



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 16<sup>th</sup> June 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 15.6.11: £34m**

## 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



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

## 16 June 2011

Global equity markets have been very weak in May and early June as the European debt problems escalated. It seems inevitable that a major decision on fiscal and monetary policy reforms is needed if the European Union is to survive. We will have to wait to see what will become of the weaker countries like Greece, Portugal, Spain and Ireland. Their fiscal and economic problems are so large that some kind of default is likely.

This background is good for gold which has retained its value near all-time highs above \$1,500 per ounce. This is particularly interesting as gold's correlation to other important commodities such as oil and copper appears to be breaking down. The news on global economic recovery has been negative including a slowdown in Chinese growth and rise in inflation. China's contribution to world growth is very important especially as it comprises the largest part of growth in demand for energy and basic resources.

In spite of a strong gold price and evidence showing rising investment demand for this alternative store of value, gold mining equities have been very weak. Nevertheless, the fact remains that, at the present gold price, miners of the yellow metal are making record profits. It should not be long before the market realises this and rerates valuations to higher levels.

As a company-specific example, the fund's largest holding, Focus Minerals, has gone from strength to strength. It has successfully deployed the capital it raised in April towards ramping-up production and management now expects to produce an annualised 100,000 ounces by the end of 2011. The company is also confident that it can grow its production to 130,000oz in 2012. As a company with market capitalisation of about A\$250 million, we believe that it now offers outstanding value on a cashflow growth basis, not including the potential for resource growth from its very active exploration programme.

**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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