

**Investment Philosophy**

Harding Loevner utilizes a bottom-up approach for building a diversified portfolio of high-quality durable-growth companies that are well-managed, financially-strong and possess clear competitive advantages. We purchase shares at prices where we see value. We seek long-term relative outperformance with lower risk. Our investment process focuses on understanding the competitive structure of industries, since we believe this has a significant influence over the long-term durability of corporate margins and earnings growth.

**Fund Facts**

CUSIP	412295867
Inception Date	05/27/08
Minimum Investment	\$100,000
Total Fund Assets	\$10.2 M
Sales Charge	None
Total # of Holdings	78
Net Expense Ratio <sup>1</sup>	2.00%
Gross Expense Ratio	4.08%
Turnover (Since Inception)	24%
Redemption Fee	2.00% first 90 days
Dividend Policy	Annual
NAV	\$6.29

**Sector Exposure (%)**

Sector	HLFMX	Benchmark <sup>2</sup>
Cons Discretionary	4.8	0.9
Cons Staples	11.2	3.1
Energy	4.8	8.1
Financials	32.4	46.7
Health Care	4.2	1.2
Industrials	18.5	7.4
Info Technology	1.8	0.2
Materials	9.0	12.9
Telecom Services	7.1	16.0
Utilities	2.0	3.5
Cash	4.2	-

**Geographical Exposure (%)**

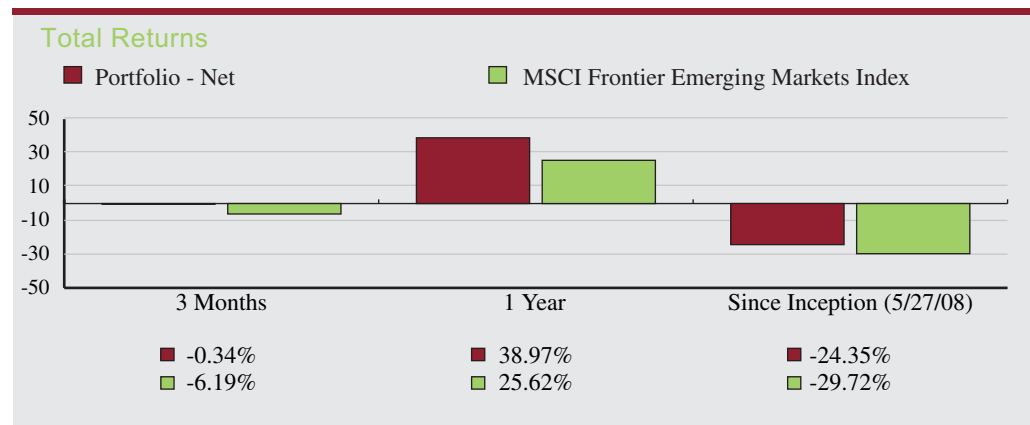
Region	HLFMX	Benchmark <sup>2</sup>
Africa	29.0	18.9
Eastern Europe	14.4	8.1
Emerging Asia	16.5	11.7
Gulf States	12.4	34.5
Latin America	16.1	23.7
Middle East	3.4	3.1
Other <sup>3</sup>	4.0	-
Cash	4.2	-

**Investment Objective**

The Frontier Emerging Markets Portfolio seeks long-term capital appreciation through investments in equity securities of companies based in frontier emerging markets.

**Total Returns (%)**

	Inception Date	Average Annualized Total Returns as of December 31, 2009		
		3 Months	1 Year	Since Inception
Frontier Emerging Markets Portfolio - Net	5/27/08	-0.34	38.97	-24.35
MSCI Frontier Emerging Markets Index		-6.19	25.62	-29.72



Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Portfolio may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (877) 435-8105 or visiting [www.hardingloevnerfunds.com](http://www.hardingloevnerfunds.com). Performance data shown does not reflect the 2.00% redemption fee imposed on shares held 90 days or less; otherwise, total returns would be reduced.

Foreign investments involve additional risks, including greater volatility and political, economic, and currency risks and differences in accounting methods. Emerging markets countries involve greater risks, such as immature economic structures, national policies restricting investments by foreigners, and different legal systems. Such risks may be magnified with respect to securities of issuers in frontier emerging markets. The Portfolio can have significant concentration in a single industry, and investment opportunities in frontier markets may be concentrated in the banking industry. The Portfolio will be vulnerable to factors affecting an industry in which it is concentrated. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated and non-rated securities presents a greater risk of loss of principal and interest than higher-rated securities. Mutual fund investing involves risk. Principal loss is possible.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The Index consists of 25 frontier markets and 5 emerging markets. The Index is net of foreign withholding taxes on dividends. You cannot invest directly in this Index.

All holdings and sector/region allocations are subject to review and adjustment in accordance with the Portfolio's investment strategy and may vary in the future, and should not be considered recommendations to buy or sell any security. The Portfolio is actively managed; therefore holdings may not be current.

