HARDING · LOEVNER®

Global Equity
2007 First Quarter Report

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Market Environment Highlights

- Developed markets outperformed emerging markets; portfolio outperformed.
- Credit contraction in US sending worries globally.
- Strong global industrial demand persists.

Composite Performance (as of March 31, 2007)

	Last Quarter	Last 12 Months	3 Years[1]	5 Years[1]	10 Years[1]	Since Inception[1,2]	Volatility[3]
Global Equity (gross)	3.6%	13.5%	15.3%	11.1%	8.6%	11.2%	13.3%
Global Equity (net)	3.6%	13.0%	14.7%	10.6%	8.0%	10.4%	13.2%
MSCI ACW[4]	2.6%	16.4%	16.0%	11.7%	8.4%	8.3%	13.9%
MSCI World	2.6%	16.0%	15.2%	11.0%	8.3%	8.2%	13.7%

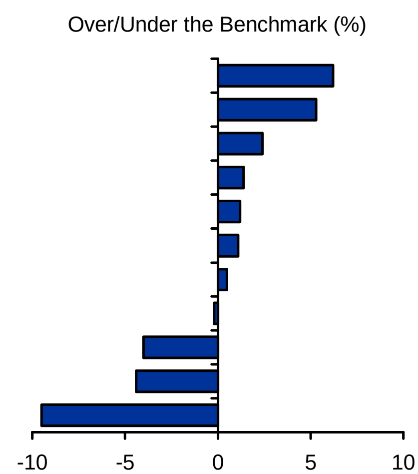
[1]Annualized Returns; [2]Inception Date: November 30, 1989; [3]Annual Standard Deviation; [4]The Benchmark Index
Please read the above performance in conjunction with the footnotes on the back page of this report. Past performance is not indicative of future results.

Outlook Highlights

- Concerns on US consumption growth and protectionist impulses.
- Europe showing signs of demand and productivity growth.
- “Size bias” inflating small- and mid-cap valuations.

Current Portfolio Sector Exposure

Sector	HL Global	MSCI ACW
Health Care	14.5%	8.3%
Info Technology	15.7%	10.4%
Industrials	13.1%	10.7%
Materials	8.4%	7.0%
Cash	1.2%	--
Consumer Staples	9.2%	8.1%
Energy	10.0%	9.5%
Telecom Services	4.9%	5.1%
Cons Discretionary	7.0%	11.0%
Utilities	--	4.4%
Financials	16.0%	25.5%



Purchases and Sales

Purchases	Sector	Sales	Sector
Electronic Arts	Info Technology	TJX Companies	Consumer Discretionary
Monex Beans	Financials		

All holdings and sector allocations are subject to review and adjustment in accordance with our investment strategy and may vary in the future and are not recommendations to buy or sell any security. A complete list of holdings appears on page 9 of this report.

The current portfolio sector exposure is shown as supplemental information only and complements the Global Equity Composite presentation which is located on the front and back covers of this report.

Market Environment

In the first quarter of 2007 the Global Equity Composite rose in value by 3.6%, ahead of the return of its benchmark, the MSCI All Country World Index, which rose 2.6%.

Corporate finance activity spurs equity prices; central banks raise rates.

The quarter was marked by good returns in developed markets and lackluster but positive returns in emerging markets. Leveraged buy-out and merger activity hit records in Europe and the US, spurring prices in a number of stocks and sectors. This came amid interest rate increases by a number of monetary authorities that weighed on sentiment about market liquidity and continued inflation-free growth. Energy, metals prices, and agricultural commodity prices rose strongly in the quarter, underscoring the resilience of demand and the difficulties of increasing supplies in the short run. The oil price was spurred further by the heightened tensions over Middle East supplies after Iran seized British sailors and marines along the disputed Iraq-Iran border. With ethanol and other biofuels production surging in reaction to sustained higher energy prices and politically-inspired subsidies, agricultural commodities are experiencing competition for their use between food producers and fuel producers, raising both inflation and political risks. The European Central Bank, the Bank of Japan, the Reserve Bank of India, and the Peoples Bank of China all raised short-term interest rates in the quarter and, for the ECB and the RBI, this quarter's hikes were a continuation of a series meant to contain higher-than-desired inflation. The BOJ and the PBoC moves were cited as catalysts for a one-day, record 9% drop of the Shanghai Exchange stock market index in late February—although at 0.25% each, they hardly deserved such notoriety—that was the first tremor in a mid-quarter correction of global stock markets.

