

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 28 February 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 28/2/07

NAV Pre Perf Fees: USD 2,452.86

Min Investment: USD 100,000

Size of Fund: USD 26.0mn

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 28/2/07)

Metal resource shares: 95.9%

Silver: 0.1%

Cash (net): 4.0%

### Fund Commentary

**Executive Summary** In February the fund's NAV rose 1.9%, in what turned out to be an even more volatile month than January. During February gold bullion rose 2.5%, silver rose 4.5%, palladium rose 3.6% and platinum rose 5.9%. The FTSE Gold Mines Index ended the month unchanged.

Some significant portfolio holdings, including AngloGold and Barrick Gold, were sold during the month to raise liquidity for redemptions, increase portfolio cash and reflect the recommendations of the investment adviser.

The first three weeks of February saw a strong rally in mining shares following the falls of January and by the 26th February the FTSE Gold Mines Index was posting a gain on the month of 6.4%. Then a wave of selling across almost all risk assets, led by a one-day fall in Chinese stock prices of 9%, rippled through the global capital markets. This sell off continued into the early part of March, but at the time of writing prices are once more recovering.

Hedging against general inflation is an important motivation for commodity and commodity related investment, especially where there is a mismatch between reported and perceived real inflation rates. This also plays an important role in the commodity industries themselves. In South Africa during 2006 the cost of extracting gold rose 12% to US\$ 420 an ounce. Gold production in South Africa, the world's biggest source of the precious metal, fell 7.5% in 2006 to 8.85 million ounces: the lowest level of production since 1922. With some central banks starting to add to their gold reserves, supply/demand conditions appear highly supportive.

### Outlook

With mining equities bouncing back from the price levels last seen in October 2006, once again there is firm evidence that market weakness continues to be countered with real buying. The prices of precious metals are holding firm. The Fund holds to its position that mining related equities offer good value, will deliver superior absolute returns and have an important role to play in a diversified investment portfolio.

## Fund Statistics

CAGR (before all fees)	22.6% pa
CAGR (after all fees)	20.2% pa
Number of Months	48
Number of "Up" Months	29
Average "Up" Month	+7.4%
Number of "Down" Months	19
Average "Down" Month	-5.8%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	57
Unlisted stock positions	3
Largest stock position	5.8%

## Investment Driven Major Buys and Sales

### Net Buys

None

### Net Sales

Anglogold  
Barrick Gold  
Minas Buenaventura  
Inds Penoles  
Randgold

## Top 10 Holdings

- |                              |                      |
|------------------------------|----------------------|
| 1. Oceana Gold               | 6. Banro Corp        |
| 2. Ivanhoe Nickel & Platinum | 7. Straits Resources |
| 3. Ballarat Goldfields       | 8. Sino Gold         |
| 4. Nevsun Resources          | 9. Perseverance Corp |
| 5. Euro Goldfields           | 10. Lingbao Gold     |

## Performance in USD (for initial investors)

	28/2/03	28/2/07	% ch
P&C Gold Fund (Gross NAV)	1000	2452.86	+124.53%
Value of \$1,000 invested (after all fees)	1000	2224.28	+122.43%
FTSE Gold Mines Index	1190.83	2353.43	+97.63%
Gold Bullion	349.95	669.35	+91.27%
Silver Bullion	4.60	14.13	+207.17%
Palladium Bullion	241.50	350.75	+45.24%
Platinum	683.50	1250.00	+82.88%

## 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%											-1.10%

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

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

