



Global Equity

Performance

The Composite outperformed its benchmark during the quarter.

Review

The bear market that began in 2000 has now been deep and long by any standard.

We think deflation fears are overblown and still see solid growth in our companies.

Outlook

In some cases, bonds and stocks have the same current yields. Either growth prospects are worse than we think, or the stocks of many fine European companies are undervalued.

Activity

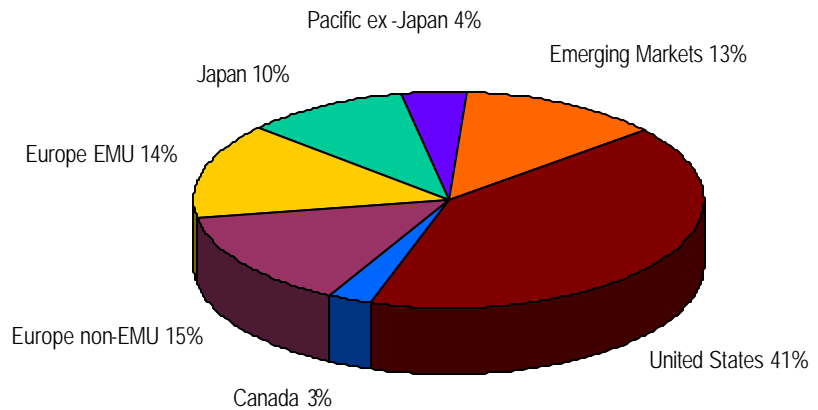
Bought: Canon, Genentech, Kinder Morgan, Merck.

Sold: CAE, Imperial Oil, Wells Fargo

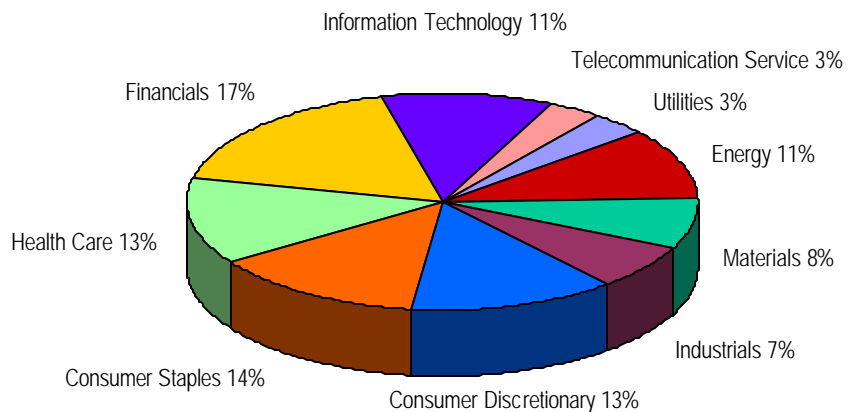
2002 Third Quarter Report

Sentiment in equity markets was damaged by prospects of war, changes in political leadership, and above all, fears over how companies are going to grow their earnings in the foreseeable future. The bear market to date has brought stock prices to levels that incorporate substantial fears of a deflationary spiral.

Region Distribution



Sector Distribution



The charts above provide a 'snapshot' of the Model Portfolio at September 30, 2002.

This quarter was the worst for both US and European equity prices since the fourth quarter of 1987. All major stock markets fell sharply.

Executive Summary

The Global Equity Composite fell in value in the third quarter of 2002, and is now down 25.5% year to date. This quarter was the worst for both US and European equity prices since the fourth quarter of 1987. All major stock markets fell sharply. Uncertainty about politics, and about war, played a big part in stock market declines this quarter, but the biggest part was played by uncertainty about how companies are going to grow their earnings in the foreseeable future. The bear market to date has brought stock prices to levels that incorporate substantial fears of a deflationary spiral. We think these fears are unlikely to be realized, and therefore many stocks offer compelling returns at their present prices. Of the four investment criteria that govern our investment thinking, growth is the criterion that is currently most uncertain, and most critical to our investment success. Based on our estimates of the prospective earnings growth of the companies in our portfolio of about 10% per annum and today's low level of interest rates, we believe that their stocks are now outstandingly cheap.

