

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 August 2006

Swiss Valoren No 1.557.566 Bloomberg Ticker: PCGLDFD CY

Fund's objectives: Seeking absolute returns in USD and portfolio insurance through diversification into asset class with low correlation to financial assets (bonds, equities and currencies).

Investment vehicles: Gold mining equities (<100%), physical gold, silver and precious metals (<100%), cash (<50%). Plus other natural resource equities and commodities. Cash used for capital preservation. Significant gold sector exposure expected.

Investment restrictions: Min 20 holdings, 10% max single share holding, 15% max single issuer, 5% max unlisted equities, normally no currency hedging.

Key Information

Subscription price as at 31/08/06	
NAV Pre Perf Fees:	USD 2,400.37
Min Investment:	USD 100,000
Size of Fund:	USD 27.8mn
Type of Fund:	Cyprus private fund under International Collective Investment Scheme Law No 47(1) 1999 of Cyprus
Fund Adviser:	Baker Steel Capital Managers LLP, London
Fund Manager:	P&C Global Fund Management Limited, Cyprus
Sub-Manager:	P&C Global Wealth Managers SA, Switzerland
Custodian:	RBC Global Services, London, UK
Administrator:	C P Palema Ltd
Auditor:	KPMG
Sales Fee:	Up to 5% permitted
Dealings:	Monthly (last business day of month)
Inv Mngmt Fee:	1.80%
Performance Fee:	12% absolute returns (High Water Mark principle) on a calendar year basis

Asset Allocation (As at 31/08/06)

Metal resource shares:	91.7%
Silver:	0.1%
Cash (net):	8.2%

Fund Commentary

Executive Summary In August the fund rose 1.2%. Commodity related equities remained volatile during the month with the general price pattern varying from the previous two months. This time the mid-month rally after earlier price falls encountered late month profit taking before a more modest price rally in the last week. During the same period gold bullion fell 1.5%, silver rose 13.0%, palladium rose 9.6% and platinum rose 1.0%. The FTSE Gold Mines Index rose 2.5% during the month.

Once again August was a month for stock pickers. Gold mining stocks, in particular, were in favour as consolidation in the sector continued. With these companies enjoying strong cash flow and market valuations historically cheap, the conditions are ideal for continued consolidation within the sector. The fund added holdings in Newcrest Mining, Lingbao Gold, Coeur D'Alene and several small Canadian gold mining companies. The macro economic picture deteriorated a little, as evidence accumulated of a real slowdown in the US economy, and the first signs of a slowing in Chinese economic activity emerged.

Liquidity remained tight in mining equities during August. Despite this, the fund was able to execute a significant part of its planned adjustments in line with the advice provided by its investment advisers. More adjustments are planned for September, but on a smaller scale.

Portfolio cash remains at slightly under 9% but this should reduce over the coming month.

Outlook

At the time of writing commodity and mining stocks have fallen sharply from the levels of end-August, with the Gold price falling below \$590 oz. Other commodity prices have fallen sharply. Morgan Stanley has hailed this as the end of the commodity boom and Goldman Sachs as a correction in a bull market. In the short term market volatility will, inevitably, remain high. The fund will seek to take advantage of lower prices by reducing cash and buying already cheap stocks at even cheaper prices.

Fund Statistics

CAGR (before all fees)	25.3% pa
CAGR (after all fees)	23.2% pa
Number of Months	42
Number of "Up" Months	26
Average "Up" Month	+7.6%
Number of "Down" Months	16
Average "Down" Month	-6.0%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	56
Unlisted stock positions	1
Largest stock position	7.1%

Investment Driven Major Buys and Sales

Net Buys

Lingbao Gold
Newcrest Mining
Coeur D'Alene
Kirkland Lake Gold
High River Gold
Moto Goldmines
Jaguar Mining

Net Sales

Northern Orion
Kinross Gold
Cambior
Gold Corp
Magindustries

Top 10 Holdings

- | | |
|----------------------|------------------------|
| 1. Nevsun Resources | 6. Ballarat Goldfields |
| 2. DRD Gold | 7. Harmony Gold |
| 3. Straits Resources | 8. Euro Goldfields |
| 4. Bema Gold | 9. Oceana Gold |
| 5. Climax Mining | 10. Bendigo Mining |

Performance in USD (for initial investors)

	28/2/03	31/8/06	% ch
P&C Gold Fund (Gross NAV)	1000	2400.37	+140.04%
Value of \$1,000 invested (after all fees)	1000	2235.31	+122.35%
FTSE Gold Mines Index	1190.83	2457.22	+106.35%
Gold Bullion	349.95	627.30	+79.25%
Silver Bullion	4.60	12.91	+180.65%
Palladium Bullion	241.50	343.00	+42.03%
Platinum	683.50	1243.00	+81.86%

Monthly Performance (gross)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr
2003	-	0.0%	-3.8%	-0.6%	13.3%	2.0%	9.8%	19.1%	4.5%	7.4%	7.1%	3.3%	80.0%
2004	-5.0%	2.0%	6.8%	-19.4%	1.4%	-6.1%	-2.2%	4.9%	9.9%	5.2%	8.4%	-9.2%	-7.7%
2005	-2.7%	7.6%	-4.0%	-11.6%	-4.0%	5.9%	3.6%	1.7%	22.1%	-8.2%	9.85%	6.72%	25.0%
2006	18.5%	-2.3%	3.5%	15.4%	-10.0%	-5.4%	-2.56%	1.15%					15.83%

All prices and comparative numbers are unaudited and for indication purposes only

Performance in USD (for initial investors) and Asset Allocation

