

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

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### FILER

#### NON US EQUITY PORTFOLIO

CIK: **909277** | IRS No.: **043194416** | State of Incorporation: **NY** | Fiscal Year End: **1031**  
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Mailing Address  
*ELIZABETHAN SQUARE,  
SHEDDEN ROAD  
PO BOX 2494  
GEORGETOWN, G.CAYMAN  
E9*

Business Address  
*ELIZABETHAN SQUARE,  
SHEDDEN ROAD  
PO BOX 2494  
GEORGETOWN, G.CAYMAN  
E9  
8099451824*

THE NON-U.S. EQUITY PORTFOLIO  
 SCHEDULE OF INVESTMENTS  
 OCTOBER 31, 1995

<TABLE>  
 <CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
<S>	<C>	<C>
COMMON STOCKS (89.1%)		
AUSTRALIA (1.9%)		
Broken Hill Proprietary Co. Ltd. (Energy Sources).....	221,105	\$ 2,994,551
CSR Ltd. (Multi-Industry).....	217,000	690,935
Holyman Ltd. (Materials & Commodities).....	39,200	77,038
National Australia Bank Ltd. (Banking).....	211,405	1,810,018
News Corporation Ltd. (Broadcast & Publishing).....	280,630	1,415,121
North Broken Hill Peko Ltd. (Metals, Materials & Paper).....	211,500	596,092
Rothmans Holdings Ltd. (Beverages & Tobacco).....	95,000	354,586
Santos Ltd. (Energy Sources).....	164,000	443,480
Southcorp Holdings Ltd. (Food & Household Products).....	651,800	1,405,084
TNT Ltd. (Transportation) (A).....	511,700	721,089
Western Mining Corp. Holdings Ltd. (Metals & Mining).....	286,800	1,839,470
		-----
		12,347,464
		-----
AUSTRIA (0.1%)		
OMV AG (Energy Sources).....	4,550	392,895
		-----
BELGIUM (0.9%)		
Arbed NPV (Metal, Materials & Paper) (A).....	8,300	825,985
Electrabel NPV (Utilities).....	2,235	501,215
Generale De Banque SA (Banking).....	5,700	1,843,538
Petrofina SA NPV (Energy Sources).....	3,800	1,179,129
Solvay and Cie Ord NPV (Chemicals).....	1,100	556,842
Tractebel Capital NPV (Multi-Industry).....	3,200	1,172,080
		-----
		6,078,789
		-----
DENMARK (0.8%)		
Carlsberg (Food & Household Products).....	18,000	932,284
Den Danske Bank (Banking).....	12,700	841,398
International Service System, Series B (Business & Public Services).....	25,000	512,445
Novo Nordisk AS, Series B (Health & Personal Care).....	7,105	903,729
Sophus Berendsen, Class A (Multi-Industry).....	5,000	544,473
Sophus Berendsen, Class B (Multi-Industry).....	7,500	822,200
Teledanmark, Series B (Telecommunications).....	19,040	993,119
		-----
		5,549,648
		-----
FRANCE (9.6%)		
Air Liquide (Chemicals).....	12,360	2,072,596
Alcatel Alsthom (Electrical & Electronics).....	36,893	3,150,552
AXA (Multi-Industry).....	35,027	1,945,427
Bouygues (Engineering & Construction).....	8,487	902,485
Carrefour Supermarkets (Merchandising).....	4,440	2,607,652
Casino Guichard Perrachon et Cie (Merchandising).....	225	6,442
Castorama Dubois Investissements (Merchandising).....	4,400	713,523
Cetelem (Financial Services).....	5,800	925,134

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

<TABLE>  
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
FRANCE (CONTINUED)		
<S>	<C>	<C>
Christian Dior SA (Retail).....	24,175	\$ 2,372,958
Compagnie Financiere de Cic Union Europ Certe de Invest (Banking).....	21,777	1,491,850
Compagnie Financiere de Paribas, Class A (Banking).....	1,610	88,565
Compagnie Financiere de St. Gobain (Glass & Packaging).....	11,365	1,354,941
Compagnie Generale des Eaux (Utilities).....	28,709	2,668,297
Credit Commercial de France (Financial Services).....	36,400	1,808,797
Credit Local de France (Financial Services).....	15,000	1,187,399
Docks de France (Merchandising).....	3,395	516,529
Eridania Beghin Say (Insurance).....	7,900	1,327,948
Groupe Danone (Food Processing).....	17,919	2,861,851
Groupe de la Cite (Media & Leisure).....	1,700	264,207
Havas (Business & Public Services).....	12,300	852,682
Imetal (Metals, Materials & Paper).....	5,281	622,044
Lafarge Coppe SA (Building Materials).....	19,848	1,315,461
LaGardere Groupe (Leisure & Tourism) (A).....	53,880	1,005,960
Lyonnaise des Eaux (Environmental Control).....	10,300	1,004,703
Peugeot SA (Automotive).....	10,050	1,309,145
Pinault Printemps Redouto (Building Materials).....	210	45,521
Promodes (Merchandising).....	9,080	2,211,464
Renault SA (Automotive).....	29,200	913,601
Rhone Poulenc SA, Class A (Chemicals).....	75,004	1,635,023
Roussel Uclaf (Pharmaceuticals).....	9,936	1,629,552
Sanofi (Pharmaceuticals).....	32,780	2,090,772
Seb AG (Food & Household Products).....	5,000	605,305
SEITA (Beverages & Tobacco).....	62,000	2,155,375
SGS - Thomson Microelectronics N.V. (Electrical & Electronics) (A).....	30,000	1,383,407
Sidel (Technology).....	4,800	1,666,714
Societe Generale (Banking).....	23,048	2,634,677
Societe Nationale Elf Aquitaine (Energy Sources).....	36,053	2,455,093
Sommer-Allibert (Building Materials).....	2,260	597,571
Synthelabo (Health & Personal Care).....	22,465	1,446,183
Television Francaise (Broadcasting & Publishing).....	11,880	1,226,846
Total, Class B (Energy Sources).....	74,015	4,574,003
Usinor Sacilor (Metals, Materials & Paper) (A).....	37,000	552,340
Valeo (Automotive).....	12,000	542,075
		62,742,670
GERMANY (6.4%)		
Allianz AG Holdings (Insurance).....	2,386	4,415,693
Ava Allgemeine Handels-Der Verbr (Merchandising).....	3,290	1,248,124
Bank Gesellschaft Berlin AG (Banking).....	2,300	678,105
BASF AG (Chemicals).....	2,900	636,616
Bayer AG (Chemicals).....	9,955	2,647,877
Bilfinger & Berger Bau AG (Construction & Housing).....	2,785	1,024,886
Colonia Konzern AG (Insurance).....	785	613,456
Continental AG (Industrial Components).....	41,880	592,080
Daimler-Benz AG (Automobiles).....	3,208	1,546,340
Deutsche Bank AG (Banking).....	76,800	3,473,896

