



INVESTMENT
MANAGEMENT

QUARTERLY NEWS

Spotlight



*By Garnett Keith, Chairman and CEO of SeaBridge Investment Advisors.
Mr. Keith is a director of Philippe Investment Management and PIM Gestion France.*

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The fourth quarter, 2006, was the type of quarter investors dream about. In the pleasant afterglow, we try to find reasons to extrapolate powerful increases in market value into the future. The key question for investing in 2007 is: Will the conditions which led to strong markets in 2006 continue or will the world change in an adverse way as the new year goes forward?

To answer this question, it is necessary to understand the causes of the strength in 2006, admitting that the world is extremely complex and full of surprises and that cause and effect are usually a twisted skein of several reinforcing threads. Why did the markets surge from July to December? The answer is not only in good corporate profits or the beginnings of a floor under the housing collapse. There are some bigger drivers at work, most having to do with economic policies, international money flows, and inflation assumptions at the central banks.

- The U.S. cut taxes while fighting a war – historically, a formula for problems.
- China wants jobs and keeps its currency cheap to sustain its export advantage.
- Japan, to exit deflation, must keep the yen cheap to sustain exports.
- In Europe, countries on the periphery of the monetary union are growing well but the Central Bank has had to keep interest rates cheap and money plentiful to keep Germany and France out of recession.
- Emerging markets have become self-financing, the result of strong prices of commodity exports.

With China and India engaging in world trade, the global work force has gone from one to two billion workers. The wages of the new entrants are very low, thus driving down the prices of traded goods.

The structure supporting the financial market boom includes the effect of western companies putting new factories in China, thereby increasing corporate profits while pushing blue collar wages down. Instead of letting its currency rise to reflect its wage advantage, China pegs its RMB/Dollar exchange rate by buying U.S. government bonds. To finance the bond purchases, China prints RMB which floods into the local economy and indirectly into global money supply which migrates to the major financial centers, driving up the prices of financial assets. The purchase of U.S. bonds by China finances the US fiscal and trade deficits and keeps long term interest rates lower than they would otherwise be. This scenario is just one logic track. There are others as to what happens when Japan pegs its currency, when middle eastern petrodollars purchase US assets or when Russian oil money flows into the European markets.

An important side effect of all this liquidity sloshing around the global markets is that the demand for financial assets tends to dampen the volatility of asset prices and gives prices an upward bias. Ironically, hedge funds, which present themselves as risk control vehicles, are investing in the riskier underlying assets in an effort to provide superior returns. They are also major transmitters of liquidity by borrowing cheap currency (yen) to invest in riskier assets in major financial centers. It is the full bloom of these liquidity factors that created the stock boom in the fall of 2006. This prevailing equilibrium is not a minor influence – the excess liquidity allows the associated money flows to become huge and they are the dominant influence in the markets for the moment.

(Continued on page 6)

CONTACT INFORMATION

If you would like further information about Philippe Group, our products or people, or would like to comment on the Spotlight, please let us know.

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PHILIPPE INTERNATIONAL BLENDED EQUITY

Fourth quarter 2006

Markets continued their strong rise in the fourth quarter, with the S&P 500 up 6.7%, MSCI Europe up 11.5% and MSCI Japan up 5%.

Solid corporate profits, the likelihood of a soft landing in the U.S. and the strengthening of European economies supported a strong finish to the year. Japan continued to be the laggard.

Contributors

Geophysique**, the French seismic company, was the best contributor to performance on very good 3rd quarter results and a positive outlook for 2007.

Esprit, the Hong Kong retailer, forecast positive results for 2007, confirmed by strong figures in their first quarter. The strengthening euro (their largest market is Germany) and a reasonable valuation also supported the share price momentum.

Allianz: This German insurer also raised their full year forecast, following quarterly results well above consensus. They are considering share buy-backs and increasing the dividend pay-out ratio.

Phonak**, the Swiss leader in hearing aids, had above consensus first half results, driven by 15% organic growth and stable margins.

