



Global Equity

Performance

The portfolio outperformed its passive and active benchmarks for the quarter and for the year, by wide margins.

Annual Review

The rise and fall of the 'TMT' sector and the 'dot.com' bubble.

Portfolio Review

Stock selection and valuation discipline play a major role in outperformance.

Outlook

The strengths of individual companies will continue to be important in a slowing global economy.

Activity

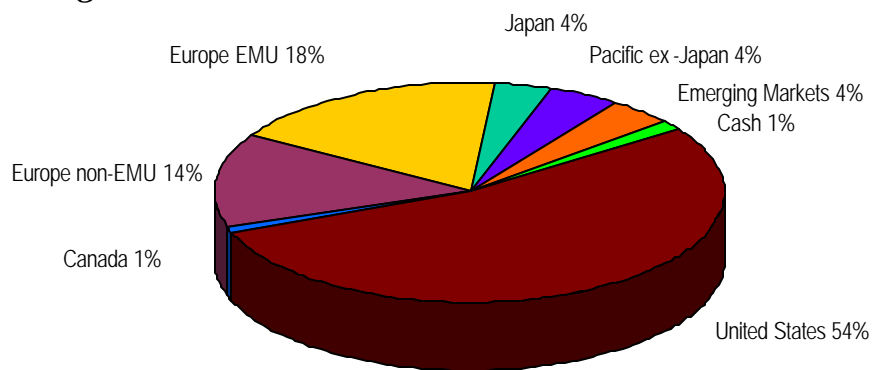
Bought: Amdocs, Automatic Data Processing, Carrefour, Dassault Systemes, Elan, ISS, Nokia.

Sold: Agilent Technologies, Bic, Ericsson, Getronics, Mitsubishi Corp, Quanta Services, Worldcom.

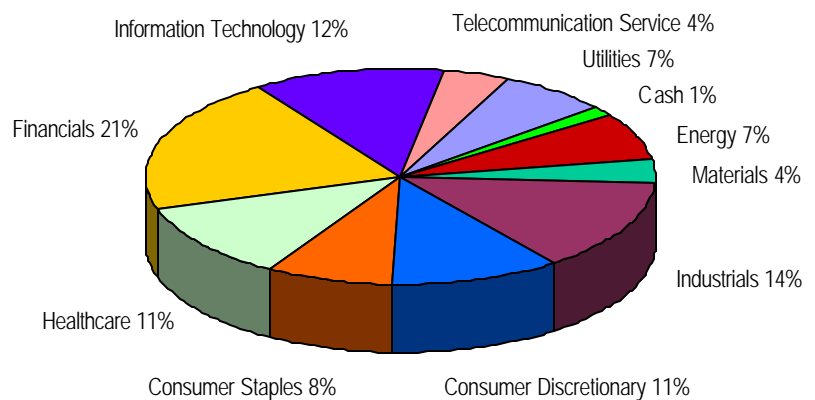
2000 Year End Report

Markets were weak in the quarter, capping off one of the worst years for global equity investors in decades. The portfolio's positive absolute performance for the quarter and year were a result of adherence to our core investment principles.

Region Distribution



Sector Distribution



The charts above provide a 'snapshot' of the Model Portfolio at December 31, 2000.

Executive Summary

The portfolio was flat in the quarter, broadly outpacing its passive benchmark and active peers, as it did for the year as a whole. Markets around the globe were generally weak, and value stocks outperformed growth stocks for the first time in many years. During the year, interest rates rose in all major regions of the world, which, by the fourth quarter, dampened investor sentiment while also lowering many companies' current earnings and slowing growth rates. By year-end, the argument was not if the global economy was slowing, but rather by how much.

