

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 28 September 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 28/9/07	
NAV Pre Perf Fees:	USD 2,746.60
Min Investment:	USD 100,000
Size of Fund:	USD 24.9mn
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 28/9/07)

Metal resource shares:	100.3%
Silver:	0.1%
Cash (net):	-0.4%

### Fund Commentary

The Fund's NAV rose by 21.11% in September to an NAV of USD 2,746.60.

The Fund's year to date performance has seen an NAV rise of US\$ 266.63, equivalent to 10.75%.

The indiscriminate selling of August reversed itself violently. The U.S. Federal Reserve cut rates by 50 basis points and financial markets swung from depression into a manic sense that the worst of the Sub-Prime Crisis was behind them.

Intermediate gold producers – the main focus of the fund's investments – were savaged in August. Share prices were down by between 10% – 25% across the board. This process reversed itself dramatically in September, and gains were immediate and substantial. History teaches time and again that the worst thing to do in a crisis is to over-react. We refocused the portfolio in a couple of positions and invested the entire cash position into physical gold. Otherwise, little action was taken.

Outlook: near perfect for gold shares

Whilst the after-shocks of the sub-prime crisis may continue for months or even years, the important thing for gold investors is one simple fact: the Federal Reserve and other Central Banks have, perhaps against their wishes, declared their hands. They are likely to talk tough but act soft, at least until such time as the full extent of the Sub-Prime Crisis is revealed. There will, no doubt, be bodies to bury in the financial sector, but the result will be financial conditions that are almost perfect for gold: sticky inflation, falling real yields, moderate economic growth, a weaker US dollar and continued varying levels of distrust towards the banking sector. We have had over a year and a half of poor performance with the result that certain gold shares are at near record low levels relative to bullion prices. The months ahead should be interesting for the Fund.

## Fund Statistics

CAGR (before all fees)	22.2% pa
CAGR (after all fees)	19.8% pa
Number of Months	55
Number of "Up" Months	34
Average "Up" Month	+7.5%
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	60
Unlisted stock positions	2
Largest stock position	6.3%

## Investment Driven Major Buys and Sales

### Buys

Gold Corp  
Kinross Gold  
Newcrest Mining  
Central Fund

### Sales

Straits Resources  
Oceana Gold  
Lihir Gold

## Top 10 Holdings

- |                           |                      |
|---------------------------|----------------------|
| 1. Lihir Gold             | 6. Straits Resources |
| 2. African Minerals       | 7. Sino Gold         |
| 3. Oceana Gold            | 8. Central Fund      |
| 4. Nevsun Resources       | 9. Banro Corp        |
| 5. Kingsgate Consolidated | 10. Kinross Gold     |

## Performance in USD (for initial investors)

	28/2/03	28/9/07	%ch
P&C Gold Fund (Gross NAV)	1000	2746.60	+174.70%
FTSE Gold Mines Index	1190.83	2824.20	+137.16%
Gold Bullion	349.95	743.60	+112.49%
Silver Bullion	4.60	13.76	+199.13%
Palladium Bullion	241.50	348.00	+44.10%
Platinum	683.50	1385.50	+102.71%

## 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%				10.75%

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

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

