



Global Equity

Performance

Portfolio strongly outperformed benchmarks.

Rewards from media and technology companies that are Internet beneficiaries as well as companies in the "New Japan".

Review & Outlook

Rising rates from a synchronization of global growth.

The Internet changes everything.

Activity

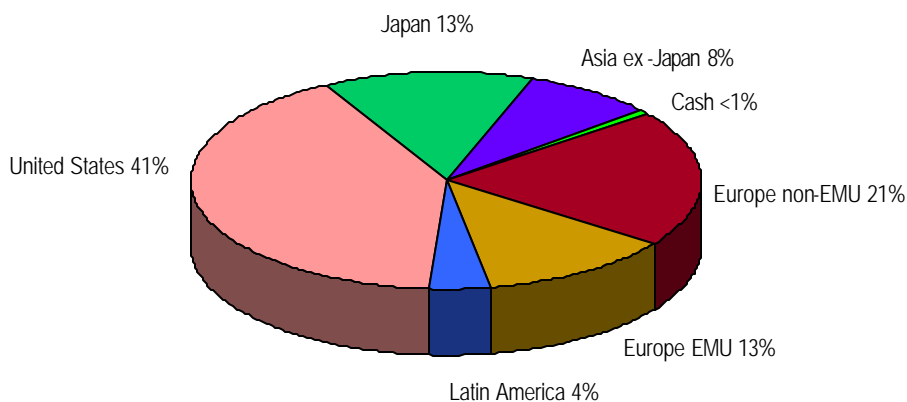
Bought: AXA, CGIP, Ericsson, Hewlett Packard, IBM, Standard Chartered Bank, Tyco, Unilever, and US West.

Sold: Allianz, Aspen Technology, Gaz et Eaux, Goldman Sachs, UBS and Zurich Allied.

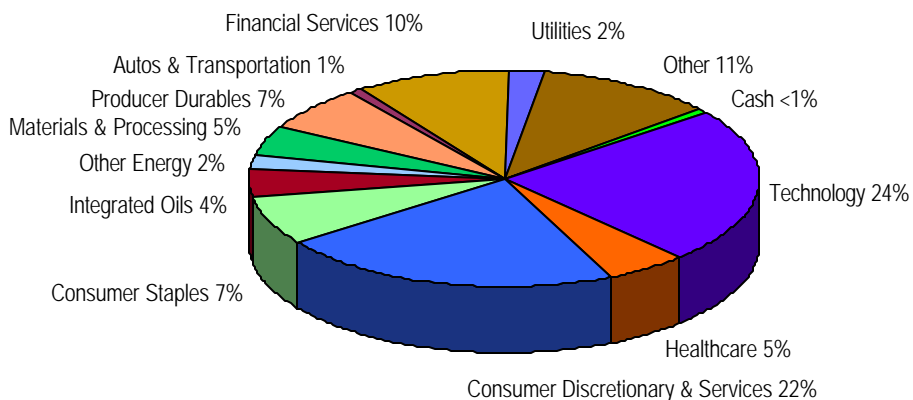
1999 Year End Report

The portfolio enjoyed its best quarter ever to end 1999, and owes its performance to our insistence on owning good companies across broadly diversified geographical and industrial sector mix.

Geographical Distribution



Sector Distribution



The charts above provide a 'snapshot' of the Portfolio at December 31, 1999.

World Equity returns were paced by Asian and Latin American stock markets . . . currency played an unusually large role in determining performance . . .

There was an enormous divergence in stock prices amongst industrial sectors globally . . .

Performance

The portfolio returned 23.9% in the quarter — its best quarter ever by a wide margin--and 39.0% for the year, ahead of the passive MSCI All Country World Equity index, which returned 17.4% and 27.3% in those same periods, and the Lipper Global Equity index of actively managed funds, up 23.2% and 33.7%.