</TABLE>

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THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>  
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
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## GERMANY (CONTINUED)

<S>	<C>	<C>
Deutsche Pfandbrief Und Hypotheken Bank (Banking).....	22,100	\$ 863,527
Dresdner Bank AG (Banking).....	24,100	643,762
Hoechst AG (Chemicals).....	6,600	1,733,461
Karstadt AG (Merchandising).....	600	261,722
Lufthansa AG (Transportation).....	4,270	593,966
Man AG (Machinery & Engineering).....	4,085	1,184,058
Mannesmann AG (Machinery & Engineering).....	2,985	982,488
Merck Group (Health & Personal Care) (A).....	5,000	208,866
Munchener Ruckversicherungs (Insurance).....	1,542	3,200,997
Preussag (Metals, Materials & Paper).....	2,140	608,127
Rheinisch Westfalisches Elekt AG (Utilities).....	5,500	1,957,587
Schering AG (Health & Personal Care).....	13,500	941,816
Siemens AG (Electrical & Electronics).....	9,915	5,198,402
Thyssen AG (Metals, Materials & Paper) (A).....	4,800	863,768
Veba AG (Energy Sources) (A).....	54,950	2,256,011
Viag AG (Multi-Industry).....	850	345,109
Volkswagen AG (Automotive).....	8,930	2,813,622
		-----
		41,534,362
		-----

## HONG KONG (2.8%)

Citic Pacific Ltd. (Transportation).....	852,000	2,661,226
Henderson Land Development Co. (Building & Contractors).....	600,000	3,593,000
Hong Kong Electric Holdings Ltd. (Utilities).....	703,500	2,393,012
Hong Kong Telecommunications Ltd. (Telecommunications).....	1,139,600	1,989,808
HSBC Holdings PLC (Banking).....	213,200	3,102,164
Jardine Matheson Holdings Ltd. (Multi-Industry).....	400	2,440
Johnson Electric Holdings Ltd. (Technology).....	1,050,000	2,193,243
Sing Tao Holdings (Broadcasting & Publishing).....	1,218,000	704,962
Swire Pacific Ltd. (Transportation).....	500	3,751
Television Broadcasts Ltd. (Broadcasting & Publishing).....	452,000	1,812,279
		-----
		18,455,885
		-----

## JAPAN (38.1%)

Achilles Corp. (Tire & Rubber).....	400,000	1,411,604
Aichi Corp. (Machinery & Engineering).....	90,000	712,645
Aichi Machine Industry (Automotive).....	176,000	911,873
Alps Electric Co. Ltd. (Technology).....	105,000	1,077,765
Amada Metreco Co. (Technology).....	20,000	269,808
Asahi Bank Ltd. (Banking).....	181,000	1,804,780
Asahi Glass Co. Ltd. (Metals, Materials & Paper).....	50,000	488,782
Asatsu Inc. (Commerical Services).....	25,000	862,701
Bank of Kyoto (Banking).....	102,000	603,255
Bank of Nagoya (Banking).....	69,000	459,348
Canon Inc. (Consumer).....	70,000	1,197,517
Central Glass Co. Ltd. (Materials & Commodities) (A).....	250,000	794,271
Chiyoda Fire & Marine Insurance Ltd. (Insurance).....	5,000	26,639
Chou Trust & Banking Co. (Banking).....	200,000	1,749,841

&lt;/TABLE&gt;

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20

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>			
<CAPTION>	SECURITY DESCRIPTION	SHARES	VALUE
	-----	-----	-----
JAPAN (CONTINUED)			
<S>		<C>	<C>
Chugai Pharmaceutical Co. (Health & Personal Care).....		218,000	\$ 1,990,439
Cosmo Oil Company Ltd. (Energy Sources).....		600,000	2,932,695
Daido Hoxan Corp. (Chemicals).....		183,000	1,243,316

Daido Steel Co. (Metals, Materials & Paper).....	500,000	2,223,960
Daiei Inc. (Retail).....	215,000	2,248,888
Dai Ichi Kangyo Bank Ltd. (Banking).....	330,000	5,580,918
Dai Ichi Katei Denki Co. (Retail).....	101,000	399,873
Daiken Corp. (Transport & Trade Services).....	15,000	120,240
Daikin Industries (Machinery & Engineering).....	220,000	1,752,774
Dainichiseika Color & Chemical Manufacturing Co. (Chemicals).....	140,000	953,908
Dai Nippon Ink & Chemicals Inc. (Chemicals).....	612,000	2,602,473
Daishi Bank (Banking) (A).....	180,000	879,808
Daiso Co (Chemicals).....	74,000	300,210
Daito Trust Construction Co. Ltd. (Building & Contractors).....	45,000	395,914
Daiwa Bank (Banking).....	704,000	4,198,055
Daiwa Danchi (Building & Contractors) (A).....	200,000	938,462
Daiwa House Industry Co. Ltd. (Building & Contractors).....	75,000	1,121,756
Daiwa Securities Co. Ltd. (Financial Services).....	150,000	1,759,617
Denki Kagaku Kogyo (Chemicals) (A).....	100,000	336,282
East Japan Railway Co. (Transportation).....	825	3,895,352
Ebara Corp. (Capital Goods).....	180,000	2,498,656
Eisai Co. Ltd. (Health & Personal Care).....	50,000	845,594
Familymart (Retail).....	28,000	1,179,725
Fukui Bank (Banking).....	200,000	940,417
Fuji Denki Reiki (Retail).....	110,000	1,311,892
Fuji Electric Co. Ltd. (Technology).....	600,000	2,891,637
Fuji Fire & Marine (Insurance).....	230,000	1,115,206
Fuji Heavy Industries (Automotive) (A).....	355,000	1,228,506
Gakken Co. Ltd. (Broadcasting & Publishing) (A).....	270,000	1,491,275
Gunze Sangyo Inc. (Transportation).....	200,000	860,257
Hitachi Ltd. (Electrical & Electronics).....	530,000	5,440,149
Hitachi Transport System (Transport & Trade Services).....	107,000	941,395
Hokkai Can Co. Ltd. (Materials & Commodities).....	125,000	794,271
Hokkaido Takushoku Bank (Banking).....	550,000	1,365,658
Honda Motor Co. Ltd. (Automotive).....	400,000	6,960,262
Hyakugo Bank (Banking).....	10,000	57,970
Industrial Bank of Japan Ltd. (Banking).....	100,000	2,727,406
Intec Inc. (Technology).....	5,000	68,430
Iseki and Co. (Capital Goods) (A).....	50,000	176,450
Ishikawajima-Harima Heavy Industries (Machinery & Engineering).....	950,000	3,826,189
Ishizuka Glass Co. Ltd. (Materials & Commodities).....	130,000	575,688
Itoham Foods Inc (Food Processing).....	100,000	732,196
Itoki Crebio Corp. (Transport & Trade Service).....	15,000	112,029
Izumiya Co. Ltd. (Retail).....	55,000	844,127
Japan Airport Terminals (Media & Leisure).....	60,000	686,251
Japan Organo Co. (Capital Goods).....	20,000	205,289
Japan Tobacco Inc. (Beverages & Tobacco).....	180	1,537,905
Kagawa Bank (Banking).....	100,000	954,103
Kaken Pharmaceutical Co. (Health & Personal Care).....	280,000	2,288,284

