CHILTON
CAPITAL MANAGEMENT

REVIEW & OUTLOOK

2ND QUARTER 2006

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	2nd Qtr	1 Year	3 Year	5 Year	7 Year	Since Inception 3/31/1996
CCM Growth	(4.1)	9.8	11.3	2.4	3.4	10.3
Russell 1000 Growth	(3.9)	6.1	8.4	(0.8)	(3.6)	5.9
S&P 500	(1.4)	8.6	11.2	2.5	0.5	8.6

Annualized Returns

	2nd Qtr	1 Year	3 Year	5 Year	7 Year	Since Inception 6/30/1998
CCM Conservative Growth	(3.7)	3.8	8.0	1.3	2.1	4.3
S&P 500	(1.4)	8.6	11.2	2.5	0.5	3.0

Annualized Returns

	2nd Qtr	1 Year	3 Year	Since Inception 12/31/2002
CCM High Quality Tax Exempt Bond	0.0	0.6	2.1	3.0
Lehman 5 Year Municipal Index	0.1	0.3	1.6	2.3

Performance Review

Equity markets around the world gave up most of their first quarter 2006 gains during the three months ended June 30, 2006. An almost synchronous global flight to quality sent prices of riskier assets into a steep decline. Emerging markets and many industrial commodities were the worst hit. By quarter end the S&P 500 had dropped only slightly (-1.4%) but the NASDAQ was off sharply (-7.0%). CCM's Growth (-4.1%) and Conservative Growth (-3.7%) Composites performed in line with the Russell 1000 Growth Index (-3.9%), which many growth investors use as a primary benchmark.

May you live in interest rate times...

The quarter just ended marked the beginning of Ben Bernanke's initiation as Federal Reserve Chairman. As has often been the case in the past with rookie Fed Chairmen, notably Alan Greenspan and Paul Volcker, Mr. Bernanke has taken the reins during a time of economic and/or market problems. Mr. Volcker's "initiation" in the late 1970's was marked by rampant inflation and a period of negative real returns for the stock market. Mr. Greenspan inherited an overvalued stock market in June 1987, a plunging U.S. dollar, as well as twin budget and trade deficits. Today's market and economic conditions are generally much different than either of these periods with real growth and valuations that are fairly attractive relative to other asset classes and historic conditions. But US investor worries persist. Why?

Both of Mr. Bernanke's predecessors confronted stock market corrections soon after taking office—largely driven by investors' reactions to the Fed's prescriptions for the specific ills inherited. So it is with Ben Bernanke. Faced with huge twin deficits plus a globally synchronized economic expansion and mounting evidence of inflationary pressures, the new Fed Chairman is now forced to prove he is an inflation hawk by raising interest rates. This is occurring at a time when both the U.S. and global

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economies – despite rising rates over nearly two years– have been performing robustly. The U.S. is not alone in its monetary tactics. Central banks around the globe have been raising interest rates, leading investors to fear the end of 'easy money'. U.S. markets have sold off out of concern that the now 17 consecutive Fed rate hikes will not be enough to squelch incipient inflation—and will perhaps lead to stagflation. The possibility of a low economic growth rate with rising inflation is not a welcome thought for investors.

We have stated previously that we believe conditions for a possible decade-long U.S. economic slowdown exist, driven primarily by a weakening consumer. It appears that other investors agree with our long-held view that very high consumer debt levels, a softening housing market, continued job losses to low-cost countries, an aging population, and rising prices for many everyday goods and services are not positive for the consumer-driven portion of the U.S. economy. Significantly, of the problems listed above, inflation is the only one ameliorated by the Fed's continued rate hikes. The remainder will deteriorate further as interest rates rise. This will have a direct effect both here and abroad, since American consumers have been one of two major drivers of global economic growth for several years.

