



INVESTMENT MANAGEMENT



# QUARTERLY NEWS

## Spotlight

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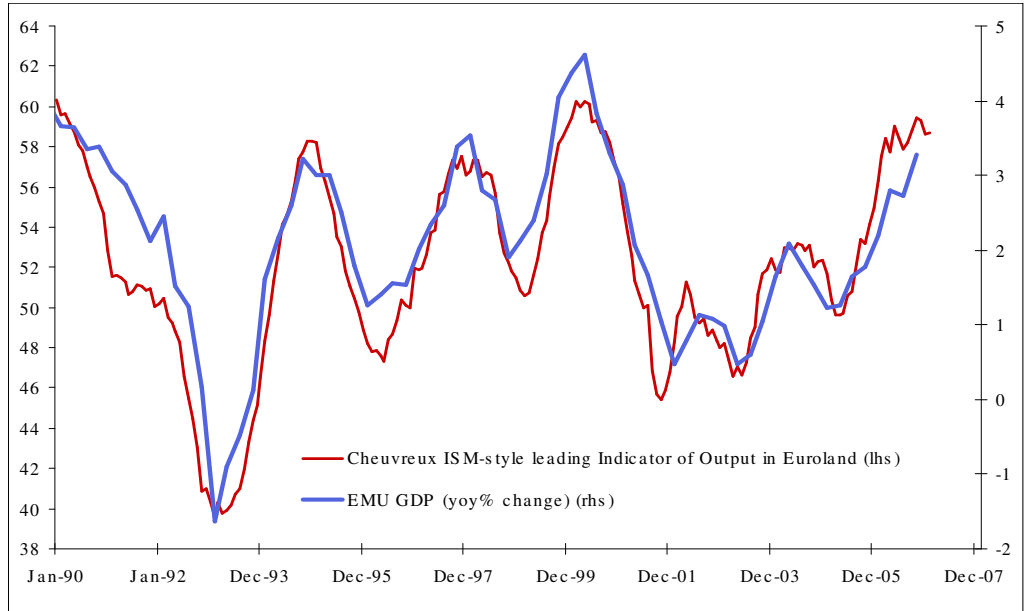
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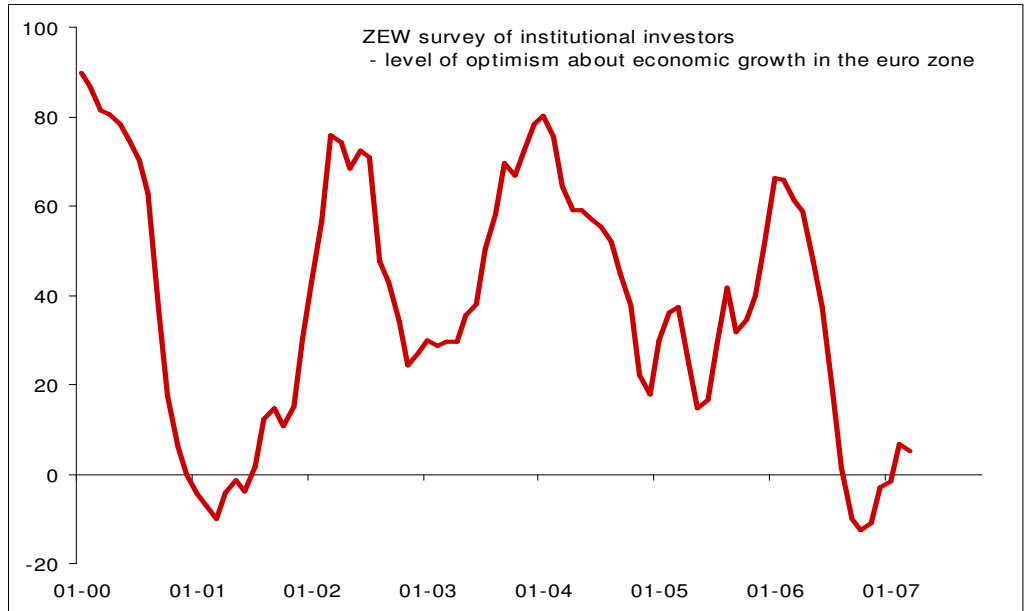
### The European Recovery

