



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
ANNUAL REPORT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Permanent Portfolio Family of Funds, Inc.

We have audited the accompanying statements of assets and liabilities of Permanent Portfolio Family of Funds, Inc. (“Fund,” comprising, respectively, the Permanent Portfolio, the Treasury Bill Portfolio, the Versatile Bond Portfolio and the Aggressive Growth Portfolio), including the schedules of investments, as of January 31, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of January 31, 2010, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective Portfolios constituting Permanent Portfolio Family of Funds, Inc. as of January 31, 2010, the results of their operations for the year then ended, changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
March 25, 2010



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES
January 31, 2010

ASSETS AND LIABILITIES	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
ASSETS				
Investments at market value (Notes 1, 4 & 5):				
Investments other than securities:				
Gold assets (identified cost \$742,733,266; \$—; \$— and \$—, respectively)	\$ 995,665,613	\$ —	\$ —	\$ —
Silver assets (identified cost \$192,136,185; \$—; \$— and \$—, respectively)	224,044,548	—	—	—
Swiss franc deposits (identified cost \$14,606,633; \$—; \$— and \$—, respectively)	14,977,699	—	—	—
	<u>1,234,687,860</u>	<u>—</u>	<u>—</u>	<u>—</u>
Swiss franc bonds	464,357,093	—	—	—
Stocks of United States and foreign real estate and natural resource companies	777,519,000	—	—	—
Aggressive growth stock investments	767,237,600	—	—	18,444,390
Corporate bonds	58,165,404	—	17,538,511	—
United States Treasury securities	<u>1,730,010,112</u>	<u>44,546,903</u>	<u>125,649</u>	<u>—</u>
Total investments (identified cost \$4,730,414,313; \$44,551,924; \$17,459,800 and \$11,700,511, respectively)	5,031,977,069	44,546,903	17,664,160	18,444,390
Cash	—	3,215	9,459	11,484
Accounts receivable for investments sold	—	10,000,000	—	7,750
Accounts receivable for shares of the portfolio sold	27,549,288	79,250	103,720	904
Accrued interest, dividends and foreign taxes receivable	<u>34,532,973</u>	<u>345,593</u>	<u>332,238</u>	<u>11,550</u>
Total assets	5,094,059,330	54,974,961	18,109,577	18,476,078
LIABILITIES				
Bank overdraft	665,536	—	—	—
Accounts payable for investments purchased	—	10,138,456	—	—
Accounts payable for shares of the portfolio redeemed	5,755,552	3,503	—	18,848
Accrued investment advisory fee	3,372,094	27,035	12,582	19,718
Accrued excise tax	1,015,000	—	9,800	1,200
Total liabilities	<u>10,808,182</u>	<u>10,168,994</u>	<u>22,382</u>	<u>39,766</u>
Net assets applicable to outstanding shares	<u>\$5,083,251,148</u>	<u>\$44,805,967</u>	<u>\$18,087,195</u>	<u>\$18,436,312</u>
NET ASSETS				
Capital stock — par value \$.001 per share:				
Authorized — 250,000,000; 100,000,000; 25,000,000 and 50,000,000 shares, respectively				
Outstanding — 133,551,130; 661,315; 299,475 and 463,247 shares, respectively	\$ 133,551	\$ 661	\$ 299	\$ 463
Paid-in capital	<u>4,754,615,313</u>	<u>44,810,327</u>	<u>17,627,035</u>	<u>11,634,731</u>
	4,754,748,864	44,810,988	17,627,334	11,635,194
Undistributed net investment income (Note 1)	27,594,520	—	355,622	40,057
Accumulated net realized gain (loss) on investments	(838,341)	—	(100,121)	17,182
Net unrealized appreciation (depreciation) of investments (Notes 1 & 5)	301,562,756	(5,021)	204,360	6,743,879
Net unrealized appreciation on translation of assets and liabilities in foreign currencies	183,349	—	—	—
Net assets applicable to outstanding shares	<u>\$5,083,251,148</u>	<u>\$44,805,967</u>	<u>\$18,087,195</u>	<u>\$18,436,312</u>
Net asset value per share	<u>\$38.06</u>	<u>\$67.75</u>	<u>\$60.40</u>	<u>\$39.80</u>



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
STATEMENTS OF OPERATIONS
Year Ended January 31, 2010

	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
Investment income (Note 1):				
Interest	\$ 45,367,459	\$ 223,700	\$532,395	\$ 50
Dividends	28,742,372	—	—	247,550
Other income	10,332	—	1,500	—
	74,120,163	223,700	533,895	247,600
Expenses (Note 3):				
Investment advisory fee	31,286,640	799,369	221,689	204,014
Directors' fees and expenses	367,427	5,265	1,504	1,881
Officers' salary expense	217,881	3,122	892	1,115
Excise tax	820,580	2,458	10,297	1,200
Legal expense	104,189	1,493	427	533
Total expenses	32,796,717	811,707	234,809	208,743
Less waiver of investment advisory fee	—	(336,576)	(70,007)	—
Net expenses	32,796,717	475,131	164,802	208,743
Net investment income (loss) before foreign income taxes deducted at source	41,323,446	(251,431)	369,093	38,857
Less foreign income taxes deducted at source, net of refundable taxes	89,437	—	—	—
Net investment income (loss)	41,234,009	(251,431)	369,093	38,857
Net realized and unrealized gain (loss) on investments and foreign currency (Notes 1, 4 & 5):				
Net realized gain (loss) on:				
Investments in securities	(4,499,670)	804	793	43,177
Investments other than securities	4,354,082	—	—	—
Foreign currency transactions	(105,571)	—	—	—
	(251,159)	804	793	43,177
Change in unrealized appreciation (depreciation) of:				
Investments	667,842,026	(32,253)	213,067	4,670,014
Translation of assets and liabilities in foreign currencies	619,568	—	—	—
Net realized and unrealized gain (loss) on investments and foreign currency	668,210,435	(31,449)	213,860	4,713,191
Net increase (decrease) in net assets resulting from operations	\$709,444,444	\$(282,880)	\$582,953	\$4,752,048

See accompanying notes.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS

	Permanent Portfolio	
	Year Ended January 31, 2010	Year Ended January 31, 2009
Operations:		
Net investment income (loss)	\$ 41,234,009	\$ 40,660,348
Net realized gain (loss) on investments in securities	(4,499,670)	(667,753)
Net realized gain (loss) on investments other than securities	4,354,082	(25,000)
Net realized loss on foreign currency transactions	(105,571)	(1,975,990)
Change in unrealized appreciation (depreciation) of investments	667,842,026	(624,037,201)
Change in unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies	<u>619,568</u>	<u>(995,186)</u>
Net increase (decrease) in net assets resulting from operations	709,444,444	(587,040,782)
Equalization on shares issued and redeemed:	20,168,902	37,118,490
Distributions to shareholders from (Note 2):		
Net investment income	(35,102,694)	(24,935,047)
Net realized gain on investments	—	(3,989,608)
Distribution in excess	—	—
Return of capital	—	—
Capital stock transactions exclusive of amounts allocated to undistributed net investment income (Note 6):	<u>1,165,723,204</u>	<u>2,054,806,596</u>
Net increase (decrease) in net assets	1,860,233,856	1,475,959,649
Net assets at beginning of year	<u>3,223,017,292</u>	<u>1,747,057,643</u>
Net assets at end of year (including undistributed net investment income of \$27,594,520 and \$30,057,441; \$ — and \$472,381; \$355,622 and \$330,085; and \$40,057 and \$ —, respectively)	<u><u>\$5,083,251,148</u></u>	<u><u>\$3,223,017,292</u></u>

Treasury Bill Portfolio		Versatile Bond Portfolio		Aggressive Growth Portfolio	
Year Ended January 31, 2010	Year Ended January 31, 2009	Year Ended January 31, 2010	Year Ended January 31, 2009	Year Ended January 31, 2010	Year Ended January 31, 2009
\$ (251,431)	\$ 499,719	\$ 369,093	\$ 329,164	\$ 38,857	\$ 14,620
804	17,160	793	(13,207)	43,177	793,016
—	—	—	—	—	—
—	—	—	—	—	—
(32,253)	(84,955)	213,067	(78,102)	4,670,014	(10,858,598)
—	—	—	—	—	—
(282,880)	431,924	582,953	237,855	4,752,048	(10,050,962)
(666,742)	1,808,202	195,670	129,176	(934)	1,533
(267,922)	(1,453,846)	(268,285)	(349,277)	—	(29,783)
—	—	—	—	—	(3,694,471)
—	—	—	—	—	(71,897)
—	—	—	—	—	(1,020,292)
<u>(38,323,568)</u>	<u>35,847,627</u>	<u>3,749,752</u>	<u>2,657,784</u>	<u>(301,120)</u>	<u>2,974,002</u>
<u>(39,541,112)</u>	<u>36,633,907</u>	<u>4,260,090</u>	<u>2,675,538</u>	<u>4,449,994</u>	<u>(11,891,870)</u>
<u>84,347,079</u>	<u>47,713,172</u>	<u>13,827,105</u>	<u>11,151,567</u>	<u>13,986,318</u>	<u>25,878,188</u>
<u>\$ 44,805,967</u>	<u>\$84,347,079</u>	<u>\$18,087,195</u>	<u>\$13,827,105</u>	<u>\$18,436,312</u>	<u>\$ 13,986,318</u>



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

Quantity		Market Value
GOLD ASSETS — 19.59% of Total Net Assets		
300,269 Troy Oz.	Gold bullion (a)	\$ 325,191,113
600,000 Coins	One-ounce gold coins (a)	670,474,500
	Total Gold Assets (identified cost \$742,733,266)	\$ 995,665,613
SILVER ASSETS — 4.41% of Total Net Assets		
13,582,587 Troy Oz.	Silver bullion (a)	\$ 219,807,008
379 Bags	Silver coins (a)	4,237,540
	Total Silver Assets (identified cost \$192,136,185)	\$ 224,044,548
Principal Amount		
SWISS FRANC ASSETS — 9.43% of Total Net Assets		
CHF 15,812,706	Swiss francs in interest-bearing bank accounts	\$ 14,977,699
CHF 50,000,000	3.500% Swiss Confederation Bonds, 08-07-10	\$ 48,164,812
CHF 50,000,000	4.000% Swiss Confederation Bonds, 06-10-11	49,741,890
CHF 50,000,000	2.750% Swiss Confederation Bonds, 06-10-12	49,841,345
CHF 50,000,000	4.000% Swiss Confederation Bonds, 02-11-13	51,986,739
CHF 50,000,000	4.250% Swiss Confederation Bonds, 01-06-14	53,322,283
CHF 50,000,000	3.750% Swiss Confederation Bonds, 06-10-15	53,336,491
CHF 50,000,000	2.500% Swiss Confederation Bonds, 03-12-16	50,509,117
CHF 50,000,000	4.250% Swiss Confederation Bonds, 06-05-17	55,780,251
CHF 50,000,000	3.000% Swiss Confederation Bonds, 01-08-18	51,674,165
	Total Swiss Confederation bonds	\$ 464,357,093
	Total Swiss Franc Assets (identified cost \$445,301,852)	\$ 479,334,792
Number of Shares		
STOCKS OF UNITED STATES AND FOREIGN REAL ESTATE AND NATURAL RESOURCE COMPANIES — 15.30% of Total Net Assets		
NATURAL RESOURCES — 8.21% of Total Net Assets		
500,000	BHP Billiton, Ltd. (b)	\$ 34,685,000
500,000	BP, p.l.c. (b)	28,060,000
1,000,000	Cameco Corporation	27,070,000
400,000	Chevron Corporation	28,848,000
600,000	ConocoPhillips	28,800,000
400,000	Devon Energy Corporation	26,764,000
1,100,000	Forest Oil Corporation (a)	26,532,000
550,000	Freeport-McMoRan Copper & Gold, Inc.	36,679,500
1,500,000	Mariner Energy, Inc. (a)	21,675,000
1,000,000	Patriot Coal Corporation (a)	15,490,000
750,000	Peabody Energy Corporation	31,590,000
800,000	Plains Exploration & Production Company (a)	26,680,000
1,300,000	Vale S.A. (b)	33,527,000
600,000	Weyerhaeuser Company	23,940,000
600,000	XTO Energy, Inc.	26,742,000
		\$ 417,082,500



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Number of Shares</u>		<u>Market Value</u>
REAL ESTATE — 7.09% of Total Net Assets		
700,000	AMB Property Corporation	\$ 16,800,000
400,000	AvalonBay Communities, Inc.	30,644,000
500,000	Boston Properties, Inc.	32,435,000
750,000	BRE Properties, Inc. Class A	24,052,500
600,000	Corporate Office Properties Trust	21,414,000
500,000	Digital Realty Trust, Inc.	24,000,000
1,800,000	Duke Realty Corporation	20,376,000
1,200,000	Equity One, Inc.	20,100,000
450,000	Federal Realty Investment Trust	28,971,000
1,500,000	Kimco Realty Corporation	18,930,000
900,000	Pennsylvania Real Estate Investment Trust	8,064,000
2,000,000	Prologis	25,200,000
200,000	Texas Pacific Land Trust	5,246,000
1,800,000	UDR, Inc.	28,008,000
100,000	Urstadt Biddle Properties, Inc.	1,405,000
100,000	Urstadt Biddle Properties, Inc. Class A	1,499,000
500,000	Vornado Realty Trust.	32,340,000
800,000	Washington Real Estate Investment Trust	20,952,000
		\$ 360,436,500
	Total Stocks of United States and Foreign Real Estate and Natural Resource Companies (identified cost \$801,956,169)	\$ 777,519,000
AGGRESSIVE GROWTH STOCK INVESTMENTS — 15.09% of Total Net Assets		
CHEMICALS — .89% of Total Net Assets		
250,000	Air Products & Chemicals, Inc.	\$ 18,990,000
3,000,000	Chemtura Corporation (a)	4,860,000
400,000	Mosaic Company	21,404,000
		\$ 45,254,000
COMPUTER SOFTWARE — .71% of Total Net Assets		
800,000	Autodesk, Inc. (a)	\$ 19,032,000
1,000,000	Symantec Corporation (a)	16,950,000
		\$ 35,982,000
CONSTRUCTION — .75% of Total Net Assets		
400,000	Fluor Corporation	\$ 18,136,000
900,000	Ryland Group, Inc.	20,034,000
		\$ 38,170,000
DATA PROCESSING — .76% of Total Net Assets		
700,000	Agilent Technologies, Inc. (a)	\$ 19,621,000
400,000	Hewlett-Packard Company	18,828,000
		\$ 38,449,000

