Philippe

INVESTMENT MANAGEMENT

QUARTERLY NEWS



INSIDE THIS ISSUE

Focus on our Strategies

Spotlight

Garnett Keith, Chairman and CEO of SeaBridge Investment Advisors; Director, Philippe Investment Management.

Mr. Keith is sub-advisor for PIM Yield Growth portfolios and Philippe Global Growth & Income Opportunity LLC

Stormy Weather over Wall Street

The first quarter of 2008 felt like a tornado tearing up markets around the globe. We had written in previous comments about problems lurking and had anticipated that markets would be weak early in 2008, but we certainly did not foresee the severity of the storm.

There were three villains in the script for the first quarter.

First, the fallout from unwise lending in the residential mortgage markets during the 2003-2006 period of very low interest rates has been widely reported. It will take several years for the over-built housing markets to stabilize and some form of government intervention is likely in an attempt to accelerate the return to housing stability.

Second, for a decade American consumers have been buying vigorously, funded by credit card borrowing, and periodically repaying those debts by borrowing against the rising equity values of their homes. With the 10% year-over-year drop in home values, the consumer's piggy bank is broken, and a sharp reduction in consumer spending is upon us which will reverberate through the economy for several years. There is still a debate about whether we will have a "near recession" or a "near depression." Only history will put the precise label on what we are going throughout, but even government officials are talking "recession." So rather than arguing about labels, let us focus on how long and how deep the current adjustment will be.

The third and major villain, which devastated Wall Street in the past quarter, was leverage – the borrowing of money to carry investments in a rising market. Everyone knew that leverage in banks, brokers and hedge funds had increased since 2002, but few understood just how large it had become. This was because banks and other financial players had found devious ways to increase "off-balance-sheet" leverage; i.e., how to indirectly increase borrowings with vehicles not obvious on official statements visible to regulators, or on general financial reports.

So when asset prices began dropping, capital was destroyed at a rate much faster than anyone anticipated. If a bank is leveraged 10 to 1, ten dollars of capital are destroyed for every dollar of asset price decline -- a 2% drop in asset prices results in a 20% destruction of capital. This increases the leverage from 10 to 1 to 12.2 to 1 and forces more sales of assets which, in a market with no buyers, causes further asset price drops. The cascading loss of capital, coupled with questionable, un-salable assets, raises doubts about the viability of the leveraged institutions in the financial marketplace. Concerned about their own viability, banks stop making new loans, and the whole economy slows rapidly.

This is the tornado the Fed and Treasury are trying to reverse. Housing, consumer and financial stocks absorbed the worst of the devastation as the sub-prime mortgage problems froze the financial markets and spread to consumer confidence and spending. Unfortunately, the good went down with the bad. Companies with higher-yielding portfolios, backed by commercial real estate and government-guaranteed mortgages, or the "best in class" credit underwriters, where management did their jobs well during the quarter, also dropped like stones. Hedge funds shorted heavily anything having to do with leveraged real estate debt. We believe several of these companies, such as **Annaly** and **IStar**, are extremely attractive at current prices. However, we simply do not know how bad the real estate markets in the U.S. will become before they turn better, and whether leveraged portfolios will be viable in the post-crisis world.

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CONTACT INFORMATION

If you would like further information about Philippe Group, our products or people, or would like to comment on the *Spotlight,* please let us know.

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PHILIPPE INTERNATIONAL OPPORTUNITIES

Portfolio Managers' Commentary

The financial crisis worsened in early March, but monetary authorities around the world worked together to avoid the worst from happening. Bear Stearns' bailout by JP Morgan reassured the market that, if need be, the authorities are willing to buy banks' illiquid assets. This happened in 1989 when the Resolution Trust Corporation was created to liquidate the assets of U.S. savings and loan associations, which had imprudently relaxed their lending criteria to enjoy the real estate boom of the 1980's.

Reacting to the bailout of Bear Stearns, European and Asian markets rallied toward the end of March but, nonetheless, posted a negative return for the quarter, although not as negative as did the U.S. markets.

The U.S. dollar suffered from rate cuts while the ECB kept its rates stable, driving the dollar 7.7% lower against the euro. The U.S. currency depreciated by 10.9% vs. the yen, but remained stable vs. the British pound.

Banks and Specialty Finance stocks, as well as Technology shares, were strong underperformers. Defensive stocks in sectors such as Food and Beverage, and Healthcare were bought across all regions and outperformed the overall market. Even after profit taking at the end of March, mining and oil and gas stocks outperformed the market. Studies show that the correlation between raw materials prices, on the one hand, and inflation, or the parity of the U.S. dollar, on the other, is not stable overtime. However, during stressed periods of a very weak dollar or inflation fears, people buy raw materials as a hedge and this occurred over the quarter.

