HARDING · LOEVNER®

International Equity

Performance & Attribution

The Composite underperformed its benchmark in the second quarter of 2003.

Stock selection was generally negative.

Review & Outlook

The wide divergence in performance between high- and low-quality companies

Consumer Staples and Energy sectors have compelling investment rationales.

What we like in Japan

Activity

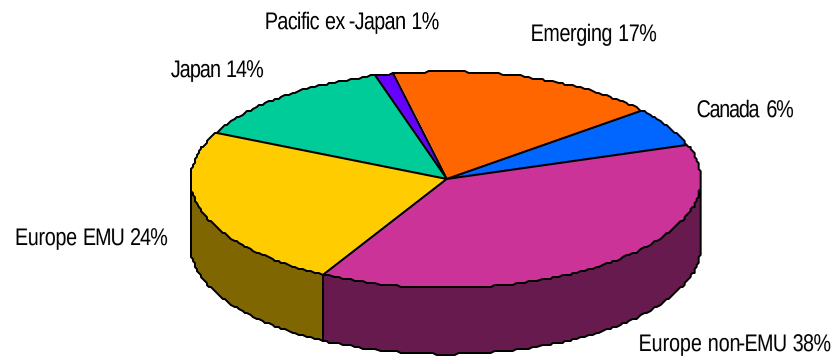
Bought: Banco Santander, BBVA Bancomer, China Mobile, Coca-Cola Femsa, Gedeon Richter, Keyence, Metro, Mitsubishi Corp., Roche Holding, Rohm, SE Banken.

Sold: Daiichi Pharmaceutical, Denway Motors, Funai Electric, Hutchison Whampoa, Johnson Electric, Munich Re, Novo Nordisk.

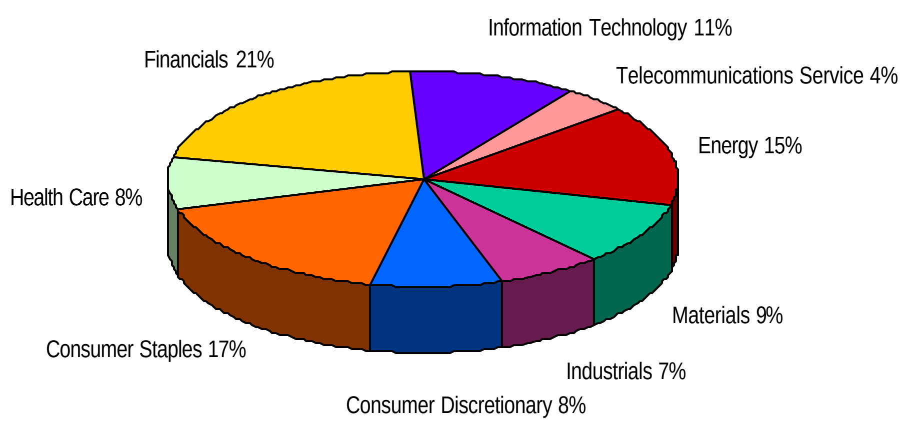
2003 Second Quarter Report

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

Region Distribution



Sector Distribution



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

Executive Summary

- The portfolio had one of its largest rises in years
- We underperformed our benchmark due in large measure to the quality of companies we own
- Evidence of economic recovery is mounting slowly—despite policy stimulation
- We see some intriguing developments in Japan

Performance and Attribution

In the second quarter of 2003 the Composite increased in value by 13.9%, trailing its benchmark, the MSCI All Country World Free ex-US Index, which increased 19.9%.

Non-US markets significantly outperformed US markets.

