

QUARTERLY NEWS



Spotlight

John C. Conti, Vice Chairman of SeaBridge Investment Advisors and sub-advisor for Philippe U.S. All Cap Equity portfolios and PIM America Fund.

In the "Spotlight" article last authored by John in the Fourth Quarter, 2008, he ended with the following statement:

"So after a tumultuous year in 2008, our portfolios are re-positioned for growth. We have invested our excess cash, and our reserves are now at a level that we consider normal."

Please see page 6 for the complete closing paragraph from this article.

INSIDE THIS ISSUE

Focus on our Strategies

Philippe International Opportunities	p. 2
Philippe U.S.	p. 3
Philippe Global Growth & Income Opportunity	p. 4
Philippe Global Opportunities	p. 5
Performance Disclosures	p. 7

The Year of the Tiger*

As we enter 2010, our outlook for equities continues to be constructive. This positive view is based on our belief that the U.S. economy is in the early stage of an economic recovery that promises to be both robust and sustained. We are assuming that the economy will grow at a rate of at least 3.5% in 2010 and that inflation will remain moderate this year, but rise over the longer term. Also we believe that the corporate sector is exceptionally lean and operating leverage will be impressive as revenues rise along with the recovering U.S. economy.

We see three primary drivers of a sustained economic recovery. The first stage of recovery was underpinned by the federally funded stimulus program. This improvement was evident in the third quarter of 2009 and likely will be an important growth factor in the fourth quarter as well. If all goes according to script, the next phase of the economic recovery will be driven by an inventory re-stocking cycle. The U.S. economy has been disgorging inventories since 2006, a trend that was substantially exacerbated in the post-Lehman bankruptcy credit crunch environment. At present, inventories in the system are very low by historical standards and likely will need to be rebuilt to accommodate current levels of sales. The inventory cycle has the potential to lift GDP rather substantially over a three-to-six month period. Longer term, however, we will need to see increased demand for big-ticket consumer durables for the economic recovery to be sustained throughout the year and, we hope, into 2011. We continue to believe a powerful argument can be made for a resurgence in demand for both housing and autos, based on a bulge in the demographic curve known as the echo-baby boom (i.e., the children of the baby boom).

Despite our constructive outlook, economic and stock market progress in 2010 will face some formidable obstacles. If we're right about the strength and sustainability of the recovery, interest rates will be likely to rise. For the next few months, the long end of the yield curve is at greater risk than the short end, as the Fed has told us repeatedly that short-term rates will remain low for an extended period of time. Rising interest rates are likely to compress equity valuations. In addition, an increase in interest rates has the potential to reverse the decline in the dollar. A strengthening dollar, in turn, could potentially present a headwind for the export sector of the economy, as well as the profits of exporting companies. However, as noted above, we believe the combination of a strong economy and lean corporate expense structures will drive earnings growth enough to offset these negative factors.

Perhaps the greatest risk to both the economy and the stock market in 2010 will come from the Fed. In late November 2008, the Fed announced plans to purchase mortgage backed securities and debt instruments issued by Fannie Mae and Freddie Mac. These investment programs had an immediate affect on mortgage interest rates, as well as the availability of credit for the mortgage market. In our opinion, these investments have been the primary driver of stabilization for the U.S. economy. But alas, all good things must come to an end. The Fed has announced that they will complete these programs by the end of March, 2010. When the programs have been completed, the Fed will be the proud owner of \$1.5 trillion of mortgage securities and agency paper. From an economic and stock market perspective, the biggest question to be answered in 2010 is: What happens to mortgage rates, and therefore the housing recovery, when the Fed stops supporting the mortgage market?

*Tigers are unpredictable but take advantage of tough situations.

Continued on Page 6

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.

