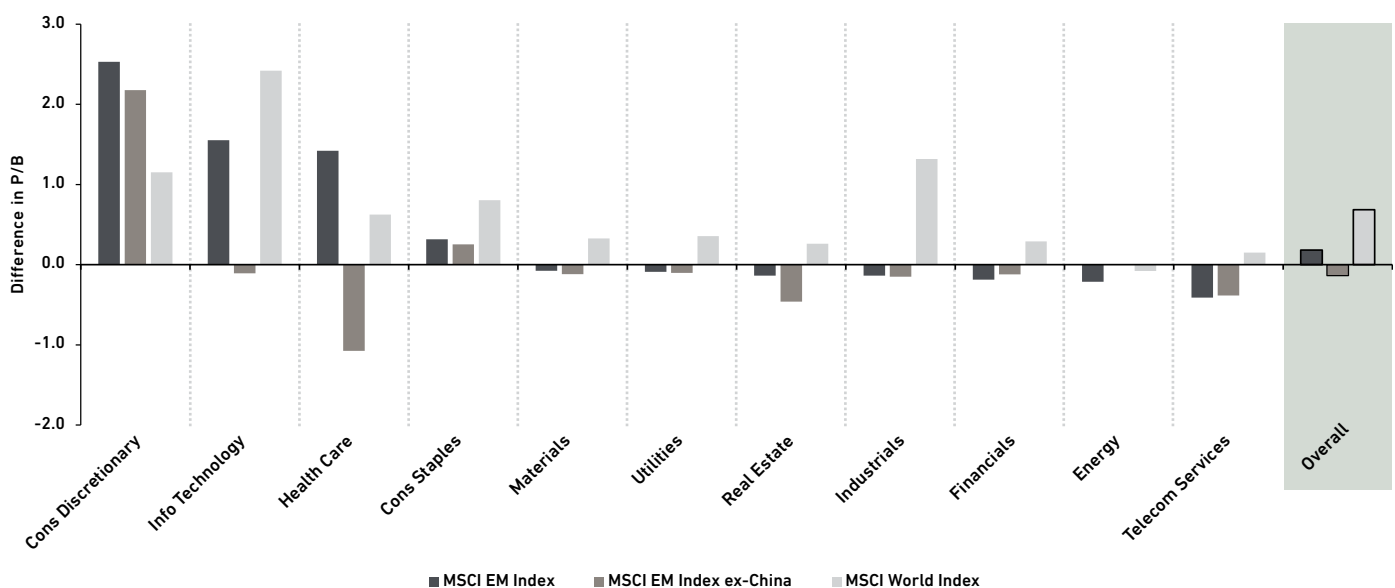
strategy's guidelines. Our research leads to investing in strong businesses with the management, sustainable competitive advantages, and financial wherewithal to grow over the long term and remain resilient in the face of unanticipated economic and political challenges.

Our holdings outside China include a number of strong banks, such as South Africa's Standard Bank, that are on the leading edge of using big data and other technologies to improve their customer service and risk management. Our investments also include **Maruti Suzuki**, India's fast-growing auto manufacturer with a large distribution network and a strong brand representing reliable, low-priced cars. And recent portfolio additions include Panamanian airline **Copa Holdings** and Russian natural-gas producer **Novatek**.

We are sensitive to the prices we pay for quality-growth businesses. The chart below relates the current price-to-book ratio to its 10-year average for all sectors within the MSCI EM Index, MSCI EM Index ex-China, and MSCI World Index. Clearly the growth offered across EMs in sectors such as IT, Consumer Discretionary, and Health Care is now expensive relative to history.

When China is excluded from the other EMs, however, price multiples outside of the Consumer Discretionary sector are not high relative to their long-term averages. Valuation is one reason we limit exposure to the otherwise highly appealing opportunity set of China companies as we seek attractive opportunities across the entire EM universe. We also note that EMs overall continue to look attractive on the basis of the price-to-book ratio relative to developed markets.

EM, EM EX-CHINA, AND DM SECTOR VALUATIONS: DIFFERENCE BETWEEN CURRENT AND 10-YEAR P/B



Source: FactSet. The "10-year P/B" is determined by calculating the average of the weighted-median P/B for each sector and for the aggregate Index for the last 40 quarters (i.e., 10 years). Each bar represents the weighted-median P/B as of December 31, 2017 minus the 10-year P/B.

## PERFORMANCE (% TOTAL RETURN)

as of 31 December 2017

CLASS A	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>					25 SEPTEMBER 2012
EMERGING MARKETS EQUITY FUND USD A <sup>1</sup>	13.45	35.15	9.84	6.35	7.20
MSCI EMERGING MARKETS INDEX <sup>2</sup>	15.92	37.28	9.10	4.35	5.22
CLASS B	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>					25 OCTOBER 2013
EMERGING MARKETS EQUITY FUND USD B <sup>1</sup>	13.37	34.74	9.53	-	6.08
MSCI EMERGING MARKETS INDEX <sup>2</sup>	15.92	37.28	9.10	-	5.32
CLASS I	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>					9 JANUARY 2017
EMERGING MARKETS EQUITY FUND USD I <sup>1</sup>	13.74	-	-	-	33.30
MSCI EMERGING MARKETS INDEX <sup>2</sup>	15.92	-	-	-	34.74
<b>CANADIAN DOLLAR</b>					14 NOVEMBER 2013
EMERGING MARKETS EQUITY FUND CAD I <sup>1</sup>	10.19	26.92	13.14	-	12.43
MSCI EMERGING MARKETS INDEX <sup>2</sup>	11.83	28.26	12.00	-	10.92
<b>EURO</b>					18 JANUARY 2017
EMERGING MARKETS EQUITY FUND EUR I <sup>1</sup>	8.21	-	-	-	16.00
MSCI EMERGING MARKETS INDEX <sup>2</sup>	10.10	-	-	-	17.39
CLASS M	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
<b>US DOLLAR</b>					23 DECEMBER 2015
EMERGING MARKETS EQUITY FUND USD M <sup>1</sup>	13.59	35.32	-	-	23.05
MSCI EMERGING MARKETS INDEX <sup>2</sup>	15.92	37.28	-	-	22.68
<b>CANADIAN DOLLAR</b>					22 DECEMBER 2014
EMERGING MARKETS EQUITY FUND CAD M <sup>1</sup>	10.05	26.64	12.94	-	12.94
MSCI EMERGING MARKETS INDEX <sup>2</sup>	11.83	28.26	12.00	-	11.73
<b>GBP STERLING</b>					28 FEBRUARY 2017
EMERGING MARKETS EQUITY FUND GBP M <sup>1</sup>	9.57	-	-	-	15.60
MSCI EMERGING MARKETS INDEX <sup>2</sup>	11.31	-	-	-	16.18

<sup>1</sup>Net of fees; <sup>2</sup>Net of withholding taxes; Returns are annualized for periods greater than one year.

Please read the separate disclosures page for important information.

## ■ DISCLOSURES

Companies held in the Funds during the period appear in bold type; only the first reference to a particular holding appears in bold. The Funds are actively managed; therefore holdings shown may not be current. Fund holdings and sector and geographic allocations should not be considered recommendations to buy or sell any security. Current and future Fund holdings are subject to risk.

Sector and geographical weightings and Top 10 data is sourced from: FactSet, Harding Loevner Funds, and MSCI Inc. Differences may exist between this source data and similar information reported in the financial statements due to timing differences and/or adjustments required pursuant to International Financial Reporting Standards (IFRS).

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## SOURCES

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Global Equity Fund: FactSet; Harding Loevner Funds plc Global Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

International Equity Fund: FactSet; Harding Loevner Funds plc International Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

Emerging Market Equity Fund: FactSet; Harding Loevner Funds plc Emerging Markets Equity Fund, based on the underlying holdings; MSCI Inc. and S&P.

## INDEX DEFINITIONS

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The MSCI All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The Index consists of 47 developed and emerging market countries. The Index is net of foreign withholding taxes on dividends.

The MSCI All Country World ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 46 developed and emerging market countries. The Index is net of foreign withholding taxes on dividends.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Index consists of 24 emerging market countries. The Index is net of foreign withholding taxes on dividends.

You cannot invest directly in these Indexes.





# **HARDING LOEVNER FUNDS PLC**

## **Unaudited Interim Financial Statements**

Global Equity Fund  
International Equity Fund  
Emerging Markets Equity Fund

31 December 2017

# Harding Loevner Funds plc

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# Harding Loevner Funds plc

## Directors and Other Information

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For the six months ended 31 December 2017

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<b>DIRECTORS</b>	David Loevner Lori Renzulli Mike Kirby Jim Cleary Ryan Bowles	(US resident) (Non-executive) (US resident) (Non-executive) (Resigned 7 November 2017) (Irish resident) (Non-executive) (Irish resident) (Independent, Non-executive) (US resident) (Non-executive) (Appointed 7 November 2017)
<b>REGISTERED OFFICE</b>	32 Molesworth Street Dublin 2 Ireland	
<b>INVESTMENT MANAGER</b>	Harding Loevner LP 400 Crossing Boulevard 4th Floor Bridgewater New Jersey 08807 USA	
<b>DEPOSITARY</b>	Northern Trust Fiduciary Services (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 Ireland	
<b>ADMINISTRATOR</b>	Northern Trust International Fund Administration Services (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 Ireland	
<b>COMPANY SECRETARY</b>	MFD Secretaries Limited 32 Molesworth Street Dublin 2 Ireland	
<b>INDEPENDENT AUDITORS</b>	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland	
<b>IRISH LEGAL ADVISERS</b>	Maples and Calder 75 St. Stephen's Green Dublin 2 Ireland	

# Harding Loevner Funds plc

## Background to the Company

### For the six months ended 31 December 2017

The following information is derived from and should be read in conjunction with the full text and definition section of the Prospectus. Capitalised terms shall bear the meaning as defined in the Prospectus, unless otherwise stated.

#### Date of incorporation

Harding Loevner Funds Plc (the “Company”) was incorporated on 29 March 2007 and commenced operations on 1 June 2007.

#### Background to the Company

The Company is an umbrella type open-ended investment Company with variable capital and segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “Central Bank”) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“the UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (the “Central Bank UCITS Regulations”). Shares representing interests in different sub-funds may be issued from time to time by the Directors. Shares of more than one class may be issued in relation to a sub-fund. A separate portfolio of assets will be maintained for each sub-fund (and accordingly not for each class of shares) and will be invested in accordance with the investment objective and policies applicable to such sub-fund.

There are four sub-funds (the “sub-funds”) of the Company currently in existence, namely:

#### The Harding Loevner Global Equity Fund

The Company created the Harding Loevner Global Equity Fund (the “Global Equity Fund”) on 31 May 2007 and commenced its operations on 1 June 2007.

The investment objective of the Global Equity Fund is to achieve long-term capital appreciation by investing primarily in global equities.

As at 31 December 2017 the following classes of shares were authorised to be issued in the Global Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar	Singapore Dollar
Class A Class B Class I Class M Class D	Class A Class D	Class A Class B Class I Class M Class D	Class A Class B Class F Class M	Class A Class M Class D
Swiss Franc				
Class A Class B Class D				

As at 31 December 2017 the following share classes were in issue in the Global Equity Fund:

US Dollar	Euro	Sterling	Singapore Dollar
Class A	Class A	Class A Class I Class M	Class M

#### The Harding Loevner International Equity Fund

The Company created the Harding Loevner International Equity Fund (the “International Equity Fund”) on 31 May 2007 and commenced its operations on 3 April 2013.

The investment objective of the International Equity Fund is to achieve long-term capital appreciation by investing primarily in equities of companies based in global markets other than the United States of America.

As at 31 December 2017 the following classes of shares were authorised to be issued in the International Equity Fund:

US Dollar	Euro	Sterling
Class A Class B Class I Class M	Class A Class I	Class A Class I

# Harding Loevner Funds plc

## Background to the Company

### For the six months ended 31 December 2017 (continued)

#### The Harding Loevner International Equity Fund (continued)

As at 31 December 2017 the following share classes were in issue in the International Equity Fund:

US Dollar	Sterling
Class A	Class A
Class B	
Class I	

#### The Harding Loevner Emerging Markets Equity Fund

The Company created the Harding Loevner Emerging Markets Equity Fund (the “Emerging Markets Equity Fund”) on 31 May 2007 and commenced its operations on 25 September 2012.

The investment objective of the Emerging Markets Equity Fund is to achieve long-term capital appreciation by investing primarily in emerging markets equities.

As at 31 December 2017 the following classes of shares were authorised to be issued in the Emerging Markets Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar	Canadian Dollar
Class A	Class A	Class A	Class A	Class A
Class B	Class B	Class B	Class B	Class B
Class I	Class I	Class I	Class I	Class I
Class M	Class M	Class M	Class F	Class M

As at 31 December 2017 the following share classes were in issue in the Emerging Markets Equity Fund:

US Dollar	Euro	Sterling	Canadian Dollar
Class A	Class I	Class M	Class I
Class B			Class M
Class I			
Class M			

#### The Harding Loevner Frontier Markets Equity Fund

The Company created the Harding Loevner Frontier Markets Equity Fund (the “Frontier Markets Equity Fund”) on 31 May 2007 and commenced its operations on 25 September 2012. On 15 August 2017 shares for the Frontier Markets Equity Fund were fully redeemed. The Fund will remain in a dormant status and open to investors should Subscriptions arise in the future.

The investment objective of the Frontier Markets Equity Fund is to achieve long-term capital appreciation by investing primarily in frontier markets equities.

As at 31 December 2017 the following classes of shares were authorised to be issued in the Frontier Markets Equity Fund:

US Dollar	Euro	Sterling	Australian Dollar
Class A	Class A	Class A	Class A

As at 31 December 2017 there were no share classes in issue in the Frontier Markets Equity Fund.

#### Connected persons

The Central Bank UCITS Regulations requires that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate (“connected persons”) must be carried out as if negotiated at arm’s length and must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

# Harding Loevner Funds plc

## Background to the Company

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### For the six months ended 31 December 2017 (continued)

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#### Statement of corporate governance

The Board of Directors voluntarily complies with the Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds (the "IF Code") as the Company's corporate governance code. The Board of Directors has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial period.

#### Significant events during the period

During the period ended 31 December 2017, the Global Equity Fund distributed the following net income:

A distribution of 0.004019427 per share on the Sterling Class A GBP shares, with a total value of GBP 346,060, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

A distribution of 0.004475751 per share on the Sterling Class I GBP shares, with a total value of GBP 315,726, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

A distribution of 0.003997508 per share on the Sterling Class M GBP shares, with a total value of GBP 165,762, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

During the period ended 31 December 2017, the International Equity Fund distributed the following net income:

A distribution of 0.005607472 per share on the Sterling Class A GBP shares, with a total value of GBP 16,222, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

On 26 July 2017 the SGD Class A shares for the Global Equity Fund were fully redeemed.

On 8 August 2017 the AUD Class M shares for the Global Equity Fund were fully redeemed.

On 18 August 2017 the USD Class I shares for the International Equity Fund were first issued.

On 15 August 2017, shares for the Frontier Markets Equity Fund were fully redeemed. The Fund will remain in a dormant status and open to investors should subscriptions arise in the future.

On 18 December 2017 the AUD Class F shares for the Emerging Markets Equity Fund were fully redeemed.

Lori Renzulli resigned from the Board of Directors effective 7 November 2017 and was replaced by Ryan Bowles who is also an employee of Harding Loevner.

#### Events after the reporting date

An application was approved by the Central Bank of Ireland on 26 January 2018 to amend the benchmark on The Harding Loevner Frontier Markets Equity Fund from MSCI Frontier Markets ex-GCC Index to MSCI Frontier Emerging Markets Index (net). On the same date, an application was approved by the Central Bank of Ireland to amend the name of the sub-fund from The Harding Loevner Frontier Markets Equity Fund to The Harding Loevner Frontier Emerging Markets Equity Fund.

There have been no other material events to report subsequent to the period ended 31 December 2017.

