



JUNIOR GOLD

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

for the year ended 31 August 2019

Marlborough
— Fund Managers —

JUNIOR GOLD

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised Corporate Director and Registrar

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Depository

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Adviser

Sector Investment Managers Limited
Level 1
Devonshire Road
One Mayfair Place
London
W1J 8AJ

Authorised and regulated by the Financial Conduct Authority.

Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

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AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 August 2019

Percentage change to 31 August 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Junior Gold	26.82%	21.28%	-27.60%	-0.31%	-61.31%

* launched 01.09.2009.

External Source of Economic Data: Morningstar (Class P - mid to mid, net income reinvested).

Class P shares first priced on 13 December 2013. In the period to that date, past performance information for Class C shares has been used.

The twelve months to 31 August 2019 showed a period of great volatility in our sector, with the Junior Gold Fund gaining 21.28% in value. The under-performance to its benchmark, the FTSE Gold Mines Index, which rose by a larger 66.3% in the same period, can be attributed to the larger capitalisation shares attracting investment capital in the early stages of a new bull-market. The gold price was weak during the best part of this period, only breaking up through six-year resistance levels in early June. Gold mining shares were therefore particularly weak in April and May, with smaller capitalisation companies hit particularly hard.

Apart from the gold price weakness during those months, investors were distracted by recent sector consolidation. The mega-mining companies created by the mergers of Randgold/ Barrick and Newmont/ Goldcorp have stated strategies focused on cost-conscious house-keeping, capital discipline, asset disposals and organic growth instead of via acquisition. Their reserves and mine lives, in the meantime, are getting shorter as they produce more than they discover. The question in investors' minds is, however, if the large players are not interested in acquisitions who is going to buy the smaller growth companies? We believe that such sentiment derives from the many years of bear-market and continued pressure by investors on management teams to reduce debt, optimise costs and return some cash to shareholders. In effect, the mega-mergers are a testament to the defensive stance of operators and their general unease about commodity prices in the short-term. This seems to have changed very rapidly once gold ran to \$1,500 per ounce after the period reported on. Share prices of the smaller companies with strong growth prospects based on proven resources and viable production plans get re-rated in anticipation of increased corporate activity.

Junior Gold's portfolio is currently composed of approximately 55% in producing companies, 27% in development stage projects that we think would be potential take-over targets and 18% in earlier exploration and development companies that we believe control potentially very sizeable deposits. In contrast to the inward looking larger mining companies, the Fund is positioned well to gain from the major re-rating expected as a result of a rise in gold and silver bullion prices.

Angelos Damaskos
18 September 2019

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Portfolio changes

Largest Purchases	Cost (£)	Largest Sales	Proceeds (£)
Ascot Resources	524,476	K92 Mining	716,515
Dacian Gold	337,959	Silver Lake Resources	548,260
Gascoyne Resources	334,786	Ramelius Resources	328,909
Resolute Mining	333,640	Fortuna Ventures	296,156
Rubicon Minerals	324,802	Argonaut Gold	237,495
Excellon Resources	311,179	Premier Gold Mines	182,152
Filo Mining	305,977	Teranga Gold	178,079
Premier Gold Mines	302,654	Resolute Mining	138,048
Alio Gold	299,152	Doray Minerals	100,253
Teranga Gold	254,298	Minaurum Gold	82,015
Other purchases	3,862,144		
Total purchases for the year	7,191,067	Total sales for the year	2,807,882

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AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Junior Gold (the Fund) is an investment company with variable capital (ICVC) incorporated under the Open Ended Investment Company (OEIC) Regulations 2001. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Company is incorporated in England and Wales with the registration number IC485487 and is authorised and regulated by the Financial Conduct Authority with effect from 27 August 2008. The shareholders are not liable for the debts of the Company.

Investment objective

The investment objective of the Fund is to provide capital growth, that is, to increase the value of your holding, by investing in small and medium sized companies which specialise in identifying and extracting gold and other precious metals.

At least 80% of the Fund will be invested in the shares of these companies. The Fund may also invest in bonds issued by companies operating in this sector. The companies that the Fund invests in operate in a range of jurisdictions, however the Investment Manager will avoid companies with substantial operational exposure to politically unstable regions. The Investment Manager aims to invest in companies that produce from material proven reserves as well as those that have significant recent discoveries being developed towards production. The Fund will also invest in companies with active exploration programmes in highly prospective areas. A strong balance sheet and experienced management are also key considerations.

