

QUARTERLY NEWS



Spotlight

The Philippe Story: Three Generations and the Oldest Registered Global Fund in Continental Europe.

The Philippe Group has been retained as Investment Manager of *PAN-HOLDING (SICAV)*, the oldest global fund in Continental Europe, with assets of \$214 million as of Sept. 30, 2008.

Union Internationale de Placement was founded in 1931 by Raymond Philippe, the grandfather of Béatrice Philippe, President and Co-CIO of the Philippe group.

Raymond Philippe left his position as a senior partner and currency specialist at Lazard Frères in 1930 to set up a global investment fund. He created a Luxembourg holding company for the fund and established research offices in Paris and New York. The fund originally invested in up to 17 countries in Europe, the Americas and the British Commonwealth countries, an unusual strategy at that time.

Mr. Philippe was a pioneer in global investing and believed investing world-wide was necessary to gain diversification and enhance returns.

In 1938, as events in Europe were taking an ominous turn, bringing fears of an invasion of Luxembourg, Mr. Philippe gained permission from the fund's shareholders to move the assets to Panama and rename the fund Pan-Holding. With this far-sighted move, the shareholder assets were sheltered during the Second World War.

Raymond Philippe, however, stayed in France to be closer to his family, especially his son who was an officer in the French army. The staff in the firm's New York office managed the fund, adhering to the philosophy and investment approach laid out by Mr. Philippe. Earlier in his career, Mr. Philippe had gained renown as an advisor to the French Ministry of Finance. During the Vichy occupation in France, his vociferous disapproval of the Vichy Government landed him in a Vichy prison where he died of mistreatment in 1943 at age 53. After the war ended, the management of the fund was assumed by his son, Pierre Philippe, who himself had been a prisoner-of-war in Germany for 5 years. After escaping from four prisoner-of-war camps, Pierre was re-captured and put in Colditz, a high-security prison near Leipzig, where he managed to escape again but was re-captured. Fortunately the war soon came to an end and Pierre returned to Paris and took over his father's business, eventually repatriating the assets of Pan-Holding to Luxembourg. Pierre Philippe continued to maintain the Philippe offices in Paris and New York and went on to become internationally known as an astute investment manager.

Béatrice Philippe joined the company in 1973 and, with her brother Alain, managed Pan-Holding, alongside their father. Béatrice was instrumental in forming Philippe Investment Management and expanding the New York office in 1982 to manage U.S. institutional assets. In 1986 Pierre died and in 1988, Michel Raud, a long-time business associate of both Béatrice and her father, joined the company as a senior portfolio manager. In 1998, Béatrice and Michel formed PIM Gestion France, an affiliate of Philippe Investment Management. SAEF Gestion in Paris managed Pan-Holding until August of this year when a majority of shareholders and a new Board voted to return the mandate to the Philippe Group.

Members of the Philippe family remain shareholders of Pan-Holding.

Pan-Holding will be managed with the same strategy and philosophy as Philippe Global Opportunities. Philippe Global is co-managed by Béatrice Philippe and Michel Raud. *(please see page 6 for information on Philippe Global Opportunities)*

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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

Beginning in mid-July, commodity prices entered a correction phase, especially oil prices, which had been long anticipated in light of the numerous signs of an economic slowdown. Although lower raw material prices are good news for consumers' purchasing power and enable central banks to turn more accommodative, the rapid trend reversal in commodities mostly reflects the sharp deterioration in leading indicators across the world, especially in Europe where several economies are already in recession mode.

It also became clear that the credit crisis was threatening the whole U.S. financial system, which led the Bush administration to create a large-scale stabilization program to help banks get rid of their toxic assets and restore confidence in the interbank market. In Europe, government responses were either coordinated (**Fortis** and **Dexia's** bailout) or unilateral, as in the U.K. or Ireland.