# Harding Loevner Funds plc

## Global Equity Fund Unaudited Schedule of Investments 31 December 2017

Transferable Securities	Market Value		% Net	Transferable Securities	Market Value		% Net
Security Description - Equities	Shares	USD	Assets	Security Description - Equities (cont'd)	Shares	USD	Assets
<b>Brazil: 1.10% (30 June 2017: 1.05%)</b>				<b>Italy: 2.02% (30 June 2017: 2.19%)</b>			
Itau Unibanco (Pref) ADR (Financials)	550,700	7,159,100	1.10%	Luxottica Group (Consumer Discretionary)	127,600	7,831,109	1.20%
<b>China: 6.39% (30 June 2017: 4.56%)</b>				<b>ITALEY TOTAL</b>			
Alibaba ADR (Information Technology)	35,204	6,070,226	0.93%	<b>Japan: 10.32% (30 June 2017: 9.46%)</b>			
Baidu ADR (Information Technology)	32,600	7,635,246	1.17%	Fanuc (Industrials)	26,500	6,364,233	0.98%
Sino Biopharmaceutical (Health Care)	3,981,160	7,062,580	1.08%	Keyence (Information Technology)	18,700	10,475,651	1.61%
Tencent Holdings (Information Technology)	150,700	7,831,226	1.20%	Kubota (Industrials)	646,500	12,677,539	1.95%
Weibo ADR (Information Technology)	66,224	6,851,535	1.05%	M3 (Health Care)	238,897	8,406,715	1.29%
Wuxi Biologics (Health Care)	1,120,500	6,267,348	0.96%	Makita (Industrials)	140,800	5,916,912	0.91%
<b>CHINA TOTAL</b>		<b>41,718,161</b>	<b>6.39%</b>	Monotaro (Industrials)	189,100	6,041,802	0.93%
<b>Denmark: 2.59% (30 June 2017: 2.28%)</b>				<b>JAPAN TOTAL</b>			
CHR. Hansen (Materials)	94,800	8,892,227	1.37%	<b>67,127,376</b>			
Novozymes (Materials)	139,600	7,975,921	1.22%	<b>10.32%</b>			
<b>DENMARK TOTAL</b>		<b>16,868,148</b>	<b>2.59%</b>	<b>Mexico: 0.70% (30 June 2017: 1.02%)</b>			
<b>Finland: 0.94% (30 June 2017: 1.01%)</b>				Televisa ADR (Consumer Discretionary)			
Kone (Industrials)	113,400	6,092,901	0.94%	243,100	4,538,677	0.70%	
<b>France: 3.26% (30 June 2017: 3.41%)</b>				<b>Russian Federation: 1.31% (30 June 2017: 1.18%)</b>			
Air Liquide (Materials)	52,110	6,568,165	1.01%	Yandex (Information Technology)			
Essilor International (Health Care)	62,100	8,565,003	1.32%	259,700	8,505,175	1.31%	
L'Oreal (Consumer Staples)	27,200	6,036,014	0.93%	<b>South Africa: 0.83% (30 June 2017: 0.77%)</b>			
<b>FRANCE TOTAL</b>		<b>21,169,182</b>	<b>3.26%</b>	Sasol ADR (Materials)			
<b>Germany: 4.81% (30 June 2017: 3.41%)</b>				158,700			
BMW (Consumer Discretionary)	63,500	6,615,619	1.02%	5,429,127			
Linde (Materials)	39,000	9,108,482	1.40%	<b>Spain: 2.77% (30 June 2017: 2.97%)</b>			
Symrise (Materials)	181,400	15,588,293	2.39%	BBVA (Financials)			
<b>GERMANY TOTAL</b>		<b>31,312,394</b>	<b>4.81%</b>	1,002,500			
<b>Hong Kong: 2.56% (30 June 2017: 2.50%)</b>				8,554,667			
AIA Group (Financials)	1,952,600	16,657,275	2.56%	415,100			
<b>India: 2.42% (30 June 2017: 2.97%)</b>				9,514,092			
HDFC Bank ADR (Financials)	61,775	6,280,664	0.96%	<b>SPAIN TOTAL</b>			
ICICI Bank ADR (Financials)	975,180	9,488,502	1.46%	<b>18,068,759</b>			
<b>INDIA TOTAL</b>		<b>15,769,166</b>	<b>2.42%</b>	<b>2.77%</b>			
<b>Indonesia: 1.30% (30 June 2017: 1.25%)</b>				<b>Sweden: 2.19% (30 June 2017: 1.20%)</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	Atlas Copco (A) (Industrials)			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				179,500			
Check Point (Information Technology)	56,970	5,903,231	0.91%	7,750,594			
<b>Indonesia: 1.30% (30 June 2017: 1.25%)</b>				175,987			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	<b>SWEDEN TOTAL</b>			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				<b>14,257,507</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	<b>2.19%</b>			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				<b>Switzerland: 3.78% (30 June 2017: 3.98%)</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	Lonza Group (Health Care)			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				40,300			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	10,889,209			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				94,300			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	8,106,971			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				36,300			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	5,669,721			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				<b>SWITZERLAND TOTAL</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	<b>24,665,902</b>			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				<b>3.78%</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	<b>Turkey: 0.63% (30 June 2017: 0.70%)</b>			
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				Garanti Bank ADR (Financials)			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	1,448,100	4,098,123	0.63%	
<b>Israel: 0.91% (30 June 2017: 1.08%)</b>				<b>United Kingdom: 3.73% (30 June 2017: 3.96%)</b>			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	Abcam (Health Care)			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	382,484	5,448,134	0.84%	
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	Reckitt Benckiser (Consumer Staples)			
Bank Central Asia (Financials)	5,246,976	8,469,414	1.30%	90,800	8,482,253	1.30%	

# Harding Loevner Funds plc

## Global Equity Fund Unaudited Schedule of Investments 31 December 2017 (continued)

Transferable Securities	Market Value		% Net		Market Value	% Net
Security Description - Equities (cont'd)	Shares	USD	Assets		USD	Assets
<b>United Kingdom: 3.73% (30 June 2017: 3.96%)</b>				<b>Total transferable securities</b>	<b>627,654,760</b>	<b>96.37%</b>
				(Cost: USD 429,831,506) (30 June 2017: Cost: USD 494,503,037)		
				(30 June 2017: 97.87%)		
Shire (Health Care)	90,900	4,786,417	0.73%			
WPP (Consumer Discretionary)	309,400	5,601,846	0.86%			
<b>UNITED KINGDOM TOTAL</b>		<b>24,318,650</b>	<b>3.73%</b>	<b>Cash and cash equivalents (30 June 2017: 2.29%)</b>	<b>23,726,110</b>	<b>3.64%</b>
<b>United States: 41.81% (30 June 2017: 46.91%)</b>				<b>Other assets and liabilities (30 June 2017: (0.16%))</b>	<b>(136,039)</b>	<b>(0.01%)</b>
				<b>Net assets attributable to holders of redeemable participating shares</b>	<b>651,244,831</b>	<b>100.00%</b>
3M Company (Industrials)	28,000	6,590,360	1.01%			
Abbott Labs (Health Care)	110,700	6,317,649	0.97%			
Amazon.com (Consumer Discretionary)	6,023	7,043,718	1.08%			<b>% of total</b>
AmerisourceBergen (Health Care)	76,985	7,068,763	1.09%	<b>Analysis of total gross assets</b>		<b>gross assets</b>
Apple Inc (Information Technology)	57,435	9,719,725	1.49%	Transferable securities admitted to an official stock exchange		
Cognizant Technology (Information Technology)	91,700	6,512,534	1.00%	listing or traded on a regulated market		96.30%
Colgate-Palmolive (Consumer Staples)	114,200	8,616,390	1.32%	Cash and cash equivalents		3.64%
Disney (Consumer Discretionary)	62,100	6,676,371	1.03%	Other assets		0.06%
eBay (Information Technology)	169,800	6,408,252	0.98%			<u>100.00%</u>
ExxonMobil (Energy)	73,100	6,114,084	0.94%			
Facebook (Information Technology)	59,600	10,517,016	1.61%			
First Republic Bank (Financials)	98,085	8,498,084	1.30%			
IPG Photonics (Information Technology)	42,030	8,999,884	1.38%			
MasterCard (Information Technology)	58,990	8,928,726	1.37%			
Microsoft (Information Technology)	65,400	5,594,316	0.86%			
Monsanto (Materials)	45,200	5,278,456	0.81%			
Nike (Consumer Discretionary)	251,700	15,743,835	2.42%			
PayPal (Information Technology)	280,700	20,665,134	3.17%			
Priceline Group (Consumer Discretionary)	8,400	14,597,016	2.24%			
Regeneron (Health Care)	29,957	11,262,634	1.73%			
Roper (Industrials)	69,680	18,047,120	2.77%			
Schlumberger (Energy)	191,500	12,905,185	1.98%			
Signature Bank (Financials)	33,700	4,625,662	0.71%			
Starbucks (Consumer Discretionary)	112,300	6,449,389	0.99%			
SVB Financial Group (Financials)	69,680	16,289,094	2.50%			
Verisk Analytics (Industrials)	138,100	13,257,600	2.04%			
WABCO (Industrials)	44,920	6,446,020	0.99%			
Walgreens Boots Alliance (Consumer Staples)	70,670	5,132,055	0.79%			
Waters (Health Care)	41,700	8,056,023	1.24%			
<b>UNITED STATES TOTAL</b>		<b>272,361,095</b>	<b>41.81%</b>			



# Harding Loevner Funds plc

## International Equity Fund Unaudited Schedule of Investments 31 December 2017

Transferable Securities	Market Value	% Net	Transferable Securities	Market Value	% Net			
Security Description - Equities	Shares	USD	Security Description - Equities (cont'd)	Shares	USD			
		Assets			Assets			
<b>Australia: 0.95% (30 June 2017: 1.02%)</b>			<b>Italy: 0.74% (30 June 2017: 0.80%)</b>					
CSL (Health Care)	13,350	1,471,829	0.95%	Tenaris ADR (Energy)	35,950	1,145,367	0.74%	
<b>Brazil: 1.60% (30 June 2017: 1.50%)</b>			<b>Japan: 13.90% (30 June 2017: 12.58%)</b>					
Itau Unibanco (Pref) ADR (Financials)	191,156	2,485,028	1.60%	Daito Trust Construction (Real Estate)	7,800	1,590,459	1.02%	
<b>Canada: 2.10% (30 June 2017: 2.29%)</b>			Fanuc (Industrials)			20,700	4,971,307	3.20%
Canadian National Railway (Industrials)	39,470	3,256,275	2.10%	JGC (Industrials)	77,100	1,491,022	0.96%	
<b>China: 3.91% (30 June 2017: 2.63%)</b>			Keyence (Information Technology)			4,400	2,464,859	1.59%
Baidu ADR (Information Technology)	17,530	4,105,701	2.64%	Kubota (Industrials)	91,400	1,792,308	1.15%	
Weibo ADR (Information Technology)	19,025	1,968,327	1.27%	M3 (Health Care)	107,951	3,798,764	2.44%	
<b>CHINA TOTAL</b>		<b>6,074,028</b>	<b>3.91%</b>	MonotaRO (Industrials)	37,000	1,182,161	0.76%	
<b>France: 9.35% (30 June 2017: 9.12%)</b>			Park24 (Industrials)			52,800	1,263,826	0.81%
Air Liquide (Materials)	28,663	3,612,806	2.32%	Symx (Health Care)	38,898	3,062,128	1.97%	
Dassault Systemes (Information Technology)	48,570	5,162,734	3.32%	<b>JAPAN TOTAL</b>		<b>21,616,834</b>	<b>13.90%</b>	
L'Oreal (Consumer Staples)	16,525	3,667,100	2.36%	<b>Mexico: 1.06% (30 June 2017: 2.07%)</b>				
LVMH Moet Hennessy (Consumer Discretionary)	7,115	2,094,963	1.35%	GF Banorte (Financials)	301,200	1,651,794	1.06%	
<b>FRANCE TOTAL</b>		<b>14,537,603</b>	<b>9.35%</b>	<b>Republic of South Korea: 3.57% (30 June 2017: 3.34%)</b>				
<b>Germany: 17.08% (30 June 2017: 16.71%)</b>			Samsung Electronics (Pref) GDR Reg S (Information Technology)			3,020	2,977,720	1.92%
Allianz (Financials)	23,765	5,460,514	3.51%	Samsung Electronics (Voting) GDR Reg S (Information Technology)	2,140	2,563,720	1.65%	
Bayer AG (Health Care)	46,320	5,780,013	3.72%	<b>REPUBLIC OF SOUTH KOREA TOTAL</b>		<b>5,541,440</b>	<b>3.57%</b>	
BMW (Consumer Discretionary)	18,285	1,904,986	1.23%	<b>Singapore: 2.15% (30 June 2017: 1.94%)</b>				
Fresenius Medical Care (Health Care)	22,320	2,350,806	1.51%	DBS Group (Financials)	180,050	3,345,353	2.15%	
Fuchs Petrolub (Materials)	8,900	431,098	0.28%	<b>South Africa: 4.94% (30 June 2017: 4.19%)</b>				
Fuchs Petrolub (Pref) (Materials)	19,400	1,030,011	0.66%	Aspen Pharmacare (Health Care)	53,477	1,199,424	0.77%	
Infineon Technologies (Information Technology)	65,100	1,783,647	1.15%	Naspers (Consumer Discretionary)	18,200	5,076,436	3.27%	
Linde (Materials)	10,000	2,335,508	1.50%	Sasol (Materials)	40,250	1,392,948	0.90%	
SAP ADR (Information Technology)	31,080	3,492,149	2.25%	<b>SOUTH AFRICA TOTAL</b>		<b>7,668,808</b>	<b>4.94%</b>	
Symrise (Materials)	23,055	1,981,191	1.27%	<b>Spain: 3.60% (30 June 2017: 3.86%)</b>				
<b>GERMANY TOTAL</b>		<b>26,549,923</b>	<b>17.08%</b>	BBVA (Financials)	485,000	4,138,667	2.66%	
<b>Hong Kong: 4.30% (30 June 2017: 3.84%)</b>			Grifols (Health Care)			24,600	720,936	0.46%
AIA Group (Financials)	784,300	6,690,720	4.30%	Grifols (Pref) ADR (Health Care)	32,500	744,900	0.48%	
<b>India: 2.18% (30 June 2017: 2.16%)</b>			<b>SPAIN TOTAL</b>				<b>5,604,503</b>	<b>3.60%</b>
HDFC Bank ADR (Financials)	15,550	1,580,969	1.02%	<b>Sweden: 2.96% (30 June 2017: 2.89%)</b>				
ICICI Bank ADR (Financials)	185,870	1,808,515	1.16%	Alfa Laval (Industrials)	77,500	1,830,954	1.18%	
<b>INDIA TOTAL</b>		<b>3,389,484</b>	<b>2.18%</b>	Atlas Copco (A) (Industrials)	63,940	2,760,852	1.78%	
<b>Israel: 2.36% (30 June 2017: 2.22%)</b>			<b>SWEDEN TOTAL</b>				<b>4,591,806</b>	<b>2.96%</b>
Check Point (Information Technology)	35,440	3,672,293	2.36%					

# Harding Loevner Funds plc

## International Equity Fund Unaudited Schedule of Investments 31 December 2017

Transferable Securities Security Description - Equities (cont'd)	Shares	Market Value		% Net
		USD	Assets	
<b>Switzerland: 6.66% (30 June 2017: 7.99%)</b>				
Nestle ADR (Consumer Staples)	61,280	5,268,242		3.39%
Roche Holding (Health Care)	14,030	3,549,074		2.28%
Sonova Holding (Health Care)	9,840	1,536,916		0.99%
<b>SWITZERLAND TOTAL</b>		<b>10,354,232</b>		<b>6.66%</b>
<b>Taiwan: 2.54% (30 June 2017: 2.49%)</b>				
Taiwan Semiconductor ADR (Information Technology)	99,500	3,945,175		2.54%
<b>Turkey: 0.80% (30 June 2017: 0.87%)</b>				
Garanti Bank ADR (Financials)	440,100	1,245,483		0.80%
<b>United Kingdom: 9.53% (30 June 2017: 10.07%)</b>				
BBA Aviation (Industrials)	199,825	943,469		0.61%
HSBC (Financials)	205,500	2,127,809		1.37%
Royal Dutch Shell (Energy)	145,209	4,918,013		3.16%
Shire (Health Care)	51,050	2,688,081		1.73%
Unilever (Consumer Staples)	44,010	2,451,376		1.58%
WPP (Consumer Discretionary)	92,500	1,674,760		1.08%
<b>UNITED KINGDOM TOTAL</b>		<b>14,803,508</b>		<b>9.53%</b>
<b>United States: 1.53% (30 June 2017: 1.66%)</b>				
Schlumberger (Energy)	35,396	2,385,336		1.53%
<b>Total transferable securities</b>		<b>152,026,822</b>		<b>97.81%</b>
<b>(Cost: USD 126,359,841) (30 June 2017: Cost: USD 58,114,545)</b>				
<b>(30 June 2017: 96.27%)</b>				
<b>Cash and cash equivalents (30 June 2017: 3.64%)</b>		<b>3,460,355</b>		<b>2.23%</b>
<b>Other assets and liabilities (30 June 2017: 0.09%)</b>		<b>(61,974)</b>		<b>(0.04%)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>155,425,203</b>		<b>100.00%</b>
				<b>% of total</b>
<b>Analysis of total gross assets</b>				<b>gross assets</b>
Transferable securities admitted to an official stock exchange listing				97.07%
Cash and cash equivalents				2.21%
Other assets				0.72%
				<u>100.00%</u>

