



HARDING · LOEVNER<sup>®</sup>

## Mutual Funds for Institutional Investors

- Institutional Emerging Markets Portfolio
- International Equity Portfolio
- Frontier Emerging Markets Portfolio

Harding, Loevner Funds, Inc.  
c/o State Street Bank and Trust Company  
P.O. Box 642, Mail Code JHT1651  
Boston, MA 02116

(877) 435-8105 • [www.hardingloevnerfunds.com](http://www.hardingloevnerfunds.com)

# Harding, Loevner Funds, Inc.

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For use only when preceded or accompanied by a prospectus. Read the prospectus carefully before you invest or send money.

## Harding, Loevner Funds, Inc.

### Expense Example

April 30, 2009 (unaudited)

As a shareholder of a Harding Loevner Portfolio, you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of fund shares; and (2) ongoing costs, including management fees and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars and cents) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested on November 1, 2008 and held for the entire six month period from November 1, 2008 to April 30, 2009 for the International Equity Portfolio, Institutional Class, Institutional Emerging Markets Portfolio, Institutional Class, and Frontier Emerging Markets Portfolio, Institutional Class.

#### Actual Expenses

The first line under the Portfolio in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line for the Portfolio under the heading entitled "Expenses Paid during Period" to estimate the expenses you paid on your account during this period.

#### Hypothetical Example for Comparison Purposes

The second line under each Portfolio in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of fund shares. Therefore, the second line under the Portfolio in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value November 1, 2008	Ending Account Value April 30, 2009	Annualized Expense Ratio	Expenses Paid During Period* (November 1, 2008 to April 30, 2009)
<b>Institutional Emerging Markets Portfolio</b>				
Actual	\$1,000.00	\$1,091.40	1.30%	\$6.74
Hypothetical (5% annual return before expenses)	1,000.00	1,018.35	1.30%	6.51
<b>International Equity Portfolio, Institutional Class</b>				
Actual	1,000.00	1,004.60	1.00%	4.97
Hypothetical (5% annual return before expenses)	1,000.00	1,019.84	1.00%	5.01
<b>Frontier Emerging Markets Portfolio, Institutional Class</b>				
Actual	1,000.00	896.50	2.00%	9.40
Hypothetical (5% annual return before expenses)	1,000.00	1,014.88	2.00%	9.99

\* Expenses are calculated using each Portfolio's annualized expense ratio (as disclosed in the table), multiplied by the average account value for the period, multiplied by number of days in the period (181 days), and divided by the number of days in the year (365 days).

## Harding, Loevner Funds, Inc.

### Institutional Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited)

Industry	Percentage of Net Assets
Airlines	0.9%
Banks	18.1
Beverages, Food & Tobacco	3.2
Building Materials	3.0
Chemicals	3.5
Commercial Services & Supplies	2.4
Communications	12.6
Electric Utilities	3.0
Electrical Equipment	4.4
Electronics	1.6
Engineering & Construction	2.1
Financial Services	0.7
Food	0.8
Food Retailers	1.1
Health Care Providers & Services	2.5
Home Construction, Furnishings & Appliances	0.6
Household Products	1.1
Insurance	3.0
Iron & Steel	0.7
Media	0.6
Medical Supplies	0.5
Metals & Mining	6.3
Oil & Gas	12.6
Pharmaceuticals	3.3
Real Estate	1.4
Retailers	2.6
Semiconductors	5.3
Total Investments	97.9
Other Assets Less Liabilities	2.1*
Net Assets	<u>100.0%</u>

\* Breakout of other assets and liabilities may be found on page 8.

## Harding, Loevner Funds, Inc.

### Institutional Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Common Stocks - 96.9%</b>		
<b>Brazil - 14.0%</b>		
Anhanguera Educacional Participacoes SA (Commercial Services & Supplies)*	225,956	\$ 1,579,354
Banco Bradesco SA - ADR (Banks)	230,900	2,835,452
Cia Brasileira de Distribuicao Grupo Pao de Acucar - Sponsored ADR (Food)	38,000	1,227,020
Companhia Vale do Rio Doce - ADR (Metals & Mining)	255,240	4,214,012
Itau Unibanco Banco Multiplo SA - ADR (Banks)	186,360	2,558,723
JBS SA (Beverages, Food & Tobacco)	624,900	1,758,553
Petroleo Brasileiro SA - ADR (Oil & Gas)	198,646	6,668,546
Usinas Siderurgicas de Minas Gerais SA (Iron & Steel)	80,896	1,119,783
		<u>21,961,443</u>
<b>Chile - 3.3%</b>		
Banco Santander - ADR (Banks)	44,836	1,587,643
Sociedad Quimica y Minera de Chile SA - Sponsored ADR (Chemicals)	114,000	3,592,140
		<u>5,179,783</u>
<b>China - 12.1%</b>		
Anhui Conch Cement Co., Ltd. (Building Materials)*	348,000	2,308,897
China Communications Construction Co., Ltd. - Class H (Engineering & Construction)	2,490,000	2,956,630
China Insurance International Holdings Co., Ltd. (Insurance)	552,000	921,225
China Mobile Ltd. - Sponsored ADR (Communications)	84,889	3,663,809
China Overseas Land & Investment Ltd. (Real Estate)	1,264,000	2,196,295
Hengan International Group Co., Ltd. (Health Care Providers & Services)	927,000	3,873,655
Jiangsu Expressway Co., Ltd. - Class H (Commercial Services & Supplies)	3,181,000	2,251,250
Shandong Weigao Group Medical Polymer Co., Ltd. (Medical Supplies)	432,000	814,309
		<u>18,986,070</u>
<b>Colombia - 0.9%</b>		
BanColombia SA - Sponsored ADR (Banks)	60,670	1,416,644
		<u>1,416,644</u>
<b>Czech Republic - 1.6%</b>		
CEZ (Electric Utilities)	60,750	2,526,350
		<u>2,526,350</u>
<b>Greece - 0.8%</b>		
Coca Cola Hellenic Bottling Co. SA (Beverages, Food & Tobacco)*	77,330	1,235,215
		<u>1,235,215</u>
<b>Hungary - 0.4%</b>		
Richter Gedeon Nyrt (Pharmaceuticals)	5,450	710,407
		<u>710,407</u>
<b>India - 8.4%</b>		
Axis Bank Ltd. (Banks)	137,900	1,543,117
Bharti Airtel-Ventures Ltd. (Communications)*	299,350	4,521,121
HDFC Bank Ltd. - ADR (Banks)*	42,503	3,146,072
Hindustan Unilever Ltd. (Household Products)	386,700	1,816,371
NTPC Ltd. (Electric Utilities)	562,900	2,142,453
		<u>13,169,134</u>
<b>Indonesia - 2.6%</b>		
PT Bank Rakyat Indonesia (Banks)	3,381,000	1,839,103
PT Telekomunikasi Indonesia - Sponsored ADR (Communications)	79,230	2,277,070
		<u>4,116,173</u>

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### Institutional Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Israel - 3.1%</b>		
Israel Chemicals Ltd. (Chemicals)	234,130	\$ 1,963,998
Teva Pharmaceutical Industries Ltd. - Sponsored ADR (Pharmaceuticals)	66,900	<u>2,936,241</u>
		<u>4,900,239</u>
<b>Luxembourg - 1.2%</b>		
Millicom International Cellular SA (Communications)	39,100	<u>1,894,786</u>
<b>Malaysia - 1.2%</b>		
Public Bank Berhad (Banks)	106,425	249,347
Public Bank Berhad (Banks)	711,700	<u>1,716,201</u>
		<u>1,965,548</u>
<b>Mexico - 5.7%</b>		
America Movil SA de CV, Series L - ADR (Communications)	90,950	2,987,708
Grupo Aeroportuario del Sureste SAB de CV, Series B - ADR (Engineering & Construction)	10,305	319,455
Grupo Financiero Banorte SA de CV, Class O (Financial Services)	772,180	1,191,325
Grupo Televisa SA - Sponsored ADR (Media)	63,000	975,240
Urbi Desarrollos Urbanos SA de CV (Home Construction, Furnishings & Appliances)*	856,100	942,541
Wal-Mart de Mexico SA de CV - Sponsored ADR (Retailers)	94,615	<u>2,592,990</u>
		<u>9,009,259</u>
<b>Panama - 0.9%</b>		
Copa Holdings SA - Class A (Airlines)	46,000	<u>1,409,900</u>
<b>Peru - 1.1%</b>		
Credicorp Ltd. (Banks)	33,800	<u>1,690,676</u>
<b>Philippines - 0.6%</b>		
Philippine Long Distance Telephone Co. - Sponsored ADR (Communications)	19,155	<u>878,640</u>
<b>Poland - 2.0%</b>		
Bank Pekao SA (Banks)	54,010	1,926,326
Central European Distribution Corp. (Beverages, Food & Tobacco)*	53,250	<u>1,192,800</u>
		<u>3,119,126</u>
<b>Russia - 6.3%</b>		
Lukoil - Sponsored ADR (Oil & Gas)	75,878	3,384,159
OAQ Gazprom - Sponsored ADR (Oil & Gas)	217,300	3,817,929
Sberbank of Russia (Banks)	1,189,500	986,245
X 5 Retail Group NV - GDR, Reg. S (Food Retailers)*	129,256	<u>1,716,813</u>
		<u>9,905,146</u>
<b>South Africa - 10.0%</b>		
Impala Platinum Holdings Ltd. (Metals & Mining)	193,524	3,729,267
MTN Group Ltd. (Communications)	276,050	3,592,945
Murray & Roberts Holdings Ltd. (Building Materials)	127,600	716,651
Pretoria Portland Cement Co., Ltd. (Building Materials)	454,000	1,743,085
SABMiller plc (Beverages, Food & Tobacco)	52,000	882,074
Sasol Ltd. (Oil & Gas)	98,237	2,972,421
Standard Bank Group Ltd. (Banks)	222,167	<u>2,147,310</u>
		<u>15,783,753</u>
<b>South Korea - 8.7%</b>		
KB Financial Group Inc. - ADR (Banks)*	35,323	1,126,097
Samsung Electronics Co., Ltd., GDR, Reg S - GDR (Semiconductors)	20,390	4,567,170
Samsung Electronics Co., Ltd., Reg S - GDR (Semiconductors)	6,691	844,068