#### EMU GDP Growth



Source: Cheuvreux, EuroStat

#### Low Expectations



Source: Bloomberg

### 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**  
Marketing Director, U.S.  
(212) 687-3290

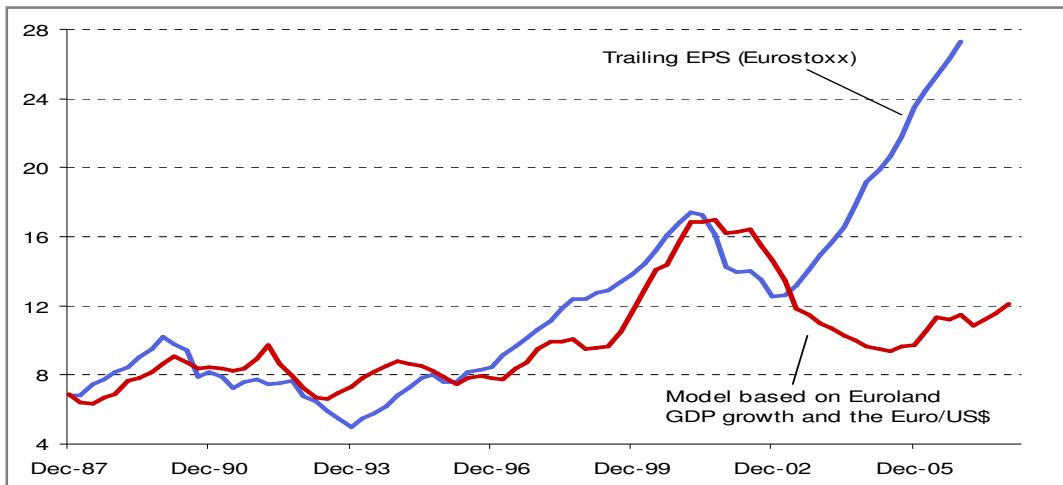
Web site: [www.Philippe-Group.com](http://www.Philippe-Group.com)

Charts on pages 1 and 2 are courtesy of



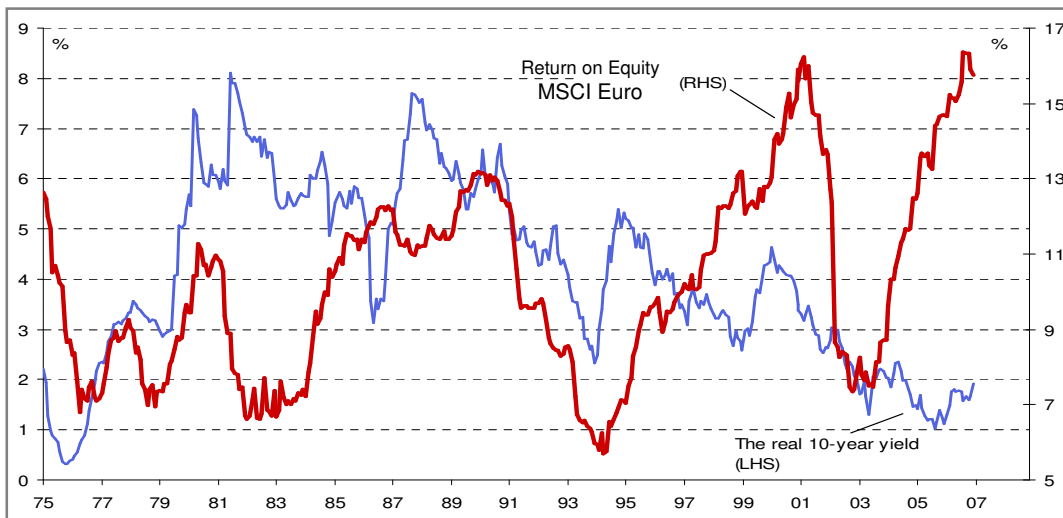
**SPOTLIGHT:** (continued from page 1)

