



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update February 2013

## 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**

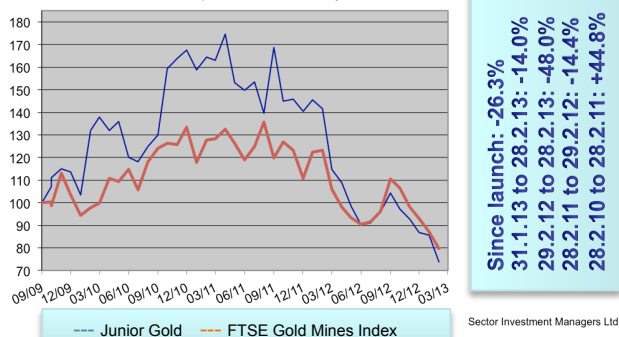
**Fund NAV at 28.2.13: £13.2m, share price: 73.69p**

## 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

Junior Gold vs. FTSE Gold Mines Index  
8 Sep 2009 to 28 February 2013



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](http://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](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.

## Junior Gold update 6 March 2013

Dear Investor,

It seems that the generalist investor today thinks that gold reached its near-term peak in 2011 when it spiked up to \$1927/oz and is now in decline. The apparent stability in the Eurozone and confidence that the debate on the US fiscal cliff and sequestration will be resolved in a satisfactory manner supports this view. However, everyone agrees that it is still possible one situation or the other can get out of hand, dragging the respective economy back into recession and forcing central banks to intervene in new, radical ways. Such development would frighten investors, encouraging them to look, again, at gold as the ultimate safe-haven.

On the supply side, it is clear that investors have been disappointed, time-again, by the gold miners' inability to control costs. With a view of a declining gold price, the miners' profitability is naturally at risk and this has resulted in a general sector sell-off. The response of mining management teams across the industry is to place cost-control as the highest priority in their strategy. A fundamental and immediate way of reducing costs is "high-grading". Essentially, all mining teams now focus on the highest-grade, most profitable operations at the expense of production volume. Marginal deposits are scrapped from the business plan and unprofitable operations are shut-down. This mentality will, inevitably, cause a significant drop in global production. It is conceivable, therefore, that a disappointing turn in the dangerous situations in the Eurozone and the US could cause a flight back to gold at a time when new supply of the metal is shrinking. This is the typical recipe for the gold price to reach presently unimaginable levels.

Angelos Damaskos  
Chief Executive Officer

***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 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.