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### Institutional Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>South Korea (continued)</b>		
Samsung Fire & Marine Insurance Co., Ltd. (Insurance)	27,460	\$ 3,736,308
Shinsegae Co., Ltd. (Retailers)	4,380	1,555,264
Taewoong Co., Ltd. (Metals & Mining)	25,800	1,895,327
		<u>13,724,234</u>
<b>Taiwan - 7.8%</b>		
Delta Electronics (Electrical Equipment)	1,519,205	3,308,003
MediaTek Inc. (Semiconductors)	273,270	2,851,776
Synnex Technology International Corp. (Electronics)	1,702,300	2,474,330
Taiwan Semiconductor Manufacturing Co. (Electrical Equipment)	2,144,854	3,582,621
		<u>12,216,730</u>
<b>Thailand - 2.3%</b>		
PTT Exploration & Production plc (Oil & Gas)	457,000	1,340,499
Siam Commercial Bank-Alien (Banks)	1,309,970	2,236,806
		<u>3,577,305</u>
<b>Turkey - 0.9%</b>		
Turkiye Is Bankasi Series C (Banks)	501,971	1,436,790
		<u>1,436,790</u>
<b>United Kingdom - 1.0%</b>		
Hikma Pharmaceuticals plc (Pharmaceuticals)	266,920	1,532,073
		<u>1,532,073</u>
Total Common Stocks (Cost \$169,988,528)		<u>152,345,424</u>
<b>Preferred Stocks - 1.0%</b>		
<b>Russia - 1.0%</b>		
Transneft (Oil & Gas)	3,879	1,551,600
		<u>1,551,600</u>
Total Preferred Stocks (Cost \$2,510,018)		<u>1,551,600</u>
<b>Total Investments - 97.9% (Cost \$172,498,546)</b>		<b><u>\$153,897,024</u></b>

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### Institutional Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

Value (1)

#### Liabilities, Net of Other Assets - 2.1%

Cash	\$ 3,159,935
Dividends and interest receivable	496,217
Foreign currency (cost \$69,091)	69,496
Receivable for Fund units sold	249,975
Tax reclaim receivable	14,275
Prepaid expenses	2,680
Payable to Investment Advisor	(124,262)
Payable for securities purchased	(538,344)
Other liabilities	(90,177)
	<u>3,239,795</u>

#### Net Assets - 100%

Applicable to 16,128,071 outstanding \$.001 par value units (authorized 400,000,000 shares) \$157,136,819

Net Asset Value, Offering Price and Redemption Price Per Unit \$ 9.74

#### Components of Net Assets as of April 30, 2009 were as follows:

Paid-in capital	\$234,844,450
Accumulated undistributed net investment income	251,937
Accumulated net realized loss from investment transactions	(59,346,068)
Net unrealized depreciation on investments and on assets and liabilities denominated in foreign currencies	(18,613,500)
	<u>\$157,136,819</u>

#### Summary of Abbreviations

ADR	American Depository Receipt
GDR	Global Depository Receipt
Reg S	Security sold outside United States without registration under the Securities Act of 1933.
(1)	See Note 2 to Financial Statements.
*	Non-income producing security.

## Harding, Loevner Funds, Inc.

### International Equity Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited)

Industry	Percentage of Net Assets
Banks	6.3%
Beverages, Food & Tobacco	13.4
Chemicals	5.2
Commercial Services & Supplies	5.9
Communications	6.9
Computer Software & Processing	2.9
Cosmetics & Personal Care	2.1
Electrical Equipment	9.7
Electronics	2.0
Financial Services	0.9
Health Care Providers & Services	1.4
Heavy Machinery	2.1
Holding Companies - Diversified	2.1
Insurance	2.9
Machinery - Diversified	2.9
Media	4.9
Medical Supplies	4.7
Oil & Gas	10.9
Oil & Gas Services	1.8
Pharmaceuticals	2.1
Real Estate	1.1
Retailers	2.2
Semiconductors	2.0
Total Investments	<u>96.4</u>
Other Assets Less Liabilities	3.6*
Net Assets	<u><u>100.0%</u></u>

\* Breakout of other assets and liabilities may be found on page 12.

## Harding, Loevner Funds, Inc.

### International Equity Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Common Stocks - 96.4%</b>		
<b>Australia - 1.5%</b>		
Cochlear Ltd. (Medical Supplies)	83,500	\$ 3,019,532
<b>Austria - 1.4%</b>		
Erste Bank der Oesterreichischen Sparkassen AG (Banks)	136,020	2,844,332
<b>Bermuda - 2.8%</b>		
Bunge Ltd. (Beverages, Food & Tobacco)	118,580	5,693,026
<b>Canada - 3.8%</b>		
EnCana Corp. (Oil & Gas)	72,782	3,328,321
Imperial Oil Ltd. (Oil & Gas)	120,290	4,284,730
		7,613,051
<b>Finland - 2.9%</b>		
Nokia Oyj - Sponsored ADR (Communications)	414,540	5,861,596
<b>France - 14.6%</b>		
Air Liquide (Chemicals)	86,702	7,071,119
Dassault Systemes SA (Computer Software & Processing)	144,700	5,966,813
L'Oreal SA (Cosmetics & Personal Care)	59,470	4,245,616
LVMH Moet Hennessy Louis Vuitton SA (Beverages, Food & Tobacco)	58,930	4,455,454
Schlumberger Ltd. (Oil & Gas Services)	73,200	3,586,068
Schneider Electric SA (Electrical Equipment)	56,450	4,256,575
		29,581,645
<b>Germany - 6.0%</b>		
Allianz SE (Insurance)	63,200	5,798,720
Fresenius AG (Health Care Providers & Services)	66,168	2,736,780
Qiagen NV (Commercial Services & Supplies)*	215,870	3,567,019
		12,102,519
<b>Hong Kong - 3.2%</b>		
Hutchison Whampoa Ltd. (Commercial Services & Supplies)	459,000	2,694,606
Li & Fung Ltd. (Commercial Services & Supplies)	1,380,200	3,885,121
		6,579,727
<b>Indonesia - 2.0%</b>		
PT Telekomunikasi Indonesia - Sponsored ADR (Communications)	141,940	4,079,356
<b>Israel - 0.8%</b>		
Teva Pharmaceutical Industries Ltd. - Sponsored ADR (Pharmaceuticals)	39,160	1,718,732
<b>Japan - 16.2%</b>		
Fanuc Ltd. (Electrical Equipment)	59,400	4,276,009
Hoya Corp. (Electronics)	233,400	4,027,612
JSR Corp. (Chemicals)	284,200	3,440,041
Jupiter Telecommunications Co., Ltd. (Media)	5,415	3,807,347
Keyence Corp. (Electrical Equipment)	30,365	5,358,389
Kubota Corp. (Machinery - Diversified)	990,300	5,944,306
Nomura Holdings Inc. (Financial Services)	305,500	1,831,976
So-net M3 Inc. (Commercial Services & Supplies)	589	1,919,660
Sumitomo Realty & Development Co., Ltd. (Real Estate)	190,000	2,273,354
		32,878,694

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### International Equity Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Malaysia - 2.1%</b>		
Sime Darby Berhad (Holding Companies - Diversified)	2,339,810	\$ 4,326,485
<b>Mexico - 4.2%</b>		
America Movil SA de CV, Series L - ADR (Communications)	126,600	4,158,810
Wal-Mart de Mexico SA de CV - Sponsored ADR (Retailers)	162,120	4,443,012
		<u>8,601,822</u>
<b>Poland - 0.8%</b>		
Bank Pekao SA - GDR, Reg. S (Banks)#	47,560	<u>1,720,792</u>
<b>Russia - 2.2%</b>		
OAQ Gazprom - Sponsored ADR (Oil & Gas)	257,570	<u>4,525,467</u>
<b>Singapore - 2.0%</b>		
DBS Group Holdings Ltd. (Banks)	262,083	1,671,163
Olam International Ltd. (Beverages, Food & Tobacco)	2,033,900	2,399,061
		<u>4,070,224</u>
<b>South Africa - 2.3%</b>		
Sasol Ltd. (Oil & Gas)	155,920	<u>4,717,773</u>
<b>South Korea - 2.0%</b>		
Samsung Electronics Co., Ltd., GDR, Reg S - GDR (Semiconductors)	17,920	<u>4,013,913</u>
<b>Sweden - 3.1%</b>		
Atlas Copco AB - Class A (Heavy Machinery)	464,600	4,321,825
Skandinaviska Enskilda Banken AB, Class A (Banks)*	487,200	1,900,528
		<u>6,222,353</u>
<b>Switzerland - 7.5%</b>		
Alcon Inc. (Medical Supplies)	44,070	4,054,881
Nestle SA - Sponsored ADR (Beverages, Food & Tobacco)	186,650	6,056,792
Roche Holding AG - Genusschein (Pharmaceuticals)	20,450	2,584,064
Synthes Inc. (Medical Supplies)	25,120	2,550,997
		<u>15,246,734</u>
<b>Taiwan - 2.9%</b>		
Taiwan Semiconductor Manufacturing Co. (Electrical Equipment)	3,482,713	<u>5,817,292</u>
<b>United Kingdom - 12.1%</b>		
BG Group plc (Oil & Gas)	325,980	5,241,468
Standard Chartered plc (Banks)	299,810	4,610,535
Tesco plc (Beverages, Food & Tobacco)	1,143,480	5,676,960
Unilever plc (Beverages, Food & Tobacco)	152,425	2,974,847
WPP plc (Media)	893,820	6,113,276
		<u>24,617,086</u>
Total Common Stocks (Cost \$203,269,469)		<u>195,852,151</u>
<b>Total Investments - 96.4% (Cost \$203,269,469)</b>		<b><u>\$195,852,151</u></b>

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### International Equity Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Value (1)
<b>Liabilities, Net of Other Assets - 3.6%</b>	
Cash	\$ 6,949,892
Dividends and interest receivable	1,158,226
Foreign currency (cost \$541,878)	543,486
Receivable for Fund units sold	176,829
Tax reclaim receivable	251,380
Prepaid expenses	6,614
Payable to Investment Advisor	(108,020)
Payable for securities purchased	(1,612,470)
Payable for Fund units redeemed	(5,515)
Payable for distribution fees	(8,168)
Other liabilities	(94,070)
	<u>7,258,184</u>
<b>Net Assets - 100%</b>	
Investor Class	
Applicable to 1,994,937 outstanding \$.001 par value units (authorized 250,000,000 shares)	<u>\$ 18,165,019</u>
Net Asset Value, Offering Price and Redemption Price Per Unit	<u>\$ 9.11</u>
Institutional Class	
Applicable to 20,298,153 outstanding \$.001 par value units (authorized 250,000,000 shares)	<u>\$184,945,316</u>
Net Asset Value, Offering Price and Redemption Price Per Unit	<u>\$ 9.11</u>
<b>Components of Net Assets as of April 30, 2009 were as follows:</b>	
Paid-in capital	\$220,426,278
Accumulated undistributed net investment income	923,590
Accumulated net realized loss from investment transactions	(10,817,478)
Net unrealized depreciation on investments and on assets and liabilities denominated in foreign currencies	(7,422,055)
	<u>\$203,110,335</u>

#### Summary of Abbreviations

ADR	American Depository Receipt
GDR	Global Depository Receipt
Reg S	Security sold outside United States without registration under the Securities Act of 1933.
(1)	See Note 2 to Financial Statements.
*	Non-income producing security.
#	Security valued at fair value as determined in good faith under policies and procedures established by and under the supervision of the Portfolio's Board of Directors.

