Philippe

INVESTMENT MANAGEMENT

QUARTERLY NEWS

INSIDE THIS ISSUE

Focus on our Strategies

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Spotlight

By Garnett Keith, Chairman and CEO of SeaBridge Investment Advisors; Director, Philippe Investment Management.
Mr. Keith is sub-advisor for PIM Yield Growth portfolios and Philippe Global Growth & Income Opportunity LLC

The markets survived two tests in the second quarter. First, ten year interest rates jumped sharply as global growth and Fed comments made a future cut in interest rates appear less likely. Second, mortgage credit conditions continued to deteriorate.

Is this “test passing” a sign of strength or a harbinger of more difficult tests ahead? I do not think the tests have ended, and whether the markets’ resilience will survive is uncertain. On the positive side, interest rates have backed off their highs by about 25 basis points. As long as they stay around 5% and the housing/mortgage problems are moderate, the markets will probably trend higher.

Last quarter I characterized my view as “cautiously optimistic.” I am still optimistic beyond November. Until then, I remain cautious about more housing debt explosions; however, hopeful that tests can be passed as the summer and early fall go by.

Some of the most serious risks arise from the less favorable trends in the credit markets. In addition to widely publicized sub-prime mortgage problems, banks are pulling back on the “cov-lite” LBO loans (large loans with fewer protective covenants for the lender). Several large leveraged buy out deals, currently in the process of syndication, are finding that raising money is more difficult than had been anticipated. Stock purchases in connection with LBO’s and corporate stock repurchase programs have been major contributors to the market strength this year. Threats to the availability of loans for those purposes put the markets in increasing danger.

Elsewhere conditions are healthy. Business confidence in Europe continues to rise and capital spending is carrying Euro economies forward despite rising interest rates. In Asia, conditions are nearly ideal; liquidity is plentiful; exports remain strong and inflation is low. Capital spending is a powerful force and domestic spending is supplementing exports as a growth driver. The RMB has appreciated at a 10% annual rate in the past two months, taking some currency pressure off China’s neighbors. Only Japan finds trends turning down--wage increases are weak and domestic spending is flagging; however, the export sector is booming on the back of the very weak yen. As a result of strong growth outside the U.S., foreign companies and U.S. companies with substantial foreign business are prospering as never before.

Prices in Asia are no longer cheap, but growth is substantially faster than elsewhere and three times as fast as the domestic U.S. economy. For example, the S&P 500 is trading at about 14.5 times forecast 2008 earnings. Earnings growth for 2008, over 2007, is forecast to be about 11.4%. (This includes the more rapid growth that many S&P companies get from activities in Asia.)

(Continued on page 6)

PHILIPPE INTERNATIONAL OPPORTUNITIES

Portfolio Managers' Commentary

Worries over a possible meltdown of the bubble forming on world credit markets have been alleviated by the exceptional resilience of the real economy. The US remains strong, although slowing a bit, Europe's recovery is firmly rooted and Asia keeps surprising on the upside.

As a result of rising oil and commodity prices, the largest contributors to the portfolio this quarter are in the mining industry (**BHP**) and oil services & production (**Total, CGG Veritas, Woodside**). Holdings in Germany also have performed very well, in particular **Siemens, Allianz, Linde** and **Commerzbank**, each of which made steady progress in their respective restructuring programs. These companies also benefit from the overall German recovery, epitomized by the decline in the unemployment rate from its high of 10.1% to 6.6% currently.

Our strategy during the quarter was based on four key pillars:

•Reduce exposure to expensive stocks. Companies such as **SGS**, **Adidas**, **Aegis** and **Novozymes** still offer attractive mid-to-long term prospects but their valuations seemed a bit stretched to us, making them particularly vulnerable to a sudden market correction.

