



Composite Performance (%) For Periods Ending March 31, 2008

	Last Quarter	Last 12 Months	Three Years <sup>1</sup>	Five Years <sup>1</sup>	Ten Years <sup>1</sup>	Since Inception <sup>1,2</sup>	Volatility <sup>3</sup>
HL Global Equity (gross of fees)	(5.91)	6.81	15.47	18.71	7.14	10.95	13.21
HL Global Equity (net of fees)	(5.97)	6.25	14.91	18.14	6.49	10.16	13.11
MSCI All Country World <sup>4</sup>	(9.18)	(0.68)	11.65	17.76	5.53	7.78	13.59
MSCI World	(8.95)	(2.77)	10.20	16.55	5.03	7.59	13.79

<sup>1</sup>Annualized Returns <sup>2</sup>Inception Date: November 30, 1989; <sup>3</sup>Annual Standard Deviation; <sup>4</sup>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.

Sector Exposure (%)

Sector	HL Gbl	ACW	Over/Under The Benchmark
Health Care	15.4	8.0	7.4
Info Technology	16.2	10.4	5.8
Industrials	15.3	11.5	3.8
Cons Staples	10.6	8.8	1.8
Energy	12.7	11.8	0.9
Cash	0.8	--	0.8
Materials	8.2	8.7	(0.5)
Telecom Services	3.1	5.3	(2.2)
Cons Discretionary	6.1	9.1	(3.0)
Utilities	0.0	4.6	(4.6)
Financials	11.6	21.8	(10.2)

Market Review & Outlook

- Stocks put in a poor performance amid the credit crisis and steeply rising commodity prices.
- The end of “easy money” from the credit markets means tougher sledding for alternative assets and weaker businesses.
- Declining consumption in the US means companies worldwide may find growth harder to achieve.

Portfolio Highlights

- Outperformance for quarter due primarily to strong, broad-based stock selection.
- Continued focus on business quality, financial strength, and underlying revenue growth.
- Debt leverage of our companies is significantly less than market average.

Regional Exposure (%)

Region	HL Gbl	ACW	Over/Under The Benchmark
United States	46.6	41.6	5.0
Cash	0.8	--	0.8
Japan	9.2	8.7	0.5
Emerging Markets	11.8	11.3	0.5
Pacific ex-Japan	4.2	4.3	(0.1)
Europe ex-EMU	14.0	14.4	(0.4)
Canada	2.7	3.8	(1.1)
Europe EMU	10.7	15.9	(5.2)

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Sector and region allocations are supplemental information only and complement the Global Equity Composite presentation that is located on the front and back pages of this report. They should not be considered recommendations to buy or sell any security.

## Overall Performance

The Composite for the Global Equity Strategy fell 5.92%, a performance that was significantly better than the MSCI All Country World Index, which fell 9.18%.

## Market Review

The near failure and breathtaking rescue of US securities firm Bear Stearns topped all headlines in the quarter—even outside the US. But Bear's absorption by JPMorgan with the support of the Federal Reserve came late in a quarter chock-a-bloc with negative news flow in the global financial sector (radiating, of course, from the US housing and mortgage crisis). Losses linked to US mortgages, derivative credit exposure, or funding issues turned up in the farthest corners of the globe. Two prominent European hedge funds that focused on mortgage-

backed and asset-backed securities, Carlyle Capital (connected to Washington and London political insiders) and Peloton (connected to Goldman Sachs partners and 2007 "Fund of the Year"), were liquidated by their creditors. UBS, the Swiss banking giant, took a further \$19 billion write-down of its US mortgage and derivative exposure. Credit Suisse, its cross-town rival, discovered that its own traders had falsified pricing on derivatives positions—to the tune of \$2.9 billion of additional losses. Mizuho Financial in Japan announced \$2 billion of losses from US mortgage-related securities. ICICI, the Indian bank, revealed \$300 million of "mark-to-market" losses on an overseas portfolio of credit derivatives. Northern Rock, the UK mortgage lender, was officially nationalized by Her Majesty's Government. So really, it was a quarter with news as unrelentingly bad as the three quarters that preceded it: the same, only more so.

