



Global Equity

Performance & Attribution

The Composite performed in line with its benchmark in the second quarter.

Stock selection in Health Care and Technology sectors provided the impetus.

Portfolio Review

We are gaining enthusiasm for leading Japanese companies.

Outlook

Signs that corporate attitudes toward investment are improving.

Activity

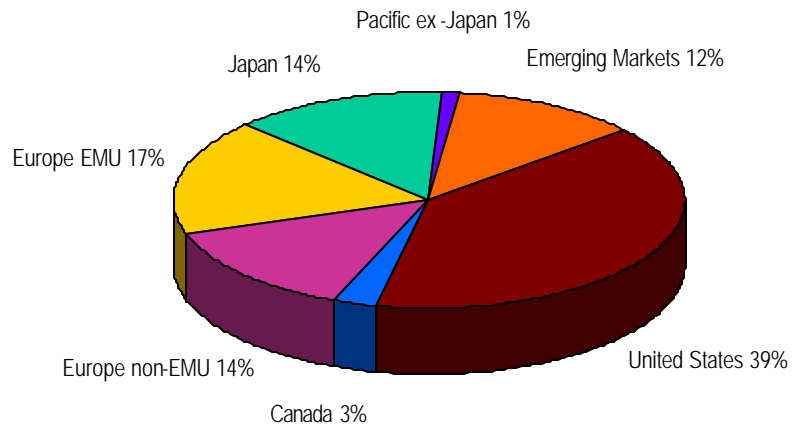
Bought: Abbott Labs, Air Products & Chemicals, Analog Devices, Bangkok Bank, BMW, Coca-Cola, Bancomer, Hirose, Johnson Electric, Munich Re, POSCO, Rohm, Samsung Electronics.

Sold: Bradesco, China Mobile, DBS Group, HK & China Gas, Hutchison Whampoa, Intel, Kao, Nippon TV, Novo Nordisk, Sony.

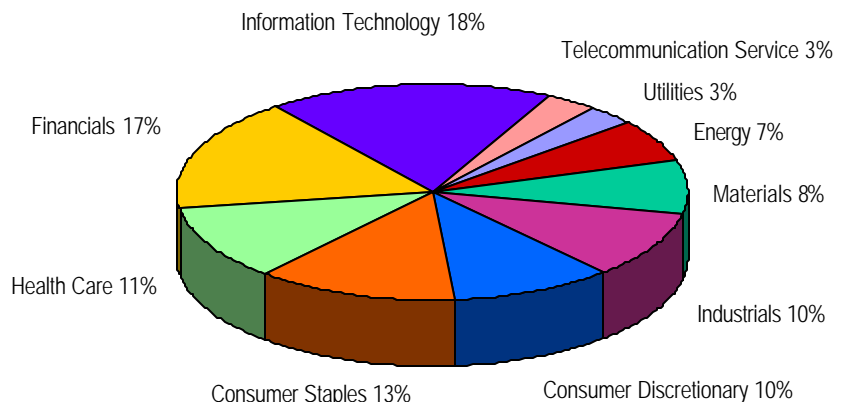
2003 Second Quarter Report

The portfolio had its best quarterly return in almost five years, as an early stage market cycle began to manifest itself. While evidence of an economic recovery is mounting— slowly— the more speculative stocks were the best performers. We remain cautiously optimistic, weighing the limited evidence of recovery against the flood of unprecedented governmental economic stimulus.

Region Distribution



Sector Distribution



The charts above provide a 'snapshot' of the Model Portfolio at June 30, 2003.

***Non-US markets
outperformed the
US, assisted by the
weakened US Dollar.***

Executive Summary

- The portfolio turned in its highest quarterly return in almost five years.
- US underweight and Emerging Markets overweight helped relative returns
- Global market returns marked by quality dichotomy
- Intriguing developments appearing in Japan

Performance and Attribution

In the second quarter of 2003 the Composite increased in value by 17.5%, in line with the return of its benchmark, the MSCI All Country World Free Index, which increased 17.5%.

