

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 December 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 31/12/07	
NAV Pre Perf Fees:	USD 2,796.68
Min Investment:	USD 100,000
Size of Fund:	USD 24.44mn
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 31/12/07)

Metal resource shares:	99.0%
Silver:	0.1%
Cash (net):	0.9%

Fund Commentary

The fund's NAV rose by 3% in December to USD 2,796.67.

Following the Sub-prime related liquidations in November, December saw a flurry of buying of smaller gold stocks, a sector that has lagged for some time, so we did better than the index. Gold rose by about 6.4% on the month.

For 2007, and though it has made money (the investment objective of the fund) the fund has underperformed the major indices. There were two reasons. First, cost inflation is rampant in the gold sector, which placed undue pressure on margins. Second, the global credit crunch and financial crisis had a very negative impact on the emerging producer segment where the fund is most heavily invested. Investors seeking exposure to gold tended to buy the big names (such as Newmont, almost a quarter of the index on its own!) where we are under-represented. We hope to do better in 2007.

We have recently started to build up a position of about 5% in Uranium stocks. These former high-flyers have had a significant correction recently, and with the outlook for oil looking good in the longer term, Uranium offers a very attractive alternative.

Petaquilla Copper finally listed at a significant premium to its holding value. Nevsun Resources signed a mining agreement with the Eritrean government for the development of its high grade Bisha asset and was one of the better performers for the month. On the flip side, DRD Gold was lower on news that a winder failure had temporarily cut output while Goldfields lowered production guidance on the back of safety related incidents which negatively impacted its performance.

The market is currently not looking beyond the current credit crisis. Until it does the large cap golds may outperform. But our fundamental value based approach suggests that emerging gold producers remain undervalued and stand to outperform significantly at some point. The re-rating, when it comes, will be sudden and this will guide our investment approach during 2008.

In the final days of 2007 gold gained on speculative buying, driven by dollar weakness and tensions in Pakistan. However the fundamentals for the gold price are supported by far more than looming political crises. Mined production is ex-growth. The supply side response to higher prices is limited by the multi year time lag between discovery and production. Inflation fears are well founded and should be one of many drivers of the gold price in 2008. De-hedging will continue to add to demand; AngloGold Ashanti recently signaled its intention to buy back the bulk of its 10 million oz hedge book within 2008. Investor demand as measured by Exchange Traded Funds, continues unabated. Jewelry demand continues to push higher in the face of a higher gold price.

On the negative side, there is little chance of respite from surging cost inflation in the coming year. There is a strong correlation between the operating costs relative to movements in the gold price and the sector could experience greater than the industry accepted 10% increase, something that will be particularly evident amongst the more mature mines.

The fund remains aggressively positioned for good performance in the coming year.

Fund Statistics

CAGR (before all fees)	21.46% pa
CAGR (after all fees)	19.22% pa
Number of Months	59
Number of "Up" Months	37
Average "Up" Month	+7.1%
Number of "Down" Months	22
Average "Down" Month	-6.1%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	62
Unlisted stock positions	2
Largest stock position	6.6%

Investment Driven Major Buys and Sales

Net Buys

Aurelian Resources
 Uranium One
 Uranium Participations
 Denison Mines
 Paladin Energy

Net Sales

Kingsgate Consolidated
 Oceana Gold Corp
 Jinshan Gold Mines
 Great Basin Gold
 Resolute Mining

Top 10 Holdings

- | | |
|--------------------------------|---------------------|
| 1. Central Fund (Gold, Silver) | 6. QGX |
| 2. Gold Corp | 7. Eldorado Gold |
| 3. Northern Peru Copper | 8. Centerra Gold |
| 4. Pan American Silver | 9. Kinross Gold |
| 5. Eastern Platinum | 10. Newcrest Mining |

Performance in USD (for initial investors)

	28/2/03	31/12/07	% ch
P&C Gold Fund (Gross NAV)	1000	2796.67	+179.6%
FTSE Gold Mines Index	1190.83	2958.75	+148.5%
Gold Bullion	349.95	833.92	+138.3%
Silver Bullion	4.60	14.80	+221.7%
Palladium Bullion	241.50	368.75	+56.6%
Platinum	683.50	1526	+123.2%

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%	21.11%	11.1%	-11.0%	3.0%	12.8%

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

Performance in USD (for initial investors) and Asset Allocation