Sub-prime turmoil represents withdrawal of credit.

The woes of US sub-prime mortgage borrowers, and rising credit loss provisions at their lenders, were front-page news that weighed on investor sentiment, and sent a ripple of worries through the global financial system, from a raft (forty or so) of bankruptcies in the US sub-prime sector, to profit warnings from international banks with exposure to US mortgages, to valuation compression for stocks of companies (both US and non-US) that sell anything related to the US construction or consumer sector (earth movers, cars, flat-screen TVs, etc.) Notably, the US Federal Reserve refrained from raising rates during the quarter, responding to the weakness in the housing sector by standing pat, while publicly asserting that inflation risks remain. But the sub-prime turmoil is a watershed because it is the first instance of credit contracting or being withdrawn from any significant sector of the global economy.

Market Performance (% Total Return)				
	Trailing 12 Months		1Q 2007	
Market	**USD**	**Local**	**USD**	**Local**
Canada	12.4	11.1	3.3	2.3
Germany	28.4	16.7	6.9	5.9
Japan	3.0	3.1	3.6	2.6
United Kingdom	24.4	10.0	3.0	2.8
United States	11.8	11.8	1.0	1.0
Europe EMU	26.8	15.3	4.6	3.5
Europe ex-EMU	25.0	12.0	3.3	3.3
Pacific ex-Japan	34.3	22.6	7.6	5.8
Emerging Markets	20.7	19.2	2.4	1.9

Source: Wilshire Atlas, MSCI (as of March 31, 2007)

Strong industrial demand evident in country and sector returns.

Materials, capital goods, transportation, and real estate, along with utilities and food retailing, were the strongest performing industry groups—the former in keeping with strong global industrial demand, while the latter two groups were spurred by leveraged buy-out speculation and activity. Semiconductors, tech hardware, and diversified financials (where non-prime mortgage brokers and investment banks reside) were the weakest industry groups.

Sector Performance of the MSCI All Country World Index (%Total Return in USD)		
	Trailing 12 Months	1Q 2007
Consumer Discretionary	16.9	2.2
Consumer Staples	22.9	4.8
Energy	10.8	0.8
Financials	16.4	0.5
Health Care	8.4	1.2
Industrials	15.9	5.5
Information Technology	4.0	-0.9
Materials	27.8	10.2
Telecom Services	31.1	4.0
Utilities	37.0	6.2

Source: Wilshire Atlas, MSCI (as of March 31, 2007)

Portfolio Attribution

The portfolio benefited from very good stock selection within Health Care (**Medco Health Solutions**, **Abbott Labs**, **Alcon**, **Qiagen**) accentuated by the heavy holdings in the sector, and from good stock selection in the Financials sector, specifically from Japanese holdings. This was partially offset by poor selection within the Materials sector (**JSR**) and in the capital goods industry group—with Japanese and US holdings

Bold indicates companies held in the portfolio during the quarter. The percentage of currently held positions appears on page 9 of this report. Although these holdings, as well as others mentioned in this report, were viewed favorably at the end of the reporting period, all holdings are subject to review and adjustment in accordance with our investment strategy and may vary in the future; and are not recommendations to buy or sell any security.

(**Fanuc**, **3M**, **Emerson Electric**, **General Electric**) the main culprits. Viewed geographically, good relative stock selection in the US (Medco Health Solutions, Abbott Labs, **Caterpillar**), and Europe (Alcon, **L'Oreal**) outweighed a small drag from stock selection in Japan (JSR, **Keyence**).

Outlook

Belt-tightening among US consumers.