Lenore E. Thornton
Senior Vice President
(212) 991 6222
Lthornton@PIMF.com

Web site: www.Philippe-Group.com

PHILIPPE INTERNATIONAL OPPORTUNITIES

Portfolio Managers' Commentary

Economic data released in the fourth quarter for the U.S. and Europe confirmed, except for a few soft patches, that the global economy is in recovery mode. Most indicators paint a similar picture: copper, oil and the major soft commodities ended the year at their highest level since the start of 2009. Interest rates, closely monitored by central banks, remain very low and financial analysts continue to upgrade their forecasts for 2010 and 2011.

The euro suffered a severe correction in December, dropping from \$1.50 to \$1.43, largely in reaction to the credit rating downgrade in Greece. Some fear that other European countries, crippled by massive public debt, could face similar difficulties and weaken the whole Eurozone. Another possible explanation for the euro decline is that the economic recovery, being much stronger in the U.S. than in Europe, could widen the gap between U.S. and European interest rates which would benefit the U.S. dollar.

The Philippe portfolio benefited from the more than 50% appreciation of **Axa Asia Pacific Holdings**, after the company's directors accepted the proposal by National Australia Bank to buy 100% of the company. A slightly less attractive offer by the Australian insurance company, AMP, consequently was rejected.

Among the largest contributors to performance were economically sensitive stocks such as **BHP** (minerals), **Wood Group** (oil and gas services) and **FL Smidth** (cement factories) and less cyclical stocks such as **Coca Cola Femsa**, **Coca Cola Icecek** (beverages), **Eurofins Scientific** (diagnostic and testing) and **Bayer** (crop science and healthcare).

Outlook and Investment Strategy:

As 2009 drew to a close, financial markets found comfort in government commitments not to cut back on the stimulus programs too soon. Those companies that have drastically reduced operating costs over the past 18 months are now highly leveraged to any improvement in top-line growth. Earnings momentum therefore could surprise on the upside should the economy grow faster than expected in 2010. However, most of the unconventional governmental policies are not sustainable for an extended period of time and clinging to them could have severe consequences. Authorities have very little room for error and will need to avoid two major pitfalls:

- Removing accommodative measures too soon, thereby putting an end to the nascent recovery, or
- Maintaining the current status quo for too long, risking the formation of new asset bubbles and losing the trust of the bond markets which are desperately needed to finance budget deficits.

2010 carries many hopes; the first among them is the hope of a self-propelled economic growth in the U.S. and Europe. However, this also could prove very treacherous as the road back to fiscal and monetary orthodoxy is riddled with traps. In addition, even if public authorities are successful, economic growth will remain capped for the long-term by the huge amount of public debt to be repaid.

In these particularly uncertain times, one has to be prepared for any contingencies which, in terms of investment strategy, means that portfolios should be solid enough to withstand further unpredictable volatility.

International Equity Management Team

	Years Experience
Michel Raud , Co-CIO, Portfolio Manager	36
Béatrice Philippe , Co-CIO, Portfolio Manager	38
Eric Fourrier , Associate Portfolio Manager & Analyst	8
Howard Chin , Associate Portfolio Manager & Analyst	13

Top Ten Holdings as of 12/31/09

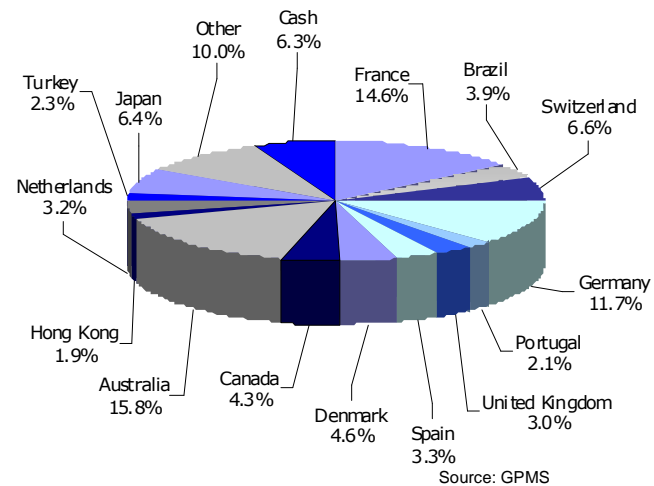
TELEFONICA SA :	3.3 %
NEXANS :	2.9 %
NOVO NORDISK B :	2.8 %
EUROFINS SCIENTIFI :	2.8 %
AXA ASIA PAC :	2.8 %
ENCANA CORP :	2.4 %
SCHINDLER PTG CERT :	2.3 %
COCA COLA ICECEK :	2.3 %
CORE LABORATORIES :	2.3 %
QBE INSURANCE GROUP :	2.3 %

