

**GOLDEN PROSPECT PRECIOUS  
METALS LIMITED  
(GPPM)**

**June 2009**

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# Introduction

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- Long only closed end fund investing in Gold and precious metals securities
- Managed by New City Investment Managers Limited
- Market capitalisation is £14.3 million
- Listed on Channel Islands Stock Exchange (CISX)

# New City Credentials

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- Managers – highly experienced; managers of City Natural Resources, New City High Yield Trust, Geiger Counter and New City Energy
- Performance - City Natural Resources was No. 1 in the 2008 Winterflood Securities Investment Trusts Review for Commodities funds (NAV)
  - Since inception (June 2003) CNR's share price has risen +176% (NAV +246%)
  - This year CNR's share price has risen +77% (as at 5<sup>th</sup> June)
- Assets Managed - £250 million – Part of CQS Group with \$6 billion assets under management

# Fund Managers

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- **Richard Lockwood**

- Richard is a Senior Fund Manager for City Natural Resources High Yield Trust, New City High Yield Fund, Golden Prospect Precious Metals and a Senior Advisor to Geiger Counter Limited.
- Richard joined CQS in 2007 as part of the CQS' acquisition of New City. Prior to establishing New City in October 2003, he was the founding director and former manager of City Merchants high Yield Trust, which was awarded best UK High Income Trust in both 2001 and 2002 by Investment Trusts Magazine. The compound annual rate of return under Richard's management since inception for this Trust was 12.5%.
- He has fifty years' experience in mining investment primarily with Hoare Govett, in London and Australia, and AMVESCAP, London.

- **John Wong**

- John is a Portfolio Manager for Golden Prospect Precious Metals and City Natural Resources High Yield Trust Plc and supports the portfolio management teams of New City High Yield Fund Limited, Geiger Counter Limited and New City Energy Limited.
- Prior to joining CQS in 2008, John was an Investment Manager with Ruffer LLP. Before this, he worked at Friends Ivory & Sime and Rothschild Asset Management. He has seven years experience in the investment management industry.
- John is a Chartered Accountant and also a CFA charter holder. Prior to working in the Fund Management industry, he spent six years at PricewaterhouseCoopers, initially as an auditor and later as a management consultant.

- **Will Smith**

- Will is a Portfolio Manager for Golden Prospect Precious Metals, an advisor to City Natural Resources High Yield Trust and has trading responsibility for all other New City funds.
- Prior to joining CQS in 2008, he was responsible for running Landsbanki Securities Proprietary Trading with a focus on Global Resources.
- He has over thirty years' investment experience with Panmure Gordon, UBS and Morgan Grenfell Securities.

- **Plus 4 other professionals**

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Sources: <sup>1</sup>Datastream; <sup>2</sup>Investment Trust Magazine as at 30 September 2008

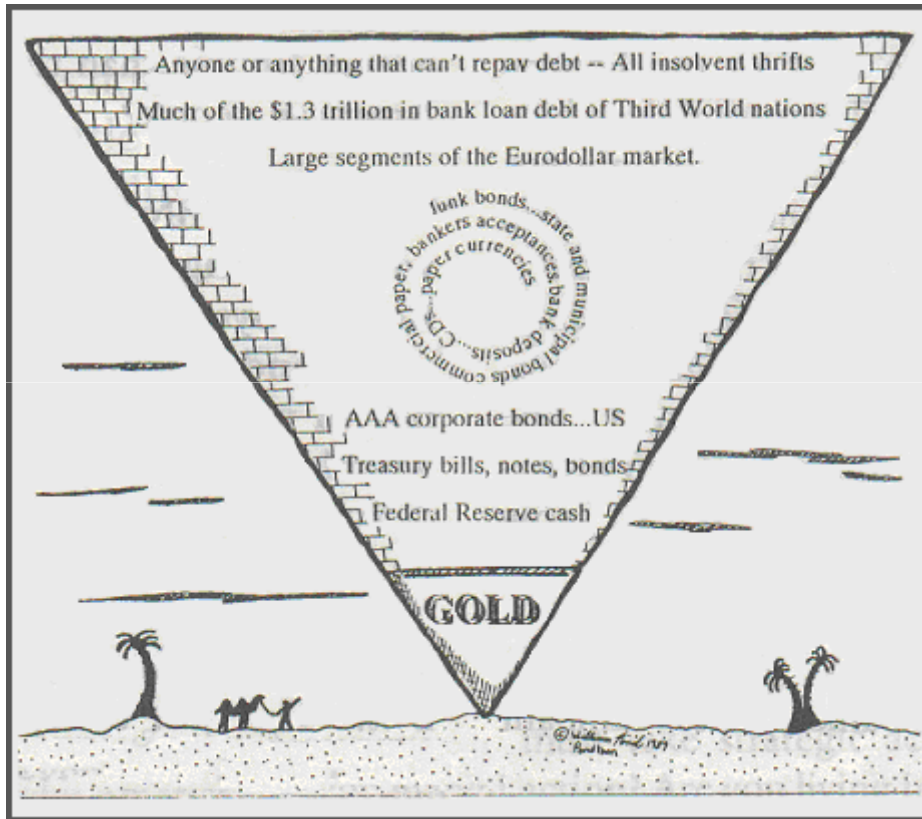
# Why Gold?

