



# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update June 2014

## 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

"P" shares (>£1m): 0.5% Initial, 1.1% 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**

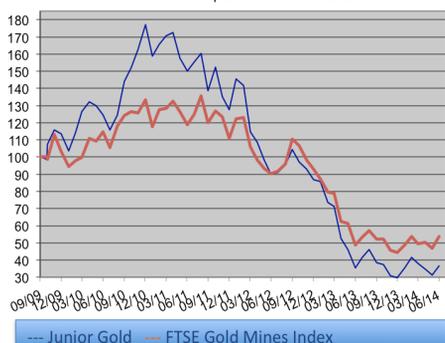
**Fund NAV at 30.6.14:** £9.4m, share price: 36.71p

## 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 30 June 2014



Since launch: -63.3%  
 31.5.14 – 30.6.14: +16.9%  
 30.6.13 – 30.6.14: +3.3%  
 30.6.12 – 30.6.13: -60.6%  
 30.6.11 – 30.6.12: -40.0%  
 30.6.10 – 30.6.11: +20.4%

Sector Investment Managers Ltd

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.

## 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.

## 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](http://www.junioroils.com)). SIM's management and advisers have extensive experience of investing in gold mining companies.

# Junior Gold update

## 10 July 2014

Dear Investor,

The gold price appears to have found firm support at \$1,200/oz for over a year now. It has developed a technical price pattern over this period that could indicate a strong rise over the next six months. The level of \$1,200/oz is very important for many smaller gold miners. It is generally the base price forecast adopted for medium term operations, driving resource definition, mining plans, and financing decisions. Certain operations can withstand significantly lower prices for short periods of time, but the longer term future of the industry is based on higher prices.

It is generally accepted that Exchange Traded Funds (ETFs) tracking the price of gold have been the preferred way for smaller investors to take a position in portfolios. Last year saw gold ETF holdings drop by over 33%, driving an even larger decline in the gold price. According to the World Gold Council, physical demand for bullion bars in Asia rose significantly, especially in the second half of the year, in part counterbalancing the effect of ETF sales. This year, gold has been generally agnostic to significant geo-political events like the Russia-Ukraine conflict and increasing unrest in the Middle-East. Investors have also continued placing a lot of faith in the ability of central bankers to maintain financial stability programmes and support modest growth in the economy. Any event indicating that continued printing of money cannot support stock-market valuations indefinitely given lack of stronger economic growth, is likely to cause a general fall in share prices and renewed interest in gold as a safe-haven. A return of generalist investors into gold ETFs could have a disproportionate effect on the price of gold, especially given the shrinkage in new production and the transfer of bullion to firm, longer-term holders.

Junior Gold has performed well in the year to date, recovering some of the value lost last year. It has been particularly volatile as most of its portfolio companies are sensitive to the important floor of \$1,200/oz. Should the gold price rise significantly above this level, the operational gearing of our portfolio holdings is expected to result in further material re-rating, as was evidenced in the first quarter of this year. Our emphasis in monitoring the progress of our holdings is on prudential management of production, tight cost control and reduced spending on marginal exploration activities. We believe that such positioning will not only ensure corporate viability in a low price environment, but will also support rapid expansion of profitability should gold resume its longer-term rise.

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:**

Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up. Investors may not get back their original investment. The fund invests in smaller companies and some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. 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.

This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. 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 SIM's internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Before making an investment in the fund, it is important that you read the Key Investor Information Document. Prospectus and Key Information Document are available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Conduct Authority.