

## Timeless Precious Metal: Investment Philosophy

THE TIMELESS PRECIOUS METAL FUND invests in listed mining companies of medium or small market capitalization, which have to fulfill the following criteria:

- Companies that are in production on the one hand, and have a high potential of adding new reserves and resources.
- Companies that are set to go into production and that have, at the same time, considerable exploration prospects.
- Companies that concentrate their exploration for precious metals in resource rich regions that have a positive track record.
- In addition we consider the experience and integrity of the mining company's management as another important investment criterion.
- Emphasis on operations in mining friendly countries and jurisdictions.

## Performance in %

| % CHANGE                                 | PRICE JULY 3 | 1 MONTH | 12 MONTHS |
|--|--------------|---------|-----------|
| THE TIMELESS PRECIOUS METAL FUND (EUR)   | 10.65        | -0.56%  | -38.72%   |
| THE TIMELESS PRECIOUS METAL FUND (USD)   | 13.43        | -0.24%  | -47.84%   |
| GOLD                                     | 1616.7       | 3.63%   | 13.29%    |
| SILVER                                   | 28.29        | 1.69%   | -24.96%   |
| GOLD & SILVER INDEX - PHILADELPHIA (XAU) | 163.59       | 5.30%   | -23.97%   |
| AMEX GOLD BUGS INDEX (HUI)               | 442.72       | 5.29%   | -22.10%   |
| GOLD MINERS INDEX - AMEX (GDM)           | 1280.85      | 4.79%   | -22.61%   |

## Manager Report

This June the NAV of THE TIMELESS PRECIOUS METAL FUND closed flat versus the previous month as well in EUR as in USD. The price of gold and silver closed 3.6%, respectively 1.7% higher. Gold and silver indices representing major companies gained about 5.2% on average over the reporting month. June proved a very difficult month for small cap miners and exploration companies in particular. All financial markets had highly volatile trading last month. The main guidance, especially for the precious metals, came from the hectic USD-EUR market. Gold plunged last week shortly after the ECB made its announcement, which included the somewhat less anticipated deposit rate cut. The resulting euro selloff (greenback rally) was largely responsible for gold's decline. Expectations of further quantitative easing in the USA have – for the time being - been disappointed. Nevertheless we still expect QE3 to happen this year. We believe this to be very bullish for gold. In the wake of higher gold prices the mining stocks should outperform global equity markets. THE TIMELESS PRECIOUS METAL FUND with its focus in the junior mining sector suffered from above mentioned risk-aversion and flight to safety.

The underperformance of gold and silver shares in relation to metal prices since 2007 is substantial. The breakdown of gold equities versus gold bullion since then is unprecedented. The XAU / Gold ratio has never over the past 30 years been so low. There remains a significant potential for this valuation gap to close in 2012. Valuations of the junior gold and silver mines in regards to their resources and future production are – based on current precious metals prices – on a historical low level.

Historically seen, over the long-term, gold shares outperform the gold price roughly three times as between 2001 and 2007. This, however, has not been the case since then. Looking over the next years, we believe the smaller gold miners are especially poised to outperform.

## Hedging Strategy

We currently have no currency hedges in place. We expect the Canadian Dollar to remain stable or stronger against the currencies of troubled countries in the Euro zone or the USA.

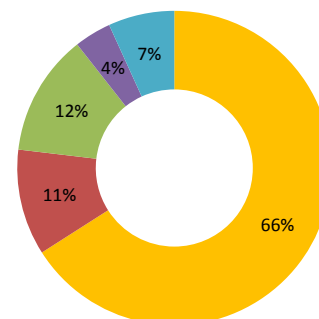
## Top Five Gold Holdings

|                                      |       |
|--------------------------------------|-------|
| CENTRAL ASIAN MINERALS AND RESOURCES | 12.5% |
| GOLD RESOURCE CORP.                  | 5.7%  |
| RIO ALTO MINING                      | 4.8%  |
| PARAMOUNT GOLD AND SILVER            | 4.5%  |
| ROMIOS GOLD RESOURCES                | 4.1%  |

## Top Five Silver Holdings

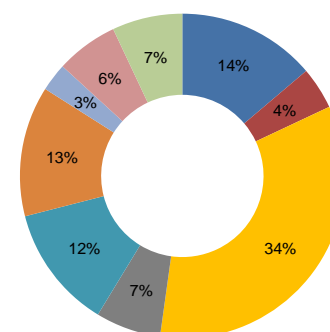
|                     |      |
|---------------------|------|
| SILVERCREST MINES   | 4.6% |
| TAHOE RESOURCES     | 3.7% |
| OROCO RESOURCES     | 3.7% |
| SILVERMEX RESOURCES | 3.5% |
| AURCANA             | 2.9% |