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- Alternative Currency
  - Gold is money
  - Gold is no one else's liability
- Performance in deflationary and inflationary scenarios
  - A store of value
- Supply and demand
  - Mining supply has been in decline
  - Growing investment demand

# Why Gold? – An alternative currency

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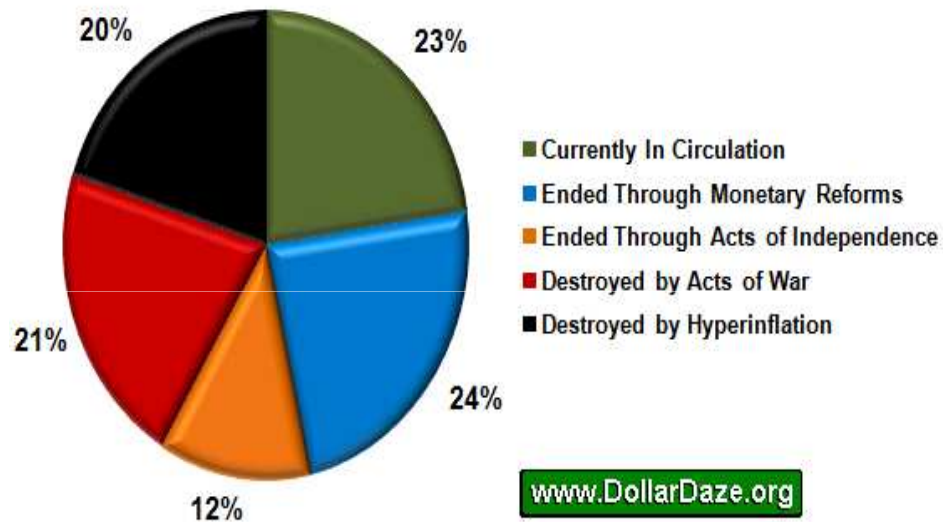
Source: John Exter

- “Gold still represents the ultimate form of payment in the world. Fiat money in extremis is accepted by nobody. Gold is always accepted.”  
- Alan Greenspan 1999
- “Gold is money. That’s it”  
- JP Morgan

# Why Gold? - An alternative Currency

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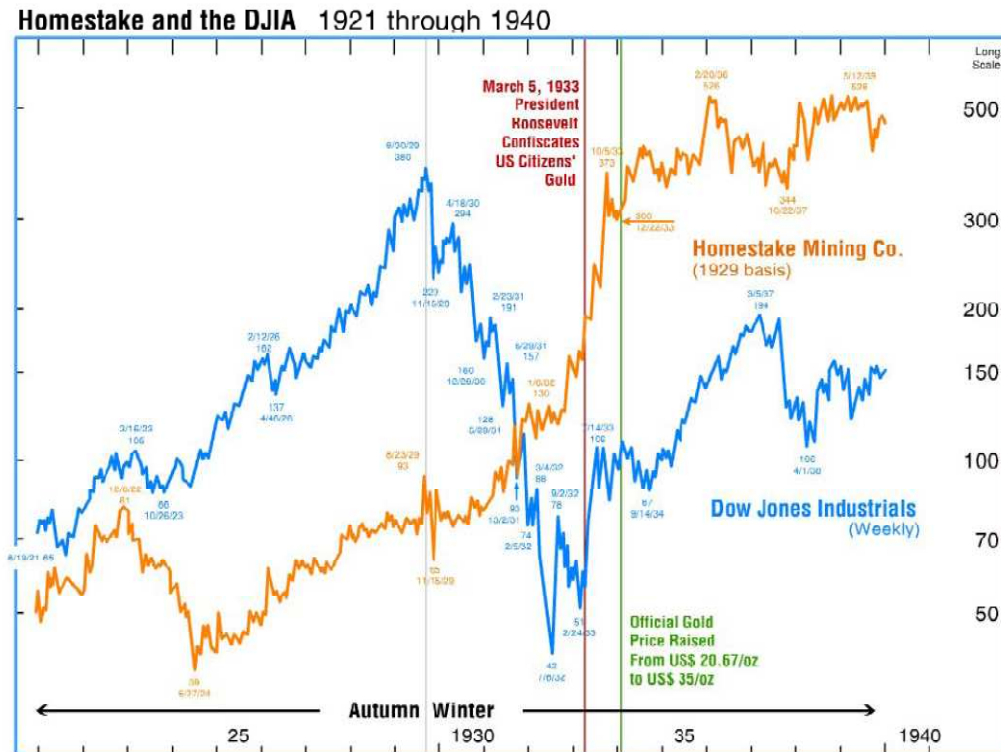
Fates of 775 Currencies in Study\*