Investment performance reflects fee waivers and in the absence of these waivers investment performance would be reduced.

<sup>1</sup>Harding Loevner has voluntarily agreed to cap the total annual class operating expenses at 2.00% (on annualized basis) of the average daily net assets of the Institutional Class. This expense cap may be terminated at anytime; <sup>2</sup>MSCI Frontier Emerging Markets Index; <sup>3</sup>Other includes the countries outside the benchmark where some holdings that have operations and/or sales focused in frontier and small emerging markets are domiciled.

# Frontier Emerging Markets Portfolio

December 31, 2009

Ticker: HLFMX



## Ten Largest Holdings

	Sector	Country	% Assets
Kuwait Investment Project	Financials	Kuwait	3.8
John Keells Holdings	Industrials	Sri Lanka	2.8
Bancolombia	Financials	Colombia	2.8
Hikma Pharmaceuticals	Health Care	United Kingdom	2.5
Credicorp	Financials	Peru	2.4
Bank Rakyat Indonesia	Financials	Indonesia	2.3
Safaricom	Telecom Services	Kenya	2.2
Cementos Argos	Materials	Colombia	1.9
Industries Qatar	Industrials	Qatar	1.9
Dubai Financial Market	Financials	United Arab Emirates	1.8

**Ten Largest Holdings** **24.4**

## Portfolio Characteristics

	HLFMX	Benchmark <sup>1</sup>		HLFMX	Benchmark <sup>1</sup>
Return on Assets	5.0%	3.6%	Avg Wtd Mkt Cap (mn)	\$3,883	\$7,307
Return on Equity	17.1%	17.1%	Price/Earnings	12.9	11.9
Debt/Equity Ratio	21.5%	37.9%	Price/Cash Flow	9.1	8.4
Profit Margin	14.1%	19.1%	Price/Book	1.7	1.9
5 Year ROE	18.8%	21.2%	Alpha <sup>3</sup>	1.25	-
Std Dev of 5 Year ROE	3.5%	4.2%	Beta <sup>3</sup>	0.98	1.00
Sales Growth <sup>2</sup>	29.5%	30.0%	R-Squared <sup>3</sup>	0.93	1.00
EPS Growth <sup>2</sup>	10.8%	12.4%	Sharpe Ratio <sup>3</sup>	0.44	0.30
CF Growth <sup>2</sup>	13.5%	7.6%	Standard Deviation <sup>3</sup>	27.32	26.90

<sup>1</sup>MSCI Frontier Emerging Markets Index; <sup>2</sup>Trailing five years, annualized; <sup>3</sup>Trailing one year, annualized.

Source: Wilshire Atlas (Run Date January 6, 2010) Based on the Portfolio's underlying holdings.

Average Weighted Market Capitalization: the product of a security's price & the number of shares outstanding. Price/Earnings: the ratio of a firm's closing stock price & its trailing 12 months' earnings/share. Price/Cash Flow: the ratio of a firm's closing stock price & its fiscal year end cash flow/share. Price/Book: the ratio of a firm's closing stock price & its fiscal year end book value/share. Return on Equity: the net income divided by total common equity outstanding, expressed as a percent. 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. Sharpe Ratio: the return over the risk free rate per unit of risk. 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. Return on Assets: net income for past 12 months divided by total assets. Earnings Per Share: portion of a company's profit allocated to each outstanding share of common stock. Debt/Equity Ratio: total long-term debt divided by total shareholder's equity. Profit Margin: relationship of gross profits to net sales.

*The Portfolio's investment objectives, risks, charges and expenses must be read and considered carefully before investing. The Prospectus contains this and other important information about the investment company. It may be obtained by calling toll free (877) 435-8105, or visiting [www.hardingloevnerfunds.com](http://www.hardingloevnerfunds.com).*

While the Portfolio is "no load", management and other expenses still apply. Please refer to the Prospectus for further details.

The Portfolio is distributed by Quasar Distributors, LLC.

## Investment Adviser

Former global managers for the Rockefeller family formed Harding Loevner LP, the Portfolio's adviser, in 1989. Its investment staff of 23 have an average of 18 years experience, and seven years of tenure. Independent and employee owned, Harding Loevner manages \$6.7 billion for foundations, endowments, pension plans, family offices and individuals.

## Portfolio Managers



**Donald Elefson, CFA**  
Co-Lead Portfolio Manager  
University of Washington, BA, 1983  
26 Years investment experience  
2 Year with Harding Loevner

**Pradipta Chakraborty**  
BIRLA Institute of Technology & Science, BE, 1994  
XLRI School of Management, MBA, 1998  
University of Pennsylvania, The Wharton School, MBA, 2008  
11 Years investment experience  
2 Year with Harding Loevner

**Rusty Johnson, CFA**  
Co-Lead Portfolio Manager  
Washington & Lee University, BA, 1986  
24 Years investment experience  
15 Years with Harding Loevner

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