Stock market returns in the second quarter were the best since the fourth quarter of 1998, when the Russian debt default and the Long-Term Capital Management crisis that it precipitated were contained by central bank action. Non-US stocks significantly outperformed the 15% rise for the S&P 500. Markets within the European Monetary Union were the best performing geographic region, returning 27% in Dollars, including a 5% boost from a strengthening Euro. Germany, the 'weak man' of Europe, led the pack with a 39% 'relief' rally, as fear of a financial sector meltdown receded with rising global stock and corporate bond markets. Emerging markets were also strong performers, returning 23%. Japanese share prices revived somewhat, rising 12% in Dollars, but that market, essentially flat since September, continues to trail in the global rally. The rest of Asia also lagged behind, with Hong Kong rising 10% and Singapore rising 16%, as many of the markets in the region were plagued by the SARS crisis.

The portfolio was significantly overweight Consumer Staples and Financials, which adversely affected relative performance.

Among industrial sectors, Telecommunication Services (+21%), Information Technology (+26%) and Financials (+26%) were the best performing, while Consumer Staples (+11%) was the worst. Throughout the quarter, the portfolio was significantly overweight Consumer Staples and underweight Financials—the outcome of our bottom-up process for picking stocks—which adversely affected relative performance. Viewed by region, an underweight in Japan and overweight in emerging markets both helped returns, while the underweight in the Euro bloc hurt.

The contribution from stock selection, except in the Information Technology sector, was generally negative, and it was that factor—not sector or geographic biases—that was mainly responsible for the portfolio's poor relative results in the quarter. The problem stemmed from the *quality* of companies we own. As managers who focus exclusively on financially strong, consistently profitable, well-managed and growing companies, we found ourselves temporarily out of step with the market. A feature of the early stage of a market cycle is that stocks of companies with the most consistent outlook are less sought after than those of companies with less reliable, more cyclical earnings. While economic recovery brightens prospects for all companies, the improvement is most dramatic for those companies whose earnings—or even survival—were most in doubt: companies engaged in deeply cyclical industries, overburdened with debt, or competitively outmatched. Thus, the riskiest, most speculative stocks were the best performers.

The riskiest, most speculative stocks were the best performers.

The wide divergence in performance of securities issued by high- and low-quality companies can be illustrated statistically. For example, there are 68 companies in the FTSE Euro300 index whose trailing twelve-months' earnings were zero or negative; the average return in the quarter for these companies was 35%, versus the 14% overall average. In the same vein, stocks of the bottom 5% of European companies, ranked by their corporate return on capital in the past year, outperformed the top 5% of companies by a whopping eighteen percentage points.

Review and Outlook

The US budget deficit has swung from a 1% surplus to 4.5% deficit.

We began the quarter with the war in Iraq underway, and an anticipatory stock market rally discounting a rapid victory beginning to give way to a more sober assessment of the realities of war. Winning the war turned out to be nearly as rapid as market participants had at first believed, as the coalition forces captured Baghdad with fewer casualties and fewer days of fighting than in the first Gulf War. We ended the quarter with the recognition that winning the peace in Iraq is much harder than was winning the war. The risk that the US and coalition forces may be bogged down in a distant country with a violent and hostile populace has begun to seep into the heretofore optimistic worldview that has prevailed since the fall of Baghdad.

Remaining in the vanguard of policy activism, the US Fed has cut interest rates again to bring them to a 40-year low of one percent. The US budget deficit has swung from a 1% surplus (relative to GDP) in early 2000 to a 4.5% deficit, in the largest three-year swing in fiscal stimulus since World War Two. So the US authorities have pointed both barrels of macroeconomic policy at the problem of stimulating the economy. The European Central Bank also has lowered its interest rate once again, to 2%, but has quite some room to cut further, although it is in the midst of replacing its president, which is undoubtedly distracting it from policy decisions. In another positive development, Germany's Chancellor Schroeder announced at the quarter's end significant further cuts in income tax rates for individuals.

Notwithstanding policy stimulation, the evidence of economic recovery is mounting only slowly.

Notwithstanding all this stimulation, the evidence of economic recovery (other than in securities prices) has been mounting quite slowly. In Europe, the strong Euro (the flip side of a weak Dollar) has put competitive pressure on exports. Employment, always a lagging indicator, remains very sluggish in all regions, with German unemployment over 10% and the Japanese workforce shrinking at a 1-2% annual rate. More worrying, orders of capital goods and business spending on technology have barely budged from prior year levels in the US and Europe.