Detractors

Argo Graphics, the Japanese software company revised down its earnings forecast for the year, on the back of a slowdown in all its divisions. The share price corrected after the announcement but stabilized by the end of the quarter, on very attractive valuation levels.

Daito Trust Construction: The shift to a new marketing organization led to a sharp drop in construction orders in October and November. Since then orders have recovered and full year targets appear attainable.

Mizuho Bank suffered from sector rotation out of banks in Japan.

Outlook

•The global economy is slowing, but still growing, and Europe continues strong.

•The decline in the price of oil and other commodities is beneficial for inflation and the consumer.

•Liquidity abounds and mergers and acquisitions continue to support the stock markets. Plus ça change, plus c'est la même chose! We feel we are repeating the same thing, but strongly believe that international markets provide good diversification and we remain cautiously optimistic.

** (also please see Philippe Global, page 5)

International Equity Management Team

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

Top Ten Holdings as of 12/29/06

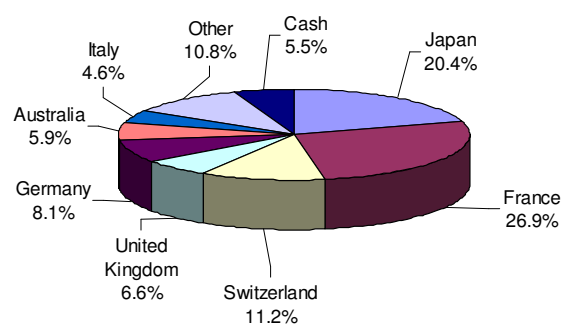
| | |
|-----------------------|-------|
| ROCHE HLDGS AG : | 3.2 % |
| TOTAL EUR2.5 : | 3.0 % |
| SGS SA : | 2.7 % |
| UNICREDITO ITALIAN : | 2.5 % |
| ASSUR GEN DE FRANCE : | 2.2 % |
| BNP PARIBAS : | 2.1 % |
| GAZ DE FRANCE : | 2.1 % |
| ALLIANZ SE : | 2.1 % |
| CIE GEN GEOPHYSIQU : | 2.0 % |
| BP : | 2.0 % |

Characteristics as of 12/29/06

| | |
|-------------------------|---------------------------------|
| Weighted Avg Market Cap | Philippe \$ 43,806 MM |
| Median Market Cap | \$ 11,124 MM |
| Dividend Yield | 1.8 |
| Est EPS Growth | 13.5 |
| Price/Book | 4.3 |
| Holdings | 86 |
| Product Assets | \$ 23 MM |

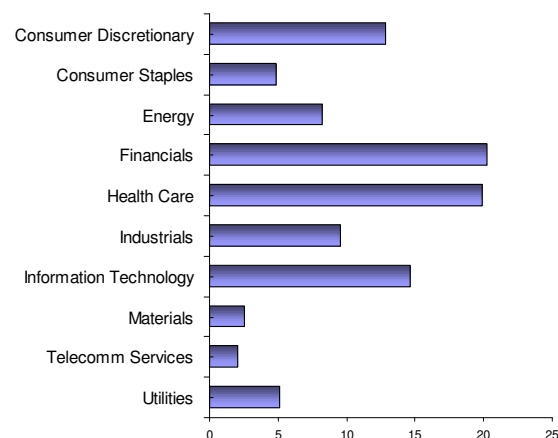
Source Datastream

Geographical Breakdown as of 12/29/06



Source GPMS

Sector Breakdown as of 12/29/06



Source GPMS

Composite Performance* as of 12/29/06

| | <u>Philippe Return</u> | <u>MSCI EAFE</u> | <u>MSCI EAFE Growth</u> |
|------------------------|------------------------|------------------|-------------------------|
| Quarter | 8.66 | 10.35 | 9.40 |
| YTD | 20.83 | 26.34 | 22.33 |
| 1 year | 20.83 | 26.34 | 22.33 |
| 3 years | 15.30 | 19.93 | 17.18 |
| 5 years | 10.92 | 14.98 | 12.27 |
| Since Inception | 3.49 | 7.90 | 5.07 |

* Please see Performance Disclosure.