Geography

World equity returns were paced by Asian and Latin American stock markets, which roared back from their losses of late 1997 and early 1998. Japanese stocks rose 62% for the year, while in Southeast Asia, Hong Kong and Singapore (free index) both rose 60%, in US dollars. The MSCI Emerging Markets (free) index rose 66%. The US market overall was a middling performer until the fourth quarter, when the S&P 500 index rose 14%, accounting for the lion's share of its 19.5% gain for the year. That market measure, however, obscures the sharp rise of the NASDAQ Composite Index, of typically younger companies, which rose 86% for the year. Europe had moderate returns, with a few exceptions: The UK index rose 12%, Germany 21%, and France 30%, while Switzerland actually fell, in dollar terms. As in the US, all or nearly all of the returns were accounted for by the fourth quarter. Only peripheral markets, such as Sweden (+81%) and Finland (+153%), managed eye-popping rises to match Asian- and NASDAQ-style returns, in large part due to the presence of large communications equipment companies in their indices.

Sectors

There was an enormous divergence in stock prices amongst industrial sectors globally, mirroring what was happening within the US market, where half the stocks in the S&P500 were down for the year: half the stocks in the Nikkei 300 were also down for the year, for example. Computer, communications, and electronic equipment led most markets, and were even stronger performers abroad than they were within the US, with sector indices more than doubling in Europe and Japan. Insurers, electric utilities, and railroads performed poorly, along with health care, retailing, food and beverage companies — decliners in all regions globally.

Currency

Currency played an unusually large role in determining performance of equity indices — particularly in developed markets. The weakness of the Euro, in its first year of existence, was a significant factor in the lackluster returns of European stocks for dollar-based investors. The Euro fell 14% in the year. In contrast, the Japanese Yen rose, and contributed over 10% to unhedged dollar-based returns in Japan.

Attribution

The portfolio owes its good performance primarily to our insistence on good companies across a broadly diversified geographic and industrial sector mix; the only common theme is old-fashioned stock selection. Of the top dozen contributors to portfolio returns, four are technology companies, three are involved in media, one is a mining company, one is a manufacturer of small motors, while another is a Japanese small-cap investment fund. Three are based in Southeast Asia, four are based in Japan, two are UK companies, and two are US companies. While we have more of the portfolio invested in Southeast Asian companies than a global market index, we have less of the portfolio in Japan than the index. Our companies returned substantially more than the respective national market indices in both cases, however. In the aftermath of the market meltdown of the summer or 1998, we added solid, well-managed companies whose stock prices had been pummeled by investors who suddenly demanded (offered) far higher risk (return) premia than previously. We reaped the rewards for those actions this year. We were rewarded for recognizing the changes that the Internet was having on technology and media companies. We also were rewarded for recognizing that not all companies in Japan faced a permanently clouded future, and that managements of some companies — the “New Japan” — were changing their attitudes about shareholders, albeit out of necessity.

Review

Technology and Internet related craze

Investors globally have been swept up in a craze for stocks of technology companies and, in particular, for stocks of those companies seen to be benefiting from the burgeoning use of the Internet as a means for businesses to transact with each other and with their end customers. The Internet and Internet-related technology have provided an undercurrent of speculative fervor all year, but the sound of the torrent became deafening in November and December of 1999.

Our portfolio has benefited from the fervor. In 1998, we recognized (belatedly, we ruefully acknowledge) that the Internet and new technologies were substantially raising the long-term growth rate in capital expenditures for computer systems and software. Managements of both start-up on-line enterprises and old-line brick and mortar companies are racing to adapt to the new commercial structures that have appeared, while consumers are flocking to the Internet in the fastest adoption of a new technology in history. In the first quarter of 1999, we made new investments in US computer server maker **Sun Microsystems**, and in enterprise software writer **SAP**. Mid-year — after the sector’s correction in

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in the 'media' sector, which now accounts for almost one sixth of the portfolio, seven times what a global index holds the second quarter — we bought computer mainframe and server maker **Fujitsu**, database software writer **Oracle Systems**, and added to our holding in chip specialist **Intel**. We bought **Sony** — in part a technology device manufacturer — in the third quarter. In this recent quarter, we added **Ericsson**, the Swedish producer of wireless network infrastructure equipment, peripherals and server specialist **Hewlett Packard**, and **IBM**. Whereas the portfolio had less than 10% invested in technology companies at the end of 1998, technology companies comprised nearly a quarter of the portfolio at the end of 1999.