Source GPMS

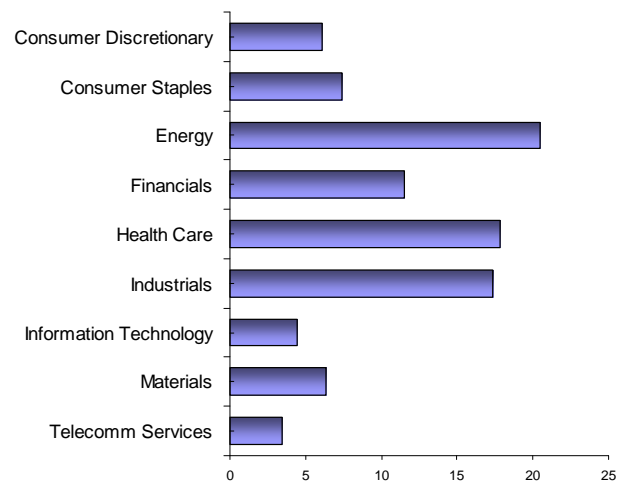
Characteristics as of 12/31/09

	Philippe	FT World x US
Weighted Avg Market Cap	\$ 23,542 MM	\$ 50,143 MM
Median Market Cap	\$ 8,079 MM	\$ 5,135 MM
Holdings	51	1,265

Geographical Breakdown as of 12/31/09



Sector Breakdown as of 12/31/09



Composite Performance as of 12/31/09

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	6.92	2.18	4.17
YTD	39.45	31.78	29.36
1 year	39.45	31.78	29.36
3 years	(0.30)	(6.03)	(4.77)
5 years	5.94	3.54	3.65
Since Inception	2.21	3.04	1.67

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: January 1, 2001.
Please see Performance Disclosures, Page 7.

Source GPMS

PHILIPPE U.S.

Portfolio Managers' Commentary

The year closed with a sense of relief that the government's fiscal and monetary intervention has provided stability to the economic and financial systems. Liquidity came back to the market, credit spreads declined and investors regained some appetite for higher risk assets. We look for the markets to focus on earnings growth, the durability of the housing market and the U.S. consumer as tests for the sustainability of the recovery.

We believe volume growth from inventory replenishment is in store and, along with lean cost structures and increased productivity, corporate profits will be more robust than current expectations, already evident in the third and fourth quarter earnings of many S&P 500 companies. Profits from improvements in revenues will allow companies to increase hiring and capital investments. As investors, we favor companies that are investing their cash flows into developing markets. Acquisitions in the developing countries will continue to be important for companies to tap the growing numbers of consumers in these countries. The surge in emerging market incomes means that growth in the aggregate consumption in emerging markets exceeds the growth in consumption in developed markets. The developing country consumer still is a small part of the consumption mix, but incomes are growing and will be relied upon going forward to make up for a sub-par recovery in other parts of the world.

The housing market has been supported by the Federal Reserve's purchases of mortgage backed securities and the tax incentives for home purchases. However, the sustainability of the housing recovery will be tested when the Fed withdraws its support of mortgage rates at the end of the March. In addition, there is potential for a continued flood of houses coming into the market from foreclosures, which will keep a lid on pricing.