Source GPMS

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

Source GPMS

PHILIPPE EUROPE SMALL & MID-CAP EQUITY

Fourth Quarter 2006

Economic trends in Europe improved strongly as other regions deteriorated. Earnings were generally positive and quarterly returns were exceptional. In addition, the weakness in the dollar added to the absolute market returns.

Investors who were bearish but awash in money "panicked" into the markets. Such investors were more attracted to good long-term companies, but also bought into the hot, speculative situations. Throughout, the talk was of bids, several of which were never realized. Overall, the European markets were among the world's most attractive which brought in even more buyers. This trend has continued into January.

Contributors

Actelion, Switzerland, was a strong performer again this quarter. The company released clinical data which increased the scope of its blockbuster drug, Tracleer.

Care UK announced it was appointed by the Department of Health as preferred bidder for two clinical care projects. We took profits after the very strong run up in the last two weeks of December.

Detractors

Bloomsbury Publishing, UK, issued a profits warning due to a delay in the completion of a major rights deal. We do not believe that the news will affect the fundamental value of the business. We added to our position.

T. Clarke, the UK electrical contractor, reduced expectations due to contract slippage and higher copper prices. We think the management changes that the company has made are sufficient to rectify the problems encountered. We continue to hold the shares.

Outlook

•While liquidity remains abundant and takeover fever persists, equity markets will probably be on a rising trend. However, such speculative and almost universal bullishness gives us cause for concern in the short term.

•Given the plentiful liquidity, if the dollar does not experience a major collapse or wages rise strongly, we think European equities can support a fifth year of progress. Selectivity and careful consideration of the fundamentals should be a key determinant of performance.

•Although such a long "bull run" and growing complacency raise a number of issues, it is hard to see the catalyst for a global recession and thus a bear market. A company's ability to sustain earnings growth over 18 to 24 months is more likely than cap size to be the decisive factor in generating good absolute investment returns.

Europe Small & Mid Cap Management Team

| | Years Experience |
|--|------------------|
| Consuelo Brooke , Lead Portfolio Manager | 37 |
| Gariesh Sharma , Co-Portfolio Manager & Analyst | 10 |
| Johann Ropers , Associate Portfolio Manager & Analyst | 6 |

Top Ten Holdings as of 12/29/06

| | |
|----------------------|-------|
| CARE UK | 2.22% |
| MAY GURNEY INTEGRATE | 2.20% |
| E2V TECHNOLOGIES | 2.20% |
| RICARDO | 2.16% |
| NORTHGATE | 2.15% |
| ACTELION | 2.15% |
| MCINERNEY HLDGS | 2.04% |
| ARCADIS NV | 2.04% |
| AARHUSKARLSHAMN | 2.04% |
| UMECO | 2.04% |

* Please see Performance Disclosure.

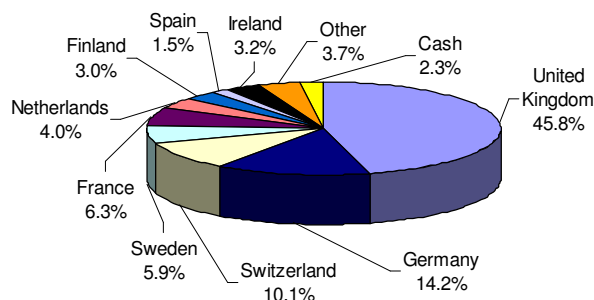
Source GPMS

Characteristics as of 12/29/06

| | Philippe | S&P Citigroup Europe EMI |
|-------------------------|-------------|-----------------------------|
| Weighted Avg Market Cap | \$ 1,653 MM | \$ 5,858 MM |
| Median Market Cap | \$ 533 MM | \$ 937 MM |
| Dividend Yield | 1.2 | 1.8 |
| Est EPS Growth | 21.7 | 16.9 |
| Price/Book | 4.8 | 3.9 |
| Holdings | 78 | 1,865 |
| Product Assets | \$ 322 MM | NA |

