



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 15<sup>th</sup> December 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.*

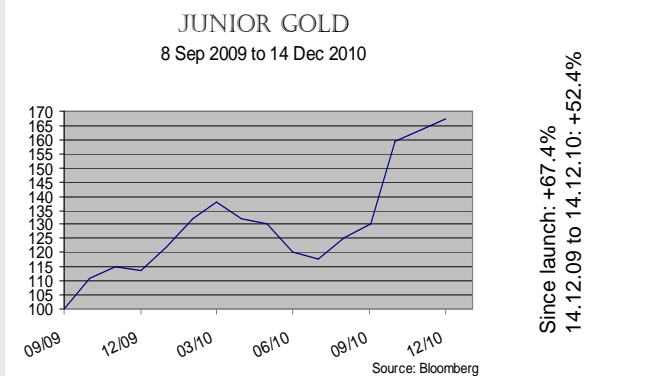
## KEY FACTS

**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 14.12.10:** £38.5m

## 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](http://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](http://www.juniorgold.co.uk) or  
[www.sectorinvestments.com](http://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 December 2010

- Sovereign debt problems returned to news-headlines recently with Ireland obtaining a bailout support from the ECB after it revealed that its public finances are unsustainable. The markets initially took fright on the news but soon recovered poise to move higher, together with commodity prices. There is now much speculation and anticipation on Spain's and Ireland's debt –refinancing programmes in the next two months. The yields on these two sovereign countries' bonds have risen sharply, making it clear that the market expects further problems.
- The gold bullion price has held firm at around US\$1,400/oz in November and early December, even as the US Dollar strengthened, against the Euro, in the aftermath of Ireland's bailout. Investment demand for this alternative store of value appears to still be strong and the price of silver has risen to a new all-time high as it also benefits from investors seeking to diversify their holdings away from leading currencies.
- Gold mining shares continued to perform well and the Junior Gold fund's price rose to 174.06p on 7 December, a new all-time high.
- This month we feature the merits of the fund's investment in Rambler Metals and Mining (RMM). Its principal project is the Rambler property in Newfoundland and Labrador in Canada. Rambler contains the former producing Ming copper-gold mines. These mines last operated in 1982 and produced some 2.1 million tonnes of ore grading 3.5% copper and 2.5g/t gold over 10 years of operations. In October 2010 RMM filed an updated Technical Report on the Ming mine's feasibility study indicating an initial 6-year mine life producing, at an average copper price of \$3/lb, gold at \$1,000/oz and silver at \$14.50/oz, a pre-tax operating cashflow of \$71 million, Net Present Value (NPV) discounted at 6% of \$14.3 million with payback in 1.5 years and an Internal Rate of Return (IRR) of 23.7%. The mine is expected to produce an annual average of 7.7 million lbs of copper, 11,600 oz of gold and 42,600 oz of silver. At the current, much higher commodity prices the returns from the Ming mine would be significantly higher. Construction of the mine has started and first production is targeted for the second half of 2011.
- RMM is a company currently capitalised at about C\$57 million on a fully diluted basis. With the Ming mine coming to production, continued exploration activities potentially adding to the mine life and development of another project in the region, RMM's resources, production and cashflow could grow significantly over the next few years.
- We would like to take the opportunity to wish investors in the fund a happy festive season and health, peace and prosperity in 2011.

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

**0808 145 2501** or email [dealing@marlboroughfunds.com](mailto:dealing@marlboroughfunds.com)

Junior Gold qualifies for SIPPs and ISAs

Further information on Junior Gold at [www.juniorgold.co.uk](http://www.juniorgold.co.uk)

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