

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 AUGUST 29	1 MONTH	12 MONTHS
THE TIMELESS PRECIOUS METAL FUND (EUR)	10.56	2.03%	-39.24%
THE TIMELESS PRECIOUS METAL FUND (USD)	13.23	4.08%	-48.61%
GOLD	1666.6	4.16%	16.78%
SILVER	30.73	11.99%	-18.49%
GOLD & SILVER INDEX - PHILADELPHIA (XAU)	164.49	10.31%	-23.55%
AMEX GOLD BUGS INDEX (HUI)	444.74	10.23%	-21.74%
GOLD MINERS INDEX - AMEX (GDM)	1280.1	9.53%	-22.66%

Manager Report

This August the NAV of THE TIMELESS PRECIOUS METAL FUND gained 2% in EUR, or 4.1% in USD. The price of gold and silver closed 4.2%, respectively 12% higher. Gold and silver indices representing major companies increased about 10% on average over the reporting month. In August we saw positive signs of buying in precious metals mining stocks. Senior miners were able to profit more from higher gold and silver prices than the juniors. We see this as an encouraging first sign of money finding its way slowly back into the mining sector after a miserable June und July. Markets during the last part of August remained in waiting mode for Chairman Bernanke's speech at Jackson Hole. Expectations of further quantitative easing in the USA have – for the time being - been disappointed. Nevertheless we still expect the Fed to pump further liquidity into the markets this year and believe this to be very bullish for gold. In the wake of higher gold prices the mining stocks should outperform global equity markets. We observe that investors currently are not rewarding companies with strong growth profiles. THE TIMELESS PRECIOUS METAL FUND with its focus on junior mining companies with above-average growth potential should provide superior investment return, once the market rebounds.

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 equity / gold ratio has never over the past 30 years been so low. 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. For the past few years, non-producing gold companies in terms of their *Market Capitalization Per Total Resource Ounce* have on average been valued in the range of \$50-\$75/oz. The current equity prices reflect only \$35/oz. on average. Senior mining companies are increasingly looking at takeovers at these bargain prices.

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.

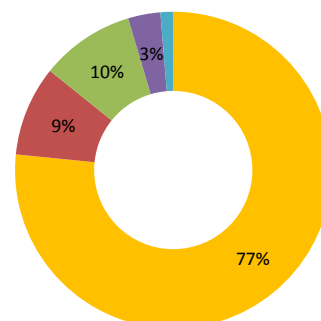
Top Five Gold Holdings

CENTRAL ASIAN MINERALS AND RESOURCES	9.6%
RIO ALTO MINING	4.6%
ROMIOS GOLD RESOURCES	4.4%
PARAMOUNT GOLD & SILVER	4.2%
GOLD RESOURCE	4.1%

Top Five Silver Holdings

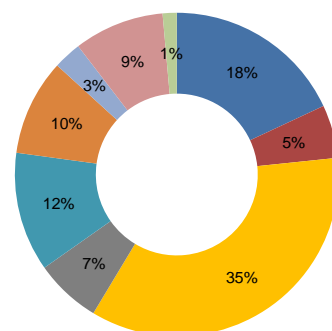
SILVERCREST MINES	7.3%
TAHOE RESOURCES	5.1%
FIRST MAJESTIC SILVER	4.4%
OROCO RESOURCE	3.9%
AURCANA	3.6%

Country Weightings by Incorporation



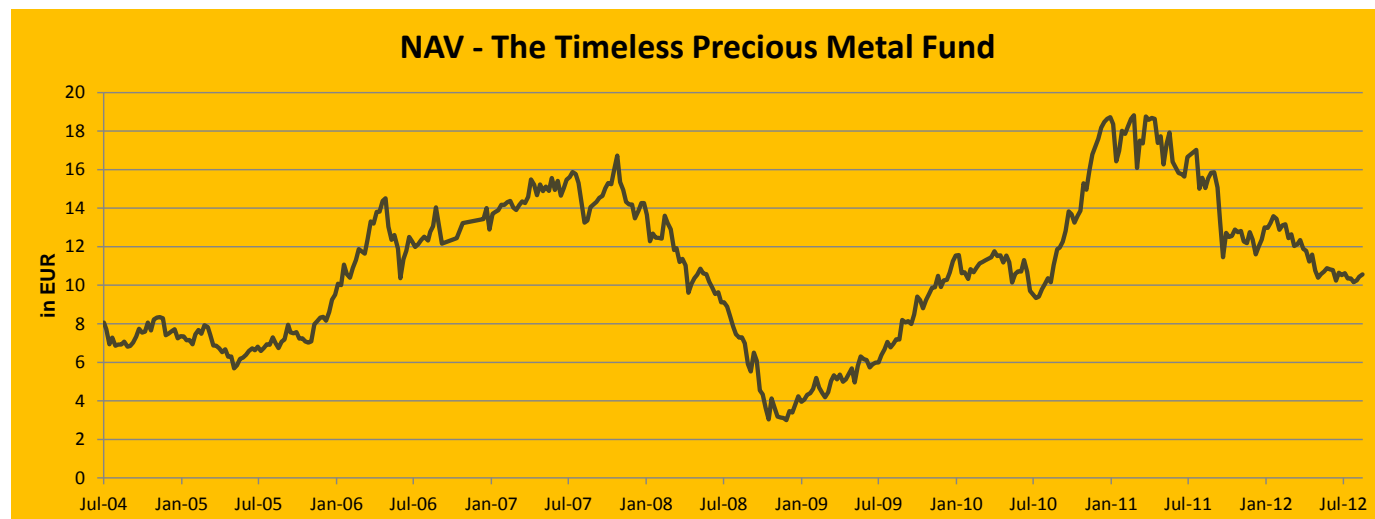
■ Canada ■ USA ■ UK ■ Australia ■ Cash

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	-12.00
THE TIMELESS PRECIOUS METAL FUND (USD)	72.98	15.16	-76.67	222.78	59.37	-34.21	-15.63
GOLD & SILVER INDEX - PHILADELPHIA	11.11	21.84	-28.54	35.85	34.67	-21.59	-6.72
AMEX GOLD BUGS INDEX	22.15	21.03	-26.13	42.16	33.36	-14.78	-8.47

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, Zurich, Switzerland	Subscription and Redemption:	weekly (Tuesday 4 pm CET)
Currency:	€ (Euro)	Issue commission:	max. 6.5%, min 1% (degressive based on subscription amount)
Domicile:	MALTA (EU)	Administrations Fee:	0.35% p.a.
License:	July 16, 2004	Management Fee:	2% p.a.
Size (August 29, 2012)	11.1 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

P. ZIHLMANN INVESTMENT • MANAGEMENT AG

Investment Managers: Peter Zihlmann / Andrew Portmann
+41 44 2685110 +41 44 2685120

Limmatquai 72
8001 Zürich
Switzerland
www.pzim.ch
www.timeless-funds.com

This monthly report is only handed out to third parties upon their explicit request. Any investments in The Timeless Precious Metal Fund should be based on the full details provided in the prospectus of the fund available on the web site. Performance quoted is past performance and cannot guarantee comparable future results.