**Atypical Profit Boom**



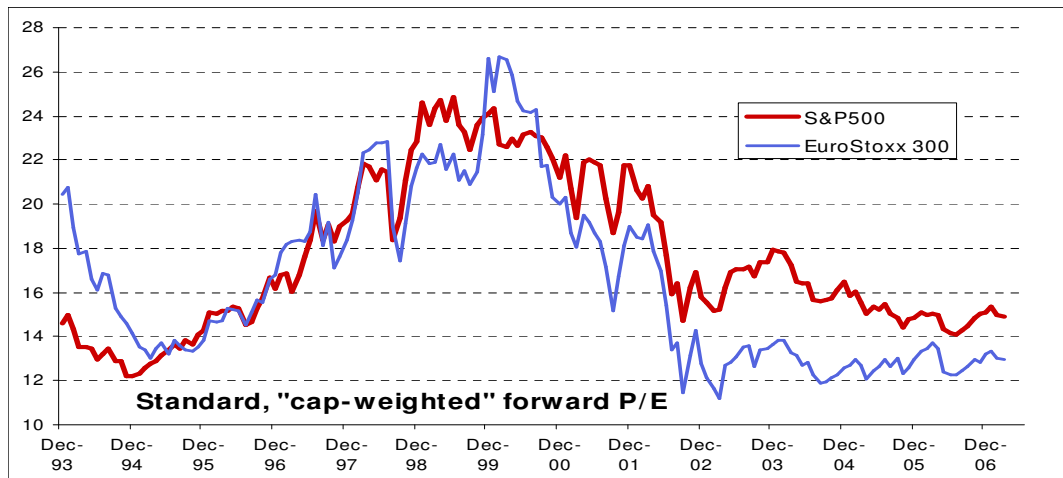
Source: Cheuvreux, JCF

**Corporate Prosperity**



Source: MSCI, Datastream

**Valuations Still Reasonable**



Source: Datastream, Cheuvreux

# PHILIPPE INTERNATIONAL OPPORTUNITIES

## Portfolio Managers' Commentary

As in the U.S., markets started the year strongly up, had a significant correction towards the end of February through the middle of March, but rebounded to end the quarter up around 4% (with MSCI Europe up 3.86% and MSCI Japan up 3.52%) Rising interest rates in China and the defaults in the sub-prime mortgage market in the US triggered the correction. International markets, however, once more performed better than the U.S. and, in spite of strong volatility during the period, the dollar only weakened by less than 1% versus the euro and the yen.

We are still overweight Europe where we believe the economies are recovering with accelerating momentum, particularly Germany, while we are underweight Japan where the economy is still "stuttering".

During the quarter, in Japan we reduced exposure to more economically sensitive companies, primarily domestic, (Daito Trust, Credit Saison, Benesse, Orix). We also sold some European shares which had reached our price targets and in which we felt valuations were somewhat extended (Logitech, Luxottica, Tod's, Capita, BioMérieux).

We purchased several high-quality companies with good earnings visibility (Pernod-Ricard, Inbev, Nestlé, Suez, Thales, Canon, Hoya). We also increased exposure to restructuring stories which we believe will suffer less from a possible economic slowdown (Siemens, Geophysique Veritas, Commerzbank, Linde). When the price of oil was still low at the beginning of the quarter, we increased our energy exposure (adding to Total and Woodside).

We still believe that inflation is more of a risk than a recession. The U.S. economy is clearly slowing and the risk of a spill-over of the sub-prime and housing slowdown into the broader economy bears watching. However, Europe, China, India, and Latin America are all growing at a nice rate which partially offsets the U.S. slowdown. Liquidity still is abundant with M&A and private equity deals continuing at a fast pace. Valuations for good quality companies with good earnings and strong balance sheets are not demanding. So we remain cautiously optimistic.

### International Equity Management Team

	Years Experience
<b>Michel Raud</b> , Co-CIO, Lead Portfolio Manager	34
<b>Béatrice Philippe</b> , Co-CIO, Portfolio Manager	37

### Top Ten Holdings as of 03/30/07

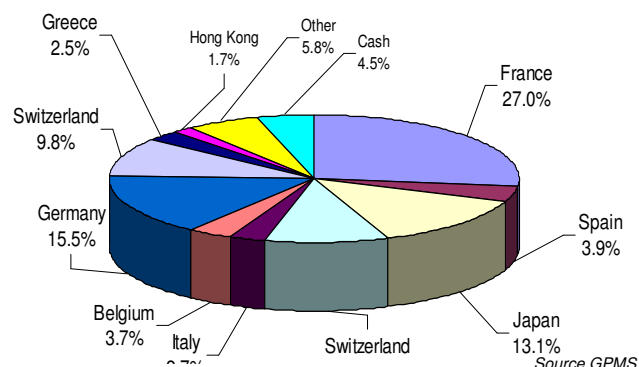
SUEZ :	3.4 %
TOTAL EUR2.5 :	3.4 %
COMMERZBANK :	3.2 %
BHP BILLITON LTD :	3.1 %
CIE GEN GEO-VERIT :	3.0 %
SGS SA :	2.9 %
UNICREDITO ITALIAN :	2.7 %
THALES :	2.6 %
NAT BANK OF GREECE :	2.5 %
SIEMENS AG :	2.5 %

## Characteristics as of 03/30/07

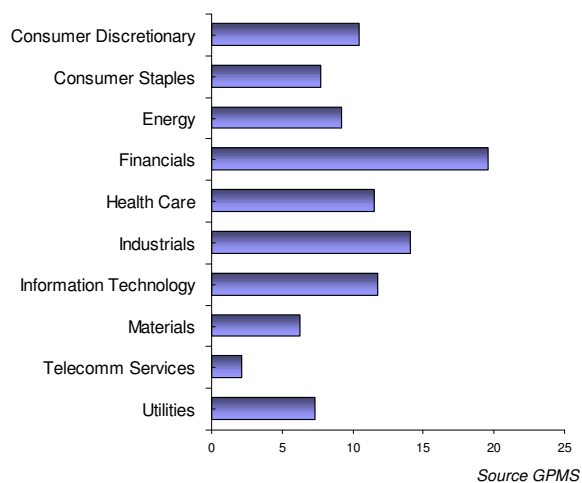
	Philippe	FT World x US
Weighted Avg Market Cap	\$ 49,253 MM	\$ 55,043 MM
Median Market Cap	\$ 21,728 MM	\$ 6,145 MM
Dividend Yield	1.9	2.6
Est EPS Growth	15.2	N.A.
Price/Book	3.7	3.5
Holdings	86	1,340
Product Assets	\$ 23 MM	

