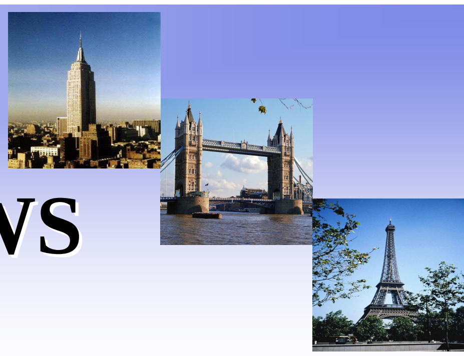
Philippe

INVESTMENT MANAGEMENT

QUARTERLY NEWS



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.

INSIDE THIS ISSUE

Focus on our Strategies

Philippe International Opportunities p. 2

Philippe U.S. All Cap p. 3

Philippe Global Growth & Income Opportunity p. 4

Philippe Global Opportunities p. 5

Firm News p. 6

Performance Disclosures p. 7

The European Crisis of 2010

Is Europe to be written off and the euro to disappear?

Misperceptions always have abounded about Europe and euroscepticism comes back periodically. The debt crisis in Greece triggered, once more, criticisms of the European Union and questions about European integration and the sustainability of the euro.

Europe always has progressed through crises and we believe the current crisis will not be an exception. In fact, this latest predicament, in all probability, is creating very attractive investment opportunities in Europe. In a recent piece, Matthew Garman of Morgan Stanley wrote: "Cheap valuations and washed-out sentiment suggest a favorable risk-reward for European equities, as long as the global economy is not double-dipping." The MSCI Europe is trading at a multiple of 10.3 times 12 months forward earnings, as compared to the historical average, since 1987, of 14 times.

But will Europe succeed this time and get out of this quagmire and will the euro survive? As Nicolas Doisy of Cheuvreux wrote in early July, "The European Central Bank (ECB) can only provide liquidity to banks, not to governments." Governments must:

1. Reduce their public deficits,
2. Restructure the banks and
3. Liberalize the labor and goods markets to improve productivity.

They know what they have to do. However, the implementation remains ahead and needs to be a success. Therein lies the risk.

A balanced budget strategy has to be achieved over the medium-term, not the short-term. Acting too abruptly in the short-term would provoke the risk of a double-dip recession. Europe cannot afford policy mistakes such as those that led to the "lost decade" in Japan.

Abandoning the euro would be even more disastrous for the weaker countries within the euro-zone, and more damaging to every country, than keeping it. We believe wage discipline is the only way to end the overvaluation of the euro.

Europe needs <u>discipline</u>, currently provided through the "funding in tranches" by the IMF and through financial markets, and <u>cooperation</u>. The overvaluation of the euro has to be resolved by structural reforms meant to increase productivity. There is a lot of excess and "fat" that can be cut without endangering the economic recovery. Many countries in Europe are doing well and showing positive growth. Business confidence is at its highest in three years in Germany. A weak euro is helping exports and company earnings, particularly those of exporting companies, are beating estimates.

We do not believe there will be a double-dip recession in global economies and Europe could once more confound the skeptics and be the best performing developed region over the coming three to six months. The euro should stabilize, or even rebound somewhat, from its trough.

The sky is always darkest before the dawn!

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

After weeks of hesitation, in May, European leaders finally agreed to a €750 billion aid package to stabilize the euro zone. The reaction in the financial markets was rather muted as investors remain concerned by the large amounts of sovereign and private debt issued by troubled countries currently held on the balance sheets of European banks. Another area of concern was the announcement of austerity measures throughout Europe aimed at reducing budget deficits, which inevitably will weigh on GDP growth. Governments poured over the Greek crisis and came to the conclusion that they have to take action to avoid a spike in sovereign debt rates and, ultimately, a total freeze in the government debt market. As a result, the euro came under strong selling pressure, declining almost 10% over the quarter to reach $1.22 at the end of June.

The data released in June was not enough to convince investors that the economic recovery is gaining traction. Job creation in the U.S. disappointed while the housing market once again came under pressure with new home sales reaching a 50-year low. The news flow from China also weighed on sentiment. Industrial production is finally slowing down in reaction to the government's efforts to control credit growth and discourage speculators in the real estate market, which is positive for the longer term but negative in the short term. Beijing also has decided to let the yuan appreciate, a welcome step on the road to a more balanced global economy, although the process will take time.