# Harding Loevner Funds plc

## Emerging Markets Equity Fund Unaudited Schedule of Investments 31 December 2017

Transferable Securities				Transferable Securities			
Security Description - Equities	Shares	Market Value USD	% Net Assets	Security Description - Equities (cont'd)	Shares	Market Value USD	% Net Assets
<b>Argentina: 0.63% (30 June 2017: 0.00%)</b>				<b>Hong Kong: 6.31% (30 June 2017: 5.76%)</b>			
Banco Macro (Financials)	37,898	4,391,620	0.63%	AIA Group (Financials)	2,272,400	19,385,430	2.79%
<b>Brazil: 6.72% (30 June 2017: 6.05%)</b>				ASM Pacific Technology (Information Technology)			
Ambev ADR (Consumer Staples)	1,102,400	7,121,504	1.03%		407,429	5,678,980	0.82%
B3 (Financials)	812,700	5,581,172	0.80%	Hong Kong Exchanges (Financials)	321,429	9,865,628	1.42%
Banco Bradesco (Pref) ADR (Financials)	910,868	9,327,288	1.34%	Sands China (Consumer Discretionary)	1,714,900	8,856,719	1.28%
Itau Unibanco (Pref) ADR (Financials)	1,045,909	13,596,817	1.96%	<b>HONG KONG TOTAL</b>		<b>43,786,757</b>	<b>6.31%</b>
Pao de Acucar (Pref) ADR (Consumer Staples)	233,900	5,513,023	0.79%	<b>Hungary: 1.33% (30 June 2017: 1.52%)</b>			
WEG (Industrials)	761,600	5,535,611	0.80%	Gedeon Richter (Health Care)	353,900	9,265,779	1.33%
<b>BRAZIL TOTAL</b>		<b>46,675,415</b>	<b>6.72%</b>	<b>India: 5.28% (30 June 2017: 6.72%)</b>			
<b>Chile: 1.08% (30 June 2017: 1.00%)</b>				Bharti Airtel (Telecommunication Services)			
Banco Santander Chile ADR (Financials)	240,500	7,520,435	1.08%		674,000	5,592,951	0.81%
<b>China: 23.95% (30 June 2017: 19.15%)</b>				Bharti Infratel (Telecommunication Services)			
51job ADR (Industrials)	172,600	10,502,710	1.51%		816,300	4,843,894	0.70%
AAC Technologies (Information Technology)	479,500	8,555,431	1.23%	HDFC Corp (Financials)	401,600	10,761,766	1.55%
Alibaba ADR (Information Technology)	28,300	4,879,769	0.70%	Maruti Suzuki India (Consumer Discretionary)	101,000	15,395,943	2.22%
China Merchants (Industrials)	2,240,497	5,864,462	0.85%	<b>INDIA TOTAL</b>		<b>36,594,554</b>	<b>5.28%</b>
China Mobile ADR (Telecommunication Services)	121,800	6,155,772	0.89%	<b>Indonesia: 2.90% (30 June 2017: 3.11%)</b>			
CNOOC ADR (Energy)	86,311	12,390,807	1.79%	Astra International (Consumer Discretionary)	11,824,500	7,233,709	1.04%
Ctrip.com ADR (Consumer Discretionary)	91,000	4,013,100	0.58%	Bank Rakyat (Financials)	48,182,500	12,926,796	1.86%
ENN Energy (Utilities)	1,691,600	12,070,717	1.74%	<b>INDONESIA TOTAL</b>		<b>20,160,505</b>	<b>2.90%</b>
Hangzhou Hikvision Digital Tec (China A) (Information Technology)	1,270,500	7,606,617	1.10%	<b>Italy: 1.09% (30 June 2017: 1.21%)</b>			
JD.com ADR (Consumer Discretionary)	242,300	10,036,066	1.45%	Tenaris ADR (Energy)	237,700	7,573,122	1.09%
Jiangsu Expressway (Industrials)	2,400,000	3,655,516	0.53%	<b>Kenya: 1.18% (30 June 2017: 0.93%)</b>			
Jiangsu Hengrui Medicine (China A) (Health Care)	562,400	5,955,535	0.86%	East African Breweries (Consumer Staples)	789,859	1,822,457	0.26%
Midea Group (China A) (Consumer Discretionary)	1,255,000	10,679,252	1.54%	Safaricom (Telecommunication Services)	24,586,240	6,375,976	0.92%
NetEase ADR (Information Technology)	9,505	3,279,890	0.47%	<b>KENYA TOTAL</b>		<b>8,198,433</b>	<b>1.18%</b>
Shenzhou (Consumer Discretionary)	1,216,000	11,579,692	1.67%	<b>Mexico: 3.13% (30 June 2017: 5.47%)</b>			
Sino Biopharmaceutical (Health Care)	5,760,000	10,218,243	1.47%	FEMSA ADR (Consumer Staples)	36,800	3,455,520	0.50%
Tencent Holdings (Information Technology)	597,800	31,065,079	4.48%	GF Banorte (Financials)	1,765,255	9,680,735	1.40%
Weibo ADR (Information Technology)	72,800	7,531,888	1.09%	Grupo Aeroportuario del Sureste ADR (Industrials)	46,600	8,504,966	1.23%
<b>CHINA TOTAL</b>		<b>166,040,546</b>	<b>23.95%</b>	<b>MEXICO TOTAL</b>		<b>21,641,221</b>	<b>3.13%</b>
<b>Colombia: 0.84% (30 June 2017: 1.07%)</b>				<b>Panama: 0.96% (30 June 2017: 0.00%)</b>			
Bancolombia (Pref) ADR (Financials)	147,100	5,833,986	0.84%	Copa Holdings (Industrials)	49,900	6,689,594	0.96%
<b>Czech Republic: 1.11% (30 June 2017: 1.18%)</b>				<b>Peru: 1.10% (30 June 2017: 1.08%)</b>			
Komerční Banka (Financials)	179,600	7,717,421	1.11%	Credicorp (Financials)	36,900	7,654,167	1.10%
<b>Egypt: 0.52% (30 June 2017: 0.66%)</b>				<b>Philippines: 0.00% (30 June 2017: 0.43%)</b>			
Commercial International Bank GDR (Financials)	826,293	3,590,243	0.52%				

# Harding Loevner Funds plc

## Emerging Markets Equity Fund Unaudited Schedule of Investments 31 December 2017 (continued)

Transferable Securities	Market Value	% Net	Transferable Securities	Market Value	% Net		
Security Description - Equities (cont'd)	Shares	USD	Assets	Security Description - Equities (cont'd)	Shares	USD	Assets
<b>Poland: 1.20% (30 June 2017: 1.23%)</b>			<b>Ukraine: 0.00% (30 June 2017: 0.28%)</b>				
Bank Pekao (Financials)	223,350	8,309,176	1.20%	<b>United Arab Emirates: 2.10% (30 June 2017: 2.19%)</b>			
<b>Qatar: 0.00% (30 June 2017: 0.62%)</b>			<b>DP World (Industrials)</b>				
<b>Republic of South Korea: 10.05% (30 June 2017: 11.04%)</b>			<b>Emaar (Real Estate)</b>				
Amorepacific (Consumer Staples)	18,580	5,284,770	0.76%	<b>UNITED ARAB EMIRATES TOTAL</b>			
Hankook Tire (Consumer Discretionary)	171,100	8,726,412	1.26%	<b>14,622,636 2.10%</b>			
Hanssem (Consumer Discretionary)	35,600	5,985,708	0.86%	<b>United Kingdom: 2.52% (30 June 2017: 2.74%)</b>			
LG Household & Health Care (Consumer Staples)	9,750	10,828,780	1.56%	<b>Bank of Georgia (Financials)</b>			
Naver (Information Technology)	6,961	5,656,971	0.82%	<b>135,500 6,507,366 0.94%</b>			
Samsung Electronics (Pref) GDR Reg S (Information Technology)	6,200	6,113,200	0.88%	<b>Coca-Cola HBC (Consumer Staples)</b>			
Samsung Electronics (Voting) GDR Reg S (Information Technology)	22,637	27,119,126	3.91%	<b>274,100 8,955,843 1.28%</b>			
<b>REPUBLIC OF SOUTH KOREA TOTAL</b>			<b>69,714,967 10.05%</b>			<b>Nostrum Oil &amp; Gas (Energy)</b>	
<b>Russian Federation: 6.11% (30 June 2017: 3.98%)</b>			<b>UNITED KINGDOM TOTAL</b>				
Lukoil ADR (Energy)	216,300	12,469,695	1.80%	<b>17,521,015 2.52%</b>			
NovaTek GDR Reg S (Energy)	75,043	9,020,169	1.30%	<b>United States: 0.00% (30 June 2017: 1.05%)</b>			
Sberbank GDR (Financials)	1,235,510	20,917,184	3.01%	<b>United States: 0.00% (30 June 2017: 1.05%)</b>			
<b>RUSSIAN FEDERATION TOTAL</b>			<b>42,407,048 6.11%</b>			<b>Total transferable securities</b>	
<b>South Africa: 6.35% (30 June 2017: 5.10%)</b>			<b>680,299,025 98.04%</b>				
Aspen Pharmacare (Health Care)	401,100	8,996,181	1.30%	<b>(Cost: USD 514,924,420) (30 June 2017: Cost: USD 531,632,605)</b>			
Discovery Holdings (Financials)	668,000	10,042,271	1.45%	<b>(30 June 2017: 97.10%)</b>			
Naspers (Consumer Discretionary)	25,600	7,140,481	1.03%	<b>Cash and cash equivalents (30 June 2017: 2.58%)</b>			
Sasol (Materials)	195,200	6,755,364	0.97%	<b>14,027,170 2.02%</b>			
Standard Bank (Financials)	702,700	11,112,571	1.60%	<b>Other assets and liabilities (30 June 2017: 0.32%)</b>			
<b>SOUTH AFRICA TOTAL</b>			<b>44,046,868 6.35%</b>			<b>(439,415) (0.06%)</b>	
<b>Taiwan: 8.80% (30 June 2017: 10.48%)</b>			<b>Net assets attributable to holders of redeemable participating shares</b>				
Advantech (Information Technology)	564,163	3,990,669	0.58%	<b>693,886,780 100.00%</b>			
Airtac International Group (Industrials)	333,644	5,998,271	0.86%	<b>% of total gross assets</b>			
Eclat (Consumer Discretionary)	541,273	5,411,184	0.78%	<b>Analysis of total gross assets</b>			
Hon Hai Precision (Information Technology)	2,559,210	8,187,133	1.18%	<b>Transferable securities admitted to an official stock exchange listing</b>			
Largan Precision (Information Technology)	55,000	7,429,810	1.07%	<b>97.79%</b>			
Taiwan Semiconductor (Information Technology)	3,896,000	30,046,272	4.33%	<b>Cash and cash equivalents</b>			
<b>TAIWAN TOTAL</b>			<b>61,063,339 8.80%</b>			<b>2.02%</b>	
<b>Thailand: 1.32% (30 June 2017: 1.49%)</b>			<b>Other assets</b>				
Siam Commercial Bank (Financials)	1,985,300	9,137,619	1.32%	<b>0.19%</b>			
<b>Turkey: 1.46% (30 June 2017: 1.56%)</b>			<b>100.00%</b>				
Arcelik (Consumer Discretionary)	646,100	3,668,137	0.53%	<b>Analysis of total gross assets</b>			
Garanti Bank (Financials)	2,289,300	6,474,422	0.93%	<b>Transferable securities admitted to an official stock exchange listing</b>			
<b>TURKEY TOTAL</b>			<b>10,142,559 1.46%</b>			<b>97.79%</b>	

## Harding Loevner Funds plc

### Global Equity Fund

#### Unaudited Significant Purchases & Sales

31 December 2017

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
Apple Inc	58,845	9,346,141	Alphabet (A) (Voting)	29,200	27,401,779
Systemex	136,598	8,058,581	Cognex	133,075	12,650,098
Starbucks	128,600	7,118,458	F5 Networks	97,450	11,497,335
Symrise	95,700	6,978,298	Nike	173,800	10,758,664
Cognizant	93,700	6,671,662	M3	279,650	7,321,968
Disney	62,500	6,434,953	IPG Photonics	43,470	7,026,697
Alibaba ADR	35,504	6,352,288	Weibo ADR	65,676	6,804,469
Intrum Justitia	177,687	6,194,963	Tencent Holdings	159,900	6,376,150
Wuxi Biologics	1,120,500	5,805,397	Lazard	146,772	6,294,540
Nike	77,000	4,593,989	Ctrip.com ADR	99,500	5,827,996
Sino Biopharmaceutical	4,561,160	3,956,741	Priceline Group	1,950	3,929,318
Reckitt Benckiser	34,100	3,353,536	ICICI Bank ADR	423,000	3,870,618
Regeneron Pharmaceuticals	5,757	2,509,142	PayPal	63,200	3,783,766
			Roper Technologies	15,720	3,704,522
			AIA Group	478,200	3,679,887
			Pigeon	97,770	3,637,801
			HDFC Bank ADR	36,625	3,474,319
			SVB Financial Group	15,820	2,890,074
			Kubota	157,700	2,842,259
			Schlumberger	43,000	2,838,507
			Regeneron Pharmaceuticals	5,500	2,642,413
			Verisk Analytics	31,100	2,609,693
			Lonza Group	9,900	2,353,892
			Facebook	13,400	2,269,596
			First Republic Bank	22,315	2,241,454

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the period or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases or sales that exceed 1 per cent during the period the largest 20 purchases or sales are disclosed.

## Harding Loevner Funds plc

### International Equity Fund

#### Unaudited Significant Purchases & Sales

31 December 2017

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
AIA Group	453,500	3,509,243	Mitsubishi Estate	57,000	997,051
Bayer AG	25,800	3,256,457	WPP	45,700	848,809
Allianz	11,845	2,590,203	Televisa ADR	40,700	835,447
Nestle ADR	30,530	2,564,680	Baidu ADR	3,250	716,083
Dassault Systemes	24,090	2,384,018	Roche Holding	1,800	458,318
Check Point	21,290	2,305,014	AIA Group	53,600	405,697
Baidu ADR	10,010	2,277,527	Naspers	450	117,549
BBVA	243,800	2,160,529	Allianz	500	113,115
Fanuc	10,600	2,157,621	Fanuc	500	111,431
Royal Dutch Shell	72,580	2,096,541	BBVA	12,400	106,249
Naspers	9,070	1,984,143	DBS Group	6,000	106,045
Taiwan Semiconductor ADR	49,500	1,854,255	Royal Dutch Shell	3,300	104,672
Weibo ADR	19,025	1,779,614	Nestle ADR	1,200	103,343
Roche Holding	7,070	1,758,131	Dassault Systemes	950	97,620
L'Oreal	8,135	1,705,610	Linde	400	92,984
Air Liquide	13,380	1,658,590	M3	2,800	90,956
SAP ADR	15,320	1,644,675	Taiwan Semiconductor ADR	2,100	81,090
Shire	32,400	1,634,757	Check Point	750	78,971
Daito Trust Construction	7,800	1,585,092	Air Liquide	600	75,301
Canadian National Railway	19,570	1,570,627	Shire	1,300	66,012
M3	54,200	1,441,167	Canadian National Railway	800	65,355
DBS Group	92,050	1,431,568			
WPP	63,500	1,278,275			
Samsung Electronics (Pref) GDR Reg S	1,450	1,256,924			
Unilever	21,560	1,238,125			
Itau Unibanco (Pref) ADR	94,600	1,197,343			
Atlas Copco (A)	31,490	1,191,857			
Systemex	19,098	1,178,995			
Samsung Electronics (Voting) GDR Reg S	1,060	1,127,998			
Keyence	2,200	1,102,161			
Schlumberger	17,240	1,093,791			
Fresenius Medical Care	11,200	1,055,096			
HSBC	102,000	990,608			
GF Banorte	143,400	971,508			
LVMH Moet Hennessy	3,515	931,086			
Kubota	48,100	872,235			
BMW	9,035	863,673			
Alfa Laval	36,800	858,642			
Symrise	11,335	826,480			
Sonova Holding	4,890	795,571			
ICICI Bank ADR	88,300	792,463			
Linde	3,910	747,128			

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the period or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases or sales that exceed 1 per cent during the period the largest 20 purchases or sales are disclosed.

