

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 December 2009

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 31/12/09)

Metal resource shares:	99.6%
Physical Gold	0.0%
Physical Silver:	0.1%
Cash (net):	0.3%

Fund Statistics

Number of Months	81
Number of "Up" Months	48
Average "Up" Month	+8.1%
Number of "Down" Months	33
Average "Down" Month	-8.4%
Largest Monthly Rise	+28.1 (May 2009)
Largest Monthly Fall	-43.1% (Oct 2008)
Number of stock positions	36
Unlisted stock positions	0
Largest stock position	5.7%

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%	19.4%	21.6%	-57.2%
2009	1.8%	1.2%	6.9%	-7.8%	28.1%	-14.1%	4.7%	1.8%	12.2%	-2.9%	19.0%	-1.8%	51.4%

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

Key Information

Subscription price as at 31/12/09

NAV Pre Perf Fees: USD 1813.04

Min Investment: USD 100,000

Size of Fund: USD 6.3mn

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

Major Buys/Sales

Buys	Sales
Major Drilling	SPDR Gold Trust
Avion Gold	

Top 10 Holdings

1. Barrick Gold	6. Kinross Gold
2. Eldorado Gold	7. Silver Wheaton
3. IAMGOLD	8. Franco-Nevada
4. Gold Corp	9. Osisko Mining
5. Yamana Gold	10. Sprott Resources

Fund Commentary

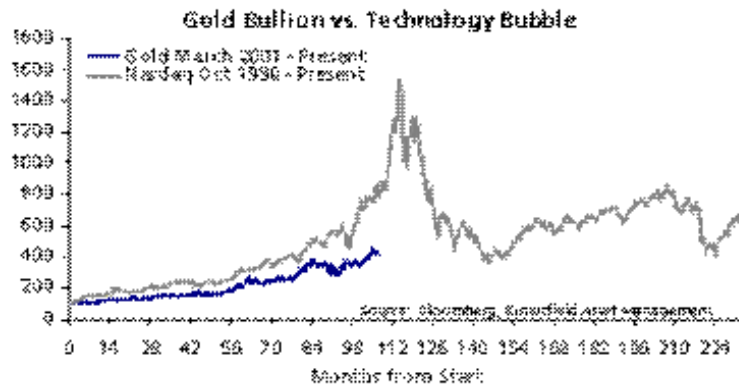
The fund fell by -1.8% in December, while the FTSE Gold Mines Index fell by -8.5% and the Amex Gold Bugs Index fell by -9.4%. Gold fell by 7.0%. In 2009, our fund is up +51.4%, well ahead of the FTSE Gold Index (+29.6%) and the smaller cap and much more volatile AMEX Gold Bugs Index (+42.2%). Gold was up +24.4%.

Gold shares cheap versus mining shares

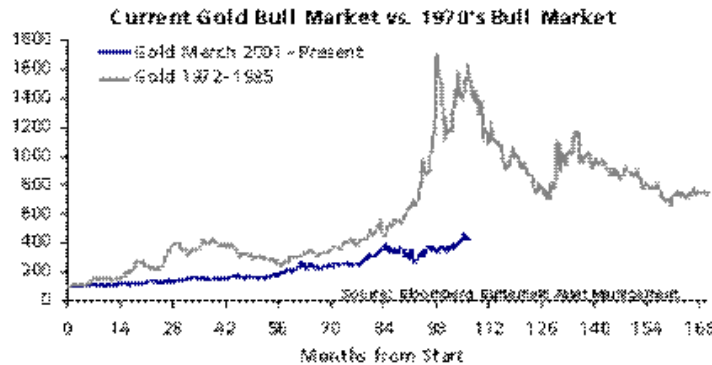
We bought into Major Drilling in December. Mining services companies in general have lagged other mining related equities and we believe that high quality names like Major Drilling should play catch up. We find it counterintuitive that analysts are becoming increasingly more bullish on the large cap mining names, yet they see little follow through in terms of CAPEX. Major Drilling derives a large chunk of its revenue from copper and gold mining companies which have been plagued by lackluster operating results from their tired properties. Look for CAPEX to surprise on the upside as companies reinvest profits to both extend the life of existing properties and bring developmental properties into production.

Entering into 2010, the Fund remains largely focused on precious metals and related equities. We continue to believe that we are in the midst of a gold bull market that occurs once or twice a century. The infrequency of these bull markets means that it takes the general market some time to wake up to the fundamentals. We believe that ongoing talk of the gold price representing a "bubble" illustrates that the current rally in gold and precious metal companies has a long way to go.

