

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1996-01-11** | Period of Report: **1995-10-31**
SEC Accession No. **0000912057-96-000382**

([HTML Version](#) on secdatabase.com)

FILER

PIERPONT FUNDS

CIK: **894089** | IRS No.: **133692750** | State of Incorporation: **MA** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-07340** | Film No.: **96502741**

Business Address
SIGNATURE BROKER
DEALER SERVICES INC
6 ST JAMES AVENUE 9TH
FLOOR
BOSTON MA 02116
6174230800

LETTER TO THE SHAREHOLDERS OF THE PIERPONT INTERNATIONAL EQUITY FUND

December 15, 1995

Dear Shareholder:

International equity markets had a decidedly lackluster year, returning -0.37% for the 12 months ended October 31, 1995, as measured by the Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Index. This performance is in sharp contrast to the U.S. market, which returned 26.4% for the same period. While international markets produced a flat return, this masks the volatility that occurred during the period. In this difficult environment, The Pierpont International Equity Fund returned -2.71%.

WHAT HAPPENED IN THE MARKETS

Much of the underperformance in international markets came from Japan, which is the largest country represented in the MSCI EAFE Index. Japan experienced considerable volatility during the period, dropping significantly early in 1995 and later recovering some of its losses. Hopes of a stable recovery were dashed in January by the Kobe earthquake, with market confidence additionally shaken by the government's delay in delivering a reconstruction package. The market was further undermined by the yen's sharp increase early in 1995, which hurt Japanese exports and restrained the country's economic growth. However, a turnaround in the yen's fortune came when the U.S. Federal Reserve lowered interest rates in July. The Japanese government followed suit and lowered its rates and then purchased U.S. dollars to support the currency. In combination, these actions led to a sharp rise in the U.S. dollar's value against the yen, which helped prompt upward revisions of Japanese corporate earnings estimates for 1996.

Market results were mixed elsewhere in the Pacific Basin and were largely determined by concerns over the pace of each country's economic development, the condition of real estate markets, as well as domestic political issues. For example, Singapore declined as its exports were compromised by a strengthening currency, with its domestic consumption dampened by rising interest rates.

In Europe, the relative strength of the deutsche mark early in the period dampened German exports. This, coupled with a slowdown in economic growth, led to interest rate cuts by the Bundesbank and the central banks of other European countries, including Switzerland, Belgium, and the Netherlands. In addition, the

TABLE OF CONTENTS

LETTER TO THE SHAREHOLDERS.....1	SPECIAL FUND-BASED SERVICES.....7
FUND FACTS AND HIGHLIGHTS.....5	FINANCIAL STATEMENTS.....9
FUND PERFORMANCE.....6	

1

rise of the U.S. dollar helped to increase foreign demand for European goods. As a result most major markets had positive returns for the period.

DOES INTERNATIONAL INVESTING STILL MAKE SENSE?

We believe the answer is "yes." The case can be stated simply: over the long term, the equity markets of the major industrialized nations can be expected to have similar returns, but at different times. Therefore, by diversifying broadly to minimize risk and using active management in an effort to take advantage of the inevitable misvaluations that arise in and among markets, investors can expect attractive returns over the long term.

AVERAGE ANNUAL TOTAL RETURNS OF U.S. VERSUS INTERNATIONAL MARKETS

	1-YEAR	2-YEARS	3-YEARS	5-YEARS	10-YEARS
S&P 500	26.4%	14.6%	14.7%	17.3%	15.5%
MSCI EAFE Index	-0.4	4.7	14.7	7.0	13.8

As the accompanying table shows, foreign investing has no doubt been frustrating for the past two years, as U.S. stocks outperformed their international counterparts (even though over a 10-year period, the MSCI EAFE Index produced better returns). Contributing to these markets' recent relative underperformance is the fact that, within EAFE, certain key markets, most notably Japan, and more recently France, have experienced waves of negative sentiment (in the case of Japan, lasting for several years), which test even the most patient investor.

For many investors, such relative underperformance will undoubtedly raise the question, "Why should I continue to participate in international markets?" Some investors may conclude that this may be a good time to enter international markets simply because they have undergone a decline and have the potential for a significant turnaround. We, on the other hand, would not endorse this view solely on the basis that international stocks underperformed. Based on our global perspective, our analysis indicates that U.S. stocks are somewhat overvalued, while international stocks are at more attractive price levels. We would consequently recommend that investors maintain their international exposure as part of a fully diversified portfolio that is designed to dampen overall investment risk and capture value throughout the world's capital markets.