## Harding Loevner Funds plc

### Emerging Markets Equity Fund Unaudited Significant Purchases & Sales 31 December 2017

Significant Purchases		Base Cost	Significant Sales		Base Proceeds
Security Description	Nominal	USD	Security Description	Nominal	USD
NovaTek GDR Reg S	75,043	8,804,324	Axis Bank	1,443,400	10,936,748
Hangzhou Hikvision Digital Tec (China A)	1,333,900	7,285,796	Grupo Televisa ADR	377,800	7,775,901
Copa Holdings	49,900	6,660,411	Samsung Electronics (Voting) GDR Reg S	6,613	7,390,609
Jiangsu Hengrui Medicine (China A)	592,400	5,235,207	MercadoLibre	26,700	6,523,007
Alibaba ADR	29,700	5,172,351	Ctrip.com ADR	96,900	4,581,002
Hong Kong Exchanges and Clearing	175,500	4,794,462	Naver	6,239	4,447,617
Banco Macro	37,898	4,155,735	Qatar National Bank (HSBC P-Note) 09SEP19	114,598	3,811,327
Standard Bank Group	324,700	3,944,922	Taiwan Semiconductor	423,000	3,328,441
Magnit PJSC	20,823	3,785,671	Tencent Holdings	65,900	3,052,820
Midea Group (China A)	392,400	3,185,353	Magnit PJSC	20,823	2,655,011
Hanssem	18,600	2,913,051	Advantech	384,083	2,614,984
Itau Unibanco (Pref) ADR	190,600	2,465,581	51job ADR	41,800	2,611,594
Safaricom	8,042,200	1,870,925	Universal Robina	844,100	2,351,818
AAC Technologies	98,500	1,770,884	Largan Precision	12,177	2,181,701
Arcelik	230,000	1,694,120	Massmart Holdings	236,072	2,001,400
Amorepacific	5,252	1,347,308	MHP GDR Reg S	182,354	1,924,049
Coca-Cola HBC	31,400	1,075,957	ASM Pacific Technology	116,600	1,726,287
Emaar Properties	457,997	1,070,448	Lukoil ADR	30,900	1,661,010
Shenzhou	135,000	1,063,293	Sberbank GDR	62,300	1,000,032
Eclat Textile	85,000	1,053,249	AIA Group	114,800	902,550
Discovery Holdings	91,900	1,045,633			

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the period or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases or sales that exceed 1 per cent during the period the largest 20 purchases or sales are disclosed.

## Harding Loevner Funds plc

### Frontier Markets Equity Fund

#### Unaudited Significant Purchases & Sales

31 December 2017

Significant Purchases			Significant Sales		
Security Description	Nominal	Base Cost USD	Security Description	Nominal	Base Proceeds USD
Nestle Nigeria	40,080	123,021	Hoa Phat Group	228,650	340,926
Dangote Cement	120,310	89,922	Halyk Savings Bank GDR Reg S	34,770	339,107
Guaranty Trust Bank (Financials)	495,000	59,171	Banco Macro	3,330	316,622
Zenith Bank	721,420	53,943	Safaricom	1,325,000	314,173
			Vietnam Dairy Products	45,110	294,994
			Banca Transilvania	462,555	285,591
			Globant SA	5,842	250,132
			Attijariwafa Bank	4,950	232,539
			Grupo Financiero Galicia ADR	5,540	230,681
			Square Pharmaceuticals	66,029	229,722
			Nostrum Oil & Gas	37,940	192,438
			Olympic Industries	53,700	186,607
			Zenith Bank	2,813,028	178,924
			Maroc Telecom	12,250	175,696
			East African Breweries	65,000	165,200
			Grupo Clarin GDR Reg S	5,270	151,016
			Grameenphone	31,200	146,040
			Guaranty Trust Bank	1,355,690	143,853
			Access Bank	5,117,930	142,126
			Masan Group	71,590	138,052
			Dangote Cement	215,310	132,132
			Nestle Nigeria	40,080	131,764
			Ecopetrol ADR	14,580	131,675
			Jarir Marketing (HSBC P-Note) 22JAN18	2,820	114,280
			Ericsson Nikola Tesla	530	102,931
			Kernel	5,020	86,012
			Pricesmart	1,050	85,952
			Emaar Properties	36,000	81,056
			Tallink Group	61,890	79,869
			Nigerian Breweries	149,300	77,250
			Integrated Diagnostics Holding	19,440	74,791
			KRKA	1,115	71,469
			Alicorp	26,600	71,384
			Olympic Entertainment Group	31,790	69,886

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the period or aggregate disposals greater than 1 per cent of the total value of sales. If there were fewer than 20 purchases or sales that exceed 1 per cent during the period the largest 20 purchases or sales are disclosed.



# Harding Loevner Funds plc

## Unaudited Statement of Financial Position

As at 31 December 2017

		Harding Loevner Global Equity Fund As at 31 December 2017 USD	Harding Loevner International Equity Fund As at 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund As at 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund As at 31 December 2017 USD	Harding Loevner Funds plc Total As at 31 December 2017 USD
	<b>Notes</b>					
<b>Current assets</b>						
Financial assets at fair value through profit or loss	2,4,13	627,654,760	152,026,822	680,299,025	-	1,459,980,607
Cash and cash equivalents	2, 5	23,726,110	3,460,355	14,027,170	28,928	41,242,563
Receivables	6	385,095	1,120,678	1,349,093	3,361	2,858,227
<b>Total current assets</b>		<b>651,765,965</b>	<b>156,607,855</b>	<b>695,675,288</b>	<b>32,289</b>	<b>1,504,081,397</b>
<b>Financial liabilities not at fair value through profit or loss</b>						
Creditors (amounts falling due within one year)	3,8	521,134	1,182,652	1,788,508	32,289	3,524,583
<b>Total liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>521,134</b>	<b>1,182,652</b>	<b>1,788,508</b>	<b>32,289</b>	<b>3,524,583</b>
<b>Net assets attributable to holders of redeemable participating shares</b>	15	<b>651,244,831</b>	<b>155,425,203</b>	<b>693,886,780</b>	<b>-</b>	<b>1,500,556,814</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Financial Position

As at 31 December 2017 (continued)

		Harding Loevner Global Equity Fund As at 31 December 2017	Harding Loevner International Equity Fund As at 31 December 2017	Harding Loevner Emerging Markets Equity Fund As at 31 December 2017	Harding Loevner Frontier Markets Equity Fund As at 31 December 2017
<b>Redeemable participating shares in issue at year end</b>	<b>Notes</b>				
USD Class A	10	20,439,238.577	12,351,519.683	24,412,421.660	-
Euro Class A	10	64,885,014.445	-	-	-
Sterling Class A	10	58,844,333.072	2,902,908.254	-	-
USD Class B	10	-	8,842,134.426	5,488,493.021	-
USD Class I	10	-	110,077,220.070	98,817,574.656	-
USD Class M	10	-	-	40,131,742.473	-
Canadian Dollar Class I	10	-	-	115,943,472.900	-
Canadian Dollar Class M	10	-	-	72,215,000.000	-
Euro Class I	10	-	-	103,677,744.690	-
Sterling Class I	10	70,751,070.307	-	-	-
Sterling Class M	10	67,459,350.092	-	52,485,751.570	-
Singapore Dollar Class M	10	69,491,829.620	-	-	-
<b>Net Asset Value per redeemable participating share</b>					
USD Class A	14	USD 2.037	USD 1.360	USD 1.442	-
Euro Class A EUR	14	EUR 1.695	-	-	-
Euro Class A USD equivalent	14	USD 2.034	-	-	-
Sterling Class A GBP	14	GBP 1.512	GBP 1.638	-	-
Sterling Class A USD equivalent	14	USD 2.041	USD 2.212	-	-
USD Class B	14	-	USD 1.361	USD 1.280	-
USD Class I	14	-	USD 1.092	USD 1.333	-

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Financial Position

As at 31 December 2017 (continued)

		Harding Loevner Global Equity Fund As at 31 December 2017	Harding Loevner International Equity Fund As at 31 December 2017	Harding Loevner Emerging Markets Equity Fund As at 31 December 2017	Harding Loevner Frontier Markets Equity Fund As at 31 December 2017
<b>Net Asset Value per redeemable participating share</b>	<b>Notes</b>				
USD Class M	14	-	-	USD 1.521	-
Canadian Dollar Class I CAD	14	-	-	CAD 1.622	-
Canadian Dollar Class I USD equivalent	14	-	-	USD 1.290	-
Canadian Dollar Class M CAD	14	-	-	CAD 1.445	-
Canadian Dollar Class M USD equivalent	14	-	-	USD 1.150	-
Sterling Class I	14	GBP 1.555	-	-	-
Sterling Class I USD equivalent	14	USD 2.099	-	-	-
Sterling Class M	14	GBP 1.507	-	GBP 1.157	-
Sterling Class M USD equivalent	14	USD 2.035	-	USD 1.561	-
Singapore Dollar Class M	14	SGD 1.379	-	-	-
Singapore Dollar Class M USD equivalent	14	USD 1.031	-	-	-
Euro Class I EUR	14	-	-	EUR 1.160	-
Euro Class I USD equivalent	14	-	-	USD 1.392	-

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position

As at 30 June 2017

		Harding Loevner Global Equity Fund As at 30 June 2017 USD	Harding Loevner International Equity Fund As at 30 June 2017 USD	Harding Loevner Emerging Markets Equity Fund As at 30 June 2017 USD	Harding Loevner Frontier Markets Equity Fund As at 30 June 2017 USD	Harding Loevner Funds plc Total As at 30 June 2017 USD
	<b>Notes</b>					
<b>Current assets</b>						
Financial assets at fair value through profit or loss	2,4,13	694,398,238	70,414,079	622,313,901	6,498,634	1,393,624,852
Cash and cash equivalents	2, 5	16,217,469	2,659,689	16,601,150	194,196	35,672,504
Receivables	6	7,500,997	159,391	4,916,317	42,455	12,619,160
<b>Total current assets</b>		<b>718,116,704</b>	<b>73,233,159</b>	<b>643,831,368</b>	<b>6,735,285</b>	<b>1,441,916,516</b>
<b>Financial liabilities not at fair value through profit or loss</b>						
Creditors (amounts falling due within one year)	3,8	8,628,257	92,719	2,905,798	88,993	11,715,767
<b>Total liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>8,628,257</b>	<b>92,719</b>	<b>2,905,798</b>	<b>88,993</b>	<b>11,715,767</b>
<b>Net assets attributable to holders of redeemable participating shares</b>	15	<b>709,488,447</b>	<b>73,140,440</b>	<b>640,925,570</b>	<b>6,646,292</b>	<b>1,430,200,749</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position

As at 30 June 2017 (continued)

		Harding Loevner Global Equity Fund As at 30 June 2017	Harding Loevner International Equity Fund As at 30 June 2017	Harding Loevner Emerging Markets Equity Fund As at 30 June 2017	Harding Loevner Frontier Markets Equity Fund As at 30 June 2017
<b>Redeemable participating shares in issue at year end</b>	<b>Notes</b>				
USD Class A	10	20,325,732.385	47,531,430.046	26,699,023.994	522,473.963
Euro Class A	10	65,257,758.865	-	-	1,000,000.000
Sterling Class A	10	91,233,606.875	1,126,424.820	-	-
Singapore Dollar Class A	10	31,319,218.886	-	-	-
Australian Dollar Class A	10	-	-	-	5,967,359.050
USD Class B	10	-	10,337,163.326	7,281,653.978	-
USD Class I	10	-	-	98,817,574.656	-
USD Class M	10	-	-	48,384,837.384	-
Canadian Dollar Class I	10	-	-	115,943,472.900	-
Canadian Dollar Class M	10	-	-	72,215,000.000	-
Australian Dollar Class F	10	-	-	14,764,956.750	-
Euro Class I	10	-	-	103,677,744.690	-
Sterling Class I	10	70,541,424.988	-	-	-
Sterling Class M	10	41,466,250.720	-	52,485,751.570	-
Singapore Dollar Class M	10	69,491,829.620	-	-	-
Australian Dollar Class M	10	82,211,993.680	-	-	-
<b>Net Asset Value per redeemable participating share</b>					
USD Class A	14	USD 1.814	USD 1.225	USD 1.271	USD 1.266
Euro Class A EUR	14	EUR 1.586	-	-	EUR 1.129
Euro Class A USD equivalent	14	USD 1.812	-	-	USD 1.290
Sterling Class A GBP	14	GBP 1.400	GBP 1.534	-	-
Sterling Class A USD equivalent	14	USD 1.823	USD 1.998	-	-
Singapore Dollar Class A SGD	14	SGD 1.981	-	-	-
Singapore Dollar Class A USD equivalent	14	USD 1.439	-	-	-
Australian Dollar Class A AUD	14	-	-	-	AUD 1.024
Australian Dollar Class A USD equivalent	14	-	-	-	USD 0.787
USD Class B	14	-	USD 1.226	USD 1.129	-

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Statement of Financial Position

As at 30 June 2017 (continued)

		Harding Loevner Global Equity Fund As at 30 June 2017	Harding Loevner International Equity Fund As at 30 June 2017	Harding Loevner Emerging Markets Equity Fund As at 30 June 2017	Harding Loevner Frontier Markets Equity Fund As at 30 June 2017
<b>Net Asset Value per redeemable participating share</b>	<b>Notes</b>				
USD Class I	14	-	-	USD 1.172	-
USD Class M	14	-	-	USD 1.339	-
Canadian Dollar Class I CAD	14	-	-	CAD 1.472	-
Canadian Dollar Class I USD equivalent	14	-	-	USD 1.135	-
Canadian Dollar Class M CAD	14	-	-	CAD 1.313	-
Canadian Dollar Class M USD equivalent	14	-	-	USD 1.012	-
Australian Dollar Class F AUD	14	-	-	AUD 1.267	-
Australian Dollar Class F USD equivalent	14	-	-	USD 0.974	-
Euro Class M EUR	14	-	-	-	-
Euro Class M USD equivalent	14	-	-	-	-
Sterling Class I	14	GBP 1.439	-	-	-
Sterling Class I USD equivalent	14	USD 1.874	-	-	-
Sterling Class M	14	GBP 1.395	-	GBP 1.055	-
Sterling Class M USD equivalent	14	USD 1.817	-	USD 1.374	-
Singapore Dollar Class M	14	SGD 1.264	-	-	-
Singapore Dollar Class M USD equivalent	14	USD 0.918	-	-	-
Australian Dollar Class M	14	AUD 1.133	-	-	-
Australian Dollar Class M USD equivalent	14	USD 0.871	-	-	-
Euro Class I EUR	14	-	-	EUR 1.072	-
Euro Class I USD equivalent	14	-	-	USD 1.224	-

