JUNIOR GOLD

Investing in the mining giants of tomorrow

Update March 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.

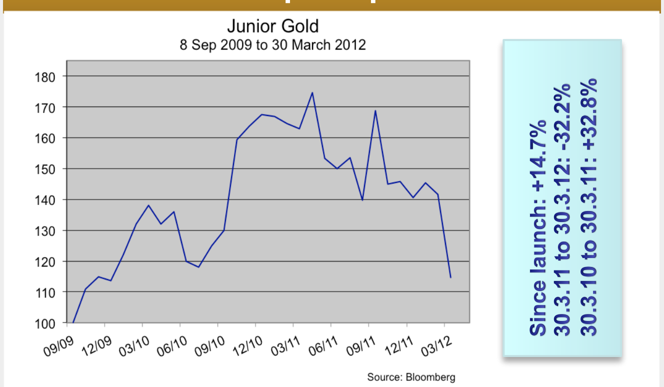
Key facts

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 SIPPs
Fund NAV at 30.3.12: £28m

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. 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
5 April 2012

Dear Investor,

Gold shares have fallen since the beginning of this year despite the fact that the gold price has resumed its eleven-year uptrend. Gold bullion opened trading on 3 January at $1,569/oz and at 30 March closed at $1,668/oz, 6.3% higher. We have very rarely seen any sector so deeply out of favour. We naturally wonder if this sentiment could be right or, in contrarian thought, presents an outstanding buying opportunity. Extreme aversion and fear in any sector can offer great recovery potential.

According to our research, gold mining profits have never been better. Last year the average gross margin of the major gold mining companies was over 55%. True, cost inflation has been high as materials, equipment and labour have been scarce. Nevertheless, profit growth has been much greater, dramatically expanding profitability. Unless, therefore, gold is heading for a dramatic sell-off, gold mining stocks should soon be re-rated to reflect their improving financial condition.

The prospects for gold as a safe-haven asset continue to be supportive of higher prices. Greece's sovereign default has been masked by record supply of liquidity and printing of money that shifted private-sector debt into public hands. The much-debated QE3 that the US Federal Reserve have recently voted against, has actually happened in the Eurozone with the ECB's €1 trillion bail-out programme. The Euro weakened against the US dollar and this also caused weakness in most commodities, including gold. Nevertheless, with the Eurozone economy now almost certainly in recession, record government austerity measures and unemployment, the prospects for growth are weak. Investors are likely to look again for safe-havens with gold being the most traditional. Indications are that central banks of countries with balance of payment surpluses (e.g. China, India, Russia and Brazil) continue to buy gold bullion to diversify their reserves. These institutions are not short-term traders; they are buying to hold for the next decade. We still believe that the gold price will continue to strengthen. If this proves to be correct, we do not need to worry about the prospects of gold shares in general and especially the prospects of the Junior Gold Fund that focuses primarily on well-capitalised producers.

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**