The US Federal Reserve cut overnight interest rates three times in the quarter; two of those cuts were by 0.75%, a magnitude of easing not witnessed since 1981. In addition, the Fed took a number of radical monetary actions to revive liquidity in frozen securities markets, culminating in its brokering of the Bear Stearns rescue. In support of this last, it accepted \$29 billion of the least liquid mortgage-related securities as good collateral for a non-recourse loan to JPMorgan. By this action, the Fed risked moving from being the "lender of last resort" to the "buyer of last resort", and signaled its position as being in all-out crisis management mode.

Meanwhile, on the fiscal policy front, the Bush administration and Congress moved with unusual speed early in the quarter to pass a tax rebate to individuals, a first step towards supporting demand in the economy. The Treasury took action to foster re-negotiations for delinquent mortgages to stave off mass foreclosures against sub-prime borrowers. The government mortgage agencies, Fannie Mae and Freddie Mac, were also allowed to relax their capital and lending restrictions, allowing for more government-sponsored investment and guarantees in home mortgages and mortgage-backed securities. Congress and the administration are exploring ways to further ease the housing bust, but so far the "bail-out" and moral hazard arguments are holding up decisive action on this front.

Outside the US housing and financial sectors, commodity prices rose amid reports of continued strong demand from developing economies and resilient business confidence among European

Bold indicates companies held in the portfolio during the quarter. The portfolio is actively managed; therefore holdings shown may not be current. They should not be considered recommendations to buy or sell any security. A complete list of holdings is available on page six of this report.

### Market Performance (%)

Market	Trailing 12 Months	1Q 2008
	USD	USD
Canada	18.37	(5.98)
Germany	12.38	(11.69)
Japan	(14.64)	(7.73)
United Kingdom	(5.76)	(10.52)
United States	(4.84)	(9.32)
Europe EMU	4.33	(9.12)
Europe ex-EMU	(3.20)	(7.94)
Pacific ex Japan	6.80	(12.78)
Emerging Markets	21.28	(10.92)
MSCI ACW Index	(0.68)	(9.18)

Source: Wilshire Atlas; MSCI Barra (as of March 31, 2008)

### Sector Performance (%) of the MSCI ACW Index

Sector	Trailing 12 Months	1Q 2008
	USD	USD
Consumer Discretionary	(13.02)	(8.97)
Consumer Staples	10.12	(3.26)
Energy	21.32	(8.87)
Financials	(16.72)	(12.09)
Health Care	6.98	(8.70)
Industrials	4.56	(7.23)
Information Technology	(0.56)	(13.45)
Materials	22.72	(2.34)
Telecom Services	6.07	(13.85)
Utilities	5.84	(8.28)

Source: Wilshire Atlas; MSCI Barra (as of March 31, 2008)

capital goods exporters, especially in Germany. Crude oil surged above \$100 per barrel for the first time ever. CVRD, the Brazilian iron ore producer, announced price increases of 65-70% to its steelmaker customers. Soybeans, wheat, and corn prices rose to levels not seen since the 1970s. Gold shot past the old 1980 record price, and even topped \$1000 per ounce briefly as the financial sector appeared to be melting down.

The US Dollar fell heavily against most currencies, as market participants worried about the floods of dollars created by successive Fed liquidity injections, its apparent inability to end the financial crisis quickly, and the incipient inflation that began showing up in the headline CPI figures. The European Central Bank, while joining the liquidity battle, has pointedly not joined the Fed in cutting rates due to its own concern with inflation creeping up to 4% in the euro zone—and above 4% in several member countries. The Swiss franc and the Japanese yen were in a class by themselves, surging even relative to the strong euro on both carry-trade unwinding and flight-to-safety sentiment. Chinese, Russian, and Brazilian monetary authorities increased interest rates in the quarter to restrain demand and resist inflationary pressures.

*“The whole system confused low observed volatility with low risk, and hence became complacent about taking on increasing nominal levels of debt.”*

Stocks put in a terrible performance in the quarter. The worst industry sectors in the MSCI All Country World Index were Telecom Services (down 14%) and, unsurprisingly, Financials (down 12%). The worst industry group within Financials was diversified financials, which fell 17%. Developed markets fared somewhat better than emerging markets, and the US, down 9%, suffered no more than other major markets despite being the source of the financial contagion. Switzerland stood out among developed markets for its resilience, falling just 2% after including the 14% rise of the Swiss franc against the US dollar. Chinese stocks fell 24% while Indian stocks fell 27%—two of last year’s hottest markets.

