

P&C Global Gold and Natural Resources Fund

Monthly Investors Report as at 31 December 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

Metal Resource Shares:	99.6%
Physical Gold:	-
Physical Silver:	0.2%
Cash (net):	0.2%

Fund Statistics

Number of Months:	94
Number of Up Months:	58
Average Up Month:	+8.0%
Number of Down Months:	36
Average Down Month:	-8.2%
Largest Monthly Rise:	+28.1% (May 2009)
Largest Monthly Fall:	-43.1% (Oct 2008)
Number of Positions:	30
Unlisted Positions:	0
Largest Stock Position:	6.0%

Monthly Performance (gross)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr
2003	-	-	-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%	7.7%	2.3%	16.6%	-5.6%	1.1%	-3.7%	12.3%	9.5%	2.8%	6.4%	6.9%	52.3%

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

Key Information

Subscription price:	USD 2,760.94 (as at 31 December 2010)
Min Investment:	USD 100,000
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 Ltd, Cyprus
Sub-Manager:	P&C Global Wealth Managers SA, Switzerland
Custodian:	RBC Dexia Investor Services Trust, UK
Administrator:	CP Palema Administrator Ltd
Auditor:	KPMG
Sales Fee:	Up to 5% permitted
Dealings:	Monthly (last business day of month)
Management Fee:	1.80% p.a.
Performance Fee:	12% p.a. absolute returns (High Water Mark principle)

Buys/Sales

Buys	Sales
Nil	Silver Wheaton

Top 10 Holdings

1. Silver Wheaton	6. Newcrest Mining
2. Barrick Gold	7. Endeavour Mining
3. New Gold	8. Goldcorp
4. IAMGold	9. Osisko Mining
5. Eldorado Gold	10. Franco-Nevada

Fund Commentary

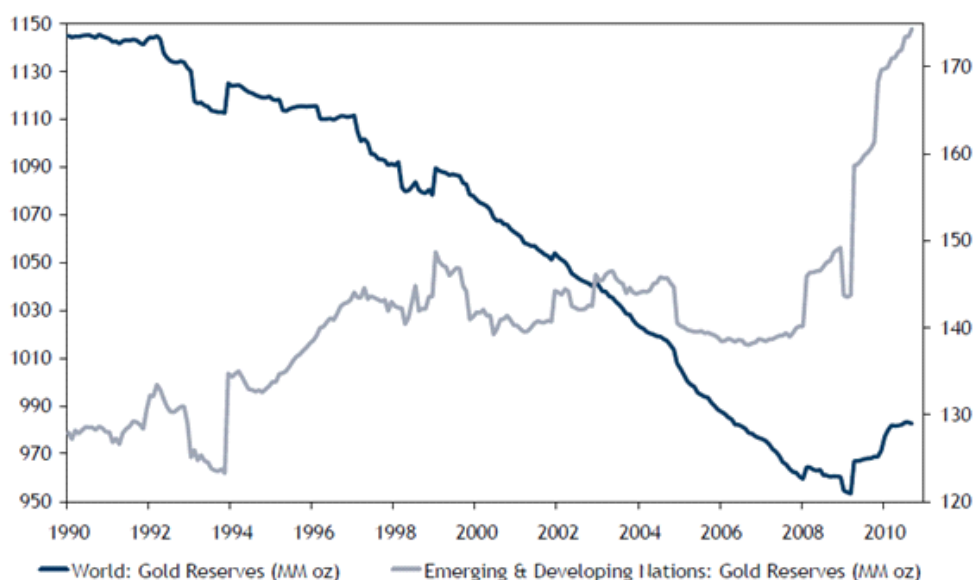
December 2010 produced a strong finish to what has been an extraordinary year for the financial and commodity markets. The P&C Global Gold and Natural Resources Fund gained 6.9% during the month, bringing its total performance for the year to +52.3%. The fund therefore clearly beat the relevant sector indices (e.g. the FTSE Gold Mining Index was up 29% during 2010) as well as all established equity markets. Gold bullion gained 2.5% in December and 29.5% during the whole year.

The portfolio holdings that had the strongest December performance were Timmins Gold and Avion Gold, both of whom were up by approx. 40%. Timmins was able to report that the ramp up to full production at its San Francisco mine was proceeding on schedule. Also, it seemed that the company's proposed "merger of equals" with Capital Gold was not going to happen. Timmins had taken an active role as suitor, but Capital Gold rejected the offer, preferring to go with Gammon Gold instead. The markets seemed to imply that in the end this was probably a good thing for Timmins' shareholders.

Avion Gold, active in Mali and Burkina Faso, continued its strong performance of November, supported by a steady stream of good operational news. In addition, the company was able to graduate from the TSX Venture Exchange to the TSX main board, a step that was executed and announced on Christmas Eve.

Looking back at 2010 as a whole, we would explain the fund's clear outperformance of the sector indexes with a number of factors: An important element was the fund's exposure to the key M&A transactions of last year. The takeovers of Red Back Mining, Andean Resources and Lihir Gold all produced excellent premiums for holders of the relevant stocks. Also, the fund's holdings in mining companies that have partial or complete exposure to silver proved very beneficial. Generally, small and mid cap equities performed better than large caps. We are of course aware that in a downward market, the situation works the other way round, with large caps delivering defensive support of the portfolio.

Looking ahead, we believe that many of the drivers of the gold price will remain in place during 2011 and beyond. These include developed world debt levels, quantitative easing, strong investment demand for gold as well as strong jewellery demand from India and China. It is also interesting to note, that central banks of countries such as India, Mauritius, Sri Lanka and Bangladesh have become significant purchasers of gold (please see chart). This has helped reverse a trend of net central bank selling that began in 1989. For the past 18 months it appears that central banks as a whole have become net buyers of gold.



Source: IMF, RBC Capital Markets

So whilst the fundamentals for gold are still looking good, we are also counting on very high volatility in the sector, higher than in 2010. Market corrections in 2011 are likely to be severe and long. We are therefore reducing the risk profile of the portfolio, to take this into account.

Roland Eschle