•Exit stocks for which visibility on future cash flows is not as clear as it was at the time of purchase. These include **Novartis** and **Takeda**, both of which suffer from severe generic competition and have been slow to launch truly innovative drugs. Although current multiples look attractive, medium term earnings growth potential has deteriorated and the valuations on both stocks already may have reached fair levels.

•Increase the weightings of companies for which visibility on future cash flows is more solid, as long as valuations remain reasonable. These include **Telefonica**, **Pernod** and **Fujifilm**.

•Introduce new stocks that are among the dominant players in developed countries with outstanding competitive advantages and deriving an increasing portion of their sales from emerging nations: **FL Smidth** (conception and construction of cement factories), **Faiveley** (equipment for trains and passenger rolling stock), **Pfleiderer** (engineered woods), **Topcon** (electronic surveying instruments and medical equipment) and **Coca Cola Hellenic Bottling**.

We will remain faithful to this strategy for the coming months.

International Equity Management Team

	Years Experience
Michel Raud, *Co-CIO, Lead Portfolio Manager*	34
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37
Eric Fourrier, *Associate Portfolio Manager & Analyst*	6

Top Ten Holdings as of 06/29/07

TOTAL EUR2.5 :	3.7 %
BHP BILLITON LTD :	3.6 %
SUEZ :	3.5 %
CIE GEN GEO-VERIT :	3.4 %
SIEMENS AG :	3.2 %
TELEFONICA SA :	3.1 %
COMMERZBANK :	2.9 %
WOODSIDE PETROLEUM NF	2.8 %
THALES :	2.6 %
NAT BANK OF GREECE :	2.6 %

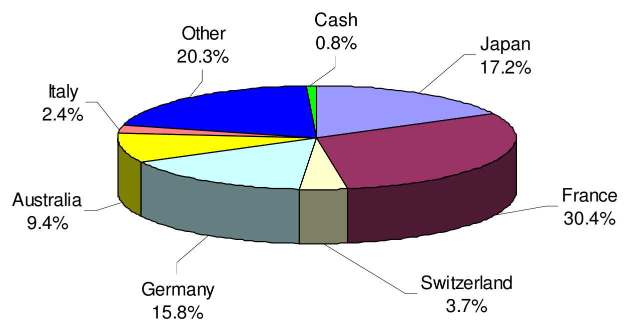
Source GPMS

Characteristics as of 06/29/07

	Philippe	FT World x US
Weighted Avg Market Cap	$ 51,647 MM	$ 59,986 MM
Median Market Cap	$ 22,728 MM	$ 6,363 MM
Holdings	51	1,334
Product Assets	$ 25 MM	

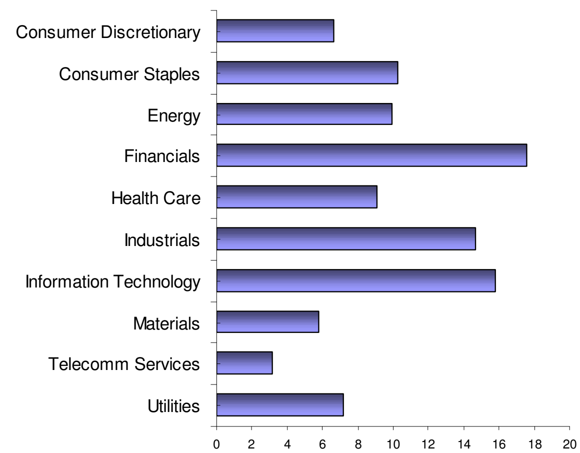
Source: Datastream and Wilshire

Geographical Breakdown as of 06/29/07



Source GPMS

Sector Breakdown as of 06/29/07



Source GPMS

Composite Performance as of 06/29/07

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
Quarter	7.99	6.40	6.66
YTD	12.37	10.74	11.94
1 year	25.44	27.00	25.29
3 years	18.99	22.27	20.71
5 years	14.38	17.71	15.35
Since Inception	5.08	8.97	6.50

