

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 October 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.

Asset Allocation (As at 31/10/08)

Metal resource shares:	67.5%
Physical Gold	27.3%
Physical Silver:	0.1%
Cash (net):	5.1%

Key Information

Subscription price as at 31/10/08	
NAV Pre Perf Fees:	USD 840.23
Min Investment:	USD 100,000
Size of Fund:	USD 4.4mn
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

Fund Commentary

It gives us no pleasure to announce that the Fund fell by 43% in October and the FTSE Gold Mines Index by 36%. This leaves us down 70% for the year.

In October most of our competitors were down 35-50%. We are utterly shocked by the random and brutal way in which perfectly good mining stocks were dumped. It did not matter that we have in recent weeks moved the fund towards a "lower risk" exposure to larger cap names and gold physical. For several days in October, "the mining market" literally ceased to exist. There simply were no (real) bids.

We suspected mass forced liquidation by stressed market investors, including hedge funds. We are certain this was the case. We are starting to get numbers from the fund providers who besiege us with emails every month end. Some "medium-risk" fund provider numbers are terrifying...assets under management down by 50-75% since January, performances routinely in the minus 30% to 60% zone, fund closures etc.

October 2008 will go down in human history as the most volatile month ever seen (20% of the top 20 most volatile days on the S&P since 1928 were observed in one month...yes, October 2008). The gold share market - our market - was at the epicenter of the hurricane.

Our investors rightly want to know "Where do we go from here?"

We have a plan.

Having talked to almost all our investors, we have some clear information, which we will heed carefully:

- 1 Selling hugely undervalued gold stocks now - after such a panic - is madness. Our holdings are financed properly and the majority have cash - sometimes double or triple the value of the company! - sufficient to survive a downturn.
- 2 Gold is not finished as an asset class and we are expected as fund managers to ride the upside.....whenever it comes.
- 3 Even if systemic risk (ie a meltdown of the global financial system) is unlikely after the global measures planned or taken so far, we are expected to hold a meaningful position in physical bullion (either "allocated" bullion or through ETFs) against such an (exceedingly unlikely) event. If there is one fund left in the world and containing "allocated" bullion (ie an asset that is no one else's liability that can be claimed personally from the smoking vaults of a bank), it will be our fund!

Many of our competitor funds have played some accounting games to preserve their businesses. It is common knowledge that many funds have

- 1 Closed down their gold funds altogether or
- 2 Put "gates" on their fund, ostensibly to protect assets, but really - cynics like us think - to preserve their own business or
- 3 Created "side-pockets" into which they have injected pre-IPO, illiquid, or basket case stocks.

The P&C Gold Fund has done none of these things. We don't intend to. Our fund's NAV is as you see it (by the way, we have no unlisted stocks valued at pre Crash levels, like some). We're proud of that (though our Directors warn that they would not hesitate to manage redemptions if they felt that it was in the interests of the Fund's other shareholders). So our existing investors are protected.

We undertake to give sufficient exposure to the gold asset class to fully regain the losses in the coming resumption of the bull market (which becomes more likely by the day as Governments everywhere are forced to inflate their Money Supplies). **The gold share asset class as a whole has the potential to increase many times in value in the next few years. In the gold price correction of the mid 1970s, gold halved, then proceeded to rise by 8 times in under 5 years! Gold shares, now that the global liquidation is nearing an end, should do even better.**

Finally, we will manage carefully our option of holding "allocated" bullion against a systemic meltdown of the global banking system. If you have any questions or concerns, please contact us. At times like these, we want to be as helpful as we can.

Fund Statistics

Number of Months	68
Number of "Up" Months	39
Average "Up" Month	+7.2%
Number of "Down" Months	29
Average "Down" Month	-8.6%
Largest Monthly Rise	+22.1 (September 2005)
Largest Monthly Fall	-43.1% (October 2008)
Number of stock positions	42
Unlisted stock positions	0
Largest stock position	5.9%

Investment Driven Major Buys and Sales

Net Buys

SPDR Gold Trust (gold bullion EFT)
Central Fund Canada (gold and silver bullion)
Newmont Mining

Net Sales

Resolute Mining
Nevsun
Alexis Minerals
Etruscan Resources
Eastern Platinum
Exeter Resource
Rainy River Resources
Canplats Resources
Minco Silver
Bear Creek Mining
Aquiline Resources

Top 10 Holdings

- | | |
|---------------------------|--------------------|
| 1. Streetracks Gold Trust | 6. DRD Gold |
| 2. Kinross Gold | 7. Yamana Gold |
| 3. Gold Corp | 8. Eldorado Gold |
| 4. Barrick Gold | 9. Newcrest Mining |
| 5. Newmont Mining | 10. Lihir Gold |

Performance in USD (for initial investors)

	28/2/03	31/10/08	%ch
P&C Gold Fund (Gross NAV)	1000	840.23	-16.0%
FTSE Gold Mines Index	1190.83	1490.01	+25.1%
Gold Bullion	349.95	724.55	+107.0%
Silver Bullion	4.60	9.85	+114/1%
Palladium Bullion	241.50	199.55	-17.4%
Platinum	683.50	823.00	+20.4%

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%	-18.9%	-43.1%			-70.0%

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)

