

# P&C Global Gold and Natural Resources Fund

## Monthly Investors Report as at 31 January 2010

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 31/1/10)

Metal resource shares:	97.7%
Physical Gold	-
Physical Silver:	0.2%
Cash (net):	2.1%

### Fund Statistics

Number of Months	82
Number of "Up" Months	48
Average "Up" Month	+8.1%
Number of "Down" Months	34
Average "Down" Month	-8.4%
Largest Monthly Rise	+28.1% (May 2009)
Largest Monthly Fall	-43.1% (Oct 2008)
Number of stock positions	34
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%
2010	-10.3%												-10.3%

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

### Key Information

Subscription price as at 31/1/10

NAV Pre Perf Fees: USD 1626.67

Min Investment: USD 100,000

Size of Fund: USD 5.4mn

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

### 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. Red Back Mining
3. Gold Corp	8. Osisko Mining
4. IAMGOLD	9. New Gold
5. Sprott Resources	10. Major Drilling

The fund fell by -10.3% in January, while the FTSE Gold Mines Index fell by -11.4% and the Amex Gold Bugs Index fell by -13.0%. Gold fell by -1.5%. In 2009, our fund was 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%).

### What Does A “Normal” Correction Feel Like?

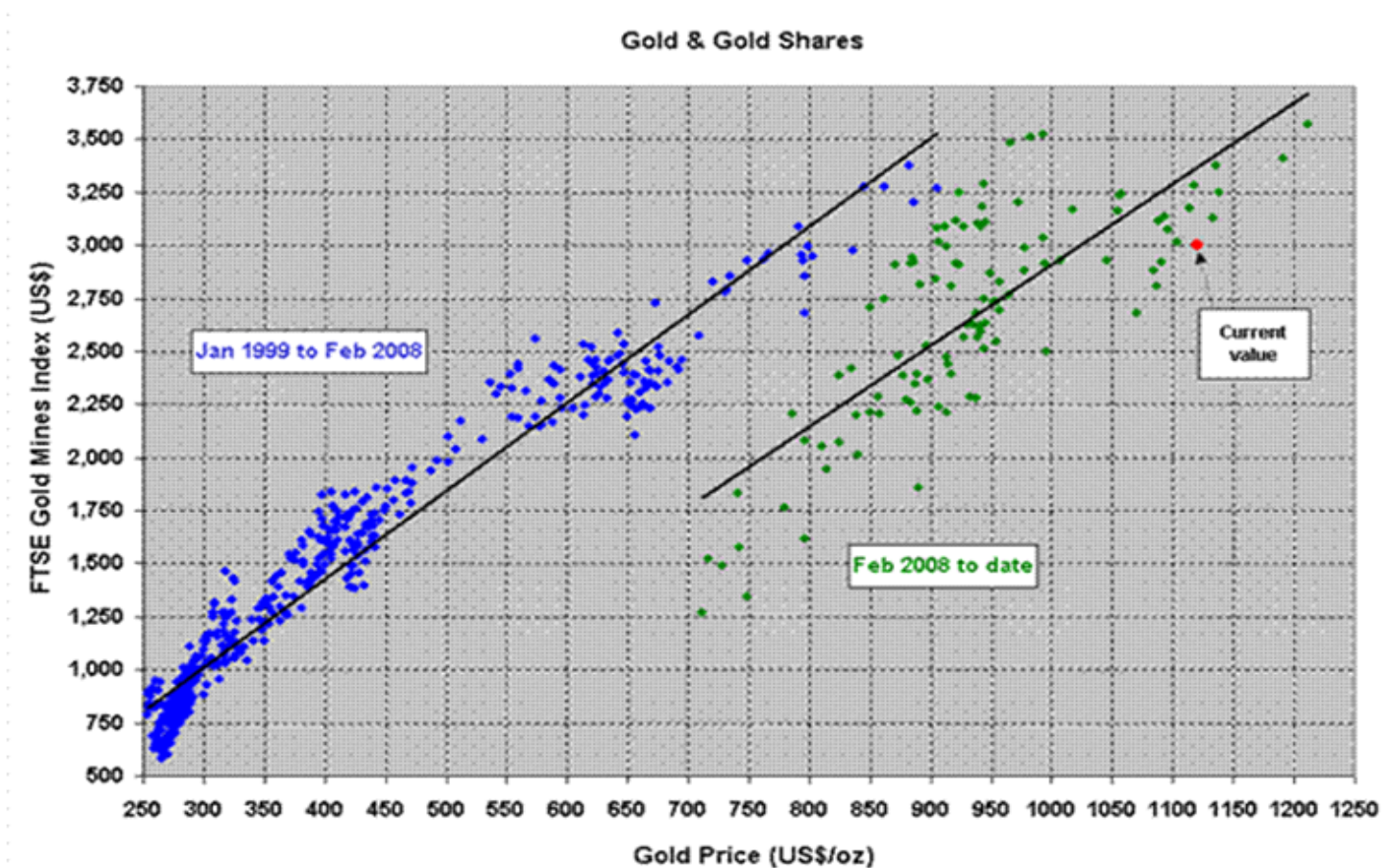
Physical gold and the precious metals sector has had several 10%-25% corrections since the bull market started in early 2001. (This is not to speak of the near 70% nuclear blast in 2008). Students of gold investment know that these corrections are - sadly - quite normal, and in fact “freshen up” the bull market for its next advance by replacing “weak holders” with “strong holders”.

Since end November, the Amex Gold Bugs Index is down by -21.2%, but our fund is only down -11.9%, so we’ve escaped most of the blast. The chief culprit, as usual, was unexpected US dollar strength. Combined with some year-end profit taking (after a +50% year), this has hit gold and its much more volatile brethren, gold shares.

Rising interest rates - the Fed recently raised its emergency lending rate by 0.25% to the still lowly 0.75% - has added to these bearish factors, but it’s heartening to see that gold has shrugged this latest baleful influence off in some style.

Fundamentally, supply is still reined in, and demand is still strong; Baker Steel Capital report that Indian jewelry demand has remained robust, with the Bombay Bullion Association reporting that gold imports are set to rise to 40 tonnes in January 2010 from a mere 10 tonnes in January 2009.

We thank another of our advisers, BlackRock, for this chart showing that gold shares are now once again cheap against gold bullion.



Source: BlackRock's Natural Resources Team