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

Source GPMS

PHILIPPE EUROPE SMALL AND MID CAP

Portfolio Managers' Commentary

Halfway through the year and we observe:
•Commentators are gloomy and, frankly, not without reason.
•Investors are tolerant of all except profit disappointment. Renewed terrorist attempts in the UK have not had a discernable effect. Sterling has settled at $2.00 in expectation of further interest rate increases; however, the yen remains weak. The sub-prime contamination, so far at least, has primarily been limited to hedge funds.
•Does the IPO of major alternative funds and management companies signal concern about the market cycle?
•We suspect that risk appetites have been dented nonetheless, with a few corporate specific exceptions. The real economy, by contrast, seems to be holding up. We still find interesting opportunities, both new and revisited, at reasonable valuations.

We participated in the IPO of **Silanis International** in June. Silanis provides electronic signature solutions to corporate and government customers. It enables organizations to eliminate the time consuming process of printing out documents for signatures. Silanis improves the productivity of its customers.

A detractor in the portfolios was **Carter and Carter,** an educational services provider which announced a delay of recent government initiatives and reduced its profit forecast. This, combined with the death of the CEO in June, led to panic selling of the shares. We increased our position just before the Company announced stock purchases by the directors. We expect further gains as the panic subsides.

Country comments:
•In **Spain,** we believe there has been an over-emphasis on housing. The modernization of the economy is developing well and many Spanish companies have built up a very significant international exposure.
•Consumption in **Scandinavia** is strong but we fear that the market is overstating the sustainability of the pick up in German consumption in any sustainable way.
•**France:** We suspect that the "Sarkozy effect" is more complex than some think.

Europe Small & Mid Cap Management Team

	Years Experience
Consuelo Brooke, *Lead Portfolio Manager*	38
Gariesh Sharma, *Co-Portfolio Manager & Analyst*	10
Johann Ropers, *Associate Portfolio Manager & Analyst*	7

Top Ten Holdings as of 06/29/07

HEALTHCARE LOCUMS	2.54%
ACTELION	2.51%
HARDY OIL AND GAS	2.38%
CARE UK	2.36%
FUGRO NV	2.30%
CAPMAN OYJ	2.24%
UMECO	2.10%
KSK POWER VENTUR	2.09%
ARCADIS NV	2.08%
NORTHGATE	2.00%

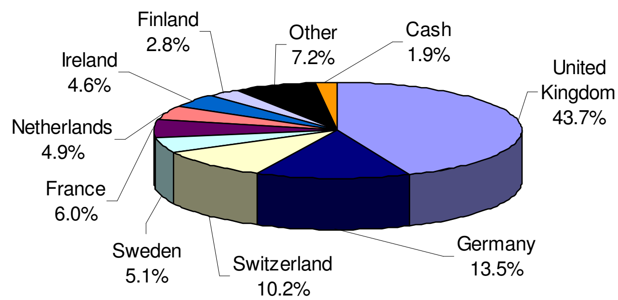
Source GPMS

Characteristics as of 06/29/07

	Philippe	S&P Citigroup Europe EMI
Weighted Avg Market Cap	**$ 1,658 MM**	$ 6,564 MM
Median Market Cap	**$ 544 MM**	$ 1,081 MM
Dividend Yield	**1.5**	1.9
Est EPS Growth	**17.7**	16.3
Price/Book	**4.9**	3.9
Holdings	**79**	1,831
Product Assets	**$ 369 MM**	

