



Ex US Marks The Spot

Where future returns are heading

CFA Society of Dayton

August 13, 2025

Harding Loevner

Investing for our clients since 1989

We invest in high-quality, growing companies identified through fundamental research with a long-term, global perspective.

1989

Firm
founded

1

Investment
philosophy

114

Employees
33 partners

**17 Countries
of Origin**

29 languages²

31 Analysts

Organized by global
sector

Total Firm

\$45B AUM

Global Equities

\$10B AUM

**International
Equities**

\$33B AUM

**Emerging Markets
Equities**

\$1B AUM



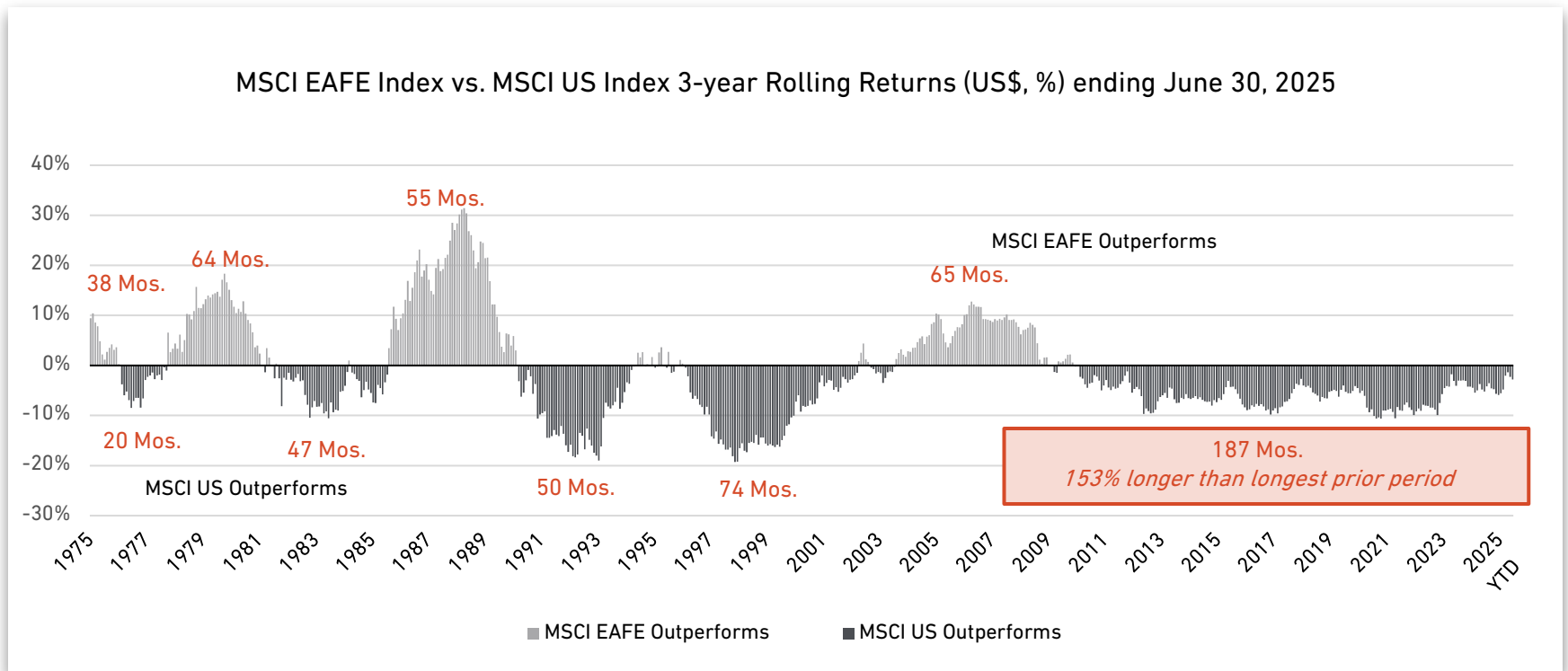
**Our
Values**

- Trustworthy
- Persistent
- Thoughtful
- Transparent
- Intellectually Restless
- Accountable

¹Each separate account, pooled vehicle, and third-party wealth management program relationship is counted as a single account. ²29 different languages across 53 employees. Source: Harding Loevner as of June 30, 2025.

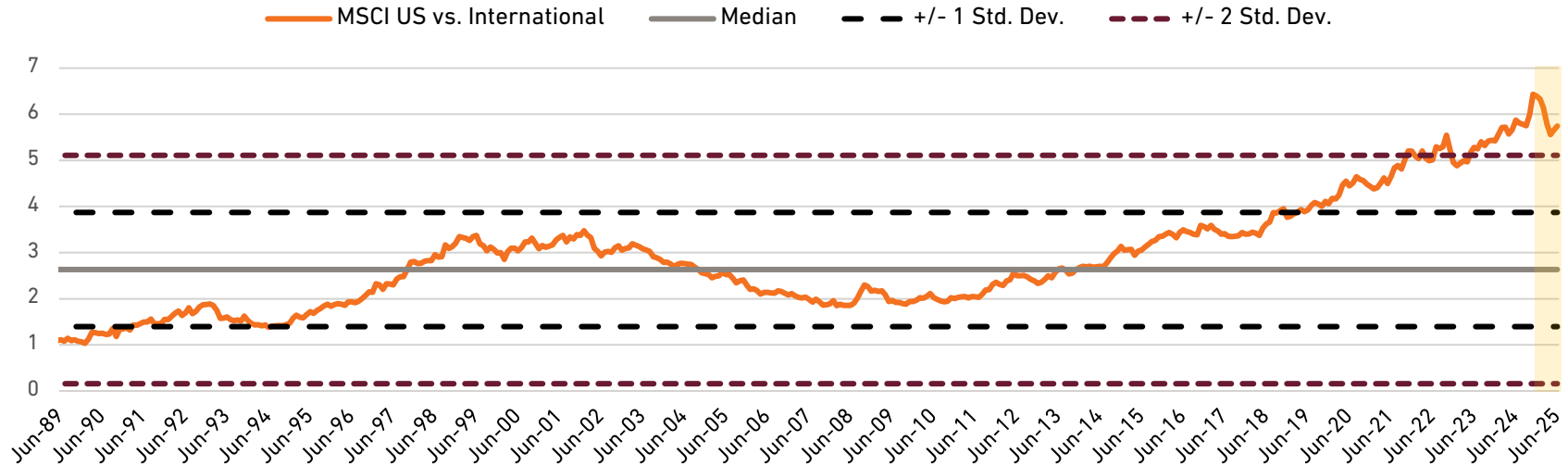
US Equities Have Outperformed Since the GFC

But leadership is cyclical



International Markets: At An Inflection Point?

MSCI US vs. International Index Levels¹
(US\$ Relative Total Return)



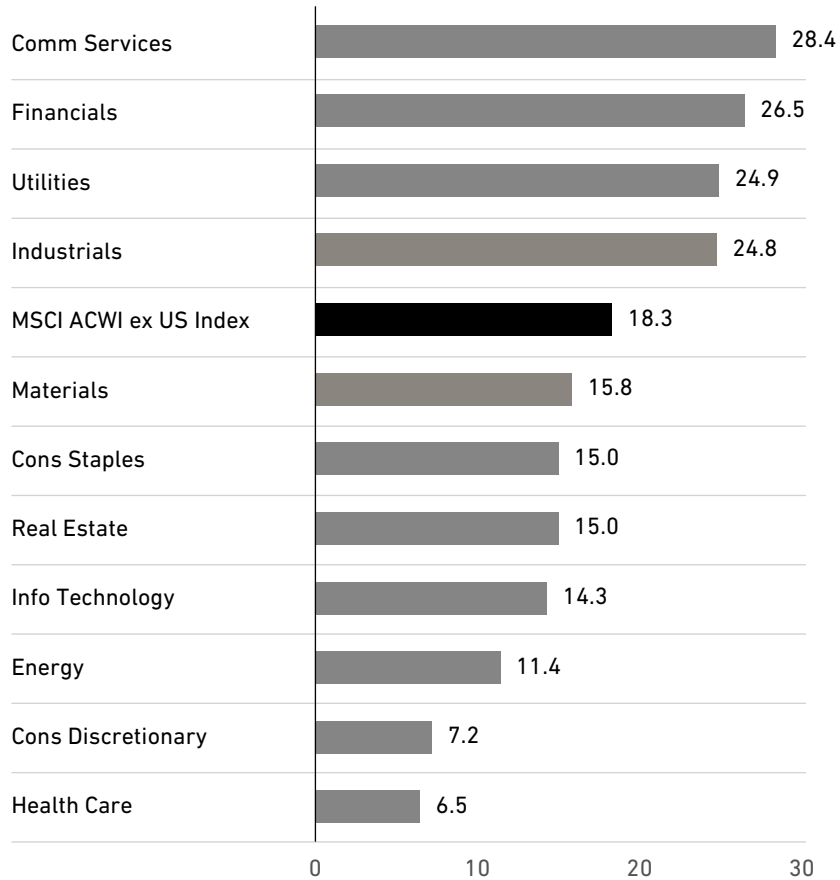
Recent Performance (% Total Return) Ended June 30, 2025

	QTD	YTD	1 Year	3 Years	5 Years
Global (MSCI ACWI Index)	11.69	10.33	16.69	17.89	14.17
S&P 500	10.94	6.20	15.16	19.71	16.64
International (MSCI EAFE Index)	12.07	19.92	18.33	16.55	11.71
S&P 500 vs. International	-1.13	-13.72	-3.17	3.16	4.93

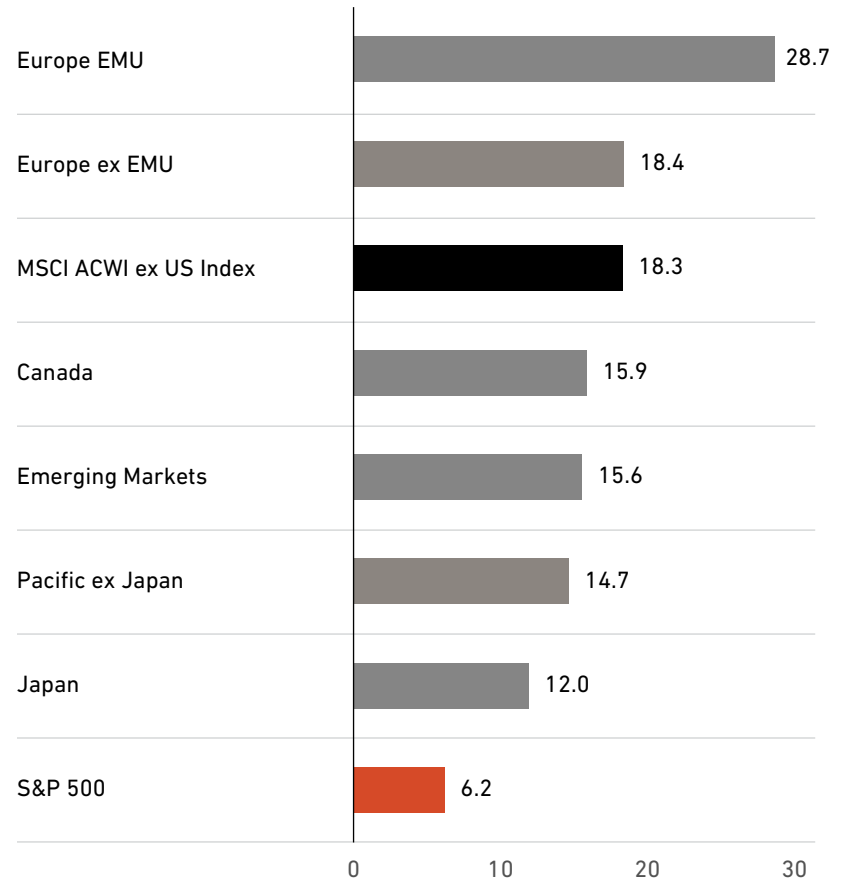
¹The US Index is represented by the MSCI USA Index and the International Index is represented by the MSCI ACWI ex US Index from its January 1, 2001 inception and the MSCI EAFE Index prior to that date. (Bottom table): "Global": MSCI All Country World Index. "International": MSCI EAFE Index. MSCI Inc. Source: FactSet, MSCI Inc. Data as of June 30, 2025. Please read the disclosures on the last page, which are an integral part of this presentation.

What Has Worked Outside The US This Year?