## Portfolio Attribution

The smaller decline in the portfolio versus the Index was due primarily to good stock selection. Moreover, the good stock selection was very broad-based: stock selection was positive in eight of nine industry sectors, and 15 of 20 industry groups where we had holdings. Relative performance was particularly

strong in the Health Care, Informational Technology and Telecom Services sectors. In geographic terms, our holdings did better than the local Index in 12 of the 18 countries in which we were invested, including the large US market. Such broad relative performance, coming mostly from

*“We are loath to give free reign to our ingrained pessimism about indebted US consumers and their lenders much longer.”*

stock selection, is evidence that the investment environment is shifting in favor of high-quality growth companies.

The only noteworthy industry group laggard was transportation, within the Industrials sector. Our main holding in this group, port operator **China Merchants International**, suffered along with the China Index. And our only weak areas of relative stock selection regionally were in Japan and Pacific ex-Japan.

## Outlook

Despite criticism that monetary authorities were slow to take action to avert the crisis, the fact is the Fed has cut interest rates significantly earlier than in previous recessions precipitated by financial crises. We think it is the principals in this drama that have been slow to recognize the severity. This is a crisis that has been created by foolish actions by all sides: Financial service providers took advantage of regulatory changes that encouraged the moral hazard of separating the extension of credit from the experience of its risks and responded to political pressure to extend housing credit to those least qualified to borrow. Leveraged investors reacted to incentives that were skewed in favor of high risk taking, since they took an outsized share of the gains, but shared little in potential losses. Individuals responded to low interest rates, creative loan structures, and loose lending standards by borrowing money they had no reasonable hope of repaying. The whole system—financial firms, leveraged investors, government regulators, and individuals—confused low observed volatility with low risk, and hence became complacent about taking on increasing nominal levels of debt, ignoring the lessons of history in favor of Pollyanna-ish reference to recent experience.

We have worried about this complacency for some time, and are unsurprised by its denouement. For us, in fact, the crisis has developed in what feels like slow motion. However, this type of asset-based deflation is beyond most people’s—including most financial professionals’—experience. We are dealing with some of the most opaque and complex financial instruments yet

devised, which have dispersed the effects of the mortgage crisis into financial institutions far afield from the source of the problem. So perhaps markets are justified in their deliberate recognition of the linkages throughout the financial system and into surprising corners of the global economy. We risk, from a behavioral standpoint, declaring victory and taking profits on our point of view too soon—risk aversion in a position of (relative) gain.

Nevertheless, we recognize that stock markets typically discount the worst effects of a financial crisis before they have been reached; it also discounts the recovery in the broad economy before the economy begins to improve. We also know from the history of financial crises that the epicenter of the crisis, in this case the US housing and mortgage sector, is likely to continue on a weak trend long after securities markets have begun to improve, and also after the rest of the economy begins to recover.

The more telling turning point in prior property-derived financial crises (the US savings & loan crisis in the 1980s, Norway and Sweden in 1990, Japan in the early 1990s) is when the government sees enough risk of systemic failure that policy makers engage in full-bore crisis management, with liquidity injections, emergency alterations of monetary regulation, and stimulative fiscal policy. Usually, this point is reached around the failure or near failure of a major financial institution. We have now reached that point in the US; thus we are loath to give free reign to our ingrained pessimism about the indebted US consumer and his lenders much longer. Instead, we look to take advantage of higher risk premiums in areas where we perceive the risk aversion to be short-sighted, and thus where expected returns are correspondingly attractive.