We wrote last September that "*The arrival of weaker US consumer spending is upon us, with plummeting housing starts and decreased mortgage lending signaling sated or debt-constrained households. This situation has broad implications for exporting economies abroad, particularly in Asia, which has relied upon the US as an economic outlet for the massive increase in productive capacity and employment over the last eight years*." Since then, things have worsened for the US consumer, or at least the portion that owns housing financed with a variable-rate mortgage. As financial institutions from HSBC on down have learned to their dismay, variable-rate mortgages to low-quality borrowers on thin cushions of home equity are a recipe for rising defaults when higher interest rates on reset dates bring higher monthly payments. One estimate by First American Core Logic puts the proportion of mortgaged homes with negative equity at 7% of all mortgaged homes; of those with adjustable-rate mortgages taken out in the last two years—and not facing their first reset until 2008, the proportion with negative equity approaches 25%. That argues for a long adjustment process in the US housing and construction market, more banks and mortgage investors experiencing credit write-offs, and a lot of belt-tightening among US consumers. We remain negative on the prospects for US consumption growth, and for sustained consumer borrowing growth that has kept US financial services such a profitable business over the past fifteen years.

Exports as a percentage of GDP, 1997, 2001, and 2005

Country	1997	2001	2005
China	18.5	20.2	33.5
Hong Kong[1]	29.2	27.2	32.8
India	9.5	10.2	14.5
Indonesia	26.5	35.3	31.1
Japan	9.7	9.3	12.4
Korea	26.8	31.4	36.6
Malaysia	77.3	100.0	108.4
Philippines	30.6	43.9	41.0
Singapore[1]	85.4	88.9	120.8
Taiwan	42.7	44.5	58.9
Thailand	37.8	54.6	61.9

[1]Domestic exports plus 15% margin on re-exports

Source: CLSA Asia-Pacific Markets

Looking abroad for secondary effects of this US adjustment process, we are struck by the large portion of GDP that exports retain in Asian economies, for all the domestic growth that has occurred in Asia over the last half-decade (see Table above).

This quarter has seen continued strong export growth from China in particular, and Asian countries in general, and renewed demand for steel, copper, and iron ore—at least as conveyed by sharply rising commodity and stock prices in those globally traded segments. This strength, we believe, betrays on the one hand a lack of ready new supply (conferring pricing power on the incumbents in the metals industries, such as **Rio Tinto**—and even more on the suppliers of capital goods for their expansion, such as portfolio holding **Caterpillar**, the US producer of heavy earth-moving equipment), and on the other hand a resilient demand, particularly in China, for industrial raw materials. We worry that this demand remains in large part dependent on the export market that the US has provided for all manner of Chinese and Asian manufactured goods—a market that we feel cannot but slow.

Chinese demand for raw materials dependent on US market for manufactured goods.

This worry is exacerbated by the signs of a growing US political consensus to blame China for the US problems, with the potential to impose trade sanctions against the Chinese as a means to undo some of the trade imbalances that are the consequence of too much US consumption and too little savings and investment. The tariffs imposed by the Commerce Department in the last week of March against two Chinese paper product exports look like a White House effort to pre-empt Congressional efforts to coerce China to (further) revalue its currency (the Renminbi has been gradually strengthening for some time) against the Dollar—and to rob Democratic presidential candidates of a campaign issue.

Concern about US demand notwithstanding, we remain fully invested in emerging markets greater than the benchmark weight—if not at the maximum weight that our risk parameters allow. With the sustained economic growth, wealth creation, and intra-regional trade that more stable economic policies in the developing world have enabled, from Brazil to India to Poland, we recognize that even severe fallout from the US—if it is limited to reduced exports rather than a financial accident that interrupts cross border capital flows—is unlikely by itself to halt the shift to domestic demand-led growth that has been occurring in these countries over the past half decade. Illustrative of this thinking is our investment in the mobile telephony industry in China, through **China Mobile**, and Latin America, though **América Móvil**.

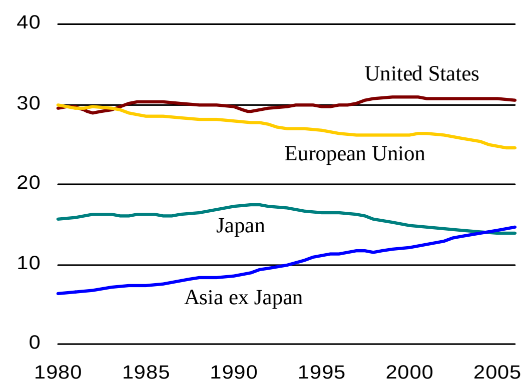
US fallout unlikely to halt emerging markets growth in domestic demand.