The device through which the Internet is normally (i.e., in the US) accessed is, of course, the personal computer connected to a fixed telephone line. The year witnessed increasing recognition that elsewhere in the world, the access device of the future is a wireless one — either a cellular telephone, or another hand-held personal device. Besides the above-mentioned purchase of Ericsson, we also bought data-focused fixed-line operators **MCI Worldcom** and **US West (Qwest)**, along with Mexico's (fixed *and* mobile) telecom leader **Telmex**. In addition, long-time portfolio holding **Hutchison Whampoa**, the Hong Kong based conglomerate, took its wireless telephone strategy to a new phase, trading its UK cellular operator Orange to German giant Mannesman in return for a stake in the whole. Hutchison's shares rose 56% in the fourth quarter, and 105% in the year.

Global media theme

We also have large holdings in the 'media' sector, which now accounts for almost one sixth of the portfolio, seven times what a global index holds in these companies. This sector is broadly defined to encompass those companies, such as the UK's **Pearson**, or Mexico's **Grupo Televisa**, and US based **CBS-Viacom**, and even Japan's Sony, that own entertainment or information content. Pearson owns the Financial Times, has investments in terrestrial and satellite television companies, makes TV shows ('Baywatch') and publishes educational text books; Televisa broadcasts both its own TV shows ('Baywatch') and those of other programming companies. CBS, after merging with Viacom, has television programming studios, along with multi-channel distribution that can deliver saturation for advertisers. Sony owns both music and movie production companies, along with vast libraries of both. As media channels proliferate, the demand for content to fill those channels has grown, while the Internet potentially reduces the costs of distributing products such as movies and music to the consumer.

The media sector also, however, comprises advertising agencies, which are buyers, on behalf of their customers, of broadcast time, as well as print

space and, increasingly, World Wide Web ‘eyeballs’. We own shares of **WPP**, the world’s largest advertising and media communications group. Its shares rose by 70% in the quarter, and 161% in the year. Another attraction of CBS-Viacom is its clear strategy of controlling multiple channels—television, radio, billboards, and the Internet—through which advertisers must reach their target consumers.

Dogs to darlings & darlings to dogs

One not-so-original (but never-too-often-repeated) insight to be gleaned from our last two years’ performance is that basing an investment stance on what has delivered good returns in the immediate past is a strategy fraught with risk. For example, the worst detractors from the portfolio’s performance in 1999 were a half dozen ‘defensive growth’ companies that had proven so valuable in last year’s mooted onset of deflation. A significant factor that investors coped with was the rise of interest rates, led by a reversal of the US bond market and Federal Reserve policy. Rates rose from a low of 4.0% to 6.4% on 10-year US Treasuries, and from 3.6% to 5.5% on European 10-year bonds. Rising rates usually hurt the valuations of growth companies the most, since it is the higher earnings in future years that account for the largest portion of those stocks’ valuations. This was an important factor, along with inventory reductions driven by Y2K concerns, retail consolidation, and changes being wrought by the Internet, in the poor performance of the traditional growth companies. It turned out that their valuations were so stretched that they could not accommodate any downward revisions to earnings growth forecasts, either small — such as happened with **Pfizer**, **Nestlé**, and **Wolters Kluwer** — or large, such as afflicted **Rentokil**, **Quintiles**, and **Unilever**. Rising rates also dampened stocks of most insurance companies and banks.

In contrast, we also own companies which last year were seen as victims of the Asian economic crisis and deflation such as power generation engineer **ABB**, global oil producer and refiner **Royal Dutch/Shell**, and low-cost mining house **Rio Tinto**. These companies benefited hugely from the recognition that the rest of Asia could and would recover, with or without a recovery of the Japanese economy. If rising interest rates reflected a synchronization of economic growth around the world, then industrial businesses geared to that growth saw earnings forecasts rise, more than compensating for the higher rates. Fifteen months after an economic Ice Age was prophesied, Rio Tinto’s stock price reached a new all time high, with the stock doubling in the year.

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Companies with no earnings saw their share prices rise an average of 52% this year, while stocks of companies with earnings lost 2% . . .