1H25 Sector Total Return (%)

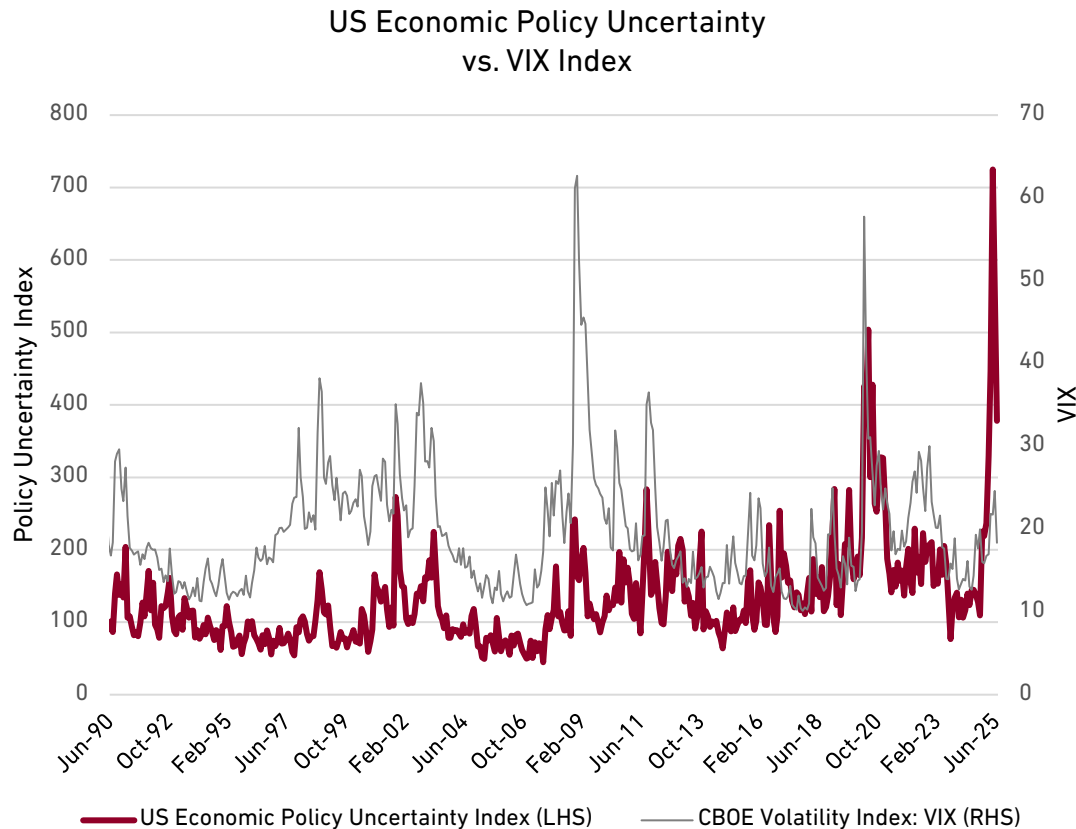


1H25 Region Total Return (%)



Rising US Policy Uncertainty

Leading to rising market volatility



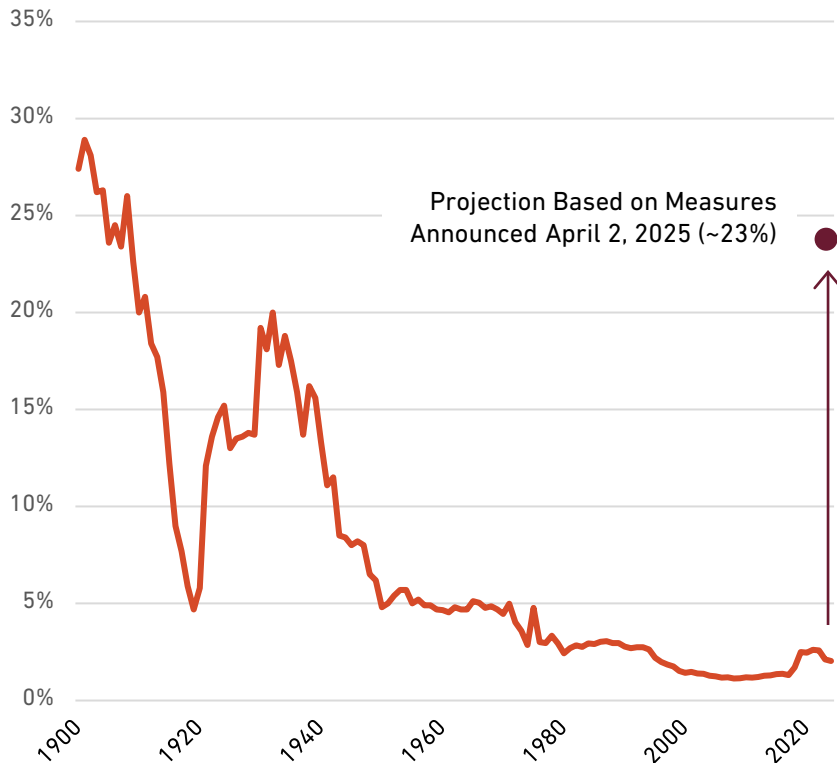
Uncertainty related to:

- Economy
- Regulation
- Monetary
- Fiscal

Tariffs Still in Flux

Disruptive and a potential tax on the consumer

Tariffs as Percentage of US Imports

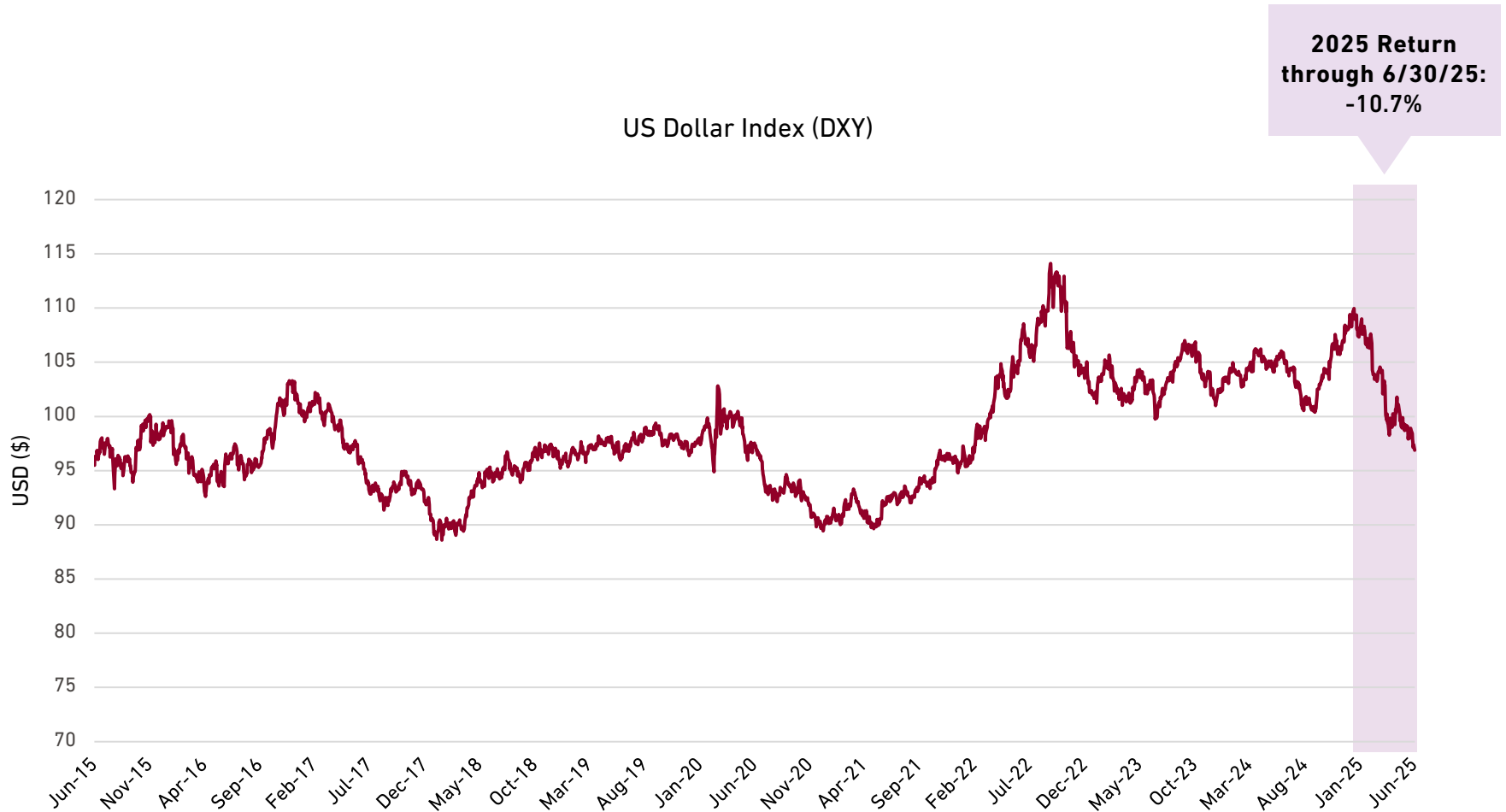


	Announced Tariff Rate (as of 4/2/25)	Announced Tariff Rate (as of 4/10/25)
Europe EMU		10%
Japan		10%
China & Hong Kong	34%	125%
Sweden	10%	10%
United Kingdom	10%	10%
Switzerland	31%	10%
Canada		*25%
Taiwan	32%	10%
Singapore		10%
India		10%
Mexico		*25%
South Korea	25%	10%
Denmark	10%	10%
Australia		10%
Peru		10%
Indonesia		10%
United States		

Left Source: Bloomberg Inc., FRED Economic Data, Federal Reserve Bank of St. Louis, US Economic Policy Uncertainty Index. Data as of March 31, 2025. Right Source: "The Announced Tariff Rate (as of 4/2/25)" column reflects the 10% universal tariff rate plus reciprocal tariffs for certain countries as specified by the White House on April 2, 2025. The "Announced Tariff Rate (as of 4/10/25)" column reflects the 10% universal tariff rate without reciprocal tariffs announced on April 10, 2025, unless otherwise indicated. *Per US administration officials, as of April 10th, 2025 Canada and Mexico are subject to 25% tariffs on goods that do not comply with the US-Mexico-Canada Agreement (USMCA) trade deal, as well as 25% tariffs on steel, aluminum, and foreign autos. Per US administration officials, Canada and Mexico are not subject to the 10% universal tariff rate. Source: FactSet, Reuters /White House, Wall Street Journal.

