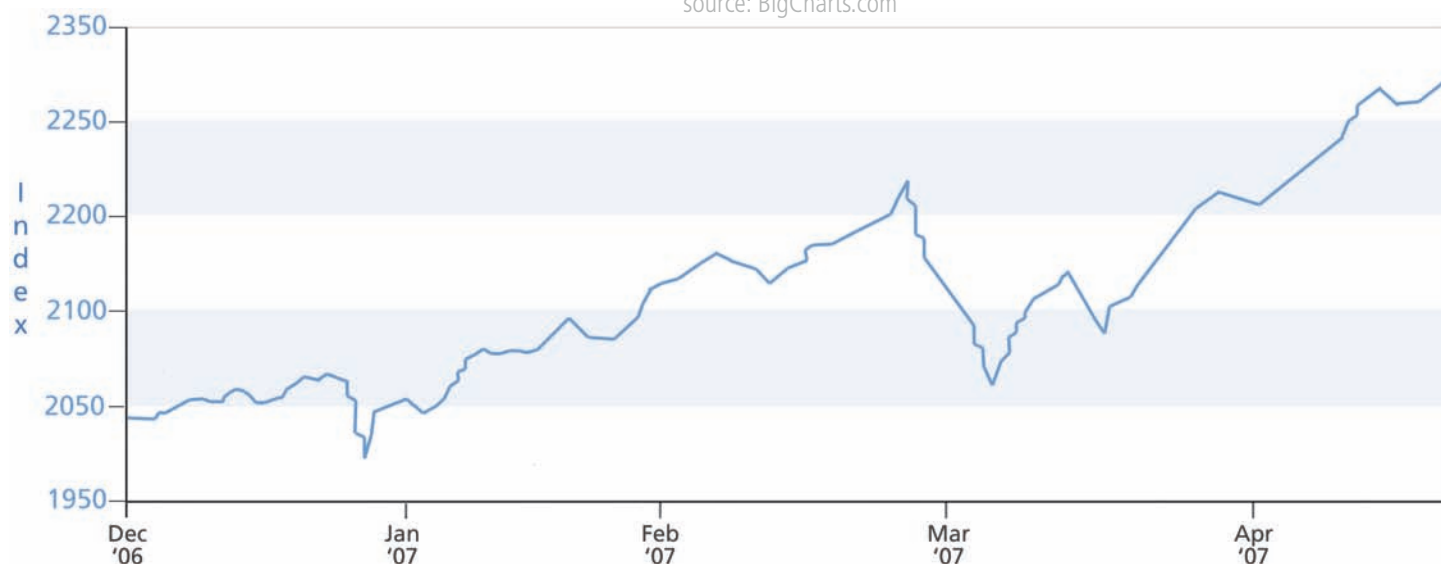


# Palisades Global Water Index

Ticker symbol  
AMEX: PIIWI

## 4 Month Index Value

source: BigCharts.com



## Summary

The Palisades Global Water Index (PIIWI) gained 7.94% in the period January 1 to March 31, 2007, substantially outperforming the S&P 500 which rose slightly at 0.18% and the Nasdaq which posted a 1.92% increase for the quarter. The strong performance of PIIWI reflects the strength in foreign markets relative to the U.S. equity markets, the performance of large cap stocks as an asset class, and the extrapolation of the positive fundamentals of the water industry to a global perspective. There continues to be a great deal of earnings momentum associated with global water industry participants.

## Comments

Positive performance was centered on the Treatment sector while weakness was statistically spread among several sectors. Of the top five best performers for the quarter (see chart), Organo, Doosan and Bio-Treat are included in the Treatment sector, Shanghai

## Trailing Returns

	YTD	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
<b>PIIWI</b>	7.94%	5.10%	7.94%	23.92%	21.17%	107.28%	185.24%
<b>S&amp;P 500</b>	0.18%	-1.21%	0.18%	6.36%	9.73%	26.16%	23.83%
<b>Nasdaq</b>	1.92%	-0.09%	1.92%	9.00%	5.21%	23.44%	33.40%

