

MERK INVESTMENTS LLC

555 Bryant St #455 · Palo Alto, CA 94301

Re: Supplement dated December 15, 2008, to the
Merk Hard Currency Fund Prospectus

Memorandum

The ongoing crisis in the credit markets has caused a flight to the types of securities in which the Fund traditionally invests. Further, the types of securities Merk Investments, LLC (the “Adviser”) considers appropriate for the Fund in the current environment have become less readily available. Specifically, there has been a flight to short-term government securities, issued by governments of countries perceived to be in relatively stable condition.

By easing the restrictions on the types of securities the Fund may buy, the Adviser gains flexibility in reacting to the current environment and has additional leeway should market conditions deteriorate further. For example, in early October 2007, the Fund purchased a 90 day Swiss Treasury Bill at an auction at par; this means that, before commission, buyers of the securities received a zero yield on lending money to the Swiss government. Similarly, as was reported widely in the media, on Tuesday, December 9, 2008, a four week U.S. Treasury Bill was also auctioned at par (the Fund did not participate in the auction); during the day, the bill traded at above par. Buying a Treasury Bill at above par locks in a loss for the buyer if the security is held to maturity. In other words, buyers rather pay the government to hold their money than to place it with an institution, business or even some other short-term government guaranteed facilities.

In the absence of buying appropriate securities, the Fund may at times hold greater levels of cash than it would otherwise, including cash denominated in hard currencies. However, the Adviser would like to be able to hold cash by choice, not because of a lack of available securities in the market. Market conditions show that other market participants also prefer to hold government securities in lieu of cash. The Adviser believes it is in the shareholders’ best interest to have that flexibility.

The Adviser will continue to purchase securities of high credit quality and short duration with the goal to mitigate interest and credit risks.

MERK INVESTMENTS LLC



Axel G. Merk