Reflecting these macro economic and political concerns, financial markets declined by close to 14% in U.S. dollar terms. Europe lost 15% while North America and Asia posted declines of slightly more than 11%. In this environment, defensive sectors out-performed, in particular consumer staples and telecom services. Conversely, energy, raw material and financial stocks underperformed, posting declines ranging from 16% to 19%.

The Philippe portfolio benefited from contributions from **Core Laboratories**, **Dassault Systèmes**, **Gerresheime**r and **Cairn Energy**, all of whom maintain a very strong earnings momentum. However, the portfolio was hurt by its oil services holdings, **Fugro** and **Petroleum Geo Services**, which were impacted by the consequences of the Horizon rig accident in the Gulf of Mexico. In the raw materials sector, **Teck Resources** and **Thompson Creek**, leading producers of copper and molybdenum, came under pressure as commodity prices declined during the quarter, reflecting a rise in risk aversion and uncertainties around the sustainability of the economic recovery. Following the significant market correction, current valuations do not reflect the mid- and long-term potential of these companies, uniquely positioned to respond to the global challenges of reserve replacement and increasing energy consumption.

As long as GDP growth in the U.S. remains fragile, markets will be torn between euphoria and pessimism, fuelling more volatility. We will continue to strictly monitor valuations of the stocks we hold in the portfolio to maintain some safety margin in a context of low visibility for future corporate earnings.

We favor companies enjoying market leading positions with an attractive geographic mix that ensures above-average and sustainable earnings growth.

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 6/30/10

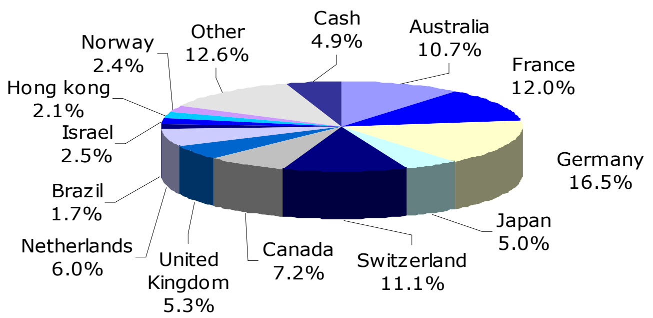
CORE LABORATORIES	3.4 %
DASSAULT SYSTEMES	3.4 %
ABB LTD.	3.3 %
CAIRN ENERGY	2.9 %
VOSSLOH AG	2.9 %
SGL CARBON	2.8 %
FUGRO NV	2.6 %
SCHINDLER PTG CERT	2.6 %
GALP ENERGIA	2.5 %
FLSMIDTH & CO A/S DKK20	2.5 %

Source GPMS

Characteristics as of 6/30/10

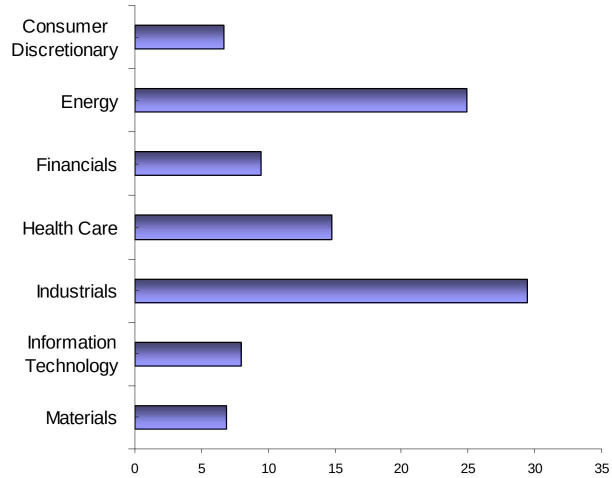
	Philippe	FT World x US
Weighted Avg Market Cap	**$ 14,267 MM**	**$ 39,311 MM**
Median Market Cap	**$ 7,249 MM**	**$ 4,338 MM**
Holdings	**49**	**1,300**

Geographical Breakdown as of 6/30/10



Source GPMS

Sector Breakdown as of 6/30/10



Source GPMS

Composite Performance as of 6/30/10

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	**-14.4%**	**-14.0%**	**-12.4%**
YTD	**-14.1%**	**-13.2%**	**-10.7%**
1 year	**9.3%**	**5.9%**	**8.6%**
3 years	**-8.8%**	**-13.4%**	**-11.7%**
5 years	**3.1%**	**0.9%**	**1.7%**
Since Inception	**0.5%**	**1.4%**	**0.4%**