In this context, volatility rose sharply and stock markets collapsed at the end of the quarter, bringing losses to 20.6% for the MSCI EAFE index, with both Europe and Asia down 20%. Within each region, countries in which financial sector stocks or commodities are among the largest index constituents, recorded heavy losses. In Europe; Austria, Ireland and Norway tumbled 40% while in Asia, Australia dropped 27%.

Our non-U.S. portfolios did slightly better than the index and benefited from the rebound in U.S. dollar-sensitive stocks, as the euro weakened. The portfolio suffered from its exposure to oil & gas and industrial commodities and from emerging country-related investments such as **FLSmidth** (cement plants) and **Bank of Cyprus**.

During the quarter, we sold our position in the Japanese auto parts maker **Denso** and we increased our exposure to defensive industries with healthcare providers, **Roche** and **Bayer**. We also started to add to our oil and gas holdings, although perhaps too early in the correction phase. Overall, we maintained the cash level at around 10%.

Looking to the future, we believe normalization will take time, but now that systemic risk appears to be under control and valuations are low, markets should recover. Lower spreads on credit should indicate that the world banking system is climbing back to normal and will serve as a catalyst for a market rebound. On the fundamental side, consensus estimates for 2009 seem too generous and we expect downward revisions. In this transition phase, we will focus on the most predictable sectors and on what we view as the safest stocks.

International Equity Management Team

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

Top Ten Holdings as of 09/30/08

TELEFONICA SA :	3.9 %
DAIWA AM TOPIX BANKS :	3.6 %
GDF SUEZ :	3.4 %
DASSAULT SYSTEMES :	2.8 %
NESTLE SA :	2.7 %
THALES :	2.7 %
VINCI :	2.6 %
INBEV :	2.6 %
ENCANA CORP :	2.5 %
LINDE :	2.5 %

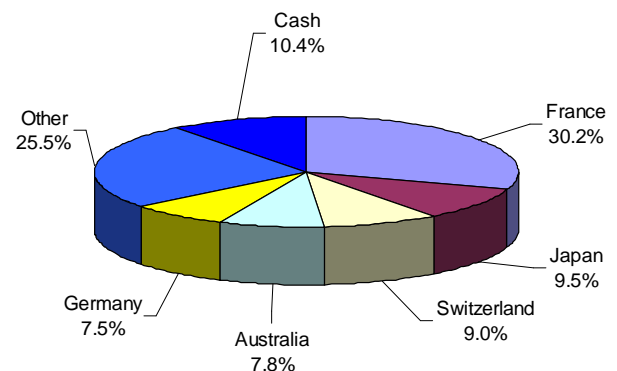
Source GPMS

Characteristics as of 09/30/08

	Philippe	FT World x US
Weighted Avg Market Cap	\$ 34,650 MM	\$ 47,588 MM
Median Market Cap	\$ 9,256 MM	\$ 4,380 MM
Holdings	46	1,315
Product Assets	\$ 24 MM	

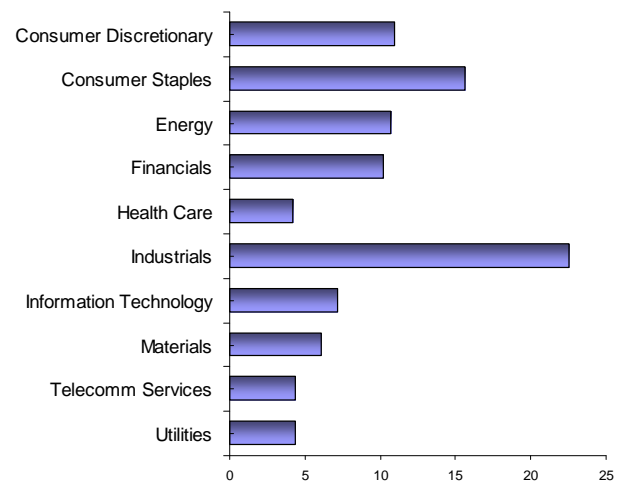
Source Datastream and Wilshire

Geographical Breakdown as of 09/30/08



Source GPMS

Sector Breakdown as of 09/30/08



Source GPMS

Composite Performance as of 09/30/08

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	(19.00)	(20.56)	(21.92)
YTD	(24.68)	(29.26)	(28.28)
1 year	(25.74)	(30.50)	(28.48)
3 years	2.95	1.12	2.15
5 years	8.79	9.68	9.22
Since Inception	0.95	2.82	1.51