In Asia, the combination of the SARS epidemic and the already weak consumer and property markets have caused investors great concern over the past few months. In April and early May, the scope of the epidemic and its potential economic effects were unknowable as it appeared to accelerate out of control in China. With a very large part of the global supply chain stretching from China, through Hong Kong, to the rest of the developed world, the risk of harsh quarantine measures affecting production of basic goods used in production or consumed in the West was very real. Our worst fears were not realized, thankfully, and it was local consumption and tourism in many Asian markets that took the brunt of the economic impact of the epidemic. The resilience of the consumer around the world, especially in the US, and the weaker Dollar (to which most Asian currencies are pegged, making their exports more competitive than ever) are proving to be powerful stimulants for Asian economies. Taiwanese and Korean shipments of technology products are rising once again, and Chinese infrastructure and new factory projects continue to create strong demand for Australian iron ore, Korean steel, Japanese machine tools, and Russian oil and gas.

Some Japanese companies remain competitive, innovative and profitable.

In Japan, we see some intriguing developments. A number of companies remain competitive, innovative, and profitable, but after a thirteen year bear market, their stocks are far less highly valued. As a result of efforts by individual companies to rationalize operations, reduce their workforce, and re-engineer their work processes for greater competitiveness, the overall economy is showing falling employment, falling wages, and falling unit labor costs. Some

Japanese companies are exercising an option to put back to the government a portion of their pension fund liabilities. This unusual phenomenon highlights the much healthier pension position of many Japanese companies relative to a number of US and European companies: the Japanese are on balance fully funded against their more modest liabilities.

Japan has eliminated the personal income tax on dividends and capital gains.

Though the Western press barely noticed, Japan was first to eliminate the personal income tax on dividends and capital gains. This may be a huge incentive to acquire shares, given the monumental cash hoard residing in individuals' bank and money market accounts earning fractions of pennies in interest. In addition, the rate of share buybacks by Japanese companies continues to climb, and now exceeds the amount of share issuance.

Against the backdrop of more aggressive government actions, such as the quasi-nationalization of Resona Bank due to auditors' unwillingness to certify the financial statements, the Bank of Japan's purchase of asset-backed securities in the open market, the appearance of corporate mergers combining companies from different powerful keiretsu, and the passing of a law—20 years in the making—deregulating the rice market to imports, the signs of more momentous change in Japan are unmistakable.

The great divergence between market-implied growth and our analysts' forecasts.

The portfolio has significant exposure to the Consumer Staples, Energy, and Information Technology sectors. This results from finding what we believe is the greatest divergence within our universe between their market-implied growth potential and that forecast by our analysts, and therefore the greatest potential for share price appreciation.

Dutch brewer **Heineken** is representative of the opportunity in Consumer Staples. It has achieved consistent earnings growth historically by persistently pushing—in the Dutch tradition—into new markets and by cultivating a premier image for its brand. Sales have recently been afflicted by the cold, wet weather in the eastern half of the US, and by the decline in business travel due to the Iraq War and SARS, resulting in reduced earnings expectations for this year. But we believe that Heineken's global market share will continue to increase due to its investments in developing nations and to trading up to its premium beers by increasingly affluent drinkers. Thus, despite the short-term disappointment, we are confident that Heineken's future earnings growth will be close to its 20-year historical average of 13%. At its current price/earnings ratio—coincidentally also 13—Heineken's share price implies an expectation of zero earnings growth. This anomaly is typical of the market's current myopia concerning long-duration

Bold indicates companies held in the portfolio. The percentage of each position appears on page 9 of this report. Although these holdings, as well as others mentioned in this report, were viewed favorably at the end of the reporting period, all portfolio holdings may vary in the future and are not recommendations to buy or sell any security.

growth franchises, and thus near-term disappointment presents a special opportunity for long-term investment—as reflected in Heineken's 3% position.