We are witnessing a slow recovery in consumer spending, with core retail sales increasing in each of the last four months. The U.S. plowed more money into savings in 2009, but also managed to spend if the incentives were attractive (i.e.: Cash for Clunkers). An improvement in the labor market would be encouraging to the fragile mindset of the U.S. consumer. In addition, there has been an increase in temporary employment, historically a precursor for full time hiring. Headwinds, in the form of increased credit contraction and potential prolonged sub-optimal labor conditions, could slow the recovery of consumer spending.

With an improving global economy and undemanding market valuations, along with significant uninvested cash balances, we continue to believe that equities have more room to run. While we are mindful of the challenges that remain ahead of us, including government exit strategies for the stimulus programs, a tepid securitization market, potential tax hikes, inflation pressures and external geopolitical risks, we believe the factors are in place for positive returns in 2010.

U.S. Equity Management Team

	<u>Years Experience</u>
Béatrice Philippe , Co-CIO, Portfolio Manager	38
Howard Chin , Associate Portfolio Manager & Analyst	13
John Conti , SeaBridge Investment Advisors	26

Characteristics as of 12/31/09

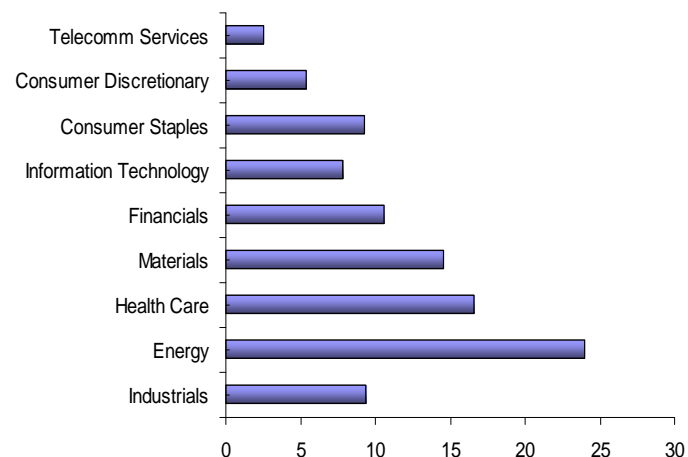
	<u>Philippe</u>
Weighted avg Mkt Cap	\$ 27,559 MM
Median Mkt Cap	\$ 9,084 MM
Holdings	50

Top Ten Holdings as of 12/31/09

THERMO FISHER	2.9%
COCA-COLA FEMSA	2.7%
CISCO SYSTEMS INC	2.6%
NALCO HLDG	2.6%
AVNET	2.5%
WILLIAMS COS	2.5%
LIFE TECH CORP	2.4%
WAL-MART DE MEXICO	2.4%
MAGELLAN MIDSTREAM	2.4%
AMER TOWER CORP CL A COI	2.4%

Source GPMS

Sector Breakdown as of 12/31/09



Source GPMS

Performance as of 12/31/09

	<u>Philippe Gross</u>	<u>S&P 500</u>	<u>Russell 1000</u>
	<u>Return</u>		
Quarter	8.65	6.04	6.07
YTD	38.40	26.46	28.43
1 year	38.40	26.46	28.43
3 years	0.69	(5.61)	(5.34)
5 years	3.59	0.42	0.79
Since Inception	2.33	0.50	0.97

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: February 1, 1999.
Please see Performance Disclosures, Page 7.

Source GPMS

PHILIPPE GLOBAL GROWTH & INCOME OPPORTUNITIES

Portfolio Managers' Commentary

The good news is that the U.S. economy is recovering and it is our view that, as growth momentum feeds on itself, the next two quarters will feel much better than the last 18 months. The bad news is that many of the imbalances which caused the 2008-09 cataclysm remain, and it could take several years to find a new balance in the world economy that is sustainable without Government support.

Four major imbalances include:

The changing location of world manufacturing: The number of new workers in the emerging countries is huge relative to the number of workers in developed markets and wages are significantly lower. When companies start to do more manufacturing in China and Brazil, it will be very difficult for U.S. manufacturing plants to compete.