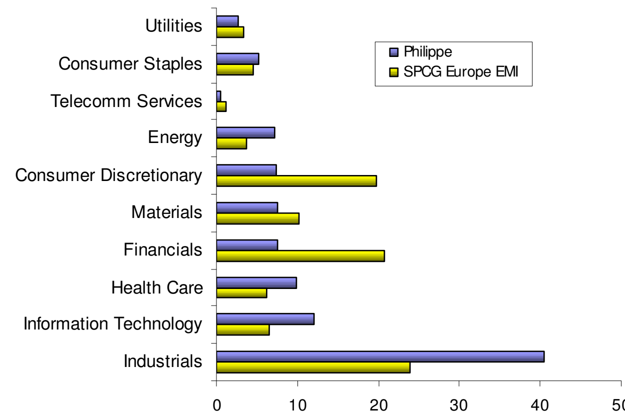
Source Datastream

Geographical Breakdown as of 06/29/07



Source GPMS

Sector Breakdown as of 06/29/07



Source GPMS

Composite Performance as of 06/29/07

	Philippe Return (Gross)	S&P Citigroup Europe EMI	DJ Stoxx Small 200	MSCI Europe
Quarter	**7.31**	**5.05**	**4.88**	**8.31**
YTD	**14.38**	**12.31**	**11.75**	**12.49**
1 year	**42.94**	**39.66**	**41.17**	**32.44**
3 years	**29.41**	**31.79**	**31.01**	**24.55**
Since Inception	**32.62**	**34.70**	**35.85**	**26.53**

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

Source GPMS

PHILIPPE U.S.

Portfolio Managers' Commentary

The markets were very resilient in the second quarter, despite a sharp increase in the 10-year bond yield amidst reports of inflationary pressures and fueled by strong global growth. By the end of the quarter, this flight to quality moderated as the 10-year yield surpassed 5%. Although the worsening credit ratings of the sub-prime mortgage lenders led to the near collapse of two Bear Stearn's hedge funds, thus far the market has shrugged off this risk. However, further deterioration in the sub-prime market over the coming months will continue to test the intrinsic strength of the market.

M&A activity is still strong and is providing support to the markets. Debt financing for private equity deals is beginning to show some cracks in the infrastructure as lenders and investors are pushing back on narrow spreads and "covenant-lite" deals. The spreads on non-investment grade transactions are beginning to increase from their lows as investors begin to demand greater compensation for greater risk. In addition, the equity market continues to shrink due to buybacks, the privatization of public companies, and mergers. The positive short-term implications are apparent, but the longer term outlook is less rosy, as companies do not invest in capacity, and could lead to greater inflationary pressure. However, we see continued support for the market from additional sources of liquidity, in particular the relatively benign interest rate environment (although there is some upside risk), current account surpluses in Asia, and the flow of petro-dollars back into the markets.

Portfolio contributors in the quarter include those companies that are leveraged to the basic materials and oil services sectors such as **Bucyrus, Keppel, Praxair**, and **Global SantaFe**. Detractors included **Wal-Mart De Mexico** and financial and REIT companies including **Regions Financial, Bank of America, Annaly**, and **IStar Financial**.

The data on the US economy continues to send mixed messages. The housing market has taken a turn for the worse with no recovery in sight, yet unemployment and manufacturing indicators have shown strength. Inflation data has been mixed as well. Overall, the U.S. economy continued to grow at a slower pace than other major economies and we expect this trend to continue throughout the rest of 2007.

None-the-less, we expect the economy to remain reasonably healthy in the U.S. and valuations of stocks are not excessive. We will continue to invest in companies with international exposure, to take advantage of the stronger economic growth overseas, and in companies with strong free cash flow yields and solid balance sheets.

U.S. Equity Management Team

	Years Experience
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37
Howard Chin, *Associate Portfolio Manager & Analyst*	9

Characteristics as of 06/29/07

	Philippe	S&P 500 (Gross)
Weighted Avg Market Cap	**$ 48,666 MM**	**$ 108,260 MM**
Median Market Cap	**$ 9,875 MM**	**$ 14,220 MM**
Holdings	**44**	**498**
Product Assets	**$ 36 MM**	NA