Outlook

Internet changes everything

We have written extensively this year on how the Internet is forcing managements, investors and consumers to re-think long held assumptions about how companies and customers interact. What will it mean when a long-established enterprise, such as the Encyclopedia Britannica, no longer charges money for its wealth of scholarly and general information? When it can now be delivered and updated electronically, without recourse to a whole new printing? When advertisers are willing to cover the cost of production by paying for the privilege of allying themselves with such a venerable and trusted name? It means that a selling price of zero (or less!) for a valuable service is an approaching reality for many businesses. It means that consumers will expect to get valuable products and services at far lower costs than traditional business models can profitably deliver them. And it means that many traditional businesses could face a stark future where their customers evaporate into cyberspace.

Mania v. bear market?

The US equity market contained this year an enormous divergence — almost two separate markets. While the NASDAQ index and technology stocks were surging to their spectacular returns, led by IPOs that were measured in how many times they doubled on their first day of trading, a majority of the companies listed on NASDAQ were down on the year. More US companies made new lows than made new highs. 70% of the stocks listed on the New York Stock Exchange were below their average prices for the last 200 days. Companies with no earnings saw their share prices rise an average of 52% this year, while stocks of companies with earnings lost 2%, according to Merrill Lynch. The majority of US companies are already experiencing a bear market, a not-unusual occurrence in a year in which the Federal Reserve raises short-term interest rates.

Global growth and in(de)flation?

Last year's coordinated interest rate cuts are now a distant memory because most economies have resumed growing while that of the US has remained strong and at full employment. Central bankers have resumed looking for signs of inflation, rather than deflation. So far, they have found few. The answer lies with Michael Lewis's 'new, new, thing' — new business models that are making established ones much less profitable, if not obsolete. The fall announcements by General Motors and Ford that they will move all their purchasing of supplies and components to an e-commerce platform was accompanied by forecasts that they would reduce their costs by billions of dollars. Those billions represent other companies'

current revenues and profits, i.e., the resources they use to invest in new plant and equipment, and to pay employees and shareholders. The Internet is a deflationary force just now moving into the mainstream economy. The implications are many, but one has to be that profits of *most* companies are at risk in an unusually heightened way.

Activity

We sold **Allianz** and **Zurich Allied**, two European insurance companies; and **UBS**, the Swiss bank, which have been slow to implement their strategies to grow their asset management businesses, relative to **AXA Insurance**, into which we have concentrated our European insurance holdings. AXA has grown to become the world's second largest insurance company, and is one of the world's largest asset managers. Under Chairman Claude Bebear, the company has executed a strategy of developing global scale as a provider of insurance and asset management services, through acquisition and through investment in its brand. AXA has been a leader in the ongoing consolidation of the European financial service industry, and has demonstrated its ability to run acquired businesses with less capital and better asset/liability management. Its recent dramatic entry into the Japanese insurance market through the acquisition of Dantai Life demonstrates its discipline and vision in its quest to build a global franchise. As part of this move to concentrate our financial holdings, we also sold **Goldman Sachs**, the US investment bank, which performed well since its IPO this year, but which is highly exposed to the vicissitudes of the market, including the new issue market.

We sold **Gaz et Eaux**, the French holding company. Gaz this year finally consolidated its Lazard Group holdings, in return divesting its stake in Pearson, but its management has been reluctant to take aggressive steps to reduce the discount to net asset value at which the shares are traded; instead we bought **CGIP** shares, which also offer investors discounted access to selected French blue chip companies — including software engineer Cap Gemini — in addition to a growing unquoted portfolio of European investments. CGIP management has a long track record of successful value creation and is now focused on two priorities: increasing the proportion of unquoted investments in the portfolio; and finding ways to structurally reduce the 30-40% discount of CGIP shares to net asset value.

We sold **Aspen Technology**, which has suffered implementation difficulties with its process software for the petrochemical industry and reduced the holding in **Sun Microsystems**, which had shown dramatic appreciation in the year, in order to buy **IBM**, the world's largest information technology and service company. IBM shares had fallen by a third from its highs over concerns about demand after Y2K refitting had

In the quarter, we bought nine new companies, added to two; to fund those purchases, we sold six companies, and reduced another six.

***In addition to AXA,
CGIP, IBM and Hewlett
Packard, we bought
Standard Chartered
Bank, Ericsson, Tyco,
and US West.***

passed. But IBM is unique in its ability to establish and integrate leading *global* positions in information technology hardware and services, leaving the company well positioned to sell a wide variety of products and services into both large and small enterprises around the world.