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

Even in today's difficult situation, we should try to keep markets in perspective. It took about 25 years for the Dow Jones Industrial Index to move from 750 to 4,000 and a further 13 years to reach its peak of 14,279 in October 2007. It has now fallen to below 10,000 for the first time in five years and we ask ourselves whether this should be a cause for panic.

In any case, we do not believe the stock market is necessarily a good barometer of financial confidence, particularly as shareholders will inevitably react very negatively to the dilution which will result from bank "rescues" and recapitalizations. We prefer to look at metrics that measure confidence and signs that the measures are actually working, in particular the spread over three month LIBOR at which inter-bank business is conducted. A fall in this measure from current exceptional levels should better reflect a return of confidence.

Subprime lending was a symptom, but the real disease is leverage. Now that significant deleveraging is taking place, there is a heavy toll. We cannot predict how long the cleansing process will take, possibly six to twelve months. There is a need to reconstruct, recapitalize, recalibrate and reassess expectations.

We continue to work hard, and we hope rationally, to preserve the value of our portfolios as much as is possible in the current environment. History tells us that holding steady is paramount, so that when more stable conditions return we can take advantage of the exciting opportunities which will exist. Indeed we are starting to see early examples even now.

In July, many companies that had been forecasting positive outlooks started reporting signs of weakness, and analysts took the opportunity to downgrade estimates for the year. As a result, we reduced positions in several stocks where we anticipated further short-term weakness. These included **BBA Aviation** and **Stratec Biomedical**. We added to positions in stocks which, we felt, had low economic sensitivity and good fundamentals; **Synthes**, **AAK**, **Altana**, **Nutreco** and **Coltene**. In August, economic data further alarmed the markets and we took profits on several holdings where valuations were approaching our assessment of "fair value". We continued to focus on the companies most likely to weather an economic storm; cash-generating companies with strong balance sheets, selling at reasonable prices. None-the-less, markets were not interested in fundamentals and continued to lose confidence.

To put performance in context, the composite of our portfolios has delivered an annualized return of 17.7% since inception, which allows us to confirm that our objective of absolute returns over an economic cycle is still true.

Europe Small & Mid Cap Management Team

	<u>Years Experience</u>
Consuelo Brooke , Lead Portfolio Manager	39
Gariesh Sharma , Co-Portfolio Manager	11
Johann Ropers , Portfolio Manager	7

Top Ten Holdings as of 09/30/08

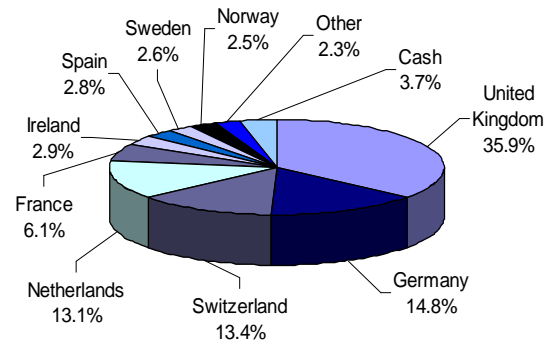
HEALTHCARE LOCUMS	3.93%	
ST GALLER KTBK	3.34%	
RHOEN KLINIKUM AG	3.16%	
ACTELION	3.08%	
FUGRO NV	3.04%	
RICARDO	2.89%	
CARE UK	2.89%	
CVS GROUP PLC	2.71%	
TAKKT AG	2.70%	
AARHUSKARLSHAMN	2.60%	Source GPMS