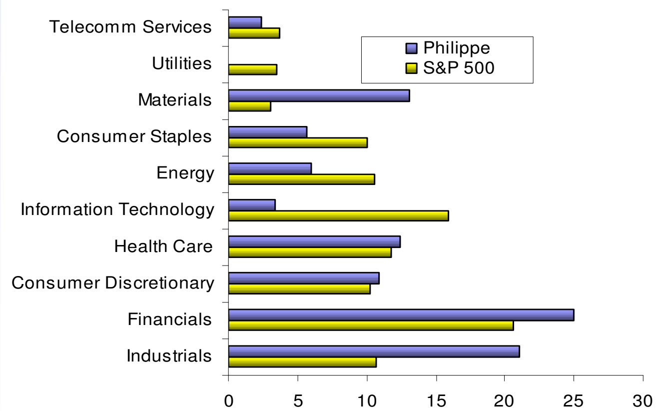
Source Datastream

Top Ten Holdings as of 06/29/07

PALL CORP COM USD0.10	3.75%
EXXON MOBIL CORP	3.26%
FREEPORT-MCMOR C&G	3.22%
BUCYRUS INTL INC	3.09%
RPM INTERNATIONAL COM	2.93%
KEPPEL CORP	2.86%
ESPRIT HOLDINGS	2.73%
THERMO FISHER	2.68%
ACTUANT CORP	2.57%
HUBBELL INC CLASS B CC	2.53%

Source GPMS

Sector Breakdown as of 06/29/07



Source GPMS

Composite Performance as of 06/29/07

	Philippe Return	S&P500	Russell 1000
Quarter	**8.23**	**6.28**	**5.90**
YTD	**10.20**	**6.96**	**7.18**
1 year	**25.16**	**20.59**	**20.43**
3 years	**10.48**	**11.69**	**12.35**
5 years	**9.47**	**10.70**	**11.31**
Since Inception	**4.74**	**3.57**	**4.12**

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

Source GPMS

Philippe

PHILIPPE GLOBAL GROWTH & INCOME OPPORTUNITIES*

Portfolio Managers' Commentary

Our observations on the state of the markets is outlined in the "Spotlight" article on Page 1.

Our Global Growth & Income and Yield-Growth portfolios participated in the market rise for the quarter. The non-US markets generally out-performed the S&P 500 again in the second quarter. We had shifted the portfolios to larger, high quality stocks which also generally out-performed the smaller issues.

Our portfolio objective, as always, is to keep up with the market while taking less risk than the overall market; especially important now, as the markets face further tests following the increase in interest rates and the mortgage credit problems.

While we had strong performers in the quarter, a detractor was **Annaly Capital Management**, down 5% in the quarter. Annaly owns a government guaranteed mortgage portfolio which should move up in price if there is a flight to safety in a financial crisis. It provides a 6½% yield and we believe, is a very good hedge against a blow-up in financial markets. However, in the second quarter, investors moved out of the stock on rising interest rates. The stock ended the quarter down over 5% on total return basis. We remain optimistic about earnings increases for Annaly in the future due to the steeper yield curve.

The **Asian holdings** in our portfolios generally performed well in the quarter. Asia now accounts for about 20% of the portfolio and, while the risks are generally higher than in developed countries, we continue to find dynamic growth opportunities there.

We have found it more difficult to find attractive companies with high dividend yields. However, we continue to find companies with the free cash flow yield that provides them with many options, including the ability to repurchase stock.

As we go through the summer testing period, we continue to carry a somewhat higher cash level than we normally would. We hope, and generally believe, that the housing problems should clarify by the end of the third quarter at which time we will be less cautious.