## Harding, Loevner Funds, Inc.

### Frontier Emerging Markets Fund

#### Statement of Net Assets

April 30, 2009 (unaudited)

<u>Industry</u>	<u>Percentage of Net Assets</u>
Agriculture	3.0%
Airlines	0.8
Banks	20.0
Beverages, Food & Tobacco	8.3
Building Materials	5.1
Chemicals	2.3
Commercial Services & Supplies	2.0
Communications	15.8
Electrical Equipment	1.6
Engineering & Construction	4.4
Financial Services	4.6
Food	1.5
Heavy Machinery	0.4
Holding Companies - Diversified	4.1
Industrial - Diversified	1.4
Internet	1.4
Investment Companies	1.6
Iron & Steel	0.3
Lodging	1.7
Media	2.8
Metals & Mining	1.6
Oil & Gas	4.5
Pharmaceuticals	4.4
Real Estate	1.2
Transportation	3.4
Total Investments	<u>98.2</u>
Other Assets Less Liabilities	<u>1.8*</u>
Net Assets	<u>100.0%</u>

\* Breakout of other assets and liabilities may be found on page 17.

## Harding, Loevner Funds, Inc.

### Frontier Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Common Stocks - 98.2%</b>		
<b>Argentina - 1.5%</b>		
Molinos Rio De La Plata SA (Beverages, Food & Tobacco)	41,398	\$ 89,630
<b>Bangladesh - 3.5%</b>		
Lafarge Surma Cement Ltd. (Building Materials)*	10,100	64,895
Square Pharmaceuticals Ltd. (Pharmaceuticals)	3,388	138,698
		<u>203,593</u>
<b>Colombia - 5.5%</b>		
BanColombia SA - Sponsored ADR (Banks)	6,210	145,004
Cementos Argos SA - Sponsored ADR (Building Materials)#	5,640	82,521
Suramericana de Inversiones SA - Sponsored ADR (Investment Companies)#	6,300	94,764
		<u>322,289</u>
<b>Croatia - 3.2%</b>		
Atlantic Grupa (Beverages, Food & Tobacco)	1,230	99,800
Ericsson Nikola Tesla (Communications)	361	88,525
		<u>188,325</u>
<b>Democratic Republic of Congo - 1.0%</b>		
Katanga Mining Ltd. (Metals & Mining)*	171,900	56,901
<b>Egypt - 3.9%</b>		
Elswedy Cables Holdings Co. (Electrical Equipment)*	8,393	90,652
Orascom Telecom Holding SAE - GDR (Communications)	4,866	134,406
		<u>225,058</u>
<b>Estonia - 1.3%</b>		
Tallink Group Ltd. (Transportation)*	179,840	76,143
<b>Ghana - 0.5%</b>		
Ghana Commercial Bank (Banks)*	68,600	28,313
<b>Indonesia - 5.1%</b>		
PT Bank Rakyat Indonesia (Banks)	293,000	159,378
PT Telekomunikasi Indonesia - Sponsored ADR (Communications)	4,720	135,653
		<u>295,031</u>
<b>Kazakhstan - 2.6%</b>		
Halyk Savings Bank of Kazakhstan JSC - GDR, Reg. S (Banks)	18,799	69,302
Kazakhstan Kagazy plc - GDR, Reg. S (Industrial - Diversified)*	93,020	3,256
KazMunaiGas Exploration Production - GDR (Oil & Gas)	3,650	64,439
Steppe Cement Ltd. (Building Materials)*	31,250	14,082
		<u>151,079</u>
<b>Kenya - 9.2%</b>		
Accesskenya (Internet)	336,200	82,369
East African Breweries Ltd. (Beverages, Food & Tobacco)	62,300	94,154
Equity Bank Ltd. (Banks)	380,000	65,195
Kenya Airways Ltd. (Airlines)	172,500	49,072
Kenya Oil Co., Ltd. (Oil & Gas)	67,900	50,747
Nation Media Group (Media)	66,400	111,402
Safaricom Ltd. (Communications)*	2,254,400	81,651
		<u>534,590</u>

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### Frontier Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Shares	Value (1)
<b>Lithuania - 1.1%</b>		
Teo Lt AB (Communications)*	131,040	\$ 64,095
<b>Mauritius - 2.4%</b>		
Mauritius Commercial Bank (Banks)	31,400	93,175
Sun Resorts Ltd. - Class A (Lodging)	42,340	47,742
		<u>140,917</u>
<b>Morocco - 6.3%</b>		
Douja Prom Addoha (Real Estate)	4,620	72,695
Managem (Metals & Mining)	1,522	35,805
Maroc Telecom (Communications)	7,400	141,890
Ona SA (Holding Companies - Diversified)	785	116,544
		<u>366,934</u>
<b>Nigeria - 6.2%</b>		
Dangote Sugar Refinery plc (Agriculture)	844,530	98,148
Diamond Bank plc (Banks)	2,122,578	69,558
First Bank of Nigeria plc (Banks)	670,900	70,218
UAC of Nigeria plc (Holding Companies - Diversified)*	579,880	125,340
		<u>363,264</u>
<b>Pakistan - 1.4%</b>		
Engro Chemical Ltd. (Chemicals)	5,400	8,788
MCB Bank Ltd. (Banks)	12,650	25,156
Pakistan Petroleum Ltd. (Oil & Gas)	22,550	48,286
		<u>82,230</u>
<b>Peru - 3.2%</b>		
Cementos Lima (Building Materials)	3,212	26,899
Credicorp Ltd. (Financial Services)	2,700	135,054
Ferreyros SA (Heavy Machinery)	30,429	23,473
		<u>185,426</u>
<b>Philippines - 2.7%</b>		
International Container Term Services Inc. (Transportation)	222,000	58,675
Philippine Long Distance Telephone Co. - Sponsored ADR (Communications)	2,190	100,455
		<u>159,130</u>
<b>Poland - 0.1%</b>		
Ciech SA (Chemicals)	588	5,619
<b>Qatar - 3.1%</b>		
Industries Qatar (Chemicals)	5,100	120,580
Qatar Shipping Co. (Transportation)	7,100	61,168
		<u>181,748</u>
<b>Romania - 2.7%</b>		
Albalact SA (Beverages, Food & Tobacco)*	636,200	50,067
Banca Transilvania (Banks)*	217,790	77,102
SNP Petrom SA (Oil & Gas)	535,400	31,386
		<u>158,555</u>
<b>Senegal - 1.6%</b>		
Sonatel (Communications)	415	93,753
<b>Sri Lanka - 2.0%</b>		
John Keells Holdings plc (Commercial Services & Supplies)	190,000	113,900

See Notes to Financial Statements



## Harding, Loevner Funds, Inc.

### Frontier Emerging Markets Portfolio

#### Statement of Net Assets

April 30, 2009 (unaudited) (continued)

	Value (1)
<b>Liabilities, Net of Other Assets - 1.8%</b>	
Cash	\$ 183,506
Receivable for securities sold	41,728
Dividends and interest receivable	35,225
Foreign currency (cost \$25,192)	24,040
Tax reclaim receivable	199
Prepaid expenses	91
Receivable from Investment Advisor	3,323
Payable for securities purchased	(179,302)
Other liabilities	(6,604)
	<u>102,206</u>
<b>Net Assets - 100%</b>	
Applicable to 1,310,960 outstanding \$.001 par value units (authorized 400,000,000 shares)	<u>\$ 5,835,646</u>
Net Asset Value, Offering Price and Redemption Price Per Unit	<u>\$ 4.45</u>
<b>Components of Net Assets as of April 30, 2009 were as follows:</b>	
Paid-in capital	\$10,036,015
Accumulated undistributed net investment income	35,592
Accumulated net realized loss from investment transactions	(1,533,976)
Net unrealized depreciation on investments and on assets and liabilities denominated in foreign currencies	(2,701,985)
	<u>\$ 5,835,646</u>

#### Summary of Abbreviations

ADR	American Depository Receipt
GDR	Global Depository Receipt
Reg S	Security sold outside United States without registration under the Securities Act of 1933.
(1)	See Note 2 to Financial Statements.
#	Security valued at fair value as determined in good faith under policies and procedures established by and under the supervision of the Portfolio's Board of Directors.
*	Non-income producing security.