Characteristics as of 09/30/08

	<u>Philippe</u>	<u>S&P Citigroup Europe EMI</u>
Weighted Avg Market Cap	\$ 1,767 MM	\$ 2,698 MM
Median Market Cap	\$ 532 MM	\$ 548 MM
Holdings	67	1,670
Product Assets	\$ 141 MM	

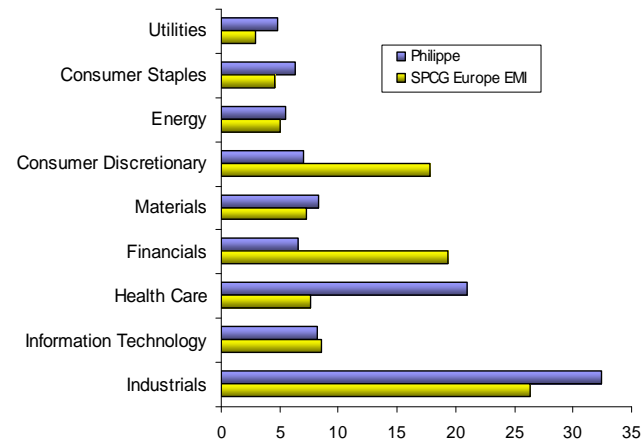
Source Datastream

Geographical Breakdown as of 09/30/08



Source GPMS

Sector Breakdown as of 09/30/08



Source GPMS

Composite Performance as of 09/30/08

	<u>Philippe Return (Gross)</u>	<u>S&P Citigroup Europe Small Cap</u>	<u>DJ Stoxx Small 200</u>	<u>MSCI Europe</u>
Quarter	(22.26)	(23.32)	(22.35)	(20.77)
YTD	(22.90)	(31.29)	(31.76)	(30.60)
1 year	(26.84)	(34.19)	(34.73)	(30.93)
3 years	4.16	3.44	3.38	2.51
5 years	14.21	13.71	13.51	10.95
Since Inception	17.70	17.59	18.60	13.57

Returns are gross of fees. Periods greater than one year are annualized.

Inception date: October 1, 2002.

Please see Performance Disclosure.

Source GPMS

PHILIPPE U.S.

Portfolio Managers' Commentary

As the market goes through a painful re-pricing, three themes currently are permeating the investor's mindset: *fear*, the *banking system* and *recession*. Fear is real, but a temporary phenomenon, and will pass when the banking system resumes operating at non-distressed levels.

The banking system, however, is in disarray resulting in the breakdown of credit creation; banks are not willing to lend to each other, the short term funding market (commercial paper) for Main Street has frozen up and consumers can't borrow to finance housing purchases. Banks' balance sheets are too impaired to prevent a decline in asset prices. Instead, banks are constantly adding to the selling pressures as capital erosion results in deleveraging of the balance sheets. Banks need capital, but cannot continue to look to the sovereign wealth funds and the private sector, which have taken huge losses from initial investments. The U.S government is now serving as the lender of last resort, buyer of distressed assets and the mediator of banking marriages. We believe that the government's intervention will eventually be able to resolve the liquidity issues and pave the way for fresh capital to come into the banking system so banks can resume lending again.

As a result of these factors, the recession will be deeper and longer than we would have predicted three months ago. We are currently witnessing a vicious unwinding of the global growth story, particularly in commodities - energy, agriculture and metals. The seizure in the credit markets and slowdown in emerging countries have, in addition, taken the air out of the multi-national companies with growth platforms outside the U.S. Valuation multiples are contracting and will be followed by earnings reductions in the months ahead. Hedge fund redemptions are exacerbating the selling pressures in the markets. However, the declines in share prices suggest that the market is beginning to discount a global recession.