</TABLE>

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21

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>  
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
-----		
JAPAN (CONTINUED)		
<S>		
Kanematsu Corp. (Wholesale & International Trade Service).....	<C> 260,000	<C> \$ 887,042
Kawasaki Kisen Kaisha Ltd. (Transport & Trade Service) (A).....	700,000	1,874,969
Kenwood Corp. (Technology).....	200,000	1,110,514
Kitz Corp. (Machinery & Engineering).....	291,000	1,251,674
Kiyo Bank (Banking).....	200,000	958,014
Komatsu Forklift Co. Ltd. (Capital Goods).....	25,000	153,966
Kurabo Industries (Textiles & Apparel).....	302,000	1,027,382
Kyodo Printing Co. (Transport & Trade Services).....	10,000	109,487

Lion Corp. (Chemicals).....	100,000	555,257
Maeda Corp. (Building & Contractors) (A).....	5,000	48,145
Marubeni Corp. (Transport & Trade Services).....	500,000	2,434,137
Maruetsu Inc. (Retail).....	40,000	308,910
Maruha Corp. (Fishery) (A).....	310,000	909,135
Marutomi Group Co. (Merchandising).....	60,000	604,135
Matsui Construction Co. Ltd. (Engineering & Construction).....	35,000	260,032
Matsumoto Yushi Seiyaku Co. (Chemicals).....	44,000	984,994
Matsushita Electric Industries Co. Ltd. (Consumer Electronics).....	380,000	5,386,383
Matsushita Refrigeration Co. (Consumer).....	75,000	491,226
Minebea Co. (Capital Goods).....	250,000	2,028,447
Mitsubishi Electric Corp. Ltd. (Electrical & Electronics).....	400,000	2,987,438
Mitsubishi Gas Chemical Corp. (Chemicals).....	750,000	3,269,955
Mitsubishi Motors Corp. (Automotive).....	250,000	2,082,213
Mitsubishi Pencil Co. Ltd. (Business & Public Services).....	30,000	230,510
Mitsui Home Co. Ltd. (Building & Contractors).....	14,000	198,446
Mitsui Toatsu Chemicals Inc. (Chemicals).....	650,000	2,395,523
Miyazaki Bank (Banking).....	10,000	59,143
Mizuno Corp. (Retail).....	262,000	2,107,884
Morinaga Milk Industry Co. Ltd. (Food & Household Products).....	230,000	957,818
Nagasakiya Co. (Merchandising) (A).....	435,000	1,632,924
Nagase & Co. Ltd. (Transport & Trade Services).....	100,000	791,828
Nagoya Railroad Co. Ltd. (Transport & Trade Services).....	150,000	705,313
Naigai Co. (Textile & Apparel).....	115,000	493,524
Nichias Corp. (Metals, Materials & Paper).....	104,000	484,950
Nichicon Corp. (Technology).....	75,000	1,011,780
Nihon Matai Co. (Wholesale & International Trade).....	94,000	513,671
Nippon Credit Bank (Banking).....	193,000	756,567
Nippon Express Co. Ltd. (Transport & Trade Services).....	11,000	89,252
Nippon Koshuha Steel Co. (Metal, Materials & Paper) (A).....	350,000	1,159,881
Nippon Paper Industries (Metal, Materials & Paper).....	390,000	2,680,190
Nippon Road Co. Ltd. (Building & Contractors).....	250,000	2,052,886
Nippon Shokubai Kagaku Kogyo Co. Ltd. (Chemicals).....	100,000	871,988
Nippon Suisan Kaisha (Food & Household Products) (A).....	400,000	1,622,758
Nippon Telephone & Telegraph (Telecommunications).....	60	492,106
Nippon Zeon Co. Ltd. (Chemicals) (A).....	250,000	1,207,293
Nissan Diesel Motor Co. (Automotive) (A).....	340,000	1,429,200
Nissan Electric Co. Ltd. (Electrical & Electronics).....	200,000	1,327,533
Nisshin Steel Co. Ltd. (Metals, Materials & Paper).....	550,000	2,037,734
NKK Corp. (Metals, Materials & Paper) (A).....	500,000	1,207,293
Nomura Securities Co. Ltd. (Financial Services).....	370,000	6,763,771

</TABLE>

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22

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>  
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
-----		
JAPAN (CONTINUED)		
<S>		
North Pacific Bank (Banking).....	<C> 220,000	<C> \$ 1,032,309
Okamura Corp. (Building & Contractors).....	300,000	2,621,829
Okamura Corp. (Transportation).....	140,000	985,385
OSG Corp. (Capital Goods).....	10,000	70,385
Osaka Gas Co. Ltd. (Utilities).....	519,000	1,740,232
Osaka Sanso Kogyo (Chemicals).....	300,000	953,126
Parco Co. (Retail).....	77,000	715,089
Ricoh Corp. Ltd. (Electrical & Electronics).....	270,000	2,903,368
Ryobi Ltd. (Metals, Materials & Paper).....	400,000	1,970,771
Sagami Co. Ltd. (Retail).....	10,000	62,857
San-in Godo Bank Ltd. (Banking).....	100,000	829,953
Sakura Bank Ltd. (Banking).....	358,000	3,464,685
Sankyo Aluminium Industry Co. Ltd. (Building & Contractors).....	75,000	390,782