Performance

The Composite fell in value by 17.6%, in the third quarter of 2002. Its benchmark, the MSCI All Country World Free Index, fell by 18.2%, and has now fallen by 24.9% in the calendar year to date. Both of the style halves of the Index, i.e., growth and value, fell in the quarter, by 16.2% and 20.2%, respectively.

This quarter was the worst for both US and European equity prices since the fourth quarter of 1987. All major stock markets fell sharply. The S&P500 Index fell 17%. In Europe, Germany declined by an astonishing 37% in US\$ terms, while, France fell by 28% and the UK by 17%. In Asia, by contrast, declines were more modest: Japan fell by 12%, while smaller regional markets in Hong Kong and Singapore fell 15% and 13%, respectively.

Emerging markets in general had hitherto performed well in comparison with their developed counterparts, but they, too, fell in aggregate by 16% in the quarter.

The bear market that began in 2000 has now been deep and long by any standard. The extent of the decline in European stock markets^{3/4} over 50%^{3/4} is far greater than any in the last 30 years.

Sentiment in equity markets was destroyed by continued legal, regulatory, and political responses to the US corporate governance and investment banking scandals; by the prospects of war with Iraq; by possible changes in political leadership in Brazil and Germany, where the fragile economies can ill afford uncertainty; by continued lack of will on the part of the Japanese to repair their broken banking system; and, above all, by rising fears that the decade-long recession that followed the bursting of Japan's financial bubble of the 1980s is a prelude to what the rest of the world will experience following the bursting of the global bubble of the 1990s.

That the bubble in equity prices has been burst can no longer be in doubt. The bear market that began in 2000 has now been deep and long by any standard. The extent of the decline in stock markets—over 50% in the US and Europe—is far greater than any in the last 30 years, while its duration, at fully two years, is by far the longest. In Japan, the market has now reached lows not seen for nearly 20 years.

The portfolio has been overweight in companies from EMU countries in Europe, a decision that has been costly in terms of relative performance this quarter. The substantial underweight position in the US had a small negative effect. On the other hand, the large holdings in emerging markets, along with full weightings in both Southeast Asia and Japan were additive to relative performance. Overweight holdings of food, personal care products, and health care companies were also helpful. Stock selection within the Energy sector, with a concentration on secure energy supplies, and the Financials sector, with low exposure to European financials, added significantly to performance. Stock selection within the Health Care and Information Technology sectors hurt performance.

Review

Uncertainty about politics, and about war, played a big part in stock market declines this quarter, but the biggest part was played by uncertainty about how companies are going to grow their earnings in the foreseeable future. We have written extensively in

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the last few years about how growth is hard to achieve in a disinflationary environment, i.e., one in which the rate of price increases is lessening. Disinflation has resulted from the sustained application of sensible fiscal and monetary policies, coupled with rising competition in many industries due to deregulation and globalization. Rising competition has meant that, to maintain profits, companies have been forced to rely on cutting costs rather than on raising prices.

Fear is growing among investors that disinflation may give way to deflation, or a generalized trend of *declining* prices. The distinction is important because deflation, unlike disinflation, can directly threaten the stability of the financial system. When prices for their products or services decline, companies suffer a reduction in their revenues. Faced with falling revenues, companies respond by attempting to reduce their costs, such as by cutting wages or laying off workers. However, the debts that they owe, to banks and bondholders, are fixed in nominal amount and carry interest rates greater than zero, regardless of the downward trend in prices. Thus, in a strongly deflationary environment, borrowers' ability to service their debts declines, and the aggregate amount of bad debt soars. Banks' capital is destroyed, restricting their ability to extend credit, and exacerbating the problems of borrowers seeking to roll over their debts.

We think that such a strongly deflationary scenario is unlikely.