We also are unwilling to call an end to the supportive trend of another key determinant of EM stock prices—discount rates, at whose core lie local currency interest rates. With the US household and government sectors being the world's net borrowers, and the massive savings of Asian (and now Middle Eastern) individuals and governments providing the other side, we are not at all confident that even if a US housing slowdown precipitates a financial accident, it is EM discount rates that will suffer most. For now, we take the view that both sides of this bargain will muddle through, i.e., that the adjustment will be made without major dislocation. Current strength of EM debt markets, whose yield spreads (one measure of the risk premium) over US Treasuries have recovered from mid-quarter worries to test all-time lows, and of commodity markets argues in favor of this outcome. If both local interest rates and the risk premium demanded by investors above risk free rates remains low, then emerging markets stocks will continue to climb, given the growth opportunities facing companies operating there.

Europe is the default safe haven.

While we have been negative about US consumer prospects (too early, surely) we perhaps also have not been positive enough about the European economies' relative shelter from that weakness. We have tended to favor the Asian economies for their dynamic recovery from the crisis a decade ago, and their rather new aversion to debt. When worries bubble over about the US ability to be the locomotive of growth that absorbs the burgeoning industrial capacity of China and the rest of Asia, Europe is the default safe haven; that is natural, in that households are less leveraged there and domestic demand is supported by an elaborate social safety net. Moreover, while individual European countries are relatively open in terms of trade with each other, the continental economy as a whole has a quite large degree of self-containedness, and as a bloc runs a balanced trade and current account. Our more guarded view has been anchored in the region's historically sclerotic growth, with much of China's rising share of global GDP coming, not at the expense of the US share of the global economic pie, but from Europe (and Japan.)

Share of World GDP (% of total)



Source: World Bank (Real Historical GDP)

Europe still home to global leaders.

Europe's weak performance on longer-term growth and productivity, given its aging demographic profile and still low labor flexibility, have weighed in our lack of enthusiasm. We also are completely skeptical of French efforts, for example, to build 'national champions' within their economy in order to resist the bracing forces of competition. Echoing the paucity of foreign direct investment in France, we have invested with successful companies such as **Air Liquide**, **LVMH** and **L'Oreal**—who have re-invested their strong free cash flows abroad rather than at home, becoming in the process global leaders in their industries, rather than national champions but global also-rans. For the moment, Europe's safe haven aspects are visible, and the economy—importantly including Germany's—is showing all the signs of strong internal demand recovery as well as the fastest productivity growth in a decade. In the medium term, however, the region's relative resistance to low-cost exports from Asia is under assault, according to **Li & Fung**, the master of low-cost supply chains of first world retailers and their suppliers.

Liquidity trumps economics, politics and geography.

However, the marketplace is focused not on economics, nor on politics, nor on geography, but on liquidity, one symptom of which is merger and buy-out activity sustained by low borrowing costs. Tony Jackson, writing for the Financial Times, asserts that private equity deals, with their incumbent leverage, is affecting the valuation of companies differently, even if the stock market averages seem fairly priced. He has compared the price/earnings multiple of UK stocks considered "too large" to be vulnerable to a bid from private equity to those companies whose public market capitalization is in the sweet spot for private equity groups, and found large and systematic disparities: those in the sweet spot sport price/earnings multiples that are more than 50% higher than those in the 'invulnerable' camp. We ran Jackson's thesis (using trailing earnings) for all non-US listed companies, with even more startling results, shown below:

The Tony Jackson Private Equity (P/E) Gauge[1]	
MSCI All Country World ex US Index[2] Weighted Price/Earnings	
Market Cap > $50 bln	17.0 x
Market Cap < $50 bln	31.0 x
$1 bln < Market Cap > $10 bln	40.0 x

[1]Our coinage

[2]Source: Wilshire Atlas

What are we to make of this valuation disparity? This measure tells us little about the growth prospects of the various categories, nor of the cyclical or mature nature of the businesses at the top of the range. But it does imply that there is an overt size bias at work in the market place, and if it is related to investor perception that private equity may be prowling for its next meal, the higher valuations of smaller companies are at risk if the ability or appetite of private equity to finance deals with borrowed money is curtailed for any reason, such as a retrenchment of debt securitization in the wake of 'isolated' mis-pricing of certain US mortgages.