The portfolio has made an effort to avoid 'dot.com' companies. Instead, we are focusing on companies that build the infrastructure of the Internet. Our refusal to succumb to New Economy valuation metrics built solely to justify high stock prices held us in good stead. We continue to look to reasonably-valued companies that have the wherewithal not only to survive but also to take advantage of the weaknesses of their less competitive rivals. As ever, we invest in those companies where our research suggests that superior financial strength, management quality and other competitive advantages will enable them to maintain or even accelerate their growth rates, despite the challenging global environment. Because we believe that these attributes are the determinants of a company's — and a stock's — success, in many ways the current climate plays particularly to our firm's strengths.

Performance

The portfolio was flat in the quarter and by 1.3% for the full year. Its benchmark, the MSCI All Country World Index fell by 6.5% for the quarter and by 13.9% for the full year.

Markets everywhere were weak in the quarter, as they had been all year. Broadly speaking, 2000 was the worst year in more than a decade for global equity investors. In the US, the S&P500 fell 9.1%, its biggest setback since 1977, while the technology-rich NASDAQ Index fell over 39% for the year, the biggest decline in its 30-year history. Returns from non-US markets in local currencies were nearly all negative. The strength of the US dollar exacerbated declines for dollar-based investors. The table below shows the extent

We look to own companies that have the wherewithal to take advantage of their less competitive rivals.

of declines in the MSCI regional indices, expressed both in local currencies and in US Dollars:

REGION	Fourth Quarter		Full Year	
	US Dollar	Local	US Dollar	Local
United States	-8.7		-12.5	
Europe	2.0	-2.4	-8.1	-1.9
Japan	-15.2	-10.3	-28.1	-19.7
Pacific ex-Japan	-0.9	-2.3	-15.2	-8.0
Emerging Markets	-13.6	-12.0	-28.8	-23.8
MSCI AC World	-6.5	-7.2	-13.9	-10.5

Value stocks outperformed growth stocks for the first time in years.

Investment style was an important factor in returns in 2000. For the first time in years, value stocks outperformed growth stocks, and by a substantial margin: the value component of the benchmark fell by only 3.2% versus a decline of 26.4% for the growth component. Portfolio performance relative to the benchmark was excellent, despite our orientation towards growth stocks. Returns were driven by stock selection, which was additive in all industrial sectors. They were also helped by a year-long underweight position in telecommunications companies, and by a shift from an overweight position in information technology companies at the start of the year to an underweight position by year end. Heavy weights in energy, financial service and industrial companies also contributed positively to relative returns.

The parabolic rise and fall of the global 'TMT' sector defined the market year.

Annual Review

The parabolic rise and fall of the global technology, media and telecoms ('TMT') sector defined the market year. It began amidst wild optimism, carried over from 1999, about the transforming nature of the Internet and associated 'dot-com' businesses. Equity analysis predicated on valuation of future cash flows was discredited in the New Economy as hopelessly antiquated. Rather, investors versed in the 'New, New' ways moved 'up the income statement, and to the right' to come up with valuation metrics that justified high stock prices. Price/earnings ratios were supplanted by price/revenue ratios — using estimates of revenue several years out, in the absence of any more proximate ones.

As with all market bubbles, the underpinnings for this one were easy money, and the triumph of greed over fear. Like many previous bubbles — canals, railroads, cars, airplanes — the Internet bubble had at its center a truly transforming technology. As in previous bubbles, investors and speculators fantastically inflated the profits that would be captured by investing in and around the new technology, only to be sorely disappointed and disillusioned when profits proved elusive.

There are scores of examples of the excesses of the bubble. At the height of the mania in early March, Priceline.com, made famous by Captain Kirk, and its 'Name Your Own Price' strategy for buying airline tickets, had a market capitalization that was in excess of the combined value of its suppliers, Delta, United, American, Continental, and US Airways! By year end — the bubble having been pricked — Priceline's capitalization was just a little over 1% of their total worth.

Rising interest rates provoked the deflation of the 'dot-com' bubble. The Federal Reserve first responded to the threat of inflation by boosting interest rates in June 1999. However, it was reluctant to tighten monetary policy further in 1999, because of the need to maintain adequate liquidity in the financial system to quell fears associated with Y2K. The turn of the Millennium safely behind, Mr. Greenspan was able to act more aggressively. The Fed boosted rates 100 basis points in the first quarter of 2000. More expensive money, and Fed warnings about deteriorating credit quality, led to tighter credit conditions. High-yield bond spreads widened over the course of the year, such that by year end they exceeded any ever experienced in the junk bond market, including those in the period following the fall of Michael Milken and Drexel Burnham in the late 1980s.

