



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 17<sup>th</sup> May 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 16.5.11: £36m**

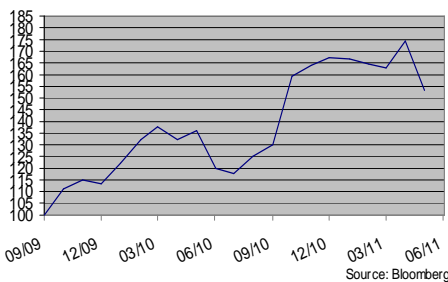
## MACRO-ECONOMIC POSITIONING

- 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 16 May 2011



Since launch: +53.2%  
16.5.10 to 16.5.11: +11.6%

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.

Call Marlborough Fund Managers:

**0808 145 2501**

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

### 17 May 2011

April and early May have been very difficult for commodities investors. Concerns over a slowing Chinese economy, rising inflation and the possible withdrawal of monetary stimuli programmes caused base metal prices to drop. Early in May, an increase in the margin requirements on silver and oil trading derivatives resulted in the largest one-day drop in prices of these two commodities since the financial crisis of 2008.

What is puzzling to specialist investors is the weakness of gold and silver mining equities since the middle of February. The price of gold is merely 5% off its all-time high of \$1,578 per ounce reached on the 2nd of May, yet the gold-mining equities have fallen between 15-20% from recent highs. This can either mean that the stock market is discounting a significant fall in gold prices or that investors are currently taking profits on commodities producers across the board.

It could be a good buying opportunity for those who share our belief that the debt problems of the developed world are unlikely to be solved easily. Large-scale printing of money will continue especially as some of the smaller EU member states are on the brink of default. Under the circumstances, gold should remain one of the preferred stores of value and could see a much higher price before the year-end.

Benefiting from high gold prices, producing companies have been making extraordinary profits. We remain convinced that Junior Gold's portfolio has robust fundamental value which should translate into higher share prices if gold remains at the present level. The fund's exposure to silver mining operations is now approximately 20% and we believe that these holdings are also undervalued in relation to current silver prices.

**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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