Although there is plenty of liquidity on the sidelines, investors are fleeing risky assets and piling into government-backed securities. There are not many places to hide, with the exception of moving into cash. Consumer staples and healthcare companies come to mind, but they have potentially become overcrowded, as reflected in their multiples. Consolidation is healthy for the financial services industry, but it is too early to buy when companies are still in need of capital to shore up their balance sheets in a deteriorating environment.

Our strategy is to stick with companies that generate high cash flow supported by healthy balance sheets, while filtering out those companies that are dependent on financing for growth. Traditional valuation measures suggest an increased exposure to equities and higher risk assets, but an impaired financial system and its impact on book values and earnings, makes such valuation measures irrelevant at present. As a result, we look to deploy cash when globally coordinated programs are in place to support the financial system and the risk/reward profiles of companies are more favorable.

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 09/30/08

	<u>Philippe</u>	<u>S&P 500</u>
Weighted avg Mkt Cap	\$ 46,413 MM	\$ 87,514 MM
Median Mkt Cap	\$ 10,107 MM	\$ 9,418 MM
Holdings	44	500
Product Assets	\$ 114 MM	

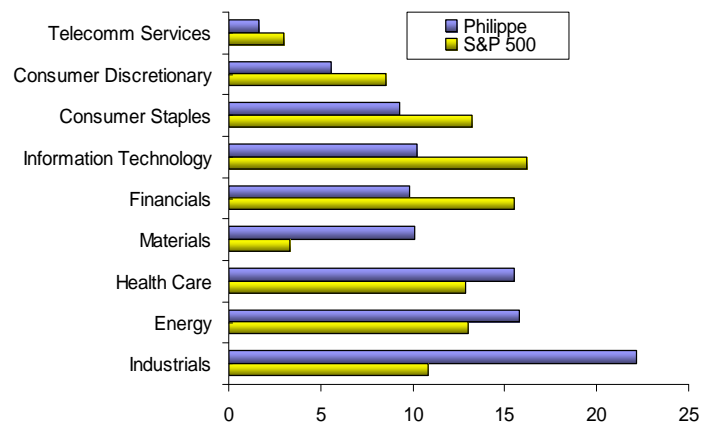
Source Datastream

Top Ten Holdings as of 09/30/08

THERMO FISHER	3.5%
CONOCOPHILLIPS	3.1%
ANNALY CAPITAL MAN	3.1%
WESTERN UNION COMP COM	2.9%
PETSMART INC	2.8%
PRAXAIR INC COM USD0.01	2.8%
EXXON MOBIL CORP	2.7%
CISCO SYSTEMS INC	2.6%
EATON VANCE CORP COM	2.6%
ITT CORPORATION	2.5%

Source GPMS

Sector Breakdown as of 09/30/08



Source GPMS

Performance as of 09/30/08

	<u>Philippe</u>	<u>S&P 500</u>	<u>Russell 1000</u>
	<u>Gross Return</u>		
Quarter	(12.67)	(8.37)	(9.35)
YTD	(17.26)	(19.29)	(19.50)
1 year	(16.18)	(21.98)	(22.10)
3 years	3.77	0.22	0.13
5 years	5.72	5.16	5.49
Since Inception	2.49	0.70	1.14

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

Well, now we have it:

- A banking crisis
- A confidence crisis
- A housing crisis
- An overextended consumer crisis, and
- A recession and rising unemployment crisis.

The first assessment is to decide whether Government intervention can halt the accelerating deterioration in confidence. We believe that coordinated global government intervention can prevail, but are advising clients to make sure their overall affairs are ordered so they can come through a potential global recession without extreme pain.

In light of the negative factors and the uncertainty, as we see opportunities we will move the portfolio in what we believe is a conservative direction to emphasize reliable cash flow streams, rather than forecasted growth. As a result, we are likely to be expanding our investments in conservative themes including: "bond-like," "defensive," "MLP," and "fixed income". The crisis has opened spreads on debt levels which we think present unprecedented opportunities and cash flow themes take advantage of this. In a total panic, cash flow yields (and market prices) can decline, but many cash flow yields are well above 10%; therefore, not much growth is required to provide an attractive total return.