The collapse of the colonial model of trade: Following the 1997 Asian Crisis, the developing countries, led by China, kept their currencies cheap relative to the dollar, encouraging a shift in manufacturing to their countries. The resulting low interest rates in the U.S. encouraged us to borrow and import more of their "bargain priced" goods.

The rise in purchasing power in emerging economies: The related surge in incomes in emerging countries means that growth in aggregate consumption in these markets exceeds growth in consumption in developed markets. This has set in motion a drastic shift in the composition of world consumption.

The growing indebtedness of the developed world: In the U.S. we have witnessed a huge buildup of debt in the system to stabilize the economy, in addition to the growing obligations for health care and social security. As a result we have both public and private and past and future obligations with no visible means of repayment.

So what does all this have to do with our investments? How our leaders try to solve these problems, or the extent to which we fail to address them, will have a big influence on the financial markets and on the strength of the dollar. So far, progress has been disappointing; therefore, we are cautious about the potential reaction in the markets to political developments in 2010 as well as the risk of currency upheavals. The U.S. is not alone – Japan, Ireland, Portugal, Spain, Italy, Greece, and the Baltic States all have currency issues which could destabilize markets.

The excellent recovery in 2009 was due to the Fed's flooding the markets with liquidity. However, we do not see how the Fed can remove this liquidity without risking a relapse. There is much speculation that they will try, in order to avoid inflation. We doubt that the liquidity will be removed, but our goal is to position our portfolios so they will not be seriously damaged if we are wrong about when the Fed will begin to remove the monetary stimulus. Therefore, we have lessened positions in REITS and fixed income closed-end funds. We continue to favor MLPs as they will focus on growing their distributions via acquisitions in a positive capital market environment.

Until we can see how the imbalances cited above can be reconciled, we favor investments benefiting from less indebted and more rapidly growing foreign economies, but this does not exclude investing in U.S. companies, many of which have large foreign operations and good operating and financial leverage. With an economic rebound, corporate profits should recover. Over time, affairs should go better in economies growing at six percent a year than in economies growing at three percent a year, so exposure to growth not dependent on Government stimulus packages is a primary screen as we examine new investment ideas.

Global Growth and Income Opportunities Management Team

Years Experience

Béatrice Philippe , Co-CIO	38
Garnett Keith , Sub-Advisor; SeaBridge Investment Advisors	40
Howard Chin , Associate Portfolio Manager & Analyst	13
John Conti , SeaBridge Investment Advisors	26
David Descalzi , SeaBridge Investment Advisors	21

Top Ten Holdings as of 12/31/09

MEDCO HEALTH SOL	2.8%
ENERGY TRANSFER PTN	2.6%
FAIRFAX	2.5%
MFA FINANCIAL	2.3%
EI PASO PIPELINE	2.2%
MICROSOFT CORP	2.2%
BEIJING ENTERPRISE	2.2%
PLAINS ALL AMER PIPELINE	2.1%
MAGELLAN MIDSTREAM	2.1%
CP ALL PLC	2.0%