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PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Number of Shares</u>		<u>Market Value</u>
ELECTRICAL & ELECTRONICS — .86% of Total Net Assets		
900,000	Intel Corporation	\$ 17,460,000
1,000,000	National Semiconductor Corporation	13,260,000
1,000,000	Sanmina SCI Corporation (a)	<u>13,200,000</u>
		\$ 43,920,000
ENTERTAINMENT & LEISURE — 1.40% of Total Net Assets		
800,000	CBS Corporation Class A	\$ 10,360,000
700,000	Disney (Walt) Company	20,685,000
700,000	Viacom, Inc. Class A (a)	21,567,000
300,000	Wynn Resorts, Ltd.	<u>18,564,000</u>
		\$ 71,176,000
FINANCIAL SERVICES — 1.94% of Total Net Assets		
700,000	Bank of New York Mellon Corporation	\$ 20,363,000
1,500,000	Janus Capital Group, Inc.	18,315,000
750,000	Morgan Stanley	20,085,000
1,000,000	Schwab (Charles) Corporation	18,290,000
500,000	State Street Corporation	<u>21,440,000</u>
		\$ 98,493,000
MANUFACTURING — 1.67% of Total Net Assets		
800,000	Harley-Davidson, Inc.	\$ 18,192,000
450,000	Illinois Tool Works, Inc.	19,615,500
900,000	Mattel, Inc.	17,748,000
172,000	NACCO Industries, Inc. Class A	9,257,040
8,000	NACCO Industries, Inc. Class B	430,560
350,000	Parker-Hannifin Corporation	<u>19,568,500</u>
		\$ 84,811,600
OIL & GAS — .58% of Total Net Assets		
1,200,000	Frontier Oil Corporation	\$ 14,952,000
3,000,000	Parker Drilling Company (a)	<u>14,430,000</u>
		\$ 29,382,000
PHARMACEUTICALS — 1.49% of Total Net Assets		
350,000	Amgen, Inc. (a)	\$ 20,468,000
350,000	Celgene Corporation (a)	19,873,000
300,000	Genzyme Corporation (a)	16,278,000
400,000	Gilead Sciences, Inc. (a)	<u>19,308,000</u>
		\$ 75,927,000
RETAIL — .84% of Total Net Assets		
350,000	Costco Wholesale Corporation	\$ 20,100,500
1,200,000	Williams-Sonoma, Inc.	<u>22,776,000</u>
		\$ 42,876,500



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Number of Shares</u>		<u>Market Value</u>
TELECOMMUNICATIONS — .70% of Total Net Assets		
800,000	Juniper Networks, Inc. (a)	\$ 19,864,000
400,000	Qualcomm, Inc.	15,676,000
		\$ 35,540,000
TRANSPORTATION — 1.32% of Total Net Assets		
600,000	Alexander & Baldwin, Inc.	\$ 19,170,000
350,000	FedEx Corporation	27,422,500
700,000	Kansas City Southern (a)	20,790,000
		\$ 67,382,500
MISCELLANEOUS — 1.18% of Total Net Assets		
250,000	Lockheed Martin Corporation	\$ 18,630,000
500,000	Nucor Corporation	20,400,000
1,200,000	Temple-Inland, Inc.	20,844,000
		\$ 59,874,000
	Total Aggressive Growth Stock Investments (identified cost \$786,958,607)	\$ 767,237,600
Principal Amount		
DOLLAR ASSETS — 35.17% of Total Net Assets		
CORPORATE BONDS — 1.14% of Total Net Assets		
\$ 5,130,000	7.875% AT&T Wireless Services, Inc., 03-01-11	\$ 5,519,516
1,250,000	4.125% Air Products & Chemicals, Inc., 12-01-10	1,279,897
3,825,000	6.950% American Home Products Corporation, 03-15-11	4,095,688
900,000	8.500% Arden Realty Limited Partnership, 11-15-10	944,651
2,350,000	6.750% Campbell Soup Company, 02-15-11	2,491,650
3,250,000	6.550% Chugach Electric Association, Inc., 03-15-11	3,428,403
2,750,000	5.250% Cisco Systems, Inc., 02-22-11	2,884,652
1,500,000	6.800% Disney (Walt) Company, 06-28-10	1,538,568
1,750,000	6.875% Ecolab, Inc., 02-01-11	1,824,324
1,250,000	6.125% General Electric Capital Corporation, 02-22-11	1,322,582
2,500,000	5.500% Halliburton Company, 10-15-10	2,591,175
1,000,000	7.500% Honeywell International, Inc., 03-01-10	1,005,774
1,000,000	8.250% Lowe's Companies, Inc., 06-01-10	1,025,501
3,000,000	6.000% McDonald's Corporation, 04-15-11	3,186,443
3,250,000	1.875% Merck & Company, Inc., 06-30-11	3,300,605
4,225,000	5.050% Morgan Stanley, 01-21-11	4,395,782
1,250,000	6.625% Northern Illinois Gas Company, 02-01-11	1,310,890
1,000,000	7.450% Northwest Natural Gas Company, 12-10-10	1,055,355
500,000	8.000% NSTAR, 02-15-10	501,301
1,500,000	5.000% Oracle Corporation-Ozark Holdings, Inc., 01-15-11	1,561,890
5,835,000	5.625% PepsiAmericas, Inc., 05-31-11	6,201,905
1,500,000	8.750% Phillips Petroleum Company, 05-25-10	1,540,137
750,000	5.000% Stanley Works, 03-15-10	754,040
1,750,000	4.375% United Technologies Corporation, 05-01-10	1,767,413
2,500,000	7.250% Verizon Global Funding Corporation, 12-01-10	2,637,262
		\$ 58,165,404

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PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

Principal Amount		Market Value
UNITED STATES TREASURY SECURITIES — 34.03% of Total Net Assets		
\$100,000,000	United States Treasury bond strips (Principal only) 3.589%, 05-15-18 (c)	\$ 74,468,752
100,000,000	United States Treasury bond strips (Principal only) 3.981%, 02-15-20 (c)	67,312,502
100,000,000	United States Treasury bonds 7.250%, 05-15-16	125,374,998
100,000,000	United States Treasury bonds 9.000%, 11-15-18	142,328,128
100,000,000	United States Treasury bonds 6.250%, 08-15-23	122,187,500
100,000,000	United States Treasury bonds 6.000%, 02-15-26	120,078,122
100,000,000	United States Treasury bonds 5.250%, 11-15-28	111,187,499
100,000,000	United States Treasury bonds 4.500%, 02-15-36	100,781,245
50,000,000	United States Treasury notes 2.000%, 02-28-10	50,063,500
50,000,000	United States Treasury notes 1.750%, 03-31-10	50,126,000
50,000,000	United States Treasury notes 2.125%, 04-30-10	50,244,141
50,000,000	United States Treasury notes 2.625%, 05-31-10	50,408,203
50,000,000	United States Treasury notes 2.875%, 06-30-10	50,556,641
50,000,000	United States Treasury notes 4.125%, 08-15-10	51,056,641
50,000,000	United States Treasury notes 4.250%, 10-15-10	51,408,203
50,000,000	United States Treasury notes 4.500%, 11-15-10	51,666,016
50,000,000	United States Treasury notes .875%, 12-31-10	50,259,765
50,000,000	United States Treasury notes 2.500%, 03-31-13	51,656,249
50,000,000	United States Treasury notes 4.250%, 11-15-13	54,656,249
50,000,000	United States Treasury notes 4.250%, 11-15-14	54,679,686
50,000,000	United States Treasury notes 2.625%, 02-29-16	49,531,250
50,000,000	United States Treasury bills -.005%, 02-18-10 (c)	50,000,132
50,000,000	United States Treasury bills .019%, 03-18-10 (c)	49,998,812
50,000,000	United States Treasury bills .062%, 05-20-10 (c)	49,990,703
50,000,000	United States Treasury bills .068%, 05-27-10 (c)	49,989,175
		\$1,730,010,112
	Total Dollar Assets (identified cost \$1,761,328,234)	\$1,788,175,516
	Total Portfolio — 98.99% of total net assets (identified cost \$4,730,414,313) (d)	\$5,031,977,069
	Other assets, less liabilities (1.01% of total net assets)	51,274,079
	Net assets applicable to outstanding shares	\$5,083,251,148

Notes:

- (a) Non-income producing.
- (b) Sponsored American Depositary Receipt (ADR).
- (c) Interest rate represents yield to maturity.
- (d) Aggregate cost for book and federal income tax purposes are the same.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE TREASURY BILL PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Principal Amount</u>		<u>Market Value</u>
	UNITED STATES TREASURY SECURITIES — 99.42% of Total Net Assets	
\$9,000,000	United States Treasury notes 2.000%, 02-28-10	\$ 9,011,430
9,000,000	United States Treasury notes 1.750%, 03-31-10	9,022,680
9,000,000	United States Treasury notes 2.125%, 04-30-10	9,043,945
8,000,000	United States Treasury notes 2.625%, 05-31-10	8,065,312
9,300,000	United States Treasury notes 2.875%, 06-30-10	9,403,536
	Total Portfolio — 99.42% of total net assets (identified cost \$44,551,924) (a)	\$44,546,903
	Other assets, less liabilities (.58% of total net assets)	259,064
	Net assets applicable to outstanding shares	\$44,805,967

Notes:

(a) Aggregate cost for book and federal income tax purposes are the same.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Principal Amount</u>		<u>Market Value</u>
	CORPORATE BONDS — 96.97% of Total Net Assets	
	AEROSPACE — 3.03% of Total Net Assets	
\$ 544,000	7.500% Honeywell International, Inc., 03-01-10	\$ 547,141
		\$ 547,141
	CHEMICALS — 8.57% of Total Net Assets	
750,000	4.125% Air Products & Chemicals, Inc., 12-01-10	\$ 767,938
750,000	6.875% Ecolab, Inc., 02-01-11	781,853
		\$ 1,549,791
	COMPUTERS & DATA PROCESSING — 7.44% of Total Net Assets	
786,000	5.250% Cisco Systems, Inc., 02-22-11	\$ 824,486
500,000	5.000% Oracle Corporation-Ozark Holdings, Inc., 01-15-11	520,630
		\$ 1,345,116
	ELECTRIC UTILITIES — 7.15% of Total Net Assets	
750,000	6.550% Chugach Electric Association, Inc., 03-15-11	\$ 791,170
500,000	8.000% NSTAR, 02-15-10	501,301
		\$ 1,292,471
	ENTERTAINMENT & LEISURE — 2.84% of Total Net Assets	
500,000	6.800% Disney (Walt) Company, 06-28-10	\$ 512,856
		\$ 512,856
	FINANCIAL SERVICES — 10.14% of Total Net Assets	
750,000	6.125% General Electric Capital Corporation, 02-22-11	\$ 793,549
1,000,000	5.050% Morgan Stanley, 01-21-11	1,040,422
		\$ 1,833,971
	FOOD PRODUCTS & PROCESSING— 7.92% of Total Net Assets	
600,000	6.750% Campbell Soup Company, 02-15-11	\$ 636,166
750,000	5.625% PepsiAmericas, Inc., 05-31-11	797,160
		\$ 1,433,326
	GAS UTILITIES — 8.72% of Total Net Assets	
750,000	6.625% Northern Illinois Gas Company, 02-01-11	\$ 786,534
750,000	7.450% Northwest Natural Gas Company, 12-10-10	791,516
		\$ 1,578,050
	MANUFACTURING — 5.57% of Total Net Assets	
500,000	5.000% Stanley Works, 03-15-10	\$ 502,693
500,000	4.375% United Technologies Corporation, 05-01-10	504,975
		\$ 1,007,668
	OIL & GAS — 8.54% of Total Net Assets	
500,000	5.500% Halliburton Company, 10-15-10	\$ 518,235
1,000,000	8.750% Phillips Petroleum Company, 05-25-10	1,026,758
		\$ 1,544,993



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

Principal Amount		Market Value
	PHARMACEUTICALS — 10.13% of Total Net Assets	
\$1,000,000	6.950% American Home Products Corporation, 03-15-11	\$ 1,070,768
750,000	1.875% Merck & Company, Inc., 06-30-11	761,678
		\$ 1,832,446
	REAL ESTATE INVESTMENT TRUSTS — 3.48% of Total Net Assets	
600,000	8.500% Arden Realty Limited Partnership, 11-15-10	\$ 629,767
		\$ 629,767
	RESTAURANTS — 3.82% of Total Net Assets	
650,000	6.000% McDonald's Corporation, 04-15-11	\$ 690,396
		\$ 690,396
	TELECOMMUNICATIONS — 9.62% of Total Net Assets	
1,000,000	7.875% AT&T Wireless Services, Inc., 03-01-11	\$ 1,075,929
630,000	7.250% Verizon Global Funding Corporation, 12-01-10	664,590
		\$ 1,740,519
	Total Corporate Bonds (identified cost \$17,334,142)	\$17,538,511
	UNITED STATES TREASURY SECURITIES — .69% of Total Net Assets	
125,000	United States Treasury notes .875%, 12-31-10	\$ 125,649
	Total United States Treasury Securities (identified cost \$125,658)	\$ 125,649
	Total Portfolio — 97.66% of total net assets (identified cost \$17,459,800) (a)	\$17,664,160
	Other assets, less liabilities (2.34% of total net assets)	423,035
	Net assets applicable to outstanding shares	\$18,087,195

Notes:

(a) Aggregate cost for book and federal income tax purposes are the same.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Number of Shares</u>		<u>Market Value</u>
AGGRESSIVE GROWTH STOCK INVESTMENTS — 100.04% of Total Net Assets		
CHEMICALS — 6.51% of Total Net Assets		
8,000	Air Products & Chemicals, Inc.	\$ 607,680
35,000	Chemtura Corporation (a)	56,700
10,000	Mosaic Company	535,100
		\$ 1,199,480
COMPUTER SOFTWARE — 6.26% of Total Net Assets		
20,000	Autodesk, Inc. (a)	\$ 475,800
40,000	Symantec Corporation (a)	678,000
		\$ 1,153,800
CONSTRUCTION — 3.64% of Total Net Assets		
5,000	Fluor Corporation	\$ 226,700
20,000	Ryland Group, Inc.	445,200
		\$ 671,900
DATA PROCESSING — 8.15% of Total Net Assets		
20,000	Agilent Technologies, Inc. (a)	\$ 560,600
20,000	Hewlett-Packard Company	941,400
		\$ 1,502,000
ELECTRICAL & ELECTRONICS — 6.20% of Total Net Assets		
35,000	Intel Corporation	\$ 679,000
25,000	National Semiconductor Corporation	331,500
10,000	Sanmina SCI Corporation (a)	132,000
		\$ 1,142,500
ENTERTAINMENT & LEISURE — 7.39% of Total Net Assets		
20,000	Disney (Walt) Company	\$ 591,000
15,000	Viacom, Inc. Class A (a)	462,150
5,000	Wynn Resorts, Ltd.	309,400
		\$ 1,362,550
FINANCIAL SERVICES — 12.95% of Total Net Assets		
20,000	Bank of New York Mellon Corporation	\$ 581,800
35,000	Janus Capital Group, Inc.	427,350
15,000	Morgan Stanley	401,700
30,000	Schwab (Charles) Corporation	548,700
10,000	State Street Corporation	428,800
		\$ 2,388,350
MANUFACTURING — 11.10% of Total Net Assets		
15,000	Harley-Davidson, Inc.	\$ 341,100
15,000	Illinois Tool Works, Inc.	653,850
25,000	Mattel, Inc.	493,000
10,000	Parker-Hannifin Corporation	559,100
		\$ 2,047,050