One source of deflation risk is excess capacity. As a result of over-investment in an era of low nominal interest rates and apparently limitless supply of cheap capital, companies have indulged in an investment spree so that potential supply of goods and services now exceeds demand. Anyone visiting a store in the last year or two can attest to how cheap many consumer goods have become. So long as consumers' disposable income (aided by declining mortgage rates) has remained stable and their access to credit unfettered, their propensity to consume has risen as prices have declined. Thus, declining prices have (thus far) helped to sustain economic growth, rather than impede it.

The harmful impact of lower prices *has* been seen in selected sectors. It is in the Telecom Services sector (both goods *and*

services) where the consequences of massive capacity expansion and collapsing prices are most starkly seen. Companies that borrowed heavily to increase capacity are facing bankruptcy, and their lenders' capital is imperiled.

But these losses and those of other troubled sectors have not led to a general contraction of credit or systemic financial crisis, for reasons related to how the role of banks in the West has changed: to a large extent, banks have transformed themselves from lenders to intermediaries. They originate loans for a fee and then sell them, often after repackaging into securitized pools, to other investors, namely mutual funds, pension plans, and insurance companies. If a securitized loan goes bad, the capital of the ultimate investor shrinks, but the capital of the originating bank is affected only to the extent that it has retained a portion of the loan. Non-bank institutions can be holders of assets, but unlike banks, they cannot, themselves, create credit. Thus, a reduction in the capital of non-bank investors—due, say, to bankruptcies among their credits—has no multiplier effect on aggregate credit in the economy, and is unlikely to lead to collapse of credit and general financial crisis.

Japan stands out as an exception to this evolution of the banking business model. There, poor management and regulation, along with conflicts of interest, have largely prevented risks from being shared by the banking system with other savers and investors. Moreover, the banks' and the regulators' refusal to recognize the bad debts retained by the banks has meant those debtors have continued their zombie-like existence and their under-utilized productive capacity continues to depress prices for all producers. At the same time, while bank capital has been effectively destroyed, the destruction is unacknowledged and thus remains unreplenished. With their equity tied up in bad loans, banks simply cannot make new loans, even to promising borrowers.

The Japanese scenario is unlikely to unfold in the West because the monetary authorities there are well aware of the Japanese policy errors that led to deflation. Western regulators prod their banks to recognize bad loans quickly and to restructure or close down ailing borrowers. And, unlike the Bank of Japan, which

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waited too long after the start of economic slowdown to stimulate lending, the Federal Reserve and European central bankers have already cut interest rates and will do so again if deflation looms larger. The current level of US and European interest rates leaves plenty of room for additional stimulus. So, while chances are high that the current cyclical slowdown will be protracted, the chances are low that it will devolve into a self-feeding deflationary spiral.

The bear market to date has brought stock prices to levels that incorporate substantial fears of such a deflationary spiral. We think these fears are unlikely to be realized, and that therefore many stocks offer compelling returns at their present prices. By selecting among companies meeting our four fundamental investment criteria—growth, financial strength, management quality and competitive advantage—we strive to distinguish the victors from the victims of the harsh economic conditions. Of these four, growth is the criterion that is currently most uncertain, and most critical to our investment success.

Companies can grow earnings (and, thus, dividends) in one of two ways: they can increase their revenues or improve their margins. Whether growing revenues or not, well-managed companies constantly attempt to reduce their costs. Whether they will be able to keep the benefits of those lower costs and thus improve their margins, however, or be forced to pass the benefits on to customers in the form of lower prices depends on the competitive structure of their industry. We rarely invest in companies solely on the grounds that earnings will grow through cost cutting, as those margins are so often competed away. We look upon constant cost reduction to be simply a sign of good management. By contrast, the benefits of revenue increases are potentially more enduring. Companies can increase revenues in various ways: by raising prices, by acquiring new streams of revenues, by creating new products, or by adapting existing products to fast-growing markets. Each of these avenues is represented by companies in our portfolio.

