

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update October 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

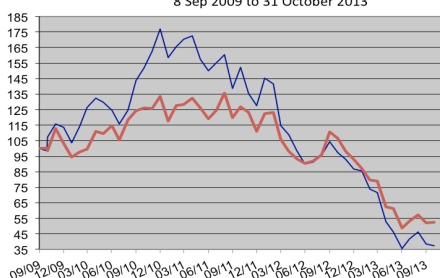
Fund NAV at 31.10.13: £7.0m, share price: 37.53p

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 October 2013



Since launch: -62.5%
30.9.13 - 31.10.13: -2.4%
31.10.12 - 31.10.13: -61.4%
31.10.11 - 31.10.12: -36.1%
31.10.10 - 31.10.11: +0.3%
31.10.09 - 31.10.10: +41.4%

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 November 2013

Dear Investor,

The World Gold Council has this month stated that it believed sentiment towards gold has shifted as the precious metal is down 24% since the start of the year and, technically, in a bear market. According to WGC figures demand from Exchange Traded Funds, the preferred vehicle for short-term financial investors, was the main driver for the drop in demand. In the physical markets, in spite of government measures to curb Indian imports of gold, demand from India was in fact higher than in the previous year, perhaps in anticipation of the restrictions. Nevertheless, official figures probably fail to account for undeclared imported gold which, according to the WGC could account for as much as 23% of total reported volumes. Reports indicate that demand for physical gold and silver remains strong at the current price levels. The US Mint has sold 40.2 million ounces of American Eagle silver coins so far in 2013, already an annual record. It is believed that Chinese bullion purchases are also at an all-time high.

We have read reports alleging that the registered gold stocks cover at the Comex warehouse has risen this year from about 15 times in January to 61 times in November, an all-time high. This indicator shows the relationship of paper traded volume to bullion stocks held by the Comex. The physical market is not centered on Comex which is the locus for fixing paper trading. However, the point of the alarming rise in hypothecated claims on its stocks is that it raises the risk there could be a run on deposits to cover positions. Should a crisis of confidence grip paper traders, either because of a default along the chain or because demand for physical grows suddenly, the price would have to rise sufficiently to entice other physical holders of the metal to sell. In this scenario, it will be difficult to tell what the right price should be and trading could spiral out of control.

Junior Gold has lost much of the rebound gained in July and August as the fall in the gold price below \$1,300/oz scared investors in gold mining shares. With little visibility on the price trend and many voices arguing for the end of the bull-market in gold, investors are growing apathetic. Nevertheless, we have seen some new investors buying the fund as the potential for its re-rating becomes obvious. At this stage, gold shares are a proxy for the gold price with a high option value. The critical level likely to cause a re-rating of share prices is probably \$1,400/oz and above. Given the weak macro-economic picture, persistently high debt levels, unemployment, as well as socio-political instability, there are plenty of reasons why investors might wish to hold gold and gold shares in their portfolios.

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.