



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, 2006, 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. We were not 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, 2006, 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, 2006, the results of their operations, changes in their net assets and their financial highlights for the periods indicated thereon, in conformity with accounting principles generally accepted in the United States of America.

Philadelphia, Pennsylvania
March 13, 2006



ANNUAL REPORT
January 31, 2006

INVESTMENT ADVISER

Pacific Heights Asset Management, LLC
600 Montgomery Street
San Francisco, California 94111

CUSTODIAN

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

DISTRIBUTOR

Quasar Distributors, LLC
615 East Michigan Street
Milwaukee, Wisconsin 53202

TRANSFER AGENT

U.S. Bancorp Fund Services, LLC
P. O. Box 701
Milwaukee, Wisconsin 53201
(for overnight delivery services,
615 East Michigan Street
Milwaukee, Wisconsin 53202)
(800) 341-8900

**INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Tait, Weller & Baker LLP
1818 Market Street, Suite 2400
Philadelphia, Pennsylvania 19103

SHAREHOLDER SERVICES OFFICE

130 South Brune Street
Bartlett, Texas 76511
(254) 527-3102

(800) 531-5142 Nationwide

www.permanentportfoliofunds.com



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES
January 31, 2006

ASSETS AND LIABILITIES

ASSETS

Investments at market value (Notes 1, 5, 6 & 8):

Investments other than securities:

Gold assets	
Silver assets	
Swiss franc deposits (identified cost \$1,128,066; \$—; \$— and \$—, respectively)	
Swiss franc bonds	
Stocks of United States and foreign real estate and natural resource companies	
Aggressive growth stock investments	
Corporate bonds	
United States Treasury securities	

Total investments (identified cost \$291,203,637; \$47,790,319; \$19,764,396 and \$29,633,443, respectively)

Cash	
Accounts receivable for investments sold	
Accounts receivable for shares of the portfolio sold	
Accrued interest, dividends and foreign taxes receivable	
Due from former investment adviser (Note 8)	

Total assets

LIABILITIES

Bank overdraft	
Accounts payable for investments purchased	
Accounts payable for shares of the portfolio redeemed	
Accrued investment advisory fee	
Accrued directors' and officers' fees and expenses	
Accrued excise tax	
Accrued legal expense	
Total liabilities	

Net assets applicable to outstanding shares

NET ASSETS

Capital stock – par value \$.001 per share:

Authorized – 100,000,000; 100,000,000; 10,000,000 and 25,000,000 shares, respectively

Outstanding – 12,685,474; 715,960; 322,327 and 470,820 shares, respectively

Paid-in capital	
Undistributed net investment income (Note 1)	
Accumulated net realized gain (loss) on investments	
Net unrealized appreciation (depreciation) of investments (Notes 1 & 6)	
Net unrealized depreciation on translation of assets and liabilities in foreign currencies	
Net assets applicable to outstanding shares	

Net asset value per share

Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
\$ 77,741,917	\$ —	\$ —	\$ —
20,098,874	—	—	—
<u>1,099,052</u>	<u>—</u>	<u>—</u>	<u>—</u>
98,939,843	—	—	—
35,599,674	—	—	—
59,649,650	—	—	—
56,582,200	—	—	53,130,640
3,185,632	—	19,659,020	—
<u>122,675,217</u>	<u>47,757,390</u>	<u>—</u>	<u>—</u>
376,632,216	47,757,390	19,659,020	53,130,640
522,137	147,769	121,467	—
—	—	—	822,651
3,594,349	6,000	—	57,180
1,998,078	238,853	377,283	13,750
<u>393,244</u>	<u>353,922</u>	<u>—</u>	<u>39,323</u>
383,140,024	48,503,934	20,157,770	54,063,544
—	—	—	1,842,602
407,779	—	1,631,116	—
280,608	105,438	—	—
317,635	27,964	12,850	55,560
16,044	2,133	834	2,519
15,000	40,000	4,000	37,000
78,000	500	200	700
<u>1,115,066</u>	<u>176,035</u>	<u>1,649,000</u>	<u>1,938,381</u>
<u>\$382,024,958</u>	<u>\$48,327,899</u>	<u>\$18,508,770</u>	<u>\$52,125,163</u>
\$ 12,685	\$ 716	\$ 322	\$ 471
<u>295,232,329</u>	<u>47,319,151</u>	<u>18,314,036</u>	<u>25,188,711</u>
295,245,014	47,319,867	18,314,358	25,189,182
1,079,906	1,072,640	332,320	23,411
287,340	(31,679)	(32,532)	3,415,373
85,428,579	(32,929)	(105,376)	23,497,197
(15,881)	—	—	—
<u>\$382,024,958</u>	<u>\$48,327,899</u>	<u>\$18,508,770</u>	<u>\$52,125,163</u>
<u>\$30.12</u>	<u>\$67.50</u>	<u>\$57.42</u>	<u>\$110.71</u>

See accompanying notes.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
STATEMENTS OF OPERATIONS
Year ended January 31, 2006

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Investment income (Note 1):				
Interest	\$ 3,434,195	\$ 1,499,239	\$ 508,272	\$ 16,494
Dividends	<u>1,545,697</u>	<u>—</u>	<u>—</u>	<u>492,045</u>
	4,979,892	1,499,239	508,272	508,539
Expenses (Notes 3 & 8):				
Investment advisory fee	3,061,131	590,740	222,427	469,862
Directors' fees and expenses	144,754	25,877	9,713	19,763
Officers' salary expense	138,691	24,658	9,271	19,452
Excise tax	15,000	40,000	4,000	37,000
Legal expense	<u>417,075</u>	<u>23,339</u>	<u>2,379</u>	<u>6,734</u>
Total expenses	3,776,651	704,614	247,790	552,811
Less waiver of investment advisory fee	<u>—</u>	<u>248,733</u>	<u>70,240</u>	<u>—</u>
Net expenses	<u>3,776,651</u>	<u>455,881</u>	<u>177,550</u>	<u>552,811</u>
Net investment income (loss) before foreign income taxes deducted at source	1,203,241	1,043,358	330,722	(44,272)
Less foreign income taxes deducted at source, net of refundable taxes	<u>5,763</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net investment income (loss)	<u>1,197,478</u>	<u>1,043,358</u>	<u>330,722</u>	<u>(44,272)</u>
Net realized and unrealized gain (loss) on investments and foreign currency (Notes 1, 5 & 6):				
Net realized gain (loss) on:				
Investments in unaffiliated issuers	<u>651,635</u>	<u>(1,015)</u>	<u>(11,450)</u>	<u>3,465,018</u>
	651,635	(1,015)	(11,450)	3,465,018
Change in unrealized appreciation (depreciation) of:				
Investments	41,629,209	1,755	56,826	6,000,105
Translation of assets and liabilities in foreign currencies	<u>(50,525)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net realized and unrealized gain on investments and foreign currency	<u>42,230,319</u>	<u>740</u>	<u>45,376</u>	<u>9,465,123</u>
Net increase in net assets resulting from operations	<u>\$43,427,797</u>	<u>\$ 1,044,098</u>	<u>\$ 376,098</u>	<u>\$ 9,420,851</u>

See accompanying notes.



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

	Permanent Portfolio		Treasury Bill Portfolio		Versatile Bond Portfolio		Aggressive Growth Portfolio	
	Year ended January 31, 2006	Year ended January 31, 2005	Year ended January 31, 2006	Year ended January 31, 2005	Year ended January 31, 2006	Year ended January 31, 2005	Year ended January 31, 2006	Year ended January 31, 2005
Operations:								
Net investment income (loss)	\$ 1,197,478	\$ 1,218,708	\$ 1,043,358	\$ 732,984	\$ 330,722	\$ 192,083	\$ (44,272)	\$ (77,281)
Net realized gain (loss) on investments	651,635	306,862	(1,015)	(1,727)	(11,450)	(19,471)	3,465,018	461,624
Net realized gain on foreign currency transactions	—	1,110,175	—	—	—	—	—	—
Change in unrealized appreciation (depreciation) of investments	41,629,209	10,801,961	1,755	(20,839)	56,826	(186,566)	6,000,105	2,450,725
Change in unrealized depreciation on translation of assets and liabilities in foreign currencies	(50,525)	(4,451)	—	—	—	—	—	—
Net increase (decrease) in net assets resulting from operations	43,427,797	13,433,255	1,044,098	710,418	376,098	(13,954)	9,420,851	2,835,068
Equalization on shares issued and redeemed:	741,695	1,054,283	(87,475)	(7,623)	(161,969)	(246,479)	401	—
Distributions to shareholders from (Note 2):								
Net investment income	(2,234,234)	(1,285,802)	(722,266)	—	(84,905)	(136,280)	—	—
Net realized gain on investments	(558,555)	(3,343,276)	—	—	(838)	(90,451)	(441,988)	(1,132,430)
Capital stock transactions exclusive of amounts allocated to undistributed net investment income (Note 7):	106,787,799	103,311,242	(3,674,540)	(4,228,145)	(377,951)	(1,489,729)	17,556,831	258,054
Net increase (decrease) in net assets	148,164,502	113,169,702	(3,440,183)	(3,525,350)	(249,565)	(1,976,893)	26,536,095	1,960,692
Net assets at beginning of year	233,860,456	120,690,754	51,768,082	55,293,432	18,758,335	20,735,228	25,589,068	23,628,376
Net assets at end of year (including undistributed net investment income of \$1,079,906 and \$1,091,213; \$1,072,640 and \$749,984; \$332,320 and \$194,550; and \$23,411 and \$—, respectively)	\$382,024,958	\$233,860,456	\$ 48,327,899	\$ 51,768,082	\$ 18,508,770	\$18,758,335	\$ 52,125,163	\$ 25,589,068

