

# Permanent Portfolio

A FUND for ALL SEASONS

## Portfolio Statistics

Maximum Sales Charge <sup>1</sup> :	No Load
Inception Date:	12-01-82
Symbol:	PRPFX
Cusip:	714199106
Current NAV Per Share:	\$46.09
Portfolio Manager:	Michael J. Cuggino
Minimum Initial Purchase:	\$1,000
Minimum Subsequent Purchase:	\$100
Portfolio Turnover*:	9.11%
Expense Ratio*:	
Net (After Fee Waiver)	.77%
Gross (Before Fee Waiver)	.78%

\* For the year ended January 31, 2011, as stated in our most recent prospectus, dated May 31, 2011. The Net Expense Ratio reflects a contractual waiver of investment advisory fees in effect for the year then ended. The Portfolio's investment adviser has agreed to continue the waiver at least through June 1, 2012.

## Portfolio Structure<sup>2</sup>

Gold	20%
Silver	5%
Swiss Franc Assets	10%
U.S. and Foreign Real Estate and Natural Resource Stocks	15%
Aggressive Growth Stocks	15%
U.S. Treasury Bills, Bonds and Other Dollar Assets	35%
	100%

## Top Ten Holdings

Gold Coins	13.88%
Cash and Cash Equivalents	7.09%
Gold Bullion	5.34%
Swiss Franc Bank Account	5.46%
Silver Bullion	4.08%
U.S. Treasury Bonds 6.00% 2-15-26	1.17%
U.S. Treasury Bonds 6.25% 8-15-23	1.16%
U.S. Treasury Bonds 5.25% 11-15-28	1.12%
U.S. Treasury Bonds 4.50% 2-15-36	1.06%
U.S. Treasury Notes 7.25% 5-15-16	1.04%

## Investment Objective

Seeks to preserve and increase the purchasing power value of its shares over the long term.

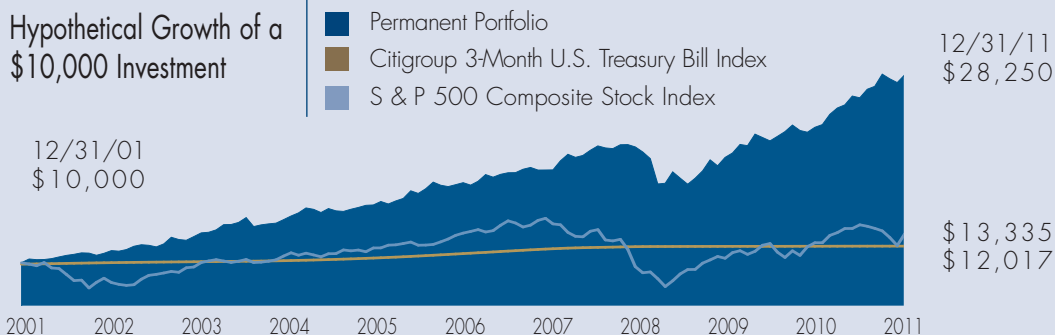
## Investment Strategy

The Portfolio invests a fixed Target Percentage of its net assets in gold, silver, Swiss franc assets, stocks of U.S. and foreign real estate and natural resource companies, aggressive growth stocks and dollar assets such as U.S. Treasury bills and bonds.

## Performance

As of December 31, 2011

### Hypothetical Growth of a \$10,000 Investment



	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 12-01-82
<b>Permanent Portfolio</b>						
Return Before Taxes	2.13%	2.13%	13.21%	8.38%	10.94%	6.80%
Return After Taxes on Distributions	1.86%	1.86%	12.97%	8.13%	10.62%	6.26%
Return After Taxes on Distributions and Sale of Portfolio Shares	1.67%	1.67%	11.34%	7.17%	9.63%	5.86%
<b>Citigroup 3-Month U.S. Treasury Bill Index</b>	.08%	.08%	.12%	1.36%	1.85%	4.59%
<b>S&amp;P 500 Composite Stock Index</b>	2.11%	2.11%	14.11%	-.25%	2.92%	10.67%

(Reflects no deductions for fees, expenses or taxes)

Performance data quoted represents past performance. Past performance (before and after taxes) is not a guarantee of how the Portfolio will perform in the future. Investment returns and principal values of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The chart illustrates the performance of \$10,000 invested in Permanent Portfolio shares ten years ago compared to performance of the Citigroup 3-Month U.S. Treasury Bill Index and the S&P 500 Composite Stock Index over the same period and does not reflect the deduction of taxes an investor would pay on Portfolio distributions or on the redemption of Portfolio shares. Returns for the Permanent Portfolio reflect reinvestment of all dividends and distributions and deduction of all fees and expenses, except the \$35 one-time account start-up fee. If such start-up fee was reflected, returns would be less than shown. Investment performance, current to the most recent month-end, may be lower or higher than the performance quoted, and can be obtained by calling the Shareholder Services Office at (800) 531-5142.