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Comprehensive Income

For the six months ended 31 December 2017

		Harding Loevner Global Equity Fund Period ended 31 December 2017 USD	Harding Loevner International Equity Fund Period ended 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Funds plc Total Period ended 31 December 2017 USD
<b>Income</b>	<b>Notes</b>					
Dividend income	2	2,597,447	628,798	6,038,465	21,676	9,286,386
Interest income	2	119,241	45,416	95,239	676	260,572
Other income		158,616	74,672	5,641	1,365	240,294
Management fee rebate		894	34,666	52,739	48,676	136,975
Net realised gain/(loss) on financial assets at fair value through profit or loss	2	78,455,742	(23,230)	9,972,937	96,824	88,502,273
Net realised (loss)/gain on foreign currency	2	251,270	40,074	(83,629)	(29,577)	178,138
Net movement in unrealised gain on financial assets at fair value through profit or loss	2	(2,071,947)	13,367,448	74,693,309	8,945	85,997,755
Net movement in unrealised gain on foreign currency	2	1,637	332	(13,051)	(241)	(11,323)
<b>Total investment gain</b>		<b>79,512,900</b>	<b>14,168,176</b>	<b>90,761,650</b>	<b>148,344</b>	<b>184,591,070</b>
<b>Expenses</b>						
Operating expenses	3	(2,621,452)	(551,080)	(3,686,547)	(75,350)	(6,934,429)
<b>Total investment gain before finance costs</b>		<b>76,891,448</b>	<b>13,617,096</b>	<b>87,075,103</b>	<b>72,994</b>	<b>177,656,641</b>
<b>Finance costs</b>						
Distributions paid during the period	9	(1,090,998)	(21,387)	-	-	(1,112,385)
Bank interest expense		-	(13)	(49)	(7)	(69)
Withholding tax		(487,922)	(48,944)	(654,247)	(1,644)	(1,192,757)
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>75,312,528</b>	<b>13,546,752</b>	<b>86,420,807</b>	<b>71,343</b>	<b>175,351,430</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Comprehensive Income

For the six months ended 31 December 2016

		Harding Loevner Global Equity Fund Period ended 31 December 2016 USD	Harding Loevner International Equity Fund Period ended 31 December 2016 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Funds plc Total Period ended 31 December 2016 USD
	Notes					
<b>Income</b>						
Dividend income		3,228,667	485,592	3,802,590	89,621	7,606,470
Interest income		54,638	4,546	37,703	361	97,248
Other income		12,869	44,997	73,375	84,638	215,879
Net realised gain/(loss) on financial assets at fair value through profit or loss		8,804,545	6,142,455	(3,674,068)	(226,976)	11,045,956
Net realised loss on foreign currency		(74,952)	(106,930)	(256,808)	(2,260)	(440,950)
Net movement in unrealised gain/(loss) on financial assets at fair value through profit or loss		19,703,362	(1,758,758)	11,441,948	217,624	29,604,176
Net movement in unrealised gain/(loss) on foreign currency		15,647	4,165	(6,514)	(1,298)	12,000
<b>Total investment gain</b>		<b>31,744,776</b>	<b>4,816,067</b>	<b>11,418,226</b>	<b>161,710</b>	<b>48,140,779</b>
<b>Expenses</b>						
Operating expenses	3	(2,615,396)	(398,002)	(2,189,996)	(145,095)	(5,348,489)
<b>Total investment gain before finance costs</b>		<b>29,129,380</b>	<b>4,418,065</b>	<b>9,228,230</b>	<b>16,615</b>	<b>42,792,290</b>
<b>Finance costs</b>						
Distributions paid during the period	9	(1,171,592)	(17,767)	-	-	(1,189,359)
Bank interest expense		(3)	(1)	(4)	(31)	(39)
Withholding tax		(775,079)	(86,751)	(385,225)	(8,095)	(1,255,150)
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>27,182,706</b>	<b>4,313,546</b>	<b>8,843,001</b>	<b>8,489</b>	<b>40,347,742</b>

The notes on pages 27 to 44 are an integral part of these financial statements.



## Harding Loevner Funds plc

### Unaudited Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

For the six months ended 31 December 2017

		Harding Loevner Global Equity Fund Period ended 31 December 2017 USD	Harding Loevner International Equity Fund Period ended 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Funds plc Total Period ended 31 December 2017 USD
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the period</b>	Notes	709,488,447	73,140,440	640,925,570	6,646,292	1,430,200,749
Increase in net assets attributable to holders of redeemable participating shares from operations		75,312,528	13,546,752	86,420,807	71,343	175,351,430
Issue of redeemable participating shares during the period		55,013,118	173,972,505	3,080,149	-	232,065,772
Payments for shares redeemed during the period		(188,583,240)	(105,234,494)	(36,539,746)	(6,717,635)	(337,075,115)
Anti-dilution levy	2	13,978	-	-	-	13,978
Net (decrease)/increase from redeemable participating shares issued/redeemed during the period		(133,556,144)	68,738,011	(33,459,597)	(6,717,635)	(104,995,365)
<b>Net assets attributable to holders of redeemable participating shares at the end of the period</b>	15	<b>651,244,831</b>	<b>155,425,203</b>	<b>693,886,780</b>	<b>-</b>	<b>1,500,556,814</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

## Harding Loevner Funds plc

### Unaudited Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

For the six months ended 31 December 2016

		Harding Loevner Global Equity Fund Period ended 31 December 2016 USD	Harding Loevner International Equity Fund Period ended 31 December 2016 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Funds plc Total Period ended 31 December 2016 USD
Net assets attributable to holders of redeemable participating shares at the beginning of the period	Notes	643,755,770	108,744,300	352,290,885	5,801,879	1,110,592,834
Increase in net assets attributable to holders of redeemable participating shares from operations		27,182,706	4,313,546	8,843,001	8,489	40,347,742
Issue of redeemable participating shares during the period		25,211,605	44,584,184	113,640,093	-	183,435,882
Payments for shares redeemed during the period		(66,308,236)	(94,353,591)	(17,769,856)	-	(178,431,683)
Net (decrease)/increase from redeemable participating shares issued/redeemed during the period		(41,096,631)	(49,769,407)	95,870,237	-	5,004,199
<b>Net assets attributable to holders of redeemable participating shares at the end of the period</b>	15	<b>629,841,845</b>	<b>63,288,439</b>	<b>457,004,123</b>	<b>5,810,368</b>	<b>1,155,944,775</b>

The notes on pages 27 to 44 are an integral part of these annual financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Cash Flows

For the six months ended 31 December 2017

	Harding Loevner Global Equity Fund Period ended 31 December 2017 USD	Harding Loevner International Equity Fund Period ended 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2017 USD	Harding Loevner Funds plc Total Period ended 31 December 2017 USD
<b>Cash flows from operating activities</b>					
Increase in net assets attributable to holders of redeemable participating shares from operations	75,312,528	13,546,752	86,424,081	71,343	175,354,704
Adjustment for:					
Net realised (gain)/loss on financial assets at fair value through profit or loss	(78,455,742)	23,230	(9,972,937)	(96,824)	(88,502,273)
Net movement in unrealised (loss)/gain on financial assets at fair value through profit or loss	2,071,947	(13,367,448)	(74,693,309)	(8,945)	(85,997,755)
Purchase of financial assets	(77,374,148)	(74,709,361)	(70,543,582)	(359,584)	(222,986,675)
Sale of financial assets	220,501,421	6,440,836	97,224,704	6,963,987	331,130,948
Dividends paid	1,090,998	21,387	-	-	1,112,385
Decrease/(increase) in receivables and other assets	7,115,902	(961,287)	3,567,224	39,094	9,760,933
Decrease/(increase) in creditors	(60,579)	1,089,933	(1,117,290)	(56,704)	(144,640)
<b>Net cash flows provided by/(used in) operating activities</b>	<b>150,202,327</b>	<b>(67,915,958)</b>	<b>30,888,891</b>	<b>6,552,367</b>	<b>119,727,627</b>
<b>Cash flows from financing activities</b>					
Proceeds from redeemable participating shares issued during the period	55,013,118	173,972,505	3,080,149	-	232,065,772
Payments for redeemable participating shares redeemed during the period	(196,615,806)	(105,234,494)	(36,543,020)	(6,717,635)	(345,110,955)
Dividends paid	(1,090,998)	(21,387)	-	-	(1,112,385)
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(142,693,686)</b>	<b>68,716,624</b>	<b>(33,462,871)</b>	<b>(6,717,635)</b>	<b>(114,157,568)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>7,508,641</b>	<b>800,666</b>	<b>(2,573,980)</b>	<b>(165,268)</b>	<b>5,570,059</b>
<b>Reconciliation of cash movement during the period</b>					
Net cash and cash equivalents at the beginning of the period	16,217,469	2,659,689	16,601,150	194,196	35,672,504
Net cash and cash equivalents at the end of the period	<b>23,726,110</b>	<b>3,460,355</b>	<b>14,027,170</b>	<b>28,928</b>	<b>41,242,563</b>
<b>Supplementary information</b>					
Dividends received	1,566,950	661,411	8,577,456	39,295	10,845,112
Interest received	90,055	42,835	90,913	822	224,625
Interest paid	-	(22)	(49)	(7)	(78)

The notes on pages 27 to 44 are an integral part of these annual financial statements.

# Harding Loevner Funds plc

## Unaudited Statement of Cash Flows

For the six months ended 31 December 2016

	Harding Loevner Global Equity Fund Period ended 31 December 2016 USD	Harding Loevner International Equity Fund Period ended 31 December 2016 USD	Harding Loevner Emerging Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Frontier Markets Equity Fund Period ended 31 December 2016 USD	Harding Loevner Funds plc Total Period ended 31 December 2016 USD
<b>Cash flows from operating activities</b>					
Increase in net assets attributable to holders of redeemable participating shares from operations	27,182,706	4,313,546	8,843,001	8,489	40,347,742
Adjustment for:					
Net realised (gain)/loss on financial assets at fair value through profit or loss	(8,804,545)	(6,142,455)	3,674,068	226,976	(11,045,956)
Net movement in unrealised (gain)/loss on financial assets at fair value through profit or loss	(19,703,362)	1,758,758	(11,441,948)	(217,624)	(29,604,176)
Purchase of financial assets	(100,120,091)	(7,406,204)	(136,393,563)	(876,215)	(244,796,073)
Sale of financial assets	131,910,484	57,327,592	44,380,023	888,855	234,506,954
Dividends paid	1,171,592	17,767	-	-	1,189,359
Increase in receivables and other assets	524,948	55,880	1,006,265	64,401	1,651,494
Decrease in creditors	(4,828,494)	(38,270)	(312,979)	(23,932)	(5,203,675)
<b>Net cash flows provided by/(used in) operating activities</b>	<b>27,333,238</b>	<b>49,886,614</b>	<b>(90,245,133)</b>	<b>70,950</b>	<b>(12,954,331)</b>
<b>Cash flows from financing activities</b>					
Proceeds from redeemable participating shares issued during the period	25,211,605	44,584,184	113,640,093	-	183,435,882
Payments for redeemable participating shares redeemed during the period	(66,308,236)	(94,353,591)	(17,769,856)	-	(178,431,683)
Dividends paid	(1,171,592)	(17,767)	-	-	(1,189,359)
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(42,268,223)</b>	<b>(49,787,174)</b>	<b>95,870,237</b>	<b>-</b>	<b>3,814,840</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,934,985)</b>	<b>99,440</b>	<b>5,625,104</b>	<b>70,950</b>	<b>(9,139,491)</b>
<b>Reconciliation of cash movement during the period</b>					
Net cash and cash equivalents at the beginning of the period	22,789,635	952,026	10,233,373	101,958	34,076,992
Net cash and cash equivalents at the end of the period	<b>7,854,650</b>	<b>1,051,466</b>	<b>15,858,477</b>	<b>172,908</b>	<b>24,937,501</b>
<b>Supplementary information</b>					
Dividends received	3,343,464	575,415	4,359,508	89,756	8,368,143
Interest received	54,308	4,186	32,923	361	91,778
Interest paid	(2)	(1)	(4)	(31)	(38)

The notes on pages 27 to 44 are an integral part of these annual financial statements.

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017

#### 1. General information

Harding Loevner Funds plc (the “Company”) is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “Central Bank”) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“the UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (the “Central Bank UCITS Regulations”).

The Company was incorporated and registered in Ireland under the Companies Act 2014 on 29 March 2007, with registered number 437095.

#### 2. Significant accounting policies

##### Statement of compliance and basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting (“IAS 34”), with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulation 2016 as may be amended, consolidated or substituted from time to time (“the UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the “Central Bank UCITS Regulations”). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2017 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in accordance with Irish Statute comprising the Companies Act 2014 and UCITS Regulations.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2017, as described in those financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Company’s accounting policies.

##### Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs, when incurred, are immediately recognized in Statement of Comprehensive Income as a change in fair value of financial assets and at fair value through profit or loss.

For the period ended 31 December 2017 the Company incurred transaction costs totaling USD 593,520 (period ended 31 December 2016: USD 402,060). The transaction costs include USD 359,087 (period ended 31 December 2016: USD 283,216) of commissions and USD 234,433 (period ended 31 December 2016: USD 118,844) of brokerage charges.

#### 3. Operating expenses

	Harding Loevner Global Equity Fund 31 December 2017 USD	Harding Loevner International Equity Fund 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2017 USD	Harding Loevner Funds plc Total 31 December 2017 USD
Administration fee	108,785	47,926	114,908	15,648	287,267
Directors' fees	11,043	1,641	10,602	222	23,508
Audit fee	12,015	12,015	12,015	-	36,045
Transfer agent fee	8,894	8,420	9,421	2,750	29,485
Sub-custodian fee	34,708	11,288	119,365	5,858	171,219
Depository fee	70,939	16,811	73,388	1,500	162,638
Management fee	2,290,004	443,604	2,908,579	12,689	5,654,876
Capital gains tax provision	-	-	374,636	7,002	381,638
Legal fees	33,418	4,527	31,206	8,139	77,290
Other fees	51,646	4,848	32,427	21,542	110,463
Total	2,621,452	551,080	3,686,547	75,350	6,934,429

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

For the six months ended 31 December 2017 (continued)

### 3. Operating expenses (continued)

	Harding Loevner Global Equity Fund 31 December 2016 USD	Harding Loevner International Equity Fund 31 December 2016 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2016 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2016 USD	Harding Loevner Funds plc Total 31 December 2016 USD
Administration fee	109,561	48,945	77,326	46,627	282,459
Directors' fees	12,486	1,500	8,129	109	22,224
Audit fee	8,427	8,427	8,427	8,427	33,708
Transfer agent fee	8,771	7,986	8,344	7,712	32,813
Custodian fee	32,397	9,656	100,934	9,800	152,787
Depository fee	71,400	10,700	55,940	4,513	142,553
Management fee	2,321,218	304,080	1,929,320	43,773	4,598,391
Capital gains tax provision	-	-	(32,489)	11,739	(20,750)
Other fees	51,136	6,708	34,065	12,395	104,304
Total	2,615,396	398,002	2,189,996	145,095	5,348,489

#### Directors' fees

The total Directors' fees are disclosed in the table above. All of these fees were emoluments in respect of services for the Company. The listing of the members of the Board of Directors is shown on page 1 of the financial statements. Currently only Mike Kirby and Jim Cleary receive a Director's fee. David Loevner's and Ryan Bowles's Directors' fees have been waived. Lori Renzulli's fee for the period was also waived. The fees for the period ended 31 December 2017 were USD 23,508 (period ended 31 December 2016: USD 22,224). The amount payable as at 31 December 2017 was USD 22,325 (30 June 2017: USD 22,400).

#### Administration fee

The Company has an administration agreement with Northern Trust International Fund Administration Services (Ireland) Limited (the "Administrator") to provide fund accounting & financial reporting services and transfer agency services for the sub-funds. As per the terms of the agreement, the sub-funds pay an administration fee determined as a percentage of the Net Asset Value of the sub-funds calculated in accordance with a sliding scale subject to a minimum monthly fee of USD 7,000 per sub-fund (up to 2 classes of shares) plus a minimum monthly fee of USD 750 per additional share class.

The Administrator is also entitled to receive an annual fee of USD 15,000 per sub-fund plus a per investor transaction fee for providing Transfer Agency services to the sub-funds. For provision of services in respect of German tax filings, the Administrator will be entitled to receive out of the net assets of each sub-fund requiring such services an annual fee of EUR 15,000. The Administration fee is accrued and calculated at each valuation point and payable monthly in arrears. The Administrator is entitled to be repaid all of its properly vouched out-of-pocket expenses out of the assets of the sub-funds plus value added tax, if any. As of December 31, 2018, none of the sub-funds receive services in respect of German tax filings.

The Administration fee for the Company for the period ended 31 December 2017 was USD 287,267 (period ended 31 December 2016: USD 282,459). The amount payable at 31 December 2017 was USD 43,781 (30 June 2017: USD 52,996).