Source Datastream and Wilshire

## Geographical Breakdown as of 03/30/07



## Sector Breakdown as of 03/30/07



## Composite Performance\* as of 03/30/07

	Philippe Return	MSCI EAFE	MSCI EAFE Growth
<b>Quarter</b>	<b>4.05</b>	<b>4.08</b>	<b>4.95</b>
<b>YTD</b>	<b>4.05</b>	<b>4.08</b>	<b>4.95</b>
<b>1 year</b>	<b>16.85</b>	<b>20.20</b>	<b>17.77</b>
<b>3 years</b>	<b>16.04</b>	<b>19.83</b>	<b>17.55</b>
<b>5 years</b>	<b>11.67</b>	<b>15.78</b>	<b>13.47</b>
<b>Since Inception</b>	<b>4.01</b>	<b>8.26</b>	<b>5.67</b>

\* Please see Performance Disclosure.

Source GPMS

Annualized. Inception date: January 1, 1989, before fees.

Source GPMS

## PHILIPPE EUROPE SMALL AND MID CAP

### Portfolio Managers' Commentary

We had been watching for something to break after the upward move in Japanese interest rates, given the role of the carry trade in Japanese currency. The evidence of ever declining risk awareness, let alone risk aversion, was another cause for concern. The market did indeed "break" with the sharp fall in late February, early March. Volatility was unusual and the "bounce back" in March was very rapid and across the board. However, on balance, risk has not really been taken out, which makes us feel the need to retain a strict quality, anti-speculative stance.

Other concerns are energy and agricultural commodities prices, which likely will increase the inflation risk for late 2007, early 2008, just when the economic slow-down may be most obvious. We also still will watch closely the labor market for any serious increases in wage rates not offset by productivity. So far we have not seen signs of excessive settlements.

Despite these concerns, it is difficult to see the catalyst for a global recession and thus, a bear market. In this environment, keeping the focus on high quality, low economically sensitive companies will continue to be essential.

We will continue to rely on the character and construction of our portfolios and our confidence in the earnings capacity and reliability of the constituents to give a good balance of risk and reward. We believe our companies did better than average during the results season this year and the vast majority of our stocks reported solid results and performance was broadly spread.

#### Europe Small & Mid Cap Management Team

	Years Experience
<b>Consuelo Brooke</b> , <i>Lead Portfolio Manager</i>	37
<b>Gariesh Sharma</b> , <i>Co-Portfolio Manager &amp; Analyst</i>	10
<b>Johann Ropers</b> , <i>Associate Portfolio Manager &amp; Analyst</i>	6

### Top Ten Holdings as of 03/30/07

MCINERNEY HLDGS	2.29%
ACTELION	2.26%
SSAB(SVENSKT STAL)	2.18%
CARE UK	2.15%
CAPMAN OYJ	2.03%
RICARDO	2.01%
BALTIC OIL TERMINALS	2.00%
VEGA GROUP	1.99%
NORTHGATE	1.96%
MAY GURNEY INTEGRATE	1.95%

\* Please see Performance Disclosure.

Source GPMS

Annualized. Inception date: October 1, 2002, before fees.

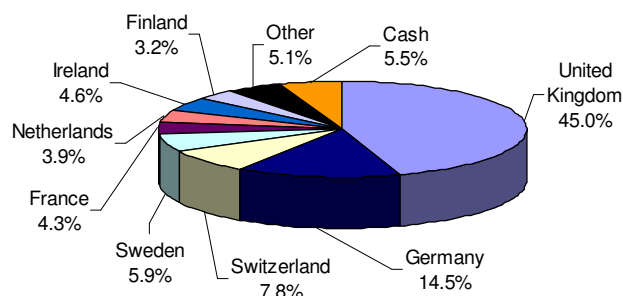
Source GPMS

### Characteristics as of 03/30/07

	Philippe	S&P Citigroup Europe EMI
Weighted Avg Market Cap	\$ 1,640 MM	\$ 6,297 MM
Median Market Cap	\$ 484 MM	\$ 1,035 MM
Dividend Yield	1.2	1.8
Est EPS Growth	19.4	15.8
Price/Book	4.9	3.8
Holdings	77	1,848
Product Assets	\$ 339 MM	NA

