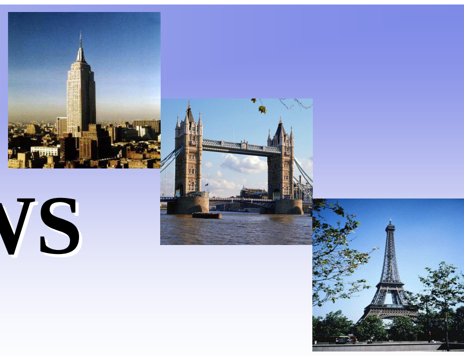
Philippe

INVESTMENT MANAGEMENT

QUARTERLY NEWS



INSIDE THIS ISSUE

Focus on our Strategies

Spotlight

*By **Béatrice Philippe**, President and Chief Investment Officer of Philippe Investment Management.*

Ms. Philippe has 39 years experience investing globally, following in the tradition of her grandfather Raymond and her father Pierre.

Why we are still Bullish !

There certainly are plenty of reasons to be bearish:

- The lack of resolution of the Greek financial crisis
- The possibility of a similar crisis, but of even larger amplitude, in Spain or Portugal
- A sharp drop in the euro due to the uncertainties about the future of the EMU
- The end of Government guarantees for mortgages in the U.S.
- Fear of more aggressive tightening in China and the resulting threat of inflation
- Continued high unemployment in the developed world
- Huge deficits in many countries and
- The prospect of higher interest rates

These are but a few of the clouds looming on the horizon.

However, we continue to see plenty of reasons to be bullish:

- Corporate earnings world-wide have improved and are accelerating
- U.S. retail sales are up nicely
- Core inflation is falling around the world which should help keep interest rates low, and, in turn, foster stronger economic growth
- Managements are starting to give positive guidance on the outlook for the year
- China grew at close to 12% in the first quarter
- The rest of Asia and India and Brazil also are growing at a strong pace
- Inventory rebuilding is taking place, in part because of pent-up demand and
- Parts of Europe (e.g.; Germany, Scandinavia, France) are growing faster than had been expected.

The economic recovery around the world could surprise on the upside while inflation, so far, is very much under control. Companies are still valued reasonably in the markets on all our valuation criteria.

The bull market that started in March of 2009, is still young and we believe the environment for investing will be supportive for, at least, the remainder of this year. Therefore, while we expect to see corrections along the way, sometimes sharp, overall we remain positive for the economies and the stock markets.

Selectivity will be important. In all the strategies at Philippe, we look to find strong, competitive companies with the ability to generate free cash flow that are selling at attractive valuations.

Given our investment philosophy – remain focused on quality companies at attractive prices and buy them for the long term – we feel we can still find good investments world-wide.

For us, the glass is definitely a little more than half-full and we believe it is too early to be negative.

April 19, 2010

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

Markets were little changed in the first quarter. Asia posted the strongest returns, led by the Japanese market which benefited from strong economic figures. European markets declined as concerns over Greece's ability to deal with spiraling deficits spread to Portugal, Italy and Spain and caused the euro to weaken by a little more than 5%.

The data released over the quarter confirmed that the U.S. economy is in recovery mode. Consumer credit rose for the first time since mid-2008, non-farm inventories remain well below their pre-crisis levels, capital spending is picking up and the corporate sector is hiring again after having shed more than 8 million jobs in the past two years. Emerging countries now account for more than one third of the world economy and keep growing at an impressive pace. However, the economic recovery has remained muted in Europe with a mere 1% GDP growth expected in 2010.

Cyclical sectors, in particular technology, semiconductors and consumer durables outperformed the Index, while sectors relatively immune to the cycle such as utilities, telecom and pharmaceuticals posted negative returns.

The Philippe portfolios benefitted from the rebound from very low valuation levels in **Nintendo** and **Esprit**, an indication that the market is starting to correct excessive discounts to intrinsic value. **Novo Nordisk** and **Schindler** continued to enjoy a strong earnings momentum that had been underappreciated by the market. **Cairn Energy** also ranked among the largest contributors after the company upgraded its resource base which will translate into a 40% increase in its oil production capacity in India.