# Harding, Loevner Funds, Inc.

## Statements of Operations

Six Months Ended April 30, 2009 (unaudited)

	<b>Institutional Emerging Markets Portfolio</b>	<b>International Equity Portfolio</b>
<b>Investment Income</b>		
Interest	\$ 3,713	\$ 1,401
Dividends (net of foreign withholding taxes of \$181,862 and \$277,311, respectively)	<u>1,285,046</u>	<u>2,286,405</u>
Total investment income	<u>1,288,759</u>	<u>2,287,806</u>
<b>Expenses</b>		
Investment advisory fees (Note 3)	820,831	695,909
Administration fees (Note 3)	47,050	69,771
Distribution fees, Investor Class	—	16,395
Custodian and accounting fees	86,229	59,980
Directors' fees and expenses (Note 3)	14,520	19,368
Shareholder record keeping fees	15,260	23,559
Printing and postage fees	11,893	29,062
State registration filing fees	4,827	14,917
Professional fees	30,939	34,372
Sub Transfer Agent Fees	175	20,657
Other fees and expenses	<u>16,377</u>	<u>24,092</u>
Total Expenses	1,048,101	1,008,082
Less Waiver of investment advisory fee (Note 3)	<u>(194,432)</u>	<u>(63,776)</u>
Net expenses	<u>853,669</u>	<u>944,306</u>
Net investment income	<u>435,090</u>	<u>1,343,500</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) —		
Investment transactions	(31,233,020)	(10,360,450)
Foreign currency transactions	<u>(100,035)</u>	<u>(32,538)</u>
Net realized loss	<u>(31,333,055)</u>	<u>(10,392,988)</u>
Change in unrealized appreciation (depreciation) —		
Investments	43,545,950	9,636,240
Translation of assets and liabilities denominated in foreign currencies	<u>11,853</u>	<u>(11,719)</u>
Net change in unrealized appreciation	<u>43,557,803</u>	<u>9,624,521</u>
Net realized and unrealized gain (loss)	<u>12,224,748</u>	<u>(768,467)</u>
<b>Net increase in net assets resulting from operations</b>	<u>\$ 12,659,838</u>	<u>\$ 575,033</u>

See Notes to Financial Statements

## Harding, Loevner Funds, Inc.

### Statements of Operations (continued)

Six Months Ended April 30, 2009 (unaudited)

	<b>Frontier Emerging Markets Portfolio</b>
<b>Investment Income</b>	
Interest	\$ 90
Dividends (net of foreign withholding taxes of \$4,831)	86,175
Total investment income	<u>86,265</u>
<b>Expenses</b>	
Investment advisory fees (Note 3)	35,295
Administration fees (Note 3)	4,189
Custodian and accounting fees	9,845
Directors' fees and expenses (Note 3)	521
Shareholder record keeping fees	12,509
Printing and postage fees	699
State registration filing fees	2,475
Professional fees	22,414
Sub Transfer Agent Fees	—
Other fees and expenses	1,088
Total Expenses	<u>89,035</u>
Less Waiver of investment advisory fee (Note 3)	(35,295)
Less Reimbursement of Fund expenses from Investment Advisor (Note 3)	(6,680)
Net expenses	<u>47,060</u>
Net investment income	<u>39,205</u>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss) —	
Investment transactions	(1,513,018)
Foreign currency transactions	(14,980)
Net realized loss	<u>(1,527,998)</u>
Change in unrealized appreciation (depreciation) —	
Investments	1,134,799
Translation of assets and liabilities denominated in foreign currencies	(8,033)
Net change in unrealized appreciation	<u>1,126,766</u>
Net realized and unrealized gain (loss)	<u>(401,232)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (362,027)</u>

See Notes to Financial Statements

**Harding, Loevner Funds, Inc.****Statement of Changes in Net Assets**

	<b>Institutional Emerging Markets Portfolio</b>	
	<b>Six Months Ended April 30, 2009 (unaudited)</b>	<b>Year Ended October 31, 2008</b>
<b>Increase in Net Assets From Operations</b>		
Net investment income	\$ 435,090	\$ 6,267,430
Net realized loss on investments and foreign currency transactions	(31,333,055)	(28,057,851)
Net change in unrealized appreciation (depreciation) on investments and translation of assets and liabilities denominated in foreign currencies	43,557,803	(145,291,730)
Net increase (decrease) in net assets resulting from operations	<u>12,659,838</u>	<u>(167,082,151)</u>
<b>Distributions to Shareholders from:</b>		
Net investment income	(5,277,778)	(1,028,938)
Net realized gain from investments and foreign-currency related transactions	—	(8,286,256)
Total distributions to shareholders	<u>(5,277,778)</u>	<u>(9,315,194)</u>
<b>Transactions in units of Common Stock</b>		
Proceeds from sale of units	31,731,142	86,978,082
Net Asset Value of shares issued to shareholders upon reinvestment of dividends	4,205,119	8,746,852
Cost of shares units	(18,223,492)	(32,362,942)
Redemption fees		
Institutional Class	4,828	11,981
<b>Net increase in net assets from Fund unit transactions</b>	<u>17,717,597</u>	<u>63,373,973</u>
<b>Net increase (decrease) in net assets</b>	25,099,657	(113,023,372)
<b>Net Assets</b>		
At beginning of period	<u>132,037,162</u>	<u>245,060,534</u>
At end of period	<u>\$157,136,819</u>	<u>\$ 132,037,162</u>
<b>Accumulated undistributed net investment income included in net assets</b>	<u>\$ 251,937</u>	<u>\$ 5,094,625</u>

See Notes to Financial Statements

**Harding, Loevner Funds, Inc.****Statement of Changes in Net Assets (continued)**

	<b>International Equity Portfolio</b>	
	<b>Six Months Ended</b>	<b>Year Ended</b>
	<b>April 30, 2009</b>	<b>October 31, 2008</b>
	<b>(unaudited)</b>	
<b>Increase in Net Assets From Operations</b>		
Net investment income	\$ 1,343,500	\$ 3,314,737
Net realized gain (loss) on investments and foreign currency transactions	(10,392,988)	40,264,254
Net change in unrealized appreciation (depreciation) on investments and translation of assets and liabilities denominated in foreign currencies	9,624,521	(197,938,277)
Net increase (decrease) in net assets resulting from operations	<u>575,033</u>	<u>(154,359,286)</u>
<b>Distributions to Shareholders from:</b>		
Net investment income		
Investor Class	(160,740)	(85,868)
Institutional Class	(3,101,928)	(2,611,777)
Net realized gain from investments and foreign-currency related transactions		
Investor Class	(2,318,758)	(1,359,303)
Institutional Class	(36,230,389)	(29,187,907)
Total distributions to shareholders	<u>(41,811,815)</u>	<u>(33,244,855)</u>
<b>Transactions in units of Common Stock</b>		
Proceeds from sale of units		
Investor Class	8,301,698	7,489,395
Institutional Class	10,085,061	13,994,514
Net Asset Value of shares issued to shareholders upon reinvestment of dividends		
Investor Class	2,337,103	1,330,261
Institutional Class	38,999,446	30,928,420
Cost of units redeemed		
Investor Class	(2,582,262)	(3,696,097)
Institutional Class	(16,375,575)	(66,170,127)
Redemption fees		
Investor Class	1,082	481
Institutional Class	8,420	3,098
<b>Net increase (decrease) in net assets from Fund share transactions</b>	<u>40,774,973</u>	<u>(16,120,055)</u>
<b>Net decrease in net assets</b>	(461,809)	(203,724,196)
<b>Net Assets</b>		
At beginning of period	<u>203,572,144</u>	<u>407,296,340</u>
At end of period	<u>\$203,110,335</u>	<u>\$ 203,572,144</u>
<b>Accumulated undistributed net investment income included in net assets</b>	<u>\$ 923,590</u>	<u>\$ 2,842,758</u>

See Notes to Financial Statements

**Harding, Loevner Funds, Inc.****Statement of Changes in Net Assets (continued)**

	<b>Frontier Emerging Markets Portfolio</b>	
	<b>Six Months Ended April 30, 2009 (unaudited)</b>	<b>Year Ended October 31, 2008</b>
<b>Increase in Net Assets From Operations</b>		
Net investment income	\$ 39,205	\$ 8,230
Net realized loss on investments and foreign currency transactions	(1,527,998)	(2,562)
Net change in unrealized appreciation (depreciation) on investments and translation of assets and liabilities denominated in foreign currencies	<u>1,126,766</u>	<u>(3,828,751)</u>
Net decrease in net assets resulting from operations	<u>(362,027)</u>	<u>(3,823,083)</u>
<b>Distributions to Shareholders from:</b>		
Net investment income		
Institutional Class	<u>(15,259)</u>	<u>—</u>
Total distributions to shareholders	<u>(15,259)</u>	<u>—</u>
<b>Transactions in units of Common Stock</b>		
Proceeds from sale of units		
Institutional Class	1,540,000	8,698,504
Net Asset Value of shares issued to shareholders upon reinvestment of dividends		
Institutional Class	4,708	—
Cost of units redeemed		
Institutional Class	<u>(207,197)</u>	<u>—</u>
<b>Net increase in net assets from Fund unit transactions</b>	<u>1,337,511</u>	<u>8,698,504</u>
<b>Net increase in net assets</b>	960,225	4,875,421
<b>Net Assets</b>		
At beginning of period	<u>4,875,421</u>	<u>—</u>
At end of period	<u>\$ 5,835,646</u>	<u>\$ 4,875,421</u>
<b>Accumulated undistributed net investment income included in net assets</b>	<u>\$ 35,592</u>	<u>\$ 11,646</u>

# Harding, Loevner Funds, Inc.

## Financial Highlights

	Institutional Emerging Markets Portfolio				
	For the Six Months Ended Apr. 30, 2009 (unaudited)	For the Year Ended Oct. 31, 2008	For the Year Ended Oct. 31, 2007	For the Year Ended Oct. 31, 2006	For the Year Ended Oct. 31, 2005 (1)
<b>Per Share Data</b>					
Net asset value, beginning of period	\$ 9.29	\$ 21.20	\$ 13.42	\$ 9.92	\$10.00
<b>Increase (Decrease) in</b>					
<b>Net Assets from Operations</b>					
Net investment income (loss)	0.03	0.44	0.10	0.07	(0.00)*
Net realized and unrealized gain (loss) on investments and foreign currency- related transactions	0.79	(11.53)	7.70	3.45	(0.08)
Net increase (decrease) from investment operations	0.82	(11.09)	7.80	3.52	(0.08)
<b>Distributions to Shareholders from:</b>					
Net investment income	(0.37)	(0.09)	(0.02)	(0.02)	—
Net realized gain from investments and foreign currency-related transactions	—	(0.73)	—	—	—
Total distributions	(0.37)	(0.82)	(0.02)	(0.02)	—
<b>Net asset value, end of period</b>	<b>\$ 9.74</b>	<b>\$ 9.29</b>	<b>\$ 21.20</b>	<b>\$ 13.42</b>	<b>\$ 9.92</b>
<b>Total Return</b>	9.14%(B)	(54.33)%	58.18%	35.38%	(0.70%(B))
<b>Ratios/Supplemental Data:</b>					
Net assets, end of period (000's)	\$157,137	\$132,037	\$245,061	\$85,930	\$4,962
Net expenses to average net assets	1.30%(A)	1.30%	1.30%	1.30%	1.30%(A)
Net investment income to average net assets	0.66%(A)	2.56%	0.72%	0.88%	(0.19%(A))
Decrease reflected in above expense ratios due to expense reductions	0.30%(A)	0.22%	0.25%	0.51%	20.02%(A)
Portfolio turnover rate	26%(B)	51%	32%	38%	1%(B)

(1) For the period from October 17, 2005 (commencement of operations) through October 31, 2005.