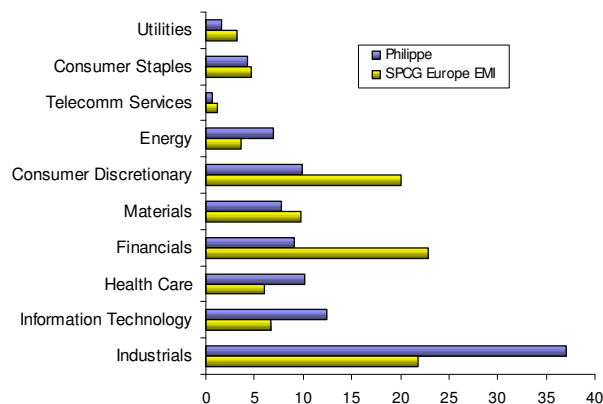
Source Datastream

Geographical Breakdown as of 12/29/06



Source GPMS

Sector Breakdown as of 12/29/06



Source GPMS

Composite Performance* as of 12/29/06

| | Philippe Return (Gross) | S&P Citigroup Europe EMI | DJ Stoxx Small 200 | MSCI Europe |
|------------------------|----------------------------|-----------------------------|-----------------------|----------------|
| Quarter | 16.16 | 16.83 | 17.66 | 11.46 |
| YTD | 42.94 | 48.53 | 49.50 | 33.72 |
| 1 year | 42.94 | 48.53 | 49.50 | 33.72 |
| 3 years | 28.32 | 30.59 | 30.34 | 20.93 |
| Since Inception | 32.84 | 35.75 | 37.21 | 26.53 |

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

Source GPMS

PHILIPPE U.S. EQUITY

Fourth Quarter 2006

The fourth quarter provided a strong finish for the year. Major sources of liquidity were behind the solid market performance in 2006. Access to low cost of capital fueled M&A activity and a private equity bonanza. Excess savings created by Global trade balances that are, in part, ending up in US Treasuries, and the Japanese "carry trade" were also major sources of liquidity.

In the midst of a housing slowdown, the US economy has been resilient and consumer spending remained strong, driven by a favorable job environment and lower fuel prices in the second half of the year.

Contributors

Wal Mart de Mexico had impressive same-store sales in the quarter and a positive reception to its decision to enter the banking industry.

ConocoPhillips: A decision to trim its 2007 capital spending and divest 830 retail units was viewed positively by the market.

Istar Financial: Excellent third quarter earnings and guidance well above previous estimates, gave strength to the shares.

McGraw Hill: Strong third quarter earnings fueled by solid performance in all areas, and guidance for double-digit EPS growth in 2007 led to strong stock performance.

Detractors

Quest Diagnostics lost a national contract with **United Health**, a company that accounts for 7% of its revenues, to its primary competitor, **Lab Corp.**

Covance: Investors took a breather after the release of disappointing third quarter earnings. Earnings growth was strong, but below expectations.

Invitrogen: The company disappointed again in the third quarter as the company struggles to integrate its multiple acquisitions.

Outlook

•Liquidity remains strong as we enter 2007, but remains a risk given the complacency in the market and the continued rate increases by central banks around the globe.

•With housing starts weak and more sub-prime borrowers missing mortgage payments while inventory and sales stabilize, the housing situation remains cloudy and is still a wildcard.

•However, we do not see housing leading the U.S. into a recession. Stock valuations are reasonable, even with profit margins and earnings close to peaking. We do expect the M&A and private equity wave to continue as borrowing costs remain low and cash on balance sheets is very high. That, along with stock buybacks, would provide a stabilizing force in the equity markets.

•We are somewhat cautious as we enter 2007, but we remain opportunistic when it comes to stock selection. As the year progresses, we believe the market will present opportunities to buy stocks with solid growth prospects supported by reasonable valuations.