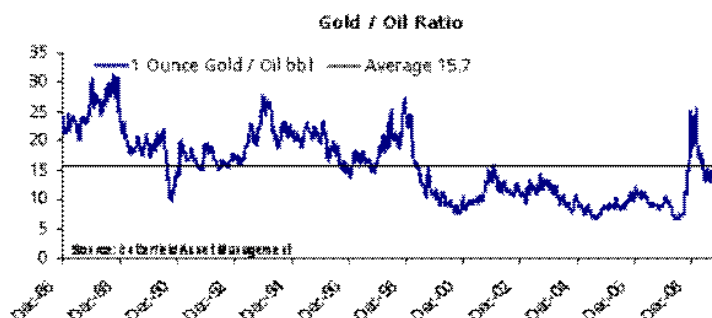
Relative to well documented "bubbles", such as the meteoric rise of technology companies in the 1990's, the price of gold this cycle has been rather tame:

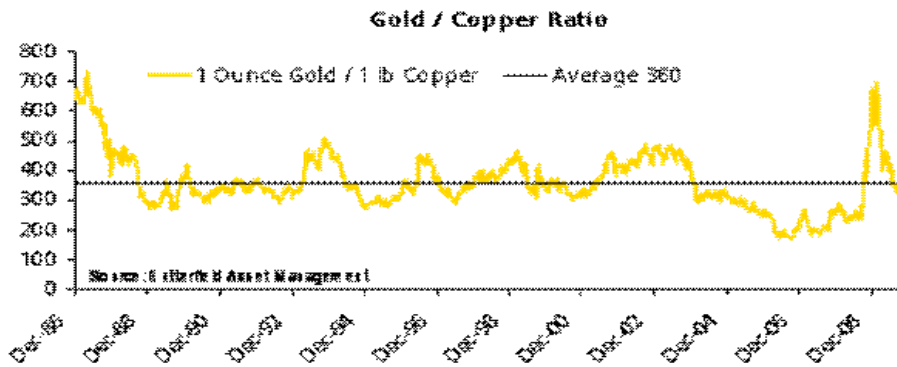


Additionally, gold price appreciation this cycle has been modest relative to the bull market of the 1970's:

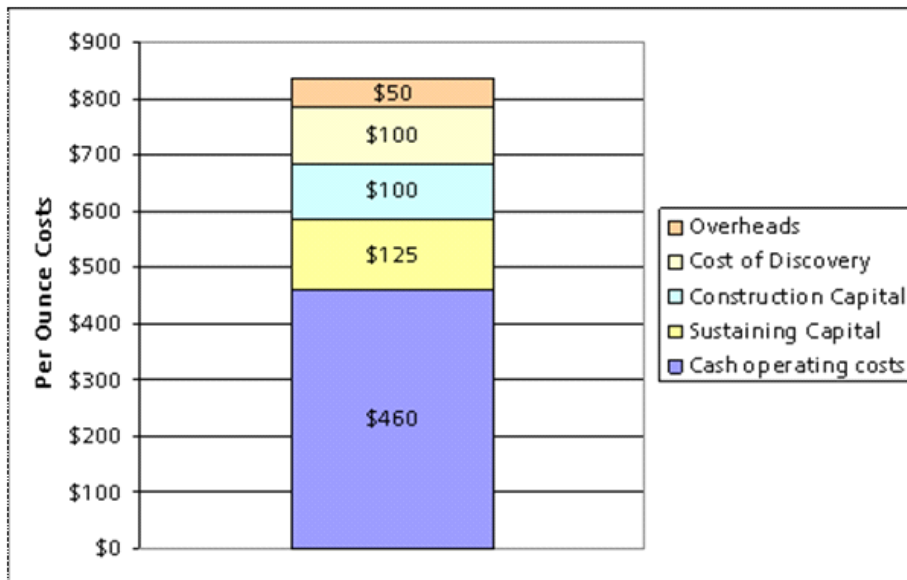


When we compare the price of gold to other commodities, there is no sign that the gold price has come unhinged from the commodity trade in general. The gold price remains at, or below, its long term trading relationship with oil and copper:





Lastly, the absolute “floor” for commodities is arguably the aggregate cost of additional supply plus a profit incentive to entice investment towards resource development. The cost of bringing on an additional gold ounce is currently north of \$800 / ounce as estimated by CIBC. Current gold prices in the area of \$1,100 / oz are rational considering the required rate of return for investment and the scarcity of quality deposits.



The concerns about gold price sustainability are unfounded in our view and have led to depressed valuations at the company level. Gold company cash flow multiples remain near all time lows - despite the superior operating environment. Look for gold shares to enjoy a re-rating as the market begins to appreciate that the current bull market is for real and has legs.