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. The Fund may hold up to 20% in cash to enable the ready settlement of liabilities, for the efficient management of the Fund and in pursuit of the Fund's objectives.

Rights and terms attaching to each share class

Each share of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each share in the event the Fund is wound up are on the same proportional basis.

Changes in prospectus

With effect from 20 August 2019, the investment objectives have been updated, and there has been a change of auditor from Barlow Andrews LLP to Ernst & Young LLP. Details of these changes can be found in the Prospectus.

Up to date Key Investor Information Documents, Prospectus and ACD's Reports and Financial Statements for any fund within the ACD's range can be requested by the investor at any time.

Remuneration policy

In line with the requirement of UCITS V, Marlborough Fund Managers Ltd, the Authorised Fund Manager (AFM) is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2018 (the AFM's year-end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	8	676,276	489,569	186,707
Risk takers and other identified staff	5	179,708	141,518	38,190
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.01	995	720	275
Risk takers and other identified staff	1.01	28,680	23,639	5,041

The total number of staff employed by the AFM was 148 as at 30 September 2018. The total remuneration paid to those staff was £6,491,736, of which £3,831,649 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFM's. The allocation of remuneration to the OEIC is based on AUM where staff are not directly allocated to the OEIC. The way these disclosures are calculated may change in the future.

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AUTHORISED CORPORATE DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

ALLAN HAMER
JOINT MANAGING DIRECTOR

G R HITCHIN
INVESTMENT DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
19 December 2019

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company and of its net expense and net gains for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL rules, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

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STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of Junior Gold ("the Company") for the period ended 31 August 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of the shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC BANK PLC

LONDON

19 December 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNIOR GOLD

Opinion

We have audited the financial statements of Junior Gold ("the Company") for the year ended 31 August 2019 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the accounting, distribution and risk management policies and related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 August 2019 and of the net expense and net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for the period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUNIOR GOLD

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Responsibilities of the Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclose, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of the auditor's report.

Use of our Report

This report is made solely to the Company's Members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh

19 December 2019

Notes:

1. the maintenance and integrity of the Marlborough Fund Managers Ltd website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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COMPARATIVE TABLE

Class C and I accumulation shares were first offered at 100p on 1 September 2009. Class P shares were first issued on 13 December 2013.

<u>Class C accumulation shares</u>	Year to	Year to	Year to
Change in net assets per share	31.08.2019	31.08.2018	31.08.2017
	pence	pence	pence
Opening net asset value per share	30.38	39.66	51.69
Return before operating charges*	6.22	(8.60)	(11.21)
Operating charges	(0.57)	(0.68)	(0.82)
Return after operating charges*	5.65	(9.28)	(12.03)
Distributions on accumulation shares	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	36.03	30.38	39.66

* after direct transaction costs of: 0.03 0.02 0.11

Performance

Return after charges 18.60% -23.40% -23.27%

Other information

Closing net asset value	£2,352,232	£2,177,463	£2,969,078
Closing number of shares	6,527,703	7,167,707	7,485,798
Operating charges	1.96%	1.88%	1.87%
Direct transaction costs	0.11%	0.05%	0.25%

Prices

Highest share price	37.97p	42.21p	57.83p
Lowest share price	24.44p	30.83p	34.69p

<u>Class I accumulation shares</u>	Year to	Year to	Year to
Change in net assets per share	31.08.2019	31.08.2018	31.08.2017
	pence	pence	pence
Opening net asset value per share	30.98	40.34	52.43
Return before operating charges*	6.36	(8.76)	(11.36)
Operating charges	(0.51)	(0.60)	(0.73)
Return after operating charges*	5.85	(9.36)	(12.09)
Distributions on accumulation shares	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	36.83	30.98	40.34

* after direct transaction costs of: 0.03 0.02 0.11

Performance

Return after charges 18.88% -23.20% -23.06%

Other information

Closing net asset value	£2,001,955	£1,408,458	£2,824,654
Closing number of shares	5,435,127	4,546,800	7,002,301
Operating charges	1.71%	1.63%	1.62%
Direct transaction costs	0.11%	0.05%	0.25%