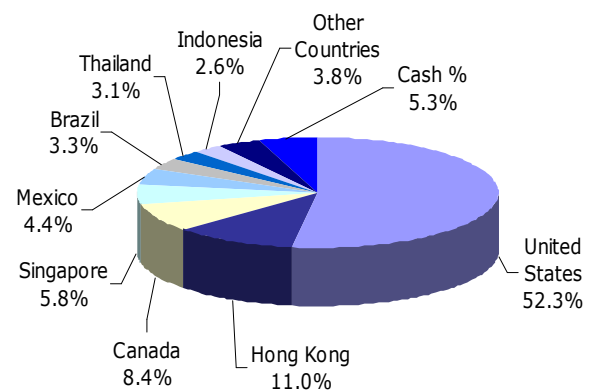
Source GPMS

Characteristics as of 12/31/09

Weighted Avg Market Cap	\$ 23,753 MM
Median Market Cap	\$ 7,192 MM
Holdings	62

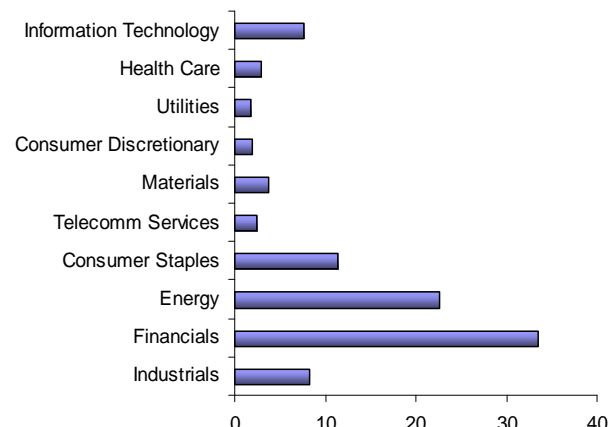
Source: Wilshire

Geographical Breakdown as of 12/31/09



Source GPMS

Sector Breakdown as of 12/31/09



Composite Performance as of 12/31/09

	Philippe Return (Gross)	Merrill Lynch Global Broad	MSCI World
Quarter	11.35	1.83	4.07
YTD	45.66	31.90	29.99
1 year	45.66	31.90	29.99
Since Inception	0.74	7.01	(6.95)

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

Inception date: April 2, 2007

Please see Performance Disclosures, Page 7.

Source: GPMS

PHILIPPE GLOBAL OPPORTUNITIES

Portfolio Managers' Commentary

Economic data released in the fourth quarter for the U.S. and Europe confirmed, except for a few soft patches, that the global economy is in recovery mode. Most indicators paint a similar picture: copper, oil and the major soft commodities ended the year at their highest level since the start of 2009. Interest rates, closely monitored by central banks, remain very low and financial analysts continue to upgrade their forecasts for 2010 and 2011.

The euro suffered a severe correction in December, dropping from \$1.50 to \$1.43, largely in reaction to the credit rating downgrade in Greece. Some fear that other European countries, crippled by massive public debt, could face similar difficulties and weaken the whole Eurozone. Another possible explanation for the euro decline is that the economic recovery, being much stronger in the U.S. than in Europe, could widen the gap between U.S. and European interest rates which would benefit the U.S. dollar.

The Philippe portfolio benefited from the more than 50% appreciation of **Axa Asia Pacific Holdings**, after the company's directors accepted the proposal by National Australia Bank to buy 100% of the company. A slightly less attractive offer by the Australian insurance company, AMP, consequently was rejected.

Among the largest contributors to performance were economically sensitive stocks such as **United Technologies** (industrial goods and services), **Bucyrus** (mining equipment) and the less cyclical stocks such as **Bayer** (crop science and healthcare) and **Agco** (agricultural equipment).

Outlook and Investment Strategy:

As 2009 drew to a close, financial markets found comfort in government commitments not to cut back on the stimulus programs too soon. Those companies that have drastically reduced operating costs over the past 18 months are now highly leveraged to any improvement in top-line growth. Earnings momentum therefore could surprise on the upside should the economy grow faster than expected in 2010. However, most of the unconventional governmental policies are not sustainable for an extended period of time and clinging to them could have severe consequences. Authorities have very little room for error and will need to avoid two major pitfalls:

- Removing accommodative measures too soon, thereby putting an end to the nascent recovery or,
- Maintaining the current status quo for too long, risking the formation of new asset bubbles and losing the trust of the bond markets which are desperately needed to finance budget deficits.

2010 carries many hopes; the first among them is the hope of a self-propelled economic growth in the U.S. and Europe. However, this also could prove very treacherous as the road back to fiscal and monetary orthodoxy is riddled with traps. In addition, even if public authorities are successful, economic growth will remain capped for the long-term by the huge amount of public debt to be repaid.

In these particularly uncertain times, one has to be prepared for any contingencies which, in terms of investment strategy, means that portfolios should be solid enough to withstand further unpredictable volatility.

