



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update February 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 29.2.12: £35m

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: +41.7%
28.2.11 to 29.2.12: -14.4%
28.2.10 to 28.2.11: +44.8%

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 29 February 2012

Dear Investor,

The World Gold Council, an independent organisation, has just published its statistics for gold supply and demand in the year 2011:

Global demand by volume was marginally ahead of 2010 due to declines in the jewellery (-3%) and technology (-10%) sectors, counterbalanced by a 24% rise in demand for bars and coins. Interestingly, demand for ETFs and similar investment products declined by 58% as investors took some profits and in some cases switched from paper to physical ownership of bullion. Physical investment growth was driven by the Official Sector (mainly central banks), which was a net purchaser of 92.7 tonnes in Q4 2011 compared with sales of 17.6 tonnes in Q4 2010.

Total supply of gold was also flat year-on-year as growth in mine production and producer hedging was outweighed by a much decreased contribution by the Official Sector and lower levels of recycling.

An important part of the statistics highlights that in value terms, 2011 demand was a record of \$205.5 billion, 29% above the 2010 value as the gold price continued its 11-year uptrend. It seems, therefore, that the rise in price was primarily caused by the continued appeal of gold as a safe-haven asset.

Europe remains the worst-affected region in the developed world, with increasing social unrest and fears of instability as a result of the sovereign and bank debt problems. Tough austerity measures could cause a further rise in unemployment and stifle economic growth while printing of money to finance bailout programmes could cause a rise in inflation and the devaluation of key reserve currencies. In the face of these problems, it is not surprising that gold has resumed its uptrend in the year to date. We believe that smaller capitalisation gold mining shares offer particularly good value in this environment and are likely to outperform their larger peers.

Angelos Damaskos

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

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.