We are evaluating our "emerging consumer" holdings to determine if we still can expect a bounce in the emerging markets, as pressure reduces. Our investments in "commodities" are small. We still like the "energy" and "infrastructure" themes for the longer run, but plan to contain, and possibly reduce, our commitments there until some growth balance can be restored. Our large "Growth at a Reasonable Price" theme has held up better than the others, but multiples are relatively high. As the recession unfolds we will have to decide whether to hold or reduce holdings.

In essence, we believe that cash flow will be discounted at lower rates as the Central Banks close the "crisis spreads". If the Central Banks fail to restore confidence, reliable cash flow should better support prices. Some of these cash flow opportunities appear in equities, some in preferred stocks, some in MLP's and some in medium quality debt vehicles.

I expect, but certainly cannot promise, a rebound in the fourth quarter. Prices are cheap, sentiment is terrible and huge cash is on the sidelines. Working against this is too little capital to carry existing assets, frightened investors and markets that will not go up much until Governments restore some capital and give a clear glimpse as to how the systemic risk can be reduced.

Global Growth and Income Opportunities Management Team

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

Top Ten Holdings as of 09/30/08

ENERGY TRANSFER	4.3%
ANNALY CAPITAL MAN	4.0%
PHILIP MORRIS	3.4%
PIMCO FDS PACIFIC	2.5%
MFA MORT INVEST	2.5%
MEDCO HEALTH SOL	2.4%
KROGER CO	2.3%
MANAGERS FUNDS	2.2%
ISRAEL CHEMICALS	2.2%
LOOMIS SAYLES FD I	2.2%

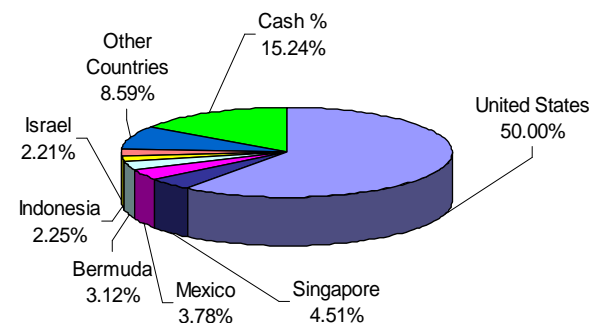
Source GPMS

Characteristics as of 09/30/08

Weighted Avg Market Cap	\$ 23,267 MM
Median Market Cap	\$ 7,386 MM
Dividend Yield	5.3
Price/Book	0.0
Holdings	62
Product Assets	\$ 84 MM

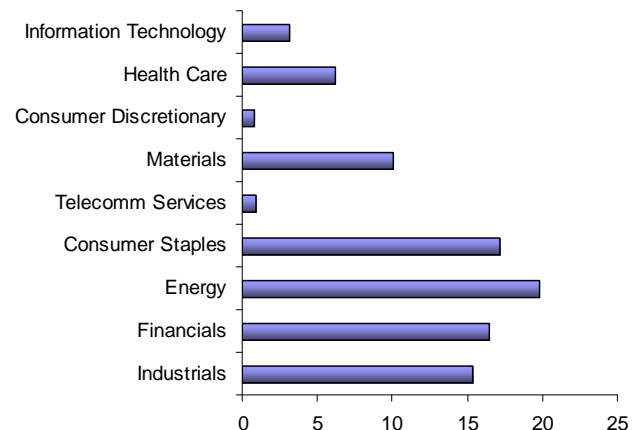
Source: Wilshire

Geographical Breakdown as of 09/30/08



Source GPMS

Sector Breakdown as of 09/30/08



Source GPMS

Composite Performance as of 09/30/08

	<u>Philippe Return</u>	<u>Merrill Lynch</u>	<u>MSCI World</u>
	<u>(Gross)</u>	<u>Global Broad</u>	
Quarter	(18.17)	(7.23)	(15.25)
YTD	(25.99)	(6.81)	(24.21)
1 year	(25.51)	(5.26)	(26.05)
Since Inception	(12.69)	(1.76)	(13.32)

Returns are gross of fees. Periods greater than one year are annualized.