\*Above chart excludes many of the currencies of medieval Asia as well as Chinese banknotes prior to 1935.

- Not controlled by any Government or central bank
- A clear haven to avoid currency debasement
- The Zimbabwe dollar has virtually disappeared this year

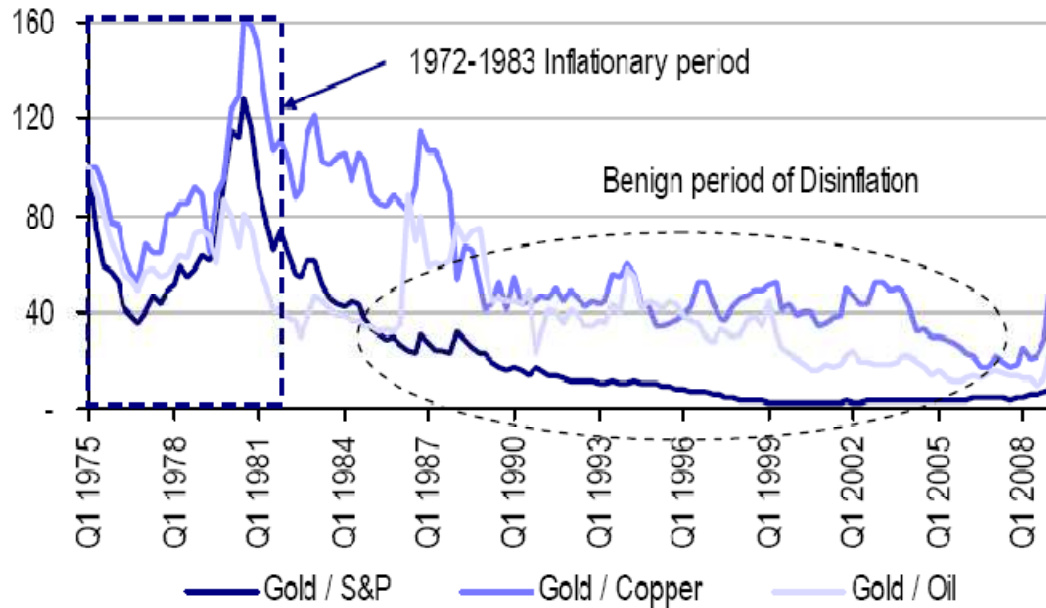
# Why Gold? Performance in Deflation



- Mining stocks have historically benefited from deflation
- Margin expansion as costs reduce
- At the end of deflation – concern about inflation

# Why Gold? Performance in Inflation

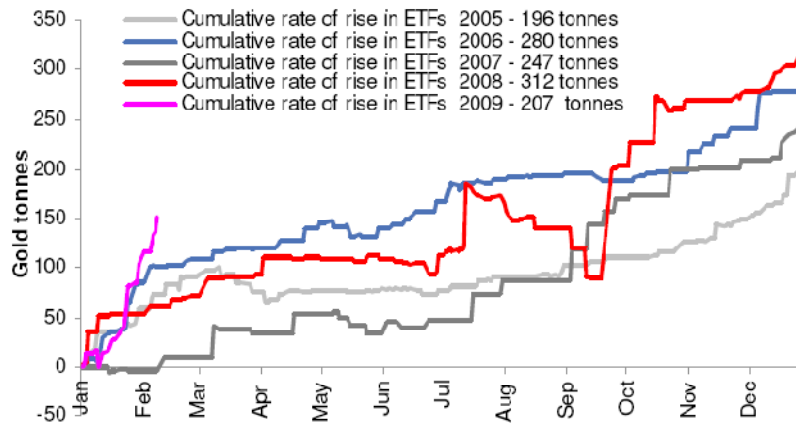
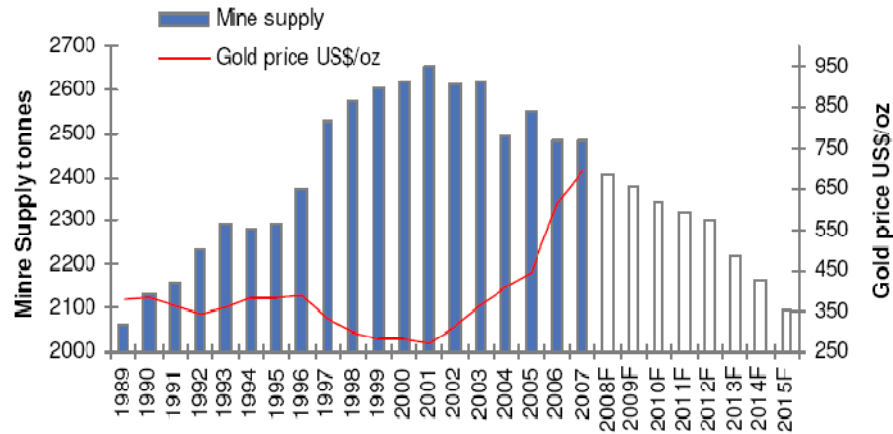
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Source: Thomson Financial, UBS estimates