U.S. Equity Management Team

Years Experience

Béatrice Philippe, Co-CIO, Portfolio Manager 37

Howard Chin, Associate Portfolio Manager & Analyst 9

Characteristics as of 12/29/06

| | Philippe | S&P 500 (Gross) |
|-------------------------|--------------|-----------------|
| Weighted Avg Market Cap | \$ 50,412 MM | \$ 100,654 MM |
| Median Market Cap | \$ 8,573 MM | \$ 13,187 MM |
| Dividend Yield | 2.0 | 1.8 |
| Est EPS Growth | 15.4 | 13.3 |
| Price/Book | 3.5 | 3.7 |
| Holdings | 43 | 500 |
| Product Assets | \$ 100 MM | NA |

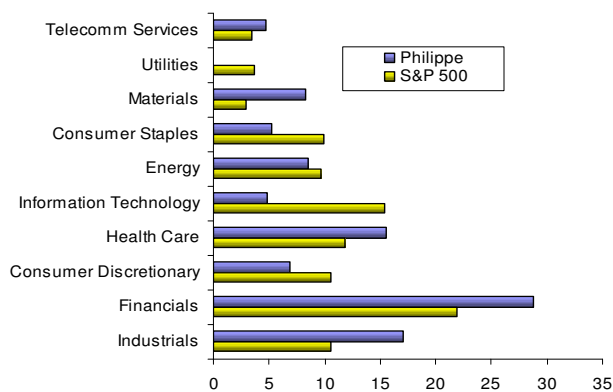
Source Datastream

Top Ten Holdings as of 12/29/06

| | |
|-----------------------|-------|
| THERMO FISHER | 3.03% |
| ISTAR FINANCIAL | 2.85% |
| EXXON MOBIL CORP | 2.80% |
| AMER TOWER CORP CL A | 2.77% |
| PALL CORP COM USD0.10 | 2.65% |
| PENTAIR INC COM | 2.60% |
| WAL-MART DE MEXICO | 2.56% |
| EATON VANCE CORP COM | 2.55% |
| BANK OF AMERICA CORP | 2.54% |
| RPM INTERNATIONAL COM | 2.49% |

Source GPMS

Sector Breakdown as of 12/29/06



Source GPMS

Composite Performance* as of 12/29/06

| | Philippe Return | S&P500 | Russell 1000 |
|-----------------|-----------------|--------|--------------|
| Quarter | 8.88 | 6.70 | 6.95 |
| YTD | 14.43 | 15.79 | 15.46 |
| 1 year | 14.43 | 15.79 | 15.46 |
| 3 years | 7.85 | 10.44 | 10.98 |
| 5 years | 5.07 | 6.19 | 6.82 |
| Since Inception | 3.77 | 2.93 | 3.48 |

* Please see Performance Disclosure.

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

Source GPMS

PHILIPPE GLOBAL OPPORTUNITIES EQUITY

Fourth Quarter 2006

Markets continued their strong rise in the fourth quarter, with the S&P 500 up 6.7%, MSCI Europe up 11.5% and MSCI Japan up 5%. Solid corporate profits, the likelihood of a soft landing in the U.S. and the strengthening of European economies supported a strong finish to the year.

Contributors

Geophysique: After declining following the announcement of a merger with its U.S. competitor, **Veritas**, the stock climbed more than 35% this quarter. The seismic sector has seen brisk demand from oil companies eager to renew their reserves. We believe the complementary features of the two companies will strengthen their competitive advantage.

Phonak, the Swiss leader in hearing aids, is growing organically at a rate of 15% with stable margins, and the stock appreciated by more than 25% in the quarter. The announced merger with the Danish company, **Resound**, will give the new entity more than 30% of the world market, ahead of **Siemens**. Synergies in research and development, as well as the standardization of the components, will strengthen the competitive advantage of the enlarged company.