The most reliable source of funding is internal generation. It is not coincidence that companies whose businesses generate free cash have established successful growth models based on acquisition.

1. Increasing revenues through price increases

There are now just three major companies producing iron ore, and we own two of them: **CVRD** and **Rio Tinto**. Now that ‘rogue producers’ are either out of business or acquired, the industry has more bargaining power in its annual negotiations with its customers, the steel companies. Similarly, in the last couple of years, we have seen an increase in prices in the industrial gas market, where a series of consolidations in the last decade has led to domination of the global industry by just five big producers. At the local level, two suppliers often divide the market between themselves. For example, **L’Air Liquide** and Linde, who dominate the Continental European markets, were able to raise prices last year despite a slowdown in demand.

The reinsurance industry currently presents an extreme example of price increases. Following the erosion of the industry’s capacity after a series of natural and man-made disasters, chief among them the destruction of the World Trade Center, many reinsurance companies have simply withdrawn from writing new business. **Berkshire Hathaway’s** reinsurance subsidiary General Re has hiked prices by 18% on average this year, even as they have excluded terrorism from risks covered.

2. Increasing volumes through acquisitions

WPP has grown to be one of the world’s largest advertising and marketing services companies in the last twelve years, largely by taking its cash flows and investing them in smaller competitors. It and a limited number of similar global giants have then been able to take further share from local agencies by providing superior services on a global basis to their increasingly demanding multinational customers. Of course, to make such acquisitions on a consistent basis companies need access to capital. At times in the credit cycle such capital may be freely available from banks, or from equity investors. The most reliable source of funding, though, is internal generation. It is no coincidence that companies whose businesses generate

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3. Increasing revenues through developing new products

Companies that can compete purely with innovations are rare, because they must enjoy barriers to competition such that excess profits from those products are sustained. Patent protection provides such a barrier, as seen in the pharmaceutical industry, where successful research and development of new drugs is rewarded by multi-year protection from competition. In the portfolio, we have several smaller companies, such as new holding **Genentech** and Denmark's **Novo Nordisk**, where merely a few prospective new compounds can have very significant impact on revenue growth.

4. Increasing revenues through investing in growing markets

Demographic and cultural trends underpin long-term growth in many product areas. Aging, and an increase in the incidence of obesity tied to cultural changes in diet, are fueling a steady rise in the number of patients suffering from diabetes. Novo Nordisk is the world's largest producer of insulin, the key treatment for diabetes. Primarily a manufacturing company, Novo does not enjoy patent protection over this product.

With aging, the proportion of the electorate that cares deeply about the cost of prescription drugs is increasing.

Manufacturers of generic drugs, functional clones of the ethical drugs developed by the giant pharmaceutical companies, are now growing rapidly as politics swing the legal and regulatory framework in their favor. **Teva**, the largest manufacturer of generic drugs, has the nimbleness, manufacturing expertise and legal resources to be first to market with their version of many newly off-patent compounds.

Developing countries, with younger, fast growing and more prosperous populations, are abundant in revenue growth opportunities. The transitional economies of Taiwan and Korea, for example, have large numbers of newly rich

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consumers, and are seeing massive changes in consumption habits. We believe that one of the best ways to participate in this growth is through multinational companies, whose able managements and financial muscle have afforded them the ability to create strong positions for themselves in many of these countries. In the Consumer Staples sector, **Nestlé**, **Colgate**, **Wrigley**, and **L’Oreal**, along with insurer **AIG**, have important presences in Asia.

The secular growth in demand for education services also has roots in demographic and cultural trends. The original Baby Boomers recognize that their children, of the Echo generation, are maturing in a competitive job market, and that educational achievement will be a key advantage. The UK’s **Pearson** is the world’s largest provider of both English and Spanish language educational materials, and, as the largest in the US, will benefit further in the short term from the Bush Administration’s political and fiscal support for education.