Global Opportunities Equity Management Team

	<u>Years Experience</u>
Michel Raud , Co-CIO, Portfolio Manager	36
Béatrice Philippe , Co-CIO, Portfolio Manager	38
Howard Chin , Associate Portfolio Manager & Analyst	13
Eric Fourrier , Associate Portfolio Manager & Analyst	8

Top Ten Holdings as of 12/31/09

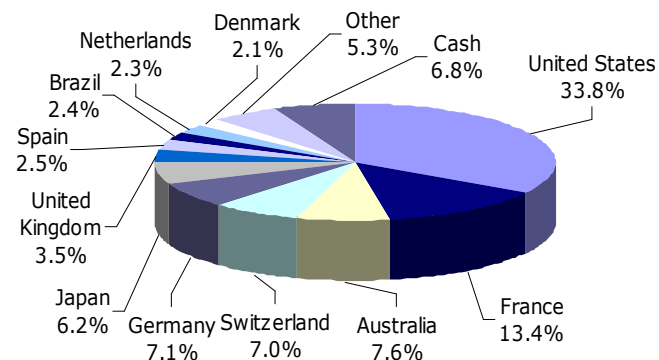
ROCHE HLDGS AG	3.1%
UNITED TECHNOLOGIES	3.1%
NEXANS	2.8%
THERMO FISHER	2.8%
SCHINDLER PTG CERT	2.6%
TELEFONICA SA	2.5%
PETROLBRAS SP ADR PRF	2.4%
COVIDIEN	2.3%
CHESAPEAKE ENERGY	2.3%
NUFARM	2.3%

Source GPMS

Characteristics as of 12/31/09

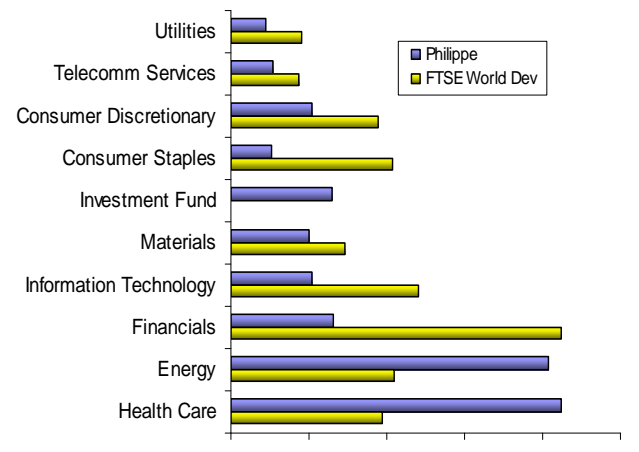
	<u>Philippe</u>	<u>FTSE All World Developed</u>
Weighted Avg Market Cap	\$ 25,523 MM	\$ 63,860 MM
Median Market Cap	\$ 6,722 MM	\$ 6,100 MM
Holdings	67	1,863

Geographical Breakdown as of 12/31/09



Source GPMS

Sector Breakdown as of 12/31/09



Source GPMS

Composite Performance as of 12/31/09

	<u>Philippe Return (Gross)</u>	<u>FTSE A.W. Dev.</u>
Quarter	5.58	4.10
YTD	40.16	31.35
1 year	40.16	31.35
3 years	(0.89)	(4.76)
5 years	4.53	2.91
Since Inception	5.82	4.92

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

Please see Performance Disclosures, Page 7.

Source: GPMS

SPOTLIGHT (continued from page 1)

At the present time, we believe the budding demand for housing will be strong enough to push through the higher interest rate environment that will develop as the Fed stops growing, and potentially shrinks, its balance sheet. Our assumption is that investors will re-deploy cash, currently earning virtually no return in the money market, into longer dated investments that would include mortgages.