Returns in the second quarter were the best since the fourth quarter of 1998, when the Russian debt default and the Long-Term Capital Management crisis that it precipitated were contained by central bank action. Non-US stocks rose 19%, outperforming the 15% rise in the S&P 500. Markets within the European Monetary Union were the best performing geographic region, returning 27% in Dollars, including a 5% boost from a strengthening Euro. Emerging markets were also strong performers, returning 23%. Japanese share prices rose 12% in Dollars. The rest of Asia also lagged behind the leaders, with Hong Kong rising 10% and Singapore 16%, as many of the markets in the region were plagued by the SARS crisis.

Among industrial sectors, Information Technology (+20%), Consumer Discretionary (+21%), Telecommunications Services (+21%), and Financials (+22%) were the best performing, while Consumer Staples (+11%), Health Care (+12%), and Energy (+13%) were the worst. Drilling down further among individual industry groups, the best performing were 'diversified financials' (which includes investment banks and brokerage companies), autos, media, and technology hardware. Among the laggards were household & personal products, consumer durables, and semiconductors.

Throughout the quarter, the portfolio was significantly underweight the US (38% vs. 55% for the benchmark) and overweight emerging markets (11% vs. 4%); both tilts aided relative performance. Good US stock selection also contributed. These contributors were offset, however, by poor stock selection in Europe outside the Euro bloc, primarily in Switzerland and Denmark, home to a number of our defensive health care and consumer staples holdings; and in emerging markets, where the portfolio's high-quality holdings rose 17% but could not keep up with the 23% gain for the sub-index.

From a sector viewpoint, Health Care was the biggest contributor to relative performance as shares of **Genentech** doubled after the company announced breakthroughs in cancer treatment that will extend the lives of some patients and open promising new avenues for research. Information Technology also contributed due to strong performance by the portfolio's holdings in **Taiwan**

There was an unusually wide divergence in performance this quarter between low- and high-quality companies.

Almost a quarter of the FTSE Euro300 Index companies had no earnings; their shares returned 35% in the quarter.

Semiconductor, French software company **Dassault Systemes**, **Canon**, and **Intel**. Underperformance was centered in the Consumer Staples sector, home to long-duration growth companies **Heineken**, **Wm.Wrigley** and **Nestlé**. Performance of all three stocks significantly lagged the sector, and the portfolio's overweight exposure to this underperforming sector detracted further from relative returns. Stock selection also detracted in Telecom Services, where our only holding, **Vodafone**, the global leader in mobile telephony services, lagged the shares of many second- and third-tier competitors.

During the quarter there was unusually wide divergence in performance of securities issued by high- and low-quality companies. Statistical evidence of this dichotomy, which underscores investor belief in the prospects of eventual recovery, is easily found by dissecting the various stock market indices. There are 51 companies in the S&P500 index whose trailing twelve-months' earnings were zero or negative; the average return in the quarter for these 51 companies was 49%, versus the 15% overall average. A similar pattern emerges in Europe, where 68 companies out of the FTSE Euro300 index had no earnings, but returned 35%, far in excess of the average company's (local currency) return.

A feature of the early stage of a market cycle is that stocks of companies with the most consistent outlook are less sought after than those of companies with less reliable, more cyclical earnings. While economic recovery brightens prospects for all companies, the improvement is most dramatic for those companies whose earnings—or even survival—were most in doubt: companies engaged in deeply cyclical industries, overburdened with debt, or competitively outmatched. Thus, the most speculative stocks were the best performers in the quarter.

Portfolio Review

The US authorities have pointed both barrels of the macroeconomic policy at the problem of stimulating the economy. US Dollar overnight rates are now at the 40-year low of one percent. The US budget has swung from a 1% surplus in early 2000 to a 4.5% deficit (relative to GDP) in the largest three-year swing in fiscal stimulus since World War Two. Congress has passed the Bush tax plan, making dividend income far more attractive to shareholders than before, in a broad measure to lower the cost of capital for public companies and to reinvigorate individual investment in equities. The European Central Bank lowered its interest rate once again, to 2%. However, evidence of economic recovery has been mounting quite slowly. Employment, always a lagging indicator, remains very sluggish in all major regions. More worrying, orders of capital goods and business spending on technology have barely budged from prior year levels in the US and Europe.

