

JUNIOR GOLD

UPDATE 15 November 2010



FUND OBJECTIVE

To provide long-term capital growth from a globally diversified portfolio investing primarily in small to medium capitalization companies specializing in identifying, developing and extracting gold. It may also invest in mining companies extracting other precious metals. 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. The Investment Manager may use derivatives for efficient portfolio management purposes only.

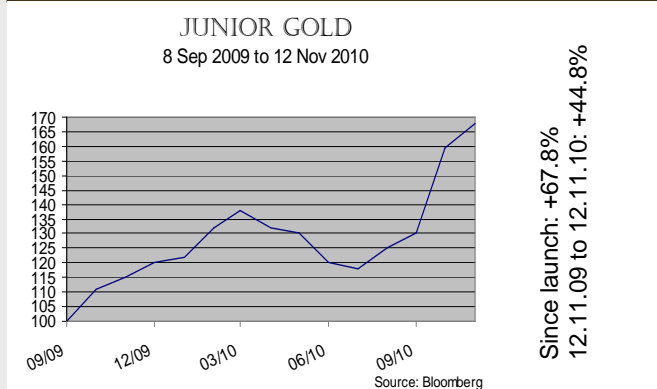
KEY FACTS

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 SIPP's
Fund NAV at 13.11.10: £40.5m

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
- Very strong investment demand for gold ETFs and gold coins
- Gold mining equities can offer better returns than gold bullion
- Smaller companies tend to outperform their larger counterparts

FUND SHARE PRICE PERFORMANCE



Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up

MANAGEMENT TRACK RECORD

The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Services Authority. SIM also advises the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies (for information: www.junioroils.com). SIM's management and advisers have extensive experience of investing in gold mining companies.

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

*Junior Gold is the new name for Junior Mining as of 1 October 2010. For further information and documentation visit:

www.juniorgold.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. 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 Gold update

15 November 2010

The US Federal Reserve announced its second quantitative easing programme this month, aptly named QE2. The move highlights further our belief that politicians are likely to continue printing money in their efforts to reduce the debt burden. The announcement sparked a rally in all major commodities, in particular gold which breached the \$1,400/oz level. The start of the Diwali festival in India on 5 November might have also helped the gold price with physical demand as traditionally gifts of gold are exchanged during the festivities.

According to the World Gold Council's most recent Demand Trends report, jewelry demand experienced its smallest decline since early 2008 during the second quarter of this year. In 2009, retail investment and ETFs totalled 1,348 tons of gold which was 39 percent of demand. Physical demand, predominantly for jewelry, was the lowest in 10 years and totalled 1,759 tons – 51 percent of demand. With rapidly rising investment and stable and growing physical demand, the price of gold is likely to be supported at these levels.

Gold mining shares responded well and the Junior Gold fund's price rose to 172.36 pence on 9 November, a new all-time high. The fund's portfolio now holds 29 positions, mainly in companies with growing production and an active exploration and development programme that adds to the resources and reserves base. Major contributors to performance have been the fund's holdings in Norseman Gold and Spanish Mountain.

A notable example of a core holding, which we believe offers outstanding value, is Focus Minerals Ltd. It is an Australian based gold producer operating in Coolgardie, in Western Australia's gold-belt south of Kalgoorlie, capitalised at about A\$165 million. Focus commenced maiden production in April 2008 and has since operated two mines supplying its own mill. It is debt free and has been profitable in the last two financial years. It is also un-hedged so its profitability grows in the current rising gold price environment. The growth in production is expected to fill the mill capacity and therefore reduce the cash production costs significantly towards Australian broker Hartley's projection of A\$809/oz for the financial Year 2011. Hartley's project cashflow per share of A\$1.2cents against a current share price of A\$5.7c is equivalent to a cashflow multiple of less than five times. With further, recently announced, high-grade results from its on-going exploration programme, we believe Focus is likely to prosper in the current environment.

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

0808 145 2501 or email dealing@marlboroughfunds.com

Junior Gold qualifies for SIPPs and ISAs

Further information on Junior Gold at www.juniorgold.co.uk

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