We armed ourselves with patience and kept the cash level at around 8% during the period. We took advantage of price declines to take new positions in very strong companies which generally we have found too expensive. These include: **Fanuc**, **Olympus**, **LVMH** and **SWATCH**, stocks with strong competitive advantages that should continue to create value for many years. We financed these new positions by selling defensive companies that we consider fully valued such as **Coca Cola Femsa** and **Coca Cola Hellenic Bottling**. We like the fundamentals of these strong franchises, but we think the market is over-paying to be defensive today. We also eliminated positions in Japan. With petroleum at more than $100 per barrel, we diversified our energy exposure by reducing positions in **Total** and **Woodside Petroleum**, and increasing the exposure to gas stocks, including **Oil Search** and **Gasprom.**

In February, it seemed the financial crisis was out of control and was about to swallow up the whole real economy in a flood, like water when a dam gives way. However, by the end of March, the crisis seemed somewhat contained and the damage should not extend further. The March quarterly reporting season, in the U.S. and elsewhere in the world, will shed more light on the actual consequences on the economy. Now that systemic risk has been discarded, markets can resume rational analysis. We are poised to seize the investment opportunities which will arise in the coming weeks.

International Equity Management Team

	Years Experience
Michel Raud, *Co-CIO, Lead Portfolio Manager*	35
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37
Eric Fourrier, *Associate Portfolio Manager & Analyst*	7

Top Ten Holdings as of 03/31/08

SUEZ :	3.8 %
VINCI :	3.3 %
TELEFONICA SA :	3.1 %
BHP BILLITON LTD :	2.9 %
THALES :	2.9 %
SCHINDLER PTG CERT :	2.8 %
LINDE :	2.7 %
NESTLE SA :	2.6 %
DASSAULT SYSTEMES :	2.5 %
INBEV :	2.5 %

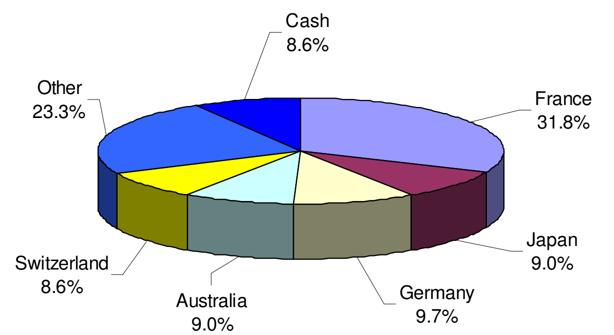
Source GPMS

Characteristics as of 03/31/08

	Philippe	FT World x US
Weighted Avg Market Cap	$ 60,370 MM	$ 56,919 MM
Median Market Cap	$ 22,661 MM	$ 5,724 MM
Holdings	47	1,344
Product Assets	$ 30 MM	

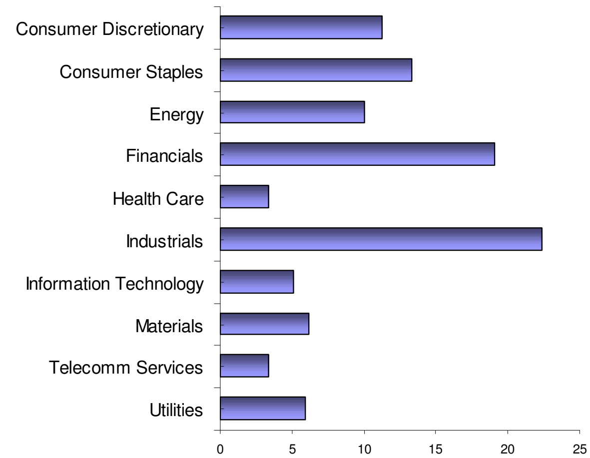
Source Datastream and Wilshire

Geographical Breakdown as of 03/31/08



Source GPMS

Sector Breakdown as of 03/31/08



Source GPMS

Composite Performance as of 03/31/08

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	(6.60)	(8.91)	(8.16)
1 year	4.40	(2.70)	1.91
3 years	13.96	13.30	14.34
5 years	18.70	21.38	19.78
Since Inception	4.06	6.67	5.14

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: January 1, 2001.
Please see Performance Disclosure.