Detractor

Dassault Systèmes: The stock of this leading 3D software company fell by more than 7% in the quarter. We believe the 7% growth rate expected over the medium term is too pessimistic. Dassault will benefit as the industry migrates from 2D to 3D and internal innovation and external acquisitions improve operations. Short-term growth should be sustained by improving industrial capital expenditures, but we own the company for its long term outlook and modest valuation. We expect the Dassault Systèmes software and services to become the standard in the industry.

Outlook

- The FED is preoccupied by inflation and would like to see wages stabilize. Until then there is risk that the economic slowdown could accelerate with consequences for corporate earnings.
- Most strategists are positive on the markets and investors are generally bullish, therefore we think caution is prudent.
- We will focus on high quality companies with reasonable valuations and good long-term growth outlooks.

Global Opportunities Equity Management Team

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

Top Ten Holdings as of 12/29/06

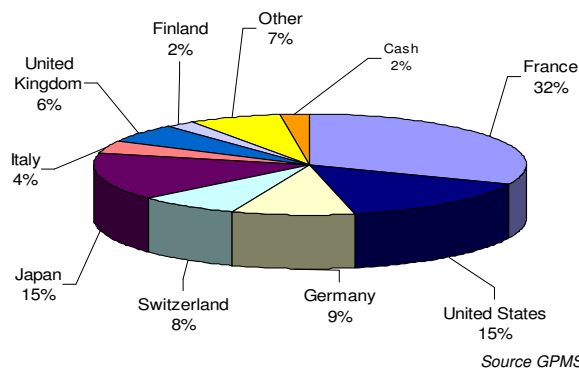
| | |
|--------------------|------|
| COMMERZBANK | 3.0% |
| TOTAL EUR2.5 | 2.8% |
| CIE GEN GEOPHYSIQU | 2.7% |
| UNICREDITO ITALIAN | 2.7% |
| ROCHE HLDGS AG | 2.7% |
| BNP PARIBAS | 2.7% |
| ALLIANZ SE | 2.6% |
| DASSAULT SYSTEMES | 2.5% |
| FORTUM OYJ | 2.3% |
| TF1 (TV.FSE.1) | 2.3% |

Source GPMS

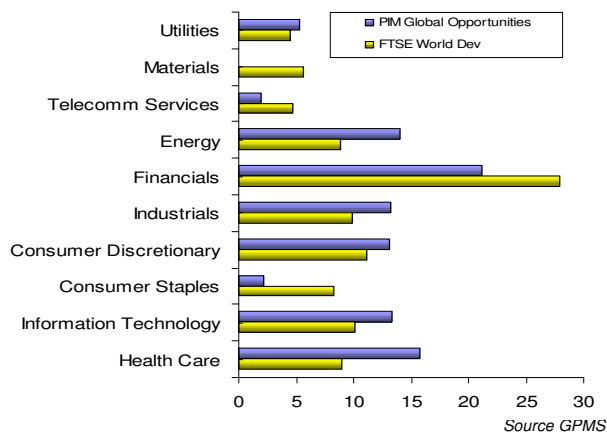
Characteristics as of 12/29/06

| | <u>Philippe</u> | <u>FTSE All World Developed</u> |
|-------------------------|-----------------|-------------------------------------|
| Weighted Avg Market Cap | \$ 47,824 MM | \$ 75,319 MM |
| Median Market Cap | \$ 13,049 MM | \$ 7,097 MM |
| Dividend Yield | 1.8 | 2.1 |
| Price/Book | 4.2 | 3.8 |
| Holdings | 68 | 2,040 |
| Product Assets | \$ 13 MM | |

Geographical Breakdown as of 12/29/06



Sector Breakdown as of 12/29/06



Composite Performance* as of 12/29/06

| | <u>Philippe Return (Gross)</u> | <u>FTSE A.W. Dev.</u> |
|------------------------|------------------------------------|---------------------------|
| Quarter | 10.07 | 8.03 |
| YTD | 20.53 | 18.64 |
| 1 year | 20.53 | 18.64 |
| 3 years | #N/A | #N/A |
| 5 years | #N/A | #N/A |
| Since Inception | 14.24 | 15.03 |

Annualized. Inception date: May 31, 2004

Source GPMS

* Please see Performance Disclosure.