We *reduced* our holding in Sun Microsystems still further in order to *buy* **Hewlett Packard**, maker of computer servers and peripheral equipment, which appointed a new and aggressive CEO this fall. After several years of lackluster performance, HP's shares are much more modestly valued than the average beneficiary of Internet investment.

We *reduced* our holding of **Colgate** in order to *buy* **Unilever**, a leading manufacturer of consumer products, such as food and detergents. Unilever is rapidly reshaping its business model, and has announced plans to reduce its product lines by two thirds, in order to focus more closely on its core brands and strongest products. Management incentives are being more closely matched to returns on capital, which is now the sole criterion driving the allocation of Unilever's substantial cash flows among growth opportunities in developing countries, cost reducing investments, and share dividends. These measures should enable Unilever to sustain its growth in a world where the power of distributors has grown at the expense of consumer product manufacturers.

We *reduced* **Baxter** in order to *add* to our holding in **Quintiles**, whose share price had fallen dramatically after the loss of a contract had caused a quarterly earnings shortfall. We revisited our original thesis, that contract research and sales organizations will continue to see a stream of outsourcing contracts from pharmaceutical companies under pressure to get more products to market in shorter time. Having discussed with management both their business model and dominant position within this field, we bought more shares.

We also bought:

Standard Chartered Bank, the UK-based bank specializing in emerging market lending in markets that include Asia, Africa, the Middle East and more recently, Latin America. Standard Chartered has a very long history of dealing in emerging markets and has developed disciplined risk control measures and strong market shares in low-risk banking niches, such as custody and mortgages. In spite of the volatility in emerging markets over the past few years, the bank has delivered remarkably steady growth in earnings and dividends.

Ericsson, whose price had languished due to market focus on its weak product offering of mobile handsets, where it is the world's third largest producer. However, through its 30% market share in global wireless communications infrastructure, is well placed to benefit from the secular

growth in wireless communications — mobile and fixed, narrowband and broadband. Finally, Ericsson has unrealized strategic value in a consolidating industry given its large market shares and leading R&D position.

Tyco International, a conglomerate whose collection of industrial and service businesses we had admired for some time. When questions about their aggressive acquisition accounting caused the share price to fall sharply, we were willing to buy, as it became clear that management had withstood the SEC (and market) scrutiny of its accounting practices, and comforted by the underlying growth and cash generative nature of the underlying businesses.

US West, the former regional Bell telephone operator. US West shares offer safe and cheap entry into the merged US West - Qwest Communications entity. At current levels, Qwest shares would have to fall more than 35% before US West shareholders experienced any downside risk. The merged entity is well positioned to compete in the consolidating communications industry as it will have an attractive mix between 'real world' customers and 'new world' optical fiber networks and Internet applications services.

We added to holdings of **Taiwan Semiconductor Manufacturing Co.**

We also reduced holdings in **Hutchison Whampoa**, **Johnson Electric**, and **WPP**, each of which has more than doubled in price since the beginning of the year.