Our favorite companies grow revenues all four ways, while improving their margins as well. Perhaps the best example is Nestlé: the strength of its brands enables it to raise prices modestly, but routinely; it expands its product line through acquisitions; it creates new products via innovation and brand extensions; it invests its free cash flow in emerging markets with favorable demographics, as well as in rapidly-growing segments of developed markets. All this, while applying technology to cut costs!

Outlook

We are stock pickers, and are confident that the companies in the portfolio meet our standards for quality of management, financial strength and strong competitive position. Based on our estimates of their prospective earnings growth of about 10% per annum and today’s low level of interest rates, we also believe that their stocks are now outstandingly cheap. To put this statement in a historical context, the excess return from stocks over bonds implied by current prices is as high as it was at the end of the 1973-75 recession.

Either the outlook for corporate earnings growth is far worse than we think, or the stocks of many fine European companies are drastically undervalued.

In the quarter, we purchased four new, high-quality stocks.

In some European markets, we have reached a situation where bonds and stocks have about the same current yields. Furthermore, price/earnings and price/book ratios of European stocks have returned to their levels of the mid 1980s. This state of affairs would seem to take no account of the dramatic developments since then: the Berlin Wall has come down, ending the Cold War, while opening new markets and providing access to a lower cost supply of labor; customs union and a common currency have been successfully established; large parts of European industry have been privatized; fiscal policy has been brought into more prudent balance; inflation has been conquered; and long-term interest rates have fallen sharply! Either the outlook for corporate earnings growth is far worse than we think, or the stocks of many fine European companies are dramatically undervalued.

Activity

During the third quarter, we bought four new companies:

Canon, the world leader in the production of a wide range of imaging and office automation technologies with a globally-known brand name and a reputation for quality products. A commitment to research and development allows Canon to maintain a technological lead over its competitors, and enabled it, with seventy percent of its sales generated overseas, to maintain strong market shares in new, fast-growing segments of the digital office automation market. Unlike many Japanese companies, Canon's shares are priced at levels similar to those of comparable US companies.

Genentech, an established leader in the research, development, manufacture and marketing of therapeutic biotechnology products. Genentech is focused on addressing critical unmet medical needs, and as a result, they are less subject to the competitive and regulatory pressures that affect the large ethical pharmaceutical companies. We believe the company's research and development portfolio will be at least as productive as other efforts several times its size, and that the drugs it produces will have a bigger impact on the company's revenues and earnings. The large decline in its share price from its speculative highs, combined with the

We sold three stocks during the quarter.

effect of one such product falling out of its pipeline offered an opportunity to establish a holding.

Kinder Morgan, the US midstream energy services company built around pipeline assets acquired from Enron and other energy companies divesting themselves of 'non-core' assets. The company owns and operates assets involved exclusively in the transportation and distribution of energy products. Kinder Morgan prices its services on the basis of usage rates, storage, or volume flows in an effort to eliminate as much commodity price risk as possible, focusing on the variables it can control: cutting costs and driving up volumes.

Merck, the US pharmaceutical company. Merck's therapeutic focus includes cardiovascular, anti-infective, asthma, and anti-inflammatory drugs, with the cardiovascular franchise being the most important. Worries about the pipeline of new products have brought the share price down by half, but the company's long-term record in delivering growth is impressive. Management's confidence in future profitability was highlighted by the \$10 billion share buyback announced this quarter.

Apart from these new purchases, we added to existing positions in French CAD/CAM software maker Dassault Systemes, in aerospace and automotive components manufacturer Honeywell, and in wireless telephone company Vodafone.

During the same period, we sold completely our holdings in three companies:

CAE, the Canadian maker of flight simulators. We became increasingly concerned early this summer with management's ability to execute, leading us to believe there were increased prospects of business at CAE deteriorating both operationally and financially. What originally attracted us to CAE was the excellence of their training simulators, used traditionally to train civilian pilots, but increasingly for armed forces personnel. The financial difficulties of the airline industry appeared severe enough to swamp the benefits CAE would accrue from military orders. Our sell decision was vindicated by a 50% decline in the share price following our exit.