It is in Asia where economies are stirring. The resilience of the consumer around the world, especially in the US, along with the weaker dollar (to which most Asian currencies are pegged, and therefore also weaker—making exports more competitive than ever), is proving to be a powerful stimulant for Asian economies. Taiwanese and Korean shipments of technology products are rising once again,

A number of Japanese companies remain competitive, innovative and profitable.

We have increased our exposure to leading Japanese companies.

and Chinese infrastructure and new factory projects continue to create strong demand for Australian iron ore, Korean steel, Japanese machine tools, and Russian oil and gas.

It is in Japan where we see some of the most intriguing developments. We continuously look for signs of change in Japan, given that its stock market has been in a bear market for thirteen years now, stocks are far less highly valued than they have been in many years, and yet a number of companies there remain competitive, innovative, and profitable. As a result of efforts we observe by individual companies to rationalize operations, to reduce their workforce, and to re-engineer their work processes for greater competitiveness the entire economy is showing falling employment, falling wages, and falling unit labor costs. Some Japanese companies are exercising an option to put back to the government a portion of their pension fund liabilities. This unusual phenomenon highlights the much healthier pension position of many Japanese companies relative to a number of US and European companies: the Japanese are on balance fully funded against their more modest liabilities. The Western press barely noted that it was Japan who was first to eliminate (until 2008) the personal income tax on dividends and capital gains—potentially a huge incentive to acquire shares, given the monumental cash hoard residing in individuals' bank and money market accounts earning fractions of pennies in interest.

Our enthusiasm for what is happening at leading Japanese companies led us to increase exposure to three existing holdings, in addition to funding two new Japanese holdings. We increased exposure to **Fanuc**—the global leader in factory automation and industrial robots—in light of rising market share, orders and profitability. We note that Fanuc has continued to earn high operating margins during the cycle downturn by steadily increasing its use of automation in its own operations and by developing new products that are both cheaper for customers and higher margin for Fanuc. We believe cash-rich Fanuc is poised to demonstrate robust revenue growth and rising margins as orders continue to recover and as the company continues to take market share from weakening European competitors hamstrung by high financial leverage and the strong Euro.

We increased exposure to **Keyence**, the leader in industrial sensors and control devices, in light of the company's strong 2002 financial results and management's forecast for 25% sales growth this year—all organic—and an increase in operating margins as new products roll-out and cost savings from manufacturing in China materialize. One reason for Keyence's high margins is that the company discontinues any product whose gross margin falls below 70%. This policy highlights Keyence's refusal to compete on price or reduce its prices. Keyence thus retains a relentless focus on product mix, aided by positive negotiating leverage as it sells to over 50,000 clients with the largest client at only 1% of sales. We believe Keyence will be a direct beneficiary of a return to investment by corporate Japan.

Finally, we increased exposure to **Mitsubishi Corp**, Japan's leading trading company. Mitsubishi is finishing a period of intensive portfolio repositioning characterized by steadily rising EVA and now earns over 90% of its operating

The share prices of many leading consumer staples companies are materially undervalued.

We are cautiously optimistic... we see a shift from cost cutting to investing for growth.

earnings from liquefied natural gas operations in Asia, supplying the Asian steel industry with coking coal, an essential raw material, and in Japan's food distribution industry, where it is rationalizing an opaque and increasingly outdated distribution system and introducing modern logistics. Mitsubishi is also geared toward growth of Japanese investments in China. Mitsubishi, in its transition from portfolio diversification to portfolio focus through rationalization, is a reflection of what is beginning to happen at many Japanese companies.