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2010

<u>Number of Shares</u>		<u>Market Value</u>
	OIL & GAS — 3.85% of Total Net Assets	
30,000	Frontier Oil Corporation	\$ 373,800
70,000	Parker Drilling Company (a)	336,700
		\$ 710,500
	PHARMACEUTICALS — 10.93% of Total Net Assets	
10,000	Amgen, Inc. (a)	\$ 584,800
10,000	Celgene Corporation (a)	567,800
7,000	Genzyme Corporation (a)	379,820
10,000	Gilead Sciences, Inc. (a)	482,700
		\$ 2,015,120
	RETAIL — 4.66% of Total Net Assets	
10,000	Costco Wholesale Corporation	\$ 574,300
15,000	Williams-Sonoma, Inc.	284,700
		\$ 859,000
	TELECOMMUNICATIONS — 4.54% of Total Net Assets	
10,000	Juniper Networks, Inc. (a)	\$ 248,300
15,000	Qualcomm, Inc.	587,850
		\$ 836,150
	TRANSPORTATION — 7.88% of Total Net Assets	
7,000	Alexander & Baldwin, Inc.	\$ 223,650
10,000	FedEx Corporation	783,500
15,000	Kansas City Southern (a)	445,500
		\$ 1,452,650
	MISCELLANEOUS — 5.98% of Total Net Assets	
7,000	Lockheed Martin Corporation	\$ 521,640
10,000	Nucor Corporation	408,000
10,000	Temple-Inland, Inc.	173,700
		\$ 1,103,340
	Total Portfolio — 100.04% of total net assets (identified cost \$11,700,511) (b)	\$18,444,390
	Liabilities, less other assets (.04% of total net assets)	(8,078)
	Net assets applicable to outstanding shares	\$18,436,312

Notes:

- (a) Non-income producing.
- (b) Aggregate cost for book and federal income tax purposes are the same.

1. SIGNIFICANT ACCOUNTING POLICIES

Permanent Portfolio Family of Funds, Inc. (“Fund”) is registered under the Investment Company Act of 1940, as amended (“1940 Act”), as a no-load, open-end, series, management investment company. The Fund currently consists of the following four series (each a “Portfolio”): Permanent Portfolio, Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio. Permanent Portfolio, Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio commenced investment operations on December 1, 1982, September 21, 1987, November 12, 1991 and May 16, 1990, respectively.

The following significant accounting policies are consistently followed by the Fund in the preparation of its financial statements, and such policies are in conformity with accounting principles generally accepted in the United States of America for registered investment companies. The preparation of such financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses earned and incurred, respectively, during the reporting period. Actual results could differ from those estimates.

Valuation of investments

Each Portfolio’s investments are valued primarily at market value on the basis of the last quoted sales price on the exchange or system on which they are principally traded. Equity securities traded on the Nasdaq National Market System are valued at the Nasdaq Official Closing Price provided by Nasdaq, usually as of 4:00 p.m. Eastern Time each business day. If there is no trading in an investment on a business day, the investment will be valued at the mean between its bid and asked prices on the exchange or system on which the security is principally traded. Short- and long-term debt securities, including U.S. government securities, listed corporate bonds, other fixed income securities and unlisted securities, are generally valued at the latest price furnished by an independent pricing service. Gold and silver are valued at the closing spot price on the New York Commodity Exchange. Foreign securities traded on an exchange are valued on the basis of market quotations most recently available from that exchange. Investments for which bona fide market quotations are not readily available, or investments for which the Fund’s investment adviser determines that a quotation or a price for a portfolio security provided by a dealer or an independent pricing service is not believed to be reflective of market value, will be valued at fair value by the Fund’s management pursuant to policies approved by the Fund’s Board of Directors.

The Fund has adopted authoritative fair value accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value, a discussion in changes in valuation techniques and related inputs during a reporting period and expanded disclosure of valuation levels for major security types. These inputs are summarized in the three broad levels listed below:

Level 1 — Quoted prices in active markets for identical assets

The Fund’s Level 1 valuation techniques use unadjusted quoted prices in active markets for assets or liabilities with sufficient frequency and volume to provide pricing information as the most reliable evidence of fair value.

Level 2 — Significant other observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

The Fund's Level 2 valuation techniques include inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly. Observable inputs may include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active, in which there are few transactions, where prices may not be current, or where price quotations vary substantially over time or among market participants. Inputs that are observable for an asset or liability in Level 2 include such factors as interest rates, yield curves, foreign exchange rates, put or call provisions, credit risk and default rates for similar assets or liabilities.

Level 3 — Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The Fund's Level 3 valuation techniques include the use of unobservable inputs that reflect assumptions market participants may use or could be expected to use in pricing an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, and are developed based on the best information available under the circumstances. In developing unobservable inputs, market participant assumptions are used if they are reasonably available without undue cost and effort.

The Fund may record changes to valuations based on the amount that it might reasonably be expected to receive for an investment upon its current sale, consistent with the fair value measurement objective. Each determination is based on a consideration of all relevant factors, which are likely to vary from one pricing context to another. Examples of such factors may include, but are not limited to: (i) type of the investment; (ii) existence of any contractual restrictions on the investment's disposition; (iii) price and extent of public trading in similar investments or of comparable investments; (iv) quotations or evaluated prices from broker-dealers and/or pricing services; (v) information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); (vi) analysis of an issuer's financial statements; (vii) evaluation of the forces that influence the issuer and the market(s) in which the investment is purchased and sold; and (viii) with respect to debt securities, maturity, coupon, creditworthiness, currency denomination, and the movement of the market in which the security is normally traded. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value determined upon sale of those investments.

The following is a summary of the inputs used as of January 31, 2010 in valuing the Fund's assets:

	Level 1 (Quoted Prices in Active Markets for Identical Assets)	Level 2 (Significant Other Observable Inputs)	Level 3 (Significant Unobservable Inputs)	Total
Permanent Portfolio				
Gold assets	\$ 995,665,613	\$ —	\$ —	\$ 995,665,613
Silver assets	224,044,548	—	—	224,044,548
Swiss franc assets	14,977,699	464,357,093	—	479,334,792
Stocks of United States and foreign real estate and natural resource companies	777,519,000	—	—	777,519,000
Aggressive growth stock investments †	767,237,600	—	—	767,237,600
Dollar assets:				
Corporate bonds	—	58,165,404	—	58,165,404
United States Treasury securities	1,730,010,112	—	—	1,730,010,112
Total Portfolio	<u>\$4,509,454,572</u>	<u>\$522,522,497</u>	<u>\$ —</u>	<u>\$5,031,977,069</u>
	89.62%	10.38%	—%	100.00%
Treasury Bill Portfolio				
United States Treasury securities	\$ 44,546,903	\$ —	\$ —	\$ 44,546,903
Total Portfolio	<u>\$ 44,546,903</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,546,903</u>
	100.00%	—%	—%	100.00%
Versatile Bond Portfolio				
Corporate bonds †	\$ —	\$ 17,538,511	\$ —	\$ 17,538,511
United States Treasury securities	125,649	—	—	125,649
Total Portfolio	<u>\$ 125,649</u>	<u>\$ 17,538,511</u>	<u>\$ —</u>	<u>\$ 17,664,160</u>
	.71%	99.29%	—%	100.00%
Aggressive Growth Portfolio				
Aggressive growth stock investments †	\$ 18,444,390	\$ —	\$ —	\$ 18,444,390
Total Portfolio	<u>\$ 18,444,390</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,444,390</u>
	100.00%	—%	—%	100.00%

† See the *Schedules of Investments* for Permanent Portfolio (pages 6-10) and Aggressive Growth Portfolio (pages 14-15) for the industry classification of aggressive growth stocks, and the *Schedule of Investments* for Versatile Bond Portfolio (pages 12-13) for the industry classification of corporate bonds.

In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2010-06 (“ASU 2010-06”), “*Improving Disclosures about Fair Value Measurements.*” ASU 2010-06 amends FASB Accounting Standards Codification 820, “*Fair Value Measurements and Disclosures,*” to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, and other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Fund is currently evaluating the impact ASU 2010-06 will have on its financial statement disclosures.

The Fund has adopted enhanced disclosure requirements regarding derivatives and hedging activities intended to improve the financial reporting of derivative instruments by enabling investors to understand how and why an entity uses derivatives, how derivatives are accounted for and how derivative instruments affect an entity's results of operations and financial position. During the year ended January 31, 2010, the Fund did not hold any derivative instruments.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.

NOTES TO FINANCIAL STATEMENTS

January 31, 2010

The Fund has evaluated the impact of all subsequent events through March 25, 2010, and has determined that there were no subsequent events requiring recognition or disclosure in its financial statements.

Translation of foreign currencies

Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars on the following basis: (i) market value of investment securities and other assets and liabilities are translated at the closing rate of exchange; and (ii) purchases and sales of investment securities, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

The Fund separately reports the portions of the results of operations attributable to the effect of changes in foreign exchange rates on the value of investments. Reported net realized gains or losses on foreign currency transactions arise from sales of foreign currencies, foreign currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books versus the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains or losses arise from changes in the exchange rate applicable to cash, receivables and liabilities denominated in foreign currencies.

Investment transactions and investment income

Investment transactions are accounted for on the date of purchase, sale or maturity. Interest income is accrued daily and includes amortization of any premiums or discounts for financial and tax reporting purposes using the effective yield method. Dividend income is recorded on the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are recorded on an identified cost basis for financial and tax reporting purposes.

For the year ended January 31, 2010, investment income was earned as follows:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Interest on:				
Corporate bonds	\$ 1,196,753	\$ —	\$531,464	\$ —
Swiss franc assets	8,848,331	—	—	—
United States Treasury securities	35,315,356	223,615	873	5
Other investments	7,019	85	58	45
Dividends	28,742,372	—	—	247,550
Other income	10,332	—	1,500	—
	<u>\$74,120,163</u>	<u>\$223,700</u>	<u>\$533,895</u>	<u>\$247,600</u>

Federal taxes

Each of the Fund's Portfolios will continue to be treated as a separate regulated investment company and each Portfolio intends to qualify under Subchapter M of the United States Internal Revenue Code of 1986, as amended ("Code"). Accordingly, no provision has been made for United States income taxes, as each Portfolio intends to declare necessary dividend distributions from investment company taxable income and net realized capital gains, if any, to its shareholders prior to October 15, 2010, pursuant to the requirements of the Code.

As of January 31, 2010, the Fund's Treasury Bill Portfolio and Aggressive Growth Portfolio had no capital loss carryforwards available to offset future realized gains, if any. The Fund's Permanent Portfolio had \$838,341 in such

capital loss carryforwards available, of which \$692,753 and \$145,588 expire on January 31, 2017 and January 31, 2018, respectively, and the Fund's Versatile Bond Portfolio had \$100,121 in such capital loss carryforwards available, of which \$27,585, \$58,566, \$763 and \$13,207 expire on January 31, 2014, January 31, 2015, January 31, 2016 and January 31, 2017, respectively. Additionally, net capital losses attributable to investment transactions that occur after October 31, if any, are recognized for federal tax purposes as arising on February 1, the first day of each Portfolio's next taxable year.

During the year ended January 31, 2010, the Fund's Permanent Portfolio, Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio incurred federal excise taxes of \$820,580, \$2,458, \$10,297 and \$1,200, respectively, which were imposed on four percent of each Portfolio's undistributed income and capital gains, if any. Such tax reduced each Portfolio's net assets; however, such undistributed income and capital gains were retained by each Portfolio to earn further interest, dividends and profits.

The Fund's Portfolios recognize the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. The Fund's Portfolios have analyzed their respective tax positions and have concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on tax returns previously filed for open tax years 2007 through 2009, or expected to be taken in each Portfolio's 2010 tax return. The Fund's Portfolios are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Equalization

The Fund follows the accounting practice of equalization, by which a portion of the proceeds from sales and a portion of the costs of redemptions of shares of capital stock are allocated to undistributed net investment income. The effect of this practice is to prevent the calculation of net investment income per share from being affected by sales or redemptions of shares in each Portfolio, and for periods of net issuances of shares, allows undistributed net investment income to exceed distributable investment company taxable income.

Indemnifications

The Fund indemnifies its officers and directors for certain liabilities that might arise from their performance of their duties for the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which may provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as it involves future claims that may be made against the Fund under circumstances that have not occurred.

2. DISTRIBUTIONS TO SHAREHOLDERS

On December 9, 2009, the Fund's Permanent Portfolio and Treasury Bill Portfolio paid ordinary income dividends per share of \$.28 and \$.38, respectively, to shareholders of record on December 8, 2009. On December 23, 2009, the Fund's Versatile Bond Portfolio paid an ordinary income dividend per share of \$.88 to shareholders of record on December 22, 2009. The Fund's Aggressive Growth Portfolio paid no ordinary income dividend during the year ended January 31, 2010, and the Fund's Portfolios paid no capital gain distributions during the year then ended.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.

NOTES TO FINANCIAL STATEMENTS

January 31, 2010

The tax character of such dividends and distributions paid was as follows:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Distributions paid from:				
Ordinary income	\$ 35,102,694	\$ 267,922	\$ 268,285	\$ —
Long-term capital gain †	—	—	—	—
	<u>\$ 35,102,694</u>	<u>\$ 267,922</u>	<u>\$ 268,285</u>	<u>\$ —</u>

† Capital gain distribution pursuant to Section 852(b)(3) of the Code.