Source GPMS

PHILIPPE EUROPE SMALL AND MID CAP

Portfolio Managers' Commentary

The financial sector continued to deteriorate from the impact of the liquidity difficulties, arising largely from the unwillingness of financial institutions to operate normally in the Interbank market. The risk of medium-term inflation and a further decline of the dollar added to investors' concerns.

Fortunately, the industrial sector remains active, although increasingly cautious. Recent statistics for manufacturing output, and new orders in Germany and the U.K., have been surprisingly strong. Pricing also seems robust and employment figures in Europe are still improving and are the strongest in a decade.

With the exception of clothing and autos, the consumer is maintaining expenditures. This should not be surprising given the low personal debt levels and limited housing issues existing in Europe, with the exception of the U.K. The rising cost of living is more of a worry to consumers.

Our market outlook continues to try to balance the relatively positive real economic factors against the potentially negative financial issues. The need for serious de-leveraging of the Anglo-Saxon economies will be painful and extended. However, the reaction to recent bad news seems to indicate a greater acceptance of reality. The available funds, after the redemptions/sales over the past three to four months leave the potential for a strong positive rally.

While the first leg of a rally may be in the large index stocks, the experience of the last nine months would indicate that specific stock selection will become more important. In an environment in which fear is uppermost, there have been no hiding places in financial assets and large stocks have not outperformed. We definitely are not calling any "bottoms", but we strongly believe that, with a two- to three-year viewpoint, we are developing the pre-conditions for a major upward move.

Detractors

Group Vial (France, joinery retailer): Management seized an opportunity to accelerate the branch opening plan at the expense of short-term profitability. We expect to see signs of this recent investment making a positive contribution in the coming quarter.

RNB (Sweden, clothing retail): The company reported profits lower than we expected. We recognized the flaw in our investment case and sold the shares.

Contributors

KSK (U.K., power plant developer): The investment by **GE** at the end of last year has brought attention to the fundamental attractions of the stock and a re-rating continues.

Aarhuskarlshamn (Sweden, specialty fats manufacturer): The stock continued to recover after the damage from the fire at a plant last year was less than feared.

We sold **Dart**, the low cost U.K. airline. The company's plan to build out a regional franchise in the north of England ran into stiff competition and was unsuccessful . We initiated a position in **Eriks** (Netherlands), a distributor of products that support the maintenance and repair of production machinery. We believe the maintenance of machinery is a priority, except in the most severe and long-lasting recessions and they have a strong position across Europe giving the business economies of scale.

Europe Small & Mid Cap Management Team

	Years Experience
Consuelo Brooke, *Lead Portfolio Manager*	39
Gariesh Sharma, *Co-Portfolio Manager & Analyst*	11
Johann Ropers, *Associate Portfolio Manager & Analyst*	7

Top Ten Holdings as of 03/31/08

KSK POWER VENTUR	4.20%
VOPAK	4.12%
MAY GURNEY INTEGRATE	4.01%
AARHUSKARLSHAMN	3.14%
FUCHS PETROLUB AG NOI	3.04%
HEALTHCARE LOCUMS	2.94%
ST GALLER KTBK	2.94%
FUGRO NV	2.86%
RHOEN KLINIKUM AG	2.69%
MATCHTECH GROUP	2.68%

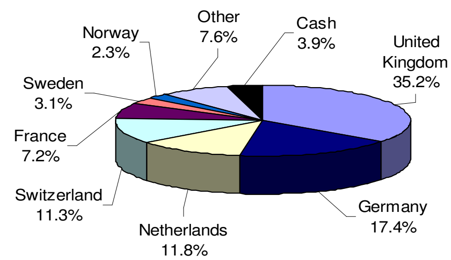
Source GPMS

Characteristics as of 03/31/08

	Philippe	S&P Citigroup Europe EMI
Weighted Avg Market Cap	**$ 1,534 MM**	$ 5,949 MM
Median Market Cap	**$ 604 MM**	$ 768 MM
Holdings	**55**	1,961
Product Assets	**$ 176 MM**	