Portfolio positioned for credit losses and slower global growth.

Portfolio Structure

The portfolio is positioned for a period of rising credit losses and slower global growth. We retain significant holdings in two non-cyclical sectors, Consumer Staples and Health Care. Food and beverage manufacturers, personal care and household products producers, along with food and drug retailers, with their stable profit margins and high returns on capital, boast stable earnings growth that is likely to exceed overall market growth when cyclical headwinds are present, such as the US housing and mortgage market affords just now to construction, durables, and lending. And yet, with the compression of valuation differences that has occurred in global stock markets over the past few years, the qualities are not expensively priced by the market; the stocks of Consumer Staples sport a similar price-to-book, price-to-sales, and dividend yield as stocks of more cyclical (and, in our view, riskier) companies. Furthermore, Consumer Staples companies tend to be multinational, and have been pouring investments into emerging economies, and now some 15-30% of our holdings' profits come from these faster growing markets.

Portfolio Holding	Profit from EM Operations
Colgate-Palmolive	50.0%
Nestlé	30.0%
Coca Cola	30.0%
L'Oreal	25.0%

Source: JPMorgan

We focus on reliable profits and sustainable growth.

In a world of slower growth, companies with reliable profits and sustainable growth will command a premium valuation to the market average.

Our Health Care companies tend to be multinational as well, but their growth comes from new products targeting unmet needs or from demographically-sustained demand from aging populations. **Alcon**, the Swiss eye-care specialist, is a rare example enjoying both growth sources, with its surgical instruments sold in 180 countries, drawing 15% of its revenues from the developing world (and growing those revenues twice as fast as in developed countries), while its artificial ocular lenses enable the replacement of brittle or cloudy natural lenses of the aging eye. **Genentech**, the biotech drug maker, focuses on revolutionary drugs treating diseases, particularly in the area of cancer, which have no currently successful treatments. Its majority shareholder, **Roche Holding**, is able to exploit its global franchise to maximize the international revenue opportunities from each successful discovery, as is currently illustrated by rapid approval in Japan of Genentech's cancer drug Avastin.

Financials sector remains underweight.

We are deeply underweight Financials. Our holdings remain heavily skewed to those companies which are heavily exposed to increasing intensity of banking services in emerging countries, or towards Japan, where we view the aversion to risk taking behavior by individual savers and by company managements as an opportunity for sustained growth in financial services revenue. Generally, we have opted for high-quality franchises (our sole US bank is **Wells Fargo**—the only AAA-rated bank in the US), and preferred managements that have proven able to manage in difficult environments—yet conveys a vision of controlled investment in future growth opportunities. We own **Bankinter**, whose long record of prudence and heavy investment in organic growth opportunities in Spain have kept us invested alongside this entrepreneurial management.

In segments or geographies where growth appears plentiful, we have embraced smaller and riskier companies. **Erste Bank** has assembled, through a series of acquisitions, a large and contiguous retail customer base in Eastern Europe, which faces many years of housing renewal that will be facilitated by nascent but rapidly growing mortgage markets. We recognize the risks inherent in any rapid growth scenario in banking, not least one driven by an acquisition strategy. But repeated meetings with management, an extended record of good execution, combined with the meaningful secular growth opportunities have counted for a lot in this investment. In Japan, **Nomura Holdings** is profiting from rising merger and acquisition activity, from advising companies on attracting more individual shareholders (Japanese companies raised dividends by 27% in the year just ended), and from packaging investments for individual investors that are customers of regional banks and the post office savings banks as well as their own customers. We bought a new holding this quarter in **Monex Beans**, an innovative online broker with a charismatic, entrepreneurial CEO, who aims to capture a larger share of the self-directed financial services business, which he sees as rising quickly in Japan as more individuals wrestle with investment needs and huge cash savings garnering tiny returns.

Positive stance on Japanese companies.