\* Rounds to less than \$(0.01).

(A) Annualized.

(B) Not Annualized.

# Harding, Loevner Funds, Inc.

## Financial Highlights (continued)

	International Equity Portfolio - Institutional Class					
	For the Six Months Ended Apr. 30, 2009 (unaudited)	For the Year Ended Oct. 31, 2008	For the Year Ended Oct. 31, 2007	For the Year Ended Oct. 31, 2006	For the Year Ended Oct. 31, 2005	For the Year Ended Oct. 31, 2004
<b>Per Share Data</b>						
<b>Net asset value,</b>						
<b>beginning of period</b>	\$ 11.44	\$ 21.71	\$ 18.68	\$ 14.90	\$ 12.41	\$ 11.30
<b>Increase (Decrease) in</b>						
<b>Net Assets from Operations</b>						
Net investment income	0.07	0.20	0.14	0.12(1)	0.13	0.11
Net realized and unrealized gain (loss) on investments and foreign currency- related transactions	(0.01)	(8.63)	4.33	3.75	2.42	1.07
Net increase (decrease) from investment operations	0.06	(8.43)	4.47	3.87	2.55	1.18
<b>Distributions to</b>						
<b>Shareholders from:</b>						
Net investment income	(0.19)	(0.15)	(0.10)	(0.08)	(0.06)	(0.07)
Net realized gain from investments and foreign currency-related transactions	(2.20)	(1.69)	(1.34)	(0.01)	—	—
Total distributions	(2.39)	(1.84)	(1.44)	(0.09)	(0.06)	(0.07)
<b>Net asset value, end of period</b>	\$ 9.11	\$ 11.44	\$ 21.71	\$ 18.68	\$ 14.90	\$ 12.41
<b>Total Return</b>	0.46%(B)	(42.33)%	25.24%	26.06%	20.58%	10.46%
<b>Ratios/Supplemental Data:</b>						
Net assets, end of period (000's)	\$184,945	\$191,450	\$390,659	\$343,965	\$300,227	\$315,420
Net expenses to average net assets	1.00%(A)	0.98%	0.98%	1.00%	1.00%	1.00%
Net investment income to average net assets	1.44%(A)	1.05%	0.70%	0.69%	0.77%	0.81%
Decrease reflected in above expense ratios due to expense reductions	0.07%(A)	—	—	0.01%	0.05%	0.09%
Portfolio turnover rate	10%(B)	18%	19%	35%	38%	37%

(1) Computed using average units outstanding throughout the year.

(A) Annualized.

(B) Not Annualized.

## Harding, Loevner Funds, Inc.

### Financial Highlights (continued)

	<b>Frontier Emerging Markets Portfolio - Institutional Class</b>	
	<b>For the Six Months Ended Apr. 30, 2009 (unaudited)</b>	<b>For the Period Ended Oct. 31, 2008 (1)</b>
<b>Per Share Data</b>		
Net asset value, beginning of period	\$ 4.98	\$ 10.00
<b>Increase (Decrease) in Net Assets from Operations</b>		
Net investment income	0.03	0.01
Net realized and unrealized loss on investments and foreign currency-related transactions	<u>(0.54)</u>	<u>(5.03)</u>
Net decrease from investment operations	<u>(0.51)</u>	<u>(5.02)</u>
<b>Distributions to Shareholders from:</b>		
Net investment income	<u>(0.02)</u>	<u>—</u>
Total distributions	<u>(0.02)</u>	<u>—</u>
Net asset value, end of period	<u>\$ 4.45</u>	<u>\$ 4.98</u>
<b>Total Return</b>	(10.35)%(B)	(50.20)%(B)
<b>Ratios/Supplemental Data:</b>		
Net assets, end of period (000's)	\$ 5,836	\$ 4,875
Net expenses to average net assets	2.00%(A)	2.00%(A)
Net investment income to average net assets	1.67%(A)	0.42%(A)
Decrease reflected in above expense ratios due to expense reductions	1.78%(A)	6.92%(A)
Portfolio turnover rate	27%(B)	1%(B)

(A) Annualized.

(B) Not Annualized.

(1) For the period from May 27, 2008 (commencement of operations) through October 31, 2008.

# Harding, Loevner Funds, Inc.

## Notes to Financial Statements

April 30, 2009 (unaudited)

### 1. Organization

Harding, Loevner Funds, Inc. (the “Fund”) was organized as a Maryland corporation on July 31, 1996 and is registered under the Investment Company Act of 1940, as amended (“the 1940 Act”), as an open-end diversified management investment company. The Fund currently has six Portfolios, all of which were active as of April 30, 2009: International Equity Portfolio (“International Equity”); Emerging Markets Portfolio (“Emerging Markets”); Institutional Emerging Markets Portfolio (“Institutional Emerging Markets”); Global Equity Portfolio (“Global Equity”); International Small Companies Portfolio (“International Small Companies”) and Frontier Emerging Markets Portfolio (“Frontier Emerging Markets”). Information presented in these financial statements pertains to Institutional Class shares of International Equity, Institutional Emerging Markets, and Institutional Class shares of Frontier Emerging Markets (individually, “Portfolio”; collectively, “Portfolios”). Information pertaining to Investor Class shares of International Equity, Emerging Markets, Global Equity and Investor Class shares of International Small Companies Portfolios is presented in a separate report. The investment objective of each Portfolio is as follows: Institutional Emerging Markets—to seek long-term capital appreciation through investments in equity securities of companies based in emerging markets; International Equity—to seek long-term capital appreciation through investments in equity securities of companies based outside the United States; Frontier Emerging Markets—to seek long-term capital appreciation through investments in securities of companies based in frontier and smaller emerging markets.

Institutional Emerging Markets Portfolio commenced operations on October 17, 2005. International Equity Portfolio commenced operations on October 31, 1996 after acquiring the net assets of Harding Loevner LLC’s AMT Capital Fund, Inc. Effective August 5, 2005, International Equity Portfolio converted existing shareholders to the Institutional Class.

The Fund is managed by Harding Loevner LLC (the “Investment Advisor”).

### 2. Summary of Significant Accounting Policies

The accounting policies of the Fund are in conformity with accounting principles generally accepted in the United States (“GAAP”) for investment companies. The following is a summary of the Fund’s significant accounting policies:

#### *Indemnifications*

Under the Fund’s organizational document, its officers and Board are indemnified against certain liability arising out of the performance of their duties to the Portfolios. In the normal course of business, the Fund may enter into contracts that contain a variety of representations or that provide indemnification for certain liabilities. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

#### *Estimates*

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### *Valuation*

The Board has adopted procedures (“Procedures”) to govern the valuation of the securities held by each Portfolio of the Fund in accordance with the 1940 Act. The Procedures incorporate principles set forth in relevant pronouncements of the Securities and Exchange Commission (“SEC”) and its staff, including guidance on the obligations of the Portfolios and their Directors to determine, in good faith, the fair value of the Portfolios’ securities when market quotations are not readily available.

All investments in the Portfolios are valued daily at their market prices, which results in unrealized gains or losses. Securities traded on an exchange are valued at their last sales price on that exchange. Securities for which no sales are reported are valued at the latest bid price obtained from a quotation reporting system or from established market makers. Repurchase agreements are valued at their amortized cost plus accrued interest. Securities for which market quotations are not readily available are fair valued by the Board or its delegate in accordance with the Procedures, although the actual calculations may be done by others. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer’s financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances. If a significant event occurs after the close of trading but before the calculation of the Portfolio’s net asset value and such significant event has a material impact on the Portfolio’s net asset value per share (i.e. more than \$0.01 per share), then the security may be fair valued in accordance with the Procedures. As of April 30, 2009, there were four securities in the Portfolios which required valuation by the Board or its delegate. The Fund has implemented additional fair value

## Harding, Loevner Funds, Inc.

### Notes to Financial Statements (continued)

April 30, 2009 (unaudited)

#### 2. Summary of Significant Accounting Policies (continued)

pricing on a daily basis for all foreign equity securities held by the Portfolios. The fair value pricing utilizes quantitative models developed by an independent pricing service unless the Fund determines that use of another additional fair valuation methodology is appropriate.

The Fund adopted Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“FAS 157”), effective November 1, 2008. FAS 157 defines fair value as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Such risks include the inherent risk in a particular valuation technique which is used to measure fair value. This may include the pricing model and / or the inputs to the pricing model used in the valuation technique. Observable inputs are the inputs that reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are the inputs that reflect the reporting entity’s own assumptions used in pricing the asset or liability and are developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1—quoted prices in active markets for identical investments

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3—significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The following is a summary of the inputs used as of April 30, 2009 in valuing the Fund’s investments:

Portfolio	Investments in Securities			Total
	Level 1— Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	
Institutional Emerging Markets	\$66,296,284	\$ 87,600,740	—	\$153,897,024
International Equity	47,265,324	148,586,827	—	195,852,151
Frontier Emerging Markets	2,372,149	3,359,432	1,859	5,733,440

Following is a reconciliation of investments for the Frontier Emerging Markets in which significant unobservable inputs (Level 3) were used in determining value:

	Investments in Level 3 Securities
Balance as of 11/1/08	\$ —
Accrued discounts/premiums	—
Realized gain/(loss)	—
Change in unrealized appreciation/depreciation	(378)
Net purchases (sales)	2,237
Net transfers in and/or out of Level 3	—
Balance as of 4/30/09	<u>\$1,859</u>
Net change in unrealized appreciation/(depreciation) from investments still held as of 4/30/09	\$ (378)

In April 2009, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position No. 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP 157-4”). FSP 157-4 provides additional guidance for estimating fair value in accordance with FAS 157, when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. Management is currently evaluating the impact the adoption of FSP 157-4 will have on the Funds’ financial statement disclosures.

