

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 30 June 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 30/06/08	
NAV Pre Perf Fees:	USD 2,535.02
Min Investment:	USD 100,000
Size of Fund:	USD 19.4mn
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 30/06/08)

Metal resource shares:	92.6%
Physical Gold:	8.7%
Physical Silver:	0.1%
Cash (net):	-1.4%

Fund Commentary

The Fund fell by 1% in June. The FTSE Gold Mines Index was 7.3% higher. Gold bullion ended the month up +4.4% at US\$925.40/oz.

Market Highlights: We've had 4 months of sideways, choppy trading in gold. As we approach this seasonally more favourable period for gold, we're keen to find a reason to break out of it. How far could gold rise if it does?

If gold were to revert to its long term relationship to oil (where 16 barrels of oil are normally needed to buy one ounce of gold against the current 7 barrels), gold would have to rise to USD 2,230/oz, a rise of over 140%. By sheer coincidence, when adjusted for inflation, gold would need to rise above USD 2,200/oz to regain a new inflation adjusted high. Of course, this is mere statistical theorizing. But even the most sceptical gold bug must admit that a part of this 140% might be justified in the light of current global events (Iran sabre-rattling / Inflation / Banking Crisis / US recession / collapsing real USD yields etc etc).

If we're right to be bullish about gold price movements, then it also follows that the small and mid cap gold sector, where your fund is vastly "overweight" against the traditional indices, is set to have a field day. We've written many times about how small/mid cap stock profit margins are *finally* on the increase again after several years of being squeezed. Small caps tend to lag large caps, and this fact held us back in relative terms last month as the Big Brethren (Newmont, Barrick, Goldcorp, Kinross) had good moves.

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. The largest position of all (some 8%) is invested in physical gold through an ETF.

Fund Statistics

CAGR	17.56%
Number of Months	64
Number of "Up" Months	39
Average "Up" Month	+7.0%
Number of "Down" Months	25
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	0
Largest stock position	3.5%

Investment Driven Major Buys and Sales

Net Buys

Bear Creek Mining
Canplats Resources
Rainy River Resources
Newmont Mining

Net Sales

Peabody Energy

Top 10 Holdings

- | | |
|----------------------------------|------------------------|
| 1. Streettracks Gold Trust (ETF) | 6. Pan American Silver |
| 2. Golf Corp | 7. QGX LTD |
| 3. Kinross Gold | 8. Barrick Gold |
| 4. Yamana Gold | 9. Nevsun Resources |
| 5. Eldorado Gold | 10. Lihir Gold |

Performance in USD (for initial investors)

	28/2/03	30/06/08	%ch
P&C Gold Fund (Gross NAV)	1000	2535.02	+153.5%
FTSE Gold Mines Index	1190.83	3157.08	+165.1%
Gold Bullion	349.95	925.40	+164.4%
Silver Bullion	4.60	17.41	+278.5%
Palladium Bullion	241.50	464.70	+92.4%
Platinum	683.50	2069.50	+202.8%

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%							-9.35%

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)