Growth and Income Opportunities Management Team

	Years Experience
Garnett Keith, *Lead Portfolio Manager, Advisor*	40
John Conti, *Portfolio Manager, Advisor*	14
David Descalzi, *Portfolio Manager, Advisor*	19
Howard Chin, *Associate Portfolio Manager & Analyst*	9

Top Ten Holdings as of 06/29/07*

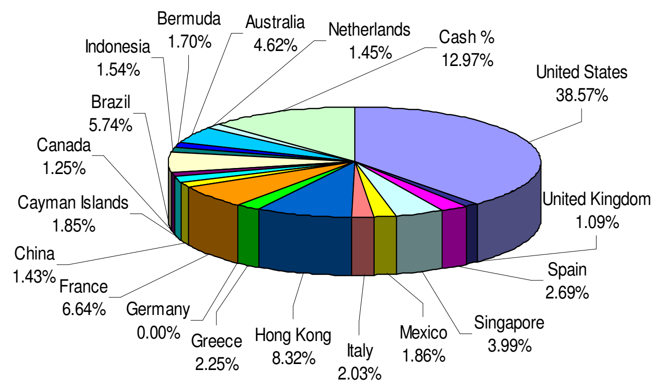
ENERGY TRANSFER	4.03%
SCHLUMBERGER LTD	3.30%
ESPRIT HOLDINGS	3.06%
ANNALY CAPITAL MAN	3.03%
SINGAPORE TECH ENG	3.00%
EMBRAER EMP AER BR	2.97%
TELEFONICA SA	2.69%
ISTAR FINANCIAL	2.62%
NAT BANK OF GREECE	2.25%
JOHNSON CONTROLS	2.21%

Source GPMS

Characteristics as of 06/29/07*

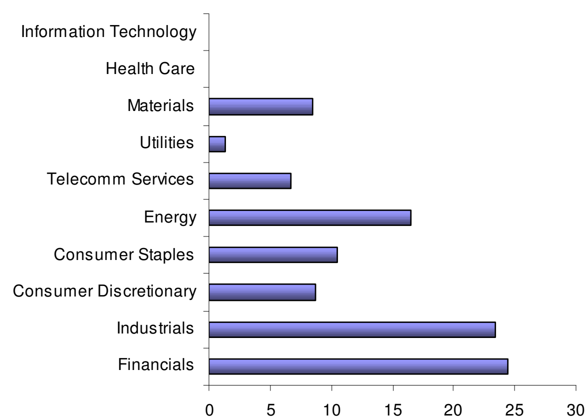
	Philippe
Weighted Avg Market Cap	$ 50,022 MM
Median Market Cap	$ 9,033 MM
Dividend Yield	3.0
Price/Book	2.5
Holdings	53
Product Assets	$ 115 MM

Geographical Breakdown as of 06/29/07*



Source GPMS

Sector Breakdown as of 06/29/07*



Source GPMS

Composite Performance* in $ as of 06/29/07

	Philippe Return (Gross)	FTSE A.W. Dev.	MSCI World
Quarter	**7.92**	**6.01**	**6.51**
YTD	**12.26**	**8.10**	**9.17**
1 year	**30.85**	**21.78**	**23.59**
Since Inception	**27.27**	**19.95**	**21.64**

Returns are gross of fees. Periods greater than one year are annualized.
Inception date: June 1, 2006.
**Please see Performance Disclosure*

Source: GPMS

PHILIPPE GLOBAL OPPORTUNITIES

Portfolio Managers' Commentary

Worries over a possible meltdown of the bubble forming on world credit markets have been alleviated by the exceptional resilience of the real economy. The US remains strong, although slowing a bit, Europe's recovery is firmly rooted and Asia keeps surprising on the upside.

The German holdings of the portfolio made the largest contribution to quarterly performance, in particular **Siemens**, **Allianz**, **Linde** and **Commerzbank**, each of which made steady progress in their respective restructuring programs. These companies also benefit from the overall domestic recovery, epitomized by the decline in the unemployment rate from its high of 10.1% to 6.6% currently.

Our strategy during the quarter was based on four key pillars:

•Reduce exposure to expensive stocks. Companies such as **SGS**, **Adidas**, **Aegis** and **Novozymes** still offer attractive mid-to-long term prospects but their valuations seemed a bit stretched to us, making them particularly vulnerable to a sudden market correction.