US Dollar Reversal in 2025

Worst start to a year since 1973



US Dollar Reversal in 2025

Worst start to a year in decades

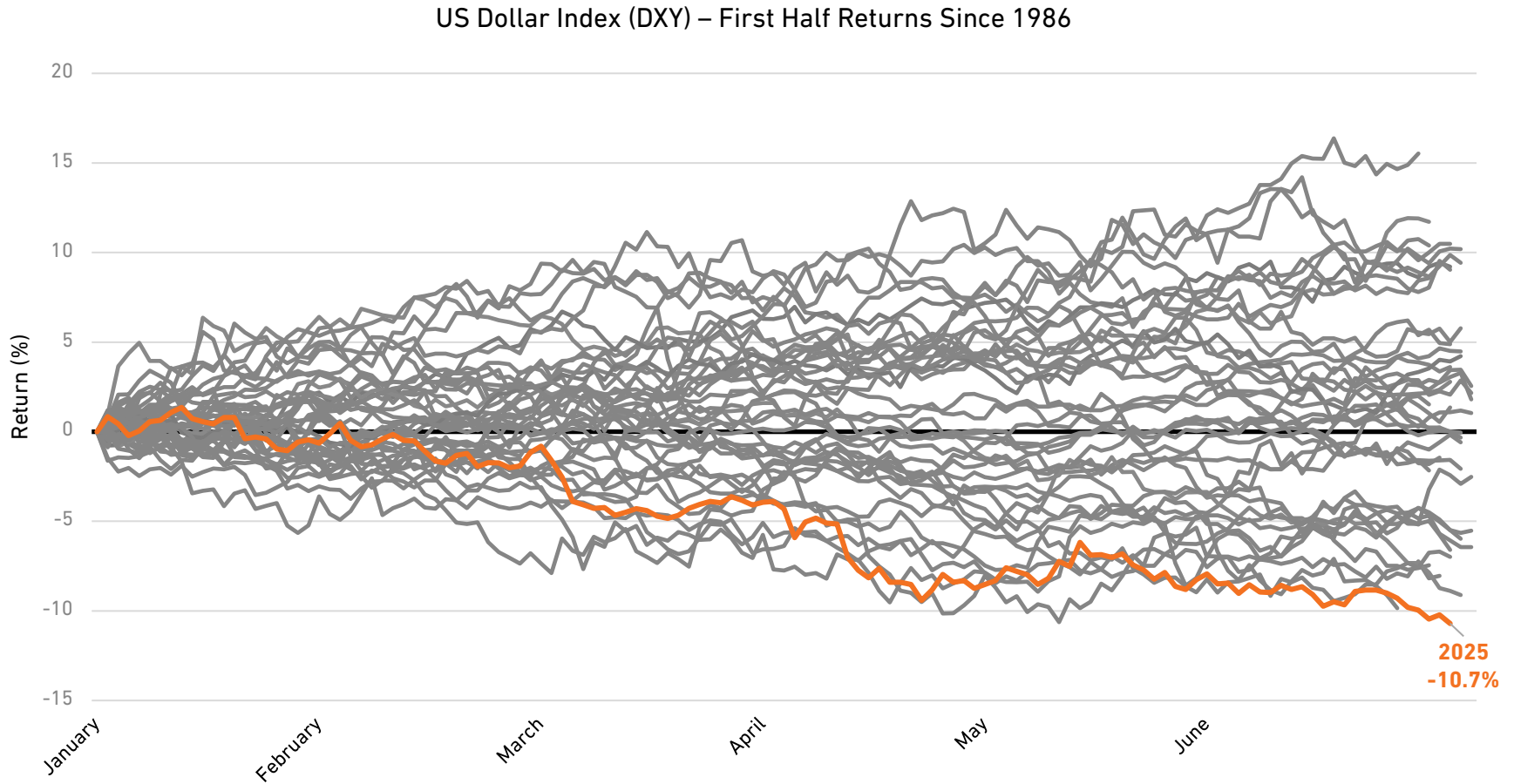
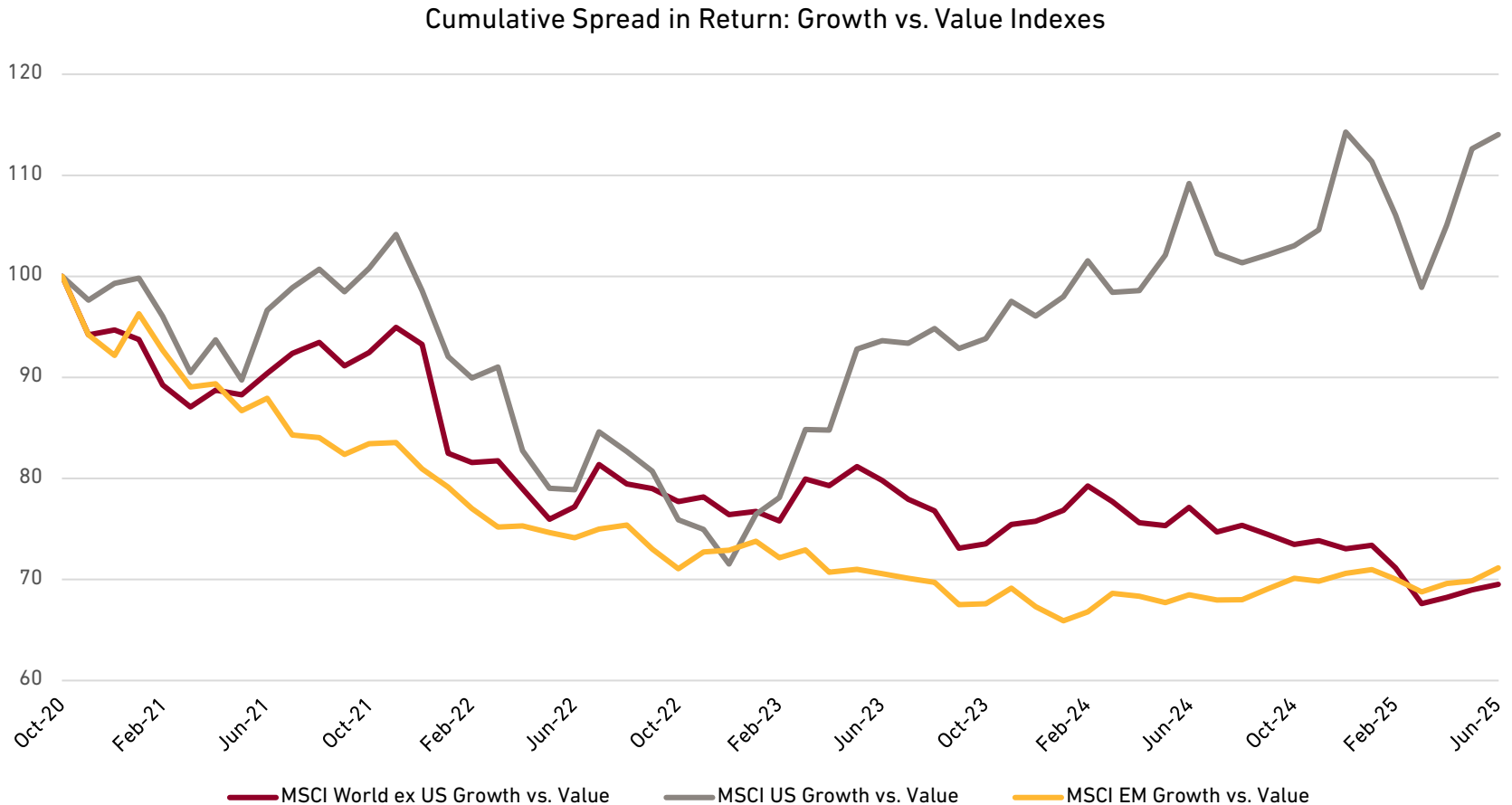


Chart shows percentage change in the US dollar index (DXY) in the first half of every year since 1986.
Source: Bloomberg. Data as of June 30, 2025.

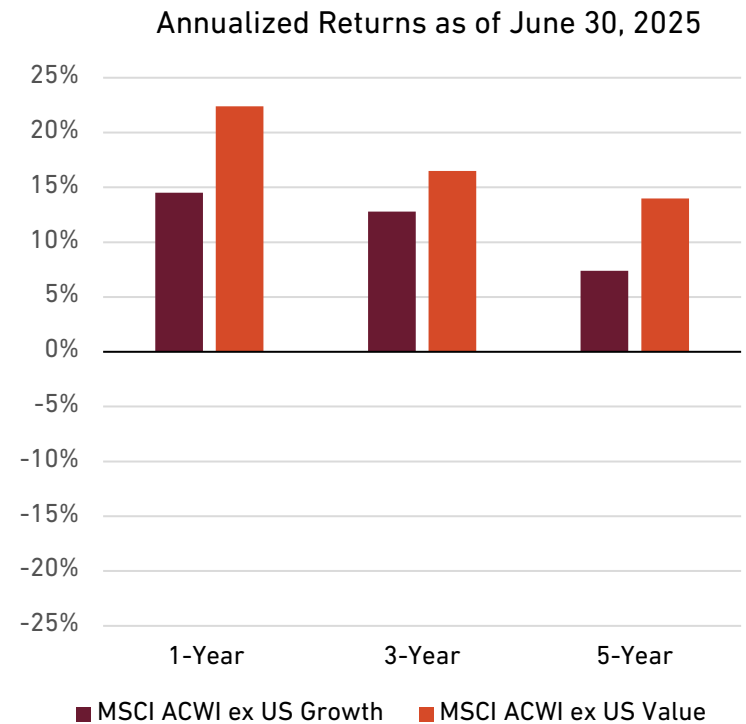
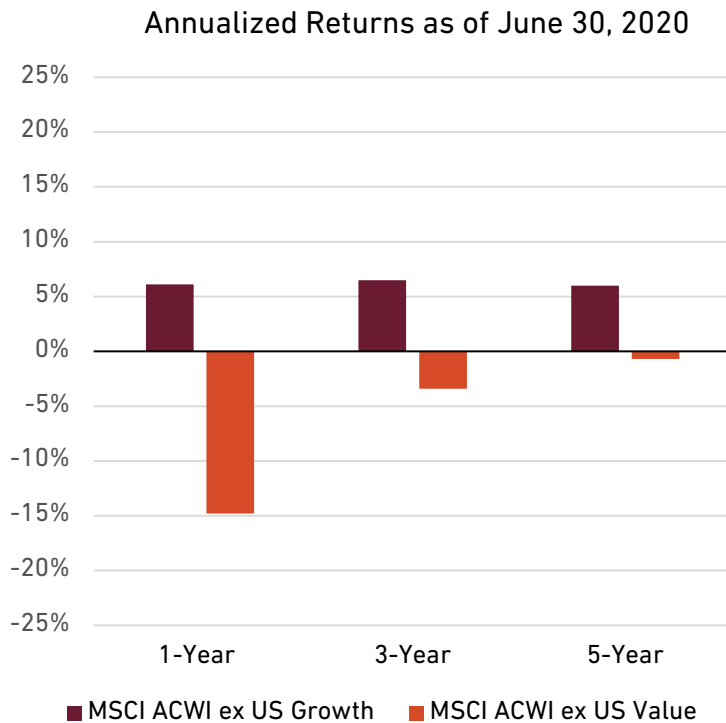
Pronounced Style Headwinds in Recent Years

Growth index trailed value index by 30 percentage points over three years



What A Difference Five Years Makes!

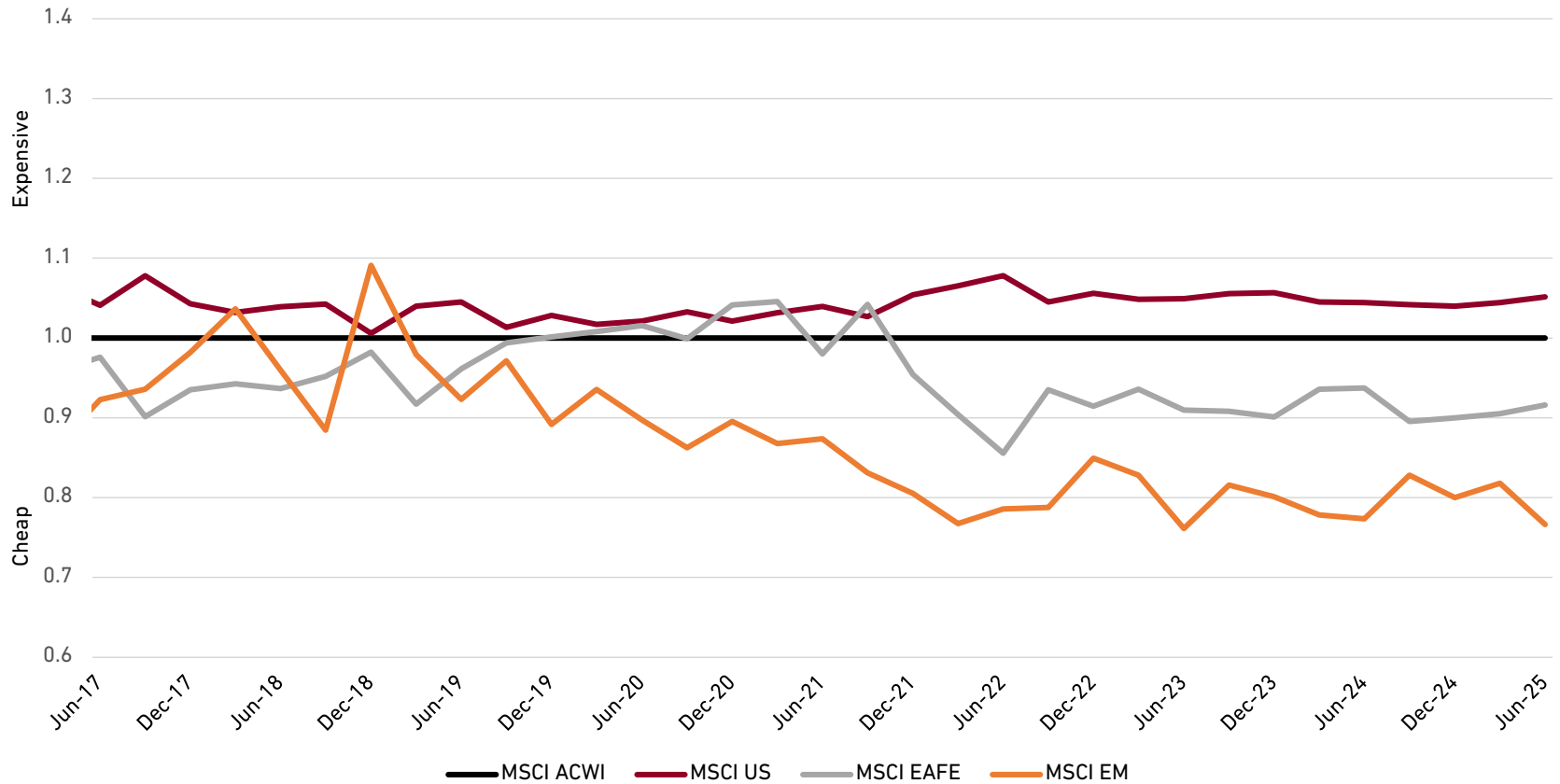
Time for a reversal?