We note a disconnect in the Consumer Staples sector between the performance of the shares, which have lost favor with investors as the economy accelerates into a recovery, and the companies themselves, which retain their long-duration growth franchises based on their global brands, market shares, recurring revenues, logistics capabilities, economies of scale, and financial strength. We believe that share prices of many leading consumer staples companies are materially undervalued. That said, there are potential signs of increasing competition in the sector for both consumer expenditures and attractive acquisitions. We reduced exposure to long-time holding **Wm. Wrigley** out of concern with increasing competition as the sector consolidates and the risk its new CEO will make dilutive acquisitions. Dutch brewer **Heineken** reported disappointing earnings as a variety of factors from sustained wet weather to SARS to depressed consumption from bars and restaurants that have banned smoking combined to eliminate earnings growth in the first half year. Unlike Wrigley, however, Heineken shares appear to be materially undervalued, as do sector peers such as **Nestlé**. We will add to our overweight in the sector if and as we can identify catalysts to close the large gaps that exist between share prices and our assessments of fair value.

Outlook

We continue to adopt a cautiously optimistic outlook for security prices, weighing the limited evidence of economic recovery to date against the length of the downturn and the unprecedented stimulus unleashed by global authorities. There are signs that corporate attitudes toward investment may be improving. On July 1, 2003, Mazda President Lewis Booth stated, "We can't save our way to prosperity. The market proved that in periods you have no new product, our sales suffered quite substantially." Booth was commenting as Mazda announced plans to increase capital spending 25% this year to develop new products after having returned to profit last year on the back of massive cost cutting. The same day Japan's influential Tankan report suggested that large companies in Japan intend to increase business investment by nearly 5% this year, a marked improvement from an earlier expectation for a decline of 1%. We suspect that Mr. Booth's comments and the Tankan report highlight a transition that is taking place in boardrooms in Japan—and elsewhere—as managements turn their focus to growing their top lines after a period of intense cost cutting. This shift from cost cutting to investing for growth should allow industry winners to gain market share and to see rising marginal profits as increased volumes flow through 'lean and mean' operational structures. Such shifts will also require industry laggards to invest or die. The

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sharp improvement in debt markets is allowing a large number of second tier companies to raise fresh capital. This capital will be spent on productivity measures as these firms try to lower their break-even points to compete with their more efficient peers and the effect will be to increase technology spending in the short term.

The winners in this environment will be those companies that boast superior management skill, financial strength, competitive advantage, and growth characteristics—in other words, those companies that meet our four investment criteria. We added a number of new companies that are well positioned to prosper in a recovery scenario.

BMW, the German luxury car leader, is an example of such a company added this quarter. An aggressive schedule of new product launches has positioned the company to continue gaining market share from the Big 3 in the US while raising margins. We are attracted to BMW because the company has the ability to ‘seed its own growth’ from the interplay of its brand, loyal customer base, steadily rising US market share and constant new product development capabilities—all of which protect BMW’s pricing power. We note that BMW management has long demonstrated expertise in both cutting costs and investing for growth—skills we prize and value highly, especially in times of great macroeconomic uncertainty.

Rohm, Japan’s leading customized semiconductor chipset designer, is another example of a company that combines sustained competitive advantage and management flexibility to adapt and grow as the environment changes—all the time focusing on underlying core competency. Rohm’s skills center on design of integrated circuits that convert ‘real world’ analog signals to digital code and vice versa. Rohm is managed by a small group of senior managers, all of whom own stock in the company. Through cost cutting and constant new product development, Rohm has maintained high operating margins amidst a dismal market for technology vendors. We note that Rohm is aggressively hiring engineers as it prepares for the next technology up cycle.

