



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update May 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

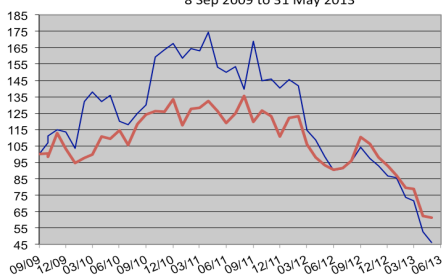
Fund NAV at 31.5.13: £7.6m, share price: 46.15p

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 31 May 2013



Since launch: -53.9%
30.4.13 to 31.5.13: -12.6%
31.5.12 to 31.5.13: -53.1%
31.5.11 to 31.5.12: -37.5%
31.5.10 to 31.5.11: +21.3%

Sector Investment Managers Ltd

--- Junior Gold --- FTSE Gold Mines Index

As the first pricing point was on 8 September 2009 performance data NAV to NAV 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 Conduct 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 2013

Dear Investor,

Junior gold-mining shares have never been so cheap, on relative valuation grounds, even in the catastrophic aftermath of the 2008 crisis. Investors piled into large-cap, dividend paying stocks, pushing market indices to all-time highs in May. In the process they continued to sell small-cap resources stocks, particularly on news that Chinese growth is slowing.

However, towards the end of May, a statement by Federal Reserve chairman Bernanke that QE might be reigned-in towards the end of the year raised alarm bells for the "hot" money. The realisation that the growth in liquidity which has fuelled the rally in equities in the past four years might stop, encouraged some investors to take some risk off their portfolios. Bonds across the board suffered a selling rout as the interest rate expectations rose. The Japanese markets fell by over 20% in the ensuing two weeks while the US and European indices shed between 3-8%. Gold, that suffered a 15% drop in April, held steady during this shake-out at around \$1,400/oz.

According to the World Gold Council, demand for physical gold is soaring in Asia and India as buyers take advantage of the lower prices in their local currencies. New vaults for safe-storage of gold bullion have opened in Singapore and India has introduced gold import constraints in an effort to reduce its balance of payments deficit. Against this strong demand for physical gold from Asia, international portfolio investors have been selling ETF holdings.

We believe that investors' sentiment may be about to change, again, in favour of gold as a safe haven. Geopolitical risks are rising, with the Iranian elections this week, the US taking a firmer position in relation to the Syrian civil war and unexpected social instability in neighbouring Turkey which was regarded as one of the bright stars in the global economy. Markets have taken the shine off large cap dividend stocks, bonds look increasingly shaky and the banking sector is not as safe as it used to be. Gold still merits a place in every portfolio as an insurance policy and, as we have seen in recent times, a small shift in investors' sentiment can cause large price changes in the yellow metal. We are increasingly optimistic for a higher gold price in the second half of the year and, consequently, a rerating of gold mining shares and Junior Gold's portfolio.

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 Conduct Authority.