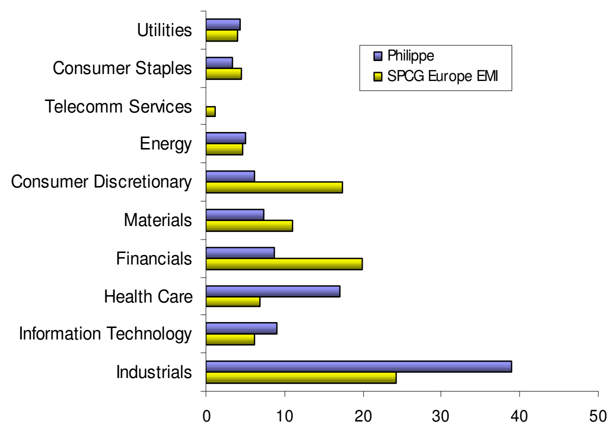
Source Datastream

Geographical Breakdown as of 03/31/08



Source GPMS

Sector Breakdown as of 03/31/08



Source GPMS

Composite Performance as of 03/31/08

	Philippe Return (Gross)	S&P Citigroup Europe EMI	DJ Stoxx Small 200	MSCI Europe
Quarter	(1.98)	(5.46)	(4.27)	(8.62)
1 year	(4.96)	(7.02)	(4.31)	0.18
3 years	15.01	18.05	18.88	14.85
5 years	27.79	29.54	30.34	22.91
Since Inception	24.79	26.46	28.10	20.78

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: October 1, 2002.
Please see Performance Disclosure.

Source GPMS

Philippe

PHILIPPE U.S.

Portfolio Managers' Commentary

During the quarter, as the Fed took aggressive actions to address the credit crisis and the illiquidity in the financial markets, the financial outlook for the U.S consumer continued to worsen; a lack of job creation, erosion in consumer confidence, the negative wealth impact of housing price deflation and higher prices at the pumps and in supermarket aisles. When Wal-mart is turning heads in the Wall Street community for delivering impressive monthly numbers and a relative market out-performance of 20% in the quarter, it is more likely than not that the U.S. consumer is in a recessionary mindset. Some consumer stress should be relieved by the upcoming tax rebates, the unveiling of a plan to address the housing foreclosures and price declines and additional Fed easing.

Aside from the financials, we believe that the balance sheets of corporates are in better shape than those of the overextended consumer. Compared to previous markets, the corporates have more cash on hand, with lower leverage. In addition, there has not been an overinvestment in capacity and employment, and the weak dollar should continue to provide strong growth in exports.

Portfolio Actions

We did not foresee that the impact of the credit crisis and de-leveraging would lead to widening spreads in government-backed mortgage paper, which resulted in a harsh decline of **Annaly**'s share price. With the Fed taking aggressive and innovative actions to address the liquidity crisis, we are confident that Annaly will be able to weather the short-term havoc in the agency market. Annaly remains one of our larger holdings.

We also took the opportunity to exit or trim some of our positions in the healthcare equipment sector, a space to which investors have flocked for protection in this market turmoil. We sold our positions in **Invitrogen** and **Covance** after these stocks reached multiples that, in our opinion, were not reflective of fundamentals. We trimmed our position in **Charles River**, but still believe that its investment in toxicology capacity will continue to pay off. We took a new position in **Millipore**, a leader in purification and filtration products to life science companies. The volatility in the markets have given us opportunities to add to our positions in **PetSmart**, **Cisco**, and **Terex**, three companies that we believe are very well positioned in their respective industries and are selling at low valuations with excellent growth opportunities.

We ended the quarter with approximately 14% cash reserves and look forward to deploying the cash in the following areas; global growth companies selling at reasonable valuations and domestic companies with steady growth that is not reliant on the economic cycle.

U.S. Equity Management Team

	Years Experience
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37
Howard Chin, *Associate Portfolio Manager & Analyst*	11
John Conti, Sub-Advisor; SeaBridge Investment Advisors	25

Characteristics as of 03/31/08

	Philippe	S&P 500 (Gross)
Weighted Avg Market Cap	$ 46,583 MM	$ 96,628 MM
Median Market Cap	$ 7,146 MM	$ 11,286 MM
Holdings	48	500
Product Assets	$ 104 MM	

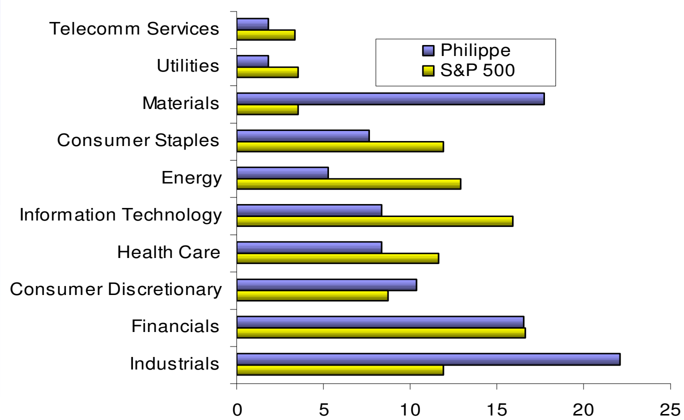
Source Datastream

Top Ten Holdings as of 03/31/08

COCA-COLA FEMSA	2.96%
FREEPORT-MCMOR C&G	2.63%
THERMO FISHER	2.59%
TEREX CORP COM USD0.0	2.57%
GENERAL ELECTRIC CO	2.55%
RPM INTERNATIONAL COM	2.45%
WESTERN UNION COMP CO	2.42%
PENTAIR INC COM	2.40%
ACTUANT CORP	2.40%
EXXON MOBIL CORP	2.32%

