

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 31 May 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 31/5/07	
NAV Pre Perf Fees:	USD 2,593.09
Min Investment:	USD 100,000
Size of Fund:	USD 24.0mn
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 31/5/07)

Metal resource shares:	93.4%
Silver:	0.1%
Cash (net):	6.5%

### Fund Commentary

In May the fund's NAV rose slightly by 0.6%, despite a volatile and mainly weak month for metals and mining equities. Gold bullion more than gave up April's gains, falling 2.7% in May, silver rose 0.2%, maintaining the price stability seen in April palladium fell 1.4% and platinum fell by 0.4%. The FTSE Gold Mines Index closed down 2.7% over the course of the month, having fallen throughout most of May before bouncing back in the last few trading sessions.

Several outright sales were made in the early part of the month, notably Goldfields and Euro Goldfields, to raise portfolio cash and bring the portfolio more closely into line with the investment adviser's model portfolio.

Commodities, metals and their equity related assets continued to display high volatility within recently established price ranges and the FTSE Gold Mines Index appeared to bounce back strongly when hitting the low end of the price range. Macro-economic considerations continued to dominate investment markets, with stronger than expected growth and inflation figures being published, across the board, and the US Treasury Bond market finally reflecting a new consensus that cuts in official interest rates during the remainder of 2007 are unlikely to be forthcoming.

All efforts by the Chinese authorities to put a brake on the economy appear to have failed and fears are growing about a stock market bubble and the impact of domestic inflationary forces. Global investment analysts are becoming ever more concerned about broad equity markets advancing strongly against the background of rising interest rates and bond yields. Expectations of sharp equity market corrections are growing.

#### Outlook

As and when financial market tensions are resolved, however they come about, fundamentals will, as always, reassert themselves. Commodity markets and mining equities retain their underlying fundamental strength and should perform well, both relative to other assets and in absolute terms.

## Fund Statistics

CAGR (before all fees)	22.6% pa
CAGR (after all fees)	20.2% pa
Number of Months	51
Number of "Up" Months	32
Average "Up" Month	+7.1%
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	56
Unlisted stock positions	2
Largest stock position	7.9%

## Investment Driven Major Buys and Sales

### Net Buys

None

### Net Sales

Goldfields  
European Goldfields  
Kirkland Lake Gold  
Bendigo Mining  
Indophil Resources  
Lafayette Mining  
New Oceana Gold

## Top 10 Holdings

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

## Performance in USD (for initial investors)

	28/2/03	31/5/07	% ch
P&C Gold Fund (Gross NAV)	1000	2593.09	+125.93%
Value of \$1,000 invested (after all fees)	1000	2339.06	+123.39%
FTSE Gold Mines Index	1190.83	2249.21	+88.88%
Gold Bullion	349.95	660.50	+88.74%
Silver Bullion	4.60	13.43	+191.96%
Palladium Bullion	241.50	368.00	+52.38%
Platinum	683.50	1280.50	+87.34%

## 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%								4.55%

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

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

