



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 15th February 2011

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 14.2.11: £37.9m

MACRO-ECONOMIC POSITIONING

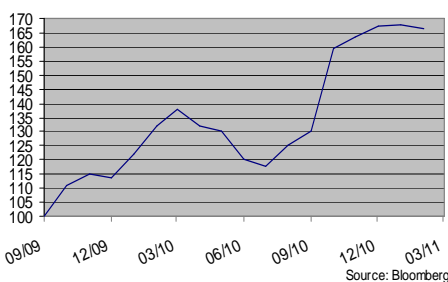
- Current macro-economic conditions make gold an attractive alternative store of value
- Government money-printing could stimulate inflation against which gold is considered a hedge
- Very strong investment demand for gold ETFs and gold coins
- Gold mining equities can offer better returns than gold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

FUND SHARE PRICE PERFORMANCE

HOW TO INVEST

JUNIOR GOLD

8 Sep 2009 to 14 Feb 2011



Since launch: +64.5%
12.2.10 to 14.2.11: +45.3%

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.

Call Marlborough Fund Managers:

0808 145 2501

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 February 2011

The Chinese New Year of the Rabbit started this month with the traditional celebrations in Chinese communities world-wide. Unofficial reports indicate that the traditional exchange of red envelopes containing cash between families have been largely substituted by gifts of gold. According to the World Gold Council, global gold consumption in Q3 2010 grew by 12% over the previous year. Demand for gold jewellery increased by 8% with four main markets – India, China, Russia and Turkey – accounting for 63% of global demand. Retail investment rose by 25% from Q3 2009 with the largest contributor being the hoarding of bars, which increased by 44%. Investment demand, therefore, continued to dominate.

What is impressive in China's growing demand for gold is the speed and scale of change. A recent survey indicated that China imported over 209 metric tons of gold in the first ten months of 2010, five times its imports in all of 2009. The World Gold Council expects Chinese demand in 2010 to reach 600 tonnes, just behind India's 800 tonnes of gold. This would mean that China and India collectively bought about half of total world mine production in 2010.

A very recent development is of particular interest. The World Gold Council and the Industrial and Commercial Bank of China announced a strategic partnership to help Chinese investors accumulate gold on a daily, dollar-averaging basis. The minimum investment is one gram of gold a day. The programme was launched in April 2010 and, during the first phase in a few selected cities, over one million accounts have already been opened with this one bank.

January and early February 2011 saw some consolidation in the gold price and, consequently, in the share prices of gold mining companies. Some encouraging economic activity reports have out-weighed the social and political unrest in Egypt and Tunisia. The uneventful bond auctions in Portuguese and Spanish bonds seem to have also contributed to optimism in the equity markets.

We believe that the current optimism may be short-lived and that the fiscal problems of the developed economies will re-surface as a threat to growth. Gold should benefit again from such a scenario and its price may rise to new highs. The shares of high quality gold mining companies are then likely to respond very quickly making it difficult to establish new positions. We, therefore, remain almost fully invested in companies with large reserves, growing production, solid balance sheets and top-rated management teams.

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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