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HLF Global Equity Portfolio 2004 First Quarter Report

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Review

- The Portfolio rose in value for the quarter, in line with its benchmark.
- Small and mid-cap stock returns outpaced their main indices.
- The Portfolio's skew towards emerging markets remains in tact.

Performance (for the Periods Ending March 31, 2004)

	Last Quarter	Last 12 Months	3 Years annualized	5 Years annualized	Since Inception[1] (12/1/96)	Volatility[2]
HLF Global Eq Portfolio (net)	**2.82%**	**43.17%**	**2.51%**	**4.80%**	**4.92%**	**16.52%**
HLF Global Eq Portfolio (gross)	3.14%	44.92%	3.80%	6.11%	6.23%	16.53%
MSCI ACW Index	2.94%	45.34%	2.14%	(0.42%)	4.77%	16.30%
Lipper Global Fund Index	3.84%	46.74%	2.30%	2.28%	5.70%	16.00%

[1]Inception returns are annualized; [2]Variations of monthly returns from the average, since inception, annualized

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Portfolio may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-877-435-8105 or visiting www.hardingloevner.com.

Currently, the investment advisor of the Portfolio is waving a portion of its fee. Absent such waiver, the expense ratio of the Portfolio would be higher and the Portfolio's performance lower.

The Portfolio invests in foreign securities, which may involve greater volatility and political, economic, and currency risks and differences in accounting methods. It also invests in emerging markets, which involve unique risks, such as exposure to economies less diverse and mature than the U.S. or other more established foreign markets. Economic and political instability may cause larger price changes in emerging markets securities than other foreign securities.

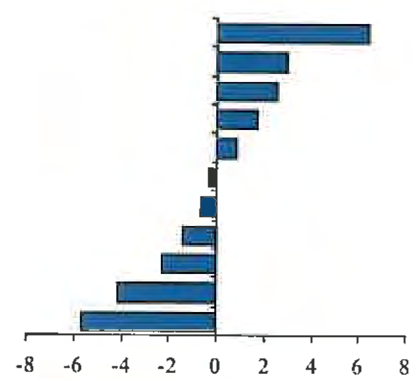
Outlook

- Surprisingly positive data continues to emanate from Japan
- The opportunities—and risks—posed by outsourcing
- The bet on the concentrated growth segment of digital technology

Current Portfolio Structure

SECTOR	HLF Global Equity Portfolio	MSCI ACW Index
Info Technology	19.4%	13.0%
Cons Discretionary	14.8%	11.8%
Consumer Staples	11.7%	9.1%
Cash	1.7%	--
Materials	6.2%	5.4%
Energy	7.1%	7.4%
Industrials	9.0%	9.7%
Utilities	2.3%	3.7%
Telecom Services	3.1%	5.4%
Health Care	6.5%	10.7%
Financials	18.2%	23.8%

Over/Under the Benchmark %



Portfolio Activity

Purchases		Sales	
ABB	JSR	BBVA Bancomer	Munich Re
Bankinter	Reliance Industries	Fanuc	Wrigley
Coca-Cola Femsa	Sony		
Erste Bank	Swiss Re		

All holdings and sector allocations are subject to review and adjustment in accordance with the Portfolio's investment strategy and may vary in the future and are not recommendations to buy or sell any security. A complete list of holdings appears on page 9 of this report.

Ten Best Stocks by Absolute Return

HOLDING	GICS SECTOR	REGION	RETURN	AVERAGE WEIGHT
Samsung Electronics	Information Technology	Emerging Markets	33.5%	2.9%
BBVA Bancomer	Financials	Emerging Markets	25.8%	0.5%
Qualcomm	Information Technology	United States	23.3%	2.2%
Schlumberger	Energy	Europe EMU	17.0%	1.2%
Erste Bank	Financials	Europe EMU	15.8%	1.0%
Keyence	Information Technology	Japan	15.7%	2.0%
JP MorganChase	Financials	United States	15.3%	1.9%
Sharp	Consumer Discretionary	Japan	13.7%	1.0%
Estee Lauder	Consumer Staples	United States	12.9%	1.1%
Mitsubishi Corp	Industrials	Japan	11.9%	3.2%

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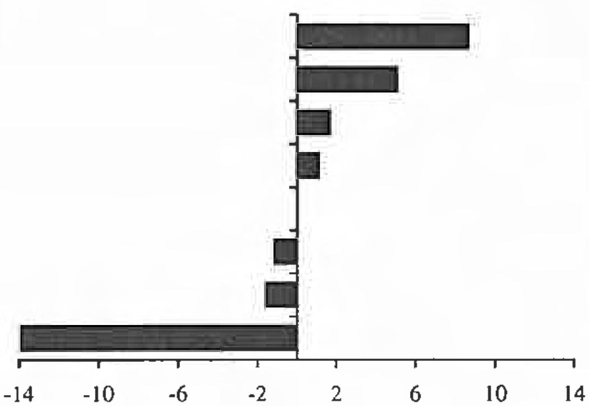
Active Regional Exposure

REGION	HLF Global Equity Portfolio	MSCI ACW Index
Emerging Markets	13.5%	4.9%
Japan	14.8%	9.7%
Cash	1.7%	--
Europe EMU	14.6%	13.5%
Canada	2.5%	2.5%
Pacific ex-Japan	2.1%	3.2%
Europe non-EMU	13.1%	14.6%
United States	37.7%	51.6%

Over/Under the Benchmark (%)



Portfolio Characteristics

Characteristic	HLF Global	MSCI ACW
Avg Wtd Market Cap ($B)	$42.4	$65.8
Price/Earnings (Trailing)	26.2x	22.1x
Price/Cash Flow	14.8x	13.1x
Price/Book	2.7x	2.5x
Dividend Yield	1.5%	2.1%
Return on Equity	15.2%	18.2%
Number Holdings	62	2204

Characteristic	HLF Global	MSCI ACW
Alpha	0.49	0.00
Beta	1.03	1.00
R-Squared	0.91	1.00
Sharpe Ratio	0.06	-0.04
Standard Deviation	5.03	4.66
Correlation	0.96	1.00
Turnover (5-Year Average)	44%	---

Source: Wilshire Atlas

Average Weighted Market Capitalization is the product of a security's price and the number of shares outstanding. *Price/Earnings* is the ratio of a firm's closing stock price and its trailing 12 months' earnings per share. *Price/Cash Flow* is the ratio of a firm's closing stock price and its fiscal year end cash flow per share. *Price/Book* is the ratio of a firm's closing stock price and its fiscal year end book value per share. *Dividend Yield* is indicated dividend rate divided by current price, expressed as a percent. *Return on Equity* is the net income divided by total common equity outstanding, expressed as a percent.

Alpha is a measure of risk-adjusted return. *Beta* is a measure of the portfolio's sensitivity to the market. *R-Squared* is a measure of how well a portfolio tracks the market. *Sharpe Ratio* is the return over the risk free rate per unit of risk. *Standard Deviation* is the statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. *Correlation* is the statistical measure of the degree to which the movements of two variables are related. *Turnover* is the ratio calculated by dividing the lesser of purchases or sales by average capital, expressed as a percent.