On December 3, 2008, the Fund's Permanent Portfolio, Treasury Bill Portfolio and Aggressive Growth Portfolio made distributions to shareholders of record on December 2, 2008 as follows: (i) Permanent Portfolio paid an ordinary income dividend per share of \$.25, a short-term capital gain distribution per share of \$.02 and a long-term capital gain distribution per share of \$.02; (ii) Treasury Bill Portfolio paid an ordinary income dividend per share of \$1.18; and (iii) Aggressive Growth Portfolio paid an ordinary income dividend per share of \$.09, a long-term capital gain distribution per share of \$11.77 and a return of capital distribution per share of \$3.19. On December 17, 2008, the Fund's Versatile Bond Portfolio paid an ordinary income dividend per share of \$1.79 to shareholders of record on December 16, 2008. The Fund's Treasury Bill Portfolio and Versatile Bond Portfolio paid no capital gain distributions during the year ended January 31, 2009.

The tax character of such dividends and distributions paid was as follows:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Distributions paid from:				
Ordinary income	\$ 26,611,625	\$ 1,453,846	\$ 349,277	\$ 29,783
Long-term capital gain †	2,313,030	—	—	3,766,368
Return of capital	—	—	—	1,020,292
	<u>\$ 28,924,655</u>	<u>\$ 1,453,846</u>	<u>\$ 349,277</u>	<u>\$ 4,816,443</u>

† Capital gain distribution pursuant to Section 852(b)(3) of the Code.

Dividends to shareholders from net investment income and distributions to shareholders from realized gain on investments, if any, are recorded on the ex-dividend date. The amount of such dividends and distributions are determined in accordance with the Code which may differ from accounting principles generally accepted in the United States of America. These differences result primarily from different treatment of net investment income and realized gains on certain investment securities held by the Fund's Portfolios. During the year ended January 31, 2010: (i) the Fund's Permanent Portfolio reclassified \$8,594,236 from undistributed net investment income to paid-in capital and \$105,571 from paid-in capital to accumulated net realized loss on foreign currency transactions; (ii) the Fund's Treasury Bill Portfolio reclassified \$2,696 from accumulated net realized gain on investments to undistributed net investment loss and \$44,276 from paid-in capital to undistributed net investment loss; (iii) the Fund's Versatile Bond Portfolio reclassified \$75,271 from undistributed net investment income to paid-in capital;



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.

NOTES TO FINANCIAL STATEMENTS

January 31, 2010

and (iv) the Fund's Aggressive Growth Portfolio reclassified \$1,200 from paid-in capital to undistributed net investment income, to reflect such book and tax basis differences.

As of January 31, 2010, the components of distributable earnings on a tax basis were as follows:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Distributable ordinary income	\$ 27,594,520	\$ —	\$ 355,622	\$ 40,057
Undistributed capital gain (loss) carryforwards . . .	(838,341)	—	(100,121)	35,161
Post October losses	—	—	—	(17,979)
Unrealized appreciation (depreciation) on investments and foreign currencies	301,746,105	(5,021)	204,360	6,743,879
	<u>\$ 328,502,284</u>	<u>\$ (5,021)</u>	<u>\$ 459,861</u>	<u>\$ 6,801,118</u>

3. INVESTMENT ADVISER AND INVESTMENT ADVISORY CONTRACT

Pacific Heights Asset Management, LLC ("Pacific Heights") has served as the Fund's investment adviser since May 1, 2003 under an Investment Advisory Contract, dated November 24, 2002 ("Contract"). In accordance with the terms of the Contract, Pacific Heights receives, before any waivers, annual investment advisory fees, which are calculated daily and paid monthly, based on the average daily net assets of each Portfolio of the Fund ("Advisory Fee") as follows: (i) 1 and 3/16ths of 1% of the first \$200 million of the Portfolio's average daily net assets; (ii) 7/8ths of 1% of the next \$200 million of the Portfolio's average daily net assets; (iii) 13/16ths of 1% of the next \$200 million of the Portfolio's average daily net assets; and (iv) 3/4ths of 1% of all of the Portfolio's average daily net assets in excess of \$600 million.

All fees and expenses payable by the Fund pursuant to the Contract and attributable only to one Portfolio are borne entirely by that Portfolio; all other fees and expenses are allocated among the Fund's Portfolios in proportion to their net assets. Except for: (i) the Advisory Fee; (ii) all fees, costs and expenses relating to Fund investments, including brokerage commissions and interest on borrowings; (iii) all taxes payable by the Fund; (iv) the fees and expenses of the Fund's directors; (v) the salary expense of the Fund's officers (subject to the Waiver Agreement described below); and (vi) extraordinary expenses, as defined by the Contract, Pacific Heights pays or reimburses the Fund for substantially all of the Fund's ordinary operating expenses out of its Advisory Fee.

During the eleven months ended December 31, 2009, Pacific Heights voluntarily agreed to waive portions of its Advisory Fee allocable to the Fund's Treasury Bill Portfolio and Versatile Bond Portfolio to the extent that either Portfolio's total Advisory Fee otherwise would exceed an annual rate of 11/16ths of 1%, in the case of the Treasury Bill Portfolio, or 13/16ths of 1%, in the case of the Versatile Bond Portfolio, of the respective Portfolio's average daily net assets.

Pursuant to an Advisory Fee Waiver and Expense Assumption Agreement, dated January 1, 2010 ("Waiver Agreement"), effective January 1, 2010 and until June 1, 2011, Pacific Heights has agreed to waive portions of its Advisory Fee allocable to: (i) the Permanent Portfolio, such that the Advisory Fee paid by the Portfolio does not exceed an annual rate of .6875% of the Portfolio's average daily net assets in excess of \$6 billion up to \$8 billion, .6600% of the Portfolio's average daily net assets in excess of \$8 billion up to \$10 billion, .6400% of the Portfolio's average daily net assets in excess of \$10 billion up to \$15 billion and .6200% of the Portfolio's average daily net assets in excess of \$15 billion; (ii) the Treasury Bill Portfolio, such that the Advisory Fee paid by the Portfolio does not exceed an annual rate of .6875% of the Portfolio's average daily net assets; and (iii) the Versatile Bond Portfolio,

such that the Advisory Fee paid by the Portfolio does not exceed an annual rate of .8125% of the Portfolio's average daily net assets. Also, under the Waiver Agreement, Pacific Heights has agreed to pay the Fund's officers' salaries and expenses during the term of the Waiver Agreement. The Waiver Agreement may be terminated in writing by the Fund's Board of Directors.

Pacific Heights is a California limited liability company. Its manager and sole member, Michael J. Cuggino (also its President and Chief Executive Officer), is the President, Secretary and a director of the Fund and has been the portfolio manager of the Fund's Portfolios since May 1, 2003. In addition to the benefits that result from being the sole owner of Pacific Heights, Mr. Cuggino was paid \$111,850 during the year ended January 31, 2010 for his service as the President, Secretary and a director of the Fund.

Annual Renewal of Investment Advisory Contract (Unaudited)

The Contract was unanimously approved by the Fund's Board of Directors ("Board"), including all of the Fund's directors who are not "interested persons" of the Fund as defined under the 1940 Act ("Independent Directors"), at an "in person" meeting held on December 4, 2009 ("Meeting"). Prior to the Meeting, the Board, including its Independent Directors, requested detailed information from Pacific Heights, an independent consultant retained by the Independent Directors to review the profitability of Pacific Heights ("Consultant"), Lipper, Inc., A Thomson Reuters Company ("Lipper") and the Fund's Chief Compliance Officer ("CCO") regarding the Fund's Portfolios. In preparation for consideration of the continuance of the Contract, the Board reviewed a variety of materials provided by Pacific Heights, the Consultant, Lipper and the CCO, including letters provided by Pacific Heights responding to requests from the Independent Directors for certain information pursuant to Section 15(c) of the 1940 Act, a report and analysis of Pacific Heights' profitability prepared by the Consultant and material prepared by Lipper and the CCO comparing the performance and expenses of the Fund's Portfolios to other funds with similar investment objectives as the Fund's Portfolios ("Peer Groups"), and information regarding the performance of the Fund's Portfolios in comparison to relevant market indices.

The Board also noted that the Independent Directors had met on a number of occasions during the past quarter to consider the Contract. In particular, the Independent Directors had met with the Consultant and received the Consultant's report on the profitability of Pacific Heights. The Independent Directors had met and discussed the information included in the letters prepared by Pacific Heights that had responded to the requests from the Independent Directors for information pursuant to Section 15(c) of the 1940 Act. The Independent Directors had also met and discussed certain possible revisions to the Advisory Fee and expense provisions of the Contract. Legal counsel to the Independent Directors attended each of these meetings and legal counsel to the Fund also attended certain of these meetings.

The Board also reviewed the Advisory Fee payable by each of the Fund's Portfolios under the Contract. In considering the Advisory Fee payable by each of the Fund's Portfolios, the Board noted that the Portfolios operate under a unitary fee structure whereby most of the Portfolios' ordinary operating expenses are paid by Pacific Heights out of its Advisory Fee rather than paid directly by the Portfolio. The Board noted the difficulty of comparing the Portfolios to non-unitary fee funds. The Board then reviewed the material prepared by Lipper and the CCO comparing each Portfolio's Advisory Fee and overall expense ratio to its respective Peer Group.

The Board, utilizing material prepared by Lipper, noted the following with respect to the "Actual Total Expenses" and the "Actual Management Fees" of the Fund's Portfolios in each of their respective Peer Group's

“Expense Group:” (i) for the Permanent Portfolio, its Actual Total Expenses were lower than the median and the lowest in its Peer Group, and its Actual Management Fees were equal to the median in its Peer Group; (ii) for the Treasury Bill Portfolio (after fee waivers), its Actual Total Expenses were equal to the median in its Peer Group, and its Actual Management Fees were higher than the median and the highest in its Peer Group; (iii) for the Versatile Bond Portfolio (after fee waivers), its Actual Total Expenses were slightly higher than the median in its Peer Group, and its Actual Management Fees were higher than the median and the highest in its Peer Group; and (iv) for the Aggressive Growth Portfolio, its Actual Total Expenses were slightly lower than the median in its Peer Group, and its Actual Management Fees were higher than the median in its Peer Group.

The Board, utilizing material prepared by the CCO, noted the following with respect to the “Net Total Expenses” and the “Actual Management Fees” of the Fund’s Portfolios in each of their respective Peer Group’s “Expense Universe:” (i) for the Permanent Portfolio, its Net Total Expenses were lower than the median in its Peer Group, and its Actual Management Fees were higher than the median in its Peer Group; (ii) for the Treasury Bill Portfolio (after fee waivers), its Net Total Expenses were higher than the median in its Peer Group, and its Actual Management Fees were higher than the median and the highest in its Peer Group; (iii) for the Versatile Bond Portfolio (after fee waivers), its Net Total Expenses were higher than the median in its Peer Group, and its Actual Management Fees were equal to the median in its Peer Group; and (iv) for the Aggressive Growth Portfolio, its Net Total Expenses were lower than the median in its Peer Group, and its Actual Management Fees were higher than the median for its Peer Group.

The Board noted the following with respect to the Lipper data and the material provided by the CCO: (1) given the Fund’s unitary fee structure, the Actual Management Fees of the Fund’s Portfolios were likely overstated as they included the payment of most fund operating expenses by Pacific Heights, a factor borne out by the fact that the “Actual Non-Management Expenses” in each of the Fund’s Portfolios were significantly less than the median in each Portfolio’s respective Peer Group; (2) with respect to the Treasury Bill Portfolio and Versatile Bond Portfolio, many of the funds in their respective Peer Groups were larger in size than those Portfolios; and (3) many of the funds in the Peer Groups were part of very large fund groups that benefited from such fund groups’ abilities to use economies of scale to lower expense ratios across their entire fund complexes.

The Board also reviewed the short-term and long-term investment performance of each of the Fund’s Portfolios. As part of this review, the Board reviewed the material prepared by Lipper and the CCO, comparing the performance of each Portfolio to its respective Peer Group and benchmark index for the one-, three-, five- and ten-year periods ended June 30, 2009.

The Board, utilizing material prepared by Lipper, noted the following with respect to the “Total Return Performance” of the Fund’s Portfolios in each of their respective Peer Group’s “Performance Group” for the respective periods: (i) that the Permanent Portfolio’s Total Return Performance exceeded the average Total Return Performance of its Peer Group for each measurement period and exceeded its benchmark index for each measurement period; (ii) that the Treasury Bill Portfolio’s Total Return Performance exceeded the average Total Return Performance of its Peer Group and its benchmark index for the one-, three- and five-year measurement periods, but lagged for the ten-year measurement period; (iii) that the Versatile Bond Portfolio’s Total Return Performance exceeded the average Total Return Performance of its Peer Group for each measurement period and exceeded its benchmark index for the one-, three- and five-year measurement periods, but

lagged for the ten-year measurement period; and (iv) that the Aggressive Growth Portfolio's Total Return Performance exceeded the average Total Return Performance of its Peer Group and its benchmark index for the one-, five- and ten-year measurement periods, but lagged for the three-year measurement period.

The Board, utilizing material prepared by the CCO, noted the following with respect to the "Total Return Performance" of the Fund's Portfolios in each of their respective Peer Group's "Performance Universe" for the respective periods: (i) that the Permanent Portfolio's Total Return Performance exceeded the average Total Return Performance of its Peer Group for the three-, five- and ten-year measurement periods, but lagged for the one-year measurement period; (ii) that the Treasury Bill Portfolio's Total Return Performance exceeded the average Total Return Performance of its Peer Group for the one-, three- and five-year measurement periods, but lagged for the ten-year measurement period; (iii) that the Versatile Bond Portfolio's Total Return Performance exceeded the average Total Return Performance of its Peer Group for the one-, three- and five-year measurement periods, but lagged for the ten-year measurement period; and (iv) that the Aggressive Growth Portfolio's Total Return Performance exceeded the average Total Return Performance of its Peer Group for five- and ten-year measurement periods, but lagged for the one- and three-year measurement periods.

The Board also considered the services provided by Pacific Heights under the Contract and received assurances from Pacific Heights that it had experienced no service issues, personnel problems or negative changes to its financial condition. The Board also discussed Pacific Heights' disaster recovery and business continuity plans.

The Board also considered the activities currently performed and services provided to the Fund by Mr. Cuggino, who is also the principal officer of Pacific Heights. In particular, the Board considered that Mr. Cuggino is thoroughly involved in the day-to-day operations of the Fund, including identifying and making suggestions as to proposed investments, including the purchase and sale thereof, coordinating and directing of operational matters, including arrangements with various service providers to the Fund, and providing substantial administration and oversight in connection with shareholder services.

