



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update May 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 31.5.12: £23m

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: -1.5%
31.5.11 to 31.5.12: -37.5%
31.5.10 to 31.5.11: +21.3%

As the first pricing point was on 8 September 2009 performance data does not exist for five complete twelve month periods. On 1.10.10 the fund changed its name and objective, therefore, past performance shown above prior to this date was achieved under circumstances that no longer apply

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: 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.

Junior Gold update 14 June 2012

Dear Investor,

During the last few days gold shares have rebounded from extremely over-sold levels. Gold appears to have disconnected from the price action of other commodities, notably copper and oil, which are primarily influenced by world economic prospects. Stubbornly high unemployment in the US and Europe as well as a potential slow-down in Chinese economic growth weigh investors' sentiment, depressing industrial commodities and global equity markets. Gold, nevertheless, rose sharply in early June, regaining some of its safe-haven status. This should not be surprising given the dramatic socio-economic situation in the Eurozone that is likely to prolong its recession. Furthermore, capital flight from the beleaguered banks in Europe is looking for alternative stores of value such as gold.

The continuation of gold's eleven-year uptrend is good news for gold mining shares. Their cashflow and profits have been expanding despite rising costs and balance sheets of producers have never been stronger. Junior companies, however, need to manage their capital conservatively. Financing windows are brief and equity offerings are done at greater share dilution. Development-stage companies with weak balance sheets and large exploration programmes may find it difficult to raise the required financing. They are likely to be acquisition targets of larger, producing companies with lots of cash that keeps growing on the back of the high gold price.

Junior Gold's recent poor performance has been the result of general aversion among investors towards gold and silver mining shares. However, our portfolio is primarily focused on producing companies, with strong balance sheets and growing cashflow. These are the companies that are likely to survive and prosper in the current weak capital markets especially if gold continues to regain its safe-haven status. The recent strong recovery of the fund's value suggests that it is well positioned to benefit from a general sector re-rating.

Angelos Damaskos
Chief Executive Officer

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

0808 145 2501 or email dealing@marlboroughfunds.com

Junior Gold qualifies for SIPP 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 Key Investor Information Document is available free of charge using the contact details above. Before making an investment in the fund, it is important that you read the Prospectus and Key Investor Information Document. 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.