# Harding, Loevner Funds, Inc.

## Notes to Financial Statements (continued)

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April 30, 2009 (unaudited)

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### 2. Summary of Significant Accounting Policies (continued)

#### *Securities*

All securities transactions are recorded on a trade date basis. Interest income and expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date (except for certain foreign dividends that may be recorded as soon as the Portfolio is informed of such dividends). The Portfolios accrete discount or amortize premium using the effective interest method on a daily basis as adjustments to interest income and the cost of investments. The Portfolios use the specific identification method for determining realized gains or losses from sales of securities.

#### *Income Tax*

It is the policy of each Portfolio of the Fund to qualify as a regulated investment company by complying with the applicable provisions of the Internal Revenue Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, "Accounting for Income Taxes." This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Fund determined that the adoption of FIN 48 did not have an impact on the financial statements.

#### *Expenses*

Expenses directly attributed to a specific Portfolio of the Fund are charged to that Portfolio's operations; expenses not directly attributable to a specific Portfolio are allocated among all the Portfolios of the Fund either equitably or based on their average daily net assets.

#### *Dividends to Shareholders*

It is the policy of the Portfolios to declare dividends from net investment income annually. Net short-term and long-term capital gains distributions for the Portfolios, if any, normally are distributed on an annual basis.

Dividends from net investment income and distributions from net realized gains from investment transactions have been determined in accordance with income tax regulations and may differ from net investment income and realized gains recorded by the Portfolios for financial reporting purposes. Differences result primarily from foreign currency transactions and timing differences related to recognition of income, and gains and losses from investment transactions. In general, to the extent that any differences which are permanent in nature result in over distributions to shareholders, the amount of the over distribution is reclassified within the capital accounts based on its federal tax basis treatment and may be reported as return of capital. Temporary differences do not require reclassification.

#### *Currency Translation*

Assets and liabilities denominated in foreign currencies and commitments under forward foreign currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and asked prices of such currencies against the U.S. dollar. Purchases and sales of the Portfolios' securities are translated at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated at exchange rates prevailing when accrued. The Portfolios do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Net realized gains and losses from foreign currency-related transactions arise from sales of foreign currency, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Portfolios' books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation or depreciation on translation of assets and liabilities denominated in foreign currencies arise from changes in the value of assets and liabilities other than investments in securities at the period end, resulting from changes in the exchange rates.

## Harding, Loevner Funds, Inc.

### Notes to Financial Statements (continued)

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April 30, 2009 (unaudited)

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#### 2. Summary of Significant Accounting Policies (continued)

##### *Securities Lending*

Each Portfolio is authorized to lend securities from its investment portfolio to banks, brokers and other financial institutions if it receives collateral in cash, U.S. Government securities or other liquid investments which will be maintained at all times in an amount equal to at least 102% of the current market value of the loaned domestic securities (including ADRs) and 105% of loaned foreign securities. The loans will be terminable at any time by the Fund. During the period of such a loan, the Portfolio receives an agreed upon portion of the income on the loaned securities and/or a loan fee and may thereby increase its total return. A Portfolio continues to receive interest or dividends on the securities loaned and simultaneously earns either interest on the investment of the cash collateral or fee income if the loan is collateralized with securities rather than cash. However, the Portfolio normally pays lending fees and related expenses from the interest or dividends earned on invested collateral. Although the Fund is indemnified by the securities lending agent, should the borrower of the securities fail financially, there is a risk of delay in recovery of the securities or loss of rights in the collateral. However, loans are made only to borrowers deemed to be in good financial standing by the lending agent based on its ongoing review of such borrowers and are recommended to and approved by the Board. The Portfolios may invest cash collateral they receive in connection with a loan of securities in short-term money market instruments, securities of the U.S. Government and its agencies and other high quality short-term debt instruments. For purposes of complying with the Portfolios' investment policies and restrictions, collateral received in connection with securities loans will not be deemed an asset of the Portfolio unless otherwise required by law. The Board has appointed State Street Bank and Trust Company as the lending agent for the Funds. However, the Portfolios are not currently lending securities. As of April 30, 2009, there were no securities on loan.

#### 3. Significant Agreements and Transactions with Affiliates

The Board has approved an investment advisory agreement (the "Agreement") with the Investment Advisor. The advisory fees are computed daily at an annual rate of 1.25%, 0.75%, and 1.50% of the average daily net assets of Institutional Emerging Markets, International Equity, and Frontier Emerging Markets Portfolios, respectively.

The Investment Advisor has voluntarily agreed to reduce its fee to the extent that aggregate expenses exceed an annual rate of 1.30%, 1.00%, and 2.00%, respectively, of the average daily net assets of Institutional Emerging Markets, Institutional Class shares of International Equity, and Institutional Class Shares of Frontier Emerging Markets Portfolios, respectively. For the period ended April 30, 2009, the Investment Advisor voluntarily waived and/or reimbursed \$194,432, \$63,776, and \$41,975 in investment advisory fees from Institutional Emerging Markets, International Equity and Frontier Emerging Markets Portfolios, respectively.

In addition, the Fund has an administration agreement with State Street Bank and Trust Company ("State Street Bank and Trust"), which provides certain accounting, clerical and bookkeeping services, corporate secretarial services, assistance in the preparation and filing of tax returns and reports to shareholders and the SEC, and the service of some State Street Bank and Trust employees as officers serving the Board of Directors. Under this agreement, Institutional Emerging Markets, International Equity, and Frontier Emerging Markets Portfolios incurred \$159,475, \$169,460, and \$26,944, respectively, for the period ended April 30, 2009.

State Street Bank and Trust serves as transfer agent and chief compliance officer, dividend disbursing agent and agent in connection with any accumulation, open-account or similar plans provided to the shareholders of the Portfolios.

The Fund, on behalf of the Portfolios, has agreements with various financial intermediaries and "mutual fund supermarkets", under which customers of these intermediaries may purchase and hold Portfolio shares. These intermediaries assess fees in consideration for providing certain distribution, account maintenance, record keeping and transactional services. In recognition of the savings of expenses to the Portfolio arising from the intermediaries' assumption of functions that the Portfolio would otherwise perform, such as providing sub-accounting and related shareholder services, each Portfolio is authorized, pursuant to a Shareholder Services Plan, to pay to each intermediary up to 0.15% of its average daily net assets attributable to that intermediary (subject to the voluntary expense cap). The balance of the intermediaries' fees, after payments made pursuant to the Distribution Plan, if applicable, is paid by the Investment Advisor. Because of voluntary caps on the Portfolios' fees and expenses, the Investment Advisor paid a portion of the Portfolios' share of these fees during the period ended April 30, 2009.

## Harding, Loevner Funds, Inc.

### Notes to Financial Statements (continued)

April 30, 2009 (unaudited)

#### 4. Investment Transactions

Cost of purchases and proceeds from sales of investment securities, other than short-term investments, for the period ended April 30, 2009, were as follows for each Portfolio:

Portfolio	Purchase Cost of Investment Securities	Proceeds from Sales of Investment Securities
Institutional Emerging Markets	\$49,182,603	\$34,017,472
International Equity	18,711,808	21,336,479
Frontier Emerging Markets	2,711,836	1,275,822

The Portfolios are permitted to purchase or sell securities from or to certain other Harding Loevner portfolios under specified conditions outlined in procedures adopted by the Board of Directors of the Fund. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolios from or to another portfolio that is or could be considered an affiliate by virtue of having a common investment advisor complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the period ended April 30, 2009, the Fund's did not have any such transactions.

The cost of investments for federal income tax purposes and the components of net unrealized appreciation on investments at April 30, 2009, for each of the Portfolios were as follows:

Portfolio	Unrealized Appreciation	Unrealized Depreciation	Net	Cost
Institutional Emerging Markets	\$ 8,515,139	\$46,697,510	\$(38,182,371)	\$192,079,395
International Equity	33,742,125	41,617,448	(7,875,323)	203,727,474
Frontier Emerging Markets	234,348	2,927,663	(2,693,315)	8,426,755

The unrealized appreciation (depreciation) on foreign currency for Institutional Emerging Markets, International Equity, and Frontier Emerging Markets was \$437, \$(4,737), and \$(2,214), respectively, for the period ended April 30, 2009.

#### 5. Foreign Exchange Contracts

The Portfolios, on occasion, enter into forward foreign exchange contracts in order to hedge their exposure to changes in foreign currency exchange rates on their foreign portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the cost of the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency-related transactions. Fluctuations in the value of forward foreign exchange contracts are recorded for book purposes as unrealized appreciation or depreciation on assets and liabilities denominated in foreign currencies by the Portfolios. The Portfolios are also exposed to credit risk associated with counterparty nonperformance on these forward foreign exchange contracts which is typically limited to the unrealized gain on each open contract.

The Portfolios enter into foreign currency transactions on the spot markets in order to pay for foreign investment purchases or to convert to dollars the proceeds from foreign investment sales or coupon interest receipts. The Portfolios held no open forward foreign currency exchange contracts on April 30, 2009.