See accompanying notes.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

<u>Quantity</u>		<u>Market Value</u>
GOLD ASSETS — 20.35% of Total Net Assets		
43,275 Troy Oz.	Gold bullion (a)	\$ 24,701,317
90,000 Coins	One-ounce gold coins (a)	<u>53,040,600</u>
	Total Gold Assets (identified cost \$54,016,994)	<u>\$ 77,741,917</u>
SILVER ASSETS — 5.26% of Total Net Assets		
1,779,864 Troy Oz.	Silver bullion (a)	\$ 17,531,663
379 Bags	Silver coins (a)	<u>2,567,211</u>
	Total Silver Assets (identified cost \$12,272,743)	<u>\$ 20,098,874</u>
SWISS FRANC ASSETS — 9.61% of Total Net Assets		
<u>Principal Amount</u>	Swiss francs in interest-bearing bank accounts	<u>\$ 1,099,052</u>
CHF 1,405,028		
CHF 4,750,000	4.500% Swiss Confederation bonds, 04-08-06	\$ 3,739,362
CHF 9,625,000	4.500% Swiss Confederation bonds, 06-10-07	7,831,606
CHF 9,750,000	4.250% Swiss Confederation bonds, 01-08-08	8,014,921
CHF 9,975,000	3.250% Swiss Confederation bonds, 02-11-09	8,142,921
CHF 9,410,000	3.500% Swiss Confederation bonds, 08-07-10	<u>7,870,864</u>
	Total Swiss Confederation bonds	<u>\$ 35,599,674</u>
	Total Swiss Franc Assets (identified cost \$37,573,760)	<u>\$ 36,698,726</u>
<u>Number of Shares</u>	STOCKS OF UNITED STATES AND FOREIGN REAL ESTATE AND NATURAL RESOURCE COMPANIES — 15.61% of Total Net Assets	
NATURAL RESOURCES — 8.50% of Total Net Assets		
75,000	BHP Billiton, Ltd. (b)	\$ 2,958,750
35,000	BP, p.l.c. (b)	2,530,850
40,000	Burlington Resources, Inc.	3,650,400
40,000	Chevron Corporation	2,375,200
45,000	Devon Energy Corporation	3,069,450
55,000	Forest Oil Corporation (a)	2,832,500
60,000	Inco, Ltd.	3,076,800
30,000	Peabody Energy Corporation	2,985,300
20,000	Phelps Dodge Corporation	3,210,000
50,000	Pogo Producing Company	2,999,500
40,000	Weyerhaeuser Company	<u>2,790,400</u>
		<u>\$ 32,479,150</u>

Continued on following page.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

<u>Number of Shares</u>		<u>Market Value</u>
REAL ESTATE — 7.11% of Total Net Assets		
50,000	Archstone-Smith Trust	\$ 2,343,000
50,000	BRE Properties, Inc. Class A	2,495,000
100,000	Equity One, Inc.	2,397,000
40,000	Federal Realty Investment Trust	2,672,800
100,000	New Plan Excel Realty Trust, Inc.	2,465,000
40,000	Pan Pacific Retail Properties, Inc.	2,768,000
60,000	Pennsylvania Real Estate Investment Trust	2,439,600
18,000	Texas Pacific Land Trust	2,521,800
100,000	United Dominion Realty Trust, Inc.	2,541,000
60,000	Urstadt Biddle Properties, Inc.	1,006,200
60,000	Urstadt Biddle Properties, Inc. Class A	1,047,600
75,000	Washington Real Estate Investment Trust	<u>2,473,500</u>
		<u>\$ 27,170,500</u>
	Total Stocks of United States and Foreign Real Estate and Natural Resource Companies (identified cost \$33,692,814)	<u>\$ 59,649,650</u>
AGGRESSIVE GROWTH STOCK INVESTMENTS — 14.81% of Total Net Assets		
CHEMICALS — .65% of Total Net Assets		
20,000	Air Products & Chemicals, Inc.	\$ 1,233,800
100,000	Chemtura Corporation	<u>1,257,000</u>
		<u>\$ 2,490,800</u>
COMPUTER SOFTWARE — 2.46% of Total Net Assets		
30,000	Autodesk, Inc.	\$ 1,217,700
40,000	Computer Associates International, Inc.	1,092,000
40,000	Symantec Corporation (a)	735,200
1	Symantec Corporation warrant (a)(c)(Note 8)	<u>6,366,600</u>
		<u>\$ 9,411,500</u>
CONSTRUCTION — .73% of Total Net Assets		
15,000	Fluor Corporation	\$ 1,319,250
20,000	Ryland Group, Inc.	<u>1,447,200</u>
		<u>\$ 2,766,450</u>
DATA PROCESSING — .68% of Total Net Assets		
40,000	Agilent Technologies, Inc. (a)	\$ 1,356,400
40,000	Hewlett-Packard Company	<u>1,247,200</u>
		<u>\$ 2,603,600</u>
ELECTRICAL & ELECTRONICS — .89% of Total Net Assets		
50,000	Intel Corporation	\$ 1,063,500
45,000	National Semiconductor Corporation	1,269,450
250,000	Sanmina SCI Corporation (a)	<u>1,052,500</u>
		<u>\$ 3,385,450</u>

Continued on following page.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

Number of Shares		Market Value
ENTERTAINMENT & LEISURE — .90% of Total Net Assets		
15,000	CBS Corporation Class A (a)	\$ 393,000
50,000	Disney (Walt) Company	1,265,500
40,000	Tribune Company	1,160,400
15,000	Viacom, Inc. Class A	622,500
		<u>\$ 3,441,400</u>
FINANCIAL SERVICES — 1.98% of Total Net Assets		
40,000	Bank of New York, Inc.	\$ 1,272,400
10,000	Bear Stearns Companies, Inc.	1,264,600
60,000	Janus Capital Group, Inc.	1,253,400
20,000	Morgan Stanley	1,229,000
90,000	Schwab (Charles) Corporation	1,331,100
20,000	State Street Corporation	1,209,200
		<u>\$ 7,559,700</u>
MANUFACTURING — 1.87% of Total Net Assets		
150,000	Dana Corporation	\$ 730,500
25,000	Harley-Davidson, Inc.	1,338,250
15,000	Illinois Tool Works, Inc.	1,264,350
80,000	Mattel, Inc.	1,320,000
2,000	NACCO Industries, Inc. Class A	273,680
8,000	NACCO Industries, Inc. Class B	1,094,720
15,000	Parker-Hannifin Corporation	1,136,550
		<u>\$ 7,158,050</u>
OIL & OILFIELD SERVICES — 1.19% of Total Net Assets		
55,000	Frontier Oil Corporation	\$ 2,606,450
160,000	Parker Drilling Company (a)	1,916,800
		<u>\$ 4,523,250</u>
PHARMACEUTICALS — .95% of Total Net Assets		
20,000	Amgen, Inc. (a)	\$ 1,457,800
25,000	Biogen Idec, Inc. (a)	1,118,750
15,000	Genzyme Corporation (General) (a)	1,064,100
		<u>\$ 3,640,650</u>

Continued on following page.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

Number of Shares		Market Value
RETAIL — .64% of Total Net Assets		
25,000	Costco Wholesale Corporation	\$ 1,247,250
30,000	Williams-Sonoma, Inc. (a)	1,193,400
		<u>\$ 2,440,650</u>
TRANSPORTATION — .71% of Total Net Assets		
50,000	Kansas City Southern (a)	\$ 1,299,000
60,000	Swift Transportation Company, Inc. (a)	1,417,800
		<u>\$ 2,716,800</u>
MISCELLANEOUS — 1.16% of Total Net Assets		
20,000	Lockheed Martin Corporation	\$ 1,353,000
40,000	Qualcomm, Inc.	1,918,400
25,000	Temple-Inland, Inc.	1,172,500
		<u>\$ 4,443,900</u>
	Total Aggressive Growth Stock Investments (identified cost \$35,894,482)	<u>\$ 56,582,200</u>
DOLLAR ASSETS — 32.95% of Total Net Assets		
CORPORATE BONDS — .84% of Total Net Assets		
	Principal Amount	
\$ 200,000	7.125% Aetna, Inc., 08-15-06	\$ 202,424
200,000	6.550% Avon Products, Inc., 08-01-07	204,438
200,000	8.100% Boeing Company, Inc., 11-15-06	204,868
200,000	2.125% Brown-Forman Corporation, 03-15-06	199,450
200,000	5.625% CVS Corporation, 03-15-06	200,236
200,000	7.200% Citicorp, 06-15-07	205,884
200,000	4.700% First Data Corporation, 11-01-06	199,572
750,000	7.000% GTE Hawaiian Telephone, Inc., 02-01-06	749,993
200,000	5.375% General Electric Capital Corporation, 03-15-07	201,130
200,000	3.500% Gillette Company, 10-15-07	195,622
200,000	4.875% International Business Machines Corporation, 10-01-06	200,072
222,000	5.625% Pfizer, Inc., 02-01-06	221,971
200,000	6.125% Texas Instruments, Inc., 02-01-06	199,972
		<u>\$ 3,185,632</u>

Continued on following page.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE PERMANENT PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