Among detractors, **Nufarm** suffered from deteriorating business conditions in the crop protection market, while **Thalès** and **Eurofins Scientifc** missed earnings expectations for 2009, as their management chose to take advantage of the recession to accelerate restructuring programs. Both companies have retained their market leadership positions during the downturn and should strongly benefit from a rebound in top-line growth.

Outlook and investment strategy

Despite a relatively positive news flow since the start of the year, risk factors still abound in the world. These are mostly related to ballooning national debt levels in developed economies. The U.S. situation looks less problematic than in Europe where the Greek debt crisis has revealed conflicting views within the Euro zone, which may put pressure on the euro and lead to higher government bond rates. However, these challenges should not overshadow the rays of light; a mild inflation enabling central banks to keep rates low and irrigate the system with abundant liquidity. In addition, the sharp improvement in labor productivity in the U.S. is good news as it should translate into a more sustainable economic recovery.

Within this uncertain environment, investors remain cautious, which may explain why the markets are still reasonably valued despite 12 months of almost uninterrupted rise. We continue to monitor valuations very closely in order to consistently improve the quality/valuation profile of the portfolio's holdings.

International Equity Management Team

	Years Experience
Michel Raud, *Portfolio Manager & Head of Global Research*	38
Béatrice Philippe, *President & CIO*	39
Eric Fourrier, *Associate Portfolio Manager & Analyst*	9
Howard Chin, *Associate Portfolio Manager & Analyst*	14
Laurent Halmos, *Associate Portfolio Manager & Analyst*	15

Top Ten Holdings as of 3/31/10

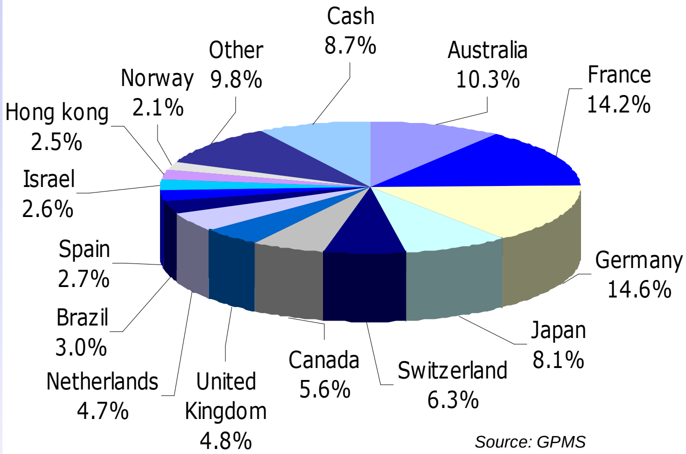
DASSAULT SYSTEMES :	2.8 %
NINTENDO CO :	2.8 %
TELEFONICA SA :	2.7 %
NEXANS :	2.7 %
CORE LABORATORIES :	2.7 %
TEVA PHARMACEUTICAL :	2.6 %
CAIRN ENERGY :	2.6 %
PRAKTIKER BAU HLDG :	2.6 %
GALP ENERGIA :	2.5 %
ESPRIT HOLDINGS :	2.5 %