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

PHILIPPE U.S. All-Cap Equity

Portfolio Managers' Commentary

The swoon in the price of equities in June seemed to be a reaction to a month of soft economic data. Statistics on job creation, strength in the housing market and factory activity suggested that the pace of economic growth had slowed. In stark contrast to the economic statistics, the corporate sector continued to indicate that economic activity remains robust. Nonetheless, the deterioration in macro statistics is unambiguous; therefore, we downgraded our GDP growth assumption for 2010 from 3.5% to 3%. As a consequence of our more modest growth assumption, we made slight adjustments to the portfolios in June and likely will make further changes if the economic statistics continue to flash warning signals.

The news from the corporate sector remains encouraging. Specifically, **Actuant** and **Pall Corp**, two of our portfolio companies that are not on a traditional calendar quarter reporting cycle, reported earnings in the past month and gave an encouraging outlook. In a quarterly conference call on June 9th, Eric Krasnoff, Pall's CEO, commented that "an industrial recovery began to spread across markets and regions." It's worth noting that Pall Corp supplies filters and filtration equipment to a broad range of end markets all over the world. More recently, Actuant, in its earnings press release on June 17th, reported sales 17% higher than the comparable quarter last year, driven in part by "significantly higher shipments to global truck, automotive and specialty vehicle customers." Actuant is a diversified industrial company with major product offerings in hydraulic and electrical tools. Most of the companies in our portfolio will report earnings in the coming month and provide us with more real time data on the health of the U.S. and global economies.

Outlook and Investment Strategy

For some time we have believed that the U.S. economic recovery would be sustainable. Despite the soft patch in June, we still believe this to be the case. The first stage of the recovery was in early 2009 when the Fed stabilized the economy with a tsunami of liquidity. The second stage was triggered by a Government fiscal stimulus package and a reversal in the inventory cycle. The third stage of the recovery must be led by an increase in final consumption by both consumers and the corporate sector. In our commentaries as far back as mid-2009, we have argued that a powerful demographic case could be made for a resurgence of demand for big ticket consumer durables such as houses and automobiles. We still believe the echo-boom generation, in conjunction with a normal U.S. population growth rate of 1%, will drive the economy post the inventory phase of recovery. Nonetheless, confidence among economic decision makers remains low, and will need to rise before jobs are created and houses are bought.

Perhaps the dramatic nature of world events in late May and June conspired to give consumers and corporations pause, which led to economic softness. Thoughts of another credit crunch likely caused the stock market's "flash crash," and eroded consumer confidence. Caution arising from the European debt crisis also may have given corporations reason to put hiring decisions on hold. At the same time, the environmental catastrophe in The Gulf of Mexico damaged consumer confidence. However, while the problems in Europe haven't gone away, money markets have stabilized, the fiscally constrained nations are able to raise money and the banking system is still functioning. Furthermore, BP is almost finished drilling the relief well that will, hopefully, stop the oil spill from getting worse.

Perhaps the stage is set for the change in sentiment needed to make the transition from a stimulus and inventory cycle - led recovery to the latent final demand-driven economy that we have written about. Based on company reportings and guidance, as well as the macro data in the months ahead, we'll decide if any substantial portfolio adjustments are warranted.

U.S. Equity Management Team

	Years Experience
Béatrice Philippe, *Co-CIO, Portfolio Manager*	39
Howard Chin, *Associate Portfolio Manager & Analyst*	14
John Conti, Sub-Advisor, SeaBridge Investment Advisors	27
Dave Descalzi, SeaBridge Investment Advisors	26

Characteristics as of 6/30/10

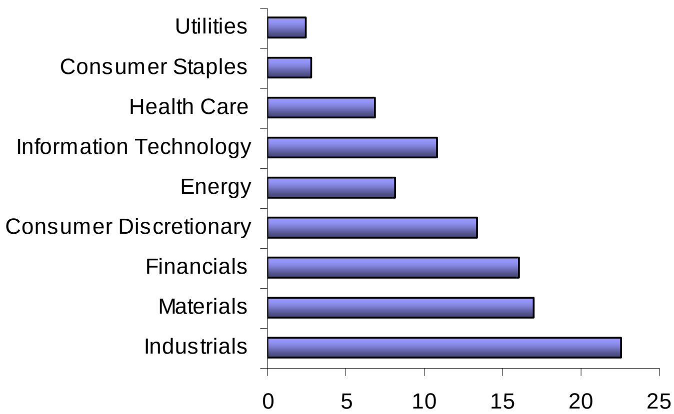
	Philippe
Weighted Avg Market Cap	**$ 24,030 MM**
Median Market Cap	**$ 5,639 MM**
Holdings	**45**