The other major driver has been torrid GDP growth in China. Right now, China appears to have an appetite for economic change. For years, China has been the beneficiary of a burgeoning manufacturing/export base and direct foreign investment. Very low wages and minimal environmental policies have enticed major global corporations to set up operations there. The capital made available via such investments helped provide the wherewithal for the Chinese government to embark on massive infrastructure and industrial building programs. Now China's leaders realize this progress has created several untenable problems. These include: concentrations of huge wealth in the coastal cities while the countryside remains very poor; unsustainable, massive use of natural resources; and extensive air and water pollution. According to the World Bank: 16 out of 20 of the world's most polluted cities are in China, between 200,000 and 500,000 people in China die annually from pollution, and nearly 80% of China's energy comes from burning high sulfur coal. To address these problems the Chinese government launched a new Five Year Plan in March 2006. In a shift from previous initiatives, the plan calls for increasing wages with the intent of creating a broader consumer economy that relies less on manufacturing and export, a reallocation of resources from massive general building programs, and spending huge sums in anti-pollution programs and facilities. The result of these economic transfers is likely to be twofold: one, a deceleration in the building of industrial capacity and housing, leading to a decline in the demand for materials and, two, a greater focus on conservation and the use of technology to solve environmental problems.

In what could be a bit of irony, China may become the primary consumer of Western industrial technology, while the West slows its rate of goods consumption, much of which is supplied by China.

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Why does this matter to U.S. investors? We believe such a scenario is leading to a broad change in leadership in the U.S. stock market from early economic cycle businesses like homebuilders, retailers, airlines, commercial banks, and hotels to high quality, lower risk growth companies with innovative technologies and products. We remain constructive on Information Technology and Industrials as we believe both stand to benefit from healthy corporate balance sheets, increased global business capital spending, and upcoming new product cycles. Healthcare and Consumer Staples also should outperform; these are consumer necessities, not luxuries, and more important to aging populations. Energy remains a wild card. Although we see global demand moderating due to high prices and increased conservation, continued geo-political instability coupled with nominal increases in supply could keep oil prices high.

Recent Portfolio Actions:

New Additions:

Yahoo!

Founded in 1994, Yahoo! (YHOO) is the No. 1 Internet brand globally and the most trafficked Internet destination worldwide. Yahoo provides online products and services essential to consumers' lives, and offers a full range of tools and marketing solutions for businesses to connect with Internet users around the world. We believe that the growth of online advertising at the expense of traditional media will continue. Total advertising spending is expected to grow 5% per year through 2010, while increased Internet usage and further confidence in online as an ad medium should enable ad spending to grow 15% to 20% per year through 2010. While U.S. consumers spend about 15% of their leisure time online, less than 5% of advertising is currently focused online. We believe the advertising shift towards online media represents a secular opportunity and Yahoo! is one of the best positioned companies to benefit.

St. Jude Medical

We added St. Jude Medical during the quarter for Conservative accounts. St. Jude (STJ) is a leading cardiovascular medical device company. Medical device stocks have been under pressure recently due to pricing issues and reimbursement rates. However, we think the current valuation accounts for these expected changes and their products will remain an important therapy for a large number of people over the next decade. St. Jude also has a second growth avenue: the company purchased a former CCM portfolio holding, Advanced Neuromodulation (ANSI) in 2005 to gain access to neurostimulation devices, one of the fastest growing areas of medical devices.

Viisage Technology

For Growth accounts, we took an initial position in Viisage (VISG). Viisage offers biometric-based identity products for governments, law enforcement agencies, and commercial businesses. For each of these, the company creates secure credentials (think passports and drivers licenses) using biometric technologies that link a unique person to a unique document. Viisage's solutions also help ensure that documents are valid. In December, the company received a private investment from Robert LaPenta, the former CFO of L-3 Communications. With this investment and with Mr. LaPenta now at the helm as CEO, the company has begun a series of acquisitions designed to integrate a wide range of additional biometric technology into the company's product line. We believe Viisage will become the biometric technology leader, with strong product and revenue growth over the next 5-10 years.