Imperial Oil, the affiliate of ExxonMobil. Imperial Oil's share price has risen 5% in absolute terms since we bought it a year ago, dramatically outperforming both the overall market and the Energy sector. We sold in order to re-invest the proceeds in Kinder Morgan.

Wells Fargo, the US 'super-regional' bank. We have grown increasingly worried about the Wells Fargo's ability to sustain its strong revenue growth, partly due to its reliance on securitization, and about its credit risk, in the face of harsher capital markets and rising debt and layoffs for US individuals. The outstanding performance of this bank and its share price over the past three years make it stand out from the rest of the Financials sector, which is littered with casualties, some of which are undoubtedly bargains.

We reduced our holdings in **Sony**, **Suez**, and **Wrigley**.

Global Equity Holdings as of September 30, 2002

Company	Country	Weight (%)	Sector	Description
Teva Pharmaceutical	ISR	3.4	Health Care	Producer of branded & generic pharmaceuticals
Oracle	US	3.3	Information Technology	Database management software firm
Air Liquide	FRA	3.3	Materials	Industrial gas company
American Int'l Group	US	3.2	Financials	Insurance holding company
Colgate-Palmolive	US	3.1	Consumer Staples	Consumer products company
Allied Capital	US	3.0	Financials	Financial institution providing small business loans
Rio Tinto Ltd.	UK	2.9	Materials	Diversified mining company
Wrigley, Wm.	US	2.9	Consumer Staples	World's largest chewing gum maker
Hutchison Whampoa	HK	2.9	Industrials	Ports, telecom, & property conglomerate
Nestlé Reg	SWITZ	2.8	Consumer Staples	World's largest food company
EnCana	CAN	2.7	Energy	Producer of natural gas
Sasol	S AFR	2.6	Energy	Refined petroleum products producer
AOL Time Warner	US	2.5	Consumer Discretionary	Large media company
Royal Dutch Pet	NETH	2.5	Energy	Global integrated oil company
L'Oreal	FRA	2.5	Consumer Staples	Personal care products manufacturer
Berkshire Hathaway	US	2.4	Financials	Auto insurer & general reinsurer
Merck	US	2.4	Health Care	Pharmaceutical company
Vodafone	UK	2.4	Telecommunication	Telecommunication services provider
Taiwan Semiconductor	TAIW	2.4	Information Technology	Dedicated IC foundry
Exxon Mobil Corp	US	2.2	Energy	Global oil company
TJX Companies	US	2.2	Consumer Discretionary	Off-priced name brand stores
Canon	JAP	2.0	Information Technology	Maker of image & information equipment
Automatic Data Proc	US	2.0	Industrials	Business services outsourcing company
Kao Corporation	JAP	2.0	Consumer Staples	Household products maker
Kinder Morgan	US	2.0	Utilities	Natural gas transportation & logistics company
Nomura Holdings	JAP	2.0	Financials	Brokerage firm
Baxter International	US	2.0	Health Care	Medical products supplier
Novo Nordisk	DEN	1.8	Health Care	Prescription drug manufacturer
Deutsche Bank	GER	1.8	Financials	Universal bank
WPP Group	UK	1.7	Consumer Discretionary	Advertising & marketing services company
Wal-Mart de Mexico	MEX	1.7	Consumer Discretionary	Consumer goods & food retailer
Pearson	UK	1.7	Consumer Discretionary	Print & broadcast media company
Intel	US	1.7	Information Technology	Global semiconductor manufacturer
Asatsu	JAP	1.6	Consumer Discretionary	Advertising company
Honeywell International	US	1.5	Industrials	Industrial & engineering conglomerate
Suez	FRA	1.3	Utilities	Multi-utilities company
CVRD	BRAZ	1.3	Materials	Iron ore exporter & private railway operator
Luxottica	ITA	1.2	Health Care	Low cost producer of eyeglass frames
Atlantis Japan	JAP	1.2	Financials	Closed-end fund of small Japanese companies
Genentech	US	1.2	Health Care	Therapeutic biotechnology research company
JPMorgan Chase	US	1.1	Financials	Large money center bank
DBS Group	SING	1.1	Financials	Singapore's largest bank
Dassault Systemes	FRA	1.0	Information Technology	CAD/CAM software designer
Sony Corp.	JAP	1.0	Consumer Discretionary	Global entertainment media corporation
China Mobile	CHINA	0.9	Telecommunication Svcs	Cellular telephone operator
Close Brothers	UK	0.8	Financials	Small merchant bank
Cerus	US	0.5	Health Care	Biotechnology 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.

