



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update January 2012

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

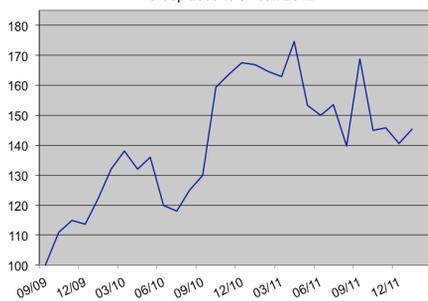
Fund NAV at 31.1.12: £35.6m

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

Junior Gold
8 Sep 2009 to 31 Jan 2012



Source: Bloomberg

Since launch: +45.4%
31.1.11 to 31.1.12: -8.4%
31.1.10 to 31.1.11: +53.2%

Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. As the first pricing point was on 8 September 2009 performance data does not exist for five complete twelve month periods.

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 Considerations: The fund invests in smaller companies which may carry a higher degree of risk than larger companies. 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. The fund focuses on a specific sector and has a concentrated portfolio which can lead to greater volatility.

Junior Gold update January 2012

Dear Investor,

The year 2011 was a terrible one for investors in gold mining companies. Physical gold rose by 10% while the FTSE Gold Mines Index fell by 15.9%. The industry spent most of the year debating the valuation gap between the price of gold and the market prices of quoted gold mining stocks. Most observers agree that the anomaly was due to the general risk aversion towards less liquid, more volatile stocks in times of instability. Junior mining shares suffered more than the sector due to poorer liquidity. It appears that the New Year has started with some optimism and recovery of share prices; but there is still a long way to go.

Europe remains in turmoil, with its leaders scrambling to find a solution to a seemingly insoluble problem. Some smaller member states, like Greece, are unable to service their debt obligations and time is running out. It seems that the central banks, the ECB and other multi-lateral bodies will have to print record amounts of money to bail out the weaker member states and those financial institutions with large exposures to sovereign debt. This is likely to devalue the Euro and strengthen the appeal of gold as a store of value.

It is now well reported that central banks from those regions with trade surpluses have recently been buying gold to diversify their reserve bases. Furthermore, it appears that the drop in price of gold from its all-time high of \$1,927/oz in the last quarter of 2011, was due to the unwinding of positions by troubled funds, financial institutions and other investors needing the liquidity before year-end. In the year to date, the gold price seems to have resumed its eleven-year uptrend. Gold shares underperformed the commodity price through-out 2011 and there is a distinct possibility they will outperform it in the year ahead.

Best wishes for a happy, prosperous and golden New Year.

Angelos Damaskos

For dealing/inquiries on Junior Gold call Marlborough Fund Managers:

0808 145 2501 or email dealing@marlboroughfunds.com

Junior Gold qualifies for SIPP's and ISAs

Further information on Junior Gold at www.juniorgold.co.uk

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 Prospectus and Simplified Prospectus are available free of charge using the contact details above. Before making an investment in the fund, it is important that you read the Simplified Prospectus. 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 SIMs internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorized and regulated by the Financial Services Authority.