Valuation of Superior Quality-Growth Stocks Relative to MSCI ACWI

Quality-Growth stocks outside of the US have de-rated significantly

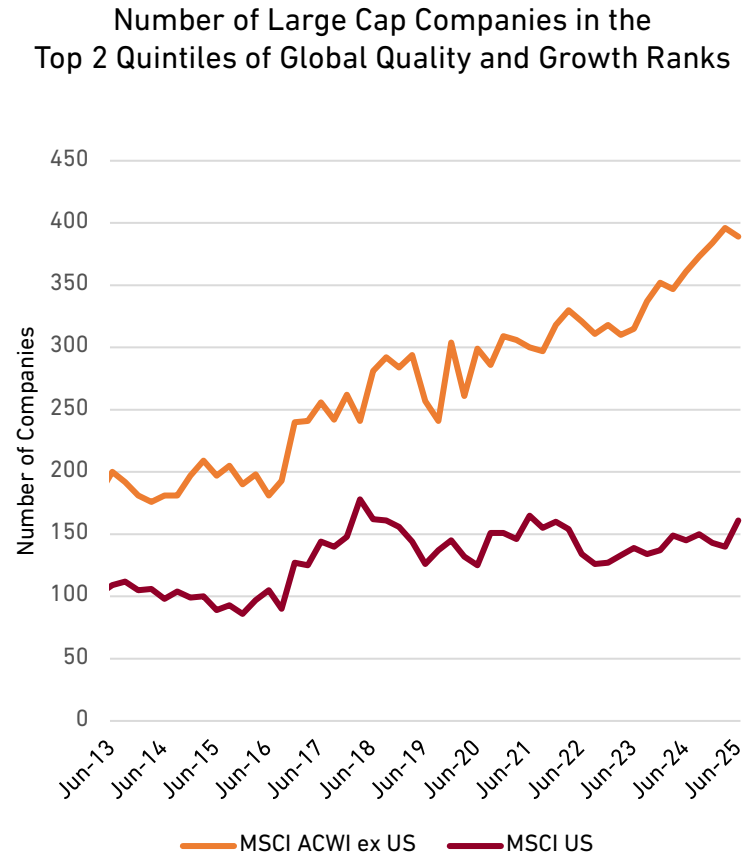
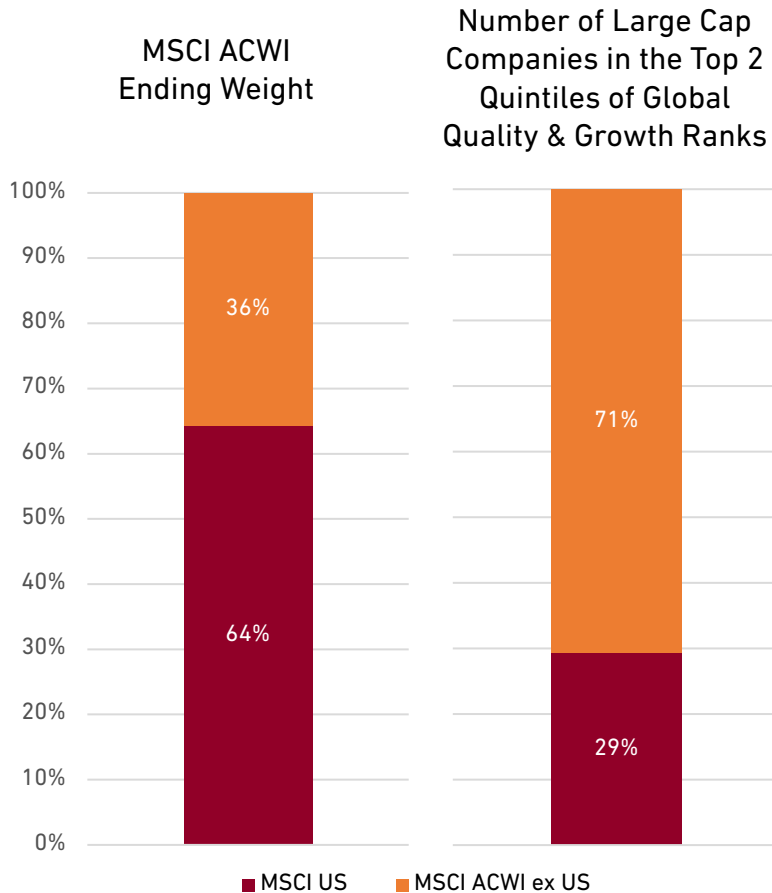
Relative Valuation of High Quality-Growth Non-US Companies
Relative VR Score of Top QG Quadrant MSCI US, EAFE and EM vs. MSCI ACWI Index



Top QG quadrant is defined as companies with a QR score > 0.5 and a GR score > 0.5. VR Score based on weighted average. Source: FactSet, MSCI Inc. HOLT database. Data as of June 30, 2025. Please read the disclosures, which are an integral part of this presentation.

Non-US Companies: Rising Share of Global High-Quality, Growth Universe

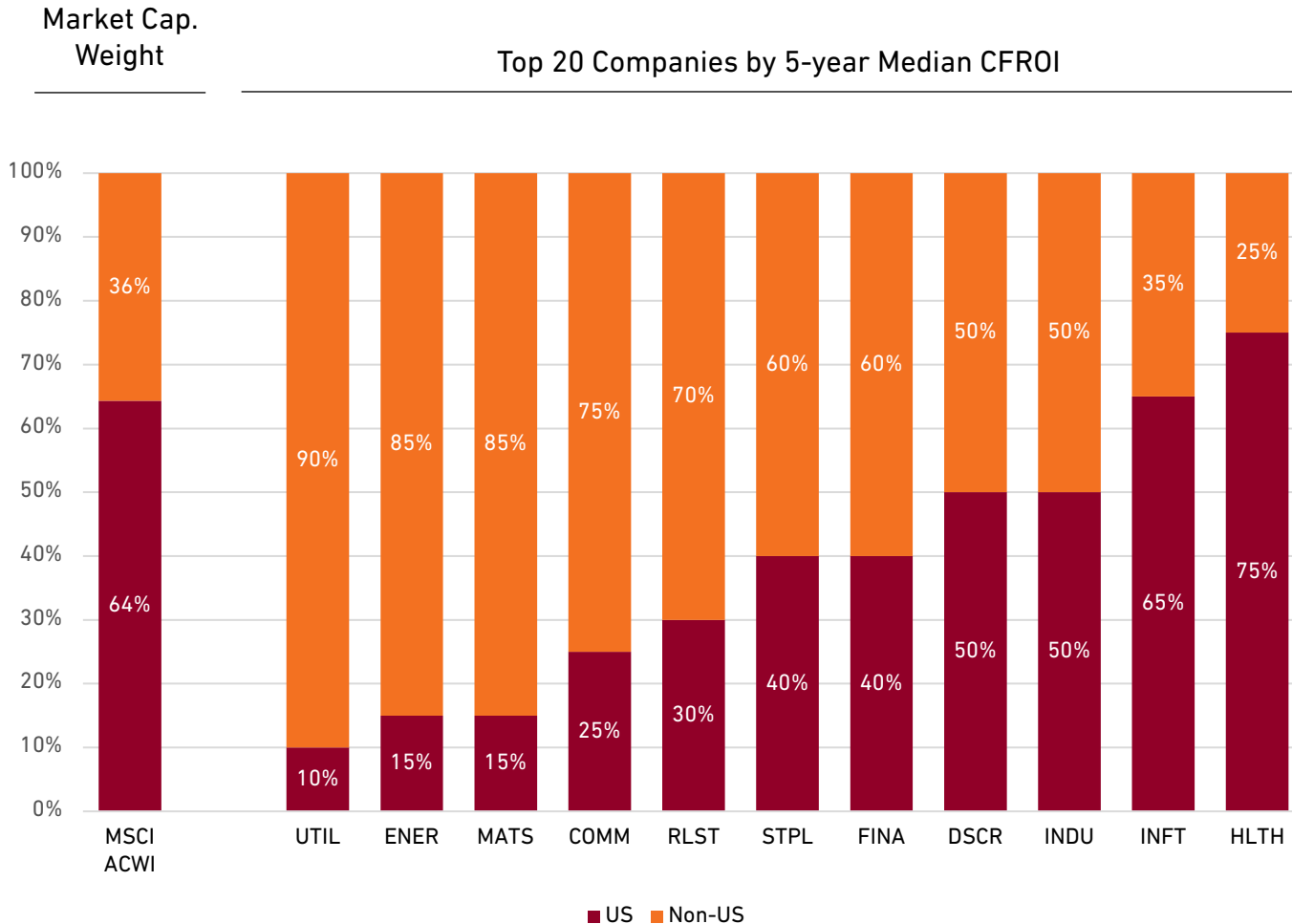
Growth industries particularly in Emerging Markets are driving this trend



Source: FactSet, MSCI Inc., HOLT database. Data as of June 30, 2025. Large cap is defined as a market cap above US\$5 billion.

Highly Profitable Businesses Exist Outside of the US

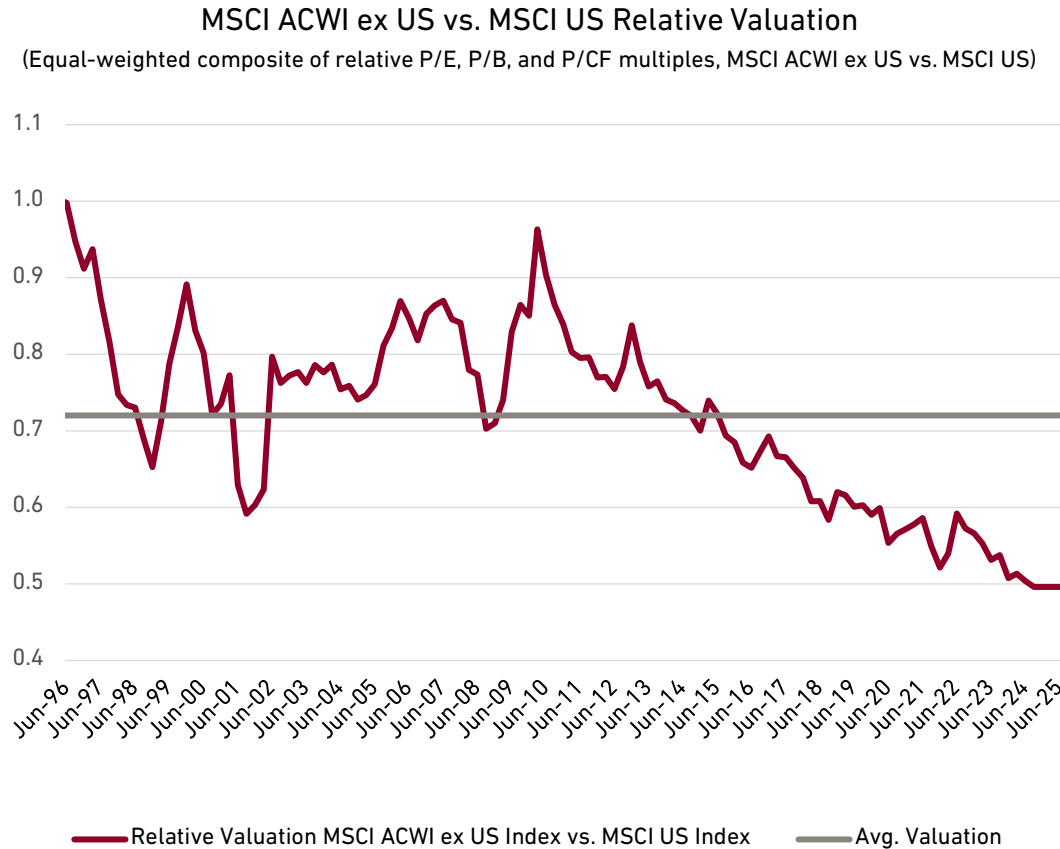
Examining the 20 most profitable companies in each sector globally reveals that the many are located outside the US



Companies with market cap >\$1 billion as of June 30, 2025. Profitability is based on 5-year median CFROI. Weights Data as of June 30, 2025. Source: Harding Loevner, FactSet, MSCI Inc., HOLT database. Please read the disclosures, which are an integral part of this presentation.