WHAT MAY I REASONABLY EXPECT FROM INTERNATIONAL MARKETS?

Our view of international markets may be summarized as follows:

- The very fact of recent U.S. outperformance versus international markets should encourage investors worldwide to maintain their international allocations. As mentioned previously, we believe the long-term performance of the international markets and the U.S. markets should be very similar for fundamental reasons. Therefore, one would expect that periods of international underperformance (versus the U.S.) will eventually be followed by periods of international outperformance.

2

- Looking at specific countries, our analysis and research point to some attractively valued markets. Japan has experienced positive returns of late -- up 21.6% from the end of June to October 31, 1995. We believe corporate earnings will continue to improve, and that the yen will continue to fall relative to the dollar, improving exports. The extreme negative sentiment that Japan has experienced for several years may, as a result, be beginning to dissipate.

France appears to us to be Europe's most reasonably valued equity market. The political situation in France is quite unsettled, with severe labor difficulties and consequent fiscal and economic uncertainty. As a result, the market may experience short-term fluctuations. In any event, we intend to be guided by our view of long-term value, and we believe that France could produce very attractive returns for Fund shareholders.

WHAT ARE THE OTHER TOOLS FOR ADDING VALUE?

Besides trying to add value by modestly overweighting those countries (like Japan and France), which appear undervalued on a long-term basis, we concentrate the bulk of our efforts on stock selection -- that is, attempting to outperform each of the local markets in which we invest by purchasing the most undervalued stocks. We believe that stock selection has the most consistently reliable potential to add value. We are pleased to report that stock selection had a positive impact on the Fund's performance this year.

In addition, we actively manage currency exposure in an attempt to protect the Fund's returns. Our team of currency specialists had expected the yen to decline in value against the U.S. dollar. This decline actually began in mid-1995, and our decision to partially hedge our yen exposure into the U.S. dollar began to add value during the third quarter.

The Non-U.S. Equity Portfolio in which the Fund invests utilizes Morgan's in-depth research to identify long-term value in international investments. For example, if our analysis indicates that an asset has a long-term value of "X," but is selling for significantly less, we would be inclined to buy it. Sometimes, the asset may be selling at a discount to long-term value because the market in which it trades is excessively pessimistic -- discouraged by recent poor returns or other forms of fear and emotion. Eventually, and we cannot accurately predict when (nor do we believe, by the way, that anyone else can consistently either), this pessimism reverses itself, and the market price for that asset returns to its true value. When the asset does rise close to its true value, our strategy is to sell it and look for value elsewhere.

Of course, one's conviction in such an approach can be sorely tested by the market. While we may feel the asset is worth "X," the market could price it even lower than the purchase price several months later. Under this circumstance, we reexamine whether we still believe the asset holds fundamental value. If so, we patiently hold our position, confident that the reversal of emotions will eventually occur. It is this reversal of emotion, which has happened many times before, that has caused positive returns to be realized. Thus, we believe, being prepared to endure inevitable periods of frustration in the prudent pursuit of long-term returns is the very essence of being a long-term investor. This is the Fund's current situation, but we remain confident the fundamental values we identify should be realized.

3

A WORD ON RISK CONTROL

If a manager's insights about the future were always correct, there would be no need for risk control. But no manager possesses a perfect crystal ball. We are confident in our long-term views, but we believe it is prudent to practice a disciplined and rigorous form of risk control. We diversify the portfolio broadly. We evaluate the size of our active positions relative both to their return potential and their riskiness. The riskier decisions, such as country allocation, are subject to strict constraints. The benefits of risk control are especially beneficial during those inevitable periods when a manager is out of sync with the market, or just plain wrong.

WHAT LIES AHEAD FOR INTERNATIONAL MARKETS?

Although international equity markets in general underperformed the U.S. market for the Fund's fiscal year, our valuation analysis indicates that foreign stocks are currently slightly more attractively priced than U.S. stocks. On a longer term basis, we continue to believe that international investing has the potential to provide investors with attractive returns and still makes sense as part of a fully diversified portfolio.

To take advantage of anticipated market conditions, in Europe, the Portfolio has moved to a slight overweighting in Germany relative to the MSCI EAFE Index as valuations there look reasonable. While the near-term situation in France remains unsettled, our analysis continues to highlight France as the region's most attractive equity market. We are consequently maintaining the Portfolio's slight overweighting in France. The U.K. market continues to be strong, and we plan to maintain the Portfolio's neutral position as long as valuations are not excessive.