Source GPMS

Characteristics as of 3/31/10

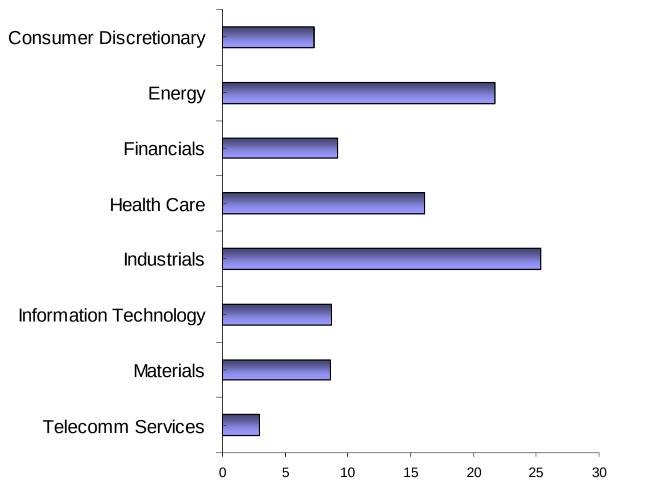
	Philippe	FT World x US
Weighted Avg Market Cap	$ 15,450 MM	$ 48,073 MM
Median Market Cap	$ 6,756 MM	$ 5,129 MM
Holdings	51	1,267

Geographical Breakdown as of 3/31/10



Source: GPMS

Sector Breakdown as of 3/31/10



Source GPMS

Composite Performance as of 3/31/10

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	0.3%	0.9%	2.0%
1 year	53.7%	54.4%	50.6%
3 years	-1.5%	-7.0%	-5.7%
5 years	6.3%	3.7%	4.2%
Since Inception	2.2%	3.0%	1.8%

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

Source Bloomberg

PHILIPPE U.S. ALL CAP EQUITY

Portfolio Managers' Commentary

We introduced a modicum of caution into the portfolio during the latter half of March. In January, while we had a constructive view of the equity markets, we noted that the second leg of an economic recovery can yield rising interest rates, and as a consequence, compression in price-to-earnings ratios. As a result, we slightly increased our cash reserves. However, we continue to believe that the combination of a strong economy and lean corporate expense structures will drive earnings growth enough to offset P/E compression in 2010 and we will opportunistically re-invest our cash.

In addition to the general increase in demand for money that should accompany a recovery, the expiration of the Fed's extraordinary liquidity measures put in place during the post-Lehman credit crunch, could put upward pressure on interest rates. The Fed has been very clear that, although they expect interest rates to remain exceptionally low for an extended period of time, nonetheless, they are halting the programs that have ballooned their balance sheet by more than $1.5 trillion.

While most equities are likely to experience a P/E compression in a rising interest rate environment, we believe **Automatic Data Processing** (ADP) is an exception to the rule. Consequently, in March, we initiated a position in ADP's shares. ADP is an outsourced data processing company whose primary line of business is processing payroll. They dominate the payroll processing market for corporations with more than 1,000 employees and have a leading market position with medium- sized companies. Our expectation that ADP's shares can enjoy a rising P/E as the economy recovers and interest rates rise is the result of our evaluation of the Company's revenue model.

ADP charges its customers based on the number of people on the payroll. As the economy recovers and people re-join the ranks of the employed, ADP will experience an increase in the rate of revenue growth. As interest rates rise, another part of ADP's revenue model will substantially improve. Employers typically pay their employees weekly, bi-weekly or monthly. Taxes are withheld on these payments when the employee is paid, but remitted to the state or Federal government quarterly. This timing difference results in a permanent float of approximately $15 billion of customer money, invested in low risk assets for the benefit of ADP's shareholders.

Therefore, ADP's revenue growth is poised to accelerate as employment and interest rates rise and the shares seem likely to benefit from a P/E expansion as the economy recovers. In addition, ADP's earnings are all available for repatriation to shareholders as the business has minimal capital re-investment requirements. The shares currently feature a 3% dividend yield, and the company has re-purchased 20% of its shares over the past 5 years. With a strong market position, earnings growth plus free-cash flow and a shareholder-oriented management, ADP seems to offer investors virtually all the attributes we look for in investments for our U.S. equity portfolios.

Outlook and investment strategy

The end of March marked the official end of all the Fed's backstop measures. The expiration of the Fed's programs should allow them gradually to reduce the balance sheet to a normal level. More explicitly, the Fed no longer will be in the market buying mortgage-backed securities. In addition, they no longer will underwrite other consumer credit-backed securities through the TALF program. If private capital is slow to replace the Fed in the credit markets, it is reasonable to expect intermediate and long-term interest rates to increase. Hence, we will remain somewhat cautious until we see how the credit markets respond to the Fed's exit strategy.

