

Fund	Gold and Metals	Investment Geographic	International
Size (net)	\$3,513,333.14	Minimum Investment	\$5,000; \$200 Month
Fund Manager	Socrates Fund Management	Management Fees	1.25%
Fund Administrator	MMC	Performance Fees	NIL
Portfolio Manager	Charles Drace	Entry Fees	2%
Fund Type	P.I.E. Unit Trust	Investments	Monthly
Investment Strategy	50/50 Bullion & Diversified Mining	Redemptions	Monthly; notify by the 15th

With miners taking the biggest hits in the world share markets and silver knocking 1/3rd off it's price, the Gold & Metals fund never had a good chance. A further 2.1% drop across the board because of the rise in the NZ dollar and a 3.9% drop in gold completed the bad news. We chose to ride it out because it's impossible to get the timing right with short term shorts or sales and we're in gold and silver for the long run... history suggests another 10-12 years of the precious metals bull market and another tripling or more in prices.

The miners got hit hard as they did at the end of 2008. Historically miners gain much more than the precious metals prices during the up cycle but most of that is in the later stages of the cycle. We have made some good money with the miners from time to time but we've always been quick to exit them through stops because they're often the first thing to get dumped when investors are getting scared of share markets as they have been for the last couple of months. Most of our stops were set at 10% so when they went down 10% they were automatically sold. The only changes in the portfolio, other than what we were stopped out of and the small amount of short funds to replace them were: We bought the ATU 2014 bond which yields 10%. ATU is Germany's largest chain of automotive spare parts and service centres. This, along with our other foreign bonds, provides an excellent income stream when growth investments are falling.

We also bought a short term double long silver price ETF in the hopes that after the recent major fall in silver we could capture some of the rebound. This worked well in March/April but, as silver hasn't yet rebounded, this time we were stopped out in mid-June for a small loss.

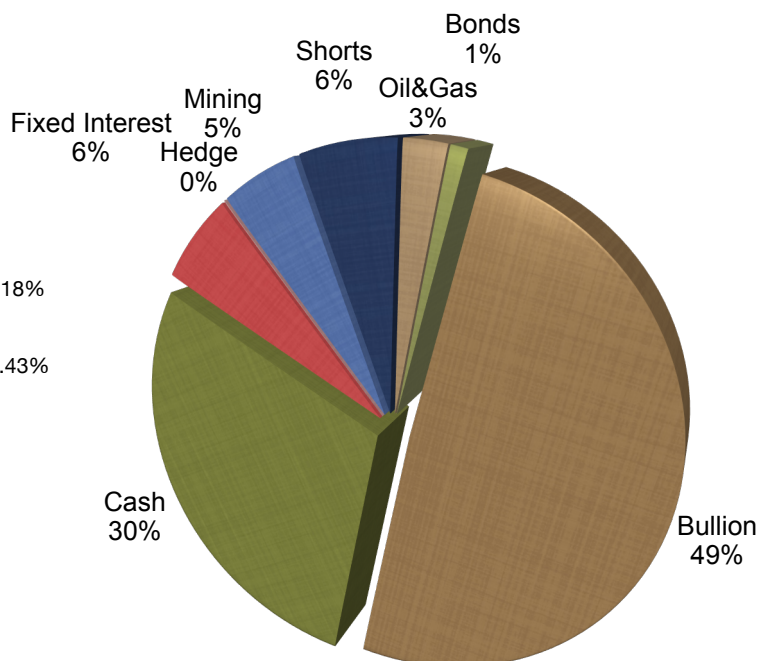
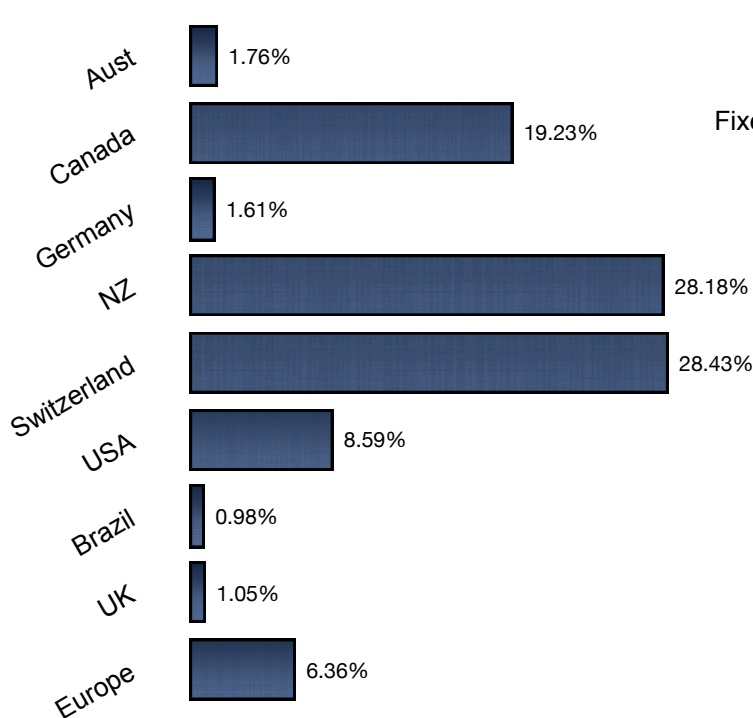
Over the next month or so we expect markets to get weaker so we'll keep some powder dry for later when an upwards trend starts again.

Performance to May 31st 2011
After Fees and Taxes

Month to Date	-7.38%
Quarter to date	-5.33%
Year to Date	-5.33%
12 Month Return	-7.46%
3 Year Return	-31.58%
Since Inception (Annualised)	-6.49%

Ten Largest Positions held in the fund

Public Trust	Craigs Cash
Sprott Physical Gold Trust	ZKB Silver ETF Units (CHF)
ZKB Gold ETF Units	Central Fund of Canada Ltd
Jyske Cash	ZKB Gold ETF (USD) Units
Equitable	ETFs Gold Trust Physical Swiss



May 2011	Apr 2011	Mar 2011	Feb 2011	Jan 2011	Dec 2010	Nov 2010	Oct 2010	Sep 2010	Aug 2010	Jul 2010	Jun 2010
\$0.7270	\$0.7849	\$0.7755	\$0.7877	\$0.7285	\$0.7761	\$0.7817	\$0.7332	\$0.7380	\$0.8094	\$0.6938	\$0.7632