In doing so, we must be far-sighted about the longer-term shifts that will result from the current crisis. One of those might well be towards higher inflation. Certainly, reported inflation has risen around the world. Headline inflation in the US hit 4% in February—resulting in a *negative* current yield on all but the longest-dated Treasury debt, after accounting for inflation. The Economist Commodity Price Index is up 32% year on year, with the food component up 60%, and oil up 61%.<sup>1</sup> Food and energy costs represent an even larger proportion of developing economy CPI baskets than they do for the developed world—the average inflation in the ‘BRIC’ countries (Brazil, Russia, Indonesia, China) is over 8%—and inflation is rising in a majority of the developing countries we follow. Government actions, such as Chinese price controls on soybeans, or export bans on coal, or British mandated subsidies for energy

consumers, may distort markets and harm corporate margins before they translate into higher prices globally for all goods and services. Given the degree to which global trade has been a force for lower inflation in the US and Europe, widespread price and wage increases in emerging markets lead to fears that imported deflation will soon switch to imported inflation.

*“In the current environment, strong balance sheets not only ensure that companies survive to implement their business strategies, they become competitive weapons.”*

But the asset deflation occurring in US real estate and mortgage-related securities is just that: deflationary. In our view, given the scale of the affected markets and the scope of the problems, the forces of deflation, at the margin, are a potent counter to the commodity inflation that preoccupies the markets presently. Commodity price rises are so far having limited effects on general price levels in developed economies; they thus represent changing terms of trade between commodity producers and commodity buyers—a clear and present danger to corporate profit margins, but not yet a threat to general financial values.

We are focused on the implications of the end of easy money: while liquidity is being manufactured by central banks in large amounts, private liquidity is contracting with lending standards being tightened by the financial system, and new debt is much harder to come by for end users. In general, we believe that “alternative assets” will suffer weaker returns—their “gilded age” of the past decade relied too much on the easy availability of borrowed money to leverage the mundane returns of the underlying assets. Estimates of the collapse of leveraged debt funds and conduit vehicles for securitized debt range from 50-60% of the entire asset base, and the wind-up has not yet finished. Private equity firms are now breaking off transactions due to the difficulties of arranging the requisite debt financing. Wealthy private investors have become extremely pessimistic, and are no longer seeking higher returns, but rather are focusing on the preservation of capital—not only preservation from default, but also from incipient inflation, given the low nominal rates engendered by the Fed and the flight to quality combined with the higher headline inflation. In such an environment, strong balance sheets not only ensure that companies survive to implement their business strategies, they become competitive weapons, enabling intrepid managements to take advantage of companies with weakened ones.

<sup>1</sup>Economic and Financial Indicators, *The Economist*, March 29, 2008, p.131.

We soon will see an echo of financial de-leveraging in the personal sector. Individuals react to rising joblessness around them by reducing indebtedness in fear that the same fate may soon befall them. Thus, we do not expect US consumers to soon revert to their previous appetite for debt-financed consumption after taking stock of the housing blow to their wealth. As a result, growth in US mortgage lending, and in the fees generated worldwide from securitizing assets, will be depressed for quite some time. This situation has negative implications for the revenues and profits of financial services companies. Sub-par consumption here also means that non-US companies accustomed to robust US sales may find growth harder to achieve in the future.

## Portfolio Structure

In a sustained period of more onerous financing conditions, increasing margin pressure, and constrained demand, our focus on business quality and underlying revenue growth is likely to continue yielding better than average results. We have made few changes to the portfolio this

*"We focus tremendous effort on understanding industry competitive structure and the competitive advantages of individual companies."*

quarter, and will highlight some of the areas that we believe will be resilient in the current market environment.

We have exposure to primary producers and processors that enable the world's food supply. Demand for food has little elasticity to income variations in the short run, so it is unlikely to be affected by the financial crisis or by a US recession. But permanent changes in income will affect overall food demand, and steadily rising per capital incomes in developing nations is stimulating a long-term need for increased food production. We own **Sime Darby**, a large Malaysian palm oil producer (a substitute for soybean and other vegetable oils, including those used in bio-diesel production.) We also own **Olam**, a processor and distributor of edible nuts, cocoa, coffee and other food ingredients. Based in Singapore, the company operates in over 35 countries, including sourcing agricultural products from many countries of Africa, a region with vast potential for increasing food production.

