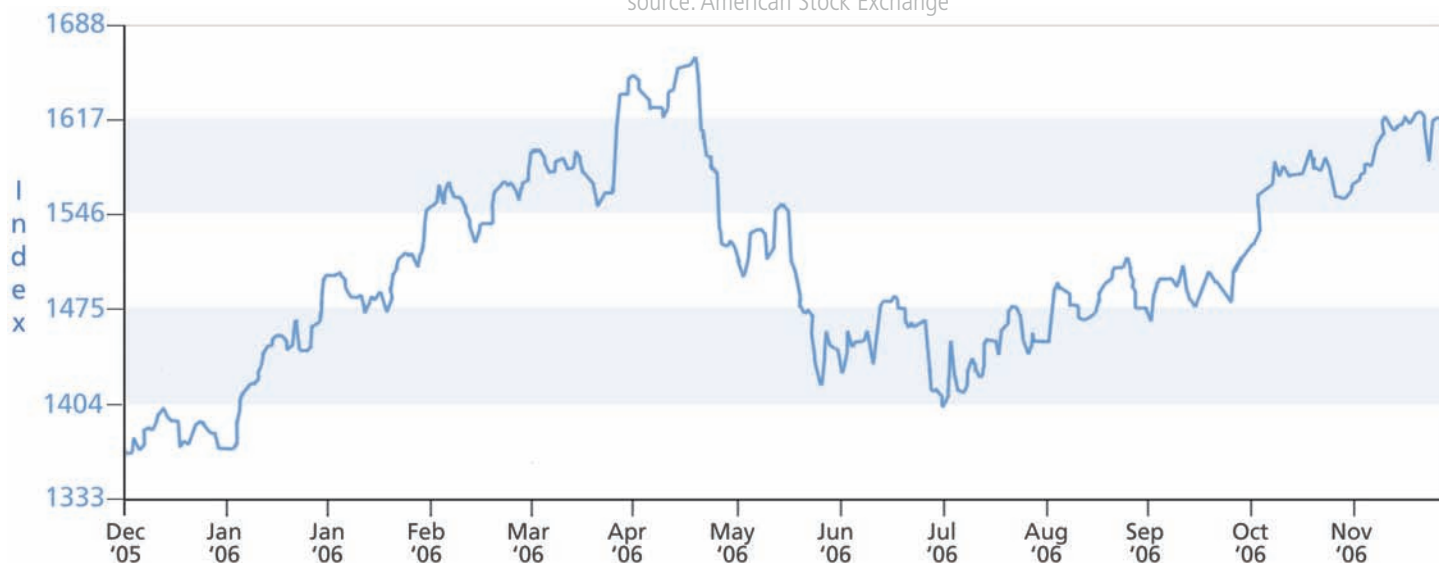


Palisades Water Index

Ticker symbol
AMEX: ZWI

12 Months Index Value

source: American Stock Exchange



Summary

For the period November 1, 2006 to November 30, 2006 the Palisades Water Index gained 2.50%. This compares favorably to an increase in the S&P 500 of 1.65%. The positive comparison extends to the YTD return with ZWI advancing almost 20% while the S&P is ahead 12%. Given the relatively sanguine nature of recent economic data the water sector is largely performing in line with the positive fundamentals. The blend of small- and mid-cap exposure in the Index added momentum as evidenced by the identical 2.50% advance for the Russell 2000 in November.

Comments

Sector performance within the Index was mixed but characterized by clear strength

Trailing Returns

	YTD	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
ZWI	19.77%	2.50%	7.90%	6.13%	21.21%	70.45%	109.04%
S&P 500	12.20%	1.65%	7.43%	10.28%	12.10%	32.36%	22.92%
Nasdaq	10.27%	2.75%	11.36%	11.61%	8.91%	24.05%	25.96%

November 2006 Best and Worst Component Performance

Top 5 Companies			Bottom 5 Companies		
Symbol	Change	%	Symbol	Change	%
Calgon Carbon	CCC	+27.71%	Consolidated Water	CWCO	-15.23%
Ashland Inc	ASH	+14.40%	Itron Inc	ITRI	-11.72%
Watts Water	WTS	+11.71%	American States Water	AWR	-11.05%
Insituform	INSU	+10.06%	Franklin Electric	FELE	-4.02%
United Utilities	UU	+9.78%	Tetra Tech	TTEK	-4.02%

Top Ten Components

as of November 30, 2006

Company Name	Symbol	% Weighting
Watts Water Technologies	WTS	4.29%
Calgon Carbon	CCC	4.28%
Pentair	PNR	3.80%
Danaher Corp	DHR	3.51%
Mueller Water Products	MWA	3.51%
Millipore Corp	MIL	3.49%
Layne Christensen Co.	LAYN	3.47%
United Utilities	UU	3.40%
Insituform	INSU	3.36%
Aqua America	WTR	3.33%

in the Resource Management and Multi-Business Sectors and to a lesser degree in the Infrastructure Sector. The remaining sectors, Treatment, Utilities and Analytical performed more in accordance with the impact of individual components. To the plus side, the Treatment Sector was positively impacted by the stand-out performance of Calgon Carbon which was this month's top performer. While the company reported a widening 3Q loss, results were better

than expectations and due to cost-cutting efforts. The Infrastructure Sector experienced notable outperformance associated with the Watts Water (lessening housing concerns) and Insituform (earnings) components. The Utilities Sector was negatively impacted by American States Water and Consolidated Water, both of which appear in the accompanying list of worst performers for November. AWR was downgraded to neutral by UBS early in the period

while the decline in CWCO was likely the result of selling on positive earnings news after a run up in October.

Industry Highlights

Water stocks, and the Palisades Water Index (ZWI), continue to benefit from the recognition that exposure to the industry is justified across a broad spectrum of investment objectives and strategies. In addition, ZWI is often considered to achieve the dual objective of water sector weighting in combination with a small- and mid-cap asset class allocation. There is also an expectation that M&A and private equity activity is likely to accelerate; the former due ongoing water industry consolidation and the latter a result of an increasing trend toward alternative investments. On the M&A front, Itron acquired Flow Metrix, a provider of advanced leak detection for underground pipelines.

Contacts

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