That emerging interest amongst Japanese companies in attracting individual investors—and the advent of proxy battles involving individual investors to complement the arrival of the hostile takeover bid—has prompted us to remain quite positive on Japanese companies, that despite their recent poor stock price performance. **Fanuc**, the industrial robot producer, and **Keyence**, maker of optical sensors for a broad array of process control uses, for instance, continue to deliver very strong results—but not stock price performance. The emergence of better informed and more active Japanese shareholders suggests to us that stock price performance will begin to correlate more closely with earnings performance and prospects.

Global Equity Holdings as of March 31, 2007

Sector	Company	Country	Weight (%)	Description
Consumer Discretionary	Li & Fung	Hong Kong	1.9	Trading company
	LVMH	France	1.1	Luxury goods group
	Pearson	United Kingdom	1.5	Education & publishing company
	Viacom	United States	2.6	Media & entertainment group
Consumer Staples	Coca-Cola	United States	1.2	Soft drinks company
	Colgate-Palmolive	United States	2.3	Consumer products company
	L'Oreal	France	2.3	Personal care products manufacturer
	Nestlé	Switzerland	2.0	Global food company
	Walgreens	United States	1.6	Drug store chain
Energy	EnCana	Canada	2.3	Producer of natural gas
	Exxon Mobil	United States	3.2	Global oil company
	Sasol	South Africa	1.3	Refined petroleum products producer
	Schlumberger	United States	3.3	Oil services company
Financials	American Int'l Group	United States	2.5	Insurance holding company
	Bankinter	Spain	1.4	Small commercial bank
	Erste Bank	Austria	1.2	Savings & retail bank
	Kookmin Bank	South Korea	1.1	Retail-oriented bank
	Monex Beans	Japan	1.0	Internet provider of investment services
	Nomura Holdings	Japan	2.1	Brokerage firm
	Standard Chartered	United Kingdom	2.4	Multinational commercial bank
	Sumitomo Realty & Dev	Japan	1.8	Real estate developer
	Swiss Re	Switzerland	1.3	Reinsurer
	Wells Fargo	United States	1.5	Super regional bank
Health Care	Abbott Labs	United States	2.2	Health care products & pharmaceuticals producer
	Alcon	Switzerland	1.6	Eye care company
	Genentech	United States	0.9	Therapeutic biotechnology
	Medco Health Solutions	United States	2.4	Pharmaceutical benefits manager
	Medtronic	United States	2.1	Medical devices company
	Novartis	Switzerland	1.2	Multinational life sciences company
	Qiagen	Germany	2.2	Laboratory equipment supplier
	Roche Holding	Switzerland	1.1	Pharmaceutical company
	Synthes	Switzerland	0.9	Medical device company
Industrials	3M Co.	United States	2.7	Industrial technology firm
	Caterpillar	United States	2.4	Producer of earthmoving equipment
	China Merchants	China	2.7	Global port operator
	Emerson Electric	United States	2.8	Global industrial & electronics controls company
	Fanuc	Japan	0.9	Machine tool maker
	General Electric	United States	1.8	Diversified products & services company
Information Technology	Analog Devices	United States	1.8	Analog mixed-signal computer chip maker
	Automatic Data Proc	United States	1.1	Payroll and tax-filing processor
	Cisco Sytems	United States	2.8	Internet networking company
	Dassault Systemes	France	1.2	CAD/CAM software designer
	eBay	United States	1.6	On-line marketplace
	Electronic Arts	United States	0.9	Video game publisher
	Hirose Electric	Japan	0.9	Manufacturer of electrical connectors & components
	Keyence	Japan	2.0	Detection & measuring control equipment maker
	Qualcomm	United States	1.5	CDMA wireless communications technology firm
	Samsung Electronics	South Korea	0.9	Electronic equipment maker
	Yokogawa Electric	Japan	1.1	Industrial process control equipment company
Materials	Air Liquide	France	1.4	Industrial gas company
	Air Products & Chemicals	United States	1.0	Industrial gas company
	JSR	Japan	2.0	Specialty chemicals manufacturer
	Praxair	United States	1.2	Industrial gas company
	Rio Tinto	United Kingdom	2.8	Diversified mining company
Telecom Services	America Movil	Mexico	1.5	Cellular service provider
	China Mobile	China	2.4	Cellular service provider
	Orascom Telecom	Egypt	1.0	Cellular services provider