This credit restriction, combined with the reverse wealth effect on consumption as a result of the decline in US equity markets, higher energy costs, and the early onset of a severe winter, led to a sharp economic slowdown in the US — what economist Ed Hyman terms the 'Perfect Storm' scenario. In response to this situation, the Federal Reserve acted to reduce lending rates in early January 2001.

In Europe, the first signs of renewed growth were met with higher rates, perhaps because the newly formed European Central Bank

In the US, rising interest rates deflated the 'dot.com' bubble.

In Europe, the new European Central Bank wanted to establish its anti-inflation credentials.

***In Japan, rates rose
for less good reasons.***

***We continue to
believe that the
Internet changes
everything.***

wanted to move aggressively to establish its anti-inflation credentials. Formed just two years ago, the ECB does not have the Federal Reserve's hard-won credibility as an institution with a single-minded commitment to fighting inflation. Indeed, many investors have feared that European political concerns, about unemployment in particular, would lead to a loose monetary policy. The surprising weakness of the Euro, which raised inflationary risks, increased the need to raise rates.

Euro weakness in part is a reflection of a lack of European economic vitality, as compared with the US. Europe remains afflicted with structural rigidities that impede growth. Evidence of progress is patchy — the German Government has acted on tax reform, but the French Government has introduced a *maximum* workweek of 35 hours. The political environment in Europe is still one that encourages maintenance of the status quo rather than risk-taking of the kind that is necessary if reform is to be far reaching and permanent, along the lines of Mrs. Thatcher's 'revolution'.

Japan, too, saw higher interest rates in 2000, though to our mind without justification. The economy remains deeply depressed, with excess capacity meaning that companies have no need to invest, while consumers fear unemployment and are not spending. The only source of demand is the Government, whose massive fiscal deficits are now reaching dangerous levels. For several years, the authorities have followed a 'zero interest rate policy'. As prices have been falling, of course, the *real* cost of borrowing has been much more than zero. We see no reason for yet tighter money, and believe the change in policy reflects nothing more than internal squabbling among bureaucrats, unsupervised by any credible political leadership. In Japan, as in Europe, absence of political leadership also means delay in badly needed structural reforms.

Portfolio Review

The Portfolio began 2000 overweight technology stocks relative to its benchmark. We wrote in our letter to you at the end of last year "...the Internet is forcing managements, investors and consumers to rethink long-held assumptions about how companies and customers interact." We believed then, and continue to believe today, that the Internet "changes everything", to quote Jack Welch. We have

focussed our research attention on companies that build the infrastructure of the Internet. Stock selection was excellent, with **Oracle**, Sun Microsystems (sold during the year), and **SmartForce** the portfolio's best investments in the sector. During the course of the year, however, we substantially reduced technology holdings, based upon individual company valuations that we felt were unsustainable, to an underweight position relative to the benchmark.

In similar fashion, we began the year overweight media, publishing and related stocks within the consumer discretionary sector. The means and channels of delivery for informational content, such as news, entertainment, sports and data, have exploded — from cable to the Internet to satellite to DVD to broadband wireless. But the creation of content has not kept pace, and therein lies, we believe, an enduring demand-supply imbalance. The portfolio was well served by its investments in **Pearson**, **Viacom** (formerly CBS), and **WPP**, among others. As with technology, however, we reduced the overweight position in the media sector for market valuation reasons over the course of the year.

