

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 28 February 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 28/02/06	
NAV Pre Perf Fees:	USD 2,399.00
Min Investment:	USD 100,000
Size of Fund:	USD 35.995mn
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 28/02/06)

Metal resource shares:	99%
Silver:	0.1%
Cash (net):	1%

### Fund Commentary

#### Executive Summary

Executive Summary: In February the fund declined by 2.3% on the back of declining commodity markets. During the same period the FTSE Gold Mines Index declined by a significant 12.7%, gold bullion declined by 2.2%, silver also declined by 2.2%, platinum declined by 2.0% while palladium declined by 1.4%. Since inception over 2 years ago the fund is up by 140% with a Compound Annual Growth Rate (CAGR) of 33.9%. Over the same period gold advanced by 60.0% or a CAGR of only 17.0%.

**In February** the fund outperformed to the FTSE gold mines index by more than 10% while performing in line with gold itself. The gold mines index continues to be volatile and geared to the gold price both in the rises and the declines. All precious metals relevant to the portfolio declined by around 2%. The companies selected for the portfolio are somewhat geared to the underlying metal prices but during the month their relative corporate fundamentals allowed them to resist the downward gearing. The portfolio remains concentrated with the number of companies represented at 42.

**Company News** Apex Silver advanced on analysis of its silver/zinc/lead project in Bolivia. Climax Mining is strengthening its finances as it absorbs the A\$19m financing. Large producers are having difficulty replacing reserves as Newmont's gold production decline by 7% in 2006 indicates. Barrick is trying to shore up declining reserves by taking a stake in Reko Diq in Pakistan. Smaller producers have had better reserve news such as Kinross Gold with its announcement of a 27% increase.

**Macro News** As production estimates are updated it becomes more clear that 2005 will see final production at a multiple year low. Worries increase as the largest producers seem unable to replace reserves. Jewellery demand figures and reports from India and Dubai indicate that the high price has not deterred demand. During the month there was no significant news on governmental gold related actions.

**Outlook** Gold prices should be supported by the subdued production facing increased final demand. Dollar factors are still in the news with China talking about diversifying and Arab countries threatening more non-dollar purchases in the wake of the Dubai Ports perceived discrimination in its US ports bid. One can hardly say tensions in the Gulf area are declining.

## Fund Statistics

CAGR (before all fees)	33.9% pa
CAGR (after all fees)	30.7% pa
Number of Months	36
Number of "Up" Months	23
Average "Up" Month	+7.8%
Number of "Down" Months	13
Average "Down" Month	-6.0%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	42
Unlisted stock positions	1
Largest stock position	9.0%

## Investment Driven Major Buys and Sales

### Net Buys

Kinross  
Barrick  
Highland  
Gold Star  
Startagold

### Net Sales

## Top 10 Holdings

- |                                 |                              |
|---------------------------------|------------------------------|
| 1. DRD Gold Ltd                 | 6. Banro Corporation         |
| 2. Ballart Goldfields NL        | 7. Cambior Inc               |
| 3. Mvelaphanda Resources Ltd    | 8. Placer Dome Inc           |
| 4. Randgold Resources Ltd - ADR | 9. Straits Resources Limited |
| 5. Bendigo Mining Ltd           | 10. Perseverance Corporation |

## Performance in USD (for initial investors)

	28/2/03	28/2/06	% ch
P&C Gold Fund (Gross NAV)	1000	2399	+139.9%
Value of \$1,000 invested (after all fees)	1000	2234.03	+123.4%
FTSE Gold Mines Index	1191	2241.03	+88.2%
Gold Bullion	347	556	+60.2%
Silver Bullion	4.49	9.70	+115.9%
Palladium Bullion	241	286	+18.6%
Platinum	490	1051	+114.5%

## 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%											15.8%

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

## Performance in USD (for initial investors) and Asset Allocation