Expectations For International Equities Are Low

The US may be priced for perfection



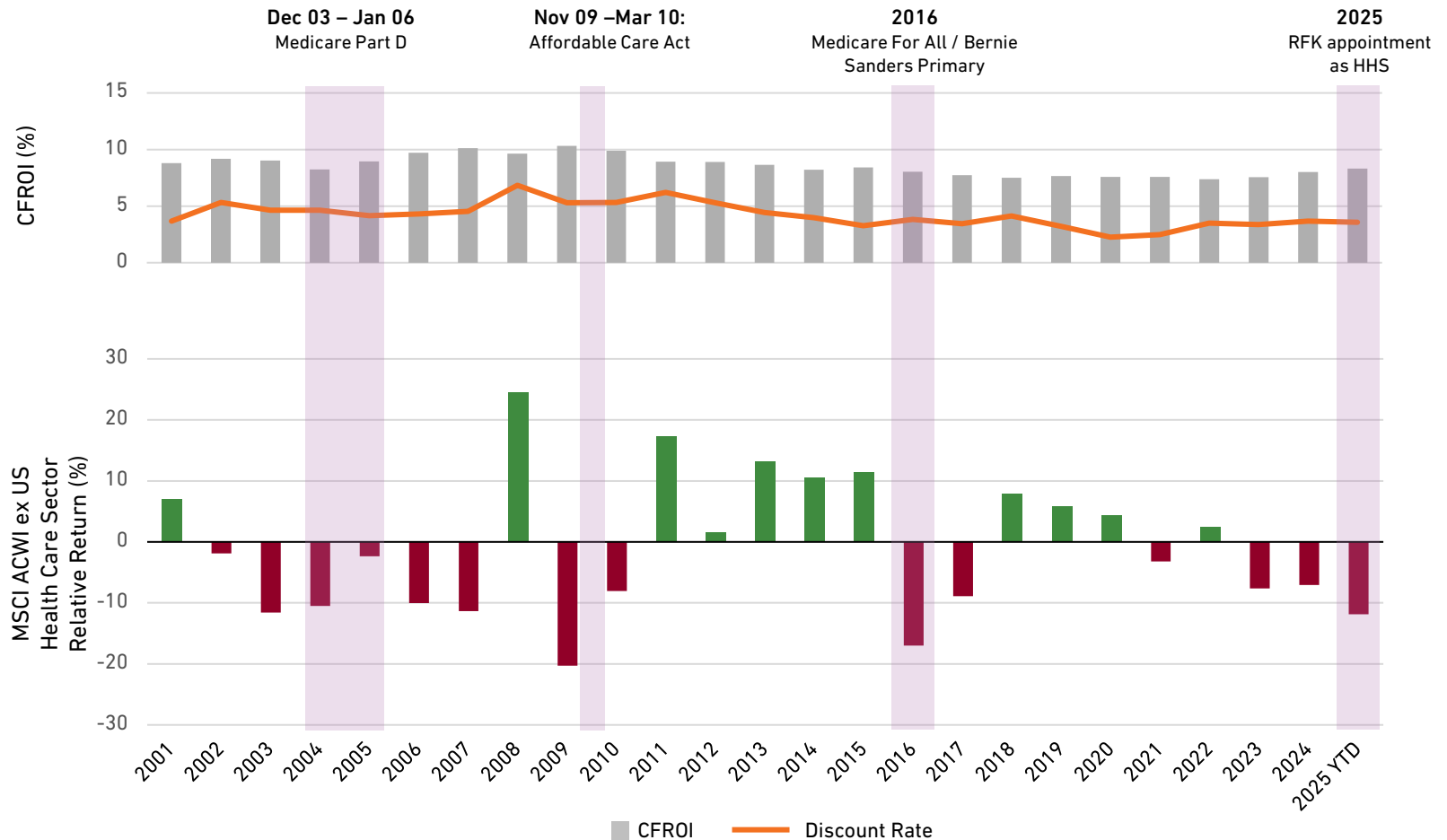
Valuation as of June 30, 2025
 (Based on most recent annual data)

	P/E	P/B	P/CF
MSCI ACWI ex US	16.2	2.0	10.2
Europe	15.2	2.1	10.1
Japan	14.9	1.4	8.8
US	27.3	5.1	19.4
EM	14.2	2.1	10.1

Health Care Sector Profitability Has Remained Consistent

Despite “fear events” and share price volatility

Global ex US Health Care CFROI vs. MSCI ACWI ex US Health Care Sector Return Relative to Total Index Return

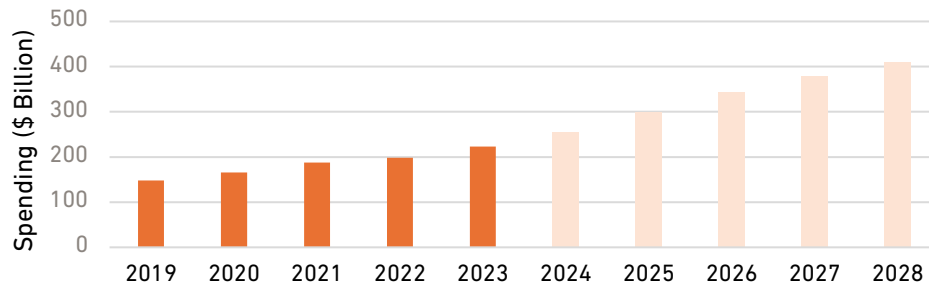


Source: FactSet, MSCI Inc., HOLT database. Data as of June 30, 2025.

Health Care – Diverse Growth Drivers

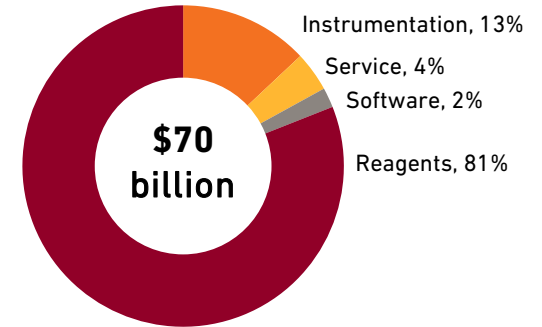
Oncology

Forecast Growth in Oncology

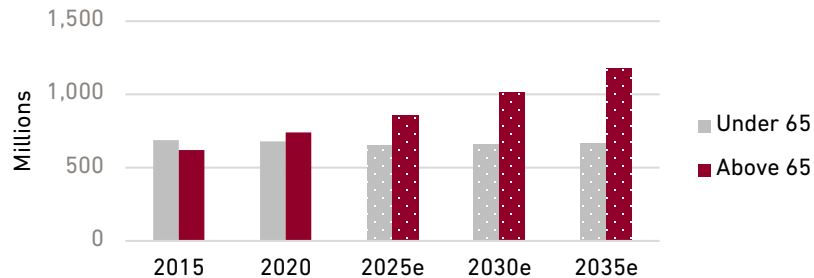


Diagnostics

Diagnostic Industry Revenues



Aging Population



Top - IQVIA Oncology Link, April 2024. Right – STRATEC. Bottom – from United Nations WPP. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. Past performance does not guarantee future results. Please read the disclosures, which are an integral part of this presentation.

IT – Tracking the Progress of a Wafer

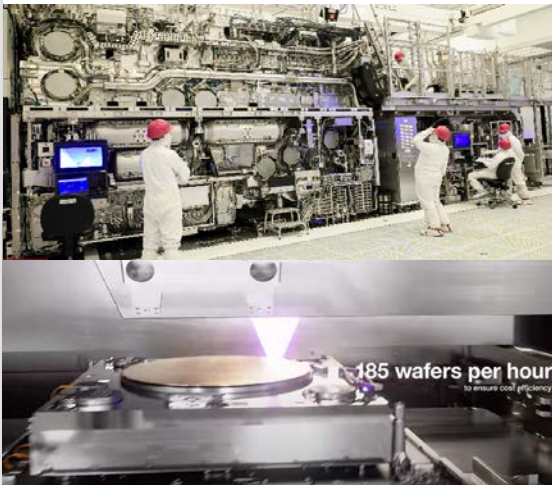
From front-end lithography to back-end dicing of wafers into dies

EUV Lithography

Cleanroom transport

Wafer dicing and polishing

ASML



DAIFUKU



DISCO

Kiru · Kezuru · Migaku Technologies



Fully-Automatic Dicing Saw

Fully-automatic dicing equipment using blades



Will Europe Boost Military Spending?

Projected to grow from ~2% of 2024 GDP to 3.5% by 2035

Military Expenditure of European NATO Members in Constant USD

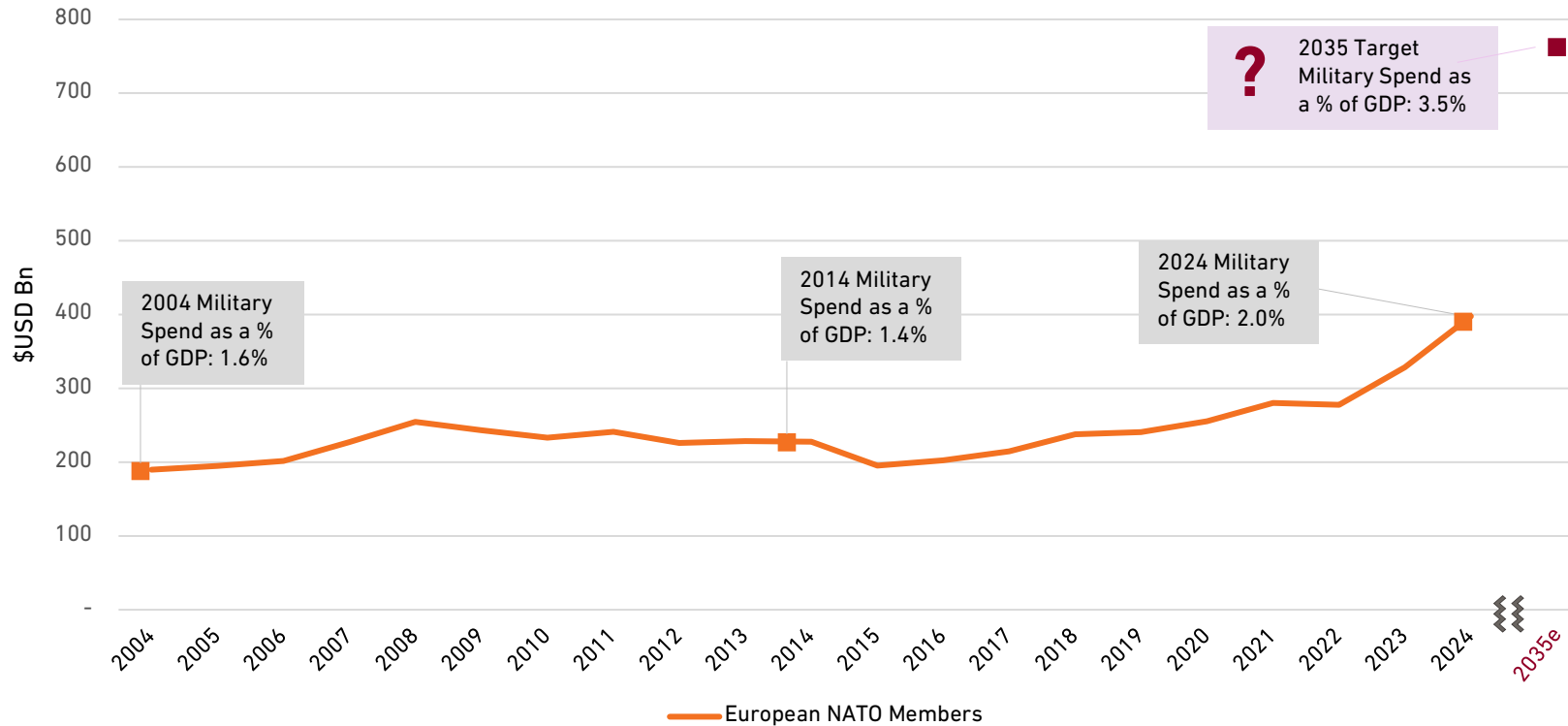
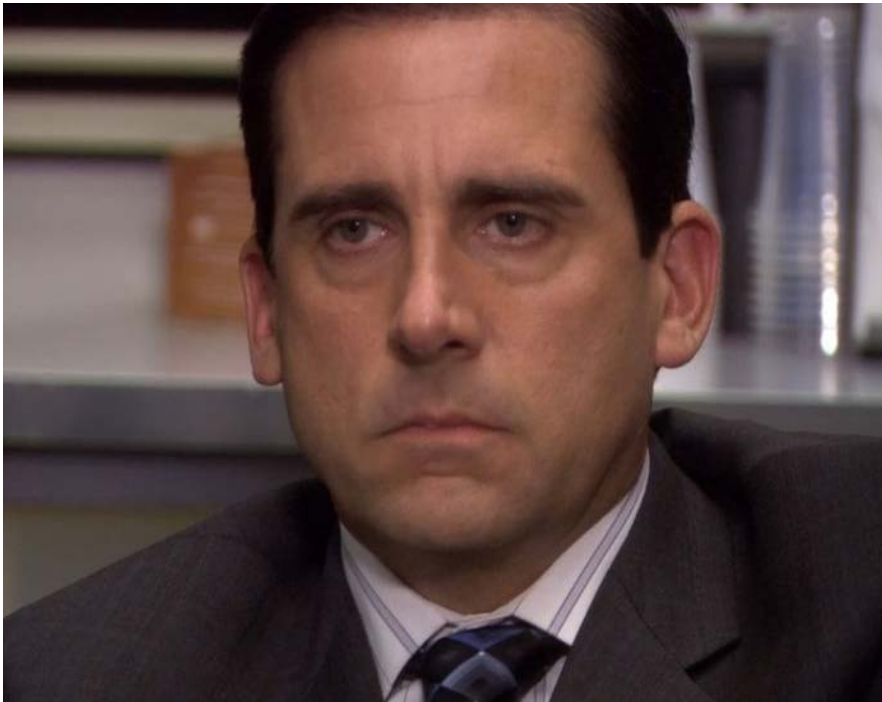


