

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 May 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 31/05/06	
NAV Pre Perf Fees:	USD 2,575.77
Min Investment:	USD 100,000
Size of Fund:	USD 30.4mn
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 31/05/06)

Metal resource shares:	95.6%
Silver:	0.1%
Cash (net):	4.3%

Fund Commentary

Executive Summary

In May the fund fell 10% as a broad market correction took over from the exuberance of earlier months. During the same period gold bullion fell 1.4%, silver fell 8.6%, palladium fell 7.8% and platinum rose 8%. Over the course of the month the FTSE Gold Mines Index fell 8.2%, although from its intra-month peak on 10th May to its low on 22nd May the index fell 17.7%.

During May macro-economic considerations drove the beginning of a significant adjustment to the pricing of risk assets. Financial markets began to realise that the world's major central banks were going to tighten monetary policy more aggressively than had been previously anticipated in an attempt to prevent inflationary pressure accelerating.

The biggest impact was felt in those asset classes, which had shown the strongest advances over the previous 6 months: commodities, commodity related stocks, emerging market equities and bonds.

Company specific factors were largely irrelevant in the correction as almost all securities are marked down sharply in price during significant set backs of this kind.

Outlook

The market sell-off (which has continued in the first half of June) has shaken out some of the more speculative participants in the market. Commodity and mining related stocks are now trading at historically attractive valuations, even following the fall in underlying commodity prices.

The fund will seek to use the indiscriminate fall in prices to re-balance the fund's portfolio.

Uncertainty about the extent and timing of future interest rate increases in the US, Japan and Europe is likely to persist over the summer months. This will contribute to continued volatility in equity markets.

However, the longer term supply/demand imbalances in many metals and commodity markets should help provide underpinning to these markets and to the fund's portfolio of resource related equities.

Fund Statistics

CAGR (before all fees)	29.5% pa
CAGR (after all fees)	27.2% pa
Number of Months	39
Number of "Up" Months	25
Average "Up" Month	+7.9%
Number of "Down" Months	14
Average "Down" Month	-6.3%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	46
Unlisted stock positions	1
Largest stock position	7.5%

Investment Driven Major Buys and Sales

Net Buys

Kimberley Diamond
Straits Resources

Net Sales

Ballarat Goldfields
Randgold
Mvelaphanda Resources

Top 10 Holdings

1. Straits Resources Ltd	6. Ballarat Goldfields NL
2. Nevsun Resources Ltd	7. Perserverance Gold
3. Kinross Gold Corp	8. Climax Mining
4. Sino Gold Ltd	9. Northern Orion
5. DRD Gold Ltd	10. Bendigo Mining Ltd

Performance in USD (for initial investors)

	28/2/03	31/5/06	% ch
P&C Gold Fund (Gross NAV)	1000	2575.77	+186.4%
Value of \$1,000 invested (after all fees)	1000	2398.60	+166.7%
FTSE Gold Mines Index	1191	2430.25	+104.08%
Gold Bullion	347	645.20	+84.37%
Silver Bullion	4.49	12.54	+172.61%
Palladium Bullion	241	344.50	+42.65%
Platinum	490	1245.50	+82.22%

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%								24.3%

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

Performance in USD (for initial investors) and Asset Allocation