The Board also considered the extent to which economies of scale have been realized as the Fund's Portfolios increase their assets under management. The Board noted that the Advisory Fee has breakpoints that provide for a reduction of the applicable investment advisory fee as assets increase. The Board also noted that the Permanent Portfolio continues to exceed the third breakpoint in its fee structure because its assets exceed the third threshold. The Board further considered that Pacific Heights had agreed to additional Advisory Fee waivers until June 1, 2011 with respect to the Permanent Portfolio, Treasury Bill Portfolio and the Versatile Bond Portfolio, pursuant to the Waiver Agreement. The Board also considered that under the Waiver Agreement, Pacific Heights had agreed to pay the Fund's officers' salaries and expenses until June 1, 2011.

The Board also considered Pacific Heights' profitability. The Board considered the report prepared by the Consultant concerning the profitability of Pacific Heights and the content of telephonic discussions the Independent Directors had with the Consultant on that subject. The Board also reviewed material prepared by Pacific Heights that compared Pacific Heights' profitability for the six months ended June 30, 2009 and the year ended December 31, 2008 to that of certain publicly-traded investment advisers and that reflected Pacific Heights' profitability by Portfolio for the six months ended June 30, 2009 and the year ended December 31, 2008. The Board considered the

methodology used by Pacific Heights to determine its profitability. The Board recognized that Pacific Heights should be entitled to earn a reasonable level of profit for services it provides to the Fund.

Based on the foregoing, the Board considered the following factors and reached the following conclusions:

a) the nature, quality and extent of the investment advisory, administrative and other services (including the placement of portfolio transactions) to be provided to the Fund by Pacific Heights, from which the Board concluded that such services would be comparable to those previously provided, and that Mr. Cuggino, by virtue of his experience with the Fund for over nineteen years, was qualified to provide such services, and that the personnel at Pacific Heights provide support for Mr. Cuggino in performing such duties;

b) the operating expenses and expense ratios of the Fund's Portfolios compared to their Peer Groups, from which the Board concluded that the expenses and expense ratios of the Fund's Portfolios were comparable to their Peer Groups;

c) the performance of the Fund's Portfolios compared to their Peer Groups and market indices, from which the Board concluded that the Permanent Portfolio's one-, three-, five- and ten-year performance generally exceeded the performance of its Peer Group and its relevant market index and the performance of the other Portfolios was satisfactory as compared to those Portfolios' Peer Groups and market indices;

d) the financial condition of Pacific Heights, from which the Board concluded that Pacific Heights has the financial ability to fulfill its commitment to the Fund under the Contract;

e) the ability of Pacific Heights to continue providing investment advisory, administrative and other services (including placement of portfolio transactions) of the same character and at least the same quality as previously provided, from which the Board concluded that such services would be of the same character and at least the same quality as those previously provided, by virtue of Mr. Cuggino's experience with the Fund for over nineteen years and the personnel at Pacific Heights;

f) the extent to which economies of scale have been realized as the Fund's Portfolios increase their assets under management, from which the Board concluded that the Fund's Permanent Portfolio has achieved economies of scale that benefit shareholders, given that the Permanent Portfolio continues to exceed the third breakpoint in its fee structure because its assets exceed the third threshold and because additional economies will be realized pursuant to the new breakpoints that have been agreed to pursuant to the Waiver Agreement;

g) the profitability of the Contract to Pacific Heights, from which the Board concluded that the profitability was fair and reasonable and sufficient for the financial stability of Pacific Heights; and

h) the Advisory Fee payable by each of the Fund's Portfolios, from which the Board concluded that the Advisory Fee payable by each of the Fund's Portfolios was fair and reasonable.

Based on the foregoing, the Board, including its Independent Directors, unanimously approved the continuance of the Contract.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.

NOTES TO FINANCIAL STATEMENTS

January 31, 2010

4. PURCHASES AND SALES OF SECURITIES

The following is a summary of purchases and sales of securities other than short-term securities for the year ended January 31, 2010:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Purchases	\$948,481,182	\$133,150,252	\$14,882,081	\$ 818,287
Sales	323,488,174	169,302,739	11,020,310	1,083,025

5. NET UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

The following is a summary of net unrealized appreciation (depreciation) of investments as of January 31, 2010 for federal income tax purposes:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Aggregate gross unrealized appreciation of investments with excess of value over tax cost:				
Investments in securities	\$175,065,524	\$ —	\$ 207,702	\$ 8,091,176
Investments other than securities	285,211,776	—	—	—
	<u>460,277,300</u>	<u>—</u>	<u>207,702</u>	<u>8,091,176</u>
Aggregate gross unrealized depreciation of investments with excess of tax cost over value:				
Investments in securities	(158,714,544)	(5,021)	(3,342)	(1,347,297)
Investments other than securities	—	—	—	—
	<u>(158,714,544)</u>	<u>(5,021)</u>	<u>(3,342)</u>	<u>(1,347,297)</u>
Net unrealized appreciation (depreciation) of investments	<u>\$301,562,756</u>	<u>\$ (5,021)</u>	<u>\$ 204,360</u>	<u>\$ 6,743,879</u>

6. CAPITAL STOCK TRANSACTIONS

Transactions in shares of each Portfolio's capital stock exclusive of amounts allocated to undistributed net investment income were as follows for the years ended.

	<u>Permanent Portfolio</u>			
	<u>Year Ended January 31, 2010</u>		<u>Year Ended January 31, 2009</u>	
	<u>Shares</u>	<u>Dollars</u>	<u>Shares</u>	<u>Dollars</u>
Shares sold	68,855,433	\$ 2,429,807,618	106,277,378	\$ 3,742,769,872
Distributions reinvested	799,248	30,548,326	890,799	26,002,424
	<u>69,654,681</u>	<u>2,460,355,944</u>	<u>107,168,177</u>	<u>3,768,772,296</u>
Shares redeemed	<u>(38,186,522)</u>	<u>(1,294,632,740)</u>	<u>(52,321,710)</u>	<u>(1,713,965,700)</u>
Net increase	<u>31,468,159</u>	<u>\$ 1,165,723,204</u>	<u>54,846,467</u>	<u>\$ 2,054,806,596</u>

	<u>Treasury Bill Portfolio</u>			
	<u>Year Ended January 31, 2010</u>		<u>Year Ended January 31, 2009</u>	
	<u>Shares</u>	<u>Dollars</u>	<u>Shares</u>	<u>Dollars</u>
Shares sold	410,709	\$ 27,344,145	1,369,079	\$ 90,636,952
Distributions reinvested	3,792	257,181	20,242	1,341,204
	<u>414,501</u>	<u>27,601,326</u>	<u>1,389,321</u>	<u>91,978,156</u>
Shares redeemed	<u>(985,664)</u>	<u>(65,924,894)</u>	<u>(848,122)</u>	<u>(56,130,529)</u>
Net increase (decrease)	<u>(571,163)</u>	<u>\$ (38,323,568)</u>	<u>541,199</u>	<u>\$ 35,847,627</u>

	<u>Versatile Bond Portfolio</u>			
	<u>Year Ended January 31, 2010</u>		<u>Year Ended January 31, 2009</u>	
	<u>Shares</u>	<u>Dollars</u>	<u>Shares</u>	<u>Dollars</u>
Shares sold	223,145	\$ 12,810,713	134,274	\$ 7,555,135
Distributions reinvested	3,371	197,977	5,675	317,901
	<u>226,516</u>	<u>13,008,690</u>	<u>139,949</u>	<u>7,873,036</u>
Shares redeemed	<u>(159,860)</u>	<u>(9,258,938)</u>	<u>(92,925)</u>	<u>(5,215,252)</u>
Net increase	<u>66,656</u>	<u>\$ 3,749,752</u>	<u>47,024</u>	<u>\$ 2,657,784</u>

	<u>Aggressive Growth Portfolio</u>			
	<u>Year Ended January 31, 2010</u>		<u>Year Ended January 31, 2009</u>	
	<u>Shares</u>	<u>Dollars</u>	<u>Shares</u>	<u>Dollars</u>
Shares sold	113,567	\$ 4,149,261	83,763	\$ 4,502,553
Distributions reinvested	—	—	156,633	4,620,668
	<u>113,567</u>	<u>4,149,261</u>	<u>240,396</u>	<u>9,123,221</u>
Shares redeemed	<u>(123,962)</u>	<u>(4,450,381)</u>	<u>(115,021)</u>	<u>(6,149,219)</u>
Net increase (decrease)	<u>(10,395)</u>	<u>\$ (301,120)</u>	<u>125,375</u>	<u>\$ 2,974,002</u>

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PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO

Financial highlights for the Permanent Portfolio

For each share of capital stock outstanding throughout each year:

	<u>Year Ended January 31, 2010</u>	<u>Year Ended January 31, 2009</u>	<u>Year Ended January 31, 2008</u>	<u>Year Ended January 31, 2007</u>	<u>Year Ended January 31, 2006</u>
Net asset value, beginning of year	\$ 31.57	\$ 36.99	\$ 32.89	\$ 30.12	\$ 26.29
Income (loss) from investment operations:					
Net investment income (1)(2)(3) . . . . .	.37	.45	.46	.35	.12
Net realized and unrealized gain (loss) on investments and foreign currencies	<u>6.40</u>	<u>(5.58)</u>	<u>3.98</u>	<u>2.73</u>	<u>3.96</u>
Total income (loss) from investment operations	6.77	(5.13)	4.44	3.08	4.08
Less distributions from:					
Net investment income	(.28)	(.25)	(.16)	(.06)	(.20)
Net realized gain on investments	<u>—</u>	<u>(.04)</u>	<u>(.18)</u>	<u>(.25)</u>	<u>(.05)</u>
Total distributions	<u>(.28)</u>	<u>(.29)</u>	<u>(.34)</u>	<u>(.31)</u>	<u>(.25)</u>
Net asset value, end of year	<u>\$ 38.06</u>	<u>\$ 31.57</u>	<u>\$ 36.99</u>	<u>\$ 32.89</u>	<u>\$ 30.12</u>
Total return (4)	21.43%	(13.82)%	13.53%	10.23%	15.57%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	<u>\$5,083,251</u>	<u>\$3,223,017</u>	<u>\$1,747,058</u>	<u>\$820,285</u>	<u>\$382,025</u>
Ratio of expenses to average net assets . . . . .	.82%	.84%	.95%	1.11%	1.35%
Ratio of net investment income to average net assets (2)(3)	1.03%	1.31%	1.31%	1.10%	.43%
Portfolio turnover rate	12.78%	37.00%	37.46%	7.28%	.73%

- (1) Net investment income is based on average net assets per share outstanding during the year.
- (2) The recording as other income of the receipt of disgorged funds had the effect of increasing net investment income per share and the ratio of net investment income to average net assets by \$.03 and .08%, respectively, during the year ended January 31, 2007. Without this other income, the net investment income per share would have been \$.32 during the year then ended.
- (3) The recording as other income of the receipt of disgorged funds had the effect of increasing net investment income per share and the ratio of net investment income to average net assets by \$.01 and .03%, respectively, during the year ended January 31, 2008. Without this other income, the net investment income per share would have been \$.45 during the year then ended.
- (4) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE TREASURY BILL PORTFOLIO

Financial highlights for the Treasury Bill Portfolio

For each share of capital stock outstanding throughout each year:

	Year Ended January 31, 2010	Year Ended January 31, 2009	Year Ended January 31, 2008	Year Ended January 31, 2007	Year Ended January 31, 2006
Net asset value, beginning of year	\$ 68.44	\$ 69.02	\$ 68.82	\$ 67.50	\$ 67.10
Income (loss) from investment operations:					
Net investment income (loss) (1)(2)	(.26)	.55	2.50	2.58	1.41
Net realized and unrealized gain (loss) on investments (3) . . .	(.05)	.05	.24	.03	.02
Total income (loss) from investment operations	(.31)	.60	2.74	2.61	1.43
Less distributions from:					
Net investment income	(.38)	(1.18)	(2.54)	(1.29)	(1.03)
Total distributions	(.38)	(1.18)	(2.54)	(1.29)	(1.03)
Net asset value, end of year	<u>\$ 67.75</u>	<u>\$ 68.44</u>	<u>\$ 69.02</u>	<u>\$ 68.82</u>	<u>\$ 67.50</u>
Total return (4)	(.44)%	.87%	4.00%	3.88%	2.12%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	<u>\$44,806</u>	<u>\$84,347</u>	<u>\$47,713</u>	<u>\$46,962</u>	<u>\$48,328</u>
Ratio of expenses to average net assets (2) . . . . .	.71%	.74%	.88%	.92%	.92%
Ratio of net investment income (loss) to average net assets . . .	(.37)%	.80%	3.63%	3.79%	2.10%
Portfolio turnover rate (5)	—%	—%	—%	—%	—%

- (1) Net investment income (loss) is based on average net assets per share outstanding during the year.
- (2) Due to the waiver of investment advisory fees, the ratio of expenses to average net assets was reduced by .50% for the year ended January 31, 2010 and .50%, .50%, .50% and .50% for the years ended January 31, 2009, 2008, 2007 and 2006, respectively. Without this waiver, the net investment income or loss per share would have been (\$.60) for the year ended January 31, 2010 and \$.20, \$2.16, \$2.24 and \$1.08 for the years then ended.
- (3) Per share net realized and unrealized gains or losses on investments may not correspond with the change in aggregate unrealized gains and losses in the Portfolio's securities because of the timing of sales and repurchases of the Portfolio's shares in relation to fluctuating market values for the Portfolio.
- (4) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.
- (5) Portfolio turnover rate is not applicable since the Portfolio only invested in securities with maturities of one year or less.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO

Financial highlights for the Versatile Bond Portfolio

For each share of capital stock outstanding throughout each year:

	Year Ended January 31, 2010	Year Ended January 31, 2009	Year Ended January 31, 2008	Year Ended January 31, 2007	Year Ended January 31, 2006
Net asset value, beginning of year	<u>\$ 59.39</u>	<u>\$ 60.02</u>	<u>\$ 58.89</u>	<u>\$ 57.42</u>	<u>\$ 57.01</u>
Income from investment operations:					
Net investment income (1)(2)	1.20	1.69	2.36	1.93	1.01
Net realized and unrealized gain (loss) on investments (3) . . .	<u>.69</u>	<u>(.53)</u>	<u>.49</u>	<u>.24</u>	<u>.15</u>
Total income from investment operations	1.89	1.16	2.85	2.17	1.16
Less distributions from:					
Net investment income	(.88)	(1.79)	(1.72)	(.70)	(.74)
Net realized gain on investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(.01)</u>
Total distributions	<u>(.88)</u>	<u>(1.79)</u>	<u>(1.72)</u>	<u>(.70)</u>	<u>(.75)</u>
Net asset value, end of year	<u>\$ 60.40</u>	<u>\$ 59.39</u>	<u>\$ 60.02</u>	<u>\$ 58.89</u>	<u>\$ 57.42</u>
Total return (4)	3.18%	1.98%	4.87%	3.78%	2.04%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	<u>\$ 18,087</u>	<u>\$ 13,827</u>	<u>\$ 11,152</u>	<u>\$ 12,307</u>	<u>\$ 18,509</u>
Ratio of expenses to average net assets (2) . . . . .	.88%	.89%	1.02%	.97%	.95%
Ratio of net investment income to average net assets	1.98%	2.84%	3.96%	3.33%	1.76%
Portfolio turnover rate	61.18%	88.01%	74.72%	78.90%	50.09%