Prices

Highest share price	38.81p	42.93p	58.66p
Lowest share price	24.96p	31.43p	35.25p

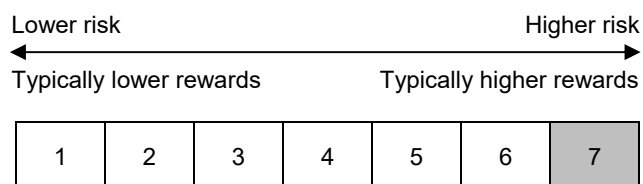
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COMPARATIVE TABLE

Class P accumulation shares	Year to 31.08.2019	Year to 31.08.2018	Year to 31.08.2017
Change in net assets per share	pence	pence	pence
Opening net asset value per share	31.62	41.02	53.10
Return before operating charges*	6.53	(8.94)	(11.53)
Operating charges	(0.40)	(0.46)	(0.55)
Return after operating charges*	6.13	(9.40)	(12.08)
Distributions on accumulation shares	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	37.75	31.62	41.02
* after direct transaction costs of:	0.03	0.02	0.11
Performance			
Return after charges	19.39%	-22.92%	-22.75%
Other information			
Closing net asset value	£13,281,384	£6,936,434	£7,706,584
Closing number of shares	35,186,223	21,936,085	18,787,952
Operating charges	1.31%	1.23%	1.22%
Direct transaction costs	0.11%	0.05%	0.25%
Prices			
Highest share price	39.77p	43.66p	59.44p
Lowest share price	25.56p	32.04p	35.80p

Operating charges are the same as the ongoing charges and are the total expenses paid by each share class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

SYNTHETIC RISK AND REWARD INDICATOR



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available, the returns of a representative portfolio are used.

The Fund has been measured as 7 because it has experienced very high volatility historically. During the year the synthetic risk and reward indicator has remained unchanged.

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PORTFOLIO STATEMENT

as at 31 August 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (28.97%, August 2018 - 35.79%)		
8,000,000 Azumah Resources	66,292	0.38
328,947 Azure Minerals	26,350	0.15
26,853,166 Blackham Resources	192,851	1.09
6,117,721 Blackham Resources Warrants *	10,139	0.06
3,000,000 Cardinal Resources	778,937	4.42
600,000 Dacian Gold	367,923	2.09
1,440,000 Focus Minerals	270,473	1.53
8,200,000 Gascoyne Resources *	126,840	0.72
5,500,000 Horizon Minerals	440,569	2.50
18,000,000 Kingsrose Mining	447,474	2.54
1,520,000 Millennium Minerals	83,970	0.48
83,333 Ora Banda Mining	8,977	0.05
1,020,000 Perseus Mining	416,980	2.36
400,000 Resolute Mining	369,028	2.09
500,000 Silver Lake Resources	292,792	1.66
5,000,000 Troy Resources	290,030	1.64
3,500,000 West African Resources	918,427	5.21
Total Australia	<u>5,108,052</u>	<u>28.97</u>
CANADA (69.28%, August 2018 - 57.68%)		
550,000 Alexco Resource	1,053,920	5.98
700,000 Alio Gold	402,406	2.28
311,500 Americas Silver	870,321	4.94
166,666 Americas Silver Warrants *	-	-
300,000 Argonaut Gold	454,329	2.58
650,000 Asanko Gold	526,342	2.98
1,250,000 Ascot Resources	486,781	2.76
357,000 Ascot Resources Warrants *	-	-
2,100,000 Aurcana	441,348	2.50
1,500,000 Aurcana Warrants (C\$0.375) *	-	-
1,500,000 Aurcana Warrants (C\$1.50) *	-	-
1,016,416 Austral Gold	53,404	0.30
850,000 Avino Silver & Gold Mines	451,856	2.56
750,000 Cabral Gold	67,222	0.38
281,250 Dynasty Gold	11,300	0.06
280,000 Endeavour Silver	576,349	3.27
11,050 Equinox Gold	55,463	0.31
645,000 Excellon Resources	430,593	2.44
72,500 Excellon Resources Warrants *	11,652	0.07
180,000 Filo Mining	305,977	1.73
92,000 First Majestic Silver	810,375	4.60
1,100,000 Golden Minerals	241,382	1.37
557,100 Great Panther Silver	361,581	2.05
800,000 Integra Resources	568,684	3.22
1,141,351 Kerr Mines	144,629	0.82
1,250,000 Llave Oro *	-	-
2,900,000 Minaurum Gold	779,777	4.42
1,000,000 NuLegacy Gold	40,179	0.23
1,000,000 NuLegacy Gold Warrants *	-	-
800,000 Opus One Resources	14,835	0.08
350,000 Palamina	48,678	0.28
350,000 Palamina Warrants *	-	-
370,000 Premier Gold Mines	507,736	2.88
500,000 Pure Gold Mining	182,350	1.03
250,000 Pure Gold Mining Warrants *	-	-
750,000 Revival Gold	301,341	1.71