Our Energy holdings stand to benefit from the demand/supply balance of natural gas.

Energy stocks in the portfolio are related by a common theme of exposure to North American natural gas. Industrial and residential conversion from use of oil and coal to natural gas has been occurring for environmental and geo-political reasons, and because gas has heretofore been inexpensive. However, gas has become harder to find, and reserves have not kept up with production. Drilling budgets increased 20% in 2002 yet reserves remained flat. Range-bound between $2 and $4 per million BTUs from 1983 through 2000, natural gas prices have since been rising as the demand/supply balance has tipped in favor of producers. Since November 2002 prices have averaged $5.50 per million BTU. It seems likely to us that these higher prices will be sustained for an extended time, and we do not believe that expectation is priced into shares of gas producers today. A switch back to other fuels is a possibility but would require either the construction of new nuclear facilities or a relaxation of the 1990 Clean Air Act standards, neither of which are likely. Increased drilling in the north slope of Alaska and Canada's MacKenzie River delta is a possibility, but new supply from either is at least ten years away. A more feasible option is the importation of more liquefied natural gas (LNG), from Trinidad, Africa and Asia. Fed Chairman Greenspan testifying before Congress said LNG is the best near-term alternative to correct the growing imbalance. A problem is that there are only four LNG terminals in the US at present and municipalities have been generally resistant to building new ones. LNG provided only 4% of US natural gas consumption in 2002. Capacity will have to be at least doubled for any meaningful impact on prices. **Imperial Oil, British Petroleum** and **EnCana Energy** own long-lived natural gas reserves in the US or Canada. All exhibited solid growth from their gas operations in 2002, with gas prices averaging $3.36, substantially below today's levels. We added Japanese trading company **Mitsubishi Corp** to the portfolio this quarter, in part because of its world-leading expertise in LNG. Mitsubishi participates in four Asian gas fields, owns a fleet of LNG tankers, and builds and operates LNG terminals. Ship builder **IHC Caland** is also benefiting from increased drilling activity in deep water, where floating production storage vessels, a category that it dominates, are favored over fixed platforms.

In Technology, another overweight sector, Japan's **Canon** is the global leader in digital imaging for the home and office, as well as digital photography. Technology has evolved such that a single machine now performs previously discrete functions, e.g., copying, scanning, color printing, and storing images, offering convenience for users and encouraging greater utilization of consumables (ink and toner). Canon's commitment to research and development gives it a technological lead over competitors, such as Xerox and Ricoh, and enables it to maintain strong market shares in new, fast-growing segments of the office automation market. Canon aggressively cut costs beginning in 1997, switching some production to China and reducing unit labor costs to the lowest in the industry. The result has been terrific operating leverage. On revenue growth of only 5%, Canon has boosted its earnings 40% annually over the past three years. We estimate acceleration in revenue growth to 10% this year and concurrent earnings growth of 20%. Canon's shares sell at less than 20 times this year's estimated earnings, leaving them trading at a 30% discount to our estimate of fair value.

We are seeing the benefits of cost cutting at several Japanese companies —and evidence of revenue growth as well.

We have been seeing the benefits of cost cutting on the part of other Japanese companies as well. Unprofitable divisions have been closed, severance packages offered to older workers, and production facilities shifted to China and other low-cost locations. While we applauded these efforts, we remained cautious about becoming shareholders in these companies so long as we saw little evidence of revenue growth. This spring we began to see evidence of a pick-up in revenues for some of the companies we follow. We have added three new Japanese companies to the portfolio in the second quarter, and another in the first days of July, so that we now have in the portfolio the largest number of Japanese holdings in five years. **Keyence** is the Japanese leader in sensors and control devices for factory automation. It sells to over 50,000 clients with the largest client at only 1% of sales. We believe Keyence will be a direct beneficiary of a return to capital investment by corporate Japan. Keyence sales slipped 10% in the fiscal year ending March 2002, reflecting a decline in capital expenditure, but increased 10% last year. We estimate that Keyence will achieve revenue growth of 25% this year—all of it organic. Moreover, we think that operating margins will increase from 45 to 50% as new products roll out and cost savings from manufacturing in China materialize. Keyence is committed to maintaining high margins. It refuses to compete on price and retains a relentless focus on product mix, discontinuing any product whose gross margin falls below 70%.