Inception date: April 2, 2007

Please see Performance Disclosure

Source: GPMS

PHILIPPE GLOBAL OPPORTUNITIES

Portfolio Managers' Commentary

Beginning in mid-July, commodity prices entered a correction phase, especially oil prices, which had been anticipated in light of the numerous signs of economic slowdown. Although lower raw material prices are good news for consumers' purchasing power, and enable central banks to turn more accommodative, the rapid trend reversal in commodities mostly reflects the sharp deterioration in leading indicators across the world, especially in Europe where several economies are already in recession mode.

It also became clear that the credit crisis was threatening the whole U.S. financial system, which led the Bush administration to create a large-scale stabilization program to help banks get rid of their toxic assets and restore confidence in the interbank market. In Europe, government's responses were either coordinated (**Fortis** and **Dexia's** bailout) or unilateral as in the U.K. or Ireland.

In this context, volatility rose sharply and stock markets collapsed at the end of the quarter. The FTSE World Developed index declined 14.8%. Europe and Asia were the worst performers losing 20% each. Within each region, countries in which the financial sector or commodities are among the largest index constituents, recorded heavy losses. In Europe; Austria, Ireland and Norway tumbled 40%, while in Asia, Australia dropped 27%.

The portfolio suffered from its exposure to energy and commodity markets, especially gas producers such as **Gazprom** and **XTO**. We benefited from U.S. dollar sensitive stocks as the euro weakened.

In the third quarter, we sold stocks we felt were most vulnerable to a sharp economic downturn, including the auto parts maker, **Denso**, in Japan and the building materials company, **Pfleiderer**, in Germany. We also trimmed stocks on which we thought valuations were becoming excessive, such as **Thermo Fisher** in the U.S. The proceeds were reinvested into defensive names, **Roche** and **Bayer**, or industrial companies which enjoy excellent visibility based on full order books, such as **Textron** and **Schindler**. We also started to increase our exposure to oil and gas stocks, although perhaps a bit early in the correction phase.

Looking to the future, we believe normalization will take time but now that systemic risk appears to be under control and valuations are low, markets should recover. Lower spreads on credit should indicate that the world banking system is getting back to normal and will serve as a catalyst for a market recovery. However, consensus estimates for 2009 seem too generous and we expect downward revisions. We will focus on the most predictable sectors and on what we view as the safest companies, which should fare well in this transition phase from a world of cheap and easy money to a world of tougher financing and slower inflation.

Global Opportunities Equity Management Team

	Years Experience
Michel Raud , Co-CIO, 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 09/30/08

XTO ENERGY INC	3.8%
NESTLE SA	3.3%
ZODIAC	3.2%
DAIWA AM TOPIX BANKS	3.1%
CISCO SYSTEMS INC	3.1%
THERMO FISHER	3.1%
LINDE	3.0%
TELEFONICA SA	2.9%
GDF SUEZ	2.8%
THALES	2.7%

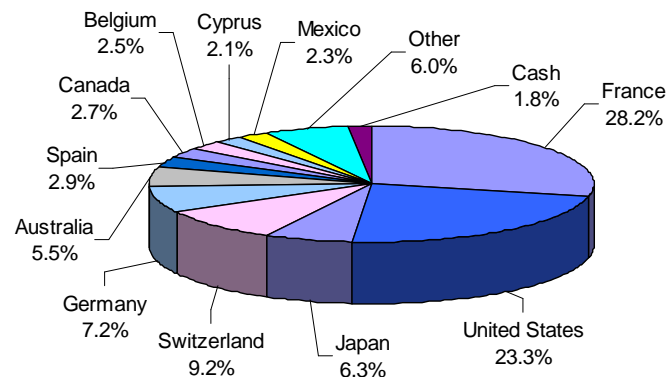
Source GPMS

Characteristics as of 09/30/08

	Philippe	FTSE All World Developed
Weighted Avg Market Cap	\$ 38,831 MM	\$ 65,920 MM
Median Market Cap	\$ 13,291 MM	\$ 5,254 MM
Holdings	50	1,973
Product Assets	\$ 224 MM	

