



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 14 September 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 14.9.11: £41.9m

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



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.

HOW TO INVEST

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 14 September 2011

Dear Investor,

Gold equities have staged a modest rebound from the lows seen in August. The cashflow and profitability of producing gold mining companies has surged as a result of record gold prices and the potential for further rerating is obvious.

Markets are gripped by fear. In July it was the possibility of US default and in August the prospect of QE3. Investors have piled into ETFs helping to drive the price of gold from \$1,500 to \$1,900 in two months. In the middle of dramatic equity market volatility few were brave enough to buy gold mining shares. Some argue that the gold price rose too fast too quickly but the physical demand season is now ahead of us. Asian weddings, Christmas holidays, Chinese New Year and Asian central bank buying are some of the catalysts that could support the price at high levels.

Producing companies are the first beneficiaries of high gold prices and two thirds of the companies in Junior Gold's portfolio are in production. One of Junior Gold's largest holdings is Kingsrose Mining (KRM.ASX), a high grade gold and silver producing company with its main operations in Southern Sumatra, Indonesia. Production is set to reach 45k oz of gold and 500k oz of silver per annum by the end of this year. With average operating costs of \$150/oz after silver credits, it is a very low cost producer benefiting enormously from the current high spot prices of bullion. Production is expected to grow by over 30% in 2012 and recent encouraging exploration results should add to resources and mine life. In generally weak equity markets this year, Kingsrose's share price has been held back and is due for a significant rerating to reflect the growth in cashflow and profitability when compared to its peers. Resource addition through exploration should also be a driver of value to shareholders.

**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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