We acquired shares of Korea’s **Samsung Electronics**, the global low-cost producer of DRAM chips and liquid crystal display (LCD) panels, and world’s fastest-growing mobile telephone handset manufacturer. Samsung is the epitome of a company that has been investing for growth during this economic downturn. While many companies, we believe, are now transitioning toward investing for growth and away from a pure cost-cutting focus, Samsung never stopped re-investing its cash flow to drive its position forward. It recently announced plans to invest \$17 billion in a next-generation LCD facility in South Korea. We regard Samsung as an ‘all weather’ cyclical growth stock and an excellent example of what we are looking for: global market share and cost leadership with a relentless focus on profitable growth and aggressive reinvestment to secure low-cost operation and technology leadership which, in turn, secures future growth and profits to keep the virtuous cycle going. The company’s efforts have not gone unnoticed with consumers as Samsung has the fastest growing brand value in the world (source: Interbrand).

We have also increased the technology weight in the portfolio.

We bought thirteen new companies this quarter and sold ten.

Hirose Electric, the global leader in designing high-end connectors (miniature pin devices) for consumer electronic devices ranging from cell phones to laptop computers to digital cameras, as well as for communications infrastructure equipment and industrial equipment. Hirose's growth is importantly linked to new product development in communications and information technology markets, where trends are positive given the on-going shift to miniaturization, digitization and networking in addition to ever-shortening product cycles. Hirose, like Keyence, focuses relentlessly on maintaining a profitable product mix, moving out of products that begin to experience price competition, and outsourcing the vast majority of its production to Chinese and domestic contractors. Like Keyence, Fanuc and Samsung, Hirose exploited the robust competitive position of its core business to continue investing throughout the cycle. These suppliers of productivity-enhancing devices and services are now poised to benefit as their customers—most of whom had to downsize in recent years—now turn their attention to investing for growth.

We have taken steps to increase the portfolio's leverage to a global economic recovery through the increased technology weight. We are pleased with the current operating performance of these more cyclically aggressive holdings and note that they continue to take market share. We recognize the risk that our optimism regarding a return to investment-led growth may be misplaced. Thus, we rely on our investment criteria to buy only companies that have the managerial, financial and competitive strengths to grow and outperform their peers on operational measures over time even if we are wrong and there is no investment-led return to growth in the short term. As well, the portfolio continues to hold sizeable stakes in defensive growth stalwarts, whose valuation is attractive and which should offer some protection in case the economic recovery fails to materialize. We thus enter the third quarter with a more aggressive but still balanced portfolio populated with global leaders whose operational results are, with few exceptions, outstanding.

Activity

In addition to BMW, Rohm, Samsung and Hirose, we bought new holdings in nine other companies:

Grupo Financiero BBVA Bancomer, Mexico's leading bank. With greater political stability, a rapidly growing population, and rising per capita income, the penetration of financial services among underserved Mexican consumers is likely to increase. Bancomer's combination of long-established market presence and a first-world management should enable it to exploit the growth opportunities.

Munich Re, the largest reinsurance company in the world. The company has maintained its pre-eminent position amongst the world's reinsurers despite the large losses from the World Trade Center, from spiraling US subsidiary liabilities, and within its equity-heavy investment portfolio. The shares, depressed for all these reasons, do not discount the likelihood that capital discipline and low investment returns will keep reinsurance underwriting profitability strong for an extended period.

***We added to US
holdings as well as
in the emerging
markets.***

Abbott Labs, producer of a broad range of health care products. The stock has lagged its sector, until recently, due to FDA problems relating to its manufacturing and poor new product cycle, both of which appear to be coming to an end. The company's well-diversified portfolio of health care products is not overly dependent upon any one segment, and should be able to sustain strong revenue growth going forward.

Air Products & Chemicals, the US industrial gas producer with a large exposure to the electronics industry. The company is a beneficiary of the weak US Dollar, and should enjoy the fruits of its heavy capital expenditures.

Coca-Cola, the world's largest soft drinks company. Coca-Cola's shares have de-rated dramatically over the past five years due to declining revenue growth and falling margins. The *Coke* brand and distribution power are still extremely strong, and the company has undertaken substantial management and strategy changes that are now beginning to show results. Recent moves to restructure and align interests with the various bottlers around the world are encouraging, as is Coca-Cola's recent success in the high-growth water business.