The Northern Trust Company, London Branch ("TNLC") provides KIID services to the Company. Fees of USD 8,101 (31 December 2016: 9,337) were paid to TNLC during the period and USD 8,306 (30 June 2017: 6,739) was payable at 31 December 2017.

#### Custodian fee

The Company has a custody agreement with Northern Trust Fiduciary Services (Ireland) Limited (the "Custodian") to provide custody of assets services for the sub-funds. Per the terms of the agreement, the Custodian is entitled to receive market related fees (asset based and transaction based) for Global Custody Services as well as all of its properly vouched out-of-pocket expenses out of the assets of the sub-funds plus value added tax, if any. The Custodian fee is accrued and calculated at each valuation point and payable monthly in arrears.

The Custodian fee for the period ended 31 December 2017 was USD 171,219 (period ended 31 December 2016: USD 152,787). The amount payable at 31 December 2017 was USD 13,263 (30 June 2017: USD 28,812).

#### Depository fee

The Company has a depository agreement with Northern Trust Fiduciary Services (Ireland) Limited (the "Depository") to provide oversight and verification services for the sub-funds. Per the terms of the agreement, the sub-funds pay a fee determined as a percentage of the Net Asset Value of the sub-funds calculated in accordance with a sliding scale subject to a minimum monthly fee of USD 750 per sub-fund. The Depository fee is accrued and calculated at each valuation point and payable monthly in arrears.

The Depository fee for the period ended 31 December 2017 was USD 162,638 (period ended 31 December 2016: USD 142,553). The amount payable at 31 December 2017 was USD 26,290 (30 June 2017: USD 25,749).

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 3. Operating expenses (continued)

##### Investment Manager fees and expenses

The Investment Manager is entitled to receive from the sub-funds out of the assets of the sub-funds an annual fee of:

- 0.65% for the Global Equity Fund Class I shares, 0.70% for the Class M shares, 0.75% for the Class A shares, 1.00% for the Class B shares and 1.50% for the Class D shares;
- 0.65% for the International Equity Fund Class I Shares, 0.70% for the Class M shares, 0.75% for the Class A shares and 1.00% for the Class B shares;
- 0.80% for the Emerging Markets Equity Fund Class I shares, 0.95% for the Class M shares, 1.10% for the Class A shares, 1.35% for the Class B shares; and
- 1.50% for the Frontier Markets Equity Fund.

This fee accrues and is calculated on each dealing day and is payable monthly in arrears.

The Investment Manager is also entitled to be reimbursed out of the assets of the sub-funds for its reasonable out-of-pocket costs and expenses incurred in the performance of its duties. The Investment Manager fee for the period ended 31 December 2017 for the Company was USD 5,654,876 (period ended 31 December 2016: USD 4,598,391). The amount payable as at 31 December 2017 was USD 914,430 (30 June 2017: USD 930,464).

In order to limit the sub-funds' expenses to maximum percentages of the sub-funds' Net Asset Values, as follows, the Investment Manager has agreed to reimburse the sub-funds for expenses in excess of these voluntarily imposed limits:

- 0.90% for the Global Equity Fund Class A shares, 0.80% for the Class M shares and 0.75% for the Class I shares;
- 0.75% for the International Equity Fund Class I shares, 0.80% for the Class M shares, 0.90% for the Class A shares and 1.15% for the Class B shares;
- 0.90% for the Emerging Markets Equity Fund Class I shares, 1.05% for the Class M shares, 1.20% for the Class A shares and 1.50% for the Class B shares; and
- 1.75% for the Frontier Markets Equity Fund.

#### 4. Financial assets at fair value through profit or loss

	Harding Loevner Global Equity Fund 31 December 2017 USD	Harding Loevner International Equity Fund 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2017 USD	Harding Loevner Funds plc Total 31 December 2017 USD
<b>Equity and equity related instruments</b>					
At cost	429,831,506	126,359,841	514,924,420	-	1,071,115,767
Unrealised gain/(loss) on financial assets at fair value through profit or loss	197,823,254	25,666,981	165,374,605	-	388,864,840
	<u>627,654,760</u>	<u>152,026,822</u>	<u>680,299,025</u>	<u>-</u>	<u>1,459,980,607</u>

	Harding Loevner Global Equity Fund 30 June 2017 USD	Harding Loevner International Equity Fund 30 June 2017 USD	Harding Loevner Emerging Markets Equity Fund 30 June 2017 USD	Harding Loevner Frontier Markets Equity Fund 30 June 2017 USD	Harding Loevner Funds plc Total 30 June 2017 USD
<b>Equity and equity related instruments</b>					
At cost	494,503,037	58,114,545	531,632,605	6,507,579	1,090,757,766
Unrealised gain/(loss) on financial assets at fair value through profit or loss	199,895,201	12,299,534	90,681,296	(8,945)	302,867,086
	<u>694,398,238</u>	<u>70,414,079</u>	<u>622,313,901</u>	<u>6,498,634</u>	<u>1,393,624,852</u>

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

For the six months ended 31 December 2017 (continued)

### 5. Cash and cash equivalents

	Harding Loevner Global Equity Fund 31 December 2017 USD	Harding Loevner International Equity Fund 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2017 USD	Harding Loevner Funds plc Total 31 December 2017 USD
Cash held at custodian bank	23,726,110	3,460,355	14,027,170	28,928	41,242,563
	<u>23,726,110</u>	<u>3,460,355</u>	<u>14,027,170</u>	<u>28,928</u>	<u>41,242,563</u>

	Harding Loevner Global Equity Fund 30 June 2017 USD	Harding Loevner International Equity Fund 30 June 2017 USD	Harding Loevner Emerging Markets Equity Fund 30 June 2017 USD	Harding Loevner Frontier Markets Equity Fund 30 June 2017 USD	Harding Loevner Funds plc Total 30 June 2017 USD
Cash held at custodian bank	16,217,469	2,659,689	16,601,150	194,196	35,672,504
	<u>16,217,469</u>	<u>2,659,689</u>	<u>16,601,150</u>	<u>194,196</u>	<u>35,672,504</u>

Cash and cash equivalents include cash held in an interest bearing account with TNTC.

### 6. Receivables

	Harding Loevner Global Equity Fund 31 December 2017 USD	Harding Loevner International Equity Fund 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2017 USD	Harding Loevner Funds plc Total 31 December 2017 USD
Interest and dividends receivable	380,426	113,778	1,259,853	-	1,754,057
Amounts receivable on securities sold	-	997,378	66,648	-	1,064,026
Other assets	4,669	9,522	22,592	3,361	40,144
	<u>385,095</u>	<u>1,120,678</u>	<u>1,349,093</u>	<u>3,361</u>	<u>2,858,227</u>

	Harding Loevner Global Equity Fund 30 June 2017 USD	Harding Loevner International Equity Fund 30 June 2017 USD	Harding Loevner Emerging Markets Equity Fund 30 June 2017 USD	Harding Loevner Frontier Markets Equity Fund 30 June 2017 USD	Harding Loevner Funds plc Total 30 June 2017 USD
Interest and dividends receivable	679,257	143,810	3,794,518	17,765	4,635,350
Amounts receivable on securities sold	6,807,377	-	1,040,457	-	7,847,834
Other assets	14,363	15,581	81,342	24,690	135,976
	<u>7,500,997</u>	<u>159,391</u>	<u>4,916,317</u>	<u>42,455</u>	<u>12,619,160</u>



## Harding Loevner Funds plc

### Unaudited Notes to Financial Statements

#### For the six months ended 31 December 2017 (continued)

#### 7. Forward foreign exchange contracts

The Company may engage in forward foreign currency transactions for protection against exchange rate risk. The Investment Manager would not normally expect to utilise such instruments except to act as a hedge against an adverse movement in the value of the securities held by the Company.

As at 31 December 2017, 30 June 2017 and 31 December 2016 the Company had no open forward foreign currency exchange contracts for the purpose of trade settlement.

#### 8. Creditors (amounts falling due within one year)

	Harding Loevner Global Equity Fund 31 December 2017 USD	Harding Loevner International Equity Fund 31 December 2017 USD	Harding Loevner Emerging Markets Equity Fund 31 December 2017 USD	Harding Loevner Frontier Markets Equity Fund 31 December 2017 USD	Harding Loevner Funds plc Total 31 December 2017 USD
Amounts payable on securities purchased	-	196,911	304,320	-	501,231
Amounts payable on capital shares redeemed	-	852,738	-	-	852,738
Management fee payable	362,986	84,739	466,795	-	914,520
Administration fee payable	17,323	8,104	18,353	-	43,780
Custody/Depository fee payable	18,702	3,879	16,972	-	39,553
Capital gains tax provision	-	-	710,920	-	710,920
Other accrued expenses	122,123	36,281	271,148	32,289	461,841
	<u>521,134</u>	<u>1,182,652</u>	<u>1,788,508</u>	<u>32,289</u>	<u>3,524,583</u>

	Harding Loevner Global Equity Fund 30 June 2017 USD	Harding Loevner International Equity Fund 30 June 2017 USD	Harding Loevner Emerging Markets Equity Fund 30 June 2017 USD	Harding Loevner Frontier Markets Equity Fund 30 June 2017 USD	Harding Loevner Funds plc Total 30 June 2017 USD
Amounts payable on securities purchased	-	-	1,531,802	-	1,531,802
Amounts payable on capital shares redeemed	8,046,544	-	50,000	-	8,096,544
Management fee payable	425,470	47,992	448,892	8,110	930,464
Administration fee payable	19,885	7,644	17,822	7,645	52,996
Capital gains tax provision	-	-	336,285	46,539	382,824
Other accrued expenses	117,865	33,647	490,248	24,074	665,834
	<u>8,628,257</u>	<u>92,719</u>	<u>2,905,798</u>	<u>88,993</u>	<u>11,715,767</u>

#### 9. Distributions to redeemable participating shareholders

The Directors intend to declare a dividend in respect of the Sterling Class shares of Global Equity Fund such that substantially all of the net income relating to such classes shall be distributed on a semi-annual basis. There are no dividend entitlements for all other share classes of the Global Equity Fund. The Directors also intend to declare a dividend in respect of Sterling Class shares of the International Equity Fund on a semi-annual basis. There are no dividend entitlements for all other share classes of the International Equity Fund. There are no dividend entitlements for share classes of the Emerging Markets Equity Fund or the Frontier Markets Equity Fund.

During the period ended 31 December 2017 the Directors declared dividends totaling USD 1,112,385 (period ended 31 December 2016: USD 1,189,359).

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 10. Redeemable participating shares

The authorised share capital of the Company is 1,000,000,000,000 shares of no par value initially designated as unclassified shares. The minimum issued share capital of the Company is €2 represented by 2 shares (the “Subscriber Shares”) issued for the purposes of the incorporation of the Company and to obtain a certificate to commence trade at an issue price of €1 per share which are fully paid up and which are beneficially owned by David Loevner (1 share) and Ryan Bowles (1 share). The maximum issued share capital of the Company is 1,000,000,000,000 unclassified shares of no par value. The Subscriber Shares do not form part of the Net Asset Value of the Company and are thus disclosed in the financial statements by way of this note only.

The unclassified shares are available for issue as shares. The issue price is payable in full on acceptance. There are no rights of pre-emption attaching to the shares in the Company.

#### The Harding Loevner Global Equity Fund

The Global Equity Fund issued the following redeemable participating shares during the period:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.063	USD 1,000,000	USD 100
Euro Class A	EUR 1.000	USD 1,000,000 or currency equivalent	EUR 100
Sterling Class A	GBP 1.000	USD 1,000,000 or currency equivalent	GBP 100
Sterling Class I	GBP 1.000	USD 100,000,000 or currency equivalent	GBP 100
Sterling Class M	GBP 1.000	USD 50,000,000 or currency equivalent	GBP 100
Singapore Dollar Class M	SGD 1.000	USD 50,000,000 or currency equivalent	SGD 100

#### The Harding Loevner International Equity Fund

The International Equity Fund issued the following redeemable participating shares during the period:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100
Sterling Class A	GBP 1.000	USD 1,000,000 or currency equivalent	GBP 100
US Dollar Class B	USD 1.000	USD 100,000	USD 100
US Dollar Class I	USD 1.000	USD 1,000,000 or currency equivalent	USD 100

#### The Harding Loevner Emerging Markets Equity Fund

The Emerging Markets Equity Fund issued the following redeemable participating shares during the period:

Share class	Initial offer price	Minimum initial investment	Minimum additional investment
US Dollar Class A	USD 1.000	USD 1,000,000	USD 100
US Dollar Class B	USD 1.000	USD 100,000	USD 100
Canadian Dollar Class I	CAD 1.000	USD 100,000,000 or currency equivalent	CAD 100
Australian Dollar Class F	AUD 1.000	USD 100,000 or currency equivalent	AUD 100
US Dollar Class M	USD 1.000	USD 50,000,000 or currency equivalent	USD 100
Canadian Dollar Class M	CAD 1.000	USD 50,000,000 or currency equivalent	CAD 100
Euro Class M	EUR 1.000	USD 50,000,000 or currency equivalent	EUR 100
US Dollar Class I	USD 1.000	USD 100,000,000	USD 100
Euro Class I	EUR 1.000	USD 100,000,000 or currency equivalent	EUR 100
Sterling Class M	GBP 1.000	USD 50,000,000 or currency equivalent	GBP 100

#### The Harding Loevner Frontier Markets Equity Fund

As at 31 December 2017 there were no share classes in issue in the Frontier Markets Equity Fund.

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 10. Redeemable participating shares (continued)

The following table details the movement in the redeemable participating shares during the period ended 31 December 2017 and 30 June 2017:

##### The Harding Loevner Global Equity Fund

	Opening shares	Shares issued during the period	Shares redeemed during the period	Closing shares
<b>31 December 2017</b>				
USD Class A	20,325,732.385	1,039,036.027	(925,529.835)	20,439,238.577
Euro Class A	65,257,758.865	12,554.928	(385,299.348)	64,885,014.445
Sterling Class A	91,233,606.875	142,236.314	(32,531,510.117)	58,844,333.072
Singapore Dollar Class A	31,319,218.886	-	(31,319,218.886)	-
Sterling Class I	70,541,424.988	209,645.319	-	70,751,070.307
Sterling Class M	41,466,250.720	27,164,758.110	(1,171,658.738)	67,459,350.092
Singapore Dollar Class M	69,491,829.620	-	-	69,491,829.620
Australian Dollar Class M	82,211,993.680	-	(82,211,993.680)	-

##### 30 June 2017

USD Class A	20,215,716.925	2,911,866.460	(2,801,851.000)	20,325,732.385
Euro Class A	64,953,674.965	22,482,772.450	(22,178,688.550)	65,257,758.865
Sterling Class A	118,951,631.008	210,161.390	(27,928,185.523)	91,233,606.875
Singapore Dollar Class A	31,319,218.886	-	-	31,319,218.886
Sterling Class I	71,698,523.478	259,332.110	(1,416,430.600)	70,541,424.988
Sterling Class M	41,466,250.720	-	-	41,466,250.720
Singapore Dollar Class M	101,210,387.080	-	(31,718,557.460)	69,491,829.620
Australian Dollar Class M	82,211,993.680	-	-	82,211,993.680

##### The Harding Loevner International Equity Fund

	Opening shares	Shares issued during the period	Shares redeemed during the period	Closing shares
<b>31 December 2017</b>				
USD Class A	47,531,430.046	46,016,213.767	(81,196,124.130)	12,351,519.683
Sterling Class A	1,126,424.820	1,776,483.434	-	2,902,908.254
USD Class B	10,337,163.326	1,398,680.179	(2,893,709.079)	8,842,134.426
USD Class I	-	110,077,220.074	-	110,077,220.07
<b>30 June 2017</b>				
USD Class A	15,905,698.958	40,831,914.168	(9,206,183.080)	47,531,430.046
Sterling Class A	1,115,855.517	10,569.303	-	1,126,424.820
USD Class B	12,284,270.322	1,080,089.760	(3,027,196.756)	10,337,163.326
USD Class M	70,731,464.470	-	(70,731,464.470)	-

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

For the six months ended 31 December 2017 (continued)