•Exit stocks for which visibility on future cash flows is not as clear as it was at the time of purchase. These include **Novartis** and **Takeda**, both of which suffer from severe generic competition and have been slow to launch truly innovative drugs. Although current multiples look attractive, medium term earnings growth potential has deteriorated and the valuations on both stocks already may have reached fair levels.

•Increase the weightings of companies for which visibility on future cash flows is more solid, as long as valuations remain reasonable, including **Telefonica**, **Western Union, Pernod** and **Fujifilm**.

•Introduce new stocks that are among the largest players in developed countries, with outstanding competitive advantages, and deriving an increasing portion of their sales from emerging nations: **FL Smidth** (conception and construction of cement factories), **Faiveley** (equipment for trains and passenger rolling stock), **Pfleiderer** (engineered woods), **Topcon** (electronic surveying instruments and medical equipment) and **Coca Cola Hellenic Bottling**.

We will remain faithful to this strategy for the coming months.

Global Opportunities Equity Management Team

	Years Experience
Michel Raud, *Co-CIO, Portfolio Manager*	34
Béatrice Philippe, *Co-CIO, Portfolio Manager*	37

Top Ten Holdings as of 06/29/07

TELEFONICA SA	3.1%
CIE GEN GEO-VERIT	2.9%
COMMERZBANK	2.9%
ALLIANZ SE	2.8%
BUCYRUS INTL INC	2.6%
SIEMENS AG	2.6%
LINDE	2.6%
TRANSOCEAN INC COM	2.6%
UNICREDITO ITALIAN	2.5%
SUEZ	2.5%

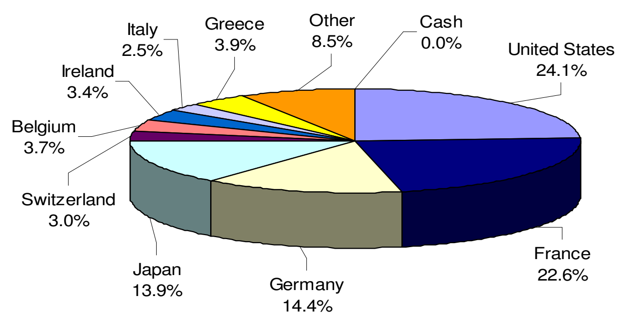
Source GPMS

Characteristics as of 06/29/07

	Philippe	FTSE All World Developed
Weighted Avg Market Cap	**$ 39,062 MM**	**$ 78,061 MM**
Median Market Cap	**$ 17,320 MM**	**$ 7,620 MM**
Holdings	**54**	**2,017**
Product Assets	**$ 14 MM**	

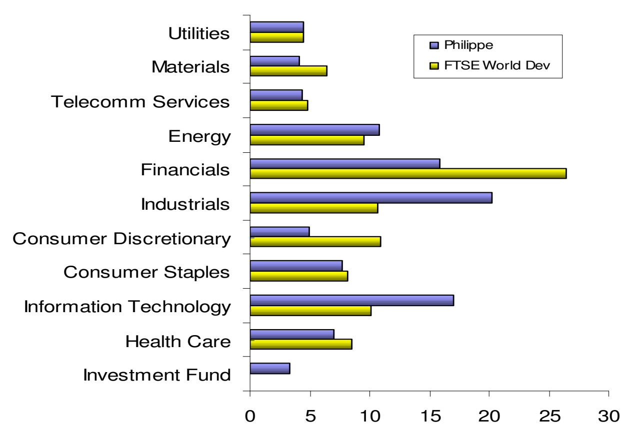
Source: Wilshire

Geographical Breakdown as of 06/29/07



Source GPMS

Sector Breakdown as of 06/29/07



Source GPMS

Composite Performance in $ as of 06/29/07

	Philippe Return (Gross)	FTSE A.W. Dev.
Quarter	**7.67**	**6.01**
YTD	**10.88**	**8.10**
1 year	**24.98**	**21.78**
Since Inception	**15.72**	**15.27**

Returns are gross of fees. Periods greater than one year are annualized. Inception date: May 1, 2004.