Given reasonable stock valuations and improving investor sentiment, we plan to maintain the Portfolio's current overweighting of Japan. The most important aspect of that market at present is the currency, which the government had given indications of guiding to a weaker position versus the U.S. dollar. Investors are also focusing less on government action and more on corporate earnings estimates, which continue to improve. Concerns about the health of the banking sector persist but appear to be priced into the market. We continue to believe that the yen is somewhat overvalued relative to the dollar. Accordingly, we expect to further reduce the Portfolio's yen exposure going forward.

Turning to the Pacific Rim, we expect to maintain the Portfolio's slightly underweighted positions in Hong Kong and Singapore. We also expect to further reduce its position in Malaysia, which is currently underweighted.

As always, we welcome your comments or questions. Please call J.P. Morgan Funds Services toll free at (800) 521-5411.

Sincerely,

/s/ Evelyn E. Guernsey
Evelyn E. Guernsey
J.P. Morgan Funds Services

4

FUND FACTS

INVESTMENT OBJECTIVE

The Pierpont International Equity Fund seeks to provide a high total return from a portfolio of equity securities of foreign companies. It is designed for investors with a long-term investment horizon who want to diversify their portfolios by investing in an actively managed portfolio of non-U.S. securities that seeks to outperform the MSCI EAFE Index. As an international investment, the Fund is subject to foreign market, political, and currency risk.

COMMENCEMENT OF OPERATIONS

6/1/90

NET ASSETS AS OF 10/31/95

\$185,540,615

CAPITAL GAIN PAYABLE DATE (IF APPLICABLE)

12/26/95

EXPENSE RATIO

The Fund's annualized expense ratio of 1.28% covers shareholders' expenses for custody, tax reporting, investment advisory and shareholder services, after reimbursement. The Fund is no-load and does not charge any sales, redemption, or exchange fees. There are no additional charges for buying, selling, or safekeeping Fund shares, or for wiring redemption proceeds from the Fund.

FUND HIGHLIGHTS

ALL DATA AS OF OCTOBER 31, 1995

PORTFOLIO ALLOCATION

(PERCENTAGE OF TOTAL INVESTMENTS AND FOREIGN CURRENCY)

[pie graph] // / JAPAN 42.8%
 // / UNITED KINGDOM 15.7%
 // / FRANCE 9.7%
 // / GERMANY 6.8%
 // / SWITZERLAND 5.9%
 // / UNITED STATES 4.1%
 // / HONG KONG 2.8%
 // / OTHER COUNTRIES 11.0%
 // / FOREIGN CURRENCY 1.2%

LARGEST HOLDINGS

% OF TOTAL INVESTMENTS
AND FOREIGN CURRENCY

BANK OF TOKYO CAYMAN FINANCE (JAPAN)

2.0

NEC (JAPAN)

1.4

SUMITOMO METALS INDS. (JAPAN)	1.3
HONDA MOTOR CO. LTD. (JAPAN)	1.1
NOMURA SECURITIES (JAPAN)	1.0

1995 FEDERAL TAX NOTICE

During the year ended October 31, 1995, the Fund paid to shareholders \$0.23 per share from long-term capital gains.

5

FUND PERFORMANCE

EXAMINING PERFORMANCE

There are several ways to evaluate a mutual fund's historical performance record. One approach is to look at the growth of a hypothetical investment. The minimum initial investment in the Fund is \$100,000. The chart at right shows that the minimum invested at the Fund's inception would have grown to \$118,541 at October 31, 1995.

Another way to look at performance is to review a fund's average annual total return. This figure takes the fund's actual (or cumulative) return and shows you what would have happened if the fund had achieved that return by performing at a constant rate each year. Average annual total returns represent the average yearly change of a fund's value over various time periods, typically 1, 5, or 10 years (or since inception). Total returns for periods of less than one year are not annualized and provide a picture of how a fund has performed over the short term.