## Q1 2007

### Best and Worst Component Performance

Top 5 Companies			Bottom 5 Companies		
Symbol		% Change	Symbol		% Change
Shanghai Municipal	/600649.SH	+41.16%	General Electric	GE	-6.87%
Organo Corp	/6369.T	+36.72%	Watts Water	WTS	-4.88%
Doosan Heavy Industries	/034020.KS	+35.26%	Sociedad General Barcelona	AGC.MC	-4.28%
Bio-Treat	BIOT.SI	+34.85%	ACEA S.P.A.	ACE.MI	-3.79%
Stantec	STN.TO	+30.46%	Halma Plc	HLMA.L	-3.77%

## Top Ten Components

as of March 31, 2007

Company Name	Symbol	% Weighting
Tetra Tech	TTEK	3.90%
Valmont Industries	VMI	3.82%
Impregilo S.P.A.	IPGI.MI	3.69%
Veolia Environnement	VIE.PA	3.57%
Techem AG	TNHG.DE	3.56%
Itron	ITRI	3.53%
Stantec Inc.	STN.TO	3.53%
ARCADIS N.V.	ARDS.AS	3.52%
Doosan Heavy Ind.	/034020.KS	3.47%
Hyflux Ltd.	HYFL.SI	3.45%

Municipal Water in the Utility sector and Stantec in the Resource Management sector.

Organo is a Japanese equipment company engaged in a broad range of manufacturing activities in water treatment, water filters and softeners. Doosan is recognized as the world leader in multi stage flash desalination with a global market share of over 40%. Bio-Treat is one of China's pioneering companies in the development and application of biotechnology to wastewater treatment. All three are experiencing strong demand in their Asian markets. Shanghai Municipal Raw Water Co is the water and wastewater utility serving Shanghai, China. Stantec is a Resource Management component that benefits from the increasing recognition that water management must be viewed from an integrated approach.

With respect to the bottom five

(GE and Halma), Watts continues to suffer from the downturn in the U.S. housing/renovation market.

### Rebalance Discussion

The quarterly rebalancing is based on a consideration of the additions and deletions to the Index, if any, as well as the relative sector fundamentals going forward. The rebalancing of sector, and thereby component, weights is designed to create performance-based enhancements to the Index. The sector weights are presented in the accompanying chart.

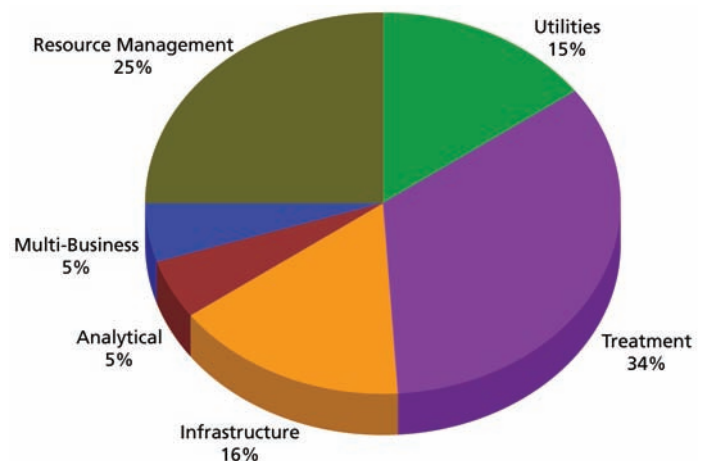
While sector weightings do not change dramati-

cally on a quarter-by-quarter basis, there are discernible trends designed to accommodate the fundamentals. Accordingly, the weighting of the Utility sector continues to ratchet down in deference to the potential of, for example, the Treatment, Resource Management and Infrastructure sectors. The Treatment sector continues to be afforded a substantial weight within PIIWI in recognition of that sectors long term fundamentals on a global basis. The weighting of the Infrastructure sector has been increased to take advantage of anticipated price leverage going forward as well as inter-sector reclassifications.

The Resource Management sector is a unique feature of the Palisades Global Water Index and its increasing importance reflects the forward-looking nature of the Index in addressing the dynamism of the water industry. The Multi-Business and Analytical sector weightings remained essentially constant.

### PIIWI Sector Weights

as of April 1, 2007



### Contacts

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