Please see Performance Disclosure.

Source: GPMS

SPOTLIGHT *(continued from page 1)*

China, on the other hand, is trading at about 15 times 2008 earnings, but growth for 2008, over 2007, is forecast to be around 27%.* The risks in Asia are higher than in the developed economies, but we continue to scout for good companies taking advantage of the more rapid growth.

Currently we remain somewhat cautious. Our hope is the markets will have taken the measure of housing problems by the end of the third quarter and we can go back to a more optimistic stance.

* C*onsensus estimates reported in Morgan Stanley's July 2 book on Global Asset Allocation*.

Note: this is an excerpt from the quarterly letter sent to clients of SeaBridge Investment Advisors. It is presented in order to illustrate the current thinking of the investment manager. This does not represent an offer to buy or sell securities. The views presented represent the opinion of Garnett Keith of SeaBridge Investment Advisors. There are no guarantees that the beliefs and expectations expressed herein will be realized.

FIRM NEWS

We are pleased to report that assets reached $912 million as of the end of the quarter. We welcome many new clients in 2007 and are grateful to our long-standing clients for their continued support.

NEW OFFICE: We have taken new office space in Paris. As of August 27th, we will be located at 14, rue Cambacérès in the 8th Arrondissement, not far from the L'Elysée Palace.

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Philippe

PERFORMANCE DISCLOSURE

AIMR Compliance

We are in compliance with the composite construction requirements of the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®) and the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). Our policies and procedures are designed to calculate and present performance results in compliance with AIMR-PPS® and the U.S. and Canadian version of GIPS®. Our compliance was audited on a *firmwide* basis 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 every 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 2006 were $23 million.

The **Philippe European Small and Mid Cap Equity composite** includes all fully discretionary institutional European small & Mid Cap equity accounts with minimum assets of $2 million. The benchmark is the S&P Citigroup Europe EMI. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and composite is Reuters. All returns are translated into U.S. dollars. The composite is asset weighted, computed monthly, based on time-weighted returns, gross of fees, including income and cash equivalents. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage is not used in this composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. There are four portfolios in the composite. Composite assets at year-end 2006 were $287 million.

The **Philippe U.S. Equity composite** includes two fully discretionary U.S. equity accounts with assets over $20 million. Included are a euro-denominated European FCP (a French mutual fund) with assets over $15 million and a euro-denominated European institutional account with assets over $5 million. The benchmark is the Standard & Poor's 500 Index. All returns are translated into U.S. dollars. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income and all cash equivalents. (Although the FCP product is not available to U.S. investors, the track record, translated into U.S.D, is representative of our results for a U.S. investor.) 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 are two portfolios in the composite. Composite assets at year-end 2006 were $23 million.

The Philippe Growth & Income Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (PIM Yield-Growth) with assets over $50 million. The reference indices are the Merrill Lynch Global Broad Market Corporate Index and MSCI The World 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. PIM Yield-Growth is the same management and style as Philippe Growth & Income Opportunities. It is not available to U.S. investors. The track record, translated into U.S.D, is representative of our results for a U.S. investor. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage has not been 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 2006 were $45 million.

Philippe Global Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (French mutual fund) with assets over $10 million. The benchmark is the FTSE All World Developed Index. All returns are translated into U.S. dollars. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income and all cash equivalents. (Although the FCP product is not available to U.S. investors, the track record, translated into U.S.D, is representative of our results for a U.S. investor.) Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request. Accounts are included from the first full month under management. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Past performance is not indicative of future results. There is one portfolio in the composite. Composite assets at year-end 2006 were $13 million.

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

A complete list and description of Philippe Investment Management, Inc.'s composites are available on our web site:

www.Philippe-Group.com