Pacific Heights Asset Management, LLC became the Permanent Portfolio's investment adviser on May 1, 2003. Prior to that, an investment adviser unrelated to Pacific Heights Asset Management, LLC managed the Permanent Portfolio. The Citigroup 3-Month U.S. Treasury Bill Index tracks the performance of U.S. Treasury bills with a remaining maturity of three months. The S&P 500 Composite Stock Index is a market-capitalization weighted index of common stocks and represents an unmanaged portfolio of common stocks. Returns shown for these indices reflect reinvested interest and dividends as applicable, but do not reflect a deduction for fees, expenses or taxes. You cannot invest directly in an index. 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.

For more information, please visit [www.permanentportfoliofunds.com](http://www.permanentportfoliofunds.com) or  
**Individual Investors** may call our  
Shareholder Services Office at (800) 531-5142  
or our Transfer Agent at (800) 341-8900

Over, please  
**Financial Advisors** may call our  
Institutional Sales Office at (866) 792-6547

# Permanent Portfolio

## Why you should consider the Permanent Portfolio

- 1 ■ **Purchasing Power and Growth.**  
 Designed as a core portfolio holding, the Permanent Portfolio seeks to preserve and increase the purchasing power value of each shareholder's account over the long term, regardless of current or future market conditions, through strategic investments in a broad array of different asset classes.
- 2 ■ **Comprehensive Asset Allocation.**  
 The Permanent Portfolio's investment philosophy is based on the premise that nobody can accurately predict future events over the long term. The Portfolio, therefore, doesn't try to out-guess the markets or forecast future economic events, but rather seeks to invest a fixed "Target Percentage" of its assets to six carefully chosen, diverse and "non-correlated" investment categories. Such diversification in a single mutual fund seeks to provide balance, liquidity and profit potential combined with the additional benefits of international diversification and tax planning. **Diversification does not assure a profit nor protect against a loss in a declining market.**
- 3 ■ **Discipline.**  
 Since markets and economic circumstances are constantly changing, the percentage of the Permanent Portfolio's assets actually held in each investment category may drift from time to time from their respective Target Percentages. The Portfolio's management and its investment adviser continually monitor the Portfolio's investments for such conditions, adjusting whenever necessary to maintain the Portfolio's Target Percentages. As a result of these strategic adjustments, the Portfolio may gain or lose from large, short-term fluctuations in investment prices - taking profits on investments that have risen in price or losses on investments that have fallen in price - and may add to its holdings of investments that have fallen in value. Such strategic portfolio adjustments are necessary to provide the Portfolio with the ability to meet its investment objectives.
- 4 ■ **Tax Planning.**  
 The Permanent Portfolio is managed to reduce the tax burden on you, the investor. The Portfolio thus structures its investments with the overall goal of reducing taxes on its interest, dividends and capital gains, as well as plans its investment purchases and sales, whenever practical, to minimize taxable gains. In addition, the Portfolio reinvests its profits to achieve further gains and makes only the minimum taxable distributions required for it to qualify for the favorable tax treatment available to investment companies. All income and profits that are not distributed to you are added to the redemption value of your shares. Due to its investment philosophy, asset composition and tax-planning strategies, the Portfolio's management believes the Portfolio is an appropriate choice for both taxable and tax-deferred investment accounts, such as those in IRA, pension or other self-directed retirement plans.

### Management



**MICHAEL J. CUGGINO**  
 President and Portfolio Manager

Mr. Cuggino has served as the President and Portfolio Manager of Permanent Portfolio Family of Funds, Inc. and the Permanent Portfolio since his investment advisory firm, Pacific Heights Asset Management, LLC, began managing the Fund on May 1, 2003. Mr. Cuggino has served as a director of the Fund since 1998, its Chairman of the Board and President since 2003 and its Secretary since 2006. From 1993 through 2007, Mr. Cuggino served as the Fund's Treasurer. Mr. Cuggino is a Certified Public Accountant and is a graduate of Bentley University.

### Fund

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.  
 600 Montgomery Street, Suite 4100  
 San Francisco, California 94111-2702  
 Phone: (415) 398-8000  
 Michael J. Cuggino  
 President

### Investment Adviser

PACIFIC HEIGHTS ASSET MANAGEMENT, LLC  
 600 Montgomery Street, Suite 4100  
 San Francisco, California 94111-2702  
 Phone: (415) 398-8000  
 Michael J. Cuggino  
 President and Chief Executive Officer

<sup>1</sup> While the Permanent Portfolio is no load, there are management fees and operating expenses that do apply.

<sup>2</sup> Portfolio Structure shows the Target Percentages for the Permanent Portfolio. The Portfolio buys and sells investments as needed to keep its actual holdings in line with the Target Percentages.

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, U.S. and foreign real estate and natural resource company stocks and aggressive growth stocks.

*The Permanent Portfolio's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling (800) 531-5142, or by visiting our website at [www.permanentportfoliofunds.com](http://www.permanentportfoliofunds.com). Read it carefully before investing.*

*Mutual fund investing involves risk; loss of principal is possible.*

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For more information, please visit [www.permanentportfoliofunds.com](http://www.permanentportfoliofunds.com) or

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