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PORTFOLIO STATEMENT

as at 31 August 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
CANADA (continued)		
125,000 Revival Gold Warrants *	-	-
1,000,000 Rio2	395,606	2.24
500,000 Rio2 Warrants *	43,269	0.25
2,671,450 RosCan Gold	239,441	1.36
2,000,000 RosCan Gold Warrants (C\$0.12) *	30,907	0.18
671,450 RosCan Gold Warrants (C\$0.22) *	-	-
800,000 Rubicon Minerals	474,727	2.69
1,000,000 Silver One Resources	259,617	1.47
500,000 Silver One Resources Warrants *	67,995	0.39
5,525 Solaris Copper *	-	-
150,000 Teranga Gold	506,252	2.87
Total Canada	<u>12,218,624</u>	<u>69.28</u>
UNITED KINGDOM (0.33%, August 2018 - 1.17%)		
8,200,000 Metals Exploration	57,400	0.33
Total United Kingdom	<u>57,400</u>	<u>0.33</u>
UNITED STATES (0.85%, August 2018 - 2.97%)		
705,880 ECI Exploration & Mining *	22,028	0.12
290,000 Golden Minerals	63,302	0.36
145,000 Golden Minerals Warrants *	-	-
100,000 Great Panther Mining	65,377	0.37
Total United States	<u>150,707</u>	<u>0.85</u>
Portfolio of investments	17,534,783	99.43
Net current assets	100,788	0.57
Total net assets	<u>17,635,571</u>	<u>100.00</u>

All investments are listed on a regular market except * which are unquoted stocks.

JUNIOR GOLD

STATEMENT OF TOTAL RETURN

for the year ended 31 August 2019

	Notes	31 August 2019		31 August 2018	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		2,864,407		(2,903,509)
Revenue	6	270		11,802	
Expenses	7	(157,683)		(174,534)	
Net expense before taxation		<u>(157,413)</u>		<u>(162,732)</u>	
Taxation	8	-		-	
Net expense after taxation			<u>(157,413)</u>		<u>(162,732)</u>
Total return before distributions			2,706,994		(3,066,241)
Distributions	9		(22,760)		(1,409)
Change in net assets attributable to shareholders from investment activities			<u>2,684,234</u>		<u>(3,067,650)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 August 2019

	31 August 2019		31 August 2018	
	£	£	£	£
Opening net assets attributable to shareholders		10,522,355		13,500,316
Amounts receivable on issue of shares	7,854,753		2,734,445	
Amounts payable on cancellation of shares	(3,425,655)		(2,643,360)	
Amounts payable on share class conversions	<u>(116)</u>		<u>(1,396)</u>	
		4,428,982		89,689
Change in net assets attributable to shareholders from investment activities		2,684,234		(3,067,650)
Closing net assets attributable to shareholders		<u>17,635,571</u>		<u>10,522,355</u>

JUNIOR GOLD

BALANCE SHEET

as at 31 August 2019

	Notes	31 August 2019	31 August 2018
		£	£
Assets:			
Fixed Assets:			
Investments	16	17,534,783	10,271,318
Current Assets:			
Debtors	10	349,186	609,318
Cash and bank balances		92,261	70,376
Total assets		<u>17,976,230</u>	<u>10,951,012</u>
Current Liabilities:			
Creditors:			
Bank overdrafts		71,458	66,350
Other creditors	11	269,201	362,307
Total liabilities		<u>340,659</u>	<u>428,657</u>
Net assets attributable to shareholders		<u>17,635,571</u>	<u>10,522,355</u>

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

The financial statements for the Fund have been prepared on a going concern basis.

