



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 12th July 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 12.7.11: £35.3m

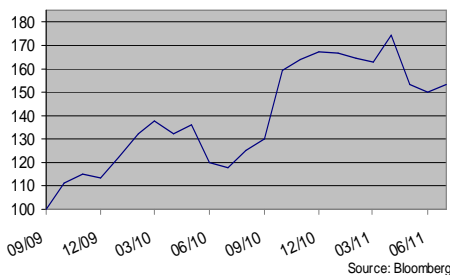
MACRO-ECONOMIC POSITIONING

- 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 12 July 2011



Since launch: +53.4%
12.7.10 to 12.7.11: +25.1%

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

12 July 2011

Gold shares remained weak in June with a small recovery early in July. Gold, on the other hand, remained strong during this period trading within 5% of its all-time high of \$1577/oz recorded on 2 May. Gold shares are equities first and proxies for gold second. As such, in times of risk aversion and weak equity markets they can become oversold, offering an attractive buying opportunity to those investors who believe the gold price will trend higher. This is especially the case for smaller, less liquid shares that can suffer larger falls in price due to their narrow market.

Whilst a default by Greece may have been averted in the short term, sovereign debt problems in the developed world persist and continue to hamper economic growth. Further printing of money is the easy solution but rising inflation gives central bankers a headache. The US Dollar, Pound Sterling and the Euro continue to devalue against stronger currencies such as those of Canada, Australia, Norway and Switzerland and investors increasingly look to gold as a safe haven.

We know that the supply of gold is relatively small. We were referred to a report by the Society of Economic Geologists that reviewed 3,730 international deposits containing more than 100,000 ounces of gold, including 1,372 deposits with over 1 million ounces. The report drew some important conclusions:

1. Both the number of deposits and total ounces found peaked in the 1980s and "have been steadily declining ever since";
2. The ratio of exploration resources to those in development or at feasibility has been increasing, meaning that additional new production will come later in the future;
3. The average grade of gold mined has declined from a peak of 10 grams per tonne between 1965-1975 to less than 1 gram per tonne in 2008. While this is partly the result of the rising gold price making marginal deposits more viable, the drop in grade is significant especially as capital costs have been rising;
4. The cost of discovery has increased from \$10/oz in the eighties to over \$47 per ounce in 2009.

These findings confirm our belief that new supply of gold is likely to remain constrained well into the future. Continued rise in investment demand will result in the gold price rising to higher levels. Gold mining companies should therefore see growth in cash flow and profitability that should re-rate their share prices. Those companies with efficient, growing operations, strong balance sheets and active exploration programmes should outperform both their sector and the gold price. These are the companies that Junior Gold focuses on.

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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