SPOTLIGHT: *(continued from page 1)*

In the short run, everyone is supporting the system. The displaced workers in developed countries have not found a political voice. The rising costs of domestic goods has been accepted along with rising home and stock prices. In the short run, no one is fighting the system. However, distortions of historical relationships are huge.

- Inflation pressures will mount in China as more and more liquidity from its trade surplus and currency goes into its system.
- The cost of domestic services in the U.S. is rising as the liquidity stimulates spending.
- The U.S. debt to foreigners is soaring, and the cost of debt servicing will eventually come home to the U.S. taxpayer.
- If foreign central banks become nervous about the dollar, they could slow purchases, breaking the current equilibrium. Avoid the thought of what happens if they see the dollar sinking and try to sell.
- With so much liquidity around, more and more financial risk is being carried with ever diminishing rewards.
- Yield spreads on low quality bonds are at fifty-year lows.
- As hedge funds borrow and sell the yen to buy dollar assets, the short position in the yen becomes massive. If China shifts part of its reserve buying from dollars to yen, driving up the yen, financial disruptions will be huge. Hedge funds will be forced to sell risky assets to cover their short yen positions.
- The boom in financial derivatives has increased the leverage in the financial system enormously. It has spread the risk among more non-bank holders, which is good. However, with the low volatility, we have not tested the risk-bearing capabilities of the financial system since 1998.

So thank you, Mr. Market, for the good fortune in 2006 -- what do we do in 2007?

We do not see an immediate change in the current equilibrium, but we are aware that, if it does change, the price swings in risky assets could be abrupt and large. Therefore, we want to bias our portfolio purchases in the direction of higher quality, bond-like, securities and non-cyclical growth stocks in the U.S. We prefer to take the risk overseas, where growth is likely to be higher than it is in the U.S.

We believe that moderate world growth will continue in 2007. We also believe that declining productivity in the U.S. and tighter labor markets will keep inflation a concern, but that deflationary forces will continue to keep prices under control and that housing weakness will continue.

With U.S. growth slowing, we think companies with non-cyclical growth selling at reasonable prices will do well. For money committed to the equity markets, our beliefs and biases include:

- Lower income participants in the U.S. economy continue to be stressed by job displacements and high gas prices; therefore we will focus on companies selling to businesses and upper income segments.
- We are bulls on longer-term energy prices but, in the short term, the unwinding of speculative positions is a risk.
- Some raw materials (iron ore) and agricultural commodities (grains) appear to have favorable price prospects. However, the outlook for semi-finished raw materials such as copper and steel is less clear.
- We like some "green" themes – food supply, water, and clean energy. We also like infrastructure including transportation, power, and energy.
- While we like the growing demand for health care, we are concerned about changes for reimbursement coming out of Congress. So we will go light in this sector until visibility improves.
- Finally, we believe the growth in Asia will continue and are seeking good Asian companies for our portfolios.

There are no guarantees that the beliefs and expectations expressed herein will be realized.

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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 Equity Blended composite includes all fully discretionary tax-exempt and taxable international equity accounts with minimum assets of \$1 million. The taxable portfolio included in the composite is a commingled fund (LLC), suitable for US-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 US 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 US Equity composite includes two fully discretionary US equity accounts with assets over \$20 million. This includes a euro-denominated European FCP (mutual fund primarily for institutions) 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 US 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 US investors, the track record, translated into USD, is representative of our results for an institutional 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 Global Opportunities composite includes a fully discretionary, global equity, euro-denominated European FCP (mutual fund primarily for institutions) with assets over \$10 million. The benchmark is the FTSE All World Developed Index. All returns are translated into US 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 US investors, the track record, translated into USD, is representative of our results for an institutional 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 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