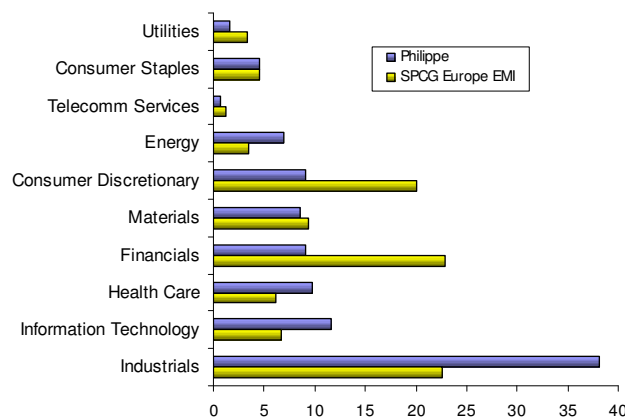
Source Datastream

### Geographical Breakdown as of 03/30/07



Source GPMS

### Sector Breakdown as of 03/30/07



Source GPMS

### Composite Performance\* as of 03/30/07

	Philippe Return (Gross)	S&P Citigroup Europe EMI	DJ Stoxx Small 200	MSCI Europe
<b>Quarter</b>	6.60	6.91	6.55	3.86
<b>YTD</b>	6.60	6.91	6.55	3.86
<b>1 year</b>	34.42	35.35	36.45	25.38
<b>3 years</b>	28.83	30.56	30.00	22.11
<b>Since Inception</b>	32.60	35.44	36.71	25.93

## PHILIPPE U.S.

### Portfolio Managers' Commentary

Despite the volatility of late February and early March, the first quarter of 2007 ended on the positive side. Although a healthy dose of fear was restored to the market, there is still a sense of complacency and a high tolerance for risk among investors.

Housing remains a wildcard. With rates on adjustable rate mortgages moving up, defaults could rise and home prices start to decline, eroding U.S. consumer confidence, which has remained resilient to date. The CPI & PPI data suggest that inflation continues to press the upper limits of tolerability. While the Fed kept rates steady at its most recent meeting, it indicated that further firming might be necessary to control inflation and their rhetoric will likely remain hawkish. In addition, the data on capital spending has been weak of late, suggesting managements reluctance to spend in the near future.

Earnings growth is forecast to increase 6-7% this year and 9-11% next year, not too alarming for a slowing economy. However, implicit in these forecasts are assumptions that problems in the sub-prime market are contained, inflation remains controlled, and wages remain strong. Negative deviations of any of these factors could slow growth and cause a downturn in the equity market.

None-the-less, several forces supporting the U.S. markets are still in place: abundant liquidity, cash-rich corporate balance sheets and undemanding valuations. As of the end of March, the earnings yield for the S&P 500 was at 6.6% as compared to a 4.65% yield on 10-year Treasuries, highlighting that stocks are still relatively more attractive than bonds. In addition, private equity transactions are continuing and we believe there are potential private equity targets within our portfolio.

Given that the risks are beginning to outweigh the positive forces, we remain wary of stocks with high growth expectations, but are focusing on companies that sell at a reasonable valuation and demonstrate capital discipline.

#### U.S. Equity Management Team

Years Experience

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

### Characteristics as of 03/30/07

	<u>Philippe</u>	<u>S&amp;P 500 (Gross)</u>
Weighted Avg Market Cap	\$ 51,282 MM	\$ 100,151 MM
Median Market Cap	\$ 9,884 MM	\$ 13,552 MM
Dividend Yield	2.0	1.9
Est EPS Growth	15.9	13.4
Price/Book	3.8	3.8
Holdings	41	499
Product Assets	\$ 97 MM	NA

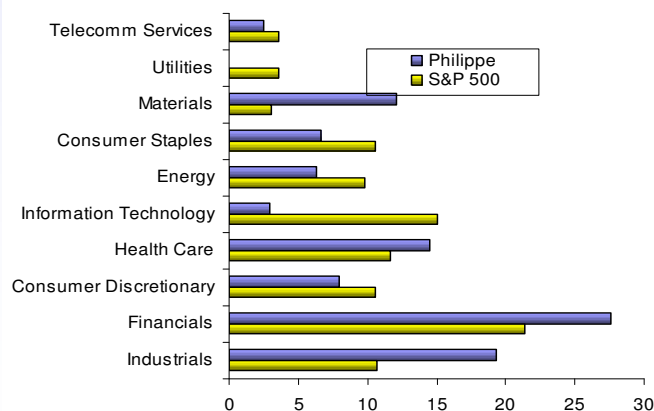
Source Datastream

### Top Ten Holdings as of 03/30/07

PALL CORP COM USD0.10	3.36%
BUCYRUS INTL INC	3.25%
RPM INTERNATIONAL COM	3.18%
EXXON MOBIL CORP	3.18%
BANK OF AMERICA CORP	2.79%
FREEPORT-MCMOR C&G	2.79%
ESPRIT HOLDINGS	2.73%
THERMO FISHER	2.62%
REGIONS FINANCIAL COM	2.58%
WHITE MOUNTNS INSU CO	2.54%

