

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 31 January 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 31/01/06	
NAV Pre Perf Fees:	USD 2,455.82
Min Investment:	USD 100,000
Size of Fund:	USD 36.685mn
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 31/01/06)

Metal resource shares:	91.5%
Silver:	0.1%
Cash (net):	8.4%

### Fund Commentary

#### Executive Summary

In December the fund rose by 18.5% on the back of rising commodity and equity markets. During the same period the FTSE Gold Mines Index advanced by 19.1%, gold bullion rose by 10.9%, silver rose by 12.2%, platinum was up 11.1% while palladium rose by 12.4. Since inception over 2 years ago the fund is up by 146% with a Compound Annual Growth Rate (CAGR) of 36.1%. Over the same period gold advanced by 63.6% or a CAGR of only 18.4%

**In January** the fund performed similarly to the FTSE gold mines index but outperformed gold itself by over 8%. The gold mines index continues to be volatile and geared to the gold price. All precious metals relevant to the portfolio rose by between 11 and 13%. The companies selected for the portfolio are somewhat geared to the underlying metal prices and hence outperformed the precious metal prices. The portfolio remains concentrated with the number of companies represented at 42.

**Company News** Bendigo, the fourth largest position in the portfolio, jumped nearly 50% on re-evaluation of the significance of emerging gold producers. Nevsun had improved resource estimates for its project in Eritrea. Highlands Pacific produced its first batch of gold concentrate at its Kainantu gold mine in Papua New Guinea.

**Macro News** Recently released data shows that only 2,494 tonnes of gold were produced in 2005 which is not much higher than the 8 year low. Demand was satisfied by record net official gold sales, a trend that can not continue. Jewellery demand was up 5% year on year despite the higher metal prices. Investment demand, which is the most volatile, was up about 50% on the previous year.

**Outlook** The low production figures coupled with rising demand can only result in higher prices or large official sales. China has already announced that they plan to more effectively utilise reserve assets in 2006 which might mean diversifying by holding fewer US dollars. Such an action would put downward pressure on the US dollar and a gold price advance in dollar terms. Continued slow development in Iraq and Iranian nuclear rattling add to tensions which normally lead to gold advances.

## Fund Statistics

CAGR (before all fees)	36.1%pa
CAGR (after all fees)	32.8% pa
Number of Months	35
Number of "Up" Months	23
Average "Up" Month	+7.8%
Number of "Down" Months	12
Average "Down" Month	-6.3%
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

Allied Gold

### Net Sales

## Top 10 Holdings

- |                           |                              |
|---------------------------|------------------------------|
| 1. Ballarat Goldfields NL | 6. Banro Corporation         |
| 2. Mvelaphanda Resources  | 7. Placer Dome               |
| 3. Randgold Resources     | 8. Straits Resources         |
| 4. Bendigo Mining         | 9. Harmony Gold              |
| 5. Cambior INC            | 10. Perseverance Corporation |

## Performance in USD (for initial investors)

	28/2/03	31/01/06	% ch
P&C Gold Fund (Gross NAV)	1000	2455.80	+145.5%
Value of \$1,000 invested (after all fees)	1000	2285.10	+128.5%
FTSE Gold Mines Index	1191	2585.20	+117.0%
Gold Bullion	347	568.70	+63.9%
Silver Bullion	4.49	991	+107.1%
Palladium Bullion	241	290	+20.3%
Platinum	490	1072	+118.8%

## 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%												18.5%

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

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

