

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update July 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 NISAs and SIPPs

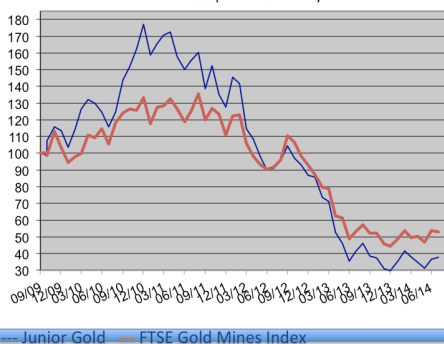
Fund NAV at 31.7.14: £9.7m, share price: 37.79p

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 2014



Since launch: -62.2%
30.6.14 - 31.7.14: +2.9%
31.7.13 - 31.7.14: -9.4%
31.7.12 - 31.7.13: -54.2%
31.7.11 - 31.7.12: -41.3%
31.7.10 - 31.7.11: +34.0%

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.

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

18 August 2014

Dear Investor,

Gold has disappointed those who believe in its value as a safe-haven this year in view of the worsening geopolitical picture. Raging civil wars in Syria and Iraq, with significant genocide and humanitarian disaster, conflict escalation between Israel and the Palestine over Gaza, covert war in Eastern Ukraine supported and promoted by Russia. All of these have meant great instability in some of the world's most prolific oil-producing regions. It appears that the international investors have become aloof of geopolitics and focus instead on what the central banks are going to do with regard to liquidity support and stimulus to the economy. As a result, the major markets are hovering near all-time highs and gold is stuck in a trading range around \$1,300 per ounce.

The current bull market in US stocks is now over five years old, the second longest bull market in the last 100 years. Volatility is near historical lows and indicators of complacency are high. But there are some cracks appearing. Property prices in London, one of the most favoured destinations for wealthy international investors to park their cash, has this month recorded a drop, after five years of consistent and significant rises. American real estate has also lost its momentum and there is some regional weakness. The Chinese property market has also shown weakness in the past quarter reflecting the slow-down in the domestic economy. Property is the most favoured asset-backed investment at present, in most cases winning over the allure of gold. But any further weakness could spark selling by people who do not need a house in London, other than a pied-a-terre, especially as it has been a spectacular investment in recent years. Capital moving out of real estate would be looking for a safe haven and gold may provide the answer. We believe that any cause for market instability in shares and tangible assets is likely to stimulate buying into gold ETFs and bullion pushing its price higher. The last quarter of the year is also seasonally strong for physical buying of gold from countries like India and China. Even though, therefore, gold shares have staged a significant recovery in the year to date, a rise in the price of gold towards \$1,450 is likely to stimulate a much sharper move in gold stocks. Junior Gold's portfolio is positioned to benefit from such further re-rating.

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:

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.

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