Source GPMS

Sector Breakdown as of 03/31/08



Source GPMS

Composite Performance as of 03/31/08

	Philippe Return	S&P500	Russell 1000
Quarter	(3.30)	(9.44)	(9.48)
1 year	10.51	(5.08)	(5.40)
3 years	9.91	5.85	6.19
5 years	12.37	11.31	11.85
Since Inception	4.58	2.01	2.51

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: February 1, 1999.
Please see Performance Disclosure. *Source GPMS*

PHILIPPE GLOBAL GROWTH & INCOME OPPORTUNITIES

Portfolio Managers' Commentary

March, and the first quarter, proved to be among the most difficult in our history. In the "Spotlight" article, we comment on the "tornado" of the first quarter. However, we believe we are now looking at a market with significant values.

The portfolio, as we enter the second quarter, can be divided into three parts:

- Defensive income positions that include significant allocations to cash (15%), secured debt (12%) and defensive stocks with high yields (6%).
- Large global growth companies with good growth from international sources (34%)
- Smaller companies supplying services and natural resources where demand will increase with rising incomes in emerging markets (33%)

The forces driving past and future performance of these three segments of the markets are quite different. The cash and defensive debt positions should do well in a slowdown or recession. We have confidence that the Fed can ease the liquidity crisis over time, and we believe that current values in defensive debt securities offer an unusual opportunity. We are, therefore, shifting cash to "secured debt at a discount" as we find attractive securities trading at depressed values with high odds of future price increases, as well as good yields.

The large international growth stock sector continues to have good prospects as business fundamentals have held up well. We still like these stocks, but with global economies slowing, their earnings forecasts are subject to downward revision.

The final segment of the portfolio is invested in emerging market growth companies, with a tilt toward domestic consumption. The group has been hit harder than we foresaw as emerging market funds have pulled back sharply and stock prices have dropped even where business growth is robust. It is hard to predict shorter-term performance of this sector, but long-term we believe the fundamentals are attractive. We expect to see earnings growth of roughly 20% and a multiple of roughly 14 times in a composite of these stocks.

So while there are no guarantees, as the U.S. slides into a recession, the portfolio is tilted elsewhere, and we believe that the compounding rate on our holdings is very attractive over an intermediate time horizon.

In the quarter, our Asian holdings disappointed; however, we continue to like companies leveraged to domestic consumption and companies such as **Shenzhen**, **Jiangsu** and **Sichuan** that collect the tolls from the increasing car and truck traffic in China and benefit from the RMB appreciation.

Annaly and **IStar** had huge declines, victims of the real estate debt crisis although not exposed to sub-prime lending. Both increased their dividend and, we believe both are extremely attractive at current levels.

The portfolios benefited from three positions in Mexico/Latin America, **America Movel**, **Coca Cola Femsa** and **Wal-mart de Mexico**. Each possess dominant franchises with a capacity to grow. Our global "GARP" companies, **McDonalds**, **Coca-Cola**, **GE** and **IBM** also held up well as they continue to benefit from international growth.

Global Growth and Income Opportunities Management Team

	Years Experience
Béatrice Philippe, *Co-CIO*	37
Garnett Keith, *Lead Portfolio Manager, Advisor*	40
Howard Chin, *Associate Portfolio Manager & Analyst*	11
John Conti, *Advisor*	25
David Descalzi, *Advisor*	19

Top Ten Holdings as of 03/31/08

ANNALY CAPITAL MAN	3.6 %
GENERAL ELECTRIC CO COMMON	2.6 %
PHILIP MORRIS INTL COM STK NPV	2.5 %
NAT BANK OF GREECE	2.4 %
RAYTHEON CO COM USD0.01	2.3 %
AMERICA MOVIL SA ADR SHS LNPV	2.2 %
ISTAR FINANCIAL	2.1 %
TEXTRON INC COM USD0.125	1.9 %
COCA-COLA FEMSA S ADS REP 10 COM	1.9 %
DIAMOND OFFSHORE COM USD0.01	1.8 %