Global Equity Holdings as of December 31, 1999

| Company | Country | Weight (%) | Sector | Description |
|-------------------------|---------|------------|-----------------------------------|--|
| Sony Corp. ADR | JAP | 3.7 | Consumer Discretionary & Services | Global entertainment media corporation |
| Pearson | UK | 3.2 | Consumer Discretionary & Services | Print & broadcast media company |
| Fujitsu | JAP | 3.1 | Technology | Leading computer services firm |
| WPP Group | UK | 3.1 | Consumer Discretionary & Services | Advertising & marketing services company |
| Hutchison Whampoa | HK | 2.9 | Other | Ports, telecom, & property conglomerate |
| Rio Tinto | UK | 2.7 | Materials & Processing | World's largest diversified mining company |
| CGIP | FRA | 2.7 | Other | Investment holding company |
| Hirose Electric | JAP | 2.5 | Technology | Electrical connector & components maker |
| Colgate | US | 2.4 | Consumer Staples | Global consumer products company |
| Oracle | US | 2.4 | Technology | Leader in database management software |
| Investor | SWED | 2.4 | Other | Industrial holding company |
| Royal Dutch Pet ADR | NETH | 2.4 | Integrated Oils | Global integrated oil company |
| CBS | US | 2.3 | Consumer Discretionary & Services | Leading diversified media company |
| Tyco Intl | US | 2.2 | Producer Durables | Global industrial products manufacturer & supplier |
| Intel | US | 2.2 | Technology | Global leader in semiconductor manufacturing |
| American Int'l Group | US | 2.1 | Financial Services | Insurance holding company |
| Allied Capital | US | 2.0 | Financial Services | Financial institution providing small business loans |
| Schlumberger | US | 2.0 | Other Energy | Petroleum industry service & equipment supplier |
| IBM | US | 2.0 | Technology | Large integrated information technology company |
| ABB Ltd. | SWITZ | 2.0 | Producer Durables | Global engineering & equipment maker |
| Honeywell Intl | US | 1.9 | Technology | Industrial & engineering conglomerate |
| Sun Microsystems | US | 1.9 | Technology | Leader in internet computing |
| Baxter International | US | 1.8 | Healthcare | Medical products supplier |
| Li & Fung | HK | 1.8 | Consumer Discretionary & Services | Trading & logistics company |
| Exxon Mobil Corp | US | 1.7 | Integrated Oils | Global oil company |
| Atlantis Japan | JAP | 1.7 | Other | Closed-end fund of small Japanese companies |
| Rentokil Initial | UK | 1.7 | Consumer Discretionary & Services | Global business services provider |
| Dover | US | 1.7 | Producer Durables | Diversified capital goods maker |
| Jardine Strategic | SING | 1.7 | Other | Jardine Group investment holding company |
| SmartForce ADR | IRE | 1.6 | Technology | Leader in computer software training |
| Ericsson ADR | SWED | 1.6 | Technology | Wireless communications equipment supplier |
| Quintiles | US | 1.6 | Healthcare | Outsourcing partner for healthcare companies |
| Mitsubishi Corp | JAP | 1.5 | Consumer Discretionary & Services | Leading trading company |
| Pfizer | US | 1.5 | Healthcare | Pharmaceutical, veterinary & chemical company |
| Wells Fargo | US | 1.5 | Financial Services | Large commercial bank |
| Nestlé Reg ADR | SWITZ | 1.4 | Consumer Staples | World's largest food company |
| Thermo Electron | US | 1.4 | Technology | Maker of environmental & biomedical instruments |
| Unilever | UK | 1.4 | Consumer Staples | Leading consumer products manufacturer |
| Wrigley, Wm. | US | 1.3 | Consumer Staples | World's largest chewing gum maker |
| Wolters Kluwer | NETH | 1.3 | Consumer Discretionary & Services | Legal, tax, medical & business news publisher |
| AXA | FRA | 1.3 | Financial Services | Global insurance company & asset manager |
| Grupo Televisa GDR | MEX | 1.3 | Consumer Discretionary & Services | Large Spanish-speaking media company |
| Telefonos de Mexico | MEX | 1.2 | Utilities | Provider of telecommunications services |
| Fannie Mae | US | 1.2 | Financial Services | Government-sponsored mortgage agency |
| Air Products | US | 1.2 | Materials & Processing | Industrial gas company |
| SAP ADR | GER | 1.2 | Technology | Global packaged enterprise software company |
| Taiwan Semiconductor | TAIW | 1.1 | Technology | Large dedicated IC foundry |
| Luxottica | ITA | 1.1 | Consumer Discretionary & Services | Low cost producer of eyeglass frames |
| Standard Chartered Bank | UK | 1.0 | Financial Services | Multinational commercial bank |
| Johnson Electric | HK | 1.0 | Producer Durables | Maker of precision motors |
| Hewlett-Packard | US | 1.0 | Technology | Global computing, measurement, & communications device maker |
| Bic | FRA | 1.0 | Consumer Discretionary & Services | Consumer goods producer |
| Wisconsin Central | US | 0.8 | Autos & Transportation | Global railroad operator |
| Fuji Bank | JAP | 0.7 | Financial Services | Japan's largest bank |
| MCI Worldcom | US | 0.7 | Utilities | Global telecommunications provider |
| Kimberly-Clark Mex. | MEX | 0.6 | Materials & Processing | Subsidiary of US-based paper company |
| Quilmes | ARG | 0.6 | Consumer Staples | Beer & soft drinks maker |
| US West Communications | US | 0.5 | Utilities | Traditional telephone company |
| Transocean Sedco | US | 0.2 | Other Energy | Large deepwater oil well drilling company |