GROWTH OF \$100,000 SINCE INCEPTION*
JUNE 1, 1990 - OCTOBER 31, 1995

THE PIERPONT INTERNATIONAL EQUITY FUND
DOLLARS IN THOUSANDS

	THE PIERPONT INTERNATIONAL EQUITY FUND	MSCI EAFE INDEX
6/90	100.000	100.000
10/90	93.300	90.274
10/91	98.793	96.552
10/92	87.849	83.790
10/93	115.239	115.176
10/94	121.845	126.800
10/95	118.541	126.330

PERFORMANCE	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS		
	THREE MONTHS	SIX MONTHS	ONE YEAR	FIVE YEARS	SINCE INCEPTION*
AS OF OCTOBER 31, 1995					
The Pierpont Int'l Equity Fund	-3.26%	-1.57%	-2.71%	4.91%	3.19%
MSCI EAFE Index	-4.57%	-1.60%	-0.37%	6.95%	4.41%
Morningstar Foreign Stock Funds Average	-2.95%	2.98%	-4.15%	8.51%	5.36%
AS OF SEPTEMBER 30, 1995					
The Pierpont Int'l Equity Fund	5.20%	3.61%	1.78%	7.69%	3.67%
MSCI EAFE Index	4.17%	4.93%	5.79%	10.70%	5.02%
Morningstar Foreign Stock Funds Average	4.77%	9.85%	-0.24%	10.47%	5.96%

*6/1/90 -- COMMENCEMENT OF OPERATIONS

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS. ALL RETURNS ASSUME THE REINVESTMENT OF DISTRIBUTIONS AND REFLECT REIMBURSEMENT OF CERTAIN FUND AND PORTFOLIO EXPENSES AS DESCRIBED IN THE PROSPECTUS. MORNINGSTAR, INC. IS A LEADING RESOURCE FOR MUTUAL FUND DATA. ALTHOUGH GATHERED FROM RELIABLE SOURCES, DATA ACCURACY AND COMPLETENESS CANNOT BE GUARANTEED. THE PIERPONT INTERNATIONAL

EQUITY FUND INVESTS ALL OF ITS INVESTABLE ASSETS IN THE NON-U.S. EQUITY PORTFOLIO, A SEPARATELY REGISTERED INVESTMENT COMPANY WHICH IS NOT AVAILABLE TO THE PUBLIC BUT ONLY TO OTHER COLLECTIVE INVESTMENT VEHICLES SUCH AS THE FUND.

6

SPECIAL FUND-BASED SERVICES

PIERPONT ASSET ALLOCATION SERVICE (PAAS)

For many investors, a diversified portfolio -- including short-term instruments, bonds, and stocks -- can offer an excellent opportunity to achieve one's investment objectives. PAAS provides investors with a comprehensive management program for their portfolios. Through this service, investors can:

- create and maintain an asset allocation that is specifically targeted at meeting their most critical investment objectives;
- make ongoing tactical adjustments in the actual asset mix of their portfolios to capitalize on shifting market trends;
- make investments through The Pierpont Funds, a family of diversified mutual funds.

PAAS is available to clients who invest a minimum of \$500,000 in The Pierpont Funds.

IRA MANAGEMENT SERVICE

As one of the few remaining investments that can help your assets grow tax-deferred until retirement, the IRA enables more of your dollars to work for you longer. Morgan offers an IRA Rollover plan that helps you to build well-balanced long-term investment portfolios, diversified across a wide array of mutual funds. From money markets to emerging markets, The Pierpont Funds provide an excellent way to help you accumulate long-term wealth for retirement.

KEOGH

In early 1995, Morgan introduced a Keogh program for its clients. Keoghs provide another excellent vehicle to help individuals who are self-employed or are employees of unincorporated businesses to accumulate retirement savings. A Keogh is a tax-deferred pension plan that can allow you to contribute the lesser of \$30,000 or 25% of your annual earned gross compensation. The Pierpont Funds can help you build a comprehensive investment program designed to maximize the retirement dollars in your Keogh account.

7

Signature Broker-Dealer Services, Inc. is the Distributor of The Pierpont International Equity Fund (the "Fund").

MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("MORGAN") SERVES AS PORTFOLIO INVESTMENT ADVISOR AND MAKES THE FUND AVAILABLE SOLELY IN ITS CAPACITY AS SHAREHOLDER SERVICING AGENT FOR CUSTOMERS. INVESTMENTS IN THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, MORGAN OR ANY OTHER BANK. SHARES OF THE FUND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENTAL AGENCY. INVESTMENT RETURN AND PRINCIPAL VALUE OF AN INVESTMENT IN THE FUND CAN FLUCTUATE, SO AN INVESTOR'S SHARES WHEN REDEEMED MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

Performance data quoted herein represent past performance. Please remember that past performance is not a guarantee of future performance. Fund returns are net of fees, assume the reinvestment of Fund distributions, and reflect the reimbursement of Fund expenses. Had expenses not been subsidized, returns would have been lower. The Fund invests all of its investable assets in The Non-U.S. Equity Portfolio, a separately registered investment company which is not available to the public but only to other collective investment vehicles such as the Fund.