Bangkok Bank, Thailand's largest commercial bank. Throughout the Asian banking crisis, Bangkok Bank successfully maintained its competitive advantage in the lending market as well as in terms of its deposit base, and the bank remains well positioned today. A stronger Thai economy will reduce non-performing loans and resume revenue growth.

POSCO, the largest and lowest-cost integrated steel company in the world, formerly known as Pohang Iron & Steel. POSCO's valuations have historically been low relative to other global steel companies, due to its Korean heritage. New management has pledged to cut back spending dramatically in the next three years, yet the company retains ample capacity to grow volumes when demand picks up. Corporate governance is improving: the proportion of outside directors on the company's board has been increased substantially.

Johnson Electric, the world's second largest independent manufacturer of electric micro-motors. Its technological leadership, low cost production facilities in China and Thailand, strong management and global vision have resulted in an impressive record of earnings growth. Increased use of micro-motors in an ever-widening number of products should continue to fuel growth in demand.

Analog Devices, manufacturer of high-performance analog chips, so called mixed-and digital-signal processing chips. Analog Devices believes, as do we, that the ability to process real world analog signals such as voice and video in both analog and digital formats will become the main growth driver for the semiconductor industry.

Sales included a reduction in exposure to Chinese-related firms at risk to the SARS outbreak.

We sold:

Banco Bradesco, the largest private sector bank in Brazil. The Bradesco shares have appreciated markedly since Lula's election, outperforming the global financial services sector by 50%, as the perceived country risk declined and its currency rose. Fearing his honeymoon with global investors may suffer a hiccup we decided to take profits.

Intel, the leader in microprocessors for PC and server markets. Intel's dominance of the PC microprocessor market has allowed it to come through the technology spending collapse of the past three years with profits that exceed the rest of the entire semiconductor industry globally. We believe, however, that Intel's market segment is unlikely to grow nearly as fast in the coming years as it has in the past decade, and its attempts to diversify into other areas of the semiconductor market have met with limited success. We sold the position to fund Analog Devices, discussed earlier.

Kao, the Japanese manufacturer of household and personal care products. We sold Kao to fund other investments in Japan.

Nippon Television Network, Japan's leading television broadcaster. The company is experiencing a cyclical slowdown in revenues and higher than expected operating costs. The company also recently lost its longstanding ratings leadership, suggesting a loss of competitive advantage and future margin erosion.

Novo Nordisk, the world leader in biotechnology, particularly in the production of insulin for diabetes, and human growth hormones. A third competitor, Aventis, is challenging the duopoly of Novo and Lilly that has controlled the insulin market. After rapid price appreciation this year in Novo Nordisk's shares, we sold the position.

In addition, the following were sold in consideration of the economic risks of the SARS outbreak. We believed that the potential impact of the spread of SARS in the region was not adequately reflected in the share prices, especially for these companies with significant exposure to the Chinese manufacturing sector:

Hutchison Whampoa, Hong Kong-based conglomerate involved in container terminals, housing, energy, telecoms, and retailing; **HK & China Gas**, the monopoly provider of piped town gas in Hong Kong, which earns a third of its revenues from commercial customers; **Sony**, global leader in digital audio/visual electronics and entertainment media; **China Mobile**, the largest cellular phone operator in China; and **DBS Group**, Singapore's largest and most diversified bank.

