



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update June 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 30.6.12: £18.8m

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



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 16 July 2012

Dear Investor,

The weakness of gold equities continues to confound the value logic. In spite of gold trading up for the year to date, gold mining shares are generally down by a quarter. For over a year now, we have been arguing that the gold price is set to climb to higher levels and that gold shares are set for a large re-rating. We believe that this is a matter of time.

The key macroeconomic events that have influenced the gold price in the year to date were relative economic strength in the US, Eurozone economic contraction and uncertainty, devaluation of the Euro and concerns on the Chinese slowdown. The US Dollar index, based on a broad basket of international currencies, has recently reached a two-year high. Given gold's historical inverse relationship to the US Dollar, the latter's recent relative strength is likely to have held gold's price back. Changes in market opinion on the continuation of a loose monetary policy in the US led to increased gold price volatility. This is now changing. In a less US-centric world the significance of US real rates may be different. Chinese and Indian economic progress is likely to be much more important. The troubles of the Eurozone and potential risks of instability are also likely to support gold as a hedge against asset devaluation and potential inflation, both likely to occur under the circumstances.

The fact remains that gold mining companies are significantly undervalued to the current price of the commodity they produce. We would rather own shares in companies that appear cheap in relation to their high operating margins and have also considerable prospects of further margin expansion, such as the gold miners, than in general industrial and other operations that are struggling to maintain sales volumes and margins in a recessionary economic environment. We are also prepared to wait with our selected positions until the market realizes the embedded value and re-rates the shares.

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 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 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.