### 10. Redeemable participating shares (continued)

#### The Harding Loevner Emerging Markets Equity Fund

	Opening shares	Shares issued during the period	Shares redeemed during the period	Closing shares
<b>31 December 2017</b>				
USD Class A	26,699,023.994	520,038.763	(2,806,641.097)	24,412,421.660
USD Class B	7,281,653.978	287,354.104	(2,080,515.061)	5,488,493.021
USD Class I	98,817,574.656	-	-	98,817,574.656
USD Class M	48,384,837.384	-	(8,253,094.911)	40,131,742.473
Canadian Dollar Class I	115,943,472.900	-	-	115,943,472.900
Canadian Dollar Class M	72,215,000.000	-	-	72,215,000.000
Australian Dollar Class F	14,764,956.750	1,955,264.900	(16,720,221.650)	-
Euro Class I	103,677,744.690	-	-	103,677,744.690
Sterling Class M	52,485,751.570	-	-	52,485,751.570
<b>30 June 2017</b>				
USD Class A	29,708,278.288	5,154,154.796	(8,163,409.090)	26,699,023.994
USD Class B	6,554,250.545	1,418,866.509	(691,463.076)	7,281,653.978
USD Class I	-	98,817,574.656	-	98,817,574.656
USD Class M	50,670,029.340	-	(2,285,191.956)	48,384,837.384
Canadian Dollar Class I	115,943,472.900	-	-	115,943,472.900
Canadian Dollar Class M	72,215,000.000	-	-	72,215,000.000
Australian Dollar Class F	14,917,914.056	5,945.398	(158,902.704)	14,764,956.750
Euro Class I	-	103,677,744.690	-	103,677,744.690
Euro Class M	78,095,542.986	18,709,073.901	(96,804,616.887)	-
Sterling Class I	-	78,706,458.600	(78,706,458.600)	-
Sterling Class M	-	52,485,751.570	-	52,485,751.570

#### The Harding Loevner Frontier Markets Equity Fund

	Opening shares	Shares issued during the period	Shares redeemed during the period	Closing shares
<b>31 December 2017</b>				
USD Class A	522,473.963	-	(522,473.963)	-
Euro Class A	1,000,000.000	-	(1,000,000.000)	-
Australian Dollar Class A	5,967,359.050	-	(5,967,359.050)	-
<b>30 June 2017</b>				
USD Class A	522,473.963	-	-	522,473.963
Euro Class A	1,000,000.000	-	-	1,000,000.000
Australian Dollar Class A	5,967,359.050	-	-	5,967,359.050

Each of the shares entitles the shareholder to participate equally on a pro rata basis in the dividends and net assets of the Company, save in the case of dividends declared prior to becoming a shareholder. Each of the shares entitles the holder to attend and vote at meetings of the Company. No Class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class of shares or any voting rights in relation to matters relating solely to any other Class of shares. The Company may from time to time by ordinary resolution alter the share capital by consolidating, sub-dividing, cancelling and redenominating the currency of any Class of shares.

### 11. Efficient portfolio management techniques

The Company may employ investment techniques and instruments relating to its investments for the purpose of efficient portfolio management under the conditions and within the limits stipulated from time to time by the Central Bank under the UCITS Regulations. The Company may use the various investment techniques and instruments for efficient portfolio management such as taking long or short positions in derivative instruments including options, futures, forward contracts, and swaps so as to alter the interest rate, credit and/or currency exposure of the portfolio. Derivative instruments may be purchased for the purposes of efficient portfolio management only and in accordance with the Central Bank's guidelines. The Company did not use these techniques during the period.

#### 12. Related party transactions

IAS 24 – Related Party Transactions (“IAS 24”) requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company has appointed Harding Loevner LP (the “Investment Manager”) to perform investment management and advisory services, in accordance with the investment objectives and policies of the Company.

David Loevner is a limited partner and Ryan Bowles is an employee of the Investment Manager. David Loevner’s and Ryan Bowles’s Directors’ fees have been waived. They each hold one Subscriber Share. Lori Renzulli’s fee for the period was also waived. Up until her resignation she held one Subscriber Share.

Mike Kirby is the Managing Principal of KB Associates, who provide consulting services to the Company. Fees of USD 28,982 (31 December 2016: USD 16,666) were paid to KB Associates during the period and USD 13,186 (30 June 2017: USD 16,875) was payable at 31 December 2017.

TNTC earned fees for provision of KIID services to the Company. Please refer to Note 3 for details of these fees.

The amounts earned by the Directors and the Investment Manager are disclosed in Note 3 on pages 27 to 29. The amount owing to the Directors and the investment manager are disclosed in Note 3 on pages 27 to 29.

Although not deemed to be related parties under IFRS as they do not exercise “significant influence” over the activities of the sub-funds, UCITS Regulations also deems a “Depository” and its “associated or group companies” to be Connected Parties to the Company.

As such, Northern Trust Fiduciary Services (Ireland) Limited, the Depository, and Northern Trust International Fund Administration Services (Ireland) Limited, the Administrator, are Connected Parties to the Company under the Central Bank’s UCITS Regulations. During the period, Northern Trust Fiduciary Services (Ireland) Limited and Northern Trust International Fund Administration Services (Ireland) Limited earned fees for provision of depository and administration services to the Company as disclosed in Note 3 to the financial statements. All of the above transactions were carried out as if negotiated at arms length.

#### 13. Financial instruments and associated risks

##### Valuation of financial instruments

IFRS 13 requires disclosures surrounding the level in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured in the statement of financial position. The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2, Significant accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company categorises investments using the following hierarchy as defined by IFRS 13:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

For the six months ended 31 December 2017 (continued)

### 13. Financial instruments and associated risks (continued)

#### Valuation of financial instruments (continued)

The following table analyses within the fair value hierarchy each sub-fund's financial assets measured at fair value as at 31 December and 30 June 2017.

#### The Harding Loevner Global Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2017				
Equities	627,654,760	-	-	627,654,760
	627,654,760	-	-	627,654,760

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2017				
Equities	694,398,238	-	-	694,398,238
	694,398,238	-	-	694,398,238

#### The Harding Loevner International Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2017				
Equities	152,026,822	-	-	152,026,822
	152,026,822	-	-	152,026,822

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2017				
Equities	70,414,079	-	-	70,414,079
	70,414,079	-	-	70,414,079

#### The Harding Loevner Emerging Markets Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2017				
Equities	680,299,025	-	-	680,299,025
	680,299,025	-	-	680,299,025

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2017				
Equities	618,337,848	3,976,053	-	622,313,901
	618,337,848	3,976,053	-	622,313,901

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 13. Financial instruments and associated risks (continued)

##### Valuation of financial instruments (continued)

##### The Harding Loevner Frontier Markets Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>31 December 2017</b>				
Equities	-	-	-	-
	-	-	-	-
<b>30 June 2017</b>				
Equities	6,254,745	223,771	20,118	6,498,634
	6,254,745	223,771	20,118	6,498,634

Transfers between levels are deemed to occur at the beginning of the year. There were no transfers between levels during the period ended 31 December 2017 or 30 June 2017.

The reconciliation of fair value measurement in level 3 is set out below:

<b>At 31 December 2017</b>	<b>Level 3 USD</b>
Opening balance as at 1 July 2017	20,118
Purchases	-
Total gains/(losses) included in net loss on investments in the Statement of Comprehensive Income	
- on assets sold	(20,118)
- on assets held at the end of the period	
<b>Closing balance as at 31 December 2017</b>	<b>-</b>
<b>At 30 June 2017</b>	<b>Level 3 USD</b>
Opening balance as at 1 July 2016	-
<b>Closing balance as at 30 June 2017</b>	<b>20,118</b>

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 14. Net Asset Value per redeemable participating share

##### The Harding Loevner Global Equity Fund

Net assets attributable to holders of redeemable participating shares	31 December 2017	30 June 2017	30 June 2016
USD Class A	USD 41,628,414	USD 36,871,476	USD 29,872,805
Euro Class A	EUR 110,005,290	EUR 103,526,230	EUR 86,133,573
Euro Class A USD equivalent	USD 131,995,788	USD 118,242,484	USD 95,693,337
Sterling Class A	GBP 88,979,836	GBP 133,887,141	GBP 132,300,815
Sterling Class A USD equivalent	USD 120,129,386	USD 174,381,307	USD 176,849,105
Singapore Dollar Class A	-	SGD 62,033,395	SGD 49,306,618
Singapore Dollar Class A USD equivalent	-	USD 45,056,213	USD 36,634,682
Sterling Class I	GBP 110,009,280	GBP 101,515,752	GBP 81,954,942
Sterling Class I USD equivalent	USD 148,520,697	USD 132,219,192	USD 109,550,785
Sterling Class M	GBP 101,694,510	GBP 57,848,328	GBP 45,953,201
Sterling Class M USD equivalent	USD 137,295,140	USD 75,344,554	USD 61,426,549
Singapore Dollar Class M	SGD 95,865,856	SGD 87,870,156	SGD 101,678,511
Singapore Dollar Class M USD equivalent	USD 71,675,406	USD 63,824,337	USD 75,546,854
Australian Dollar Class M	-	AUD 93,150,437	AUD 78,137,961
Australian Dollar Class M USD equivalent	-	USD 71,595,426	USD 58,181,654
<b>Net Asset Value per redeemable participating share</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
USD Class A	USD 2.037	USD 1.814	USD 1.475
Euro Class A	EUR 1.695	EUR 1.586	EUR 1.326
Euro Class A USD equivalent	USD 2.034	USD 1.812	USD 1.473
Sterling Class A	GBP 1.512	GBP 1.400	GBP 1.112
Sterling Class A USD equivalent	USD 2.042	USD 1.823	USD 1.487
Singapore Dollar Class A	-	SGD 1.981	SGD 1.574
Singapore Dollar Class A USD equivalent	-	USD 1.439	USD 1.170
Sterling Class I	GBP 1.555	GBP 1.439	GBP 1.143
Sterling Class I USD equivalent	USD 2.099	USD 1.874	USD 1.528
Sterling Class M	GBP 1.507	GBP 1.395	GBP 1.108
Sterling Class M USD equivalent	USD 2.035	USD 1.817	USD 1.481
Singapore Dollar Class M	SGD 1.379	SGD 1.264	SGD 1.005
Singapore Dollar Class M USD equivalent	USD 1.031	USD 0.918	USD 0.746
Australian Dollar Class M	-	AUD 1.133	AUD 0.950
Australian Dollar Class M USD equivalent	-	USD 0.871	USD 0.708



# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 14. Net Asset Value per redeemable participating share (continued)

<b>The Harding Loevner International Equity Fund</b>			
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
USD Class A	USD 16,795,166	USD 58,214,163	USD 16,286,753
USD Class B	USD 12,036,066	USD 12,676,278	USD 12,632,149
USD Class I	USD 120,172,155	-	-
USD Class M	-	-	USD 77,943,289
Sterling Class A	GBP 4,756,639	GBP 1,727,549	GBP 1,408,006
Sterling Class A USD Equivalent	USD 6,421,816	USD 2,249,999	USD 1,882,109
<b>Net Asset Value per redeemable participating share</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
USD Class A	USD 1.360	USD 1.225	USD 1.024
USD Class B	USD 1.361	USD 1.226	USD 1.028
USD Class I	USD 1.092	-	-
USD Class M	-	-	USD 1.102
Sterling Class A	GBP 1.639	GBP 1.534	GBP 1.262
Sterling Class A USD Equivalent	USD 2.212	USD 1.998	USD 1.687
<b>The Harding Loevner Emerging Markets Equity Fund</b>			
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
USD Class A	USD 35,214,829	USD 33,927,513	USD 30,671,637
USD Class B	USD 7,026,907	USD 8,223,377	USD 6,030,470
USD Class I	USD 131,704,055	USD 115,848,563	-
USD Class M	USD 61,044,989	USD 64,783,588	USD 55,032,332
Canadian Dollar Class I	CAD 188,062,876	CAD 170,660,220	CAD 137,712,448
Canadian Dollar Class I USD equivalent	USD 149,612,471	USD 131,601,033	USD 106,588,582
Canadian Dollar Class M	CAD 104,372,883	CAD 94,785,339	CAD 76,600,700
Canadian Dollar Class M USD equivalent	USD 83,033,320	USD 73,091,717	USD 59,288,467
Australian Dollar Class F	-	AUD 18,714,211	AUD 15,662,437
Australian Dollar Class F USD equivalent	-	USD 14,383,377	USD 11,681,412
Euro Class I	EUR 120,260,400	EUR 111,126,287	-
Euro Class I USD equivalent	USD 144,300,936	USD 126,928,939	-
Euro Class M	-	-	EUR 74,789,485
Euro Class M USD equivalent	-	-	USD 82,997,986
Sterling Class M	GBP 60,699,827	GBP 55,387,144	-
Sterling Class M USD equivalent	USD 81,949,273	USD 72,137,463	-

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 14. Net Asset Value per redeemable participating share (continued)

##### The Harding Loevner Emerging Markets Equity Fund (continued)

Net Asset Value per redeemable participating share	31 December 2017	30 June 2017	30 June 2016
USD Class A	USD 1.443	USD 1.271	USD 1.032
USD Class B	USD 1.280	USD 1.129	USD 0.920
USD Class I	USD 1.333	USD 1.172	-
USD Class M	USD 1.521	USD 1.339	USD 1.086
Canadian Dollar Class I	CAD 1.622	CAD 1.472	CAD 1.188
Canadian Dollar Class I USD equivalent	USD 1.290	USD 1.135	USD 0.919
Canadian Dollar Class M	CAD 1.445	CAD 1.312	CAD 1.061
Canadian Dollar Class M USD equivalent	USD 1.150	USD 1.012	USD 0.821
Australian Dollar Class F	-	AUD 1.268	AUD 1.050
Australian Dollar Class F USD equivalent	-	USD 0.974	USD 0.783
Euro Class I	EUR 1.160	EUR 1.072	-
Euro Class I USD equivalent	USD 1.392	USD 1.224	-
Euro Class M	-	-	USD 0.958
Euro Class M USD equivalent	-	-	USD 1.063
Sterling Class M	GBP 1.157	GBP 1.055	-
Sterling Class M USD equivalent	USD 1.561	USD 1.374	-

##### The Harding Loevner Frontier Markets Equity Fund

Net assets attributable to holders of redeemable participating shares	31 December 2017	30 June 2017	30 June 2016
USD Class A	-	USD 661,310	USD 577,291
Euro Class A	-	EUR 1,129,182	EUR 1,014,541
Euro Class A USD equivalent	-	USD 1,289,757	USD 1,125,891
Australian Dollar Class A	-	AUD 6,108,958	AUD 5,495,533
Australian Dollar Class A USD equivalent	-	USD 4,695,225	USD 4,098,697
<b>Net Asset Value per redeemable participating share</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
USD Class A	-	USD 1.266	USD 1.105
Euro Class A	-	EUR 1.129	EUR 1.015
Euro Class A USD equivalent	-	USD 1.290	USD 1.126
Australian Dollar Class A	-	AUD 1.024	AUD 0.921
Australian Dollar Class A USD equivalent	-	USD 0.787	USD 0.687

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 15. Reconciliation of Net Asset Value

The published Net Asset Value per redeemable participating share at which shareholders may subscribe to or redeem from the sub-funds, differs from the Net Asset Value per the financial statements. The difference is due to the treatment of preliminary expenses. In accordance with provisions of the Company's Memorandum and Articles of Association, preliminary expenses are being amortised over 60 months. However, for the purposes of these financial statements, preliminary expenses have been expensed as incurred in line with International Financial Reporting Standards.