U.S. Equity Management Team

	Years Experience
Béatrice Philippe, *CIO, Portfolio Manager*	39
Howard Chin, *Associate Portfolio Manager & Analyst*	14
John Conti, *Sub-Advisor*, SeaBridge Investment Advisors	27

Characteristics as of 3/31/10

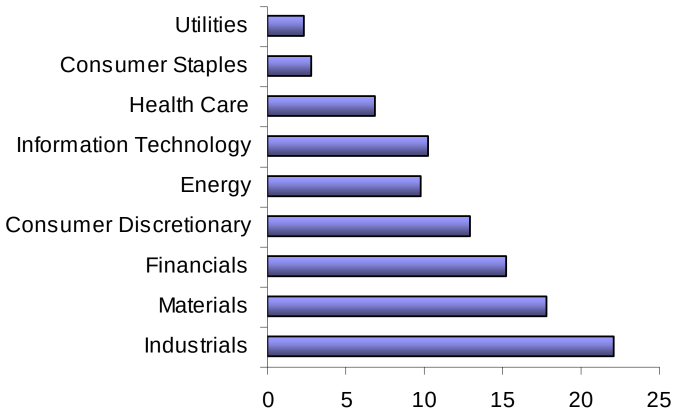
	Philippe
Weighted Avg Market Cap	**$ 27,301 MM**
Median Market Cap	**$ 6,365 MM**
Holdings	**45**

Top Ten Holdings as of 3/31/10

SPX CORP	2.5%
BUCYRUS INTL INC	2.5%
FEDEX CORPORATION	2.4%
EXXON MOBIL CORP	2.3%
ITT CORPORATION	2.3%
THERMO FISHER	2.3%
SHERWIN WILLIAMS CO	2.2%
GALLAGHER AJ & CO	2.2%
BANK OF AMERICA CORP	2.2%
AIR PRODS & CHEMS	2.2%

Source GPMS

Sector Breakdown as of 3/31/10



Source GPMS

Performance as of 3/31/10

	Philippe Return	S&P500	Russell 1000
Quarter	**7.0%**	**5.4%**	**5.7%**
1 year	**67.5%**	**49.8%**	**51.6%**
3 years	**8.8%**	**-4.2%**	**-4.0%**
Since Inception	**11.0%**	**-0.9%**	**-0.5%**

Returns are gross of fees. Periods greater than one year are annualized.
Inception date September 1, 2006
Please see Performance Disclosures, Page 7. *Source GPMS*

Philippe

PHILIPPE GLOBAL GROWTH & INCOME OPPORTUNITIES

Portfolio Managers' Commentary

After a weak January, markets (ex China) rose in February and March providing positive returns for the quarter. Economic data at the end of March showed a powerful cyclical recovery accelerating throughout the world. Corporate earnings generally exceeded the modest expectations that managements had predicted. However, given the lingering concerns about a Greek bail-out by Europe, weakness in U.S. housing and jobs and a massive Federal deficit, positive returns for the quarter were pleasing.

The latest March reports brought what appeared to be especially good economic news. March auto sales were up 24% year over year, the Labor Department's Institute of Supply Management Composite Manufacturing Index jumped to 59, the highest reading in five years, and the March Employment Index reported a net addition of 162,000 jobs. Yet careful analysis of the data, while directionally encouraging, is somewhat more sobering. We are headed for a "good auto year" of 12 million cars and light trucks, rather than 17 million at the peak; the PMI is pointing to a strong manufacturing recovery, but capacity utilization remains in the low-60s, the lowest level in 50 years; adding 162,000 jobs after we have lost 8.4 million in a recession is a band aid relative to the unemployment, plus under-employment roster, which stands at roughly 16% of the work force.