As always, we focus tremendous effort on understanding industry competitive structure and the competitive advantages

of individual companies, seeking those that can sustain their margins when pressures rise generally. **Praxair**, **Air Products**, and **Air Liquide**, the industrial gas producers, have pass-through features in their contracts for energy costs, and procure parts of their raw material literally out of thin air. Consumer Staples companies such as **Colgate**, **L'Oréal**, and **Nestlé** are heavy consumers of commodities in both their product and its packaging—but due to the consistent demand and small price of their product, they are able to raise prices over time to maintain their margins with remarkable steadiness. **Schlumberger**, an oil services provider, is enjoying strong pricing power, thanks to its dominant position in the most technologically complex parts of the oil service industry, and stands well-placed to respond to oil companies world-wide who are experiencing difficulties in replenishing reserves.

We favor industries with long-term demand growth, and as a result we continue to have large holdings in Health Care companies. Medical spending growth is supported by demographic trends and expanding entitlement spending, rendering their revenue growth highly resilient. Additionally, the biggest cost for them is the development of intellectual property, where the major input (wages of researchers) is among the slowest to inflate, and certainly far removed from commodity price rises. **Abbott Labs** has increased its exposure to value creation through intellectual property by shedding both its consumer business and, more recently, its diagnostic equipment business at a time when its R&D pipeline is proving extremely fertile. We also own molecular diagnostics lab supplier **Qiagen**, whose recent acquisition DiGene has won approval for a molecular HPV test that will spur sales of Qiagen equipment and consumables globally. We have maintained our holdings in **Roche** and **Genentech**, whose focus on new, biologic compounds is more sheltered from generic competition than traditional small-molecule pharmaceuticals.

Finally, we favor companies with a high degree of financial strength. The debt to equity of companies in the portfolio is significantly lower than the average of the market; more than a third of the industrial companies we own (i.e., outside the Financials sector) have zero debt (or net cash) on their balance sheet.<sup>2</sup> Furthermore, we remain significantly underweight the Financials sector, which, by its nature, is far and away the most leveraged of the industry sectors. Within Financials, we favor companies with strong capital bases and good access to funding: **Wells Fargo**, **Standard Chartered**, **AIG**, and **Swiss Reinsurance** all fit this description.

<sup>2</sup>Internal Harding Loevner analysis, based upon Credit Suisse-Holt® data.

## Global Equity Holdings (as of March 31, 2008)

Sector/Company/Description	Country	End Weight (%)
<b>Consumer Discretionary</b>		
<b>Li &amp; Fung</b> - Trading & logistics	Hong Kong	2.1
<b>LVMH Moët Hennessy</b> - Luxury goods	France	1.0
<b>Pearson</b> - Print & broadcast media	United Kingdom	1.1
<b>Viacom</b> - Diversified media	United States	1.8
<b>Consumer Staples</b>		
<b>Coca Cola</b> - Soft drinks	United States	1.4
<b>Colgate Palmolive</b> - Household products	United States	1.5
<b>L'Oréal</b> - Personal care products	France	2.5
<b>Nestlé</b> - Food & beverage	Switzerland	2.4
<b>Olam Intl</b> - Agricultural products	Singapore	0.8
<b>Walgreen</b> - Retail drugstore	United States	2.0
<b>Energy</b>		
<b>EnCana</b> - Natural gas producer	Canada	2.7
<b>Exxon Mobil</b> - Integrated oil	United States	2.8
<b>Gazprom</b> - Natural gas producer	Russia	2.0
<b>Sasol</b> - Alternative fuels	South Africa	1.7
<b>Schlumberger</b> - Petroleum industry services	United States	3.5
<b>Financials</b>		
<b>American Intl Group</b> - Insurance	United States	1.5
<b>Erste Bank</b> - Money center & retail banking	Austria	1.2
<b>Fortress Investment</b> - Asset manager	United States	0.7
<b>Monex Beans</b> - Internet investment service	Japan	1.0
<b>Nomura Holdings</b> - Brokerage/investment bank	Japan	1.4
<b>Standard Chartered</b> - Commerical bank	United Kingdom	2.7
<b>Sumitomo Rlty. &amp; Dev.</b> - Real estate developer	Japan	0.8
<b>Swiss Reinsurance</b> - Life & health reinsurer	Switzerland	1.1
<b>Wells Fargo</b> - Commerical bank	United States	1.2
<b>Health Care</b>		
<b>Abbott Labs</b> - Health care & pharma products	United States	2.1
<b>Alcon</b> - Eyecare	Switzerland	1.6
<b>Cochlear</b> - Hearing implants	Australia	1.3
<b>Genentech</b> - Therapeutic biotech research	United States	0.8
<b>Medco Health Solutions</b> - Pharmacy benefits	United States	2.1
<b>Medtronic</b> - Medical devices	United States	2.0
<b>Novartis</b> - Life sciences	Switzerland	1.0
<b>Qiagen</b> - Biotech & instrumentation	Germany	2.5
<b>Roche</b> - Pharma & diagnostics	Switzerland	1.1
<b>Synthes</b> - Orthopedic products	Switzerland	1.0

