

JUNIOR MINING

Investing in the mining giants of tomorrow

Update issued 16 February 2010

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 (>£1k): 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
Net Asset Value at 15.2.10: £21.7 million

MACRO-ECONOMIC POSITIONING

- Current macro-economic conditions make gold an attractive alternative store of value
- Government money-printing could stimulate inflation against which gold is considered a hedge
- Investment demand for gold-related products is rising
- Gold mining equities can offer better returns than gold bullion
- Smaller companies tend to outperform their larger counterparts

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.

COMPARATIVE PERFORMANCE

From 8.9.09 (fund's inception)	To 15.2.10
Gold	+10.0%
FTSE Mining Index	+21.9%
Junior Mining	+12.6%

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 or

www.sectorinvestments.com

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 your investment 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. Before making an investment in the fund, it is important that you read the Simplified Prospectus which is available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Services Authority

JUNIOR MINING PERFORMANCE UPDATE

Issued on 16 February 2010

Dear Investor,

January started with optimism for economic recovery and growth. Global markets raced ahead together with commodity prices on reports of strong growth in emerging economies, particularly in China. However, during the month, announcements by the Obama administration of increased banking regulation and consequent tightening of credit availability raised risk aversion. Subsequent news of Chinese tightening of banking reserve requirements and increases in interest rates to temper the growth of their domestic economy caused weakness in commodity prices, including gold.

More recently, the escalation of the Greek debt problems further highlighted the significant underlying problems in the world's finances. Other countries in the Eurozone notably Ireland, Portugal, Spain, Italy and the UK are also suffering from high public debt to GDP ratios. The US is not immune with its public debt to GDP ratio now higher than at any other time in history except after WW2. Economists expect US public debt to increase to 87% of GDP by 2020. They also argue that stabilisation of public debt to GDP at current levels would require average inflation rates between 4-6% over the coming decade, if the current budget deficit is reduced. Even China is experiencing high inflationary pressures making it necessary to introduce restricting measures. Inflationary pressures in the US, Europe and Asia will ultimately deface the value of the leading currencies. Gold should benefit as a result of this scenario as governments try to diversify their reserves and investors seek the security of gold.

The recent weakness in global equities as a result of debt worries is creating some attractive buying opportunities in gold mining companies. Most gold shares retreated from their early January highs far more, in percentage terms, than the gold bullion price. Junior Mining is well placed to take advantage of this anomaly.

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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