In contrast with these declining commitments to technology and media, the portfolio began the year underweight the telecommunication services sector and remains so today. We have been skeptical for some time about the business strategy of many diversified telecom companies. To nearly all customers, competing telecom services are undifferentiated and commodity-like. With deregulation, the cost of switching from one provider to another is effectively zero. Whatever pricing power might survive this rising competition among established providers is now being destroyed by the entry of new competitors. Many of them are heavily indebted, and starved for cash flow. Our investments in telecommunications have been focused on the financially sound US Baby Bells, such as **BellSouth**, and on wireless operators in growing markets such as **China Mobile** and **Vodafone**.

The portfolio has emphasized less cyclical, less asset intensive businesses where we believe secular growth will occur. The portfolio owns business service companies such as **ISS**, the global cleaning company and **Automatic Data Processing**, the world's largest payroll- and tax-processing company. The portfolio also has significant holdings in healthcare, where aging populations ensure

The creation of content has not kept pace with the explosion in distribution channels.

The portfolio is emphasizing less cyclical, less asset intensive businesses.

*Good management,
financial strength
and competitive
advantage are
the keys to our
companies'
success. . .

. . .especially because
the environment in
which our companies
operate is turning more
difficult.*

both increased demand for healthcare services, and also increased demand for low-cost solutions to medical problems.

The financial services sector is the biggest in the global universe, at about 20% of the benchmark, by market value. We think that the long-term outlook for the profitability of the banking business is poor. Lending spreads are low, and still falling outside the US as securities markets become viable capital sources for commercial borrowers, and as the Internet facilitates price-based competition for retail borrowers. Banks, such as **Wells Fargo**, that have diversified the range of services they offer their customers, however, have found opportunities to maintain high returns. Those with the ability to raise capital from securities markets can sustain profitable corporate relationships, while, in the retail sector, financial institutions outside the US that offer modern investment products can attract customers, who are increasingly looking to invest their savings for the returns necessary to replace dwindling state-provided pensions. The portfolio has consistently emphasized these 'asset gatherers', such as **AXA**, or banks such as **Deutsche Bank**, which have significant potential for growth in both asset gathering and investment banking. We also hold insurers such as **AIG** and **Berkshire Hathaway**, which boast great financial strength, and now enjoy rising insurance premia, after years of declining prices.

Outlook

We continue to emphasize the qualities of good management, financial strength and global competitive advantage in our growing companies. Our belief is that these are the attributes that determine success. We seek companies that can not only survive in adverse environments but also take advantage of opportunities presented when weaker competitors prove unable to rise to the challenge.

As we look ahead to the coming year, we recognize that the environment in which our companies operate is turning more difficult. We cannot predict whether the global economy faces a recession, or the much-mooted 'soft landing', in which growth slows but does not contract. It does appear that the risks of a hard landing have risen. Energy costs are higher, and will add to inflationary pressures, at a time when the trend towards disinflation already appears to be, at least temporarily, over. They also represent a

significant tax on the consumer, potentially hitting spending levels at a time when confidence, especially in the US, may be hit by the ‘wealth effect’ — the need to restore balance sheets damaged by the severe decline in the prices of popular stocks. Finally, a hard landing may be caused by the contraction of credit by financial institutions. The imbalances that have developed in the US in the last decade have been masked by a high rate of economic growth and a bull market in stocks. The path to more modest, but more sustainable growth is a risky one, but one that the US seems well placed to travel, given its vigilant monetary authorities and healthy Government finances.

Outside the US, deregulation, globalization, and governments’ fiscal rectitude continue to drive forward, spurring companies to cut costs, and to seek new markets that were previously closed, whilst giving governments new flexibility to step up their own spending when necessary.

As bottom-up investors we do not put much stock in our views on currency movements. That said, the dollar has been in a bull market for nearly five years against European currencies. To some extent, this has reflected the competitive advantages that the US economy has enjoyed over European economies, especially in the areas of labor mobility and flexibility. We believe that the strength of the dollar has also been closely related to the strength of our equity markets, and to foreign investors’ desire to get their share of the returns on offer. An important effect of this inward flow of capital has been to sustain the extraordinarily low US savings rate and extraordinarily high current account deficit. With the bloom now off the US equity rose, the likelihood increases that the flow of capital is reversing, which could usher in a period of dollar weakness and non-US equity outperformance.