Sankyu Inc. (Transport & Trade Services).....	30,000	108,510
Sekisui House Ltd. (Building & Contractors).....	20,000	230,705
Sekisui Plastics Co. (Chemicals).....	20,000	97,365
Senko Co. Ltd. (Transportation).....	90,000	500,611
Shiga Bank Ltd. (Banking).....	60,000	351,923
Shikoku Electric Power Inc. (Utilities).....	153,000	3,574,662
Shin Nippon Air Technologies Co. (Building & Contractors).....	50,000	645,193
Shinmaywa Industries Ltd. (Machinery & Engineering).....	190,000	1,476,612
Shinobu Foods Products Co. (Food & Household Products).....	37,000	238,721
Showa Aluminium Co. (Metals, Materials & Paper).....	120,000	516,154
Snow Brand Milk Products Co. Ltd. (Food & Household Products).....	300,000	1,964,905
Sony Corp. (Electrical & Electronics).....	65,000	2,922,919
Sumitomo Bank Ltd. (Banking).....	310,000	5,485,117
Sumitomo Corp. (Trade).....	220,000	2,000,098
Sumitomo Electric Industries Ltd. (Capital Goods).....	120,000	1,384,232
Sumitomo Forestry Co. (Engineering & Construction).....	200,000	2,815,387
Sumitomo Light Metal Industries (Metals, Materials & Paper) (A).....	150,000	473,630
Sumitomo Metal Industries (Metals, Materials & Paper) (A).....	3,100,000	8,394,350
Sumitomo Realty & Development Co. Ltd. (Building & Contractors).....	150,000	985,385
Suruga Bank Ltd. (Banking).....	37,000	227,870
SXL Corp. (Building & Contractors).....	14,000	140,965
Takashimaya Co. Ltd. (Retail).....	160,000	2,221,027
Tobu Railway Co. Ltd. (Transport & Trade Services).....	330,000	1,867,833
Tochigi Bank (Banking).....	10,000	88,958
Toenec Corp. (Technology).....	50,000	405,689
Toho Gas Co. Ltd. (Utilities).....	247,000	794,399
Tohoku Electric Power Co. Inc. (Utilities).....	151,500	3,554,426
Tokai Bank Ltd. (Banking).....	220,000	2,301,188
Tokio Marine & Fire Insurance Co. Ltd. (The) (Insurance).....	261,000	2,679,017
Tokyo Broadcasting System Inc. (Media & Leisure).....	10,000	146,635
Tokyu Land Corp. (Financial Services).....	500,000	2,013,784
Tomen Corp. (Transport & Trade Services).....	500,000	1,632,533
Tomiya Apparel Co. (Wholesale & International Trade).....	80,000	531,795
Toppan Printing Co. Ltd. (Transport & Trade Services).....	130,000	1,715,626
Topy Industries Co. Ltd. (Capital Goods).....	150,000	608,534
Toshiba Ceramics Co. (Metals, Materials & Paper) (A).....	10,000	93,064

</TABLE>

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23

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>  
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE
-----		
JAPAN (CONTINUED)		
<S>		
Toshiba Corp. (Electrical & Electronics).....	350,000	\$ 2,535,315
Tosoh Corp. (Chemicals) (A).....	250,000	1,097,317
Toyo Construction Co. (Building & Contractors).....	303,000	1,558,023
Toyo Shutter Co. Ltd. (Building & Contractors).....	40,000	236,571
Toyo Trust & Banking Co. Ltd. (Banking).....	106,000	716,027
Toyoda Gosei Co. (Automotive).....	199,000	1,235,300
Toyota Motor Corp. (Automotive).....	97,000	1,801,652
Tsubakimoto Chain (Capital Goods).....	200,000	938,462
Ube Industries Ltd. (Chemicals) (A).....	321,000	1,060,638
Uni-Charm Corp. (Merchandising).....	60,000	1,349,040
Yamamura Glass Co. Ltd. (Metals, Materials & Paper).....	15,000	89,447
Yaskawa Electric Manufacturing Co. Ltd. (Technology) (A).....	70,000	293,563
Yasuda Trust & Banking Co. Ltd. (Financial Services).....	700,000	3,127,230
Yokohama Rubber Co. Ltd. (Metals, Materials & Paper).....	160,000	849,308
Yuasa Trading Co. (Capital Goods).....	10,000	51,811
Zexel Corp. (Machinery & Engineering).....	200,000	1,196,539
		-----
		248,975,043

<b>MALAYSIA (0.9%)</b>		
Commerce Asset-Holdings (Financial Services).....	271,000	1,343,802
Hong Leong Industries (Multi-Industry).....	100,000	476,190
Malaysia International Shipping Corp. (Transport & Trade Services).....	333	889
Public Bank Berhad (Banking).....	343,000	584,546
Sime Darby Berhad (Multi-Industry).....	499,800	1,238,004
Sime U.E.P. Properties (Building & Contractors).....	334,000	647,672
Tan Chong Motor Holdings Berhad (Automotive).....	524,000	492,861
Telekom Malaysia Berhad (Telecommunications).....	134,000	959,780
		5,743,744
<b>NETHERLANDS (2.1%)</b>		
ABN Amro Holdings (Banking).....	30,530	1,282,887
Dutch State Mines (Chemicals).....	20,700	1,550,729
Elsevier NV (Broadcasting & Publishing).....	66,000	853,340
Internationale Nederlanden Groep (Insurance).....	18,000	1,073,520
Koninklijke KNP (Metals, Materials & Paper).....	43,300	1,303,555
Philips Electronics (Appliances & Household Durables) (A).....	12,800	227,963
Royal Dutch Petroleum (Energy Sources).....	47,140	5,852,913
Unilever NV (Food & Household Products).....	14,745	1,931,672
		14,076,579
<b>NEW ZEALAND (0.2%)</b>		
Fletcher Challenge Ltd. (Forest Products).....	413,200	1,093,757

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

24

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>			
<CAPTION>			
	SECURITY DESCRIPTION	SHARES	VALUE
<b>NORWAY (1.8%)</b>			
<S>			
	Aker AS, Series B (Building Materials).....	60,000	\$ 703,389
	Hafslund Nycomed, Series B (Health & Personal Care).....	80,000	2,235,426
	Kvaerner AS, Series B (Machinery & Engineering).....	35,000	1,393,930
	Norsk Hydro AS (Energy Sources).....	126,222	5,026,988
	Orkla AS, A Free (Multi-Industry).....	13,500	698,089
	Orkla AS, B Free (Multi-Industry).....	36,600	1,780,922
			11,838,744
<b>SINGAPORE (0.7%)</b>			
	Cycle and Carriage Limited (Automotive).....	127,000	1,132,484
	DBS Land Ltd. (Building & Contractors).....	116,000	343,156
	Development Bank of Singapore (Banking).....	149,125	1,709,713
	Sembawang Corp. Ltd. (Capital Goods).....	148,000	717,481
	Singapore Airlines Ltd. (Transportation).....	106,600	988,294
			4,891,128
<b>SPAIN (1.6%)</b>			
	Banco Intercont Espana (Banking).....	18,500	1,603,621
	Banco Popular Espanol (Banking).....	11,700	1,858,695
	Empresa Nacional de Electricidad (Utilities).....	36,800	1,830,126
	Fuerzas Electricas de Cataluna (Utilities).....	403,300	2,441,839
	Repsol (Energy Sources).....	66,800	1,994,888
	Telefonica de Espana (Telecommunications).....	40,000	504,691



