

## Gold & Metals Unit Trust March 2010 Commentary

The Gold & Metals Unit Trust had the biggest fall in March of our three funds because of its heavy exposure to gold and silver and their miners. Gold was hit a lot by the shorting programmes of the bullion banks and most miners suffered in sympathy. The G&M fund went down 3.94% for the month.

We're not sure at this stage what April will bring but so far the increasing demand for gold and silver has pushed both up during the month, so cross your fingers and hope this continues.

Again the bullion banks used massive short positions to keep the price of gold and silver down, while platinum and palladium that they weren't shorting went up. Someday they'll lose out to the increasing demand for gold and silver we're seeing and then the prices will jump considerably. This has been going on for the last 9 months or more while at the same time some of the world's most successful investors have moved large portions of their funds into gold and silver, worldwide demand has increased considerably, and shortages of supply are becoming a problem [several times the US Mint stopped selling gold and silver coins because they couldn't get enough metal to meet demand].

Both the best performing hedge fund manager over the last couple of years in America, John Paulson, as well as George Soros who is probably the best investor of the last 30 years, have taken dramatically big positions in gold and silver. And the legendary Marc Faber has been on many US national TV programmes pounding the table saying everyone must hold gold now that the world's financial position is deteriorating so rapidly.

As the gold miners went down in February we were stopped out of several and after we felt the dust had settled we used some of that cash to buy some more miners, namely Northgate, Kinross, Market Vectors Gold Miners, Yamana and Barrick Gold. We also increased our holdings of physical gold through the ZKB Gold ETF. This ETF is managed by the Zurich Cantonal Bank in Switzerland and holds the gold bars in their own vaults in downtown Zurich.

We are currently exploring options to see if we can hold gold, silver and platinum bars under our own name [through the Public Trust] rather than having all our physical exposure through ETF's. We'll let you know how that develops, if it does.