The Fed looks at more detail than is available to us so we assume that they cannot be eager to tighten credit. Therefore, although they ended "Quantitative Easing" on March 31st, we doubt that they want to lift short-term rates or drain credit from the economy in the short term. The Treasury has to finance about $700 billion of the deficit and roll over debt which is shorter in maturity, relative to other countries. (Isn't this what we have lectured emerging markets countries to avoid?) So the Treasury's financing needs may put some upward pressure on intermediate and longer term rates later in the year.

In the developing markets, particularly China, the environment could not be more different than that in the U.S. and Europe. China is booming and creating demand for commodities. The problem in China is over-heating and the PBOC has started tightening credit. In addition, there are widespread debates about a real estate bubble. We have exited companies related to real estate, banking and infrastructure in China but maintain our exposure to domestic consumption and toll road companies. Our emerging consumer and emerging market finance companies are predicting earnings growth of roughly 20 percent.

Investment Strategy

In light of the configuration of world events, we are reducing the fixed income and "bond-like" segments of the portfolio and increasing the "reliable growth" GARP and defensive segments as well as BDCs (business development companies) that are making debt investments at attractive spreads in a credit constrained environment. We expect the overall portfolio yield to remain between 4.5% and 5% for the foreseeable future. The expected growth rate of our portfolio companies has increased slightly to 13% from 11%-12%.

Global Growth and Income Opportunities Management Team

	Years Experience
Béatrice Philippe, *CIO*	39
Garnett Keith, *Sub-Advisor* ; SeaBridge Investment Advisors	40
Howard Chin, *Associate Portfolio Manager & Analyst*	14
John Conti, SeaBridge Investment Advisors	27
David Descalzi, SeaBridge Investment Advisors	26

Top Ten Holdings as of 3/31/10

WAL-MART DE MEXICO	2.1%
PERUSAHAAN GAS	2.1%
ENTERPRISE	2.0%
ADVENT CLAYMORE CN	1.7%
FAIRFAX	1.7%
CRESCENT POINT	1.7%
BAYTEX ENERGY	1.7%
MEDCO HEALTH SOL	1.7%
ADVENT CLAYMORE	1.7%
SICHUAN EXPRESSWAY	1.7%

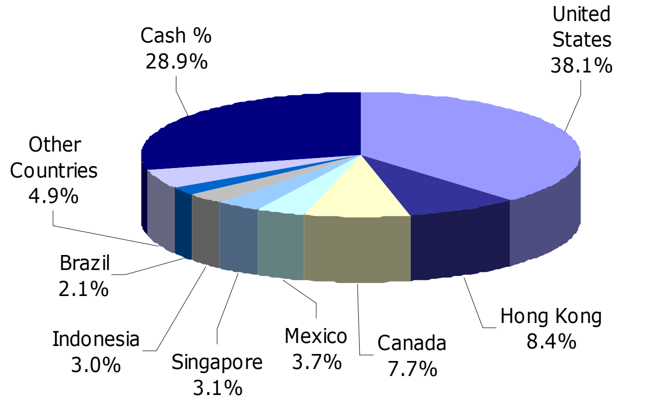
Source GPMS

Characteristics as of 3/31/10

Weighted Avg Market Cap	**$ 19,927 MM**
Median Market Cap	**$ 7,514 MM**
Holdings	**57**