Sales:

Aviall

Aviall (AVL) received a cash buyout offer from Boeing at a 30% premium in April. We sold with an unavoidable short term gain.

Liberty Media Interactive

Liberty Media split into two tracking stocks during the quarter, Liberty Capital (LCAPA) and Liberty Interactive (LINTA). Liberty Interactive contains investments in Expedia, Interactive Corp, and QVC. As the majority of the Liberty Interactive value resided within the QVC holding, and with its leverage to a potential consumer slowdown, we elected to sell the position. We retain the Liberty Capital shares that hold News Corp and other public company stocks at a discount to their intrinsic value.

Electronic Arts

We sold the entire Electronic Arts (ERTS) position out of all discretionary accounts during the quarter. We were uncomfortable with the valuation following a deterioration of fundamentals.

Fixed Income Commentary for Second Quarter 2006

Once again, the Federal Open Market Committee (FOMC) met twice during the quarter and, as in the first quarter of 2006, the Federal Funds rate was increased 25 basis points at each meeting for a total of 50 basis points for the quarter. After these latest two increases, the Federal Funds rate is now 5.25%. The FOMC has now increased the federal funds rate at 17 consecutive meetings beginning in June 2004.

The bond market showed some volatility during the quarter as numerous events, economic and non-economic, impacted global financial markets. Some examples of these events were the continued increase in the price of oil, the war in Iraq, the events in North Korea, and Chairman Ben Bernanke's comments at a *dinner party* in Washington, D.C. While most market experts were not jolted too severely by the first three examples, Chairman Bernanke's comments, or more likely the approach he took to deliver those comments, shocked many market experts. In an effort to clarify some prior comments he had made, he answered a question posed to him by Maria Bartiromo of CNBC. The next day she reported his comments. The markets reacted to that news, not only because of what he said, but due to the circumstances surrounding his comments. For a brief time, inflation, the price of oil and world conflict took a backseat to the different ways Chairman Bernanke chose to communicate with the market place and investors. Of course, by the end of the quarter Chairman Bernanke's lapse in judgment, as many believed it was, had been forgotten and everyone's attention returned to economic indicators and the next FOMC meeting in June. The June FOMC meeting brought a hint that interest rate increases could be nearing an end. However, the FOMC is not willing to give up that option, stating that "…the Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

The ten-year US Treasury Notes yield increased 29 bps from 4.85% to 5.14% with the low yield being 4.85% and the high yield being 5.25% during the quarter. The Bond Buyer 20 weekly index, a municipal bond index that is comprised of 20 General Obligation bonds rated "A1" by Moody's Investors Service with maturities of 20 years, increased 18 bps from 4.53% to 4.71% with the low yield being 4.48% and the high yield being 4.71% during the quarter. In general, bond values decreased as a result of the interest rate movement during the quarter.

Performance Disclosures

GROWTH COMPOSITE								
	Total Firm	Composite Assets			Annual Performance Results			
Year End	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	Russ 1000 Growth	Composite Dispersion
2005	304	76	25%	50	12.78%	11.66%	5.27%	0.50%
2004	256	43	17%	27	4.97%	3.95%	6.30%	0.68%
2003	215	42	20%	29	28.27%	26.98%	29.76%	1.31%
2002	165	15	9%	19	-22.66%	-23.45%	-27.89%	2.30%
2001	155	25	16%	31	-19.46%	-20.28%	-20.42%	4.30%
2000	172	37	22%	32	8.33%	7.26%	-22.43%	1.60%
1999	137	17	12%	17	34.37%	33.07%	33.16%	14.43%
1998	109	25	23%	12	25.17%	23.95%	38.71%	4.70%
1997	99	21	22%	12	29.23%	27.97%	30.49%	2.90%
1996	30	11	35%	5 or fewer				