<u>Principal Amount</u>		<u>Market Value</u>
	UNITED STATES TREASURY SECURITIES — 32.11% of Total Net Assets	
\$41,000,000	United States Treasury bond strips (Principal only) 4.724%, 05-15-18 (d)	\$ 23,101,040
3,000,000	United States Treasury bonds 6.250%, 08-15-23	3,533,910
6,000,000	United States Treasury notes 1.625%, 02-28-06	5,988,060
6,000,000	United States Treasury notes 1.500%, 03-31-06	5,972,100
6,000,000	United States Treasury notes 2.250%, 04-30-06	5,967,660
6,000,000	United States Treasury notes 2.000%, 05-15-06	5,958,300
6,000,000	United States Treasury notes 2.750%, 06-30-06	5,957,340
6,000,000	United States Treasury notes 2.375%, 08-31-06	5,924,520
6,000,000	United States Treasury notes 2.500%, 09-30-06	5,918,880
6,000,000	United States Treasury notes 2.500%, 10-31-06	5,908,620
6,000,000	United States Treasury notes 2.875%, 11-30-06	5,916,120
6,000,000	United States Treasury notes 3.000%, 12-31-06	5,914,200
6,000,000	United States Treasury notes 3.375%, 02-28-07	5,925,000
6,000,000	United States Treasury notes 3.375%, 02-15-08	5,867,820
6,000,000	United States Treasury notes 2.625%, 05-15-08	5,757,180
6,000,000	United States Treasury notes 3.250%, 08-15-08	5,822,820
6,000,000	United States Treasury notes 3.000%, 02-15-09	5,747,820
7,500,000	United States Treasury bills 3.293%, 02-09-06 (d)	7,493,827
		<u>\$122,675,217</u>
	Total Dollar Assets (identified cost \$117,752,844)	<u>\$125,860,849</u>
	Total Portfolio — 98.59% of total net assets (identified cost \$291,203,637)(e)	<u>\$376,632,216</u>
	Other assets, less liabilities (1.41% of total net assets)	<u>5,392,742</u>
	Net assets applicable to outstanding shares	<u>\$382,024,958</u>

- Note: (a) Non-income producing.
 (b) Sponsored American Depository Receipt (ADR).
 (c) Represents a restricted security and is valued based on policies approved by the Fund's Board of Directors.
 (d) Interest rate represents yield to maturity.
 (e) Aggregate cost for federal income tax purposes.

See accompanying notes.



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE TREASURY BILL PORTFOLIO
 SCHEDULE OF INVESTMENTS
 January 31, 2006

<u>Principal Amount</u>		<u>Market Value</u>
	UNITED STATES TREASURY SECURITIES — 98.82% of Total Net Assets	
\$10,000,000	United States Treasury notes 1.625%, 02-28-06	\$ 9,980,100
10,000,000	United States Treasury notes 1.500%, 03-31-06	9,953,500
10,000,000	United States Treasury notes 2.250%, 04-30-06	9,946,100
9,000,000	United States Treasury notes 2.500%, 05-31-06	8,941,680
9,000,000	United States Treasury notes 2.750%, 06-30-06	8,936,010
	Total Portfolio — 98.82% of total net assets (identified cost \$47,790,319)(a)	<u>\$47,757,390</u>
	Other assets, less liabilities (1.18% of total net assets)	<u>570,509</u>
	Net assets applicable to outstanding shares	<u>\$48,327,899</u>

Note: (a) Aggregate cost for federal income tax purposes.

See accompanying notes.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2006

<u>Principal Amount</u>		<u>Market Value</u>
	CORPORATE BONDS — 106.21% of Total Net Assets	
	AEROSPACE — 4.43% of Total Net Assets	
\$ 800,000	8.100% Boeing Company, Inc., 11-15-06	\$ 819,472
		\$ 819,472
	BEVERAGES — 9.71% of Total Net Assets	
800,000	2.125% Brown-Forman Corporation, 03-15-06	\$ 797,800
1,000,000	5.950% PepsiAmericas, Inc., 02-15-06	1,000,420
		\$ 1,798,220
	COSMETICS & TOILETRIES — 8.64% of Total Net Assets	
800,000	6.550% Avon Products, Inc., 08-01-07	\$ 817,752
800,000	3.500% Gillette Company, 10-15-07	782,488
		\$ 1,600,240
	DATA PROCESSING — 8.64% of Total Net Assets	
800,000	4.700% First Data Corporation, 11-01-06	\$ 798,288
800,000	4.875% International Business Machines Corporation, 10-01-06	800,288
		\$ 1,598,576
	ELECTRICAL & ELECTRONICS — 4.32% of Total Net Assets	
800,000	6.125% Texas Instruments, Inc., 02-01-06	\$ 799,888
		\$ 799,888
	FINANCIAL SERVICES — 8.80% of Total Net Assets	
800,000	7.200% Citicorp, 06-15-07	\$ 823,536
800,000	5.375% General Electric Capital Corporation, 03-15-07	804,520
		\$ 1,628,056
	INSURANCE — 4.37% of Total Net Assets	
800,000	7.125% Aetna, Inc., 08-15-06	\$ 809,696
		\$ 809,696
	MANUFACTURING — 9.78% of Total Net Assets	
800,000	9.000% Caterpillar, Inc., 04-15-06	\$ 806,584
1,000,000	5.500% Nike, Inc., 08-15-06	1,003,520
		\$ 1,810,104

Continued on following page.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE VERSATILE BOND PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2006

<u>Principal Amount</u>		<u>Market Value</u>
	PHARMACEUTICALS — 13.94% of Total Net Assets	
\$ 800,000	5.625% Abbott Laboratories, 07-01-06	\$ 802,728
800,000	2.500% Merck & Company, Inc., 03-30-07	778,552
1,000,000	5.625% Pfizer, Inc., 02-01-06	999,870
		\$ 2,581,150
	PUBLISHING — 9.47% of Total Net Assets	
938,000	5.500% Gannett Company, Inc., 04-01-07	\$ 942,728
800,000	6.875% Tribune Company, 11-01-06	809,472
		\$ 1,752,200
	RETAIL — 9.76% of Total Net Assets	
900,000	5.950% Target Corporation, 05-15-06	\$ 903,096
900,000	5.450% Wal-Mart Stores, Inc., 08-01-06	903,429
		\$ 1,806,525
	TELECOMMUNICATIONS — 5.69% of Total Net Assets	
250,000	7.000% GTE Hawaiian Telephone, Inc., 02-01-06	\$ 249,997
800,000	5.375% Verizon Wireless Capital, LLC, 12-15-06	802,984
		\$ 1,052,981
	TOBACCO — 4.25% of Total Net Assets	
800,000	2.875% Fortune Brands, Inc., 12-01-06	\$ 786,408
		\$ 786,408
	TRANSPORTATION — 4.41% of Total Net Assets	
800,000	7.125% Union Tank Car Company, 02-01-07	\$ 815,504
		\$ 815,504
	Total Portfolio — 106.21% of total net assets (identified cost \$19,764,396)(a)	\$ 19,659,020
	Liabilities, less other assets (6.21% of total net assets)	(1,150,250)
	Net assets applicable to outstanding shares	\$ 18,508,770

Note: (a) Aggregate cost for federal income tax purposes.

See accompanying notes.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2006

Number of Shares		Market Value
	AGGRESSIVE GROWTH STOCK INVESTMENTS — 101.93% of Total Net Assets	
	CHEMICALS — 4.78% of Total Net Assets	
20,000	Air Products & Chemicals, Inc.	\$ 1,233,800
100,000	Chemtura Corporation	1,257,000
		\$ 2,490,800
	COMPUTER SOFTWARE — 8.03% of Total Net Assets	
40,000	Autodesk, Inc.	\$ 1,623,600
40,000	Computer Associates International, Inc.	1,092,000
80,000	Symantec Corporation (a)	1,470,400
		\$ 4,186,000
	CONSTRUCTION — 5.28% of Total Net Assets	
38,000	Ryland Group, Inc.	\$ 2,749,680
		\$ 2,749,680
	DATA PROCESSING — 4.67% of Total Net Assets	
35,000	Agilent Technologies, Inc. (a)	\$ 1,186,850
40,000	Hewlett-Packard Company	1,247,200
		\$ 2,434,050
	ELECTRICAL & ELECTRONICS — 6.63% of Total Net Assets	
60,000	Intel Corporation	\$ 1,276,200
40,000	National Semiconductor Corporation	1,128,400
250,000	Sanmina SCI Corporation (a)	1,052,500
		\$ 3,457,100
	ENTERTAINMENT & LEISURE — 6.37% of Total Net Assets	
17,500	CBS Corporation Class A (a)	\$ 458,500
50,000	Disney (Walt) Company	1,265,500
30,000	Tribune Company	870,300
17,500	Viacom, Inc. Class A	726,250
		\$ 3,320,550
	FINANCIAL SERVICES — 14.18% of Total Net Assets	
40,000	Bank of New York, Inc.	\$ 1,272,400
9,000	Bear Stearns Companies, Inc.	1,138,140
65,000	Janus Capital Group, Inc.	1,357,850
20,000	Morgan Stanley	1,229,000
80,000	Schwab (Charles) Corporation	1,183,200
20,000	State Street Corporation	1,209,200
		\$ 7,389,790
	MANUFACTURING — 11.25% of Total Net Assets	
150,000	Dana Corporation	\$ 730,500
25,000	Harley-Davidson, Inc.	1,338,250
15,000	Illinois Tool Works, Inc.	1,264,350
80,000	Mattel, Inc.	1,320,000
16,000	Parker-Hannifin Corporation	1,212,320
		\$ 5,865,420

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
THE AGGRESSIVE GROWTH PORTFOLIO
SCHEDULE OF INVESTMENTS
January 31, 2006

Number of Shares		Market Value
	OIL & OILFIELD SERVICES — 15.95% of Total Net Assets	
140,000	Frontier Oil Corporation	\$ 6,634,600
140,000	Parker Drilling Company (a)	1,677,200
		\$ 8,311,800
	PHARMACEUTICALS — 6.38% of Total Net Assets	
20,000	Amgen, Inc. (a)	\$ 1,457,800
10,000	Biogen Idec, Inc. (a)	447,500
20,000	Genzyme Corporation (General) (a)	1,418,800
		\$ 3,324,100
	RETAIL — 4.68% of Total Net Assets	
25,000	Costco Wholesale Corporation	\$ 1,247,250
30,000	Williams-Sonoma, Inc. (a)	1,193,400
		\$ 2,440,650
	TRANSPORTATION — 5.21% of Total Net Assets	
50,000	Kansas City Southern (a)	\$ 1,299,000
60,000	Swift Transportation Company, Inc. (a)	1,417,800
		\$ 2,716,800
	MISCELLANEOUS — 8.52% of Total Net Assets	
20,000	Lockheed Martin Corporation	\$ 1,353,000
40,000	Qualcomm, Inc.	1,918,400
25,000	Temple-Inland, Inc.	1,172,500
		\$ 4,443,900
	Total Portfolio — 101.93% of total net assets (identified cost \$29,633,443)(b)	\$ 53,130,640
	Liabilities, less other assets (1.93% of total net assets)	(1,005,477)
	Net assets applicable to outstanding shares	\$ 52,125,163

Note: (a) Non-income producing.
(b) Aggregate cost for federal income tax purposes.