## SWITZERLAND (5.5%)

Baer Holding AG (Banking).....	490	593,455
BBC AG Brown Boveri & Cie (Machinery & Engineering).....	1,380	1,600,863
Bil GT Gruppe AG (Banking).....	1,250	770,721
CS Holding (Banking).....	25,995	2,656,056
Ciba Geigy AG (Chemicals).....	6,705	5,805,527
Compagnie Financiere Richemont AG, Series A (Multi-Industry).....	600	835,022
Holderbank FN Glarus (Building Materials) (A).....	900	722,981
Merkur Holding AG (Retail).....	2,540	566,035
Nestle SA (Food & Household Products).....	4,555	4,774,465
Roche Holdings Genusscheine NPV (Health & Personal Care).....	680	4,941,425
Sandoz AG (Health & Personal Care).....	4,210	3,474,650
Schweizerische Bankgesellschaft (Banking).....	1,100	1,191,756
Schweizerische Bankverein (Banking).....	6,420	2,635,180
Schweizerische Rueckversicherungs-Gesellschaft (Insurance).....	1,180	1,290,901
SMH AG Neuenburg (Consumer).....	950	592,443
Societe Generale de Surveillance Holdings SA (Transport & Trade Service)....	350	661,279
Swissair AG (Transportation) (A).....	880	554,215
Zurich Versicherungs (Insurance).....	8,050	2,304,457
		-----
		35,971,431
		-----

&lt;/TABLE&gt;

The Accompanying Notes are an Integral Part of the Financial Statements.

25

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

	SECURITY DESCRIPTION	SHARES	VALUE
-----			
UNITED KINGDOM (15.7%)			
<S>		<C>	<C>
	Abbey National PLC (Banking).....	268,000	\$ 2,268,996
	Allied Colloids Group PLC (Chemicals).....	504,000	1,059,794
	Argos (Retail).....	159,000	1,284,569
	Argyll Group PLC (Retail).....	272,000	1,382,577
	Barclays Bank (Banking).....	88,000	1,033,043
	BAT Industries PLC (Beverages & Tobacco).....	367,000	3,011,431
	BICC (Industrial Components).....	272,000	1,133,154
	BOC Group PLC (Chemicals).....	111,100	1,526,417
	British Gas PLC (Utilities).....	462,000	1,760,348
	British Petroleum Co. Ltd. (Energy Sources).....	356,000	2,617,233
	British Telecommunications PLC (Telecommunications).....	803,700	4,777,726
	British Tire & Rubber PLC (Multi-Industry) (A).....	430,000	2,284,269
	Cable & Wireless PLC (Telecommunications).....	265,000	1,730,356
	Caradon PLC (Building & Contractors).....	419,000	1,311,652
	Farnell Electronic PLC (Electrical & Electronics).....	83,000	877,897
	Forte PLC (Leisure & Tourism).....	377,000	1,502,039
	General Electric Co. PLC (Electrical & Electronics).....	321,300	1,595,070
	Glaxo Holdings PLC (Health & Personal Care).....	433,596	5,847,548
	Glynwed International PLC (Metals, Materials & Paper).....	207,200	1,103,975
	Granada Group PLC (Leisure & Tourism).....	178,000	1,905,233
	Grand Metropolitan PLC (Multi-Industry).....	307,000	2,125,945
	Guardian Royal Exchange PLC (Insurance).....	790,000	2,860,237
	Guinness PLC (Beverages & Tobacco).....	203,000	1,627,209
	Hanson Trust PLC (Multi-Industry).....	554,000	1,697,036
	Hilldown Holdings PLC (Food & Household Products).....	682,000	1,806,087
	HSBC Holdings (Banking).....	152,520	2,269,112
	Inchcape PLC (Commercial Services).....	220,000	1,086,956
	Kingfisher (Merchandising).....	218,000	1,638,877
	Lloyds Bank PLC (Banking).....	170,100	2,093,642
	MEPC (Real Estate).....	220,000	1,307,826

Marks & Spencer PLC (Merchandising).....	203,500	1,364,174
Pearson PLC (Multi-Industry).....	194,000	1,927,731
Peninsular & Orient Steam Navigation Company (Transportation).....	131,000	998,292
Racal Electronics (Technology).....	277,000	1,105,810
Reckitt & Colman (Health & Personal Care).....	129,900	1,382,177
Reuters Holdings PLC (Broadcasting & Publishing).....	174,100	1,618,511
Rexam PLC (Metals, Materials & Paper).....	154,000	986,087
Rolls-Royce PLC (Machinery & Engineering).....	530,000	1,290,434
Royal Bank of Scotland PLC (Banking).....	289,000	2,341,700
RTZ Corp. PLC (Metals, Materials & Paper).....	106,200	1,470,849
Sainsbury (J.) PLC (Retail).....	139,000	930,696
Scottish & Newcastle PLC (Food & Household Products).....	194,000	1,798,909
Scottish Hydro Electric PLC (Utilities).....	275,450	1,480,680
Sears Holdings (Merchandising).....	1,098,000	1,762,008
Shell Transport & Trading Co. (Energy Sources).....	282,000	3,299,288
Smithkline Beecham (Health & Personal Care).....	214,000	2,234,735
Standard Chartered PLC (Financial Services).....	265,000	2,174,466
Tarmac PLC (Building Materials).....	921,500	1,252,949
Tesco PLC (Merchandising).....	194,000	920,158

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

26

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

-----		
<TABLE>		
<CAPTION>		
	SECURITY DESCRIPTION	SHARES
		VALUE
-----		
UNITED KINGDOM (CONTINUED)		
<S>		<C>
	Thorn EMI PLC (Appliances & Household Durables).....	56,800 \$ 1,322,789
	Tomkins (Multi-Industry).....	364,000 1,435,858
	Unilever PLC (Food & Household Products).....	35,000 680,079
	United Biscuits Holdings PLC (Food & Household Products).....	339,000 1,465,874
	Vickers PLC (Machinery & Engineering).....	328,500 1,303,613
	Vodafone Group PLC (Telecommunications).....	242,000 990,957
	Willis Corroon Group PLC (Insurance).....	601,500 1,198,245
	Yorkshire Electricity Group (Utilities).....	139,000 1,948,198
	Yorkshire Water (Business & Public Services).....	235,000 2,275,692
	Zeneca Group PLC (Health & Personal Care).....	55,000 1,024,783
		-----
		102,511,996
		-----
UNITED STATES (0.0%)		
	U. S. Industries Inc. (Multi-Industry) (A).....	4,540 68,100
		-----
	Total Common Stocks (cost \$591,067,383).....	582,506,095
		-----
PREFERRED STOCKS (0.3%)		
GERMANY (0.3%)		
	GEA AG (Machinery).....	1,355 441,848
	Jungheinrich (Capital Goods).....	2,930 539,123
	SAP AG, 9.00 Dem (Computer Software).....	6,000 951,407
		-----
		1,932,378
		-----
	Total Preferred Stocks (cost \$1,779,770).....	1,932,378
		-----

