



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update April 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 30.4.12: £26m**

## 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: +8.7%  
30.4.11 to 30.4.12: -37.0%  
30.4.10 to 30.4.11: +30.5%

## 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 Considerations:** Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. 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.

## 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.

## Junior Gold update 8 May 2012

Dear Investor,

Gold shares continue to be out of favour but appear to have found some support in the last two weeks. This is partly explained by the relative strength of the gold price but more likely by the extremely oversold conditions in April. An interesting indicator of the present valuation anomaly is the ratio of market capitalization of all senior gold producing companies to their gold reserves. This ratio has reached the levels only seen during the depths of the global financial crisis in 2008. It implies extreme investor aversion to gold mining shares and as opposed to gold. Contrarian thinking would suggest that it would not be long before gold shares recover to a more normal relationship to gold..

Meanwhile, the global economy still fails to grow at a sustainable rate. The latest UK statistics published by the government have confirmed it is in recession. In Spain, nearly one in four nationals are officially unemployed while unconfirmed estimates of the unofficial unemployment suggest a rate as high as 30%. The Greek economic tragedy continues to unfold with popular discontent and a shift to the radical left indications of the risks to that country. The French are leaning towards the left in the Presidential elections and general business confidence in the Eurozone is low. Under these circumstances, the prospects for debt repayment seem bleak and the most likely outcome is for the central banks to print more money.

We believe that the present economic reality highlights gold as a store of value and a safe-haven. Global investors, including central banks of countries with a budget surplus, continue to accumulate bullion holdings. When the Eurozone debt crisis starts its next chapter, it is likely investor demand will, again, exceed supply pushing the price of gold to higher levels. The present valuation anomaly of gold shares becomes more apparent every day and, should gold reach for new highs, could provide a rarely seen investment opportunity. Junior Gold is positioned with a fully invested portfolio of junior gold and silver producers or near-producers that should be the major beneficiaries of a general sector re-rating.

Angelos Damaskos

***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)

### **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.