MORE COMPLETE INFORMATION ABOUT THE FUND, INCLUDING MANAGEMENT FEES AND OTHER EXPENSES, IS PROVIDED IN THE PROSPECTUS, WHICH SHOULD BE READ CAREFULLY BEFORE INVESTING. YOU MAY OBTAIN ADDITIONAL COPIES OF THE PROSPECTUS BY CALLING J.P. MORGAN FUNDS SERVICES AT (800) 521-5411.

8

THE PIERPONT INTERNATIONAL EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 1995

<TABLE>	
<S>	<C>
ASSETS	
Investment in The Non-U.S. Equity Portfolio ("Portfolio") at value	\$186,636,273
Receivable for Shares of Beneficial Interest Sold	349,149
Prepaid Expenses	1,865

Total Assets	186,987,287

LIABILITIES	
Payable for Shares of Beneficial Interest Redeemed	1,351,350
Shareholder Servicing Fee Payable	40,208
Administration Fee Payable	4,169
Fund Services Fee Payable	1,241
Accrued Expenses	49,704

Total Liabilities	1,446,672

NET ASSETS	
Applicable to 17,374,776 Shares of Beneficial Interest Outstanding (unlimited shares authorized, par value \$0.001)	\$185,540,615

Net Asset Value, Offering and Redemption Price Per Share	\$10.68
ANALYSIS OF NET ASSETS	
Paid-in Capital	\$176,286,346
Undistributed Net Investment Income	3,592,773
Accumulated Net Realized Gain on Investment and Foreign Currency Transactions	5,716,947
Net Unrealized Depreciation of Investment and Foreign Currency Translations	(55,451)

Net Assets	\$185,540,615

</TABLE>

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

9

THE PIERPONT INTERNATIONAL EQUITY FUND
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995

<TABLE>		
<S>	<C>	<C>
INVESTMENT INCOME ALLOCATED FROM PORTFOLIO		
		\$ 3,301,080
Dividend Income (Net of Foreign Withholding Tax of \$486,186)		678,464
Interest Income (Net of Foreign Withholding Tax of \$17,269)		(1,595,299)
Portfolio Expenses		-----
		2,384,245
Net Investment Income Allocated from Portfolio		

FUND EXPENSES	
Shareholder Servicing Fee	\$ 479,112
Financial and Fund Accounting Services Fee	210,123
Administration Fee	52,698
Transfer Agent Fees	47,126
Fund Services Fee	18,131
Registration Fees	15,800
Printing	15,000
Professional Fees	10,960
Trustees' Fees and Expenses	4,307
Amortization of Organization Expenses	4,177
Miscellaneous	3,805

Total Fund Expenses	861,239
Less: Reimbursement of Expenses	(4,841)

NET FUND EXPENSES	(856,398)

NET INVESTMENT INCOME	1,527,847
NET REALIZED GAIN ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS ALLOCATED FROM PORTFOLIO	6,944,892
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENT AND FOREIGN CURRENCY TRANSLATIONS ALLOCATED FROM PORTFOLIO	(14,139,005)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (5,666,266)

</TABLE>

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

10

THE PIERPONT INTERNATIONAL EQUITY FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	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	\$ 1,527,847	\$ 882,643
Net Realized Gain on Investment and Foreign Currency Transactions Allocated from Portfolio	6,944,892	9,507,607
Net Change in Unrealized Appreciation of Investment and Foreign Currency Translations Allocated from Portfolio	(14,139,005)	(879,392)
	-----	-----
Net Increase (Decrease) in Net Assets Resulting from Operations	(5,666,266)	9,510,858
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net Investment Income	--	(552,097)
Net Realized Gain	(8,815,321)	(3,445,157)
	-----	-----
Total Distributions to Shareholders	(8,815,321)	(3,997,254)
	-----	-----
TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST		
Proceeds from Shares of Beneficial Interest Sold	57,869,316	110,407,632
Reinvestment of Dividends and Distributions	8,519,540	3,815,592
Cost of Shares of Beneficial Interest Redeemed	(76,801,788)	(92,123,499)
	-----	-----