Global Equity Holdings as of June 30, 2003

Company	Country	Weight (%)	Sector	Description
Genentech	US	3.5	Health Care	Therapeutic biotechnology research company
Vodafone	UK	3.1	Telecommunication Svc	Telecommunication services provider
Kinder Morgan	US	3.0	Utilities	Natural gas transportation & logistics company
Air Liquide	FRA	2.8	Materials	Industrial gas company
Colgate-Palmolive	US	2.8	Consumer Staples	Consumer products company
EnCana	CAN	2.7	Energy	Producer of natural gas
Deutsche Bank	GER	2.6	Financials	Universal bank
Mitsubishi	JAP	2.6	Industrials	Trading company
Merck	US	2.5	Health Care	Pharmaceutical company
Canon	JAP	2.4	Information Technology	Maker of image & information equipment
Munich Re	GER	2.3	Financials	Largest provider of reinsurance worldwide
Taiwan Semiconductor	TAIW	2.3	Information Technology	Dedicated IC foundry
TJX Companies	US	2.3	Consumer Discretionary	Off-priced name brand stores
American Int'l Group	US	2.3	Financials	Insurance holding company
Samsung Electronics	KOR	2.2	Information Technology	The world's largest DRAM manufacturer
Nestlé	SWITZ	2.2	Consumer Staples	World's largest food company
Rohm	JAP	2.1	Information Technology	Custom chip producer
Keyence	JAP	2.1	Information Technology	Detection devices & measuring control equipment mfg.
L'Oreal	FRA	2.1	Consumer Staples	Personal care products manufacturer
Analog Devices	US	2.0	Information Technology	Analog mixed-signal computer chip maker
Berkshire Hathaway	US	2.0	Financials	Auto insurer & general reinsurer
JPMorgan Chase	US	2.0	Financials	Large money center bank
Caterpillar	US	2.0	Industrials	Producer of earthmoving equipment
Rio Tinto	UK	1.9	Materials	Diversified mining company
Novartis	SWITZ	1.9	Health Care	Multinational life sciences company
Pearson	UK	1.9	Consumer Discretionary	Education & publishing company
Fanuc	FRA	1.9	Industrials	Global producer of CNC machines & robots
Allied Capital	US	1.9	Financials	Financial institution providing small business loans
Dassault Systemes	FRA	1.9	Information Technology	CAD/CAM software designer
Heineken	NETH	1.8	Consumer Staples	International brewing company
Wal-Mart de Mexico	MEX	1.7	Consumer Staples	Consumer goods & food retailer
Oracle	US	1.6	Information Technology	Database management software firm
WPP Group	UK	1.4	Consumer Discretionary	Advertising & marketing services company
Sasol	S AFR	1.3	Energy	Refined petroleum products producer
Emerson Electric	US	1.3	Industrials	Global industrial & electronics controls company
Television Francaise	FRA	1.2	Consumer Discretionary	Dominant French television channel
Nomura Holdings	JAP	1.2	Financials	Brokerage firm
Schlumberger	FRA	1.1	Energy	Oil services company
Johnson Electric	HK	1.1	Industrials	Maker of small precision motors
AOL Time Warner	US	1.1	Consumer Discretionary	Large media company
Hirose Electric	JAP	1.1	Information Technology	Manufacturer of electrical connectors & components
Bayerische Motoren Werke	GER	1.1	Consumer Discretionary	Manufacturer of luxury automobiles & motorcycles
Exxon Mobil	US	1.1	Energy	Global oil company
Posco ADR	KOR	1.0	Materials	The world's largest steelmaker
Air Products & Chemicals	US	1.0	Materials	Leading industrial gases company
Bangkok Bank	THAI	1.0	Financials	Large commercial bank
Viacom	US	1.0	Consumer Discretionary	Leading media and entertainment group
Wrigley	US	1.0	Consumer Staples	World's largest chewing gum maker
Abbott Labs	US	1.0	Health Care	Health care products & pharmaceuticals producer
BBVA Bancomer	MEX	1.0	Financials	Leading commercial bank in Mexico
Securitas	SWE	1.0	Industrials	Security service company
Coca-Cola	US	1.0	Consumer Staples	World's largest soft drinks company
Pfizer	US	1.0	Health Care	Pharmaceutical, veterinary & chemical company
CVRD	BRAZ	0.9	Materials	Iron ore exporter & private railway operator
Johnson & Johnson	US	0.9	Health Care	Consumer health care & pharmaceutical company

All portfolio holdings and sector allocations are subject to review and may vary in the future and are not recommendations to buy or sell any security.
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Global Equity Composite Performance as of June 30, 2003

