



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update August 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

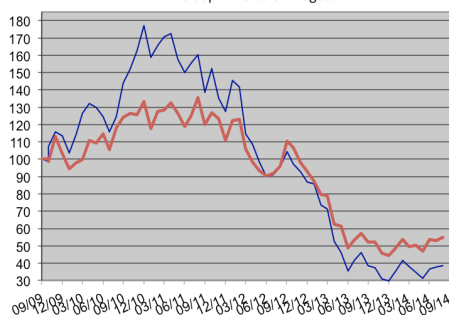
Fund NAV at 31.8.14: £10.2m, share price: 38.52p

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 August 2014



Since launch: -61.5%
 31.7.14 – 31.8.14: +1.9%
 31.8.13 – 31.8.14: -16.4%
 31.8.12 – 31.8.13: -51.9%
 31.8.11 – 31.8.12: -40.3%
 31.8.10 – 31.8.11: +28.7%

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 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.

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.

Junior Gold update

11 September 2014

Dear Investor,

Gold has been weak recently, dropping to about \$1,250/oz. Further economic stimulus announced by the ECB weakened the Euro, sterling dropped in the face of Scottish independence and the dollar became, once again, the currency of choice. A stronger dollar has caused leading commodities to fall most notably iron-ore, copper and gold. Geopolitics do not seem to matter to investors or the markets despite a deteriorating picture. As long as there is little disruption to oil supply from two of the world's largest producers, Saudi Arabia and Russia, the leading markets are not overly concerned with hostilities in far-away places.

The insurance value of gold will become obvious should the situation change for the worse. Creeping nationalism is becoming apparent in the Middle-Eastern conflicts, Russian ambitions and even in the Scottish independence vote. After years of free market policies that created enormous economic growth, the current tendency is to look inward and protect the local interests. This is just as a threat to peace as it is to economic growth. Any unexpected development in geopolitics that can have an impact on trade is likely to worry markets. In such circumstances, gold would become a safe-haven again and have value as a core holding in any well diversified portfolio.

Precious metals mining shares have generally outperformed the commodities in the year to date. Admittedly they are recovering from the extremely over-sold levels reached last year but, in any event, they seem to be discounting higher gold prices in the near-future. The companies that have performed best are producers that have managed to control costs, reduce output and focus on profitability. Some have taken advantage of low valuations to make acquisitions. Others have moth-balled marginal projects and focused on the lower cost, sustainable operations. Across the sector, there has been significant de-leveraging and restructuring of liabilities. Overall, many of the earlier stage, speculative and higher cost projects have disappeared and the sector seems healthier. Any recovery of the gold price, therefore, should support further re-rating. We believe Junior Gold has a well diversified portfolio of healthy operations that should benefit further when the market changes.

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.

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.