- (1) Net investment income is based on average net assets per share outstanding during the year.
- (2) Due to the waiver of investment advisory fees, the ratio of expenses to average net assets was reduced by .38% for the year ended January 31, 2010 and .37%, .37%, .37% and .37% for the years ended January 31, 2009, 2008, 2007 and 2006, respectively. Without this waiver, the net investment income per share would have been \$.97 for the year ended January 31, 2010 and \$1.47, \$2.13, \$1.72 and \$.80 for the years then ended.
- (3) Per share net realized and unrealized gains or losses on investments may not correspond with the change in aggregate unrealized gains and losses in the Portfolio's securities because of the timing of sales and repurchases of the Portfolio's shares in relation to fluctuating market values for the Portfolio.
- (4) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO

Financial highlights for the Aggressive Growth Portfolio

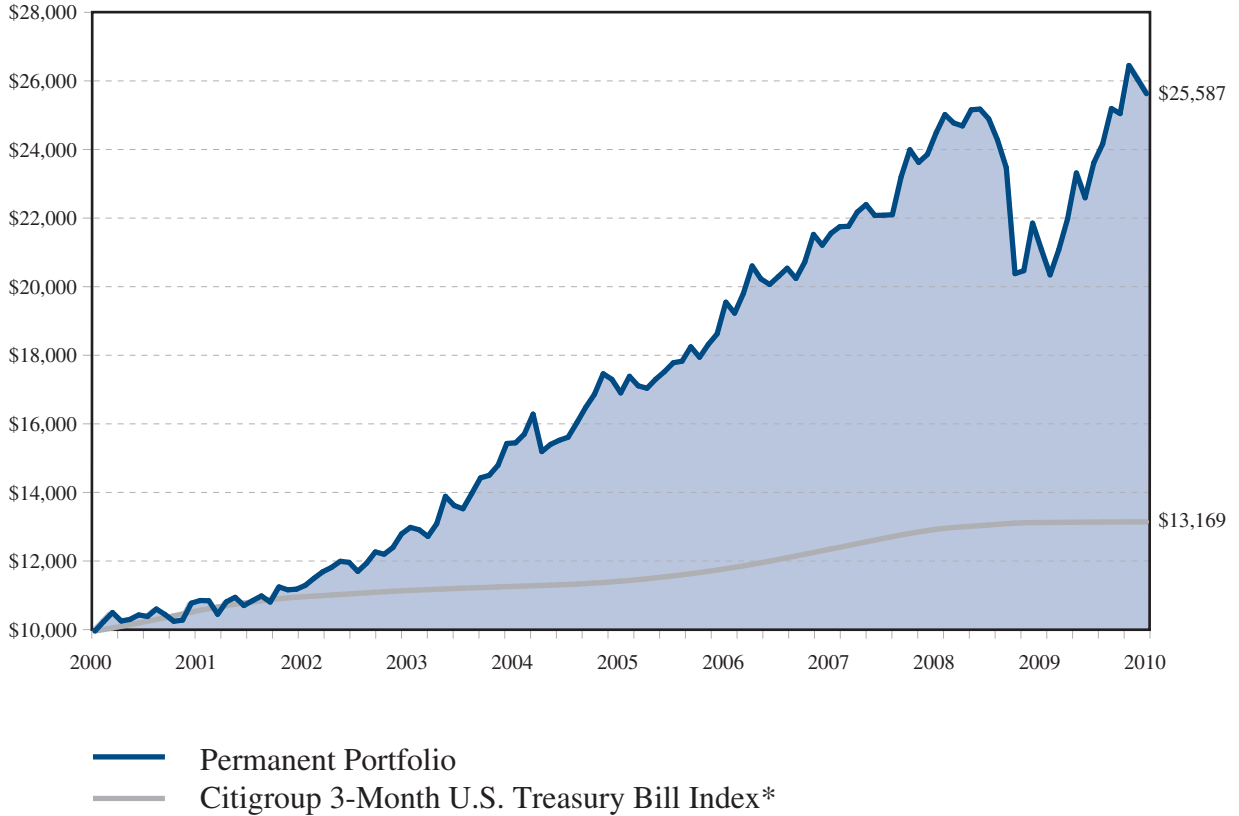
For each share of capital stock outstanding throughout each year:

	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	January 31,	January 31,	January 31,	January 31,	January 31,
	2010	2009	2008	2007	2006
Net asset value, beginning of year	<u>\$ 29.53</u>	<u>\$ 74.31</u>	<u>\$ 86.09</u>	<u>\$110.71</u>	<u>\$ 86.11</u>
Income (loss) from investment operations:					
Net investment income (loss) (1)	.08	.03	(.08)	(.42)	(.11)
Net realized and unrealized gain (loss) on investments	<u>10.19</u>	<u>(29.76)</u>	<u>(2.83)</u>	<u>7.83</u>	<u>25.61</u>
Total income (loss) from investment operations	10.27	(29.73)	(2.91)	7.41	25.50
Less distributions from:					
Net investment income	—	(.09)	—	(.10)	—
Net realized gain on investments	—	(11.54)	(8.87)	(31.93)	(.90)
Distribution in excess	—	(.23)	—	—	—
Return of capital	—	(3.19)	—	—	—
Total distributions	<u>—</u>	<u>(15.05)</u>	<u>(8.87)</u>	<u>(32.03)</u>	<u>(.90)</u>
Net asset value, end of year	<u>\$ 39.80</u>	<u>\$ 29.53</u>	<u>\$ 74.31</u>	<u>\$ 86.09</u>	<u>\$ 110.71</u>
Total return (2)	34.78%	(39.97)%	(4.14)%	7.05%	29.64%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	<u>\$ 18,436</u>	<u>\$ 13,986</u>	<u>\$ 25,878</u>	<u>\$31,476</u>	<u>\$ 52,125</u>
Ratio of expenses to average net assets	1.21%	1.20%	1.39%	1.34%	1.41%
Ratio of net investment income (loss) to average net assets	.23%	.07%	(.10)%	(.43)%	(.11)%
Portfolio turnover rate	4.92%	3.44%	9.16%	1.97%	10.41%

(1) Net investment income (loss) is based on average net assets per share outstanding during the year.

(2) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.

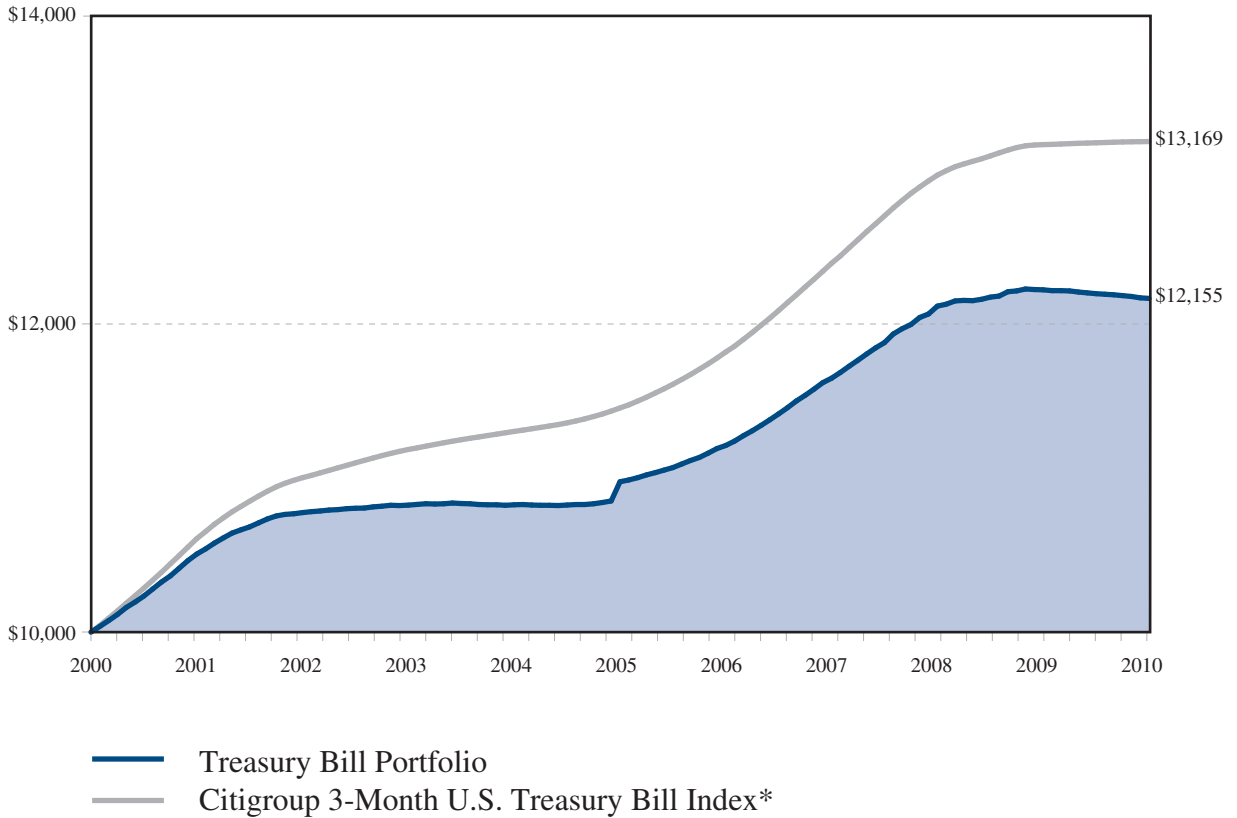
PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
Ten Years Ended January 31, 2010
(Unaudited)



* The Citigroup 3-Month U.S. Treasury Bill Index tracks the performance of U.S. Treasury bills with a remaining maturity of three months. U.S. Treasury bills, which are short-term loans to the U.S. government, are full faith-and-credit obligations of the U.S. Treasury and are generally regarded as being free of any risk of default. You cannot invest directly in an index. Returns shown for the Citigroup 3-Month U.S. Treasury Bill Index reflect reinvested interest as applicable, but do not reflect a deduction for fees, expenses or taxes.

Past performance does not guarantee future results. The graph does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares.

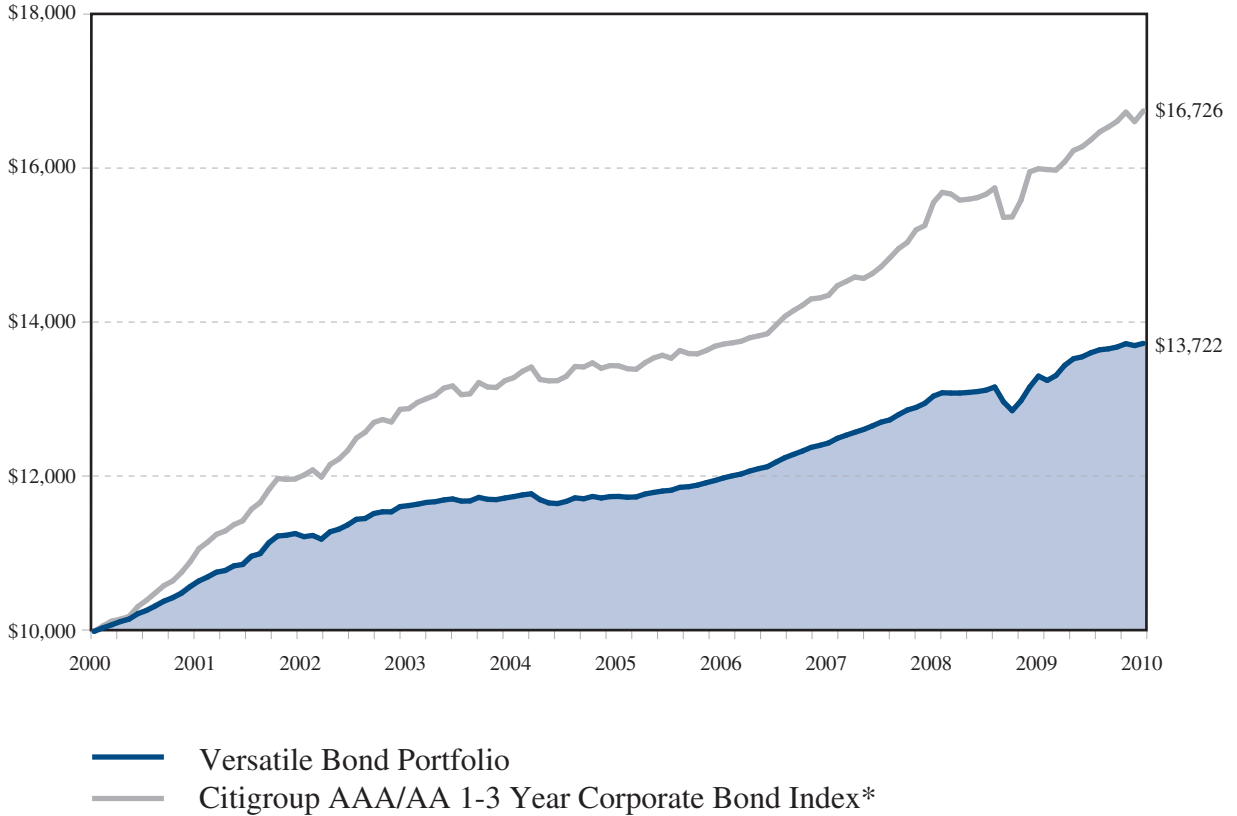
PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
 THE TREASURY BILL PORTFOLIO
 Ten Years Ended January 31, 2010
 (Unaudited)



* The Citigroup 3-Month U.S. Treasury Bill Index tracks the performance of U.S. Treasury bills with a remaining maturity of three months. U.S. Treasury bills, which are short-term loans to the U.S. government, are full faith-and-credit obligations of the U.S. Treasury and are generally regarded as being free of any risk of default. You cannot invest directly in an index. Returns shown for the Citigroup 3-Month U.S. Treasury Bill Index reflect reinvested interest as applicable, but do not reflect a deduction for fees, expenses or taxes.

Past performance does not guarantee future results. The graph does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares.