#### 6. Capital Share Transactions

Transactions in capital stock for Institutional Emerging Markets Portfolio were as follows for the periods indicated:

	Six Months Ended April 30, 2009		Year Ended October 31, 2008	
	Shares	Amount	Shares	Amount
Shares sold	3,633,739	\$ 31,731,142	5,039,793	\$ 86,978,082
Shares issued upon reinvestment of dividends	471,425	4,205,119	448,651	8,746,852
	4,105,164	35,936,261	5,488,444	95,724,934
Shares redeemed	(2,191,502)	(18,223,492)	(2,833,224)	(32,362,942)
Net increase	1,913,662	\$ 17,712,769	2,655,220	\$ 63,361,992

## Harding, Loevner Funds, Inc.

### Notes to Financial Statements (continued)

April 30, 2009 (unaudited)

#### 6. Capital Share Transactions (continued)

Transactions in capital stock for International Equity Portfolio Investor Class were as follows for the periods indicated:

	Six Months Ended April 30, 2009		Year Ended October 31, 2008	
	Shares	Amount	Shares	Amount
Shares sold	956,161	\$ 8,301,698	440,350	\$ 7,489,395
Shares issued upon reinvestment of dividends	256,261	2,337,103	68,854	1,330,261
	1,212,422	10,638,801	509,204	8,819,656
Shares redeemed	(279,519)	(2,582,262)	(215,285)	(3,696,097)
Net increase	<u>932,903</u>	<u>\$ 8,056,539</u>	<u>293,919</u>	<u>\$ 5,123,559</u>

Transactions in capital stock for International Equity Portfolio Institutional Class were as follows for the periods indicated:

	Six Months Ended April 30, 2009		Year Ended October 31, 2008	
	Shares	Amount	Shares	Amount
Shares sold	1,156,229	\$ 10,085,061	814,257	\$ 13,994,514
Shares issued upon reinvestment of dividends	4,275,672	38,999,446	1,599,857	30,928,420
	5,431,901	49,084,507	2,414,114	44,922,934
Shares redeemed	(1,863,799)	(16,375,575)	(3,678,345)	(66,170,127)
Net increase (decrease)	<u>3,568,102</u>	<u>\$ 32,708,932</u>	<u>(1,264,231)</u>	<u>\$(21,247,193)</u>

Transactions in capital stock for Frontier Emerging Markets Portfolio Institutional Class were as follows for the periods indicated:

	Six Months Ended April 30, 2009		Period From May 27, 2008 to October 31, 2008 (A)	
	Shares	Amount	Shares	Amount
Shares sold	372,424	\$1,540,000	978,369	\$8,698,504
Shares issued upon reinvestment of dividends	1,017	4,708	—	—
	373,441	1,544,708	978,369	8,698,504
Shares redeemed	(40,850)	(207,197)	—	—
Net increase	<u>332,591</u>	<u>\$1,337,511</u>	<u>978,369</u>	<u>\$8,698,504</u>

(A) Institutional Class shares commenced operations on May 27, 2008.

Redemptions made within 90 days of purchase may be subject to a redemption fee equal to 2% of the amount redeemed. For the period ended April 30, 2009, Institutional Emerging Markets and Institutional Class of International Equity Portfolios received \$4,828 and \$8,420 respectively, in redemption fees related to transactions in shares of common stock as disclosed in the Portfolios' Statements of Changes in Net Assets. For the period ended April 30, 2009, Frontier Emerging Markets Portfolio did not receive any redemption fees.

#### 7. Repurchase Agreements

Each Portfolio may enter into repurchase agreements under which a bank or securities firm that is a primary or reporting dealer in U.S. Government securities agrees, upon entering into a contract, to sell such securities to a Portfolio and repurchase such securities from such Portfolio at a mutually agreed upon price and date.

Each Portfolio may engage in repurchase transactions with parties selected on the basis of such party's creditworthiness. Securities purchased subject to repurchase agreements must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the Portfolio will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or the seller defaults on its repurchase obligation, the Portfolio maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller.

## Harding, Loevner Funds, Inc.

### Notes to Financial Statements (continued)

April 30, 2009 (unaudited)

#### 8. Concentration of Ownership

At April 30, 2009, the percentage of total shares outstanding held by record shareholders each owning 10% or greater of the aggregate total shares outstanding for each Portfolio or for the share classes listed of each Portfolio was as follows:

	No. of Shareholders	% Ownership
Institutional Emerging Markets Portfolio	2	24%
International Equity Portfolio	2	41%*
Frontier Emerging Markets Portfolio	2	90%*

\* Represents omnibus position of broker-dealer representing numerous shareholder accounts.

Investment activities of these shareholders may have a material effect on the Portfolios.

#### 9. Concentration of Risk

Investing in securities of foreign issuers and currency transactions may involve certain considerations and risks not typically associated with investments in U.S. issuers. These risks include revaluation of currencies, adverse fluctuations in foreign currency values and possible adverse political, social and economic developments, including those particular to a specific industry, country or region, which could cause the securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies and U.S. government securities. These risks are greater with respect to securities of issuers located in emerging market countries in which Institutional Emerging Markets, International Equity, and Frontier Emerging Markets are authorized to invest.

#### 10. Recently Issued Accounting Pronouncements

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about the Funds' derivative and hedging activities, including how such activities are accounted for, their effect on the Funds' financial position, performance and cash flows and how and why the funds use derivatives. Management is currently evaluating the impact the adoption of SFAS 161 will have on the Funds' financial statements and related disclosures.

#### 11. Line of Credit

The Fund participates in a \$50 million line of credit agreement with State Street Bank and Trust. Borrowings will be made solely to facilitate the handling of redemptions or unusual or unanticipated short-term cash requirements. Because several Portfolios participate there is no assurance that an individual Portfolio will have access to the entire \$50 million at any particular time. Borrowings for International Equity are limited to the lesser of the remaining available credit or 25% of net assets. Borrowings for Institutional Emerging Markets and Frontier Emerging Markets are limited to the lesser of the remaining available credit or 15% of net assets. Interest is charged to each Portfolio based on its borrowings at an amount above the Federal Funds rate. In addition, a commitment fee computed at an annual rate of 0.10% on the line of credit is allocated among the Portfolios. During the period ended April 30, 2009, International Equity Portfolio had borrowings on 1 day, the maximum balance being \$66,186 at an average weighted interest rate of 0.85%.

#### 12. Other Matter

Harding Loevner LLC, the investment adviser to the Fund ("Harding Loevner"), entered into an agreement with Affiliated Managers Group, Inc. ("AMG") for AMG to acquire a majority ownership interest in Harding Loevner. AMG is an asset management company with equity investments in a diverse group of boutique investment management firms. Each of these "affiliated firms" operates autonomously and its managers retain substantial ownership interests in their firm. The transaction, whether or not it is consummated, is not expected to impact Harding Loevner's portfolio management team, other personnel, day-to-day operations, or the services that Harding Loevner provides to its clients, including the Portfolios. The transaction is subject to the satisfaction or waiver of certain conditions and contingencies. There can be no assurance as to when or if the transaction will be consummated.

## Harding, Loevner Funds, Inc.

### Approval of Investment Adviser Agreement

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April 30, 2009 (*unaudited*)

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At a meeting held on July 18, 2008, the then current board of directors (the “Board”), including each of the Independent Directors, unanimously voted to approve a new investment management agreement (the “New Agreement”) and the continuance of the current investment advisory agreements (the “Current Agreements”) between Harding, Loevner Funds, Inc. (the “Fund”) on behalf of each of its series, the International Equity Portfolio, the Global Equity Portfolio, the Emerging Markets Portfolio, the Institutional Emerging Markets Portfolio, the International Small Companies Portfolio and the Frontier Emerging Markets Portfolio (the “Portfolios”) and Harding Loevner LLC (the “Adviser”). Because of the proposed reorganization and a change of control resulting from the sale of a controlling interest in the Adviser’s general partner to Affiliated Managers Group, Inc. (“AMG”), the Current Agreements could terminate pursuant to the requirements of the Investment Company Act of 1940, as amended (the “1940 Act”) and the Board was asked to approve the New Agreement. The New Agreement was approved by shareholders of each Portfolio at a meeting held on November 5, 2008. The Board and counsel to the Independent Directors had an opportunity to review the information provided in advance of the July meeting by the Adviser and counsel to the Fund in response to a detailed series of questions submitted by counsel to the Fund before the meeting. The New Agreement will become effective upon the closing of the transaction with AMG, which cannot be assured, and the Current Agreements will remain in effect until that time, provided that the Current Agreements are approved annually by the Board, including a majority of the Independent Directors. At a meeting held on June 2, 2009, the current Board, including each of the Independent Directors, unanimously voted to approve the interim continuance of the Current Agreements through September 30, 2009.

The information provided to the Board in advance of the July 2008 meeting brought current to that date the detailed information provided to the Board by Harding Loevner Management, L.P., the predecessor entity to Harding Loevner LLC (with both entities referred to together below as the “Adviser”) with respect to the Board meeting held on September 10, 2007, in connection with the Board’s annual evaluation and approval of the continuance of the Current Agreements. In evaluating the New Agreement and the Current Agreements, the Board conducted a review that relied upon this information, advice provided by Fund counsel and by counsel to the Independent Directors, including advice provided in written memoranda outlining their legal duties, the due diligence review described above and the Board’s knowledge, resulting from its meetings throughout the year, of the Adviser, its services and the Portfolios.

In approving the New Agreement and the continuance of the Current Agreements and determining to submit the New Agreement to shareholders for approval, the Directors considered several factors discussed below. The Board was advised by legal counsel to the Fund and legal counsel to the Independent Directors with respect to their deliberations regarding the approval of the New Agreement and the continuance of the Current Agreements. The discussion below is not intended to be all-inclusive. The Board reviewed a variety of factors and considered a significant amount of information. The approval determinations were made on the basis of each Director’s business judgment after consideration of all the information presented. Individual Directors may have given different weights to certain factors and assigned various degrees of materiality to information received in connection with the approval process.

#### *Beneficial Consequence of the Transaction*

With respect to the New Agreement, the Board considered that the transaction between the Adviser’s general partner and AMG and believed that it would benefit the Portfolios in the following ways: (i) provide for the operational independence of the Adviser by allowing management to continue to run the day-to-day business of the Portfolios, (ii) preserve the Portfolios’ character, (iii) promote the long-term continuity of existing personnel, and (iv) allow for the ability to attract new personnel through substantial permanent management ownership participation. The Board considered that the transaction would provide a framework and financing for generational succession, and it would eliminate the long-term risk of a disruptive “strategic” sale upon major owners’ retirement. Finally, the Board noted that following the transaction, the Portfolios will have access to AMG’s substantial distribution resources for mutual funds, as well as to AMG’s legal and compliance resources.