Net Increase (Decrease) from Transactions in Shares of Beneficial Interest	(10,412,932)	22,099,725
Total Increase (Decrease) in Net Assets	(24,894,519)	27,613,329
NET ASSETS		
Beginning of Fiscal Year	210,435,134	182,821,805
End of Fiscal Year (including undistributed net investment income of \$3,592,773 and \$1,374,899, respectively)	\$ 185,540,615	\$ 210,435,134

</TABLE>

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

11

THE PIERPONT INTERNATIONAL EQUITY FUND
FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period are as follows:

<TABLE>
<CAPTION>

	FOR THE FISCAL YEARS ENDED OCTOBER 31,				
	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF FISCAL YEAR	\$ 11.50	\$ 11.15	\$ 8.58	\$ 9.69	\$ 9.33
	-----	-----	-----	-----	-----
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income	0.09	0.05	0.01	0.04	0.11
Net Realized and Unrealized Gain (Loss) on Investment and Foreign Currency Allocated from Portfolio	(0.42)	0.57	2.64	(1.11)	0.42
	-----	-----	-----	-----	-----
Total from Investment Operations	(0.33)	0.62	2.65	(1.07)	0.53
	-----	-----	-----	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net Investment Income	--	(0.04)	(0.08)	(0.04)	(0.05)
Net Realized Gain	(0.49)	(0.23)	--	--	(0.12)
	-----	-----	-----	-----	-----
Total Distributions to Shareholders	(0.49)	(0.27)	(0.08)	(0.04)	(0.17)
	-----	-----	-----	-----	-----
NET ASSET VALUE, END OF FISCAL YEAR	\$ 10.68	\$ 11.50	\$ 11.15	\$ 8.58	\$ 9.69
	-----	-----	-----	-----	-----
Total Return	(2.71)%	5.73%	31.18%	(11.08)%	5.89%
	-----	-----	-----	-----	-----
RATIOS AND SUPPLEMENTAL DATA					
Net Assets at end of Fiscal Year (in thousands)	\$ 185,541	\$ 210,435	\$ 182,822	\$ 41,484	\$ 27,426
Ratios to Average Net Assets					
Expenses	1.28%	1.38%	1.38%	1.38%	1.38%
Net Investment Income	0.80%	0.46%	0.79%	1.03%	1.34%
Decrease reflected in Expense Ratio due to Expense Reimbursement by Morgan	0.00 (a)	0.07%	0.13%	0.45%	0.66%
Portfolio Turnover	--	--	34.15 (b)	30.12%	18.84%

</TABLE>

(a) Less than 0.01%.

(b) 1993 Portfolio Turnover reflects the period November 1, to October 3, 1993. After October 3, 1993, all the Fund's investable assets are invested in The Non-U.S. Equity Portfolio.

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

12

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Pierpont International Equity Fund (the "Fund") is a separate series of The Pierpont Funds, a Massachusetts business trust (the "Trust") which was organized on November 4, 1992. The Trust is registered under the Investment Company Act of 1940, as amended, as a diversified open-end management investment company. The Fund, prior to its tax-free reorganization on October 3, 1993, to a series of the Trust, operated as a stand-alone mutual fund. Costs related to the reorganization were borne by Morgan Guaranty Trust Company of New York ("Morgan"). This report includes periods which preceded the Fund's reorganization and reflects the operations of the predecessor entity.

The Fund invests all of its investable assets in The Non-U.S. Equity Portfolio (the "Portfolio"), a diversified open-end management investment company having the same investment objectives as the Fund. The value of such investment reflects the Fund's proportionate interest in the net assets of the Portfolio (29% at October 31, 1995). The performance of the Fund is directly affected by the performance of the Portfolio. The financial statements of the Portfolio, including the schedule of investments, are included elsewhere in this report and should be read in conjunction with the Fund's financial statements.

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

- a) Valuation of securities by the Portfolio is discussed in Note 1 of the Portfolio's Notes to Financial Statements which are included elsewhere in this report.
- b) The Fund records its share of net investment income, realized and unrealized gain and loss and adjusts its investment in the Portfolio each day. All the net investment income and realized and unrealized gain and loss of the Portfolio is allocated pro rata among the Fund and other investors in the Portfolio at the time of such determination.
- c) Distributions to shareholders of net investment income and net realized capital gains, if any, are declared and paid annually.
- d) Each series of the Trust is treated as a separate entity for federal income tax purposes. The Fund intends to comply with the provisions of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its income, including net realized capital gains, if any, within the prescribed time periods. Accordingly, no provision for federal income or excise tax is necessary.
- e) The costs incurred by the predecessor entity in connection with its organization are being amortized over a period not to exceed 60 months from its commencement of operations.
- f) Expenses incurred by the Trust with respect to any two or more funds in the Trust are allocated in proportion to the net assets of each fund in the Trust, except where allocations of direct expenses to each fund can otherwise be made fairly. Expenses directly attributable to a fund are charged to that fund.
- g) The Fund accounts for and reports distributions to shareholders in accordance with Statement of Position 93-2 "Determination, Disclosure, and Financial Statement Presentation of Income, Capital