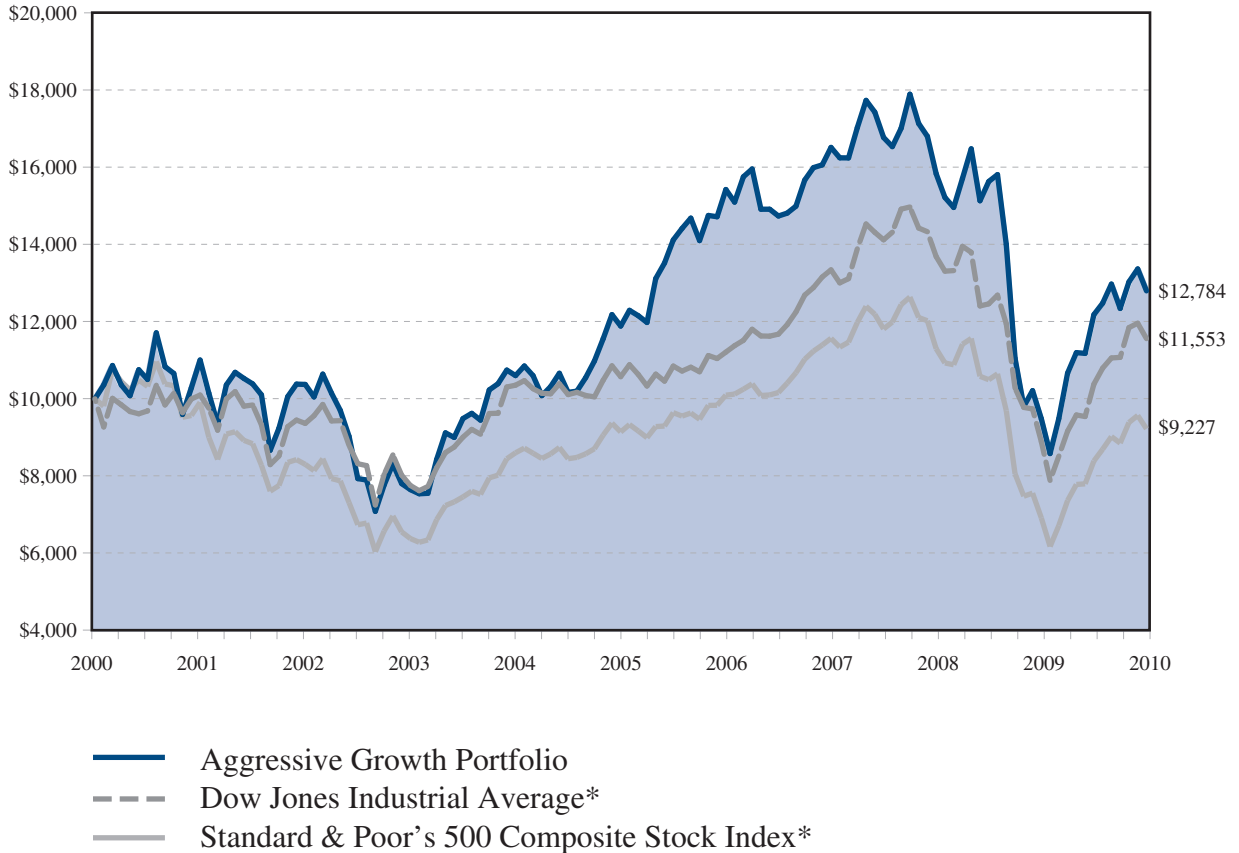
PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO
 Ten Years Ended January 31, 2010
 (Unaudited)



* The Citigroup AAA/AA 1-3 Year Corporate Bond Index is a component of the Citigroup Broad Investment-Grade (BIG) Bond Index. It is market-capitalization weighted and includes bonds rated AAA or AA by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), or Moody's Investor Services, Inc. ("Moody's") with maturities of one to three years and a minimum amount outstanding of \$100 million. You cannot invest directly in an index. Returns shown for the Citigroup AAA/AA 1-3 Year Corporate Bond Index reflect reinvested interest as applicable, but do not reflect a deduction for fees, expenses or taxes.

Past performance does not guarantee future results. The graph does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO
 Ten Years Ended January 31, 2010
 (Unaudited)



* The Dow Jones Industrial Average is an average of the stock prices of thirty large companies and represents a widely recognized unmanaged portfolio of common stocks. The Standard & Poor's 500 Composite Stock Index is a market-capitalization weighted index of common stocks and also represents an unmanaged portfolio. You cannot invest directly in an index. Returns shown for the Dow Jones Industrial Average and the Standard & Poor's 500 Composite Stock Index reflect reinvested dividends as applicable, but do not reflect a deduction for fees, expenses or taxes.

Past performance does not guarantee future results. The graph does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
AVERAGE ANNUAL TOTAL RETURNS
For Periods Ended January 31, 2010
(Unaudited)

The graphs on pages 34 through 37 compare the initial account values and subsequent account values at the end of each of the most recently completed ten fiscal years of the Fund's Permanent Portfolio, Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio, assuming a hypothetical \$10,000 investment in each Portfolio at the beginning of the first fiscal year and reinvestment of all dividends and distributions, without the deduction of taxes, to a \$10,000 investment over the same years in comparable broad-based securities market indices. The tables below show each of the Fund's Portfolio's average annual total returns for the periods indicated, assuming reinvestment of all dividends and other distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee. If such fee were reflected, the returns would be less than those shown. Returns for the Fund's Treasury Bill Portfolio and Versatile Bond Portfolio reflect fee waivers in effect. In the absence of such fee waivers, total return would be reduced. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. In particular, after-tax returns are not relevant to investors who hold their shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Performance data shown below for each of the Fund's Portfolios represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Investment performance, current to the most recent month-end, may be lower or higher than the performance shown below, and can be obtained by calling the Fund's Shareholder Services Office at (800) 531-5142.

Investments in the Fund's Portfolios are not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. It is therefore possible to lose money by investing in the Fund's Portfolios.

	Average Annual Total Returns Through January 31, 2010					Since Inception
	1 Year	3 Years	5 Years	10 Years	15 Years	
Permanent Portfolio (Since 12/1/82) (1)(2)(3)						
Return before taxes	21.43%	5.91%	8.64%	9.85%	8.17%	6.45%
Return after taxes on distributions	21.16%	5.66%	8.40%	9.40%	7.48%	5.89%
Return after taxes on distributions and sale of Portfolio shares	13.96%	4.94%	7.39%	8.51%	6.88%	5.51%
Citigroup 3-Month U.S. Treasury Bill Index (5)(6) . . . . .	.15%	2.07%	2.84%	2.79%	3.59%	4.91%
Treasury Bill Portfolio (Since 5/26/87) (1)(3)(4)						
Return before taxes	-44%	1.46%	2.07%	1.97%	2.69%	3.43%
Return after taxes on distributions	-63%	.77%	1.54%	1.30%	1.75%	2.66%
Return after taxes on distributions and sale of Portfolio shares	-29%	.85%	1.52%	1.30%	1.73%	2.53%
Citigroup 3-Month U.S. Treasury Bill Index (5)(6) . . . . .	.15%	2.07%	2.84%	2.79%	3.59%	4.30%
Versatile Bond Portfolio (Since 9/27/91) (3)(4)						
Return before taxes	3.18%	3.34%	3.17%	3.22%	3.78%	3.81%
Return after taxes on distributions	2.66%	2.47%	2.47%	2.20%	2.61%	2.77%
Return after taxes on distributions and sale of Portfolio shares	2.07%	2.34%	2.30%	2.16%	2.54%	2.66%
Citigroup AAA/AA 1-3 Year Corporate Index (5)(7)	4.68%	5.26%	4.49%	5.28%	5.73%	5.78%
Aggressive Growth Portfolio (Since 1/2/90) (1)(3)						
Return before taxes	34.78%	-8.12%	1.48%	2.49%	9.16%	9.43%
Return after taxes on distributions	34.78%	-9.81%	-5.0%	1.13%	8.01%	8.50%
Return after taxes on distributions and sale of Portfolio shares	22.61%	-6.94%	1.38%	2.03%	8.09%	8.48%
Dow Jones Industrial Average (5)(8)	29.83%	-4.65%	1.79%	1.45%	8.97%	9.16%
Standard & Poor's 500 Composite Stock Index (5)(9)	33.14%	-7.24%	.18%	-.80%	7.60%	7.80%



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
AVERAGE ANNUAL TOTAL RETURNS
For Periods Ended January 31, 2010
(Unaudited)

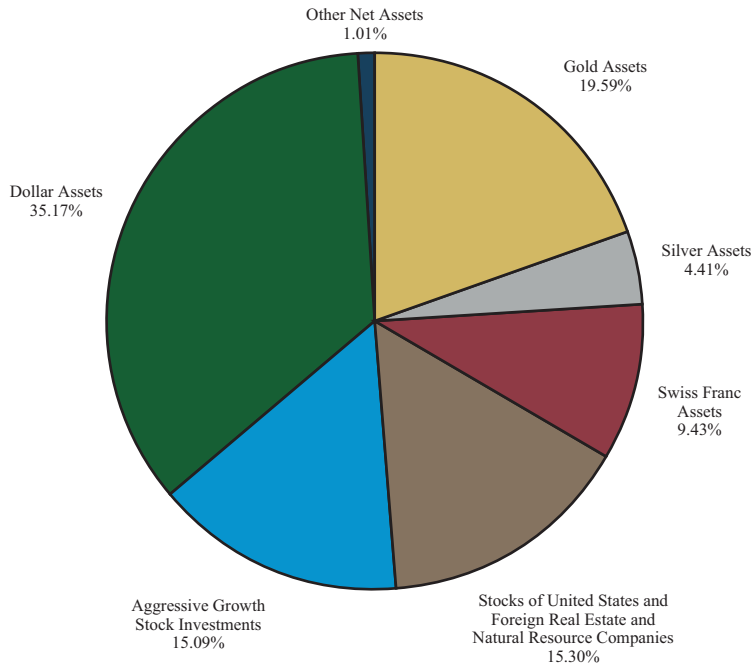
-
- (1) Returns reflect other income recorded during the year ended January 31, 2005 related to the Fund's Board of Director's determination that previously advanced legal expenses be repaid.
 - (2) Returns reflect other income recorded during the years ended January 31, 2007 and January 31, 2008 related to the receipt of disgorged funds.
 - (3) Returns before taxes do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or on the redemption of Portfolio shares.
 - (4) The thirty-day SEC standardized yield on the Fund's Treasury Bill Portfolio and Versatile Bond Portfolio for the thirty days ended January 31, 2010, calculated for each Portfolio by dividing the net investment income per share earned during the specified thirty-day period by the net asset value per share on the last day of the period and annualizing the resulting figure, and assuming reinvestment of all dividends and other distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee, was -.09% and .03%, respectively.
 - (5) Returns reflect reinvested interest, dividends and other distributions as applicable, but do not reflect a deduction for fees, expenses or taxes. You cannot invest directly in an index.
 - (6) The Citigroup 3-Month U.S. Treasury Bill Index tracks the performance of U.S. Treasury bills with a remaining maturity of three months. U.S. Treasury bills, which are short-term loans to the U.S. government, are full faith-and-credit obligations of the U.S. Treasury and are generally regarded as being free of any risk of default.
 - (7) The Citigroup AAA/AA 1-3 Year Corporate Bond Index is a component of the Citigroup Broad Investment-Grade (BIG) Bond Index. It is market-capitalization weighted and includes bonds rated AAA or AA by Standard & Poor's or Moody's with maturities of one to three years and a minimum amount outstanding of \$100 million.
 - (8) The Dow Jones Industrial Average is an average of the stock prices of thirty large companies and represents a widely recognized unmanaged portfolio of common stocks.
 - (9) The Standard & Poor's 500 Composite Stock Index is a market-capitalization weighted index of common stocks and represents an unmanaged portfolio of common stocks.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE PERMANENT PORTFOLIO
Year Ended January 31, 2010
(Unaudited)

The Permanent Portfolio's investment objective is to preserve and increase the purchasing power of its shares over the long term. The Portfolio invests fixed target percentages of its net assets in gold, silver, Swiss franc assets, stocks of real estate and natural resource companies, aggressive growth stocks and dollar assets, such as U.S. Treasury securities and short-term corporate bonds. During the year ended January 31, 2010, the Portfolio achieved a total return of 21.43%, net of expenses to average net assets of .82%, as compared to .15% for the Citigroup 3-Month U.S. Treasury Bill Index and to an inflation rate as measured by the change in the Consumer Price Index ("CPI") of 2.60% over the same period. The Portfolio's return during the year then ended was largely due to the Portfolio experiencing appreciation in each of its six asset classes, including primarily, its holdings of gold and silver, its shares of real estate investment trusts, the stocks of U.S. and foreign natural resource companies and aggressive growth stocks. Such gains easily out-paced the returns on short-term U.S. Treasury securities and the rate of inflation during the period. Neither the Citigroup 3-Month U.S. Treasury Bill Index return nor the CPI reflect a deduction for fees, expenses or taxes.

Mutual fund investing involves risk; loss of principal is possible. The Permanent Portfolio invests in foreign securities, which will involve greater volatility and political, economic and currency risks and differences in accounting methods. The Portfolio will be affected by changes in the prices of gold, silver and U.S. and foreign real estate and natural resource company stocks.

The following pie chart shows the Permanent Portfolio's investment holdings by asset class, as a percentage of total net assets as of January 31, 2010.



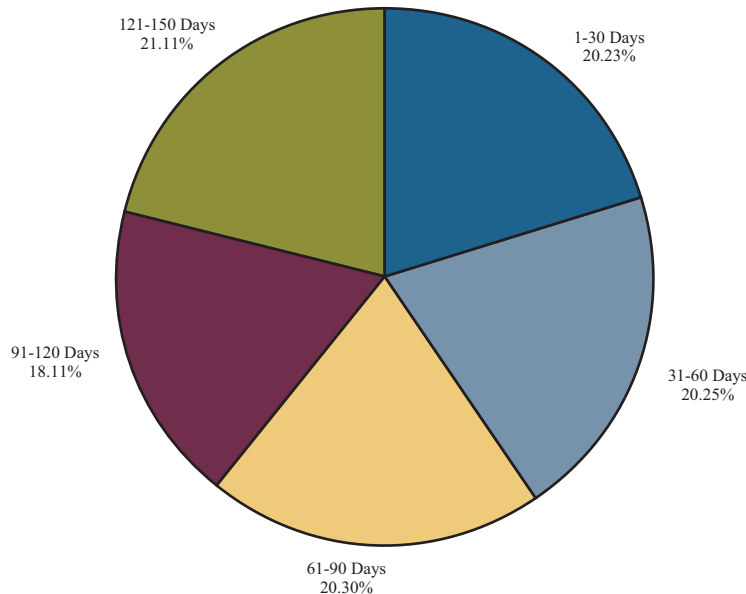
Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE TREASURY BILL PORTFOLIO
Year Ended January 31, 2010
(Unaudited)

The Treasury Bill Portfolio's investment objective is to achieve high current income, consistent with safety and liquidity of principal. The Portfolio invests in short-term U.S. Treasury securities and ordinarily maintains an average maturity of between sixty and ninety days. During the year ended January 31, 2010, the Portfolio achieved a total return of $-.44\%$, net of expenses to average net assets of $.71\%$, as compared to $.15\%$ for the Citigroup 3-Month U.S. Treasury Bill Index over the same period. The Portfolio's return during the year then ended was primarily due to the very low investment returns available on short-term U.S. Treasury securities which were more than offset by the Portfolio's expenses during the period. The Citigroup 3-Month U.S. Treasury Bill Index does not reflect a deduction for fees, expenses or taxes.