The rest of the world will pay close attention to the US, but will have to rely on its own progress towards deregulation, and globalization if economic growth is to continue. Against this background it will be important to recognize the strengths of individual companies and be aware of the opportunities presented. We look forward to a challenge that appears to play particularly to our firm’s strengths.

The likelihood increases that the flow of capital reverses, ushering in a period of non-US equity outperformance.

*We bought new
holdings in seven
companies and sold
seven.*

Activity

We bought new holdings in:

Dassault Systemes, the global leader in high-end computer-aided design, manufacturing and engineering software. Customers include large, global manufacturing firms, such as Boeing and DaimlerChrysler. Dassault's software enables them to improve product quality and reduce design and engineering costs. Dassault has the most complete and sophisticated product range in a rapidly expanding market. The company history of product innovation and large R&D expenditures supported by its high recurring cash flow create strong barriers to entry.

Amdocs, a leading provider of customized customer care and billing software and services for the global communications industry. Telecommunications companies need to overhaul their legacy billing systems in response to structural changes in their industry, a secular shift in technology toward the Internet and the need to offer a wide range of bundled and value-added services to their customers. We estimate that the telecom industry will have to replace 50-70% of its legacy software systems in the next 4 years, generating billions of dollars of spending and offering a large opportunity for software providers to replace in-house systems, which are still 50% of the market. Amdocs has the most comprehensive and scalable set of customer care and billing solutions available, as well as the most attractive installed customer base.

Automatic Data Processing, the market leader in US outsourced business services. The company has delivered consistent mid-teens growth over the past 34 years and growth prospects appear well underpinned as outsourcing trends continue. The company is a model of consistency and quality. Accounting is conservative and finances strong, with \$2.2 billion in net cash as of mid-2000, and an AAA S&P credit rating. The company has an ongoing share repurchase program. ADP has ample growth opportunities within the US and in the rest of the world to give us confidence that the company will sustain its mid-teens earnings growth rate for the next five to ten years.

Nokia, Europe's largest mobile phone manufacturer. The shares were attractively priced after the recent third quarter profit warning.

The industry transition issues that are depressing third quarter profits are transitory while Nokia's competitive advantages — global brand, market segmentation expertise, scale, and logistics expertise — are not. We do not subscribe to the view that mobile communications handsets, increasingly integrated with data and video, and requiring backwards compatibility to various network standards, will soon be commoditized. Nor do we believe that the first sign of slowing growth in the handset market suggests that the underlying long-term secular growth of the mobile communications sector is in doubt.

Carrefour, the second largest food retailer in the world following its merger with Promodes in 1999. The company operates hyper-market, supermarket and big discount stores. It enjoys leading market shares in France, Spain, Italy, Brazil, Argentina and Taiwan. Over half of its sales are from France. The rest of Europe contributes another 27%. The long-term growth comes from the scope and scale of Carrefour's global operations, including its exposure to emerging markets. We estimate that Carrefour will be able to grow earnings at 15% over the next five years.

ISS, the world's largest cleaning services company. ISS operates in 40 countries, with the bulk of their operations in Europe. Europe accounts for 90% of the company's revenues, which will be approximately \$3.2 billion in 2000. ISS combines several attractive themes — outsourcing, roll-up of a fragmented industry and a revenue stream that is largely non-cyclical. The total market for ISS's services is in excess of \$200 billion today, and more than 60% of this is still done internally. As companies define their core competencies more strictly, and outsource those services that are nonessential and ties up their capital, ISS is in a position to benefit. Capital is allocated strictly, and EVA is used both to help capital allocation and to judge performance of management. Compensation of the top 150 executives is in large part based upon share options.

