

JUNIOR MINING

Performance Update issued on 15 October 2009



FUND OBJECTIVE

To provide long-term capital growth from a globally diversified portfolio of small to medium capitalization companies specializing in identifying, developing and extracting mineral resources with particular emphasis on gold. The fund will also take small positions in uranium and base metals mining companies. The present intention is to allocate 70% in gold shares, 10% in other precious metals, 10% in base metals and 10% in uranium but these percentages may alter if market conditions change. There may be occasions, in light of adverse market conditions, when the Investment Manager chooses to hold high levels of cash, bonds and government securities.

KEY FACTS

Fund Category: Natural Resources Specialist

Charges:

“C” shares (£1-50K): 5.25% Initial, 1.75% Annual

“I” shares (>£50K): 0.5% Initial, 1.5% Annual

Authorised Corporate Director: Marlborough Fund Managers Ltd

Fund Adviser: Angelos Damaskos

Minimum Investment: £1,000 or £100 per month

Eligible for ISAs and SIPPs

Benchmark: FTSE Mining Index

MACRO-ECONOMIC POSITIONING

- JM invests in smaller precious and basic metals exploration and production companies
- Open-Ended Investment Company
- Provides exposure to Gold and the Basic Resources Super-Cycle

MANAGEMENT TRACK RECORD

The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Services Authority, of which Angelos Damaskos is the Principal Adviser. For the past five years, Angelos Damaskos has managed the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies, which has consistently outperformed its benchmark, the FTSE 350 Oil & Gas Index. His past experience includes an involvement with Galahad Gold, an early-stage mining investment company.

Dr. Morris Beattie PhD P.Eng, a highly regarded metallurgical engineer is an adviser to SIM. Dr. Beattie was a member of the Board of Northern Dynasty Minerals on behalf of Galahad Gold, CEO of International Molybdenum plc and recently Vice President, Project Evaluations for Quadra Mining Ltd. His knowledge and understanding of the sector and mining concepts will be key in selecting portfolio holdings for the fund.

ASSET ALLOCATION

Mining Equities	%Fund
Gold	70%
Other Precious Metals	10%
Base Metals	10%
Uranium	10%

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

Junior Mining is eligible for SIPPs and ISAs

For further info and documentation visit:

www.juniormining.co.uk

***Risk Warning:** This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. The value of shares can go down as well as up. Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the views of Sector Investment Managers Ltd at the time of preparation. They are subject to change and should not be interpreted as investment advice. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Services Authority*

JUNIOR MINING PERFORMANCE UPDATE

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Dear Investor,

Junior Mining began investment operations on 8 September 2009. On that day, the gold price closed at US\$999.80/oz having traded intra-day above the psychologically important \$1,000/oz level. Gold rose to higher price levels during the rest of that week and most gold-mining equities gained ground on sentiment.

Junior Mining, therefore, was in the difficult position of having to build up its portfolio of investments in a strong market while continuing to take in significant fresh capital from new investors during the period. Nevertheless, our conviction in the companies we invest in prevailed and, by the end of the month, we had invested approximately 71% of funds in 22 companies. The gold price, to which our portfolio is strongly correlated, traded in a sideways pattern until the end of September but subsequently broke up towards \$1050/oz at the time of publication of this note. To the 14th of October, Junior Mining had outperformed the gold price with a price increase of 15.4% since its inception. Although it is early days to compare the fund performance to the underlying commodity, the results so far are pleasing.

We believe that the macroeconomic backcloth is very favourable to the gold price rising significantly higher. This should provide fresh impetus to our selected gold mining equities as they continue to be re-rated. We have invested in companies with large reserves, experienced management teams and in most cases strong, growing cash-flow, little or no debt and no hedging. Among the fund's largest holdings at the end of September were Centamin Egypt, Norseman Gold and Medusa Mining. All of these fulfil the fund's investment criteria when compared with their peer group which gives them the base for a re-rating.

We have also invested in attractive situations in silver, platinum, copper and uranium mining. All of these should also benefit from the positive market fundamentals for each commodity.

Angelos Damaskos

For dealing/inquiries on Junior Mining call Marlborough Fund Managers:

0808 145 2501 or email ir@sectorinvestments.com

Junior Mining qualifies for SIPPs and ISAs

Further information on JM at www.juniormining.co.uk

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