Source GPMS

### Sector Breakdown as of 03/30/07



Source GPMS

### Composite Performance\* as of 03/30/07

	<u>Philippe Return</u>	<u>S&amp;P500</u>	<u>Russell 1000</u>
<b>Quarter</b>	1.82	0.64	1.21
<b>YTD</b>	1.82	0.64	1.21
<b>1 year</b>	12.77	11.83	11.84
<b>3 years</b>	8.19	10.06	10.73
<b>5 years</b>	5.55	6.27	6.92
<b>Since Inception</b>	3.88	2.91	3.52

\* Please see Performance Disclosure.

Annualized. Inception date: February 1, 1999, before fees.

Source GPMS

# PHILIPPE GLOBAL GROWTH & INCOME OPPORTUNITIES\*

## Portfolio Managers' Commentary

Markets were naively calm in January to late February until the sudden drop in Chinese securities and sub-prime mortgage defaults started a steep decline world-wide. It seems that the markets have again become naively calm.

The volatility in late February and early March caused us to re-examine our strategy and, as a result, we have sold several holdings which we felt were vulnerable to market declines. We increased cash and purchased larger, high quality stocks, which should be more able to sustain a market correction with less damage.

Since quarter-end, we have noted that most central banks around the world are raising interest rates. In China, the PBOC is also raising reserve requirements and putting limits on lending for securities speculation. Japan also raised rates. We might suspect the BOJ is unhappy with the amount of borrowing in Japan for speculation in other markets, especially in Asia.

Have we become pessimists? Not quite, but we have become more cautious about what we own as we go into what appears to be the final phase of a bull market. We would like to see how three unusual conditions evolve without causing a significant drop in equity prices.

### Three Big Anomalies

- We get mixed readings on how serious the U.S. housing slump will be. With rates on adjustable rate mortgages indexing upward, we may have rising defaults and falling home prices. A "housing scandal" of large magnitude could sock U.S. consumer confidence, which has remained resilient to date.
- World markets are awash in money and rates do not compensate for risk. Either a tightening of credit standards or an increase in rates could impair the main force supporting the U.S. market; i.e. corporate repurchase of stock. Anything that would brake the big banks competition to lend money to the LBO funds would be quite damaging to the equity markets.
- Everyone seems to be taking more risk; Asia is awash in money looking for venture deals in China and individuals, via ETFs, have been poring money into these markets. In the past, such a mood frequently has been followed by a bad surprise.

So the "Big Anomalies" are: **excess credit, too cheap debt and high enthusiasm for risk taking.** We would like to see this structure stressed, survive and more sobriety introduced among both borrowers and lenders. Until then, we remain cautiously optimistic about 2007.

Growth and Income Opportunities Management Team		
	Years Experience	
Garnett Keith, Advisor	40	
Howard Chin, Associate Portfolio Manager & Analyst	9	

### Top Ten Holdings as of 03/30/07\*

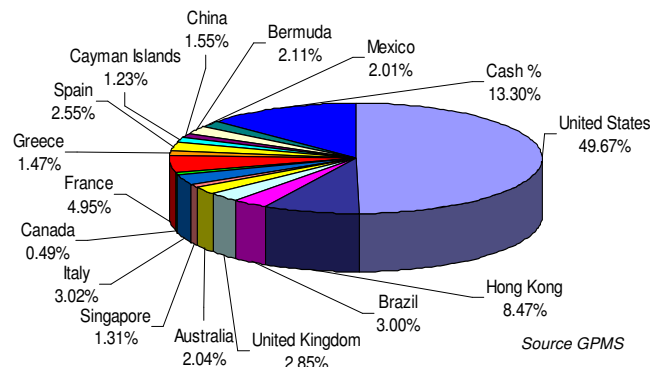
UNICREDITO ITALIAN	3.02%
ANNALY CAPITAL MAN	2.98%
ISTAR FINANCIAL	2.86%
A T&T INC	2.75%
ENERGY TRANSFER	2.68%
TELEFONICA SA	2.55%
WILLIAMS	2.38%
BNP PARIBAS	2.35%
SHN EXPRESSWAY H CN	2.30%
ALTRIA GROUP INC COM	2.20%