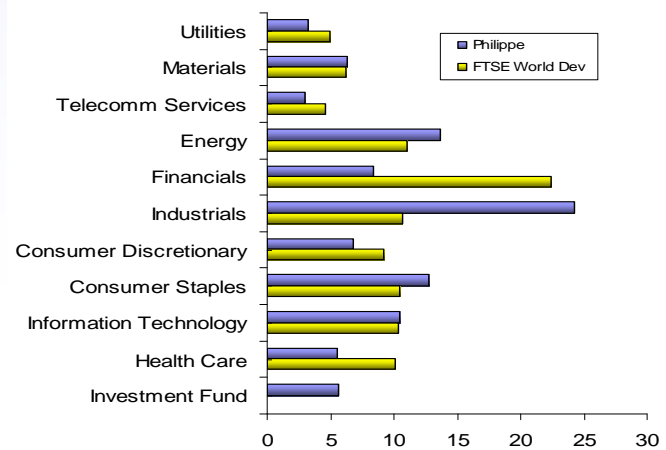
Source Wilshire

Geographical Breakdown as of 09/30/08



Source GPMS

Sector Breakdown as of 09/30/08



Source GPMS

Composite Performance as of 09/30/08

Quarter	Philippe Return (Gross)	FTSE A.W. Dev.
YTD	(18.41)	(14.84)
1 year	(23.89)	(25.49)
3 years	2.56	1.52
Since Inception	5.49	5.63

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

Source: GPMS

FIRM NEWS

Recent Press

September 29, 2008 – **citywire**: *Rescue package would stabilise market in long term, says leading U.S. manager.*
Interview with John Conti, Investment Advisor to PIM America

www.citywire.com.uk

September 10, 2008 – **Financial News**: *Philippe boutique scoops family mandate*

www.efinancialnews.com

September 10, 2008 – **Families in Business**: *Philippe family retains management of one of Europe's oldest mutual funds*

www.campdenfb.com

September 8, 2008 – **citywire**: *AAA-rated Philippe gets € 191 million Pan-Holding mandate*

www.citywire.co.uk

August 18, 2008 – **money management letter**: *Emerging Manager Boosts U.S. Marketing Effort*

www.moneymanagementletter.com

August 15, 2008 – **global money management**: *PIM Wins Pan Mandate*

www.globalmoneymanagement.com

July 8, 2008 – **citywire**: *Natural gas a safer bet than oil, says global equity manager*
Interview with Co-CIO, Michel Raud

www.citywire.co.uk

Global Growth & Income Opportunity / PIM Yield Growth Client Letter

October 7, 2008 – *Quarterly Letter to Clients by Garnett Keith*

Please contact Lenore E. Thornton at Lthornton@pimf.com if you would like a copy of Mr. Keith's letter.

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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 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 as presented here is based on time-weighted returns, gross of fees including income and all cash equivalents. Performance returns to investors are 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 U.S. Equities, LLC at year-end 2007 were \$15 million. Total U.S. equity assets managed by the Philippe Group at year-end 2007, including euro-denominated PIM funds, were \$108 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 as presented here is based on time-weighted returns, gross of fees including income and all cash equivalents. Performance returns to investors are 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. Total assets in this strategy, managed by Philippe Group at year-end 2007, including Euro-denominated PIM Yield-Growth funds, were \$196 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. From time to time, the investment strategy for the Global Opportunities FCP may include currency hedging of up to 15% of the portfolio. There are no currency hedges in place as of September 30, 2008. 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.

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