Chart shows Military Spend as a % of GDP for European NATO members. The 2035 implied target of US\$787 billion in 2035 assumes 1% annual GDP growth and a military spending target of 3.5% of GDP. Source: SIPRI Military Expenditure Database | SIPRI. Data as of December 31, 2024.

International equity investors since 2010 International equity investors in 2025



Harding Loevner Contact:

Connor VanDenBosch, CFA

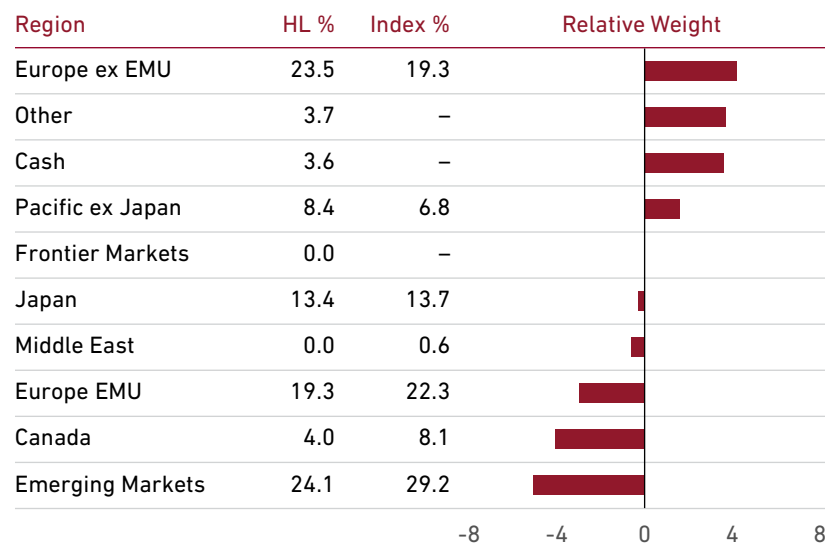
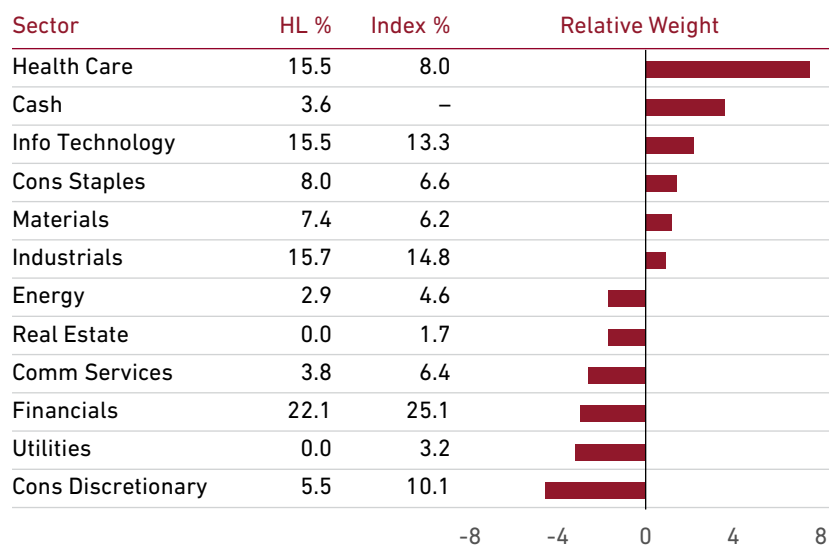
cvandenbosch@hlmnet.com

908-307-1951

Appendix

Portfolio Positioning

As of June 30, 2025



Ten Largest Holdings – Total Weight: 29.3%

Company	Market	Sector	Wt. (%)
TSMC	Taiwan	Info Technology	3.9
DBS Group	Singapore	Financials	3.7
HDFC Bank	India	Financials	3.5
Shell	UK	Energy	2.9
Schneider Electric	France	Industrials	2.7

Company	Market	Sector	Wt. (%)
AIA Group	Hong Kong	Financials	2.6
Roche	Switzerland	Health Care	2.5
ASML	Netherlands	Info Technology	2.5
Allianz	Germany	Financials	2.5
Chugai Pharmaceutical	Japan	Health Care	2.5

82% Active Share

"HL": International Equity model portfolio. "Index": MSCI All Country World ex US Index. "Frontier Markets": Includes countries with less-developed markets outside the index.

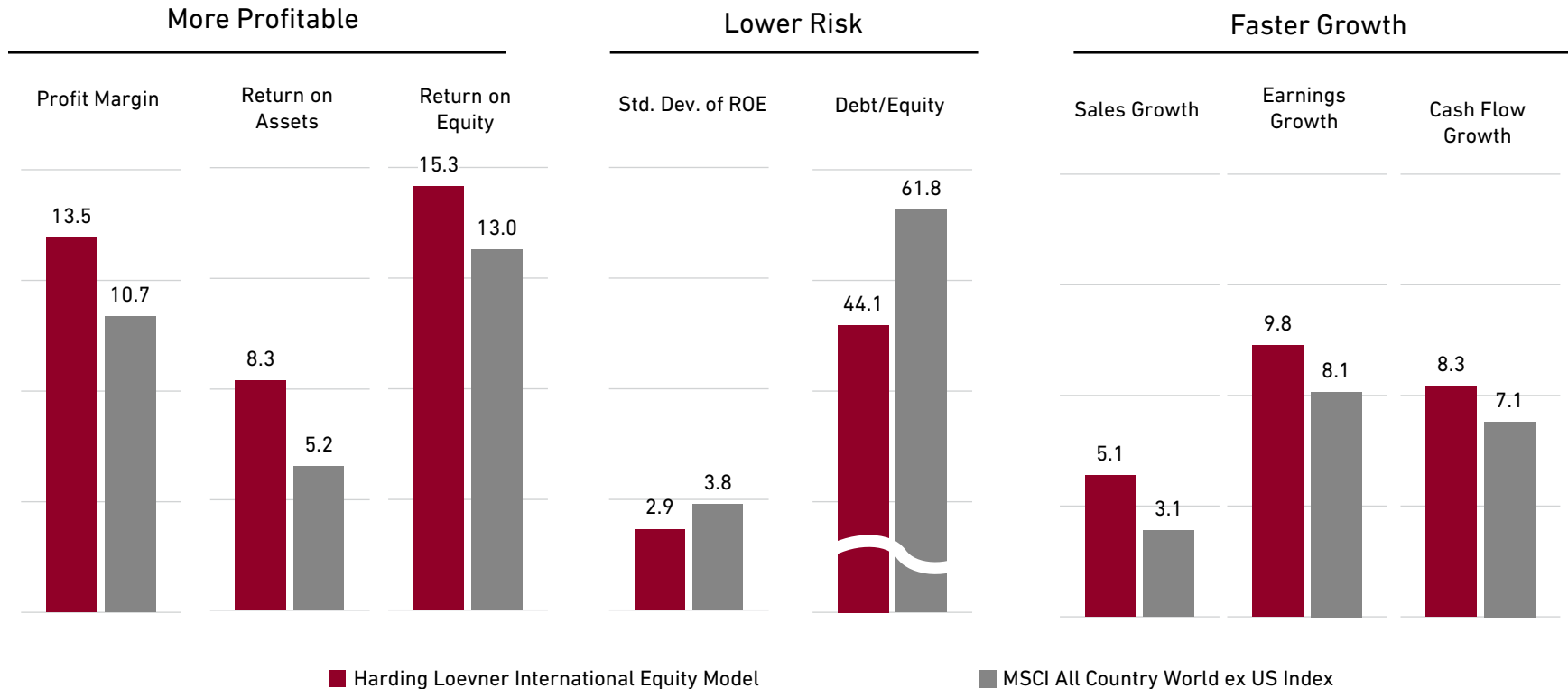
"Other": Includes companies classified in countries outside the index.

Source: Harding Loevner International Equity model, MSCI Inc. Data as of June 30, 2025. Sector and region end weights, holdings, and active share are shown as supplemental information only and complement the fully compliant International Equity composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

Quality and Growth Investment Philosophy

We build diversified portfolios of high-quality, growing companies mindful of price