CONSERVATIVE GROWTH COMPOSITE								
	Total Firm	Composite Assets			Annual Performance Results			
Year End	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	S&P500	Composite Dispersion
2005	304	60	20%	36	8.33%	7.24%	4.89%	1.17%
2004	256	54	21%	41	3.84%	2.82%	10.87%	0.64%
2003	215	64	30%	43	28.17%	26.92%	28.69%	1.60%
2002	165	12	7%	13	-20.66%	-21.44%	-22.10%	1.90%
2001	155	15	9%	9	-18.12%	-18.92%	-11.86%	N.A.*
2000	172	15	9%	5 or fewer	7.32%	6.30%	-9.12%	N.A.*
1999	137	15	11%	5 or fewer	31.39%	30.15%	21.03%	N.A.*
1998	109	8	7%	5 or fewer				

2006 GROSS AND NET QUARTERLY PERFORMANCE FOR COMPOSITES								
	1Q 2006		2Q 2006		3Q 2006		4Q 2006	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Growth Composite	5.8%	5.5%	-4.1%	-4.4%				
Conservative Growth Composite	2.3%	2.0%	-3.7%	-4.0%				

HIGH QUALITY TAX-EXEMPT BOND COMPOSITE								
	Total Firm	Composite Assets			Annual Performance Results			
Year End	Assets (millions)	U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	Lehman 5 Yr Muni	Composite Dispersion
2005	304	19	6%	16	2.19%	1.77%	0.95%	0.68%
2004	256	15	6%	11	3.12%	2.71%	2.72%	0.42%
2003	215	7	3%	Five or fewer	4.99%	4.73%	4.13%	N.A.*

2006 GROSS AND NET QUARTERLY PERFORMANCE FOR COMPOSITE								
	1Q 2006		2Q 2006		3Q 2006		4Q 2006	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
High Quality Tax-Exempt Bond Portfolio	0.1%	0.0%	0.0%	-0.1%				

*Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Chilton Capital Management, LP (CCM) is a registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request.

The CCM Growth Composite contains fully discretionary taxable and tax-exempt growth equity accounts. Prior to March 1, 2003, this composite contained only taxable growth equity accounts. The Conservative Growth Composite contains fully discretionary conservative growth equity accounts. The minimum account size for each composite is $250 thousand. The growth composite is measured against the Russell 1000 Growth Index and the Conservative Composite is measured against the S&P500 Index for comparison purposes. Balanced portfolio segments are not included in the composites. Though leverage is not part of the firm's strategy, it is occasionally used in the Growth Composite. The Growth Composite was created April 1, 1996 and the Conservative Growth Composite was created July 1, 1998. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in the composites. As of December 31, 2005, the Growth Composite contains approximately 84% of the accounts managed in that strategy and the Conservative Growth Composite contains approximately 72% of the accounts in that strategy. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the accounts. A fee schedule is an integral part of a complete presentation. Net of fee performance is calculated using the highest management fee as described in Part II of the firm's ADV, which is available upon request. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

Chilton Capital Management, LP has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®), the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). AIMR has not been involved with the preparation or review of this report.

A third-party verification as set forth by the AIMR-PPS standards has been conducted by Ashland Partners & Company LLP from April 1, 1996 through December 31, 2005. A copy of the Independent Verifier's Report is available upon request.

High Quality Tax-Exempt Bond Composite contains fully discretionary non-custom fixed income accounts and for comparison purposes is measured against the Lehman 5-Year Municipal Index. The minimum account size for this composite is $200 thousand. Chilton Capital Management, LP has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®), the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). AIMR has not been involved in the preparation or review of this report.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in this composite. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of 40 basis points per year. Prior to January 1, 2004, the highest management fee was 25 basis points per year. A fee schedule is an integral part of a complete presentation and is described in Part II of the firm's ADV, which is available upon request.

Balanced portfolio segments are not included in this composite. Leverage is not used in this composite.

The High Quality Tax-Exempt Bond Composite was created January 1, 2003.

The Independent Verifier's Report is an integral part of this presentation.