Elan, an emerging pharmaceuticals company based in Ireland. Elan's strength is its productive research and development effort. Elan should receive FDA approval to launch three new drugs this year, which, together with its existing proprietary drug delivery products, should enable it to double its current sales of \$1 billion by 2003. The company has in trials a treatment for Alzheimer's, called Betabloc, which if successful, could transform Elan from a specialty pharmaceutical company to one that dominates a potentially huge

We purchased a leading global retailer, large business services firm and an emerging pharmaceutical.

*Sales in the quarter
reduced risk in the
portfolio.*

therapeutic field. Our investment thesis is not predicated on the success of Betabloc, however, we believe Elan represents a compelling value at present prices without assuming any future revenue from this therapy.

We added to holdings of **Baxter International**, French utility company **Suez Lyonnaise des Eaux**, US Baby Bell **BellSouth**, pharmaceutical giant **Bristol Myers -Squibb**, **Vodafone**, now the world's largest wireless telephony company, and to **Wm. Wrigley**, most famous for its chewing gum products.

We sold:

Bic, the French manufacturer of low unit price consumer items, such as disposable razors, and ballpoint pens. The company has responded to increased competition by embarking on expensive and risky new product lines.

Agilent Technologies, which was spinout of Hewlett-Packard.

Getronics, a Dutch software services and IT hardware re-seller. Their business proved much more cyclical than we had believed, and their progress towards greater corporate transparency proved slower than we required.

Mitsubishi Corporation, the Japanese trading company. Mitsubishi is considered the best of the Japanese trading houses, but its progress towards reform has been slower and less consistent than promised.

Quanta Services, a provider of specialized contracting services to electric utilities, telecom and cable operators and state and municipal governments in the US. As the economic position of their clients deteriorates, we think that a capex slowdown will follow, to the detriment of contractors such as Quanta.

Worldcom, a US-based data transmission/management company with business, voice, and long-distance franchises. WorldCom's business model is besieged by CLEC's (competitive local exchange carriers) in both the US and Europe, which are offering services that are indistinguishable from WorldCom's at much lower prices, effectively leaving WorldCom with no choice but to slash prices, and, in turn, profits.

Ericsson, the Swedish maker of telecom equipment and wireless handsets. We lost confidence in management after disappointing earnings, an increasingly strained balance sheet, and evidence that they are losing ground to **Nokia** (which we bought).

We reduced, on price grounds, our holdings in **ABB** the European industrial systems giant, **Rentokil Initial**, the UK global business services provider, and **Quintiles**, an outsourcing partner for healthcare companies.

