

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update July 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

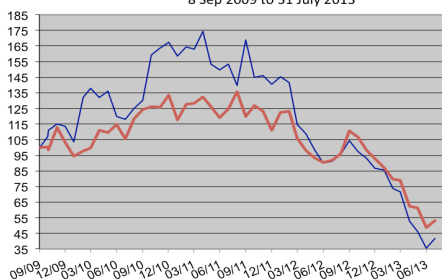
Fund NAV at 31.7.13: £6.9m, share price: 41.70p

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 July 2013



Since launch: -58.3%
30.6.13 to 31.7.13: +17.4%
31.7.12 to 31.7.13: -54.2%
31.7.11 to 31.7.12: -41.3%
31.7.10 to 31.7.11: +34.0%

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 August 2013

Dear Investor,

For 93 weeks to the end of June 2013, gold saw the longest and deepest downturn in the last twenty years, losing 37% of its value after reaching an all-time high of \$1,927/oz in September 2011. This move was much steeper and longer than the previous three major corrections in gold's 12-year bull market. It certainly unnerved most investors who believe in the safe-haven value of the metal but now there are certain indicators that point to recovery that could be just as sharp and significant as the fall. Gold mining shares, which have been in a vicious bear market for two years now, have started to rebound strongly in July. This first phase of recovery may be driven by shorts-covering and bottom-fishing speculative positions. Nevertheless, given the strength of the moves, it would appear that the equities now discount a recovery in the gold price. The shares in Junior Gold, the small-cap focused gold-mining fund, rose by 17.4% in July, indicating its re-rating potential after the dramatic falls of this year.

Among the best performers in the Junior Gold's portfolio re-rating were:

Osisko Mining (OSK.TO) announced a restructuring of its debt facility that add to its financial flexibility at lower gold prices. Grades at the huge Malartic mine in Canada have been an issue as has the commissioning and timely ramp up of production. The operational performance of the mill appears to have been rectified and the expectation is that grades will improve and costs will come down;

Endeavour Mining (EDV.TO) that showed productivity gains and evidence that the political instability in Mali has not had detrimental effects on operations. Its Tabakoto mine has ramped up to 150,000oz per annum production. It also managed to extend its financial facilities and cash costs in Q1'13 were \$899/oz and are expected to reduce by about 10% before year end.

Aurcana (AUN.TO), the silver miner with operations in Mexico and Texas has confirmed that its production rates continue ahead of expectations with high recovery rates and tight cost control. Based on the management reports and the financial strength of its balance sheet, it would appear that the share-price weakness has been exaggerated.

Approximately 80% of the fund's portfolio is invested in producing companies with robust balance sheets and an operating cost structure that has enabled them to survive the recent downturn in the gold price. Should gold resume its 12-year long up-trend, investors are likely to look at companies with strong growth in cash flow and solid balance sheets as the main beneficiaries and, therefore, re-rate their shares. We remain optimistic for the remainder of the year.

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's 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.