Mutual fund investing involves risk; loss of principal is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

The following pie chart shows the Treasury Bill Portfolio's investment holdings by days to maturity, as a percentage of total net assets as of January 31, 2010.



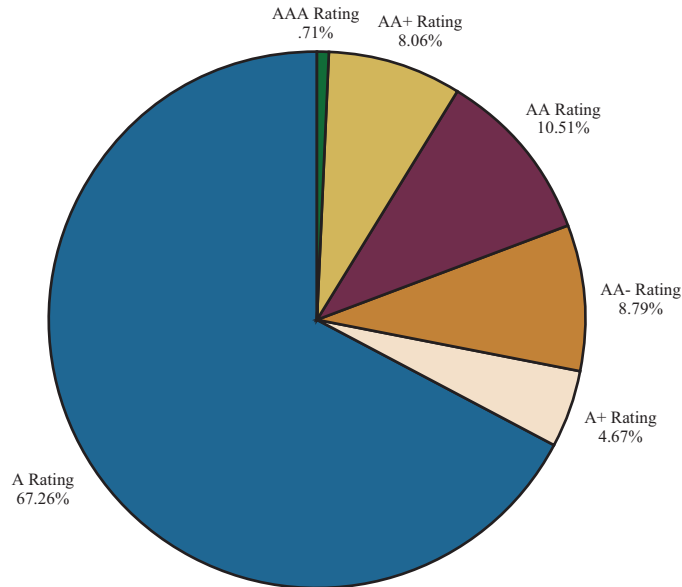
Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
THE VERSATILE BOND PORTFOLIO
 Year Ended January 31, 2010
 (Unaudited)

The Versatile Bond Portfolio’s investment objective is to achieve high current income, while limiting risk to principal. The Portfolio invests at least 80% of its assets in a diversified portfolio of short-term corporate bonds rated “A” or higher by Standard & Poor’s with a remaining maturity of twenty-four months or less. During the year ended January 31, 2010, the Portfolio achieved a total return of 3.18%, net of expenses to average net assets of .88%, as compared to 4.68% for the Citigroup AAA/AA 1-3 Year Corporate Bond Index over the same period. The Portfolio’s return during the year then ended was primarily due to the Portfolio’s shorter average maturity than the average maturity of the Citigroup AAA/AA 1-3 Year Corporate Bond Index, thereby resulting in lower investment returns available on such short-term corporate bonds, and the Portfolio’s expenses during the period. The Citigroup AAA/AA 1-3 Year Corporate Bond Index does not reflect a deduction for fees, expenses or taxes.

Mutual fund investing involves risk; loss of principal is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

The following pie chart shows the Versatile Bond Portfolio’s investment holdings by Standard & Poor’s credit rating, as a percentage of total net assets as of January 31, 2010.



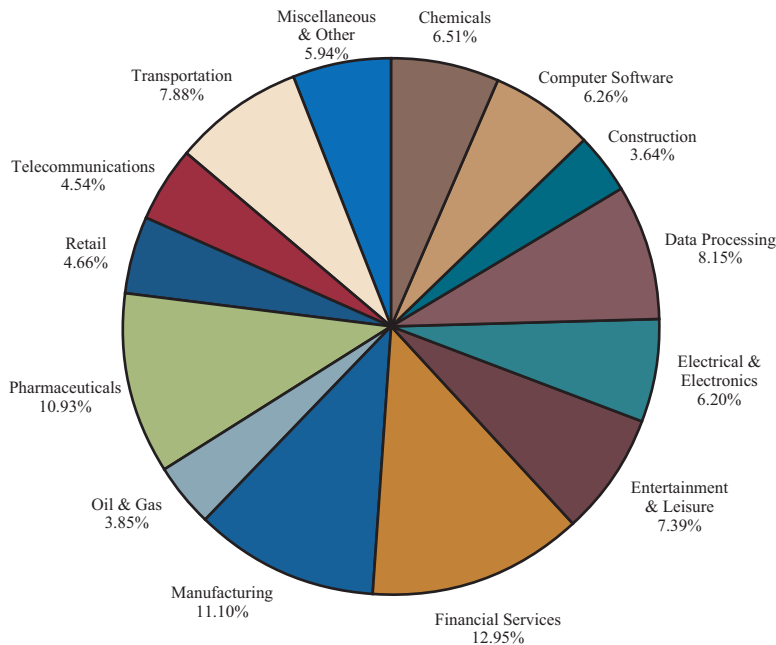
Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE AGGRESSIVE GROWTH PORTFOLIO
 Year Ended January 31, 2010
 (Unaudited)

The Aggressive Growth Portfolio's investment objective is to achieve high, long-term appreciation in the value of its shares. The Portfolio is fully invested at all times in a diversified portfolio of domestic stocks and stock warrants selected for high profit potential. During the year ended January 31, 2010, the Portfolio achieved a total return of 34.78%, net of expenses to average net assets of 1.21%, as compared to 29.83% for the Dow Jones Industrial Average and 33.14% for the Standard & Poor's 500 Composite Stock Index over the same period. The Portfolio's return during the year then ended was primarily due to the Portfolio's investment selection and the timing of purchases and sales of those investments in relation to fluctuating market values relative to the aforementioned indices. Neither the Dow Jones Industrial Average nor the Standard & Poor's 500 Composite Stock Index reflect a deduction for fees, expenses or taxes.

Mutual fund investing involves risk; loss of principal is possible. The Aggressive Growth Portfolio's stock market investments may appreciate in value more rapidly than the overall stock market, but they are also subject to greater risk, especially during periods when the prices of U.S. stock market investments in general are declining. The Portfolio also invests in smaller companies which will involve additional risks, such as limited liquidity and greater volatility.

The following pie chart shows the Aggressive Growth Portfolio's investment holdings by industry sector, as a percentage of total net assets as of January 31, 2010.



Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
EXPENSE EXAMPLES
Six Months Ended January 31, 2010
(Unaudited)

Expense Examples

As a shareholder in one or more of the Fund's Portfolios, you incur two types of costs: (1) transaction costs, including the \$35 one-time account start-up fee; and (2) ongoing costs, including management fees and other Portfolio expenses. The Examples on the following page are intended to help you understand your ongoing costs (in dollars) of investing in the Fund's Portfolios and to compare these costs with the ongoing costs of investing in other mutual funds.

These Examples are based on an investment of \$1,000 invested at July 31, 2009 and held for the entire six months ended January 31, 2010.

Actual Expenses

The first line of each of the tables on the following page provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the six months ended January 31, 2010. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Six Months Ended January 31, 2010" to estimate the expenses you paid on your account during the six months ended January 31, 2010.

Hypothetical Example for Comparison Purposes

The second line of each of the tables on the following page provides information about hypothetical account values and hypothetical expenses based on each Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which are not the Fund's Portfolios' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the six months ended January 31, 2010. You may use this information to compare the ongoing costs of investing in the Fund's Portfolios and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the tables are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as the \$35 one-time account start-up fee. Therefore, the second line of the tables are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs, including the \$35 one-time account start-up fee, were included, your costs would have been higher.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
EXPENSE EXAMPLES
Six Months Ended January 31, 2010
(Unaudited)

	<u>Beginning Account Value July 31, 2009</u>	<u>Ending Account Value January 31, 2010</u>	<u>Expenses Paid* During Six Months Ended January 31, 2010</u>
PERMANENT PORTFOLIO			
Actual	\$1,000.00	\$1,084.80	\$ 4.31
Hypothetical (5% return before expenses)	1,000.00	1,021.07	4.18
TREASURY BILL PORTFOLIO			
Actual	1,000.00	997.70	3.58
Hypothetical (5% return before expenses)	1,000.00	1,021.63	3.62
VERSATILE BOND PORTFOLIO			
Actual	1,000.00	1,008.90	4.71
Hypothetical (5% return before expenses)	1,000.00	1,020.52	4.74
AGGRESSIVE GROWTH PORTFOLIO			
Actual	1,000.00	1,050.40	6.46
Hypothetical (5% return before expenses)	1,000.00	1,018.90	6.36

* Expenses are equal to the Permanent Portfolio's annualized expense ratio of .82%, the Treasury Bill Portfolio's annualized expense ratio of .71%, the Versatile Bond Portfolio's annualized expense ratio of .93% and the Aggressive Growth Portfolio's annualized expense ratio of 1.25%, respectively, multiplied by the applicable Portfolio's average account value over the period, multiplied by 184/365 (to reflect the one-half year period ended January 31, 2010).



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
OTHER INFORMATION
(Unaudited)

Proxy Voting

The Fund's Portfolios vote proxies relating to their portfolio securities in accordance with the Fund's Proxy Voting Policies and Procedures. A copy of the Fund's Proxy Voting Policies and Procedures as well as information regarding how each of the Fund's Portfolios voted such proxies during the twelve-month period ended June 30, 2009 is available, without charge and upon request, by writing or calling the Fund's Shareholder Services Office at (800) 531-5142, or by accessing the SEC's website at <http://www.sec.gov>.

Quarterly Holdings

Each of the Fund's Portfolios files its complete schedule of portfolio holdings for its first and third quarters of each fiscal year on the Fund's Form N-Q. The Fund's Form N-Qs for such periods, beginning with the quarter ended October 31, 2004, are available on the SEC's website at <http://www.sec.gov>. The Fund's Form N-Qs may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (800) SEC-0330.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
DIRECTORS AND OFFICERS
(Unaudited)

All of the Fund's directors and officers may be reached c/o Permanent Portfolio Family of Funds, Inc., 600 Montgomery Street, 27th Floor, San Francisco, California 94111. No director or officer has any family relationship with another and each of the Fund's directors will hold office until the Fund's next special meeting of shareholders and until their successors have been duly elected and qualified, or until their earlier resignation, removal or disqualification. The Fund's officers are elected annually by the Fund's Board of Directors and each officer holds office until their successor has been duly elected and qualified, or until their earlier resignation, removal or disqualification. The principal occupation(s) of the Fund's directors and officers are listed below. The Fund's Statement of Additional Information includes additional information regarding the Fund's directors and officers and is available, without charge and upon request, by writing or calling the Fund's Shareholder Services Office at (800) 531-5142.

DAVID P. BERGLAND

Director **age 74**

Member of the State Bar of California, formerly a sole practitioner specializing in business litigation in Costa Mesa, California, now retired from the active practice of law. Mr. Bergland is also a writer, lecturer, publisher and a former Adjunct Professor of Law at Western State University College of Law in Irvine, California. Mr. Bergland has served as a director of the Fund since 1992 and oversees all four of the Fund's Portfolios.

HUGH A. BUTLER

Director **age 57**

Now retired, Mr. Butler was formerly Executive Vice President from 2004 through 2006 of the Credit Union Services Division of Fidelity National Information Services, Inc. (formerly Fidelity Information Systems), a publicly-traded provider of software, outsourcing and information technology consulting for the financial services and mortgage industries, majority-owned by Fidelity National, Inc. Previously, Mr. Butler was Chief Executive Officer and Founder of Computer Consultants Corporation, an information systems consulting firm to financial institutions, in Salt Lake City, Utah. Mr. Butler has served as a director of the Fund since 1996 and oversees all four of the Fund's Portfolios.

ROGER DOEBKE

Director **age 70**

President, Simplex Realty Services, Inc., a commercial real estate acquisition, development and property management firm located in Orange County, California since 1993. Mr. Doebke has served as a director of the Fund since 2004 and oversees all four of the Fund's Portfolios.

MICHAEL J. CUGGINO*

Chairman, President, Secretary & Director **age 47**

A Certified Public Accountant, Mr. Cuggino has served as Chairman of the Board and President of the Fund since 2003, as Treasurer of the Fund from 1993 through 2007, as Secretary of the Fund since 2006 and as a director of the Fund since 1998. He is the manager and sole member (also its President and Chief Executive Officer) of the Fund's investment adviser. Mr. Cuggino oversees all four of the Fund's Portfolios.

JAMES H. ANDREWS*

Treasurer **age 55**

Mr. Andrews has served as Treasurer of the Fund since 2007 and previously served as Assistant Treasurer of the Fund from 2006 to 2007. He has also served as Director of Finance of the Fund's investment adviser since 2006. Previously, Mr. Andrews was employed in various financial, investment and operational capacities at Blum Capital Partners LP, an investment management firm located in San Francisco, California from 1994 through 2005.

ANDREW B. ROGERS

Chief Compliance Officer **age 40**

Mr. Rogers has served as Chief Compliance Officer of the Fund and the Fund's investment adviser since 2005. Mr. Rogers served as the manager of Northern Lights Compliance Services, LLC from 2004 through 2009. He has also served as President of Gemini Fund Services, LLC since 2006 and as President of GemCom, LLC since 2004. From 2001 through 2005, Mr. Rogers served as Senior Vice President & Director of Administration of Gemini Fund Services, LLC.

* Considered to be an "interested person" within the meaning of the 1940 Act. Messrs. Cuggino and Andrews are deemed interested persons because of their association with the Fund's investment adviser.

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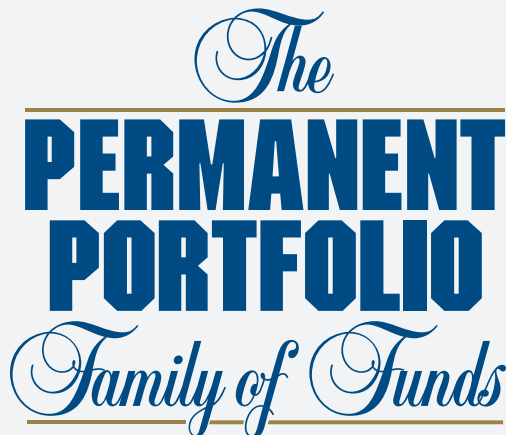
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