13

Gain, and Return of Capital Distributions by Investment Companies". The effect of applying this statement was to decrease Paid-in Capital by \$88,253, decrease Accumulated Net Realized Gain on Investment and Foreign Currency Transactions by \$601,774, and increase Undistributed Net Investment Income by \$690,027. The adjustments are attributable to foreign currency gains and tax treatment of partnership allocations of capital gains and losses. Net investment income, net realized gains and net assets

were not affected by this change.

2. TRANSACTIONS WITH AFFILIATES

- a) The Trust retains Signature Broker-Dealer Services, Inc. ("Signature") to serve as Administrator and Distributor. Signature provides administrative services necessary for the operations of the Fund, furnishes office space and facilities required for conducting the business of the Fund and pays the compensation of the Fund's officers affiliated with Signature. The agreement provides for a fee to be paid to Signature at an annual rate determined by the following schedule: 0.04% of the first \$1 billion of the aggregate average daily net assets of the Trust, as well as the net assets of two other affiliated fund families for which Signature acts as administrator, 0.032% of the next \$2 billion of such net assets, 0.024% of the next \$2 billion of such net assets, and 0.016% 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 Fund. For the fiscal year ended October 31, 1995, Signature's fee for these services amounted to \$52,698.
- b) During the period November 1, 1994, through August 31, 1995, the Trust, on behalf of the Fund, 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 Fund and which was also designed to provide an expense limit for certain expenses of the Fund. This fee was calculated exclusive of the shareholder servicing fee, the fund services fee and amortization of organization expenses at 0.223% of the Fund's average daily net assets up to and including \$100 million and 0.20% of any excess over \$100 million. For the period November 1, 1994, through August 31, 1995, the fee for these services amounted to \$210,123. Effective September 1, 1995, the Services Agreement was terminated and an interim agreement was entered into between the Trust, on behalf of the Fund, 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. In addition, Morgan has agreed to reimburse the Fund to the extent necessary to maintain the total operating expenses of the Fund, including the expenses allocated to the Fund from the Portfolio, at no more than 1.38% of the average daily net assets of the Fund through at least October 31, 1995. For the fiscal year ended October 31, 1995, Morgan has agreed to reimburse the Fund \$4,841 for expenses under this agreement.
- c) The Trust, on behalf of the Fund, has a Shareholder Servicing Agreement with Morgan. The Agreement provides for the Fund to pay Morgan a fee for these services which is computed daily and may be paid monthly at an annual rate of 0.25% of the average daily net assets of the Fund. For the fiscal year ended October 31, 1995, the fee for these services amounted to \$479,112.

14

THE PIERPONT INTERNATIONAL EQUITY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 1995

- d) The Trust, on behalf of the Fund, has a Fund Services Agreement with Pierpont Group, Inc. ("Group") to assist the Trustees in exercising their overall supervisory responsibilities for the Trust's affairs. The Trustees of the Trust represent all the existing shareholders of Group. The Fund's allocated portion of Group's costs in performing its services amounted to \$18,131 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 Fund's allocated portion of the total fees and expenses. Prior to April 1, 1995, the aggregate annual fee paid to each Trustee was \$55,000. 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 Funds Services Fee shown in the financial statements was \$2,300.

3. TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest of one or more series. Transactions in shares of beneficial interest of the Fund were as follows:

	FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995	FOR THE FISCAL YEAR ENDED OCTOBER 31, 1994
<S>	<C>	<C>
Shares sold	5,466,982	9,910,952
Reinvestment of dividends and distributions	822,349	363,389
Shares redeemed	(7,211,273)	(8,371,377)
Net increase (decrease)	(921,942)	1,902,964

15

REPORT OF INDEPENDENT ACCOUNTANTS
To the Trustees and Shareholders of
The Pierpont International Equity Fund

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Pierpont International Equity Fund (one of the series constituting part of the Pierpont Funds, hereafter referred to as the "Fund") 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 financial highlights for each of the three years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund'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 provide a reasonable basis for the opinion expressed above. The financial highlights for each of the two years in the period ended October 31, 1992 were audited by other independent accountants whose report dated December 23, 1992 expressed an unqualified opinion on those statements.