We also assume the velocity of money will increase and allow the Fed to shrink its balance sheet without crimping the overall money supply. If these assumptions fail to occur, we may have to adopt a more cautious outlook for equities. The level of mortgage interest rates, housing demand and the rate of growth in the money supply, as measured by M2, will represent important metrics for monitoring the sustainability of the economic recovery in 2010.

John C. Conti; December 31, 2009

John Conti provides sub-advisory services for *PIM America*, a French-based mutual fund and for Philippe Investment Management's U.S. equity separate accounts. SeaBridge Investment Advisors is a Strategic Partner of Philippe Investment Management.

Closing Paragraph from Mr. Conti's "Spotlight" article in January, 2009:

So after a tumultuous year in 2008, our portfolios are re-positioned for growth. We have invested our excess cash, and our reserves are now at a level that we consider normal. We still own our global infrastructure-related stocks, and in some cases have begun to add to these investments, which include **ITT, Bucyrus, Pall, Cisco, Deere, Air Products, Freeport McMoran, Joy Global, Praxair, and Actuant**. We have continued to increase our investment in energy shares, and now maintain an investment in **Exxon, Valero, Williams, and Petro Bras**. Our commitment to the financial sector is currently low, 3%; however, we will take another look at the banks after the year-end earnings are reported and may add to our investments in this space.

Please contact us if you would like to receive a copy of the Fourth Quarter 2008 Philippe Quarterly News

This article represents the views of the author as of the date written and these views may change at any time. The information should not be construed as investment advice or a recommendation for any investment strategy. There are no guarantees that any projection, forecast or opinion expressed herein will be realized. The views presented here are based on analysis of publicly available information. The opinions of other analysts based on these data may differ.

FIRM NEWS

☐ John Conti was awarded an AAA portfolio manager ranking in 2009 by U.K. publisher, *Citywire Financial Publishers*, placing him in the top 2% of the fund managers they monitor globally. The ranking is based on three year, risk-adjusted performance.

New York

Philippe Investment Management, Inc.
Two Penn Plaza
Suite 1920A
New York, NY 10121
212 687 3290

Paris

PIM Gestion France, S.A.
14, rue Cambacérès
75008, Paris
France
+33 1 40 28 16 50

Summit, New Jersey

SeaBridge Investment Advisors
450 Springfield Avenue
Suite 301
Summit, NJ 07901
908 273 5085

PERFORMANCE DISCLOSURES

AIMR Compliance

Philippe Investment Management, Inc. is a registered investment advisor. 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 2009 were \$36 million.

The Philippe U.S. Equity LLC is a commingled fund suitable for U.S. based, 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 2009 were \$12.7 million. Total U.S. equity assets managed by the Philippe Group at year-end 2009, including euro-denominated PIM funds, were \$169 million.

The Philippe Global Growth & Income Opportunity LLC is a commingled fund suitable for U.S. based, 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 2009 were \$9.3 million. Total assets in this strategy, managed by Philippe Group at year-end 2009, including euro-denominated PIM Yield-Growth funds, were \$26 million.

Philippe Global Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (French mutual fund). Since October 1, 2008 the composite also includes the returns of Pan-Holding SICAV, a European-based, dollar-denominated, mutual fund. 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 December 31, 2009. 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 are two portfolios in the composite. Composite assets at year-end 2009 were \$180 million.

This letter represents the views of the principals of Philippe Investment Management as of the date written and these views may change at any time. The information should not be construed as investment advice or a recommendation for any investment strategy. There are no guarantees that any projection, forecast or opinion expressed herein will be realized. The views presented here are based on analysis of publicly available information. The opinions of other analysts based on these data may differ.

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

New York

Philippe Investment Management, Inc.
Two Penn Plaza
Suite 1920A
New York, NY 10121
212 687 3290

Paris

PIM Gestion France, S.A.
14, rue Cambacères
75008, Paris
France
+33 1 40 28 16 50

Summit, New Jersey

SeaBridge Investment Advisors
450 Springfield Avenue
Suite 301
Summit, NJ 07901
908 273 5085