Rohm, Japan's leading customized semiconductor chipset designer, combines sustained competitive advantage and management flexibility to adapt and grow as the environment changes—all the time focusing on underlying core competency. Rohm's skills center on design of integrated circuits that convert 'real world' analog signals to digital code and vice versa. Rohm is managed by a small group of senior managers who, unusually, own stock in the company.

Through cost cutting and constant new product development, Rohm has maintained high operating margins amidst a dismal market for technology vendors. We note that Rohm is aggressively hiring engineers as it prepares for the next technology up cycle.

Activity

In addition to Mitsubishi, Keyence and Rohm, we bought eight new holdings:

New holdings include banks and emerging markets companies.

Banco Santander, Spain's largest bank, with profitable and stable domestic operations. Management is focused once again on growing its substantial Latin American business, and expanding to neighboring European countries. Its management has long been one of the most aggressive within the Spanish market, and its conservative balance sheet has allowed it to absorb the more volatile earnings stream that comes with its strategy.

Coca-Cola Femsa, the largest soft drink bottler in both Mexico and Argentina. The company's management has an excellent record of executing its strategies. Coke Femsa dominates its territories; its efficient distribution network, the product's returnable presentation and the *Coke* brand serve as significant competitive entry barriers.

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

Metro, a German discount retailer operating cash & carry and consumer electronics formats. Metro's portfolio is characterized by leading positions and strong international expansion potential, especially in Eastern Europe.

Roche Holding, the Swiss health care company. Roche has transformed itself significantly over the past three years, redeploying capital from less-profitable businesses to its core pharmaceutical and diagnostic segments. The company's new drug pipeline is among the best in the industry, especially in oncology, thanks in large part to its controlling stake in Genentech and right of refusal in commercializing its discoveries.

SE Banken, a Swedish-based diversified banking group. The bank has sidestepped most of the credit problems associated with the telecom bubble, and their credit experience in Germany has been much better than average. Management has undertaken aggressive cost cutting measures, and is poised to grow earnings once revenue growth resumes.

China Mobile, the largest listed cellular phone operator in China, operating in the rich coastal provinces. The company has excellent scale economies and buying power over equipment suppliers, and moderate net balance sheet leverage.

Gedeon Richter, based in Hungary, is the largest pharmaceutical manufacturer in Central Europe, selling a full range of pharmaceuticals. It is also among the world's lowest-cost producers of steroids, which it supplies to Johnson & Johnson and Barr Labs for use in manufacture of contraceptives. Steroid manufacturing is exacting and requires annual FDA inspection; barriers to entry in this business are significant.

We sold seven companies:

Daiichi Pharmaceutical, an integrated Japanese pharmaceutical company. The company failed to meet our performance mileposts in regard to its oncology product pipeline, and will soon face a difficult round of Japanese government reimbursement price cuts.

Sales include shares sold in consideration of the SARS outbreak.

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

Munich Re, the largest reinsurance company in the world, exchanged for an increased stake in competitor Swiss Re.

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

Denway Motors, Chinese producer of Honda automobiles; **Funai Electric**, a Japanese consumer electronics contract manufacturer, with most of its production in China; **Hutchison Whampoa**, Hong Kong-based conglomerate involved in container terminals, housing, energy, telecoms, and retailing; and **Johnson Electric**, the world's second largest independent manufacturer of electric micro-motors, based in Hong Kong.