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 commenced operations as the Permanent Portfolio, the Treasury Bill Portfolio, the Versatile Bond Portfolio and the Aggressive Growth Portfolio on January 8, 1982, May 26, 1987, September 27, 1991 and January 2, 1990, respectively. Investment operations in the Permanent Portfolio, the Treasury Bill Portfolio, the Versatile Bond Portfolio and the Aggressive Growth Portfolio commenced 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

Investments are normally valued based on market quotations. Securities for which market quotations are readily available are valued at the latest sale price. Unlisted securities or securities for which the most active market is over-the-counter are valued at the mean between the closing bid and asked prices. Swiss francs are valued at the closing spot price on the International Monetary Market. Swiss Confederation bonds are valued at the closing price in Zurich, Switzerland, converted into U.S. dollars at 4 p.m. (Eastern Time). Investments in gold and silver are valued based on the closing spot prices on the New York Commodity Exchange. Short-term securities are valued at market daily. Investments for which there are no reliable market values are valued at fair value. As of January 31, 2006, one such investment in the Fund’s Permanent Portfolio (1.67% of total net assets) was so valued based on policies approved by the Fund’s Board of Directors (“Board of Directors” or “Board”).

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.

Continued on following page.

For the year ended January 31, 2006, investment income was earned as follows:

	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
Interest on:				
Corporate bonds	\$ 58,161	\$ —	\$ 506,237	\$ —
Swiss franc assets	327,773	—	—	—
United States Treasury securities	2,897,024	1,466,672	615	788
Other investments	151,237	32,567	1,420	15,706
Dividends	1,545,697	—	—	492,045
	<u>\$ 4,979,892</u>	<u>\$ 1,499,239</u>	<u>\$ 508,272</u>	<u>\$ 508,539</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, 2006, pursuant to the requirements of the Code.

As of January 31, 2006, capital loss carryforwards available to offset future realized gains, if any, were as follows: (i) \$31,528 in the Fund’s Treasury Bill Portfolio, of which \$14,264, \$3,666, \$5,452, \$2,613, \$4,416 and \$1,117 expire on January 31, 2007, January 31, 2008, January 31, 2011, January 31, 2012, January 31, 2013 and January 31, 2014, respectively; and (ii) \$28,378 in the Fund’s Versatile Bond Portfolio, all of which expires on January 31, 2014. There were no capital loss carryforwards in the Fund’s Permanent Portfolio or its Aggressive Growth Portfolio. Additionally, net capital losses of \$151 and \$4,154 in the Fund’s Treasury Bill Portfolio and Versatile Bond Portfolio, respectively, are attributable to investment transactions that occurred after October 31, 2005 and are recognized for federal income tax purposes as arising on February 1, 2006, the first day of each Portfolio’s next taxable year.

During the year ended January 31, 2006, the Fund’s Permanent Portfolio, Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio incurred federal excise taxes of \$15,000, \$40,000, \$4,000 and \$37,000, 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.

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.

2. DISTRIBUTIONS TO SHAREHOLDERS

On December 7, 2005, the Fund’s Permanent Portfolio and Treasury Bill Portfolio paid ordinary income dividends per share of \$.20 and \$1.03, respectively, and the Fund’s Permanent Portfolio and Aggressive Growth Portfolio paid long-term capital gain distributions per share of \$.05 and \$.90, respectively, to shareholders of record on December 6, 2005. On December 21, 2005, the Fund’s Versatile Bond Portfolio paid an ordinary income dividend and a long-term capital gain

Continued on following page.

distribution per share of \$.74 and \$.01, respectively, to shareholders of record on December 20, 2005. The Fund's Treasury Bill Portfolio paid no capital gain distributions and the Fund's Aggressive Growth Portfolio paid no ordinary income dividends during the year ended January 31, 2006.

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

	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
Distributions paid from:				
Ordinary income	\$ 2,234,234	\$ 722,266	\$ 84,905	\$ —
Long-term capital gain	558,555	—	838	441,988
	<u>\$ 2,792,789</u>	<u>\$ 722,266</u>	<u>\$ 85,743</u>	<u>\$ 441,988</u>

On December 8, 2004, the Fund's Permanent Portfolio paid an ordinary income dividend per share of \$.15, and the Fund's Permanent Portfolio and Aggressive Growth Portfolio paid long-term capital gain distributions per share of \$.39 and \$3.94, respectively, to shareholders of record on December 7, 2004. On December 22, 2004, the Fund's Versatile Bond Portfolio paid an ordinary income dividend and a long-term capital gain distribution per share of \$1.13 and \$.75, respectively, to shareholders of record on December 21, 2004. The Fund's Treasury Bill Portfolio paid no ordinary income dividends or capital gain distributions and the Fund's Aggressive Growth Portfolio paid no ordinary income dividends during the year ended January 31, 2005.

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

	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
Distributions paid from:				
Ordinary income	\$ 1,285,802	\$ —	\$ 136,280	\$ —
Long-term capital gain	3,343,276	—	90,451	1,132,430
	<u>\$ 4,629,078</u>	<u>\$ —</u>	<u>\$ 226,731</u>	<u>\$ 1,132,430</u>

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, 2006, the Fund's Permanent Portfolio reclassified \$826,774 from undistributed net investment income to paid-in capital, and the Fund's Treasury Bill Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio reclassified \$89,039, \$53,922 and \$36,599, respectively, from paid-in capital to undistributed net investment income and loss, respectively, to reflect such book and tax basis differences relating to shareholder distributions, net operating losses and excise taxes paid. Additionally, due to these differences: (i) the Fund's Permanent Portfolio reclassified \$1,110,175 from accumulated net realized gain on foreign currency transactions to undistributed net investment income and reclassified \$353 from accumulated net realized gain on investments to undistributed net investment income; and (ii) the Fund's Aggressive Growth Portfolio reclassified \$30,683 from accumulated net realized gain on investments to undistributed net investment income.

Continued on following page.

As of January 31, 2006, the components of distributable earnings on a tax basis were as follows:

	Permanent Portfolio	Treasury Bill Portfolio	Versatile Bond Portfolio	Aggressive Growth Portfolio
Undistributed ordinary income	\$ 1,079,906	\$ 1,072,640	\$ 332,320	\$ 23,411
Undistributed long-term gain (capital loss carryforward)	287,340	(31,528)	(28,378)	3,415,373
Post-October losses	—	(151)	(4,154)	—
Unrealized appreciation (depreciation)	85,412,698	(32,929)	(105,376)	23,497,197
	<u>\$86,779,944</u>	<u>\$ 1,008,032</u>	<u>\$ 194,412</u>	<u>\$26,935,981</u>

3. INVESTMENT ADVISORY CONTRACT

The Fund retains Pacific Heights Asset Management, LLC ("Pacific Heights") as its investment adviser under an investment advisory contract dated November 24, 2002 ("Contract"). In accordance with the terms of the Contract, Pacific Heights receives monthly, an investment advisory fee calculated separately for each Portfolio of the Fund, for each calendar year, at the following rates of total average daily net assets, computed for each day of each such year on the basis of net assets as of the close of business on the next preceding "full business day," as defined in the Contract ("Advisory Fee"): (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 such fees and expenses are allocated among the Fund's Portfolios in proportion to their net assets. Except for the Advisory Fee, the fees and expenses of the Fund's directors, the salary expense of the Fund's officers (including any payments made by the Fund under its Long Term Disability Plan described in Note 4), excise taxes and 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 year ended January 31, 2006, Pacific Heights voluntarily agreed to waive portions of the 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. Pacific Heights may continue voluntarily to waive such fees, although it is not required to do so, and reserves the right to revoke, reduce or change the waiver prospectively upon five days written notice to the Fund.

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, Treasurer, Secretary and a director of the Fund and was paid \$149,250 by the Fund for service in such capacities during the year ended January 31, 2006.

The Contract was unanimously approved by the Fund's Board of Directors, including all of the Fund's directors who are not "interested persons" of the Fund ("Independent Directors"), on December 9, 2005. In making its determination to approve the Contract, the Board, including its Independent Directors, considered a wide range of information and received a variety of materials provided by Pacific Heights and the Fund's officers, including information regarding the performance of the Fund's Portfolios in comparison to relevant market indices and the performance of other funds with similar investment objectives as the Fund's Portfolios ("Peer Group").

Continued on following page.