Revenue

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple share classes, with the exception of the authorised corporate director's (ACD) periodic charge, which is directly attributable to individual share classes, is allocated to share classes pro-rata to the value of the assets of the relevant share class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 30 August 2019 being the last valuation point of the year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the ACD's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 30 August 2019 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

Equalisation

Equalisation applies only to shares purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the shares for UK capital gains tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

DISTRIBUTION POLICIES

Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 2, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Trust is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Instrument of Incorporation, the Prospectus and in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as most of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The ACD has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements in the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income, received in currency, into sterling on the day of receipt.

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty.

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

RISK MANAGEMENT POLICIES

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any shares that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the ACD.

4 NET CAPITAL GAINS/(LOSSES)	31 August 2019	31 August 2018
	£	£
The net gains/(losses) on investments during the year comprise:		
Non-derivative securities	2,880,280	(2,895,086)
Currency losses	(9,483)	(6,573)
Transaction charges	(6,390)	(1,850)
Net capital gains/(losses)	<u>2,864,407</u>	<u>(2,903,509)</u>
5 PURCHASES, SALES AND TRANSACTION COSTS	31 August 2019	31 August 2018
(All purchases and sales are in the equity asset class)	£	£
Purchases excluding transaction costs	5,700,211	1,268,351
Corporate actions	1,482,823	548,456
	<u>7,183,034</u>	<u>1,816,807</u>
Commissions	8,033	1,798
Total purchase transaction costs	8,033	1,798
Purchases including transaction costs	<u>7,191,067</u>	<u>1,818,605</u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.14%	0.14%
Sales excluding transaction costs	2,812,100	2,525,788
	<u>2,812,100</u>	<u>2,525,788</u>
Commissions	(4,218)	(4,255)
Total sale transaction costs	(4,218)	(4,255)
Sales net of transaction costs	<u>2,807,882</u>	<u>2,521,533</u>
Sale transaction costs expressed as a percentage of the principal amount:		
Commissions	0.15%	0.17%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Commissions	0.11%	0.05%
Transaction handling charges	<u>£6,390</u>	<u>£1,850</u>
Average portfolio dealing spread		
This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.		
Average portfolio dealing spread at the balance sheet date	<u>3.24%</u>	<u>2.95%</u>

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

6 REVENUE

	31 August 2019 £	31 August 2018 £
Overseas dividends	-	11,663
Bank interest	270	139
Total revenue	<u>270</u>	<u>11,802</u>

7 EXPENSES

	31 August 2019 £	31 August 2018 £
Payable to the ACD or associate:		
ACD's periodic charge	139,956	159,514
Registration fees	1,662	1,824
	<u>141,618</u>	<u>161,338</u>
Other expenses:		
Depository's fees	4,017	4,337
Safe custody fees	2,538	2,722
Interest	433	813
Financial Conduct Authority Fee	158	79
Audit fee	7,477	4,429
Price publication costs	1,442	816
	<u>16,065</u>	<u>13,196</u>
Total expenses	<u>157,683</u>	<u>174,534</u>

8 TAXATION

	31 August 2019 £	31 August 2018 £
a Analysis of the tax charge for the year		
UK corporation tax on profits for the period	-	-
Total tax charge (see note 8(b))	<u>-</u>	<u>-</u>

b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net expense before taxation	(153,730)	(162,732)
Corporation tax at 20% (2018: 20%)	(30,746)	(32,546)
Effects of:		
Revenue not subject to taxation	-	(2,333)
Unrelieved excess management expenses	31,483	34,879
Total tax charge (see note 8(a))	<u>-</u>	<u>-</u>

At 31 August 2019 the Fund has deferred tax assets of £537,502 (2018: £506,020) arising from surplus management expenses of £2,687,511 (2018: £2,530,098) which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 August 2019 £	31 August 2018 £
The distributions take account of revenue deducted on the issue of shares and revenue received on the cancellation of shares, and comprise:		
Amounts added on cancellation of shares	(11,568)	(7,078)
Amounts deducted on issue of shares	34,444	9,883
Equalisation on conversions	(116)	(1,396)
Distributions	<u>22,760</u>	<u>1,409</u>
Net deficit of revenue for the year	(180,173)	(164,141)
Net expense after taxation for the year	<u>(157,413)</u>	<u>(162,732)</u>

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

10 DEBTORS

	31 August 2019 £	31 August 2018 £
Amounts receivable for issue of shares	349,160	609,318
Accrued income	26	-
Total debtors	<u>349,186</u>	<u>609,318</u>

11 OTHER CREDITORS

	31 August 2019 £	31 August 2018 £
Amounts payable for cancellation of shares	244,905	4,762
Purchases awaiting settlement	-	338,136
Accrued expenses	24,296	19,409
Total other creditors	<u>269,201</u>	<u>362,307</u>

12 RELATED PARTIES

The ACD is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders on page 11 and note 9. Amounts due to/from the ACD in respect of share transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the ACD in respect of the ACD's periodic charge and registration fees are disclosed in note 7. Amounts due from the ACD at the year end are £86,371 (2018: £592,582).

