

JUNIOR MINING

Investing in the mining giants of tomorrow

Update issued 25 August 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 31.7.10: £24.4 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 25 August 2010

Dear Investor,

Gold mining shares have traded sideways during the last four weeks as the global economic problems have caused unrest in equity markets. Recent reports indicate that unemployment remains high as companies are reluctant to invest in new capacity and hire new staff. Other reports show that inflation has started to creep up and that monetary authorities are more likely to maintain their supportive position.

The macroeconomic background is, in our view, helpful for gold prices and in turn for well capitalised gold mining companies. The fund's portfolio is well developed now and focused almost entirely in gold shares with growing production, a competent management team and a large resource with further exploration potential. Companies like these are particularly well positioned to benefit as the gold price continues to rise and the effects of this ripple through to gold shares.

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

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 Issued by Sector Investment Managers Ltd.