##### The Harding Loevner Global Equity Fund

	31 December 2017	30 June 2017
	USD	USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	651,244,831	709,488,447
Preliminary expenses	-	-
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>651,244,831</u>	<u>709,488,447</u>
Net Asset Value per redeemable participating share at dealing prices		
USD Class A	USD 2.037	USD 1.814
EUR Class A	EUR 1.695	EUR 1.586
GBP Class A	GBP 1.512	GBP 1.400
SGD Class A	-	SGD 1.981
GBP Class I	GBP 1.555	GBP 1.439
GBP Class M	GBP 1.507	GBP 1.395
SGD Class M	SGD 1.379	SGD 1.264
AUD Class M	-	AUD 1.133

##### The Harding Loevner International Equity Fund

	31 December 2017	30 June 2017
	USD	USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	155,425,203	73,140,440
Preliminary expenses	1,235	3,537
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>155,426,438</u>	<u>73,143,977</u>
Net Asset Value per redeemable participating share at dealing prices		
USD Class A	USD 1.360	USD 1.225
USD Class B	USD 1.361	USD 1.226
USD Class I	USD 1.092	-
Sterling Class A	GBP 1.638	GBP 1.534

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 15. Reconciliation of Net Asset Value (continued)

##### The Harding Loevner Emerging Markets Equity Fund

	31 December 2017	30 June 2017
	USD	USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	693,886,780	640,925,570
Preliminary expenses	9	1,579
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>693,886,789</u>	<u>640,927,149</u>
Net Asset Value per redeemable participating share at dealing prices		
USD Class A	USD 1.442	USD 1.271
USD Class B	USD 1.280	USD 1.129
CAD Class I	CAD 1.622	CAD 1.472
USD Class I	USD 1.333	USD 1.172
EUR Class I	EUR 1.160	EUR 1.072
USD Class M	USD 1.521	USD 1.339
CAD Class M	CAD 1.445	CAD 1.313
AUD Class F	-	AUD 1.267
Sterling Class M	GBP 1.157	GBP 1.055

##### The Harding Loevner Frontier Markets Equity Fund

	31 December 2017	30 June 2017
	USD	USD
Net Asset Value attributable to redeemable participating shareholders per financial statements	-	6,646,292
Preliminary expenses	-	984
Net Asset Value attributable to redeemable participating shareholders per offering memorandum	<u>-</u>	<u>6,647,276</u>
Net Asset Value per redeemable participating share at dealing prices		
USD Class A	-	USD 1.266
EUR Class A	-	EUR 1.129
AUD Class A	-	AUD 1.024

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 16. Exchange rates

The following exchange rates (against the USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD as at 31 December 2017, 30 June 2017 and 31 December 2016:

		31 December 2017	30 June 2017	31 December 2016
AED	UAE Dirham	3.6728	3.6730	3.6729
AUD	Australian Dollar	1.2816	1.3011	1.3857
BDT	Bangladesh Taka	83.1750	80.5950	78.6
BRL	Brazilian Real	3.3171	3.3129	3.2547
CHF	Swiss Franc	0.9745	0.9589	1.0183
CLP	Chilean Peso	615.4000	663.8250	669.795
CNY	Chinese Yuan	6.5120	6.7795	6.9495
COP	Colombian Peso	2,984.4400	3,047.4850	3002
CZK	Czech Republic Koruna	21.2939	22.8692	25.6705
DKK	Danish Krone	6.2047	6.5104	7.0625
EEK	Estonian Kroon	13.0405	13.6993	14.864
EGP	Egyptian Pound	17.7800	18.1200	18.13
EUR	Euro	0.8334	0.8755	0.95
GBP	British Sterling Pound	0.7407	0.7678	0.8114
GHS	Ghanian Cedi	4.5210	4.3990	4.3038
HKD	Hong Kong Dollar	7.8129	7.8075	7.7545
HRK	Croatian Kuna	6.1930	6.4891	7.1803
HUF	Hungarian Forint	258.9574	270.4111	293.7872
IDR	Indonesian Rupiah	13,567.5000	13,327.5000	13472.5
INR	Indian Rupee	63.8275	64.6375	67.87
JOD	Jordanian Dinar	0.7090	0.7089	0.7085
JPY	Japanese Yen	112.6750	112.4750	116.875
KES	Kenyan Shilling	103.1500	103.7000	102.47
KRW	South Korean Won	1,070.5500	1,144.1500	1207.8
KZT	Kazakhstan Tenge	332.6950	322.0550	333.685
LKR	Sri Lankan Rupee	153.5000	153.3550	149.8
MAD	Moroccan Dirham	9.3558	9.6493	10.1335
MUR	Mauritian Rupee	33.8000	34.5000	36
MXN	Mexican Nuevo Peso	19.6625	18.1488	20.7297
MYR	Malaysian Ringgit	4.0470	4.2927	4.486
NGN	Nigerian Naira	360.0000	366.4100	314.98
PEN	Peruvian Nuevo Sol	3.2425	3.2465	3.356
PHP	Philippine Peso	49.9200	50.4600	49.7125
PKR	Pakistani Rupee	110.3500	104.8500	104.375
PLN	Polish Zloty	3.4810	3.7057	4.1847
QAR	Qatari Rial	3.6410	3.6604	3.6414
RON	Romanian Leu	3.8882	3.9912	4.3117
RUB	Russian Rouble	57.6250	58.9750	61.345
SAR	Saudi Arabian Riyal	3.7503	3.7502	3.7518
SEK	Swedish Krona	8.2031	8.4247	9.1106
SGD	Singapore Dollar	1.3375	1.3768	1.4482
THB	Thai Baht	32.5900	33.9700	35.8105
TRY	Turkish Lira	3.7905	3.5185	3.5269
TTD	Trinidad & Tabago Dollar	6.7635	6.7561	6.7641
TWD	Taiwan Dollar	29.7585	30.4200	32.229
TZS	Tanzanian Shilling	2,245.0000	2,239.0000	2181
VND	Vietnamese Dong	22,709.0000	22,731.0000	22771
XOF	West African CFA Franc	546.6992	574.3178	623.1483
ZAR	South African Rand	12.3725	13.0825	13.7338

# Harding Loevner Funds plc

## Unaudited Notes to Financial Statements

### For the six months ended 31 December 2017 (continued)

#### 17. Soft commissions

The Investment Manager may place trades on behalf of the Company with brokers that will, from time to time, provide or procure research products, specialised software or related services that assist the investment manager in the provision of investment services to its clients, including the Company, provided that each broker has agreed to provide best execution with respect to such trades. The Investment Manager's use of soft commissions falls within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934. Where a product or service provides both eligible and non-eligible assistance, the Investment Manager will make a reasonable allocation of the cost that may be paid for with soft commissions.

#### 18. Contingent liabilities

There were no contingent liabilities as at 31 December 2017 or 30 June 2017.

#### 19. Events during the period

During the period ended 31 December 2017, the Global Equity Fund distributed the following net income:

A distribution of 0.004019427 per share on the Sterling Class A GBP shares, with a total value of GBP 346,060, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

A distribution of 0.004475751 per share on the Sterling Class I GBP shares, with a total value of GBP 315,726, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

A distribution of 0.003997508 per share on the Sterling Class M GBP shares, with a total value of GBP 165,762, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

During the period ended 31 December 2017, the International Equity Fund distributed the following net income:

A distribution of 0.005607472 per share on the Sterling Class A GBP shares, with a total value of GBP 16,222, for the six months ended 30 June 2017. This distribution was declared on 17 October 2017 with a record date of 16 October 2017, an ex-date of 17 October 2017 and a pay date of 19 October 2017.

On 26 July 2017 the SGD Class A shares for the Global Equity Fund were fully redeemed.

On 8 August 2017 the AUD Class M shares for the Global Equity Fund were fully redeemed.

On 18 August 2017 the USD Class I shares for the International Equity Fund were first issued.

On 15 August 2017, shares for the Frontier Markets Equity Fund were fully redeemed. The Fund will remain in a dormant status and open to investors should subscriptions arise in the future.

On 18 December 2017 the AUD Class F shares for the Emerging Markets Equity Fund were fully redeemed.

Lori Renzulli resigned from the Board of Directors effective 7 November 2017 and was replaced by Ryan Bowles who is also an employee of Harding Loevner.

#### 20. Events after the reporting date

An application was approved by the Central Bank of Ireland on 26 January 2018 to amend the benchmark on The Harding Loevner Frontier Markets Equity Fund from MSCI Frontier Markets ex-GCC Index to MSCI Frontier Emerging Markets Index (net). On the same date, an application was approved by the Central Bank of Ireland to amend the name of the sub-fund from The Harding Loevner Frontier Markets Equity Fund to The Harding Loevner Frontier Emerging Markets Equity Fund.

There have been no other material events to report subsequent to the period ended 31 December 2017.

#### 21. Approval of the financial statements

The financial statements were approved and authorised for issue on 20 February 2018.

# Harding Loevner Funds plc

## Unaudited Financial Information

### For the six months ended 31 Decemeber 2017

The Harding Loevner Global Equity Fund For the period ended 31 December 2017	USD Class A	Euro Class A	Sterling Class A	Singapore Dollar Class A	Sterling Class I
	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017
Total Expenses Ratio	USD	USD	USD	USD	USD
Expenses	167,169	526,881	628,179	27,773	520,223
Average net assets	39,623,716	124,879,477	148,866,629	45,764,377	139,922,847
<b>Total Expense Ratio (***)</b>	0.85%	0.85%	0.85%	0.85%	0.75%
			<b>Sterling Class M</b>	<b>Singapore Dollar Class M</b>	<b>Australian Dollar Class M</b>
			31 December 2017	31 December 2017	31 December 2017
			USD	USD	USD
Expenses			397,299	267,937	61,846
Average net assets			100,179,051	67,537,836	73,178,728
<b>Total Expense Ratio (***)</b>			0.80%	0.80%	0.79%
<b>Portfolio Turnover Ratio</b>					<b>Total</b>
Purchases and sales of securities (i)					297,875,569
Subscription and redemption of shares (ii) ****					243,596,358
Monthly average of total assets (iii)					739,952,661
<b>Portfolio Turnover Ratio</b>					7%
<b>For the period ended 31 December 2016</b>	<b>USD Class A</b>	<b>Euro Class A</b>	<b>Sterling Class A</b>	<b>Singapore Dollar Class A</b>	<b>Sterling Class I</b>
<b>Total Expenses Ratio</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Expenses	125,179	412,529	739,833	160,255	422,041
Average net assets	29,829,154	98,307,462	176,300,032	38,189,671	114,222,211
<b>Total Expense Ratio (***)</b>	0.84%	0.84%	0.84%	0.84%	0.74%
			<b>Sterling Class M</b>	<b>Singapore Dollar Class M</b>	<b>Australian Dollar Class M</b>
			31 December 2016	31 December 2016	31 December 2016
			USD	USD	USD
Expenses			252,359	250,996	239,335
Average net assets			63,959,456	63,611,915	60,658,747
<b>Total Expense Ratio (***)</b>			0.79%	0.79%	0.79%
<b>Portfolio Turnover Ratio</b>					<b>Total</b>
Purchases and sales of securities (i)					232,030,575
Subscription and redemption of shares (ii)					91,519,841
Monthly average of total assets (iii)					645,078,648
<b>Portfolio Turnover Ratio</b>					22%

\*\*\* The Total Expense Ratio is annualised. Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

\*\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.

# Harding Loevner Funds plc

## Unaudited Financial Information

### For the six months ended 31 December 2017 (continued)

#### The Harding Loevner International Equity Fund

For the period ended 31 December 2017

Total Expenses Ratio	USD Class A 31 December 2017 USD	USD Class B 31 December 2017 USD	Sterling Class A 31 December 2017 USD	USD Class M 31 December 2017 USD	USD Class I 31 December 2017 USD
Expenses	114,178	77,556	23,061	-	301,925
Average net assets	25,451,236	13,538,841	5,146,409	-	110,478,932
<b>Total Expense Ratio (*, **, ***)</b>	0.90%	1.15%	0.90%	-	0.75%

#### Portfolio Turnover Ratio

Purchases and sales of securities (i)					<b>Total</b> 81,150,197
Subscription and redemption of shares (ii) ****					279,206,999
Monthly average of total assets (iii)					154,615,418
<b>Portfolio Turnover Ratio</b>					128%

For the period ended 31 December 2016

Total Expenses Ratio	USD Class A 31 December 2016 USD	USD Class B 31 December 2016 USD	Sterling Class A 31 December 2016 USD	USD Class M 31 December 2016 USD
Expenses		145,992	69,272	8,790
Average net assets		32,353,940	12,014,444	1,948,004
<b>Total Expense Ratio (*, **, ***)</b>		0.90%	1.15%	0.90%

#### Portfolio Turnover Ratio

Purchases and sales of securities (i)					<b>Total</b> 64,733,796
Subscription and redemption of shares (ii)					138,937,775
Monthly average of total assets (iii)					79,043,546
<b>Portfolio Turnover Ratio</b>					94%

\* The Total Expense Ratios for International Equity Fund include Investment Management fee rebates of USD 48,676 (31 December 2016: USD 42,920).

\*\* The Total Expense Ratios for International Equity Fund include preliminary expenses of USD 1,235 (31 December 2016: USD 5,840). These are amortised for valuation purposes over five years; however, they were expensed in the financial statements during the period they were incurred.

\*\*\* The Total Expense Ratio is annualised.

Note - the portfolio turnover ratio is calculated as follows ((i-ii)/iii) x 100). The portfolio turnover ratio is not annualised.

\*\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.



# Harding Loevner Funds plc

## Unaudited Financial Information

### For the six months ended 31 December 2017 (continued)

The Harding Loevner Emerging Markets Equity Fund For the period ended 31 December 2017	USD Class A	USD Class B	USD Class I	USD Class M	Canadian Dollar Class I	Canadian Dollar Class M	Australian Dollar Class F
	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017	31 December 2017
Total Expenses Ratio	USD	USD	USD	USD	USD	USD	AUD
Expenses	214,047	58,922	559,717	342,539	635,824	411,841	9,222
Average net assets	35,772,518	8,061,484	124,723,211	65,424,743	141,682,409	78,661,469	17,148,047
<b>Total Expense Ratio (*, **, ***)</b>	1.20%	1.47%	0.90%	1.05%	0.90%	1.05%	0.12%
						<b>Sterling Class M</b>	<b>EUR Class I</b>
						<b>31 December 2017</b>	<b>31 December 2017</b>
						USD	USD
Expenses						406,464	613,251
Average net assets						77,634,499	136,652,408
<b>Total Expense Ratio (*, **, ***)</b>						1.05%	0.90%
<b>Portfolio Turnover Ratio</b>							<b>Total</b>
Purchases and sales of securities (i)							167,768,286
Subscription and redemption of shares (ii) ****							39,619,895
Monthly average of total assets (iii)							685,760,788
<b>Portfolio Turnover Ratio</b>							19%
<b>For the period ended 31 December 2016</b>					<b>Canadian</b>	<b>Canadian</b>	<b>Australian</b>
<b>Total Expenses Ratio</b>	<b>USD Class A</b>	<b>USD Class B</b>	<b>USD Class M</b>	<b>Dollar Class I</b>	<b>Dollar Class M</b>	<b>Dollar Class F</b>	<b>EUR Class M</b>
	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>	<b>31 December 2016</b>
	USD	USD	USD	USD	USD	AUD	USD
Expenses	179,144	49,688	291,799	506,882	328,816	8,067	460,309
Average net assets	29,775,724	6,692,993	55,428,959	112,332,748	62,460,442	12,304,313	87,438,437
<b>Total Expense Ratio (*, **, ***)</b>	1.20%	1.48%	1.05%	0.90%	1.05%	0.13%	1.05%
							<b>Sterling Class I</b>
							<b>31 December 2016</b>
							USD
Expenses							327,670
Average net assets							88,592,324
<b>Total Expense Ratio (*, **, ***)</b>							0.90%
<b>Portfolio Turnover Ratio</b>							<b>Total</b>
Purchases and sales of securities (i)							180,773,586
Subscription and redemption of shares (ii)							131,409,949
Monthly average of total assets (iii)							455,025,940
<b>Portfolio Turnover Ratio</b>							11%

## Harding Loevner Funds plc

### Unaudited Financial Information

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#### For the six months ended 31 December 2017 (continued)

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##### The Harding Loevner Emerging Markets Equity Fund

For the period ended 31 December 2017

##### Total Expenses Ratio (continued)

\* The Total Expense Ratios for Emerging Markets Equity Fund include Investment Management fee rebates of USD 52,739 (31 December 2016: USD 64,375).

\*\* The Total Expense Ratios for Emerging Markets Equity Fund include preliminary expenses of USD 9 (31 December 2016: USD 4,826). These are amortised for valuation purposes over five years; however, they were expensed in the financial statements during the period they were incurred.

\*\*\* The Total Expense Ratio is annualised.

Note - the portfolio turnover ratio is calculated as follows  $((i-ii)/iii) \times 100$ . The portfolio turnover ratio is not annualised.

\*\*\*\* The subscription and redemption of shares figure in the above table excludes share class switches.



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