## Country Weightings by Incorporation



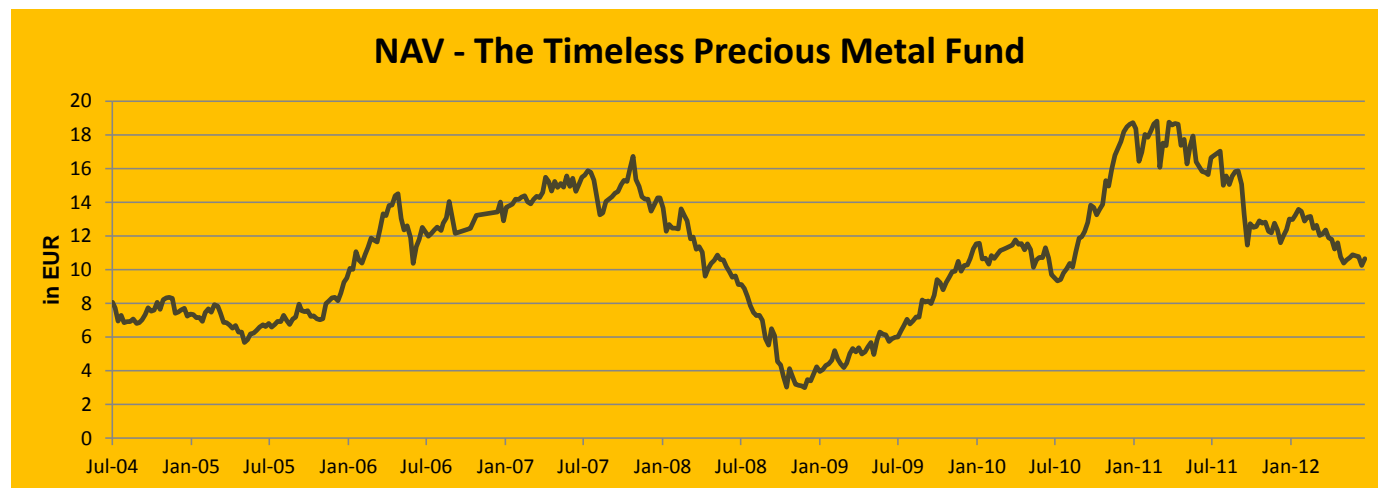
■ Canada ■ USA ■ UK ■ Australia ■ Cash

## Country Weightings by Operations



■ Canada ■ Guatemala ■ Mexico  
■ Peru ■ USA ■ Tajikistan  
■ Turkey ■ Other ■ Cash

## Fund Share Price Development (in EUR)



## Calendar Year Returns (%)

|  | 2006  | 2007  | 2008   | 2009   | 2010  | 2011   | YTD    |
|--|-------|-------|--------|--------|-------|--------|--------|
| THE TIMELESS PRECIOUS METAL FUND (EUR) | 55.98 | 3.28  | -75.56 | 214.45 | 73.26 | -35.03 | -11.25 |
| THE TIMELESS PRECIOUS METAL FUND (USD) | 72.98 | 15.16 | -76.67 | 222.78 | 59.37 | -34.21 | -14.37 |
| GOLD & SILVER INDEX - PHILADELPHIA     | 11.11 | 21.84 | -28.54 | 35.85  | 34.67 | -21.59 | -7.23  |
| AMEX GOLD BUGS INDEX                   | 22.15 | 21.03 | -26.13 | 42.16  | 33.36 | -14.78 | -8.89  |

## Fund Facts

|                          |  |                              |  |
|--------------------------|--|------------------------------|--|
| ISIN :                   | MT0000072612   | Bloomberg Code               | TLPREME MV   |
| Swiss Security N° / WKN: | 1921952 / A0B8N9   | Minimum Subscription:        | EUR 10'000   |
| Investment Manager:      | P. ZIHLMANN INVESTMENT MANAGEMENT AG,<br>Zurich, Switzerland | Subscription and Redemption: | weekly (Tuesday 4 pm CET)                                      |
| Currency:                | € (Euro)   | Issue commission:            | max. 6.5%, min 1% (degressive based on<br>subscription amount) |
| Domicile:                | MALTA (EU)   | Administrations Fee:         | 0.35% p.a.   |
| License:                 | July 16, 2004  | Management Fee:              | 2% p.a.  |
| Size (July 3, 2012)      | 12.5 Million €   | Performance Fee:             | 18% p.a. ('high-watermark')                                    |
| Custodian Bank:          | Bank of Valletta, Malta                                      | Legal Advisors:              | David Griscti & Associates, Valletta, Malta                    |
| Administration Company:  | Valletta Fund Services, Malta                                | Regulatory Authority         | Malta Financial Services Authority (MFSA)                      |
| Auditors:                | PriceWaterhouseCoopers, Malta                                | Web: www.timeless-funds.com  | E-mail: info@timeless-funds.com                                |

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