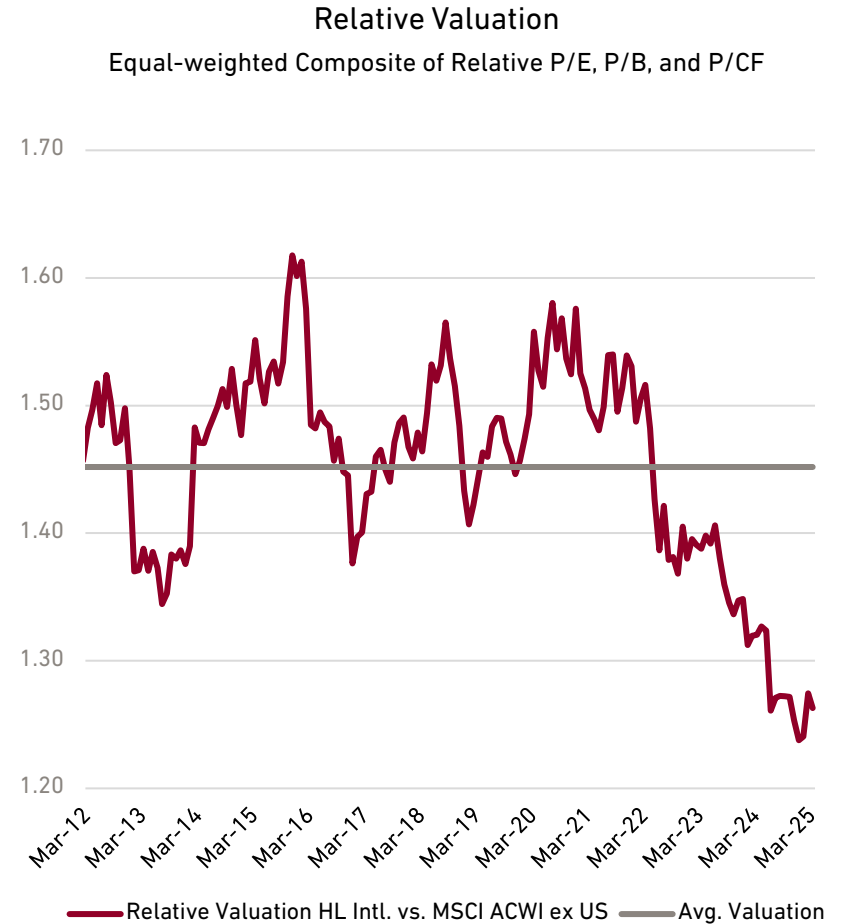
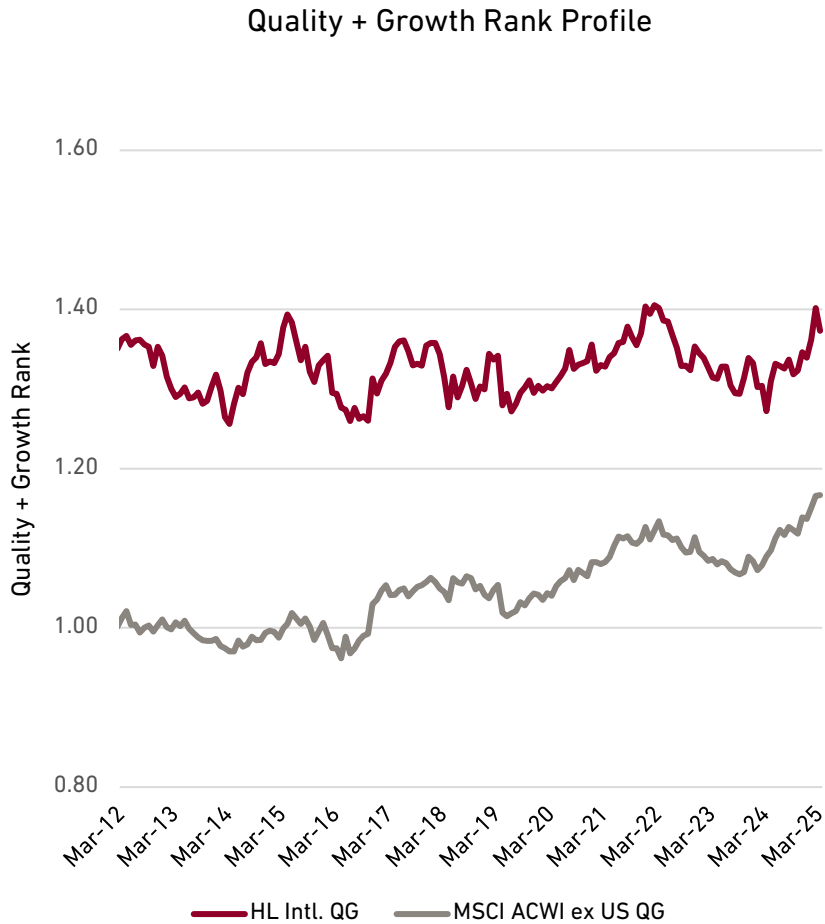
Quality-Growth Metrics (10-Year Average)



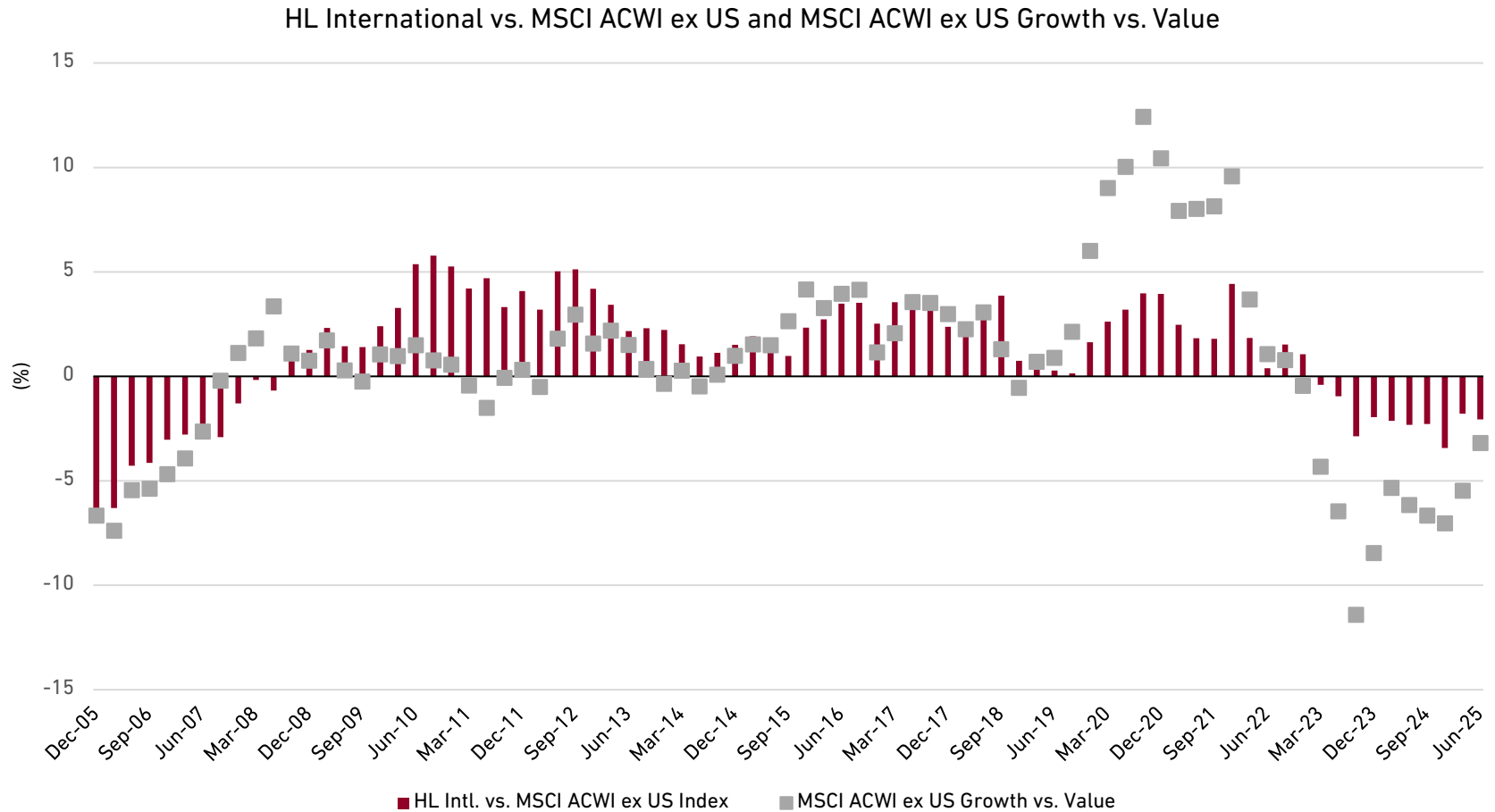
Source: FactSet, MSCI Inc. Data as of June 30, 2025. Growth and volatility metrics are based on five-year historical data ended each of the last 10 years; the other ratios are based on annual data for the last 10 years. All metrics and ratios are percentages presented as weighted medians. Please read the disclosures on the last page, which are an integral part of this presentation.

Consistent Quality and Growth Stance, Declining Valuation Premium

HL International vs. MSCI ACWI ex US



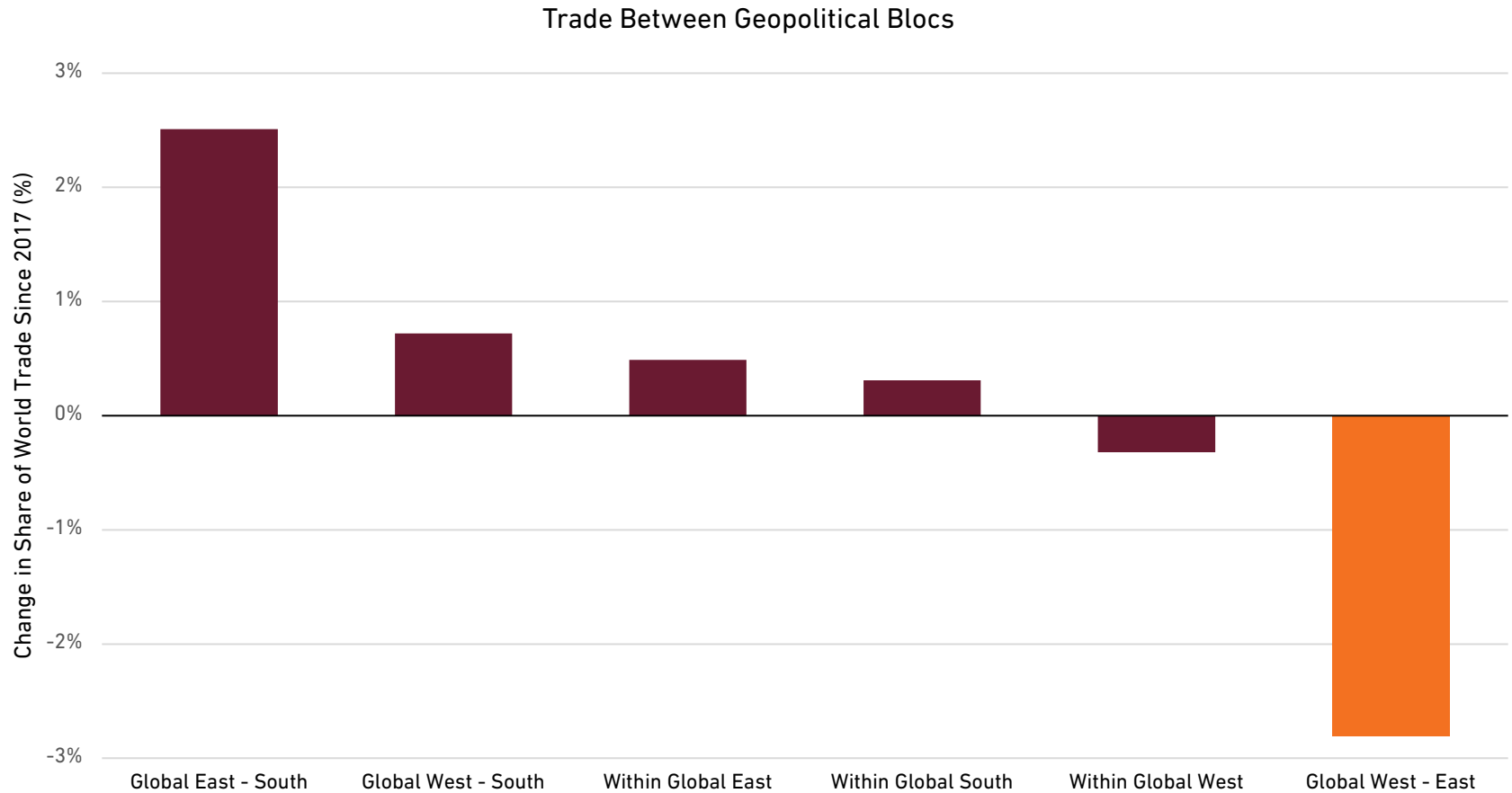
Rolling 3-Year Excess Returns



Source: Harding Loevner International Equity composite. Bloomberg. MSCI Inc. Data as of June 30, 2025. Performance for International Equity composite is shown net of fees; performance for the index is shown gross of fees. Past performance does not guarantee future results.