As a general matter, the Board considered the activities currently performed and services provided to the Fund by Mr. Cuggino. In particular, the directors 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, coordination and direction 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 considered the following additional material factors in approving the Contract and reached the following conclusions:

- (a) the nature, quality and extent of the investment advisory, administrative and other services 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 fifteen years, was qualified to provide such services, and that the addition of new personnel would provide the support Mr. Cuggino needed in performing such duties;
- (b) the operating expenses and expense ratios of the Fund's Portfolios compared to their Peer Group, from which the Board concluded that the Fund's expenses and expense ratios were comparable;
- (c) the financial condition of Pacific Heights, from which the Board concluded that Pacific Heights would have the financial ability to fulfill its commitment to the Fund under the Contract;
- (d) information about the services to be performed, their cost to the Fund and the personnel performing such services, from which the Board concluded that Pacific Heights would have adequate staffing and personnel competent to provide the contemplated level of services to the Fund, and at a cost that is comparable to that previously paid by the Fund;
- (e) the ability of Pacific Heights to continue providing investment advisory services 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 fifteen years;
- (f) the effect the retention of Pacific Heights may have on the Fund's performance, from which the Board concluded that there should be no material effect on Fund performance because of Mr. Cuggino's familiarity with the policies and practices of the Fund; and
- (g) the extent to which economies of scale would be realized as the Fund's Portfolios increase their assets under management, from which the Board noted that the Fund's Permanent Portfolio had achieved a breakpoint in its fee structure because its assets under management had passed the first threshold.

In addition to the factors listed above, the Board noted that Pacific Heights has waived its fees for certain of the Fund's Portfolios as necessary to reduce their operating expenses. The Board received assurances from Pacific Heights that at least through the end of calendar year 2006, Pacific Heights intends voluntarily to waive portions of the Advisory Fee allocable to the Treasury Bill Portfolio and the Versatile Bond Portfolio as described above. With respect to each Portfolio's expenses under the Contract, the Board compared the total expense ratios for the Portfolios with various comparative data, including the total expense ratios of each Portfolio's Peer Group and found that the expenses (including investment advisory fees) paid by each Portfolio were reasonable and appropriate under the facts and circumstances.

4. LONG TERM DISABILITY PLAN

On March 9, 1998, the Fund's Board of Directors adopted the Permanent Portfolio Family of Funds, Inc. Long Term Disability Plan ("Plan"). The Plan provides for payment by the Fund to any qualified officer of the Fund who is totally disabled (a "Participant"), as defined by the Plan, a disability benefit equal to fifty percent (50%) of the Participant's salary as of the time the disability is determined, subject to cost-of-living adjustments, for a period not to exceed five years. The Plan is renewable annually and may be terminated by the Fund's Board of Directors at any time prior to each annual renewal. The Fund made no payments under the Plan during the year ended January 31, 2006.

5. 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, 2006:

	<u>Permanent Portfolio</u>	<u>Treasury Bill Portfolio</u>	<u>Versatile Bond Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Purchases	\$ 119,351,312	None	\$ 11,544,146	\$ 22,148,985
Sales	1,123,163	None	9,273,206	3,998,158

6. NET UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

The following is a summary of net unrealized appreciation (depreciation) of investments as of January 31, 2006 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 of unaffiliated issuers	\$ 56,672,457	\$ —	\$ 189	\$ 25,232,446
Investments other than securities	<u>31,551,054</u>	<u>—</u>	<u>—</u>	<u>—</u>
	88,223,511	—	189	25,232,446
Aggregate gross unrealized depreciation of investments with excess of tax cost over value:				
Investments in securities of unaffiliated issuers	(2,765,918)	(32,929)	(105,565)	(1,735,249)
Investments other than securities	<u>(29,014)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(2,794,932)</u>	<u>(32,929)</u>	<u>(105,565)</u>	<u>(1,735,249)</u>
Net unrealized appreciation (depreciation) of investments	<u>\$ 85,428,579</u>	<u>\$ (32,929)</u>	<u>\$ (105,376)</u>	<u>\$ 23,497,197</u>

7. 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 January 31, 2006 and 2005:

	Permanent Portfolio			
	Year ended January 31, 2006		Year ended January 31, 2005	
	Shares	Dollars	Shares	Dollars
Shares sold	6,309,481	\$175,293,564	6,312,820	\$162,354,304
Distributions reinvested	84,279	2,415,432	151,934	4,090,056
	6,393,760	177,708,996	6,464,754	166,444,360
Shares redeemed	(2,603,266)	(70,921,197)	(2,492,728)	(63,133,118)
Net increase	3,790,494	\$106,787,799	3,972,026	\$103,311,242

	Treasury Bill Portfolio			
	Year ended January 31, 2006		Year ended January 31, 2005	
	Shares	Dollars	Shares	Dollars
Shares sold	289,875	\$ 19,166,912	365,081	\$ 24,161,268
Distributions reinvested	10,295	692,365	—	—
	300,170	19,859,277	365,081	24,161,268
Shares redeemed	(355,723)	(23,533,817)	(428,966)	(28,389,413)
Net decrease	(55,553)	\$ (3,674,540)	(63,885)	\$ (4,228,145)

	Versatile Bond Portfolio			
	Year ended January 31, 2006		Year ended January 31, 2005	
	Shares	Dollars	Shares	Dollars
Shares sold	226,969	\$ 12,820,834	253,300	\$ 14,391,317
Distributions reinvested	1,359	77,710	3,633	207,041
	228,328	12,898,544	256,933	14,598,358
Shares redeemed	(235,013)	(13,276,495)	(280,105)	(16,088,087)
Net decrease	(6,685)	\$ (377,951)	(23,172)	\$ (1,489,729)

	Aggressive Growth Portfolio			
	Year ended January 31, 2006		Year ended January 31, 2005	
	Shares	Dollars	Shares	Dollars
Shares sold	312,585	\$ 31,955,124	34,032	\$ 2,665,550
Distributions reinvested	3,922	420,520	12,937	1,083,985
	316,507	32,375,644	46,969	3,749,535
Shares redeemed	(142,843)	(14,818,813)	(43,474)	(3,491,481)
Net increase	173,664	\$ 17,556,831	3,495	\$ 258,054

Continued on following page.

8. LEGAL MATTERS

In 1997, the Securities and Exchange Commission's ("SEC's") Division of Enforcement instituted public administrative and cease-and-desist proceedings ("Proceedings") against the Fund's then-existing investment adviser (WMM) and two then-serving officers and directors of the Fund, Terry Coxon ("Coxon") and Alan Sergy ("Sergy") (collectively, "Respondents"). The Fund is not and was not a party to the Proceedings. In an initial decision dated April 1, 1999 ("Initial Decision"), the Administrative Law Judge ruled that the Respondents had committed violations of various provisions of the federal securities laws and imposed various sanctions on the Respondents. The Respondents appealed the Initial Decision to the SEC. In a decision dated August 21, 2003, the SEC dismissed Sergy from the Proceedings due to his failing health and ordered that WMM and Coxon, jointly and severally: (i) disgorge \$971,778; (ii) pay prejudgment interest on that amount from September 21, 1993, at half the customary rate; and (iii) cease and desist from violating provisions of the federal securities laws. In a decision dated June 29, 2005, the United States Court of Appeals for the Ninth Circuit affirmed the SEC's decision. It is uncertain what amount of disgorged funds or prejudgment interest might be paid by the appellants, when any such payment might be made and what amount, if any, might be received by the Fund.

Pursuant to the Fund's Bylaws, the Fund advanced expenses incurred by the Respondents in the Proceedings ("Advanced Expenses") upon their undertaking to repay the advances, in the event it was ultimately determined that they had committed willful misfeasance, bad faith, gross negligence or reckless disregard of their duties ("Disabling Conduct"). At a meeting held on January 7, 2005, the Fund's Board of Directors determined that WMM and Coxon had committed Disabling Conduct and directed Pacific Heights to make further payments it owed to WMM, pursuant to a promissory note by and between it and WMM, to the Fund as reimbursement of the Advanced Expenses. As of January 31, 2006, reimbursement of such Advanced Expenses in the amounts of \$393,244, \$353,922 and \$39,323 remain due to the Fund's Permanent Portfolio, Treasury Bill Portfolio and Aggressive Growth Portfolio, respectively.

The Fund's Board of Directors has continued, and will continue, to monitor developments relating to the Proceedings and related appeals, and will take such actions as may be appropriate in the circumstances.

On May 10, 2005, Andrew J. Layman, the maker of a warrant in favor of the Fund's Permanent Portfolio for the purchase of shares of common stock of Symantec Corporation ("Warrant"), filed an action in the Superior Court of Washington for King County ("Complaint") seeking, among other actions, a declaratory judgment that the Warrant was no longer valid and enforceable. The Complaint alleges that the Fund had failed to timely exercise its rights under the Warrant, and that the Warrant had lapsed, entitling Mr. Layman to possession of the stock certificates for the shares of common stock subject to the Warrant. The Fund has filed a counterclaim to enforce its rights under the Warrant and will vigorously defend against the Complaint. The eventual outcome of this action, which was removed to the United States District Court for the Western District of Washington at Seattle, and any related litigation pursuant thereto, is uncertain at this time. As of January 31, 2006, the current market value of the stock subject to the Warrant is approximately \$6.6 million. In the event the Fund is unsuccessful in defending against Mr. Layman's claim for declaratory relief, the Permanent Portfolio's assets would be reduced by the value of the stock subject to the Warrant.