Sector/Company/Description	Country	End Weight (%)
<b>Industrials</b>		
<b>3M Company</b> - Industrial technology	United States	2.6
<b>Caterpillar</b> - Earthmoving equip. producer	United States	2.7
<b>China Merchants</b> - Container terminal operator	China	2.4
<b>Emerson Electric</b> - Electronics controls	United States	3.2
<b>Fanuc</b> - Indust. robots & machine tools	Japan	0.8
<b>General Electric</b> - Diversified industrial	United States	2.4
<b>Sime Darby</b> - Conglomerate	Malaysia	1.2
<b>Information Technology</b>		
<b>ADP</b> - Payroll Processor	United States	0.9
<b>Cisco Systems</b> - Internet networking	United States	3.0
<b>Dassault Systemes</b> - CAD/CAM software	France	1.8
<b>eBay</b> - Internet shopping/trading marketplace	United States	1.4
<b>Electronic Arts</b> - Entertainment software	United States	1.8
<b>Keyence</b> - Detection devices	Japan	2.7
<b>Mediatek</b> - Integrated circuits supplier	Taiwan	1.3
<b>Oracle</b> - Enterprise software developer	United States	1.4
<b>Qualcomm</b> - CDMA wireless communications	United States	1.4
<b>Yokogawa Electric</b> - Industrial equipment	Japan	0.7
<b>Materials</b>		
<b>Air Liquide</b> - Industrial gas	France	1.7
<b>Air Products &amp; Chemicals</b> - Industrial gas	United States	1.2
<b>JSR</b> - Specialty chemicals	Japan	1.8
<b>Praxair</b> - Industrial gas producer & distributor	United States	1.5
<b>Rio Tinto</b> - Diversified mining	United Kingdom	1.9
<b>Telecom Services</b>		
<b>América Móvil</b> - Cellular phone operator	Mexico	1.8
<b>Telekom Indonesia</b> - Fixed-line & mobile	Indonesia	1.4
<b>Utilities</b>		
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## Last Quarter

## Largest Holdings (%)

	Sector	Weight
Schlumberger	Energy	3.8
Emerson Electric	Industrials	3.3
Cisco Systems	Information Technology	3.1
Exxon Mobil	Energy	3.0
3M Company	Industrials	2.8

## Largest Contributors (%)

	Sector	Weight
EnCana	Energy	2.6
Swiss Reinsurance	Financials	1.0
Nestlé	Consumer Staples	2.3
Caterpillar	Industrials	2.4
Genentech	Health Care	0.7

## Largest Detractors (%)

	Sector	Weight
China Merchants	Industrials	2.3
Roche	Health Care	1.8
Schlumberger	Energy	3.8
Cisco Systems	Information Technology	3.1
Cochlear	Health Care	1.3

## Last 12 Months

## Largest Holdings (%)

	Sector	Weight
Schlumberger	Energy	3.9
Exxon Mobil	Energy	3.2
Emerson Electric	Industrials	3.1
3M Company	Industrials	2.8
Cisco Systems	Information Technology	2.8

## Largest Contributors (%)

	Sector	Weight
Rio Tinto	Materials	2.1
EnCana	Energy	2.3
Schlumberger	Energy	3.9
América Móvil	Telecom Services	1.8
Nestlé	Consumer Staples	2.1

## Largest Detractors (%)

	Sector	Weight
Sumitomo Rlty&Dev	Financials	1.3
American Intl Group	Financials	2.1
Nomura Holdings	Financials	1.7
Monex Beans	Financials	0.9
Fortress Investment	Financials	0.5

Percent weight figure shown is the average percent over the period. Contributors and detractors in order of contribution to portfolio.