Source GPMS

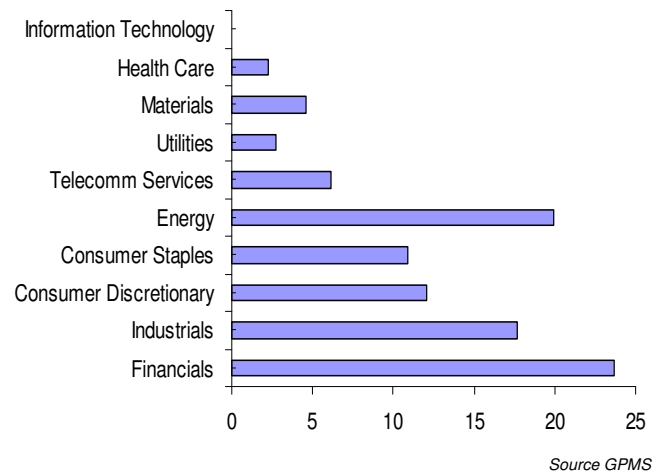
### Characteristics as of 03/30/07\*

	Philippe
Weighted Avg Market Cap	\$ 61,009 MM
Median Market Cap	\$ 8,354 MM
Dividend Yield	3.3
Price/Book	4.1
Holdings	54
Product Assets	\$ 76 MM

### Geographical Breakdown as of 03/30/07\*



### Sector Breakdown as of 03/30/07\*



### Composite Performance\* in \$ as of 03/30/07

	Philippe Return (Gross)	Merrill Lynch Global Broad Market Corporate Index	MSCI World Index
Quarter	4.01	1.77%	2.60
Since Inception	20.20	7.44%	16.40%

Source: GPMS, Zephyr Style ADVISOR

\* Please see Performance Disclosure

## PHILIPPE GLOBAL OPPORTUNITIES

### Portfolio Managers' Commentary

As we remain cautious on the global economic picture because of uncertainties in the U.S., we trimmed the most economically sensitive companies of the portfolio and invested in more secure stocks in two categories: industrial groups undergoing restructuring and consumer staple companies enjoying a reacceleration of top-line growth.

In the first category, **Siemens** is a good example. The company has been streamlining its numerous businesses over the last few years, and is now focusing on three core divisions. A lot has been done, but much work remains. In spite of similar, or even superior market positioning, profit margins at the main three divisions remain well below their competitors and the company has room to further reduce overhead expenses.

The German gas manufacturer, **Linde**, with the acquisition of BOC, has overtaken **Air Liquide** and gained exposure to fast growing areas of the market including emerging countries and specialty gases. Considerable cost synergies will also enable Linde to close the operating margin gap with Air Liquide, currently at a 6% differential.

In the second category, companies such as **Danone**, **Nestle**, **Pernod Ricard** and **InBev** are enjoying high growth rates in emerging markets and a renewed dynamism in mature regions where consumers are willing to pay higher prices for innovative, health-preserving and premium products. Valuations may look demanding on next-year metrics but if we take under consideration their sustainable top-line growth and high free cash flow generation, these shares still look attractive. They should provide some downside protection to the portfolio if we experience a setback in the financial markets.

A recent trip to Japan enabled us to re-evaluate the investment appeal of our holdings. We remain positive on companies geared to the equipment spending boom in emerging markets. Their technological edge over foreign competitors, combined with superior product reliability, make their market leadership quite secure. However domestic companies, facing an ongoing deflationary environment and subdued consumer spending, do not appear attractive. We divested most of the purely domestic companies in the portfolio, preferring to wait for an improving domestic environment.

We reinvested primarily in the U.S., in high quality businesses operating either domestically, **Plain All America**, **American Tower** and **United Health**, or with a global reach; **United Technologies**, **Bucyrus** and **Western Union**, all of which, we believe, are selling at attractive prices relative to the predictability of their future cash flows.

### Global Opportunities Equity Management Team

	Years Experience
<b>Michel Raud</b> , Co-CIO, Portfolio Manager	34
<b>Béatrice Philippe</b> , Co-CIO, Portfolio Manager	37

### Top Ten Holdings as of 03/30/07

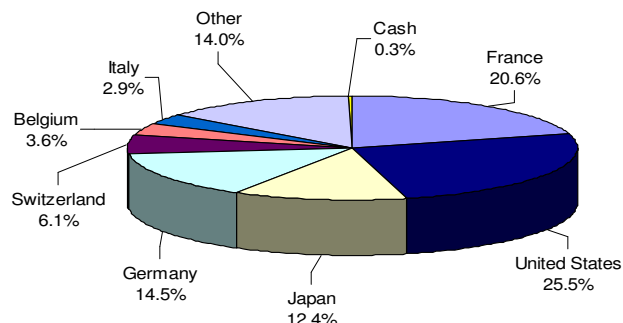
COMMERZBANK	3.4%
UNICREDITO ITALIAN	2.9%
CIE GEN GEO-VERIT	2.6%
ALLIANZ SE	2.6%
LINDE	2.5%
SUEZ	2.5%
VINCI	2.5%
PUBLICIS GROUP SA	2.4%
XTO ENERGY INC	2.4%
GROUPE STERIA	2.3%

