

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 August 2007

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 31/8/07	
NAV Pre Perf Fees:	USD 2,268.22
Min Investment:	USD 100,000
Size of Fund:	USD 20.6mn
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 31/8/07)

Metal resource shares:	95.1%
Silver:	0.1%
Cash (net):	4.8%

Fund Commentary

The fund's NAV fell 12.1% in August, reflecting a wholesale mark down in prices of risk assets across almost all asset markets. During the same period gold bullion rose 1.4%, silver fell 6.2%, palladium fell 8.9% and platinum fell 1.7%. The FTSE Gold Mines Index fell 4.7%

Intermediate gold producers – the main focus of the fund's investments – saw their share prices fall between 10% – 25% across the board. As the seriousness of the global credit crunch became increasingly apparent, risk aversion increased dramatically and the fund's concentration on high beta stocks in the gold mining sector resulted in the sharp fall in its NAV.

Outlook

It is becoming ever clearer that the global banking market will take many months to clarify which financial institutions are significantly impacted by the US sub-prime debacle and to what extent. During this information gathering process credit conditions will remain tight, irrespective of any cuts in official interest rates, which may be forthcoming. The reduced levels of credit being made available to the real economy, let alone the price at which it is made available, will inevitably put a dampener on growth in the global economy. A greater than normal lack of certainty will ensure that asset markets remain highly volatile.

At the time of writing this uncertainty has started to be reflected in a higher gold price, which has broken out on the upside and traded through US\$ 710. Some gold mining companies have also seen a sharp recovery in their stock prices, although this price recovery is not visible across the whole sector. Nevertheless, the re-emergence of price discrimination and stock differentiation is an encouraging sign that value is beginning to be recognised by the market.

With liquidity returning to the market, the fund will seek to start implementing the portfolio rebalancing recommended by the investment adviser.

Fund Statistics

CAGR (before all fees)	18.3% pa
CAGR (after all fees)	16.1% pa
Number of Months	54
Number of "Up" Months	33
Average "Up" Month	+7.1%
Number of "Down" Months	21
Average "Down" Month	-5.9%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	56
Unlisted stock positions	2
Largest stock position	7.3%

Investment Driven Major Buys and Sales

Net Buys	Net Sales
None	None

Top 10 Holdings

- | | |
|------------------------------|---------------------------|
| 1. Ivanhoe Nickel & Platinum | 6. Kingsgate Consolidated |
| 2. Lihir Gold | 7. Sino Gold |
| 3. Oceana Gold | 8. Banro Corp |
| 4. Straits Resources | 9. Miramar Mining |
| 5. Nevsun Resources | 10. High River Gold |

Performance in USD (for initial investors)

	28/2/03	31/8/07	% ch
P&C Gold Fund (Gross NAV)	1000	2268.22	+122.68%
Value of \$1,000 invested (after all fees)	1000	2057.00	+120.57%
FTSE Gold Mines Index	1190.83	2276.17	+91.14%
Gold Bullion	349.95	673.40	+92.43%
Silver Bullion	4.60	12.08	+162.50%
Palladium Bullion	241.50	332.00	+37.47%
Platinum	683.50	1267.50	+85.44%

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%	9.02%	5.40%	-2.15%	19.68%
2007	-2.99%	1.94%	1.27%	3.80%	0.57%	1.53%	-2.01%	-12.08%					-8.55%

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

Performance in USD (for initial investors) and Asset Allocation