Global Equity Composite Performance

As of September 30, 2002

	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)	-16.4	-7.4	-2.5	6.1	8.3	13.6					
Global Equity (net of fees)	-16.8	-8.1	-3.2	5.2	7.4	13.5					
<i>MSCI All Country World Free Index³</i>	-17.8	-13.9	-4.0	5.6	4.2	14.3					
<i>MSCI World Index</i>	-18.9	-14.0	-3.7	5.9	4.4	14.3					
	¹ Inception Date: 11/30/89 ² Annual Standard Deviation (%) ³ Benchmark Index										
	Calendar Year Returns (%)										
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Global Equity (gross of fees)	-25.5	-14.9	1.3	38.9	2.3	11.0	17.3	19.0	0.0	24.3	8.9
Global Equity (net of fees)	-25.8	-15.5	0.9	38.2	1.6	10.1	16.3	18.0	-0.9	23.2	8.1
<i>MSCI All Country World Free Index³</i>	-24.8	-15.9	-13.9	26.8	22.0	15.0	13.2	19.5	5.0	24.9	-4.2
<i>MSCI World Index</i>	-25.3	-16.5	-12.9	25.3	24.8	16.2	14.0	21.3	5.6	23.1	-4.7
	Composite Information										
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Total market value of accounts (\$M)	\$109.7	\$152.5	\$107.5	\$95.7	\$179.4	\$251.3	\$188.1	\$146.8	\$112.5	\$80.2	\$63.3
Total firm assets (\$M)	\$936.0	\$1154.5	\$1392.4	\$1423.3	\$1371.5	\$1520.8	\$1247.3	\$635.1	\$369.1	\$252.1	\$161.1
% of total firm assets	11.7%	13.2%	7.7%	6.7%	13.1%	16.5%	15.1%	23.4%	30.5%	31.8%	39.3%
Number of accounts	6	7	†	†	11	15	13	13	17	16	14
Dispersion: asset-weighted standard deviation	NA	0.4%	†	†	1.4%	1.5%	0.7%	1.7%	1.2%	4.6%	1.5%

† Five or fewer accounts

Portfolio Characteristics

Weighted Average Market Cap (\$ million)	\$36,300
Price/Earning (2002 forecasted)	15.3 times
Price/Earning (2001 historical)	16.2 times
Price/Cash Flow	10.6 times
Growth Rate	10.9%
Price/Book	1.9 times
Yield	2.1%
Return on Equity	11.8%
Number of Holdings	47
% annual turnover (5 year average)	35%

Ten Largest Holdings

	% Portfolio
Teva Pharmaceutical (Israel)	3.4%
Oracle (United States)	3.3%
Air Liquide (France)	3.3%
American Intl Group (United States)	3.2%
Colgate-Palmolive (United States)	3.1%
Allied Capital (United States)	3.0%
Rio Tinto (United Kingdom)	2.9%
Wrigley (United States)	2.9%
Hutchison Whampoa (Hong Kong)	2.9%
Nestlé (Switzerland)	2.8%

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. 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. Information regarding the benchmark, including the percentage of the composite invested in countries or regions not included in the benchmark, is available upon request.

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.

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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 custodial 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.

No balanced portfolio segments are 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.

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