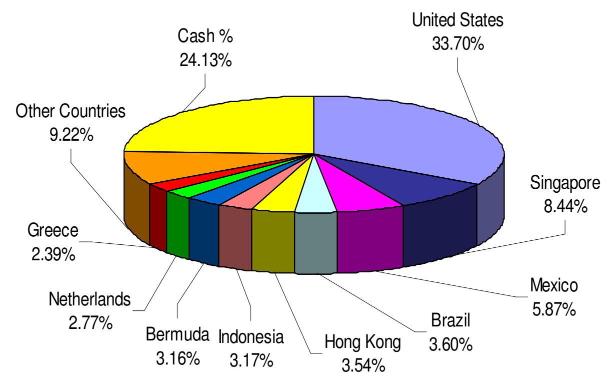
Source GPMS

Characteristics as of 03/31/08

Weighted Avg Market Cap	**$ 44,804 MM**
Median Market Cap	**$ 7,398 MM**
Dividend Yield	**3.7**
Price/Book	**3.8**
Holdings	**56**
Product Assets	**$161 million**

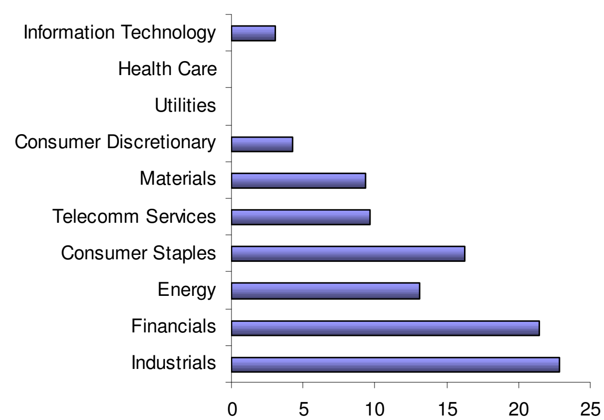
Source: Wilshire

Geographical Breakdown as of 03/31/08



Source GPMS

Sector Breakdown as of 03/31/08



Source GPMS

Composite Performance as of 03/31/08

	Philippe Return (Gross)	Merrill Lynch Global Broad	MSCI World
Quarter	**(11.10)**	**0.92**	**(9.06)**
Since Inception	**(2.08)**	**5.40**	**(3.24)**

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: April 2, 2007
Please see Performance Disclosure

Source: GPMS

Philippe

PHILIPPE GLOBAL OPPORTUNITIES

Portfolio Managers' Commentary

The financial crisis worsened in early March, but monetary authorities around the world worked together to avoid the worst from happening. The bailout of Bear Stearns by JP Morgan reassured the market that, if need be, the authorities are willing to buy the banks' illiquid assets. This happened in 1989 when the Resolution Trust Corporation was created to liquidate the assets of U.S. savings and loan associations, which had imprudently relaxed their lending criteria to enjoy the real estate boom of the 1980's.

Reacting to Bear Stearns' bailout, European and Asian markets rallied toward the end of March but nonetheless posted a negative return for the quarter.

The U.S. dollar suffered from rate cuts while the ECB kept its rates stable, driving the dollar 7.7% lower against the euro. The U.S. currency depreciated by 10.9% vs. the yen, but remained stable as compared to the British pound.

Banks and Specialty Finance stocks, as well as Technology shares were strong underperformers. Defensive stocks in sectors such as Food and Beverage and Healthcare, were bought across all regions and outperformed the overall market.

Philippe Global Opportunities out-performed its benchmark although it could not escape the overall downward trend. We raised cash in early February to about 10% and took advantage of price declines to take new positions in very strong companies which generally we have found too expensive. These include: **Cisco**, **Schlumberger**, **Fanuc**, **Olympus**, **LVMH** and **SWATCH**, stocks with strong competitive advantages that should continue to create value for many years. We financed these new positions by selling defensive companies that we felt had become fully valued, such as **Coca Cola Femsa**, **Coca Cola Hellenic Bottling** and **Inbev**. We like the fundamentals of these strong franchises, but we think the market is over-paying to be defensive today. With petroleum at more than $100 per barrel, we diversified our energy exposure by reducing positions in **Total** and **Exxon**, and increasing the exposure to gas stocks, including **Oil Search** and **Gasprom** which we expect to benefit from the convergence of the price of gas toward the price of petroleum.