</TABLE>

<TABLE>

<CAPTION>

PRINCIPAL  
AMOUNT  
(IN FRF)  
-----

<S>	<C>	<C>
CONVERTIBLE BONDS (5.2%)		
FRANCE (0.1%)		
Sanofi 4.00%		
due 01/01/00 (Pharmaceuticals).....	372,500	278,036
		-----

<CAPTION>

	PRINCIPAL AMOUNT (IN YEN)	
	-----	
<S>	<C>	<C>
JAPAN (4.7%)		
Bot Cayman Finance 4.25% due 03/31/03 (Banking).....	1,090,000,000	12,839,826
Daiwa International Finance 5.65% due 08/30/96 (Banking).....	1,750,000	1,850,625
Izumiya Co. Ltd. 0.80% due 08/31/99 (Retail).....	80,000,000	855,565
NEC Corp. 1.90% due 03/30/01 (Electrical & Electronics).....	700,000,000	9,422,748
SXL Corp. 2.70% due 03/29/02 (Building & Contractors).....	60,000,000	664,549
Toyota Motor Co. 1.70% due 05/31/96 (Automotive).....	75,000,000	960,457
Yamanouchi Pharmaceutical 1.25% due 03/31/14 (Health & Personal Care).....	250,000,000	2,776,895
</TABLE>		

The Accompanying Notes are an Integral Part of the Financial Statements.

27

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

<TABLE>  
<CAPTION>

	PRINCIPAL AMOUNT (IN YEN)	VALUE
	-----	-----
JAPAN (CONTINUED)		
<S>	<C>	<C>
Yamato Transport 3.90% due 03/30/01 (Transportation).....	132,000,000	\$ 1,548,463
		-----
		30,919,128
		-----

<CAPTION>

	PRINCIPAL AMOUNT (IN CHF)	
	-----	
<S>	<C>	<C>
SWITZERLAND (0.4%)		
Sandoz Capital BVI Ltd. 1.25% due 10/23/02 (Financial Services).....	2,950,000	2,725,755
		-----
Total Convertible Bonds (cost \$33,791,074).....		33,922,919
		-----

<CAPTION>

	SHARES	
	-----	
<S>	<C>	<C>
WARRANTS (A) (0.1%)		
FRANCE (0.0%)		
LaGardere Groupe, Expiring 12/31/96 (Leisure & Tourism).....	16,000	5,562
		-----
GERMANY (0.1%)		
Veba International, Expiring 04/06/98 (Energy Sources).....	3,500	498,544
		-----
JAPAN (0.0%)		
Maeda Corp., Expiring 02/05/97 (Construction & Housing).....	15	15,562

SWITZERLAND (0.0%)		
Holderbank FN Glarus, Expiring 12/20/95 (Building Materials & Components)....	4,500	5,351
UNITED KINGDOM (0.0%)		
British Tire & Rubber, Expiring 5/15/96 (Multi-Industry).....	5,000	5,850
Total Warrants (cost \$565,020).....		530,869
<CAPTION>		
	PRINCIPAL AMOUNT (IN US DOLLARS)	
<S>	<C>	<C>
TIME DEPOSITS (4.1%)		
UNITED STATES (4.1%)		
State Street Bank & Trust Co. (Banking) 5.50% due 11/01/95 (cost \$26,586,000).....	26,586,000	26,586,000
TOTAL INVESTMENTS (COST \$653,789,247) (98.8%)		645,478,261

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

28

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995

SECURITY DESCRIPTION	LOCAL CURRENCY	VALUE
FOREIGN CURRENCY (1.2%)		
<S>	<C>	<C>
Australian Dollar.....	AUD 61,043	\$ 46,498
Austrian Schilling.....	ATS 95,844	9,680
Belgian Franc.....	BEF 4,928	170
British Pound.....	GBP 555,545	878,333
Canadian Dollar.....	CAD 3	2
Danish Kroner.....	DKK 93,655	17,140
Finish Markka.....	FIM 5,667	1,334
French Franc.....	FRF 7,507,436	1,535,232
German Mark.....	DEM 203,717	144,726
Greek Drachma.....	GRD 73,093	315
Hong Kong Dollar.....	HKD 753,587	97,467
Italian Lira.....	ITL 225,050	141
Japanese Yen.....	JPY 43,863,473	428,794
Malaysian Ringgit.....	MRY 934,153	367,632
Netherlands Guilder.....	NLG5,272,006	3,341,365
Singapore Dollar.....	SGD 835,581	591,353
Spanish Peseta.....	ESP 4,342,508	35,578
Swiss Franc.....	CHF 344,626	303,555
Total Foreign Currency (Cost \$7,821,779).....		7,799,315
TOTAL INVESTMENTS AND FOREIGN CURRENCY (COST \$661,611,026) (100.0%)		653,277,576
OTHER ASSETS NET OF LIABILITIES (0.0%)		25,380
NET ASSETS (100.0%)		\$653,302,956

</TABLE>

-----  
(A) Non-Income-Producing Security

The cost of investments for Federal Income Tax purposes at October 31, 1995, was \$654,078,384, the aggregate gross unrealized appreciation and depreciation of investments was \$38,928,739, and \$47,528,862, respectively, resulting in net unrealized depreciation of \$8,600,123.

The Accompanying Notes are an Integral Part of the Financial Statements.

29

THE NON-U.S. EQUITY PORTFOLIO  
SCHEDULE OF INVESTMENTS (CONTINUED)  
OCTOBER 31, 1995  
-----

<TABLE>  
<CAPTION>  
INDUSTRY DIVERSIFICATION

	PERCENT OF TOTAL INVESTMENTS
	-----
<S>	<C>
Banking	14.5%
Energy Sources	6.4%
Chemicals	5.7%
Health & Personal Care	5.0%
Electrical & Electronics	5.3%
Short Term Investments	5.3%
Metals, Materials & Paper	4.8%
Utilities	4.1%
Automotive	3.9%
Insurance	3.4%
Financial Services	3.6%
Food & Household Products	3.1%
Multi-Industry	3.1%
Retail	2.9%
Machinery & Engineering	2.8%
Building & Contractors	2.8%
Merchandising	2.6%
Transportation	2.2%
Transport & Trade Service	2.0%
Telecommunications	1.9%
Technology	1.8%
Capital Goods	1.4%
Broadcasting & Publishing	1.4%
Beverages & Tobacco	1.3%
Consumer Electronics	0.8%
Building Materials	0.7%
Leisure & Tourism	0.7%
Pharmaceuticals	0.6%
Engineering & Construction	0.6%
Business & Public Services	0.6%
Food Processing	0.6%
Consumer	0.3%
Materials & Commodities	0.3%
Trade	0.3%
Commercial Services	0.3%
Wholesale & International Trade	0.3%
Metals & Mining	0.3%
Industrial components	0.3%
Appliances & Household Durables	0.2%
Textiles & Apparel	0.2%
Tire & Rubber	0.2%
Glass & Packaging	0.2%
Real Estate	0.2%
Media & Leisure	0.2%
Forest Products	0.2%
Construction & Housing	0.2%

