



HARDING · LOEVNER[®]

Important Information Concerning the Attached February 2009 Morningstar Reprint

For the period ended 12/31/08, the Harding, Loevner Funds, Inc. International Equity Portfolio Institutional Share Class's 1-, 5-, and 10-year Average Annual Total Returns were -39.24%, 2.52%, and 2.34% respectively. For the period ended 12/31/08, the Morningstar Average Foreign Large Growth Fund's Average Annual Total Returns for 1-, 5-, and 10-year were -46.56%, 0.61%, and 0.66%, respectively.

Performance data quoted represents past performance and 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.

Performance data shown does not reflect the 2.00% redemption fee imposed on shares held 90 days or less. If it did, total returns would be reduced. Currently, the investment advisor of the Portfolio is waiving a portion of its fee. Absent such waiver, the expense ratio of the Portfolio would be higher, the Portfolio's performance lower and rankings/ratings may have been lower. The Harding, Loevner Funds, Inc. International Equity Portfolio Institutional Share Class's gross expense ratio is 0.98%. While the Portfolio is no-load, management fees and other expenses still apply. Each Morningstar Category Average represents a universe of Funds with similar investment objectives.

The Portfolio invests in foreign securities, which will involve greater volatility and political, economic, and currency risks and differences in accounting methods. It also invests in emerging markets, which involve unique risks, such as exposure to economies less diverse and mature than the U.S. or other more established foreign markets. Economic and political instability may cause larger price changes in emerging markets securities than other foreign securities.

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For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating[™] (based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each broad asset class receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating[™] for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating[™] metrics. The Harding, Loevner Funds, Inc. International Equity Portfolio Institutional Share Class was rated against the following numbers of U.S.-domiciled foreign large growth funds over the following time periods: 243 funds overall, 209 in the last three years, 164 in the last five years, and 80 in the last ten years. With respect to these foreign large growth funds, Harding Loevner Funds, Inc. International Equity Portfolio Institutional Share Class received an Overall Morningstar Rating[™] of 4 stars and a Morningstar Rating[™] of 4 stars, 4 stars, and 4 stars for the three-, five- and ten-year periods, respectively.

Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

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, and it may be obtained by calling (877) 435-8105, or visiting www.hardingloevner.com. Read it carefully before investing.

The information provided herein represents the opinion of William Samuel Rocco and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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Please see reverse for the February 2009 Morningstar reprint

Harding Loevner International Equity HLMIX

Morningstar's Take | 02-02-09 | by William Samuel Rocco

Harding Loevner International Equity deserves more attention.

This fund stands out without taking on too much risk. Simon Hallett and his comanagers normally run a compact portfolio of roughly 50 names and regularly build atypical country and sector weightings, so the fund usually looks much different than the typical foreign large-growth offering. But they also use a mix of risk-control measures, and they employ a high-quality growth style that pays significant attention to valuations and favors firms with strong earnings, revenue, and dividend growth, as well as other positive attributes. Thus, the fund isn't too bold overall.

As a result of the moderate aspects of this strategy, plus the managers' skillful execution, the fund has been a superior performer in rough conditions. While the typical foreign large-blend fund has lost 56% since the current meltdown began in late 2007, the fund has lost (an admittedly bruising) 48%, as the managers maintained big overweightings in the relatively resilient health-care and consumer staples sectors and made good picks in those and other areas. The fund also held up much better than most of its peers in the early-2000s sell-off and has suffered less overall volatility than the category norm.

The fund has much more than its down-market success going for it. Though it has tended to lag in more-speculative surges, it has had some rally success and it has comfortably outpaced its typical peer over the past decade. Hallett and his three comanagers are quite seasoned, and they're supported by a strong group of investment professionals.

Despite all these attributes, the fund has only \$200 million in assets. (And the firm is only running around \$1.5 billion in this and similar strategies.) That doesn't make sense: The fund is a superior source of blue-chip foreign exposure.

William Samuel Rocco is an analyst with Morningstar.

Morningstar Rating

★★★★

Kudos

- Experienced management team.
- Dedicated to high-quality growth style.
- Less volatile than typical foreign large-growth fund.
- Tends to perform well in moderate rallies and downturns.
- Harding Loevner continues to expand its investment team.

Risks

- Compact portfolio of 50 or so names comes with issue-specific risk.
- High-quality-growth discipline will hold it back when cyclical stocks and speculative-growth stocks lead the way, as occurred in 2003, 2004, and the first 10 months of 2007.
- Penchant for emerging-markets names courts risk.
- Though it fared better than nearly all of its peers, it suffered huge absolute losses in 2008.

Strategy

Management focuses on firms with strong revenue, earnings, and dividend growth that enjoy good free cash flow and sound balance sheets. It looks for proven and shareholder-friendly management teams that have sound business plans. Valuations are important, and the team relies on a variety of risk-control measures. The team made a conscious effort to lower turnover in late 2004 by making it tougher to sell. The end result is a diversified collection of approximately 50 quality growth stocks. The fund levies a 2% redemption fee on shares held fewer than 90 days and uses fair-value pricing extensively.

Management

Simon Hallett has been a manager of this fund since its mid-1994 inception. Alec Walsh joined the team as a comanager in 2001 after several years as an analyst, while Ferrill Roll and Peter Baughan did the same in 2004. The four managers have a strong team of analysts and managers to draw on for support, including Rusty Johnson, the successful skipper of Harding Loevner Emerging Markets.

Inside Scoop

We're sanguine about Harding Loevner's July-2008 decision to sell a majority equity interest to Affiliated Managers Group. AMG owns portions of many investments boutiques and has a proven track record of leaving those firms alone to run themselves. Meanwhile, this fund and its sibling continue to be run as they always have been; the entire Harding Loevner investment team remains on board; and all of its key investment personnel have long-term employment contracts. In short, there have not been—and should not be—any changes here that should concern fund investors.

Role in Portfolio

Core

Harding Loevner International Equity HLMIX

Year	Total Return (%)	+/-Category
YTD	-11.11	-2.51
2008	-39.24	7.32
2007	13.01	-3.25
2006	23.01	-0.94
2005	20.16	4.93

Data through 01-31-09