13 SHARE CLASSES

The Fund currently has three share classes: Class C (minimum investment £1,000); Class I (minimum investment £50,000); and Class P (minimum investment £1,000,000). The annual management charges are 1.75%, 1.5% and 1.1% respectively.

14 SHAREHOLDERS' FUNDS

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	Class C	Class I	Class P
Opening shares in issue at 1 September 2018	7,167,707	4,546,800	21,936,085
Shares issues	1,318,920	1,148,900	21,774,325
Shares cancellations	(1,623,111)	(239,884)	(8,866,004)
Shares conversions	(335,813)	(20,689)	341,817
Closing shares in issue at 31 August 2019	<u>6,527,703</u>	<u>5,435,127</u>	<u>35,186,223</u>

15 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £876,739 (2018: £513,565). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

Foreign currency exposure at 31 August 2019

	Investments £	Net current assets £	Total £
Australian Dollar	5,108,052	-	5,108,052
Canadian Dollar	12,218,624	-	12,218,624
United States Dollar	150,707	-	150,707
	<u>17,477,383</u>	<u>-</u>	<u>17,477,383</u>

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

RISK DISCLOSURES

Foreign currency risk (continued)

Foreign currency exposure at 31 August 2018

	Investments £	Net current assets £	Total £
Australian Dollar	3,765,879	(338,136)	3,427,743
Canadian Dollar	6,069,999	-	6,069,999
United States Dollar	312,440	-	312,440
	<u>10,148,318</u>	<u>(338,136)</u>	<u>9,810,182</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £873,869 (2018: £490,509). A five per cent increase would have an equal and opposite effect.

Interest rate risk

As most of the Fund's financial assets are non-interest bearing, exposure to interest rate risk due to fluctuation in interest rates is minimal, and therefore no sensitivity analysis is included.

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

	31 August 2019 £	31 August 2018 £
Within one year:		
Bank overdrafts	71,458	66,350
Other creditors	269,201	362,307
	<u>340,659</u>	<u>428,657</u>

16 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 August 2019		31 August 2018	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	17,221,953	-	9,933,562	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	312,830	-	337,756	-
	<u>17,534,783</u>	<u>-</u>	<u>10,271,318</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

ECI Exploration & Mining is unlisted and has been independently valued by Cloudrisk Limited.

Gascoyne Resources is in voluntary liquidation and is being priced at best estimate by the fund manager.

Llave Oro is being valued at zero until further information is received from the company.

Solaris Copper, which are spin off shares from Equinox Gold, are being valued at zero by the fund manager.

All holdings of warrants are valued at the exercise price less the price of the underlying common shares.

JUNIOR GOLD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

17 POST BALANCE SHEET EVENTS

Since 31 August 2019, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 August 2019 *	16 December 2019	Movement (%)
Class C accumulation shares	37.15	28.51	-23.26%
Class I accumulation shares	37.98	29.16	-23.22%
Class P accumulation shares	38.92	29.92	-23.12%

* These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

DISTRIBUTION TABLES

Interim distribution for the period from 1 September 2018 to 28 February 2019

Group 1: shares purchased prior to 1 September 2018

Group 2: shares purchased on or after 1 September 2018

		Net revenue to 28 February 2019 pence per share	Equalisation to 28 February 2019 pence per share	Distribution paid 30 April 2019 pence per share	Distribution paid 30 April 2018 pence per share
Class C accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class I accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class P accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p

Final distribution for the period from 1 March 2019 to 31 August 2019

Group 1: shares purchased prior to 1 March 2019

Group 2: shares purchased on or after 1 March 2019

		Net revenue to 31 August 2019 pence per share	Equalisation to 31 August 2019 pence per share	Distribution paid 31 October 2019 pence per share	Distribution paid 31 October 2018 pence per share
Class C accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class I accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class P accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p

Marlborough

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