

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 29 September 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 29/09/06	
NAV Pre Perf Fees:	USD 2,205.67
Min Investment:	USD 100,000
Size of Fund:	USD 28.5mn
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 29/09/06)

Metal resource shares:	90.2%
Silver:	0.1%
Cash (net):	9.7%

### Fund Commentary

**Executive Summary** In September the fund fell 8.1%. An across the board price correction in metals and mining stocks set in as evidence of a slowdown in the US housing market raised fears of a slowing US economy hitting global growth prospects for 2007. During the same period gold bullion fell 4.6%, silver fell 11.4%, palladium fell 8.2% and platinum fell 8.3%. The FTSE Gold Mines Index fell 9.9% during the month.

After the very sharp fall in prices in the first half of the month the fund started to buy mining equities from cash. This process was accelerated after the fund received significant net new subscriptions at the mid-month valuation. The fund's advisers hold to their view that the whole sector is cheap, and recommend the fund be fully invested. New positions were established in Viceroy Exploration, PolyUS Gold, IamGold and Ivanhoe Mines, and holdings in Lingao Gold, Coeur D'Alene and Kingsgate Consolidated were topped up.

Despite the sharp falls in price quotes liquidity continues to be very tight in many stocks. In fact, buy orders left in some smaller stocks at a premium to market price quotes were left unfilled due to a total absence of sellers. This suggests that on any reversal in the generally negative market sentiment these stocks could be marked up dramatically in price. Despite the ongoing buying programme cash remains high at more than 9%.

#### Outlook

The sharp fall in metals and mining stocks seems to be coming to an end and a nervous stability is asserting itself. With some speculative money having been badly bruised there is now an opportunity for more longer term investment capital to enter the market at these lower price levels. The fund will continue to buy its selected stocks from cash where liquidity from the sell side permits.

## Fund Statistics

CAGR (before all fees)	22.3% pa
CAGR (after all fees)	20.3% pa
Number of Months	43
Number of "Up" Months	26
Average "Up" Month	+7.6%
Number of "Down" Months	17
Average "Down" Month	-6.1%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	58
Unlisted stock positions	1
Largest stock position	5.8%

## Investment Driven Major Buys and Sales

### Net Buys

Lingbao Gold  
Coeur D'Alene  
Jinshan Gold  
Viceroy Exploration  
IamGold  
PolyUS Gold  
Kingsgate Consolidated  
Ivanhoe Mines

### Net Sales

## Top 10 Holdings

- |                      |                           |
|----------------------|---------------------------|
| 1. Nevsun Resources  | 6. Bema Gold              |
| 2. DRD Gold          | 7. Climax Mining          |
| 3. Straits Resources | 8. Kingsgate Consolidated |
| 4. Euro Goldfields   | 9. Newcrest Mining        |
| 5. Harmony Gold      | 10. Lingbao Gold          |

## Performance in USD (for initial investors)

	28/2/03	29/9/06	% ch
P&C Gold Fund (Gross NAV)	1000	2205.67	+120.57%
Value of \$1,000 invested (after all fees)	1000	2054.04	+105.40%
FTSE Gold Mines Index	1190.83	2213.32	+85.86%
Gold Bullion	349.95	598.30	+70.97%
Silver Bullion	4.60	11.44	+148.70%
Palladium Bullion	241.50	315.00	+30.43%
Platinum	683.50	1140.50	+66.86%

## 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%	-8.11%				6.43%

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

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