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:

	Year ended January 31, 2006	Year ended January 31, 2005	Year ended January 31, 2004	Year ended January 31, 2003	Year ended January 31, 2002
Net asset value, beginning of year	\$ 26.29	\$ 24.52	\$ 20.89	\$ 18.59	\$ 18.29
Income from investment operations:					
Net investment income (1)(2)(3) .....	.12	.18	.11	.28	.27
Net realized and unrealized gain on investments and foreign currencies	3.96	2.13	3.82	2.47	.47
Total income from investment operations	4.08	2.31	3.93	2.75	.74
Less distributions from:					
Net investment income	(.20)	(.15)	(.22)	(.19)	(.27)
Net realized gain on investments (4)	(.05)	(.39)	(.08)	(.26)	(.17)
Total distributions	(.25)	(.54)	(.30)	(.45)	(.44)
Net asset value, end of year	\$ 30.12	\$ 26.29	\$ 24.52	\$ 20.89	\$ 18.59
Total return (5)	15.57%	9.37%	18.87%	14.90%	4.08%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	\$382,025	\$ 233,860	\$ 120,691	\$ 78,674	\$ 52,078
Ratio of expenses to average net assets	1.35%	1.38%	1.58%	1.34%	1.46%
Ratio of net investment income to average net assets (2)(3) .....	.43%	.72%	.47%	1.42%	1.44%
Portfolio turnover rate .....	.73%	6.29%	23.19%	1.06%	1.07%

- (1) Net investment income is based on average net assets per share outstanding during the year.
- (2) A change in accounting for the amortization of discounts and premiums had the effect of decreasing net investment income per share and the ratio of net investment income to average net assets by \$.17 and .96%, respectively, during the year ended January 31, 2002.
- (3) The recording as other income of previously advanced legal expenses described in Note 8 had the effect of increasing net investment income per share and the ratio of net investment income to average net assets by \$.07 and .39%, respectively, during the year ended January 31, 2005. Without this other income, the net investment income per share would have been \$.11 during the year then ended.
- (4) Capital gain distribution pursuant to Section 852(b)(3) of the Code.
- (5) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.

See accompanying notes.



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, 2006	Year ended January 31, 2005	Year ended January 31, 2004	Year ended January 31, 2003	Year ended January 31, 2002
Net asset value, beginning of year	\$ 67.10	\$ 66.19	\$ 66.58	\$ 67.69	\$ 68.94
Income from investment operations:					
Net investment income (loss) (1)(2)(3)	1.41	.91	(.03)	.40	1.75
Net realized and unrealized gain (loss) on investments (4) .....	.02	—	.05	(.07)	.04
Total income from investment operations	1.43	.91	.02	.33	1.79
Less distributions from:					
Net investment income	(1.03)	—	(.41)	(1.44)	(3.04)
Total distributions	(1.03)	—	(.41)	(1.44)	(3.04)
Net asset value, end of year	\$ 67.50	\$ 67.10	\$ 66.19	\$ 66.58	\$ 67.69
Total return (5)	2.12%	1.39%	.03%	.49%	2.60%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	\$ 48,328	\$ 51,768	\$ 55,293	\$ 66,516	\$ 71,202
Ratio of expenses to average net assets (2) .....	.92%	.98%	.97%	.90%	1.01%
Ratio of net investment income (loss) to average net assets (3)	2.10%	1.37%	(.05)%	.60%	2.56%

- (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, 2006 and .50%, .50%, .50% and .50% for the years ended January 31, 2005, 2004, 2003 and 2002, respectively. Without this waiver, the net investment income or loss per share would have been \$1.08 for the year ended January 31, 2006 and \$.58, \$(.37), \$.07 and \$1.16 for the years then ended.
- (3) The recording as other income of previously advanced legal expenses described in Note 8 had the effect of increasing net investment income per share and the ratio of net investment income to average net assets by \$.76 and 1.11%, respectively, during the year ended January 31, 2005. Without this other income, the net investment income per share would have been \$.15 during the year then ended.
- (4) 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.
- (5) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.

See accompanying notes.



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, 2006	Year ended January 31, 2005	Year ended January 31, 2004	Year ended January 31, 2003	Year ended January 31, 2002
Net asset value, beginning of year	\$ 57.01	\$ 58.88	\$ 60.82	\$ 60.38	\$ 59.67
Income from investment operations:					
Net investment income (1)(2)	1.01	.57	.87	1.53	2.38
Net realized and unrealized gain (loss) on investments (3) .....	.15	(.56)	(.26)	.65	.85
Total income from investment operations	1.16	.01	.61	2.18	3.23
Less distributions from:					
Net investment income	(.74)	(1.13)	(2.01)	(1.74)	(2.52)
Net realized gain on investments (4)	(.01)	(.75)	(.54)	—	—
Total distributions	(.75)	(1.88)	(2.55)	(1.74)	(2.52)
Net asset value, end of year	\$ 57.42	\$ 57.01	\$ 58.88	\$ 60.82	\$ 60.38
Total return (5)	2.04%	.02%	1.01%	3.62%	5.41%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	\$ 18,509	\$ 18,758	\$ 20,735	\$ 20,891	\$ 26,032
Ratio of expenses to average net assets (2) .....	.95%	1.01%	1.04%	1.02%	1.11%
Ratio of net investment income to average net assets	1.76%	.99%	1.46%	2.52%	3.97%
Portfolio turnover rate	50.09%	75.72%	67.26%	69.58%	107.36%

- (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 .37% for the year ended January 31, 2006 and .38%, .38%, .37% and .38% for the years ended January 31, 2005, 2004, 2003 and 2002, respectively. Without this waiver, the net investment income per share would have been \$.80 for the year ended January 31, 2006 and \$.35, \$.65, \$1.16 and \$2.05 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) Capital gain distribution pursuant to Section 852(b)(3) of the Code.
- (5) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee .

See accompanying notes.



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

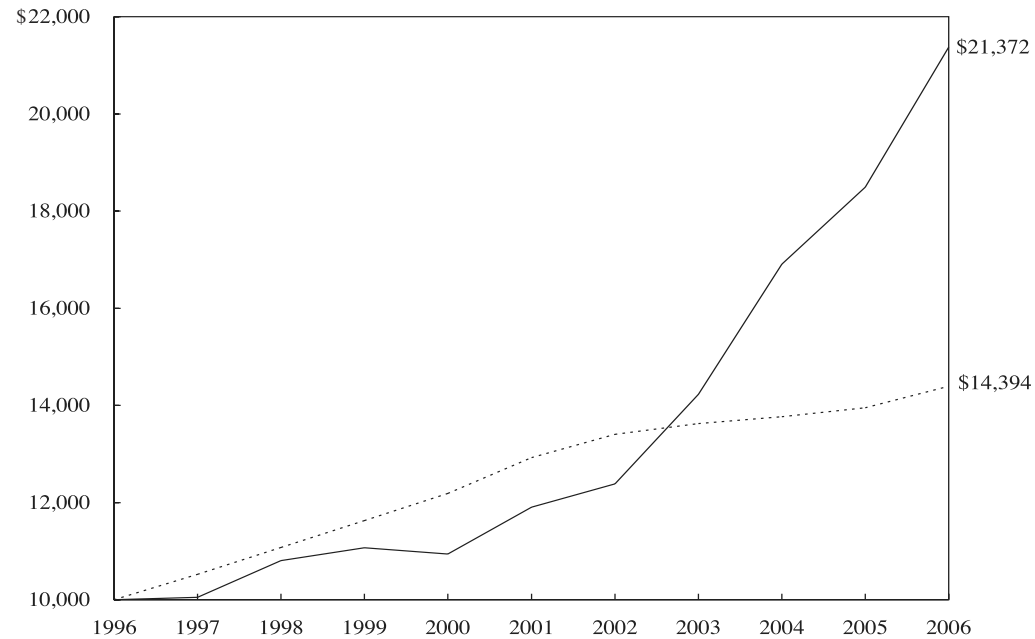
Financial highlights for the Aggressive Growth Portfolio

For each share of capital stock outstanding throughout each year:

	Year ended January 31, 2006	Year ended January 31, 2005	Year ended January 31, 2004	Year ended January 31, 2003	Year ended January 31, 2002
Net asset value, beginning of year	\$ 86.11	\$ 80.46	\$ 58.14	\$ 78.69	\$ 83.76
Income (loss) from investment operations:					
Net investment loss (1)(2)	(.11)	(.27)	(.63)	(.44)	(.65)
Net realized and unrealized gain (loss) on investments	25.61	9.86	22.95	(20.11)	(4.10)
Total income (loss) from investment operations	25.50	9.59	22.32	(20.55)	(4.75)
Less distributions from:					
Net realized gain on investments (3)	(.90)	(3.94)	—	—	(.32)
Total distributions	(.90)	(3.94)	—	—	(.32)
Net asset value, end of year	\$ 110.71	\$ 86.11	\$ 80.46	\$ 58.14	\$ 78.69
Total return (4)	29.64%	12.05%	38.39%	(26.12)%	(5.67)%
Ratios / supplemental data:					
Net assets, end of year (in thousands)	\$ 52,125	\$ 25,589	\$ 23,628	\$ 18,607	\$ 23,919
Ratio of expenses to average net assets	1.41%	1.43%	1.64%	1.33%	1.41%
Ratio of net investment loss to average net assets (2)	(.11)%	(.33)%	(.91)%	(.64)%	(.80)%
Portfolio turnover rate	10.41%	1.90%	3.07%	4.92%	5.23%

- (1) Net investment loss is based on average net assets per share outstanding during the year.
- (2) The recording as other income of previously advanced legal expenses described in Note 8 had the effect of decreasing net investment loss per share and the ratio of net investment loss to average net assets by \$.22 and .28%, respectively, during the year ended January 31, 2005. Without this other income, the net investment loss per share would have been \$(.49) during the year then ended.
- (3) Capital gain distribution pursuant to Section 852(b)(3) of the Code.
- (4) Assumes reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee.