Top Ten Holdings as of 6/30/10

PALL CORP COM USD0.10	2.6%
SPX CORP	2.5%
BROOKFIELD ASSET M	2.5%
GENUINE PARTS CO	2.5%
EXXON MOBIL CORP	2.5%
BUCYRUS INTL INC	2.5%
ITT CORPORATION	2.4%
COMPASS MINLS	2.4%
PENTAIR INC COM	2.4%
AUTOMATIC DATA PROC	2.3%

Source GPMS

Sector Breakdown as of 6/30/10



Source GPMS

Performance as of 6/30/10

	Philippe Return	S&P500	Russell 1000
Quarter	**-10.6%**	**-11.4%**	**-11.4%**
YTD	**-4.4%**	**-6.7%**	**-6.4%**
1 year	**24.0%**	**14.4%**	**15.2%**
3 years	**2.1%**	**-9.8%**	**-9.5%**
Since Inception	**7.1%**	**-3.9%**	**-3.6%**

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 GLOBAL GROWTH & INCOME OPPORTUNITIES

Portfolio Managers' Commentary

Primarily due to defensive positioning going into the second quarter, the portfolios weathered the May and June declines better than did the world markets. The Asian holdings, with continuing growth from the consumer and financial sectors, and the holdings in Master Limited Partnerships, with secure and growing cash flow, were the strongest performers. Holdings with credit exposure were weak, as concerns about a double dip recession rose and hedge funds were unwinding carry trade holdings.

We made several adjustments to the portfolio to reflect a changing environment. We re-invested in the government-backed mortgage REITS, **Annaly** and **Hatteras**, where the dividend yields are over 12%. We trimmed holdings in the Business Development Companies that are credit sensitive and dependent on the capital markets. We initiated positions in **BMW** and **Symrise**, German exporters that should benefit from the weakness of the euro. Symrise is a specialty chemicals company with an emerging markets exposure of more than 40%. As a proxy for platinum, which is down 20% from its peak, we initiated a position in **Johnson Matthey**, a UK company which also will benefit from tightening emissions legislation in vehicles.

We continue to hold a number of conservative fixed income holdings as well as 10% in cash for equity buying opportunities, which can arise on short notice in a turbulent market.

Outlook and Investment Strategy

While the "top-down" view of the world economy is full of dread and uncertainty, we think the "bottom-up" view of the affairs of the companies in the portfolio is hopeful and, in some cases, exciting. Seldom has the disparity been greater. U.S. companies generally are in good financial condition - borrowing is well controlled, profit forecasts for 2010 are significantly better than 2009 and valuations appear to be reasonable. However, employment, housing, and corporate capital spending are not recovering as we had hoped. It appears that growth for the first half of 2010 will be at a rate of slightly less than three per cent. With the 2009 stimulus programs having a diminishing effect as we go forward, the outlook for the second half of 2010 looks no better. Growth in Europe is slowing as the crisis continues over funding the deficits of the southern European countries, especially Greece and Spain. However, growth continues in Asia.

The Global Growth & Income strategy invests in stocks globally and in bond and other income streams that have relatively strong assurance that the income will continue even in a recession. Our objective is that the income stream will provide stability and result in volatility that is lower than that of an all-equity portfolio.

Our basic philosophy is to find companies with:

- Capable managements doing things that are good for the shareholders
- A solid, growing business franchise generating free cash flow to be reinvested in the business
- Limited debt that will allow a company room to maneuver in a difficult economy
- Prices that will provide an attractive return on our investment.

We look all over the world for these investments and we feel good about the balance of risks and rewards we find as we go into the second half of 2010.