- Gold is a real asset
- Gold historically been a true inflation hedge
- Outperforms paper assets in an inflationary environment

# Why Gold? Supply and Demand



Source: Company data, Credit Suisse Standard Securities estimates

- Supply fallen consistently for the last seven years
- Both grades mined and sizes of new discoveries falling
- ETF demand replacing falling fabrication demand

# Investment Strategy

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- Long only exposure to Gold and Precious Metals sector via equities and ETFs
- Primarily large and mid-cap producers
- Ability to move up and down the scale
  - Up to ETFs
  - Down to near term producers and explorers
- Targeted 30 to 60 positions
- Liquidity is king
  - No more than 15% in any one stock other than ETFs
  - No more than 10% of the Fund in less liquid stocks (positions greater than 1 x average daily volume)
- Investment flexibility is key

# Investment Process

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- Macro
    - Political risk
    - Country risk
    - Economics/Currencies
  
  - Asset Allocation
    - Split of producers, developers, explorers, ETFs
    - Mix of gold, silver and platinum
    - Geographical split
  
  - Stock Selection
    - Meetings with Management – extensive network throughout mining industry
    - Desk top reviews
      - Growing production
      - Growing reserves
      - Decreasing costs
      - Higher grades
      - Mining methodology
    - Use of external technical consultants
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# Stocks

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- Large producers
  - Goldcorp
  - Newcrest
  - Barrick
  - AngloGold Ashanti
  
- Midsize producers
  - Redback Mining
  - Eldorado Gold
  - Lihir Gold
  - IamGold
  
- Near term producers
  - Mineral Deposits
  - CGA mining

# Existing Corporate Structure

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- Guernsey incorporated and domiciled
- Shares listed on Channel Islands Stock Exchange (CISX) and trade in London
- 31,851,000 Shares in issue (GPM)
- 12,926,706 Warrants in issue (GPMW) – Expiring November 2009 at exercise price of 105p
- Management fee 1.5%

# Summary

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- NCIM – highly experienced global team, with specialist industry knowledge
- Increasing necessity for investors to own gold
- Opportunity to invest in clean fund structure
- Limited ways to invest in and benefit from this investment opportunity

# New City Investment Managers Limited - Funds

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- **Golden Prospect Precious Metals Limited**
  - *Structure* – Guernsey closed-end investment company – took over management September 2008
  - *Objective* – to provide investors with capital growth, from a portfolio of companies involved in the precious metals sector.
  
- **City Natural Resources High Yield Trust**
  - *Structure* – UK investment trust, listed June 2003
  - *Objective* – to provide shareholders with capital growth and income from a portfolio of mining and resource equities and mining, resource, industrial and other fixed interest securities (including convertible securities and bonds).
  
- **New City High Yield Fund Limited**
  - *Structure* – Jersey closed-end investment company, listed November 2004
  - *Objective* – to provide investors with a high gross dividend yield and the potential for capital growth by mainly investing in high yielding fixed interest securities.
  
- **Geiger Counter Limited**
  - *Structure* – Jersey closed-end investment company, listed July 2007
  - *Objective* – to deliver attractive returns to shareholders principally in the form of capital growth, initially focusing on companies involved in the uranium industry.
  
- **New City Energy Limited**
  - *Structure* – Jersey closed-end investment company, listed February 2008
  - *Objective* – to deliver attractive returns to shareholders principally in the form of capital growth, through investment in companies involved in exploration, development and production of energy and related service companies.

# Contacts

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