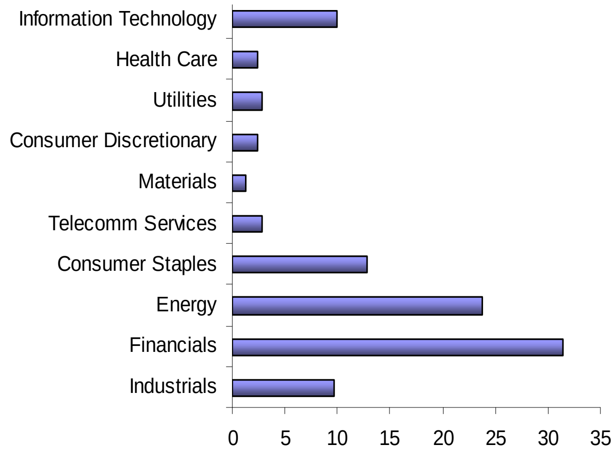
Source: Wilshire

Geographical Breakdown as of 3/31/10



Source GPMS

Sector Breakdown as of 3/31/10



Composite Performance as of 3/31/10

	Philippe Return	Merrill Lynch Global Broad	MSCI World
Quarter	**3.1%**	**2.0%**	**3.2%**
1 year	**58.1%**	**33.5%**	**52.4%**
Since Inception	**1.7%**	**7.1%**	**-5.4%**

Source: GPMS

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: April 2, 2007
Please see Performance Disclosures, Page 7.

PHILIPPE GLOBAL OPPORTUNITIES

Philippe

Portfolio Managers' Commentary

Markets were little changed in the first quarter. Asia posted the strongest returns, led by the Japanese market which benefited from strong economic figures. North America was the second best performing region, rising almost 6%. European markets declined, as concerns over Greece's ability to deal with spiraling deficits spread to Portugal, Italy and Spain and caused the euro to weaken by a little more than 5%.

The data released over the quarter confirmed that the U.S. economy is in recovery mode. Consumer credit rose for the first time since mid-2008, non-farm inventories remain well below their pre-crisis levels, capital spending is picking up and the corporate sector is hiring again after having shed more than 8 million jobs in the past two years. Emerging countries now account for more than one third of the world economy and keep growing at an impressive pace. However, the economic recovery has remained muted in Europe with a mere 1% GDP growth expected in 2010.

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Global Opportunities Equity Management Team

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Béatrice Philippe, *President & CIO*	39
Howard Chin, *Associate Portfolio Manager & Analyst*	14
Eric Fourrier, *Associate Portfolio Manager & Analyst*	9
Laurent Halmos, *Associate Portfolio Manager & Analyst*	15

Top Ten Holdings as of 3/31/10

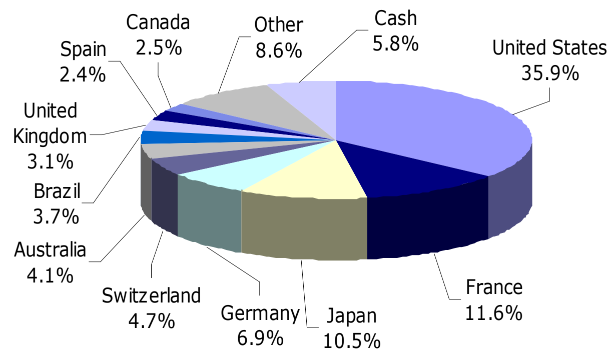
UNITED TECHNOLOGIES	3.3%
NEXANS	3.0%
NINTENDO CO	2.9%
THERMO FISHER	2.7%
TRANSOCEAN	2.6%
LOCKHEED MARTIN CORP	2.5%
ROCHE HLDGS AG	2.5%
COVIDIEN	2.5%
AGCO CORP	2.4%
PIM JAPAN MID CAPS	2.4%