Environmental Control	0.2%
Computer Software	0.1%
Fishery	0.1%
	-----
	100.0%
	-----
	-----

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

30

THE NON-U.S. EQUITY PORTFOLIO  
STATEMENT OF ASSETS AND LIABILITIES  
OCTOBER 31, 1995

-----		
<TABLE>		
<S>		<C>
ASSETS		
Investments, at Value (Cost \$653,789,247)		\$645,478,261
Foreign Currency, at Value (Cost \$7,821,779)		7,799,315
Cash		435
Receivable for Investments Sold		5,575,338
Dividends and Interest Receivable		1,731,676
Unrealized Appreciation on Open Forward Foreign Currency Contracts		1,850,307
Foreign Tax Reclaim Receivable		878,932
Prepaid Expenses		6,724
		-----
Total Assets		663,320,988
		-----
LIABILITIES		
Payable for Investments Purchased		8,984,332
Advisory Fee Payable		496,411
Custody Fee Payable		468,412
Fund Services Fee Payable		4,462
Administration Fee Payable		3,156
Accrued Expenses and Other Liabilities		61,259
		-----
Total Liabilities		10,018,032
		-----
NET ASSETS		
Applicable to Investors' Beneficial Interests		\$653,302,956
		-----
		-----

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

31

THE NON-U.S. EQUITY PORTFOLIO  
STATEMENT OF OPERATIONS  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995

-----		
<TABLE>		
<S>	<C>	<C>
INVESTMENT INCOME		
Dividends (Net of Foreign Withholding Tax of \$1,425,275)		\$ 9,441,029
Interest (Net of Foreign Withholding Tax of \$21,444)		1,822,564
		-----
Investment Income		11,263,593

EXPENSES		
Advisory Fee	3,174,965	
Custodian Fees and Expenses	637,537	
Financial and Fund Accounting Services Fees	349,443	
Professional Fees	68,890	
Fund Services Fee	48,442	
Administration Fee	31,500	
Trustees' Fees and Expenses	13,943	
Miscellaneous	19,842	
	-----	(4,344,562)
Total Expenses		-----
		6,919,031
NET INVESTMENT INCOME		
NET REALIZED GAIN ON		
Investment Transactions	9,909,433	
Foreign Currency Transactions	5,169,417	
	-----	15,078,850
Net Realized Gain		
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF		
Investments	(32,387,251)	
Foreign Currency Contracts and Translations	4,399,920	
	-----	(27,987,331)
Net Change in Unrealized Appreciation (Depreciation)		-----
		\$ (5,989,450)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		-----
		-----

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements.

32

THE NON-U.S. EQUITY PORTFOLIO  
STATEMENT OF CHANGES IN NET ASSETS

	FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995	FOR THE FISCAL YEAR ENDED OCTOBER 31, 1994
	-----	-----
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net Investment Income	\$ 6,919,031	\$ 2,975,662
Net Realized Gain on Investments and Foreign Currency Transactions	15,078,850	11,298,758
Net Change in Unrealized Appreciation of Investments and Foreign Currency Translations	(27,987,331)	6,493,611
	-----	-----
Net Increase (Decrease) in Net Assets Resulting from Operations	(5,989,450)	20,768,031
	-----	-----
TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS		
Contributions	373,795,232	343,552,141
Withdrawals	(138,078,647)	(124,114,838)
	-----	-----
Net Increase from Investors' Transactions	235,716,585	219,437,303
	-----	-----
Total Increase in Net Assets	229,727,135	240,205,334
NET ASSETS		
Beginning of Fiscal Year	423,575,821	183,370,487
	-----	-----
End of Fiscal Year	\$ 653,302,956	\$ 423,575,821
	-----	-----

<CAPTION>

SUPPLEMENTARY DATA

</TABLE>

<TABLE>  
<CAPTION>

RATIOS TO AVERAGE NET ASSETS	FOR THE FISCAL	FOR THE FISCAL	FOR THE PERIOD
	YEAR ENDED	YEAR ENDED	OCTOBER 4, 1993
	OCTOBER 31, 1995	OCTOBER 31, 1994	(COMMENCEMENT
			OF OPERATIONS) THROUGH
			OCTOBER 31, 1993
<S>	<C>	<C>	<C>
Expenses	0.82%	0.95%	0.99% (a)
Net Investment Income	1.31%	0.93%	0.43% (a)
Decrease Reflected in Expense Ratio due to Expense Reimbursement	--	--	0.17% (a)
Portfolio Turnover	59%	56%	54% (b)

(a) Annualized.

(b) Portfolio turnover for the fiscal year ended October 31, 1993, included the portfolio activity of The Pierpont International Equity Fund, Inc. for the period November 1, 1992 through October 3, 1993, prior to conversion when The Pierpont International Equity Fund, Inc. contributed all of its investable assets to the Portfolio.

The Accompanying Notes are an Integral Part of the Financial Statements.

33

THE NON-U.S. EQUITY PORTFOLIO  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1995

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Non-U.S. Equity Portfolio (the "Portfolio") is registered under the Investment Company Act of 1940, as amended, (the "Act") as a no-load, diversified, open-end management investment company which was organized as a trust under the laws of the State of New York. The Portfolio commenced operations on October 4, 1993 and received a contribution of certain assets and liabilities, including securities, with a value of \$160,213,973 on that date from the Pierpont International Equity Fund, Inc. in exchange for a beneficial interest in the Portfolio. At that date, net unrealized appreciation of \$11,116,204 was included in the contributed securities. The Declaration of Trust permits the Trustees to issue an unlimited number of beneficial interests in the Portfolio.

The following is a summary of the significant accounting policies of the Portfolio:

- a) The value of each security for which readily available market quotations exists is based on a decision as to the broadest and most representative market for such security. The value of such security will be based either on the last sale price on a national securities exchange, or, in the absence of recorded sales, at the readily available closing bid price on such exchanges, or at the quoted bid price in the over-the-counter market. Securities listed on a foreign exchange are valued at the last quoted sale price available before the time when net assets are valued. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. Securities or other assets for which market



quotations are not readily available are valued at fair value in accordance with procedures established by the Portfolio's Trustees. Such procedures include the use of independent pricing services, which use prices based upon yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. All portfolio securities with a remaining maturity of less than 60 days are valued by the amortized cost method.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of the domestic market and may also take place on days on which the domestic market is closed. If events materially affecting the value of foreign securities occur between the time when the exchange on which they are traded closes and the time when the Portfolio's net asset value is calculated, such securities will be valued at fair value in accordance with procedures established by and under the general supervision of the Portfolio's Trustees.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the possibility of political or economic instability and the level of governmental supervision and the regulation of foreign securities markets.

b) The books and records of the Portfolio are maintained in U.S. dollars. The market value of investment securities, other assets and liabilities and forward contracts stated in foreign currencies are translated at the prevailing exchange rates at the end of the period. Purchases, sales, income and expense are translated at the exchange rate prevailing on the respective dates of such transactions. Translation gains and losses resulting from changes in the exchange rate during the reporting period and gains and losses realized upon settlement of foreign currency transactions are

34

THE NON-U.S. EQUITY PORTFOLIO  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 1995

reported in the Statement of Operations. Since the net assets of the Portfolio are presented at the exchange rates and market values prevailing at the end of the period, the Portfolio does not isolate the portion of the results of operations arising as a result of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities during the period.

c) The Portfolio may enter into forward and spot foreign currency contracts to protect securities and related receivables and payables against fluctuations in future foreign currency rates. A forward contract is an agreement to buy or sell currencies of different countries on a specified future date at a specified rate. Risks associated with such contracts include the movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform.