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

16

The Non-U.S. Equity Portfolio
Annual Report October 31, 1995

(The following pages should be read in conjunction with The Pierpont International Equity Fund Annual Financial Statements)

17

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

	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 Alstom (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.

18

THE NON-U.S. EQUITY PORTFOLIO

SCHEDULE OF INVESTMENTS (CONTINUED)

OCTOBER 31, 1995

<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>

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

19

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

<TABLE>

<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE

GERMANY (CONTINUED)		
<S>		
Deutsche Pfandbrief Und Hypotheken Bank (Banking).....	<C> 22,100	<C> \$ 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

</TABLE>

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

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>

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

21

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

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE

JAPAN (CONTINUED)		
<S>	<C>	<C>
Kanematsu Corp. (Wholesale & International Trade Service).....	260,000	\$ 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>

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

22

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

<TABLE>		
<CAPTION>		
SECURITY DESCRIPTION	SHARES	VALUE

JAPAN (CONTINUED)		
<S>		
	<C>	<C>
North Pacific Bank (Banking).....	220,000	\$ 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>

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

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
MALAYSIA (0.9%)		
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
NETHERLANDS (2.1%)		
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
NEW ZEALAND (0.2%)		
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
NORWAY (1.8%)		
<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

SINGAPORE (0.7%)		
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

SPAIN (1.6%)		
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

		10,233,860

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

</TABLE>

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

<TABLE>
<CAPTION>

SECURITY DESCRIPTION	SHARES	VALUE

UNITED KINGDOM (15.7%)		
<S>		
Abbey National PLC (Banking).....	<C> 268,000	<C> \$ 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
Hillsdown 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

SECURITY DESCRIPTION	SHARES	VALUE

<TABLE>		
<CAPTION>		

UNITED KINGDOM (CONTINUED)		
<S>		
Thorn EMI PLC (Appliances & Household Durables).....	<C> 56,800	<C> \$ 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
--	--	-----------

	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

	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

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

SECURITY DESCRIPTION	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

	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

	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

<TABLE>

<CAPTION>

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.....	JPY43,863,473	428,794
Malaysian Ringgit.....	MRY 934,153	367,632
Netherlands Guilder.....	NLG 5,272,006	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	

Total Expenses			(4,344,562)

			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	

Net Change in Unrealized Appreciation (Depreciation)		(27,987,331)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ (5,989,450)

</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	FOR THE FISCAL
		YEAR ENDED	YEAR ENDED
		OCTOBER 31, 1995	OCTOBER 31, 1994
		-----	-----
<S>	<C>	<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
		-----	-----
		-----	-----

</TABLE>

SUPPLEMENTARY DATA

<TABLE>
<CAPTION>

		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
RATIOS TO AVERAGE NET ASSETS				OCTOBER 31, 1993
		-----	-----	-----
<S>	<C>	<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)

-
- (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

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
<S>	<C>	<C>	<C>
Japanese Yen, 7,900,714,279, expiring 01/30/96	\$ 80,210,297	\$ 78,359,990	\$ 1,850,307

</TABLE>

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

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

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

37

THE PIERPONT INTERNATIONAL EQUITY FUND

THE PIERPONT MONEY MARKET FUND
THE PIERPONT TAX EXEMPT MONEY MARKET FUND
THE PIERPONT TREASURY MONEY MARKET FUND
THE PIERPONT SHORT TERM BOND FUND
THE PIERPONT BOND FUND
THE PIERPONT TAX EXEMPT BOND FUND
THE PIERPONT NEW YORK TOTAL RETURN BOND FUND
THE PIERPONT DIVERSIFIED FUND
THE PIERPONT EQUITY FUND
THE PIERPONT CAPITAL APPRECIATION FUND
THE PIERPONT INTERNATIONAL EQUITY FUND
THE PIERPONT EMERGING MARKETS EQUITY FUND

FOR MORE INFORMATION ON HOW THE PIERPONT FAMILY OF FUNDS CAN HELP YOU PLAN FOR YOUR FUTURE, CALL J.P. MORGAN FUNDS SERVICES AT (800) 521-5411.

ANNUAL REPORT
OCTOBER 31, 1995