International Equity Holdings as of June 30, 2003

Company	Country	Weight (%)	Sector	Description
IHC Caland	NETH	3.2	Energy	Dredging & mooring equipment maker
Air Liquide	FRA	3.2	Materials	Industrial gas company
WPP Group	UK	3.1	Consumer Discretionary	Advertising & marketing services company
BP	UK	3.1	Energy	Petroleum & petrochemical company
EnCana	CAN	3.0	Energy	Producer of natural gas
Heineken	NETH	3.0	Consumer Staples	International brewing company
Teva Pharmaceutical	ISR	3.0	Health Care	Producer of branded & generic pharmaceuticals
Vodafone	UK	2.9	Telecommunication Svcs	Telecommunication services provider
Taiwan Semiconductor	TAIW	2.8	Information Technology	Dedicated IC foundry
Canon	JAP	2.8	Information Technology	Maker of image & information equipment
ING	NETH	2.8	Financials	Financial services group
Sasol	S AFR	2.7	Energy	Refined petroleum products producer
Nestlé	SWITZ	2.6	Consumer Staples	World's largest food company
Metro	GER	2.5	Consumer Staples	Leading retailer
Imperial Oil	CAN	2.5	Energy	Integrated petroleum company
ISS Int'l Service	DEN	2.4	Industrials	Cleaning services company
Novartis	SWITZ	2.4	Health Care	Multinational life sciences company
UBS	SWITZ	2.2	Financials	Universal bank & asset management firm
Swiss Re	SWITZ	2.1	Financials	Life & health reinsurance company
Banco Santander	SPAIN	2.1	Financials	Spains largest bank
Rio Tinto	UK	2.1	Materials	Diversified mining company
Mitsubishi Corp.	JAP	2.1	Industrials	Leading trading company
CRH	IRE	2.0	Materials	Multi-national building materials company
Rohm	JAP	2.0	Information Technology	Custom chip producer
Wal-Mart de Mexico	MEX	2.0	Consumer Staples	Consumer goods & food retailer
Carnival PLC	UK	2.0	Consumer Discretionary	World's largest cruise company
BBVA Bancomer	MEX	2.0	Financials	Commercial bank
Securitas	SWE	1.9	Industrials	Security service company
Kao Corporation	JAP	1.8	Consumer Staples	Household & personal care products manufacturer
Unilever	UK	1.8	Consumer Staples	Global consumer products manufacturer
Asatsu	JAP	1.7	Consumer Discretionary	Advertising company
Carrefour	FRA	1.7	Consumer Staples	Food retailer & hypermart operator
CVRD	BRAZ	1.6	Materials	Iron ore exporter & private railway operator
Roche	SWITZ	1.6	Health Care	Large pharmaceutical company
Premier Farnell	UK	1.5	Information Technology	Global marketer & distributor of electrical components
Close Brothers Group	UK	1.5	Financials	Small merchant bank
SE Banken	SWE	1.4	Financials	Universal bank
Nomura Holdings	JAP	1.4	Financials	Brokerage firm
Luxottica	ITA	1.3	Consumer Discretionary	Low cost producer of eyeglass frames
Bankinter	SPAIN	1.2	Financials	Bank servicing individuals & small businesses
Standard Chartered	UK	1.1	Financials	Multinational commercial bank
HSBC Holdings	UK	1.1	Financials	Universal bank
DBS Group	SING	1.0	Financials	Singapore's largest bank
Keyence	JAP	1.0	Information Technology	Detection & measuring control equipment manufacturer
China Mobile	CHINA	1.0	Telecommunication Svcs	Large cellular phone operator
Coca-Cola Femsa	MEX	1.0	Consumer Staples	Mexican Coke bottler
Gedeon Richter	HUNG	0.5	Health Care	Central Europe pharmaceutical manufacturer

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.