Global Growth and Income Opportunities Management Team

	Years Experience
Béatrice Philippe, *Co-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 6/30/10

FAIRFAX	2.6%
EATON VANCE LTD	2.5%
El PASO PIPELINE	2.5%
ADVENT CLAYMORE	2.5%
ADVENT CLAYMORE CN	2.5%
CRESCENT POINT	2.4%
HUTCHISON TEL	2.4%
ENERGY TRANSFER EQ	2.4%
BAYTEX ENERGY	2.3%
FOMENTO ECON MEXIC	2.3%

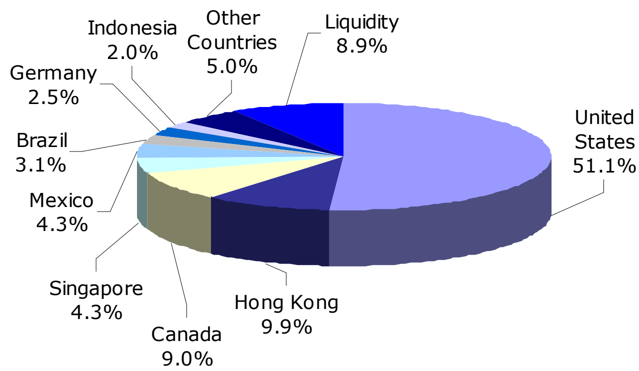
Source GPMS

Characteristics as of 6/30/10

Weighted Avg Market Cap	**$ 15,870 MM**
Median Market Cap	**$ 7,415 MM**
Holdings	**56**

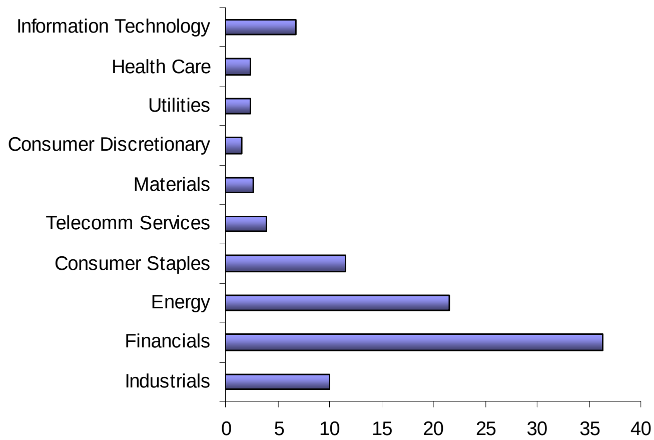
Source: Wilshire

Geographical Breakdown as of 6/30/10



Source GPMS

Sector Breakdown as of 6/30/10



Source GPMS

Composite Performance as of 6/30/10

	Philippe Return	Merrill Lynch Global Broad	MSCI World
Quarter	**-5.7%**	**-0.7%**	**-12.7%**
YTD	**-2.8%**	**1.3%**	**-9.8%**
1 year	**25.1%**	**14.4%**	**10.2%**
3 years	**-2.0%**	**6.9%**	**-11.4%**
Since Inception	**-0.2%**	**6.3%**	**-8.9%**

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

PHILIPPE GLOBAL OPPORTUNITIES

Portfolio Managers' Commentary

After weeks of hesitation, in May, European leaders finally agreed to a €750 billion aid package to stabilize the euro zone. The reaction in the financial markets was rather muted as investors remain concerned by the large amounts of sovereign and private debt issued by trouble countries currently held on the balance sheets of the European banks. Another area of concern was the announcement of austerity measures throughout Europe aimed at reducing budget deficits, which will inevitably weigh on GDP growth. Governments poured over the Greek crisis and came to the conclusion that they have to take action to avoid a spike in sovereign debt rates and, ultimately, a total freeze in the government debt market. As a result, the euro came under strong selling pressure, declining almost 10% over the quarter to reach $1.22 at the end of June.

The data released in June was not enough to convince investors that the economic recovery is gaining traction. Job creation in the U.S. disappointed while the housing market once again came under pressure with new home sales reaching a 50-year low. The news flow from China also weighed on sentiment. Industrial production is finally slowing down in reaction to the government's efforts to control credit growth and discourage speculators in the real estate market, a positive for the longer term but negative in the short term. Beijing also has decided to let the yuan appreciate, a welcome step on the road to a more balanced global economy, although the process will take time.

Reflecting these macro economic and political concerns, financial markets declined by close to 14% in U.S. dollar terms. Europe lost 15% while North America and Asia posted declines of slightly more than 11%. In this environment, defensive sectors out-performed, in particular consumer staples and telecom services. Conversely, energy, raw material and financial stocks underperformed, posting declines of 16% and more.