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Contributors to Returns

Last Quarter				**Last 12 Months**			
Largest Holdings	Return	Weight	Contribution	Largest Holdings	Return	Weight	Contribution
Sumitomo Rlty & Dev	18.2%	3.2%	0.61%	Sumitomo Rlty & Dev	37.5%	3.7%	1.22%
Exxon Mobil	(1.1%)	3.2%	(0.03%)	Schlumberger	10.1%	3.3%	0.34%
Schlumberger	9.7%	3.1%	0.30%	Emerson Electric	5.4%	3.0%	0.17%
Emerson Electric	(1.7%)	2.9%	(0.05%)	EnCana	9.5%	2.8%	0.34%
Cisco Systems	(6.6%)	2.8%	(0.18%)	Cisco Systems	17.8%	2.8%	0.54%
Largest Contributors				Largest Contributors	Return	Weight	Contribution
Medco Health Solutions	35.7%	2.2%	0.67%	Li & Fung	57.9%	2.4%	1.26%
Sumitomo Rlty & Dev	18.2%	3.2%	0.61%	Sumitomo Rlty & Dev	37.5%	3.7%	1.22%
Abbott Labs	15.2%	2.1%	0.30%	China Mobile	65.5%	2.2%	1.21%
Schlumberger	9.7%	3.1%	0.30%	China Merchant	49.1%	2.1%	0.89%
Alcon	17.9%	1.5%	0.25%	Exxon Mobil	26.2%	2.7%	0.67%
Largest Detractors				Largest Detractors	Return	Weight	Contribution
JSR	(10.5%)	2.1%	(0.25%)	JSR	(21.6%)	2.4%	(0.65%)
Keyence	(8.9%)	2.1%	(0.20%)	Keyence	(13.0%)	2.3%	(0.33%)
Medtronic	(8.1%)	2.3%	(0.20%)	Qualcomm	(14.7%)	1.6%	(0.32%)
Cisco Systems	(6.6%)	2.8%	(0.18%)	TEVA Pharmaceutical*	(16.2%)	0.4%	(0.20%)
American Int'l Group	(6.0%)	2.6%	(0.16%)	Yokogawa Electric	(13.1%)	1.1%	(0.19%)

Percent weight figure shown is the average percent over the period.

*Security owned for partial period; return shown is for the actual period owned in the portfolio.

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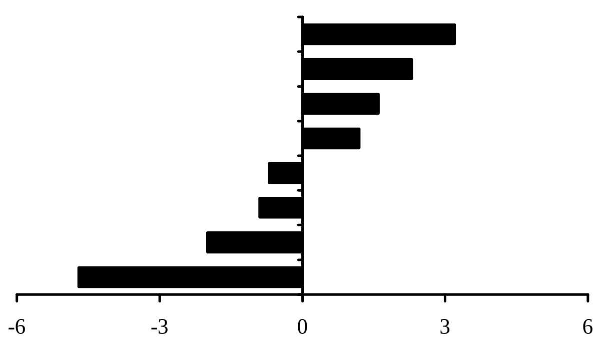
Current Portfolio Regional Exposure

	HL Global Equity	MSCI ACW Index
United States	47.1%	43.9%
Emerging Markets	10.7%	8.4%
Japan	11.6%	10.0%
Cash	1.2%	--
Europe ex-EMU	14.6%	15.3%
Canada	2.3%	3.2%
Pacific ex-Japan	1.9%	3.9%
Europe EMU	10.6%	15.3%

Over/Under the Benchmark (%)



Portfolio Characteristics

Characteristics	HL Global	MSCI ACW	Characteristics (3 Years)	HL Global	MSCI ACW
Avg Wtd Market Cap ($B)	$71.0	$70.5	Alpha	(1.61)	0.00
Price/Earnings (Trailing)	19.7	16.7	Beta	1.12	1.00
Price/Cash Flow	15.7	12.0	R-Squared	0.92	1.00
Price/Book	4.0	2.7	Sharpe Ratio	0.35	0.42
Dividend Yield	1.5%	2.2%	Standard Deviation	9.45	8.11
Return on Equity	24.2%	21.3%	Correlation	0.96	1.00
Number Holdings	57	2740	Turnover (Average)	23.9%	---

