

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 August 2008

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 31/08/08	
NAV Pre Perf Fees:	USD 1,818.50
Min Investment:	USD 100,000
Size of Fund:	USD 10.1mn
Type of Fund:	Cyprus private fund under International Collective Investment Scheme Law No 47(1) 1999 of Cyprus
Fund Manager:	P&C Global Fund Management Limited, Cyprus
Sub-Manager:	Butterfield Asset Management, Bermuda
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 31/08/08)

Metal resource shares:	97.7%
Physical Gold:	3.3%
Physical Silver:	0.1%
Cash (net):	-1.1%

Fund Commentary

The Fund fell by 17.1% in August. The FTSE Gold Mines Index fell by -14.0%. Gold bullion ended the month -9.1% weaker at USD 831.15/oz.

The tide has turned, but whose is that body on the shore?

It's pretty pointless writing a description of the tumultuous events of August, when the last few days have obliterated not only the bearish consensus that accompanied the 17% fall in our fund's NAV in August but also –and this is really Big Picture Stuff- much of the financial order of the Brave Old World that made it possible in the first place.

August's horrors ran into the first week of September. Gold funds that we follow announced falls in NAV of over a quarter. One resolute resources manager we know based in California closed his doors in disgust. The largest commodity hedge fund firm in the world, Ospraie, threw in the towel after a loss of nearly a third of its value in August. So did RAB Capital, known to be an active resource investor, as well as –unfortunately- a valiant and faithful supporter of Northern Rock. Global asset deleveraging was on a scale that we have never seen before. The rise in the US dollar (itself a feature of a gigantic global liquidity squeeze) accelerated the dumping of smaller gold shares that make up so much of your fund. Smaller gold shares –an illiquid market at the best of times- were swept with other financial flotsam out to sea.

Then, just when it seemed that hurricane was going to last forever, it stopped. In a day, the gold price had risen by about USD90, a record in human history for a one day dollar rise. Some of our smaller gold shares had risen by, yes, 50% in a matter of hours. Bigger stocks of the stature of Newmont, Harmony and Barrick – none of them exactly minnows- increased in value by over a quarter in a day.

We advise our investors to plug into <http://hf-implode.com/>, the Hedge Fund Implode Meter web site. This kind of volatility – where the share prices of a European bank employing 100,000 people rises and falls by 25% in a day- never occurs without collateral casualties, particularly when by most accounts more than three quarters of trade has been done by hedge funds. In the words of the Hollywood movie, "There Will Be Blood". None of this is bad for gold or the companies that produce it. We urge our investors to be patient with us despite the trauma of the last few months. We will be very surprised if we do not see some significant rises ahead. Your fund is volatile, in both directions.

Your fund remains mainly exposed to small and mid cap gold and precious metals companies. It also has a sprinkling of high growth uranium, industrial metal and energy companies. This emphasis – gold first and foremost- remains the key strategy.

Fund Statistics

Number of Months	66
Number of "Up" Months	39
Average "Up" Month	+7.0%
Number of "Down" Months	27
Average "Down" Month	-7.0%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-19.4% (April 2004)
Number of stock positions	55
Unlisted stock positions	0
Largest stock position	4.3%

Investment Driven Major Buys and Sales

Net Buys	Net Sales
Laramide Resources	Mount Gibson Iron
	QGX Ltd

Top 10 Holdings

1. Kinross Gold	6. Streetracks Gold Trust
2. Gold Corp	7. Pan American Silver
3. Yamana Gold	8. Straits Resources
4. Eldorado Gold	9. Centerra Gold
5. IAM Gold Corp	10. Barrick Gold

Performance in USD (for initial investors)

	28/2/03	31/08/08	%ch
P&C Gold Fund (Gross NAV)	1000	1818.50	+81.9%
FTSE Gold Mines Index	1190.83	2416.55	+102.9%
Gold Bullion	349.95	831.15	+137.5%
Silver Bullion	4.60	13.61	+195.9%
Palladium Bullion	241.50	306.80	+27.0%
Platinum	683.50	1489.80	+118.0%

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%	19.7%
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%
2008	0.17%	8.8%	-12.7%	-9.0%	6.9%	-1.0%	-13.4%	-17.1%					-35.0%

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

Performance in USD (for initial investors)

P&C Fd (NAV for Initial Investors)

