

JUNIOR MINING

Investing in the mining giants of tomorrow

Update issued 15 June 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 14.6.10: £27.4 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 is key in selecting portfolio holdings for the fund.

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

Junior Mining is eligible for SIPPs and ISAs
 For further information 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 fund invests in smaller companies some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. 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 based on SIM's internal analysis which may have not been verified by independent sources. 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 INVESTMENT ADVISER'S UPDATE

Issued on 15 June 2010

Dear Investor,

The market turmoil which started in the middle of April appears to have accelerated in May and early June. Worries about the strength of a global economic recovery, major fiscal and austerity measures announced by governments of developed economies and persistently high unemployment encouraged risk aversion. Faced with large public debt problems, massive printing of money and a risk of higher inflation, the price of gold rose to a new all-time high in early June.

We remain convinced that gold currently presents the best alternative value to money and that investing in gold mining equities is the better way to benefit from the rise in the gold bullion price. Nevertheless, gold mining shares are likely to be negatively affected should there be a broad market sell-off. It is also most likely that those mining companies with long-term exploration and development plans and no present cash-flow will suffer the most. Conversely, those gold miners with production, growing operations, strong balance sheets and professional management teams that continue to explore and expand their reserves should perform much better.

With this back-cloth in mind, we have been focusing the portfolio of Junior Mining in the shares of companies which we believe offer the best value in the emerging producers category. Companies like Norseman Gold, Medusa Mining, Centamin Egypt and Silver Lake Resources are among our favourite holdings. A rare exception to this approach is the outstanding value in Spanish Mountain Gold which, although a few years away from production, has large gold resources at a significant discount to its peers. We believe that, with its current portfolio, the Junior Mining fund is well positioned to benefit from the continued rise in gold prices whilst mitigating the risk of downside volatility should a larger, general market correction take place.

Angelos Damaskos

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

0808 145 2501 or email ir@sectorinvestments.com

Junior Mining qualifies for SIPP's and ISAs

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

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