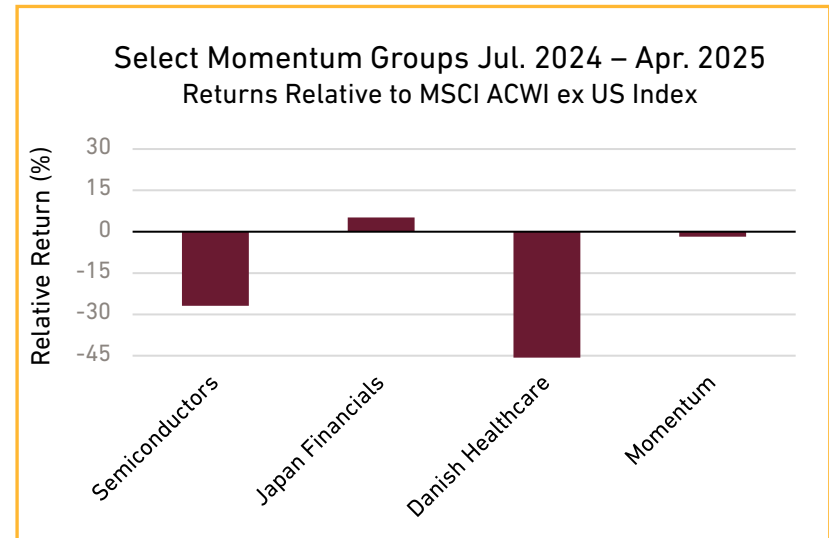
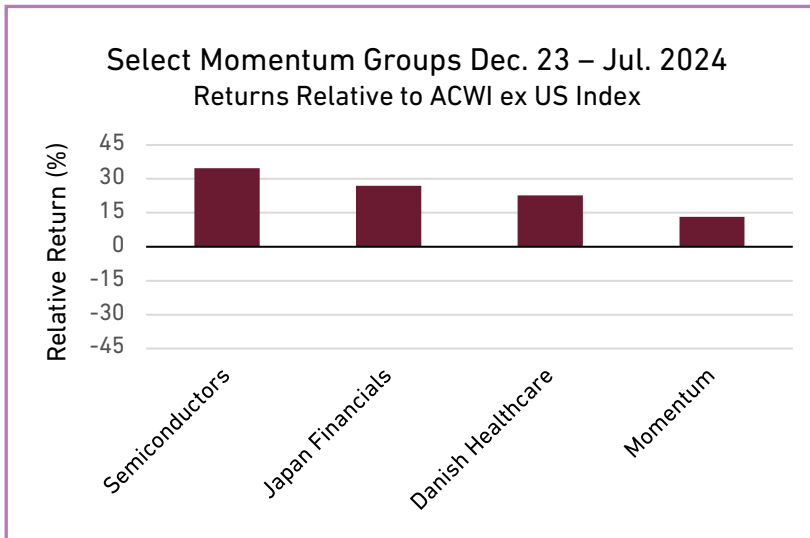
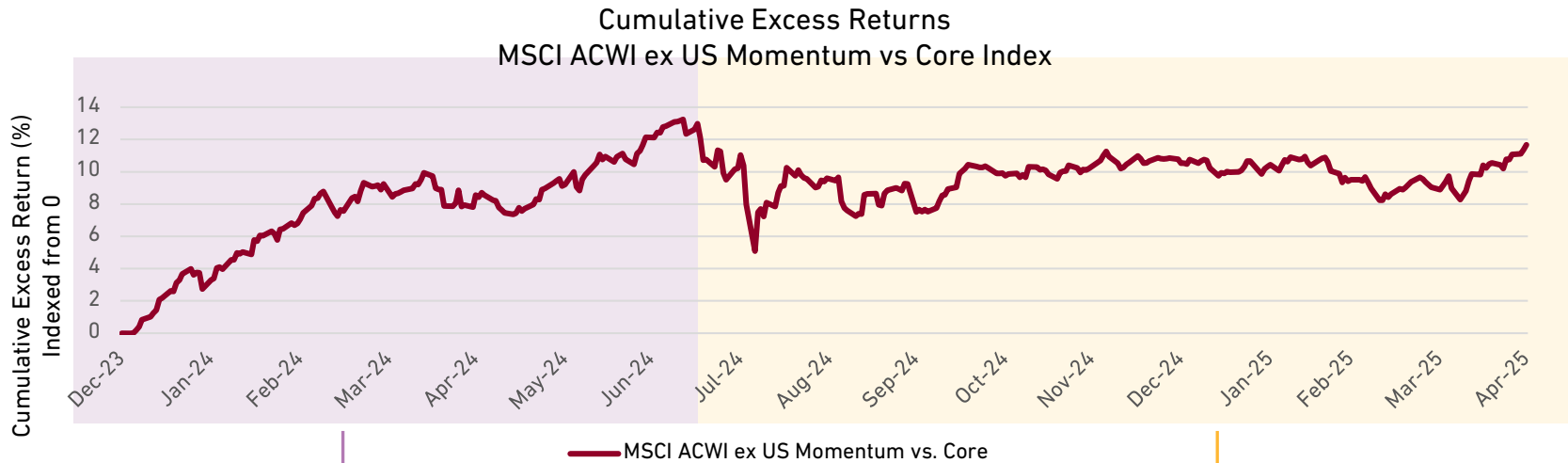
US Squandering Its Lead in Global Trade?

Exports Have Been Redirected



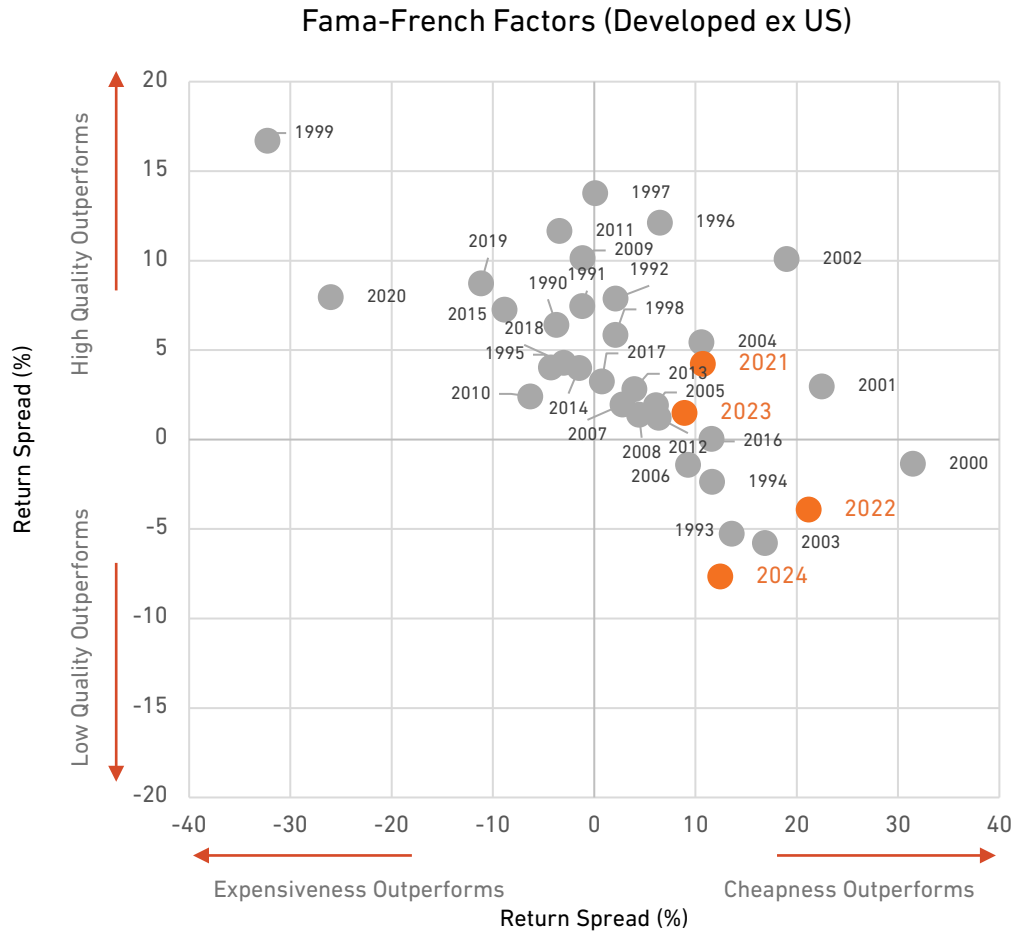
Data depicted is IMF DOT export data for last twelve months ending September 2024 compared to the twelve-month period ending September 2017. Current coverage of world trade represented herein is around 87%. Chart is from the report "Five Fresh Perspectives on Global Trade" issued December 12, 2024. Source: Deutsche Bank, Haver Analytics. Reproduced with permission.

Waning of 2024 Momentum Trade



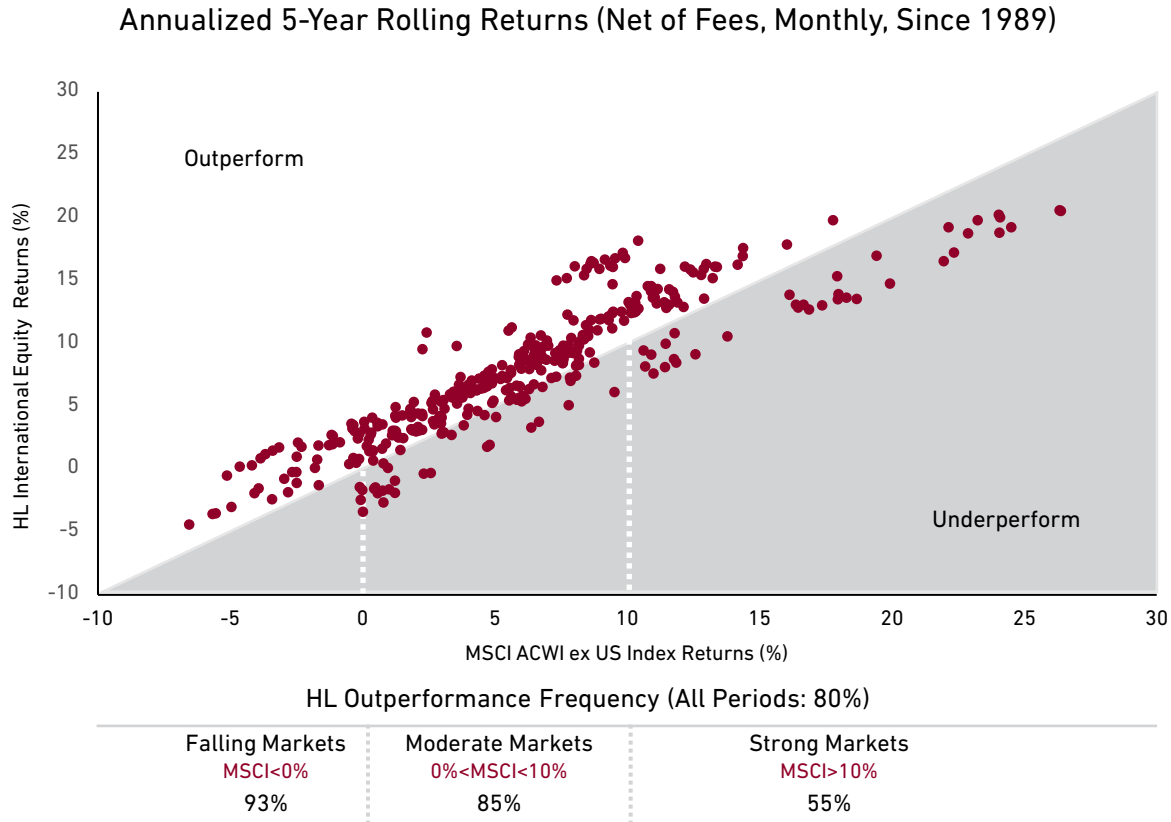
2024 – Worst Year For Quality Outside The US

Price matters



Consistent Results for Our Clients

Our decision-making has produced a distinctive pattern of performance



Performance data quoted represents past performance; **past performance does not guarantee future results. Invested capital is at risk of loss.** Performance is since inception; inception date: December 31, 1989.
 Source: Geneva, Harding Loevner International Equity composite, FactSet, MSCI Inc. Data as of June 30, 2025. Information shown here is supplemental and complements the GIPS Presentation. Please read the disclosures on the last page, which are an integral part of this presentation.

Disclosures

The information provided in this presentation should not be considered a recommendation to purchase or sell a particular security. Unless otherwise stated, non-performance based criteria have been used to select the securities listed. The portfolio is actively managed therefore securities shown may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner. A complete list of holdings for the International Equity model at March 31, 2025 is available on request.

All International Equity client accounts are based on the Harding Loevner International Equity model, and are managed in strict accordance with this model. No deviation from the Harding Loevner International Equity model is permissible except to accommodate unique, agreed-upon client guidelines or restrictions.

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

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

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

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. You cannot invest directly in this index.

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

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

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

Source (Benchmark Performance, Performance Attribution, Contributors and Detractors): FactSet, Harding Loevner International Equity composite, MSCI Inc.

Source (Portfolio Positioning, Portfolio Transactions, Portfolio Allocation Comparison, Quality and Growth Characteristics [Run date: April 3, 2025, based on the latest available data in FactSet on this date.]): FactSet, Harding Loevner International Equity model, MSCI Inc.

Source (Investment Statistics): eVestment Alliance LLC, Harding Loevner International Equity composite, based on composite returns.

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