Global Equity Holdings as of December 31, 2000

Company	Country	Weight (%)	Sector	Description
Enron Corp	US	3.8	Utilities	Integrated natural gas & electric company
Pfizer	US	3.4	Healthcare	Pharmaceutical, veterinary & chemical company
Baxter International	US	3.2	Healthcare	Medical products supplier
Suez Lyonnaise	FRA	3.2	Utilities	Multi-utilities company
Tyco Intl	US	3.1	Industrials	Industrial products manufacturer & supplier
Wrigley, Wm.	US	3.1	Consumer Staples	World's largest chewing gum maker
Schlumberger	US	2.9	Energy	Petroleum industry service & equipment supplier
American Int'l Group	US	2.9	Financials	Insurance holding company
Hutchison Whampoa	HK	2.7	Financials	Ports, telecom, & property conglomerate
Investor	SWED	2.5	Financials	Industrial holding company
Colgate Palmolive	US	2.4	Consumer Staples	Consumer products company
Royal Dutch Pet ADR	NETH	2.4	Energy	Global integrated oil company
Allied Capital	US	2.3	Financials	Financial institution providing small business loans
BellSouth	US	2.2	Telecommunication Services	Telecommunication services provider
Bristol-Myers Squibb	US	2.0	Healthcare	Pharmaceutical & specialty products manufacturer
Wells Fargo	US	2.0	Financials	Commercial bank
WPP Group	UK	2.0	Consumer Discretionary	Advertising & marketing services company
Rio Tinto Ltd.	UK	2.0	Materials	Diversified mining company
CGIP	FRA	2.0	Industrials	Investment holding company
Exxon Mobil Corp	US	1.9	Energy	Global oil company
Nestlé Reg ADR	SWITZ	1.9	Consumer Staples	World's largest food company
Viacom	US	1.8	Consumer Discretionary	Diversified media company
SmartForce ADR	IRE	1.8	Information Technology	Computer software training firm
Automatic Data Proc	US	1.8	Industrials	Business services outsourcing company
Nokia	FINL	1.7	Information Technology	Mobile telephone & equipment maker
Oracle	US	1.7	Information Technology	Database management software firm
Fannie Mae	US	1.6	Financials	Government-sponsored mortgage agency
Honeywell Intl	US	1.6	Industrials	Industrial & engineering conglomerate
IBM	US	1.6	Information Technology	Integrated information technology company
Berkshire Hathaway	US	1.5	Financials	Auto insurer & general reinsurer
Air Products	US	1.4	Materials	Industrial gas company
AXA	FRA	1.4	Financials	Insurance company & asset manager
Sony Corp. ADR	JAP	1.3	Consumer Discretionary	Global entertainment media corporation
Embraer	BRAZ	1.3	Industrials	Regional jet aircraft maker
Rentokil Initial	UK	1.3	Industrials	Global business services provider
Vodafone Group	UK	1.2	Telecommunication Services	Cellular, paging, mobile & pocket radio, & network services provider
Atlantis Japan	JAP	1.2	Financials	Closed-end fund of small Japanese companies
ISS Int'l Service	DEN	1.1	Industrials	Cleaning services company
Amdocs	US	1.1	Information Technology	Telecom customer & billing solutions provider
Pearson	UK	1.1	Consumer Discretionary	Print & broadcast media company
Wolters Kluwer	NETH	1.1	Consumer Discretionary	Legal, tax, medical & business news publisher
Hewlett-Packard	US	1.1	Information Technology	Computing, measurement, & communications device maker
Intel	US	1.1	Information Technology	Global semiconductor manufacturer
Carrefour	FRA	1.0	Consumer Discretionary	Food retailer & hypermart operator
Deutsche Bank	GER	1.0	Financials	Universal bank
Dassault Systemes	FRA	0.9	Information Technology	CAD/CAM software designer
Quintiles	US	0.9	Healthcare	Outsourcing partner for healthcare companies
DBS Group	SING	0.9	Financials	Singapore's largest bank
Wisconsin Central	US	0.9	Industrials	Global railroad operator
Grupo Televisa GDR	MEX	0.9	Consumer Discretionary	Spanish language media company
Wal-Mart de Mexico	MEX	0.9	Consumer Discretionary	Consumer goods & food retailer
Luxottica	ITA	0.8	Healthcare	Low cost producer of eyeglass frames
Elan	IRE	0.8	Healthcare	Drug research & development company
ABB Ltd.	SWITZ	0.7	Industrials	Global engineering & equipment maker
China Mobile	CHINA	0.7	Telecommunication Services	Cellular telephone operator
Eastman Kodak	US	0.7	Consumer Discretionary	Imaging products & services group
Li & Fung	HK	0.7	Consumer Discretionary	Trading & logistics company
Taiwan Semiconductor	TAIW	0.6	Information Technology	Dedicated IC foundry
Mizuho Holdings	JAP	0.6	Financials	Japan's largest bank
Nortel Networks	CAN	0.6	Information Technology	Communication network equipment provider
Asatsu	JAP	0.4	Consumer Discretionary	Advertising company