Global Equity Composite Performance Summary

As of December 31, 1999

| | Annualized Returns for Trailing Periods (%) | | | | | Volatility** | | | | |
|---|---|-------------|-------------|-------------|------------------|--------------|-------------|-------------|-------------|--------------|
| | 1 Year | 3 Years | 5 years | 10 Years | Since Inception* | | | | | |
| Global Equity (gross of fees) | 39.0 | 16.4 | 17.1 | 15.3 | 13.3 | | | | | |
| Global Equity (net of fees) | 38.3 | 15.7 | 16.3 | 14.4 | 13.2 | | | | | |
| <i>MSCI All Country World Index***</i> | <i>27.3</i> | <i>21.1</i> | <i>18.9</i> | <i>11.5</i> | <i>14.2</i> | | | | | |
| <i>Lipper Global Fund Index</i> | <i>33.7</i> | <i>20.4</i> | <i>18.4</i> | <i>12.7</i> | <i>13.5</i> | | | | | |
| | * Inception Date: 11/30/89 ** Annual Standard Deviation (%) *** Benchmark Index | | | | | | | | | |
| | Calendar Year Returns (%) | | | | | | | | | |
| | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
| Global Equity (gross of fees) | 39.0 | 2.3 | 11.0 | 17.3 | 19.0 | 0.0 | 24.3 | 8.9 | 29.4 | 7.9 |
| Global Equity (net of fees) | 38.3 | 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> | <i>27.3</i> | <i>21.7</i> | <i>14.7</i> | <i>13.1</i> | <i>18.2</i> | <i>5.4</i> | <i>25.5</i> | <i>-4.3</i> | <i>19.5</i> | <i>-17.2</i> |
| <i>Lipper Global Fund Index</i> | <i>33.7</i> | <i>14.6</i> | <i>14.0</i> | <i>16.3</i> | <i>14.0</i> | <i>-2.2</i> | <i>32.8</i> | <i>0.1</i> | <i>20.3</i> | <i>-9.1</i> |
| | Composite Information | | | | | | | | | |
| | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
| Number of accounts | † | 11 | 15 | 13 | 17 | 16 | 14 | 12 | † | † |
| Total market value of accounts (\$M) | \$95.8 | \$176.9 | \$251.1 | \$188.0 | \$146.7 | \$112.4 | \$80.2 | \$63.3 | \$41.3 | \$15.3 |
| % of total firm assets | 6.8% | 12.9% | 16.5% | 15.1% | 23.4% | 30.5% | 31.8% | 39.3% | 30.0% | 26.6% |
| Internal dispersion: standard deviation | † | 1.7% | 1.5% | 0.8% | 2.0% | 1.4% | 6.5% | 2.1% | † | † |

† Fewer than five accounts.

Portfolio Characteristics

| | |
|---|----------------|
| Median Price/Earning (trailing 12 months) | 27.8 time |
| Median Price/Book | 5.5 times |
| Yield | 1.4 % |
| Growth Rate | 15.8 % |
| Wtd Average Mkt Cap | \$54.9 billion |
| % annual turnover | 30 % |
| Number of Holdings | 59 |

Ten Largest Holdings

% of Portfolio

| | |
|-------------------------------|-----|
| Sony Corp. ADR (Japan) | 3.7 |
| Pearson (United Kingdom) | 3.2 |
| Fujitsu (Japan) | 3.1 |
| WPP Group (United Kingdom) | 3.1 |
| Hutchison Whampoa (Hong Kong) | 2.9 |
| Rio Tinto (United Kingdom) | 2.7 |
| CGIP (United Kingdom) | 2.7 |
| Hirose Electric (Japan) | 2.5 |
| Colgate (United States) | 2.4 |
| Oracle (United States) | 2.4 |

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 are 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.