The Philippe portfolio benefited from contributions from **Core Laboratories** and **Dassault Systèmes**, both of whom maintain very strong earnings momentum. Conversely, the portfolio was hurt by its oil services holdings, **Transocean** and **Oceaneering Services**, which were impacted by the consequences of the Horizon rig accident in the Gulf of Mexico. In the raw material sector, **Teck Resources** and **Thompson Creek**, leading producers of copper and molybdenum, came under pressure as commodity prices declined during the quarter, reflecting a rise in risk aversion and uncertainties around the sustainability of the economic recovery. Following the significant market correction, current valuations do not reflect the mid- and long - term potential of these companies, uniquely positioned to respond to the global challenges of reserve replacement and increasing energy consumption.

As long as GDP growth in the U.S. remains fragile, markets will be torn between euphoria and pessimism, fuelling more volatility. We will continue to strictly monitor valuations of the stocks we hold in the portfolio to maintain some safety margin in a context of low visibility for future corporate earnings.

We favor companies enjoying market leading positions and an attractive geographic mix that ensures above-average and sustainable earnings growth.

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 6/30/10

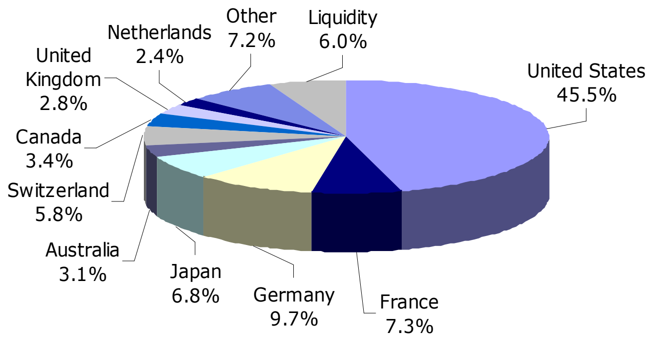
LOCKHEED MARTIN CORP	3.1%
ABB LTD.	3.1%
UNITED TECHNOLOGIES	2.9%
COVIDIEN	2.9%
THERMO FISHER	2.8%
CAIRN ENERGY	2.8%
SCHINDLER PTG CERT	2.7%
AVNET	2.7%
DASSAULT SYSTEMES	2.7%
PUBLICIS GROUP SA	2.5%

Source GPMS

Characteristics as of 6/30/10

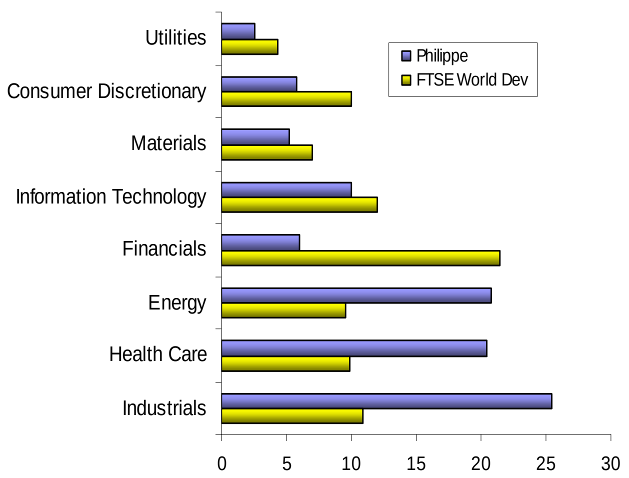
	Philippe	FTSE All World Developed
Weighted Avg Market Cap	**$ 14,123 MM**	**$ 55,538 MM**
Median Market Cap	**$ 6,414 MM**	**$ 5,511 MM**
Holdings	**46**	**1,891**

Geographical Breakdown as of 6/30/10



Source GPMS

Sector Breakdown as of 6/30/10



Source GPMS

Composite Performance as of 6/30/10

	Philippe Return	FTSE A.W. Dev.
Quarter	**-16.0%**	**-12.5%**
YTD	**-14.4%**	**-9.6%**
1 year	**6.6%**	**10.8%**
3 years	**-9.3%**	**-10.7%**
5 years	**1.8%**	**0.9%**
Since Inception	**2.7%**	**2.8%**

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*

FIRM NEWS

❑ Philippe Investment Management is pleased to announce the arrival of two professionals to our Paris sales and marketing team.

Florent Delorme joined us on July 1st. He will lead the Paris marketing and sales team. Florent has over 10 years experience in the industry and previously was head of institutional sales at NATIXIS Asset Management where he managed a team of 7.

Philippe Lorent will join the team in August as a Business Development Manager. Philippe formerly was a business development manager at Franklin Templeton in Paris where he worked with a broad range of clients, including multi-managers, private banks and family offices.

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 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

Philippe

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.

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 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