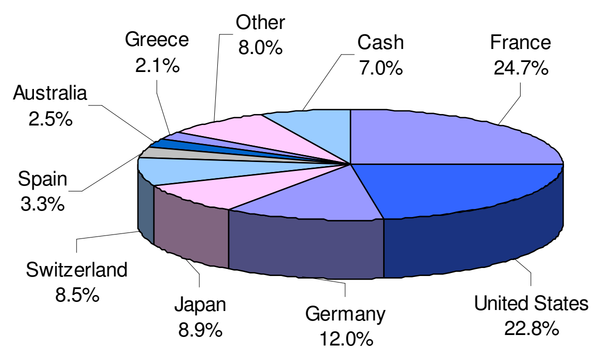
In February, it seemed the financial crisis was out of control and was about to swallow up the real economy in a flood, like water when a dam gives way. However, by the end of March, the crisis seemed somewhat contained and the damage should not extend further. The March quarterly reporting season in the U.S. and elsewhere in the world will shed more light on the actual consequences on the economy. Now that systemic risk has been discarded, markets can resume rational analysis. We are poised to seize the investment opportunities which will arise in the coming weeks.

Characteristics as of 03/31/08

	Philippe	FTSE All World Developed
Weighted Avg Market Cap	$ 48,288 MM	$ 73,540 MM
Median Market Cap	$ 21,721 MM	$ 6,479 MM
Holdings	47	2,012
Product Assets	$ 14 MM	

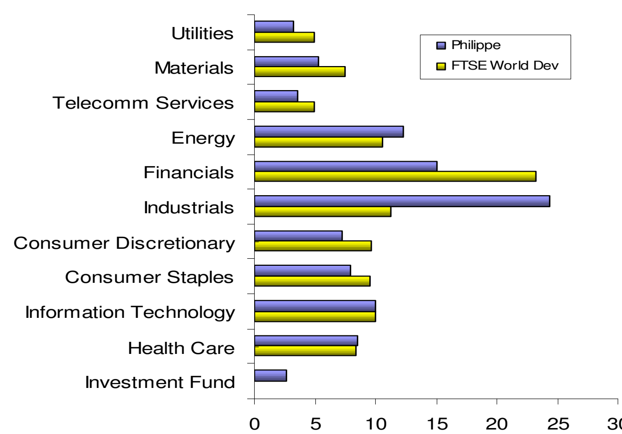
Source Wilshire

Geographical Breakdown as of 03/31/08



Source GPMS

Sector Breakdown as of 03/31/08



Source GPMS

Global Opportunities Equity Management Team

	Years Experience
Michel Raud, *Co-CIO, Lead Portfolio Manager*	35
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37
Howard Chin, *Associate Portfolio Manager & Analyst*	11
Eric Fourrier, *Associate Portfolio Manager & Analyst*	7

Top Ten Holdings as of 03/31/08

TELEFONICA SA	3.3%
XTO ENERGY INC	3.2%
LINDE	3.2%
THERMO FISHER	3.1%
NESTLE SA	3.0%
SUEZ	3.0%
VINCI	3.0%
GROUPE STERIA	2.6%
CISCO SYSTEMS INC	2.6%
THALES	2.5%

Source GPMS

Composite Performance as of 03/31/08

	Philippe Return (Gross)	FTSE A.W. Dev.
Quarter	(7.01)	(9.60)
1 year	3.81	(4.58)
3 years	11.73	8.09
Since Inception	11.39	9.08

Returns are gross of fees. Periods greater than one year are annualized. Inception date: May 31, 2004.
Please see Performance Disclosure.

Source: GPMS

Philippe

SPOTLIGHT

Another area of major disappointment this quarter was Asia, especially stocks listed in Hong Kong. Even though growth in Asia continues undiminished, the Hong Kong market sold off roughly twice as sharply as the U.S. market. If one assumes that China's growth slows a bit but continues at a pace of eight per cent a year or better, Asian companies appear to be extraordinary bargains. On a recent trip to Hong Kong, I heard a knowledgeable businessman estimate that China will grow between seven and eleven percent in 2008. His estimates: 5% growth in domestic spending, 2% growth from foreign direct investment and 2% growth from government infrastructure building, or a 9% rate of growth. The swing factor is the growth of exports which can range from plus to minus 2%, depending on what happens in the U.S. and Western Europe. In the worst case, we believe China can grow about five times as fast as the most optimistic estimates for the U.S. in 2008-09. Yet the market is down twice as much and trading at what we consider cheap valuations.