Average Weighted Market Capitalization is the product of a security's price and the number of shares outstanding. *Price/Earnings* is the ratio of a firm's closing stock price and its trailing 12 months' earnings per share. *Price/Cash Flow* is the ratio of a firm's closing stock price and its fiscal year end cash flow per share. *Price/Book* is the ratio of a firm's closing stock price and its fiscal year end book value per share. *Dividend Yield* is indicated dividend rate divided by current price, expressed as a percent. *Return on Equity* is the net income divided by total common equity outstanding, expressed as a percent.

Alpha is a measure of risk-adjusted return. *Beta* is a measure of the portfolio's sensitivity to the market. *R-Squared* is a measure of how well a portfolio tracks the market. *Sharpe Ratio* is the return over the risk free rate per unit of risk. *Standard Deviation* is the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Correlation* is the statistical measure of the degree to which the movements of two variables are related. *Turnover* is the ratio calculated by dividing the lesser of purchases or sales by average capital, expressed as a percent.

Portfolio attribution, region weights and statistics are shown as supplemental information only and complement the Global Equity Composite presentation which is located on the front and back covers of this report.

Source: Wilshire Atlas (Run Date April 9, 2007); Harding Loevner Global Equity Composite

Global Equity Composite Performance Summary
2007 First Quarter Report

	HL GLBL EQ (Gross)	HL GLBL EQ (Net)	MSCI ACW[1]	MSCI WORLD	Internal Dispersion[2]	Number of Accounts	Composite Assets ($M)	Firm Assets ($M)
2007[3]	3.6%	3.6%	2.6%	2.6%	N.A.[4]	N.M.[5]	109	5121
2006	19.2%	18.7%	21.5%	20.6%	N.M	N.M.	102	4720
2005	17.2%	16.8%	11.4%	10.0%	N.M.	N.M.	85	2562
2004	9.0%	8.5%	15.8%	15.3%	N.M.	N.M.	82	1524
2003	32.5%	32.0%	34.6%	33.8%	N.M.	N.M.	127	1357
2002	(19.4%)	(19.8%)	(19.0%)	(19.5%)	0.6	6	118	1082
2001	(14.9%)	(15.5%)	(15.9%)	(16.5%)	0.4	7	152	1154
2000	1.3%	0.1%	(13.9%)	(12.9%)	N.M.	N.M.	108	1392
1999	38.9%	38.2%	26.8%	25.3%	N.M.	N.M.	96	1423
1998	2.3%	1.6%	22.0%	24.8%	0.5	11	179	1372
1997	11.0%	10.1%	15.0%	16.2%	0.6	15	251	1521

[1]Benchmark Index; [2]Asset-weighted standard deviation (gross of fees); [3]The 2007 returns reflect the partial period January 1, 2007 through March 31, 2007; [4]N.A. – Internal dispersion less than a 12 month period; [5]N.M. – Information is not statistically meaningful due to an insufficient number of portfolios in the Composite for the entire year.

Global Equity Composite contains fully discretionary U.S. dollar-based global equity accounts and for comparison purposes is measured against the MSCI All Country World Index (gross dividends). Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg; prior to July 1, 1997 it was Reuters. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

The MSCI All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The Index consists of 47 developed and emerging market countries. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The Index consists of 23 developed market countries. You cannot invest directly in these Indices.

Harding, Loevner Management, L.P. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Harding Loevner is GIPS compliant and is verified by Ashland Partners & Company, LLP. Harding Loevner has received a firm-wide GIPS verification beginning November 1, 1989. The most recent verification was for the Quarter ending September 30, 2006.

Harding, Loevner Management, L.P. is an independent registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Past performance is not indicative of future results. Additional information regarding the policies for calculating and reporting returns is available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate global equity accounts is 1.00% annually of the market value of assets up to $20 million; 0.50% of amounts from $20 million to $100 million; negotiable for amounts over $100 million. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Global Equity Composite was created on November 30, 1989.

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