

## BAC Best Asset Class Update: December 2011

NAV as per Dec. 30 2011:

**CHF 507.00**

Total assets in CHF:

**18.4 mio**

Units outstanding:

**36'277**

### *Review of the portfolio of the fund **BAC Mining Regions Managed Vol.***

---

The listed part of the portfolio lost 4.7% in December. YTD the loss is 40 %.

The JSE Platinum Index gained 1.2 % in December in CHF as the ZAR increased 4.5% against the CHF, bringing the YTD loss in CHF slightly higher than 40%.

Cash accounts for 2.7% of the assets and Tharisa and Transafrika represent 8.8% of the portfolio on KPMG valuations. Some Transafrika shares have been sold around KPMG valuation, in order to bring the percentage of private equity below the 10% limit. All the remaining of Platmin (2% of the portfolio as per end of November) has been sold after the announcement by the management of the delisting of the shares. Anooraq Resources suffered from a fatality.

2011 has been a bad year for PGMs as platinum lost 22%, palladium 21% and rhodium more than 44%. Their performance is in line with the LME Base Metals Index which lost 23%. The global slowdown of the economy is the main reason for the drop of their prices. Emerging Markets Equities lost 21.5% and commodities measured by the CRB Index lost 8%.

In December, the PGMs basket price hit a low for 2011. At these prices, most of the mines are losing money : this situation is not sustainable. Either mines will start to close or prices have to go up. Most explorers have to cut down their investments. It is becoming extremely difficult to raise capital in the current environment as investors have reached another extreme level of risk aversion in December. Therefore we will keep an important part of the fund invested into gold mines and continue to reduce the part of small less liquid shares.

The ZAR has been the weakest currency in the portfolio. Despite huge volatility over the year, the other currencies finished the year almost unchanged against the CHF.

### *Prospects*

---

It is universally agreed that 2012 will not be easy for the global economy and risks are still on the downside. Despite the car industry having hit a new all time record 75 mio sales, PGM's prices drop as investors reduced their positions and gold benefited from arbitrage. HIS, a leading car industry consultant, forecasts that global light vehicle sales will grow a further 4% in 2012 to almost 78 mio: this should support the prices of PGM's, as well as a preference for platinum in the jewellery industry. Platinum is currently trading at a huge discount, as compared to gold, and Chinese women have been sitting up and taking notice!

When all is taken into consideration, we expect a slightly more positive year although one must not underestimate the risks of a hard landing in China, more troubles affecting the EU and more disappointments on a political level, worldwide...

DISCLAIMER: BAC Mining Regions Managed Vol. is a Swiss contractual fund belonging to the category "other funds". The prospectus, the simplified prospectus, the annual and semi-annual report can be obtained free of charges by the fund management company, CACEIS Fastnet (Suisse) SA, at chemin de Précoissy 7-9, 1260 Nyon and by the custodian bank, Cornèr Banca SA, at via Canova 16, 6901 Lugano. The past performance gives no guarantee for future performance. Performance data do not take account of the commissions and costs incurred on issues and redemptions of units.

## *Private Equity*

As the fund has experienced a regular loss of units since its reopening, we would like to reiterate our offer to any investor who would be interested to take a stake in Tharisa and Transafrika. We will consider and respond to any offer. Taking into consideration the markets, we would be not surprised to see the IPO of Tharisa being again postponed. Transafrika has no plan to go public in the next 2-3 years.

Please address your offer either to the fund's administrator: Caceis, the custodian: Corner Banca, the manager: Dolefin or BAC, the advisor.

**The top 10 positions representing 80% of the total portfolio are as follows on 30<sup>th</sup> December 2011:**

		<b>% of the portfolio</b>	<b>December 2011 change (CHF)</b>	<b>YTD (CHF)</b>
<b>1</b>	Harmony Gold	13.7 %	-15.5 %	-6.8 %
<b>2</b>	Anglo Platinum	11.9 %	-1.4 %	-39.7 %
<b>3</b>	Gold Fields	11.4 %	-7.5 %	-15.5 %
<b>4</b>	Anglogold Ashanti	7.5 %	-9.1 %	-13.4 %
<b>5</b>	Wesizwe Platinum	7.5 %	+3.7 %	-50 %
<b>6</b>	Tharisa Minerals (pre-IPO)	7.3 %	n/a	n/a
<b>7</b>	Anooraq Resources	6.8 %	-21.8 %	-76.1 %
<b>8</b>	Impala Platinum	4.7 %	0 %	-41.2 %
<b>9</b>	Safeport Silver	4.6 %	-0.4 %	-19.7 %
<b>10</b>	Lonmin	4.6 %	-6.8 %	-50.1 %

We take this opportunity to wish you, your family and your colleagues a Happy New Year, and thank you once more for your continued trust in these difficult times.

Yours faithfully,

*Bernard Loriol*

CEO of Best Asset Class AG and advisor of the BAC funds

DISCLAIMER: BAC Mining Regions Managed Vol. is a Swiss contractual fund belonging to the category "other funds". The prospectus, the simplified prospectus, the annual and semi-annual report can be obtained free of charges by the fund management company, CACEIS Fastnet (Suisse) SA, at chemin de Précoissy 7-9, 1260 Nyon and by the custodian bank, Cornèr Banca SA, at via Canova 16, 6901 Lugano. The past performance gives no guarantee for future performance. Performance data do not take account of the commissions and costs incurred on issues and redemptions of units.