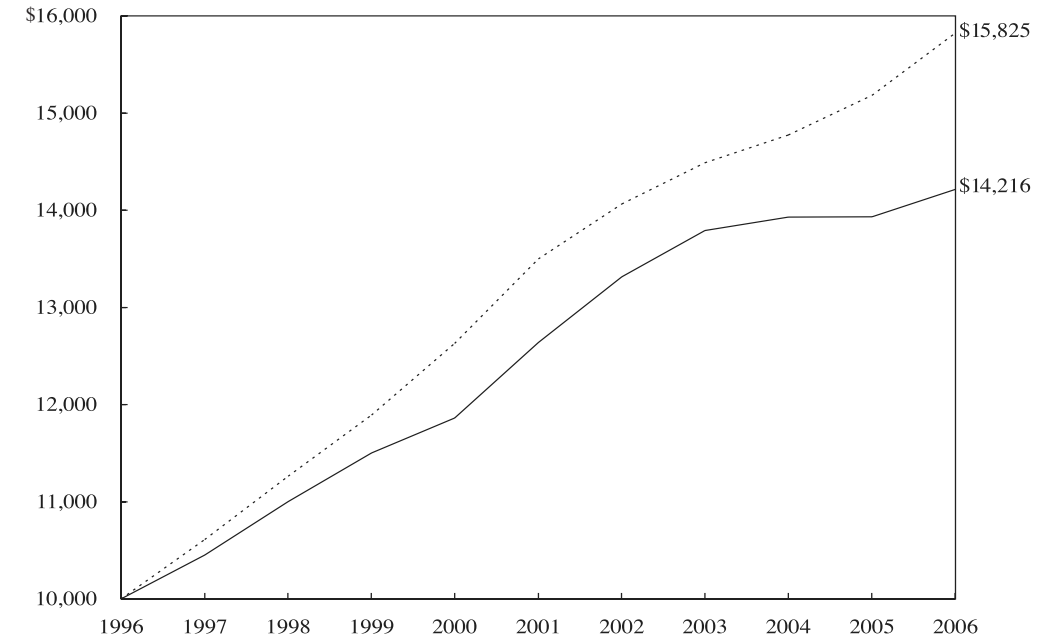
See accompanying notes.



— Permanent Portfolio
..... Citigroup 3-Month U.S. Treasury Bill Index*

* 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.

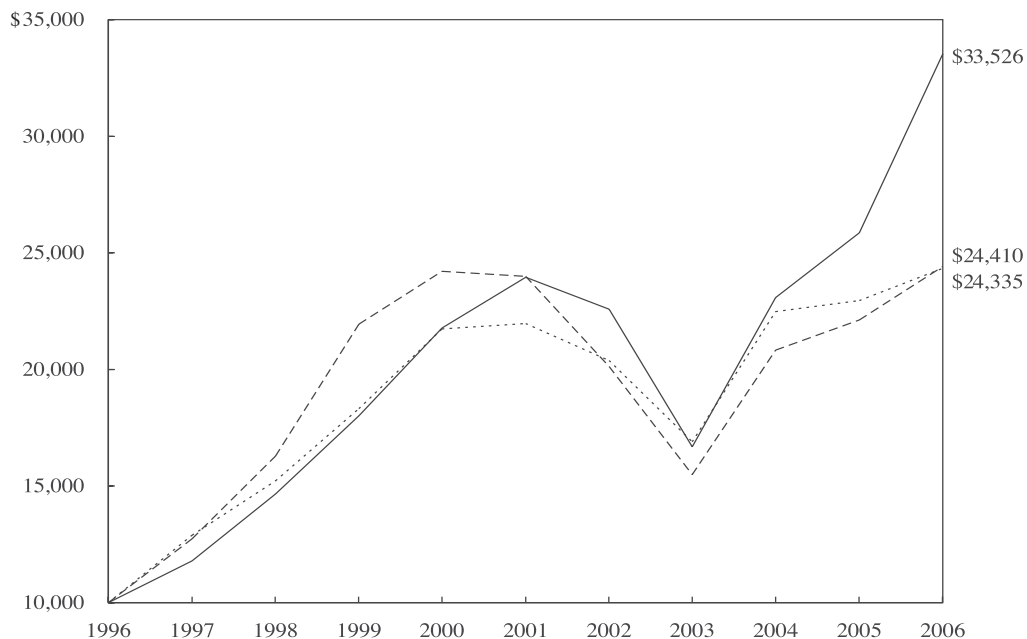
Past performance does not guarantee future results.



— Versatile Bond Portfolio
..... Citigroup AAA/AA 1-3 Year Corporate Index*

* The Citigroup AAA/AA 1-3 Year Corporate 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. You cannot invest directly in an index. Returns shown for the Citigroup AAA/AA 1-3 Year Corporate Index reflect reinvested interest as applicable, but do not reflect a deduction for fees, expenses or taxes.

Past performance does not guarantee future results.



— Aggressive Growth Portfolio
 Dow Jones Industrial Average*
 --- S&P 500 Stock Index*

* The Dow Jones Industrial Average is an average of the stock prices of 30 large companies and represents a widely recognized unmanaged portfolio of common stocks. The S&P 500 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 S&P 500 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.

See following page for explanation of graphs.

The graphs on pages 30 through 32 compare the initial account value and subsequent account values at the end of each of the most recently completed ten fiscal years of the Fund's Permanent 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, to a \$10,000 investment over the same periods in comparable broad-based securities market indices. A graph is not provided for the Fund's Treasury Bill Portfolio because it is a money market portfolio. The tables below show each of the Fund's Portfolio's average annual total returns for the periods indicated, assuming a hypothetical investment in shares of \$1,000, reinvestment of all dividends and distributions, deduction of all fees and expenses except the \$35 one-time account start-up fee and complete redemption of the investment at the end of the period. Returns for the Fund's Treasury Bill Portfolio and Versatile Bond Portfolio reflect voluntary 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 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, 2006					Since Inception
	1 Year	3 Years	5 Years	10 Years	15 Years	
Permanent Portfolio (Since 12/1/82)(1)						
Return before taxes	15.57%	14.53%	12.41%	7.89%	7.61%	6.36%
Return after taxes on distributions	15.27%	14.15%	11.88%	7.04%	6.74%	5.75%
Return after taxes on distributions and sale of fund shares ..	10.16%	12.40%	10.56%	6.43%	6.22%	5.35%
Citigroup 3-Month U.S. Treasury Bill Index (4)(5)	2.82%	1.73%	2.11%	3.68%	3.94%	5.27%
Treasury Bill Portfolio (Since 5/26/87)(1)(2)(3)						
Return before taxes	2.12%	1.17%	1.30%	2.73%	3.03%	3.72%
Return after taxes on distributions	1.58%	.92%	.64%	1.63%	2.03%	2.90%
Return after taxes on distributions and sale of fund shares ..	1.38%	.85%	.71%	1.64%	1.99%	2.74%
Citigroup 3-Month U.S. Treasury Bill Index (4)(5)	2.82%	1.73%	2.11%	3.68%	3.94%	4.62%
Versatile Bond Portfolio (Since 9/27/91)(3)						
Return before taxes	2.04%	1.02%	2.38%	3.58%	N/A	3.91%
Return after taxes on distributions	1.58%	.14%	1.31%	2.28%	N/A	2.79%
Return after taxes on distributions and sale of fund shares ..	1.33%	.42%	1.43%	2.28%	N/A	2.69%
Citigroup AAA/AA 1-3 Year Corporate Index (4)(6)	4.22%	2.99%	3.23%	4.70%	N/A	5.01%
Aggressive Growth Portfolio (Since 1/2/90)(1)						
Return before taxes	29.64%	26.21%	6.97%	12.86%	14.90%	13.22%
Return after taxes on distributions	29.49%	25.49%	6.59%	12.31%	14.34%	12.70%
Return after taxes on distributions and sale of fund shares ..	19.48%	22.50%	5.80%	11.27%	13.43%	11.88%
Dow Jones Industrial Average (4)(7)	6.03%	12.94%	2.06%	9.30%	12.05%	11.30%
S&P 500 Stock Index (4)(8)	10.34%	16.37%	.34%	9.33%	11.75%	10.72%

See following page for footnote explanations.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
AVERAGE ANNUAL TOTAL RETURNS
 For periods ended January 31, 2006

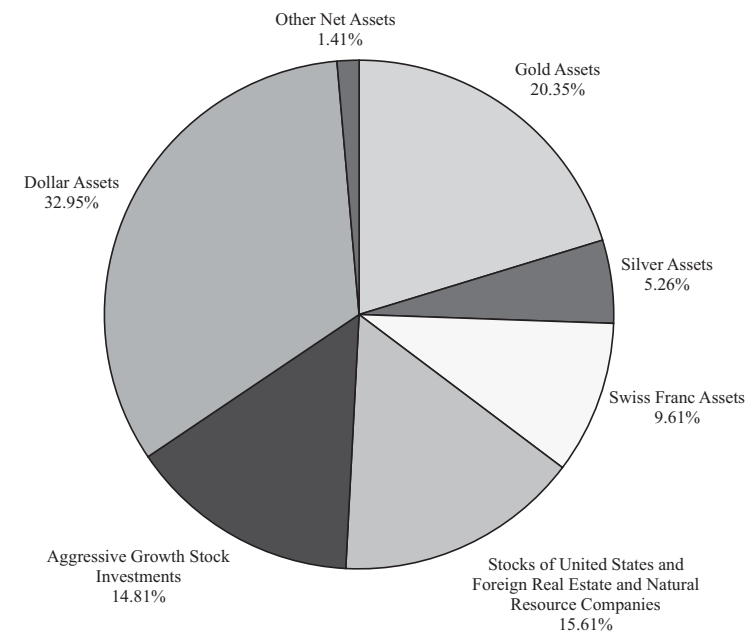
- (1) As more fully described in Note 8, returns reflect other income recorded during the year ended January 31, 2005 related to the Fund's Board of Director's determination that previously advanced legal expenses be repaid.
- (2) Yield on the Fund's Treasury Bill Portfolio for the seven days ended January 31, 2006, assuming reinvestment of all dividends and distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee, was 1.55%, and the effective yield was 1.56%.
- (3) The thirty-day SEC standardized yield on the Fund's Treasury Bill Portfolio and Versatile Bond Portfolio for the thirty days ended January 31, 2006, 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 distributions, and deduction of all fees and expenses except the \$35 one-time account start-up fee, was 2.69% and 4.15%, respectively.
- (4) Returns 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.
- (5) 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.
- (6) The Citigroup AAA/AA 1-3 Year Corporate 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.
- (7) The Dow Jones Industrial Average is an average of the stock prices of 30 large companies and represents a widely recognized unmanaged portfolio of common stocks.
- (8) The S&P 500 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, 2006

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 United States Treasury securities. During the year ended January 31, 2006, the Portfolio experienced increases in the value of gold, silver, the stocks of real estate investment trusts and natural resource companies and the shares of domestic growth companies. These increases more than offset the decrease in value of the Portfolio's holdings of short- and long-term United States Treasury securities and the relative value of its Swiss franc denominated assets during the period then ended. As a result, the Portfolio achieved a total return of 15.57% during the year ended January 31, 2006, as compared to an annualized inflation rate as measured by the change in the consumer price index of 3.99% over the same period.