Source GPMS

Characteristics as of 3/31/10

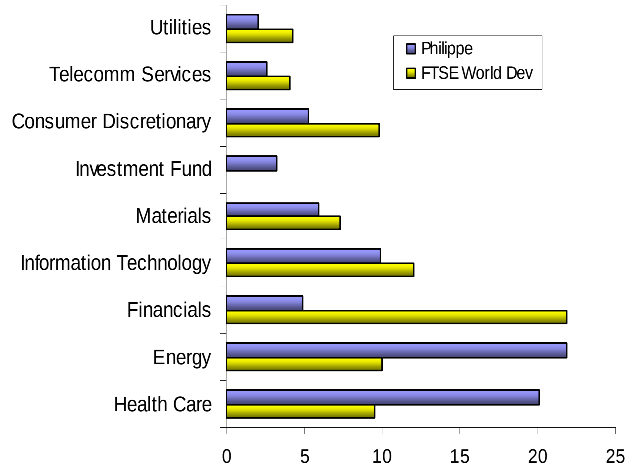
	Philippe	FTSE All World Developed
Weighted Avg Market Cap	**$ 21,463 MM**	**$ 64,269 MM**
Median Market Cap	**$ 6,985 MM**	**$ 6,371 MM**
Holdings	**56**	**1,859**

Geographical Breakdown as of 3/31/10



Source GPMS

Sector Breakdown as of 3/31/10



Source GPMS

Composite Performance as of 3/31/10

	Philippe Return	FTSE A.W. Dev.
Quarter	**1.8%**	**3.3%**
1 year	**55.4%**	**53.7%**
3 years	**-1.4%**	**-4.5%**
5 years	**5.2%**	**3.8%**
Since Inception	**5.9%**	**5.3%**

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*

Philippe

FIRM NEWS

❑ Laurent Halmos

We are pleased to announce that Laurent Halmos has joined the Philippe global portfolio management team as an analyst and portfolio manager specializing in Japanese equities.

Mr. Halmos spent the past 14 years focusing on Japanese equities. He was ranked top in *Institutional Investor* magazine and in the *Nikkei* newspaper analyst rankings in 2003-2004 and also was ranked best performer among sell-side analysts in Japan by *Starmine,* a leading provider of security analyst rankings.

Laurent's past experience includes 12 years working in Japan. Since 2000, he served as Executive Director and strategist for small and mid cap stocks at CLSA Asia Pacific Securities, Nikkociti Group and UBS. Previously, he worked as an analyst covering all market sectors for securities in Japan and the Far East.

❑ PIM Japan Mid Cap Fund

Laurent Halmos will manage a new PIM fund for European investors specializing in Japanese small and mid cap companies. The fund was instituted on March 11th with initial investments of $40 million.

❑ Press

- ***Lipper* Fund Awards 2010:** The **PIM America** fund was awarded the **"Best Fund over 3 Years"** by the *Lipper* Fund Awards (France) for the category of North American Equity. We extend our appreciation to our Strategic Partner, SeaBridge Investment Advisors, and the PIM America fund advisor, John C. Conti. Please see page 3 for the performance record of this fund.

- **Béatrice Philippe** was honored for her leadership of the investment strategies of Philippe Investment Management in the April issue of *Challenges* magazine. In an article entitled, "The Best Gurus of the Markets", selections of leading managers were made based on two criteria: long-term out-performance and risk controls.

- **Ms. Philippe** also participated on the French business news radio station, *BFM* Radio, on April 14th, in a discussion on the outlook for world markets.

PERFORMANCE DISCLOSURES

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. Separate accounts are available. 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 and includes 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 $36.1 million.

The **Philippe U.S. All Cap Equity** composite includes a fully discretionary, euro-denominated European FCP (a French mutual fund) with assets over $25 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. dollars, is representative of our results for separate accounts for U.S. investors.) 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 2009 were $101 million. Total assets in this strategy, including separate accounts for private investors, were $138.8 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 and includes income and cash equivalents. Performance returns provided to investors are calculated net of management fees, custody fees and transaction costs. The annual management fee is 1%, calculated and paid quarterly. Past performance is not necessarily indicative of future performance. For further information, please request the Confidential Memorandum 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 $24.3 million.

Philippe Global Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (French mutual fund) and, since October 1, 2008, also includes the returns of Pan-Holding SICAV, a European-based, 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 and includes income and cash equivalents. (Although the FCP product is not available to U.S. investors, the track record, translated into U.S. dollars, 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 $179.4 million.

All returns shown in this publication assume the reinvestment of dividends.

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.

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