Global Equity Composite Performance

As of December 31, 2000

	Annualized Returns for Trailing Periods (%)					Volatility**					
	1 Year	3 Years	5 Years	10 Years	Since Inception*	Since Inception*					
Global Equity (gross of fees)	1.3	12.9	13.4	14.6	14.2	13.2					
Global Equity (net of fees)	0.9	12.3	12.7	13.8	13.4	13.1					
<i>MSCI All Country World Index***</i>	-13.9	10.1	11.6	11.9	9.2	14.2					
<i>Lipper Global Fund Index</i>	-8.5	11.9	13.2	12.8	10.9	13.5					
	* Inception Date: 11/30/89 ** Annual Standard Deviation (%) *** Benchmark Index										
	Calendar Year Returns (%)										
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Global Equity (gross of fees)	1.3	38.9	2.3	11.0	17.3	19.0	0.0	24.3	8.9	29.4	7.9
Global Equity (net of fees)	0.9	38.2	1.6	10.1	16.3	18.0	-0.9	23.2	8.1	28.3	7.0
<i>MSCI All Country World Index***</i>	-13.9	27.3	21.7	14.7	13.1	18.2	5.4	25.5	-4.3	19.5	-17.2
<i>Lipper Global Fund Index</i>	-8.5	33.7	14.6	14.0	16.3	14.0	-2.2	32.8	0.1	20.3	-9.1
	Composite Information										
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Total market value of accounts (\$M)	\$107.6	\$95.7	\$176.3	\$224.3	\$188.0	\$146.7	\$112.4	\$80.2	\$63.3	\$41.8	\$15.3
% of total firm assets	7.9%	6.8%	12.9%	16.5%	15.1%	23.4%	30.5%	31.8%	39.3%	30.0%	26.6%
Number of accounts	5	†	11	15	13	13	17	16	14	12	†
Internal dispersion: standard deviation	†	†	1.7%	1.5%	0.8%	2.0%	1.4%	6.8%	2.1%	†	†

† Fewer than five accounts

Portfolio Characteristics	
Weighted Average Market Cap (\$ million)	\$73,550
Price/Earning (2000 forecasted)	27.2 times
Price/Earning (1999 historical)	30.4 times
Price/Cash Flow	17.5 times
Growth Rate	15.6%
Price/Book	4.6 times
Yield	1.3%
Return on Equity	16.9%
Number of Holdings	61
% annual turnover	33%

Ten Largest Holdings	% Portfolio
Enron Corp (United States)	3.8%
Pfizer (United States)	3.4%
Baxter Intl (United States)	3.2%
Suez Lyonnaise (France)	3.2%
Tyco Int'l (United States)	3.1%
Wrigley (United States)	3.1%
Schlumberger (United States)	2.9%
American Intl Group (United States)	2.9%
Hutchison Whampoa (Hong Kong)	2.7%
Investor (Sweden)	2.5%

Harding, Loevner Management, L.P. ('Harding Loevner') has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management Research ('AIMR-PPS™'). AIMR has not been involved with the preparation or review of this report. Harding Loevner is compliant with AIMR-PPS since 10/31/89. Compliance has been verified at Level II, one quarter in arrears, by Ashland Accounting LLP.

NOTES:

- Harding, Loevner Management, L.P. is an independent registered investment adviser.
- Composite includes all US\$ based, fee-paying global equity accounts under discretionary management, including accounts no longer in existence. Accounts are included from the first full month following the date on which the account is deemed to be fully invested. No subsector or segment of a larger portfolio is included.
- Returns shown are time-weighted total returns in US\$, and reflect reinvestment of dividends and interest. Returns include the effect of foreign currency exchange rates. Returns are weighted by account size in the composite.
- All cash equivalents, bonds and/or convertible securities used in place of equities are included in return calculations.
- Composite returns (gross and net) are presented after reduction due to brokerage commissions but before reduction due to custodial fees and foreign withholding taxes. Net of fees composite returns are presented after reduction due to actual management fees paid. Management fees are described in our Form ADV Part II.
- Returns of all indices (except Lipper) are presented before foreign withholding taxes, and do not reflect commissions or fees that would be incurred by an investor in the index portfolios. Lipper index returns are reported after all fees and expenses. Additional information regarding the benchmark, including the percentage of the composite invested in countries not included in the benchmark, is available upon request.
- Annual standard deviations of returns (volatility) are estimated from monthly returns using a continuous return model to derive annual periodic standard deviation.
- A complete list and description of the firm's composites is available upon request.
- Past performance is not indicative of future results.