

## MERRILL LYNCH WORLD GOLD

### FUND OBJECTIVE

The Fund seeks to maximise capital growth expressed in US dollars through investing primarily in gold mining shares throughout the world. It may also hold other precious-metal shares, base-metal shares and other mining-related shares. Investors should be aware of the above-average volatility of such investments. Currency is normally left unhedged.

### KEY FACTS

**Fund Code:** M82  
**Currency:** USD  
**Launch Date:** Oct, 2003  
**Risk Profile:** 4  
**Dealing:** Daily

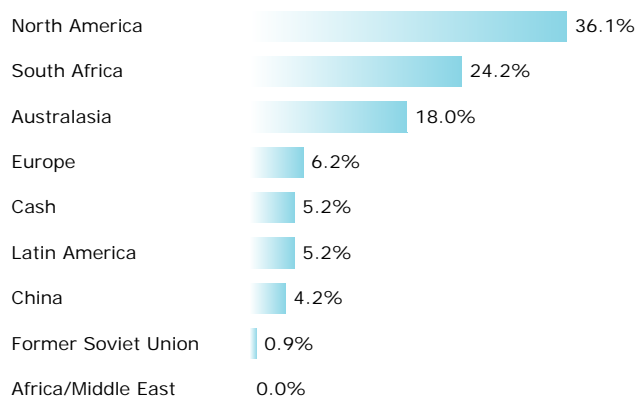
### FUND COMMENTARY

Over the quarter the gold price weakened by 2.7%, falling through the psychologically-important U\$600 barrier to close September at US\$596.4/oz. The Fund significantly outperformed its benchmark and closed September down by 6.5% (in US\$ terms). This was due to its underweight position in Newmont and to its overweight in the mid-tier gold producers which benefited from the knock-on effects of consolidation within the sector.

We continued to increase holdings in mid-tier gold producers, which are benefiting most from high gold prices and enjoy near-term growth prospects. In addition, we added to our South African holdings to take advantage of the weakening Rand. We took profits in Norilsk which we had purchased prior to the spin-out of its gold mining division, Polyus. Polyus now makes up 0.9% of the Fund. We also took some profits in Cambior following IamGold's takeover bid.

Despite the large moves in the US\$ gold price over the last six months, bullion has averaged 40% higher (in US\$ terms) in 2006 than in the previous corresponding period. In the short term, we expect the situation in the Middle East to remain volatile and the perceived threat of global terrorism will add to the overall sense of insecurity. This should be positive for gold which is seen as a safe haven asset. Over the longer term, growing demand for gold as a diversifier should also be supportive of the gold price. The higher gold price has been translated into higher profits for the Fund's holdings. We expect to see strong Q3 results that will once again illustrate the increasing profitability of these companies. In addition, further consolidation in the industry should provide extra momentum to the sector.

### PORTFOLIO BREAKDOWN *as at 30/9/2006*



### TOP HOLDINGS *as at 30/9/2006*

Barrick Gold  
 Freeport C&G  
 Glamis Gold  
 Gold Fields  
 Harmony  
 Impala  
 Kinross Gold  
 Newcrest Mining  
 Newmont Mining  
 Zijin Mining

### DEFINITION OF A MIRROR FUND

For each fund managed by external investment managers, Friends Provident International Limited has set up its own fund which invests exclusively in the underlying fund, apart from a proportionately small amount which may be held as a cash balance. This means that the price of the Friends Provident International Limited fund will be different from the corresponding fund but will move mainly in line with it. These mirror funds can only be accessed using Friends Provident International Limited Investment plans. Please note that there are fees charged to investments in the mirror funds that will affect their return. For further details, please refer to the relevant product brochure. *Fund Commentary, Portfolio Breakdown and Top Holdings is the latest data available which is supplied by the external investment manager.*

Friends Provident International Limited  
 Registered & Head Office : Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA  
 Telephone: + 44 1624 821212 Facsimile: +44 1624 824405  
 Incorporated company limited by shares. Registered in the Isle of Man No 11494

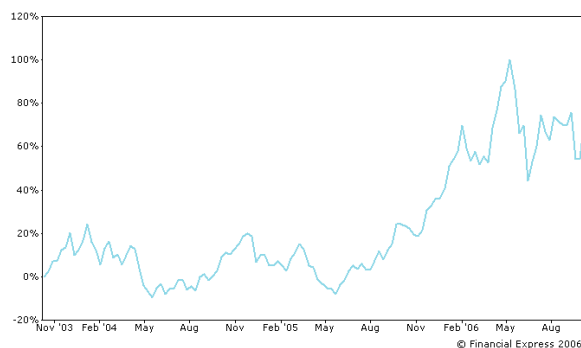
Authorised by the Isle of Man Insurance & Pensions Authority and regulated by the Financial Services Authority for the conduct of investment business in the UK. Provider of life assurance and investment products.

The rules and regulations made by the Financial Services Authority for the protection of investors will not normally apply to persons resident outside the United Kingdom.

## MERRILL LYNCH WORLD GOLD

### PERCENTAGE GROWTH SINCE LAUNCH

as at 30/9/2006



as at 30/9/2006

**% growth**

Since Launch	61.4%
3 Months	0.7%
6 Months	1.4%
1 Year	27.0%
3 Year	-
5 Year	-

### PERCENTAGE GROWTH OVER ONE YEAR ROLLING PERIODS

as at 30/6/2006

	30/6/2001 to 30/6/2002	30/6/2002 to 30/6/2003	30/6/2003 to 30/6/2004	30/6/2004 to 30/6/2005	30/6/2005 to 30/6/2006
<b>% growth rate</b>	N/A *	N/A *	N/A *	9.8%	54.7%

\* This fund was not available

Figures are for periods from Quarter 2 to Quarter 2 of following year

### IMPORTANT NOTES

This fact sheet is for information only and should not be considered a financial promotion. The information should not be relied upon for buying and selling decisions. Fund prices may go down or up depending upon investment performance. Past performance is not necessarily a guide to the future. Fund prices and performance figures are net of all charges. Please note that securities held within a fund may not be denominated in the currency of that fund and, as a result, fund prices may rise and fall purely on account of exchange rate fluctuations.

Source: Financial Express Ltd, on a bid to bid basis, with net income reinvested. Figures to 30/9/2006

Friends Provident International Limited  
Registered & Head Office : Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA  
Telephone: + 44 1624 821212 Facsimile: +44 1624 824405  
Incorporated company limited by shares. Registered in the Isle of Man No 11494

Authorised by the Isle of Man Insurance & Pensions Authority and regulated by the Financial Services Authority for the conduct of investment business in the UK. Provider of life assurance and investment products.

The rules and regulations made by the Financial Services Authority for the protection of investors will not normally apply to persons resident outside the United Kingdom.