Portfolio Characteristics<sup>1</sup>

	HL Global	ACW
Return on Assets	9.1	6.7
Return on Equity <sup>2</sup>	20.3	18.3
Std Dev of 5 Year ROE	3.7	4.0
Debt/Equity	29.1	36.9
Profit Margin	13.2	10.9
Sales Growth <sup>3</sup>	12.6	11.2
Earnings Growth <sup>3</sup>	17.0	15.1
CF Growth <sup>3</sup>	16.2	14.1
Dividend Growth <sup>3</sup>	8.1	7.4

## Portfolio Statistics

	HL Global	ACW
Avg Wtd Mkt Cap (\$Mil)	\$77,427	\$69,657
Price/Earnings <sup>4</sup>	20.0	14.8
Price/Cash Flow <sup>4</sup>	14.8	9.8
Price/Book <sup>4</sup>	2.9	2.2
Alpha <sup>5</sup>	4.02	--
Beta <sup>5</sup>	0.96	1.00
R-Squared <sup>5</sup>	0.90	1.00
Sharpe Ratio <sup>5</sup>	0.31	0.20
Standard Deviation <sup>5</sup>	9.89	9.83

<sup>1</sup>Weighted median;<sup>2</sup>Trailing one year; <sup>3</sup>Trailing five years, annualized; <sup>4</sup>Harmonic mean;<sup>5</sup>Trailing three years, annualized.

## Purchases

Company	Country	Sector
Mediatek	Taiwan	Info Technology
Oracle	United States	Info Technology

## Sales

Company	Country	Sector
Advantech	Taiwan	Info Technology
Analog Devices	United States	Info Technology

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Source: Wilshire Atlas (Run Date: April 8, 2008); Harding Loevner Global Equity Composite; MSCI Barra

## Harding Loevner Global Equity Composite Performance (as of March 31, 2008)

	HL Gbl Equity (Gross)	HLGbl Equity (Net)	MSCI ACW <sup>1</sup>	MSCI World	Internal Dispersion <sup>2</sup>	Number of Accounts	Composite Assets (\$M)	Firm Assets (\$M)
2008 (YTD)	(5.91)	(5.97)	(9.18)	(8.95)	N.A. <sup>3</sup>	3	131	5,943
2007	17.62%	16.92%	12.18%	9.57%	N.M. <sup>4</sup>	3	124	6,344
2006	19.24%	18.59%	21.53%	20.65%	N.M.	2	102	4,720
2005	17.22%	16.79%	11.37%	10.02%	N.M.	2	85	2,562
2004	9.02%	8.36%	15.75%	15.25%	N.M.	2	82	1,524
2003	32.45%	31.97%	34.63%	33.76%	N.M.	3	127	1,357
2002	(19.37%)	(19.83%)	(18.98%)	(19.54%)	0.6%	6	118	1,082
2001	(14.87%)	(15.54%)	(15.91%)	(16.52%)	0.4%	7	152	1,154
2000	1.28%	0.13%	(13.94%)	(12.92%)	N.M.	5	108	1,392
1999	38.90%	38.16%	26.81%	25.34%	N.M.	4	96	1,423
1998	2.33%	1.64%	21.97%	24.80%	0.5%	11	179	1,372

<sup>1</sup>Benchmark Index; <sup>2</sup>Asset-weighted standard deviation (gross of fees); <sup>3</sup>N.A.—Internal dispersion less than a 12-month period; <sup>4</sup>N.M.—Information is not statistically meaningful due to an insignificant 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 of foreign withholding taxes). 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. 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, L.L.P. Harding Loevner has received firm-wide GIPS verification beginning November 1, 1989. The most recent verification was for the Quarter ending September 30, 2007.

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.

## HARDING, LOEVNER MANAGEMENT, L.P.

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