Source GPMS

### Characteristics as of 03/30/07

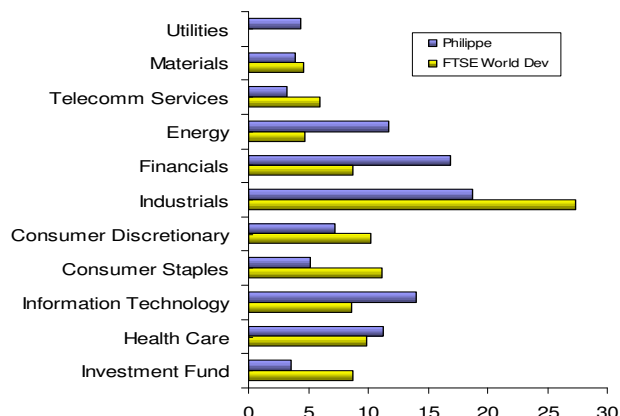
	Philippe	FTSE All World Developed
Weighted Avg Market Cap	\$ 38,663 MM	\$ 73,376 MM
Median Market Cap	\$ 16,795 MM	\$ 7,287 MM
Dividend Yield	1.7	2.2
Price/Book	3.6	3.7
Holdings	60	2,030
Product Assets	\$ 13 MM	

### Geographical Breakdown as of 03/30/07



Source GPMS

### Sector Breakdown as of 03/30/07



Source GPMS

### Composite Performance\* in \$ as of 03/30/07

	Philippe Return (Gross)	FTSE A.W. Dev.
Quarter	2.98	1.97
YTD	2.98	1.97
1 year	15.06	13.66
Since Inception	14.24	14.39

Annualized. Inception date: May 31, 2004

Source GPMS

\* Please see Performance Disclosure.

## FIRM NEWS

### Philippe Global Growth & Income Opportunities Investing

We are pleased to announce a new product offering; Philippe Global Growth & Income Opportunities, LLC. Launched on April 2<sup>nd</sup>, 2007, this strategy will be sub-advised by our affiliate, SeaBridge Investment Advisors and overseen by lead portfolio manager, Garnett Keith. Garnett and his team have been managing portfolios in this style since June 17, 1998 under the name, SeaBridge Yield-Growth Style, and for our Paris affiliate, PIM Gestion France, since May 31, 2006 under the name PIM Yield-Growth.

The investment objective of this strategy is to realize positive total returns between high-yield bonds and U.S. equities with high current income. Portfolios use active asset allocation to monitor the best balance between the major asset classes. Asset allocation includes “dampening assets” to provide yield and control risk.

- Objective: 4% yield and 8% growth to provide a 12% total return

Portfolios are broadly diversified to control downside risk and may include:

- Common stocks with steady growth prospects and an average yield greater than that of the U.S. equity markets.
- REITS, convertibles, corporate, government and high-yield bonds, energy (MLPs) and other high-yielding securities, when appropriate, to provide yield and/or dampen risk.
- The manager may use options, futures or short sales where deemed advisable to control volatility.

The investment process begins with a world economic analysis to determine the economic cycle strategy for the portfolios. We look to identify major *global economic anomalies* to structure the portfolios to capture opportunities throughout the world. The performance objective is to capture the returns in up markets, while minimizing the downside in weak markets.

### Management Team

**Béatrice Philippe**; President and Chief Investment Officer, Philippe Investment Management. 34 years investment management experience. Ms. Philippe is the third generation leader of Philippe, both in the U.S. and Europe.

**Garnett Keith, CFA**; Chairman, SeaBridge Investment Advisors and board member of Philippe Investment Management. Mr. Keith founded SeaBridge in 1997. Formerly, as Vice Chairman and CIO of The Prudential Insurance Company of America, he supervised approximately \$250 billion in assets invested throughout the world.

**John Conti**; Vice Chairman, SeaBridge. John formerly was Managing Director and head of Global Investment Research at J.P. Morgan.

**Dave Descalzi**; President, SeaBridge. As a Managing Director at Prudential Insurance, Dave co-managed global equity portfolios.

**Susan Boyd, CFA**; Managing Director and COO, SeaBridge. Formerly, Susan managed the operations of various divisions of Prudential's investment units.

**Howard Chin, CFA**; Associate Portfolio Manager/Analyst, Philippe. Howard has 10 years investment experience, previously at Merck Financial Services.

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## PERFORMANCE DISCLOSURE

### **AIMR Compliance**

We are in compliance with the composite construction requirements of the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®) and the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). Our policies and procedures are designed to calculate and present performance results in compliance with AIMR-PPS® and the U.S. and Canadian version of GIPS®. Our compliance was audited 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](http://www.Philippe-Group.com)