

Hinde Gold Fund

Hinde Gold Fund returned -2.5% in June . The gold bullion price declined 2.3% while the silver price and the GDX miners fared worse at -9.9% and -6.1% respectively. June's performance attributions are as follows:

- 1) The junior mining portfolio declined 2.1% as the liquidation in this sector continues into the summer doldrums.
- 2) The bullion strategy rose 1.9%. Put protection was purchased against the physical holdings of the fund which took advantage of the low implied volatility and belief in summer sell off.

The long expected end of Ben Bernanke's monetary experiment of QE2 finally came to pass at the end of June , leaving someone else to mop up the additional \$100bn a month or so of US Treasury securities. Time will tell what effect that will have on yield levels but sometimes the most obvious answer turns out to be the correct answer. The perceived tightening had its effect on many assets as stocks, bonds and the dollar headed south accompanied by gold and silver. Trading couldn't be simpler: money in → risk assets up, money out → risk assets down. Unfortunately while the market can see full well that the quantitative printing has stopped (albeit until it starts again), the market can see less well how much of this money that was freshly printed and is sloshing around the system is going to surface and make shorting risk assets a very difficult trade.

By late month the sentiment indicators for most risk assets including gold were already on the defensive as "everybody" had got out and was now on the sidelines, despite in many cases a very minor pullback. The sentiment change on the DSI and other sentiment indicators' move from bullish to bearish - with less than a 3% move in gold - must set something of a record.

Despite the relatively shallow dip in the physical market, the mining stocks have had a torrid time. Historic data suggests that the valuations across the spectrum from junior to major miners are at their cheapest levels relatively, levels that have only been seen three times in the last century. While inflation is no doubt challenging some of the mining executives cost projections for projects, still record metal prices make the potential cash flows incredible, at least in the short term. We must remember that the total market capitalisation of all the gold and silver mines in the world is only \$300bn and that the sector can get bullied up or down when people are entering or exiting the arena.

With the summer solstice behind us and people heading for their vacations we must bear in mind the uncanny seasonality of the gold market. 80% of all the gains over the last 10 years have occurred from August to January. The gold mining index has often made its low for the year in the month of July. Indian wedding season and Muslim and Christian festivals are the most quoted reasons for higher volumes and higher prices. Whether they are correct or not, it takes a brave man to fight these dynamic seasonal of the last decade.

The European catastrophe lurches from one low point to the next and at each level we get used to the new worse case scenario, but it should be clear to all by now that in a high inflation, low growth, potential debt default situation there are many worse things to have as a major part of your portfolio than gold.

JUNE 2011 CLASS B (USD)

JUNE RETURN (2.50%)
YTD RETURN +8.87%
FUND AUM \$51MM

STRATEGY	ATTRIBUTION
Bullion	(2.31%)
Bullion Strategy	+1.91%
Junior Strategy	(2.10%)

TOTAL (2.50%)

MoM

GDX Index	(6.12%)
Gold \$	(2.31%)
Silver \$	(9.94%)
Platinum \$	(5.95%)

STRATEGY DEFINITIONS

BULLION The Fund invests in physical allocated gold (bar list available) stored in Zurich. The typical holding will be 75% of the Fund assets but can be up to 100%

JUNIORS The Fund invests in the equities of companies that are in the early stages of deriving an income from precious metals, through exploration, production development and or royalties. The Fund can invest up to 25 per cent in this sector.

STRATEGIC HEDGING The Fund employs strategic hedges to reduce the volatility directly correlated to the Fund's bullion and equity exposure (e.g. Comex futures and options, and Precious metals and generic stock indices)

BENCHMARK The Fund's benchmark from inception until October 2008 was 50% equity, 50% bullion. From November 2008 the Fund moved to a benchmark of 100% bullion.

KEY STATISTICS

	CLASS B (USD) SHARES	GDX, GOLD MINERS INDEX	GOLD SPOT \$/OZ
Monthly return (June)	(2.50%)	(6.12%)	(2.31%)
Year to date return (from Jan 11)	+8.87%	(11.19%)	+5.60%
Return since inception Oct 07- Jun 11	+90.14%	+16.65%	+93.59%

FUND OBJECTIVES

Hinde Gold Fund maintains a long bias. The Fund offers investors the opportunity to seek the preservation of capital in gold, against the potential erosion of the purchasing power of fiat 'paper' money.

The core of the Fund's investment is allocated physical gold stored in secure vaults in a leading Swiss private bank Julius Baer. The Fund provides exposure to the upside appreciation in the precious metals sector while smoothing out the downside volatility. We reduce and increase allocations to the sector so as to provide an on average constant investment to the gold price. The Fund also has a small allocation to companies engaged in mining, exploration and production in the precious metals sector. The Fund targets a significant return in excess of its designated benchmark, the USD spot gold bullion price.