#### *Nature, Extent and Quality of Services*

With respect to this factor, the Board considered information it believed necessary to assess the stability of the Portfolios as a result of the transaction and to assess the ongoing nature and quality of services to be provided to the Portfolios by the Adviser both before and following the closing of the transaction. The Directors reviewed the details of the anticipated equity structure of the Adviser and its managing member as a result of the transaction, including the financial resources of AMG and its ability to assist in growing the Adviser’s business and/or in servicing the Portfolios. In this regard, the Directors considered information about how the Adviser’s management and operations would be structured following the transaction including in particular how the transaction might affect the Adviser’s performance or its delivery of services under the New Agreement. The Board noted that the transaction would result in employees of the Adviser or its managing member owning a substantial interest in the Adviser or its general partner following the closing of the transaction, which was expected to maintain the alignment of their long-term interests with the interests of the Adviser. In addition, the Board observed the continued employee ownership in the Adviser and increasing benefits to management from the growth of assets under management should help the Adviser retain key management and investment personnel.

## Harding, Loevner Funds, Inc.

### Approval of Investment Adviser Agreement (continued)

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April 30, 2009 (unaudited)

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The Directors considered information addressing the projected benefits to the Adviser expected to result from the transaction. The Directors reviewed the Adviser's actions to minimize the likelihood that the Adviser would have any departures of key management and/or investment personnel and whether compensation and other benefits expected to be offered by the Adviser following the transaction would be adequate to attract and retain high-caliber investment and other relevant professional employees. The Board concluded that the compensation and incentive programs should help to retain key personnel. In addition, the Adviser addressed for the Board its efforts both initially and on an ongoing basis to retain firm clients and to respond to questions from clients and potential clients regarding the transaction.

The Board also considered the general experience, business and operations of the Adviser (as well as the experience of key personnel from AMG) and information as to the Adviser's projected financial condition and resources following the closing of the transaction and in each of the next several years.

Based on these and other factors, the Board concluded that the facts presented to and considered by the Board justified approval of the New Agreement and the continuance of the Current Agreements. With respect to the New Agreement, the Board placed particular significance in this regard on the likelihood that the Adviser would continue to provide the same type and quality of services to the Portfolios following the closing of the transaction as the Adviser has historically provided the Portfolios.

#### *Performance of the Adviser*

In considering the investment performance of the Portfolios, the Board took note of its comprehensive review of the Portfolios' performance during the Board's September 10, 2007 meeting at which the Board approved the continuance of the Current Agreements with respect to Portfolios existing as of that date pursuant to the requirements of Section 15(c) of the 1940 Act, as such information was brought current in connection with the consideration of the New Agreement for the Portfolios, as applicable (the "Current Information"). In this regard, the Adviser provided the Board investment performance data obtained from Bloomberg, Morningstar and Lipper for funds in the Lipper International Funds Index and a number of other international equity funds; funds in the Lipper Global Funds Index and a number of other global equity funds; funds in the Lipper Emerging Market Funds Index; and funds in the Lipper International Small/Mid-Cap Core Funds Index (collectively, the "Peer Group Data"). The Peer Group Data included fund management fees, total expense ratios, net assets, calendar year-to-date returns, 1-, 3- and 5- year returns as well as median and average data with regard to the foregoing. The Board also received performance data for the Portfolios updated through June 30, 2008. Finally, in consideration of the New Agreement, the Board considered the impact the closing of the transaction may have on the Adviser's capabilities to achieve the same or better performance results for the Portfolios in the future.

Based on these considerations and comparisons, the Board concluded that the investment performance of the Portfolios supported approval of the New Agreement and the continuance of the Current Agreements.

#### *Costs of the Services and Profitability of the Adviser*

With respect to this factor, the Board took note of its comprehensive review of the Adviser's profitability during the Board's September 10, 2007 meeting at which the Board approved the continuance of the Current Agreements with respect to Portfolios existing as of that date pursuant to the requirements of Section 15(c) of the 1940 Act. The Board also considered the Current Information. The Board observed that any projection regarding the Adviser's profitability would depend on many assumptions as to the Adviser's financial condition and operations following the closing of the transaction and would be, therefore, speculative. For these reasons, the Board gave measured consideration to projections regarding the Adviser's future profitability in determining whether to approve the New Agreement and the continuance of the Current Agreements and continued to believe that reported levels of profitability were not excessive.

#### *Comparison of Fees and Services Provided by the Adviser*

In considering advisory fees applicable to the Portfolios compared to those of comparable funds, the Board took note of its comprehensive review of the Portfolios' fee levels, including comparative fee information for peer funds and fees charged by the Adviser to separately managed accounts, during the Board's September 10, 2007 meeting at which the Board approved the continuance of the Current Agreements with respect to Portfolios existing as of that date pursuant to the requirements of Section 15(c) of the 1940 Act. The Board also considered the Current Information. In this regard, the Board considered information comparing each Portfolio's advisory fee and total operating expenses relative to the Peer Group Data. The Board also took into consideration the fact that the Adviser did not propose nor anticipate proposing any changes in the current advisory fees. Based on these facts, the Board concluded that the current advisory fee and total fee levels of each of the Portfolios supported approval of the New Agreement and the continuance of the Current Agreements.

## **Harding, Loevner Funds, Inc.**

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### **Approval of Investment Adviser Agreement (continued)**

**April 30, 2009 (unaudited)**

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#### *Economies of Scale*

In considering economies of scale with respect to the Portfolios, the Board took note of its comprehensive review of economies of scale during the Board's September 10, 2007 meeting at which the Board approved the continuance of the Current Agreements with respect to Portfolios existing as of that date pursuant to the requirements of Section 15(c) of the 1940 Act. The Board also applied the underlying principles giving effect to the Current Information. In this regard, the Board considered that certain Portfolios may achieve some economies as certain fixed expenses are spread over a larger asset base, noting that there is no precise way to measure such economies, and that certain expenses do not necessarily decrease as assets increase. The Board also considered that expense limitations and fee waivers that reduce Portfolio expenses can have the same effect as fee level breakpoints in sharing economies of scale with shareholders. The Board considered other factors, such as whether a portfolio's strategy is capacity constrained; that is, whether an adviser is limited in the amount of assets that can be managed within a strategy by reason of the universe of issuers, the trading volume of relevant securities or markets or the adviser's selection criteria associated with a particular strategy. The Board noted that, while sharing of economies of scale is a relevant factor, it may appropriately be tempered by market or other practical considerations. Based on these facts, the Board concluded that the Adviser's efforts in this regard supported approving the New Agreement and the continuance of the Current Agreements.

#### *Other Benefits*

In considering the benefits derived or to be derived by the Adviser from the relationship with the Portfolios, the Board took note of its comprehensive review of the Adviser's relationship with the Portfolios during the Board's September 10, 2007 meeting at which the Board approved the continuance of the Current Agreements with respect to Portfolios existing as of that date pursuant to the requirements of Section 15(c) of the 1940 Act. In this regard, the Board considered the Adviser's representation that, beyond the fees earned by the Adviser for providing services to the Portfolios, the Adviser may benefit from its relationship with the Portfolios in the sense that separately managed account clients may view the additional assets under management resulting from managing the Portfolios as a positive attribute. In addition, the Board noted that the Adviser also may obtain increased reputational prestige from managing a nationally recognized mutual fund family that shares the Adviser's name. The Board also considered that the Adviser benefits from the receipt of research services obtained through "soft dollars" in connection with Portfolio brokerage transactions. The Board concluded that these additional benefits should not preclude approval of the New Agreement and the continuance of the Current Agreements.

## **Harding, Loevner Funds, Inc.**

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### **Supplemental Information**

*(unaudited)*

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#### *Quarterly Form N-Q Portfolio Schedule*

Each Portfolio will file its complete schedule of investments with the SEC on Form N-Q at the end of the first and third fiscal quarters within 60 days of the end of the quarter to which it relates. The Portfolios' Form N-Q will be available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room whose telephone number is 1-800-SEC-0330. Additionally, they are available upon request by calling 1-877-435-8105.

#### *Proxy Voting Record*

The Fund's proxy voting record relating to the Portfolios' securities during the most recent 12-month period ended June 30 is available on the Fund's website at [www.hardingloevnerfunds.com](http://www.hardingloevnerfunds.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov), on Form N-PX.

#### *Proxy Voting Policies and Procedures*

A description of the Fund's proxy voting policies and procedures are located in the Statement of Additional Information and is available without charge, upon request, by calling 1-877-435-8105 or on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Harding, Loevner Funds, Inc.**

### **Officers & Directors and Other Pertinent Information**

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#### **OFFICERS AND DIRECTORS**

David R. Loevner

*Director, President and Chairman  
of the Board of the Funds*

Jennifer M. Borggaard

*Director of the Funds*

William E. Chapman II

*Director of the Funds*

Raymond J. Clark

*Director of the Funds*

R. Kelly Doherty

*Director of the Funds*

Charles Freeman

*Director of the Funds*

Jane A. Freeman

*Director of the Funds*

Samuel R. Karetsky

*Director of the Funds*

Eric Rakowski

*Director of the Funds*

Donna Rogers

*Chief Compliance Officer of the Funds*

Ellen Blanchard

*Anti-Money Laundering Compliance  
Officer of the Funds*

Puran Dulani

*Chief Financial Officer and Treasurer  
for the Funds*

Richard Reiter

*Vice President of the Funds*

Brendan J. O'Neill

*Assistant Treasurer of the Funds*

Francine S. Hayes

*Secretary of the Funds*

Lori Renzulli

*Assistant Secretary of the Funds*

Brian C. Poole

*Assistant Secretary of the Funds*

# HARDING, LOEVNER FUNDS, INC.

## INVESTMENT ADVISER

Harding Loevner LLC  
50 Division Street, Suite 401  
Somerville, NJ 08876-2943

## DISTRIBUTOR

Quasar Distributors, LLC  
615 East Michigan Street  
Milwaukee, WI 53202-5210

## ADMINISTRATOR, CUSTODIAN, FUND ACCOUNTANT, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust Company  
P.O. Box 642, Mail Code JHT1651  
Boston, MA 02116

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

## LEGAL COUNSEL

Dechert LLP  
1095 Avenue of the Americas  
New York, New York 10036-6797

This report is intended for shareholders of Harding, Loevner Funds, Inc. It may not be used as sales literature unless preceded or accompanied by the current Prospectus, which gives details about charges, expenses, investment objectives, risks and policies of the Portfolios.