International Equity Composite Performance *As of June 30, 2003*

	Annualized Returns for Trailing Periods (%)					Volatility[2]
	1 Year	3 Years	5 Years	10 Years	Since Inception[1]	Since Inception[1]
International Equity (gross of fees)	**-10.2**	**-12.9**	**-1.1**	**5.9**	**6.9**	**15.4**
International Equity (net of fees)	**-10.9**	**-13.6**	**-1.9**	**5.1**	**5.8**	**15.3**
MSCI All Country World Free ex-US Index[3]	*-4.2*	*-12.5*	*-2.8*	*3.2*	*2.0*	*16.7*
MSCI EAFE Index	*-6.1*	*-13.2*	*-3.7*	*3.1*	*1.8*	*17.3*

[1]Inception Date: 12/31/89 [2]Annual Standard Deviation (%) [3]Benchmark Index

	Calendar Year Returns (%)										
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
International Equity (gross of fees)	**3.9**	**-14.1**	**-17.4**	**-14.9**	**51.5**	**12.1**	**-3.8**	**17.2**	**13.2**	**2.0**	**46.3**
International Equity (net of fees)	**3.5**	**-14.6**	**-18.0**	**-15.6**	**50.4**	**11.3**	**-4.6**	**16.3**	**12.5**	**1.1**	**44.9**
MSCI All Country World Free ex-US Index[3]	*11.1*	*-14.7*	*-19.5*	*-15.1*	*30.9*	*14.5*	*2.0*	*6.7*	*9.9*	*6.6*	*34.9*
MSCI EAFE Index	*9.9*	*-15.7*	*-21.2*	*-14.0*	*27.3*	*20.3*	*2.1*	*6.4*	*11.6*	*8.1*	*32.9*

	Composite Information										
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Total market value of accounts ($M)	$829	$783	$867	$1092	$1230	$977	$1072	$885	$347	$111	$23
Total Firm Assets ($M)	$1142	$1082	$1154	$1392	$1423	$1372	$1521	$1247	$635	$369	$252
% of total firm assets	73%	72%	75%	78%	86%	71%	70%	71%	55%	30%	9%
Number of accounts	66	64	62	60	56	64	71	54	27	15	†
Dispersion: asset-weighted standard deviation	NA	0.4%	0.3%	0.1%	0.5%	0.2%	0.1%	0.3%	0.4%	0.9%	†

† Five or fewer accounts

Portfolio Characteristics	
Weighted Average Market Cap ($ million)	$29,200
Price/Earning (forecasted)	14.0 times
Price/Earning (trailing)	17.7 times
Price/Cash Flow	9.4 times
Growth Rate	8.8%
Price/Book	1.8 times
Yield	2.3%
Return on Equity	10.5%
Number of Holdings	47
% annual turnover (5 year average)	36%

Ten Largest Holdings	% Portfolio
IHC Caland (Netherlands)	3.2
Air Liquide (France)	3.2
WPP Group (United Kingdom)	3.1
BP (United Kingdom)	3.1
EnCana (Canada)	3.0
Heineken (Netherlands)	3.0
Teva Pharmaceutical (Israel)	3.0
Vodafone (United Kingdom)	2.9
Taiwan Semiconductor (Taiwan)	2.8
Canon (Japan)	2.8

International Equity Composite contains fully discretionary U.S. dollar-based international equity accounts and for comparison purposes is measured against the MSCI All Country World Free ex-US Index (gross dividends). Effective October 31, 2001, MSCI has discontinued the original version of the All Country World Index series in favor of the 'Free' version of the series, which excludes a portion of the market capitalization of several emerging markets that is restricted to foreign investors, but is otherwise identical. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg; prior to January 1, 1997 it was Reuters.

The MSCI All Country World Free ex-US Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the US. The Index consists of 48 developed and emerging market countries. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. The Index consists of 21 developed market countries. You cannot invest directly in this Index.

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

Harding, Loevner Management, L.P. is an independent registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in this composite. Composite performance is presented gross of foreign withholding taxes. Past performance is not indicative of future results.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

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

The International Equity Composite was created on December 31, 1989.