	Annualized Returns for Trailing Periods (%)					Volatility ²					
	1 Year	3 Years	5 Years	10 Years	Since Inception ¹	Since Inception ¹					
Global Equity (gross of fees)	-0.5	-9.8	0.4	7.2	9.3	14.0					
Global Equity (net of fees)	-1.0	-10.4	-0.3	6.3	8.4	13.9					
<i>MSCI All Country World Free Index³</i>	-1.6	-12.4	-2.5	6.0	5.4	14.6					
<i>MSCI World Index</i>	-1.9	-12.6	-2.7	6.3	5.6	14.6					
	¹ Inception Date: 11/30/89 ² Annual Standard Deviation (%) ³ Benchmark Index										
	Calendar Year Returns (%)										
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Global Equity (gross of fees)	11.4	-19.4	-14.9	1.3	38.9	2.3	11.0	17.3	19.0	0.0	24.3
Global Equity (net of fees)	11.3	-19.8	-15.5	0.1	38.2	1.6	10.1	16.3	18.0	-0.9	23.2
<i>MSCI All Country World Free Index³</i>	11.6	-19.0	-15.9	-13.9	26.8	22.0	15.0	13.2	19.5	5.0	24.9
<i>MSCI World Index</i>	11.5	-19.5	-16.5	-12.9	25.3	24.8	16.2	14.0	21.3	5.6	23.1
	Composite Information										
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Total market value of accounts (\$M)	\$109	\$118	\$152	\$108	\$96	\$179	\$251	\$188	\$147	\$113	\$80
Total firm assets (\$M)	\$1142	\$1082	\$1154	\$1392	\$1423	\$1372	\$1521	\$1247	\$635	\$369	\$252
% of total firm assets	10%	11%	13%	8%	7%	13%	17%	15%	23%	31%	32%
Number of accounts	†	6	7	†	†	11	15	13	13	17	16
Dispersion: asset-weighted standard deviation	NA	0.6%	0.4%	†	†	0.5%	0.6%	0.2%	0.6%	0.4%	1.1%

† Five or fewer accounts

Portfolio Characteristics

Weighted Average Market Cap (\$ million)	\$42,300
Price/Earning (forecasted)	26.2 times
Price/Earning (trailing)	17.5 times
Price/Cash Flow	14.0 times
Growth Rate	10.0%
Price/Book	1.9 times
Yield	1.6%
Return on Equity	10.5%
Number of Holdings	55
% annual turnover (5 year average)	42%

Ten Largest Holdings

	% Portfolio
Genentech (United States)	3.5
Vodafone (United Kingdom)	3.1
Kinder Morgan (United States)	3.0
Air Liquide (France)	2.8
Colgate-Palmolive (United States)	2.8
EnCana (Canada)	2.7
Deutsche Bank (Germany)	2.6
Mitsubishi Corp (Japan)	2.6
Merck (United States)	2.5
Canon (Japan)	2.4

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 Free Index (gross dividends). Effective October 31, 2001, MSCI has discontinued the original version of the All Country World Index series in favor of the 'Free' version of the series, which excludes a portion of the market capitalization of several emerging markets that is restricted to foreign investors, but is otherwise identical. Returns include the effect of foreign currency exchange rates. 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 January 1, 1997 it was Reuters.

The MSCI All Country World Free 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 49 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 this Index.

Harding, Loevner Management, L.P. has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®), the US and Canadian version of the Global Investment Performance Standards (GIPS®). AIMR has not been involved with the preparation or review of this report. Ashland Accounting, LLP has verified firmwide compliance since October 31, 1989, one quarter in arrears.

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. Non-fee-paying accounts are not included in this composite. Composite performance is presented gross of foreign withholding taxes. Past performance is not indicative of future results.

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. A fee schedule is available upon request and is described in Part II of the firm's ADV. 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.

Balanced portfolio segments are not included, nor is this composite a sub sector of a larger portfolio. Leverage is not used in this composite.

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