The market value of the contract will fluctuate with changes in currency exchange rates. Contracts are valued daily based on procedures established by and under the general supervision of the Portfolio's Trustees and the change in the market value is recorded by the Portfolio as unrealized appreciation or depreciation of foreign currency translations. At October 31, 1995, the Portfolio had open foreign currency contracts as follows:

<TABLE>  
 <CAPTION>

OPEN FORWARD FOREIGN CURRENCY SALE CONTRACTS	PROCEEDS	U.S. DOLLAR VALUE AT 10/31/95	NET UNREALIZED APPRECIATION
Japanese Yen, 7,900,714,279, expiring 01/30/96	\$ 80,210,297	\$ 78,359,990	\$ 1,850,307

- d) Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date or at the time that the relevant ex-dividend date and amount becomes known. Interest income, which includes the amortization of premiums and discounts, if any, is recorded on an accrual basis. For financial and tax reporting purposes, realized gains and losses are determined on the basis of specific lot identification.
- e) The Portfolio intends to be treated as a partnership for federal income tax purposes. As such, each investor in the Portfolio will be taxable on its share of the Portfolio's ordinary income and capital gains. It is intended that the Portfolio's assets will be managed in such a way that an investor in the Portfolio will be able to satisfy the requirements of Subchapter M of the Internal Revenue Code. The Portfolio earns foreign income which may be subject to foreign withholding taxes at various rates.

## 2. TRANSACTIONS WITH AFFILIATES

- a) The Portfolio has an investment advisory agreement with Morgan Guaranty Trust Company of New York ("Morgan"). Under the terms of the investment advisory agreement, the Portfolio pays Morgan at an annual rate of 0.60% of the Portfolio's average daily net assets. For the fiscal year ended October 31, 1995, such fees amounted to \$3,174,965.
- b) The Portfolio retains Signature Broker-Dealer Services, Inc. ("Signature") to serve as Administrator and exclusive placement agent. Signature provides administrative services necessary for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolio and pays the compensation of the Portfolio's officers affiliated with Signature. The agreement provides for a fee to be paid to Signature at an annual rate determined

35

### THE NON-U.S. EQUITY PORTFOLIO NOTES TO FINANCIAL STATEMENTS (CONTINUED) OCTOBER 31, 1995

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by the following schedule: 0.01% of the first \$1 billion of the aggregate average daily net assets of the Portfolio and the other portfolios subject to the Administrative Services Agreement, 0.008% of the next \$2 billion of such net assets, 0.006% of the next \$2 billion of such net assets, and 0.004% of such net assets in excess of \$5 billion. The daily equivalent of the fee rate is applied each day to the net assets of the Portfolio. For the fiscal year ended October 31, 1995, such expenses amounted to \$31,500.

- c) During the period November 1, 1994 through August 31, 1995, the Portfolio had a Financial and Fund Accounting Services Agreement ("Services Agreement") with Morgan under which Morgan received a fee, based on the percentages described below, for overseeing certain aspects of the administration and operation of the Portfolio and which was also designed to provide an expense limit for certain expenses of the Portfolio. This fee was calculated exclusive of the advisory fee, custody expenses, fund services fee, and brokerage costs at 0.15% of the Portfolio's average daily net assets up to \$200 million, 0.10% on the next \$200 million of average daily net assets, 0.05% of the next \$200 million of average daily assets and 0.03% on any excess over \$600 million. During the period November 1, 1994, through August 31, 1995, the fee for these services amounted to \$349,443. Effective September 1, 1995, the Services Agreement was terminated and an interim agreement was entered into between the Portfolio and Morgan which provides for the continuation of the oversight services that were outlined under the prior agreement and that Morgan shall bear all of its expenses incurred in connection with these services.
- d) The Portfolio has a Fund Services Agreement with Pierpont Group, Inc. ("Group") to assist the Trustees in exercising their overall supervisory responsibilities for the Portfolio's affairs. The Trustees of the Portfolio represent all the existing shareholders of Group. The Portfolio's allocated portion of Group's costs in performing its services

amounted to \$48,442 for the fiscal year ended October 31, 1995.

e) An aggregate annual fee of \$65,000 is paid to each Trustee for serving as a Trustee of the Pierpont Funds, The JPM Institutional Funds, and their corresponding Portfolios. The Trustees' Fees and Expenses shown in the financial statements represent the Portfolio's allocated portion of the total fees and expenses. Prior to April 1, 1995, an aggregate annual fee of \$55,000 was paid to each Trustee. The Trustee who serves as Chairman and Chief Executive Officer of these Funds and Portfolios also serves as Chairman of Group and received compensation and employee benefits from Group in his role as Group's Chairman. The allocated portion of such compensation and benefits included in the Fund Services Fee shown in the financial statements was \$6,200.

3. INVESTMENT TRANSACTIONS

Investment transactions (excluding short-term investments) for the fiscal year ended October 31, 1995, were as follows:

<TABLE>  
 <CAPTION>  
 COST OF PURCHASES      PROCEEDS FROM SALES  
 -----                      -----  
 <S>                              <C>  
 \$ 544,468,560              \$ 299,154,541  
 </TABLE>

36

REPORT OF INDEPENDENT ACCOUNTANTS  
To the Trustees and Shareholders of  
The Non-U.S. Equity Portfolio

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the supplementary data present fairly, in all material respects, the financial position of The Non-U.S. Equity Portfolio (the "Portfolio") at October 31, 1995, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the supplementary data for each of the two years in the period then ended and for the period October 4, 1993 (commencement of operations) through October 31, 1993, in conformity with generally accepted accounting principles. These financial statements and supplementary data (hereafter referred to as "financial statements") are the responsibility of the Portfolio's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 1995 by correspondence with the custodian and brokers and the application of alternative auditing procedures where confirmations from brokers were not received, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP  
New York, New York  
December 22, 1995