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, 2006.



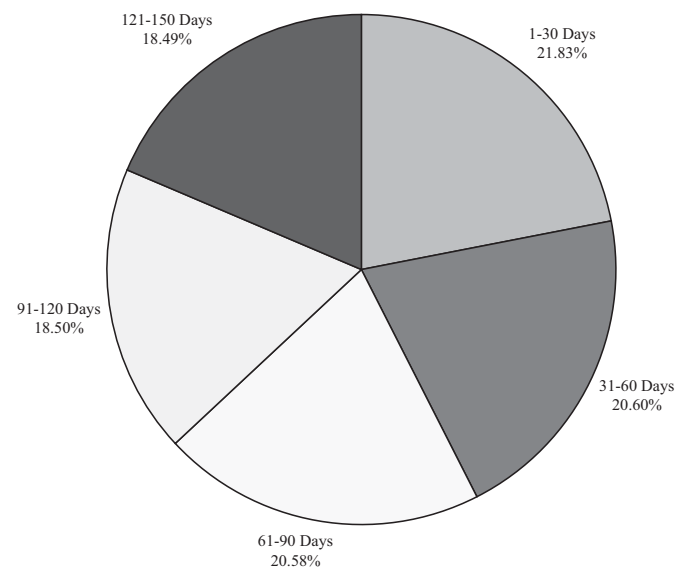
Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE TREASURY BILL PORTFOLIO
Year ended January 31, 2006

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 United States Treasury securities. The Portfolio achieved a total return of 2.12% and maintained an average maturity of between sixty and ninety days throughout the year ended January 31, 2006. This return, while significantly lower than the Portfolio's historical returns, was consistent with other mutual funds that invest primarily in short-term United States Treasury securities.

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

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, 2006.



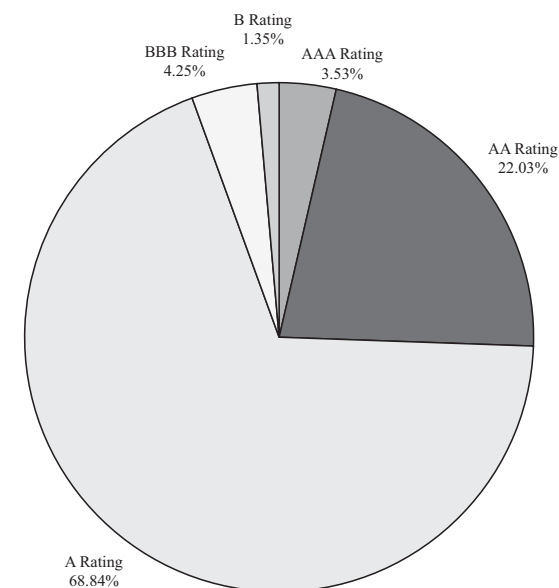
Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE VERSATILE BOND PORTFOLIO
Year ended January 31, 2006

The Versatile Bond Portfolio's investment objective is to achieve high current income, while limiting risk to principal. The Portfolio invests in a diversified portfolio of short-term corporate bonds rated "A" or higher by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and having a remaining maturity of twenty-four months or less. The Portfolio achieved a total return of 2.04% while maintaining an average maturity of between two hundred seventy and four hundred fifty days throughout the year ended January 31, 2006. This return, while significantly lower than the Portfolio's historical returns, was consistent with other mutual funds that invest primarily in corporate bonds of similar safety, liquidity and maturity.

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, 2006.

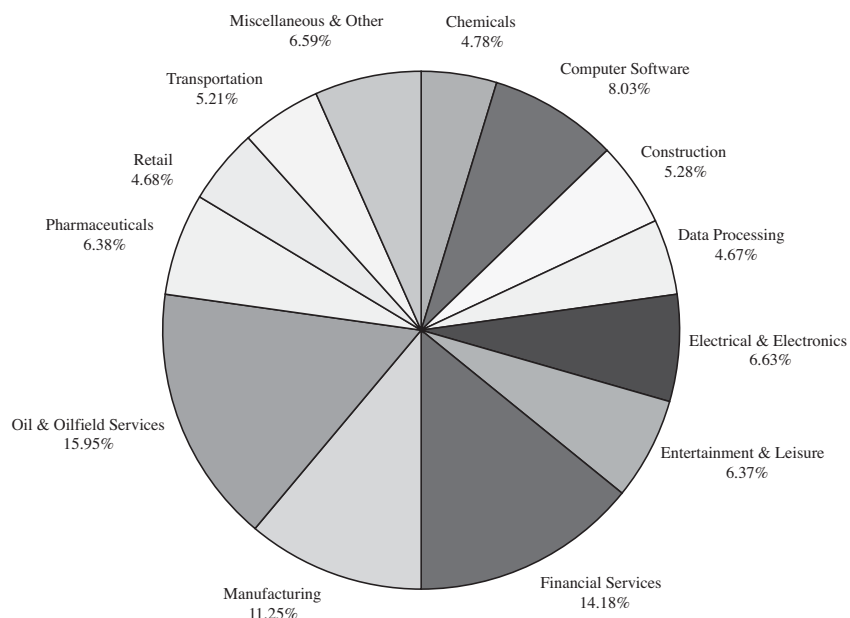


Allocations are subject to change and should not be considered a recommendation to buy or sell any security within a sector.

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. The Portfolio achieved a total return of 29.64% during the year ended January 31, 2006, as compared to 6.03% for the Dow Jones Industrial Average and 10.34% for the Standard & Poor's 500 Stock Index over the same period.

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, 2006.



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

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, 2005 and held for the entire six months ended January 31, 2006.

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, 2006. 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, 2006" to estimate the expenses you paid on your account during the six months ended January 31, 2006.

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, 2006. 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, 2006

	Beginning account value July 31, 2005	Ending account value January 31, 2006	Expenses paid * during six months ended January 31, 2006
PERMANENT PORTFOLIO			
Actual	\$ 1,000.00	\$1,098.80	\$7.51
Hypothetical (5% return before expenses)	1,000.00	1,018.05	7.22
TREASURY BILL PORTFOLIO			
Actual	1,000.00	1,013.10	4.77
Hypothetical (5% return before expenses)	1,000.00	1,020.47	4.79
VERSATILE BOND PORTFOLIO			
Actual	1,000.00	1,013.60	4.77
Hypothetical (5% return before expenses)	1,000.00	1,020.47	4.79
AGGRESSIVE GROWTH PORTFOLIO			
Actual	1,000.00	1,092.50	7.54
Hypothetical (5% return before expenses)	1,000.00	1,018.00	7.27

* Expenses are equal to the Permanent Portfolio's annualized expense ratio of 1.42%, the Treasury Bill Portfolio's annualized expense ratio of .94%, the Versatile Bond Portfolio's annualized expense ratio of .94% and the Aggressive Growth Portfolio's annualized expense ratio of 1.43%, 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, 2006).



PERMANENT PORTFOLIO FAMILY OF FUNDS, INC.
OTHER INFORMATION

Proxy Voting

Information regarding how each of the Fund's Portfolios voted its proxies relating to portfolio securities during the twelve-month period ended June 30, 2005 is available, without charge and upon request, by writing or calling the Fund's Shareholder Services Office, or by accessing the SEC's website at <http://www.sec.gov>.

Quarterly Holdings

Each of the Fund's Portfolios files its completed 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-Q's 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-Q's 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**

All of the Fund's directors and officers may be reached c/o 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 or removal. 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.

DAVID P. BERGLAND

Director **age 70**

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 53**

Executive Vice President since March 2004 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. 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 66**

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,
Treasurer, Secretary & Director** **age 43**

A Certified Public Accountant, Mr. Cuggino has served as President of the Fund since 2003, as Treasurer of the Fund since 1993, 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 and served as a consultant to the Fund's former investment adviser from 1991 through 2003. Mr. Cuggino oversees all four of the Fund's Portfolios. Mr. Cuggino also served as Treasurer from 1993 through 2002 of Passport Financial, Inc., a financial publishing firm.

ANDREW B. ROGERS

Chief Compliance Officer **age 36**

Mr. Rogers has served as Chief Compliance Officer of the Fund and the Fund's investment adviser since 2005. Mr. Rogers is the President of Fund Compliance Services, LLC, a provider of administrative, compliance and other related services to the mutual fund industry. He has also served as President of GemCom, LLC since 2004 and as Senior Vice President & Director of Administration of Gemini Fund Services, LLC since 2001. Mr. Rogers oversees all four of the Fund's Portfolios.

* Considered to be an "interested person" within the meaning of the 1940 Act. Mr. Cuggino is deemed an interested person because of his association with the Fund's investment adviser.