



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update 16 November 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

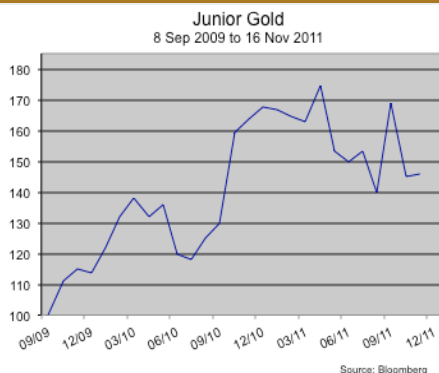
**Eligible for ISAs and SIPP's**

**Fund NAV at 16.11.11: £37m**

## 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



Since launch: +45.6%  
16.11.10 to 16.11.11: -9.5%

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.

## How to invest

**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 November 2011

Dear Investor,

The European Union remains gripped in political turmoil over its debt problems. Civil unrest and opposition to increasingly tough austerity measures have gained strength, toppling governments and key politicians. Being a politician is not such an attractive job nowadays as it becomes apparent that there may be several lean years ahead with little to please the electorate. The central bankers in commanding positions, such as the Federal Reserve and the ECB, seem more than willing to run the money-printing presses to avert financial stress.

This backdrop is supportive for gold as investors increasingly turn to alternative stores of value and safe-havens. Strong demand has increased volatility with the price rising from \$1,500/oz to over \$1,900 in just two months, then rapidly dropping back to \$1,600 in three weeks. Since then it appears to have gained support and seems to be continuing on its eleven-year uptrend. Gold price volatility however, alongside general market weakness has deterred investors from investing in gold mining shares which have been range-bound for the last two months. As a result, there is a large valuation gap between enterprise values of mining shares and the current gold price.

Junior Gold's portfolio has recently been strengthened with the addition of some solid production holdings such as Aurico Gold (AUQ.TO) and Scorpio Mining (SPM.TO). Both companies have strong cashflows, are growing at rates above the sector average and continue with intensive exploration programmes that keep adding to reserves and mine life. In these difficult markets smaller, exploration focused companies, are likely to suffer. We have therefore positioned the portfolio with a strong bias to mid-capitalisation companies that have greater visibility of earnings and growth prospects.

**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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