The Fund will primarily invest in precious metals and securities of companies located throughout the world that are engaged in the exploration, mining, production or processing of these metals. The Fund will seek to maintain a very high allocation of gold in allocated form in its diversified portfolio and will seek to diminish risks associated with adverse financial climates. The recommended investment horizon is three to five years.

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	YEAR
Class B (USD) 2011	(7.39%)	9.76%	2.35%	6.77%	0.52%	(2.50%)							8.87%
Class B (USD) 2010	(1.01%)	0.75%	0.38%	5.61%	1.36%	1.04%	(6.44%)	6.92%	7.81%	7.67%	6.66%	4.41%	40.03%
Class B (USD) 2009	6.31%	2.25%	(2.04%)	(8.74%)	14.24%	(4.24%)	2.82%	(1.09%)	11.18%	8.19%	13.49%	(0.63%)	46.65%
Class B (USD) 2008	6.74%	5.05%	(7.65%)	(3.32%)	3.51%	0.14%	(2.35%)	(7.90%)	(4.57%)	(26.56%)	11.36%	11.85%	(18.54%)
Class B (USD) 2007	-	-	-	-	-	-	-	-	-	3.81%	(1.72%)	2.25%	4.32%

KEY PERSONNEL BIOGRAPHIES

BEN DAVIES is co-manager of Hinde Gold Fund. He ran trading for RBSGreenwich Capital in London where managed a macro portfolio. He started his career in 1995 trading in the Credit market at Credit Lyonnais, moving to IBI as a fixed income specialist and finally Greenwich Capital in 1999. He graduated with a BSc from Loughborough where he majored in accounting and economics.

MARK MAHAFFEY is co-manager of Hinde Gold Fund. He has 22 years experience in the international markets having held senior posts at several leading investment banks. He trained as a fixed income specialist at Daiwa Securities before joining Midland Montagu as Director of the US government trading desk. In 1990 he jointly set up the Greenwich Capital office in London where he managed a portfolio focusing on global macro themes, before joining IBI in 2001. His most recent appointment from 2005 was Managing Director of Bank of America London Proprietary desk.

JONATHAN TEPPER is the analyst for Hinde Gold Fund. He started his career as generalist equity analyst at SAC Capital in Stamford, Connecticut concentrating on special situations: recapitalizations, spinoffs, and restructurings. After working alongside Mark Mahaffey at Bank of America he has worked at various funds intensifying his research into the resource sector as both a macro and mining analyst. He is a Rhodes Scholar with an M.Litt. in modern history from Oxford. He graduated with highest honours in history and economics from the University of North Carolina at Chapel Hill in 1998.

SIMON WHITE is a Cambridge mathematics graduate with a background in interest rate trading. After graduation Simon worked for JPMorgan on the US Rates desk, followed by a position at Bank of America as a proprietary trader, where he worked with both Mark Mahaffey and Jonathan Tepper. After a position at a start-up macro hedge fund, he joined Hinde in October 2008.

PAUL BURTON is the Hinde Gold Fund Mining Consultant. He is owner and editor of World Gold Analyst, formerly a division of the long-established Mining Journal Ltd, in London, a position he has held for over eleven years. Before joining the Mining Journal in 1996, Paul spent over twenty years in various positions within the mining industry. After initially working as a mining engineer he spent much of his career in mineral economics, most notably at Gold Fields, and minerals marketing in South Africa. Paul graduated from the Cambourne School of Mines in 1975 with an Associateship in mining engineering, and subsequently obtained an MSc in Mineral Economics and an MBA, from the University of the Witwatersrand, South Africa. Paul is Chairman of the FTSE Gold Mines Index Committee which he has served on for 10 years, and is well known speaker on the international circuit both on industry and investment side.

SHARE CLASS	RETURN	NAV
CLASS B (USD)		
Lead Oct 07 Series	(2.50%)	190.14
CLASS F (EUR)		
Lead Oct 2008 Series	(2.48%)	171.71
CLASS D (GBP)		
Lead Oct 07 Series	(2.48%)	186.60

INVESTMENT TERMS

Minimum investment	USD 100,000 (EUR & GBP equivalents)
Management fee	1.5%
Performance fee	20%
High water mark	Yes
Subscription frequency	Monthly
Redemption frequency	Monthly
Redemption notice	30 days
Lockup period	None
Administrator	SFS
Auditor	KPMG
English counsel	Lussan Ltd UK
BVI counsel Appleby	BVI
Domicile	BVI
Bloomberg Tkr	HNDGOLDVI equity
ISIN USD Class B	VGG4591A1075
CUSIP USD Class B	G4591A 107

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