Stock price declines were not limited to mortgages and Asia, of course, and almost everywhere we look we find stock values to be the best they have been in five years. However, newspaper headlines scream about the liquidity crisis in Wall Street, and until Fed Chairman Bernanke and Congress find ways to stabilize house price declines, stocks are not likely to recover substantially.

I remain hopeful that, with government actions on housing, the markets will stabilize and begin to recover in the second half of the year; however, the next quarter will probably be choppy as hopes for a bottom in house prices rise and fall. Happily, the world continues to grow, with Asia leading the way. As we focus portfolios for the rest of 2008, we are keeping a sharp eye on companies that should benefit from foreign growth and have relatively less exposure to a recession in the U.S.

Please stay tuned for more updates on the stormy U.S. economy and what the future may look like.

Garnett L. Keith
April 4, 2008

FIRM NEWS

- **Garnett Keith** will be the featured speaker at the upcoming **SRI Private Family Offices** conference on May 14/15. His topic will be "A Global Macro Perspective on Asset Allocation".

- **Philippe America Fund:** We are pleased to announce that we will soon introduce a new Dublin off-shore vehicle with U.K. distributor status shares. This fund will be managed in the same style as the current PIM America FCP.

- **New Redesigned Web Site:** Please visit www.Philippe-Group.com. We have redesigned and simplified the site and it contains information on all our investment strategies, for both our North American and European clients.

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PERFORMANCE DISCLOSURE

AIMR Compliance

We are in compliance with the composite construction requirements of the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®) and the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). Our policies and procedures are designed to calculate and present performance results in compliance with AIMR-PPS® and the U.S. and Canadian version of GIPS®. Our compliance was audited *firmwide* from January 1, 1989 through December 31, 2001.

Composite Descriptions

The Philippe International Opportunities composite includes a commingled fund (LLC), suitable for U.S.-based, high-net-worth individuals and endowment/foundation clients. The minimum investment in the LLC is $250,000. The minimum time frame recommended for investment in the LLC is two years. The LLC is officially valued each month at month-end. Further information on the LLC is available in our *Confidential Memorandum*, which can be obtained from Philippe Investment Management. The benchmark for the composite is the MSCI EAFE, net. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and the composite is *Reuters*. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage is not used in this composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. There is one portfolio in the composite. Composite assets at year-end 2007 were $31 million.

The **Philippe European Small and Mid Cap Equity composite** includes all fully discretionary institutional European Small & Mid Cap equity accounts with minimum assets of $2 million. The benchmark is the S&P Citigroup Europe EMI. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and composite is Reuters. All returns are translated into U.S. dollars. The composite is asset weighted, computed monthly, based on time-weighted returns, gross of fees, including income and cash equivalents. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage is not used in this composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. There are four portfolios in the composite. Composite assets at year-end 2007 were $205 million.

The **Philippe U.S. Equity composite** includes one fully discretionary U.S. equity account with assets over $15 million. The account is a euro-denominated European FCP (a French mutual fund) with assets over $15 million. The benchmark is the Standard & Poor's 500 Index. All returns are translated into U.S. dollars. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income and all cash equivalents. (Although the FCP product is not available to U.S. investors, the track record, translated into U.S.D, is representative of our results for a U.S. investor. The FCP product's strategy may include a currency hedge from time to time. The hedge is not included in the gross of fee returns which are part of the composite.) Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV. Accounts are included from the first full month under management. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Past performance is not indicative of future results. There is one portfolio in the composite. Composite assets at year-end 2007 were $25 million.

The Philippe Global Growth & Income Opportunity LLC is a commingled fund suitable for high-net-worth individuals and endowment/foundation clients. The minimum time frame recommended for investment is two years. The Fund is officially valued every month. Performance shown is for original investors in the Fund. Performance is calculated net of management fees, custody fees and transaction costs. The annual management fee is 1.00%, calculated and paid quarterly. Past performance is not necessarily indicative of future performance. For further information, please see the Confidential Memorandum, which can be obtained from Philippe Investment Management, Inc. Assets in The Philippe Fund Global Growth & Income Opportunity, LLC at year-end 2007 were $12 million.

Philippe Global Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (French mutual fund) with assets over $10 million. The benchmark is the FTSE All World Developed Index. All returns are translated into U.S. dollars. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income and all cash equivalents. (Although the FCP product is not available to U.S. investors, the track record, translated into U.S.D, is representative of our results for a U.S. investor.) Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Past performance is not indicative of future results. There is one portfolio in the composite. Composite assets at year-end 2007 were $15 million.

Philippe Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®)

A complete list and description of Philippe Investment Management, Inc.'s composites are available on request.

www.Philippe-Group.com